



United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-275846

January 27, 1997

The Honorable William S. Cohen
The Secretary of Defense

Dear Mr. Secretary:

During our ongoing review of the Army's Longbow Apache modification program located at the U. S. Army's Aviation and Troop Command, we developed information that raises concerns about the pending Longbow Apache fire control radar (FCR) lot II contract that the Army plans to award in the next few days. The purpose of this letter is to inform you of these concerns and ask what actions the Department of Defense (DOD) plans to take in this regard.

BACKGROUND

The Longbow Apache weapon system (AH-64D) consists of a modified airframe, a FCR mission kit, and the Longbow Hellfire missile. The Army plans to modify 758 Apache helicopters—227 will be upgraded from A to D models and receive the radar and the remainder will be upgraded to the D model and will not receive the radar. The FCR is a key component of the weapon system and is designed to provide the Apache helicopter with automatic target detection, classification, and prioritization and a fire-and-forget engagement capability. The lot I FCR contract was awarded in March 1996; the lot II contract is scheduled to be awarded on January 31, 1997.

Increases in unit cost have resulted in a reduction in the number of FCR units that were procured in lot I and will be procured in lot II—10 versus the planned 13 and 11 versus the planned 24, respectively. Consequently, the unit production cost of lot II FCRs will be twice as much as originally planned—\$6.5 million as opposed to \$3.2 million.

CONCERNS ON FCR PERFORMANCE

We have several concerns about the performance of the FCR and planned award of the lot II contract. Our work, to date, indicates that

- As currently configured, the transmitter in the FCR lots I and planned lot II procurements does not work properly in cold temperatures without time consuming and costly integration efforts being needed to marry two existing components to achieve the required power output. Although the 10 lot I transmitters failed the initial cold weather tests, delivery is still scheduled to begin in March 1997.
- The transmitter being procured in lots I and II may not be supportable in the future because a major supplier is discontinuing production. Moreover, beginning with the lot III procurement, the existing transmitter will be replaced with a new configuration; as a result, the first 21 FCRs will have a different version of the transmitter than the remaining 206 FCRs to be procured.
- The Army plans to award a multiyear contract in December 1997 for the newly configured FCR to bring it in line with the previously awarded airframe multiyear contract, but the new transmitter is still under development and there have been schedule delays which could extend the contract award date.

Because (1) the Army has not stabilized the final FCR configuration, (2) the lot II FCR will cost twice as much as originally planned, and (3) two differently configured FCRs in the inventory will likely increase logistical support costs, you may wish to consider deferring the award of the lot II contract until these concerns are resolved. Additionally, the FCR configuration needs to be stabilized before awarding the planned lot III multiyear contract. Therefore, we request that DOD provide us answers to the following questions by February 28, 1997.

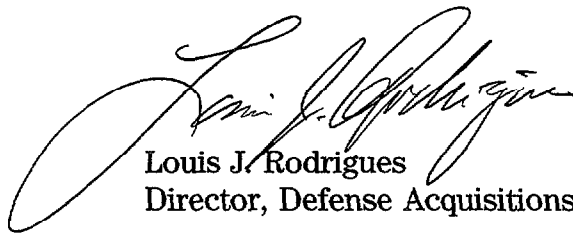
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- (1) Does DOD plan to direct the Army to delay award of the lot II FCR contract?
- (2) If not, what actions does DOD plan to take to ensure these concerns are resolved prior to award of the lot II FCR contract?

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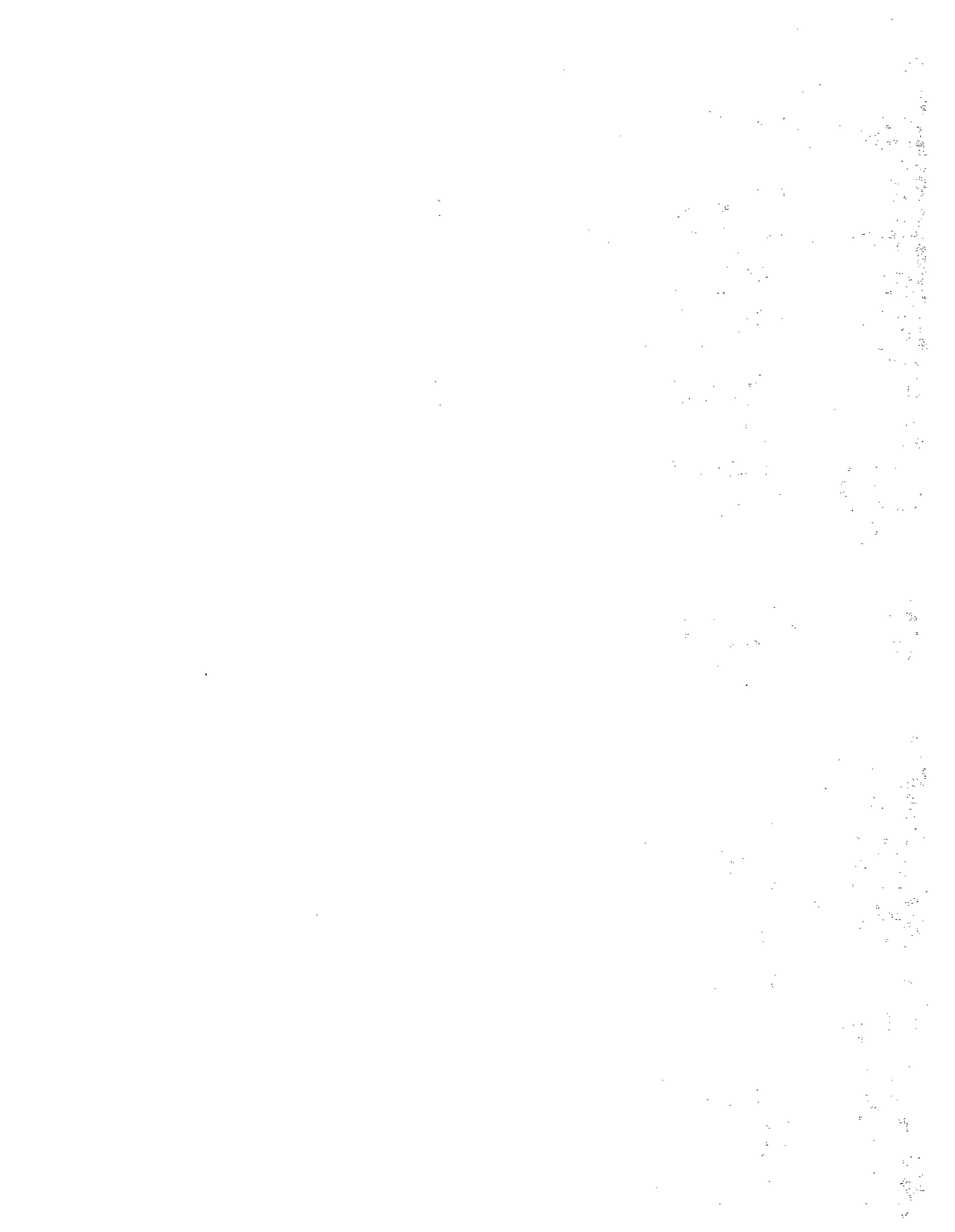
We are sending copies of this letter to appropriate congressional committees, the Secretary of the Army, and other interested parties. Your response to our inquiry will also be distributed to the same congressional committees. If you have any questions on the matters raised in this letter, please contact me on (202) 512-4841 or Rob Stolba, Assistant Director, on (202) 512-8963.

Sincerely yours,



Louis J. Rodrigues
Director, Defense Acquisitions Issues

(707199)



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