



DEFENSE INFORMATION SYSTEMS AGENCY
DEFENSE INFORMATION TECHNOLOGY CONTRACTING ORGANIZATION
2300 EAST DRIVE
SCOTT AIR FORCE BASE, ILLINOIS 62225-5406

June 3, 2014

TO: All Telecommunications Contractors

SUBJECT: Discontinuance of Tariff Priced Communications Service Authorization (CSAs)

History has shown that the Defense Information System Agency, Defense Information Technology Contracting Organization (DITCO) and our industry partners have teamed over the years to solidify the process of executing and administering thousands of telecommunication contracts dating back as far as 1970. The majority of these contracts were processed over the years via the unique streamlined Inquiry, Quote, Order (IQO) process subject to regulated tariff pricing administered by the Federal Communications Commission (FCC) and State-equivalent Public Utilities Commissions (PUCs). This environment involved ongoing repetitive price adjustments as new tariff filings were filed and implemented for various types of services.

With the continuing increase of firm-fixed price (FFP) Indefinite Delivery, Indefinite Quantity contracts for telecommunication services over the last 20 years, the volume of tariff based CSAs issued against basic agreements has diminished to less than five percent of active DITCO CSAs. Due to frequent challenges with changes of tariff rates during the periods of performance, endless billing issues, pursuing an even pace with tariff changes and administration of these CSAs, a shift to the use of FFP has benefitted both parties. This has reduced resources to continually research billing issues, adjust tariff regulated telecommunications service rates over the life cycle of each contract and ensure timely payments by the Government.

Therefore, this letter is issued to notify all telecommunications contractors of DITCO's intent to discontinue issuance of new CSAs subject to adjustable tariff regulated pricing by the FCC/PUCs. DITCO intends to issue only FFP CSAs going forward for all new telecommunication requirements that are routinely solicited through the IQO process. A FFP contract provides for a price that will not be subject to frequent adjustments on the basis of the contractor's tariff price fluctuations. FFP quotes shall account for all applicable charges (e.g., charges from subcontractors or other contractors, taxes, surcharges, universal service fund, fees, etc.), and these charges may not be billed separately. This new policy will take effect on October 1, 2014 and will not impact CSAs issued prior to this date. Expiring CSAs for services still required by the mission partners will be re-awarded as FFP. Pursuing this FFP strategy on all future contracts will simplify our procedures in the near term and greatly reduce long term administrative costs.

Further, this provides industry the opportunity to participate in the recently published Delivery Ticket Invoicing (DTI) process. DTI contract payments will be provided to contractors automatically by the Government. The contractor provided receiving report, combined with the order, represents a delivery ticket invoice and the contractor is not required to submit separate invoices for telecommunication services provided under FFP orders.

DITCO looks forward to working with you on future telecommunication procurements. If your company feels this new policy will negatively impact your ability to fairly compete for new DITCO telecommunication requirements, please send your concerns in writing to the undersigned at email terry.l.green70.civ@mail.mil no later than July 3, 2014.

Sincerely,

A handwritten signature in cursive script that reads "Terry L. Green".

TERRY L. GREEN
Chief, Individual Circuits and
National Security Branch