



DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
2000 NAVY PENTAGON
WASHINGTON DC 20350-2000

IN REPLY REFER TO

OPNAVINST 4600.24D
N413
07 Apr 2009

OPNAV INSTRUCTION 4600.24D

From: Chief of Naval Operations

Subj: MANAGEMENT OF NAVY TRANSPORTATION

Ref: (a) DoD 4500.9-R, Defense Transportation Regulation (DTR),
Parts I-VI
(b) Federal Acquisition Regulation
(c) OPNAVINST 5430.48D
(d) NAVSO P-1000, Financial Management Policy Manual
(e) DoD 7000.14-R, Financial Management Regulation, Volume
10, of Nov 08
(f) OPNAVINST 5726.3D
(g) Title 10, United States Code (U.S.C.)
(h) NAVFAC P-300, Management of Civil Engineering Support
Equipment
(i) DoD 4140.25-M, DoD Management of Bulk Petroleum
Products, Natural Gas, and Coal, Volume II, Chapter 6,
of 27 Oct 08
(j) DoD 5105.38-M, Security Assistance Management Manual,
of 3 Oct 03
(k) Title 22, U.S.C.

Encl: (1) Financial Definitions and Funding Principles and
Responsibilities for Material Transportation

1. Purpose. This instruction utilizes references (a) through (k) to provide transportation management policy and establish organizational and funding responsibilities applicable to the transportation and financial management of Navy passenger, personal property, cargo movements, and mail. The complexities of balancing transportation requirements against funding resources dictate that the Navy maintains a rigorous and effective Navy transportation management program. Enclosure (1) provides detailed guidance on the funding principles and responsibilities for material transportation. This instruction is a substantial revision and should be reviewed in its entirety.

2. Cancellation. OPNAVINST 4600.24C.

3. Discussion. The primary source of transportation for Navy passengers, personal property, and cargo is the Defense Transportation System (DTS), that portion of the worldwide

transportation infrastructure that supports Department of Defense (DoD) transportation needs in peace and war. Reference (a) provides guidance and direction concerning DTS policy and practice. Reference (b) provides policies, procedures, and regulations for the application of transportation and traffic management considerations in the acquisition of supplies. The United States Transportation Command (USTRANSCOM) is the transportation service provider for military and commercial assets, services and systems organic to, contracted for, or controlled by the Department of Defense in the DTS.

4. Policy. Per reference (a), the DTS must be used to the maximum extent practicable unless there is a documented negative critical mission impact.

5. Responsibilities. The following organizational responsibilities apply to the management of Navy transportation.

a. Deputy Chief of Naval Operations (Fleet Readiness and Logistics) (CNO (N4)). CNO (N4) is responsible for issuing and ensuring transportation policy including transportation management per reference (c). Organizational responsibilities:

(1) The Supply, Ordnance and Logistics Operations Division (OPNAV (N41)) is responsible for oversight of the management of Navy-sponsored movements. OPNAV (N41) will:

(a) Develop and issue policy for Navy transportation management matters.

(b) Oversee requirements in the DTS during peacetime, contingency, mobilization, emergency, and wartime situations.

(c) Serve as the Office of the Chief of Naval Operations (OPNAV) focal point for transportation policy for mail, passenger travel, household goods operations, and cargo to include the safe and secure movement of ordnance.

(d) Maintain liaison with the Office of the Secretary of Defense (SECDEF), the Joint Chiefs of Staff (JCS), USTRANSCOM, other DoD Services/Agencies, other government agencies and industry on transportation and travel matters.

(e) Serve as the Navy's principal member on the Joint Transportation Board, support CNO (N4) on the Distribution

07 Apr 2009

Transformation Task Force and the personal property General Officer Steering Committee, serve as lead on the Distribution Steering Group, and represent Navy on Joint Service committees, boards and working groups dealing with distribution, transportation, and travel.

(f) Use metrics to evaluate the effectiveness of distribution transportation services provided to the Navy's operating forces and shore activities. Ensure economies of resources for transportation of cargo and mail are consistent with acceptable quality of service and transportation responsiveness.

(g) Serve as OPNAV requirements office and resource sponsor for Naval Supply Systems Command (NAVSUP) managed Second Destination Transportation (SDT) (commonly called Servicewide Transportation (SWT)), as well as First Destination Transportation (FDT) accounts in Aircraft Procurement, Navy (APN), Other Procurement, Navy (OPN), Shipbuilding and Conversion, Navy (SCN), and Weapons Procurement, Navy (WPN).

(h) Analyze and evaluate proposed changes to budget execution and financial control procedures for SWT, SDT, and FDT funds (APN, OPN, SCN, and WPN).

(i) Provide policy guidance on, and coordinate matters related to, intermodal containerization programs and development. Interface with other services, Defense Logistics Agency (DLA), JCS, USTRANSCOM, and other government departments and agencies on intermodal container-related matters.

(j) Develop policy and guidance for deployment, employment, training, and readiness of Navy cargo handling forces, including the active Navy expeditionary logistics support group forces.

(k) Serve as Navy's primary participant on applicable Government Accountability Office audits, and provide input to legislative bill proposals.

(l) Oversee the Third Party Payment System (TPPS) for Navy transportation.

(2) The Director, Strategic Mobility and Combat Logistics Division (OPNAV (N42)) is responsible for planning and programming functions associated with mobility as follows:

07 Apr 2009

(a) Interact with the JCS regarding strategic mobility planning, testing and analysis, including the Joint Strategic Capabilities Plan, the Joint Strategic Planning Document and Defense Planning Guidance preparation.

(b) Serve as the Navy program sponsor for the Military Sealift Command (MSC) and all other Program IV mobility forces in the DoD program, planning, and budget cycle.

(c) Respond to matters related to the maritime administration and maritime affairs, including North Atlantic Treaty Organization (NATO) planning for ocean shipping and all other types of intra-governmental maritime planning organizations, except for those relating to common user shipping issues within the purview of USTRANSCOM.

(d) Participate in the assessment of Navy's Joint Mission Area Assessment Process.

b. Bureau of Naval Personnel (BUPERS) (N1) Resource Sponsor. BUPERS will develop and execute the budget for movement of military personnel, dependents, and personal property due to Permanent Change of Station (PCS) entitlements.

c. NAVSUP. Commander, NAVSUP, manages execution of Navy cargo and passenger transportation, consistent with the responsibilities assigned to the Chief of Naval Operations (CNO). NAVSUP is responsible for providing effective transportation at the lowest cost consistent with acceptable quality of service and transportation responsiveness. NAVSUP will:

(1) Recommend policy changes to OPNAV (N41).

(2) Develop and issue Navy cargo, passenger, personal property, and Outside Continental United States (OCONUS) inter/intra theater mail transportation operating procedures and provide field assistance, training, technical direction, and guidance to all Navy transportation offices.

(3) Represent the Navy on joint interagency working groups and committees concerning Navy cargo, passenger, personal property, and mail transportation. Provide action officer representation at working groups relating to DoD regulations and instructions.

07 Apr 2009

(4) Manage movements and provide Navy transportation (cargo, passenger, personal property, mail) technical expertise by means of direction, guidance, liaison representation, and assistance to fleet commanders, combatant commands and the Military Postal Service Agency to include:

(a) Maintaining liaison with USTRANSCOM and USTRANSCOM Transportation Component Commands (TCCs) on operational and procedural matters relating to the movement of Navy cargo, passengers, and personal property.

(b) Interfacing and coordinating with fleet commander staffs, Systems Commands (SYSCOMs), Navy field installations, regarding transportation of passengers to, from, or within their areas of responsibility.

(c) Coordinating with Navy activities and other DoD agencies and commands on matters involving railroads essential to the National Defense during peacetime, contingency, mobilization, embargoes and abandonments.

(d) Interfacing and coordinating with appropriate elements of BUPERS about passenger and personal property movement requirements (including entitlements) related to peacetime, contingency, and mobilization plans; both military and civilian.

(e) Performing the Navy Airlift Clearance Authority (ACA) function for Continental United States (CONUS) outbound shipments, which controls whether shipments are sent via air movement or diverted to surface movement.

(f) Reviewing, coordinating, and validating Navy airlift requests for Air Mobility Command (AMC) Special Assignment Airlift Missions (SAAMs) to support cargo, passenger, and unit movement.

(g) Developing and validating Navy requirements for transportation movements and travel services and monitoring contractor performance.

(h) Managing the movement and routing of ordnance shipments.

(i) Administering the Navy program for the worldwide shipment of personal property.

(j) Executing the Navy official mail and military postal system program.

(k) Serving as the Navy focal point for the Hazardous Material Information Resource System (HMIRS), and creating and maintaining HMIRS transportation data records for Navy unique hazardous material.

(l) Managing the Navy's 463L Pallets and Nets Program in support of deployments and emergencies.

(5) Monitor, analyze, and evaluate Navy cargo, passenger, personal property, and OCONUS mail transportation, distribution, and procurement practices to ensure transportation effectiveness and economy to include:

(a) Collecting meaningful data on passenger and cargo movements to manage the movement of Navy passengers and cargo effectively.

(b) Identifying, developing, evaluating, and implementing new processes, methods, and developments that will increase efficiencies and economies in the movement of Navy cargo, passengers, personal property, and OCONUS inter/intra theater mail.

(c) Collecting, reviewing, analyzing, and submitting Navy cargo and passenger transportation requirements to the USTRANSCOM TCCs under established procedures and directives.

(d) Administering a data collection system to identify appropriate elements of transportation usage and cost that will:

1. Accumulate and analyze cost information on transportation usage and validate forecasts developed by USTRANSCOM of total Navy requirements for the Future Year Defense Plan, including operations during peacetime, contingency and mobilization. This includes the forecast used to make the annual minimum airlift commitment for the Civil Reserve Air Fleet.

2. Provide SYSCOMs, fleet commanders, shore establishments, and inventory managers the necessary data to facilitate submission of planning data and budget projection requirements.

(e) Monitoring the effectiveness of USTRANSCOM Integrated Distribution Lanes (IDLs), its TCCs, and transportation service providers in satisfying Navy cargo and passenger transportation requirements.

1. Provide analytical support to USTRANSCOM's IDL monitoring efforts focused on intra-theater transportation and distribution performance.

2. Serve as the Navy advocate for IDL process improvement initiatives and validate last nautical mile logistics processes, capabilities and efficiencies. Highlight areas for improvement, standardization, and alignment, while promoting joint initiatives and programs, where practical.

3. Through analysis, identify and propose process improvements to the DTS.

(6) Manage and control Navy centralized shipping address systems to include:

(a) The Cargo Routing Information File, which is the sole source of current shipping addresses for all Navy and Coast Guard ships and mobile units.

(b) Maintaining accuracy of the Type Address Code 2 (shipping) addresses for all Navy activities worldwide for inclusion in the DoD Activity Address Directory.

(7) Perform specific Navy transportation financial management per reference (d) to include:

(a) Managing the SWT program, as well as SDT for Navy Working Capital Fund - Supply Management (NWCF-SM) and the FDT account for OPN and WPN. NAVSUP is also responsible for budget formulation and execution of each appropriation per reference (b), to include monitoring the expenditure of funds against approved budget targets and the possible suspension of Transportation Account Codes (TACs) in the event that expenditure rates indicate that targets shall be exceeded.

(b) Managing and maintaining the SWT budget model and FDT budget model (OPN and WPN segments) for use in developing and projecting budget requirements.

07 Apr 2009

(c) Coordinating matters relating to the impact of movement of mail on transportation financial resources.

(d) Performing the function of TAC coordinator for Navy. This includes:

1. Assigning all Navy TACs and maintaining current TAC table.

2. Ensuring each TAC, including Navy default TAC(s), is directly linked to a Line of Accounting (LOA) supplied by the cognizant funds administrator.

3. Providing updated and revalidated TAC table to the Defense Finance and Accounting Service (DFAS) annually.

4. Eliminating excess TACs and ensuring that the number of TACs is kept to a minimum.

(e) Administering the Navy's DoD approved TPPS for transportation for Navy Financial Managers (FMs) and Transportation Officers (TOs). This includes:

1. Ensuring FMs and TOs are fully trained in the use of current third party payment and government shipping systems.

2. Reviewing and recommending changes to procedures in reference (e), regarding the implementation of Navy's DoD approved TPPS.

3. Reviewing and recommending changes to procedures in reference (a) for both financial management and transportation processes.

4. Coordinating system matters between Navy funds managers and DFAS.

5. Ensuring enhancements within the TPPS comply with Navy requirements.

6. Serving as the Navy representative on the TPPS Oversight Council for the commercial transportation billing and payment processes and oversight to include Transportation Global Edit Table.

(8) Perform entitlement audit/review of all Navy personal property shipments, to include:

(a) Auditing household goods moves to include commercial and Personally Procured Moves (PPM) to ensure shipments made are within service members prescribed allowances in accordance with Joint Federal Travel Regulation.

(b) Adjudicating final settlement of PPM claims.

(c) Initiating notification to customer and initiate collection action of excess cost charges when customer exceeds allowances/entitlements.

d. Naval Component Commanders (CCDR) of Geographic Combatant Commanders (GCC) (Commander, United States Fleet Forces (USFF); Commander, U.S. Pacific Fleet (CPF); Commander, U.S. Naval Forces Europe (NAVEUR); Commander, U.S. Naval Forces Central Command (NAVCENT); Commander, U.S. Naval Forces, Africa (NAVAF)). Naval CCDRs will:

(1) Serve as the Navy point of contact on transportation and distribution matters for OPNAV and for the GCC.

(2) Validate emergency SAAM requirements to meet Navy theater and/or CCDR needs when the SAAM is funded by the specific fleet command.

(3) Coordinate with the GCC, OPNAV, USFF, NAVSUP, USTRANSCOM, DLA, and other agencies, as appropriate, to:

(a) Utilize transportation resources that enhance the war fighting readiness of Naval forces involved in joint and combined exercises, contingency operations, and war time scenarios.

(b) Identify Navy transportation support and distribution opportunities that promote and enhance theater regional relationships.

(4) Ensure that sufficient funds are obligated from organic or external sources to cover the cost of transportation before validating any transportation request.

(5) Ensure known or projected transportation requirements are considered early enough in the planning process for movements to ensure the most cost effective mode is used.

(6) Provide requirements, planning data, and budget projections for SWT funds and fleet transportation funds needed, as appropriate, for budget formulation and execution.

(7) Direct TOs, shippers and contract officers to ensure that all cargo and personal property movements shipped within the DTS have an appropriate, valid TAC assigned. Also, ensure TOs/shippers respond in a timely manner to requests for verification of TACs for all shipments they generate to prevent unnecessary frustration of cargo movements.

(8) Validate TACs

(a) For USFF and CPF: Validate assigned TACs annually and submit list of validated TACs and associated LOAs to the Navy TAC coordinator per enclosure (1), paragraph 2f.

(b) For NAVEUR, NAVCENT and NAVAF: Provide projections of anticipated requirements to appropriate external funding source(s) to assist in validation of TACs and associated LOAs.

(9) Monitor performance of overseas ACAs in area of responsibility. Overseas ACAs are responsible for providing airlift clearance for shipments from and between overseas areas. A detailed listing of OCONUS ACAs is in reference (a), part II, appendix R. The listing details the ACAs responsibility for specific areas and sponsoring Services.

e. Naval Sea Systems Command (NAVSEA)

(1) NAVSEA is responsible for financial management of FDT SCN funding, budget formulation, and execution.

(2) NAVSEA, Fleet Logistics Support (Code 04L), is responsible for managing the safe, secure, and efficient first and second destination transport of major shipboard hull, mechanical, electrical, and electronic equipment -- including propellers, hubs and shafts, propeller cap devices, submarine propulsion systems, motors, engines, machine tools, and gauges -- in support of new construction or conversion, fleet modernization, fleet maintenance, Defense security assistance, and items in a research and development stage.

(3) The Naval Ordnance Safety and Security Activity is responsible for ordnance transportation policy regarding the safe and secure transport of ammunition, explosives, and related hazardous materials.

f. Naval Air Systems Command (NAVAIR). NAVAIR is responsible for financial management of FDT APN budget formulation and execution.

g. Naval Facilities Engineering Command (NAVFAC). NAVFAC is responsible for financial management of FDT military construction Navy funding, budget formulation, and execution.

h. SYSCOM Transportation Representatives. Each SYSCOM transportation representative has a primary responsibility for transportation matters associated with SYSCOM cargo movements and will:

(1) Assist program and inventory managers and TOs in identifying transportation requirements, forecasting transportation costs, and implementing transportation policy.

(2) Provide technical assistance to SYSCOMs and program managers regarding transportability and movement plans supporting new and existing ship and aircraft designs and major structural components thereof, weapons systems, and other transportation related matters.

(3) Coordinate assignment of TACs.

(4) Coordinate surface and air movements as required.

(5) Assist program managers in the development of transportability and integrated logistics support plans.

(6) Ensure cargo transportation plans provide for safe, secure, efficient, and economical movements.

(7) Direct TOs, shippers, and contract officers to ensure that all cargo and personal property movements shipped within the DTS have an appropriate, valid TAC assigned. Also, ensure TOs/shippers respond in a timely manner to requests for verification of TACs for all shipments they generate to prevent unnecessary frustration of cargo movements.

6. Financial Management. The financial aspects of material transportation management are contained in enclosure (1).

7. Records Management. Any records created as a result of this instruction, regardless of media and format, shall be managed in accordance with SECNAV Manual 5210.1.



M. K. LOOSE
Vice Admiral, CEC, U.S. Navy
Deputy Chief of Naval Operations
(Fleet Readiness and Logistics)

Distribution:

Electronic only via Department of the Navy Issuances Web site
<http://doni.daps.dla.mil//>

07 Apr 2009

FINANCIAL DEFINITIONS AND FUNDING PRINCIPLES
AND RESPONSIBILITIES FOR MATERIAL TRANSPORTATION

1. Introduction. There are two major categories of material transportation - first and second destination (see reference (d)). Definitions are provided in paragraph 2 below. The responsibility for financing transportation charges is generally determined by the category of transportation and, with a few exceptions, the fund or appropriation financing the procurement of the material transported. Paragraph 3 of this enclosure defines basic material transportation funding principles and responsibilities.

2. Definitions

a. First Destination Transportation (FDT). FDT is the movement and cost of movement of property (other than NWCF-SM) from Free on Board (FOB) point of origin to the point at which the material, in the form required for use, is first received for use or storage. The procurement source and first point of use or storage may be in CONUS or OCONUS. The procurement source, as used herein, is any supplier outside the DoD supply system and DoD industrial activity which fabricates new material. Charges include those for freight cartage, port handling, and other in-transit costs incurred incident to the shipment of the material. Foreign Military Sales (FMS) are exempt from paying FDT charges. FMS shipments are exempt from FDT charges because most FMS shipments originate at DoD depots, and the cost of transportation to the customer's freight forwarder is included in the price of the material. FDT charges are not applicable to components reworked by an industrial activity or other activities not authorized to use FDT TACs; e.g., In-Service Engineering Activity, System Support Activity, FMS, depots, etc. For further definition of FDT accounts, see subparagraphs 3d, 3ee, 3mm, and 3rr below.

b. Free on Board (FOB). This term is used with the designation of a physical point (either origin or destination) to determine the responsibility and basis for payment of freight charges and, unless otherwise agreed, the point at which title for supplies passes to the buyer or consignee. The policies on designation of contracts as FOB origin or FOB destination are set forth in reference (b).

c. Freight Cartage. Freight cartage, also known as haulage, is the inland carriage of cargo or containers between locations/

points. When an activity is assigned area responsibility for cartage of consignments to shore-based activities, ships or other mobile units, the local delivery costs, including commercial charges, will be funded from the operating resources of the activity assigned area responsibility.

d. Second Destination Transportation (SDT). SDT is any transportation other than the first destination. SDT is applicable to components reworked by an industrial activity. Charges include those for CONUS port handling, freight cartage, and other costs incurred incident to the shipment of property.

e. Servicewide Transportation (SWT). SWT is a NAVSUP SDT centrally managed Operation and Maintenance, Navy (O&M,N) account with a discrete line in the Navy budget. The account was established to provide transportation funding for Navy cargo and mail movement that is clearly not the responsibility of an end use activity.

f. Transportation Account Codes (TAC). A TAC is a four-digit alphanumeric code used on all shipment documents to identify the proper funding source and appropriation. TAC selection is based upon cognizance (cog) of material, appropriation financing the purchase of material, project, and/or other factors. Navy TACs are established by the Naval Operational Logistics Support Center (NOLSC), Norfolk, VA (DSN 646-5322 or COMML (757)443-5322) and are discussed in reference (a), part II, appendix V-2, attachment V2, which is available at: http://www.transcom.mil/j5/pt/dtr_part_ii.cfm. Current and valid Navy TACs can be found on the worldwide web at the following address: <https://beis.csd.disa.mil/beis-html/frontpage-pki.html>. Information on obtaining access to the TAC system may be obtained at the above Web site.

3. Funding Principles and Responsibilities

a. Accessorial Charges. These are charges for services performed incident to a line haul shipment. Many carriers will provide accessorial services that include:

(1) Preparation Charges: e.g., packing, marking, loading, crating, handling, blocking, bracing, disassembly, etc.

(2) In-transit Charges: e.g., security service, escorts, permits, documentation fees, incidental material handling

07 Apr 2009

equipment services, stop-off, port handling (see paragraph 3gg below), switching, flagmen, reeoperation, and other freight forwarder type service.

(3) Destination Charges: e.g., reassemble, prelude, storage before unloading, etc. Although these charges may be included in commercial carriers' tariffs, tenders or schedules, only in-transit charges may be paid with transportation funds. Preparation charges are chargeable to the vendor or shipping activity's funds as appropriate. Destination charges are chargeable to the receiving activity's mission operating funds. The only exception is for loading or off-loading of large equipment; e.g., shipyard portal cranes, at origin and destination respectively when this cost is part of the total movement as defined in the agreement with the carrier. This may be paid by transportation funds initially and billed back to the echelon 2 command or activity that requested services at origin or destination in instances when the origin and destination activity did not have the capability to provide or perform services at the activity level.

b. Administrative Material Shipment. Administrative material consists of items such as: general correspondence, personnel records, payroll records, laboratory samples (except whole blood and urine samples which are paid by SWT), electronic storage media, blueprints, legal/financial/recruiting/ contracting or similar documents, and technical manuals not requisitioned through stock. Shipment of administrative material will be funded by the local activity requesting shipment.

c. Aircraft. Transportation costs associated with downed aircraft that cannot be flown to a repair facility are paid for by SWT. Aircraft shipped for routine maintenance, storage, or disposal will be funded by the applicable type commander.

d. Aircraft Procurement, Navy (APN). FDT of materials purchased by APN is paid by NAVAIR APN funding.

e. Ammunition

(1) Transportation: CONUS and overseas commercial line haul, MSC ocean transportation, and AMC airlift transportation charges associated with the movement of Arms, Ammunition, and Explosives (AA&E) are funded by SWT.

(2) Port Handling: AA&E CONUS port handling costs at (Military) Surface Deployment and Distribution Command (SDDC)

07 Apr 2009

operated ports are funded by SWT O&MN as long as the AA&E is loaded in or discharged from MSC chartered ships, and the AA&E is being shipped in response to a customer requisition. CONUS port handling costs associated with Naval AA&E on-load or off-load at ports under the purview of the Navy are funded by USFF fleet ordnance support funds. All OCONUS port handling costs are the funding responsibility of the major command operating the port.

f. Antarctic Program. Transportation of materials and mail in support of the United States Antarctic Program is chargeable to the National Science Foundation.

g. Appropriated Purchases Account (APA). Unless otherwise addressed, APA (even cog code) material movements are paid by SWT funds. Shipments of even cog material from DLA depots and Navy Fleet and Industrial Supply Centers (FISCs) are chargeable to SWT.

h. Base Realignment and Closure (BRAC). Transportation costs associated with relocation of material incident to BRAC or similar actions are the responsibility of the major command that funds the activity being disestablished or realigned. However, when an activity requests reassignment of material, which would otherwise be declared surplus, the requesting activity funds transportation costs for the material being relocated.

i. Civil Engineer Support Equipment (CESE). SWT will only fund redistribution or relocation of serviceable CESE assets and centrally managed fleet mooring equipment by NAVFAC installations, when economical. CESE (2C cog) is defined as the Navy's assets of construction, automotive, and specialized equipment. CESE includes sedans, trucks, bulldozers, generators, trailers, mobile cranes, tactical vehicles, and construction equipment to satisfy the Navy's worldwide requirements. NAVFAC has the authority to use SWT funds for redistribution or relocation in its role as the 2C cog manager for the Navy, as delegated by NAVSUP. CESE is a part of a Navy expeditionary unit table of allowance unit equipment list.

j. Commercial Vendor Shipments. Government contracts specify FOB destination or FOB origin material delivery instructions in accordance with reference (b). When FOB destination is specified, the vendor is required to deliver the material at vendor expense to the ultimate consignee. There is no separate transportation charge to the government. The cost of transportation is included in the cost of the goods. When FOB origin is specified, the government is responsible for funding

the cost of moving the material from the vendor's location to the ultimate consignee as a separate charge. Procurement and contract administration personnel will ensure that FOB origin procurements cite transportation funding separately and advise the shipper accordingly. The FDT TAC to be cited under the terms FOB origin is the TAC associated with the appropriation used to procure the material.

k. Contingency Transportation Costs. Contingency costs are not part of the budget baseline and will be provided, as needed, from the Supplemental Appropriation Bill if circumstances are warranted by the situation; however, administrative shipments remain the responsibility of the local activity. Unit moves/force deployments conducted in support of a SECDEF Deployment Order (DEPOD) or Execution Order (EXORD) are normally funded by cost of war funding provided by Congress to the services via the Office of Management and Budget and the Assistant Secretary of the Navy (Financial Management and Comptroller), Office of Budget. Unit moves/force deployments are normally documented in the Time Phase Force Deployment Data (TPFDD) and are supported via dedicated strategic modes of transportation. When moving via air, the service having the preponderance of the forces onboard is billed for the entire aircraft. Unit moves supported by strategic sustainment channels should also be reflected in the TPFDD, but are not supported via dedicated contingency missions and are billed at the applicable channel billing rate; and the costs should be captured using the associated project code. Issued project codes will be used when possible for transporting material to the respective contingency operation, so as to assist the detailing responsibilities of those required to report this information to a higher authority.

l. Deceased Beneficiaries. The Decedent Affairs Program, supported by the Navy Medical Command, funds the cost of transportation of the remains of deceased beneficiaries.

m. Depot Repairables. Depot repairables are identified as those assets where the cost of repairing the asset is less than the cost of producing a new asset. Repairable carcasses (non-Ready for Issue (RFI) assets) are returned to Designated Storage Points (DSP), or to Designated Overhaul Points (DOP) for repair and return to the wholesale stock system. The DSP or DOP and transportation mode are designated by the Master Repairable Item List. Navy NWCF-SM funds the transportation to issue RFI repairables, as well as retrograde of non-RFI repairables (except FMS repairables).

n. Detention, Demurrage and Container Per Diem (DDC). Detention is a fee levied by a carrier for holding a truck/van beyond an established unloading and release time limit. Demurrage is the equivalent for rail cars or ships. Container per diem is the term frequently used for container detention. These are chargeable to the local activity or the ship responsible for causing the DDC charge.

o. Excess/Surplus Material. Transportation of excess/surplus material turned into a reutilization site is chargeable to the activity having accountability for the material. In cases where transfers are made to other DoD activities, transportation costs may be negotiated between the shipper and receiver. Transportation of excess NWCF material approved for turn-in is chargeable to the applicable second destination NWCF TAC for Naval Inventory Control Point (NAVICP)-managed repairables. The cost of shipping surplus/excess material from reutilization sites or other authorized sources to Navy activities is normally chargeable to the requesting Navy activity.

p. Fleet Exercises. The operational commander directing the exercise is responsible for fleet exercise related transportation charges. Transportation costs related to joint exercises are funded by the JCS.

q. Fleet Hospitals (Expeditionary Medical Facilities). SWT funds the initial deployment of prefabricated fleet hospitals. Subsequent repositioning of prefabricated hospitals is a funding responsibility of the major command or management command directing the action. Transportation of shelf life medicinals is properly chargeable to SWT.

r. First Destination Transportation (FDT). FDT is budgeted on an annualized basis in the same appropriation as the end item or material being procured. This policy reflects the treatment of transportation costs as an integral part of the cost of the procurement. Cost of FDT is the responsibility of the organization budgeting for the end item or material being procured, except for items financed in the OPN and WPN appropriation, which are budgeted by NAVSUP.

s. Free on Board (FOB). See instructions provided at paragraph 2b above.

t. Fuel. Defense Working Capital Fund (DWCF) pays for all movement of bulk fuel until issued to the customer. Transportation of fuel removed from a ship bunker and transported

07 Apr 2009

to the nearest storage location is a type commander funding responsibility. NWCF pays for movement of packaged petroleum products.

u. Government Furnished Material/Equipment (GFM/E).

Shipments of GFM/E for use or consumption by contractors or industrial activities are chargeable to the appropriation funding the project or contract involved and is considered new procurement/first destination. The exception is CESE assets made available on loan to a contractor. This is chargeable to SWT.

v. Humanitarian Cargo. Humanitarian cargo usually consists of privately donated (non-governmental source) goods/supplies meeting U.S. State Department approval. Humanitarian assistance cargo can be moved within the DoD transportation system after proper coordination. Humanitarian cargo is not chargeable to SWT; funding responsibility falls to the sponsoring Navy activity.

(1) Project Handclasp. Project Handclasp encompasses the collection and storage of donations from organizations and individuals throughout the United States. These donations are transported aboard fleet ships on a space-available basis for distribution by Navy and Marine Corps personnel stationed in the overseas areas or embarked on fleet units that visit these areas. See reference (f) for details.

(2) Other Programs. The Office of Humanitarian Assistance, Disaster Relief and Mine Action (OHDM) provides direction, supervision, and oversight of DoD humanitarian assistance and mine action programs for the Defense Security Cooperation Agency, an operating organization of the Under Secretary of Defense (Policy). OHDM manages the overseas humanitarian, disaster, and civic aid appropriation, which is used to fund the following humanitarian programs: Humanitarian Assistance Program, Humanitarian Mine Action Program and Foreign Disaster Relief and Emergency Response. OHDM also manages the Humanitarian and Civic Assistance Program, the non-lethal DoD Excess Property Program, and two transportation programs: the Denton Amendment (Space-A Program) and the Funded Transportation Program. DoD and OHDM humanitarian assistance activities are authorized pursuant to sections 401, 402, 404, 407, 2557, and 2561 of reference (g).

w. Mail. The transportation and handling of mail in CONUS is covered by postage. Movement of mail, both personal and official, between fleet post office gateways is SWT funded.

x. Marine Corps Aviation Material. Funding for SDT in support of Marine Corps air units for Navy procured aviation equipment, to include ammunition, is the responsibility of SWT. Funding for the shipment of all Navy procured aviation spare and repair parts, including those in support of Marine Corps air units, is the responsibility of NWCF-SM (see paragraph aa). Transportation of aviation ground support equipment is funded by the Marine Corps.

y. Military Construction, Navy (MILCON). FDT of materials purchased by MILCON is paid for by Commander, NAVFAC from MILCON funding. SDT is funded by SWT. SWT funds NAVFAC resupply (not deployment) to deployed forces.

z. Navy Exchange (NEX) Material. The transportation and handling of all NEX material within CONUS is chargeable to NEX Command (NEXCOM) funds. This includes freight cartage, port handling and other costs associated with the movement of NEX material within CONUS. The movement of NEX material exported to OCONUS locations, including Alaska and Hawaii, is funded by SWT. This includes CONUS port handling, overseas transportation to OCONUS ports, and line haul costs from ports of debarkation to distribution and resale activities. Any subsequent redistribution is paid by NEXCOM. All transportation costs associated with the movement of foreign procured merchandise are funded with NEXCOM funds.

aa. Navy Working Capital Fund (NWCF) - Supply Management (SM). NWCF material pertains to consumable and repairable spare and repair parts managed by NAVICP under odd cog symbols and purchased by a revolving fund account.

(1) Transportation costs associated with shipment of NAVICP odd cog managed material from DLA distribution depots to CONUS and OCONUS Point of Debarkation (POD) is initially paid by DLA, and then reimbursed by NWCF-SM. Material movements from the OCONUS POD to the end user are paid by the requisitioner, not NWCF.

(2) Transportation costs associated with retrograde shipment of NAVICP odd cog managed non-RFI repairables to wholesale storage or depot repair facilities are paid by NWCF-SM.

bb. OCONUS Line Haul. OCONUS line haul is the movement of material by surface common carrier from an Aerial Port of Debarkation/Surface Port of Debarkation (APOD/SPOD) to the in-

transit cargo facility servicing a Navy unit or ship when the facility is located beyond the drayage limits of the APOD/SPOD. The distance covered by line haul is usually greater than 30 miles. OCONUS line haul is chargeable to the funding used to move the cargo to the APOD/SPOD. OCONUS line haul for shipments from DLA distribution depots is reimbursed to DLA by NAVSUP (see paragraph 3aa above). The costs associated with the use of rental trucks and cars to move cargo/mail in lieu of common commercial carrier line haul are chargeable to unit operating funds. See paragraph 3z for line haul funding of NEXCOM material.

cc. Operation and Maintenance, Navy (O&M,N). Unless otherwise indicated, second destination shipments of APA (even cog) material to or from DLA operated depots, Navy FISCs, or overhaul points are chargeable to SWT. In general, SWT dollars pay for movement of ordnance, aircraft engines, mission module packages, catapult and arresting gear, propellers, shafts, small boats and craft, civil engineering support equipment, safety and survival equipment, targets, drones, airborne armament, overseas mail (official and personal), and overseas NEX merchandise.

dd. Organically Owned Equipment. Transportation of organic material incident to redistribution, cross decking, repair or rotational deployment is the funding responsibility of the major command that directs the movement. Organic material includes items in the custody of non-stock point units and material on unit plant account records, such as small arms, unit equipment, and individual material readiness list gear and test/support equipment. The only exception is fleet owned Naval Construction Force (NCF) equipment. SWT funds SDT of the equipment incident to NCF deployments.

ee. Other Procurement, Navy (OPN). FDT of materials purchased by OPN is paid by NAVSUP OPN funding.

ff. Personal Property. Movement of civilian personal property (household goods and privately owned vehicles) incident to PCS orders are funded by the gaining activity for recruitment actions and by the losing activity for a reduction in force. Personal property movement of military personnel, incident to temporary duty, is funded by the local activity, Reserve Personnel, Navy (RPN) or Military Personnel, Navy (MPN). All movement of military personal property incident to PCS orders is funded from RPN or MPN appropriations.

gg. Port Handling Services (except for ammunition which is discussed in paragraph 3e above). Port handling services include labor to load and unload material, rental of cranes, forklifts, lighterage, and associated documentation charges. Funding is as follows:

(1) At CONUS and OCONUS ocean ports operated by SDDC and air terminals operated by AMC, port handling costs are billed to the appropriation funding the ocean/air transportation.

(2) At CONUS and OCONUS non-DoD or Navy ocean ports and air terminals, port handling costs are chargeable to the unit or ship incurring those costs.

(3) At CONUS and OCONUS non-DoD ocean ports and air terminals, port handling costs for delivery of material from a procurement source to the first point of use or storage for subsequent distribution within the supply system are chargeable to FDT.

hh. Prepay and Add (PP&A). PP&A is a procurement and financial procedure to allow the contracting officer to authorize a vendor to arrange and pay transportation costs, if advantageous to the Government, to a domestic destination. The vendor adds the cost to the bill for the item procured as a separate line item. PP&A can only be used when total transportation costs associated with the contract are \$100.00 or less and the material is unclassified and shipped within CONUS. Under PP&A contracts, the total weight limit for items being shipped on the contract cannot exceed 150 pounds for air movement or 1,000 pounds for surface movement. The appropriation that funded the procurement also funds the added transportation cost. The contracting officer should make every effort to specify the type of transportation the vendor must use to deliver the material to the CONUS customer. (See reference (b).)

ii. Regional Transportation. (formerly Local Delivery) Regional transportation is movement of material by a Navy activity to activities or ships within a limited area, not to exceed a 100-mile radius. The activity may contract with commercial carriers, U.S. Government trucks, the local Public Works Center, or share the delivery with other DoD activities. Funding is generally the responsibility of the local activity. However, programs such as Naval Express, which support regional maintenance concepts and benefit the NWCF, may be funded by NAVSUP at NAVSUP's discretion. NOTE: Use of organic (government) vehicles is authorized and encouraged for distances

of 100 miles one way and below, when cost effective. Distances beyond 100 miles are considered line haul instead of regional transportation, and commercial carriers should be used. Use of organic (government) assets for distances over 100 miles requires written authorization and justification signed by the activity commanding officer or an individual assigned signature authority in accordance with reference (h).

jj. Research, Development, Test and Evaluation, Navy (RDT&E,N). All FDT and SDT involving material for RDT&E,N projects are chargeable to the RDT&E,N appropriation.

kk. Second Destination Transportation (SDT). SDT is financed by NAVSUP in the O&M,N appropriation, except as noted below:

(1) Transportation of spare and repair parts managed and funded by NAVICP with NWCF-SM.

(2) Organic Material Incident to Relocation and/or Rotational Deployment. Transportation of organic material, i.e., items on the custody or plant account records of field activities or deployable units, incident to relocation and/or rotational deployment is a funding responsibility of the major command or management command who directs the movement, except for fleet-owned NCF equipment. NAVSUP funds SDT to NCF deployments, acting on behalf of the Commander, NAVFAC, for NCF equipment movements.

(3) U.S. Antarctic Program and Security Assistance Program. In the case of the U.S. Antarctic Program and Security Assistance Program shipments, the cost is reimbursed to the Department of the Navy.

(4) Household Goods. Movement of household goods of military personnel incident to PCS travel is funded from military personnel appropriations. Movement of household goods of civilian personnel incident to permanent PCS and of military personnel incident to temporary duty, as authorized, is funded by major commands.

(5) Transportation of Navy-Owned Material for Disposal/Excess/Surplus. Transportation for turn-in of Navy-owned excess materials is an appropriate charge to SDT (O&M,N) or the NWCF depending on the cognizant symbol of the material.

(6) Mine Countermeasure Equipment and Material. Costs of second destination mine countermeasures equipment and material are funded by Commander, USFF.

(7) Research and Development. All SDT involving material for RDT&E,N projects is chargeable to the RDT&E,N appropriation.

(8) MSC Fleet Auxiliary Billings. Costs related to MSC fleet auxiliary billings are funded by the cognizant fleet commander.

(9) MSC/Commercial Ship Replenishment Programs. Funding responsibilities and procedures for submitting underway replenishment requirements are contained in reference (i).

(10) Transportation of Remains of Deceased Beneficiaries. The Decedent Affairs Program, funded by Bureau of Medicine, funds the cost of transportation of remains of deceased beneficiaries.

(11) Demurrage and Detention Charges (DDC). Demurrage and detention costs, including DDCs pertaining to transportation of petroleum, oil and lubricants, are chargeable to the account of the operating manager at the local activity or type commander of the ship where the DDCs occur.

(12) Base Closures and Shore Establishment Realignment Actions. Transportation costs in connection with relocation of material incident to base closures, shore establishment realignment, or similar actions, is a funding responsibility of the major command or management command which funds the activity being disestablished or realigned. However, when an activity requests reassignment of material that would otherwise be declared surplus, the requesting activity funds transportation costs for the material being relocated.

(13) Acquisition of Excess/Surplus Material. In connection with acquisition of excess/surplus material from Navy or other Government agencies; e.g., DLA, National Aeronautics and Space Administration, Defense Reutilization and Marketing Service, transportation expenses are chargeable to the requesting activity and not to transportation funds centrally managed by NAVSUP. However, the requesting activity must obtain prior approval, from the command responsible for budgeting and managing the funds cited, before citing the TAC chargeable to the command.

07 Apr 2009

(14) Marine Corps SDT. Marine Corps SDT funds are allocated to the Deputy Chief of Staff for Installation and Logistics (DCS(I&L)). The DCS(I&L) issues an operating budget to the Marine Logistics Base, Albany, GA, and the Deputy Chief of Staff for Installation and Logistics (DSC(LPD)) is the Marine Corps manager of SDT.

11. Security Assistance Program (see reference (j))

(1) FMS Shipments. Transportation charges for FMS issues of NWCf material, supplied from inventory, are funded by NWCf to the Port of Embarkation (POE) or FMS freight forwarders, receiving locations in Canada and CONUS staging and assembly sites. This cost will be included in the unit price of the article and reimbursed by the foreign purchaser in this manner. For FMS shipments that require U.S. Government management of the transportation to the overseas destination, the transportation costs for movement beyond the POE/freight forwarder will be charged to the foreign purchaser. For FMS material shipped from contractor and financed by foreign country TAC codes, transportation costs will be charged to the FMS customer as part of the contract price or if the contract terms are FOB origin, transportation will be by commercial collect bill of lading. Under certain circumstances, material may be transferred to a foreign government on a grant basis and transportation costs may or may not be chargeable.

(2) Foreign Assistance. See section 2151 of reference (k): Foreign Assistance Program; and section 2403 of reference (k): Foreign Assistance Act

(a) Part II of reference (k): Military Assistance, Section 2311 of reference (k): General Authority. This section permits the President to authorize the grant transfer of defense articles to a foreign government for unforeseen international emergencies requiring immediate assistance. Transportation costs are not reimbursed by the foreign government. If applicable, SDDC will absorb any port handling costs, and AMC or MSC will absorb any overseas transportation charges.

(b) Sections 2403(d) through (f) of reference (k). This section permits the President to authorize the grant transfer of non-lethal Excess Defense Articles (EDA) and small arms for the protection of endangered plants or wildlife species. The United States can provide no-cost transportation on a space-available basis.

07 Apr 2009

(c) Section 2403(g) of reference (k). This section permits the President to authorize the grant transfer of EDA. It concerns defense modernization of countries on the southern flank of NATO anti-narcotics activities, and defense modernization of countries eligible for foreign military funding programs. For each, the transportation cost is required to be reimbursed by the foreign government. Because transportation costs for NWCF are included in the item's unit cost and there is no charge for the item, the Navy SYSCOM and case administrative officer managing the program will be responsible for arranging reimbursement of transportation costs. Estimated actual costs may be charged per reference (j), volume 15.

mm. Shipbuilding and Conversion, Navy (SCN). FDT of materials purchased by SCN is paid by NAVSEA SCN funding. Requests for funding must be approved by NAVSEA comptroller.

nn. Special Assignment Airlift Mission (SAAM). SAAMS provide a means of moving cargo and passengers where special circumstances preclude use of normal AMC channel airlift or commercial carriers because of security, weight, size, or time constraints. **A SAAM is the highest cost, least preferred method of moving cargo or passengers, and should only be considered when all other means have been exhausted.** Use of a SAAM in place of planning movement via Joint Operation Planning and Execution System (JOPES) is not an appropriate use of DoD SAAMS and U.S. Navy funding. Although sustainment SAAMS (not initial deployment) to deployed forces are normally funded by fleet funds, in special circumstances fleet validated/approved SAAMS may also be funded by SWT, which must be cleared through NOLSC. Major commands may also validate/approve SAAMS that are funded with their own funds. SAAMS are funded by the requesting activity for all organic material and unit moves.

oo. SDDC Costs

(1) SDDC bills the services for two costs that are not recovered through the normal rate structure:

(a) Traffic Management for freight management, personal property services, and other support services outside of SDDC's rate structure.

(b) Port Handling for readiness related port handling costs not recovered through SDDC's rate structure.

07 Apr 2009

(2) The process for reimbursing non-rate costs to SDDC was established by Program Budget Decision 410 (5 December 2003) issued by the Under Secretary of Defense (Comptroller). Bills are now established via SDDC's budget submit to USTRANSCOM and charged to Navy via funding request letter from SDDC. The Navy's bill is paid by SWT.

pp. Subsistence. Worldwide Inventory Management of Subsistence (WIMS) is the control and movement of subsistence items (food). The DLA DWCF initially purchases WIMS items, and the inventory manager is Defense Supply Center, Philadelphia, PA (DSCP). Transportation of CONUS subsistence is paid from the surcharge added to the cost of the subsistence items. SWT reimburses DSCP for OCONUS movement of WIMS items.

qq. Unit Moves. Strategic lift supports unit move requirements validated by the supported combatant commander for contingency and other operations as directed by SECDEF. The use of JOPEs is directed in the DEPORD/EXORD, and the validated line number in the TPFDD is used by the central bill payer to verify costs. Strategic airlift is billed to the service having the preponderance of forces onboard the conveyance. Unit moves/force deployments that do not meet the strategic mobility thresholds for passenger or cargo are supported by other modes of transportation (channel, organic, commercial) and billed accordingly. Unit moves supported by strategic sustainment channels should also be reflected in the TPFDD, but are not supported via dedicated contingency missions and are billed at the applicable channel rate.

rr. Weapons Procurement, Navy (WPN). FDT of materials purchased by WPN is paid by NAVSUP WPN funding.