

# Defense Federal Acquisition Regulation Supplement

## Part 239—Acquisition of Information Technology

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### SUBPART 239.74--TELECOMMUNICATIONS SERVICES

#### **239.7400 Scope.**

This subpart prescribes policy and procedures for acquisition of telecommunications services and maintenance of telecommunications security. Telecommunications services may also meet the definition of information technology.

#### **239.7401 Definitions.**

As used in this subpart—

(a) “Common carrier” means any entity engaged in the business of providing telecommunications services which are regulated by the Federal Communications Commission or other governmental body.

(b) “Foreign carrier” means any person, partnership, association, joint-stock company, trust, governmental body, or corporation not subject to regulation by a U.S. governmental regulatory body and not doing business as a citizen of the United States, providing telecommunications services outside the territorial limits of the United States.

(c) “Governmental regulatory body” means the Federal Communications Commission, any statewide regulatory body, or any body with less than statewide jurisdiction when operating under the State authority. The following are not “governmental regulatory bodies”—

- (1) Regulatory bodies whose decisions are not subject to judicial appeal; and
- (2) Regulatory bodies which regulate a company owned by the same entity which creates the regulatory body.

(d) “Noncommon carrier” means any entity other than a common carrier offering telecommunications facilities, services, or equipment for lease.

(e) “Security,” “sensitive information,” and “telecommunications systems” have the meaning given in the clause at 252.239-7016, Telecommunications Security Equipment, Devices, Techniques, and Services.

(f) “Telecommunications” means the transmission, emission, or reception of signals, signs, writing, images, sounds, or intelligence of any nature, by wire, cable, satellite, fiber optics, laser, radio, or any other electronic, electric, electromagnetic, or acoustically coupled means.

(g) “Telecommunications services” means the services acquired, whether by lease or contract, to meet the Government's telecommunications needs. The term includes the telecommunications facilities and equipment necessary to provide such services.

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### **239.7402 Policy.**

#### (a) *Acquisition.*

(1) DoD policy is to acquire telecommunications services from common and noncommon telecommunications carriers—

(i) On a competitive basis, except when acquisition using other than full and open competition is justified.

(ii) Recognizing the regulations, practices, and decisions of the Federal Communications Commission (FCC) and other governmental regulatory bodies on rates, cost principles, and accounting practices;

(iii) Making provision in telecommunications services contracts for adoption of—

(A) FCC approved practices; or

(B) The generally accepted practices of the industry on those issues concerning common carrier services where—

(1) The governmental regulatory body has not expressed itself;

(2) The governmental regulatory body has declined jurisdiction;

or

(3) There is no governmental regulatory body to decide.

(2) DoD's unique consumer needs in both volume and technology require DoD to participate actively in the rule making process of cognizant governmental regulatory bodies. DoD also must work with the government regulatory bodies and common carriers to be sure that in those areas in which the FCC cannot or will not rule, sound regulatory practices are followed. DoD should make every effort to avoid the time and expense of litigation by full and fair disclosure of both the carrier's and the DoD's position in advance.

(3) If actions do not produce reasonable or lawful rates, or when there is a refusal to provide required services or file appropriate tariffs, DoD should litigate. All contracts with the regulatory bodies should be through counsel under department/ agency and Defense Information Systems Agency procedures.

#### (b) *Security.*

(1) The contracting officer shall ensure, in accordance with agency procedures, that purchase requests identify—

(i) The nature and extent of information requiring security during telecommunications;

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(ii) The requirement for the contractor to secure telecommunications systems;

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(iii) The telecommunications security equipment, devices, techniques, or services with which the contractor's telecommunications security equipment, devices, techniques, or services must be interoperable; and

(iv) The approved telecommunications security equipment, devices, techniques, or services, such as found in the National Security Agency's Information Systems Security Products and Services Catalogue.

(2) Contractors and subcontractors shall provide all telecommunications security techniques or services required for performance of Government contracts.

(3) Except as provided in paragraph (b)(4) of this subsection, contractors and subcontractors shall normally provide all required telecommunications security equipment or devices as plant equipment in accordance with FAR Part 45. In some cases, such as for communications security (COMSEC) equipment designated as controlled cryptographic item (CCI), contractors or subcontractors must also meet ownership eligibility conditions.

(4) When the contractor or subcontractor does not meet ownership eligibility conditions, the head of the agency may authorize provision of the necessary facilities as Government-furnished property or acquisition as contractor-acquired property, as long as conditions of FAR 45.303 are met.

#### **239.7403 Regulatory bodies.**

The FCC and other governmental regulatory bodies publish rules and regulations on the operations of common carriers and prescribe accounting principles to use to establish rates.

#### **239.7404 Foreign carriers.**

(a) Frequently, foreign carriers are owned by the government of the country in which they operate. The foreign governments often prescribe the methods of doing business. In many countries, an international agreement with the host country sets guidelines for acquiring communication services. In some countries, a corporate subsidiary of a carrier not indigenous to the country (often a U.S. parent) is the sole source for telecommunications services.

(b) Contracts for telecommunications services in foreign countries should describe rates and practices in as much detail as possible. It is DoD policy not to pay discriminatory rates. DoD should pay a reasonable rate for telecommunications services or the rate charged the military of that country, whichever is less.

(c) Refer special problems with telecommunications acquisition in foreign countries to higher headquarters for resolution with appropriate State Department representatives.

#### **239.7405 Multiyear contracting authority for telecommunications resources.**

(a) The General Services Administration (GSA) has exclusive multiyear contracting authority for telecommunications resources. However, GSA may delegate this authority in certain instances (see Federal Property Management

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Regulations (FPMR) 101-35.6).

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(b) In accordance with FPMR 101-35.6, executive agencies may enter into multiyear contracts for telecommunications resources if—

- (1) The agency notifies GSA prior to using GSA's multiyear contracting authority;
- (2) The contract life, including options, does not exceed 10 years; and
- (3) The agency complies with OMB budget and accounting procedures relating to appropriated funds.

#### **239.7406 Cost or pricing data and information other than cost or pricing data.**

(a) Common carriers are not required to submit cost or pricing data before award of contracts for tariffed services. Rates or preliminary estimates quoted by a common carrier for tariffed telecommunications services are considered to be prices set by regulation within the provisions of 10 U.S.C. 2306a. This is true even if the tariff is set after execution of the contract.

(b) Rates or preliminary estimates quoted by a common carrier for nontariffed telecommunications services or by a noncommon carrier for any telecommunications service are not considered prices set by law or regulation.

(c) Contracting officers shall obtain sufficient information to determine that the prices are reasonable. For example, cost or pricing data, if required in accordance with FAR 15.403-4, or information other than cost or pricing data, if required in accordance with FAR 15.403-3, may be necessary to support the reasonableness of—

- (1) Nontariffed services;
- (2) Special rates and charges not included in a tariff, whether filed or to be filed;
- (3) Special assembly rates and charges;
- (4) Special construction and equipment charges;
- (5) Contingent liabilities that are fixed at the outset of the service;
- (6) Proposed cancellation and termination charges under the clause at 252.239-7007, Cancellation or Termination of Orders—Common Carriers, and reuse arrangements under the clause at 252.239-7008, Reuse Arrangements;
- (7) Rates contained in voluntary tariffs filed by nondominant common carriers; or
- (8) A tariff, whether filed or to be filed, for new services installed or developed primarily for Government use.

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#### **239.7407 Type of contract.**

##### **239.7407-1 General.**

In addition to acquisition methods described in the FAR, the method described in this section may be used to acquire telecommunications services.

##### **239.7407-2 Communication service authorizations (CSAs).**

Basic agreements (see FAR 16.702) are used widely in conjunction with communication service authorizations to facilitate award of telecommunications services.

(a) Use DD Form 428, Communication Service Authorization (CSA), or an electronic data processing substitute to award, modify, cancel, or terminate telecommunications services. The CSA shall—

- (1) Refer to the basic agreement;
  - (2) Specify the types and quantities and equipment to be provided as well as the tariff (or other price if a tariff is not available) of those services and equipment;
  - (3) Specify the premises involved;
  - (4) Cite the address for billing;
  - (5) Identify the disbursing office; and
  - (6) Provide funding information.
- (b) Before awarding a CSA, comply with the requirements in FAR and DFARS, e.g., for competition, reviews, approvals, and determinations and findings.
- (c) Include an expiration date in each CSA.
- (d) Modify CSAs to reflect any price increases.

#### **239.7408 Special construction.**

##### **239.7408-1 General.**

(a) “Special construction” normally involves a common carrier giving a special service or facility related to the performance of the basic telecommunications service requirements. This may include—

- (1) Moving or relocating equipment;
- (2) Providing temporary facilities;
- (3) Expediting provision of facilities; or
- (4) Providing specially constructed channel facilities to meet Government requirements.

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(b) Use this subpart instead of FAR Part 36 for acquisition of “special construction.”

(c) Special construction costs may be—

(1) A contingent liability for using telecommunications services for a shorter time than the minimum to reimburse the contractor for unamortized nonrecoverable costs. These costs are usually expressed in terms of a termination liability, as provided in the contract or by tariff;

(2) A onetime special construction charge;

(3) Recurring charges for constructed facilities;

(4) A minimum service charge;

(5) An expediting charge; or

(6) A move or relocation charge.

(d) When a common carrier submits a proposal or quotation which has special construction requirements, the contracting officer shall require a detailed special construction proposal. Analyze all special construction proposals to—

(1) Determine the adequacy of the proposed construction;

(2) Disclose excessive or duplicative construction; and

(3) When different forms of charge are possible, provide for the form of charge most advantageous to the Government.

(e) When possible, analyze and approve special construction charges before receiving the service. Impose a ceiling on the special construction costs before authorizing the contractor to proceed, if prior approval is not possible. Do not make final payment for special construction charges unless the charges are approved by the contracting officer.

#### **239.7408-2 Applicability of construction labor standards for special construction.**

(a) The construction labor standards in FAR 22.4 ordinarily do not apply to special construction. However, if the special construction includes construction (as defined in FAR 36.102) of a public building or public work, the construction labor standards may apply. Determine applicability under FAR 22.402.

(b) Each CSA or other type contract which is subject to construction labor standards under FAR 22.402 shall cite that fact.

#### **239.7409 Special assembly.**

(a) Special assembly is the designing, manufacturing, arranging, assembling, or wiring of equipment to provide telecommunications services that cannot be provided



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with general use equipment.

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(b) Special assembly rates and charges shall be based on estimated costs. The contracting officer shall negotiate special assembly rates and charges before starting service whenever possible. When it is not possible to negotiate in advance, use provisional rates and charges subject to adjustment, until final rates and charges are negotiated. The CSAs authorizing the special assembly shall be modified to reflect negotiated final rates and charges.

#### **239.7410 Cancellation and termination.**

(a)(1) Cancellation is stopping a requirement after placing of an order but before service starts.

(2) Termination is stopping a requirement after placing an order and after service starts.

(b) Determine cancellation or termination charges under the provisions of the applicable tariff or agreement/contract.

#### **239.7411 Contract clauses.**

(a) In addition to other appropriate FAR and DFARS clauses, use the following clauses in solicitations, contracts, and basic agreements for telecommunications services. Modify the clauses only if necessary to meet the requirements of a governmental regulatory agency—

- (1) 252.239-7002, Access;
- (2) 252.239-7003, Facilities and Services to be Furnished--Common Carriers;
- (3) 252.239-7004, Orders for Facilities and Services--Common Carriers;
- (4) 252.239-7005, Rates, Charges, and Services--Common Carriers;
- (5) 252.239-7006, Tariff Information;
- (6) 252.239-7007, Cancellation or Termination of Orders--Common Carriers;
- (7) 252.239-7008, Reuse Arrangements.

(b) Use the following clauses in solicitations, contracts, and basic agreements for telecommunications services when the acquisition includes or may include special construction. Modify the clauses only if necessary to meet the requirements of a governmental regulatory agency—

- (1) 252.239-7011, Special Construction and Equipment Charges; and
- (2) 252.239-7012, Title to Telecommunication Facilities and Equipment.

(c) Use the following clauses in basic agreements for telecommunications services—

- (1) 252.239-7013, Obligation of the Government;

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(2) 252.239-7014, Term of Agreement, and insert the effective date of the agreement in paragraph (a) of the clause; and

(3) 252.239-7015, Continuation of Communication Service Authorizations, as appropriate, and insert in paragraph (a) of the clause, the name of the contracting office and the basic agreement or contract number which is being superseded.

(d) Use the clause at 252.239-7016, Telecommunications Security Equipment, Devices, Techniques, and Services, in solicitations and contracts when performance of a contract requires a securing telecommunications.