

<b>AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT</b>		1. CONTRACT ID CODE	PAGE OF PAGES 1 4
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2. AMENDMENT/MODIFICATION NO. P00001	3. EFFECTIVE DATE DEC 4 2002	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)
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6. ISSUED BY Defense Supply Center Philadelphia 700 Robbins Avenue DSCP-HFVW Philadelphia, PA 19111-5092 Buyer: Lisa Lawrence Phone: 215-737-4540	CODE SP0300	7. ADMINISTERED BY (If other than Item 6)	CODE
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8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) Model Dairy, Inc. 500 Gould Street P.O. Box 3017 Reno, NV 89505  POC: Neila Collins Phone: 775-788-7900 Fax: 775-788-7918	(X)	9A. AMENDMENT OF SOLICITATION NO.
		9B. DATED (SEE ITEM 11)
	X	10A. MODIFICATION OF CONTRACT/ORDER NO. SPO300-02-D-V786
		10B. DATED (SEE ITEM 13) 11 September 2002

CODE 08S306	FACILITY CODE
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**11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS**

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers  is extended,  is not extended.

Offer must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning \_\_\_\_\_ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

**12. Accounting and Appropriation Data (If required)**

**13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.**

(X)	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
X	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
	D. OTHER (Specify type of modification and authority)

**E. IMPORTANT:** Contractor  is not,  is required to sign this document and return \_\_\_\_\_ copies to the issuing office.

**14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)**

- The following clause replaces clause 52.216-9P15 Economic Price Adjustment (EPA) - Established Market Price (MAR 2000) Alternate III (MAR 2000) DSCP on pages 39 and 40 of solicitation SPO300-02-R-D022 of subject contract:  
See attached.
- All other terms and conditions remain the same.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) WILLIAM C. SMITH
15B. CONTRACTOR/OFFEROR  (Signature of person authorized to sign)	15C. DATE SIGNED
16B. UNITED STATES OF AMERICA BY  (Signature of Contracting Officer)	16C. DATE SIGNED DEC 4 2002

52.216-9P15 ECONOMIC PRICE ADJUSTMENT (EPA) – ESTABLISHED  
MARKET PRICE (MAR 2000) DSCP

(a) To the extent that contingent cost increases are provided for by this clause, the contractor warrants that prices included in the contract do not include any amount to protect against such contingent cost increases.

(b) This EPA clause applies to Skim Milk and Butterfat Fluid Milk Products classified as Class I Milk only (i.e., whole milk, fat-free milk, lowfat milk, light milk, reduced fat milk, milk drinks, eggnog and cultured buttermilk, including any such beverage products that are flavored, cultured, modified with added nonfat milk solids, sterilized, concentrated, or reconstituted. As used in this paragraph, the term concentrated milk means milk that contains not less than 25.5 percent, and not more than 50 percent, total milk solids). Any package sizes other than gallons will be pro-rated based upon the price adjustment per gallon.

(c) Class I milk, as described in this clause, is subject to the regulations of the United States Department of Agriculture under the Federal Milk Marketing Orders.

(d) The economic indicator for the purpose of prospective adjustments to contract prices under this clause shall be the Class I price [(Base Skim Milk Price for Class I times 0.965) plus (Advanced Butterfat Pricing Factor times 3.5)] in the Announcement of Advanced Prices and Pricing Factors released by the U.S. Department of Agriculture, Agricultural Marketing Service, Dairy Programs. The Announcement is released on the Friday before the 23<sup>rd</sup> of the month unless the 23<sup>rd</sup> of the month falls on a Friday in which case, Friday the 23<sup>rd</sup> will be the release date.

(e) Price adjustments shall be based on the following:

(1) The “base price” for the purpose of the initial adjustment calculation under this clause shall be the current month price of the economic indicator in effect at

(i) the closing date for proposals, if no discussions are held, or

(ii) the due date for final proposal revisions, if discussions are held.

The “base price” for each subsequent monthly adjustment calculation shall be the adjusting price from the previous month.

(2) The “adjusting price” shall be the monthly price of the economic indicator released following the month used to determine the “base price”.

(f) For the purpose of price adjustments pursuant to this clause:

(1) Adjustments will be made in increments of \$0.01 per gallon when and only when the change per gallon in either direction is equal to or greater than +/- \$0.0100.

(2) Adjustments in excess of \$0.0100 per gallon and in excess of \$0.0050 for units other than a gallon (i.e., half gallon, quart, pint and half pint) will be rounded to two decimal places to accommodate systems requirements of the Subsistence Total Order Receipt Electronic System (STORES), as follows:

\$0.0050 to \$0.0099 = \$0.01

\$0.0100 to \$0.0149 = \$0.01

\$0.0150 to \$0.0199 = \$0.02

\$0.0200 to \$0.0249 = \$0.02

\$0.0250 to \$0.0299 = \$0.03, etc.

(3) One hundred weight (CWT) as used in the price of the economic indicator equates to 11.63 gallons of milk deliverable under this contract.

(g) Promptly following release of the Announcement of Advanced Prices and Pricing Factors applicable to the following month, the contracting officer shall compute the adjustments, if any, to the current contract prices for the purpose of determining any revised prices applicable to orders for the next month in the manner detailed below:

(1) Compute adjusting price.

(2) Compute base price.

- (3) Compute change from base price.
- (4) Convert the price change to price per gallon.
- (5) Compute price change for other units other than a gallon.
- (6) Round price adjustment(s) from lines (4) and (5) to nearest \$0.01 increment (see paragraph (f)(2)).
- (7) Compute adjusted contract unit price(s).

The following sample price computation is an illustration using January as the Base Price and February as the Adjusting Price.

<b>(1) Adjusting Price</b>		
Base Skim Milk Price for Class I	\$7.72 CWT X	\$ 7.4498
	0.965	
Advanced Butterfat Pricing Factor	\$0.9302 LB X 3.5	<u>\$ 3.2557</u>
Class I Price		\$10.7055
<b>(2) Base Price</b>		
Base Skim Milk Price for Class I	\$7.72 CWT X	\$ 7.4498
	0.965	
Advanced Butterfat Pricing Factor	\$0.9854 LB X 3.5	<u>\$ 3.4489</u>
Class I Price		\$10.8987
<b>(3) Change from Base Price per CWT</b>		<b>(\$0.1932)</b>
<b>(4) Price change per gallon</b>		
Line (3) divide by 11.63 gallons/cwt		<b>(\$0.0166)</b>
<b>(5) Price change per half gallon</b>		<b>(\$0.0083)</b>
Price change per quart		<b>(\$0.0042)</b>
Price change per pint		<b>(\$0.0021)</b>
Price change per half pint		<b>(\$0.0010)</b>
<b>(6) Price adjustment per gallon</b>		<b>(\$0.02)</b>
Price adjustment per half gallon		<b>(\$0.01)</b>
Price change per quart		<b>\$0.00</b>
Price change per pint		<b>\$0.00</b>
Price change per half pint		<b>\$0.00</b>
<b>(7) Adjusted contract unit price</b>		
Item per gallon (Current Unit Price - \$0.02)		
Item per half gallon (Current Unit Price - \$0.01)		
Item per quart (No adjustment)		
Item per pint (No adjustment)		
Item per half pint (No adjustment)		

(h) Revised prices will become effective on the 1<sup>st</sup> Sunday of the next month and will remain in effect until the next price change occurs.

(i) Price adjustments pursuant to this clause will not be made by contract modifications. Adjustments will be implemented by the government as follows:

- (1) The adjusted contract unit price(s) for the following month will be input in STORES,
- (2) A facsimile transmission will be sent to contractors who do not have electronic access, and
- (3) The calculations used to derive the adjusted contract unit price(s) for the following month will be posted on the Internet at <http://www.dscp.dla.mil/subs/milk-epa/milk-epa.htm>.

**(j) Any pricing actions pursuant to the “changes” clause or other provisions of the contract will be priced as though there were no provision for economic price adjustment.**

**(k) The aggregate of the increases in any contract unit price under this clause shall not exceed 30% of the original contract unit price. If at any time during the term of the contract, a proposed economic price adjustment will exceed this ceiling, either party may cancel the contract effective 60 days after receipt of written notice of the cancellation. In the event a written notice of cancellation is given, the price of the contract prior to the notice of cancellation will be applied from receipt of the notice until the date of cancellation. There is no percentage limit on downward adjustments under this clause.**

**(l) In the event, publication of the economic indicator is discontinued or its method of calculation substantially altered so that it no longer reflects market prices, the parties shall mutually agree upon an appropriate substitute for price adjustment(s) under this clause.**

**(m) Any dispute arising under this clause is subject to the “disputes” clause of the contract.**