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United States Senate

COMMITTEE ON ARMED SERVICES

WASHINGTON, DC 20510-6050

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April 12, 2016

The Honorable Deborah L. James
Secretary of the Air Force
3000 Air Force Pentagon
Washington, DC 20350-1000

Dear Secretary James:

I write to convey to you my concern about your testimony on the Evolved Expendable Launch Vehicle (EELV) program during our full committee hearing on March 3, 2016. During that hearing, you testified that “preliminary analysis suggests that a transition to a combination of an allocation between the Delta and the Falcon Launch Service would add anywhere from \$1.5 billion to \$5 billion in additional costs.” Contrary to the estimates you provided to me in private, I am left to conclude that your decision to publicly cite a figure as high as \$5 billion was done so to obfuscate efforts to responsibly transition off of the RD-180 before the end of the decade. I invite you to clarify the record in the context of proposals actually being considered by the committee.

As you are aware, the \$5 billion figure you cited arose from a 2014 assessment in connection with an RD-180 risk mitigation study, commonly referred to as the “Mitchell Study.” That study arrived at \$5 billion by assuming a *worst* case scenario of an immediate supply disruption of RD-180 engines starting on May 22, 2014, that would result in an immediate loss of RD-180 availability, which would require the remanifesting of every space launch already on contract requiring an Atlas V. As you also know, this scenario has never been under consideration by the committee.

In fact, the day before that hearing, you provided a response to a request by the Committee for the cost and time required to maintain two viable sources of launch services that do not require the use of rocket engines designed or manufactured in the Russian Federation. We asked for the cost to pursue sole-source allocation of some launches for a short duration starting in 2019—once the 9 RD-180s allowed under section 1607 of the Fiscal Year 2016 National Defense Authorization Act have been expended—and ending in 2022, the outer boundary of when a domestically-manufactured engine may be available. This is to say that the Committee sought from you the difference in cost if the Air Force were to replace Atlas V launches with a combination of Delta IV and Falcon 9 launches, during a limited split buy from 2019 until 2022.

In the response to this letter, you stated “assuming a Delta/Falcon Phase 2 split buy, the pre-decisional Air Force estimate projects a cost increase in excess of \$1.5B, with FY18-FY22 procurements.” Notably, you made no reference to the \$5 billion figure you cited during the hearing.

The original letter the Committee sent you asked that the Department of Defense Office of Cost Assessment and Program Evaluation (CAPE) provide its views on the utilization of the Delta IV launch vehicle and the potential for cost reductions. *While you chose to selectively omit the CAPE assessment in your response, we have since been briefed by the CAPE and have been provided with compelling analysis demonstrating cost implications that are starkly different from what you stated in your testimony. In fact, according to CAPE, the cost of meeting assured access to space requirements without the use of Russian rocket engines could be similar to what we pay today.* Before clarifying your testimony from the March 3, 2016, hearing, I encourage you to meet with the Director of CAPE and inform yourself of their findings.

As reported by the *Wall Street Journal* on March 6, 2016, I understand that the Air Force commissioned a study by Gen. (Ret.) Moorman on EELV transition risk. According to press reports about that study, the “least-risky alternative would be to have various versions of Delta IV rockets compete with SpaceX’s Falcon 9 for an array of national-security missions. Under this option, funding and engineering uncertainties associated with a domestic replacement would be more manageable.” This is consistent with the thinking of the committee concerning the risk of continued reliance on Russian rocket engines, the complexity of developing capabilities to replace them, and the benefits of pursuing a Delta IV/Falcon 9 split buy. My staff has requested to be briefed on the study for over a month and I am concerned by the Air Force’s unwillingness to share the results of that study with the committee. I request that you provide the full study no later than April 20, 2016.

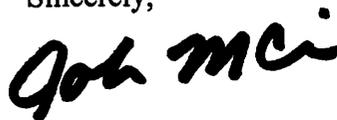
In addition to the discussion on the cost of meeting assured access to space without the need for Russian rocket engines, your March 2, 2016, response requires further clarification. According to that response, with each launch of a satellite that requires a launch vehicle needing a Russian rocket engine, Russian citizens are required to be present at the launch sites in the United States with monitoring access to key pre-flight and real-time data streams from engine-based systems. This access and presence of Russian nationals to the launch vehicles of our most sensitive national security satellites raises new troubling questions and is yet another reason for ending our dependence on Russian rocket engines as quickly as possible. As you explained to *60 Minutes* last April, Russia is testing and investing in anti-satellite weapons and is intent on undermining our military use and freedom of access in space. As you know, on December 31, 2015, Russia identified—for the first time since the Cold War—the United States as a threat to its security and singled-out American intelligence capabilities and our possibly placing weaponry and military infrastructure in space. With this in mind, I question why you find it acceptable to have Russian nationals working for Roscosmos, a Russian state corporation, present at our most sensitive satellite launches.

Please provide responses to the following questions no later than April 20, 2016:

- 1) In connection with Russia’s consolidation of the Russian space industry under Roscosmos, a Russian state corporation, are U.S. Air Force officials aware that members of Roscosmos’s board, including high-level government officials, have ties to Russian intelligence agencies?

- 2) Was a counterintelligence threat assessment performed on Roscosmos or any of its officers, directors or key executives, as well as any Roscosmos employee present at EELV launches?
- 3) Was any similar counterintelligence threat assessment performed regarding United Rocket and Space Corporation, Roscosmos' predecessor?
- 4) Was any similar counterintelligence threat assessment performed regarding any subsidiary of Roscosmos, including Energomash?
- 5) Was there a corresponding security investigation for all Russian personnel who supported U.S.-based National Security Space (NSS) launches? If so, when?
- 6) Were all relevant intelligence community stakeholders consulted when first vetting Russian personnel?
- 7) Were all visits of Russian personnel for NSS launches coordinated with relevant law enforcement and intelligence community stakeholders?
- 8) What access were Russian personnel given to U.S. Government systems, property or facilities involved in NSS launches?
- 9) Have U.S. Air Force personnel and ULA employees been briefed on security vulnerabilities unique to the presence of Russian citizens during NSS launches?
- 10) What is the state of our knowledge of the Russian supply chain and chain of custody for all RD-180 engines and other critical subsystems and components used in NSS launches?
- 11) What proprietary information would Russian personnel have been exposed to while working for ULA during NSS launches?
- 12) Are Russian personnel sequestered from USAF and ULA employees during the actual launch process?
- 13) Where were these Russian citizens housed and at whose expense? Did the funds for their services come from USAF contracts?
- 14) What sort of access were Russian personnel granted to USAF and ULA property/facilities? Did they have badge access, escorted access, etc?
- 15) Did Russian personnel have access to USAF or ULA property/facilities during non-work hours?
- 16) Did Russian personnel have access to USAF or ULA employees during non-work hours?
- 17) Have any after-actions or damage assessments been performed to evaluate the possible damage to national security?
- 18) Does Russia currently allow DoD personnel access to launches for its military or intelligence satellites?
- 19) Are any persons or organizations identified in the Panama Papers disclosures connected with the newly-restructured Roscosmos or any of its subsidiaries?

Sincerely,



John McCain
Chairman