

MIL-STD-1517  
1 June 1971

MILITARY STANDARD

PHASED PROVISIONING



FSC MISC

MIL-STD-1517

1 June 1971

DEPARTMENT OF DEFENSE  
Washington D.C. 20301

Phased Provisioning

MIL-STD-1517

1. This Military Standard is mandatory for use by all Departments and Agencies of the Department of Defense.
2. This standard will be invoked on all new contracts that meet the criteria for Phased Provisioning. MIL-P-38785 will remain active on existing contracts wherein the specification is invoked.
3. Recommended corrections, additions, or deletions should be addressed to Hq AFLC (MMOPP), WPAFB, Ohio 45433.

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PHASED PROVISIONING

This standard is mandatory for use by all departments and agencies of the Department of Defense

1. Scope

- 1.1 This standard prescribes the procedures, terms, and conditions for phased provisioning of initial support items (spares and repair parts) to be furnished by contractors.

2. Referenced Documents

- 2.1 There are no documents applicable to this standard.

3. Definitions

- 3.1 Buffer Stock. In-production material managed by the contractor that is available for provisioning support. The quantity of each selected item to be initially established as in-production buffer stock material will not exceed the normal computed total requirement for each item as computed for provisioning, less the minimal quantity of each item initially ordered. Further, the quantity of each selected item established or retained as in-production buffer stock material will never exceed at any given point in time the quantity required for production of the remaining systems and end items to be delivered under the current contract. However, if a follow-on contract for the system or end item has been programmed and is being or will be negotiated, the responsible Military Service or Services will require the buffer stock to be continued (with appropriate instructions) in the new contract.
- 3.2 Insurance Item. An item which is not subject to periodic replacement or wear out. Replacement is required so infrequently that needs will be satisfied from either minimal DoD stocks (e.g., one or two) held at a central stockage point or contractor sources.
- 3.3 Operating/Reparable Type Item. Items of a durable nature consisting of an assembly of mechanical and/or electronic parts. These items are normally subject to periodic replacement through fair wear and tear and when unserviceable, normally can be repaired economically by a field or depot maintenance activity. Examples of operating/recoverable items are: cylinders, valves, struts, and electronic assemblies/modules. During the provisioning process, a prediction

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is made as to how long these items will operate before they are likely to fail and require replacement, how long they can continue to be repaired before being condemned, how long they will be tied up in the process of repair and other factors established which are to be considered in the determination of what and how many are needed and when and where they are needed.

3.4 Phased Provisioning. The provisioning procedure utilized when procurement of any part of the initially computed provisioned quantity of a selected support item is deferred and the contractor is required to manufacture or procure the deferred quantity of the selected items in the end article production program at a point in time earlier than would have normally been required for production so as to create a production buffer stock. Such buffer stock would serve as an interim source of responsive supply to meet support requirements for the selected item.

3.5 SMR Codes. Source, Maintenance, and Recoverability codes are a series of alpha or alpha/numeric symbols used at the time of provisioning to indicate the source of supply of an item, its maintenance implications, and recoverability characteristics.

#### 4. General Requirements

4.1 Concept. The principal objective of phased provisioning is to assure the timely availability of selected support items and at the same time defer initial procurement of the full computed quantities of the selected items until the provisioning activity can more reliably predict their requirements. Phased provisioning is a selective management technique applied to new items which are susceptible to premature or excessive procurement through normal provisioning actions. Procurement is deferred for all or a part of the initial quantities of selected support items until the later stages of production when operational programs and design configurations have become more stable and operational experience is available. The quantity deferred or delayed is maintained as "buffer stock" within the total production quantity requirement of the contractor pending final Government decision. Although materiel handling and storage facilities may be utilized, no bonded warehouses are authorized.

4.2 Applicability. The Government will determine the applicability of phased provisioning before requiring quotations for contractor compliance with this specification. Phased provisioning will apply to complex weapon and support systems and high cost end items of equipment that are (1) new to the DoD operating inventory or (2) existing systems undergoing major modification/retrofit.

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- 4.3 Item Selection. During the provisioning process, the appropriate Government provisioning activity selects the phased provisioning items with assistance from the contractor. The contractor will normally include his recommendations on items to be considered for phased provisioning at the time provisioning lists are submitted or as otherwise specified in the contract.
- 4.4. Item Selection Criteria. The provisioning activity will select the items for which phased provisioning management is to be applied. Usually the selected items will be (1) high cost (that is, items having high unit cost, or because of probable quantity requirements, high extended cost) operating/reparable type items, and (2) high cost insurance type items; however, this does not preclude consideration of certain high cost nonrecoverable items. Basic criteria for selection as a potential candidate for phased provisioning are that the items have a high unit cost and/or high extended investment cost. Normally, the candidate will have questionable service life and/or unstable design. Additional selection criteria to be used in conjunction with the basic criteria are as follows:
- 4.4.1 Unit Cost. Normally, items costing less than \$500 will not be considered for phased provisioning; however, those items that meet sufficient other selection criteria and considered a logical candidate may be selected on an exception basis regardless of unit cost.
- 4.4.2 Unstable Design. Items placed in production which are probable candidates for product improvement.
- 4.4.3 Service Life. Items having new or unique design or operating characteristics for which requirements cannot be computed with reasonable assurances of accuracy.
- 4.4.4 Level of Repair. Items for which a firm maintenance repair concept/plan is not available or is uncertain and the amount of Organizational/Intermediate versus depot level of repair cannot accurately be determined will be more logically selected than those items with a firm maintenance repair concept/plan.
- 4.4.5 Production Lead Time. Items with long production lead times (over six months) make the best candidates for phased provisioning. However, short lead time items should be considered when the above criteria generally applies, and particularly when the item is critical to the operation of the end articles.

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- 4.4.6 Commercial Items. Items which are available from off-the-shelf commercial sources will not be selected as a phased provisioning candidate.
- 4.4.7 Federal Stock Numbered Items. Items available in the DoD Supply System during the provisioning process normally will not be selected as a phased provisioning candidate.
- 4.5 Quantity Determination. The quantity to be established as buffer stock (see paragraph 3.1) will be determined by the Government provisioning activity during the provisioning process. This determination will be made after the initial support quantity of spares and repair parts have been computed.
- 4.6 Establishment and Maintenance of Buffer Stock. Upon determination of the items and quantities of phased provisioning items, the contractor will take action necessary to have available, subject to demand of the Government, the quantity designated as the buffer stock quantity. The items determined to be within the foregoing category will be evidenced by DD Form 1791, Phased Provisioning Availability Schedule, Fig 1, furnished to the contractor by the Contracting Officer and agreed to by the contractor. DD Form 1791 will be utilized by the Government to record the selected buffer stock items, indicating the quantity and forecasted phased availability schedule and will be processed within the same time frames for processing spare/repair parts orders. The Government and contractor will negotiate to resolve differences regarding quantity and availability dates. The contractor, upon acceptance of quantities and availability dates, will insert the decision deadline dates on DD Form 1791 and submit to the Government within 30 days. The decision deadline date is the date the Government must notify the contractor whether the item will be procured or whether the contractor will divert the remaining quantity to production. These deadline dates will generally be governed by the contractor's procurement/manufacturing cycle for production. The Government will negotiate the finalized DD Form 1791 with the contractor, as applicable. The finalized form will be submitted to the contractor via the Contracting Officer authorizing production funds to finance the establishment of such buffer stocks. The form will be incorporated into the system or end item contract by modification thereto. The Government, in coordination with the contractor, may at any time increase or decrease quantities and add or delete items to or from the buffer stock. Changes to established buffer stocks, i.e., quantities and availability/decision dates, will be initiated by the submission of DD Form 1791 to the contractor via the Contracting Officer for contract modification. A revised DD Form 1791

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shall be prepared and submitted to effect necessary changes or new dates for buffer stock quantities. Availability of buffer stock items or their superseding items will be maintained to the proper design configuration up to the last production release of this contract unless prior disposition has been decided upon.

- 4.7 ECPs (Engineering Change Proposals (DD Forms 1692/1693)). In processing ECPs the contractor shall consider the disposition of buffer stock before determining the production effectivity. In the logistic section of the ECPs, the contractor will recommend the disposition of applicable buffer stocked items including (1) use in production; (2) deliver as spares; (3) modified and retained as buffer stock. The approval of the ECP will be the basis for disposition and/or retention of the buffered stock items. The contractor will notify the provisioning activity using the design change procedure. Whenever a design change limits the application of a replacing item for buffer stock item, the provisioning activity, within 30 days of such notification, will place firm procurement for any buffer stock to be delivered as spares.
- 4.8 Cost of Rework. The cost of any rework on buffer stock items performed by the contractor and necessitated by approved engineering changes will be chargeable under the Engineering Change Proposal (ECP) as a modification to the contract, thereby retaining unit price integrity.
- 4.9 Contractor Notification of Impending Production Release. If the Government has not previously stated a firm procurement for buffer stock items, the contractor, before his last production release and in accordance with his normal lead time schedule, will notify the Contracting Officer of his impending production release. The Government, within 30 days after receipt of this notification, will place firm procurement for buffer items or notify the contractor to divert to production. Failure of the Government to reply within this time will constitute authorization for the contractor to divert these items to production. In the event a follow-on contract for the end article being delivered on this contract is being or will be negotiated, the Government, at its option, may require the items and quantities selected for buffer stock be continued from this contract and not directed to production, in which case such information will be given in reply to above notice, and appropriate direction included in the new contract.



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- 4.10 Ordering of Buffer Stocks. The contractor will maintain buffer stocks available for immediate delivery. The provisioning activity will be permitted by the terms of this standard to place on order for immediate delivery any item contractually scheduled to be in buffer stock at the time the order is placed. The order will include a statement that the item is a buffer stock item and will include a requested schedule of delivery of the item. A revised Form 1791 will be prepared and submitted in accordance with paragraph 4.6 above to effect necessary changes or new decision dates for remaining buffer stock quantities.
- 4.11 Cost of Non-Procured Items. Any cost resulting from no procurement of the "buffer stock items" and inability of the contractor to divert such items to production will be settled and evidenced by an amendment to the contract.
- 4.12 Assignment of FSNs (Federal Stock Numbers). The Government's order for buffer stock prior to a decision date will indicate a demand requirement and shipment will not be delayed by the contractor to obtain assignment of a Federal Stock Number. This authorization will not be construed to relieve the contractor of responsibility for compliance with contractual requirements for submission of item descriptive data.
- 4.13 Multiservice Application. For multiservice system and end items, the contractor will retain a single buffer stock to meet the combined supply demands of the two or more using Military Services.
- 4.14 Production Use of Buffer Stock. If, due to unforeseen difficulties, materials held as buffer stock items are needed by the contractor to support production requirements, the Contractor is authorized to use the buffer stock; however, if an immediate operational support requirement arises for the diverted buffer stock prior to their replenishment, the items will be released immediately from production.
5. Detail Requirements
- 5.1 Preparation of DD Form 1791. A separate form, in sufficient copies, will be prepared for each item placed in buffer stock. On jointly phased items, a total Government line and separate lines for the requirements of each service will be indicated. The applicable Government activity will complete the blocks at the bottom of the form and all columns except J and M which will be completed by the contractor.

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(a) PIIN. The applicable procurement instrument identification number.

(b) Contractor. The prime contractor's name.

(c) System/End Item. The name of the system/end item on contract, including the MDS/TMS, if applicable.

(d) Preparing Activity. The organizational code and office symbol of the activity initiating the form.

(e) Approved By. The name, office symbol, and extension of the responsible authority at the item selection activity.

(f) Date of List. The date the form is prepared.

(g) Revision Number. The first time a form is prepared for a specific item will be considered "basic." Each time thereafter a form is prepared for that item, a revision number will be inserted starting with "1" and continuing numerically.

(h) Page of Pages. Will be completed prior to forwarding to the contractor to indicate the number of forms being forwarded at one time.

(i) Column A. The SMR code assigned to the item. (Refer to paragraph 3.5).

(j) Column B. The Federal Stock Number (FSN) including management codes. If the FSN has not been assigned, the applicable control number will be indicated.

(k) Column C. The actual part number assigned to the item. The Federal Supply Code of Manufacturers' (FSCM) will be shown parenthetically beneath the part number.

(l) Column D. The item name assigned to the part.

(m) Column E. The contractor's proposed price (suffixed with P) or estimated price (suffixed with E).

(n) Column F. The total quantity computed as being required for support. The quantity will include any initial quantities placed on order and the initial quantity to be retained as buffer stock.

(o) Column G. The total quantity retained in buffer stock. This quantity will be revised as necessary.

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(p) Column H. The month and calendar year the buffer stock must be available to the Government. A separate line will be used for each month/year and as many lines as required may be utilized.

(q) Column I. Entered opposite the applicable month/year entry in Column H, the quantity to be available that month.

(r) Column J. Entered opposite each month/year entry in Column H, the month/year the contractor must be notified by the Government whether the quantity buffered will be procured or if it is to be utilized in production.

(s) Column K. The month and year the item was last reviewed. "New" will be entered for the initial establishment of an item.

(t) Column L. The contractor's production lead time in whole months previously furnished on the provisioning list.

(u) Column M. The number of months prior to the delivery of the end item that is required for installation.

(v) Column N. The extended price of the quantity of the item in buffer stock. This is the result of multiplying the unit price (Col E) by the total buffer (Col G).

(w) Remarks. To be used for documenting any changes that occur and the exact reason for the change.

Custodian

Air Force - 25  
Army - MI  
Navy - SA

Preparing Activity  
Air Force - 25

Project Number MISC-0598

Reviewer

Navy - MC

PHASED PROVISIONING AVAILABILITY SCHEDULE													
SHR CODE a	FEDERAL STOCK NO. b	MANUFACTURER'S PART NUMBER & FSCM c	ITEM NAME d	UNIT PRICE e	ORIG TOTAL SPARE REQMT f	CURRENT TOTAL BUFFER g	AVAIL- ABILITY DATE h	PROJ QTY i	DECISION DEADLINE DATE j	QTR YR OF LAST REVIEW k	PROD L/T l	INSTAL L/T m	EXTENDED UNIT PRICE n
REMARKS:													
SYSTEM/END ITEM PREPARING ACTIVITY APPROVED BY (Name, Office Symbol, Extension) DATE OF LIST REVISION NUMBER CONTRACTOR RTRN													

DD FORM 1 MAR 71 1791

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**NOTE:** This form may not be used to request copies of documents, nor to request waivers, deviations, or clarification of specification requirements on current contracts. Comments submitted on this form do not constitute or imply authorization to waive any portion of the referenced document(s) or to amend contractual requirements.

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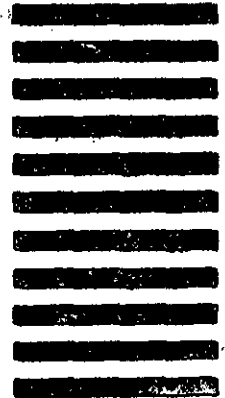
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