Selected Acquisition Report (SAR)

RCS: DD-A&T(Q&A)823-433

KC-130J Transport Aircraft (KC-130J)

As of December 31, 2012

Defense Acquisition Management
Information Retrieval
(DAMIR)

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Program Information

Program Name

KC-130J Transport Aircraft (KC-130J)

DoD Component

Navy

Responsible Office

Responsible Office

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Date Assigned June 24, 2010

References

SAR Baseline (Production Estimate)

Navy Acquisition Executive (NAE) Approved Acquisition Program Baseline (APB), dated February 7, 2011.

Approved APB

Navy Acquisition Executive (NAE) Approved Acquisition Program Baseline (APB) dated February 7, 2011

Mission and Description

The KC-130 Aircraft is a high-wing, long range land based monoplane which is powered by four turboprop engines equipped with six blade variable pitch propellers. The KC-130J aircraft program provides the Marine Corps with air-to-air refueler/tactical transport capability to replace the KC-130 F/R/T aircraft. Specific KC-130J mission capabilities encompass air-to-air refueling, rapid ground refueling, tactical troop transport, aerial delivery of personnel and cargo, airborne radio relay, tactical aero-medical evacuation, intelligence, surveillance, and reconnaissance (ISR), and Close Air Support (CAS). The KC-130J improves readiness, capability and survivability while reducing maintenance and operating costs.

Executive Summary

The KC-130J program was redesignated from Acquisition Category (ACAT) II to ACAT IC by the Undersecretary of Defense for Acquisition, Technology and Logistics on April 12, 2010 due to increased aircraft procurement quantities. The Navy Service Cost Position (SCP) was approved on December 15, 2010 and is the basis for the ACAT IC Acquisition Program Baseline which was approved on February 7, 2011.

The KC-130J has been forward deployed in support of Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF) continuously since February 2005. The current Program of Record is 104 aircraft - 79 United States Marine Corps (USMC) and 25 United States Navy Reserve (USNR). Forty-six aircraft have been delivered as of February 28, 2013. All aircraft are being acquired through the C-130J United States Air Force (USAF) procurement contract. Three Harvest HAWK kits (Block E) have been delivered to the fleet.

FY 2014 President's Budget (PB) includes a USAF multi-year procurement for FY 2014-2018.

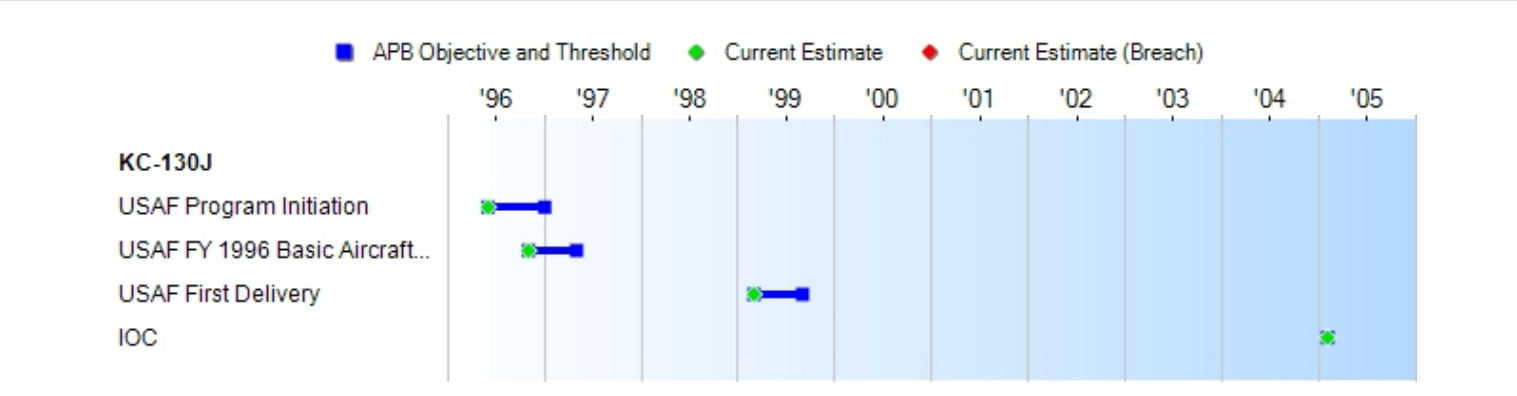
There are no significant software-related issues with this program at this time.

Threshold Breaches

APB Breaches		
Schedule		☐
Performance		☐
Cost	RDT&E	☐
	Procurement	☐
	MILCON	☐
	Acq O&M	☐
O&S Cost		☐
Unit Cost	PAUC	☐
	APUC	☐

Nunn-McCurdy Breaches		
Current UCR Baseline		
	PAUC	None
	APUC	None
Original UCR Baseline		
	PAUC	None
	APUC	None

Schedule



Milestones	SAR Baseline Prod Est	Current APB Production Objective/Threshold		Current Estimate
USAF Program Initiation	JUN 1996	JUN 1996	JAN 1997	JUN 1996
USAF FY 1996 Basic Aircraft Contract	NOV 1996	NOV 1996	MAY 1997	NOV 1996
USAF First Delivery	MAR 1999	MAR 1999	SEP 1999	MAR 1999
IOC	FEB 2005	FEB 2005	FEB 2005	FEB 2005

Acronyms And Abbreviations

IOC - Initial Operational Capability
USAF - United States Air Force

Change Explanations

None

Memo

Structural, safety of flight, and capability modifications continue to be developed and incorporated. The date cited for IOC is for United States Marine Corps (USMC) capability.

Performance

Characteristics	SAR Baseline Prod Est	Current APB Production Objective/Threshold		Demonstrated Performance	Current Estimate
Net Ready	100% of interfaces; services; policy-enforcement controls; and data correctness, availability and processing in the joint architecture.	100% of interfaces; services; policy-enforcement controls; and data correctness, availability and processing in the joint architecture.	100% of interfaces; services; policy-enforcement controls; and data correctness, availability and processing requirements present in the Block 5.4 configuration designated as enterprise-level or critical in the joint integrated architecture.	Objective met with the incorporation of Block 5.4	100% of interfaces; services; policy-enforcement controls; and data correctness, availability and processing in the joint architecture.
Range with 25000 lb Cargo Load	2,700 nm	2,700nm	The C-130J deployment range, at long-range cruise airspeeds, mean cruise weight fuel flow, a cruise altitude of 27,000 ft or above, 6,700 lbs reserve fuel overhead destination with a 25,000 lb cargo payload, and the	2,700 nm	2,700 nm

			conditions stated above, the deployment range must be 2,460 nm		
Maximum Effort Ground Roll	The maximum effort landing ground roll at 135,000 lbs will not exceed 1800 ft	The maximum effort landing ground roll at 135,000 lbs will not exceed 1800 ft	The maximum effort landing ground roll at 135,000 lbs will not exceed 1800 ft	1800 ft	The maximum effort landing ground roll at 135,000 lbs will not exceed 1800 ft
Maximum Effort Takeoff Run	2700 ft	2700 ft	The aircraft shall be able to perform a maximum effort take off from a prepared surface at sea level, standard day, no wind, and maximum gross weight of 164,000 lbs in 3,300 ft	2700 ft	2700 ft

Requirements Source: Operational Requirements Letter (ORL) Change 3 dated February 14, 2009

Acronyms And Abbreviations

ft - Feet
lbs - Pounds
nm - Nautical Miles

Change Explanations

None

Track To Budget

RDT&E				
APPN 1319	BA 05	PE 0605430N	(Navy)	
	Project 3199	C/KC-130 Avionics Modernization Program		(Sunk)
Procurement				
APPN 1506	BA 04	PE 0206127M	(Navy)	
	ICN 041600	KC-130J Squadrons (Marine Air Wing)		(Sunk)
APPN 1506	BA 04	PE 0502504M	(Navy)	
	ICN 041600	KC-130/VMGR Squadrons (MCR)		
APPN 1506	BA 04	PE 0502379N	(Navy)	
	ICN 041600	Direct Support Squadron		(Sunk)
APPN 1506	BA 06	PE 0206127M	(Navy)	
	ICN 060500	KC-130J Squadrons (Marine Air Wing)	(Shared)	(Sunk)
APPN 1506	BA 06	PE 0502504M	(Navy)	
	ICN 060500	KC-130/VMGR Squadrons (MCR)	(Shared)	
APPN 1506	BA 06	PE 0502379N	(Navy)	
	ICN 060500	Direct Support Squadron	(Shared)	(Sunk)

Program elements 0502379N and 0206127M will be used to procure aircraft beyond FY 2018.

VMGR is a Marine Aerial Refueler Transport Squadron.

Cost and Funding

Cost Summary

Total Acquisition Cost and Quantity

Appropriation	BY2010 $M			BY2010 $M	TY $M		
	SAR Baseline Prod Est	Current APB Production Objective/Threshold		Current Estimate	SAR Baseline Prod Est	Current APB Production Objective	Current Estimate
RDT&E	35.6	35.6	39.2	38.1	35.5	35.5	37.8
Procurement	9198.3	9198.3	10118.1	9078.8	9846.3	9846.3	10491.1
Flyaway	7883.7	--	--	7741.1	8456.0	--	8986.2
Recurring	7742.6	--	--	7589.8	8298.8	--	8804.0
Non Recurring	141.1	--	--	151.3	157.2	--	182.2
Support	1314.6	--	--	1337.7	1390.3	--	1504.9
Other Support	725.1	--	--	889.4	760.1	--	1008.3
Initial Spares	589.5	--	--	448.3	630.2	--	496.6
MILCON	0.0	0.0	--	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	--	0.0	0.0	0.0	0.0
Total	9233.9	9233.9	N/A	9116.9	9881.8	9881.8	10528.9

Confidence Level For the Current APB Cost 50% - The current APB cost estimate provided sufficient resources to execute the program under normal conditions, encountering average levels of technical, schedule and programmatic risk and external interference. It was consistent with average resource expenditures on historical efforts of similar size, scope, and complexity and represents a notional 50% confidence level when established.

Quantity	SAR Baseline Prod Est	Current APB Production	Current Estimate
RDT&E	0	0	0
Procurement	104	104	104
Total	104	104	104

Cost and Funding

Funding Summary

Appropriation and Quantity Summary
FY2014 President's Budget / December 2012 SAR (TY$ M)

Appropriation	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
RDT&E	37.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	37.8
Procurement	3605.0	26.0	170.7	106.2	136.8	108.7	205.7	6132.0	10491.1
MILCON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acq O&M	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PB 2014 Total	3642.8	26.0	170.7	106.2	136.8	108.7	205.7	6132.0	10528.9
PB 2013 Total	3652.6	26.0	165.4	201.9	234.6	212.1	494.4	5541.9	10528.9
Delta	-9.8	0.0	5.3	-95.7	-97.8	-103.4	-288.7	590.1	0.0

Program funding and production quantities listed in this SAR are consistent with the FY 2014 President's Budget (PB). The FY 2014 PB did not reflect the enacted DoD appropriation for FY 2013, nor sequestration; it reflected the President's requested amounts for FY 2013.

Quantity	Undistributed	Prior	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	To Complete	Total
Development	0	0	0	0	0	0	0	0	0	0
Production	0	48	0	2	1	1	1	2	49	104
PB 2014 Total	0	48	0	2	1	1	1	2	49	104
PB 2013 Total	0	48	0	2	2	2	2	4	44	104
Delta	0	0	0	0	-1	-1	-1	-2	5	0

Cost and Funding

Annual Funding By Appropriation

Annual Funding TY$
1319 | RDT&E | Research, Development, Test, and Evaluation, Navy

Fiscal Year	Quantity	End Item Recurring Flyaway TY $M	Non End Item Recurring Flyaway TY $M	Non Recurring Flyaway TY $M	Total Flyaway TY $M	Total Support TY $M	Total Program TY $M
2008	--	--	--	--	--	--	22.4
2009	--	--	--	--	--	--	14.1
2010	--	--	--	--	--	--	1.3
Subtotal	**--**	**--**	**--**	**--**	**--**	**--**	**37.8**

Annual Funding BY$
1319 | RDT&E | Research, Development, Test, and Evaluation, Navy

Fiscal Year	Quantity	End Item Recurring Flyaway BY 2010 $M	Non End Item Recurring Flyaway BY 2010 $M	Non Recurring Flyaway BY 2010 $M	Total Flyaway BY 2010 $M	Total Support BY 2010 $M	Total Program BY 2010 $M
2008	--	--	--	--	--	--	22.7
2009	--	--	--	--	--	--	14.1
2010	--	--	--	--	--	--	1.3
Subtotal	**--**	**--**	**--**	**--**	**--**	**--**	**38.1**

Annual Funding TY$
1506 | Procurement | Aircraft Procurement, Navy

Fiscal Year	Quantity	End Item Recurring Flyaway TY $M	Non End Item Recurring Flyaway TY $M	Non Recurring Flyaway TY $M	Total Flyaway TY $M	Total Support TY $M	Total Program TY $M
1997	3	162.6	--	--	162.6	38.9	201.5
1998	2	110.1	--	--	110.1	7.1	117.2
1999	2	107.0	--	--	107.0	4.1	111.1
2000	1	62.3	--	1.2	63.5	7.7	71.2
2001	3	195.8	--	--	195.8	53.5	249.3
2002	2	138.2	--	--	138.2	30.3	168.5
2003	4	284.6	--	--	284.6	45.1	329.7
2004	--	42.8	--	--	42.8	95.9	138.7
2005	4	289.5	--	--	289.5	52.7	342.2
2006	8	460.7	--	14.3	475.0	87.5	562.5
2007	3	176.9	--	14.3	191.2	53.1	244.3
2008	13	775.9	--	17.5	793.4	40.9	834.3
2009	2	103.2	--	3.0	106.2	38.6	144.8
2010	--	--	--	--	--	--	--
2011	--	--	--	--	--	--	--
2012	1	67.7	--	1.9	69.6	20.1	89.7
2013	--	23.0	--	--	23.0	3.0	26.0
2014	2	151.4	--	3.9	155.3	15.4	170.7
2015	1	69.4	--	2.0	71.4	34.8	106.2
2016	1	72.5	--	2.0	74.5	62.3	136.8
2017	1	88.9	--	2.1	91.0	17.7	108.7
2018	2	150.5	--	4.2	154.7	51.0	205.7
2019	4	405.5	--	8.6	414.1	94.2	508.3
2020	5	470.8	--	11.0	481.8	67.3	549.1
2021	5	489.2	--	11.2	500.4	62.6	563.0
2022	5	508.5	--	11.4	519.9	70.1	590.0
2023	5	528.4	--	11.7	540.1	71.5	611.6
2024	5	549.2	--	11.9	561.1	102.5	663.6
2025	5	570.8	--	12.1	582.9	74.4	657.3

2026	5	593.3	--	12.4	605.7	75.8	681.5
2027	5	616.6	--	12.6	629.2	77.3	706.5
2028	5	538.7	--	12.9	551.6	49.5	601.1
Subtotal	**104**	**8804.0**	**--**	**182.2**	**8986.2**	**1504.9**	**10491.1**

Annual Funding BY$
1506 | Procurement | Aircraft Procurement, Navy

Fiscal Year	Quantity	End Item Recurring Flyaway BY 2010 $M	Non End Item Recurring Flyaway BY 2010 $M	Non Recurring Flyaway BY 2010 $M	Total Flyaway BY 2010 $M	Total Support BY 2010 $M	Total Program BY 2010 $M
1997	3	199.2	--	--	199.2	47.6	246.8
1998	2	133.3	--	--	133.3	8.6	141.9
1999	2	127.9	--	--	127.9	4.9	132.8
2000	1	73.5	--	1.4	74.9	9.1	84.0
2001	3	228.3	--	--	228.3	62.4	290.7
2002	2	159.1	--	--	159.1	34.9	194.0
2003	4	321.3	--	--	321.3	50.9	372.2
2004	--	47.1	--	--	47.1	105.4	152.5
2005	4	309.7	--	--	309.7	56.3	366.0
2006	8	479.5	--	14.9	494.4	91.1	585.5
2007	3	179.9	--	14.5	194.4	54.1	248.5
2008	13	777.4	--	17.5	794.9	41.0	835.9
2009	2	101.9	--	3.0	104.9	38.1	143.0
2010	--	--	--	--	--	--	--
2011	--	--	--	--	--	--	--
2012	1	62.6	--	1.8	64.4	18.6	83.0
2013	--	20.9	--	--	20.9	2.7	23.6
2014	2	134.9	--	3.5	138.4	13.7	152.1
2015	1	60.7	--	1.7	62.4	30.4	92.8
2016	1	62.2	--	1.7	63.9	53.5	117.4
2017	1	74.8	--	1.8	76.6	14.9	91.5
2018	2	124.3	--	3.5	127.8	42.1	169.9
2019	4	328.8	--	7.0	335.8	76.3	412.1
2020	5	374.6	--	8.8	383.4	53.5	436.9
2021	5	382.0	--	8.7	390.7	48.9	439.6
2022	5	389.6	--	8.7	398.3	53.8	452.1
2023	5	397.3	--	8.8	406.1	53.8	459.9
2024	5	405.3	--	8.8	414.1	75.6	489.7
2025	5	413.4	--	8.8	422.2	53.8	476.0

2026	5	421.6	--	8.8	430.4	53.9	484.3
2027	5	430.0	--	8.8	438.8	53.9	492.7
2028	5	368.7	--	8.8	377.5	33.9	411.4
Subtotal	**104**	**7589.8**	**--**	**151.3**	**7741.1**	**1337.7**	**9078.8**

Cost Quantity Information
1506 | Procurement | Aircraft Procurement, Navy

Fiscal Year	Quantity	End Item Recurring Flyaway (Aligned with Quantity) BY 2010 $M
1997	3	199.2
1998	2	133.3
1999	2	128.0
2000	1	73.5
2001	3	228.3
2002	2	159.1
2003	4	313.9
2004	--	--
2005	4	309.9
2006	8	483.4
2007	3	181.6
2008	13	793.7
2009	2	131.9
2010	--	--
2011	--	--
2012	1	64.8
2013	--	--
2014	2	127.0
2015	1	64.0
2016	1	65.6
2017	1	66.7
2018	2	131.2
2019	4	292.5
2020	5	373.5
2021	5	380.9
2022	5	388.5
2023	5	396.3

2024	5	404.2
2025	5	412.2
2026	5	420.4
2027	5	428.8
2028	5	437.4
Subtotal	**104**	**7589.8**

Low Rate Initial Production

There is no LRIP for this program.

Foreign Military Sales

Country	Date of Sale	Quantity	Total Cost $M	Memo
Kuwait	5/4/2010	3	245.4	Aircraft are being procured through the Air Force production contract. Deliveries are scheduled for FY 2014.

Nuclear Cost

None

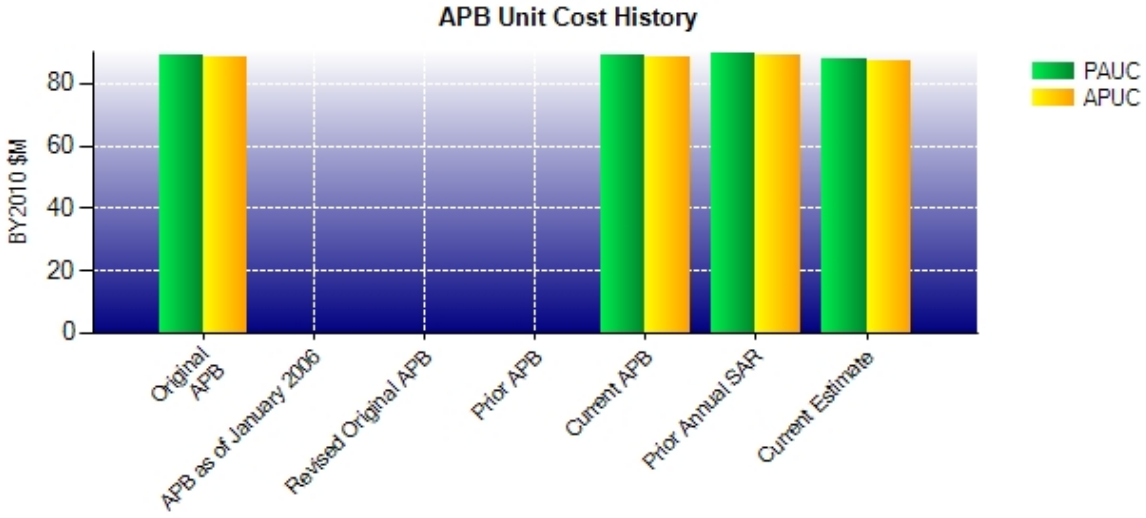
Unit Cost

Unit Cost Report

Unit Cost	BY2010 $M Current UCR Baseline (FEB 2011 APB)	BY2010 $M Current Estimate (DEC 2012 SAR)	BY % Change
Program Acquisition Unit Cost (PAUC)			
Cost	9233.9	9116.9	
Quantity	104	104	
Unit Cost	88.788	87.662	-1.27
Average Procurement Unit Cost (APUC)			
Cost	9198.3	9078.8	
Quantity	104	104	
Unit Cost	88.445	87.296	-1.30

Unit Cost	BY2010 $M Original UCR Baseline (FEB 2011 APB)	BY2010 $M Current Estimate (DEC 2012 SAR)	BY % Change
Program Acquisition Unit Cost (PAUC)			
Cost	9233.9	9116.9	
Quantity	104	104	
Unit Cost	88.788	87.662	-1.27
Average Procurement Unit Cost (APUC)			
Cost	9198.3	9078.8	
Quantity	104	104	
Unit Cost	88.445	87.296	-1.30

Unit Cost History



		BY2010 $M		TY $M	
	Date	PAUC	APUC	PAUC	APUC
Original APB	FEB 2011	88.788	88.445	95.017	94.676
APB as of January 2006	N/A	N/A	N/A	N/A	N/A
Revised Original APB	N/A	N/A	N/A	N/A	N/A
Prior APB	N/A	N/A	N/A	N/A	N/A
Current APB	FEB 2011	88.788	88.445	95.017	94.676
Prior Annual SAR	DEC 2011	89.608	89.241	101.239	100.876
Current Estimate	DEC 2012	87.662	87.296	101.239	100.876

SAR Unit Cost History

Current SAR Baseline to Current Estimate (TY $M)

Initial PAUC Prod Est	Changes								PAUC Current Est
	Econ	Qty	Sch	Eng	Est	Oth	Spt	Total	
95.017	2.856	0.000	8.588	0.000	-5.834	0.000	0.612	6.222	101.239

Current SAR Baseline to Current Estimate (TY $M)

Initial APUC Prod Est	Changes								APUC Current Est
	Econ	Qty	Sch	Eng	Est	Oth	Spt	Total	
94.676	2.858	0.000	8.588	0.000	-5.858	0.000	0.612	6.200	100.876

SAR Baseline History

Item/Event	SAR Planning Estimate (PE)	SAR Development Estimate (DE)	SAR Production Estimate (PdE)	Current Estimate
Milestone A	N/A	N/A	N/A	N/A
Milestone B	N/A	N/A	N/A	N/A
Milestone III	N/A	N/A	JUN 1996	JUN 1996
IOC	N/A	N/A	FEB 2005	FEB 2005
Total Cost (TY $M)	N/A	N/A	9881.8	10528.9
Total Quantity	N/A	N/A	104	104
Prog. Acq. Unit Cost (PAUC)	N/A	N/A	95.017	101.239

Cost Variance

Summary Then Year $M				
	RDT&E	Proc	MILCON	Total
SAR Baseline (Prod Est)	35.5	9846.3	--	9881.8
Previous Changes				
Economic	-0.2	+131.1	--	+130.9
Quantity	--	--	--	--
Schedule	--	+692.6	--	+692.6
Engineering	--	--	--	--
Estimating	+2.5	-471.3	--	-468.8
Other	--	--	--	--
Support	--	+292.4	--	+292.4
Subtotal	+2.3	+644.8	--	+647.1
Current Changes				
Economic	--	+166.1	--	+166.1
Quantity	--	--	--	--
Schedule	--	+200.5	--	+200.5
Engineering	--	--	--	--
Estimating	--	-137.9	--	-137.9
Other	--	--	--	--
Support	--	-228.7	--	-228.7
Subtotal	--	--	--	--
Total Changes	+2.3	+644.8	--	+647.1
CE - Cost Variance	37.8	10491.1	--	10528.9
CE - Cost & Funding	37.8	10491.1	--	10528.9

Summary Base Year 2010 $M				
	RDT&E	Proc	MILCON	Total
SAR Baseline (Prod Est)	35.6	9198.3	--	9233.9
Previous Changes				
Economic	--	--	--	--
Quantity	--	--	--	--
Schedule	--	+288.1	--	+288.1
Engineering	--	--	--	--
Estimating	+2.5	-403.3	--	-400.8
Other	--	--	--	--
Support	--	+198.0	--	+198.0
Subtotal	+2.5	+82.8	--	+85.3
Current Changes				
Economic	--	--	--	--
Quantity	--	--	--	--
Schedule	--	+79.4	--	+79.4
Engineering	--	--	--	--
Estimating	--	-106.8	--	-106.8
Other	--	--	--	--
Support	--	-174.9	--	-174.9
Subtotal	--	-202.3	--	-202.3
Total Changes	+2.5	-119.5	--	-117.0
CE - Cost Variance	38.1	9078.8	--	9116.9
CE - Cost & Funding	38.1	9078.8	--	9116.9

Previous Estimate: December 2011

Procurement	$M	
Current Change Explanations	**Base Year**	**Then Year**
Revised escalation indices. (Economic)	N/A	+166.1
Schedule variance resulting from moving six aircraft from FY 2015-2019 into FY 2026-2028 and compressing two years from the production profile. (Schedule)	0.0	+97.7
Additional schedule variance associated with moving six aircraft from FY 2015-2019 into FY 2026-2028 and the associated Advance Procurement phasing. (Schedule)	+79.4	+102.8
Adjustment for current and prior escalation. (Estimating)	-1.1	-1.1
Revised estimate to reflect the application of new inflation indices. (Estimating)	-106.3	-140.3
Decrease to revised cost estimate for FY 2014-2018 Airframe Multi-year Procurement savings and associated Advance Procurement. (Estimating)	-29.5	-35.8
Increase in revised Airframe cost estimate related to a reduction in future years business base projections. (Estimating)	+63.1	+84.7
Decrease in revised cost estimate for Government Furnished Equipment costs. (Estimating)	-33.0	-45.4
Adjustment for current and prior escalation. (Support)	-0.3	-0.4
Decrease in Other Support due to shifting trainers and site standups and for revised cost estimates in the out-years. (Support)	-86.3	-116.2
Decrease in Initial Spares due to revised estimate. (Support)	-88.3	-112.1
Procurement Subtotal	-202.3	0.0

Contracts

Appropriation: Procurement	
Contract Name	**Follow-On Five Year Option Contract (FYOC) - III**
Contractor	Lockheed Martin Corporation
Contractor Location	86 South Cobb Drive Marietta, GA 30063
Contract Number, Type	FA8625-06-C-6456, FFP
Award Date	February 01, 2006
Definitization Date	February 01, 2006

Initial Contract Price ($M)			Current Contract Price ($M)			Estimated Price At Completion ($M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
121.9	N/A	2	792.9	N/A	14	792.9	792.9

Cost And Schedule Variance Explanations

Cost and Schedule variance reporting is not required on this FFP contract.

Contract Comments

The difference between the Initial Contract Price Target and the Current Contract Price Target is due to the purchase of additional aircraft.

This contract is managed by the United States Air Force. The costs and quantities shown represent KC-130J funding and quantities only.

Appropriation: Procurement	
Contract Name	**CLS Airframe**
Contractor	Lockheed Martin Corporation
Contractor Location	86 South Cobb Drive Marietta, GA 30063
Contract Number, Type	N00019-09-D-0015, FFP
Award Date	January 01, 2009
Definitization Date	April 01, 2010

Initial Contract Price ($M)			Current Contract Price ($M)			Estimated Price At Completion ($M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
92.6	N/A	N/A	68.6	N/A	N/A	68.6	68.6

Cost And Schedule Variance Explanations

Cost and Schedule variance reporting is not required on this FFP contract.

Contract Comments

The difference between the Initial Contract Price Target and the Current Contract Price Target is due to the removal of engineering services for modifications from the contract.

The Current Contract Price (Target) and Contractor and Program Manager Estimated Price At Completion were incorrectly identified as the Ceiling Price of $125.7M in the last report. This submission has been updated to reflect the correct price of $68.6M for Current Contract Price (Target) and Contractor and Program Manager Estimated Price At Completion.

Appropriation: Procurement

Contract Name	**Power By the Hour**
Contractor	Rolls-Royce Corporation
Contractor Location	2355 S. Tibbs Ave Indianapolis, IN 46421
Contract Number, Type	N00019-09-D-0020, FFP
Award Date	March 01, 2009
Definitization Date	March 01, 2009

Initial Contract Price ($M)			Current Contract Price ($M)			Estimated Price At Completion ($M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
168.0	N/A	N/A	193.7	N/A	N/A	193.7	193.7

Cost And Schedule Variance Explanations

Cost and Schedule variance reporting is not required on this FFP contract.

Contract Comments

The difference between the Initial Contract Price Target and the Current Contract Price Target is due to support of FMS and USCG efforts.

The breakout of the funding is as follows:
USCG ($2.58M)/FMS ($9.53M)/USMC ($181.6M).

Appropriation: Procurement	
Contract Name	**C-130J FYOC IV**
Contractor	Lockheed Martin Corporation
Contractor Location	86 South Cobb Drive Marietta, GA 30063
Contract Number, Type	FA8625-11-C-6597, FFP
Award Date	March 16, 2011
Definitization Date	March 16, 2011

Initial Contract Price ($M)			Current Contract Price ($M)			Estimated Price At Completion ($M)	
Target	Ceiling	Qty	Target	Ceiling	Qty	Contractor	Program Manager
0.0	N/A	0	230.7	N/A	3	230.7	230.7

Cost And Schedule Variance Explanations

Cost and Schedule variance reporting is not required on this FFP contract.

Contract Comments

This is the first time this contract is being reported.

The difference between the Initial Contract Price Target and the Current Contract Price Target is due to the purchase of aircraft.

The initial contract award by the United States Air Force did not include United States Coast Guard (UCSG) and United States Marine Corps (USMC) aircraft. The current contract price is as follows: Two aircraft for the USCG ($159.6M) and one aircraft for the USMC ($71.1M).

Deliveries and Expenditures

Deliveries To Date	Plan To Date	Actual To Date	Total Quantity	Percent Delivered
Development	0	0	0	--
Production	46	46	104	44.23%
Total Program Quantities Delivered	46	46	104	44.23%

Expenditures and Appropriations (TY $M)			
Total Acquisition Cost	10528.9	Years Appropriated	17
Expenditures To Date	3479.1	Percent Years Appropriated	53.13%
Percent Expended	33.04%	Appropriated to Date	3668.8
Total Funding Years	32	Percent Appropriated	34.85%

The above data is current as of 3/31/2013.

Operating and Support Cost

KC-130J

Assumptions and Ground Rules

Cost Estimate Reference:
Date of Estimate: March 2013
Source: NAVAIR 4.2 Cost Department; Operating & Sustainment Division

This is the second update for the KC-130J Operating and Support (O&S) cost estimate since the Navy Service Cost Position (SCP) was established in 2010. Visibility and Management of Operating and Support Costs (VAMOSC) data from FY 2001 through FY 2011 was used to establish the KC-130J baseline. Regressions from the historical costs in VAMOSC provide the majority of the out-year estimates. The Base Year Total was calculated by multiplying the dollar per aircraft cost by the total number of aircraft years for the O&S cycle. The estimate assumes a phased approach where aircraft are introduced as they are delivered to the fleet and then retired after their active service life.

Sustainment Strategy:
KC-130J unique parts will be supported by two-level maintenance (Organizational to Depot) via Contractor Logistics Support. C-130 common parts will be supported via organic three-level support.

Quantity =104 (95 Program Aircraft Authorized (PAA))
Service Life (Useful Life) = approximately 40 years
Estimated Duration = FY 2001 to FY 2070
Aircraft Attrition Rate = 0.1% of Total Aircraft Inventory (TAI) per year
Average Flight Hours per Month per Aircraft = 50
Total Operating Aircraft Years = 4,044

Antecedent Information:
The antecedent systems are the KC-130F, KC-130R, and C/KC-130T aircraft. KC-130F and KC-130R were used in a blended analysis to compare to the KC-130J. C/KC-130T reserve squadron aircraft data is not included in the Antecedent Average Annual Cost per Aircraft, and it should be noted that the KC-130F/R models were in ramp down phase during the time that data was available. Additionally, both the KC-130F and KC-130R were Acquisition Category II programs that relied heavily on United States Air Force (USAF) program sustainment. KC-130J aircraft will replace the KC-130F, KC-130R, and C/KC-130T aircraft one-for-one.

The capture of O&S data in available reporting systems has changed significantly over time. Antecedent systems began their service life before continuous, reliable recording systems were available. VAMOSC provides costs for FY 1997 to present. The cost data for platforms in existence prior to 1997 is either unavailable or incomplete. In summary, sufficient historical data and resources do not exist to create a credible comparison of Total O&S Costs.

Unitized O&S Costs BY2010 $K		
Cost Element	**KC-130J Avg Annual Cost per Aircraft**	**KC-130 F/R/T (Antecedent) Avg Annual Cost per Aircraft**
Unit-Level Manpower	2283.314	2283.314
Unit Operations	1678.787	1360.657
Maintenance	4227.593	1878.000
Sustaining Support	341.235	131.000
Continuing System Improvements	868.347	317.000
Indirect Support	488.769	488.769
Other	0.000	0.000
Total	9888.045	6458.740

Unitized Cost Comments:

The Average Annual Cost per Aircraft for the KC-130J is calculated by dividing the Total O&S Cost by the Total Operational Aircraft Years for the program.

	Total O&S Cost $M			
	Current Production APB Objective/Threshold		**Current Estimate**	
	KC-130J		**KC-130J**	**KC-130 F/R/T (Antecedent)**
Base Year	43344.2	47678.6	39987.3	26119.1
Then Year	77520.4	N/A	68713.5	N/A

Total O&S Costs Comments:

For comparison purposes, the Base Year Antecedent Total O&S Cost is the product of the Antecedent's Average Annual Cost per Aircraft and the Operational Aircraft Years of the KC-130J.

O&S Cost Variance December 2011 SAR to December 2012 SAR (Base Year 2010$M): -$1,386M (-3.4%)

O&S Cost Variance Explanations December 2011 - December 2012 (BY10$):
Cost Estimating Methodologies (0%)
Cost Data Updates (-2.2%)
Rates (-0.4%)
Technical Inputs (-0.9%)
Programmatic/Planning Factors (0.1%)

Primary driver to the variance is reduced historical costs, which then reflect on the regressions used to calculate the out-year costs. Also, reduced flying hours and delayed aircraft inductions from schedule shifts in the Future Years Defense Plan (FYDP) reduce overall O&S costs.

Disposal Costs

The Rough Order of Magnitude (ROM) estimated cost of demilitarization/disposal phase for the remaining aircraft is $25M (Base Year 2010 dollars). The estimate will be refined as the System Disposal Plan Annex to the Life Cycle Sustainment Plan is developed.