United States Transportation Command
Transportation Working Capital Fund (TWCF)
Rate Procedures - Fiscal Year 2013

United States Transportation Command (USTRANSCOM) provides air, sea, and land transportation in support of National Security objectives during peace and war. Our three component commands—Air Mobility Command (AMC), Military Sealift Command (MSC), and Surface Deployment and Distribution Command (SDDC)—manage transportation assets to synchronize the movement of people, equipment, and supplies worldwide. We operate under the working capital fund system to operate the Defense Transportation System (DTS) efficiently. The buyer-seller relationship established between USTRANSCOM and our customers is good for our customers and the American taxpayer. It allows USTRANSCOM to focus on developing a wartime transportation system with peacetime utility seamlessly built in—thereby using the same tax dollar to train for war and provide a peacetime by-product. Each of our business areas has unique business procedures and rates. We earn our revenue by providing lift for our DOD and non-DOD customer. Detailed instructions and rates for each business area are linked below. High level rate business procedures pertaining to all USTRANSCOM business areas follows:

1. Transportation rates generally remain stable throughout the fiscal year. Stabilized rates protect appropriated fund customers from unforeseen cost changes and enable them to more accurately plan and budget for transportation support requirements.

2. OUSD(C) issues composite rate changes through Resource Management Decisions (RMDs). **Application of composite rate changes is in the aggregate and will not always reflect actual rate increase or decrease for individual routes and commodities.**

3. Our customers' rate concerns are important to us. Our goal is to provide you with a thorough and comprehensive answer to your questions. POCs are listed in the following sections or send questions to USTRANSCOM J8-BT e-mail address: USTC-RATES@ustranscom.mil.

4. The following provides procedures for each USTRANSCOM component and business area.

Air Mobility Command (AMC)

https://www.my.af.mil/gcss-af/USAF/ep/browse.do?programId=1135935&channelPageId=-1289035&portletId=-1645110 or https://ww2.ustranscom.mil/doing_business.cfm for *.mil locations

AMC passenger and cargo rates are set to be commercially comparable. Because the Air Force receives wartime training during peacetime operations, any costs not recovered through rates are billed to the Airlift Readiness Account. These rules are for Department of Defense customers only.

Rates POCs:

Channel Passenger / Channel Cargo Rates:
Local (618) 229-5074, DSN 779-5074 or Local (618) 229-5060, DSN 779-5060; e-mail USTC-RATES@ustranscom.mil.

Special Assignment Airlift Mission (SAAM) Rates:
For SAAM estimates, contact USTRANSCOM SAAM Requirements Section: Local (618) 229-5751, DSN 779-5751; e-mail SAAM@ustranscom.mil.
For SAAM rate questions, contact AMC/FMAT: Local (618) 229-2388, DSN 779-2388.

Channel Passenger:

1. AMC bills on a per passenger basis. The Office of Under Secretary of Defense Comptroller, OUSD(C), directs AMC passenger rates be commercially comparable. To achieve this, a variety of business procedures are applied in establishing appropriate commercial benchmarks. These are as follows:

a. Airports within an 80-mile radius of an AMC aerial port are used to determine competition. Minimum tariff of $43.

b. Forecasted Channels: Whenever possible, GSA city pair rates (including fuel, taxes, and fees) are used as the benchmark. Rates are set at $1 below this rate.

c. Forecasted Channels: When no comparable GSA city pair rate exists, rates will be commercially benchmarked with one-way, economy class unrestricted fare and adjusted to meet composite rate change based on predominant service using channel. Rates can be adjusted lower than commercial benchmarks, but not higher. U.S. flag carriers are the benchmarks for these rates.

d. Forecasted Channels: For all other forecasted channels, rate is adjusted to at least standard rate per mile or adjusted to meet composite rate change based on predominant service using channel.

e. Non-Forecasted Sequence Listing Channels: Standard rate per mile.

Channel Cargo:

1. AMC bills on a per pound basis. The Office of Under Secretary of Defense Comptroller, OUSD(C), directs AMC cargo rates be commercially comparable. Each country is assigned to a regional zone and rates are benchmarked to commercial tenders or historical commercial shipping data. The following rules were used:

a. Rates are priced at least $0.01 per pound lower than existing commercial competition (commercial tenders).

b. Rates vary by weight break (1-439; 440-1099; 1100-2199; 2200-3599; 3600+).

c. There is a $1 per pound minimum rate for all routes to help recover fixed costs. There is also a minimum shipment weight billed of 10 pounds per cubic foot and a minimum charge of $25 per shipment to recover fixed costs.

Special Assignment Airlift Mission (SAAM):

1. AMC bills military aircraft SAAMs on a per flying hour basis.

a. Military aircraft charges are computed using the actual flying hours or minimum activity rate (MAR) used to perform the mission multiplied by the applicable flying hour rate, less any extra flying time for maintenance or weather diverts when not at the users request. Customers only pay for the SAAM mission, no other accessorial fees apply for TWCF organic airlift.

b. Chargeable flying hours include:
1) the required flying hours to position the aircraft
2) each customer directed stop
3) the flying hours to the depositioning point.

c. When a customer requires an aircraft to be on stand down or alert thus making it unavailable for other customers, a MAR is charged (MAR equals 2 hours flying time for all aircraft, except for the C-17 where MAR equals 4 hours flying time) to the user. Missions cancelled within 24 hours of operation may be charged MAR also.

d. Static Displays are billed using the SAAM billing process.

2. AMC bills International Commercial SAAMs on a seat/ton mile rate basis.

a. Charges are computed using contracted miles (active and positioning/depositioning) times contracted allowable cabin load (ACL) times applicable seat/ton mile rate, plus 10% administrative costs.

b. Miscellaneous contracted charges, such as stop charges, euro control fees, and cancellation charges, will be billed at cost.

3. A 10% incentive discount is offered for military and commercial aircraft if customers meet the below criteria. For commercial aircraft this will reduce the contract cost (not total cost) by 10%.

a. USTRANSCOM/TCJ3-OS validates a request more than 30 days prior to the operating date of the mission.

b. The user does not request significant changes 30 days prior to the original requested operating date.

4. Domestic charter missions are billed at contract cost plus an administrative service charge and are not eligible for the incentive discount.

Military Sealift Command (MSC)

Rates POC:

Local (202) 685-5423, DSN 325-5423; e-mail can be sent to the following web address: http://www.msc.navy.mil/contact/contact.asp?config=019

Chartered Cargo:

Chartered Cargo program is a combination of Per Diem rated ships and ships operated on a reimbursable basis. Ships that are chartered for a full year for recurring customers are budgeted on a per diem rate basis. Ships that are unbudgeted, spot charters are on a reimbursable basis.

Surge—Large Medium Speed Roll-on/Roll-off (LMSR) Ships:

Surge ships are kept in a Reduced Operating Status (ROS) in CONUS commercial lay berths. Surge ROS ships are funded by the National Defense Sealift Fund (NDSF). When these ships are activated to Full Operating Status (FOS), the customer is charged on a full cost direct reimbursable basis.

Prepositioned Cargo:

MSC develops rates for Army and Air Force prepositioned cargo vessels based on a per diem basis.

Petroleum, Oils, and Lubricants (POL) Tankerships:

MSC develops rates for POL Tankerships based on a per diem basis.

MSC Per Diem Rates:

MSC uses current and projected market costs and historical data to derive the total costs for the ship(s) used. MSC divides total cost by the workload to calculate the per diem rate. The approved rates will include a factor for the return of prior year profits or the recapture of prior year losses (AOR) per the DoD Financial Management Regulation (FMR). Billing is done on a per diem basis.

Surface Deployment and Distribution Command (SDDC)

http://www.transcom.mil/rates/fy13Rates/

Rates POC:

Local (618) 229-5091, DSN 779-5091 or Local (618) 229-5030, DSN 779-5030

1. TRANSCOM sets billing rates annually for three SDDC Fee for Service programs – Port Handling, Liner Ocean Transportation (Container and Breakbulk), and Global Privately Owned Vehicle (POV) Contract (GPC). Billing rates for these programs vary depending on the regional area, and commodity or shipment type (import or export).

2. Development of billing rates is on an annual basis for application in the upcoming fiscal year and is based on the actual direct cost of transportation with an overhead allocation of appropriate indirect costs such as in-transit visibility (ITV) and depreciation. Rates are set to balance to the OSD approved composite rate of change.

Liner Ocean Transportation (Container and Breakbulk):

1. Over ocean container and breakbulk billing rates are established to recover the cost of cargo that moves on scheduled commercial liner service. Normally, liner service is covered under one of the liner service contracts SDDC negotiates with the commercial carrier industry but service can also be provided under one-time-only contract.

2. The billing rate for Liner container service is normally all inclusive and covers all costs associated with the door-to-door movement of the container from its inland point of origin to its far-side inland destination. For One-Time-Only (OTO) moves, the SDDC Budget Office reviews the OTO invoice to determine if the ocean carrier was required to perform any additional work/tasks that resulted in the ocean carrier billing SDDC for additional cost over that of a "regular" ocean move (e.g. an OTO is done that requires the ocean carrier to wash vehicles before they are loaded on the vessel). Based on the awarded OTO, the SDDC Budget Office could decide that the additional costs from the ocean carrier will be passed onto the shipper at a cost plus General and Administrative Expense rate. The billing rate does not cover the cost of container detention, which is billed separately. Billing for Liner container service is done on a measurement ton basis against the internal volume of the container and is characterized by commodity type (e.g., reefer, general, and vehicle) and Traffic Area pair. In cases where multiple shippers move cargo in the same container, each shipper is billed a pro rata share of the container's costs based on proportion of cargo the shipper moved in the container.

3. The billing rate for Liner breakbulk service is all inclusive when door-to-door movement services are offered by USC carrier, otherwise the cost of line haul will be additive and the linehaul could be billed to the customer on a cost plus General and Administrative expense rate. Liner breakbulk billing is done on a measurement ton basis and categorized by commodity type (e.g., bulk, POV, hazardous, general, vehicles, aircraft, etc.) and Traffic Area pair.

4. Over ocean Direct Booking for containerized cargo movements is an option with the larger commercial carriers offering service under one of SDDC's Liner service contracts. The shipper books the cargo directly with the carrier using the carrier's online booking system. US Bank bills the shipper for the cost of the cargo moved based on the carrier's charges, and SDDC bills the shipper for the associated overhead charges.

Port Handling:

1. SDDC Port Handling billing rates are comprised of the cost to move cargo through the port. These rates do not cover incremental costs for specialized service. Loading or unloading cargo from the truck/train by the stevedores is included; however, onward movement (inland transportation) of the cargo is not included in the port handling rate. Onward movement could be billed to the customer on a cost plus General and Administrative expense rate.

2. Stabilized rate tables are provided for export shipments, import shipments, berth term shipments, and special handling charges (export and import). Port handling rates are billed on a per measurement ton (MTON) basis, categorized by commodity type (i.e. general cargo, aircraft, wood products, etc.) for six billing regions.

Global POV Contract (GPC):

1. Privately Owned Vehicles (POVs) are handled under the GPC. There are multiple Vehicle Processing Centers (VPCs) located worldwide where departing military service members can ship their POV to a VPC near their destination duty station.

2. GPC billing rates cover privately owned automobiles of military personnel, dependents, DOD civilians and other authorized persons moved from point to point. POVs are billed "per each vehicle" for either full or partial service, which include port vehicle processing, stevedore, linehaul and ocean carrier costs.

3. POV storage was added to the GPC in FY03. The billing rate is a monthly storage space charge that covers the storage, processing in and out fee, and linehaul.

4. The GPC Home Station Move rate covers the movement of POVs from CONUS to CONUS due to home port relocation. The rate includes vehicle processing fees and linehaul.