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shall be made to contracts that use alternate structured approaches.

[63 FR 55040, Oct. 14, 1998, as amended at 67 FR 20692, Apr. 26, 2002; 71 FR 69494, Dec. 1, 2006]

215.404–74 Fee requirements for cost-plus-award-fee contracts.

In developing a fee objective for cost-plus-award-fee contracts, the contracting officer shall—

(a) Follow the guidance in FAR 16.405–2 and 216.405–2;

(b) Not use the weighted guidelines method or alternate structured approach;

(c) Apply the offset policy in 215.404–73(b)(2) for facilities capital cost of money, i.e., reduce the base fee by the amount of facilities capital cost of money; and

(d) Not complete a DD Form 1547.

[63 FR 55040, Oct. 14, 1998, as amended at 67 FR 20692, Apr. 26, 2002]

215.404–75 Fee requirements for FFRDCs.

For nonprofit organizations that are FFRDCs, the contracting officer—

(a) Should consider whether any fee is appropriate. Considerations shall include the FFRDC's—

(1) Proportion of retained earnings (as established under generally accepted accounting methods) that relates to DoD contracted effort;

(2) Facilities capital acquisition plans;

(3) Working capital funding as assessed on operating cycle cash needs; and

(4) Provision for funding unreimbursed costs deemed ordinary and necessary to the FFRDC.

(b) Shall, when a fee is considered appropriate, establish the fee objective in accordance with FFRDC fee policies in the DoD FFRDC Management Plan.

(c) Shall not use the weighted guidelines method or an alternate structured approach.

[63 FR 63800, Nov. 17, 1998]

215.404–76 Reporting profit and fee statistics.

Follow the procedures at PGI 215.404–76 for reporting profit and fee statistics.

[71 FR 69494, Dec. 1, 2006]

215.406–1 Prenegotiation objectives.

Follow the procedures at PGI 215.406–1 for establishing prenegotiation objectives.

[71 FR 69494, Dec. 1, 2006]

215.406–3 Documenting the negotiation.

Follow the procedures at PGI 215.406–3 for documenting the negotiation.

[71 FR 69494, Dec. 1, 2006]

215.407–2 Make-or-buy programs.

(e) *Program requirements*—(1) *Items and work included*. The minimum dollar amount is $1.5 million.

[63 FR 55040, Oct. 14, 1998, as amended at 75 FR 45073, Aug. 2, 2010]

215.407–3 Forward pricing rate agreements.

(b)(i) Use forward pricing rate agreement (FPRA) rates when such rates are available, unless waived on a case-by-case basis by the head of the contracting activity.

(ii) Advise the ACO of each case waived.

(iii) Contact the ACO for questions on FPRAs or recommended rates.

215.407–4 Should-cost review.

See PGI 215.407–4 for guidance on determining whether to perform a program or overhead should-cost review.

[71 FR 69495, Dec. 1, 2006]

215.407–5 Estimating systems.

215.407–5–70 Disclosure, maintenance, and review requirements.

(a) *Definitions*. (1) *Acceptable estimating system* is defined in the clause at 252.215–7002, Cost Estimating System Requirements.

(2) *Contractor* means a business unit as defined in FAR 2.101.

(3) *Estimating system* is as defined in the clause at 252.215–7002, Cost Estimating System Requirements.