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United States Senate

COMMITTEE ON ARMED SERVICES

WASHINGTON, DC 20510-5050

September 4, 2003

Honorable Donald H. Rumsfeld
Secretary of Defense
1000 Defense Pentagon
Washington, D.C. 20301-1000

Dear Mr. Secretary:

As you know, the Senate Armed Services Committee held a hearing today on the Department's proposed lease of 100 KC-767A tanker aircraft. There was a large attendance of members and an extensive exchange of questions and views in this hearing that lasted over three hours.

During the course of the hearing, Chairman Warner raised the option of leasing a smaller number of tanker aircraft – up to 25 – to address the current, short-term need for additional tankers, to be followed by a traditional procurement, not a lease, of the remaining tankers, presumably under multi-year authority. Secretary Roche said that such an option had not been considered. We would like to draw your attention to section 367 of the Senate version of National Defense Authorization Act for Fiscal Year 2004, which requires the preparation of an analysis of alternatives for the Department's aerial refueling requirements. While this language is not directly targeted at the KC-767A lease proposal, it reflects the thinking of the Senate that other alternatives should have been considered.

We request that the Department analyze the option of leasing up to 25 tanker aircraft, followed by a procurement of the remaining aircraft. Such an analysis should include an examination of the budgetary and cost implications of various options for an incremental lease-buy, including an accelerated exercise of the purchase option in the proposed lease.

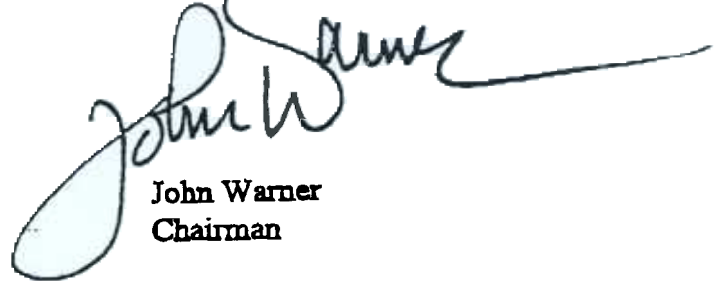
Additionally, given the emphasis on an apparent corrosion problem in the existing KC-135 tanker fleet, we would appreciate your providing us with a thorough assessment of the extent of those corrosion problems and the expected cost of addressing those problems if tanker aircraft were purchased according to the previous Air Force plan instead of leased sooner as more recently proposed. Also, please provide us with a justification of the Department's decision to pay \$10.3 million per aircraft more than the \$120.7 million per aircraft as determined by the Institute for Defense Analysis to be a reasonable purchase price.

The Committee will await your reply prior to meeting to discuss the pending lease proposal.

With kind regards,

Sincerely,


Carl Levin
Ranking Member


John Warner
Chairman