

**PADDs REGULATION REFERENCE TEXT
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REFERENCE:** 52.216-4005

DATE: 08/01/2001

TITLE: ECONOMIC PRICE ADJUSTMENT (EPA) - COST INDEX METHOD (USAAMCOM)

TEXT

(a) The contractor warrants that the prices set forth in the contract do not include allowances for any contingency to the extent covered by this clause.

(b) Economic price adjustments shall be made only as provided herein regardless of the cost during the performance of the contract.

(c) The contractor is required, unless otherwise directed, to annually submit to the Contracting Officer the calculation for completing the Table for each applicable computation period. Any economic price adjustment, including revised contract unit prices, will be incorporated in the contract by a contract modification. If an agreement cannot be reached, the Contracting Officer may determine the applicable decrease or increase and may make a unilateral price adjustment at any time.

(d) Due to fluctuations in the chosen index, adjustments in the contract price shall be made for each cost factor for each period as follows, based on the applicable first published final index:

"(1) No adjustment will be made when the actual index value, Column 5, is within the adjustment band, Column 4.

"(2) The difference, (+) or (-), between the actual index value in Column 5 and the projected index value in Column 4 will be entered in Column 6.

"(3) The index difference, whether (+) or (-), in Column 6 shall be divided by the projected index value in Column 4. The resulting rate of change shall be entered in Column 7.

"(4) The projected expenditure amount in Column 2 will be multiplied by the rate of change, (+) or (-), in Column 7, with the resulting amount entered in Column 8.

"(5) The adjustment amount in Column 8 shall be the basis for adjusting the contract price in fixed-price contracts with EPA.

"(6) The adjustment amount in Column 8 shall be the amount added to or deleted from the target price and the ceiling price in fixed-price incentive contracts with EPA.

(e) The aggregate of the increase in any contract unit price made under this clause shall not exceed -1- percent (-2-%) of the applicable contract unit price as of the date of contract award.

(f) In the event any index cited is not continued or substantially altered, the parties shall mutually agree upon an appropriate substitute to be effective as of the date of index discontinuance or alteration. Failure to reach an agreement shall be subject to the "Disputes" clause of the contract.

(g) The contractor shall certify, on a final adjusting invoice, the amounts invoiced under the contract reflect all decreases required by this clause.

(End of clause)