

made under Federal Supply Schedule contracts, where the ordering process is completely "decentralized."

While national Federal Supply Schedule contracts represent a form of centralized contracting, many national schedule contractors distribute through local jobbers and dealers, and in all cases the product moves directly from industry outlets to the point of use.

Completely centralized procurement methods are limited to a small number of commodities, where requirements are consolidated and purchased in definite quantities at a single point. Delivery is made direct to the point of use by the contractor.

We also contract centrally for many items required to replenish our stores stock system where more advantageous prices can be expected from production sources. Every effort consistent with industry practice is made in all such procurements to award contracts on a zone basis. This is particularly advantageous to Small Business suppliers who do not have national distribution.

It is our policy to select the right methods of supply and to maximize Small Business advantages and minimize any disadvantages under that method. Buying activities give maximum consideration to Small Business interests, in the drafting of invitations for bids, and the possibilities of set-asides are always considered.

When valid supply considerations such as standardization, uniformity, and availability, can be met through each regional GSA office procuring its own requirements, we normally will authorize such purchase. However, uncoordinated regional procurement is frequently not in the best interest of Small Business Manufacturers, since requirements are split into less than economical production runs, or reasonable lots, and thus do not meet the criteria for Small Business set-asides. Small Business set-asides, when they can be made, insure the award of a contract for the product of a Small Business manufacturer.

QUESTIONS FROM REPRESENTATIVE MARTHA W. GRIFFITHS

Question. Senator Metcalf mentioned in his testimony the extraordinarily high rate of return (11.32%) of Houston Lighting and Power, which serves a major NASA facility. What has GSA done to reduce electricity costs to the Federal Government in the area served by Houston Lighting and Power?

Answer. GSA has just recently assisted the National Aeronautics and Space Administration in a negotiation with the Houston Lighting and Power Company. Completion of the negotiation resulted in an estimated savings of \$125,000 per year plus a one-time credit of \$18,000. Later, conversations with NASA staff members at the Houston Manned Space Craft Center indicate that the actual annual savings will be substantially higher than is shown above due to related operational savings made possible by the provisions of the new contract. Also pending are two additional negotiations with this Company referred to in the answer to the sixth question.

Question. Does GSA consider the effect of excess residential rates on Federal employee salaries?

Answer. GSA has neither authority nor responsibility in the area of residential utility rates, and therefore cannot and does not consider the effect of such rates on Federal employees salaries. Under the Federal Property and Administrative Services Act of 1949, as amended, the Administrator of General Services is authorized to represent Executive agencies in negotiations with utilities and in proceedings before Federal and State regulatory bodies only with respect to utility services for the use of such agencies.

Question. How many formal utility rate cases has GSA been a party to since 1960? Please furnish the Subcommittee with the name of the utility involved, year in which action by GSA was initiated, and the outcome of the case.