

UNCLASSIFIED

PE NUMBER: 0401221F
 PE TITLE: KC-135 Replacement Tanker

Exhibit R-2, RDT&E Budget Item Justification	DATE February 2008
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BUDGET ACTIVITY 07 Operational System Development	PE NUMBER AND TITLE 0401221F KC-135 Replacement Tanker
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Cost (\$ in Millions)	FY 2007 Actual	FY 2008 Estimate	FY 2009 Estimate	FY 2010 Estimate	FY 2011 Estimate	FY 2012 Estimate	FY 2013 Estimate	Cost to Complete	Total
Total Program Element (PE) Cost	68.340	113.728	0.000	0.000	0.000	0.000	0.000	Continuing	TBD
4927 KC-135 Replacement Tanker	68.340	113.728	0.000	0.000	0.000	0.000	0.000	Continuing	TBD

FY05 Approps bill establishes \$100M Transfer Replacement Transfer Fund (\$10.2M used by AF in FY05) -- \$89.8M funding remaining as of submission of FY08PB. FY08 Approps bill cuts \$50M in RDT&E; moves \$150M of \$264.5M FY08 RDT&E to Transfer Fund -- \$239.8M in Transfer Fund as of FY09PB. These transfer funds will be used to fund KC-X acquisition after contract award.

(U) A. Mission Description and Budget Item Justification

FY09 and beyond RDT&E funds have been transferred from PE 401221F / BPAC 674927 KC-135 Replacement Tanker to PE 605221F / BPAC 655271 KC-X, Next Generation Aerial Refueling Aircraft.

The Air Force considered data in the Analysis of Alternatives (AoA) for KC-135 Recapitalization, industry responses to a Request for Information and two draft Request for Proposals, and is pursuing a strategy of full and open competition to select a commercial derivative replacement tanker aircraft. The KC-X is in source selection.

The Air Force needs to replace its aging KC-135 tankers (average age 47 years). This initial increment, known as KC-X, will replace roughly one-third of the current capability. The KC-X will be able to provide fuel to joint and coalition receivers via a boom or drogue system on every mission and will also augment the airlift fleet with cargo, passenger and medical evacuation capabilities.

The KC-X will be able to operate in day/night and adverse weather conditions to enable deployment, employment, sustainment and reployment of U.S. joint, allied and coalition forces. The KC-X will have navigation and communication equipment for world-wide operations; will have the capability for performing missions in chemical and biological environments; and will have the capability to operate in low to medium threat areas and near-high threat areas with self-defense/protection (both active and passive) capabilities and necessary battle space awareness to mitigate threats.

The KC-X development effort will also procure the necessary ground and flight test assets to support developmental/operational test. The program plans to procure four RDT&E aircraft that will be retrofitted back to production configuration.

Exhibit R-2, RDT&E Budget Item Justification

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BUDGET ACTIVITY

07 Operational System Development

PE NUMBER AND TITLE

0401221F KC-135 Replacement Tanker

(U) **B. Program Change Summary (\$ in Millions)**

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
(U) Previous President's Budget	69.632	314.454	0.000
(U) Current PBR/President's Budget	68.340	113.728	0.000
(U) Total Adjustments	-1.292		
(U) Congressional Program Reductions		-200.000	
Congressional Rescissions		-0.726	
Congressional Increases			
Reprogrammings			
SBIR/STTR Transfer	-1.292		

(U) **Significant Program Changes:**

FY09 and beyond RDT&E funds have been transferred from PE 401221F / BPAC 674927 KC-135 Replacement Tanker to PE 605221F / BPAC 655271 KC-X, Next Generation Aerial Refueling Aircraft.

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Exhibit R-2a, RDT&E Project Justification

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BUDGET ACTIVITY 07 Operational System Development				PE NUMBER AND TITLE 0401221F KC-135 Replacement Tanker			PROJECT NUMBER AND TITLE 4927 KC-135 Replacement Tanker			
Cost (\$ in Millions)		FY 2007 Actual	FY 2008 Estimate	FY 2009 Estimate	FY 2010 Estimate	FY 2011 Estimate	FY 2012 Estimate	FY 2013 Estimate	Cost to Complete	Total
4927	KC-135 Replacement Tanker	68.340	113.728	0.000	0.000	0.000	0.000	0.000	Continuing	TBD
	Quantity of RDT&E Articles	0	0	0	0	0	0	0		

FY05 Approps bill establishes \$100M Transfer Fund (\$10.2M used by AF in FY05) -- \$89.8M funding remaining as of submission of FY08PB. FY08 Approps bill cuts \$50M in RDT&E; moves \$150M of \$264.5M FY08 RDT&E to Transfer Fund -- \$239.8M in Transfer Fund as of FY09PB. These funds will be used to fund KC-X acquisition after contract award.

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(U) B. Accomplishments/Planned Program (\$ in Millions)

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
(U) Non-recurring engineering, RDT&E tanker aircraft and support	60.599	92.710	
(U) Test	0.442	7.636	
(U) Studies	1.237	5.252	
(U) Mission Support	6.062	8.130	
(U) Omnibus, Other Sources			
(U) Total Cost	68.340	113.728	0.000

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BUDGET ACTIVITY 07 Operational System Development	PE NUMBER AND TITLE 0401221F KC-135 Replacement Tanker	PROJECT NUMBER AND TITLE 4927 KC-135 Replacement Tanker
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(U) C. Other Program Funding Summary (\$ in Millions)

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>Cost to</u>	<u>Total Cost</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Complete</u>	
(U) Aircraft Procurement, BP10			61.660	1962.086	2780.974	3066.917	2970.468	Continuing	TBD
(U) Aircraft Modification, BP11					20.504	50.161	40.211	Continuing	TBD
(U) MILCON				92.898	92.782	43.715		Continuing	TBD
(U) O&M			1.057	2.493	67.567	99.335	190.533	Continuing	TBD

FY09 and beyond RDT&E funds have been transferred from PE 401221F / BPAC 674927 KC-135 Replacement Tanker to PE 605221F / BPAC 655271 KC-X, Next Generation Aerial Refueling Aircraft.

(U) D. Acquisition Strategy

The KC-X program is pursuing an acquisition strategy of a full and open competition to select a commercial derivative replacement tanker aircraft. The program is currently in source selection.

As the initial phase of a comprehensive aerial refueling re-capitalization strategy, the KC-X program will replace approximately one third of the war-fighting capability provided by the current aerial refueling fleet. The KC-X program will procure approximately 179 aircraft. SDD contract award is anticipated in 2nd Qtr FY08.

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Exhibit R-3, RDT&E Project Cost Analysis

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BUDGET ACTIVITY				PE NUMBER AND TITLE					PROJECT NUMBER AND TITLE			
07 Operational System Development				0401221F KC-135 Replacement Tanker					4927 KC-135 Replacement Tanker			
(U) Cost Categories (Tailor to WBS, or System/Item Requirements) (\$ in Millions)	Contract Method & Type	Performing Activity & Location	Total Prior to FY 2007 Cost	FY 2007 Cost	FY 2007 Award Date	FY 2008 Cost	FY 2008 Award Date	FY 2009 Cost	FY 2009 Award Date	Cost to Complete	Total Cost	Target Value of Contract
(U) <u>Product Development</u> Non-recurring, RDT&E tanker aircraft and support	TBD	Aerospace manufacturer TBD		60.599		92.710				Continuing	TBD	
Subtotal Product Development			0.000	60.599		92.710		0.000		Continuing	TBD	0.000
Remarks:												
(U) <u>Support</u> Studies and Analysis		Proposed ASC/EN/XR, AFVB, Edwards, AFMSS, RAND, Eglin, trainers, support contractors	20.781	1.237		5.252				Continuing	TBD	
Subtotal Support			20.781	1.237		5.252		0.000		Continuing	TBD	0.000
Remarks:												
(U) <u>Test & Evaluation</u> Test and Planning	TBD	AFFTC, AFOTEC, Edwards AFB, Surviac, Live Fire	3.504	0.442		7.636				Continuing	TBD	
Subtotal Test & Evaluation			3.504	0.442		7.636		0.000		Continuing	TBD	0.000
Remarks:												
(U) <u>Management</u> 653d Aeronautical Systems Squadron	n/a	653 AESS, Wright Patterson AFB	29.912	6.062		8.130				Continuing	TBD	
Subtotal Management			29.912	6.062		8.130		0.000		Continuing	TBD	0.000
Remarks:												
(U) <u>AF WH, Omnibus, Other Sources</u> Air Force withhold, Omnibus, Other Sources	na					0.000		0.000		Continuing	TBD	
Subtotal AF WH, Omnibus, Other Sources				0.000		0.000		0.000		Continuing	TBD	0.000
Remarks:												
(U) Total Cost			54.197	68.340		113.728		0.000		Continuing	TBD	0.000

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Exhibit R-3 (PE 0401221F)

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Exhibit R-4, RDT&E Schedule Profile

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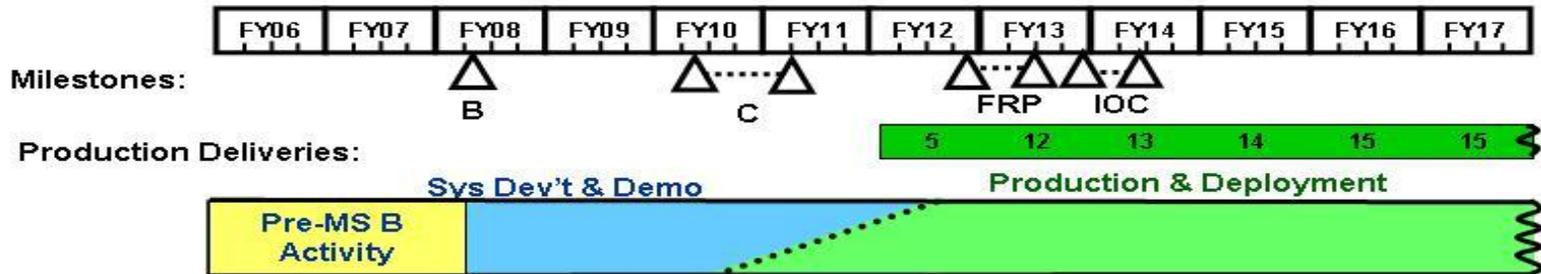
PE NUMBER AND TITLE
0401221F KC-135 Replacement
Tanker

PROJECT NUMBER AND TITLE
4927 KC-135 Replacement Tanker



FOR OFFICIAL USE ONLY

Notional Schedule KC-135 Replacement Program



As of:

Integrity - Service - Excellence

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Exhibit R-4a, RDT&E Schedule Detail

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PROJECT NUMBER AND TITLE

4927 KC-135 Replacement Tanker

(U) Schedule Profile

(U) Non-recurring engineering, RDT&E tanker aircraft and support

(U) Test

(U) Studies

(U) Mission Support

FY 2007

FY 2008

FY 2009

2-4Q

1-4Q

1-4Q

1-4Q

1-4Q

1-4Q

1-4Q

1-4Q

1-4Q

1-4Q

1-4Q