

DEFENSE WORKING CAPITAL FUND

DEFENSE-WIDE
FISCAL YEAR (FY) FY 2013
BUDGET ESTIMATES

OPERATING AND CAPITAL BUDGETS



FEBRUARY 2012
CONGRESSIONAL DATA

**DEFENSE-WIDE WORKING CAPITAL FUND (DWWCF)
FISCAL YEAR (FY) 2013 PRESIDENT'S BUDGET
FEBRUARY 2012**

DEFENSE-WIDE SUMMARY

The DWWCF consists of six activity groups. The Defense Logistics Agency (DLA) operates three of these activity groups, the Defense Information Systems Agency (DISA) operates two activity groups, and Defense Finance and Accounting Service (DFAS) operates one activity group.

The DFAS was formed in January 1991 from the Military Services finance and accounting functions. The mission of the DFAS is to lead the Department of Defense (DoD) in finance and accounting by ensuring the delivery of efficient, exceptional quality pay and financial information.

The DISA was reorganized in 1991 from the former Defense Communications Agency. The mission of the DISA is to engineer and provide command and control capabilities and enterprise infrastructure to continuously operate and assure a global net-centric enterprise in direct support to joint warfighters, National level leaders, and other mission and coalition partners across the full spectrum of operations.

The DLA, formed in the early 1960s, operates the Supply Chain Management (SCM), Energy Management, and Document Services activity groups. The DLA SCM manages the materiel from initial acquisition, to storage and distribution, and then finally reutilization or disposal. The DLA Energy Management provides comprehensive worldwide energy support for the military services and other authorized customers. The DLA Document Services provides time sensitive, competitively priced, and high quality printing and digital services. The mission of the DLA is to provide effective and efficient worldwide support to warfighters and our other customers.

DEFENSE-WIDE WORKING CAPITAL FUND CASH

The table below displays the actual Defense-Wide Working Capital Fund (DWWCF) cash balance at the end of FY 2011 and projected balances for year-end through FY 2013. These plans project a decrease of \$1,794.5 million in cash from the beginning of FY 2011 thru FY 2013, and 5.0 days of cash at the end of FY 2013. Increasing the DWWCF cash balance to the 7-10 day goal in FY 2013 was weighed against the current environment of constrained customer budgets, fuel cost volatility, and uncertain materiel sales. Given those variables, the proposal, while entailing some risk, is viewed as acceptable.

Dollars in Millions	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Beginning of Period, Cash	3,018.0	3,096.0	1,654.2
Disbursements	52,118.6	55,693.1	53,264.3
Collections	52,971.7	53,850.7	52,574.1
Net Outlays	-853.1	1,842.4	690.2
<u>Direct Appropriation</u>			
FY 2011 Received	39.5		
FY 2012 Received		31.6	
FY 2013 Request			39.1
<u>Supplemental Appropriation</u>			
FY 2011 Received	468.4		
FY 2012 Received		369.0	
FY 2013 OCO Request			220.4
<u>Transfers Out</u>			
FY 2011 to O&M, DW	-1,283.0		
End of Period, Cash	3,096.0	1,654.2	1,223.5

FY 2011 Cash: The DWWCF cash balance increased \$78 million from FY 2010 despite a \$1,283 million cash transfer out that the Department had to mitigate with a fuel price increase. At the beginning of FY 2011, the crude oil market was projected to move higher. The DLA planned to absorb losses on sales by using the cash balance to keep customer rates stable. However, a cash transfer was required to offset a Congressionally directed reduction to the Operation and Maintenance, Defense-Wide (O&M, D-W) appropriation of \$1,283 million. Once the DLA transferred cash to restore funding to the O&M, D-W appropriation, it was no longer able to mitigate increased crude oil costs. As a result, the DLA had to raise the fuel selling price on June 1, 2011 from

\$127.26 to \$165.90 per barrel. Higher than projected sales in the DLA Supply Chain Management activity group combined with the effects of the fuel price increase offset the directed transfer out. The DWWCF received \$507.9 million in appropriated funding. This included \$39.5 million in direct appropriations for Reutilization, Transfer, and Disposal (RTD) costs (\$38.6 million) and Defense Finance and Accounting Service financial systems costs (\$.9 million), and \$468.4 million in Overseas Contingency Operations (OCO) appropriations for DLA Energy Management (\$357.2 million) support for Combat Fuel Losses and Fuel Transportation/Terminal Operations and the DLA Supply Chain Management (\$111.2 million) support for Theater RTD support, Theater Consolidation Shipping Point Kuwait, OCONUS Contingency Operations, Kuwait Distribution Center, and Information Technology Communications. The FY 2011 ending cash balance was \$3,096.0 million, or 13.9 days of cash.

FY 2012 Cash: The DWWCF projects net outlays of \$1,842.4 million due both to DLA Supply Chain Management (\$813.9 million) and DLA Energy Management (\$859.6 million). Net Outlays for DLA Energy Management are due to higher than planned fuel product costs. Net outlays for DLA Supply Chain Management are due to increased disbursements associated with (1) Mine Resistant Ambush Protected (MRAP)/MRAP All-Terrain Vehicle (M-ATV) support where parts for which cash was received in FY 2010/FY 2011 must now be paid for; (2) Payments to the Military Services for pipeline materiel associated with Consumable Item Transfers (CIT); (3) Disbursements to Military Services for pipeline materiel associated with Base Closure and Realignment (BRAC) Supply, Storage, and Distribution Inventory Capitalization; and (4) the return of a portion of Accumulated Operating Results (AOR) to customers. Also, DLA Supply Chain Management is projecting collections to be negatively impacted by lower sales. The DWWCF received \$31.6 million in direct appropriations for Reutilization, Transfer, and Disposal (RTD) costs, \$369.0 million in Overseas Contingency Operations (OCO) funding for the DLA Energy Management (\$278.8 million) for Combat Fuel Losses and Fuel Transportation/ Terminal Operations and the DLA Supply Chain Management (\$90.2 million) for Theater RTD support, Theater Consolidation Shipping Point Kuwait, OCONUS Contingency Operations, Kuwait Distribution Center, and Information Technology Communications. The FY 2012 ending cash balance is projected to be \$1,654.2 million, or 5.3 days of cash.

FY 2013: The DWWCF projects net outlays of \$690.2 million due to both DLA Supply Chain Management (\$444.7 million) and DLA Energy Management (\$221.9 million). For Supply Chain Management, this is due to lower sales projections and associated collections caused by a decreasing customer Operations Tempo and residual disbursements for MRAP/M-ATV, CIT materiel, BRAC SS&D materiel, and AOR return. DLA Energy Management is projecting to outlay cash due to increased purchases to meet fuel inventory objectives. This submission requests \$39.1 million in direct appropriations for RTD costs, and a total of \$220.4 million in OCO funding for DLA Energy Management (\$130.4 million) for Combat Fuel Losses and Fuel Transportation/Terminal Operations and DLA Supply Chain Management (\$90.0 million) for Theater RTD support, Theater Consolidation Shipping Point Kuwait, OCONUS Contingency Operations, Kuwait Distribution Center, and Information Technology Communications. The FY 2013 ending cash balance is projected to be \$1,223.5 million or 5.0 days of cash. For reasons stated above, our cash projections contain some acceptable risk. Due to fuel product cost volatility, the Department will, based on FY 2012 execution, determine measures necessary to increase DWWCF cash in FY 2014 to meet the 7-10 days of cash objective.

DEFENSE-WIDE WORKING CAPITAL FUND - TOTAL
SOURCE OF NEW ORDERS AND REVENUE
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES
FEBRUARY 2012
(Dollars in Millions)

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
1. New Orders:			
a. Orders from DoD Components			
Army	16,932.2	14,569.7	13,766.7
Navy	9,696.5	10,254.7	10,063.9
Air Force	15,319.7	16,024.1	15,612.8
Marine Corps	1,674.3	1,669.2	1,648.5
Other	3,920.6	3,852.7	4,022.8
b. Orders from Other Fund Activity Group	2,298.9	2,020.2	2,077.8
c. Total DoD	49,842.2	48,390.6	47,192.5
d. Other Orders:			
Other Federal Agencies	1,446.5	1,668.6	1,669.8
Trust Fund	16.2	27.3	27.8
Exchange Activities	0.0	0.0	0.0
Non Federal Agencies	1,409.3	1,038.2	1,030.3
Foreign Military Sales	1,034.9	1,581.9	1,558.9
2. Carry-In Orders	3,601.3	3,507.0	3,175.4
3. Total Gross Orders	57,350.4	56,213.6	54,654.7
4. Carry-Out Orders	-3,531.3	-3,099.8	-3,028.3
5. Funded Carry Over	65.3	75.6	85.3
6. DRMS Sales Proceeds	77.5	69.7	69.2
7. Total Gross Sales	53,831.3	53,107.9	51,610.3

DEFENSE-WIDE WORKING CAPITAL FUND
SUMMARY
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES
REVENUE AND EXPENSES
FEBRUARY 2012
(Dollars in Millions)

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Revenue:			
Gross Sales	52,465.4	51,884.3	50,360.8
Operations	52,067.9	51,772.0	50,233.8
Capital Surcharge	(95.9)	(44.9)	(37.3)
Depreciation excluding Major Construction	493.4	157.2	164.3
Major Construction Depreciation	0.0	0.0	0.0
ADPE & Telecommunications Equipment	0.0	0.0	0.0
Other Income	2,112.0	2,361.9	2,395.8
Refunds/Discounts (-)	(1,220.2)	(1,182.4)	(1,154.3)
Total Income	53,357.2	53,063.8	51,602.3
Expenses:			
Cost of Materiel Sold from Inventory	38,207.4	37,311.4	35,249.2
Materiel-Related	0.0	0.0	0.0
Salaries and Wages:			
Military Personnel Compensation & Benefits	61.3	57.4	58.9
Civilian Personnel Compensation & Benefits	3,673.9	3,705.5	3,830.1
Travel & Transportation of Personnel	76.7	101.5	100.3
Materials & Supplies (For Internal Oper)	191.7	168.2	164.4
Equipment	256.3	384.4	387.1
Other Purchases from Revolving Funds	556.2	672.8	689.1
Transportation of Things	1,182.2	1,082.7	1,087.6
Inventory Maintenance	409.5	367.3	349.8
Depreciation - Capital	566.1	342.0	356.2
Printing & Reproduction	90.6	129.2	108.9
Advisory and Assistance Services	50.1	99.6	105.4
Rent, Communication, Utilities, & Misc.	2,155.2	2,018.9	1,998.9
Other Purchased Services	5,729.8	7,375.7	7,633.4
Total Expenses	53,207.0	53,816.6	52,119.3
Operating Result	150.2	(752.8)	(517.0)
Less Capital Surcharge Reservation	130.7	80.4	73.5
Plus Passthroughs or Other Approp Affecting NOR	0.0	0.0	0.0
Other Adjustments Affecting NOR	357.9	26.2	(11.9)
Net Operating Result (NOR)	638.8	(646.2)	(455.4)
Prior Year Adjustments	0.0	0.0	0.0
Other Changes Affecting AOR	1.4	0.0	(763.4)
Prior Year AOR	1,304.7	1,944.8	1,298.3
Accumulated Operating Result (AOR)	1,944.9	1,298.6	79.5
Non-Recoverable Adjustments Impacting AOR	0.0	0.0	0.0
Accumulated Operating Results for Budget Purposes	1,944.9	1,298.6	79.5

Defense Finance and Accounting Service



Fiscal Year (FY) 2013 Budget Estimates Defense Working Capital Fund (DWCF) President's Budget Submission February 2012

Preparation of this report/study cost the Department of Defense a total of approximately \$16,000 for the 2012 Fiscal Year.

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**Fiscal Year (FY) 2013 Budget Estimates
Defense Finance and Accounting Service
February 2012**

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DEFENSE FINANCE AND ACCOUNTING SERVICE

OVERVIEW

As the world's largest finance and accounting operation, the Defense Finance and Accounting Service (DFAS) mission is to lead DoD in finance and accounting by ensuring the delivery of efficient, exceptional quality pay and financial information.

DFAS works in partnership with defense agencies, the military services, and the combatant commands to provide timely business information to key decision-makers. By focusing on the finance and accounting needs of the military services, DFAS allows the warfighter to concentrate on their mission. DFAS is committed to performing timely finance and accounting services at the lowest cost, with a high degree of accuracy, utilizing electronic processes wherever possible. To serve customers' needs, DFAS performs multiple roles and provides a diverse set of services.

Commercial Pay: DFAS continues to efficiently process customer invoices in an accurate and timely manner. During FY 2011, DFAS processed more than 11.8 million commercial invoices. Increased usage of electronic commerce (electronic receipt of contracts, invoices and receiving reports) has reduced cycle-time, errors and rework, supported E-government, and facilitated audit readiness. This has allowed us to reduce customer bills and free up resources to support the warfighter.

Military/Civilian Pay Services: During FY 2011, DFAS processed over 171.7 million pay transactions and disbursed over \$608 billion. DFAS managed more than \$559.4 billion in the Military Retirement and the Health Benefits Funds. DFAS continuously pursues initiatives to enhance our value to the customers by improving service and reducing costs. For example, military and civilian customers can access payroll information anywhere a secure internet connection is available. In addition, customers are able to enter time and attendance, process travel claims, expedite payment of claims, and receive electronic leave and earnings statements and W-2s.

Accounting Services: During the past year, DFAS partnered with customers to help achieve unqualified financial statement audit opinions. DFAS accounted for 1,165 active DoD appropriations while maintaining 264.1 million general ledger accounts. One of DFAS's goals is to establish a reliable and repeatable end-to-end process to produce financial statements that contain timely, reliable, and useful information. Implementing an Accounting High Performing Organization (HPO) helps achieve this goal by standardizing and streamlining process flows based on an organizational structure that brings together end-to-end process functions.

Information Technology (IT): The DFAS IT function focuses on the continuous improvement of our systems and infrastructure support services. The IT function allows DFAS to take advantage of evolving technology, improving the ability to accomplish the DFAS mission. The constantly changing technological environment creates opportunities to generate major improvements in our business practices and necessitates continuous management focus on IT planning, systems development/maintenance, and daily infrastructure operations.

Budget Assumptions

DFAS shaped the FY 2013 Program Budget (PB) to maintain quality service while striving to reduce customer expense. Key assumptions include:

- Maintaining current level of accounting support provided in FY 2010 and FY 2011 to DFAS customers.
- Continuing to develop a dedicated infrastructure to support customer audit assertion and audit execution.
- Reduction of planned contract efforts for Integrated Personnel and Pay System (IPPS) and Audit Readiness. The support for these initiatives will be provided by DFAS employees.
- Continuation of the Defense Military Pay Office (DMPO) mission.
- DFAS assumed opportunities for reduced service support contract efforts while constantly searching for opportunities to in-source workload at a lower cost to our customer.
- The DFAS will increase the level of support to our customers for Audit Readiness to meet the DoD goal of achieving audit readiness of the key budget statements by 2014. The DFAS will support this initiative by developing a dedicated infrastructure to support customer audit assertion and audit execution. In addition, the DFAS will accelerate testing of Defense-wide systems.

Efficiencies and Savings

DFAS continually examines operational areas to increase efficiency and generate savings for customers while maintaining a high level of quality service. The following efficiencies are reflected in the FY 2013 program budget:

- Information Technology (IT) program: Identified ways to reduce IT cost, including a reduction in database size, accelerating retirement of legacy systems, reduced printing, and systems consolidation.
- Electronic Capabilities: Identified opportunities to utilize paperless services. DFAS is partnering with customers to eliminate the usage of paper leave and earnings statements (LES) to reduce the cost of postage, printing, and labor.

- E-commerce Governance Board: Establish a governance board responsible to direct all contract writing systems to electronically interface with both entitlement and accounting systems, direct full implementation of Wide-Area-Workflow, and direct full implementation of the Government Purchase Card program, all of which push DFAS and customers to utilize eCommerce.
- Overhead: Identified overhead savings in the areas of travel, postage and printing, and supplies through a comprehensive review of agency standard practices

Budget Summary

The following table provides the DFAS Defense Working Capital Fund (DWCF) and Capital Purchases Program (CPP) estimates for Obligation Authority (OA) and Personnel data. The obligation authority considers the impact of budget estimates for customer workload as well as various initiatives to reduce cost by increasing efficiency.

Financial Operations

(Dollars in Millions)

	<u>FY 11</u>	<u>FY 12</u>	<u>FY13</u>
<u>Authority</u>			
Operating	\$1,542.3	\$1,431.1	\$1,492.3
Less Depreciation	-73.3	-47.0	-35.7
Operating Authority	\$1,469.0	\$1,384.1	\$1,456.6
Capital	\$20.8	\$40.8	\$30.4
<u>People</u>			
Civilian FTE's	12,684	12,297	12,294
Civilian End Strength	12,571	12,294	12,355
Military End Strength	29	29	29

Revenue and Expenses

(Dollars in Millions)

	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>
Revenue	\$1,548.3	\$1,299.1	\$1,495.2
Cost of Operations	\$1,542.3	\$1,431.1	\$1,492.3
Operating Results	6.0	-132.0	2.9
Adjustments – Other	10.6	0.0	0.0
Net Operating Results (NOR)	16.6	-132.0	2.9
Accumulated Operating Results (AOR) – Beginning	161.1	177.7	45.7
AOR Adjustments	0.0	0.0	0.0
Accumulated Operating Results (AOR)	177.7	45.7	48.6

The DFAS budget reflects an embrace of new technology, the use of more efficient systems, and the reduced reliance upon more costly contractor staff. As customers continue to move to electronic commerce for payment processing and contractor support review initiatives are reviewed, DFAS anticipates further reductions resulting in additional cost savings to customers.

DFAS reduced customer bill estimates in FY 2011 and FY 2012 due to a positive Accumulated Operating Result. Cost savings to customers in FY 2011 is \$35.5M and \$128.7M in FY 2012.

Capital Purchases Program

(Dollars in Millions)

	<u>FY 11</u>	<u>FY 12</u>	<u>FY 13</u>
Capital Baseline	\$20.8	\$40.8	\$30.4
Capital Requirement	\$20.8	\$42.6	\$30.4

FY 2011 includes \$2.6 million in carryover from FY 2010 to FY 2011 to support delays in the areas of Electronic Data Management (EDM), Defense Retiree and Annuitant System (DRAS), and the Computerized Accounts Payable System (CAPS). The FY 2012 capital investment increased due to a change in requirements for software development. Overall, the DFAS capital investment program has decreased substantially from prior years due to coordination with the DLA and the military departments in developing future financial systems. DFAS will continue supporting and sustaining legacy core systems. In FY 2013, DFAS will continue to implement innovative technologies and provide force protection measures with continued upgrades to the DFAS wide unified communications system, our information security and network infrastructures, and improvements that mitigate the threats to facilities at Limestone, Indianapolis, and Rome.

**Fiscal Year (FY) 2013 Budget Estimates
Changes in the Costs of Operation
Defense Finance and Accounting Service
February 2012**

	(\$'s in Millions)
FY 2011 PB12 Estimate	\$ 1,545.2
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FY 2011 Actual	\$ 1,542.3
Pricing Adjustment:	
FY 2012 Civilian Pay Raise	\$ -
Annualization Prior Year Pay Raise	\$ -
Inflation Adjustment	\$ 8.4
Program Changes:	
Audit Readiness	\$ 29.5
Labor target reduced to FY 2010 levels	\$ (75.4)
Return of Southbridge management to (CPMS)	\$ (14.0)
Depreciation	\$ (26.3)
E-Commerce Savings	\$ (10.5)
Eliminate Paper LES	\$ (7.9)
Transfer of functions to NGA	\$ (2.2)
DISA IPC Cost Savings	\$ (2.1)
Productivity Efficiencies	\$ (10.7)
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FY 2012 PB13 Estimate:	\$ 1,431.1
Pricing Adjustment:	
FY 2013 Civilian Pay Raise	\$ 3.5
Annualization Prior Year Pay Raise	\$ -
Inflation Adjustment	\$ 7.8
Program Changes:	
Audit Readiness	\$ 5.5
Accounting Support FY 2010 Level	\$ 66.9
Labor based on actual cost	\$ 21.7
Depreciation	\$ (11.3)
Travel Reduction	\$ (13.4)
Other Reductions	\$ (10.8)
DISA IPC Cost Savings	\$ (5.7)
Materials and Supplies Reduction	\$ (3.0)
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FY 2013 Estimate:	\$ 1,492.3

**Fiscal Year (FY) 2013 Budget Estimates
Sources of New Orders and Revenue
Defense Finance and Accounting Service
February 2012**

				(Dollars in Millions)		
				FY11	FY12	FY13
1. New Orders						
a. Orders from DoD Components:						
<i>APPN</i>		<i>Client</i>	<i>Customer</i>			
Total Capital	DW	Defense Agency	Defense Finance and Accounting Service	4.9	1.8	3.6
Total Family Housing	Army		Army Family Housing	0.5	0.3	0.3
O&M		Air Force	Core Work	289.1	243.3	292.8
O&M		Army	Core Work	604.9	497.0	580.1
O&M		Marine Corps	Core Work	60.2	45.7	54.2
O&M		Navy	Core Work	233.0	227.7	252.0
O&M	DW	Defense Agency	Business Transformation Agency	2.1	0.7	1.5
O&M	DW	Defense Agency	US Court of Appeals for the Armed Forces	0.0	0.0	0.0
O&M	DW	Defense Agency	Defense Acquisition University	1.9	0.6	1.5
O&M	DW	Defense Agency	Defense Contract Audit Agency	4.1	3.6	4.6
O&M	DW	Defense Agency	Defense Contract Management Activity	6.0	7.1	6.2
O&M	DW	Defense Agency	Domestic Dependent Elementary & Secondary Schools	0.2	1.0	1.3
O&M	DW	Defense Agency	Defense Health Program	28.4	20.5	25.5
O&M	DW	Defense Agency	Defense Human Resources Activity	1.4	1.1	1.6
O&M	DW	Defense Agency	Defense Intelligence Agency	0.9	1.0	1.2
O&M	DW	Defense Agency	Defense Information Systems Agency	6.4	11.9	10.1
O&M	DW	Defense Agency	Defense Logistics Agency	6.0	8.1	8.9
O&M	DW	Defense Agency	Defense Legal Services Agency	0.3	0.2	0.4
O&M	DW	Defense Agency	Defense Media Activity	0.7	0.5	0.8
O&M	DW	Defense Agency	Department of Defense Civilian Personnel Management Service	12.6	0.0	0.0
O&M	DW	Defense Agency	Department of Defense Prisoner of War/Missing In Action Office	0.2	0.1	0.1
O&M	DW	Defense Agency	Department of Defense Education Activity	8.9	5.0	5.2
O&M	DW	Defense Agency	Department of Defense Inspector General	1.8	1.5	2.0
O&M	DW	Defense Agency	Defense Security Cooperation Agency	25.9	26.0	25.4
O&M	DW	Defense Agency	Defense Security Service	0.8	0.4	0.7
O&M	DW	Defense Agency	Defense Threat Reduction Agency	2.3	1.8	2.7
O&M	DW	Defense Agency	Defense Technology Security Administration	0.3	0.2	0.2
O&M	DW	Defense Agency	Joint Chief of Staff, Office	0.6	0.4	0.8
O&M	DW	Defense Agency	Military Housing Privatization Initiative	0.4	0.2	0.5
O&M	DW	Defense Agency	National Defense University	0.6	0.5	0.6
O&M	DW	Defense Agency	National Geospatial-Intelligence Agency	4.1	0.0	0.2
O&M	DW	Defense Agency	National Security Agency	1.0	1.3	1.1
O&M	DW	Defense Agency	Office of Economic Adjustment	0.2	0.1	0.3
O&M	DW	Defense Agency	Pentagon Force Protection Agency	0.0	0.2	0.2
O&M	DW	Defense Agency	Department of Defense, Office of	0.0	0.4	0.5
O&M	DW	Defense Agency	Special Operations Command	4.9	3.5	6.5
O&M	DW	Defense Agency	Washington Headquarters Service	3.1	3.0	4.1
Total O&M				1,313.1	1,114.6	1,293.9
Total Procurement* Army				0.0	0.0	0.0
RDT&E		Army	Army	0.0	0.0	0.1
RDT&E		Navy	Navy	1.7	1.6	1.8
RDT&E		Air Force	Air Force	0.0	0.0	0.0
RDT&E	DW	Defense Agency	Business Transformation Agency	4.6	5.5	0.3
RDT&E	DW	Defense Agency	Center for Countermeasures	0.1	0.0	0.1
RDT&E	DW	Defense Agency	Defense Advanced Research Projects Agency	0.0	1.2	1.8
RDT&E	DW	Defense Agency	Defense Technical Information Center	5.2	1.6	3.7
RDT&E	DW	Defense Agency	Missile Defense Agency	3.5	2.9	3.6
RDT&E	DW	Defense Agency	Washington Headquarters Service	1.7	0.0	0.0
RDT&E	DW	Defense Agency	Defense Logistics Agency	0.0	0.0	0.0
Total RDT&E				16.8	12.8	11.4
a. Total Orders from DoD Components:				1,335.4	1,129.6	1,309.2

**Fiscal Year (FY) 2013 Budget Estimates
Sources of New Orders and Revenue
Defense Finance and Accounting Service
February 2012**

				(Dollars in Millions)		
				FY11	FY12	FY13
b. Orders from Other Fund Activity Groups						
<i>APPN</i>		<i>Client</i>	<i>Customer</i>			
WCF		Air Force		4.2	8.0	9.1
WCF		Army		17.6	14.0	13.4
WCF		Marine Corps		1.6	1.3	1.5
WCF		Navy		38.6	27.7	27.8
WCF	DW	Defense Agency	Defense Commissary Agency	18.2	16.6	17.0
WCF	DW	Defense Agency	Defense Information Systems Agency-DITCO	6.9	5.9	7.0
WCF	DW	Defense Agency	Defense Information Systems Agency	2.1	0.7	1.9
WCF	DW	Defense Agency	Defense Logistics Agency	55.4	51.1	55.1
WCF	DW	Defense Agency	Military Traffic Management Command	3.9	1.5	2.0
WCF	DW	Defense Agency	TRANSCOM	6.5	3.1	7.1
WCF	DW	Defense Agency	Defense Technology Security Administration	0.0	0.0	0.1
WCF	DW	Defense Agency	Washington Headquarters Service	0.6	0.0	0.0
WCF	DW	Defense Agency	Pentagon Force Protection Agency	0.3	0.0	0.0
b. Total Orders from Other Fund Activity Groups				156.1	129.7	142.1
c. Total DoD				1,491.5	1,259.3	1,451.3
d. Other Orders						
			US Dept of State	0.1	0.0	0.1
			US Dept of Treasury	1.9	0.3	1.0
			US Dept of Veteran Affairs	35.8	26.9	28.8
			US Dept of Energy	1.5	1.2	1.2
			US Dept of Health Human Services	8.8	6.3	7.0
			US Corps of Engineers	5.0	3.1	3.3
			Environmental Protection Agency	2.1	1.7	1.8
			US Coast Guard	0.0	0.1	0.0
			Executive Office of the President	0.2	0.2	0.2
			Broadcast Board of Governors	0.2	0.1	0.2
			Non Appropriated Funds	0.0	0.0	0.0
			Foreign Military Sales	0.5	0.0	0.2
			Commercial (Citi, EDS, etc)	0.7	0.0	0.0
d. Total Other Orders				56.8	39.8	43.9
1. Total New Orders				1,548.3	1,299.1	1,495.2
2. Carry-In Orders				0.0	0.0	0.0
3. Total Gross Orders				1,548.3	1,299.1	1,495.2
4. Carry-Out Orders				0.0	0.0	0.0
5. Gross Sales				1,548.3	1,299.1	1,495.2
6. Credit				0.0	0.0	0.0
7. Net Sales				1,548.3	1,299.1	1,495.2

Fiscal Year (FY) 2013 Budget Estimates
Revenues and Expenses
Defense Finance and Accounting Service
Financial Operations
February 2012
(Dollars in Millions)

	FY2011	FY2012	FY2013
Revenue			
Gross Sales			
Operations	1,475.0	1,252.1	1,459.5
Depreciation except Major Construction	73.3	47.0	35.7
Other Income	0.0	0.0	0.0
Customer Bill Adjustment	0.0	0.0	0.0
Refunds/Discounts (-)	0.0	0.0	0.0
Total Income:	1,548.3	1,299.1	1,495.2
Expenses			
Salaries and Wages:			
Military Personnel Compensation & Benefits	1.5	1.2	1.7
Civilian Personnel Compensation & Benefits	999.3	923.9	1,021.5
Travel & Transportation of Personnel	11.1	22.1	8.8
Materials & Supplies (Internal Operations)	3.7	6.4	3.4
Equipment	14.6	10.3	9.9
Other Purchases from Revolving Funds	133.3	135.1	129.3
Transportation of Things	0.7	0.8	0.8
Depreciation - Capital	73.3	47.0	35.7
Printing and Reproduction	5.0	4.8	5.7
Advisory and Assistance Services	15.8	9.9	4.4
Rent, Communications, Utilities, & Misc. Charges	66.6	42.4	44.1
Other Purchased Services	217.3	227.2	227.1
Total Expenses	1,542.3	1,431.1	1,492.3
Operating Result	6.0	-132.0	2.9
Depreciation, Non-DWCF Acquired PP&E	10.6	0.0	0.0
Net Operating Result	16.6	-132.0	2.9
PY AOR	161.1	177.7	45.7
AOR Adjustments	-	-	-
Accumulated Operating Results	177.7	45.7	48.6

**DEFENSE INFORMATION SYSTEMS AGENCY
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES**



**DEFENSE WORKING CAPITAL FUND
INFORMATION SERVICES**

February 2012

**DEPARTMENT OF DEFENSE
DEFENSE INFORMATION SYSTEMS AGENCY
Defense Working Capital Fund**

FISCAL YEAR (FY) 2013 BUDGET ESTIMATES

DISA Information Services Overview

The Defense Information Systems Agency (DISA) is a combat support agency responsible for planning, engineering, acquiring, fielding, and supporting global net-centric solutions to serve the needs of the President, Vice President, the Secretary of Defense, and other Department of Defense (DoD) Components. Its goal is to enable information dominance and support the war fighters and those who support them.

The DISA operates the Information Services activity group within the Defense Working Capital Fund (DWCF), consisting of two components, **Telecommunications Services/Enterprise Acquisition Services (TS/EAS)** and **Computing Services (CS)**. This budget submission holds both TS/EAS and CS fiscal year (FY) 2013 rate growth at 1.7%, i.e. standard inflation, which is accomplished by effectively merging the accumulated net position of the two business lines for rate setting purposes. This approach should minimize the potential for broad swings in customer rates as compared to the traditional approach which requires previous fiscal years' financial outcomes within one DISA business area to be recouped or paid back in subsequent fiscal years solely within that business area's operations.

**Defense Information Systems Agency
Defense Working Capital Fund
Key Budget Data**

(\$ in millions)	FY 2011*	FY 2012	FY 2013
Revenue	\$6,356.3	\$6,698.4	\$6,909.1
Cost	\$6,329.0	\$6,758.5	\$6,937.4
Net Operating Result	\$27.3	(\$60.0)	(\$28.3)
Prior Year AOR	\$92.0	\$119.4	\$59.3
Accumulated Operating Results (AOR)	\$119.4	\$59.4	\$31.1
Capital Budget	\$41.3	\$54.0	\$62.1
Civilian Work years	3,011	3,215	3,403
Military End Strength	89	104	104

*Fiscal Year (FY) 2011 data are actuals.

Note: The table above provides a summary of the financial accounts and personnel levels reflected in this budget request. Year-to-year changes are explained in the narrative section that follows. Figures may not add due to rounding.

The table above provides a summary of the major financial accounts and personnel levels in this budget request. Fiscal year (FY) 2011 data are actuals. Data for FY 2012 and FY 2013 are best estimates of anticipated customer workload, costs, and the resulting profit/loss. Information Services' net position at the close of FY 2012 is a projected profit of \$59.4 million. Information Services will continue to return profits through FY 2013 leading to an Accumulated Operating

Results (AOR) of \$31.1 million at the close of the fiscal year. The DISA proposes to retain this AOR to facilitate further rate stabilization in FY 2014. This proposal is discussed in greater detail below. Capital investments increase in FY 2012 and FY 2013 for infrastructure improvements for the computing centers and satellite gateways. Workload growth and functional transfers into the DWCF are the main drivers of increased civilian staffing levels over this budget period. Military Personnel numbers are consistent with the FY 2012 President's Budget request. The FY 2013 estimate represents the three year average fill rate for the DISA Information Services activity group in accordance with DoD financial policy. Year-to-year trends are explained in detail in the following narrative sections.

The evolution of the DISA Information Services activity group has resulted in a single integrated enterprise infrastructure enabling more efficient and cost effective models to operate the Defense Enterprise Computing Centers (DECCs), manage the Defense Information Systems Network (DISN) end-to-end infrastructure, and contract/procure telecommunications and information technology product and services. This convergence has enabled the Information Services activity group to centralize the management of IT resources, consolidate systems, increase resource utilization rates, and lower costs. The technical and business efficiencies demonstrated in the integrated enterprise infrastructure are further supported as DISA is able to maintain DWCF rate growth in FY 2013 to no more than the level of inflation. With the single technical architecture concept in mind, DISA will in the future merge the two separate financial statements into one, enabling more efficient and flexible business processes.

**DEPARTMENT OF DEFENSE
DEFENSE INFORMATION SYSTEMS AGENCY
Defense Working Capital Fund
Telecommunications Services/Enterprise Acquisition Services (TS/EAS)**

FISCAL YEAR (FY) 2013 BUDGET ESTIMATES

The *Telecommunications Services* component provides a single source for high quality, reliable, survivable, and secure telecommunications services to meet the Department's command and control requirements. The major component of Telecommunications Services is the Defense Information System Network (DISN). The DISN provides the interoperable telecommunications connectivity and value-added services required to plan, implement, and support operational missions through dynamic routing of voice, data, text, imagery (both still and full motion), and bandwidth services. The robustness of this telecommunications infrastructure has been demonstrated by DISA's repeated ability to meet terrestrial and satellite surge requirements in Southwest Asia while supporting disaster relief and recovery efforts throughout the world. Overall, the DISN provides the lowest possible customer price through bulk quantity purchases, economies of scale and reengineering of current communication services. Some of the DISN services are provided to customers in pre-defined packages and sold on a subscription basis, while other services are sold individually on a cost reimbursable basis.

Enterprise Acquisition Services is the Department's ideal source for procurement of best-value and commercially competitive information technology. Enterprise Acquisition Services are provided by the Defense Information Technology Contracting Organization (DITCO), which provides contracting services for information technology and telecommunications acquisitions from the commercial sector. It provides contracting support to the DISN programs, as well as to other DISA, DoD, and authorized non-Defense customers.

These business areas purchase telecommunications and related information technology products from the worldwide commercial sector to meet the Department's and authorized non-defense customers' needs. Both Telecommunications Services and Enterprise Acquisition Services are discussed in more detail in the narrative that follows.

**Telecommunications Services/Enterprise Acquisition Services
Key Budget Data**

(\$ in millions)	FY 2011*	FY 2012	FY 2013
Revenue	\$5,509.1	\$5,871.1	\$6,043.0
Cost	\$5,464.7	\$5,859.1	\$6,034.0
Net Operating Result	\$44.4	\$12.0	\$9.0
Prior Year AOR	\$33.1	\$77.4	\$89.4
Accumulated Operating Results (AOR)	\$77.4	\$89.4	\$98.4
Capital Budget	\$10.4	\$10.5	\$19.5
Civilian Work Years	1,093	1,239	1,397
Military End Strength	83	107	107

*Fiscal Year 2011 data are actuals.

The previous table provides a summary of the major financial accounts and personnel levels in this budget request. Fiscal year (FY) 2012 and FY 2013 are best estimates of anticipated customer workload, the resulting DWCF costs, and profit/loss. In this budget submission, rates are set below expected costs to return accumulated profits to customers in FY 2012, and increase by standard inflation in FY 2013. Gains are offset by losses in the other DISA DWCF business line (computing services). Increasing the rates by standard inflation allows DISA to continue to incentivize use of telecommunication and contracting services without putting upward pressure on customer budgets. Additionally, DISA proposes to retain accumulated profits to facilitate further rate stabilization in FY 2014.

Defense Information Systems Network (DISN) Program Structure

The following table illustrates the DISN service offerings and the major cost centers that support those offerings:

DISN Program Element	Program Function	Program Sub-Function	Product Offering/Description
DISN SUBSCRIPTION SERVICE	Transport	Bandwidth Management	Access Backbone
			Maintenance
		Core Sustaining Activities	Warehousing Minor Equipment Installation Other Sustaining Activities
			Transport Support
	Real Time Services	Voice	Defense Switched Network (DSN) Defense Red Switch Network (DRSN) Secure Mobile Environment - Portable Electronic Device (SME-PED)
			Video
		Data	Non-Secure Internet Protocol Network (NIPRNet) Secure Internet Protocol Network (SIPRNet) Joint Worldwide Intelligence Communications System (JWICS) DISN Leading Edge Services (DISN-LES) - <i>testing network</i>
		Interoperability	<i>Ensures hardware and software acquired from multiple sources function with like products.</i>
			Messaging
	Mission Assurance	Information Assurance Activities	Network Operations of Enterprise Infrastructure Network Hardening PKI and Directories Secure Configuration Management
	Centralized Services		Operational Support Services
			Connection Approval Office
			Customer Support Services
			Network Services Support
			Theater Network Operations
OTHER TELECOM SERVICES	Voice Services	Joint Hawaii Information Transfer System (JHITS)	
	Satellite Services	Commercial Satellite Services (COMSAT)	
		Enhanced Mobile Satellite Services (EMSS)	
	Special Programs	Bosnia	
		Kosovo	
		Overseas Contingency Operations (OCO)	
	DoD COOP Integrated Network (DCIN)		
Customer Funded Projects		Customer Funded Projects	

DISN Subscription Services

The DISN Subscription Services consist of the following:

Transport Services provides a robust worldwide capability to transmit voice, video, data and message traffic for the Combatant Commanders, Military Departments and Defense Agencies. They also provide the information transport for other services described below, as well as for other more specialized services.

Voice Services provide day-to-day commercially competitive services plus unique secure military requirements. Voice Services include the operation of the unclassified Defense Switched Network, the classified Defense Red Switch Network and the Secure Mobile Environment – Portable Electronic Device (SME-PED).

Video Services provide both unclassified and classified video teleconference capabilities for the DoD and other government agencies.

Data Services provide Secure Internet Protocol Router Network (SIPRNet) as well as Non-classified Internet Protocol Router Network (NIPRNet) capabilities. Additionally, Data Services provide IP transport for the Defense Intelligence Agency (DIA) managed Joint Worldwide Intelligence Communications System (JWICS) by providing comprehensive, worldwide, secure high-speed multimedia, Top Secret/Sensitive Compartmented Information communications services for the Department of Defense (DoD) intelligence community and other federal agencies. Data Services also include the DISN Test and Evaluation Network (DTEN), which is used by the command, control, intelligence, and mission support communities to conduct development, certification, and operational test and evaluation activities to ensure programs meet network requirements prior to deployment.

Messaging Services provide day-to-day organizational messaging capabilities for the DoD. The system provides top secret, secret and unclassified messaging capabilities using four regional nodes managed by two Network Operations Centers. Funding is to maintain the critical information exchange functions that this messaging service provides, including interoperability within the DoD, with our allies, with the intelligence community, and with the nuclear command and control community.

The following items describe the activities that maintain the DISN's operational capability and achieve the high-availability, secure, and robust service that our DoD customers require.

Mission Assurance activities support the DISN by designing and deploying proactive protections, deploying attack detection, and performing information assurance operations to ensure that adequate security is provided for information collected, processed, transmitted, stored, or disseminated on the Global Information Grid (GIG). These efforts include tasks associated with affording protection to telecommunications, information systems, and information technology that process sensitive and classified data as well as efforts to ensure the confidentiality, authenticity, integrity, and availability of the information and the systems.

Centralized Services are a group of critical mission support activities that support all DISN services. Services support all DISN outputs with services including connection approval, round the clock monitoring of network traffic and events, and an entry point for customers to report network and connectivity issues. The group includes:

- **Operational Support Services** facilitates and automates the operations, administration, maintenance, and provisioning/engineering activities for the DISN.

- The **Connection Approval Office** approves secure interoperable connections in support of the operating forces and mission partners for applications, information systems and networks authorized to operate on the enterprise infrastructure.
- The **Customer Support Services** division serves as an entry point for customers to report network and connectivity issues 24 hours a day, 365 days per year.
- The **Theater Network Operations Center – CONUS** monitors and reacts to real-time network traffic and events in the continental U.S.. The center is staffed 24 hours a day, 365 days per year.

The table below provides a synopsis of the DISN Subscription financial data for this budget submission including the per share unit costs and unit price:

(\$ in millions)	FY 2011*	FY 2012	FY 2013
Transport	\$384.2	\$447.0	\$442.8
Real Time Services (voice, video, data, interoperability)	\$162.1	\$186.6	\$187.0
Messaging	\$46.9	\$51.8	\$51.7
Mission Assurance	\$10.3	\$151.3	\$188.5
Centralized Services			
Operational Support Services	\$202.4	\$205.2	\$203.0
Other Centralized Services	\$79.2	\$83.0	\$103.7
Theater Network Operations	\$29.1	\$30.5	\$32.0
Total DISN Subscription Services Program Costs	\$914.1	\$1,155.5	\$1,208.7
Number of Sites	373	361	348
Number of Shares	7,604	8,260	8,445
Price Per Share	\$124,741	\$140,505	\$142,894
Unit Cost Per Share	\$120,219	\$139,885	\$143,130
Civilian Work Years	557	643	786
Military End Strength	76	92	92

*Fiscal Year 2011 data are actuals.

FY 2012 and FY 2013 include functional transfers

In FY 2013, DSS costs increase by \$53.2M. A total of \$41.4 million of this increase is due to the functional transfers. These are zero-sum at the Department level. The remaining increase is due to inflation. As reflected by the decreased programmatic change in the table below, DISA is able to provide customers with increased bandwidth at lower costs due to contract efficiencies.

FY 2012 Current Estimate	\$1,155.5
<i>Functional Transfers</i>	<i>41.4</i>
<i>Efficiencies</i>	<i>(6.5)</i>
<i>Inflation</i>	<i>18.6</i>
FY 2013 Current Estimate	\$1,208.7

DISN Trends:

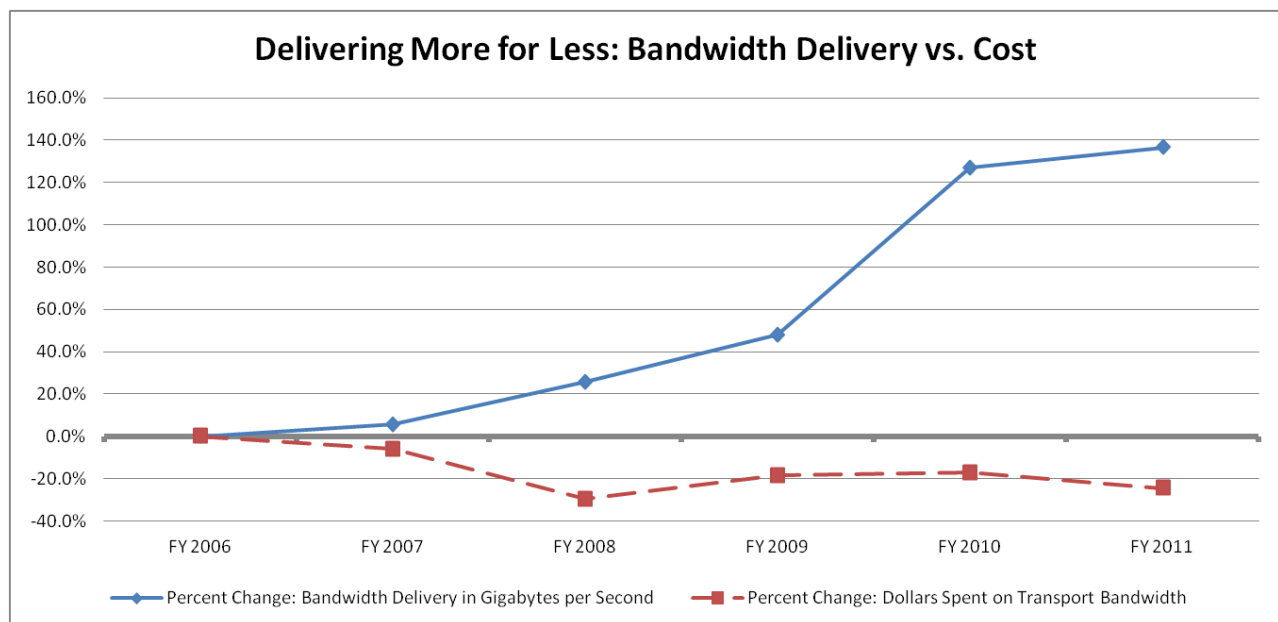
As previously discussed, specific network services are packaged together and sold on a subscription basis. After consultation and coordination with subscription services customers,

DISA develops a subscription services site and shares list each year. The number of shares assigned to a specific customer (at any particular site) are directly related to the amount of bandwidth provisioned at a site in order to meet the customer's demand, and the types of DISN services that the customer requires at the site. Therefore, an increase in shares is an indication of increased customer demand for bandwidth and/or DISN services.

The table below shows an 11 percent growth in customer demand over the most recent two-year period:

Agency	Baseline Shares FY 2011	Change in Shares FY 2011 to FY 2013	Percent Change in Shares FY 2011 to FY 2013	New Shares FY 2013
Air Force	3,097	333	10.8%	3,430
Army	1,931	211	10.9%	2,142
Navy	1,505	279	18.5%	1,784
Marine Corps	387	31	8.0%	418
Defense Agencies	489	42	8.6%	531
Other DOD	102	(97)	-95.1%	5
Subtotal	7,511	799	10.6%	8,310
Other Federal and Non-Federal Agencies	93	42	45.2%	135
Total Shares	7,604	841	11.1%	8,445

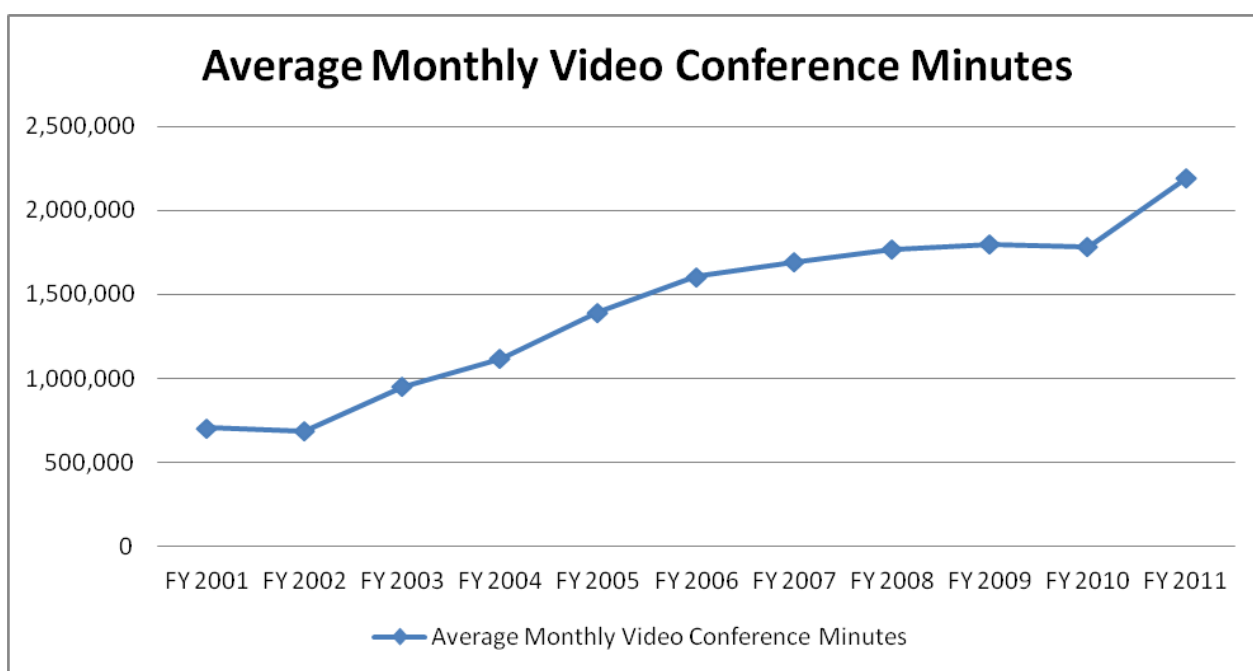
As the table illustrates, customer demand for DISN services and bandwidth continues to increase. In spite of this continuing upward trend, DISA has delivered bandwidth at a reduced cost, as shown in the chart below:



As shown in the above chart, since FY 2006, the DISA has increased transport bandwidth delivery capacity over two-fold to meet customer demand. Over the same timeframe, transport costs have decreased by almost 25 percent. Additionally, the decrease in cost has been realized without any degradation in service. The DISN continues to meet or exceed network performance goals for circuit availability (98.5%) and latency (less than 100 milliseconds), two key performance metrics.

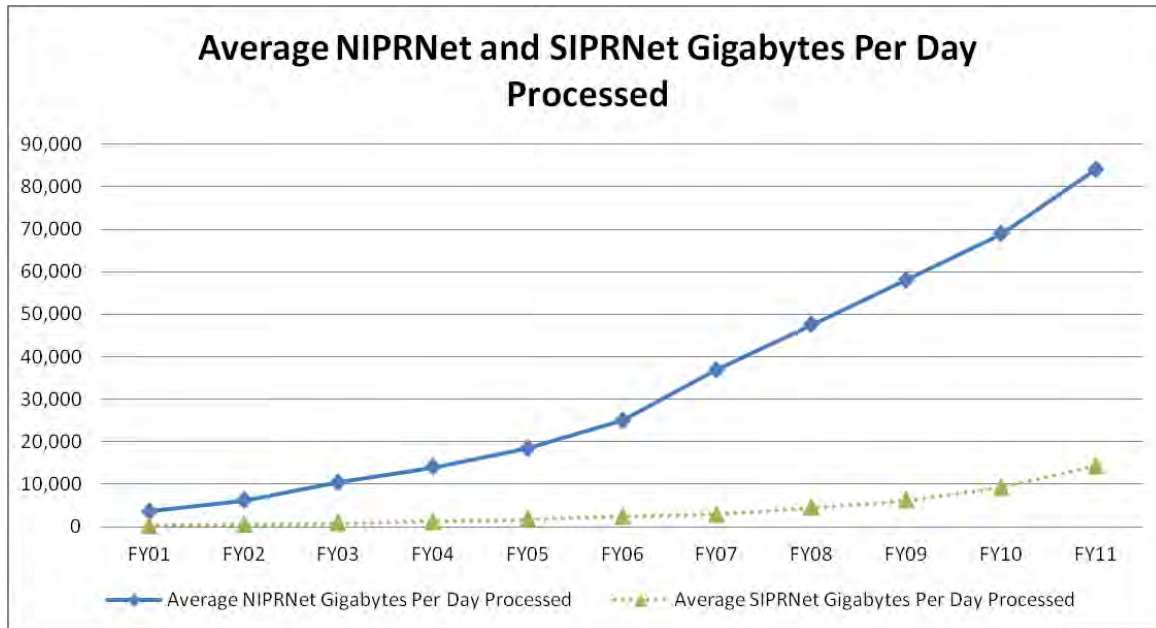
The cost of delivering transport bandwidth is the single greatest contributor to the subscription services cost structure. However, the demand for other services, such as video teleconferencing and NIPRNet and SIPRNet, can drive necessary increases in bandwidth provisioning as well as higher sustainment and maintenance costs.

The below chart illustrates the yearly growth in customer demand for these services from FY 2001 through FY 2011:



As shown above, DISN customers are averaging slightly over twice as many video conference minutes today than they were in FY 2001, including 23 percent more in FY 2011 than in FY 2010.

The following chart shows the average NIPRNet and SIPRNet usage in terms of gigabytes per day.



As the chart shows, SIPRNet network usage has increased *sixty-five* fold since FY 2001, including 56 percent growth from FY 2010 to FY 2011. During the same timeframe, NIPRNet usage has increased twenty-two fold. On average, about 72 percent of NIPRNet traffic is internet-related. In summary, the previous charts and tables explained in this section show a measurable increase in customer demand for bandwidth and DISN services up to and including the most recent execution year. In general, DISA has been able to offset the higher demand through contract and management efficiencies.

DISN Reimbursable Programs

In addition to the DISN Subscription Services discussed above, DISA offers several other reimbursable telecommunications services, as shown in the following table:

(\$ in millions)	FY 2011*	FY 2012	FY 2013
Commercial Satellite Services	\$543.7	\$523.5	\$493.8
Enhanced Mobile Satellite Services (Iridium)	\$118.1	\$119.0	\$123.8
Overseas Contingency Operations (OCO)	\$112.8	\$102.0	\$103.8
Customer Funded Projects	\$83.5	\$26.9	\$21.5
Joint Hawaii Information Transfer System	\$16.2	\$18.3	\$17.8
Defense Continuity of Operations Integrated Network	\$2.4	\$4.7	\$4.8
Kosovo	\$3.6	\$2.3	\$2.4
Bosnia	\$0.4	\$0.0	\$0.0
Other Reimbursable Services	\$10.2	\$5.5	\$5.6
Total DISN Reimbursable Costs	\$890.9	\$802.2	\$773.5
Capital Budget	\$8.2	\$8.2	\$18.8
Civilian Work Years	4	18	20
Military End Strength	1	0	0

*Fiscal Year 2011 data are actuals.

Commercial Satellite Communications (COMSATCOM) services include global and regional access to commercial satellite communications for voice, data, imagery, broadcast, and teleconferencing networks in secure and non-secure modes. Decreased costs for COMSATCOM in FY 2012 and FY 2013 are due to the draw-down of requirements in Iraq.

Enhanced Mobile Satellite Service (EMSS) is a global mobile satellite communications system that provides secure voice, data, paging, and messaging communications capabilities to DoD, non-DoD, and foreign subscribers as needed. This program also offers the Distributed Tactical Communications System, comprised of push-to-talk voice and data services that leverage the Iridium constellation to provide a handheld, over the horizon, beyond-line-of-sight, tactical communications solution for U.S. troops in remote locations, enabling a user to communicate with multiple users at the same time. Increased costs for EMSS in FY 2013 support the deployment of new radios that provide additional levels of security, network management, platform integration kits (which include tactical operations center and vehicle kits) and depreciation expenses for capital projects to support the next generation of this technology.

Overseas Contingency Operations (OCO) include costs for circuits and maintenance that provide in theater DISN capabilities, an allocation of video teleconferencing minutes that are attributable to the higher operational tempo in southwest Asia and in theater personnel support and equipment costs. Projected FY 2013 DWCF OCO costs support the overall OPTEMPO in these regions. These costs will be reimbursed by Army and Air Force for the five DISN sites in southwest Asia and DISA appropriated OCO funds.

Customer Funded Projects are initiated when DoD components request special network assistance as their missions change and/or expand. These actions are completed on a 100 percent customer reimbursable basis. Fiscal year (FY) 2013 workload is projected to be approximately \$21.5 million.

The *Joint Hawaii Information Transfer System (JHITS)* provides voice, video, and data services to military bases in the state of Hawaii. Costs are estimated to remain stable at approximately \$18.3 million in FY 2012 and \$17.8 million in FY 2013.

The *Defense Continuity of Operations Integrated Network (DCIN)* is a classified network used by senior DoD leadership. Network costs increase to \$4.8 million in FY 2012 and remain at that level in FY 2013.

Costs for *Bosnia and Kosovo* support the sustainment of communications infrastructure in the region, including service leases and non-capital equipment purchases.

Enterprise Acquisition Services

The primary mission of the Enterprise Acquisition Services (EAS) business area is to meet Department of Defense (DoD) and authorized non-defense customers' requirements for telecommunications and information technology (IT) products and services from the worldwide commercial sector through flexible, innovative, and responsive acquisition actions. The EAS mission also includes acquisition planning, procurement, tariff surveillance, cost and price analyses, and contract administration. This mission is accomplished by DISA's Defense Information Technology Contracting Organization (DITCO), which provides contracting services for the Defense Information System Network (DISN), Computing Services (CS), and a wide range of other DoD programs that require information technology contracting and contract management services. The EAS budget submission also includes funding to support the management initiative to improve the acquisition workforce, which explains the increase in operating costs.

The following table shows the value of the contracts projected for each fiscal year by service/agency (excludes DISN programs) and operating costs.

(\$ in millions)	FY 2011*	FY 2012	FY 2013
Army	\$684.0	\$690.0	\$701.3
Navy	\$262.3	\$298.6	\$305.1
Marine Corps	\$2.9	\$5.2	\$5.3
Air Force	\$390.3	\$400.1	\$409.1
Defense Agencies	\$1,990.7	\$2,131.4	\$2,250.8
Other DoD	\$98.8	\$117.3	\$119.5
Subtotal	\$3,429.1	\$3,642.6	\$3,791.1
Other Federal and Non-Federal Agencies	\$125.1	\$146.1	\$148.7
Total Gross Orders	\$3,554.2	\$3,788.8	\$3,939.8
EAS Operating Costs	\$108.4	\$114.7	\$114.0

*Fiscal Year 2011 data are actuals.

The Defense Information Technology Contracting Organization (DITCO) leverages its specialized skills in executing highly technical acquisition requirements in the areas of information technology and telecommunications to maximize value to its customers.

The DITCO also establishes large contract vehicles available to DoD for essential IT services such as engineering, hardware, equipment and maintenance, integration and support, information security, computer technology, and DISN access. Non-DISN telecommunications circuits and systems are ordered on an individual basis and are fully reimbursed by customers. The Enterprise Acquisition Services (EAS) encompasses a variety of support services to meet information technology contract requirements and it provides contract support to all DISN programs/services.

Evidence of DITCO's flexibility and responsiveness to emergent requirements was demonstrated by its support to humanitarian operations (Japan, Haiti) and Joint Urgent Operational Need (JUON) requirements. In the case of the humanitarian operations, DITCO contracting officers were deployed to support DoD operations in less than 24 hours after the events. These contracting officers were able to provide comprehensive support using diverse contract vehicles.

The table below provides a synopsis of the EAS projected contracting workload by major business line and operating expenses to include capital investment and civilian and military personnel for this budget submission:

(\$ in millions)	FY 2011*	FY 2012	FY 2013
DISN Contracts	\$1,839.6	\$1,962.3	\$1,980.7
Information Technology Contracts	\$2,877.6	\$3,116.4	\$3,256.1
Non-DISN Telecommunications Contracts	\$676.6	\$672.4	\$683.8
Total Gross Orders	\$5,393.8	\$5,751.0	\$5,920.5
Operating Costs	\$108.4	\$114.7	\$114.0
Capital Budget	\$2.2	\$2.3	\$0.7
Civilian Work Years	532	578	591
Military End Strength	6	6	6

*Fiscal Year 2011 data are actuals.

The following provides additional detail for each major business line of the Enterprise Acquisition Services:

Information Technology Contracts provide IT services supporting engineering, hardware, equipment and maintenance, integration and support, information security, and facilities support. Beginning in FY 2012, cost and revenue will be included for the Joint Interoperability Test Command's (JITC) Test and Evaluation (T&E) Mission Support Services (MSS) contract.

Telecommunications Contracts [Non-DISN] provide DISN access and telecommunications circuits and systems ordered on an individual customer basis. The DISA is responsible for transitioning all DoD circuits from the legacy Federal Technology Service (FTS2001) contracts to GSA's new Networx contracts. The GSA has extended this transition until June 2012.

Operating Costs fund the civilian salaries, accounting support—including large-scale invoice processing—and contracting and financial support systems to execute the IT and telecommunications activities described above. As previously mentioned, the increase in operating costs and civilian work years support the management initiative to improve the acquisition workforce. All operating costs are recovered via a fee charged to its customers. This budget submission holds the fee-for-service at its current level—2 percent—through FY 2013.

MAJOR CHANGES BETWEEN FISCAL YEAR ESTIMATES: TS/EAS

Cost of Operations

(\$ in millions)	FY 2011	FY 2012	FY 2013
FY 2012 President's Budget	\$5,493.7	\$5,931.5	\$5,919.7
FY 2013 Budget Estimates	\$5,464.7*	\$5,859.1	\$6,034.0
Change FY 2012 President's Budget to Current Estimates	(\$29.0)	(\$72.4)	\$114.3
Change FY 2012 Current Estimate to FY 2013 Current Estimate	-	-	\$174.9

*Fiscal Year 2011 data are actuals.

FY 2012 President's Budget Submission to FY 2012 Current Estimates

The cost of operations *decreases* by (-\$72.4 million) due to changes in workload, programs, and continued efficiencies.

Program Changes (\$83.1 million)

This figure represents DISA's Working Capital Fund response to changes in customers' workload projections and other changes to our operating cost. These changes fall into three broad categories: 1) changes in customer workload demands; 2) re-baselined workload estimates in response to the current budgetary climate; and, 3) requirements to execute the DISA Campaign Plan.

Management Program Efficiencies (\$28.3 million)

DISA's efforts to drive contract cost reductions, vendor efficiencies, improved operational efficiency, and reduced overhead have reduced overall costs by \$28.3 million.

Pricing Adjustments \$29.3 million

DISA expects the price for renewal of a 5-yr lease contract for Commercial Satellite services to increase over the level included in the President's Budget.

Fact of Life \$9.7 million

An increase of \$9.7 million in labor costs is associated with the functional transfers of personnel supporting Information Assurance activities and Commercial Satellite Services approved in the FY 2012 President's Budget cycle. The personnel were included in PB12 but labor costs were cut from the FY 2012 President's Budget. DISA's DWCF has, in fact, begun to incur these costs effective 1 October 2011.

FY 2012 Current Estimate to FY 2013 Current Estimate

The costs of operations from FY 2012 to FY 2013 are expected to increase \$174.9 million (+3.0%). Of this increase, \$98.5 million is attributable to pricing adjustments. The remaining increase is due to the proposed functional transfers (+\$41.4 million) and other programmatic changes (+\$35.1 million). It is notable that efficiencies offset program changes by nearly 50 percent.

Pricing Adjustments \$98.5 million
Prices for non-labor reflect an adjustment for inflation, which represents almost all of the overall pricing adjustments. There is also a small increase due to the President's proposed FY 2013 civilian and military pay raises.

Functional Transfers \$41.4 million

1. *DISN Engineering and Service Delivery: +132 FTEs, \$19.3 million*

The DISN engineering and service delivery group provides architecture, system engineering, and end-to-end analytical support for the DISN and its customers. They resolve high priority technical issues that affect end-to-end interoperability and performance across the DISN. Effective FY 2013, DISA's O&M, D-W was re-distributed to the Service's Long Haul O&M budget accounts.

2. *Public Key Infrastructure: 0 FTEs, \$22.1 million*

The Public Key Infrastructure is one of many DISN information assurance (IA) activities that provide security functions and are an integral part of delivering highly reliable and secure services to the warfighter and all DISN users. Effective FY 2013, DISA's O&M, D-W was re-distributed to the Service's Long Haul O&M budget accounts.

Program Changes \$61.2 million
This estimate anticipates changes in customers' workload projections as well as other changes to our operating costs.

These changes fall into three broad categories: 1) areas where DISA has reflected revised estimates from our customers for services; 2) increased requirements to execute the DISA Campaign Plan; and, 3) increased costs for additional information assurance activities according to US CYBERCOM requirements (these requirements are documented in a classified policy document available separately by request).

Management Program Efficiencies (\$26.1 million)
DISA's efforts to drive contract cost reductions, improved operational efficiency, reduced overhead and DISN efficiencies have reduced overall costs by \$26.1 million.

Capital Investment Program Summary: TS/EAS

(\$ in millions)	FY 2011*	FY 2012	FY 2013
Equipment	\$0.0	\$0.0	\$0.0
ADPE and Telecom	\$8.2	\$8.2	\$18.8
Software	\$2.2	\$2.3	\$0.7
Minor Construction	\$0.0	\$0.0	\$0.0
Total Program Authority	\$10.4	\$10.5	\$19.5
FY 2012 President's Budget	-	\$7.1	
Change FY 2012 President's Budget to Current Estimates	-	\$3.4	-
FY 2013 President's Budget	\$10.4	\$10.5	\$19.5

*Fiscal Year 2011 data are actuals.

Note: DISN Network investments funded separately in DISA's Procurement, D-W account.

FY 2012 President's Budget to FY 2012 Current Estimates

The FY 2012 capital authority request of \$10.5 million is \$3.4 million over the FY 2012 President's Budget. This increase supports the transformation of the current Enhanced Mobile Satellite Services (EMSS) Gateway architecture to be compatible with the next generation satellite constellation, Iridium NEXT, and implementation of a COOP capability.

The remaining capital authority request supports the Joint Hawaii Information Transfer Systems switch expansion, enhancements to the applications that support customer ordering of telecommunications services and equipment, and screening of telecom and non-telecommunications requirements.

FY 2012 Current Estimates to FY 2013 Current Estimates

The FY 2013 capital authority request of \$19.5 million is \$9.0 million over FY 2012. This increase is primarily comprised of the following:

1. Increased capital authority (+\$7.1 million) supports the EMSS gateway transformation Access Network Controller, increasing bandwidth and signal-accessing capabilities, maintaining compatibility with the next generation satellite constellation, and supporting the additional features and services planned for Iridium NEXT, which include voice and data call processing.
2. Increased capital authority (+\$1.1 million) procures Broadband Global Area Network Remote Access Service equipment to provision delivery of secure Internet Protocol (IP) – based Mobile Satellite Service (MSS) to DoD users. Funds will install equipment at the COOP site at DECC Pacific and complete system and operational testing.
3. Capital authority (+\$4.1 million) will also support the enhancement to the Distributed Tactical Communications System (DTCS) architecture and enable availability to connect new satellite communication systems. Funds also support incremental engineering improvements to net management and field application tools.

4. This increase is partially offset by decreased requirements in software.

The remaining capital authority request supports the transformation of the current Enhanced Mobile Satellite Services (EMSS) Gateway architecture to be compatible with the next generation satellite constellation, Iridium NEXT.

Performance Measures

DISA plays a key role in supporting the war fighter. As a result, DISA is held to high performance standards. In many cases, performance measures are detailed in Service Level Agreements (SLAs) with individual customers that exceed the general performance measures discussed in the remainder of this section.

Telecommunications Services Performance Measures

The Defense Information System Network (DISN) has operating metrics tied to the Department's strategic goals of information dominance. These operational metrics include the cycle time for delivery of data and satellite services as well as service performance objectives such as availability, quality of service, and security measures. Both of these categories of metrics have guided the development of the Telecommunication Services budget submission. The following table discusses the major performance and performance improvement measures:

SERVICE OBJECTIVE	FY 2011 Operational Actual	FY 2012 Operational Goal	FY 2013 Operational Goal
Non-Secure Internet Protocol Router Network access circuit availability	99.49%	98.50%	98.50%
Secure Internet Protocol Router Network latency (measurement of network delay) in the continental United States	40 milliseconds	Not to exceed 100 milliseconds	Not to exceed 100 milliseconds
DISN Video Services availability	99.92%	99.60%	99.60%
Defense Red-Switch Network switch availability	99.96%	99.90%	99.90%
SME-PED Multi-Carrier Entry Point availability/up-time	99.99%	99.50%	99.50%
Defense Switched Network Grade-of-Service (Intra-theater)	P.01	<P.07 (defined as probability seven calls per one hundred are blocked)	<P.07 (defined as probability seven calls per one hundred are blocked)

Enterprise Acquisition Services Performance Measures

The following performance measures apply for Enterprise Acquisition Services (EAS):

SERVICE OBJECTIVE	FY 2011 Operational Actual	FY 2012 Operational Goal	FY 2013 Operational Goal
Percent of total eligible contract dollars competed	82.2%	85.9%	85.9%
Percent of total eligible contract dollars awarded to small businesses	22.7%	27%	27%

Rates

DISA manages proactively to minimize its cost to the customer. For fiscal year (FY) 2013, rates across the Information Services activity group will increase by standard inflation of 1.7%. This budget submission retains the DISA Information Services ending AOR of \$31.1 million in FY 2013 to allow for the continued stabilization of the Computing Services rates in FY 2014. The EAS fee-for-service remains constant at 2 percent.

DISN Subscription Services Share Price

The Defense Information Systems Network (DISN) distribution of service offerings continues to evolve from FY 2011 to FY 2013. The following table shows the changes in number of sites, number of shares, total cost and per-share cost. The change in the number of sites is primarily due to the implementation/completion of Base Realignment and Closure (BRAC) decisions. The change in the number of shares is the outcome of annual updates by the Military Service's requirements for each DISN site.

The subscription share price in FY 2013 has been increased by standard inflation of 1.7%. This rate supports the functional transfers for activities benefitting the DISN from DISA's appropriated accounts to DWCF. These transfers are zero-sum at the Department level, i.e. DISA O&M, D-W has been transferred to the DISN O&M customer accounts. Shown below are the financial data for DISN Subscription Services.

(\$ in millions)	FY 2011*	FY 2012	FY 2013
Number of Sites	373	361	348
Number of Shares	7,604	8,260	8,445
Annual Price Per Share	\$124,741	\$140,505	\$142,894
Annual Cost Per Share	\$120,219	\$139,885	\$143,130

*Fiscal Year 2011 data are actuals.

Enterprise Acquisition Services Rate

The EAS fee-for-service remains at 2 percent of contract cost for all years.

EAS RATES	FY 2011	FY 2012	FY 2013
EAS Services	2.0%	2.0%	2.0%

Civilian Manpower: TS/EAS

The TS/EAS activity group civilian manpower increases by 306 full time equivalents (FTE) from FY 2011 to FY 2013 because of funded workload and proposed functional transfers. The increase in civilian FTEs (+148) in FY 2012 is comprised of the following: +69 FTEs for the approved functional transfers to the DISN, +43 FTEs in support of the management initiative to improve acquisition workforce, +28 FTEs in support of Organizational Messaging to include program, configuration and security management, and system engineering, +8 FTEs to support 24hr/365 day coverage of the GIG Net Ops Control Center.

The increase in civilian FTEs (+158) in FY 2013 is comprised of the following: +132 FTEs for the functional transfer of engineering and service delivery to the DISN, +13 FTEs in support of the management initiative to improve acquisition workforce, +8 FTEs to support 24hr/365 day coverage of the GIG Net Ops Control Center, +3 FTEs to support contractor to civilian conversion, +2 FTEs in support of increased customer funded Commercial Satellite workload.

(\$ in millions)	FY 2011*	FY 2012	FY 2013
Civilian End Strength	1,233	1,294	1,441
Civilian Full Time Equivalents	1,091	1,239	1,397
Civilian Labor Cost	\$119.8	\$140.9	\$162.9

*Fiscal Year 2011 data are actuals.

Military Manpower: TS/EAS

This submission represents the costs associated with the three year average fill rate for the TS/EAS activity group in accordance with DoD financial policy.

(\$ in millions)	FY 2011*	FY 2012	FY 2013
Military End Strength	83	107	107
Military Labor Cost	\$7.1	\$6.9	\$5.9

*Fiscal Year 2011 data are actuals.

Changes in the Costs of Operations
Defense Information Systems Agency
Telecommunication Services/Enterprise Acquisition Services
February 2012
(Dollars in Millions)

FY 2011	Actual		5,464.693
FY 2012	Estimate in FY 2012 President's Budget:		5,931.489
	<i>Pricing Adjustments:</i>		
	Increased market price for a renewal on 5-yr lease contract for Commercial Satellite Services	29.331	
	<i>Total Pricing Adjustments:</i>		29.331
	<i>Approved Functional Transfers:</i>		
	FTE labor costs required to execute DISN Information Assurance Activities (57 FTEs approved in FY 2012 PB)	8.053	
	FTE labor costs required to execute DISN Commercial Satellite Services workload (12 FTEs approved in FY 2012 PB)	1.615	
	<i>Total Approved Functional Transfers:</i>		9.668
	<i>Program Changes:</i>		
	Updated IT contract workload estimates	(147.251)	
	Revised workload estimate for DISN customer funded projects based on customer input	(62.593)	
	Updated customer-funded IT facility support	(20.657)	
	Increased reimbursable workload for	102.922	
	Increased contingencies requirements: Operation Enduring Freedom	30.150	
	Increase in contracting officers and pricers to support evolving workload and improve the acquisition workforce	4.365	
	Additional FTE to Support DISN Activities for crypto warehousing, DISA Command Center, security monitoring, conversion of military billets to civilian and respond to audit	3.247	
	Continued Support for Organizational Messaging Cross Domain Solution and Voice over IP for DISN Operational Support System	2.914	
	Additional personnel to support the DISA GIG NetOp support for new customer funded workload	2.508	
	Additional personnel to support the DISA GIG NetOp support for new customer funded workload	1.095	
	Miscellaneous - changes in accounting, depreciation	0.215	
	<i>Total Program Changes:</i>		(83.085)
	<i>Management/Program Efficiencies:</i>		
	Reduction to DISN Transport and Unified Capabilities operating costs	(23.500)	
	Vendor efficiencies in DISN Reimbursable programs	(3.537)	
	Reduction to acquisition services overhead costs	(1.239)	
	<i>Total Management/Program Efficiencies</i>		(28.276)
FY 2012	Current Estimate		5,859.127

Changes in the Costs of Operations
Defense Information Systems Agency
Telecommunication Services/Enterprise Acquisition Services
February 2012
(Dollars in Millions)

FY 2012	Current Estimate		5,859.127
	<i>Pricing Adjustments:</i>		
	Non-Labor Inflation	97.777	
	Civilian/Military Pay Raise	0.819	
	Annualization of Civ/Mil Pay Raise	0.028	
	<i>Total Pricing Adjustments:</i>		98.624
	<i>Functional Transfers:</i>		
	Transfer of DISN Engineering and Service Delivery activities from DISA O&M, D-W	19.293	
	Transfer of costs for Public Key Infrastructure from DISA O&M, D-W	22.062	
	<i>Total Functional Transfers:</i>		41.355
	<i>Program Changes:</i>		
	Reduced Customer workload - DISN Reimbursable Services	(41.766)	
	Increased IT contract workload estimates	63.035	
	Increased Customer Workload - IT facility support contracts	23.665	
	Increased DISN IA activities in response to US CYBERCOM policy	12.709	
	New Workload for NIPR/SIPRNet scanning for vulnerabilities	2.544	
	Additional personnel to support 24hr/365 day coverage of GIG Net Ops Control Center	1.407	
	<i>Total Program Changes:</i>		61.594
	<i>Management/Program Efficiencies:</i>		
	Reduction to DISN Transport, Unified Capabilities and Operational Support operating costs	(23.665)	
	Reduction to acquisition services overhead costs	(3.018)	
	<i>Total Management/Program Efficiencies</i>		(26.683)
FY 2013	Current Estimate		6,034.017

Source of New Orders and Revenue
Defense Information Systems Agency
TELECOMMUNICATIONS SERVICES AND ENTERPRISE ACQUISITION SERVICES
February 2012
(Dollars in Millions)

		2011	2012	2013
1. New Orders				
a.	ORDERS FROM DoD COMPONENTS	\$4,700.565	\$5,039.424	\$5,190.021
	ARMY APPROPRIATED	\$1,399.073	\$1,456.985	\$1,436.676
	Army O&M	\$1,374.157	\$1,414.852	\$1,393.152
	Army RDT&E	\$5.217	\$9.552	\$9.788
	Army Procurement	\$19.166	\$32.502	\$33.656
	Army MILCON	\$0.533	\$0.079	\$0.080
	Army BRAC	\$0.000	\$0.000	\$0.000
	NAVY APPROPRIATED	\$530.373	\$587.881	\$635.249
	Navy O&M	\$521.709	\$570.138	\$616.804
	Navy RDT&E	\$6.746	\$13.705	\$14.233
	Navy Procurement	\$1.918	\$4.038	\$4.212
	Navy MILCON	\$0.000	\$0.000	\$0.000
	Navy BRAC	\$0.000	\$0.000	\$0.000
	MARINE CORPS APPROPRIATED	\$47.597	\$63.156	\$65.864
	Marine Corps O&M	\$47.597	\$63.156	\$65.864
	Marine Corps RDT&E	\$0.000	\$0.000	\$0.000
	Marine Corps Procurement	\$0.000	\$0.000	\$0.000
	Marine Corps MILCON	\$0.000	\$0.000	\$0.000
	Marine Corps BRAC	\$0.000	\$0.000	\$0.000
	AIR FORCE APPROPRIATED	\$966.040	\$1,069.130	\$1,098.784
	AF O&M	\$945.840	\$1,046.319	\$1,075.554
	AF RDT&E	\$2.362	\$4.175	\$4.272
	AF Procurement	\$17.838	\$18.636	\$18.958
	AF MILCON	\$0.000	\$0.000	\$0.000
	AF BRAC	\$0.000	\$0.000	\$0.000
	DISA APPROPRIATED	\$1,138.220	\$1,253.165	\$1,351.315
	DISA O&M	\$1,077.722	\$1,085.232	\$1,117.443
	DISA RDT&E	\$39.564	\$131.602	\$196.871
	DISA Procurement	\$20.934	\$36.331	\$37.001
	DISA MILCON	\$0.000	\$0.000	\$0.000
	DISA BRAC	\$0.000	\$0.000	\$0.000
	DEFENSE WIDE APPROPRIATED	\$464.303	\$445.737	\$473.017
	Defense Wide Appropriated O&M	\$439.163	\$405.734	\$431.651
	Defense Wide Appropriated RDT&E	\$17.606	\$36.207	\$37.480
	Defense Wide Appropriated Procurement	\$2.174	\$3.796	\$3.885
	Defense Wide Appropriated MILCON	\$0.000	\$0.000	\$0.000
	Defense Wide Appropriated BRAC	\$5.359	\$0.000	\$0.000
	OTHER DoD APPROPRIATED	\$154.960	\$163.370	\$129.117
	Other DoD Appropriated O&M	\$154.814	\$163.091	\$128.833
	Other DoD Appropriated RDT&E	\$0.003	\$0.000	\$0.000

Source of New Orders and Revenue
Defense Information Systems Agency
TELECOMMUNICATIONS SERVICES AND ENTERPRISE ACQUISITION SERVICES
February 2012
(Dollars in Millions)

	2011	2012	2013
Other DoD Appropriated Procurement	\$0.142	\$0.279	\$0.284
Other DoD Appropriated MILCON	\$0.000	\$0.000	\$0.000
Other DoD Appropriated BRAC	\$0.000	\$0.000	\$0.000
b. ORDERS FROM DWCF/REVOLVING FUNDS	\$652.997	\$650.227	\$661.178
ARMY - WCF	\$0.024	\$0.046	\$0.047
Army Industrial Operations	\$0.024	\$0.046	\$0.047
NAVY - WCF	\$1.318	\$1.577	\$1.615
Navy Depot Maintenance	\$0.000	\$0.000	\$0.000
Navy Base Support	(\$0.000)	\$0.000	\$0.000
Navy Supply Management	\$0.085	\$0.167	\$0.170
Marine Corps Supply	\$0.000	\$0.000	\$0.000
Marine Corps Depot Maintenance	\$0.000	\$0.000	\$0.000
Other Navy Activity Groups	\$1.233	\$1.410	\$1.445
AIR FORCE - WCF	\$4.796	\$9.659	\$9.989
Consolidated Sustainment Activity Group (CSAG)	\$0.016	\$0.031	\$0.032
U.S. Transportation Command (TRANSCOM)	\$4.781	\$9.628	\$9.957
DEFENSE WIDE WCF	\$584.114	\$580.962	\$587.873
DISA Telecomm Svcs/Ent Acquisition Svcs (TS/EAS)	\$0.026	\$0.782	\$0.784
DISA Computing Services (CSD)	\$558.624	\$532.573	\$545.560
Defense Finance and Accounting Service (DFAS)	\$4.719	\$7.277	\$3.917
DLA Energy Management	\$0.000	\$0.000	\$0.000
DLA Defense Automated Printing Services (DAPS)	\$0.971	\$1.978	\$2.057
DLA Supply Chain Management	\$19.773	\$38.352	\$35.555
DEFENSE COMMISSARY AGENCY (DECA)	\$62.699	\$57.983	\$61.654
DECA Operations	\$62.699	\$57.983	\$61.654
DECA Resale	\$0.000	\$0.000	\$0.000
OTHER - WORKING CAPITAL	\$0.000	\$0.000	\$0.000
OTHER REVOLVING FUNDS	\$0.047	\$0.000	\$0.000
Corps of Engineers	\$0.000	\$0.000	\$0.000
National Defense Stockpile Transaction Fund	\$0.000	\$0.000	\$0.000
Pentagon Reservation Maintenance Revolving Fund	\$0.047	\$0.000	\$0.000
PRMRF/BMF	\$0.000	\$0.000	\$0.000
c. TOTAL DoD ORDERS	\$5,353.562	\$5,689.651	\$5,851.199
d. OTHER ORDERS	\$155.499	\$181.474	\$191.773
OTHER FEDERAL AGENCIES	\$135.089	\$146.093	\$155.008
TRUST FUNDS	\$16.234	\$27.296	\$27.760
NON-FEDERAL ORDERS	\$0.052	\$3.187	\$3.578
FOREIGN MILITARY SALES	\$4.124	\$4.898	\$5.428

Source of New Orders and Revenue
Defense Information Systems Agency
TELECOMMUNICATIONS SERVICES AND ENTERPRISE ACQUISITION SERVICES
February 2012
(Dollars in Millions)

		2011	2012	2013
TOTAL NEW ORDERS		\$5,509.058	\$5,871.126	\$6,042.972
2.	Carry In Orders	\$0.000	\$0.000	\$0.000
3.	TOTAL GROSS ORDERS	\$5,509.062	\$5,871.126	\$6,042.972

Revenue and Expenses
Defense Information Systems Agency
TELECOMMUNICATIONS SERVICES AND ENTERPRISE ACQUISITION SERVICES
February 2012
(Dollars in Millions)

	2011	2012	2013
Revenue			
Gross Sales	\$5,509.062	\$5,871.126	\$6,042.972
Operations	\$5,498.149	\$5,856.219	\$6,024.757
Capital Surcharge	\$0.000	\$0.000	\$0.000
Depreciation excluding Major Construction	\$10.913	\$14.907	\$18.215
Major Construction Depreciation	\$0.000	\$0.000	\$0.000
Other Income	\$0.000	\$0.000	\$0.000
Refunds/Discounts (-)	\$0.000	\$0.000	\$0.000
Total Income:	\$5,509.062	\$5,871.126	\$6,042.972
Expenses			
Salaries and Wages:	\$126.846	\$147.819	\$168.768
Military Personnel Compensation & Benefits	\$7.084	\$6.889	\$5.858
Civilian Personnel Compensation & Benefits	\$119.762	\$140.930	\$162.910
Travel & Transportation of Personnel	\$3.113	\$4.696	\$4.822
Materials & Supplies (For internal Operations)	\$33.204	\$27.750	\$28.333
Equipment	\$161.252	\$281.895	\$286.859
Capital Investment Less than Threshold	(\$0.546)	(\$0.097)	(\$0.041)
Other Purchases from Revolving Funds	\$33.181	\$96.089	\$95.428
Transportation of Things	\$0.009	\$0.361	\$0.288
Depreciation - Capital	\$10.913	\$14.907	\$18.215
Printing and Reproduction	\$0.064	\$0.029	\$0.029
Advisory and Assistance Services	\$14.367	\$18.227	\$17.535
Rent, Comm, Utilities, & Misc. Charges	\$1,737.363	\$1,571.538	\$1,550.728
Other Purchased Services	\$3,344.927	\$3,695.913	\$3,863.053
Total Expenses	\$5,464.693	\$5,859.127	\$6,034.017
Operating Results	\$44.369	\$11.999	\$8.955
Less Capital Surcharge Reservation	\$0.000	\$0.000	\$0.000
Less Recover Other	\$0.000	\$0.000	\$0.000
+ Passthrough or Other App. Affecting NOR	\$0.000	\$0.000	\$0.000
- Passthrough or Other App. not Affecting NOR	\$0.000	\$0.000	\$0.000
Other Adjustments Affecting NOR	\$0.000	\$0.000	\$0.000
Net Operating Results	\$44.369	\$11.999	\$8.955
Prior Year AOR	\$33.060	\$77.429	\$89.428
Other Changes Affecting AOR	\$0.000	\$0.000	\$0.000
Accumulated Operating Result	\$77.429	\$89.428	\$98.383
Non-Recoverable Adjustment Impacting AOR	\$0.000	\$0.000	\$0.000
AOR for Budget Purposes	\$77.429	\$89.428	\$98.383

**DEPARTMENT OF DEFENSE
DEFENSE INFORMATION SYSTEMS AGENCY
Defense Working Capital Fund
Computing Services**

FISCAL YEAR (FY) 2013 BUDGET ESTIMATES

This business area comprises the Defense Enterprise Computing Centers (DECCs), which provide mainframe and server processing operations, data storage, production support, technical services, and end-user assistance for command and control, combat support, and eBusiness applications across the Department of Defense (DoD).

**Computing Services
Key Budget Data**

(\$ in millions)	FY 2011*	FY 2012	FY 2013
Revenue	\$847.3	\$827.3	\$866.1
Cost	\$864.3	\$899.3	\$903.4
Net Operating Result	(\$17.0)	(\$72.0)	(\$37.3)
Prior Year Accumulated Operating Results	\$59.0	\$42.0	(\$30.1)
Accumulated Operating Results	\$42.0	(\$30.1)	(\$67.3)
Capital Budget	\$30.9	\$43.5	\$42.6
Civilian Work Years	1,918	1,976	2,006
Military End Strength	6	6	5

*Fiscal Year 2011 data are actuals.

The table above provides a summary of the major financial accounts and personnel levels in this budget request. Fiscal Year 2012 and FY 2013 are best estimates of anticipated customer workload, the resulting DWCF costs, and profit/loss. In this budget submission, rates are set below expected costs to return accumulated profits to customers in FY 2012, and increase by standard inflation in FY 2013. Losses are offset by gains in the other DISA DWCF business line (telecommunications and IT contracting). Increasing the rates by standard inflation allows DISA to continue to incentivize use of the enterprise infrastructure at the DECCs without putting upward pressure on customer budgets. Additionally, DISA believes that as data center consolidation accelerates and new workload continues to migrate to the DECCs, unit costs will decline and then stabilize over future years.

Overview

Currently, there are thirteen DECCs, eleven in the continental United States and two outside the continental United States (OCONUS). A Theater Enterprise Computing Center (TECC) was established in 2009 in Southwest Asia. Since completing its transformational initiative in 2005, the DECCs have been configured for maximum efficiency as follows:

Systems Management Centers (SMC) provides the full complement of data processing management services for both mainframe and/or server applications.

Infrastructure Service Centers (ISC) host Net-Centric Enterprise Services and other new service-oriented applications. Some computing infrastructures at ISC's are remotely managed from an SMC.

Processing Elements (PE) also contain computing infrastructures that are managed remotely from an SMC.

By remotely managing computing infrastructures, the Computing Services business area is able to increase efficiency by reducing the number of FTE's required. The two DECCs located outside the continental United States provide elements of SMC, ISC and PE based upon respective theater requirements.

The Computing Centers employ highly skilled and experienced teams of government and contractor personnel to manage hardware and software applications encompassing a broad spectrum of computing, storage, and communications technologies. The facilities have been designed and are managed to provide secure, available, and interoperable environments for both classified and unclassified processing under military control. Collectively these facilities provide a robust enterprise computing environment to over four million users through:

- Thirty mainframes
- Over seven thousand servers
- 8,000 terabytes of storage
- Approximately 450,000 square feet of raised floor
- Redundant connectivity to the Defense Information System Network core

The table below displays their locations and configurations.

Location	Configuration		
	SMC	ISC	PE
Mechanicsburg, PA	✓		
Montgomery, AL	✓		
Oklahoma City, OK	✓		
Ogden, UT	✓		
Columbus, OH		✓	
San Antonio, TX		✓	
St. Louis, MO		✓	
Chambersburg, PA			✓
Dayton, OH			✓
Huntsville, AL			✓
Warner Robins, GA			✓
OCONUS Pacific	✓	✓	✓
OCONUS Europe	✓	✓	✓

The Computing Services business area provides information processing for the entire gamut of combat support functions, such as transportation, logistics, maintenance, munitions, engineering, acquisition, finance, medical, and military personnel readiness. The applications hosted on the mainframes and servers enable the armed forces and agencies to:

- Provide for the command and control of operating forces
- Ensure weapon systems availability through management and control of maintenance and supply
- Ensure global force mobility through management and maintenance of the airlift and tanker fleets
- Provide sustainment through resupply and reorder capabilities
- Provide operating forces with information on the location, movement, status, and identity of units, personnel, equipment and supplies
- Manage the information for the medical environment and patient care
- Support DoD business, contracting, financial, payroll and eBusiness applications

Computing Services' facilities continue to be highly accessible and secure data processing centers with dual high-capacity Defense Information Systems Network connectivity and organic defense in depth, resulting in a secure and robust computing infrastructure. They feature automated systems management to control computing resources and to gain economies of scale. Additionally, Computing Services continues to pursue its "assured computing" philosophy, whereby all mission-critical data is continuously available to our customers.

Computing Services currently manages its Defense-Wide Working Capital Fund business area along the following business lines: IBM mainframe, Unisys mainframe, Server Storage, and Enterprise solutions. The portfolio of services the computing centers provide continues to evolve as customer requirements change or demand for new services emerge, such as cloud computing capabilities and enterprise services hosted at the DECCs.

Highlights

Computing Services provides a variety of enterprise infrastructure services that continue to move the Department's data processing toward more centralized and standardized solutions. Enterprise infrastructure enables a collaborative environment and trusted information sharing end-to-end that can adapt to rapidly changing conditions with the goal of *protected data on protected networks*. Joint Enterprise Email, Joint Enterprise SharePoint, Rapid Access Computing Environment, and Global Content Delivery Service are four capabilities that align with this strategic vision and leverage the power of the DECCs on the Global Information Grid. These services are discussed in further detail below:

Joint Enterprise Email provides enterprise email capability to the end user from any location globally in a secure manner. Computing Services has developed an email service for customers who require seamless collaboration across an entire Department, as well as email capabilities that are both network-enabled and commander-centric.

DISA's design provides redundancy both locally and remotely for all components of the system. The solution is further designed to initially support 1.4 million users and is scalable to support 5 million DoD user personas. The email service features Pods which are the primary core of the service, and Mini-Pods providing coverage to the edge. Pods contain the distributed capacity architecture across seven Continental United States (CONUS) DECCs as well as the two Outside the Continental United States (OCONUS) DECCs, while the mini-Pods are hosted at non-DECC customer sites. Mini-Pod infrastructure may be deployed as-needed to customer sites to alleviate network distance constraints and bandwidth congestion. Each current Pod allows for

approximately 50,000–75,000 business class users and 27,000–30,000 remote users. Mini-Pods have the capacity to service approximately 30,000 users and are scalable to suit customer requirements.

Joint Enterprise SharePoint Service (ESPS) The DISA is completing development of a Software as a Service (SaaS) offering that will be capable of providing a flexible, web-based collaboration capability to the DoD enterprise. Joint Enterprise SharePoint Service administrators will create site collections and provide DoD Components the ability to independently create and manage their organization, community and mission-focused sites.

Subscribing organizations will brand their sites and manage their content in order to satisfy mission requirements. They will also be able to take advantage of the standard taxonomy and templates developed for the DoD community. Two SharePoint platforms will be available - a standard platform with basic functionality and an enterprise platform with more advanced features. The enterprise platform will also include a suite of MS Office Web applications. The MS Office Web applications are the Web browser versions of Word, PowerPoint, Excel and OneNote. This lightweight version of the applications will provide location and device-independent access to documents and will preserve the user interface across end user devices.

Rapid Access Computing Environment (RACE) continues to develop "cloud computing capabilities" in a phased approach that builds upon existing services and service models that meet existing government cloud computing standards.

The RACE portal has been enhanced to incorporate access to the Enterprise Mission Assurance Support Service (eMASS) tool to guide, instruct, and step users through the DoD application certification and accreditation process. Additional portal enhancements include efficiencies in ordering, provisioning, and promoting virtual operating images through RACE development, test, and production environments. RACE's network capacity is being expanded to increase the number of concurrent users accessing RACE as well as other network configuration changes to mirror existing DoD production computing environments.

In FY 2012, the RACE capability will be expanded to include a RACE production environment and will also provide the customer with auto-provisioning, elasticity and an enhanced security validation tool to assist in the Path to Production process. Lessons learned from RACE customer experiences have enabled DISA to add standard configurations and products as part of a continuing maturity cycle in refining Computing Services' "Infrastructure as a Service" cloud offering.

GIG Content Delivery Service (GCDS) provides the capability to bring web content and applications closer to the end-user, minimizing download times and increasing connection speed by forward-staging information across the Defense Information Systems Network (DISN). The service currently covers fifty regions and is in twenty five cities and twelve countries. In certain cases, GCDS hardware is hosted at Defense Enterprise Computing Centers. The sustainment costs of the service are included in the subscription share price, as the network performance gains that GCDS is able to deliver benefit DISN customers. Customers requiring customization of their GCDS environment work with Computing Services and are charged on a reimbursable basis for implementation costs, including consulting and advanced engineering services.

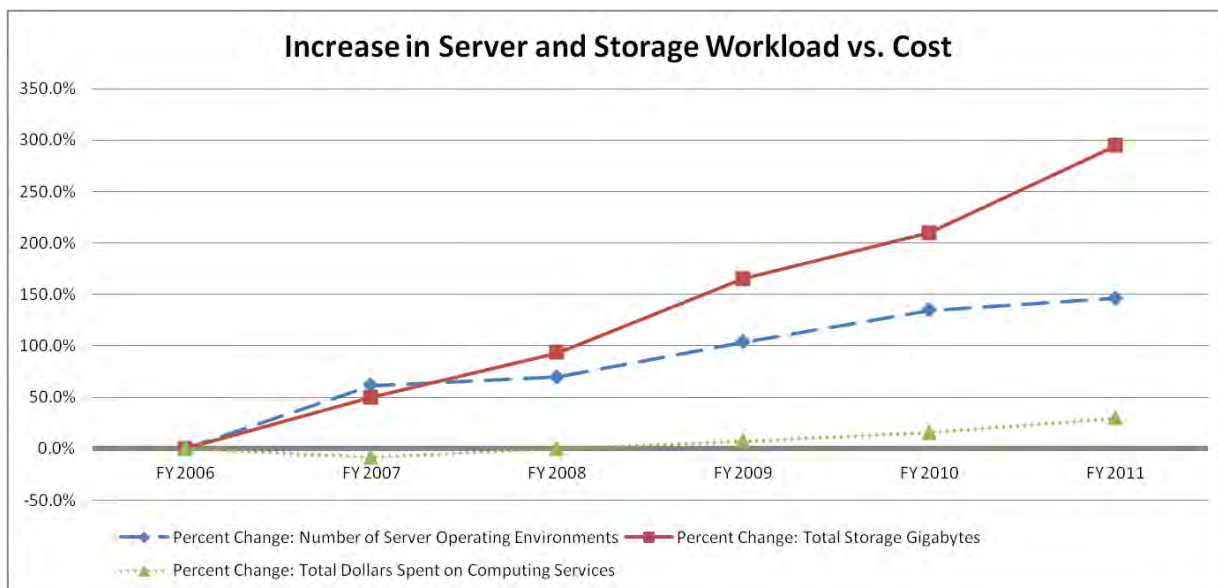
DISA is also utilizing several capabilities that enhance the aforementioned enterprise infrastructure initiatives. These capabilities are discussed below:

Enterprise Application and Services Forest (EASF) is a DoD enterprise single forest providing a single Active Directory domain for DoD enterprise applications hosted at the DECCs. The EASF design is scaled using 4.5 million DoD users and 5.5 million Non-Person Entities (i.e. distribution lists and conference rooms) as planning targets. Enterprise Services such as Enterprise Email will connect to the EASF for authentication and access control of users. The EASF is used by applications to obtain entitlement data that indicates level of service (e.g. mailbox size, BlackBerry user, Outlook vs. Outlook Web Application). The EASF eliminates redundant sources for authentication and access control of users across enterprise systems.

Identity Synchronization Service (IdSS) securely connects to authoritative identity sources such as the Defense Manpower Data Center (DMDC) Batch Broker Service (BBS), DISA Global Directory Service (GDS), DISA Joint Enterprise Directory Services (JEDS) and Enterprise Directory Services-Lite (EDS-Lite) to create a unified Global Address List. IdSS can then collect and groom identity information required by DECC-hosted applications including Enterprise Email. IdSS controls all account creation, deletion, and updates into the EASF which allows DECC customers to map DECC services to specific end-users.

Continuing Trends: Increased Customer Demand for Computing Services

As shown in the table below, demand for DISA’s server and storage computing services has grown significantly since FY 2006. Since that year, the number of customer driven server operating environments (OEs) has increased by 146 percent, and total storage gigabytes have increased by 295 percent. Over the same timeframe, the cost to deliver all computing services has increased by only 30 percent. In short, customers are demanding considerably more services and are at the same time benefiting from DISA’s unique ability to leverage robust computing capacity at Defense Enterprise Computing Centers (DECCs).



**MAJOR CHANGES BETWEEN FISCAL YEAR ESTIMATES:
COMPUTING SERVICES**

Cost of Operations

(\$ in millions)	FY 2011	FY 2012	FY 2013
FY 2012 President's Budget	\$769.2	\$821.9	\$825.2
FY 2013 Budget Estimates	\$864.3*	\$899.3	\$903.4
Change FY 2012 President's Budget to FY 2013 Current Estimate	-	\$77.4	\$78.2
Change FY 2012 Current Estimate to FY 2013 Current Estimate	-	-	\$4.0

*Fiscal Year 2011 data are actuals.

FY 2012 President's Budget Submission to FY 2012 Current Estimate

Computing Services' FY 2012 cost of operations increases by \$77.4 million over the FY 2012 President's Budget. Customer funded workload estimates increase by \$41.7 million, primarily for the following; DLA Enterprise Business Systems (EBS), the Air Force Military Personnel Data System, DISA Demilitarized Zone (DMZ) activities, Military Health Services, and the Navy One Naval Air Depot Maintenance System. Also, civilian full time equivalents and labor cost estimates in the FY 2012 President's Budget were set at the FY 2010 level, but have now been updated to be commensurate with funded customer workload. In doing so, management efficiencies and cost avoidance of \$26.6 million and 265 work years were incorporated, reducing the cost to an increase of \$20.0 million over the FY 2012 President's Budget. Additional costs of \$14.5 million are also included in support of joint enterprise email implementation, as well as other enterprise service offerings such as Joint Enterprise SharePoint. These increases are partially offset by efficiencies achieved through contract cost reductions and improved data center operations (-\$4.8 million). The remaining \$6.0 million change is due to a delay in the award of the Integrated Enterprise System Management Tools and Metrics contract and other miscellaneous items.

FY 2012 Current Estimate to FY 2013 Current Estimate

The cost of operations from FY 2012 to FY 2013 is expected to increase a modest \$4.0 million from \$899.3 million to \$903.4 million. Standard inflation of \$12.8 million is almost entirely offset by \$4.5 million in efficiencies and \$4.2 million in decreased program requirements. Efficiencies are achieved through the transition to a standard storage architecture. In addition, reductions in technical support labor and application software costs as a result of decreased IBM Mainframe Workload and the completion of the implementation of the Integrated Enterprise System Management Tools and Metrics (ITSM) contract result in lower program costs.

Capital Investment Program Summary: Computing Services

(S in millions)	FY 2011	FY 2012	FY 2013
Equipment	\$25.5	\$36.0	\$35.3
ADPE and Telecom	\$1.8	\$1.1	\$1.1
Software	\$2.5	\$3.4	\$4.0
Minor Construction	\$1.1	\$3.0	\$2.2
Total Program Authority	\$30.9	\$43.5	\$42.6
FY 2012 President's Budget	\$30.9	\$43.5	\$47.6
Change FY 2012 President's Budget to Current Estimates	\$0.0	\$0.0	(\$5.0)
Change FY 2012 Current Estimate to FY 2013 Current Estimate	-	-	(\$0.9)

FY 2012 President's Budget to FY 2012 Current Estimates: This submission reflects no change in FY 2012 capital investment authority from the FY 2012 President's Budget.

FY 2012 Current Estimate to FY 2013 Current Estimate: The majority of the capital request is for facilities projects and equipment upgrades at various DECC locations. Examples of these projects include the design and build out expansions for mechanical cooling systems, expanding and/or upgrading building security systems, and upgrading Uninterruptable Power Supply units. The FY 2013 capital authority request decreases by \$0.9 million from the FY 2012 request due to a slight reduction in requirements for the types of facilities projects described above.

Performance Measures

DISA's information services play a key role in supporting the Department's operating forces, and therefore a high level of operational performance is required on a consistent basis. In many cases, performance measures are detailed in Service Level Agreements (SLAs) with individual customers that exceed the general performance measures discussed in the remainder of this section.

The two metrics depicted in the following table reflect the availability of critical applications in the Defense Enterprise Computing Centers. The first metric, "Availability of Service," expressed as a percentage of uptime, represents application availability from the end user's perspective and includes all outages or downtime regardless of root cause or problem ownership. The second metric, "Quality of Service" represents DISA's performance, i.e., how well DISA is executing its responsibilities exclusive of factors outside the agency's control such as "last mile" communications issues or base power outages. The goals represent averages across the entire enterprise. Higher or lower service objectives may be established with individual customers (based upon mission requirements, cost and risk) as codified in respective Service Level Agreements.

Service Objective	FY 2011 Actual Experience	FY 2012 Operational Goals	FY 2013 Operational Goals	Service Description
Availability of Service	99.17%	98.50%	98.50%	Percentage of application availability, including all downtime associated with unscheduled outages, within the operational environment that impacts the end user
Quality of Service	99.97%	99.50%	99.50%	Percentage of application availability exclusive of factors outside the Agency's control (e.g. last mile communication)

Performance Tools

The automated tool suite that the Integrated Enterprise System Management Tools and Metrics (ITSM) contract provides allows the computing centers to optimize existing resources and produce metrics to measure the health of current processes. The health of current processes can be measured in four quadrants: value, quality, performance, and compliance.

ITSM will support the following objectives by providing metrics: restore service degradations (incident management); identify systemic infrastructure errors and eliminate them to minimize impact and improve availability (problem management); handle changes with minimum impact (change management); ensure production readiness through proven releases (Release Management); obtain customer agreement on level, scope, quality, and performance (Service Level Management); define and plan for service availability (Availability Management); understand current and future capacity requirements (Capacity Management); and, recover systems after a disaster within time requirements (Continuity Management).

Rates

Summary

In FY 2012, Computing Services rates were set 8.9 percent below cost, on average; to return projected prior year operating gains to our customers. For FY 2013, this budget combines the accumulated operating results of both DISA DWCF business areas and utilizes prior year profits to hold Computing Services' rate increases to inflation of 1.7 percent across the board. In holding the Computing Services rate increase equal to standard inflation, DISA hopes to continue to incentivize use of the existing enterprise infrastructure at the DECCs. A combination of strict cost control and increasing workload resulting from data center consolidation is expected to bring unit costs in line with rates during the years FY 2014 through FY 2017, covered by the Future Years Defense Plan (FYDP).

DISA Computing Services' budget has two basic methods of cost recovery: stabilized fixed rates and direct reimbursement. It should be noted that the Joint Enterprise Email service does not currently have a stabilized rate (anticipated in FY 2014), and that this budget assumes unit cost of \$38.62 per Joint Enterprise Email user. Because FY 2012 rates were set below actual costs, FY 2013 rates would have increased significantly in order to achieve a zero operating result in FY 2013, as shown in the table on the following page. To avoid this large increase and the

adverse affect it would have had on customer budgets, FY 2013 rates are set to increase only by the rate of standard inflation:

Service	FY 2013 Rate Change
IBM Mainframe Rate	1.7%
Unisys Mainframe	1.7%
Server	1.7%
Storage	1.7%
Other	1.7%
Composite Rate Change	1.7%

Fiscal Year (FY) 2012 - FY 2013 Mainframe, Storage, and Other Services Rates

Rate Description	FY 2012	FY 2013
IBM Mainframe Rates		
CPU Hours (per Hour)	\$453.0655	\$460.7676
IBM LINUX (per Hour)	\$27.9647	\$28.4401
Unisys Mainframe Rates		
SUPS (Per Hour)	\$12.9568	\$13.1771
Unisys Storage (MB/Day)	\$0.0189	\$0.0192
Storage Rates		
IBM Storage (MB/Day)	\$0.0003	\$0.0003
IBM Long Term Storage (MB/Day)	\$0.0002	\$0.0002
Server Basic Local Service (GB/Month)	\$1.7590	\$1.7889
Server Basic Remote Service (GB/Month)	\$0.7093	\$0.7214
Server Operational Local (GB/Month)	\$0.7552	\$0.7680
Server Operational Remote (GB/Month)	\$1.7689	\$1.7990
Server High Availability Local (GB/Month)	\$1.1697	\$1.1896
Server High Availability Remote (GB/Month)	\$2.3704	\$2.4107
Server Non Disruptive Local (GB/Month)	\$2.2419	\$2.2800
Server Non Disruptive Remote (GB/Month)	\$3.2127	\$3.2673
Server Tier 2 Basic Local Service (GB/Month)	\$1.5303	\$1.5563
Other Services Rates		
ATAAPS (per Account/Year)	\$16.10	\$16.37

FY 2012 – FY 2013 Server Rates (Monthly)

Rate Description	FY 2012	FY 2013
Server Basic Level 2	\$1,239	\$1,260
Server Basic Level 3	\$2,014	\$2,048
Server Basic Level 4	\$2,226	\$2,264
Server Basic Level 5	\$2,409	\$2,450
Server Basic Level 6	\$7,973	\$8,109
Hardware Services Level 2 x86	\$123	\$125
Hardware Services Level 3 x86	\$332	\$337
Hardware Services Level 4 x86	\$553	\$562
Hardware Services Level 5 x86	\$3,487	\$3,546
Hardware Services Level 2 Non-x86	\$920	\$936
Hardware Services Level 3 Non-x86	\$1,518	\$1,544
Hardware Services Level 4 Non-x86	\$3,041	\$3,093
Hardware Services Level 5 Non-x86	\$7,803	\$7,936
Hardware Services Level 6 Non-x86	\$18,660	\$18,977
Database Software Level 2	\$578	\$588
Database Software Level 3	\$2,654	\$2,699
Database Software Level 4	\$5,437	\$5,529
Database Software Level 5	\$6,097	\$6,201
Database Software Level 6	\$13,220	\$13,445
Application Support	\$1,264	\$1,285
Database Administration	\$1,653	\$1,681
24 x 7 Services	\$1,372	\$1,395

Civilian Manpower

Civilian full time equivalents and labor cost estimates in the FY 2012 President's Budget were set at the FY 2010 level, but have now been updated to be commensurate with funded customer workload. In doing so, management efficiencies and cost avoidance of \$26.6 million and 265 work years were incorporated, reducing the cost to an increase of \$20.0 million over the FY 2012 President's Budget. Civilian manpower increases by 58 full time equivalents (FTEs) from FY 2011 to FY 2012 as a result of increased funded customer workload requirements such as the Air Force Military Personnel Data System and the Defense Logistics Agency's Enterprise Business Services. Additionally, there is an increase of 30 full time equivalents from FY 2012 to FY 2013 as a result of the full annualization of FY 2012 personnel growth. There is no change in end strength from FY 2012 to FY 2013 expected at this time.

(\$ in millions)	FY 2011*	FY 2012	FY 2013
Civilian End Strength	1,979	2,034	2,034
Civilian Full Time Equivalents	1,918	1,976	2,006
Civilian Labor Costs	\$219.7	\$220.9	\$227.0

*Fiscal Year 2011 data are actuals.

Military Personnel

Computing Services' FY 2012 military end strength is reduced by one from the FY 2012 President's Budget to more accurately reflect actual on-board strength.

(\$ in millions)	FY 2011*	FY 2012	FY 2013
Military End Strength	6	6	5
Military Full Time Equivalents	6	6	5
Military Labor Cost	\$1.1	\$1.1	\$0.8

*Fiscal Year 2011 data are actuals.

Changes in the Costs of Operations
Defense Information Systems Agency
DISA COMPUTING SERVICES
February 2012
(Dollars in Millions)

FY 2011	Actual Execution		\$864.3
FY 2012	Estimate in FY 2012 Budget Estimates		\$821.9
	<i>Management Efficiency Initiatives:</i>		
	Additional manpower required to support funded customer workload above original FY 2012 estimate (521 work years) - partially offset by management efficiencies as shown below	46.6	
	Reduction of 265 work years in Systems Administration, Help Desk, Systems Security	(26.6)	
	Efficiencies achieved through contract cost reductions and improved data center operations	(4.8)	
	<i>Total Management Efficiency Initiatives</i>		15.1
	<i>Program Changes:</i>		
	<i>Customer Requirements:</i>		
	New workload for the Defense Logistics Agency Enterprise Business Services, DISA De-militarized Zones, the Air Force Military Personnel Data System, Military Health Services, and Navy	41.7	
	Enterprise infrastructure to support implementation and sustainment of enterprise services	14.5	
	<i>Other:</i>		
	Delay in contract award of the Integrated Enterprise System Management Tools and Metrics contract	4.0	
	Increase of 15 full time equivalents to support DISA Command Center	1.8	
	Consolidation of acquisition personnel	(1.4)	
	Miscellaneous	1.6	
	<i>Total Program Changes:</i>		62.3
FY 2012	Current Estimate		\$899.3
	<i>Pricing Adjustments:</i>		
	Non-Labor Inflation	11.6	
	Civilian/Military Pay Raise	1.1	
	Annualization of Civ/Mil Pay Raise	0.0	
	<i>Total Pricing Adjustments:</i>		12.8
	<i>Management Efficiency Initiatives:</i>		
	Transition to standard storage architecture	(4.5)	
	<i>Total Management Efficiency Initiatives:</i>		(4.5)
	<i>Program Changes:</i>		
	<i>Customer Requirements:</i>		
	Reductions in technical support labor and application software costs due to decrease in IBM Mainframe Workload	(3.6)	
	<i>Other:</i>		
	Depreciation expense increases due to activation of completed facilities projects	6.8	
	Completion of the Integrated Enterprise System Management Tools and Metrics contract in FY 2012	(6.4)	
	Miscellaneous	(1.0)	
	<i>Total Program Changes:</i>		(4.2)
FY 2013	Current Estimate		\$903.4

Source of New Orders and Revenue
Defense Information Systems Agency
PE54 COMPUTING SERVICES
February 2012
(Dollars in Millions)

	2011	2012	2013
1. New Orders			
a. ORDERS FROM DoD COMPONENTS	\$464.542	\$465.366	\$490.065
ARMY APPROPRIATED	\$58.538	\$82.771	\$85.266
Army O&M	\$57.427	\$82.134	\$84.562
Army RDT&E	\$1.112	\$0.637	\$0.703
Army Procurement	\$0.000	\$0.000	\$0.000
Army MILCON	\$0.000	\$0.000	\$0.000
Army BRAC	\$0.000	\$0.000	\$0.000
NAVY APPROPRIATED	\$25.499	\$23.182	\$24.527
Navy O&M	\$25.499	\$23.182	\$24.527
Navy RDT&E	\$0.000	\$0.000	\$0.000
Navy Procurement	\$0.000	\$0.000	\$0.000
Navy MILCON	\$0.000	\$0.000	\$0.000
Navy BRAC	\$0.000	\$0.000	\$0.000
MARINE CORPS APPROPRIATED	\$27.302	\$24.462	\$26.207
Marine Corps O&M	\$27.302	\$24.462	\$26.207
Marine Corps RDT&E	\$0.000	\$0.000	\$0.000
Marine Corps Procurement	\$0.000	\$0.000	\$0.000
Marine Corps MILCON	\$0.000	\$0.000	\$0.000
Marine Corps BRAC	\$0.000	\$0.000	\$0.000
AIR FORCE APPROPRIATED	\$122.314	\$112.027	\$115.959
AF O&M	\$111.392	\$102.352	\$105.804
AF RDT&E	\$3.822	\$2.386	\$2.475
AF Procurement	\$7.100	\$7.289	\$7.680
AF MILCON	\$0.000	\$0.000	\$0.000
AF BRAC	\$0.000	\$0.000	\$0.000
DISA APPROPRIATED	\$114.566	\$102.238	\$107.548
DISA O&M	\$112.980	\$100.346	\$105.570
DISA RDT&E	\$1.586	\$1.892	\$1.977
DISA Procurement	\$0.000	\$0.000	\$0.000
DISA MILCON	\$0.000	\$0.000	\$0.000
DISA BRAC	\$0.000	\$0.000	\$0.000
DEFENSE WIDE APPROPRIATED	\$18.739	\$27.025	\$28.265
Defense Wide Appropriated O&M	\$14.295	\$22.552	\$23.645
Defense Wide Appropriated RDT&E	\$4.445	\$4.473	\$4.619
Defense Wide Appropriated Procurement	\$0.000	\$0.000	\$0.000
Defense Wide Appropriated MILCON	\$0.000	\$0.000	\$0.000
Defense Wide Appropriated BRAC	\$0.000	\$0.000	\$0.000
OTHER DoD APPROPRIATED	\$97.584	\$93.661	\$102.294
Other DoD Appropriated O&M	\$94.651	\$90.802	\$99.307
Other DoD Appropriated RDT&E	\$2.895	\$2.827	\$2.954
Other DoD Appropriated Procurement	\$0.037	\$0.033	\$0.033
Other DoD Appropriated MILCON	\$0.000	\$0.000	\$0.000

Other DoD Appropriated BRAC	\$0.000	\$0.000	\$0.000
b. ORDERS FROM DWCF/REVOLVING FUNDS	\$381.373	\$359.070	\$373.111
ARMY - WCF	\$4.049	\$4.910	\$4.980
Army Industrial Operations	\$4.049	\$4.910	\$4.980
NAVY - WCF	\$16.761	\$12.026	\$10.958
Navy Depot Maintenance	\$0.000	\$0.000	\$0.000
Navy Base Support	\$0.000	\$0.000	\$0.000
Navy Supply Management	\$16.493	\$11.775	\$10.697
Marine Corps Supply	\$0.000	\$0.000	\$0.000
Marine Corps Depot Maintenance	\$0.000	\$0.000	\$0.000
Other Navy Activity Groups	\$0.268	\$0.251	\$0.262
AIR FORCE - WCF	\$29.792	\$28.541	\$29.701
Consolidated Sustainment Activity Group (CSAG)	\$17.163	\$16.948	\$17.411
U.S. Transportation Command (TRANSCOM)	\$12.629	\$11.594	\$12.291
DEFENSE WIDE WCF	\$329.751	\$312.480	\$326.323
DISA Telecomm Svcs/Ent Acquisition Svcs (TS/EAS)	\$28.031	\$49.973	\$51.256
DISA Computing Services (CSD)	\$0.000	\$0.000	\$0.000
Defense Finance and Accounting Service (DFAS)	\$112.332	\$103.147	\$106.755
DLA Energy Management	\$0.000	\$0.000	\$0.000
DLA Defense Automated Printing Services (DAPS)	\$0.010	\$0.013	\$0.012
DLA Supply Chain Management	\$189.377	\$159.348	\$168.300
DEFENSE COMMISSARY AGENCY (DECA)	\$0.000	\$0.000	\$0.000
DECA Operations	\$0.000	\$0.000	\$0.000
DECA Resale	\$0.000	\$0.000	\$0.000
OTHER - WORKING CAPITAL	\$1.021	\$1.113	\$1.149
OTHER REVOLVING FUNDS	\$0.000	\$0.000	\$0.000
Corps of Engineers	\$0.000	\$0.000	\$0.000
National Defense Stockpile Transaction Fund	\$0.000	\$0.000	\$0.000
Pentagon Reservation Maintenance Revolving Fund	\$0.000	\$0.000	\$0.000
PRMRF/BMF	\$0.000	\$0.000	\$0.000
c. TOTAL DoD ORDERS	\$845.915	\$824.436	\$863.176
d. OTHER ORDERS	\$1.362	\$2.870	\$2.964
OTHER FEDERAL AGENCIES	\$1.362	\$2.870	\$2.964
TRUST FUNDS	\$0.000	\$0.000	\$0.000
NON-FEDERAL ORDERS	\$0.000	\$0.000	\$0.000
FOREIGN MILITARY SALES	\$0.000	\$0.000	\$0.000
TOTAL NEW ORDERS	\$847.276	\$827.306	\$866.140
2. Carry In Orders	\$0.000	\$0.000	\$0.000
3. TOTAL GROSS ORDERS	\$847.277	\$827.306	\$866.140

Revenue and Expenses
Defense Information Systems Agency
PE54 COMPUTING SERVICES
February 2012
(Dollars in Millions)

	2011	2012	2013
Revenue			
Gross Sales	\$847.277	\$827.306	\$866.140
Operations	\$835.035	\$810.545	\$842.542
Capital Surcharge	\$0.000	\$0.000	\$0.000
Depreciation excluding Major Construction	\$12.242	\$16.761	\$23.598
Major Construction Depreciation	\$0.000	\$0.000	\$0.000
Other Income	\$0.000	\$0.000	\$0.000
Refunds/Discounts (-)	\$0.000	\$0.000	\$0.000
Total Income:	\$847.277	\$827.306	\$866.140
Expenses			
Salaries and Wages:	\$220.762	\$221.974	\$227.830
Military Personnel Compensation & Benefits	\$1.045	\$1.048	\$0.790
Civilian Personnel Compensation & Benefits	\$219.717	\$220.926	\$227.040
Travel & Transportation of Personnel	\$2.882	\$4.377	\$4.451
Materials & Supplies (For internal Operations)	\$52.719	\$12.493	\$10.138
Equipment	\$0.000	\$0.000	\$0.000
Capital Investment Less than Threshold	\$0.000	\$0.520	(\$0.291)
Other Purchases from Revolving Funds	\$21.777	\$27.438	\$27.927
Transportation of Things	\$0.299	\$0.354	\$0.369
Depreciation - Capital	\$12.242	\$16.761	\$23.598
Printing and Reproduction	\$0.016	\$0.020	\$0.020
Advisory and Assistance Services	\$0.000	\$0.000	\$0.000
Rent, Comm, Utilities, & Misc. Charges	\$224.761	\$235.747	\$240.089
Other Purchased Services	\$328.832	\$379.665	\$369.256
Total Expenses	\$864.290	\$899.349	\$903.387
Operating Results	(\$17.013)	(\$72.043)	(\$37.247)
Less Capital Surcharge Reservation	\$0.000	\$0.000	\$0.000
Less Recover Other	\$0.000	\$0.000	\$0.000
+ Passthrough or Other App. Affecting NOR	\$0.000	\$0.000	\$0.000
- Passthrough or Other App. not Affecting NOR	\$0.000	\$0.000	\$0.000
Other Adjustments Affecting NOR	\$0.000	\$0.000	\$0.000
Net Operating Results	(\$17.013)	(\$72.043)	(\$37.247)
Prior Year AOR	\$58.972	\$41.959	(\$30.084)
Other Changes Affecting AOR	\$0.000	\$0.000	\$0.000
Accumulated Operating Result	\$41.959	(\$30.084)	(\$67.331)
Non-Recoverable Adjustment Impacting AOR	\$0.000	\$0.000	\$0.000
AOR for Budget Purposes	\$41.959	(\$30.084)	(\$67.331)

**DEFENSE-WIDE WORKING CAPITAL FUND
FISCAL YEAR (FY) 2013 BUDGET ESTIMATES
FEBRUARY 2012
OVERVIEW
DEFENSE LOGISTICS AGENCY**

The Defense Logistics Agency (DLA) is America's Combat Logistics Support Agency. We provide effective and efficient worldwide support to warfighters and our other customers.

We provide full-spectrum logistics support to Soldiers, Sailors, Airmen, Marines, and civilians around the world, everyday. Wherever the diverse DoD global mission takes them, they share a common need for logistics supplies and services. We partner with the services, the combatant commanders (COCOMs), and private industry to provide full-spectrum support.

If a Soldier, Sailor, Airman, or Marine wears or eats it, receives medical treatment with it, or uses it as fuel, it comes from our Agency and our sources. When military or civilian artisans need an item to build a new operating area or repair a weapon system, DLA is the foremost provider of those articles as well.

We supported deployed warfighters in every major conflict and contingency operation over the past five decades, from the Vietnam War to current operations in Iraq and Afghanistan. Our DLA Europe/Africa, Central, and Pacific organizations, along with our in-theater on-the-ground DLA support teams bring logistics products and services to warfighters worldwide and give DLA a global footprint.

We support more than 1,600 weapons systems with organizational and intermediate level maintenance parts. DoD's supply, storage and distribution efforts, under BRAC 2005, moved the Agency into a more prominent role to support service industrial level maintenance for aviation, maritime, and land parts. Our reach now extends to industrial support activities, the cornerstones of sustained long-term weapons systems readiness.

In addition to providing military installations energy needs, DLA also furnishes vital logistics support to military hospitals, dining facilities and recruit training centers. Our service to these entities ensures the best in care, comfort and sustainment for the men and women of the Armed Forces.

We are also the DoD prime logistics integrator. We provide an array of additional supply chain management services, including cataloging and technical information; planning, forecasting and sourcing; acquisition of materiel and services; strategic tactical

distribution functions including receipt, storage, issue, and shipment; retrograde, reutilization and disposal' and document automation and production.

DLA is responsible for the entire retail supply chain for bulk petroleum, from the refinery to the consuming end item. We have eliminated the overwhelming majority of service-owned product and related fuels Service Working Capital Funds.

A description of each activity group follows:

Supply Chain Management

The Defense Logistics Agency (DLA) Supply Chain Management Activity Group manages DLA materiel from initial purchase, to distribution and storage, and finally to disposal and reutilization. Costs include operations (salaries and expenses), materiel (items sold to the military services) and capital investments (purchase of equipment, software development and minor construction).

The DLA Supply Chain Management Activity Group is broken into three business segments: Materiel Supply Chains, DLA Distribution, and DLA Disposition Services.

The Materiel Supply Chains fill nearly 28 million customer orders annually from the military services, other federal agencies, non-federal agencies and foreign military for the 4.2 million consumable items managed by DLA. In addition, BRAC added two new responsibilities for the materiel supply chains and will be fully implemented by FY11: procuring all new Depot Level Repairable (DLR) items for the Military Services and managing the Supply, Storage, and Distribution (SS&D) functions at major Military Service industrial sites.

DLA Distribution is responsible for the global distribution and warehousing of Military Service and DLA materiel line items. Major customers are the Supply Management Activity Groups of the Military Services and DLA. The Distribution network, which consists of 26 depots strategically located throughout the world, receives and issues over 20 million secondary lines and warehouses and maintains over 119.2 million cubic feet of material.

DLA Disposition Services is responsible for the reuse, or reutilization, of excess and surplus personal property within the DoD. In FY 2011, over \$2.2 billion worth of personal property will be reutilized, minimizing the need for the Department to reinvest in these items. If property is not reutilized, it is made available for transfer to other Federal agencies. Remaining property becomes

surplus and is made available for donation to authorized state agencies and charitable organizations. Property that cannot be reutilized, may be offered for competitive sale to the public, recycled, or disposed. DLA Disposition Services also performs other vital DoD missions; such as scrap metal recovery, demilitarization (DEMIL), and hazardous waste disposal.

Supply Chain Management Statement of Revenue and Expenses

(Dollars in Millions)	FY 2011	FY 2012	FY 2013
Revenue	25,730.4	23,625.4	22,558.4
Expenses	25,159.8	24,035.1	23,089.4
Direct Appropriation	39.5	31.6	39.1
Cash Surcharge	0	-180.2	-227.6
Inventory Surcharge	-160.6	-194.1	-43.8
Capital Surcharge	130.7	80.4	73.5
Supplemental Appropriation	111.2	90.2	90.0
Net Operating Results	691.4	-581.8	-599.8
Prior Year Accumulated Operating Results	619.7	1,311.1	729.4
Other Changes Affecting AOR	0	0	-129.6
Ending Accumulated Operating Results	1,311.1	729.4	0

Energy Management

DLA Energy Management located at Fort Belvoir, Virginia, serves as the Department's Executive Agent for bulk petroleum. DESC manages both wholesale and retail (base operating support) aspects of the Petroleum Supply Chain in support of the Department's requirements. DESC provides comprehensive worldwide energy support for the military services and other authorized customers. This effort includes arranging for petroleum support services, providing facility/equipment maintenance on fuel infrastructure; performing DLA Energy Managements fuel-related environmental assessment and cleanup responsibility; coordinating bulk petroleum transportation; and performing petroleum quality assurance functions worldwide. In addition, DLA Energy Management provides support to the Department for aerospace (formerly missile) fuels; electricity, natural gas products, and assistance to the Services regarding privatization of utilities and initiatives in alternative fuels.

Energy Management Statement of Revenue and Expenses

(\$ in Millions)	FY 2011	FY 2012	FY 2013
Revenue	19,437.8	21,070.0	20,289.4
Expenses	19,879.7	21,209.7	20,257.9
Operating Results	-441.9	-139.7	31.5
Supplementals	357.2	278.8	130.4
Net Operating Results	-84.7	139.1	162.0
Prior Year Accumulated Operating Results	417.5	332.8	471.9
Other Changes Affecting AOR	0	0	-633.9
Ending Accumulated Operating Results	332.8	471.9	0

Document Services

DLA Document Service (DAPS) is responsible for Department of Defense (DoD) printing, duplicating, and document automation programs. This responsibility encompasses the full range of automated services to include: conversion, electronic storage and output, and distribution of hard copy and digital information. DAPS provides time sensitive, competitively priced, high quality products and services that are produced either in-house or procured through the Government Printing Office.

DLA Document Services value to DoD is characterized by two elements. First, Document Services provides a full portfolio of best value document services ranging from traditional offset printing, through on-demand output, to online document services. Second, Document Services actively functions as a transformation agent moving DoD toward the use of online documents and services. These services include building libraries of digital documents to permit online access, providing multifunctional devices (that print from networks, copy, fax, and scan) in customer workspaces, and converting paper documents to target digital formats.

DLA Document Services manages this worldwide mission through a customer service network comprised of a Headquarters located at Mechanicsburg, Pennsylvania, and 162 production facilities.

Document Services Statement of Revenue and Expenses

(\$ in Millions)	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Revenue	284.5	370.9	350.4
Cost of Goods Sold	296.3	382.7	342.4
Cash Surcharge			
Capital Surcharge			
Inventory Surcharge			
Other Changes Affecting NOR			
Net Operating Results	-11.8	-11.8	8.0
Prior Year Accumulated Operating Results	14.3	3.8	-8.0
Ending Accumulated Operating Result	2.5	-8.0	0
Workload			
In-House Production (Units)	2,144.8	2,466.9	2,459.8

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
FISCAL YEAR (FY) 2013 President's Budget
February 2012

ACTIVITY GROUP DESCRIPTION

The Defense Logistics Agency (DLA) Supply Chain Management Activity Group manages DLA materiel from initial purchase, to distribution and storage, and then finally reutilization or disposal. Costs include operations (salaries and expenses), materiel (items sold to the Military Services) and capital investments (purchase of equipment, software development and minor construction).

The DLA Supply Chain Management Activity Group is broken into three business segments: Materiel Supply Chains, DLA Distribution and DLA Disposition Services.

- The Materiel Supply Chains fill nearly 28 million customer orders from the Military Services, other Federal Agencies, non-federal Agencies and Foreign Militaries for the 4.2 million consumable items managed by DLA. In addition, Base Realignment and Closure (BRAC) added two new responsibilities for the Materiel Supply Chains that became fully implemented in FY 2011: procuring all new Depot Level Repairable (DLR) items for the Military Services and managing the Supply, Storage, and Distribution (SS&D) functions at major Military Service industrial sites. A brief description of each supply chain follows.
 - The **DLA Aviation** is the primary source for nearly 1.1 million repair parts and operating supply items for aviation weapon systems.
 - The **DLA Land** is the primary source for nearly 264,000 repair parts and operating supply items for land-based weapon systems.
 - The **DLA Maritime** is the primary source for nearly 1.6 million repair parts and operating supply items driven by Aviation, Land and Maritime platforms.
 - The **DLA Troop Support Clothing and Textiles (C&T)** provides dress and field uniforms, field gear, tentage, and personal chemical protective items to the Armed Forces in peace and in war. This includes end items and components, fire resistant items, body armor, and testing and evaluation.

The C&T Supply Chain is the primary source of 50,000 items for 16,500 customers.

- The **DLA Troop Support Medical** is the primary source for 1.1 million medical items for the military services and Office of Secretary of Defense (OSD) TRICARE Program. TRICARE provides medical support to Military Service, dependents and retirees. Support is provided in peace and war to field, institutional and TRICARE customers. Items include pharmaceuticals, medical/surgical supplies, instruments and services, equipment, and other health care items.
- The **DLA Troop Support Subsistence** is the primary source for 55,000 Subsistence items including fresh fruits and vegetables (frozen, chilled and dry), food fielding and food service equipment and operational ration items most notably the "Meals Ready-to-Eat".
- The **DLA Troop Support Construction and Equipment (C&E)** gives our Armed Forces and other Federal Agencies a source for 1,133,293 National Stock Numbers (NSNs) and other essential products as diverse as light bulbs and bulldozers. It supplies items for force protection, safety and rescue, fire and emergencies, storage, Heating, Ventilating and Air Conditioning (HVAC), plumbing, heavy equipment, metals and lumber, bolts, screws, locks, gaskets, as well as imaging and telecommunication devices, targets for training, and Automatic Data Processing (ADP) equipment and supplies.
- **DLA Distribution** is responsible for the global distribution and warehousing of Military Service and DLA materiel line items. Major customers are the Supply Management Activity Groups of the Military Services and DLA. The Distribution network, which consists of 26 depots strategically located throughout the world, received and issued 20.0 million secondary lines and warehoused and maintained an estimated 119.2 million cubic feet of materiel in FY 2011.
- **DLA Disposition Services** is responsible for the reuse, or reutilization, of excess and surplus personal property within the Department of Defense (DoD). In FY 2011, over \$2.2 billion worth of personal property was reutilized, transferred, or donated, minimizing the need for DoD to reinvest in these items. If property is not reutilized, it is made available for transfer to other Federal Agencies. Remaining property becomes surplus and is made available for donation to authorized State Agencies and charitable organizations. Property that cannot be reutilized, may be offered for competitive sale to the public, recycled, or disposed. DLA Disposition Services also performs other

vital DoD missions; such as scrap metal recovery, demilitarization (DEMIL), and hazardous waste disposal.

In addition, DLA's Supply Chain Management includes a small number of DoD Logistics Support Activities, such as the DLA Logistics Information Service and DLA Transaction Services.

- The **DLA Logistics Information Service** supports all logistics functions for DoD, other federal and civil agencies, and international allied partners by managing and distributing logistics data on over 6.5 million National Stock Numbers (NSNs) resident in the Federal Logistics Information System.
- The **DLA Transaction Services** designs, develops, and implements logistics solutions that improve customers' requisition processing and logistics management processes worldwide. The primary mission is to receive, edit, and route logistics transactions for the Military Services and Federal Agencies. The DLA Transaction Services processes over 10 billion DoD logistics transactions per year, applies numerous DoD and Service/Agency edits and validations against these transactions, and routes the data to the appropriate destination.

ACTIVITY GROUP BUSINESS CHANGES

DLA completed implementation of the BRAC initiatives, assuming procurement responsibility for BRAC Materiel Supply Chains Consumable Item Transfer (CIT), Depot Level Repairable (DLR), and Supply, Storage, and Distribution (SS&D). DLA assumed responsibility for DLR items from the Military Services as well as managing the SS&D functions at the Services' industrial sites. In addition to these new missions, BRAC also directed the logistics re-assignment of over 86,000 consumable NSNs from the Military Services to DLA from 2007 to 2011.

- **CIT** - the Logistics Re-Assignments portion of the CIT were completed in 2011. DLA is continuing to reimburse the Military Services for open undelivered orders upon re-assignment of each item based on a joint validation process with each service. We estimate this reimbursement to total roughly \$686 million over the period. As of January 2012, DLA has reimbursed the Services \$373 million (\$223 million to the Air Force and \$150 million to the Navy). We are projecting a total of \$224 million in reimbursement to the Services in FY 2012 (\$5 million Air Force, \$65 million Navy and \$154 million Army). In FY 2012 reimbursement of \$29 million was provided to the Navy in Dec 2011. Our validation and reimbursement processes are ongoing.

In FY 2013, \$118 million will be reimbursed the Army.

- **DLR** - In support of the DLR initiative, DLA implemented a DLR Billable Hour Rate (DBR) reimbursement methodology in FY 2012. This rate-based reimbursement method was coordinated with the Services and represents a multiple year effort from a joint service Integrated Product Team (IPT).
- **SS&D** - DLA implemented the Local Recovery Rate (LRR) at the Air Force (AF) SS&D sites in FY 2011 and plans to use a similar methodology to convert Navy SS&D sites to an LRR in FY 2014.

BUDGET HIGHLIGHTS

Workload:

Material Supply Chains: Gross Sales at standard unit price is the primary workload measure. Sales are affected by customer demands (force structure, operating tempo, and maintenance schedules). DLA has continued to refine the process called Sales and Operations Planning (S&OP) model that was implemented in FY 2010. S&OP strives to ensure that all customer demand and supply chain impacts are recognized and understood. Consistent with this process, we meet regularly with our customers to obtain their planning assumptions and use this information and our own current experience to develop projected demand over the period. The S&OP process considers not only the impact of Overseas Contingency Operations (OCO) changes on demand and sales but also the impact of Army retrograde and reset, Consumable Item Transfers (CIT), and projected peacetime sales changes.

Workload decreases over the FY 2012 President's Budget are primarily due to efficiencies and pricing savings to customers in FY 2012 and FY 2013. OCO Sales, included below, are shown separately as a memo entry.

(Dollars in Millions)	FY 2011	FY 2012	FY 2013
Material Supply Chains Sales at Standard Unit Price (Peacetime)	\$23,985.5	\$21,625.7	\$20,529.8
Overseas Contingency Operations Sales (memo entry)	\$5,466.0	\$3,840.0	\$2,511.0

DLA Distribution: Materiel receipts, issues and storage space occupied are the major workload measures for DLA Distribution.

Receipts and Issues:

(Lines in Millions)	FY 2011	FY 2012	FY 2013
Lines Received and Shipped	20.0	20.6	19.9

Workload projections for FY 2011 through FY 2013 are based on the S&OP DLA Distribution regression model. Receipt and issue workload is higher in FY 2012 due to movement of Army Retail workload from reimbursable work to receipt and issue work counts and increased receipt and issue workload for the Navy Consumable Asset Reutilization Program (CARP). CARP materiel has been issued to the ship stock room and not used on ship. CARP materiel inbound from Navy customers will be received into the local Distribution Center.

Storage:

(Cubic Feet in Millions)	FY 2011	FY 2012	FY 2013
Covered Storage Space	60.7	61.1	60.4
Open Storage Space	55.7	56.3	55.8
Specialized Storage Space	2.9	3.0	2.9

The workload mix between covered and open storage space changed as a result of Distribution partnering with customers to validate dimensional data and perform type storage code reviews.

DLA Disposition Services: The line items and acquisition value are the two workload measures for the DLA Disposition Services.

	FY 2011	FY 2012	FY 2013
Line Items in Millions	3.6	4.2	3.9
Acquisition Value (Dollars in Billions)	\$28.0	\$32.2	\$29.5

Workload line items and acquisition value decrease from FY 2012 to FY 2013. The decrease is due to the force drawdown in Iraq. DLA Disposition Services anticipates a reduction in the value of the property to be received in Iraq from FY 2012 to FY 2013.

Operational Performance Indicators:

The following are major measures that DLA uses to assess its performance:

- **Perfect Order Fulfillment (POF)** - is a comprehensive measure covering all orders received in the Materiel Supply Chains. It incorporates four components: 1) Timeliness: was the order received on time by the customer, 2) Quantity: did the amount shipped match the amount requested by the customer, 3) Quality: were there any complaints from the customer regarding the quality of the product, and 4) Documentation: were there any complaints from the customer regarding the documentation received with the product. A perfect order is one where all four components or conditions are met. The actual for FY 2011 was 85.88 percent. Cumulative goal for FY 2012 is 85.78 and tentative goal for FY 2013 is 91.26 percent. As POF is a comprehensive metric that crosses DLA, United States Transportation Command (USTRANSCOM), and Combatant Commands (COCOMs), the following contributing metrics are used to focus on DLA's contribution towards POF.
 - Material Availability (MA) - is the immediate availability and release of DLA material, both stocked and under long term contracts/prime vendor arrangements, against received customer orders.
 - Logistics Response Time (LRT) - is the time between the creation of a wholesale requisition by the customer until submission of a receipt of the requirement(s) by the order's addressee. DLA measures and tracks the average LRT for its customers by number of days.
 - Demand Plan Accuracy (DPA) - measures the degree of accuracy of a demand forecast compared to the actual demand.
 - Attainment to Plan (ATP) - identifies the percentage of Purchase Requests and Stock Transport Orders (DLA-owned stock redistribution orders) generated through the supply planning process which must meet three criteria: quantity, quality, and timeliness.

- **High Priority Material Release Order (MRO)** - the standard for high priority requisitions shipped on time is one day; in the Distribution arena, the focus is on continuing to improve the percentage shipped in one day. The actual for FY 2011 was 85 percent. The goal for FY 2012 and FY 2013 is 85 percent and excludes dedicated truck shipments based on customer agreements and not the one day Time Definite Delivery (TDD) standard for high priority MROs. In addition, excludes Service-initiated BRAC materiel movement's project codes 3BC (used to track cost, performance date and distribution/redistribution of assets to and from BRAC 2005

affected activities) and OAI (Army project code for Lone Star shipments); and Foreign Military Sales (FMS) shipments.

- **Routine MRO** - the standard to process, pick, pack and ship a routine requisition is three days. The actual for FY 2011 was 83 percent. The goal for FY 2012 and FY 2013 is 85 percent. DLA continues pursuing opportunities to reduce costs, by using routine MROs to balance workload and reduce additional costs associated with providing a level of service, which exceeds customer requirements. Excludes: dedicated truck shipments; service initiated BRAC material movement's project codes 3BC and OAI; and FMS shipments.
- **Disposition Total Value** - the metric goal for the total value of services provided by DLA Disposition Services to total DLA Disposition Services' costs is to have a ratio higher than 1.0 The actual for FY 2011 is 1.36. The current projections for FY 2012 are 1.32 and FY 2013 is 1.31, respectively. DLA Disposition Services continues pursuing opportunities to increase value and minimize costs.

Unit Cost and Pricing:

Unit cost is a ratio that relates resources to outputs produced. The aim of unit cost is to directly associate total cost to work or output.

Unit cost goals and pricing are as follows for the three business segments:

Materiel Supply Chains:

The Materiel Supply Chain unit cost is calculated by dividing operating costs (the sum of total obligations and credit plus depreciation expense) by gross sales.

Unit Cost	FY 2011	FY 2012	FY 2013
Costs (Dollars in Millions)	\$22,750.1	\$21,666.7	\$20,735.3
Gross Sales (Dollars in Millions)	\$23,985.5	\$21,627.1	\$20,529.8
Unit Cost Goal (per Dollar of Sales)	.95	1.00	1.01

The Customer Price Change (CPC) is the average change in price from one year to the next that the customer will encounter for the

average Materiel Supply Chains item. DLA's goal is to have a CPC of no greater than the DoD composite inflation factor. Changes in customer price are driven by factors such as: inflation, basic costs incurred to procure, store, and ship items to the customer, and prior year operating results.

The Cost Recovery Rate (CRR) is the amount added to the cost of an item to recover costs associated with purchasing and selling supplies to the customer. These costs include operating costs such as payroll, shipping, storage, accounting, and cataloging as well as recovery or return of prior year operating results and any necessary capital or cash surcharges.

The table below displays the DoD approved CPC's and CRR's for FY 2011 and FY 2012 and those proposed for FY 2013, along with the DoD inflators:

Pricing	FY 2011	FY 2012	FY 2013
Customer Price Change	2.1%	1.5%	1.7%
DoD Inflator	2.0%	1.8%	1.7%
Cost Recovery Rate	14.4%	13.9%	13.4%

The table below displays the rate changes by DLA Supply Chains for FY 2013.

Rate Change by DLA Supply Chains	FY 2013
DLA Weapon Systems	1.1%
DLA Troop Support Clothing and Textiles	2.1%
DLA Troop Support Medical	1.9%
DLA Troop Support Subsistence	1.8%
DLA Troop Support Construction and Equipment	7.0%
Total	1.7%

Local Recovery Rate (LRR) - Beginning in FY 2011, as part of the BRAC SS&D initiative, DLA began charging the Air Force a composite rate for services provided to each of the Air Force Air Logistics Centers (ALCs). In FY 2008, when the Air Force SS&D sites were first transferred from Air Force to DLA, operating costs were reimbursed directly from the Air Force ALCs to DLA based on actual costs. The use of an Air Force wide LRR, based on Operating Costs and Gross Sales at Standard, instead of actual cost reimbursement, aligns SS&D operations with DLA business practices and provide Air Force budgeting stability inherent in a fixed annual rate. One composite LRR will be charged at the Air Force SS&D sites at Robins, Tinker, and Hill Air Force bases. Net Operating Result

(NOR) gains or losses during execution will be tracked and incorporated into future rates. Projected Operating Costs, Gross Sales at Standard, and LRR for FY 2011, FY 2012 and FY 2013 are as follows:

(Dollars in Millions)	FY 2011	FY 2012	FY 2013
Operating Costs	\$89.309	\$90.087	\$88.360
Gross Sales at Standard	\$1,151.850	\$1,171.432	\$1,191.067
Composite Local Recovery Rate	7.8%	7.7%	7.4%

DLA Distribution:

The DLA Distribution processing unit cost is calculated by dividing processing costs without transportation by workload receipt and issue lines. The unit cost is not the Net Landed Cost rate that is charged to the customer. The Net Landed Cost rate includes Annual Operating Result (AOR) adjustments.

	FY 2011	FY 2012	FY 2013
Processing Workload (Lines in Millions)	20.0	20.6	19.9
Processing Cost (Dollars in Millions)	\$672.1	\$560.8	\$568.4
Processing Unit Cost	\$33.56	\$27.26	\$28.50

In FY 2013 costs increase due to AOR recovery, higher labor costs, and contracted depot modifications.

Detailed Processing Net Landed Cost Rates are provided below:

	Net Landed Cost Rates		
	FY 2011	FY 2012	2013
Receipt			
Base amount	24.50	24.78	31.45 per line
Plus			
1-40 lbs.	0.99	1.00	1.13 per line
41-150 lbs.	11.52	11.65	13.19 per line
151-2000 lbs.	26.25	26.54	30.07 per line
2000+ lbs.	0.0134	0.0135	0.0153 per lb. + 151-2000 rate
Return	4.82	4.87	5.52 per line additional
Hazardous	16.17	16.35	18.52 per line additional
Hard-to-Handle	16.17	16.35	18.52 per line additional
Issue			
Onbase base amount	11.06	11.19	14.20 per line
Plus			
1-40 lbs.	0.99	1.00	1.13 per line
41-150 lbs.	11.52	11.65	13.19 per line
151-2000 lbs.	26.25	26.54	30.07 per line
2000+ lbs.	0.0134	0.0135	0.0153 per lb. + 151-2000 rate
Offbase base amount	16.01	16.19	20.55 per line
1-40 lbs.	1.92	1.94	2.20 per line
41-150 lbs.	26.55	26.85	30.41 per line
151-2000 lbs.	52.56	53.15	60.20 per line
2000+ lbs.	0.0196	0.0198	0.0224 per lb. + 151-2000 rate
Local Delivery	1.66	1.68	1.90 per line additional
Hazardous	16.17	16.35	18.52 per line additional
Hard-to-Handle	16.17	16.35	18.52 per line additional
Controlled Item	7.64	7.73	8.75 per line additional
FMS	7.84	7.93	8.98 per line additional
Out-of-Cycle	22.07	22.32	25.28 per line additional
Issue from Receiving			
Base amount	\$ 1.40	\$ 1.42	\$ 1.80 per line
Plus			
1-40 lbs.	0.99	1.00	1.13 per line
41-150 lbs.	11.52	11.65	13.19 per line
151-2000 lbs.	26.25	26.54	30.07 per line
2000+ lbs.	0.0134	0.0135	0.0153 per lb. + 151-2000 rate
Transshipments			
Offbase base amount	\$ 21.07	\$ 21.31	\$ 27.05 per line
Plus			
1-40 lbs.	\$ 1.92	\$ 1.94	\$ 2.20 per line
41-150 lbs.	\$ 26.55	\$ 26.85	\$ 30.41 per line
151-2000 lbs.	\$ 52.56	\$ 53.15	\$ 60.20 per line
2000+ lbs.	\$ 0.0196	\$ 0.0198	\$ 0.0224 per lb. + 151-2000 rate
Mark For	\$ 5.62	\$ 5.68	\$ 7.22 per line
Onbase amount	\$ 10.74	\$ 10.86	\$ 13.79 per line
Material Processing Center			
	\$ 5.64	\$ 5.81	\$ 5.98 per line
Estimated Transportation	\$ 238,531,605	\$ 240,892,358	\$ 240,774,000
Total Processing Cost	\$ 787,199,246	\$ 799,510,287	\$ 853,955,942
Composite Rate			
(without Transportation)	\$ 26.85	\$ 27.15	\$ 30.76
Workload (Millions of Lines)	20.0 Lines	20.6 lines	19.9 lines
Reimbursable Rates:			
DLA Facility	\$ 75.34	\$ 105.08	\$ 118.24
Non-DLA Facility	\$ 60.27	\$ 84.06	\$ 94.59
Storage Rates			
Covered Storage	\$ 4.79	\$ 5.67	\$ 5.48
Open	\$ 0.47	\$ 0.56	\$ 0.53
Specialized	\$ 6.66	\$ 7.88	\$ 7.61

Covered Storage:

	FY 2011	FY 2012	FY 2013
Cubic Feet Millions (Covered Storage)	60.68	61.07	60.43
Storage Costs (Dollars in Millions)	\$275.72	\$387.78	\$347.89
Unit Cost	\$4.54	\$6.35	\$5.76

The DLA Distribution covered storage unit cost is calculated by dividing storage costs by cubic feet. The unit cost is not the covered storage rate that is charged to the customer. The rate includes Annual Operating Result (AOR) adjustments. Storage costs have increased from President's Budget 2012, attributed mainly to higher infrastructure and labor costs.

DLA Disposition Services:

	FY 2011	FY 2012	FY 2013
Cost per Line	\$37.79	\$39.04	\$43.52
Cost per Pound	\$0.09	\$0.09	\$0.09

DLA Disposition Services unit cost goals per line are based on three processes:

- **Receiving** - cost associated with the stock, store and issue (logistics) of useable property.
- **Reutilization/Transfer/Donation** - total cost associated with reutilizing, transferring and donating of excess personal property divided by line items of property.
- **Usable Sales** - all cost associated with the public sale of surplus, useable personal property.

Unit cost is calculated by dividing the total cost of these processes by the number of lines received and processed.

The unit cost per line is higher in FY 2013 than FY 2012 due to higher DLA Disposition Services costs. The main cost drivers are the implementation and sustainment of the Reutilization Business Integration (RBI) Program and increases in the Sustainment, Reutilization and Modernization (SRM) costs financed by DLA Disposition Services.

DLA Disposition Services unit cost per pound goal is based on costs associated with environmentally regulated disposal of hazardous waste and cost for either storing in a landfill or destruction of those non-hazardous items that remain at the end of the disposal process, divided by the number of pounds received and processed.

Service Level Billing (SLB): DLA Disposition Services, DLA Logistics Information Service, and DLA Transaction Services recover costs not covered by sales and reimbursable charges through a Service Level Bill.

DLA Disposition Services - bills are formulated with an Activity Based Costing model that uses disposal workload to allocate costs to customers based on services provided. Customer SLBs using this model are projected below (Dollars in Millions):

Customer	FY 2011	FY 2012	FY 2013
Army	110.935	94.837	102.209
Navy	56.701	48.477	47.115
Air Force	41.907	35.818	25.699
DLA	36.977	31.605	39.135
Total	246.520	210.737	214.158

DLA Logistics Information Service - Service Level Billing costs are allocated based on customer's utilization of DLA Logistics Information Service products and services. Projections are below (Dollars in Millions):

Customer	FY 2011	FY 2012	FY 2013
Army	39.699	37.988	38.966
Navy	46.645	45.106	46.348
Air Force	39.323	37.400	37.473
DLA	48.642	49.655	51.176
Total	174.309	170.149	173.963

DLA Transaction Services - the cost of DLA Transaction Services core services is divided equally among Military Services and DLA. Projections are in the table below (Dollars in Millions):

Customer	FY 2011	FY 2012	FY 2013
Army	16.376	13.241	19.752
Navy	16.376	13.241	19.752
Air Force	16.376	13.241	19.752
DLA	16.376	13.241	19.752
Total	65.504	52.964	79.008

Increases from FY 2012 to FY 2013 are due to the transfer of funding for the Business Transformation Agency (BTA) Programs Electronic Document Access (EDA) and Global Exchange Services (GEX).

ANALYSIS OF BUDGET STATEMENTS:

Supply Chain Management (SCM) Statement of Revenue and Expenses:

Revenue and expenses are projected to be lower than stated in President's Budget 2012 primarily due to efficiencies and pricing savings to customers in FY 2012 and FY 2013. Workload is forecasted to decrease each year from the FY 2012 baseline level. The AOR is projected to be at zero in FY 2013.

SCM NOR/AOR expenses exclude non-recoverable items such as property disposal transfers, net acquisition cost changes, returns without credit and other changes.

(Dollars in Millions)	FY 2011	FY 2012	FY 2013
Revenue	25,730.4	23,625.4	22,558.4
Expenses	25,159.8	24,035.1	23,089.4
Operating Result	570.6	-409.7	-530.9
Operating Result Adjustments			
Capital Surcharge	130.7	80.4	73.5
Direct Appropriation	39.5	31.6	39.1
Cash Surcharge	-	-180.2	-227.6
Inventory Surcharge	-160.6	-194.1	-43.8
Supplemental Appropriation	111.2	90.2	90.0
Net Operating Results	691.4	-581.8	-599.8
Prior Year Accumulated Operating Results (AOR)	619.7	1,311.1	729.4
Other Changes Affecting AOR	-	-	-129.6
Ending AOR for Budget	1,311.1	729.4	-

CASH PROJECTIONS

The -\$81.8 million in net outlays for FY 2011 is the result of transfers, collecting on sales, and receipt of appropriated funding. In June 2011, \$200 million was transferred to DLA Document Services in accordance with the DoD Financial Management Regulation to correct a disconnect between DLA Document Services operating results and the balance of available obligation authority on the SF-133, Report of Budget Execution and Budgetary Resources. In July 2011, \$962 million was transferred to the

Operations & Maintenance, Defense-Wide account due to Congressional action. This was offset by collecting on sales and the receipt of appropriated funding. The DLA Supply Chain Management received \$150.7 million in appropriated funding.

The \$692.1 million in projected net outlays for FY 2012 is due to the timing of disbursements for the Mine Resistant Ambush Protected (MRAP) and MRAP All-Terrain Vehicle (M-ATV) items for which cash was received in FY 2010 and in FY 2011; disbursing for Consumable Item Transfers (CIT); disbursing for Navy shipyard provisioning; disbursing for Air Force Base Closure and Realignment (BRAC) Supply, Storage, and Distribution (SS&D) Inventory Capitalization; and the return of Accumulated Operating Results (AOR) to customers. Also, sales are forecasted to decrease due to lower customer demand. This submission includes a request for \$121.8 million in appropriated funding.

The \$1.135 billion in projected net outlays for FY 2013 is primarily due to lower sales based on forecasted lower customer demand and due to the return of AOR to customers. This submission includes a request for \$129.1 million in appropriated funding.

DLA Supply Chain Management Summary

(Dollars in Millions)	FY 2011	FY 2012	FY 2013
Disbursements	24,835.2	24,956.8	23,843.0
Collections	25,928.3	24,142.9	22,579.1
Direct Appropriation	39.4	31.6	39.1
Supplemental Appropriation	111.3	90.2	90.0
Transfer Out	1,162.0	-	-
Net Outlays	-81.8	692.1	1,134.8

PERSONNEL PROFILE

Changes to the workforce include: becoming the single procurement management provider for new DLRs; taking on new mission from the military services of performing consumer level (retail) SS&D directly for industrial depot maintenance production line customers; assumption of new distribution functions from the Navy; and workload changes. DLA is utilizing workload and workforce re-distribution as well as term employees whenever practical to be able to better respond to workload fluctuations. This budget also estimates that FTEs will remain fairly constant to implement the Department's target goals for Defense Agency manpower efficiencies, to include labor and non-labor reductions in

accordance with Secretary of Defense Efficiency Initiatives that imposed civilian manpower targets would remain at President's Budget 2011 FY 2010 FTE target levels.

	FY 2011	FY 2012	FY 2013
Civilian End Strength	24,194	24,891	24,695
Civilian Full Time Equivalent (FTEs)	23,864	24,535	24,460
Military End Strength/FTEs*	469	471	471

*Military End Strength/FTEs include Material Supply Chain, DLA Distribution and DLA Disposition.

CAPITAL BUDGET

(Dollars in Millions)	FY 2011	FY 2012	FY 2013
Equipment (non-ADP)	29.7	21.7	20.0
Equipment (ADP)	27.8	27.8	28.9
Software	128.2	79.7	83.6
Minor Construction	16.7	14.4	14.3
Total	202.4	143.6	146.8

The capital budget submission reflects the implementation of the new business area structure; however, separate project visibility is still maintained in the Fund 9 exhibits.

The capital budget funds investments that exceed the \$250,000 expense/investment criteria for the Automated Data Processing Equipment (ADPE), non-ADPE, software development and the minor construction category.

The FY 2012 and FY 2013 capital budget estimates have a slight increase of \$3.2 million from FY 2012 to FY 2013, primarily in the software development category.

DLA will continue to expand the already deployed Enterprise Resource Planning (ERP) platform called Enterprise Business System (EBS) through enhanced capabilities provided by the Integrated Data Environment (IDE), Reutilization Business Initiative (RBI), Inventory Management and Stock Positioning (IMSP) and eProcurement. Also included in the software development category are funding for the Common Food Management System (CFMS, critical system change requests and other enhancement initiatives to EBS, such as real property. The CFMS will execute an Analysis of Alternate (AoA) in early 2012, to determine how best to support the requirement of the Subsistence Executive Agency to plan,

develop, fund, implement and maintain a Joint Food Management System.

The minor construction investments will construct new, replace existing, or modify current facilities to enhance mission performance. Minor construction projects include altering facilities to accommodate mission consolidation and relocation, upgrading security facilities (gates, fences, and lighting) to meet current Anti-Terrorism/Force Protection standards and renovating demilitarization facilities.

Defense-Wide Working Capital Fund Appropriations (including all categories) :

Appropriations for FY 2011 through FY 2013 included in this submission are detailed in the following table and narrative.

DLA SCM Appropriations: (Dollars in Millions)	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
Direct:			
Reutilization, Transfer and Disposal Costs	38.6	31.6	39.1
Defense Finance and Accounting Systems Costs	0.8	-	-
Total Direct	39.4	31.6	39.1
Supplemental - Overseas Contingency Operations (OCO) :			
Theater Consolidation and Shipping Point (TCSP) Kuwait OCO	11.0	11.1	11.3
DLA Distribution Kuwait (DDKS) Kuwait OCO	26.1	26.5	21.9
Theater Distribution - Afghanistan	22.1	8.0	7.2
TCSP Afghanistan OCO - Deh Dadi	-	-	4.0
Disposition Services	46.0	41.6	42.8
IT Communications	6.1	2.8	2.8
Contingency Support	-	0.2	-
Total OCO Supplemental	111.3	90.2	90.0
Total DLA SCM	150.7	121.8	129.1

DLA Disposition Services - Part of DLA Disposition Services mission is to reutilize, transfer, or donate to authorized DoD and non-DoD recipients excess DoD personal property. These actions result in lower sales proceeds and higher SLB which are contrary to private industry practices. To bring Materiel Supply Chain costs more in line with commercial business practices, these costs

are being funded by a direct appropriation as a Military-unique cost.

OVERSEAS CONTINGENCY OPERATIONS (OCO) FY 2013 SUPPLEMENTAL REQUEST

OCO request provided in FY 2011 through FY 2013 is in support of Operation Enduring Freedom (OEF) and Operation New Dawn (OND) included in this budget estimate submission are detailed in the following charts and narrative:

(Dollars in Millions)	Operation	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	
A.	Subactivity Group - Operations - Consolidated Shipping Point, Kuwait				
	5.8 Theater Distribution	OEF	6.586	7.791	11.265
		OND	4.390	3.339	-
		Total	10.976	11.130	11.265

DLA performs distribution functions at the Theater Consolidation and Shipping Point (TCSP) in Kuwait for United States Central Command (USCENTCOM). Locating theater distribution functions with DLA Distribution Kuwait has increased the distribution systems efficiency and consolidated functions. The center serves as a central receiving and shipping point for inbound cargo shipments and trans-loading containers or palletized shipments for onward movements to units located in Kuwait, Iraq, and Afghanistan while improving in transit visibility.

Impact if not funded: The DWCF will bill the Military Services for the full cost of this operation in FY 2013 because it is a direct reimbursable cost. The Military Services have no funding programmed to reimburse DLA. As a result, the Military Services, particularly the Army and Marines, will have to decrement other programs to pay this bill that may impact readiness. If the Military Services do not pay the FY 2013 bill, the Defense Wide Working Capital Fund (DWWCF) cash corpus will suffer a loss in FY 2013 that cannot be recouped until the bill is paid in FY 2013 or later.

(Dollars in Millions)	Operation	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	
B.	Subactivity Group - Operations - DLA Distribution Kuwait				
	5.8 Theater Distribution	OEF	15.659	15.878	21.860
		OND	10.439	10.585	-
		Total	26.098	26.463	21.860

DLA Distribution Kuwait (DDKS) provides for logistical support, including the receipt, storage and issue of repair parts and consumable supplies, to Military Service customers operating in Southwest Asia (SWA). By positioning materiel forward, customer wait time is decreased and DoD transportation costs are significantly reduced by the use of surface versus air shipment mode. However, operating this distribution center is 50 percent more expensive than other distribution depots to operate due to the geographic location and hostile operating environment. The requested funds are required to recoup these increased wartime costs and prevent Working Capital Fund losses. The average unit cost rate per transaction at DLA Distribution Susquehanna Pennsylvania (DDSP) is \$22.54 compared to \$136.44 for DLA Distribution Kuwait, a \$113.90 per line difference. The requested funds are required to recoup these increased wartime costs and prevent Working Capital Fund losses. The DLA Distribution Kuwait projects it will process 1.293 million transactions in FY 2012 at an additional cost of \$113.90 per transaction resulting in an increased cost of operations of \$147.273 million.

Impact if not funded: The DWCF will sustain a loss in the year of execution that would have to be recovered in future year's DLA Distribution rates. Higher rates for distribution services may adversely impact Military Service programs and readiness accounts. In addition, the DWCF cash corpus will suffer a loss in FY 2013 that cannot be recouped until price increases become effective in future years.

(Dollars in Millions)	Operation	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	
C.	Subactivity Group - Operations - DLA Distribution Afghanistan				
	5.8 Theater Distribution	OEF	22.028	8.000	7.201
		OND	-	-	-
	Total		22.028	8.000	7.201

DLA Distribution Afghanistan supports Secretary of Defense (SECDEF) approved Request For Forces (RFF) dated 25 February 2010 directing DLA to establish a deployable depot capability in Kandahar by mid-summer 2010. Presently, DLA Distribution distributes Class II, III (P), IV and IX from distribution centers in Kuwait, Germany, CONUS, and from vendors across the US and Europe. Additionally, DLA Troop Support has established a Prime Vendor Contract to receive store and issue CL IV in Bagram and Kandahar for a cost of approximately \$24 million per year.

Objectives of the facility are: 1) provide distribution support to the OEF Theater per guidance issued by USCENTCOM and DLA, 2) relieve DLA Troop Support of the Prime Vendor distribution mission of Class IV; and 3) reduce customer wait times for surface intensive items like Class IV, III (P), and some Class II by up to 50 days. Criteria for success at acceptable risk are related to intra-theater distribution capability that allows for centralized receive/stow/issue capability at a single hub in Afghanistan. In FY 2011, \$22 million was reprogrammed from DLA Energy to support Deployable Depot replacement equipment and the Theater Consolidation Shipping Point (TSCP) Afghanistan.

The requested funds are required to recoup increased wartime costs and prevent Working Capital Fund losses.

Impact if not funded: The primary risk is poor performance in surface intensive items such as Class IV and III (P). Surface Lines of Communication (LOCs) are congested and at risk for enemy attack. USCENTCOM and TRANSCOM are already mitigating through the use of Northern Distribution Network. Longer surface times are mitigated currently via the Prime Vendor contract, but DLA Troop Support has assessed that option to be non-sustainable beyond FY 2010.

The DWCF will sustain a loss in the year of execution which will have to be recovered in future year's Distribution rates. Higher rates for distribution services may adversely impact Military Service programs and readiness accounts. In addition, the DWCF cash corpus will suffer a loss in FY 2013 that cannot be recouped until price increases become effective in future years.

(Dollars in Millions)	Operation	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
D.	Subactivity Group - Operations - Deh Dadi II, Consolidated Shipping Point, Afghanistan			
	5.8 DLA Theater Distribution	OEF	-	3.999
		OND	-	-
		Total	-	-

The TCSP is located at Forward Operating Base (FOB) Deh Dabi, Northern Afghanistan and will provide distribution support capability to the United States Forces, Afghanistan and all operations within the USCENTCOM AOR. The primary mission of the Northern TCSP is to perform receipt, temporary storage, and trans-ship container functions, of Class II, III (P), IV, and IX material to supported United States Forces Afghanistan (USFOR-A) and Joint Sustainment Command-Afghanistan (JSC-A) customers,

including cross-docking and/or trans-shipment operations utilized in support of CENTCOM theater logistics operations involving the Northern Distribution Network (NDN). The requirements and performance levels are identified by J-4 Future Operations along with theater specific Concept of Operations (CONOPS) requirements identified by CENTCOM, USFOR-A, and HQ DLA. The TSCP staff and ancillary functions identified are supported by DLA Distribution HQ Staff, DLA Distribution Depot Kandahar, Kuwait (DDKA) Staff in theater, HQ DLA, and elements of USFOR-A within USFOR-A within Combined Joint Operations Area-Afghanistan (CJOA-A), including life support and force protection.

Impact if not funded: Successful execution of DLA capabilities in support of the OCO mission is critical to the Warfighter. Without the additional funding described above, DLA will be forced to curtail support to non-OCO missions and will not be in compliance with the direct response to the Request for Forces (RFF) approved by the SECDEF.

(Dollars in Millions)	Operation	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	
E.	Subactivity Group - Operations - DLA Disposition Services				
	5.10 DLA Disposition Ops	OEF	13.779	16.640	38.520
		OND	32.221	24.960	4.280
		Total	46.000	41.600	42.800

The DLA Disposition Services is responsible for the reuse, reutilization, and disposal of excess and surplus property within the DoD. The DLA Disposition Services is experiencing operational and financial impacts from support to OEF/OND. Of critical importance is providing support to the warfighter at forward deployed locations where timely and accurate logistical support can affect the outcome of military operations. The DLA Disposition Services is providing support from eight fully operational DLA Disposition Services Offices in Kuwait, Afghanistan and Iraq, as well as unmanned pickup locations, primarily via contract with government oversight. From these locations, DLA Disposition Services provides advance disposal advice and on-the-ground expertise throughout Iraq to support the disposal mission.

The FY 2011 amount for OND was increased by \$4.7 million during the year of execution due to funds transferred from DLA Energy to cover additional deployers filling behind the withdrawal of Navy Disposal Remediation Team (DRT) support. This request includes resources for continuing operations at the eight established DRMOs, funding necessary to support the scheduled drawdown of the

OND mission and closure of four Iraq sites in FY 2012, planned stand up of one additional DRMO in Afghanistan in FY 2013 and Satellite Communications Services (SATCOM) for all DLA Disposition Services activities in SWA. The supplemental is needed to finance DLA Disposition Services Offices operations in SWA, including operations covered by contract as well as the government presence necessary to provide contract oversight.

The \$42.800 million request funds the following (dollars in millions):

Continuing Government Labor/Travel:	\$20.879
Contractor (TCN Labor):	\$11.844
Equipment/Maintenance:	\$8.574
Supplies/Transportation:	\$1.503

Impact if not funded: The DWCF will sustain a loss in the year of execution which will have to be recovered in future years' Service Level Bills (SLB) to the Military Services. Higher SLBs for DLA Disposition Services may adversely impact Military Service programs and readiness accounts. In addition, the DWCF cash corpus will suffer a loss in FY 2013 that cannot be recouped until the increased SLB becomes effective.

(Dollars in Millions)	Operation	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	
F.	Subactivity Group - Operations - IT Communications				
	5.11 Other - DLA Supply Chain Management	OEF	6.110	2.761	2.824
		OND	-	-	-
		Total	6.110	2.761	2.824

Narrative Justification: DLA continues to support operations in Southwest Asia (SWA) through the establishment and extension of telecom and infrastructure capabilities to support operations in OEF of the following areas:

Afghanistan Communication expansion supports DLA forward presence in Afghanistan. DLA in Afghanistan has no line network/telecom capability or infrastructure in place. Current communications support is fragmented and equipment must be brought in as situations require.

DLA will establish network hub sites at Bagram, Kandahar, Kabul, and Camp Leatherneck and extend Fusion Center capability to SWA for improved situational awareness and decision making capability. The requirement includes routers, switches, firewalls, backup generators, and other associated equipment, as well as labor and travel costs for installation of this equipment. The FY 2011 requirement to complete the infrastructure build for \$3.668 million was completed. In FY 2012 and FY 2013 the requirement will include sustainment of the hub infrastructure, equipment refresh and DISA hosting/circuit recurring charges projected at \$1.011 million per annum.

Impact if not funded: DLA Central Support Teams, DLA Energy, DLA Distribution, DLA Troop Support, and DLA Disposition Services will essentially be without adequate telecommunications/ computer support in OEF.

Persian Gulf Communication expansion and AIS Support for Distribution Services. In addition to Afghanistan, DLA performs distribution functions at the DLA Distribution Kuwait for CENTCOM. DLA Distribution Kuwait is a contractor-operated site. That contract has been re-competed and in the future will require use of the DLA Distribution Support System (DSS) for improved asset visibility within CENTCOM. While there is a cost associated with co-locating DSS with DDKS, co-locating theater distribution functions with DLA Distribution Kuwait has increased the efficiency of the distribution system and has consolidated various logistical functions. DLA's mission requirement for AIS support and distribution services in hub sites at Camp Arifjan and Bahrain and sparing of radio communications equipment components were \$765,000 in FY 2011. The FY 2011 request provided DSS DISA processing for expanded operations in Afghanistan.

Satellite Communication Systems include communication support to DLA organizations operating at forward or exercise locations in Europe, Africa and South West and Central Asia. This support includes local network services, telephone, and wide-area connectivity using DISA contracted SATCOM systems. Due to the austere locations where DLA entities are located, there are no DISA land-line network circuits available to establish a land-based network, necessitating the need for satellite-based systems. The FY 2011 actual and FY 2012 and FY 2013 requests supports peripheral hardware and/or maintenance and recurring costs of systems which includes expanded operations in Afghanistan, Central Asia and

potentially Africa. Costs include \$1.284 million for recurring service fees and support labor.

Impact if not funded: Successful execution of DLA capabilities in support of the OCO mission is critical to the Warfighter. Without the additional funding described above, DLA will be forced to curtail support to non-OCO missions, directly impacting European, CONUS, and/or Pacific operations, for example.

Afghanistan IT Contractor Support: DLA Information Operations Europe and Africa/Central provides local IT and telecommunication support to DLA organizations operating in Afghanistan. This support includes local network services, telephone, and troubleshooting of wide-area connectivity problems.

The FY 2011 cost covered three contractor positions to provide touch labor IT support for DLA in Afghanistan. The cost for the three contractor positions was \$1.068 million. In FY 2012, we anticipate that the IT contractor requirement will reduce by one due to stabilization of infrastructure (\$740,000). For FY 2013, we plan to increase contractor support back to FY 2011 levels of three positions (\$1.040 million) due to increased support requirements and expanded customer base in SWA supporting surge recovery activities.

Impact if not funded: IT services are critical to the successful execution of DLA capabilities in support of the OCO mission. Without the additional funding described above, DLA Information Operations will be forced to curtail support to non-OCO missions in order to support the unfunded forward mission, directly impacting European, SWA (Persian Gulf) and AFRICOM operations.

(Dollars in Millions)	Operation	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request
G. Subactivity Group - Operations - Contingency Support				
5.11 Other - DLA Supply Chain Management	OEF	-	.250	-
	OND	-	.24	-
	Total	-	.274	-

In FY 2012 DLA will continue to support operations for DLA Support Teams (DSTs), DLA Command Chaplain Office, and DLA Accountability Office (DA). In FY 2013, funding will not be required.

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Supply Management Summary
Fiscal Year (FY) 2013 President's Budget
February 2012
FY 2011
(Dollars in Millions)

DIVISION	Peacetime Inventory	Net Customer Orders	Net Sales at Standard	Obligation Targets			Total	Variability Target	Total Target
				Operating	Mobilization	Other			
CLOTHING & TEXTILES	1,453.1	1,560.4	1,894.4	2,413.3	0.0	0.0	2,413.3	0.0	2,413.3
MEDICAL	223.4	4,808.8	5,062.2	5,233.0	0.0	0.0	5,233.0	0.0	5,233.0
SUBSISTENCE	25.9	4,299.6	4,601.8	4,570.0	0.0	0.0	4,570.0	0.0	4,570.0
CONSTRUCTION & EQUIPMENT	519.1	2,555.5	2,904.7	2,701.0	0.0	0.0	2,701.0	0.0	2,701.0
AVIATION	6,637.3	3,472.2	4,868.0	4,849.2	0.0	0.0	4,849.2	0.0	4,849.2
LAND	2,077.8	1,675.5	2,366.1	2,179.1	0.0	0.0	2,179.1	0.0	2,179.1
MARITIME	2,530.5	1,450.2	1,955.4	1,762.6	0.0	0.0	1,762.6	0.0	1,762.6
LOGISTICS INFORMATION	0.0	0.0	0.0	185.9	0.0	0.0	185.9	0.0	185.9
TRANSACTION SERVICES	0.0	0.0	0.0	49.5	0.0	0.0	49.5	0.0	49.5
MANAGEMENT HEADQUARTERS	0.0	0.0	0.0	165.9	0.0	0.0	165.9	0.0	165.9
ENTERPRISE OPERATIONS	0.0	0.0	0.0	320.8	0.0	0.0	320.8	0.0	320.8
ENTERPRISE INFORMATION TECH.	0.0	0.0	0.0	276.5	0.0	0.0	276.5	0.0	276.5
CENTRAL FUND	0.0	0.0	0.0	56.5	0.0	0.0	56.5	0.0	56.5
TOTAL MATERIEL SUPPLY CHAIN	13,467.2	19,822.2	23,652.5	24,763.3	0.0	0.0	24,763.3	0.0	24,763.3
DISTRIBUTION	0.0	0.0	0.0	1,893.7	0.0	0.0	1,893.7	0.0	1,893.7
DISPOSITION SERVICES	0.0	0.0	0.0	378.5	0.0	0.0	378.5	0.0	378.5
TOTAL SUPPLY CHAIN MANAGEMENT	13,467.2	19,822.2	23,652.5	27,035.4	0.0	0.0	27,035.4	0.0	27,035.4

DEFENSE LOGISTICS AGENCY
 Defense-Wide Working Capital Fund
 Supply Chain Management Activity Group
 Supply Management Summary
 Fiscal Year (FY) 2013 President's Budget
 February 2012
 FY 2012

(Dollars in Millions)

DIVISION	Peacetime Inventory	Net Customer Orders	Net Sales at Standard	Obligation Targets			Total	Variability Target	Total Target
				Operating	Mobilization	Other			
CLOTHING & TEXTILES	1,455.2	1,702.0	2,161.7	2,190.3	0.0	0.0	2,190.3	483.2	2,673.5
MEDICAL	222.2	4,695.9	4,920.2	4,904.9	0.0	0.0	4,904.9	1,172.9	6,077.8
SUBSISTENCE	24.6	3,359.1	3,615.5	3,483.9	0.0	0.0	3,483.9	842.4	4,326.3
CONSTRUCTION & EQUIPMENT	1,510.0	3,030.3	3,406.6	3,201.5	0.0	0.0	3,201.5	627.1	3,828.6
AVIATION	6,134.6	2,971.9	3,997.7	3,817.6	0.0	0.0	3,817.6	832.6	4,650.2
LAND	2,024.5	1,345.6	1,803.8	1,929.3	0.0	0.0	1,929.3	379.1	2,308.4
MARITIME	2,395.4	1,147.8	1,509.4	1,555.3	0.0	0.0	1,555.3	323.7	1,879.0
LOGISTICS INFORMATION	0.0	0.0	0.0	200.7110	0.0	0.0	200.7	0.0	200.7
TRANSACTION SERVICES	0.0	0.0	0.0	56.0860	0.0	0.0	56.1	0.0	56.1
MANAGEMENT HEADQUARTERS	0.0	0.0	0.0	171.7	0.0	0.0	171.7	0.0	171.7
ENTERPRISE OPERATIONS	0.0	0.0	0.0	383.4900	0.0	0.0	383.5	0.0	383.5
ENTERPRISE INFORMATION TECH.	0.0	0.0	0.0	144.2330	0.0	0.0	144.2	0.0	144.2
CENTRAL FUND	0.0	0.0	0.0	472.4	0.0	0.0	472.4	0.0	472.4
TOTAL MATERIEL SUPPLY CHAIN	13,766.5	18,252.6	21,414.9	22,511.4	0.0	0.0	22,511.4	4,660.9	27,172.3
DISTRIBUTION	0.0	0.0	0.0	1,722.2	0.0	0.0	1,722.2	0.0	1,722.2
DISPOSITION SERVICES	0.0	0.0	0.0	426.7	0.0	0.0	426.7	0.0	426.7
TOTAL SUPPLY CHAIN MANAGEMENT	13,766.5	18,252.6	21,414.9	24,660.3	0.0	0.0	24,660.3	4,660.9	29,321.1

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Supply Management Summary
Fiscal Year (FY) 2013 President's Budget
February 2012
FY 2013
(Dollars in Millions)

DIVISION	Peacetime Inventory	Net Customer Orders	Net Sales at Standard	Obligation Targets				Variability Target	Total Target
				Operating	Mobilization	Other	Total		
CLOTHING & TEXTILES	1,490.3	1,865.5	2,199.9	2,172.8	0.0	0.0	2,172.8	480.4	2,653.2
MEDICAL	221.3	4,795.2	5,048.2	5,013.9	0.0	0.0	5,013.9	1,201.2	6,215.1
SUBSISTENCE	29.4	2,731.9	2,956.8	2,862.3	0.0	0.0	2,862.3	685.0	3,547.3
CONSTRUCTION & EQUIPMENT	1,516.6	2,727.0	3,216.5	2,975.1	0.0	0.0	2,975.1	690.3	3,665.4
AVIATION	6,184.7	2,892.0	3,841.2	3,758.8	0.0	0.0	3,758.8	737.9	4,496.7
LAND	2,171.2	1,242.3	1,605.1	1,585.0	0.0	0.0	1,585.0	318.2	1,903.2
MARITIME	2,434.1	1,117.3	1,465.4	1,485.3	0.0	0.0	1,485.3	287.7	1,773.0
LOGISTICS INFORMATION	0.0	0.0	0.0	203.1	0.0	0.0	203.1	0.0	203.1
TRANSACTION SERVICES	0.0	0.0	0.0	76.3	0.0	0.0	76.3	0.0	76.3
MANAGEMENT HEADQUARTERS	0.0	0.0	0.0	167.7	0.0	0.0	167.7	0.0	167.7
ENTERPRISE OPERATIONS	0.0	0.0	0.0	373.3	0.0	0.0	373.3	0.0	373.3
ENTERPRISE INFORMATION TECH.	0.0	0.0	0.0	159.3	0.0	0.0	159.3	0.0	159.3
CENTRAL FUND	0.0	0.0	0.0	478.4	0.0	0.0	478.4	0.0	478.4
TOTAL MATERIEL SUPPLY CHAIN	14,047.6	17,371.1	20,333.0	21,311.3	0.0	0.0	21,311.3	4,400.7	25,712.0
DISTRIBUTION	0.0	0.0	0.0	1,673.8	0.0	0.0	1,673.8	0.0	1,673.8
DISPOSITION SERVICES	0.0	0.0	0.0	429.8	0.0	0.0	429.8	0.0	429.8
TOTAL SUPPLY CHAIN MANAGEMENT	14,047.6	17,371.1	20,333.0	23,414.874	0.0	0.0	23,414.874	4,400.700	27,815.600

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
FY 2011 Inventory Status
Fiscal Year (FY) 2013 President's Budget
February 2012
(Dollars in Millions)

Materiel Supply Chains	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	13,970.853	437.515	8,718.268	4,815.070
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	-65.303	64.108	-448.299	318.888
b. Price Change Amount (Memo)	9.193	9.193	0.000	0.000
c. Inventory Reclassified and Repriced	13,914.743	510.816	8,269.969	5,133.958
RECEIPTS AT COST	19,599.379	424.928	19,174.451	0.000
GROSS SALES AT COST	-20,000.294	-433.381	-19,566.913	0.000
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	518.235	0.000	297.596	220.639
Transfer to other DLA ICPs	0.000	0.000	0.000	0.000
Transfer from other DLA ICPs	0.962	0.000	0.000	0.962
Transfers from Military Services	517.273	0.000	297.596	219.677
b. Returns from Customers for Credit	155.341	0.015	155.326	0.000
c. Returns for Customers without Credit	465.216	0.758	0.000	464.458
d. Returns to Suppliers (-)	24.316	0.000	24.316	0.000
e. Transfers to Property Disposal (-)	-607.088	-1.643	0.000	-605.445
f. Issues/Receipts without Reimbursement (+)	0.000	0.000	0.000	0.000
g. Other (List and Explain)	-83.492	3.529	-38.217	-48.804
h. Total Adjustments	472.528	2.659	439.021	30.848
INVENTORY - End of Period (EOP)	13,986.356	505.023	8,316.527	5,164.806
INVENTORY ON ORDER EOP	8,053.568	442.541	7,611.027	0.000

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
FY 2012 Inventory Status
February 2012
(Dollars in Millions)

Materiel Supply Chains	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	13,986.356	505.023	8,316.527	5,164.806
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	-0.001	-2.388	-117.593	119.980
b. Price Change Amount (Memo)	0.000	0.000	0.000	0.000
c. Inventory Reclassified and Repriced	13,986.355	502.635	8,198.934	5,284.786
RECEIPTS AT COST	18,944.024	338.376	18,605.648	0.000
GROSS SALES AT COST	-18,743.344	-333.193	-18,410.151	0.000
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	298.556	0.033	186.569	111.954
Transfer to other DLA ICPs	-972.613	-1.266	-548.211	-423.136
Transfer from other DLA ICPs	972.169	1.299	547.780	423.090
Transfers from Military Services	299.000	0.000	187.000	112.000
b. Returns from Customers for Credit	138.901	0.000	136.775	2.126
c. Returns for Customers without Credit	468.936	2.036	4.054	462.846
d. Returns to Suppliers (-)	0.000	0.000	0.000	0.000
e. Transfers to Property Disposal (-)	-734.742	-5.000	0.000	-729.742
f. Issues/Receipts without Reimbursement (+)	-2.000	0.000	-2.000	0.000
g. Other (List and Explain)	-71.153	0.000	-93.352	22.199
h. Total Adjustments	98.498	-2.931	232.046	-130.617
INVENTORY - End of Period (EOP)	14,285.532	504.887	8,626.477	5,154.169
INVENTORY ON ORDER EOP	7,583.225	438.700	7,144.525	0.000

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
FY 2013 Inventory Status
February 2012
(Dollars in Millions)

Materiel Supply Chains	Total	Mobilization	Peacetime Operating	Peacetime Other
INVENTORY - Beginning of Period (BOP)	14,285.532	504.887	8,626.477	5,154.169
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	0.000	0.000	-100.000	100.000
b. Price Change Amount (Memo)	0.000	0.000	0.000	0.000
c. Inventory Reclassified and Repriced	14,285.532	504.887	8,526.477	5,254.169
RECEIPTS AT COST	17,934.169	275.007	17,659.162	0.000
GROSS SALES AT COST	-17,589.045	-271.144	-17,317.901	0.000
INVENTORY ADJUSTMENTS				
a. Capitalizations + or (-)	224.000	0.000	127.000	97.000
Transfer to other DLA ICPs	0.000	0.000	0.000	0.000
Transfer from other DLA ICPs	0.000	0.000	0.000	0.000
Transfers from Military Services	224.000	0.000	127.000	97.000
b. Returns from Customers for Credit	140.628	0.000	140.628	0.000
c. Returns for Customers without Credit	414.707	1.456	3.651	409.600
d. Returns to Suppliers (-)	0.000	0.000	0.000	0.000
e. Transfers to Property Disposal (-)	-636.000	-5.500	0.000	-630.500
f. Issues/Receipts without Reimbursement (+)	0.000	0.000	0.000	0.000
g. Other (List and Explain)	-209.525	-2.000	-139.925	-67.600
h. Total Adjustments	-66.190	-6.044	131.354	-191.500
INVENTORY - End of Period (EOP)	14,564.466	502.706	8,999.092	5,062.669
INVENTORY ON ORDER EOP	7,319.390	402.300	6,917.090	0.000

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Mangement Activity Group
WHOLESALE ONLY - CUSTOMER PRICE CHANGE
Fiscal Year (FY) 2013 President's Budget
February 2012

Supply Chain Management Total	FY 2011	FY 2012	FY 2013
1. Net Sales at Cost	19,266.6	18,336.2	18,053.0
2. Less: Materiel Inflation Adjustment	269.7	349.6	386.1
3. Revised Net Sales @ Cost	18,996.8	17,986.5	17,666.9
4. Surcharge (\$)	2,780.1	2,546.9	2,423.9
5. Change to Customers			
a. Previous Year's Surcharge (%)	13.7%	14.4%	13.9%
b. This year's Surcharge and material inflation divided by line 3 above (\$)	14.4%	16.1%	15.9%
c. Percent Change to Customer	2.1%	1.5%	1.7%

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
War Reserve Material Stockpile
Fiscal Year (FY) 2013 President's Budget
February 2012
FY 2011
(Dollars in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	437.5	412.2	25.3
2. Price Change	9.2	0.0	9.2
3. Reclassification	64.1	0.0	64.1
4. Inventory Changes			
a. Receipts @ cost	424.9	424.9	0.0
(1). Purchases	424.9	424.9	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ cost	-433.4	-433.4	0.0
(1). Sales	-431.7	-431.7	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3). Disposals	-1.6	-1.6	0.0
c. Adjustments @ cost	2.6	1.6	1.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	-0.9	-0.9	0.0
(3). Other	3.5	2.5	1.0
5. Inventory EOP	505.0	405.4	99.6
WRM BUDGET REQUEST			
1. Storage	3.5	3.5	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	3.5	3.5	0.0
1. Obligations @ Cost	424.9	424.9	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	424.9	424.9	0.0
c. Repair WRM	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	424.9	424.9	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
War Reserve Material Stockpile
Fiscal Year (FY) 2013 President's Budget
February 2012
FY 2012
(Dollars in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	505.0	405.4	99.6
2. Price Change	0.0	0.0	0.0
3. Reclassification	-2.4	0.0	-2.4
4. Inventory Changes			
a. Receipts @ cost	339.7	338.4	1.3
(1). Purchases	337.7	336.4	1.3
(2). Returns from customers	2.0	2.0	0.0
b. Issues @ cost	-333.2	-333.2	0.0
(1). Sales	-328.2	-328.2	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3). Disposals	-5.0	-5.0	0.0
c. Adjustments @ cost	-4.3	-3.0	-1.3
(1). Capitalizations	-0.4	0.0	-0.4
(2). Gains and Losses	-3.0	-3.0	0.0
(3). Other	-0.9	0.0	-0.9
5. Inventory EOP	504.9	407.6	97.3
WRM BUDGET REQUEST			
1. Storage	3.5	3.5	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	3.5	3.5	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	336.3	336.3	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	336.3	336.3	0.0
c. Repair WRM	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	336.3	336.3	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
War Reserve Material Stockpile
Fiscal Year (FY) 2013 President's Budget
February 2012
FY 2013
(Dollars in millions)

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	504.9	407.6	97.3
2. Price Change	0.0	0.0	0.0
3. Reclassification	0.0	0.0	0.0
4. Inventory Changes			
a. Receipts @ cost	275.0	275.0	0.0
(1). Purchases	273.6	273.6	0.0
(2). Returns from customers	1.4	1.4	0.0
b. Issues @ cost	-271.2	-271.2	0.0
(1). Sales	-265.7	-265.7	0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3). Disposals	-5.5	-5.5	0.0
c. Adjustments @ cost	-6.0	-6.0	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	-4.0	-4.0	0.0
(3). Other	-2.0	-2.0	0.0
5. Inventory EOP	502.7	405.4	97.3
WRM BUDGET REQUEST			
1. Storage	3.5	3.5	0.0
2. Management	0.0	0.0	0.0
3. Maintenance/Other	0.0	0.0	0.0
Total Cost	3.5	3.5	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	273.6	273.6	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	273.6	273.6	0.0
c. Repair WRM	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	273.6	273.6	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Source of New Orders and Revenue
Fiscal Year (FY) 2013 President's Budget
February 2012
Total Supply Chain Management
(Dollars in Millions)

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
1. New Orders			
a. Orders from DoD Components	22,383.9	20,090.7	19,306.4
Army	10,685.1	9,384.5	8,722.0
Navy	4,087.1	3,785.5	3,720.9
Air Force	4,537.1	4,062.7	4,004.7
Marine Corps	1,448.4	1,374.0	1,345.6
Other	1,624.4	1,484.0	1,513.2
DECA	1.8	0.0	0.0
b. Orders from Other Activity Groups	1,060.7	819.0	842.7
c. Total DoD	23,444.7	20,909.7	20,149.1
d. Other Orders:	1,816.4	1,516.6	1,489.3
Other Federal Agencies	796.5	672.7	668.9
Non-Federal Agencies	111.0	82.7	79.6
Foreign Military Sales	908.9	761.2	740.8
Total New Orders	25,261.1	22,426.2	21,638.4
2. Carry-In Orders	3,544.0	3,441.7	3,099.8
3. Total Gross Orders	28,805.1	25,868.0	24,738.2
4. Carry-Out Orders (-)	-3,531.3	-3,099.8	-3,028.3
5. Sales Proceeds	77.5	69.7	69.2
6. Gross Sales (-)	25,351.4	22,837.9	21,779.2
7. Credits & Allowances (-)	-229.9	-212.2	-214.3
8. Net Sales	25,121.5	22,625.7	21,564.9
9. Reimbursable Sales	608.9	999.7	993.5
10. Total Revenue	25,730.4	23,625.4	22,558.4

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Supply Chain Management Activity Group
Revenue and Expenses
Fiscal Year (FY) 2013 President's Budget
February 2012
Total Supply Chain Management
(Dollars in Millions)

	FY 2011	FY 2012	FY 2013
Revenue			
Gross Sales	23,985.5	21,625.7	20,529.8
Operations	23,742.6	21,688.7	20,580.7
Capital Surcharge	-130.7	-80.4	-73.5
Depreciation excluding Major Construction	373.6	17.4	22.6
Other Income	1,974.8	2,211.9	2,242.8
Reimbursable Income	1,917.1	2,154.1	2,176.7
Other Income Depreciation	57.7	57.9	66.1
Refunds/Discounts (-)	-229.9	-212.2	-214.3
Total Revenue	25,730.4	23,625.4	22,558.4
Expenses			
Cost of Materiel Sold from Inventory	19,845.0	18,604.4	17,448.4
Salaries and Wages:			
Military Personnel Compensation & Benefits	41.5	38.4	38.9
Civilian Personnel Compensation & Benefits	2,127.7	2,184.5	2,179.4
Travel & Transportation	49.9	56.0	68.0
Materials & Supplies (For internal operations)	83.7	97.5	100.1
Equipment	70.0	64.8	66.7
Other Purchases from Revolving Funds	277.6	286.2	293.7
Transportation of Things	783.8	610.8	608.8
Depreciation - Capital	444.2	197.3	209.8
Printing and Reproduction	12.2	16.6	19.5
Advisory and Assistance Service	0.5	45.6	53.2
Rent, Communications, Utilities & Misc. Charges	46.7	48.0	48.7
Other Purchased Services	1,377.0	1,785.1	1,954.2
Total Expenses	25,159.8	24,035.1	23,089.4
Operating Results	570.6	-409.7	-531.0
Less Capital Surcharge Reservation	130.7	80.4	73.5
Less Recover Other	0.0	0.0	0.0
Plus Passthrough or Other Appropriations Affecting NOR	150.7	121.8	129.1
Plus Passthrough or Other Appropriations Not Affecting NOR	0.0	0.0	0.0
Other Adjustments Affecting NOR	-160.6	-374.4	-271.4
Net Operating Results	691.4	-581.8	-599.8
Prior Year Accumulated Operating Results	619.7	1,311.1	729.4
Prior Year Adjustments	0.0	0.0	0.0
Other Changes Affecting AOR	0.0	0.0	-129.6
Accumulated Operating Result	1,311.1	729.4	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Fiscal Year (FY) 2013 President's Budget
FEBRUARY 2012

FUNCTIONAL DESCRIPTION

The Defense Logistics Agency Energy (DLA Energy) provides comprehensive worldwide energy support for the military services and other authorized customers. DLA Energy also serves as the Department's Executive Agent for the bulk petroleum supply chain. Energy business includes sales of petroleum and aerospace fuels; sales of natural gas products; arranging for petroleum support services; providing facility/equipment maintenance on fuel infrastructure; performing energy-related environmental assessment and cleanup; coordinating bulk petroleum transportation; performing petroleum quality surveillance functions worldwide; and providing assistance to the Services regarding procurement of electricity and privatization of their utility systems.

BUDGET HIGHLIGHTS

FY 2012 and FY 2013 reflect adjustments in fuel cost assumptions and are in line with recent market history and current projections of future costs.

PERFORMANCE INDICATORS

Energy: Net Barrels Sold

Energy measures its workload in terms of net barrels sold. Net barrels sold reflect requirements provided to DLA Energy by the military services and other authorized customers. The following table displays net barrels sold over the budget period. Sales estimates reflect support of continuing Overseas Contingency Operations. The FY 2012-FY 2013 forecasts reflect decreased sales volumes from prior years. This slight decline is a result of reductions in military operations tempo.

(Barrels in Millions)	FY 2011	FY 2012	FY 2013
Net Barrels Sold	129.5	128.0	127.0

Net Operating Results (NOR) :

The NOR is the difference between revenue (including reimbursements) and expenses. NOR includes, as applicable, adjustments for supplemental and other income such as federal and state excise taxes collected on sales. The FY 2011-FY 2013 Energy Revenues are set to maintain DWWCF cash solvency. In FY 2013, the Accumulated Operating Result is retained to provide a buffer against future petroleum price volatility.

Energy NOR (Dollars in Millions)	FY 2011	FY 2012	FY 2013
Revenue	19,437.8	21,070.0	20,289.4
Expenses	19,879.7	21,209.7	20,257.9
Operating Results	-441.9	-139.7	31.5
Supplemental	357.2	278.8	130.4
Net Operating Results	-84.7	139.1	162.0
Prior Year Accumulated Operating Results	417.5	332.8	471.9
Other Changes Affecting AOR	-	-	-633.9
Ending AOR for Budget	332.8	471.9	-

Cash:

Pricing decisions, market conditions, and workload estimates result in projections for cash collections, disbursements, and net outlays.

Energy Cash (Dollars in Millions)	FY 2011	FY 2012	FY 2013
Disbursements	19,125.7	22,191.4	20,381.0
Collections	-18,935.8	-21,331.8	-20,159.0
Net Outlays	189.9	859.6	221.9
Appropriations	-357.2	-278.8	-130.4
Transfers Out	-	-	-
Adjusted Outlays	153.7	580.8	91.5

Supplemental funding will be received through direct appropriations to offset some of the incremental costs associated with the Overseas Contingency Operations (OCO).

UNIT COST

Unit cost per barrel sold for petroleum products is the cost per-barrel (Obligation Authority plus depreciation) for product and non- product costs divided by net sales barrels.

Energy Petroleum Unit Cost	FY 2011	FY 2012	FY 2013
Unit Cost Goal (Dollars per barrel)	\$150.09	\$161.63	\$157.92

ENERGY PRICING (PETROLEUM)

The Department of Defense (DoD) petroleum pricing is based on crude oil forecasts provided by the Office of Management and Budget (OMB). The OMB establishes crude petroleum rates based on market futures data from the New York Mercantile Exchange.

In FY 2011, due to sustained unforeseen increases in the petroleum crude oil market, the standard price increased from \$127.26 per barrel to \$165.90 on June 1, resulting in a composite standard fuel price of \$147.51 per barrel. For FY 2012, based on continued higher than expected petroleum market costs, the October 1 standard price was held at \$165.90 per barrel rather than being revised down to the FY 2012 budgeted price of \$131.04 per barrel. On January 1, 2012 slightly improved fuel market conditions, coupled with DLA cash balances, led to a slight reduction to \$160.44 per barrel with a projected FY 2012 composite standard price of \$161.70 per barrel. The budgeted standard composite price for FY 2013 is \$156.66 per barrel.

The following table provides the composite standard price for petroleum from FY 2011 through FY 2013:

Energy	FY 2011	FY 2012	FY 2013
Standard Price (Dollars per barrel)	\$147.51	\$161.70	\$156.66

INVENTORY

DLA Energy inventory throughout FY 2011 remained below the inventory objective of 60.2 million barrels and ended at 57.9 million barrels, of which 34.5 million barrels are war reserve material (WRM). Inventory is anticipated to end at 57.9 million barrels in FY 2012 and FY 2013.

In the following table, "normal" losses refer to spills, evaporation, shrinkage, and contamination. Combat fuel losses include losses from insurgent attacks, theft, and spillage caused by a lack of fully matured infrastructure.

Energy Inventory (Barrels in Millions)	FY 2011	FY 2012	FY 2013
<u>Beginning Inventory</u>	<u>59.9</u>	<u>57.9</u>	<u>57.9</u>
Peacetime Operating	25.4	23.4	23.4
War Reserve	34.5	34.5	34.5
Receipts	130.5	130.5	129.5
Sales (Net)	-129.5	-128.0	-127.0
Returns without Credit	-	-	-
Issues without Reimbursement	-	-	-
Net Gains/Losses (Normal)	-2.3	-2.0	-2.0
Combat Losses	-0.7	-0.5	-0.5
<u>Ending Inventory</u>	<u>57.9</u>	<u>57.9</u>	<u>57.9</u>
Peacetime Operating	23.4	23.4	23.4
War Reserve	34.5	34.5	34.5

PERSONNEL

The following table reflects the personnel numbers included in this submission. An increase in civilian personnel is the net result of transfers in mission from the military services associated with DLA Energy's role as the executive agent for bulk petroleum.

Personnel	FY 2011	FY 2012	FY 2013
End Strength			
Military*	76	76	76
Civilian	1,202	1,440	1,457
Total	1,405	1,516	1,533
FTEs			
Military*	76	76	76
Civilian	1,141	1,319	1,329
Total	1,279	1,395	1,405

*Includes full time military only and does not include Reserve positions.

FACILITY SUSTAINMENT, RESTORATION, & MODERNIZATION (FSRM)

DLA Energy has established FSRM funding requirements based on the results of recent planning studies and the number of projects identified by the Military Services.

	FY 2011	FY 2012	FY 2013
Total	555.7	468.6	480.9
Maintenance & Repair/SRM	394.3	321.0	326.5
Demolition	23.1	7.0	7.0
Non ADP Equip (operating)	38.3	38.0	40.0
Facilities Operations*	0.9	4.0	4.0
Minor Construction	22.9	12.0	13.0
Non ADP Capital	26.2	26.6	29.4
Minor Construction Capital	50.0	60.0	61.0

*Recently separated Program Element

CAPITAL

The capital budget finances investments that exceed the \$250,000 investment criteria for the automated data processing equipment (ADPE), non-ADPE, software development, and minor construction categories.

Capital Budget (\$M)	FY 2011	FY 2012	FY 2013
Equipment (non-ADP)	26.2	26.6	29.4
Software & ADP Equipment	32.2	36.5	18.1
Minor Construction	50.0	60.0	61.0
Total	108.5	123.1	108.5

The FY 2012 capital budget estimate of \$123.1 million reflects an overall increase of \$14.6 million from FY 2011. The increase in FY 2012 is for the software development of the Enterprise Business Systems (EBS) Energy Convergence system. Minor construction increases in FY 2012 and FY 2013 are the result of aging infrastructure.

OVERSEAS CONTINGENCY OPERATIONS (OCO) SUPPLEMENTAL REQUEST

Direct appropriations, for DLA Energy Overseas Contingency Operations (OCO), were enacted in FY 2011 - FY 2012 and requested in FY2013.

Requirement (\$ M)	FY 2011 OCO Enacted	FY 2012 OCO Enacted	FY 2013 OCO Request
Combat Fuel Losses	94.8	115.5	63.6
Fuel Trans/Terminal Ops/Aerospace	249.0	163.3	66.8
TOTAL	343.8	278.8	130.4

Fuel Combat Losses - \$63.6 million: The OEF tactical fuel sites holding DLA capitalized fuel have experienced higher losses than fixed base facilities. Inventory losses in this combat theater are budgeted for approximately .5 million barrels per fiscal year. Higher levels of fuel loss occur due to poor infrastructure, attacks on convoys, and use of tactical versus fixed storage locations.

(\$ M)	Operation	FY 2011	FY 2012	FY 2013
A.	Subactivity Group - Operations - Combat Fuel Losses			
5.9 Fuel Combat Losses	OEF	(0.0)	105.5	63.6
	OND	94.9	10.0	0.0
	Total	94.8	115.5	63.6

Operations - \$66.8 million: The OEF fuel operations consist of fuel transportation and terminal operations in support of OEF. Transportation costs to deliver fuel products to U.S. military forces in support of the operations shown below are significantly higher than anywhere else in the world. Transportation cost to deliver helium to Afghanistan supports the Rapid Aerostat Initial Deployment and the Persistent Threat Detection System. Terminal operations costs are associated with the handling, offloading, and storage of fuel to support mission critical requirements.

(\$ M)	Operation	FY 2011	FY 2012	FY 2013
B.	Subactivity Group - Operations - Fuel Transportation and Terminal Operations			
5.9 Fuel Transportation and Terminal Operations	OEF	151.1	118.4	66.8
	OND	97.9	44.9	-
	Total	249.0	163.3	66.8

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Defense Logistics Agency Energy
Fiscal Year (FY) 2013 President's Budget
Supply Management Summary
FY 2011
Dollars in Millions
February 2012

DIVISION	Peacetime Inventory	Net Customer Orders	Net Sales at Standard	Obligation Targets				Variability Target	Total Target
				Operating	Mobilization	Other	Total		
ENERGY MISSION	3,324.183	19,107.497	19,107.497	18,207.665	0.000	0.000	18,207.665	0.000	18,207.665
AEROSPACE		61.104	61.104	100.853	0.000	0.000	100.853	0.000	100.853
REIMBURSABLE		127.336	127.336	127.336	0.000	0.000	127.336	0.000	127.336
TOTAL	3,324.183	19,295.937	19,295.937	18,435.854	0.000	0.000	18,435.853	0.000	18,435.853

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Defense Logistics Agency Energy
Fiscal Year (FY) 2013 President's Budget
Supply Management Summary
FY 2012
Dollars in Millions
February 2012

DIVISION	Peacetime Inventory	Net Customer Orders	Net Sales at Standard	Obligation Targets				Variability Target	Total Target
				Operating	Mobilization	Other	Total		
ENERGY MISSION	3,485.007	20,697.600	20,697.600	20,904.142	0.000	0.000	20,904.142	2,382.269	23,286.411
AEROSPACE		67.904	67.904	86.097	0.000	0.000	86.097	0.000	86.097
REIMBURSABLE		165.728	165.728	165.728	0.000	0.000	165.728	0.000	165.728
TOTAL	3,485.007	20,931.232	20,931.232	21,155.967	0.000	0.000	21,155.967	2,382.269	23,538.236

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Defense Logistics Agency Energy
Fiscal Year (FY) 2013 President's Budget
Supply Management Summary
FY 2013
Dollars in Millions
February 2012

DIVISION	Peacetime Inventory	Net Customer Orders	Net Sales at Standard	Obligation Targets				Variability Target	Total Target
				Operating	Mobilization	Other	Total		
ENERGY MISSION	3,341.709	19,895.820	19,895.820	20,164.401	0.000	0.000	20,164.401	2,500.000	22,664.401
AEROSPACE		68.824	68.824	43.589	0.000	0.000	43.589	0.000	43.589
NATURAL GAS		129.176	129.176	129.176	0.000	0.000	129.176	0.000	129.176
REIMBURSABLE		42.622	42.622	42.622	0.000	0.000	42.622	0.000	42.622
TOTAL	3,341.709	20,136.442	20,136.442	20,379.788	0.000	0.000	20,379.788	2,500.000	22,879.788

Defense-Wide Working Capital Fund
Energy Management Activity Group
Defense Logistics Agency Energy
Fiscal Year (FY) 2013 President's Budget
Inventory Status - Energy
FY 2011
Dollars in Millions
February 2012

	Total	Mobilization	Peacetime	Other
			Operating	
INVENTORY - Beginning of Period (BOP)	5,576.3	3,209.2	2,367.1	-
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	-	-	-	-
b. Price Change Amount (Memo)	2,693.4	1,550.1	1,143.3	-
c. Inventory Reclassified and Repriced	8,269.7	4,759.3	3,510.4	-
RECEIPTS AT COST	18,129.0	-	18,129.0	-
GROSS SALES AT COST	(19,645.7)	-	(19,645.7)	-
INVENTORY ADJUSTMENTS				
a. Capitalizations (+)	-	-	-	-
Transfer to other DLA ICPs (-)	-	-	-	-
Transfer from other DLA ICPs (+)	-	-	-	-
b. Returns from Customers for Credit (+)	1,739.9	-	1,739.9	-
c. Returns from Customers without Credit (+)	-	-	-	-
d. Returns to Suppliers (-)	-	-	-	-
e. Transfers to Property Disposal (-)	-	-	-	-
f. Issues/Receipts without Reimbursement (-)	-	-	-	-
g. Normal Losses (-)	(314.7)	-	(314.7)	-
g. Combat Losses (-)	(94.8)	-	(94.8)	-
h. Total Adjustments	1,330.4	-	1,330.4	-
INVENTORY - End of Period (EOP)	8,083.5	4,759.3	3,324.2	-
INVENTORY EOP - REVALUED				
a. Economic Retention (Memo)	-	-	-	-
b. Contingency Retention (Memo)	-	-	-	-
c. Potential DoD Utilization (Memo)	-	-	-	-
INVENTORY ON ORDER EOP				

Defense-Wide Working Capital Fund
Energy Management Activity Group
Defense Logistics Agency Energy
Fiscal Year (FY) 2013 President's Budget
Inventory Status - Energy
FY 2012
Dollars in Millions
February 2012

	Total	Mobilization	Peacetime	
			Operating	Other
INVENTORY - Beginning of Period (BOP)	8,083.5	4,759.3	3,324.2	-
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	-	-	-	-
b. Price Change Amount (Memo)	362.8	275.0	87.9	-
c. Inventory Reclassified and Repriced	8,446.3	5,034.2	3,412.0	-
RECEIPTS AT COST	19,147.3	-	19,147.3	-
GROSS SALES AT COST	(19,582.5)	-	(19,582.5)	-
INVENTORY ADJUSTMENTS				
a. Capitalizations (+)	-	-	-	-
Transfer to other DLA ICPs (-)	-	-	-	-
Transfer from other DLA ICPs (+)	-	-	-	-
b. Returns from Customers for Credit (+)	875.5	-	875.5	-
c. Returns from Customers without Credit (+)	-	-	-	-
d. Returns to Suppliers (-)	-	-	-	-
e. Transfers to Property Disposal (-)	-	-	-	-
f. Issues/Receipts without Reimbursement (-)	-	-	-	-
g. Normal Losses (-)	(291.8)	-	(291.8)	-
g. Combat Losses (-)	(75.5)	-	(75.5)	-
h. Total Adjustments	508.2	-	508.2	-
INVENTORY - End of Period (EOP)	8,519.2	5,034.2	3,485.0	-
INVENTORY EOP - REVALUED				
a. Economic Retention (Memo)	-	-	-	-
b. Contingency Retention (Memo)	-	-	-	-
c. Potential DoD Utilization (Memo)	-	-	-	-
INVENTORY ON ORDER EOP				

Defense-Wide Working Capital Fund
Energy Management Activity Group
Defense Logistics Agency Energy
Fiscal Year (FY) 2013 President's Budget
Inventory Status - Energy
FY 2013
Dollars in Millions
February 2012

	Total	Mobilization	Peacetime	Other
			Operating	
INVENTORY - Beginning of Period (BOP)	8,519.2	5,034.2	3,485.0	-
BOP INVENTORY ADJUSTMENTS				
a. Reclassification Change (Memo)	-	-	-	-
b. Price Change Amount (Memo)	(420.3)	(207.0)	(213.3)	-
c. Inventory Reclassified and Repriced	8,099.0	4,827.2	3,271.7	-
RECEIPTS AT COST	18,220.6	-	18,220.6	-
GROSS SALES AT COST	(18,640.4)	-	(18,640.4)	-
INVENTORY ADJUSTMENTS				
a. Capitalizations (+)	-	-	-	-
Transfer to other DLA ICPs (-)	-	-	-	-
Transfer from other DLA ICPs (+)	-	-	-	-
b. Returns from Customers for Credit (+)	839.5	-	839.5	-
c. Returns from Customers without Credit (+)	-	-	-	-
d. Returns to Suppliers (-)	-	-	-	-
e. Transfers to Property Disposal (-)	-	-	-	-
f. Issues/Receipts without Reimbursement (-)	-	-	-	-
g. Normal Losses (-)	(279.8)	-	(279.8)	-
g. Combat Losses (-)	(70.0)	-	(70.0)	-
h. Total Adjustments	489.7	-	489.7	-
INVENTORY - End of Period (EOP)	8,168.9	4,827.2	3,341.7	-
INVENTORY EOP - REVALUED				
a. Economic Retention (Memo)	-	-	-	-
b. Contingency Retention (Memo)	-	-	-	-
c. Potential DoD Utilization (Memo)	-	-	-	-
INVENTORY ON ORDER EOP				

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Defense Logistics Agency Energy
Fiscal Year (FY) 2013 President's Budget
War Reserve Material (WRM) Stockpile
FY 2011
Dollars in Millions
February 2012

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	3,209.2	3,209.2	0.0
2. Price Change (Memo)	1,550.1	1,550.1	0.0
3. Inventory Repriced	4,759.3	4,759.3	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	0.0	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ cost	0.0	0.0	0.0
(1). Sales	0.0		0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	0.0	0.0	0.0
c. Adjustments @ cost	0.0	0.0	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	0.0	0.0	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	4,759.3	4,759.3	0.0
WRM STOCKPILE COSTS			
1. Storage	0.0		
2. Management	0.0		
3. Maintenance/Other	0.0		
Total Cost	0.0	0.0	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	0.0	0.0	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	0.0	0.0	0.0
c. Repair WRM	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Defense Logistics Agency Energy
Fiscal Year (FY) 2013 President's Budget
War Reserve Material (WRM) Stockpile
FY 2012
Dollars in Millions
February 2012

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	4,759.3	4,759.3	0.0
2. Price Change (Memo)	275.0	275.0	0.0
3. Inventory Repriced	5,034.2	5,034.2	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	0.0	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ cost	0.0	0.0	0.0
(1). Sales	0.0		0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	0.0	0.0	0.0
c. Adjustments @ cost	0.0	0.0	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	0.0	0.0	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	5,034.2	5,034.2	0.0
WRM STOCKPILE COSTS			
1. Storage	0.0		
2. Management	0.0		
3. Maintenance/Other	0.0		
Total Cost	0.0	0.0	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	0.0	0.0	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	0.0	0.0	0.0
c. Repair WRM	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Defense Logistics Agency Energy
Fiscal Year (FY) 2013 President's Budget
War Reserve Material (WRM) Stockpile
FY 2013
Dollars in Millions
February 2012

	Total	WRM Protected	WRM Other
1. Inventory BOP @ Cost	5,034.2	5,034.2	0.0
2. Price Change (Memo)	(207.0)	(207.0)	0.0
3. Inventory Repriced	4,827.2	4,827.2	0.0
4. Inventory Changes			
a. Receipts @ cost	0.0	0.0	0.0
(1). Purchases	0.0	0.0	0.0
(2). Returns from customers	0.0	0.0	0.0
b. Issues @ cost	0.0	0.0	0.0
(1). Sales	0.0		0.0
(2). Returns to suppliers	0.0	0.0	0.0
(3.) Disposals	0.0	0.0	0.0
c. Adjustments @ cost	0.0	0.0	0.0
(1). Capitalizations	0.0	0.0	0.0
(2). Gains and Losses	0.0	0.0	0.0
(3.) Other	0.0	0.0	0.0
5. Inventory EOP	4,827.2	4,827.2	0.0
WRM STOCKPILE COSTS			
1. Storage	0.0		
2. Management	0.0		
3. Maintenance/Other	0.0		
Total Cost	0.0	0.0	0.0
WRM BUDGET REQUEST			
1. Obligations @ Cost	0.0	0.0	0.0
a. Additional WRM	0.0	0.0	0.0
b. Replen. WRM	0.0	0.0	0.0
c. Repair WRM	0.0	0.0	0.0
d. Assemble/Disassemble	0.0	0.0	0.0
e. Other	0.0	0.0	0.0
Total Request	0.0	0.0	0.0

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Defense Logistics Agency Energy
Fiscal Year (FY) 2013 President's Budget
Source of New Orders and Revenue
FY 2011 - 2013
Dollars in Millions
February 2012

TOTAL ENERGY	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
a. Orders from DoD Components	18,424.9	19,340.1	18,530.8
Army	4,093.8	3,039.1	2,839.1
Navy	4,769.6	5,538.6	5,369.0
Air Force	9,354.4	10,470.8	10,038.1
Marine Corps	70.7	135.6	131.8
Other	136.4	156.1	152.9
b. Orders from Other Activity Groups	0.0	0.0	0.0
c. Total DoD	18,424.9	19,340.1	18,530.8
d. Other Orders:	1,866.0	2,561.3	2,545.6
Other Federal Agencies	447.5	795.1	787.7
Non-Federal Agencies	1,296.6	950.4	945.2
Foreign Military Sales	121.9	815.8	812.7
Total New Orders	20,290.9	21,901.4	21,076.4
2. Carry-In Orders	0.0	0.0	0.0
3. Total Gross Orders	20,290.9	21,901.4	21,076.4
4. Funded Carry-Over	0.0	0.0	0.0
5. Total Gross Sales	20,290.9	21,901.4	21,076.4
6. Credits	(990.3)	(970.2)	(940.0)
7. Net Sales	19,300.6	20,931.2	20,136.4

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Defense Logistics Agency Energy
Fiscal Year (FY) 2013 President's Budget
Revenue and Expenses
FY 2011 - 2013
Dollars in Millions
February 2012

Revenue:	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Gross Sales @ Standard Operations	20,290.9	21,890.2	21,076.4
Capital Surcharge	34.8	35.5	36.2
Depreciation	23.4	61.1	64.2
Other Income	137.2	150.0	153.0
Refunds/Discounts (-)	(990.3)	(970.2)	(940.0)
Total Income	19,437.8	21,070.0	20,289.4
Adjusted Income			
Total Income (allocated)	19,437.8	21,070.0	20,289.4
Expenses:			
Cost of Materiel Sold from Inventory	18,362.4	18,707.0	17,800.8
Inventory Gains/Losses	409.5	367.3	349.8
Salaries and Wages:	150.8	177.0	182.9
Military Personnel Costs	10.2	9.9	11.6
Civilian Personnel Compensation	140.6	167.1	171.3
Travel & Transportation of Personnel	8.5	12.6	12.5
Materials & Supplies (For internal use)	0.8	1.3	1.3
Equipment	5.9	10.3	11.2
Other Purchases from Revolving Funds	85.1	122.4	136.9
Transportation of Things	395.7	468.4	475.2
Depreciation - Capital	23.4	61.1	64.2
Printing and Reproduction	0.3	0.5	0.5
Advisory and Assistance Services	18.4	25.0	29.4
Rent, Communication, and Utility	1.1	13.3	15.9
Other Purchased Services	417.5	1,243.2	1,177.2
Total Expenses (System)	19,879.7	21,209.6	20,257.9
Allocated Expenses			
Total Expenses (Allocated)	19,879.7	21,209.6	20,257.9
Operating Results	(441.9)	(139.7)	31.6
Plus Passthroughs or Other	357.2	278.8	130.4
Other Changes Affecting NOR	0.0	0.0	0.0
Cash Surcharge	0.0	0.0	0.0
Transfers Out	0.0	0.0	0.0
Net Operating Results	(84.7)	139.1	162.0
Prior Year AOR	417.5	332.8	471.9
Other Changes Affecting AOR			(633.9)
Accumulated Operating Results (AOR)	332.8	471.9	0.0

DEFENSE LOGISTICS AGENCY
 Defense-Wide Working Capital Fund
 Energy Management Activity Group
 Fuel Data
 Fiscal Year (FY) 2013 President's Budget
 FY 2011
 (Dollars in Thousands)
 FY 2011 - FY 2013

FY 11 Budget Fuel Data	PROCURED FROM DLA Energy				PROCURED BY SERVICE			Stabilized Price	
	Aerospace Missile Fuels	PC	Qty (Thousands)	Price Per Qty (\$)	Extended Price (\$000)	Qty (Thousands)	Price Per Qty (\$)		Extended Price (\$000)
Nitric Acid	16		0.000	\$57.16	\$0.000				
Priming Fluid ALCM (PF-1)	23		4.294	\$20.50	\$88.027				
JP-10	28		134.693	\$15.75	\$2,121.415				
Isopropyl Alcohol	31		0.000	\$0.00	\$0.000				
Deuterium, Gaseous	33		0.000	\$0.00	\$0.000				
Liquid Air	39		0.000	\$2.17	\$0.000				
Liquid Carbon Dioxide	86		5,601.533	\$0.06	\$336.092				
TOTAL MISCELLANEOUS			5,740.5	\$0.44	\$2,545.534				
Argon, Gaseous-Conus	21		0.462	\$228.00	\$105.336				
Argon, Liquid	32		2,487.486	\$0.22	\$547.247				
Argon, Gaseous-OConus	61		0.087	\$228.25	\$19.858				
Argon, Gaseous FMS	87		0.004	\$980.00	\$3.920				
TOTAL ARGON			2,488.039	\$0.27	\$676.361				
Dinitrogen Tetroxide	9		68.609	\$49.68	\$3,408.495				
Dinitrogen Tetroxide, MON-25 Low Iron	79		0.047	\$523.17	\$24.589				
Dinitrogen Tetroxide, MON-15 Low Iron	82		0.302	\$300.00	\$90.600				
Dinitrogen Tetroxide, MON-3UL	89		5.500	\$54.00	\$297.000				
TOTAL DINITROGEN TETROXIDE			74.458	\$51.31	\$3,820.684				
Helium, Cylinder	1		52.392	\$0.79	\$41.390				
Helium, Bulk	2		19.751	\$281.35	\$5,556.944				
Helium, Liquid-Dewars	24		76.311	\$7.95	\$606.672				
Helium, Extra Hi-Purity	43		0.000	\$0.00	\$0.000				
Helium, Ultra Hi-Purity	49		28.745	\$0.85	\$24.433				
Helium, Gaseous Bulk	80		546.651	\$6.48	\$3,542.298				
TOTAL HELIUM			723.850	\$13.50	\$9,771.738				
Hydrazine, UDMH	7		2.560	\$92.33	\$236.365				
Hydrazine	8		8.613	\$92.33	\$795.238				
Hydrazine, MMH	15		36.622	\$92.33	\$3,381.309				
Hydrazine, MPH	34		13.048	\$92.33	\$1,204.722				
Hydrazine, Hi-Purity	35		37.765	\$92.33	\$3,486.842				
Hydrazine, Water	37		7.838	\$92.33	\$723.683				
TOTAL HYDRAZINE			106.446	\$92.33	\$9,828.159				
Hydrogen, Liquid	12		893.163	\$3.76	\$3,358.293				
Hydrogen, Peroxide	17		0.000	\$0.00	\$0.000				
Hydrogen, Gaseous	27		0.000	\$230.00	\$0.000				
Hydrogen, Gaseous - Tinker	59		1.567	\$27.32	\$42.810				
TOTAL HYDROGEN			894.730	\$3.80	\$3,401.103				
Kerosene, RP-1, Bulk	10		158.629	\$12.96	\$2,055.832				
Kerosene, RP-1, Drum	65		0.530	\$30.00	\$15.900				
Kerosene, RP-1, TS5	75		0.000	\$0.00	\$0.000				
Kerosene, RP-1, Ultra Low Grade	76		0.938	\$35.00	\$32.830				
Kerosene, RP-1, TS30 Drum	77		0.000	\$14.10	\$0.000				
TOTAL KEROSENE			160.097	\$13.15	\$2,104.562				
Nitrogen, Liquid	4		86.256	\$122.40	\$10,557.734				
Nitrogen, Gaseous	5		215.261	\$6.61	\$1,422.875				
Nitrogen, Gaseous	60		0.006	\$928.83	\$5.573				
Nitrogen, Liquid (Pipeline)	11		0.000	\$0.00	\$0.000				
Nitrogen, Gaseous (Vandenberg AFB Only)	46		0.000	\$0.00	\$0.000				
Nitrogen, Gaseous (Vandenberg AFB Only)	50		497.012	\$13.92	\$6,918.407				
Nitrogen, Gaseous (KSC Only)	55		138.534	\$11.50	\$1,593.141				
LN2	84		2,026.215	\$0.65	\$1,317.040				
LN2 - OConus	94		633.747	\$1.45	\$918.933				
TOTAL NITROGEN			3,597.031	\$6.32	\$22,733.704				
Oxygen, Liquid	3		1.884	\$102.65	\$193.393				
Oxygen, Liquid (Vandenberg AFB Only)	53		1.982	\$95.00	\$188.290				
Oxygen, Liquid (KSC Only)	63		2.336	\$95.00	\$221.920				
ABO	83		2,443.082	\$1.00	\$2,443.082				
ABO - OConus	93		1,241.099	\$2.00	\$2,482.198				
TOTAL LIQUID OXYGEN			3,690.383	\$1.50	\$5,528.883				
Xenon, Gaseous	19		0.000	\$0.00	\$0.000				
Xenon, Extra High-Purity	66		0.100	\$9.64	\$0.964				
TOTAL XENON			0.100	\$9.64	\$0.964				
Methanol Liquid	85		1.355	\$2.00	\$2.710				
Methane Liquid	44		4.023	\$16.87	\$67.868				
Methane Liquid	97		0.000	\$0.00	\$0.000				
Resonator Gas	57		0.029	\$342.00	\$9.918				
TOTAL METHANE LIQUID			5.407	\$14.89	\$80.496				
Carbon Dioxide, Grade L	A2		1,739.052	\$0.07	\$121.734				
Liquid Oxygen, Grade B	A5		8.108	\$1.60	\$12.973				
Liquid Nitrogen, Grade Q	A4		7.619	\$1.28	\$9.752				
Argon, Liquid, Grade E	A1		6.635	\$0.43	\$2.853				
LN/LOX - GL	A3		3.707	\$1.28	\$4.745				
Special Blends	G8		1.350	\$272.27	\$367.565				
Oxygen 100%, 1980 PSI	G2		0.854	\$8.99	\$7.677				
Propane	E7		0.605	\$3.44	\$2.081				
95/5 (95% Argon, 5% Carbon Dioxide)	F1		0.263	\$31.45	\$8.271				
Nitrogen, 100%, 1980 PSI	G1		0.128	\$11.13	\$1.425				
MAPP Gas	F6		0.089	\$112.62	\$10.023				
Argon 100%, 1980 PSI	F2		0.053	\$28.47	\$1.509				
Helium 1980 PSI	F9		0.019	\$90.90	\$1.727				
Helium (UHP)	F5		0.016	\$152.54	\$2.441				
Multi-Component, Mix #1	D4		0.006	\$395.90	\$2.375				
Carbonyl Fluoride 2000 PPM, Bal Nitrogen	C3		0.004	\$1,617.74	\$6.471				
Hydrogen Chloride 2000 PPM, Bal Nitrogen	C9		0.004	\$303.93	\$1.216				
Multi-Component, Mix #4	D7		0.003	\$403.02	\$1.209				
Hydrogen Fluoride 2000 PPM, Bal Nitrogen	D2		0.002	\$1,099.48	\$2.199				
Hydrogen Cyanide 2000 PPM, Bal Nitrogen	D1		0.002	\$749.24	\$1.498				
Formaldehyde 100 PPM, Bal Nitrogen	C7		0.001	\$1,080.84	\$1.081				
Hydrogen Bromide 2000 PPM, Bal Nitrogen	C8		0.001	\$1,035.45	\$1.035				
Misc - Total all other Aberdeen	NA		0.122	\$100.80	\$13.003				
TOTAL ABERDEEN GASES			1,768.650	\$0.33	\$584.864				
Rounding factor									
TOTAL			19,249.711	\$3.17	61,077.050				

DEFENSE LOGISTICS AGENCY
 Defense-Wide Working Capital Fund
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FY 12 Budget Fuel Data		PROCURED FROM DLA Energy			PROCURED BY SERVICE			Stabilized Price
Aerospace Missile Fuels		Qty (Thousands)	Price Per Qty (\$)	Extended Price (\$000)	Qty (Thousands)	Price Per Qty (\$)	Extended Price (\$000)	
Nitric Acid	16	0.000	\$31.50	\$0.000				
Priming Fluid ALCM (PF-1)	23	4.294	\$18.05	\$77.507				
JP-10	28	131.138	\$19.13	\$2,508.670				
Isopropyl Alcohol	31	0.000	\$0.00	\$0.000				
Deuterium, Gaseous	33	0.000	\$0.00	\$0.000				
Liquid Air	39	0.000	\$2.65	\$0.000				
Liquid Carbon Dioxide	86	<u>5,601.533</u>	<u>\$0.07</u>	<u>\$392.107</u>				
TOTAL MISCELLANEOUS		5,737.0	\$0.52	\$2,978.284				
Argon, Gaseous-Conus	21	0.462	\$84.41	\$38.997				
Argon, Liquid	32	2,487.486	\$0.23	\$572.122				
Argon, Gaseous-OConus	61	0.087	\$84.41	\$7.344				
Argon, Gaseous FMS	87	<u>0.004</u>	<u>\$980.00</u>	<u>\$3.920</u>				
TOTAL ARGON		2,488.039	\$0.25	\$622.383				
Dinitrogen Tetroxide	9	68.609	\$85.92	\$5,894.885				
Dinitrogen Tetroxide, MON-25 Low Iron	79	0.047	\$85.92	\$4.038				
Dinitrogen Tetroxide, MON-15 Low Iron	82	0.302	\$85.92	\$25.948				
Dinitrogen Tetroxide, MON-3UL	89	<u>5.500</u>	<u>\$85.92</u>	<u>\$472.560</u>				
TOTAL DINITROGEN TETROXIDE		74.458	\$85.92	\$6,397.431				
Helium, Cylinder	1	52.392	\$0.28	\$14.670				
Helium, Bulk	2	19.751	\$283.28	\$5,595.063				
Helium, Liquid-Dewars	24	76.311	\$8.87	\$676.879				
Helium, Extra Hi-Purity	43	0.000	\$0.00	\$0.000				
Helium, Ultra Hi-Purity	49	28.745	\$0.59	\$16.960				
Helium, Gaseous Bulk	80	<u>546.651</u>	<u>\$8.87</u>	<u>\$4,848.794</u>				
TOTAL HELIUM		723.850	\$15.41	\$11,152.366				
Hydrazine, UDMH	7	2.560	\$160.53	\$410.957				
Hydrazine	8	8.613	\$160.53	\$1,382.645				
Hydrazine, MMH	15	26.662	\$160.53	\$4,280.051				
Hydrazine, MPH	34	13.048	\$160.53	\$2,094.595				
Hydrazine, Hi-Purity	35	27.529	\$160.53	\$4,419.230				
Hydrazine, Water	37	<u>7.838</u>	<u>\$160.53</u>	<u>\$1,258.234</u>				
TOTAL HYDRAZINE		86.250	\$160.53	\$13,845.713				
Hydrogen, Liquid	12	893.163	\$4.57	\$4,081.755				
Hydrogen, Peroxide	17	0.000	\$0.00	\$0.000				
Hydrogen, Gaseous	27	0.000	\$230.00	\$0.000				
Hydrogen, Gaseous - Tinker	59	<u>1.567</u>	<u>\$30.67</u>	<u>\$48.060</u>				
TOTAL HYDROGEN		894.730	\$4.62	\$4,129.815				
Kerosene, RP-1, Bulk	10	158.629	\$12.96	\$2,055.832				
Kerosene, RP-1, Drum	65	0.530	\$30.00	\$15.900				
Kerosene, RP-1, TS5	75	0.000	\$0.00	\$0.000				
Kerosene, RP-1, Ultra Low Grade	76	0.938	\$35.00	\$32.830				
Kerosene, RP-1, TS30 Drum	77	<u>0.000</u>	<u>\$14.10</u>	<u>\$0.000</u>				
TOTAL KEROSENE		160.097	\$13.15	\$2,104.562				
Nitrogen, Liquid	4	86.256	\$140.39	\$12,109.480				
Nitrogen, Liquid (Stuttgart Germany)	92	0.000	\$12.88	\$0.000				
Nitrogen, Gaseous	5	215.261	\$5.82	\$1,252.819				
Nitrogen, Gaseous	60	0.006	\$928.83	\$5.573				
Nitrogen, Liquid (Pipeline)	11	0.000	\$0.00	\$0.000				
Nitrogen, Gaseous (Vandenberg AFB Only)	46	0.000	\$0.00	\$0.000				
Nitrogen, Gaseous (Vandenberg AFB Only)	50	354.647	\$12.88	\$4,567.853				
Nitrogen, Gaseous (KSC Only)	55	138.534	\$12.88	\$1,784.318				
LN2	84	1,926.215	\$0.65	\$1,252.040				
LN2 - OConus	94	633.747	<u>\$1.45</u>	<u>\$918.933</u>				
TOTAL NITROGEN		3,354.666	\$6.53	\$21,891.016				
Oxygen, Liquid	3	1.008	\$126.00	\$127.008				
Oxygen, Liquid (Vandenberg AFB Only)	53	1.982	\$126.00	\$249.732				
Oxygen, Liquid (KSC Only)	63	2.336	\$126.00	\$294.336				
ABO	83	2,043.082	\$1.00	\$2,043.082				
ABO - OConus	93	<u>1,204.164</u>	<u>\$2.00</u>	<u>\$2,408.328</u>				
TOTAL LIQUID OXYGEN		3,252.572	\$1.57	\$5,122.486				
Xenon, Gaseous	19	0.000	\$0.00	\$0.000				
Xenon, Extra High-Purity	66	<u>0.100</u>	<u>\$9.64</u>	<u>\$0.964</u>				
TOTAL XENON		0.100	\$9.64	\$0.964				
Methanol Liquid	85	1.355	\$2.67	\$3.618				
Methane Liquid	44	4.023	\$16.87	\$67.868				
Methane Liquid	97	0.000	\$0.00	\$0.000				
Resonator Gas	57	<u>0.029</u>	<u>\$342.00</u>	<u>\$9.918</u>				
TOTAL METHANE LIQUID		5.407	\$15.06	\$81.404				
Argon, Liquid, Grade E	A1	6.635	\$0.23	\$1.526				
Carbon Dioxide, Grade L	A2	1,739.052	\$0.07	\$121.734				
LN/LOX - GL	A3	3.707	\$1.28	\$4.745				
Liquid Nitrogen, Grade Q	A4	7.619	\$1.44	\$10.971				
Liquid Oxygen, Grade B	A5	8.108	\$1.60	\$12.973				
Carbonyl Fluoride 2000 PPM, Bal Nitrogen	C3	0.003	\$1,617.74	\$4.853				
Hydrogen Bromide 2000 PPM, Bal Nitrogen	C8	0.001	\$1,035.45	\$1.035				
Hydrogen Chloride 2000 PPM, Bal Nitrogen	C9	0.004	\$303.93	\$1.216				
Hydrogen Cyanide 2000 PPM, Bal Nitrogen	D1	0.002	\$749.24	\$1.498				
Hydrogen Fluoride 2000 PPM, Bal Nitrogen	D2	0.002	\$1,099.48	\$2.199				
Multi-Component, Mix #1	D4	0.006	\$395.90	\$2.375				
Multi-Component, Mix #4	D7	0.003	\$403.02	\$1.209				
Propane	E7	0.605	\$3.44	\$2.081				
95/5 (95% Argon, 5% Carbon Dioxide)	F1	0.263	\$31.45	\$8.271				
Argon 100%, 1980 PSI	F2	0.053	\$28.47	\$1.509				
Helium (UHP)	F5	0.016	\$152.54	\$2.441				
MAPP Gas	F6	0.089	\$112.62	\$10.023				
Helium 1980 PSI	F9	0.019	\$90.90	\$1.727				
Nitrogen, 100%, 1980 PSI	G1	0.128	\$11.13	\$1.425				
Oxygen 100%, 1980 PSI	G2	0.854	\$8.99	\$7.677				
Special Blends	G8	1.030	\$272.27	\$280.438				
Misc - Total all other Aberdeen	NA	<u>0.129</u>	<u>\$100.80</u>	<u>\$13.003</u>				
TOTAL ABERDEEN GASES		1,768.328	\$0.28	\$494.931				
Rounding factor								
TOTAL		18,545.462	\$3.71	68,821.353				

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FY 13 Budget Fuel Data		PROCURED FROM DLA Energy			PROCURED BY SERVICE			Stabilized Price
Aerospace Missile Fuels		PC	Qty (Thousands)	Price Per Qty (\$)	Extended Price (\$000)	Qty (Thousands)	Price Per Qty (\$)	
Nitric Acid		16	0.000	\$31.50	\$0.000			
Priming Fluid ALCM (PF-1)		23	4.294	\$18.05	\$77.507			
JP-10		28	131.138	\$19.13	\$2,508.670			
Isopropyl Alcohol		31	0.000	\$0.00	\$0.000			
Deuterium, Gaseous		33	0.000	\$0.00	\$0.000			
Liquid Air		39	0.000	\$2.65	\$0.000			
Liquid Carbon Dioxide		86	5,601.533	\$0.07	\$392.107			
TOTAL MISCELLANEOUS			5,737.0	\$0.52	\$2,978.284			
Argon, Gaseous-Conus		21	0.462	\$84.41	\$38.997			
Argon, Liquid		32	2,487.486	\$0.23	\$572.122			
Argon, Gaseous-OConus		61	0.087	\$84.41	\$7.344			
Argon, Gaseous FMS		87	0.004	\$980.00	\$3.920			
TOTAL ARGON			2,488.039	\$0.25	\$622.383			
Dinitrogen Tetroxide		9	68.609	\$85.92	\$5,894.885			
Dinitrogen Tetroxide, MON-25 Low Iron		79	0.047	\$85.92	\$4.038			
Dinitrogen Tetroxide, MON-15 Low Iron		82	0.302	\$85.92	\$25.948			
Dinitrogen Tetroxide, MON-3UL		89	5.500	\$85.92	\$472.560			
TOTAL DINITROGEN TETROXIDE			74.458	\$85.92	\$6,397.431			
Helium, Cylinder		1	52.392	\$0.28	\$14.670			
Helium, Bulk		2	19.751	\$283.28	\$5,595.063			
Helium, Liquid-Dewars		24	76.311	\$8.87	\$676.879			
Helium, Extra Hi-Purity		43	0.000	\$0.00	\$0.000			
Helium, Ultra Hi-Purity		49	28.745	\$0.59	\$16.960			
Helium, Gaseous Bulk		80	546.651	\$8.87	\$4,848.794			
TOTAL HELIUM			723.850	\$15.41	\$11,152.366			
Hydrazine, UDMH		7	2.560	\$160.53	\$410.957			
Hydrazine		8	8.613	\$160.53	\$1,382.645			
Hydrazine, MMH		15	26.662	\$160.53	\$4,280.051			
Hydrazine, MPH		34	13.048	\$160.53	\$2,094.595			
Hydrazine, Hi-Purity		35	27.529	\$160.53	\$4,419.230			
Hydrazine, Water		37	7.838	\$160.53	\$1,258.234			
TOTAL HYDRAZINE			86.250	\$160.53	\$13,845.713			
Hydrogen, Liquid		12	893.163	\$4.57	\$4,081.755			
Hydrogen, Peroxide		17	0.000	\$0.00	\$0.000			
Hydrogen, Gaseous		27	0.000	\$230.00	\$0.000			
Hydrogen, Gaseous - Tinker		59	1.567	\$30.67	\$48.060			
TOTAL HYDROGEN			894.730	\$4.62	\$4,129.815			
Kerosene, RP-1, Bulk		10	158.629	\$12.96	\$2,055.832			
Kerosene, RP-1, Drum		65	0.530	\$30.00	\$15.900			
Kerosene, RP-1, TS5		75	0.000	\$0.00	\$0.000			
Kerosene, RP-1, Ultra Low Grade		76	0.938	\$35.00	\$32.830			
Kerosene, RP-1, TS30 Drum		77	0.000	\$14.10	\$0.000			
TOTAL KEROSENE			160.097	\$13.15	\$2,104.562			
Nitrogen, Liquid		4	86.256	\$140.39	\$12,109.480			
Nitrogen, Liquid (Stuttgart Germany)		92	0.000	\$12.88	\$0.000			
Nitrogen, Gaseous		5	215.261	\$5.82	\$1,252.819			
Nitrogen, Gaseous		60	0.006	\$928.83	\$5.573			
Nitrogen, Liquid (Pipeline)		11	0.000	\$0.00	\$0.000			
Nitrogen, Gaseous (Vandenberg AFB Only)		46	0.000	\$0.00	\$0.000			
Nitrogen, Gaseous (Vandenberg AFB Only)		50	356.647	\$12.88	\$4,593.613			
Nitrogen, Gaseous (KSC Only)		55	138.534	\$12.88	\$1,784.318			
LN2		84	1,926.215	\$0.65	\$1,252.040			
LN2 - OConus		94	633.747	\$1.45	\$918.933			
TOTAL NITROGEN			3,356.666	\$6.53	\$21,916.776			
Oxygen, Liquid		3	1.008	\$126.00	\$127.008			
Oxygen, Liquid (Vandenberg AFB Only)		53	1.982	\$126.00	\$249.732			
Oxygen, Liquid (KSC Only)		63	2.336	\$126.00	\$294.336			
ABO		83	2,043.082	\$1.00	\$2,043.082			
ABO - OConus		93	1,204.164	\$2.00	\$2,408.328			
TOTAL LIQUID OXYGEN			3,252.572	\$1.57	\$5,122.486			
Xenon, Gaseous		19	0.000	\$0.00	\$0.000			
Xenon, Extra High-Purity		66	0.100	\$9.64	\$0.964			
TOTAL XENON			0.100	\$9.64	\$0.964			
Methanol Liquid		85	1.355	\$2.67	\$3.618			
Methane Liquid		44	4.023	\$16.87	\$67.868			
Methane Liquid		97	0.000	\$0.00	\$0.000			
Resonator Gas		57	0.029	\$342.00	\$9.918			
TOTAL METHANE LIQUID			5.407	\$15.06	\$81.404			
Argon, Liquid, Grade E		A1	6.635	\$0.23	\$1.526			
Carbon Dioxide, Grade L		A2	1,739.052	\$0.07	\$121.734			
LN/LOX - GL		A3	3.707	\$1.28	\$4.745			
Liquid Nitrogen, Grade Q		A4	7.619	\$1.44	\$10.971			
Liquid Oxygen, Grade B		A5	8.108	\$1.60	\$12.973			
Carbonyl Fluoride 2000 PPM, Bal Nitrogen		C3	0.003	\$1,617.74	\$4.853			
Hydrogen Bromide 2000 PPM, Bal Nitrogen		C8	0.001	\$1,035.45	\$1.035			
Hydrogen Chloride 2000 PPM, Bal Nitrogen		C9	0.004	\$303.93	\$1.216			
Hydrogen Cyanide 2000 PPM, Bal Nitrogen		D1	0.002	\$749.24	\$1.498			
Hydrogen Fluoride 2000 PPM, Bal Nitrogen		D2	0.002	\$1,099.48	\$2.199			
Multi-Component, Mix #1		D4	0.006	\$395.90	\$2.375			
Multi-Component, Mix #4		D7	0.003	\$403.02	\$1.209			
Propane		E7	0.605	\$3.44	\$2.081			
95/5 (95% Argon, 5% Carbon Dioxide)		F1	0.263	\$31.45	\$8.271			
Argon 100%, 1980 PSI		F2	0.053	\$28.47	\$1.509			
Helium (UHP)		F5	0.016	\$152.54	\$2.441			
MAPP Gas		F6	0.089	\$112.62	\$10.023			
Helium 1980 PSI		F9	0.019	\$90.90	\$1.727			
Nitrogen, 100%, 1980 PSI		G1	0.128	\$11.13	\$1.425			
Oxygen 100%, 1980 PSI		G2	0.854	\$8.99	\$7.677			
Special Blends		G8	1.130	\$272.27	\$280.438			
Misc - Total all other Aberdeen		NA	0.122	100.798	13.003			
TOTAL ABERDEEN GASES			1,768.328	\$0.28	\$494.931			
Rounding factor								
TOTAL			18,547.462	\$3.71	68,847.113			

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
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Budget Petroleum Data	PROCURED FROM DLA Energy			PROCURED BY SERVICE			
Petroleum Products	Barrels (Millions)	Price Per Barrel (\$)	Extended Price (\$Mil)	Barrels (Millions)	Cost Per Barrel (\$)	Extended Price (\$Mil)	Stabilized Price
<u>BULK and PC&S:</u>							
JP8	73.2	\$147.51	\$10,797.7				
DISTILLATES (F76, DFW)	15.0	\$147.13	\$2,205.4				
JP5	11.4	\$148.28	\$1,689.3				
DIESEL	6.1	\$142.57	\$876.5				
JP50, JA1	4.5	\$147.51	\$666.6				
JAA	0.3	\$146.75	\$44.0				
MOGAS (Unleaded)	1.3	\$152.07	\$199.2				
RESIDUALS	0.4	\$89.61	\$36.9				
MOGAS (Leaded)	0.3	\$135.17	\$36.5				
JTS	0.1	\$244.89	\$24.2				
Gasohol	0.4	\$144.09	\$60.9				
Lubricants	0.0	\$534.04	\$13.4				
JP4, JAB	0.0	\$152.07	\$3.6				
Avgas	<u>0.0</u>	<u>\$168.39</u>	<u>\$5.1</u>				
TOTAL BULK and PC&S	113.1	\$147.24	\$16,659.5				
<u>INTOPLANE</u>							
Jet Fuel Commercial Grade	5.6	\$161.60	\$900.1				
<u>BUNKERS:</u>							
DIESEL (Marine)	1.9	\$152.07	\$288.6				
RESIDUALS (Intermediate)	0.4	\$93.40	\$38.5				
DISTILLATES (F76, DFW)	<u>0.2</u>	<u>\$147.13</u>	<u>\$30.9</u>				
TOTAL BUNKERS	2.5	\$142.07	\$358.0				
<u>LOCAL PURCHASE and CASH</u>							
Jet Fuel (NA1, NAA)	6.6	\$186.81	\$1,232.9				
Ground Fuel (NLS, NMU)	<u>1.7</u>	<u>\$154.91</u>	<u>\$263.3</u>				
TOTAL LOCAL PURCHASE & CASH	8.3	\$180.28	\$1,496.3				
Rounding Factor/Adjustment	-		(\$306.4)				
TOTAL	129.5	\$147.51	\$19,107.5				

DEFENSE LOGISTICS AGENCY
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February 2012

Budget Petroleum Data	PROCURED FROM DLA Energy			PROCURED BY SERVICE			
Petroleum Products	Barrels (Millions)	Price Per Barrel (\$)	Extended Price (\$Mil)	Barrels (Millions)	Cost Per Barrel (\$)	Extended Price (\$Mil)	Stabilized Price
<u>BULK and PC&S:</u>							
JP8	75.0	\$161.70	\$12,127.5				
DISTILLATES (F76, DFW)	15.5	\$161.28	\$2,499.8				
JP5	10.1	\$162.54	\$1,641.7				
DIESEL	9.5	\$156.29	\$1,478.5				
JP50, JA1	0.3	\$161.70	\$48.5				
JAA	0.3	\$160.87	\$48.3				
MOGAS (Unleaded)	1.6	\$166.70	\$273.4				
RESIDUALS	0.2	\$98.23	\$19.6				
MOGAS (Leaded)	0.3	\$148.17	\$40.0				
JTS	0.1	\$268.45	\$21.5				
Gasohol	0.0	\$157.95	\$6.3				
Lubricants	0.0	\$585.41	\$17.6				
JP4, JAB	0.0	\$166.70	\$5.0				
Avgas	<u>0.0</u>	<u>\$184.59</u>	<u>\$5.5</u>				
TOTAL BULK and PC&S	113.0	\$130.20	\$18,233.2				
<u>INTOPLANE</u>							
Jet Fuel Commercial Grade	5.3	\$184.59	\$978.3				
<u>BUNKERS:</u>							
DIESEL (Marine)	1.9	\$166.70	\$316.7				
RESIDUALS (Intermediate)	0.4	\$102.39	\$42.0				
DISTILLATES (F76, DFW)	<u>0.2</u>	<u>\$161.28</u>	<u>\$33.9</u>				
TOTAL BUNKERS	2.5	\$121.38	\$392.6				
<u>LOCAL PURCHASE and CASH</u>							
Jet Fuel (NA1, NAA)	5.6	\$204.78	\$1,146.8				
Ground Fuel (NLS, NMU)	<u>1.6</u>	<u>\$169.81</u>	<u>\$271.7</u>				
TOTAL LOCAL PURCHASE & CASH	7.2	\$181.44	\$1,418.5				
Rounding Factor/Adjustment	-		(325.0)				
TOTAL	128.0	\$161.70	\$20,697.6				

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
Energy Management Activity Group
Defense Logistics Agency Energy
Fiscal Year (FY) 2013 President's Budget
Fuel Data
FY 2013
U.S. Dollars
February 2012

Budget Petroleum Data	PROCURED FROM DLA Energy			PROCURED BY SERVICE			Stabilized
Petroleum Products	Barrels (Millions)	Price Per Barrel (\$)	Extended Price (\$Mil)	Barrels (Millions)	Cost Per Barrel (\$)	Extended Price (\$Mil)	Price
<u>BULK and PC&S:</u>							
JP8	75.0	\$156.66	\$11,749.5				
DISTILLATES (F76, DFW)	14.9	\$156.24	\$2,328.0				
JP5	10.6	\$157.50	\$1,669.5				
DIESEL	9.5	\$121.38	\$1,148.3				
JP50, JA1	0.2	\$156.66	\$31.3				
JAA	0.2	\$155.82	\$31.2				
MOGAS (Unleaded)	1.6	\$132.30	\$217.0				
RESIDUALS	0.2	\$85.68	\$17.1				
MOGAS (Leaded)	0.3	\$156.24	\$42.2				
JTS	0.1	\$270.90	\$21.7				
Gasohol	0.0	\$139.44	\$5.6				
Lubricants	0.0	\$568.68	\$17.1				
JP4, JAB	0.0	\$156.24	\$4.7				
Avgas	<u>0.0</u>	<u>\$154.56</u>	<u>\$4.6</u>				
TOTAL BULK and PC&S	112.7	\$134.40	\$17,287.7				
<u>INTOPLANE</u>							
Jet Fuel Commercial Grade	5.1	\$154.56	\$788.3				
<u>BUNKERS:</u>							
DIESEL (Marine)	1.9	\$159.60	\$303.2				
RESIDUALS (Intermediate)	0.4	\$101.64	\$41.7				
DISTILLATES (F76, DFW)	<u>0.2</u>	<u>\$156.24</u>	<u>\$32.8</u>				
TOTAL BUNKERS	2.5	\$131.88	\$377.7				
<u>LOCAL PURCHASE and CASH</u>							
Jet Fuel (NA1, NAA)	5.5	\$190.68	\$1,048.7				
Ground Fuel (NLS, NMU)	<u>1.2</u>	<u>\$174.30</u>	<u>\$209.2</u>				
TOTAL LOCAL PURCHASE & CASH	6.7	\$187.74	\$1,257.9				
Rounding Factor/Adjustment			184.3				
TOTAL	127.0	\$156.66	\$19,895.8				

**Defense Logistics Agency
Defense Wide Working Capital Fund (DWWCF)
DLA Document Services
Fiscal Year (FY) 2013 President's Budget Submission**

FUNCTIONAL DESCRIPTION: DLA Document Services is responsible for Department of Defense (DoD) printing, duplicating, and document automation programs. This responsibility encompasses the full range of automated services to include: conversion, electronic storage and output, and distribution of hard copy and digital information. DLA Document Services provides time sensitive, competitively priced, high quality products and services that are produced either in-house or procured through the Government Printing Office.

DLA Document Services' value to DoD is characterized by two elements. First, DLA Document Services provides a full portfolio of best value document services ranging from traditional offset printing, through on-demand output, to online document services. Second, DLA Document Services actively functions as a transformation agent moving DoD toward the use of online documents and services. These services include building libraries of digital documents to permit online access, providing multifunctional devices (that print from networks, copy, fax, and scan) in customer workspaces, and converting paper documents to target digital formats.

DLA Document Services manages this worldwide mission through a customer service network comprised of a Headquarters located at Mechanicsburg, Pennsylvania, and 162 production facilities.

CUSTOMERS: DLA Document Services' primary customers are Army (25.2 percent), Navy (26.6 percent), Air Force (17.5 percent), Defense Agencies (27.0 percent), and non-DoD customers (3.7 percent). Both appropriated and DWWCF-funded activities are included in each Service's percentage.

BUDGET HIGHLIGHTS

DLA Document Services' submission reflects an investment to automate the on-demand printing and distribution of Tri-Care Health System ID cards and notification letters. This work initiative is expected to save the Department \$3.5 million over five years. DLA Document Services is able to provide greater agility in production and distribution without contractual concerns or limitations.

The submission reflects the execution of the black ink portion of the investment strategy to replace aging equipment throughout the organization. DLA Document Services had previously executed the color production and bindery equipment portions of the strategy.

The submission supports electronic document management (EDM) initiatives through increases in functionality to support customer requirements. It also supports the expansion of this

capability to DLA Distribution Services warehouses acquired from the Services as well as expansion to DLA Supply Chain Management.

PERFORMANCE INDICATORS

1) Customer Satisfaction: This performance metric measures satisfied customers as the percentage of customers ranking DLA Document Services performance as “satisfied” or “very satisfied.” DLA Document Services uses a survey, professionally prepared and administered by an independent entity, to determine an overall customer satisfaction rating. Based on the most current survey, DLA Document Services estimates it achieved a customer satisfaction rating of 93% for FY 2011, meeting its goal of 93%.

2) On-Time Delivery: This performance metric measures the timeliness of order completion. The performance metric is calculated by dividing the total in-house orders completed on time by the total in-house orders. DLA Document Services estimates it achieved an on-time delivery rate of 98.0%, meeting its goal of 98.0%.

3) Quality of Finished Product: This performance metric measures customer satisfaction with quality of finished product as a percentage of customers ranking DLA Document Services quality performance as “satisfied” or “very satisfied.” DLA Document Services uses a survey, professionally prepared and administered by an independent entity, to determine quality of finished product rating. DLA Document Services estimates it achieved a quality of finished product rating of 95% for FY 2011, meeting its goal of 95%.

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Customer Satisfaction	93.0%	93.0%	93.0%
On-time Delivery	98.0%	98.0%	98.0%
Quality of Finished Product	97.0%	95.0%	95.0%

UNIT COST AND PRICING

In addition to program performance measures, DLA measures the effectiveness of program budgeting and execution with a unit cost performance measure. DLA Document Services’ Annual Operating Budget (AOB) calculates this performance by dividing the total units by the total in-house cost.

	<u>FY 2011 Goal</u>	<u>FY 2011 Actual</u>
Unit Cost per In-house Production Unit	.0541	.0566

DLA Document Services produced 15% fewer in-house units than planned (2,145 million actual versus 2,521 million planned); and actual in-house costs were 11% lower than planned (\$121.4

million actual versus \$136.4 million planned). Recognizing the in-house unit decline, DLA Document Services closed 20 production facilities in FY 2011 to reduce cost. However, DLA Document Services was unable to achieve cost reductions at the same rate as units decreased resulting in unit cost 4.6% above plan.

	<u>FY 2011 Goal</u>	<u>FY 2011 Actual</u>
Composite Customer Rate Change	2.99%	.46%

The composite customer rate change is the weighted average of the in-house production unit revenue change, the commercial printing program revenue change and the equipment management solutions (EMS) revenue change. The in-house production unit revenue change is calculated by dividing in-house revenue by the in-house production units. Commercial printing program revenue is cost plus and the EMS program is calculated based on the cost per unit. The non-labor inflation rate is used as the price change for the cost plus fixed fee commercial printing program and the EMS program price change is calculated by the year over year change in average unit (machine) cost. The FY2011 actual is above goal primarily due to a decrease in EMS per unit cost. Market conditions and increased competitiveness allowed services to increase while prices are being lowered.

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Unit Cost			
In-House Production	0.0566	0.0566	0.0562
Customer Rate	0.0594	0.0575	0.0645
Composite Customer Rate Change	.46%	5.90%	6.26%

ANALYSIS OF BUDGET STATEMENTS

Net Operating Result (NOR)/Accumulated Operating Result (AOR):

The NOR measures a single fiscal year impact of revenue and expenses incurred by the business. A positive NOR demonstrates revenues exceeded expenses for the business activity. Beginning in FY 2008 the Department directed that items purchased that fall between the accounting capitalization threshold (\$100,000 and greater) and the Defense Working Capital Fund (DWCF) capitalization threshold (\$250,000 and greater) would be expensed for budget purposes and collected in the operating budget rates. However, the accountants will record these transactions on the balance sheet and depreciate them. The Budget NOR reflects capital assets between thresholds being expensed. The Accounting NOR reflects capital assets between threshold being depreciated.

AOR reflects multi-year results of annual NORs. It measures the accumulated affects of NORs from the inception of the business unit and demonstrates fiscal strength over a longer time. The recoverable AOR reflects AOR based on Accounting NOR.

DLA Document Services ended FY 2011 with a NOR loss of \$11.9 million against a goal of negative \$6.2 million. The below goal FY 2011 results are primarily driven by lower than planned revenue. The projected FY 2012 loss reflects rates set to reduce AOR to the benefit of DLA Document Services' customers. The projected FY 2013 gain reflects rates set to recover the larger than planned FY 2011 NOR loss and bring AOR to zero.

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Revenue	284.507	370.882	350.409
Cost of Goods Sold	296.360	382.749	342.402
Cash Surcharge			
Capital Surcharge			
Inventory Surcharge			
Other Changes Affecting NOR	0	0	0
Net Operating Results	(11.853)	(11.867)	8.007
Prior Year Accumulated Operating Results	14.310	3.857	(8.010)
Ending Accumulated Operating Result	(3.857)	(8.010)	(0.003)
Workload			
In-House Production (Units)	2,144.8	2,466.9	2,459.8

OUTLAYS: The FY 2011 positive net outlay was the result of a \$11.9 million NOR loss to return AOR to customers, a \$18.8 million decrease in payables, and a \$11.0 million decrease in accounts receivable due to implementation of new software and changes in DFAS billing processes. The FY 2012 positive net outlays reflect an \$11.9 million NOR loss to return AOR to customers, a \$6.3 million decrease in payables, a \$9.0 million decrease in receivables, and a \$5.5 million in disbursements from equipment replacement. The FY 2013 negative net outlays reflects a \$8.0 million planned NOR gain to recover a negative AOR, a \$5.5 million decrease in accounts payable and a \$2.0 million decrease in accounts receivable.

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Disbursements	317.470	397.635	351.022
Collections	292.448	379.882	352.409
Appropriations			
Transfers In			
Net Outlays	25.022	17.753	(1,387)

PERSONNEL: This submission projects full-time equivalent to reflect current workload and mission requirements.

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Civilian End Strength	849	855	865
Civilian Full-Time Equivalents	878	855	865

CAPITAL BUDGET: The capital budget is the account used to fund investments exceeding the \$250,000 expense/investment criteria for: (1) Automated Data Processing Equipment (ADPE); (2) Non-ADPE; and (3) software developed for operational and management information systems. Capital for minor construction projects are used to fund investments exceeding \$250,000. A capital budget item is assumed to have zero salvage value and is depreciated on a straight-line basis over its useful life. Depreciation is expensed and recovered as business related cost in DLA Document Services prices.

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Capital Budget Program			
Equipment (Non-ADPE)	0.490	1.200	1.200
Equipment (ADPE)	0.000	1.730	1.330
Software Development	0.000	2.543	5.143
Minor Construction	<u>0.000</u>	<u>0.000</u>	<u>0.300</u>
Total	0.490	5.473	7.973

DEFENSE LOGISTICS AGENCY
Defense-Wide Working Capital Fund
DLA Document Services
Fiscal Year (FY) 2013 President's Budget
Changes in the Cost of Operation
(\$ in Millions)

	<u>Expenses</u>
FY 11 Actual:	296.4
FY 12 Estimate in President's Budget	376.7
Estimated Impact in FY 12 of Actual	
FY 11 Experience	
Civilian Personnel	(0.2)
Travel of Persons	(0.6)
Material & Supplies	(4.8)
Commercial Equipment Purchases	(1.7)
Capital Investments between thresholds	(8.8)
Other Purchased Services from Revolving Fund	(1.0)
Transportation of things	(0.6)
Printing and Reproduction	(36.1)
Advisory and Assistance Services	0.1
Rent, Communications, Utilities, and Misc	(23.4)
Other Purchased Services	1.2
Depreciation	2.0
Pricing Adjustments:	
Annualization of FY 11 Pay Raise	0.0
FY 12 Pay Raise	0.0
General Purpose Inflation	(0.1)
Program Changes:	
Civilian Personnel	1.4
Travel of Persons	0.6
Material & Supplies	4.9
Commercial Equipment Purchases	3.2
Capital Investments between thresholds	14.6
Other Purchased Services from Revolving Fund	0.3
Transportation of things	0.3
Printing and Reproduction	34.0
Advisory and Assistance Services	(0.1)
Rent, Communications, Utilities, and Misc	22.6
Other Purchased Services	0.2
Depreciation	(2.0)
FY 12 Current Estimate	382.7
Pricing Adjustments	
Annualization of Prior Year Pay Raises	0.0
FY 13 Pay Raise	0.2
General Purpose Inflation	5.1
Program Changes:	
Civilian Personnel	(0.5)
Travel of Persons	0.0
Material & Supplies	(2.0)
Commercial Equipment Purchases	1.0
Capital Investments between thresholds	(5.1)
Other Purchased Services from Revolving Fund	0.2
Transportation of things	0.0
Printing and Reproduction	(25.9)
Advisory and Assistance Services	0.0
Rent, Communications, Utilities, and Misc	(10.5)
Other Purchased Services	(2.9)
Depreciation	0.1
FY 13 Current Estimate	342.4

DEFENSE LOGISTICS AGENCY
 Defense-Wide Working Capital Fund
 DLA Document Services
 Fiscal Year (FY) 2013 President's Budget
 Source of New Orders and Revenue
 (\$ in Millions)

	Actual		
	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
1. New Orders			
a. Orders from DoD Components	234.072	305.033	288.195
Department of the Navy	69.287	90.292	85.308
Operations and Maintenance, Navy	31.790	41.427	39.141
Operations and Maintenance, Marine Corps	20.106	26.201	24.755
O&M, Navy Reserve	1.787	2.329	2.200
O&M, Marine Corps Reserve	0.747	0.973	0.920
Aircraft Procurement, Navy	0.898	1.170	1.106
Shipbuilding & Conversion, Navy	0.005	0.007	0.006
Research, Development, Test & Eval, Navy	0.274	0.357	0.337
Military Construction, Navy	0.137	0.179	0.169
Other Navy Appropriations	1.775	2.313	2.185
Credit Card Purchases, Navy	11.768	15.336	14.489
Department of the Army	73.169	95.351	90.087
Army Operation and Maintenance	46.331	60.377	57.044
O&M, Army Reserve	1.449	1.888	1.784
Army National Guard	1.252	1.632	1.541
Army Res, Dev, Test & Eval Accounts	1.267	1.651	1.560
Army Procurement Accounts	0.525	0.684	0.646
Army Other	1.525	1.987	1.878
Credit Card Purchases, Army	20.820	27.132	25.634
Department of the Air Force	50.799	66.199	62.545
Air Force Operation & Maintenance	22.793	29.703	28.063
O&M, Air Force Reserve	0.514	0.670	0.633
Air Force National Guard	0.686	0.894	0.845
Air Force Res, Dev, Test & Eval Accounts	0.677	0.882	0.834
Air Force Procurement Accounts	0.334	0.435	0.411
Air Force Other	0.867	1.130	1.067
Credit Card Purchases, Air Force	24.928	32.485	30.692
DoD Appropriated Accounts	40.817	53.191	50.255
Operation & Maintenance Accounts	15.535	20.245	19.127
Res, Dev, Test & Eval Accounts	0.114	0.149	0.140
Procurement Accounts	0.069	0.090	0.085
Military Construction, Defense	0.165	0.215	0.203
Defense Health Program	18.814	24.518	23.164
DoD Other	0.529	0.689	0.651
Credit Card Purchases, Defense	5.591	7.286	6.884
b. Orders from other Fund Activity Groups	47.684	62.140	58.710
Navy	8.623	11.237	10.617
Army	0.420	0.547	0.517
Air Force	0.386	0.503	0.475
Other DoD	38.255	49.852	47.100
c. Total DoD	281.756	367.173	346.905
d. Other Orders	10.764	14.027	13.253
Other Federal Agencies	9.227	12.024	11.361
Credit Card Purchases	0.964	1.256	1.187
Non-Federal Agencies and Other	0.573	0.747	0.705
Total New Orders	292.520	381.200	360.158
2. Carry-In Orders	57.272	65.285	75.603
3. Total Gross Orders	349.792	446.485	435.761
4. Funded Carry-Over	65.285	75.603	85.352
5. Total Gross Sales	284.507	370.882	350.409

DEFENSE LOGISTICS AGENCY
 Defense-Wide Working Capital Fund
 DLA Document Services
 Fiscal Year (FY) 2013 President's Budget
 Revenue and Expenses
 (\$ in Millions)

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Revenue			
Gross Sales	284.507	370.882	350.409
Operations	0.000	0.000	0.000
Capital Surcharge	0.000	0.000	0.000
Depreciation excluding Major Construction	0.000	0.000	0.000
Major Construction Depreciation	0.000	0.000	0.000
Other Income	0.000	0.000	0.000
Refunds/Discounts (-)	0.000	0.000	0.000
Total Income:	284.507	370.882	350.409
Expenses			
Cost of Material Sold from Inventory	0.000	0.000	0.000
Salaries and Wages:			
Military Personnel Compensation & Benefits	0.0	0.0	0.0
Civilian Personnel Compensation & Benefits	66.818	68.191	67.995
Travel & Transportation of Personnel	1.165	1.769	1.799
Materials & Supplies (For Internal Operations)	17.570	22.778	21.171
Equipment Purchases	4.998	6.758	7.864
Capital Investments between Thresholds	0.000	9.922	4.832
Other Purchases from Revolving Funds	5.167	5.563	5.886
Transportation of Things	1.661	2.036	2.065
Depreciation - Capital	2.092	4.897	4.738
Printing and Reproduction	72.993	107.255	83.178
Advisory and Assistance Services	0.991	0.902	0.914
Rent, Communications, Utilities, & Misc. Charges	78.625	108.031	99.412
Other Purchased Services	44.280	44.647	42.549
Total Expenses:	296.360	382.749	342.402
Operating Result	(11.853)	(11.867)	8.007
Net Operating Result	(11.853)	(11.867)	8.007
Prior Year Adjustments			
Prior Year AOR	14.310	3.857	(8.010)
Accumulated Operating Result	2.457	(8.010)	(0.003)
Non-Recoverable Adjustment Impacting AOR:			
Deferred Operating Results and Depreciation	1.400		
Accumulated Operating Results for Budget Purposes	3.857	(8.010)	(0.003)