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SAPC- 13543
Copy 2 of 4

28 February 1957

The Ramo-Wooldridge Corporation
Los Angeles 45, California

Gentlemen:

Reference is made to your letter dated 12 February 1957,
requesting approval of provisional overhead rates for the
Communications Division for the first quarter of 1957.

The following rates are hereby approved:

25X1

	<u>Research & Development</u>	<u>Pilot Line</u>
Overhead		
General & Admin.		

The aforementioned rates are for billing purposes only and
subject to further change.

Very truly yours,

25X1

Contracting Officer

25X1

SA/PC/DCI/ [] pf (2/28/57)

25X1

Distribution:

25X1

- Orig - []
- ✓ Cy 2 - [] A-101 w/SAPC 13345
- 3 - Finance
- 4 - Chrono

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SAPC / 3345
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February 12, 1957

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25X1

Dear George

Beginning with the calendar year 1957, the Communications Division has revised its accounting Policies and Procedures to provide separate burden rates for Research and Development work and Pilot Line work. It has been concluded that this change should be made at this time because the volume of work in the Pilot Line is reaching the point where inequities in cost distribution for Overhead would result if a single burden rate were to continue to be used. In addition, work in the Pilot Line may be expanded during the 1957 calendar year to include production type contracts of either a CPFF or Fixed Price nature.

The Communications Division forecasts that the separate burden rates for Research & Development and Pilot Line work for the calendar year 1957 will be as follows:

Research & Development Pilot Line

[Redacted]

In addition the Division forecasts a General & Administrative Expense rate [Redacted]. The latter rate consists of Division Administrative Expense of [Redacted] applied to the total of Direct Labor, Overhead and Other Direct Costs, and Corporation General & Administrative Expense of [Redacted] applied to the total Cost of Sales including Division Administrative Expense.

Forecasts by quarters indicate generally declining overhead rates for both the Research & Development and Pilot Line Organizations, and for General & Administrative Expense during the year. For this reason, we have requested provisional billing rates for the first quarter that are higher than the anticipated rates for the entire year to provide recovery of costs closer to actual during the beginning of the year. It is planned to adjust the rates quarterly or as circumstances dictate to maintain billings consistent with actual experience.

The provisional rates and forecasts have been reviewed by personnel from Headquarters, Western District, Auditor General's Office. A presentation of our methods of accounting for costs assignable to Research & Development or Pilot Line organizations has been made to these persons. They have indicated their provisional approvals subject to later review and audit findings.

The Resident Air Force Contracting Officer has approved provisional billing rates for the Communications Division for the first

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quarter of 1957 as follows:

Research & Development

Pilot Line

Overhead

General & Admin.

25X1

25X1

The General & Administrative rate consists of Division Administration Expense of applied to the total of Direct Labor, Overhead and Other Direct costs and Corporation General & Administrative Expense of applied to the total Cost of Sales including Division Administrative Expense.

25X1

A copy of the letter containing the Resident Air Force Contracting Officer's approval is attached. We request your approval of these rates for billing purposes for the first quarter of 1957, or until changed by subsequent review and approval, as soon as a contract amendment providing for interim billing rates has been executed.

Sincerely,



Bob

Enclosure:

Ltr dated 1-7-57
Subj. Request for
1957 Interim
Overhead Billing
Rates

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