

General KLOCKO. Yes.

Mr. ROBACK. That includes AUTOVON and AUTODIN?

General KLOCKO. Yes. They, over a period of years, have developed quite a bit of experience in equitable and inequitable rates and they review all the quotas in the tariff which are proposed by the carriers, judge and advise DCA whether they appear to be proper and equitable and go ahead and carry out the contract if they are in fact equitable. In those cases where in their opinion based on their experience and comparable services which they know are being produced for other people they let the DCA know, let me know in all cases, and we then make the proper protest. Sometimes to the company—if we can't negotiate the price, which we have done in the past, in some cases we go to the FCC and protest.

Mr. ROBACK. So you have the alternatives of renegotiating, of negotiating a new price or else of trying to get adjustment by the FCC regulatory agency?

General KLOCKO. Yes, sir.

Mr. ROBACK. What is the adjustment procedure in the FCC if you protest?

General KLOCKO. They have a public inquiry and make a finding either in favor of us or in favor of the company.

Mr. ROBACK. Do they get into the contractor's books or do they take his submissions?

General KLOCKO. I am not sure offhand of the extent.

Mr. ROBACK. How do you get at the problem of cost?

Colonel HOGGE. The Commission relies on the testimony that is provided at its inquiry by the carrier and by the complaining customer. It has the statutory authority for access to the books and records of the carrier. It has been our experience based on a recent case concerning the AUTOVON electronic switching system where we requested cost information be made available to us at the hearing and the Commission being represented by a hearing examiner did not require the carrier to make that information available, so your question is very difficult to answer. The FCC has the right to this information, it is questionable whether or not the FCC has the capability to audit or take advantage of this right. Certainly from our experience in the past it has not.

Mr. ROBACK. They don't have enough auditors.

Colonel HOGGE. That is correct.

Mr. ROBACK. How many auditors do they have for defense business?

Mr. MORSE. We were advised they had five auditors for the total business of the Commission.

Mr. ROBACK. Do you have access to contractor's books when you negotiate?

Colonel HOGGE. With some carriers we do have access to records.

Mr. ROBACK. As a matter of agreement.

Colonel HOGGE. Yes, sir.

Mr. ROBACK. You don't have any statutory right.

Colonel HOGGE. No, sir.

Mr. ROBACK. A utility is exempted.

Mr. MORSE. You are correct. By law we have no access to records under the Truth in Negotiation Act because regulated industries are exempt from the requirement of presenting cost or pricing data.