517.204 Contracts.

(a) Telecommunication contracts may not exceed 10 years.

(b) Public utility contracts are limited to 10 years (<u>40 U.S.C. 501(b)(1)(B</u>).

(c) *Requests to exceed 5-year limitation*. A deviation request to exceed the 5-year limitation specified in FAR 17.204(e) must provide all the following information:

(1) Clearly explain the contract(s) and organization(s) covered by the request.

(2) Support the need for and reasonableness of the extension. Consider factors such as the following:

- (i) The results of market research.
- (ii) Stability of the requirement(s).
- (iii) Benefits to the Government.
- (iv) Use of a performance-based contracting approach.

(v) Availability of funds to cover estimated cancellation costs as well as costs for the first contract period.

- (vi) Customary commercial practice.
- (vii) Mechanisms to adjust for economic fluctuations.

(d) *Approval authority*. Deviation requests to exceed the 5-year limitations specified in FAR 17.204(e) must be approved by-

- (1) The head of the contracting activity for individual contracts; and
- (2) GSA's Senior Procurement Executive for classes of contracts.

Parent topic: Subpart 517.2 - Options