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IN REPLY
REFER TO DESC-B

7 February 2002

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Standard Operating Guidance for Processing Product Exceptions, Deviations
and Waivers

The Bulk Fuels Commodity Business Unit (CBU) provides support to End Use Customers and other DESC Commodity Business Units in the areas of Product Technology, Standardization and Quality Operations. One aspect of that support is our continual evaluation of fuel refiner and fuel distributor proposals vice DESC petroleum product solicitations. As the renewal of DESC purchase programs are staggered throughout the year, this interaction provides a mechanism for receipt of feedback from our industrial supply base on a nearly continuous basis.

As a result of a detailed multi-level review of the procedures that are in place for processing technical proposals submitted by our supply base, guidelines for handling and resolving these proposals have been prepared and are enclosed. It is my intent in distributing this guideline to provide our customers and co-workers with a statement of the approach the Bulk Fuels CBU will take and the objectives that will be pursued when evaluating product technical proposals.

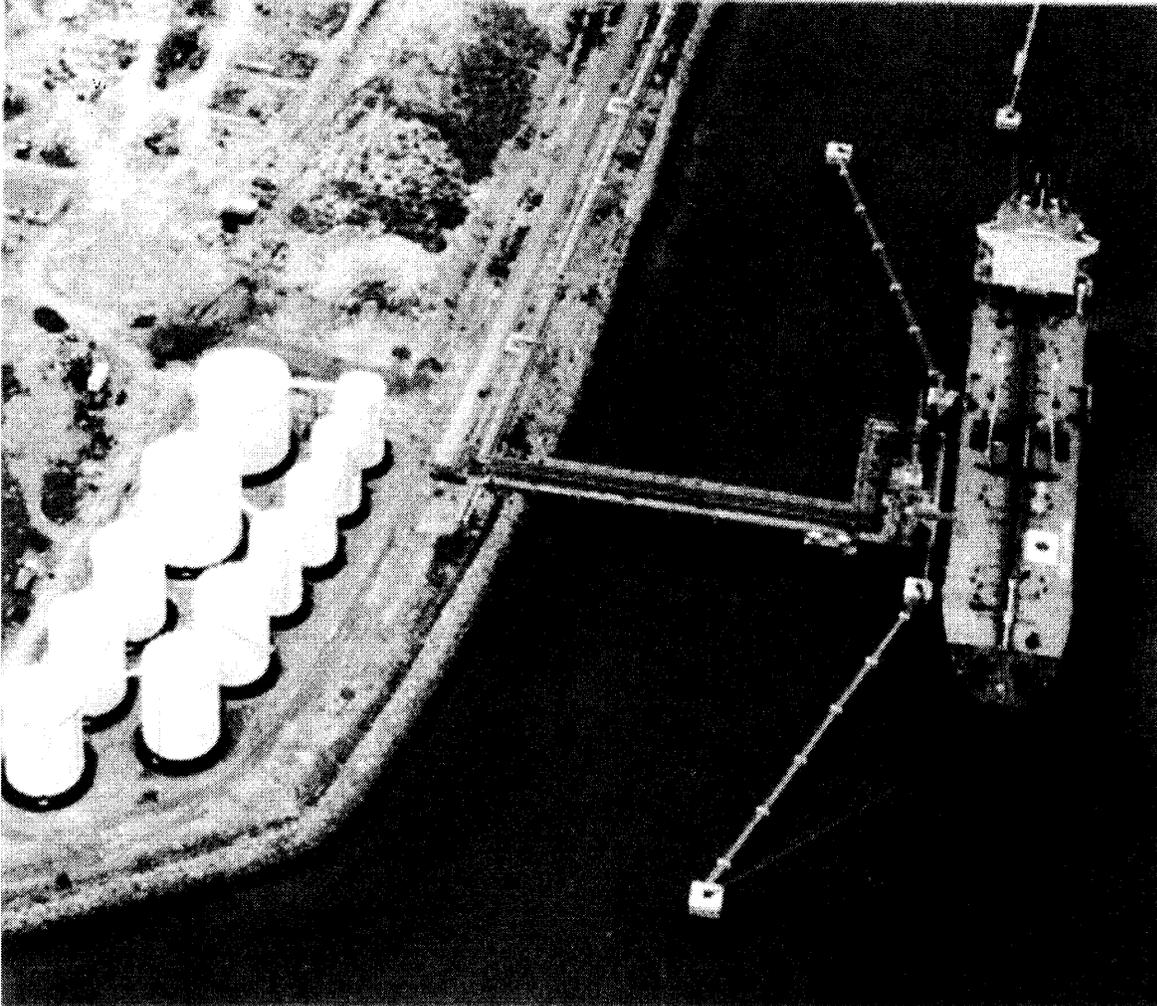
Copies of this guidance, and of Part 46 to the Defense Energy Procurement Instruction are available on request. Comments or questions regarding this guidance may be directed to David Pamplin at DSN 427-9654 or Commercial 703-767-9654.

A handwritten signature in black ink, appearing to read "Mark K. Iden".

MARK K. IDEN
Director
Bulk Fuels Commodity Business Unit



**DESC-BP/BQ STANDARD OPERATING GUIDE (SOG)
FOR PROCESSING PRODUCT EXCEPTIONS, WAIVERS
AND DEVIATIONS**



February 2002

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Introduction

The intent of this SOG is to provide guidance and procedures for processing product exceptions, deviations and waivers within DESC. The SOG establishes the minimum requirements and should be used in combination with other reference materials. Some of the reference materials are outlined in this standard. The procedures stated in this standard apply to the Defense Energy Support Center and provide the expectations of the support from the Military Service Control Points. Within DESC, these procedures apply to the Quality Operations Division, (DESC-BQ) and Product Technology & Standardization Division (DESC-BP) as the DESC focal points for quality and technical issues and the CBU contracting offices. The Military Service Control Points are the Army Petroleum Center, Air Force Petroleum Office and the Navy Petroleum Office.

Objectives

- I. Delineate processes for documentation, evaluation and closure of requests for product exceptions, deviations and waivers.
- II. Provide responsive customer service to contracting, supply, facility and end user personnel.
- III. Assure that fuel quality is suitable for use when delivered to the end user.
- IV. Promote acquisition objectives of maintaining competition and promoting economical resupply to the end user.

Applicable Documents

GOVERNMENT DOCUMENTS

Department of Defense Single Stock Point
(DODSSP)

700 Robbins Ave., Bldg 4/D

Philadelphia, PA 19111-5094

Phone: (215) 697-2667/2179

Fax: (215) 697-1462

Internet: <http://www.dodssp.daps.mil>

DoD Management of Bulk Petroleum Products, Natural Gas, and Coal

DoD 4140.25-M

Internet: <http://www.dlaps.hq.mil>

Federal Acquisition Regulation (FAR)

Internet: <http://www.arnet.gov/far>

Phone: (202) 512-1800

NON-GOVERNMENT PUBLICATIONS

American Society for Testing and Materials (ASTM)

100 Barr Harbor drive

West Conshohocken, PA 19428-2959

Phone: (610) 832-9500

Fax: (610) 832-9555

Internet: <http://www.astm.org>

American National Standards Institute (ANSI/ ISO Standards)

11 W 42ND ST

New York, NY 10036

Phone: (212) 642-4900

Fax: (212) 302-1286

Internet: <http://web.ansi.org>

American Petroleum Institute

Order Desk

1220 L ST NW

Washington, DC 20005-4070

Phone: (202) 682-8357

Fax: (202) 962-4766

Internet: <http://www.api.org>

E-mail: publications@api.org

DEFINITIONS

1. Acceptance – The act of an authorized representative of the Government by which the Government, for itself or as agent of another, assumes ownership of existing identified supplies tendered or approves specific services rendered as partial or complete performance of the contract.
2. Alternative Fuels – Authorized products that can be used in place of gasoline and diesel fuels (such as fuel ethanol (E85), compressed natural gas, liquefied natural gas and electricity). These products cannot be used in gasoline or diesel engines unless the engine is modified or replaced. The term is also used to refer to fuels that have been reformulated, blended with oxygen-rich components or otherwise altered to comply with environmental regulations (examples include reformulated gasoline, gasohol, oxygenated gasoline, biodiesel and low sulfur diesel). These fuels can be used in engines without modifications.
3. Installation Energy, CBU- The DESC business center responsible for purchasing electricity, natural gas, coal and bundled energy services.
4. Bulk Fuel Program – A purchase program within the Bulk Fuels CBU that contracts for and manages military specification aviation fuels, marine distillate fuels, lubricants and fuel additives in support of the Integrated Material Management (IMM) objectives.
5. Bunkers – Fuel Oil used for vessel propulsion. For vessels with turbine engines, this is a refined distillate gas oil; for steam propulsion, this can be residual fuels such as intermediate fuel oils.
6. Bunker Fuel Program within the Direct Delivery CBU – A purchase program to purchase bunkers at ports where bulk government-owned stocks are not readily available. Product purchased under this program is received directly into the vessel's bunker tanks.
7. Contract Quality Assurance (CQA) – A contract administration function performed by the Government in determining whether contractors fulfill contract requirements and specifications of petroleum products and related services.
8. Contract quality requirements – The technical requirements in the contract relating to the quality of the product or service and those contract clauses prescribing inspection, and other quality controls incumbent on the contractor, to assure that the product or service conforms to the contractual requirements.
9. Critical nonconformance – A change to a requirement that is likely to result in hazardous or unsafe conditions for individuals using, maintaining, or depending upon the supplies or services; or is likely to prevent performance of a vital agency mission.
10. DESC-BQ – Quality Operations Division, Bulk Fuels CBU – Provides quality and quality assurance program management to all CBUs and DESC regions.
11. DESC-BP – Product Technology and Standardization Division, Bulk Fuels CBU – Provides specification and standardization program support to all CBUs.
12. Deviation – A request made by a contractor to deviate from contract requirements after contract award but prior to production of the product. (Example: A contractor receives a new crude oil and believes he shall deviate from a particular specification requirement using his normal production

process. The contractor requests permission to deviate in anticipation of not meeting the specification.)

13. Defense Fuel Support Point (DFSP) – DFSPs are bulk storage facilities (or terminals) which receive, store, and issue DESC-owned fuel in support of Military Services requirements. There are two categories of DFSPs: (1) intermediate and (2) base level.

14. Defense Energy Support Center (DESC) – An organizational component of the Defense Logistics Agency (DLA). DESC is the Integrated Material Manager (IMM)/DoD central procurement agent for bulk petroleum, bulk lubricants, fuel additives, coal, natural gas and electricity.

15. Downgrading – A procedure where an off-specification fuel or contaminated fuel is approved for use as a lower grade of fuel.

16. Exception – A request made by an offeror to deviate from the proposed solicitation requirements. (Example: The solicitation requires JP8 and the offeror states that he can only offer or guarantee Jet A1)

17. Free-on-Board (FOB) Destination – Product is accepted at destination by the Government. The title transfer takes place at the destination. The contractor providing the product is required to deliver the product as part of his contract and therefore provides transportation.

18. Free-on-Board (FOB) Origin – Product is accepted at origin (source) by the Government. The title transfer takes place at the contractor's facility. The Government provides transportation to the next DFSP or customer location.

19. Gasohol – A type of unleaded automotive gasoline containing between 9 and 11 percent ethyl alcohol (ethanol) as the oxygenate.

20. Integrated Material Management (IMM) – A logistics concept wherein a single agency of the Defense Department has total management responsibility for supplying a specific product or group of related items to the Armed Forces of the United States.

21. Intermediate DFSP – Product stored for subsequent issue to end use customers.

22. Into-plane Program – A purchase program in the Direct Delivery CBU whereby the U.S. government contracts with a contractor to refuel military aircraft at commercial airports, with specified products and servicing procedures, normally commercial aviation fuels with or without additives.

23. Invitation For Bid (IFB) – A solicitation used in sealed bidding, which employs competitive bids, public openings and awards. All IFBs are open to the public. There are no negotiations with sealed bids.

24. Latent defect – Any defect that exists at the time of acceptance but cannot be discovered by a reasonable inspection.

25. Major nonconformance – A change to a requirement that is likely to result in failure of the supplies or services, or to materially reduce the usability of the supplies or services for their intended purpose.

26. Marine Fuel – Petroleum products (such as F76 and marine gas oil, MGO) used in the propulsion of ships/boats and for the operation of marine equipment.
27. Military Service Control Point – The Service designated focal point for petroleum matters. For the Army, this is the Army Petroleum Center; for the Navy this is the Navy Petroleum Office; and, for the Air Force this is the Air Force Petroleum Office
28. Minor nonconformance – A change to a requirement that is not likely to materially reduce the usability of the supplies or services for their intended purpose, or is a departure from established standards having little bearing on the effective use or operation of the supplies or services.
29. Off-specification – A petroleum product that fails to meet one or more of the requirements of an applicable specification.
30. Patent defect – Any defect which exists, is known or the information of the defect is readily available to the government at the time acceptance is made and is not a latent defect.
31. Point of sale – Location where title (ownership) of stocks transfer from DLA to the Military Services or Federal Agency.
32. Posts, Camps, and Stations Program – The purchase program within the Direct Delivery CBU used primarily to procure commercial ground products that are delivered directly from the supplier to the end use customer.
33. Petroleum Quality Information System (PQIS) – An automated information management system that brings dissimilar government and private sector quality control and surveillance data reporting formats into a standardized format. The information in the database is available to DoD personnel for use in identifying, investigating, and resolving fuel related problems.
34. Quality Assurance (QA) – A planned and systematic pattern of all actions necessary to give confidence that adequate technical requirements are established; products and services conform to established technical requirements; and satisfactory performance is achieved.
35. Quality Surveillance (QS) – The aggregate of measures (blending, stock rotating, sampling, etc.) used to determine and maintain the quality of Government-owned bulk petroleum products to the degree necessary to ensure that such products are suitable for their intended use.
36. Reclamation – The procedure that will restore or change the quality of a contaminated or off-specification product so that it will meet the specification of the original product or a lower grade product.
37. Request For Proposal (RFP) – A solicitation used in a negotiation process, which allows government and prospective contractors to discuss terms and conditions of the contract.
38. Solicitation – A document that states requirements and also terms and conditions for the supply of fuel to authorized customers. Among other things, the solicitation states delivery locations, estimated amounts, quality inspection clauses, and specification clauses. A contract clause overrides a specification requirement in the specification document.
39. Waiver – A request made by a contractor to deviate from contract requirements after production of the product (one-time request only or for a set period). (Example: The contractor tests the finished

product and finds the distillation 10% recovered temperature does not meet the specification requirement. The contractor requests DESC to accept the product as is.)

PART I

STANDARD OPERATING GUIDE (SOG) FOR PROCESSING/EVALUATING CONTRACTOR TECHNICAL PROPOSALS (EXCEPTIONS)

1 PURPOSE

To establish policy, assign responsibilities and spell out procedures for the Defense Energy Support Center (DESC), Product Technology and Standardization Division (BP), the Quality Operations Division (BQ) and CBU contracting offices personnel to use when evaluating supplier's proposed exceptions to solicited product and/or quality requirements.

2 BACKGROUND

The Product Technology & Standardization Division (DESC-BP) serves as a center-wide resource for addressing product specification and technical issues in a number of arenas: day-to-day operations, major purchase program solicitations, extended technical studies, commercial specification-writing organizations, international specification-writing organizations and through the Department of Defense (DoD) standardization program.

The Quality Operations Division (DESC-BQ) serves as a center-wide focal point for assuring government and contractor programs provide the desired level of confidence in meeting technical requirements of the product or service; assuring product and service program compliance within the government-owned system; assessing depot and customer satisfaction with the quality of supplied products; and, provides coordinated instructions for actions to be taken at DFSP's to accommodate post-award product technical/quality variations.

Within DESC, DESC-BP and DESC-BQ are responsible for all product technical and quality matters to all commodity business unit (CBU) program offices. All CBU's are expected to process exceptions through DESC-BP and DESC-BQ. DESC-BP and BQ shall coordinate with DESC inventory manager. This process will ensure that in all cases, DESC-B Technical/Quality personnel engage with appropriate personnel at the Military Service Control Points on Technical/Quality issues.

Technical proposals are first received by the DESC CBU contracting personnel as a result of scheduled solicitations/negotiations for coverage of fuel requirements. Per DESC's Mission and Function Statement and DESC Contracting Instruction, DESC-BP serves as the focal point for evaluation of contractor technical proposals. *This section of the SOG only addresses technical proposals received by DESC prior to contract award, herein called exceptions.* Exceptions may be an iterative process with a constant give and take associated with negotiations. Counter proposals or additional

information not known at the original request may be presented for re-evaluation at a later time. Re-evaluation as part of the acquisition process is expected in those cases.

3 **PROCEDURE**

3.1 Documenting the Contractor Proposal

- 3.1.1 Record selected DESC Form 12.20 information to the Exception/Waiver/Deviation Database, including:
 - 3.1.1.1 Offeror's Name
 - 3.1.1.2 Solicitation Number
 - 3.1.1.3 Solicited Product
 - 3.1.1.4 Quantity of Fuel affected
 - 3.1.1.5 Fuel End User (Customer)
 - 3.1.1.6 Locations affected, to the extent known
- 3.1.2 Documentation of contractor technical proposals to the Exception/Deviation/Waiver database is best accomplished at source by responsible contracting personnel. The database is located on the HQ DESC shared drive at "Q:/B/BP/New1220/WAIVER_DEV2Kv1.mdb".
- 3.1.3 In all cases where the information is manually transmitted to DESC-BP, electronic documentation of the contractor proposal shall be completed by DESC-BPA.
- 3.1.4 Each new record to the database shall have a new Case Number assigned. This case number shall be cited in future e-mail/memo correspondence related to the proposal for the purpose of eliminating confusion.
- 3.1.5 DESC-BP shall refer evaluation of the exception to an appropriate DESC-BP/BQ action officer.
- 3.1.6 Action officer to reply directly to originator at the conclusion of evaluation process.
- 3.1.7 Action officer to ensure that a copy of the completed proposal is filed in the applicable DESC-BP/BQ files.
- 3.1.8 Action officer to update database with interim and final recommendations to the contracting staff.
- 3.1.9 DESC-BP to include a count of all technical proposals evaluated by DESC-B in the monthly RCS 26 Workload Report.

3.2 Gathering Supporting Information

- 3.2.1 The assigned Action Officer (AO) in DESC-BP or DESC-BQ shall gather as much information as possible in order to make an informed and accurate decision based on all the available information. This step frequently requires the AO to:
 - 3.2.1.1 Determine applicable product/quality criteria as stated in solicitation line item, clause, standard or specification,

requested,

- 3.2.1.2 Clarify the specifics of the proposal with contracting officers/contracting specialists,
- 2.2.1.3 Establish and identify the specific exception(s) being requested,
- 3.2.1.3 Review contractor history files,
- 3.2.1.4 Review proposal in light of applicable environmental requirements,
- 3.2.1.5 Determine whether competitive proposals exist, which do not take exception to technical/quality requirements, and
- 2.2.1.7 Determine probable list of affected customers.

3.3 Evaluation of the Exception (Key Issues to be Considered)

- 3.3.1 The reason for the exception:
 - 3.3.1.1 Technology advancement (for example, a newly developed test method or establishment of sophisticated process controls,
 - 3.3.1.2 First time bidder on government purchases (for example, distillate hydrogen content or stability test equipment not available for ninety days after contract award),
 - 3.3.1.3 Production/scheduling issues, or
 - 3.3.1.4 Commercial practice.
- 3.3.2 The risk involved in the exception:
 - 3.3.2.1 Risk to DESC
 - 3.3.2.2 Risk to end user
- 3.3.3 Will special post-award monitoring be required?
- 3.3.4 If user coordination is required, prepare recommendation to the Military Service Control Point or their designated technical representative
 - 3.3.4.1 DESC-BP/BQ shall, make a specific recommendation for acceptance, conditional acceptance or rejection of contractor technical proposals.
 - 3.3.4.2 DESC recommendation shall include back-up information cited in paragraph 2.2 above.
- 3.3.5 DESC-BQ shall evaluate all Quality Assurance requirement exceptions.
 - 3.3.5.1 Evaluate quality exception and determine risk to assuring product quality.
 - 3.3.5.2 Determine if the exception is internally mandated.
 - 3.3.5.3 Coordinate with Quality Assurance Representative as appropriate.
 - 3.3.5.4 If mandated by specification, prepare recommendation for Military Service Control Point evaluation.
- 3.3.6 Functions of the Military Service Control Points or their Designated Representatives.

- 3.3.6.1 Evaluate requested product exception as to acceptability.
 - 3.3.6.2 Coordinate exception request with Service Technical Authority, Weapon System Program Office, Commands, end user, etc.
 - 3.3.6.3 Provide coordinated Service response back to DESC action officer. The Military Service Control Point Action Officer provides an explanation of the recommendation for all conditional acceptances and rejections.
 - 3.3.6.4 Refer without comment all inquiries made by DESC contracting/inventory/ transportation personnel on these matters back to DESC-BQ/BP action officer.
- 3.3.7 DESC recommendation to the Contracting Office.
- 3.3.7.1 The action officer will make specific recommendations regarding acceptance, conditional acceptance or rejection of the technical proposal to the contracting specialist/contracting officer.
 - 3.3.7.2 The action officer will provide an equitable price factor to be assessed against offers which have received approval for relaxation of solicitation requirements vice conforming offers. This equitable price adjustment could be a known cost savings to the contractor or a best estimate made based on the action officer's knowledge and experience.

4 RESPONSIBILITIES

4.1 Responsibilities of the Contracting Officer in the Evaluation of Contractor Technical Proposals

- 4.1.1 To the maximum practical extent, to place each contractor technical proposal in its overall procurement context. DESC's goal is to focus our efforts on sound technical proposals.
- 4.1.2 To provide detailed information found on the 12.20 form to DESC-BPA that will help in initial assignment/assessment of the proposal. This information should include name of offeror, quantity, line item, whether it is a sole offer, and reason for the exception.
- 4.1.3 To gather information from the supplier or vendor and channel it to the Product Technology & Standardization/Quality Operations Divisions as required.
- 4.1.4 Make clear to the supplier exactly what the government's requirements entail.
- 4.1.5 Permit the DESC-BQ/BP action officer to negotiate directly with the offeror with the contract team during discussions of the technical/quality items.
- 4.1.6 To identify to DESC-BP/BQ when contracts containing exceptions to technical/quality requirements are awarded.

4.2 Responsibilities of DESC-BPA

- 4.2.1 To establish specification clauses which unambiguously document product technical requirements in DESC solicitations/contracts.
- 4.2.2 To consider environmental regulations when documenting DESC product requirements in contracts.
- 4.2.3 To act as a focal point for controlling and processing of technical proposals (exceptions) submitted by all DESC contracting personnel.
- 4.2.4 To proactively support insertion of new technology found in the exception process into the fuels testing arena by detailing benefits, where applicable, of contractor's proposed use of newer test methods.
- 4.2.5 To provide preliminary assessment of scope of impact of contractor technical proposals upon the supply/distribution system and upon end users, and coordinate, as required with affected DoD components.
- 4.2.6 To recommend appropriate equitable price factor for government consideration of alternate product/technical proposals.
- 4.2.7 To ensure that product quality/technical proposals are recorded in the Exception/Deviation/Waiver database for reference purposes.

4.3 Responsibilities of DESC-BQ

- 4.3.1 To establish and maintain inspection and quality clauses.
- 4.3.2 To act as the focal point for processing of quality/quality assurance exceptions submitted by all DESC Contracting personnel.
- 4.3.3 To utilize exception approvals to update quality and inspection requirements.
- 4.3.4 To provide evaluation of quality and inspection impact on product technical exceptions to DESC-BPA.
- 4.3.5 To provide recommendation for acceptance or denial of all quality and inspection items submitted by an offeror.

4.4 Functions of the Service Control Point

- 4.4.1 Act as Military Service focal point for DESC assessment and resolution of technical/quality issues impacting Service-specific customers.
- 4.4.2 Consider limitations/capabilities of end user facilities and equipment when assessing contractor technical proposals.
- 4.4.3 Identify information shortfalls in contractor technical proposals.
- 4.4.4 Provide recommendations on approval/denial of contractor technical proposals
- 4.4.5 Where applicable, identify additional costs incurred by the Military Service user in connection with acceptance of contractor technical proposals.
- 4.4.6 Assist DESC in documenting rationale for approval/disapproval of contractor technical/quality proposals.

PART II

STANDARD OPERATING GUIDE (SOG) FOR PROCESSING/EVALUATING CONTRACTOR POST-AWARD TECHNICAL PROPOSALS (WAIVERS & DEVIATIONS)

5 **PURPOSE**

To establish policy, assign responsibilities and spell out procedures for DESC-BP/BQ personnel to use when evaluating supplier's proposed waivers and deviations to contracted product/quality requirements.

6 **BACKGROUND**

The Product Technology & Standardization Division (DESC-BP) serves as a Center-wide resource for addressing product specification/technical issues in a number of arenas: day-to-day operations, major purchase program solicitations, extended technical studies, commercial specification-writing organizations, international specification-writing organizations and through the DoD Standardization Program.

The Quality Operations Division (DESC-BQ) serves as the Center focal point for assuring Government and contractor programs provide the desired level of confidence in meeting technical requirements of the product or service; assuring product and service program compliance within the Government-owned system; assessing depot/customer satisfaction with the quality of supplied products; and, provides coordinated instructions for actions to be taken at DFSP's to accommodate post-award product technical/quality variations.

Within DESC, DESC-BP and DESC-BQ are responsible for all product technical and quality matters to all CBU program offices. All CBUs are expected to process waivers and deviations through DESC-BP and DESC-BQ. DESC-BP and DESC-BQ shall coordinate with DESC inventory manager. This process will ensure that in all cases, DESC-B Technical/Quality personnel engage with appropriate personnel at the Military Service Control Points on Technical/Quality issues.

Post-award technical proposals are generally received by DESC CBU personnel as a result of production difficulties (waivers) Post-award technical proposals before production (deviations) normally are for test methods and quality/inspection matters. Per DESC's Mission and Function Statement and DESC Contracting Instruction, DESC-BP serves as the focal point for evaluation of contractor technical proposals. *This section of the SOG only addresses technical proposals received by DESC after contract award.* Waivers are normally time sensitive as they represent product produced to meet a placed order or transportation commitment. There may be occasions where the procedures established here are completed in a different order to

meet the operational concerns. This is especially true for contractor after duty hours waiver requests.

7 **PROCEDURE**

7.1 Documenting the Contractor Proposal

- 7.1.1 Record selected DESC Form 12.20 information to the Exception/Waiver/Deviation Database, including:
 - 7.1.1.1 Contractor Name
 - 7.1.1.2 Contract Number
 - 7.1.1.3 Product
 - 7.1.1.4 Quantity of Fuel affected
 - 7.1.1.5 Quantity of on-spec product in other tanks on hand to meet order(s)
 - 7.1.1.6 Fuel End User (Customer)
 - 7.1.1.7 Locations affected, to the extent known
- 7.1.2 Documentation of contractor post-award technical proposals to the Exception/Deviation/Waiver database is best accomplished at source by responsible contracting personnel. The database is located on the HQ DESC shared drive at "Q:/B/BP/New1220/WAIVER_DEV2Kv1.mdb".
- 7.1.3 In all cases, where the information is manually transmitted to DESC-BP, electronic documentation of the contractor proposal shall be completed by DESC-BPA.
- 7.1.4 Each new record to the database shall have a new Case Number assigned. This case number shall be cited in future e-mail/memo correspondence related to the proposal for the purpose of eliminating confusion.
- 7.1.5 DESC-BP shall refer evaluation of the action to an appropriate DESC-BP/BQ action officer.
- 7.1.6 Action officer to reply directly to originator at the conclusion of evaluation process.
- 7.1.7 Action officer to ensure that a copy of the completed deviation/waiver and DESC CBU evaluation is filed in the applicable DESC-BP/BQ files.
- 7.1.8 Action Officer to update database with interim and final recommendations to the contracting staff.
- 7.1.9 DESC-BP to include a count of all technical proposals evaluated by DESC-B in the monthly RCS 26 Workload Report.

7.2 Gathering Supporting Information

- 7.2.1 The assigned Action Officer (AO) in DESC-BP or DESC-BQ shall gather as much information as possible in order to make an informed and accurate recommendation based on all the available information. This step frequently requires the AO to:

- 7.2.1.1 Determine applicable contract product/quality criteria as stated in contract line item, clause, standard or specification,
- 7.2.1.2 Clarify the specifics of the proposal with contracting officers/contracting specialists,
- 7.2.1.3 Review contractor history files, to include any related test results that may already be recorded in the Petroleum Quality Information System (PQIS),
- 7.2.1.4 Review proposal in light of applicable environmental requirement,
- 7.2.1.5 Obtain inventory data at depot or customer receipt location,
- 7.2.1.6 Determine quality of depot or customer stocks,
- 7.2.1.7 If blending or additive injection may be needed, obtain needed information on depot or customer capabilities, and
- 7.2.1.8 Obtain QAR/QSR input on cause of waiver and contractor options to correct deficiencies as appropriate.

7.3 Evaluation of the Waiver/Deviation Proposal (Key Issues to be Considered)

- 7.3.1 The reason for the deviation or waiver:
 - 7.3.1.1 Equipment/production failures (for example, the gum bath has broken and will not be repaired in time or particulate content is greater than the specification requirement,
 - 7.3.1.2 First time contractor on government purchases (for example, new equipment has not arrived and another lab is being offered to perform that test),
 - 7.3.1.3 Scheduling issues, or
 - 7.3.1.4 Commercial practice.
- 7.3.2 The risk involved in the deviation/waiver:
 - 7.3.2.1 Risk to DESC
 - 7.3.2.2 Risk to End User
- 7.3.3 Will special follow-up monitoring be required?
- 7.3.4 Consider options for remediation/resolution.
 - 7.3.4.1 Will the product go through an intermediate DFSP?
 - 7.3.4.2 Can rehabilitation of the product occur before receipt at the end users facility?
 - 7.3.4.3 Determine if DESC-BP/BQ should reject the deviation or waiver as unacceptable.
 - 7.3.4.4 Coordinate consequences of rejection or delay in receiving supplies with DESC contracting, inventory and transportation groups.
 - 7.3.4.5 Agreed rejections without logistics impact may skip the coordination with the Military Service Control Point steps.

- 7.3.5 If user coordination is required, prepare recommendation to the Military Service Control Point or their designated technical representative.
 - 7.3.5.1 DESC-BP/BQ shall make a specific recommendation for acceptance, conditional acceptance, or rejection of contractor waiver & deviation requests.
 - 7.3.5.2 DESC recommendation shall include back-up information cited in paragraph 2.2 above
- 7.3.6 DESC-BQ shall evaluate all Quality Assurance requirement deviations and waivers.
 - 7.3.6.1 Evaluate quality deviation and waiver and determine risk to assuring product quality.
 - 7.3.6.2 Coordinate with Quality Assurance Representative as appropriate.
 - 7.3.6.3 If mandated by specification, prepare recommendation for Military Service Control Point evaluation.
- 7.3.7 Functions of the Military Service Control Points or their Designated Representatives.
 - 7.3.7.1 Evaluate requested product deviation or waiver as to acceptability.
 - 7.3.7.2 Coordinate deviation and waiver request with Service Technical Authority, Weapon System Program Office, Commands, End User, etc.
 - 7.3.7.3 Provide coordinated Service response back to DESC Action Officer. The Military Service Control Point Action Officer shall provide an explanation of the recommendation for all conditional acceptances and rejections.
 - 7.3.7.4 Refer without comment all inquiries made by DESC contracting/inventory/ transportation personnel on these matters back to DESC-BQ/BP action officer.
- 7.3.8 DESC recommendation to the Contracting Office.
 - 7.3.8.1 The action officer will in all cases make a specific recommendation regarding acceptance, conditional acceptance or rejection of the technical proposal to the contracting specialist/contracting officer.
 - 7.3.8.2 The action officer will provide an equitable price adjustment to be assessed against the contractor reflecting the loss of value incurred by the government. This is in addition to the administrative fee charged the contractor. This can be known cost savings, cost avoidances, actual Government expenses and/or a best estimate made based on the action officer's knowledge and experience.

RESPONSIBILITIES**8.1 Responsibilities of the Contracting Officer in the Evaluation of Contractor Waivers and Deviations**

- 8.1.1 To the maximum practical extent, to place each contractor technical proposal in its overall procurement context. DESC's goal is to focus our efforts on sound technical proposals.
- 8.1.2 To provide detailed information found on the 12.20 form to DESC-BPA that will help in initial assignment/assessment of the proposal. This information should include name of contractor, contract number, purchase program, quantity, line item number and the contractor's basis for submitting the post-award request.
- 8.1.3 To gather information from the supplier concerning corrective action that shall be taken to prevent recurrence of the problem. This information is specifically required from contractors per the terms of the nonconforming supplies and services clause, and it is required at the time that the contract modification is requested.
- 8.1.4 Make clear to the supplier exactly what the government's requirements entail.
- 8.1.5 To notify the contractor of the DESC decision on his request in a timely manner. Notification of the Quality Representative may be performed by either the contracting, DESC-BP or DESC-BQ staff as agreed.
- 8.1.6 To identify to DESC-BP/BQ the final resolution of post award waiver/deviation requests, to include identifying agreed corrective actions to be taken by the contractor, and agreed equitable price adjustments that are incorporated in the contract.

8.2 Responsibilities of DESC-BPA

- 8.2.1 To establish specification clauses which unambiguously document product technical requirements in DESC solicitations/contracts.
- 8.2.2 To consider environmental regulations when documenting DESC product requirements in contracts.
- 8.2.3 To act as a focal point for control and processing of technical proposals (waivers & deviations) submitted by Bulk Fuels or Direct Delivery Fuels personnel.
- 8.2.4 To proactively support insertion of new technology into the fuels testing arena by detailing benefits, where applicable, of contractor's proposed use of newer test methods.
- 8.2.5 To provide preliminary assessment of scope of impact of contractor technical proposals upon the supply/distribution system and upon end users, and coordinate, as required with affected DoD components.
- 8.2.6 To recommend appropriate equitable price adjustment for government consideration of alternate product/technical proposals.

- 8.2.7 To ensure that product quality/technical proposals are recorded in the Exception/Deviation/Waiver database for reference purposes

8.3 Responsibilities of DESC-BQ

- 8.3.1 To establish and maintain inspection and quality clauses
- 8.3.2 To act as the focal point for processing of quality/quality assurance deviations and waivers submitted by all DESC Contracting personnel.
- 8.3.3 To utilize deviation and waiver approvals to update quality and inspection requirements
- 8.3.4 To provide evaluation of quality and inspection impact on product technical deviations and waivers to DESC-BPA
- 8.3.5 To provide recommendation for acceptance or denial of all quality and inspection items submitted by the contractor

8.4 Functions of the Service Control Point

- 8.4.1 Act as Military Service focal point for DESC assessment and resolution of technical/quality issues impacting Service-specific customers.
- 8.4.2 Consider limitations/capabilities of end user facilities and equipment when assessing contractor post-award technical proposals.
- 8.4.3 Identify information shortfalls in contractor technical proposals.
- 8.4.4 Approve/deny contractor technical proposals for deliveries directly to the end use, where applicable, to identify additional costs incurred by the Military Service user in connection with acceptance of contractor post-award technical proposals.
- 8.4.5 Assist DESC in documenting rationale for approval/disapproval of contractor technical/quality proposals.

APPENDIX

MILITARY TECHNICAL FOCAL POINTS

Exceptions, deviations and waivers shall be coordinated with the following applicable Military Service Control Office:

1. Army: U.S. Army Petroleum Center/ AMSTA-LC-CJPL
54 M Avenue, STE 9
New Cumberland, PA 17070-5008
DSN 977-6511/4392
COM 717-770-6511/4392
gsmith@usapc-emh1.army.mil
2. Navy: Navy Petroleum Office
8725 John J. Kingman Road, Suite 3719
Fort Belvoir, VA 22060-6224
DSN 427-7333
COM 703-767-7333
3. Air Force: Directorate of Aerospace Fuels
Nick J. Makris
Det 3 WR-ALC/SFT
1014 Billy Mitchell Blvd Suite 1
Kelly AFB, Tx 78241-5603
DSN 945-4617 or 4610
COM 210-925-4617 or 4610

AFTER HOURS WAIVERS: DESC Action Officer shall attempt to call the Service Control Point personnel using available contact numbers. If Service Control Points cannot be contacted during non-duty hours, DESC-BP/BQ may grant deviations and waivers to support urgent requirements; in such cases, the DESC-BP/BQ action officer shall advise the Service Control Point, and Contracting Officer of the waiver and circumstances during the next working day.