



United States General Accounting Office  
Washington, DC 20548

Comptroller General  
of the United States

## Decision

**Matter of:** Pulau Electronics Corporation--Costs

**File:** B-280048.11

**Date:** July 31, 2000

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Christine Davis, Esq., and James Spangenberg, Esq., Office of the General Counsel, GAO, participated in the preparation of the decision.

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### DIGEST

1. In resolving a claim for the costs of pursuing a protest, there is no per se rule regarding the maximum number of hours or the maximum number of attorneys, and in order for an agency to disallow a claim for such costs, it must identify specific hours as excessive and articulate a reasoned analysis as to why payment for such hours should be disallowed.

2. A protester may recover the costs of paralegal work, provided that the work is properly documented, reasonable, and shown to be in pursuit of the protest.

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### DECISION

Pulau Electronics Corporation requests that we determine the amount it should recover from the Department of the Navy for the costs of filing and pursuing its bid protests of an award to AAI/Engineering Support, Inc. in Pulau Elecs. Corp., B-280048.4 et. al., May 19, 1999, 99-2 CPD ¶ 99.

We recommend that the Navy reimburse Pulau \$226,753.46 for the costs of filing and pursuing its bid protests plus \$12,715.62 for the costs of filing and pursuing this claim for protest costs before our Office.

On May 9, 1997, the Navy issued request for proposals (RFP) No. N61339-97-R-0011 for life cycle contractor support of command, control, communications, computers and intelligence (C<sup>4</sup>I) devices located at designated military installations worldwide. The Navy received five proposals, included two in the competitive range (the proposals of Pulau and another firm), and rejected the rest as technically

unacceptable (the proposals of AAI, Nations, Inc., and another firm). Nations protested the competitive range determination to our Office. We sustained the protest and recommended that the Navy establish a new competitive range and conduct discussions as appropriate. Nations, Inc., B-280048, Aug. 24, 1998, 99-2 CPD ¶ 94 at 10.

Following our decision, the contracting officer decided to include all five proposals in the competitive range. The contracting officer appointed a new technical evaluation team (TET), which included none of the individual evaluators from the initial TET, to prepare discussion questions and evaluate revised proposals. The initial TET had deemed AAI's staffing proposal unacceptable. Among other staffing concerns, the initial TET expressed doubt that AAI had proposed enough staff to support a major category of C<sup>4</sup>I devices, the Family of Simulation (FAMSIM) devices. During discussions, the agency questioned AAI about its staffing level for FAMSIM maintenance, but not about its staffing level for FAMSIM operations, even though this was an area of significant concern to the initial TET. As a result, AAI only corrected its maintenance staffing approach during discussions, not its operational staffing level and approach. During the reevaluation and the award selection, the agency mistakenly relied upon AAI's revised maintenance staffing approach as resolving the various staffing concerns raised by the initial TET, and never considered whether AAI's uncorrected operator staffing shortfall--which alone accounted for AAI's decisive price advantage--would adversely impair the awardee's ability to meet the agency's requirements. The Navy thus made award based on AAI's lowest-priced proposal following a price/technical tradeoff.

Both Pulau and Nations protested the award, and our Office granted the Navy's request to consolidate the protests. We issued a consolidated protective order and admitted, without objection, six attorneys and two consultants on behalf of Pulau, two attorneys on behalf of Nations, and one attorney on behalf of the intervenor, AAI. Three attorneys represented the Navy during the protests.

Pulau filed three protests before the Navy submitted its report, based upon information from its debriefing, through its collaboration with Nations, and from the Navy's successful request for summary dismissal of Nations' protest.<sup>1</sup> Each of Pulau's protests raised multiple allegations, which, taken together, challenged the staffing and price realism evaluation of AAI's proposal, the technical evaluation of Pulau's proposal, the degree to which the Navy evaluated Pulau's proposal equally to other offerors' proposals, and the degree to which the Navy used an undisclosed low-priced, technically acceptable award basis in lieu of a reasonably based price/technical tradeoff, as required by the RFP. Underlying many of these issues

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<sup>1</sup> Nations had not timely protested the Navy's determination that its own proposal was unacceptable and was therefore not an interested party to protest the award. Nations, Inc., B-280048.3, Mar. 11, 1999.

was Pulau's contention that the agency improperly evaluated proposals without the benefit of the initial TET.

The Navy submitted a report addressing all three of Pulau's protests. The report documentation, which the Navy produced following a protracted document dispute with the protester, came in 30 volumes and represented essentially the entire procurement file. Included were the initial and revised proposals, the record of discussions, and the price and technical evaluation documentation for each of the five offerors, as well as all competitive range and source selection documentation, the source selection plan, and affidavits from key officials involved in the procurement. One affidavit presented a defense for the agency's failure to reconvene the initial TET. In that affidavit, the Navy's lead project director for the procurement represented that he had contacted the members of the initial TET and learned that it would be impossible to reconvene them. See Affidavit of Lead Project Director ¶ 4.

Pulau's report comments raised several new protest issues, which caused our Office to treat the comments as a third supplemental protest. Most importantly, Pulau argued that AAI's proposal did not offer enough staff to support FAMSIM operations and that the reconstituted TET and the source selection authority mistakenly assumed that AAI's revised maintenance staffing approach cured this deficiency.

To develop the issues in the third supplemental protest, our Office requested a supplemental agency report and supplemental report comments. To prepare for the possibility that the record would require further development, we also established a tentative hearing date, to be held 1 week after we received the supplemental comments. However, after reviewing the record in light of the supplemental report and comments, we determined that a hearing was not necessary, and we canceled it 2 days before it was to be held.

On May 13, 1999, a few days before our Office issued its decision resolving Pulau's protests, we received an in camera letter from the agency retracting one of its defenses for failing to reconvene the initial TET. In the letter, the agency stated that it had recently queried the six initial TET members, and that none of these individuals, except one, recalled the Navy contacting them to discuss the possibility of reconvening the TET, thus creating an inconsistency with the lead project director's affidavit. After directing the Navy to disclose the in camera letter and discussing the issues raised with all parties, our Office rejected Pulau's arguments that it receive an opportunity to submit additional pleadings.<sup>2</sup>

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<sup>2</sup> While we denied Pulau's protest ground that the Navy was required to reconvene the initial TET, the defense retracted by the Navy in this letter was not relevant to our disposition of that protest ground. Pulau Elecs. Corp., supra, at 11-12 n.13.

On May 19, we issued our decision sustaining Pulau's protests. As the principal basis for sustaining the protest, we found that the agency relied upon revisions to AAI's maintenance staffing approach to redress a significant staffing shortfall in an unrelated area, FAMSIM operations, which alone accounted for the awardee's decisive price advantage. Pulau Elecs. Corp., *supra*, at 10.

We recommended that the agency conduct discussions with the competitive range offerors, request another round of best and final offers, reevaluate proposals consistent with our decision, and terminate AAI's contract if it was not the successful offeror after the reevaluation.<sup>3</sup> We also recommended that the Navy reimburse Pulau the costs of filing and pursuing its protests, including reasonable attorneys' fees. We advised Pulau to file its certified claim for such costs, detailing the time expended and the costs incurred, directly with the agency. *Id.* at 12; *see* 4 C.F.R. § 21.8(f)(1) (2000).

Two events occupied the parties' attention after we issued the Pulau decision. First, AAI requested that we modify our recommendation to permit the agency to rectify its evaluation errors without conducting discussions or by conducting discussions solely with AAI. We denied the request in AAI/Eng'g Support, Inc.--Modification of Remedy, B-280048.8, B-280048.10, June 25, 1999. Second, the parties endeavored to create a redacted version of the Pulau decision, which was issued as a protected document. Consistent with our Office's instruction, the parties jointly prepared their proposed redactions. After discussing the parties' proposals during telephone conferences, we determined that much of the redacted information might be releasable after the procurement was complete. Thus, on June 23, we postponed the creation of a redacted decision, which we ultimately disseminated on December 13.

On July 14, Pulau timely filed its certified claim for costs with the agency in the amount of \$229,253.56. Of this amount, \$32,005.62 represented consultants' fees, \$18,602.94 represented out-of-pocket expenses for such things as administrative overtime, word processing, document duplication, and computer-based research, and \$178,645 represented fees for 1,086.25 hours of attorney time and 278.75 hours of paralegal time. Protester's Claim for Costs, exh. A, encl. 1. Pulau submitted detailed documentation in support of its claim, including billing statements describing the work performed and time spent by each attorney, paralegal, and consultant, and disbursement statements, invoices, and employee records documenting out-of-pocket expenses.

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<sup>3</sup> The Navy decided to cancel the RFP on October 21 because its requirements had changed. A major portion of the RFP requirements was subsequently solicited under a General Services Administration (GSA) schedule for the award of a task order contract. None of the offerors under the cancelled RFP were eligible to compete as prime contractors under the GSA schedule, but each competed as proposed subcontractors.

The Navy asked the Defense Contract Audit Agency (DCAA) to audit Pulau's claim. In response to the Navy's specific request, the DCAA reported that Pulau's attorneys had not agreed to forgive any expense not reimbursed by the Navy and that Pulau had, in fact, already paid all legal expenses.<sup>4</sup> The DCAA further reported that Pulau's documentation was consistent with the amount claimed. However, the DCAA also observed that Pulau's billing entries reflected the participation of several attorneys billing Pulau for their time, and thus advised the Navy, "Why several attorneys and a consultant . . . are required to discuss the same issues may be a question to explore at negotiations." Agency Report, attach. 1, at (1), (1)(a), (3).

The Navy did not negotiate the claim with Pulau, but wrote the firm on September 17 that the claim reflected "an excessive amount of duplication of effort by the attorneys as well as other excessive duplicating efforts and charges." Protester's Claim for Costs, exh. B. The agency concluded that approximately half of the claimed amount was allowable (\$114,801.61) and half was not (\$114,451.95). *Id.* While the agency allowed full reimbursement for the consultants' fees (\$32,005.62), it reduced Pulau's reimbursement from \$18,602.94 to \$8,140.99 for out-of-pocket expenses and from \$178,645 to \$74,655 for attorney and paralegal fees. Agency Report, attach. 2, Legal Entitlement Memorandum (LEM) ¶ 41; Protester's Claim for Costs, exh. A, encl. 1. The agency identified the disallowed expenses on the protester's billing statements with terse annotations such as "Duplication" and "Overhead." Protester's Claim for Costs, exh. B. Based on our calculations, the Navy disallowed reimbursement for 247.25 out of 278.75 paralegal hours and 586.25 out of 1,086.25 attorney hours claimed.

On November 18, Pulau informed the Navy that it had carefully reviewed its expenses and determined that all claimed expenses were reasonable and fully justified, except for \$181.25 (1.25 hours) in attorneys' fees.<sup>5</sup> *Id.*, exh. C, encl. 3 ¶¶ A.9, A.10. The protester submitted a detailed rebuttal disputing the Navy's findings.<sup>6</sup> *Id.*, exh. C, encl. 3. It also submitted attorney affidavits and additional

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<sup>4</sup> Pulau actually paid \$363,587.87 in legal expenses, which exceeded the claimed amount because Pulau capped its consultants' and attorneys' rates in seeking reimbursement from the Navy, as required by Federal Acquisition Regulation § 33.104(h)(5)(i), (ii).

<sup>5</sup> In its claim to our Office, Pulau further reduced its requested reimbursement for attorneys' fees by another \$75 (0.5 hours). *See* Pulau's Comments at 9 n.10.

<sup>6</sup> The protester's claim to our Office requests reimbursement for these costs. However, the protester may not be reimbursed the costs of submitting this rebuttal to the agency, as our Regulations do not contemplate recovery of the costs of pursuing a cost claim before the agency. *See Manekin Corp.--Claim for Costs*, B-249040.2, Dec. 12, 1994, 94-2 CPD ¶ 237 at 6.

employee records in support of specific expenses questioned by the Navy. Id., exh. C, encl. 3, attachs. A-C. On January 6, the Navy stated that its previous offer of \$114,801.61 remained unchanged and recommended that Pulau submit a claim for costs to our Office. Id., exh. D. This claim followed.

The Navy argues that the attorney time spent pursuing these protests was excessive and represented an unreasonable duplication of effort.

Our Office generally accepts the number of attorney hours claimed, unless the agency identifies specific hours as excessive and articulates a reasoned analysis as to why payment for those hours should be disallowed. Data Based Decisions, Inc.--Claim for Costs, B-232663.3, Dec. 11, 1989, 89-2 CPD ¶ 538 at 3. Simply concluding that the hours claimed are excessive or suggest duplication of effort is inadequate to justify denying a claim for protest costs. Princeton Gamma-Tech, Inc.--Claim for Costs, B-228052.5, Apr. 24, 1989, 89-1 CPD ¶ 401 at 4. We will examine the reasonableness of the attorney hours claimed to determine whether they exceed, in nature and amount, what a prudent person would incur in pursuit of his or her protest. Price Waterhouse--Claim for Costs, B-254492.3, July 20, 1995, 95-2 CPD ¶ 38 at 5.

The Navy has offered several reasons as to why Pulau's claimed attorney expenses are excessive or suggest a duplication of effort. After reviewing the Navy's arguments and the specific hours to which it objects, we conclude that the agency has failed to articulate any reasoned analysis as to why these hours should be disallowed.

First, the Navy asserts, without appropriate legal citation, that our Office is "reluctant" to allow more than 300 attorney hours in pursuit of a protest, and thus characterizes this figure as an "unwritten maximum allowable" number of hours.<sup>7</sup> LEM ¶¶ 15, 17. Based on this analysis, the Navy concludes that the total number of hours spent by Pulau's attorneys is presumptively unreasonable.

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<sup>7</sup> The Navy cites KPMG Peat Marwick--Entitlement to Costs, B-251902.2, June 8, 1993, 93-1 CPD ¶ 443 to support its claim that our Office has established a 300-hour maximum limit on the recovery of attorneys' fees. In the cited case, our Office denied the protester's request for entitlement to protest costs. We therefore did not discuss the amount of legal fees due to the protester, nor did we mention any per se limit on the recovery of such legal fees, assuming that the protester was entitled to protest costs. Reliance upon this case was misplaced.

Moreover, the agency argues that Pulau employed too many attorneys during the protests. Id. ¶¶ 14, 18, 19. A core group of five attorneys represented Pulau,<sup>8</sup> and the Navy takes exception to Pulau's use of more lawyers than employed by Nations (two attorneys) or AAI (one attorney). Id. ¶ 18. According to the Navy, Pulau's decision to use a large team of attorneys "significantly multiplie[d] the attorneys' overlapping efforts and fees with no apparent corresponding increase in productivity"--an opinion allegedly shared by DCAA. Id. ¶¶ 2, 7. The Navy maintains that it appropriately disallowed payment for those hours that reflected multiple attorneys working on the same or similar efforts.

We have reviewed the attorneys' billing statements, and we are unable to conclude that any of the entries disputed by the agency shows a duplication of effort. While there is no dispute that several attorneys worked on these protests, the entries simply do not indicate that one attorney was duplicating work performed by another attorney. It is not apparent to our Office how the Navy determined that certain work was duplicative, apart from its apparent belief that the number of hours or the number of attorneys was per se excessive. However, our Office has never instituted a per se rule regarding the maximum number of hours, or the maximum number of attorneys, for which a successful protester may be reimbursed. See Armour of Am., Inc.--Claim for Costs, B-237690.2, Mar. 4, 1992, 92-1 CPD ¶ 257 at 4-5. Rather, we review a protester's claimed expenses to determine whether they are reasonable in relation to the protest. See Komatsu Dresser Co.--Claim for Costs, B-246121.2, Aug. 23, 1993, 93-2 CPD ¶ 112 at 3.

Considering the complexity of the protest proceedings in this case, we are not persuaded that Pulau devoted an unreasonable amount of time or employed an unreasonable number of attorneys in pursuing its protests. The litigation of this protest lasted approximately 5 months from the time of Pulau's debriefing to the cessation of the decision redaction process on June 23 and the denial of AAI's reconsideration request shortly thereafter. During this time, Pulau filed three protests, which included multiple allegations and which arose, in part, from Pulau's involvement in Nations' concurrent protest. Pulau also reviewed two agency reports and voluminous report documentation, much of which was relevant to its protests and which reflected the work of two evaluation teams--the initial TET and the reconstituted TET. Pulau also submitted two sets of comments, one that our Office regarded as a supplemental protest. The comments, 68- and 72-pages long respectively, addressed novel and complex issues of procurement law; contained factually intensive, thoroughly researched, and well-written arguments; and synthesized the detailed declarations of Pulau's consultants. Beyond these written submissions, several procedural and case development matters reasonably occupied

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<sup>8</sup> Although we admitted six attorneys to the protective order on behalf of Pulau, only five attorneys actively worked on the protest at any given time, as one attorney replaced another early in the protest process.

Pulau's attention. For example, Pulau prevailed in a protracted document production dispute with the Navy, prepared for a hearing, defended the protester's interests following the disclosure of the Navy's in camera letter, produced redacted versions of filings (as required by our protective order), and engaged in a concerted effort to produce a redacted version of the Pulau decision.

In its claim to our Office, Pulau has described how it assigned its team of lawyers specific responsibilities to increase efficiency and to avoid a duplication of effort. For example, Pulau divided the responsibilities of its legal team and its consultants along substantive lines. In particular, while two partners staffed the case, they focused on different protest issues. Neither partner reviewed the other's work, but each supervised and reviewed the work of the junior attorneys who worked within the partner's substantive area. Cf. Fritz Cos., Inc.--Claim for Costs, B-246736.7, Aug. 4, 1994, 94-2 CPD ¶ 58 at 4-7 (one partner's unnecessary duplication of another partner's work disallowed). Other discrete responsibilities--such as supervising the consultants, coordinating discovery requests, coordinating redactions, and directing Pulau's hearing strategy--fell to individual lawyers on Pulau's core team.

While the number of attorneys working on a protest may be a factor in determining the reasonableness of a cost claim, see Price Waterhouse--Claim for Costs, supra, at 7-8, Pulau's use of a five-person team was not unreasonable in the context of these substantively and procedurally demanding protests. The fact that Nations and AAI chose to employ fewer lawyers has no bearing on our conclusion, see Data Based Decisions, Inc.--Claim for Costs, supra, at 3, particularly since AAI, as an intervenor, was not primarily responsible for defending the protests and since Nations pursued a different protest that was summarily dismissed.

The agency's reliance on the DCAA audit report is also misplaced. Contrary to the Navy's interpretation, the DCAA did not conclude that Pulau overstaffed its protest, but simply recommended that the agency explore the matter during negotiations, which the Navy chose not to do. See Agency Report, attach. 1(1)(a). Moreover, to conclude that Pulau overstaffed its protest would require knowledge of the underlying protest record, which DCAA lacked and which the Navy has not discussed in its analysis of the claim. For example, the Navy claims that all supplemental protest costs are duplicative because these protests merely restated the legal issues in the initial protest. LEM ¶¶ 27-28. Not only is this contention inconsistent with our Office's recommendation that Pulau recover costs for all protests, even a cursory review of Pulau's protests reveals that they raise independent protest grounds.

In conclusion, the agency has failed to establish that Pulau's attorneys engaged in excessive or duplicative effort for any of the hours disputed. As a result, we



recommend that the agency reimburse Pulau for all attorney hours, with the few exceptions noted below.<sup>9</sup>

The Navy also argues that Pulau should not recover the costs of paralegal work, contending that all such costs should be regarded as “Overhead” to the law firm and should not be reimbursed.<sup>10</sup> LEM ¶¶ 11, 34. The Navy does not allege that the paralegals in this case billed Pulau for work that was not spent directly on Pulau’s protests. Rather, the Navy believes that protesters may not recover paralegal fees because paralegals allegedly perform “[o]rdinary office services,” such as file maintenance, which the agency regards as unallowable overhead expenses. *Id.* ¶ 11.

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<sup>9</sup> Virtually all of the 586.25 attorney hours disallowed by the Navy were on the basis of excessive or duplicative effort. See LEM ¶¶ 26, 32, 33. The agency disallowed a minor number of attorney hours on other bases. We have reviewed the Navy’s objections to all hours, every billing entry, and Pulau’s responses, and we find, with few exceptions, all expenses to be recoverable. See, e.g., Protester’s Claim for Costs, exh. C, encl. 3, ¶¶ A.6, A.9. As for the exceptions, we do not recommend recovery for 0.25 attorney hours (\$87.50) and 1.5 attorney hours (\$525) charged on May 28 and June 1, respectively, since the billing entries indicate that time was spent in pursuit of Pulau’s request for reconsideration of an unsuccessful protest issue; the cost of such work is not recoverable. See *Chant Eng’g Co., Inc.--Costs*, B-274871.4, Apr. 28, 1999, 99-1 CPD ¶ 79 at 3. We also do not recommend reimbursement for 3.75 hours (\$996.25) charged by attorneys on April 27 and 28 because their legal work--a review of possible additional protest bases that were never filed--was not sufficiently related to Pulau’s protests. See *Consolidated Bell, Inc.*, B-220425.4, Mar. 25, 1991, 91-1 CPD ¶ 325 at 4. We also disallow payment of the paralegal hours associated with this legal work, i.e., 0.5 hours (\$40) billed on April 27 and 1.5 hours (\$120) billed on April 28.

In addition, based on its view that Pulau’s use of 1,365 attorney and paralegal hours exceeded by 4½ times a supposed 300-hour limit imposed by our Office, the Navy proportionately reduced Pulau’s recovery of photocopying costs by 4½ times (from \$12,312.62 claimed to \$2,708.78 allowed by the Navy). LEM ¶¶ 17, 37. As stated above, because our Office does not have a 300-hour maximum limit, or any other per se limit, on the recovery of fees, the Navy lacks a reasonable basis for proportionately reducing Pulau’s photocopying expenses and should fully reimburse these expenses, all of which Pulau has documented and shown to be reasonably in pursuit of the protest.

<sup>10</sup> As indicated above, the Navy allowed 31.5 out of 278.75 paralegal hours claimed. However, it appears that the agency may have intended to disallow most, if not all, of these 31.5 hours, as the bulk of the “allowed” billing entries bear an “Overhead” annotation.

The sole case cited by the Navy as support for its contention, Fritz Cos., Inc.--Claim for Costs, supra, does not stand for the proposition that paralegal work constitutes unallowable overhead. In Fritz, our Office disallowed 1 hour of paralegal time, not because we deemed such time unallowable overhead, but because the paralegal's research occurred after we closed the protest record and thus was not performed in pursuit of the protest. Id. at 4. Fritz is thus consistent with established precedent of our Office, which allows for the payment of paralegal fees, provided they are documented, reasonable, and shown to be in pursuit of the protest, as they are in this case. See, e.g., CNA Indus. Eng'g. Inc.--Costs, B-271034.2, Nov. 20, 1997, 97-2 CPD ¶ 149 at 4 n.4; ViOn Corp.--Claim for Costs, B-256363.3, Apr. 25, 1995, 95-1 CPD ¶ 219 at 3, 6.

The paralegals in this case performed various duties directly and reasonably related to the pursuit of Pulau's protests, including, as the Navy observes, organizing, updating, and managing the voluminous Pulau protest record. In doing so, they performed services in support of the protest, the cost for which is properly recoverable. Having reviewed all paralegals' billing entries, we find that Pulau has properly documented and justified its expenses for paralegal time.<sup>11</sup>

The Navy, again citing Fritz, argues that Pulau should not recover its word-processing costs, amounting to \$458.60. LEM ¶¶ 11, 36. Here, we agree with the agency. In Fritz, our Office disallowed expenses for typing costs. We held that it was unusual for attorneys to charge their clients a fee for secretarial typing services, and, in the absence of an explicit agreement that the protester pay such a fee, the protester should not recover the costs from the government. Id. at 8. Pulau has not distinguished the facts of Fritz from its own request for word-processing costs. Nor has Pulau alleged that attorneys usually charge their clients a fee for word-processing services, or that it agreed to such a fee in its retainer agreement. As a result, we find that the Navy properly disallowed Pulau's word-processing costs.

The Navy also argues that Pulau did not properly document \$399.50 in administrative overtime expenses, although it has never identified which expenses were not documented. LEM ¶ 36. Our review shows that Pulau's documentation is adequate to support all but \$16.50 in overtime expenses.<sup>12</sup> See Protester's Claim for Costs, exh. A, encl. 5, exh. C, encl. 3, attach. C. Thus, we recommend payment of \$383 of the disputed \$399.50 in overtime expenses.

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<sup>11</sup> As discussed in note 9 above, we do not recommend recovery for two paralegal billing entries, amounting to \$160 overall.

<sup>12</sup> The \$16.50 discrepancy appears on an overtime spreadsheet for an April 18 entry. See Protester's Claim for Costs, exh. A, encl. 5, May 1999 Overtime Spreadsheet.

Pulau also requests reimbursement for the costs of pursuing its claim before our Office in the amount of \$12,715.62. Protester's Addendum to Claim for Costs, exh. 1.

Our Bid Protest Regulations, 4 C.F.R. § 21.8(f)(2), provide that we may recommend reimbursement of the costs of pursuing a claim before our Office. See CNA Indus. Eng'g, Inc., *supra*, at 7. This provision is intended to encourage the agency's expeditious and reasonable consideration of a protester's claim for costs. JAFIT Enters., Inc.--Claim for Costs, B-266326.2, B-266327.2, Mar. 31, 1997, 97-1 CPD ¶ 125 at 4. The costs of pursuing a claim before our Office are recoverable if by their nature and amount they do not exceed that which would be incurred by a prudent person in a similar pursuit. Main Bldg. Maintenance, Inc.--Costs, B-260945.6, Dec. 15, 1997, 97-2 CPD ¶ 163 at 10.

Here, given the Navy's failure to reasonably consider Pulau's claim, we find that the protester may recover the reasonable costs of pursuing its claim at our Office. Having reviewed Pulau's certified claim and supporting documentation, and in the absence of objection by the Navy as to the reasonableness of the costs incurred in pursuing the instant claim, we believe that the claimed amount is reasonable. Accordingly, we recommend reimbursement of \$12,715.62 for the costs of pursuing this claim with our Office.

Finally, Pulau requests interest on its claim for protest costs. Such payment is not authorized by any statute and is not recoverable. John Peeples--Claim for Costs, B-233167.2, Aug. 5, 1991, 91-2 CPD ¶ 125 at 4.

In conclusion, we recommend that the protester recover \$226,753.46 for the costs of pursuing its protests, which consists of \$32,005.62 in consultants' fees, \$18,127.84 in out-of-pocket expenses, and \$176,620 for 1,079 hours of attorney time and 276.75 hours of paralegal time. In addition, we recommend that the protester recover \$12,715.62 for the costs of pursuing the instant claim before our Office.

Robert P. Murphy  
General Counsel