

CHAPTER 12

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P2.C12. PART 2, CHAPTER 12

FINANCIAL OPERATIONS

P2.C12.1. GENERAL

This chapter discusses financial operations and related policies for energy commodities, transportation, storage, quality assurance and surveillance, into-plane servicing cost, and DESC-sponsored credit card programs.

P2.C12.2. POLICY

P2.C12.2.1. Financial management of energy commodities (i.e., petroleum, natural gas, electricity, coal, steam, propellants, chemicals, pure gases, and cryogenic fluids), quality assurance, quality surveillance, storage, services, and credit card programs is governed by the Department of Defense (DoD) policies and procedures referenced herein.

P2.C12.2.2. A separate energy commodity category of the Defense Logistics Agency (DLA) division of the Defense Working Capital Fund (DWCF) is used to finance energy commodity costs, transportation expenses, storage and environmental costs, operations expenses, and other costs authorized by the DoD charter for the Defense Revolving Fund (DRF).

P2.C12.2.3. Supply Management Operations within DWCF are outlined in DoD 7000.14-R, volume 11B.

P2.C12.2.4. Budgets shall be submitted in accordance with DoD 7000.14-R, volume 11B.

P2.C12.3. PROCEDURES

P2.C12.3.1. DRF accounting and reporting shall be performed in accordance with DoD 7000.14-R.

P2.C12.3.2. Prices of energy commodities will be generally governed by the pricing criteria in DoD 7000.14-R.

P2.C12.3.3. Billing and collection procedures will generally be in accordance with DoD 7000.14-R and DoD 4000.25-7-M. Section P2.C12.4, below, displays the DESC billing criteria for energy products.

P2.C12.3.4. DLA shall budget and fund for bulk petroleum and missile propellant inventories held at the Defense Fuel Support Points (DFSPs).

P2.C12.3.5. Obligation accounting shall be maintained for contracts and delivery orders placed with commercial suppliers and transportation companies.

P2.C12.3.6. Administrative and accessorial charges for sales to non-DoD customers will be applied and is provided via DESC-I-7 by way of the following hyperlink: [DESC Interim Policy DESC-I-7 Cash Sales FET and A&A Table](#). Administrative and accessorial charges may change with the change in standard price.

P2.C12.4. BILLING CRITERIA FOR BULK PETROLEUM PRODUCTS. Billing criteria is provided as follows:

BILLING CRITERIA			
<u>FOB¹</u> <u>Acceptance</u>	<u>Shipment</u> <u>Mode</u>	<u>Receipt</u> <u>Document</u>	<u>Billing</u> <u>Based</u> <u>Factor</u>
At origin or DFSP	Tank truck/car, barge, tube trailers, dewars, cylinders, drums, railcars, pipelines, etc.	Received by DESC within 15 days of the shipment	Quantity received
		Received after 15 days	Quantity shipped
At destination	Tank truck/car, barge, tube trailers, dewars, cylinders, drums, railcars, pipelines, etc.	Received by DESC within 15 days of the receipt date	Quantity received
		Received after 15 days	Quantity accepted for payment
All	Ocean tankers	Received by DESC within 15 days of discharge	Quantity received
		Received after 15 days	Quantity discharged

¹ FOB denotes Free on Board (where product is accepted at origin or at destination; the contract terms indicate where the product will be accepted).