



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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B-178309

June 5, 1973

Encoder Research & Development Corporation
151 Second Street
Huntington Station, New York 11746

Attention: Mr. Jack B. Speller
President

Gentlemen:

We refer to your letter to the Defense Supply Agency dated November 3, 1972, and subsequent correspondence, (protesting against the rejection of your offer) under RFP DEA900-73-R-0982 (RFP -0982), issued by the Defense Electronics Supply Center (DESC), Dayton, Ohio.

The instant procurement was for the supply of high-speed rotary switches used in the LN 12 inertial navigation computer shaft assembly of F-4 aircraft. Although the item is assigned to DESC for procurement, engineering support is provided by a detachment of the Air Force Logistics Command, Sacramento Air Materiel Area (AFLO EMAMA/MTTE).

We believe the record establishes that when RFP -0982 was issued on September 5, 1972, Collectron Corporation and Poly-Scientific Division of Litton Industries were the only approved sources for the item. However, Encoder was also solicited and submitted an offer, accompanied by a technical proposal, for an alternate item which it stated met the requirements of the applicable specification, which was a drawing proprietary to Litton. Unit prices offered on the quantity of 1,819 procured compared as follows:

	<u>Unit Price</u>
Collectron Corp.	\$ 38.35
Poly-Scientific	38.69
Encoder	507.00

Although Encoder's price was more than 13 times that of the other two offerors, DESC submitted Encoder's technical proposal to AFLO EMAMA/MTTE for evaluation. The latter subsequently advised the contracting officer that the item which Encoder proposed to supply

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was technically unacceptable. After you were notified of the award to Collectron you protested to DESO, alleging that the rejection of your offer was based upon a technical evaluation by AFIC SAMA/STRE which was discriminatory, fallacious and inconsistent with the facts. You also requested that the matter be referred to our Office in the event Defense Supply Agency denied your protest.

DESO obtained comments upon your protest from AFIC SAMA/STRE, which reiterated its opinion that your product was technically unacceptable. Defense Supply Agency then forwarded the protest file to our Office with the recommendation that your protest be denied.

It appears to us that, quite apart from the technical acceptability of your product, the difference in price between your offer and those of the other two firms would have precluded an award to you. As we stated in our letter to you dated May 14, 1973, "These circumstances would seem to render your protest moot, insofar as it concerns the instant procurement, absent evidence that justification existed for an award to you at a price 13 times that of the other offerors." In this regard, it is administratively reported:

Encoder claims that the use of the Encoder switch would reduce over-all logistic costs. AFIC SAMA/STRE denies there is any evidence that use of the Encoder switch would reduce over-all logistic costs. In fact, AFIC SAMA/STRE states * * * that the mean time between failure (MTBF) for Collectron switches is no less than 185 hours, whereas, Encoder switches averaged only 87.5 hours between failures, or less than one-half of the hours for Collectron switches.

In view of the foregoing, we are unable to conclude that adequate justification existed for an award to your firm at its substantially higher price even if your switch had been found technically acceptable. Accordingly, we regard your protest as to the acceptability of your switch to be moot, and we therefore must decline to consider it further.

Sincerely yours,

PAUL G. DEMBLING
For the Comptroller General
of the United States