



OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

AUG 03 2007

DPAP/CPF

In reply refer to
DAR Tracking Number: 2007-O0006

MEMORANDUM FOR COMMANDER, UNITED STATES TRANSPORTATION
COMMAND (USTRANSCOM)
(COMMAND ACQUISITION)

SUBJECT: Class Deviation from DFARS 201.402 – Early Payments for Civilian
Reserve Air Fleet (CRAF) Contracts

In accordance with the provisions of DFARS 201.402, I hereby grant the subject class deviation from the requirements of Federal Acquisition Regulation (FAR) 32.906(a), Making Payments, to authorize payments to air carriers in the CRAF program earlier than seven days prior to the later of (a) the 30th day after Government receipt of a proper invoice, or (b) the 30th day after the Government accepts the supplies/services. The approval is contingent upon the following conditions:

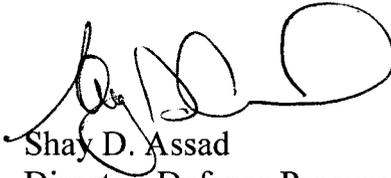
- The negotiated payment terms do not provide for payments earlier than required by established commercial practices.
- Contract negotiations reflect an appropriate adjustment to profit to reflect the early payments.

This class deviation is granted based on the rationale provide by your office, which includes the following:

- Payment earlier than seven days is needed to maintain a viable CRAF program because not paying earlier than seven days will result in some carriers refusing to enter the CRAF program.
- Current industry practice is to pay expenses (including fuel) in advance.
- Carriers incur most expenses at mission execution – primarily fuel.
- The volume of CRAF missions causes the carrier to incur significant expenses.
- Carriers need to maintain positive cash flow.



This class deviation is effective through September 30, 2010. My point of contact is Ms. Robin Schulze. She can be reached at 703-602-0326 or robin.schulze@osd.mil.

A handwritten signature in black ink, appearing to read 'Shay D. Assad', with a large circular flourish at the end.

Shay D. Assad
Director, Defense Procurement
and Acquisition Policy