



Military Surface Deployment and Distribution Command

FY 2020

**Direct Booking Program
Billing Rates & Guide**

DIRECT BOOKING PROGRAM BILLING RATES AND GUIDANCE FOR THE TRANSPORTATION WORKING CAPITAL FUND (TWCF)

Direct Booking Billing Rates

EFFECTIVE: 01 Oct 19 through 30 Sep 20 (FY20)

1. Purpose and Scope

Direct Booking is a program that allows the following designated agencies/customers desiring to ship Continental United States (CONUS) outbound containerized cargo to contact and directly book freight with commercial carriers to selected areas: Defense Commissary Agency (DeCA), Army and Air Force Exchange Service, Navy Exchange Service Command, Military Postal Service Agency, and Defense Logistics Agency. These agencies/customers of the Direct Booking Program are essentially acting as adjunct booking agents to transact actual booking of cargo that enters and flows through the Defense Transportation System (DTS) as other Military Surface Deployment and Distribution Command (SDDC) cargo booked to scheduled commercial liners.

Direct Booking Cost Recovery Rate exists to recover TWCF costs associated with all aspects of research, development, maintenance, replacement, customer service, acquisition, billing, and other administrative tasks supporting direct booking capabilities. Table 1 in this guide contains the FY20 TWCF billing rate tables for Direct Booking services provided to the Department of Defense shippers by SDDC. Questions regarding the cost recovery rate can be sent to USTRANSCOM/TCJ8-CA, via e-mail to transcom.scott.tcj8.mbx.rates@mail.mil.

2. Application of Rates and Customer Cost

The designated agencies/customers provide shipping information to commercial carrier web sites which reflect Universal Service Contract rates plus a cost recovery rate. The customer pays the carrier directly through a Third Party Payment System (TPPS).

Direct Booking Customer Costs = Direct Booking Calculated Cost of Freight via Commercial Carrier Web Sites + Cost Recovery Rate

Table 1 reflects the Cost Recovery Rates applicable to the Direct Booking program. Recovery rates are formulated annually by USTRANSCOM J8 and provided to the TPPS vendor by SDDC G8. The TPPS vendor loads the applicable FY rate into their system(s). Monthly billing amounts are computed on behalf of SDDC by the TPPS vendor. The TPPS vendor transmits a monthly file to all Direct Booking customers and SDDC. The monthly file contains the direct booked cost of freight and the amount to be billed to customers by line of accounting. Based upon the monthly sheet provided by the TPPS vendor, SDDC bills Direct Booking customers for the applicable administrative fee amounts. The billed amount for a single shipment is calculated by multiplying the applicable FY Cost Recovery Rate (%) against the cost of freight.

4. Formulation of Rates

There are two types of Direct Booking Cost Recovery Rates. The first type rate is applicable to the DeCA, and the second type rate is applicable to all other customers. DeCA's rate is developed independently to conform to congressional language in Title 10, United States Code. DeCA's Direct Booking Cost Recovery Rate is based on a market survey of commercial freight forwarders. The results of the market survey provided an average overhead charge per container that commercial freight forwarders typically charged shippers outside of the DTS. The market survey average overhead charge per container is compared to the average direct booking over-ocean shipping cost per container to calculate the cost recovery rate. The "All Other Customers" Direct Booking Cost Recovery Rate recovers SDDC/USTRANSCOM Liner budgeted General & Administrative (G&A) costs.

**Table 1:
FY20 Direct Booking Cost Recovery Rates**

<u>Type Rate</u>	<u>Rate %</u>	<u>Description</u>
DeCA	7%	Applicable to only DeCA.
All Other Customers	12%	Applicable to all other Direct Booking customers, excluding DeCA,