

C12. CHAPTER 12

FINANCIAL OPERATIONS

C12.1. GENERAL. This chapter discusses financial operations and related policies for energy commodities, transportation, storage, and into-plane servicing cost.

C12.2. POLICY

C12.2.1. Financial management of energy commodities (e.g., petroleum, natural gas, electricity, coal) is governed by DoD policies and procedures referenced herein.

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

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

C12.2.4. Budgets will be submitted in accordance with DoD 7000.14-R, volume 11B (see reference index).

C12.3. PROCEDURES

C12.3.1. DRF accounting and reporting will be performed in accordance with DoD 7000.14-R (see reference index).

C12.3.2. Prices of energy commodities will be generally governed by pricing criteria in DoD 7000.14-R (see reference index).

C12.3.3. Billing and collection procedures will generally be in accordance with DoD 7000.14-R/DoD 4000.25-7-M (see reference index). Section C12.4., below, displays the DESC billing criteria for [petroleum](#) products.

C12.3.4. DLA will budget and fund for bulk petroleum inventories held at DFSPs. DLA will also budget and fund for unique annual resupply programs such as Cool Barge and Deep Freeze which includes product, transportation, and related service costs.

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

C12.3.6. Administrative and accessorial charges for sales to non-DoD customers will be applied.

C12.4. BILLING CRITERIA FOR BULK PETROLEUM PRODUCTS. Billing criteria is provided on page 12-2.

BILLING CRITERIA

<u>FOB¹ Acceptance</u>	<u>Shipment Mode</u>	<u>Receipt Document</u>	<u>Billing Based Factor</u>
At origin or DFSP	Tank truck/car, barge, or PL	Received by DESC within 15 days of shipment	Quantity received
		Received after 15 days	Quantity shipped
At destination	Tank truck/car, barge, or PL	Received by DESC within 15 days of 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; contract terms indicate where product will be accepted).