

#### **CLAUSE 4-150, Cancellation Under Multi-Year Contracts**

1. (a) "Cancellation," as used in this clause, means that the judiciary is canceling all line items for all products or services in the contract year(s) subsequent to that in which notice of cancellation is provided. Cancellation shall occur by the date or within the time period specified in the contract, unless a later date is agreed to, if the contracting officer notifies the contractor that funds are not available for contract performance for the subsequent contract year(s).
2. (b) Except for cancellation under this clause or termination under the Default clause, any reduction by the contracting officer in the requirements of this contract shall be considered a termination under the Termination for Convenience of the Judiciary clause.
3. (c) If cancellation under this clause occurs, the contractor will be paid a cancellation charge not over the cancellation ceiling specified in the contract as applicable at the time of cancellation.
4. (d) The cancellation charge will cover only:
  1. (1) Costs:
    1. (i) Incurred by the contractor and/or subcontractor;
    2. (ii) Reasonably necessary for performance of the contract; and
    3. (iii) That would have been equitably amortized over the entire multi-year contract period but, because of the cancellation, are not so amortized; and
  2. (2) A reasonable profit or fee on the costs.
5. (e) The cancellation charge shall be computed and the claim made for it as if the claim were being made under the Termination for Convenience of the Judiciary clause of this contract. The contractor shall submit the claim promptly but no later than 1 year from the date:
  1. (1) Of notification that funds will not be made available for continued performance; or
  2. (2) Specified in the contract by which notification of the availability of additional funds for the next succeeding contract year is required to be issued, whichever is earlier, unless extensions in writing are granted by the contracting officer.
6. (f) The contractor's claim may include:
  1. (1) Reasonable fixed costs which are applicable to and normally would have been amortized in all products or services which are multi-year requirements;
  2. (2) Allocable portions of the costs of facilities acquired or established for the conduct of the work, to the extent that it is impracticable for the contractor to use the facilities in its commercial work, and if the costs are not charged to the contract through overhead or otherwise depreciated;
  3. (3) Costs incurred for the assembly, training, and transportation to and from the job site of a specialized work force; and
  4. (4) Costs not amortized solely because the cancellation had precluded anticipated benefits of contractor or subcontractor learning.
7. (g) The claim shall not include:
  1. (1) Labor, material, or other expenses incurred by the contractor or subcontractors for performance of the canceled work;
  2. (2) Any cost already paid to the contractor;
  3. (3) Anticipated profit or unearned fee on the canceled work; or
  4. (4) For service contracts, the remaining useful commercial life of facilities. "Useful commercial life" means the commercial utility of the facilities rather than their physical life with due consideration given to such factors as location of facilities, their specialized nature, and obsolescence.
8. (h) This contract may include an option clause with the period for exercising the option limited to the date in the contract for notification that funds are available for the next succeeding contract year. If so, the contractor agrees not to include in option quantities any costs of a startup or fixed nature that have been fully set forth in the contract. The contractor further agrees that the option quantities will reflect only those variable costs and a reasonable profit or fee necessary to furnish the additional option quantities.

9. (i) Quantities added to the original contract through the option clause of this contract shall be included in the quantity canceled for the purpose of computing allowable cancellation charges.

**Clause 4-55, Economic Price Adjustment – Standard Products (APR 2013)**

1. (a) The contractor warrants that the unit price stated in the contract for \_\_\_\_\_ [*offeror inserts contract line item number (CLIN)*] is not in excess of the contractor's applicable established price in effect on the contract date for like quantities of the same item. The term "unit price" excludes any part of the price directly resulting from requirements for preservation, packaging, or packing beyond standard commercial practice. The term "established price" means a price that:
  1. (1) is an established catalog or market price for a commercial item sold in substantial quantities to the general public; and
  2. (2) is the net price after applying any standard trade discounts offered by the contractor.
2. (b) The contractor shall promptly notify the contracting officer of the amount and effective date of each decrease in any applicable established price. Each corresponding contract unit price will be decreased by the same percentage that the established price is decreased. The decrease will apply to those items delivered on and after the effective date of the decrease in the contractor's established price, and this contract will be modified accordingly.
3. (c) If the contractor's applicable established price is increased after the contract date, the corresponding contract unit price will be increased, upon the contractor's written request to the contracting officer, by the same percentage that the established price is increased, and the contract will be modified accordingly, subject to the following limitations:
  1. (1) the aggregate of the increases in any contract unit price under this clause will not exceed 10 percent of the original contract unit price;
  2. (2) the increased contract unit price will be effective:
    1. (i) on the effective date of the increase in the applicable established price if the contracting officer receives the contractor's written request within 10 days thereafter; or
    2. (ii) if the written request is received later, on the date the contracting officer receives the request;
  3. (3) the increased contract unit price will not apply to quantities scheduled under the contract for delivery before the effective date of the increased contract unit price, unless failure to deliver before that date results from causes beyond the control and without the fault or negligence of the contractor, within the meaning of the Default clause.
  4. (4) no modification increasing a contract unit price will be executed under this paragraph (c) until the contracting officer verifies the increase in the applicable established price;
  5. (5) within 30 days after receipt of the contractor's written request, the contracting officer may cancel, without liability to either party, any undelivered portion of the contract items affected by the requested increase.
4. (d) During the time allowed for the cancellation provided for in paragraph (c)(5) of this clause, and thereafter if there is no cancellation, the contractor shall continue deliveries according to the contract delivery schedule, and the contractor will pay for such deliveries at the contract unit price, increased to the extent provided by paragraph (c) of this clause.

(end)

**Provision 4-155, Evaluation of Price Proposal – Multi-Year Contract (OCT 2006)**

In the event that the judiciary determines prior to award that only the first contract year requirements are needed, offers will be evaluated and award made solely on the basis of prices offered on that year's requirements. The cancellation ceiling shall not be part of the price proposal evaluation.

**Clause 4-160, Cancellation Period and Ceiling (JAN 2010)**

The cancellation period referred to in the "Cancellation under Multi-Year Contracts" clause ([Clause 4-150](#)) applies to each line item period set forth in Section B, at the quantities as set forth in Section B for each contract year. The cancellation ceilings are set forth below:

<b>Contract Year</b>	<b>Cancellation Period*</b>	<b>Cancellation Ceiling*</b>
<b>Contract Year 2</b>		
<b>Contract Year 3</b>		
<b>Contract Year 4</b>		
<b>Contract Year 5</b>		

\* To be completed by Offeror

**Provision 4-165, Evaluation of Price Proposal – Multi-Year Contract (OCT 2006)**

As indicated in Section H, offerors are instructed to provide a separate cancellation ceiling (on either a percentage or dollar basis) for each contract year subject to cancellation. Price proposals must include the rationale and supporting data for each proposed cancellation ceiling. If actual cancellation occurs after contract award, the contractor will be required to submit a claim with supporting data which will be subject to negotiation. The amounts established in Section H are merely ceilings.