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WHIG FOR WHEELER/HILL; CONCERT FOR GENERAL ALLEN
FROM: GENERAL BRADFLURN
SUBJECT: P-989 FINANCIAL PROGRAM/RAQUEL II START
1. I HAVE REVIEWED THE P-989 FY 1976 BASELINE BUDGET PROJECTIONS WHICH INCLUDE THE RAQUEL AND URSALA SYSTEMS AND URSALA OPERATIONAL ELINT OPTIONS. AS A RESULT OF THIS REVIEW, I AM CONCERNED ABOUT THE RAQUEL II COSTS TO THE P-989 PROGRAM AND THE IMPLIED LONG TERM COMMITMENT TO THE TECHNICAL INTELLIGENCE MISSION TO AMORTIZE INVESTMENT COSTS.
2. THE SYSTEM STUDY AND DEFINITION PHASE WE UNDERTOOK ON RAQUEL II REPRESENTED AN EXTREMELY WELL

PAGE 2 CHARGE 3400 SECRET
COORDINATED ACTION BETWEEN THE NRO STAFF, NSA AND MY OWN ORGANIZATION. THE CONTRACTORS PROPOSAL AS A RESULT OF THIS STUDY WAS TECHNICAL PROPOSAL AS A RESULT OF THIS STUDY WAS TECHNICALLY SOUND AND THE COSTS ARE REALISTIC. HOWEVER, THE MAGNITUDE OF THESE COSTS WILL IMPACT THE PROGRAM TO THE EXTENT THAT WE CANNOT UNDERTAKE ANY NEW SPACECRAFT STARTS IN FY 76 AND PLACE US IN DIFFICULT FY 76 FISCAL CONSTRAINTS.
3. IN VIEW OF THIS IMPACT AND THE POTENTIAL OPERATIONAL ELINT OPTIONS AVAILABLE BY NOT PROCEEDING WITH RAQUEL II, I HAVE DELAYED THE START OF PROCUREMENT ACTIVITIES PENDING A TOTAL PROGRAM REVIEW AS A RESULT OF THE MAY BUDGET SUBMISSION. I PLAN TO DISCUSS THIS WITH YOU DURING THE WEEK OF 7 APRIL.

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