

Washington Watch

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More tanker drama; F-35 turbulence; New mobility study takes relaxed view

Tanker Square Dance

After briefly looking like a sole-source program—again—the KC-X tanker project is a competition—again. EADS North America re-entered the race in late April, raising the specter of an ugly Capitol Hill fight over the program.

In March, two years after Northrop Grumman won the Air Force's KC-X tanker contract, Northrop announced it wouldn't bid in the rerun of the contest. It claimed that new "evaluation methodology" in the final request for proposals clearly showed

Photo by Ted Carlson



Will the KC-135 ever be replaced?

the Air Force wants a smaller airplane than the company's KC-45, offered with partner European Aeronautic Defense and Space Co., parent of Airbus. Bidding would be a waste of its stockholders' money, Northrop Grumman said.

With Northrop Grumman out, it looked like Boeing's smaller NewGen Tanker, a version of its KC-767, would be the default choice. The KC-767 was what the Air Force had sought in 2001, when it wanted to lease new tankers as a speedy way to replace the aging KC-135 fleet. A later corruption probe prompted Congress to demand a competition.

In late April, though, after weeks of speculation, EADS North America jumped back into the tanker contest, still offering the KC-45, but this time as the prime contractor. EADS won an extension of the bid deadline from the Pentagon from May 10 to July 9, leaving it just 80 days to build its proposal.

Ralph D. Crosby Jr., EADS North America chairman, was asked at a press conference why he thought the KC-45 could win when Northrop Grumman thought it couldn't. Crosby responded that it was Northrop Grumman's call to make as team leader, but when it backed out, that left EADS free to make a solo offering.

Crosby and his CEO, Sean O'Keefe, said they were confident their airplane could prevail.

O'Keefe, describing Boeing's entry as "an artist's concept," noted that variants of the KC-45 have won five competitions against variants of the KC-767—including the last USAF contest—and is now flying and passing fuel in flight tests with a new-design boom.

Noting that the tanker program is structured as a "fixed-price development and firm fixed-price production" contract, O'Keefe said Boeing will have an uphill climb winning with an unproven design.

"Fixed-price development is a really sporty proposition" with an airplane not yet built and in flight test, O'Keefe said.

He admitted that "there's no question" that the Air Force seeks a KC-135 replacement, and that the KC-45 is "definitionally a different airplane" than the KC-135. However, he said the rules specify 372 criteria which must be met, "pass/fail" and that the KC-45 meets all of them.

Given that, Crosby said, the contest will basically boil down "to price." Both Crosby and O'Keefe shrugged off the potential military construction costs to accommodate their larger airplane, costs which will count in the tanker race. As a sweetener, they said that Airbus will build A330 freighters in the Gulf Coast region alongside the KC-45 if EADS wins the tanker contract.

In March, the World Trade Organization ruled that some \$20 billion that Airbus received in preferential government loans amounted to an illegal subsidy, giving Boeing proponents more ammunition in their demands that EADS receive no special consideration, like the 60-day bid deadline extension.

Sen. Patty Murray (D-Wash.) issued a statement soon after EADS' re-entry announcement. She said, "A competition between companies on an equal playing field is one thing. A competition where American workers have to compete with the treasuries of European countries is another."

In a statement explaining why his company backed out of the tanker contest, Northrop Grumman CEO Wesley G. Bush revealed that the flyaway cost of the KC-45 in the last contest was "\$184 million per tanker for the first 68 tankers, including nonrecurring development costs." Describing the Boeing NewGen Tanker as "a much smaller, less capable design, the taxpayer should certainly expect the bill to be much less," Bush asserted.

Boeing has said the NewGen will feature faster fuel offload with a new, digitally controlled centerline boom and a digital cockpit adapted from the 787 airliner, as well as other improvements.

F-35 Fighter's Ups and Downs

The F-35 strike fighter program is way over budget and as much as three years behind schedule, the Pentagon announced in mid-March. The findings followed months of warnings and dueling internal cost and schedule estimates.

The new cost of the program, including development and production, is between \$278 billion and \$329 billion, up from a previous estimate of \$197 billion to \$221 billion, Pentagon officials told Congress. The overall buy covered by that cost has also been reduced, from 2,800 aircraft to just 2,443.

Senior defense leaders said they had been expecting the result and had already been treating the F-35 as if it would incur a Nunn-McCurdy breach, so-called because of a law which demands that a program that far outstrips its original budget must be canceled or restructured if the Defense Secretary decides there's no alternative.

Robert M. Gates, Secretary of Defense, said the Fiscal 2011 budget which went to Capitol Hill in February included the assumption that the program would be restructured. There is no

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alternative to the F-35 for recapitalizing the Air Force, Navy, and Marine Corps' aging fighter fleets, Gates certified.

Undersecretary of Defense for Acquisition, Technology, and Logistics Ashton B. Carter, testifying before Congress, predicted the F-35 would achieve initial operational capability with the Air Force and Navy in 2016—two years after it was planned to do so. The Marine Corps is now expected to field its first operational F-35 unit at the end of 2012 and deploy them in 2014.

The Air Force Chief of Staff, Gen. Norton A. Schwartz, said that Gen. William M. Fraser III, head of Air Combat Command, would make the determination of when to declare Air Force IOC with the F-35, based on his judgment of the capability and numbers available of early aircraft.

The Air Force's version of the F-35 is the A model, which makes conventional takeoffs and landings. The F-35B is the Marine Corps version, able to make short takeoffs and vertical landings, and the Navy variant, the F-35C, will have larger wings and be able to operate from aircraft carriers.

Gates fired F-35 program manager USMC Maj. Gen. David R. Heinz in February because of the program office's "overly optimistic" cost estimates, and announced in March that he would be replaced by Vice Adm. David J. Venlet, a career naval aviator then serving as head of Naval Air Systems Command. Gates felt it was important to elevate the F-35 program leadership to the three-star level, given its critical importance to three of the armed services.

Christine H. Fox, chief cost estimator for the Pentagon, told the Senate Armed Services Committee in March that in base year 2002 dollars, the cost of the F-35 had increased from \$50 million a copy to between \$80 million and \$95 million a copy, depending on the variant. In today's (2010) dollars, she said, the figures are between \$93 million to \$112 million. Including development, the cost of initial production aircraft will be \$135 million each.

Sen. Saxby Chambliss (R-Ga.) said that the F-35 is now nearly in the same cost ballpark as the F-22 Raptor, production of which Gates ordered halted last year. The Raptor's final cost is about \$140 million apiece. It is built in Chambliss' state of Georgia.

Carter, in a teleconference with reporters, said Lockheed Martin, which has been docked \$614 million in progress payments due to the delays and cost increases, can still get back some of the funds if it makes up lost schedule time in production. The services will have a "build to budget" arrangement wherein they can buy more F-35s if the price comes down, he said.

Tales From the Mobility Study

The Air Force has more than enough airlift to fulfill national needs, but faces a critical shortage of aerial tankers, according to a new mobility study. It also found that buying more cargo aircraft or ships won't speed up deployments because of overseas port limits.

The Mobility Capabilities and Requirements Study 2016, or MCRS-16, was two years in the making. It follows a 2005 study that didn't analyze requirements, and a 2001 review rendered instantly obsolete by the events of 9/11. This latest review was meant to include previously uncounted factors such as the wars in Iraq and Afghanistan, a shift toward more irregular warfare, intratheater airlift, and a larger Army and Marine Corps.

The MCRS-16 conclusions are being used to justify the Air Force's request to retire 17 C-5A aircraft, stop producing the C-17, and downsize its tactical airlift fleet.

"With few exceptions, MCRS-16 found the [Defense] Department's planned mobility capabilities sufficient to support the most demanding projected requirements," the study's directors said in an executive summary of the classified report.

"In general, the lack of foreign infrastructure required to support major force deployments remains the fundamental constraint when attempting to reduce deployment timelines," they wrote.



Plenty of airlift, not enough tankers.

Buying more air- and sealift and pre-positioning gear "will not overcome this reality."

In the MCRS-16, the transport enterprise was pitted against three stressing scenarios. The first assumed two near-simultaneous land wars while US forces responded to three domestic crises such as a major terrorist attack or natural disaster. In the second, the US was prosecuting a major air and naval campaign overseas while responding to one domestic crisis, and in the third, the US was fighting a large land war, as well as a long-term irregular campaign, while coping with three homeland contingencies. In all three scenarios, the US continued to maintain worldwide naval activity, called "maritime awareness presence," as well as air sovereignty over the US.

Even the worst-case scenario didn't tap all the airlift already available, the directors said. The strategic airlift fleet of 223 C-17s and 111 C-5s provides 35.9 million ton-miles a day of capacity, but at most, the scenarios required, respectively, 32.7, 30.7, and 29.1 MTM/D.

Also, the demand for strategic airlift was found to peak during the initial deployment for a major regional war and during the run-up to a second overlapping major conflict, when oversize and outsize equipment need to move quickly. After the initial push, strategic airlift demand dropped significantly, shifting toward a demand for intratheater, or tactical, lift. The C-17s idled in the "sustainment" phase of the war could then be used for tactical lift, because of their ability to operate on short and unimproved strips.

The Civil Reserve Air Fleet was also found to offer capacity beyond that needed for any of the three scenarios. The CRAF uses civilian cargo and passenger aircraft whose owners have made them available in wartime.

For aerial refueling, however, MCRS-16 came to a very different conclusion. The Air Force's inventory of 415 KC-135s and 59 KC-10s—474 aircraft in all—is well short of the number needed to meet peak demands in two of the three scenarios. In the toughest case, 567 strategic tankers were needed. ■