



UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

The Honorable Carl Levin
Chairman
Committee on Armed Services
United States Senate
Washington, DC 20510

AUG 11 2014

Dear Mr. Chairman:

In accordance with the Department of Defense Appropriations Act, 2013 (division C of Public Law 113-6), this letter is to notify you of a proposed reallocation of Fiscal Year 2013/14 Afghanistan Infrastructure Fund (AIF) resources. The reallocation contributes to the responsible conclusion of the Department's role in reconstructing Afghanistan's electric power sector.

Changes in programmed resources, coupled with savings from an ongoing project, require a revised allocation strategy based on current requirements. As described in the enclosure, a \$63 million realignment of FY 2013/14 funding is required to support an updated implementation plan for the Southeast Power System (SEPS) project. Savings from the FY 2013 Kandahar Power Bridging Solution will be applied to Phase I of the FY 2013 SEPS Completion effort. Both projects, the Bridging Solution and SEPS, are part of the coordinated U.S. and Afghan Government plan to relieve the critical shortage of electricity in Kandahar and Helmand Provinces.

The Department will not obligate reallocated funds prior to 15 days following this notification. This letter was sent to the Chairmen of the appropriate congressional committees.

Sincerely,

Michael McCord

Enclosure:
As stated

cc:
The Honorable James Inhofe
Ranking Member



**Afghanistan Infrastructure Fund
FY 2013 Reallocation**

Below is an explanation of the reallocation of funds among approved fiscal year (FY) 2013 Afghanistan Infrastructure Fund (AIF) projects.

Kandahar Power Bridging Solution (KBS): The FY 2013 KBS program, originally programmed for \$100 million, is reduced to \$37 million. The FY 2013 program was developed anticipating that the Department of Defense (DoD) would provide operation and maintenance for the diesel power generation plants at Shorandam Industrial Park and Bagh-e-Pol in Kandahar City and fully fuel the plants through December 2014. Revised drawdown planning led DoD to transfer the plants to the Afghan Government in December 2013, following operations and maintenance training provided to Afghanistan's national power utility, Da Afghanistan Breshna Sherkat (DABS). DoD agreed to provide a limited supply of parts, consumables, technical assistance, and fuel for the generators through FY 2015. As a result of the early transfers, DABS assumed much of the costs associated with the plants.

Southeast Power System (SEPS) Completion Phase I: Originally programmed for \$12 million of FY 2013 funds, Phase I of the SEPS Completion effort increased to \$75 million; this includes \$11 million for increased security costs and \$52 million to complete the SEPS-Helmand transmission lines. Completing DoD's portion of the SEPS system supports the collective efforts of the U.S. Agency for International Development, the Government of the Islamic Republic of Afghanistan, and United States Forces-Afghanistan, to promote stability and economic development in Afghanistan by relieving the critical shortage of electricity in Kandahar and Helmand Provinces.

Table 1 - Summary of the Updated FY 2013 AIF Program

FY 2013 Afghanistan Infrastructure Fund (Dollars in Millions)				
Project	Subactivity Group (SAG)	Sep 10, 2013 Notification	Proposed Reallocation	Revised Allocation
Kandahar Power Bridging Solution – Fuel and operation and maintenance	SAG 1: Power	\$100.0	-\$63.0	\$37.0
SEPS Completion Phase I: Transmission Lines	SAG 1: Power	\$12.0	\$63.0	\$75.0
NEPS: Transmission lines Charikar to Panjshir	SAG 1: Power	\$33.0	\$0.0	\$33.0
Dahla Dam Phase II – Embankment Raise	SAG 2: Water	\$180.0	\$0.0	\$180.0
Total		\$325.0	\$0.0	\$325.0