

C6. CHAPTER 6
TRANSPORTATION
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C.6.1. GENERAL

This chapter governs Defense Logistics Agency (DLA) Energy, DLA Energy Field Activity, and defense fuel support point (DFSP), bulk petroleum shipments. Chapter 5 of this Volume, “Shipment, Issues, and Receipts” and Chapter 9, “Afloat Pre-Positioning Force (APF)” provide procedures to resolve in-transit product losses and quantity discrepancies. The chapter further prescribes transportation procedures and assigns associated responsibilities to DLA Energy, Component Services, Surface Deployment and Distribution Command (SDDC), and Military Sealift Command (MSC). Chapter 4 of this Volume, “Ordering and Requisitioning,” provides ocean tanker resupply and scheduling procedures.

C6.2. RESPONSIBILITIES

C6.2.1. SDDC delegates the following domestic U.S. transportation management functions to DLA Energy:

C6.2.1.1. Determination of the most efficient transportation method.

C6.2.1.2. Distribution of traffic among various competing carriers.

C6.2.1.3. Authority to suspend carriers for unsatisfactory service.

C6.2.2. DLA Energy Regions shall:

C6.2.2.1. Provide bulk petroleum transportation services through arrangements with SDDC, MSC, and commercial carriers.

C6.2.2.2. Provide traffic management technical direction and assistance to ensure safe and efficient bulk fuel distribution.

C6.3. RATES AND ROUTES

C6.3.1. Rates and Routes. SDDC provides rates and routes for bulk petroleum transportation, except for ocean tankers, in accordance with DoD Regulation 4500.9-R, “Defense Transportation Regulation (DTR)” (Reference (y)).

C6.3.2. Tender of Freight Service. Carriers electronically file tenders to SDDC for action in accordance with the Defense Transportation Regulations. The SDDC and DLA Energy Supply Chain Operations Division (DLA Energy-NC) evaluate tenders and negotiate terms, as required.

C6.3.3. Routing Data

C6.3.3.1. SDDC provides DLA Energy regions carrier routing data for bulk petroleum product shipments through the Global Freight Management (GFM) system. When developing

routing data, DLA Energy regions shall evaluate shipping point and receiving activity loading and receiving capabilities and constraints to avoid detention and/or demurrage charges.

C6.3.3.2. DLA Energy regions will authorize shipments by providing routing instructions to all shippers. Shippers shall coordinate delivery schedules with receiving activities. Interim DFSPs shall schedule deliveries with suppliers in accordance with contract or source identification and ordering authorization instructions issued by the cognizant DLA Energy region. Shipments processed utilizing GFM system data will be paid through the U.S. Bank PowerTrack system.

C6.3.3.3. DLA Energy-NC, DLA Energy regions, and Service Control Points (SCPs) shall perform an annual quantity review 9 months prior to projected contract award to identify shipping and receiving capabilities or limitations for each individual DFSP. The review objective is to identify delivery restrictions and review transportation nodes and shipping arcs to ensure shipping modes are consistent with individual DFSP fuel-handling capabilities at the time requirements are submitted to DLA Energy-NC, to include justification for sole delivery mode such as pipeline only.

C6.4. SHIPMENT DOCUMENTATION. Shipping points will enter PowerTrack transactions in accordance with the current DoD and U.S. Bank Agreement. The shipping point will enter consolidated PowerTrack transactions to record total gallons loaded by each carrier at the close of each shipping day.

C6.5. CARRIER DEMURRAGE AND DETENTION

C6.5.1. MSC-Controlled Vessels (Worldwide). MSC operates and bills cargo sponsors based on daily per diem rates. MSC processes and pays demurrage claims submitted by carriers that provide spot or term charter services and rebills DLA Energy. Sponsors such as DLA Energy or other activities may initiate claims against contractors and non-DoD agencies that cause vessel loading or discharge delays in excess of allowed vessel laytime.

C6.5.2. Tank Trucks, Tank Cars, Inland and Coastal Tankers/Barge (Worldwide). DLA Energy will fund and pay carrier demurrage or detention at free on board origin contract loading and/or discharge operations and other facilities that store Defense Working Capital Fund (DWCF) fuel. For other than water movements, the carrier shall forward claims to the appropriate DLA Energy region, which reviews claims and approves valid carrier PowerTrack demurrage and detention E-Bills.

C6.5.3. DLA Energy regions shall advise DLA Energy-NC on a quarterly basis of demurrage incidents that involve contract water movements for possible recovery action. DLA Energy-NC shall review the demurrage incidents and, as appropriate, process claims or forward the matter to the appropriate DLA Energy contracting officer.

C6.6. LOADING AND RECEIVING CAPABILITIES

C6.6.1. Component Service Installation DFSPs. DFSPs shall report shipping and receiving capabilities to the cognizant DLA Energy region through site visits and routine contacts and shall notify the region whenever changes or restrictions occur. This information provides data for use during the annual bulk purchase program node and arc reviews.

C6.6.2. Domestic and Overseas Suppliers

C6.6.2.1. Domestic U.S. and overseas suppliers submit an Offer Information Sheet to the appropriate DLA Energy Bulk Petroleum Contracting Division, DLA Energy-BC (domestic) or DLA Energy-BE (overseas), to identify specific shipping details by product grade and transportation mode.

C6.6.2.2. DLA Energy-BC/BE shall coordinate the Offer Information Sheet with DLA Energy-NC to verify that terms and conditions of the offer are acceptable. DLA Energy-NC in turn will coordinate and verify the same with the respective region.

C6.7. COMMON CARRIER PIPELINES

C6.7.1. Common Carrier Pipeline Operations. Carrier tenders, Military Surface Deployment and Distribution Center, Military Freight Unified Traffic Rules Publication-1 (Reference (iii)) and carrier tariffs terms and conditions govern pipeline operations and service provisions. DLA Energy entrusts carriers with custody of product, which the carrier is responsible to deliver. Quantity or quality discrepancies may require the carrier to compensate DLA Energy in accordance with the terms of the governing instrument. The carrier shall develop or modify a quality control plan (QCP) in coordination with the DLA Energy region field quality representative to ensure specification product delivery to the DFSP. No DFSP shall levy further requirements that affect carrier rates but shall forward additional requirements through the DLA Energy region to DLA Energy-NC for analysis and potential negotiation action.

C6.7.2. DLA Energy regions shall notify DLA Energy-NC when a pipeline carrier refuses to negotiate a suitable QCP. DLA Energy-NC will conduct a risk assessment for consideration and potential waiver to the QCP requirement.

C6.7.3. Component Service-operated DFSPs that have pipeline as primary receipt mode shall maintain alternate receipt mode capability to ensure resupply continuity in the event of pipeline service disruption. DFSPs without sufficient alternate receipt capability shall submit proposed projects through SCPs to DLA Energy for evaluation and funding consideration.

C6.7.4. Where it appears advantageous to the Government to consider new pipeline service, DLA Energy-NC shall coordinate the proposed service with the appropriate SCP and organizational command. New pipeline service requires forecast demand adequate to support the projected investment and an acceptable property agreement or easement that authorizes the

pipeline to cross the installation. Where it appears feasible and advantageous, DLA Energy-NC will solicit pipeline service through SDDC.

C6.7.5. Pipeline custody transfer points vary and should be identified in a written format such as a contract or pipeline shipper's guide. All parties involved should be aware of the custody transfer points because they are official locations where product ownership and responsibility transfer from one party to another.

C6.7.6. Funding and Operating Procedures. Chapter 8 of this Volume, "Management of Storage and Distribution Facilities," provides funding and operating procedures for overseas commercial pipelines as well as domestic and overseas Government-owned pipelines.

C6.8. BARGE SHIPMENTS

C6.8.1. Domestic United States

C6.8.1.1. DLA Energy Americas will authorize routing of all commercial barge shipments by coastal, inland, or intercoastal waterways through the SDDC GFM system or SDDC-awarded barge service contracts.

C6.8.1.2. MSC will arrange oceangoing barge shipments with a capacity of greater than 2,100,000 gallons (50,000 barrels or 7,950 cubic meters) or when DLA Energy tanker scheduling requirements exceed the MSC-controlled tanker fleet capability.

C6.8.2. Overseas

C6.8.2.1. As required, Combatant Command (CCMD) joint petroleum offices (JPOs) shall designate DoD Component service units to receive bulk petroleum shipments by military barge and the following commercial barge shipment types:

C6.8.2.1.1. Shipments by inland waterways.

C6.8.2.1.2. Shipments between terminals within a port area not suitable for movement by the available MSC-controlled vessel fleet.

C6.8.2.2. The CCMD JPO-designated DoD Component service unit shall request and receive obligation authority from DLA Energy-NC prior to a shipment.

C6.8.2.3. MSC and CCMD JPO-designated DoD Component service units shall not enter into competition or duplicate services. MSC and the Component Service unit shall designate by mutual agreement one or the other to perform the above contracting services and functions.

C6.8.2.4. DLA Energy-NC shall arrange and coordinate all commercial barge shipments of DWCF fuel through MSC:

C6.8.2.4.1. From one port area to another for ocean transportation.

C6.8.2.4.2. Between MSC-controlled tankers and shore facilities upon mutual DLA Energy and MSC agreement regarding the appropriate fuel loading or discharging method.

C6.9. SHIPMENT REJECTIONS. The receiving DFSP shall notify the cognizant DLA Energy region for instructions when shipments require rejection or are undeliverable. The DLA Energy region and the field quality representative shall determine shipment disposition and advise the receiving DFSP. Additionally, the receiving DFSP shall inform the cognizant major command and SCP. Contact the DLA Energy Command Center at 800-286-7633 for after hours support.

C6.10. DOMESTIC AND OVERSEAS INLAND TRANSPORTATION

C6.10.1. Budget Forecast

C6.10.1.1. Requirements. DLA Energy regions and overseas commands shall submit estimated annual requirements to DLA Energy-NC to support requests for transportation funds. Each region or overseas command shall provide the following information with transportation requirements:

C6.10.1.1.1. Origin or destination by Department of Defense Activity Address Code.

C6.10.1.1.2. National stock number (NSN)

C6.10.1.1.3. Quantity in U.S. gallons (USG)

C6.10.1.1.4. Transportation mode and any restrictions

C6.10.1.1.5. Estimated cost in U.S. dollars

C6.10.1.2. Responsibility. DLA Energy overseas regions shall pay commercial transportation charges when a commercial carrier ships DWCF bulk petroleum and requests payment through PowerTrack. Use of freight warrants or similar shipping documents is acceptable when the commercial carrier is not a PowerTrack user. DLA Energy-Program Budget Division shall provide a funding document to the overseas Component Service unit assigned transportation responsibility. DFSPs shall e-mail a detailed monthly transportation expense report of issued freight warrants to DLA Energy-NC.

C6.11. MSC

C6.11.1. Tanker Requirements Forecast

C6.11.1.1. Annual and Long-Range Forecasts. DLA Energy-NC provides long-range

bulk lift requirements forecasts to MSC. An annual forecast is required approximately 5 months prior to commencement of the fiscal year. DLA Energy-NC updates the forecasts whenever significant changes in distribution patterns occur.

C6.11.1.2. Forecast Development. DLA Energy-NC analyzes projected requirements to determine future petroleum shipments that will likely require MSC tanker delivery as well as to identify probable procurement source areas.

C6.11.2. Petroleum Product Slates. DLA Energy regions shall submit slated bulk fuel requirements for ocean tanker deliveries to DLA Energy-NC through the domestic and overseas bulk fuel slates. DLA Energy-NC and MSC develop and coordinate cargo and vessel schedules and notify appropriate DFSPs regarding specific cargoes, arrivals, and departures. DLA Energy-Japan fulfills the same responsibilities for the MSC T-1 tanker asset.

C6.11.3. Funding. DLA Energy funds all bulk tanker cargo deliveries.

C6.11.4. Dead Freight. DLA Energy-NC may accept dead freight due to operational necessity.

C6.12. FUNDING TRANSPORTATION COSTS

C6.12.1. DLA Energy shall fund:

C6.12.1.1. Industry shipments to DFSPs.

C6.12.1.2. Shipments between DFSPs.

C6.12.1.3. Shipping and related charges assessed by common carriers.

C6.12.1.4. Costs not chargeable to DLA Energy by carriers, but required for fuel delivery such as Government switch engine use funded by the Component Services.

C6.12.1.5. Transportation costs for commercial fuel and lube oil shipment by tank truck or barge to U.S. Navy vessels at dockside or adjacent anchor.

C6.12.2. Component Services and other authorized customers shall fund:

C6.12.2.1. Underway replenishment (UNREP) shipments.

C6.12.2.2. Costs associated with fuel ordered but not received for reasons not attributable to DLA Energy or the carrier.

C6.13. REPLENISHMENT

C6.13.1. UNREP represents fleet oilers or MSC controlled tankers that refuel ship bunkers at sea. Fleet or Theater Commands fund UNREP transportation costs.

C6.13.2. In-port replenishment represents MSC-controlled tankers that refuel afloat repositioning force (APF) ship bunkers while in port.

C6.13.2.1. MSC funds bunker fuel supplied to APF vessels by MSC tankers for which the Component Services provide reimbursement.

C6.13.2.2. DLA Energy shall fund or reimburse MSC for any bulk petroleum war reserve stock fuel loaded aboard APF vessels

C6.14. CONSOLIDATED CARGO (CONSOL)

C6.14.1. CONSOL represents MSC-controlled tankers that supply fuel to fleet oilers at sea. CONSOLs consist of three categories:

C6.14.1.1. CHARGER LOG IV. CHARGER LOG IV is an opportune CONSOL by which fleet oilers meet with an MSC tanker along a prearranged route from loading port to discharge port to refuel at sea. Opportune means the type of cargo product and quantity was unscheduled by the Navy, but the fleet oiler has an opportunity to receive DWCF fuel from the MSC tanker. The transfer of fuel to the fleet oiler must be either pre-arranged or approved by DLA Energy-NC. When a CHARGER LOG IV is not prearranged and/or approved and the circumstances justify, an emergency CONSOL may be initiated to fill the requirement.

C6.14.1.2. Scheduled CONSOL. A scheduled CONSOL is a scheduled replenishment at sea where all or part of the MSC tanker cargo is to support specific Navy requirements. Fleet units typically load at a shore-based DFSP. Direct delivery of fuel to the fleet achieves cost avoidance associated with fleet oiler round trips to a DFSP and replenishment costs for DFSP drawn down by Navy oilers. The Navy or JPO shall request CONSOL scheduling to DLA Energy-NC a minimum of 20 days in advance of the required CONSOL date.

C6.14.1.3. Emergency CONSOL. An emergency CONSOL represents a certified Navy fuel requirement during a confirmed emergency condition that prevents routine fulfillment. DLA Energy-NC shall schedule an emergency CONSOL upon receipt of an approved request from Naval Operational Logistics Support Center – Petroleum, Fort Belvoir, VA.

C6.14.2. Vessel Daily Cost. Vessel daily cost is the MSC-published vessel per diem rate in effect at CONSOL completion.

C6.14.3. Cargo Cycle. Cargo cycle is the transportation billing costs calculated from vessel arrival at the initial loading port to vessel arrival at the first loading port for the next cargo.

C6.14.4. On-Station-Time. On-Station-Time begins upon MSC controlled tanker arrival at the CONSOL location and ends when the fleet releases the tanker.

C6.14.5. Funding. DLA Energy shall fund and reimburse MSC for all or partial CONSOL transportation costs as follows:

C6.14.5.1. CHARGER LOG IV. DLA Energy shall fund tanker diversions less than 24 hours. The Navy accrues charges for the full time at the vessel per diem rate for tanker diversions that exceed 24 hours. The calculated tanker diversion time is the difference between actual tanker transit times from the last loading port to the first discharge port to include time-on-station during the CHARGER LOG IV, minus the normal transit time between the last loading port and the first discharge port.

C6.14.5.2. Scheduled CONSOL. CONSOLs minimize both DLA Energy and Navy costs and each therefore share half the full per diem costs of the complete CONSOL cargo cycle when a tanker is on station for less than 72 hours. The Navy is responsible to pay the additional tanker per diem when the CONSOL tanker remains on-station for more than 72 hours.

C6.14.5.3. Emergency CONSOL. DLA Energy funds emergency CONSOL transportation costs.

C6.14.5.4. CONSOL Nominations. All CONSOL nominations shall include appropriate funding documents with copies forwarded to MSC and DLA Energy-NC prior to the proposed scheduled CONSOL date. CONSOL cost estimate data is available from DLA Energy-NC upon request.