



United States Transportation Command



2006
Annual Command
Report

Exercises, Operations, and Contingencies FY06 Timeline



LEGEND
PAX = Passengers moved
S/T = Short tons, cargo

All photographs in this publication were sourced from the DoD Imagery Server and are approved for public release.

Commander's Statement

The United States Transportation Command team includes more than 155,000 men and women from every branch of the armed services – active and reserve components, civilian employees and contractors – who are helping win the Global War on Terrorism. They're dedicated to deploying, sustaining, and returning our warfighters, and they're fulfilling our obligation to get them home quickly and safely when they're wounded or injured.

We know that the last thing the warfighter needs to worry about is their supply chain. Our job is to build their confidence. Our job is to anticipate, to think sooner than we have in the past about how we're going to adapt to their needs, in time of war and peace. Our job is to lean forward, to eliminate duplications of service, to achieve the same efficiencies in transportation and supply chain management obtained by private industry.



To do these things, we – as the Department of Defense Distribution Process Owner – are pursuing a seamless, end-to-end distribution pipeline. We're committed to exploiting every advantage that information technology affords, consolidating disparate automated programs into fewer and more easily used tools, realizing the same kinds of surface cargo efficiencies for the Department of Defense as enjoyed by Fortune 500 companies and ensuring that our commercial transportation partners can help us surge surface and airlift capability when needed.

The team is committed to this and much more.

And, none of this is possible without people who know their business, who are passionate about it and who get satisfaction out of getting others across the goal line. It's work the government can't – and doesn't wish to – do entirely by itself. I'm proud of the TRANSCOM team, all the players in government and industry, who assure that a promise given by us will be a promise kept.

A handwritten signature in black ink, reading "N. Schwartz". The signature is stylized and fluid.

Norton A. Schwartz
General, USAF
Commander

Our Mission

Develop and direct the Joint Deployment and Distribution Enterprise to globally project national security capabilities, accurately sense the operating environment, provide end-to-end visibility, and rapidly respond to support joint logistics requirements.

USTRANSCOM
Mission Statement

Deliver maximum global reach for America through rapid and precise air mobility.

AMC
Mission Statement

United States Transportation Command's (USTRANSCOM's) core competencies are evolving beyond planning and executing inter-theater transportation. Since 2003, USTRANSCOM has been responsible for the synchronization and interoperability of distribution-related activities supporting force projection, sustainment, and redeployment/retrograde of military forces and materiel. USTRANSCOM is a supporting command improving Department of Defense (DOD) distribution to increase the Joint Force Commander's freedom of action across the full range of military operations. USTRANSCOM's assigned responsibilities are:

- Providing common-user and commercial transportation, terminal management, and aerial refueling,
- Providing global patient movement for DOD through the Defense Transportation System,
- Serving as the Mobility Joint Force Provider, and
- Distribution Process Owner (DPO) for DOD.

USTRANSCOM executes its mission through three component commands: Air Mobility Command (AMC), Military Sealift Command (MSC), and the Military Surface Deployment and Distribution Command (SDDC).

In addition to the major transportation component commands, USTRANSCOM maintains a global courier network for the expeditious, cost-effective, and secure distribution of highly classified and sensitive material. USTRANSCOM's Defense Courier Division exercises operational control of global courier activities. The division oversees and synchronizes the activities of 19 courier stations servicing over 6,000 accounts. Major accounts include the White House, the Department of Defense, the Department of State, and other authorized federal agencies.

Air Mobility Command

AMC is the Air Force major command primarily responsible for providing airlift, air refueling, air mobility support, and aeromedical evacuation capability. AMC organizes, trains, equips, and operates its assigned air mobility forces to meet worldwide air mobility requirements. As the air component to USTRANSCOM, AMC prepares those forces to meet the assigned inter-theater air mobility taskings. Additionally, through established DOD procedures, AMC forces may be made available to fulfill intra-theater air mobility requirements.

The Global War on Terrorism continues to increase demand significantly for airlift. Scheduled airlift missions moved 1,380,395 passengers and 459,897 short tons of cargo during fiscal year 2006. Charter airlift requirements (Special Assignment Airlift Missions and contingency) more than doubled from the President's budget. Additionally, AMC's military aircraft exceeded the Transportation Working Capital Fund flying hour program by 118 percent or 26,801 hours.



Photo by SSG Jacob N. Bailey

Hurricane Wilma relief aid is unloaded from a C-17 Globemaster at Homestead Air Reserve Station, FL.

Military Sealift Command

Photo by JO3 Eric Beauregard



Bob Hope class large, medium-speed, roll-on/roll-off ship is tied up at the pier at the port of Mina Ash-Shuaibah, Kuwait to take part in troop rotations from Iraq during Operation IRAQI FREEDOM.

During combat operations, USTRANSCOM moves more than 90 percent of the equipment and supplies needed to sustain US military forces by sea. MSC provides ocean transportation via organic and chartered commercial ships to deliver combat equipment, vehicles, fuel, supplies, and ammunition to sustain US forces worldwide. MSC provides both common-user strategic sealift capability and theater-specific prepositioned support through its four distinct business areas (Tanker Operations, Dry Cargo, Strategic Surge, and Afloat Prepositioned Force-T).

Military Surface Deployment and Distribution Command

SDDC executes command and control of all global surface movement of DOD equipment, cargo, vehicles, and household goods, and operates 24 worldwide seaports. SDDC achieves success in deploying and sustaining more than 90 percent of the DOD's equipment and supplies by leveraging the capability of commercial industry and other military services. SDDC is a transportation command without owning a single truck, train, or boat, and procures more than \$1.5 billion annually in commercial truck, rail, barge, pipeline, and ocean transportation services.

The Reserve Component provides trained, ready, and relevant Soldiers, Marines, Sailors, Airmen, and Coast Guardsmen. There is an average of 12,000 Reserve Component personnel on active duty every month in support of USTRANSCOM's global mission.

Provide ocean transportation via organic and chartered commercial ships, delivering combat equipment, vehicles, fuel, supplies, and ammunition to sustain US forces worldwide during peacetime and in war for as long as operational requirements dictate.

*MSC
Mission Statement*

Provide global surface deployment command and control and distribution operations to meet National Security objectives in peace and war.

*SDDC
Mission Statement*

Photo by PH3 Leslie Long



Naval Amphibious Construction Battalion Two discharging containers across the beach from a causeway ferry during Joint Logistics Over-The-Shore (JLOTS) 2006, a multi-service cargo distribution exercise. JLOTS operations discharge strategic vessels without the benefit of a fixed port. SDDC provided the JLOTS 2006 joint task force commander.

Creating World-Class Deployment and Distribution Solutions

"We're changing the way we do business. Not because we can, but because we must be as adaptive and agile as we have ever been at any time in our history..."

*General
Norton A. Schwartz,
Commander,
USTRANSCOM*

Joint Deployment and Distribution Enterprise

USTRANSCOM's core competencies are evolving beyond planning and executing inter-theater transportation. Since 2003, USTRANSCOM has been responsible for the synchronization and interoperability of distribution-related activities supporting deployment, employment, sustainment, and redeployment of global forces conducting a full range of military operations. Responding to these challenges, USTRANSCOM is creating and implementing world-class global deployment and distribution solutions to support the National Security Strategy.

The approved Joint Logistics (Distribution) Joint Integrating Concept (JL (D) JIC) establishes the Joint Deployment and Distribution Enterprise (JDDE) as the framework to globally project national security capability, sense the operating environment, provide end-to-end visibility, and aggressively satisfy joint logistic requirements. Following publication of the JL (D) JIC, the Joint Requirements Oversight Council approved an Initial Capabilities Document for delineating the control mechanisms and providing data visibility for the JDDE. Additionally, the Council tasked the DPO to provide an annual report on the state of the JDDE.

The JDDE partners are working together to create a unified Joint Deployment and Distribution Architecture – simplifying the distribution process, and improving the forecasting and planning processes. Through collaboration with the JDDE partners, USTRANSCOM is developing improved logistics solutions to support national defense distribution objectives. These solutions will provide operational agility, asset visibility, and effective, lean execution.

The JDDE is that complex of equipment, procedures, doctrine, leaders, technical connectivity, information, shared knowledge, organizations, facilities, training, and materiel necessary to conduct joint distribution operations.

*Joint Logistics (Distribution) Joint Integrating Concept,
7 February 2006*

Collaboration and Partnership Within the Joint Deployment and Distribution Enterprise

One of USTRANSCOM's major responsibilities to the warfighter is to ensure accurate and timely distribution information on the status of cargo, forces, patients, ports, and carriers in the joint distribution pipeline.

USTRANSCOM's role as the DPO has placed increased strategic urgency and expanded requirements on the data currently available in the joint distribution pipeline. To fulfill the increased needs of the command and the DOD national partners within the DPO environment, USTRANSCOM is collaborating with the Defense Logistics Agency (DLA) to explore converging Global Transportation Network's transportation and asset visibility capabilities with DLA's Integrated Data Environment to create a more complete, accurate, and robust common operating picture of distribution information. This collaborative effort promises to increase logistics information sharing across the DOD, improve reliability and responsiveness for data exchange requirements, and enhance materiel visibility.

DOD supply chain and logistics management have many elements that a commercial logistics manager would find familiar. While the DOD environment introduces complexities, challenges, and issues that are distinctly and uniquely "military" in nature, the commercial and DOD logistics worlds are not isolated from one another, especially at the current pace of operations.

"Transforming the United States Department of Defense's Supply Chain, CSCMP Explores, Vol. 2, Spring 2005

In fiscal year 2006, DLA and USTRANSCOM established a program office to unify logistics, distribution, and transportation in-transit visibility efforts between the Integrated Data Environment initiative and the Global Transportation Network. The partnership will strive to integrate defense supply chain, logistics, transportation and distribution-related data, and information technology services to benefit the warfighter. The successful convergence of these programs will give combatant commands, the Services, DOD, federal agencies, and ultimately the warfighter, a cohesive solution to aggregate, manage, and glean supply chain, distribution, and logistics information. Convergence of these programs will provide a single point of systems data integration within and between USTRANSCOM, DLA, select DOD, and commercial information systems. This will ensure consistent access to common, authoritative logistics data and provide reliable end-to-end logistics information for the warfighters and other DOD customers.

Effective 1 January 2006, USTRANSCOM added two air-centric and one surface-centric Integrated Distribution Lanes (IDLs) to the existing 14 IDLs that the DPO monitors into the US Pacific Command area of operations.

IDLs are specific air or surface routes for sustainment cargo distribution moving from suppliers to specific geographic areas within a combatant commander area of responsibility. IDLs are a DPO performance-based approach which monitors and measures the health of the "physical distribution network," part of the larger DOD end-to-end supply chain. Segment activities that USTRANSCOM monitors within the IDL construct are supplier, transporter, and theater distribution activities. Measurement starts at Material Release Order issue, through the transportation pipeline, and ends at the first retail receipt within the theater.

"Collaborative requirements management to meet both critical training and wartime needs is essential and makes good sense."

*General
Norton A. Schwartz,
Commander,
USTRANSCOM*



DLA file photo

Triwalls from Defense Distribution Center's Container Consolidation Point move on the towline to out-loading.

Creating World-Class Deployment and Distribution Solutions

"We're [SDDC] not the answer to every requirement, but we are an answer. When we are the answer, there's no answer better than us."

*Major General
Charles W. Fletcher,
Former Commander, SDDC*

Expeditionary Approaches

USTRANSCOM and the Joint Deployment and Distribution Enterprise partners are providing adaptive and responsive support to combatant commanders through the development of Joint Deployment Distribution Operations Centers. Other expeditionary capabilities include development of Joint Task Force - Port Opening teams and Directors of Mobility Forces for Air and Surface operations to improve the integrated delivery of forces and sustainment to the desired point of need. A new Joint Distribution Process Analysis Center will integrate logistics analyses, modeling, and simulation with adaptive planning. The result will be a better context for solving distribution challenges and better resource allocation decisions.

Joint Deployment Distribution Operations Centers

The Joint Deployment Distribution Operations Center (JDDOC) is a joint capability solution designed to improve coordination between strategic and theater deployment execution and distribution operations within each geographic combatant commander's area of responsibility. The JDDOC, under the control, direction, and auspices of the geographic combatant commander, directs, coordinates, and synchronizes assigned and attached forces' deployment and redeployment execution, and distribution operations to enhance the combatant commander's ability to execute logistics plans with national partners support.

The JDDOC enhances the geographic combatant commander's ability to see, sense, and respond to a dynamically changing operational environment. The successes of the JDDOC have been numerous; from Operations ENDURING FREEDOM/IRAQI FREEDOM,

Operation SECURE TOMORROW in Haiti, the December 2004 South Asian Tsunami, to the devastated Gulf Coast as a result of Hurricane Katrina. The JDDOC's ultimate objective is the effective and efficient accomplishment of the joint force mission.

Joint Task Force - Port Opening

In 2006, USTRANSCOM fielded the Joint Task Force (JTF) - Port Opening as a major distribution initiative. The JTF - Port Opening provides a joint expeditionary capability to rapidly establish and initially operate an aerial port of debarkation and distribution node, facilitating port throughput in support of combatant commander-executed contingencies. This expeditionary force addresses historical distribution gaps and shortfalls, including ad hoc command and control, minimal airfield and distribution assessment, limited ability for rapid port clearance, limited in-transit visibility, and minimal movement control over distribution operations. The Commander, USTRANSCOM approved the JTF - Port Opening Concept of Operations on 19 May 2006 and the Secretary of Defense approved a standing Execution Order for a JTF - Port Opening capability on 26 May 2006.

JTF - Port Opening employs air elements from AMC's Contingency Response Wings and Army forces attached to SDDC. The JTF - Port Opening is a modular, scalable force with a nominal size of 138 personnel. This capability will support two C-17 aircraft at any one time and move cargo to a distribution node up to 10 kilometers from the airfield. A single 62-person surface element sourced from Army Reserve units and based at Fort Dix, NJ, comprises the initial JTF - Port Opening capability. The long-term concept proposes three rotational 55-person surface elements assigned to USTRANSCOM in 2007.

Carl von Clausewitz reportedly said, "There is nothing more common than to find considerations of supply affecting the strategic lines of a campaign and a war." I would like to see our work with USTRANSCOM and the Services' logisticians, via the DPO umbrella, make this consideration very uncommon.

VADM Keith W. Lippert, Former Director, DLA

Joint Distribution Process Analysis Center

USTRANSCOM completed the planning to establish the Joint Distribution Process Analysis Center. The primary role will be to enhance the effectiveness and efficiency of the distribution process by providing a forum in which USTRANSCOM and its partners can work together on common concerns.

Personnel from USTRANSCOM, AMC, and the SDDC's Transportation Engineering Agency will initially staff the Joint Distribution Process Analysis Center.

The Joint Distribution Process Analysis Center will focus its early efforts on integrating individual capabilities into a synergized, consolidated operation. When it has reached its full operational potential, it will function as the major focal point for analyzing, modeling, understanding, and resolving complex logistics issues through the application of state-of-the-art research, decision support tools, and best practices to distribution, deployment, and sustainment operations. The Joint Distribution Process Analysis Center's ultimate goal is to be DOD's first choice for major analytical projects.

Director of Mobility Forces (Surface)

The Director of Mobility Forces (Surface) coordinates, synchronizes, and directs the movement of US surface transportation capabilities to ensure uninterrupted throughput of forces and material from theater air and sea ports of debarkation to designated destinations. The Director operates under the operational control of the Combined/Joint Force Land Component Commander.

SDDC provides this capability. It includes MSC representatives who execute the requisite tasks involved in supporting Navy and Marine Corps movements and Joint Reception, Staging, Onward Movement, and Integration efforts, as well as employment and scheduling of intra-theater watercraft.

Cost Avoidances

One important result of leveraging and aligning the expertise of the JDDE partners is that efficiencies can be achieved which help the customers – the Service components assigned to the geographic combatant commands – realize significant cost savings.

Within the JDDE, these efficiencies generate “cost avoidances” which manifest as “cost savings” to the customer. The largest share of DPO cost avoidance to date has resulted from transportation and stockage process improvements which allow workload to be shifted from one mode of transport to a less expensive mode (e.g., from air to surface, or from truck to rail) while still getting the end user what they need when they need it.

The most significant source of cost avoidance in the US Central Command (USCENTCOM) area of operations is DLA's Defense Distribution Center Kuwait, Southwest Asia (DDKS), which opened in September 2004. DLA opened the DDKS in response to USCENTCOM's request to provide forward stock positioning support and enhanced physical distribution services to the forces in the USCENTCOM area of operations. It has improved customer wait time, reduced transportation costs, and improved overall readiness. As of April 2006, the DDKS has provided cost avoidance savings of more than \$400 million.

DPO Cost Avoidances (FY04 - FY06)

Transportation Initiatives	
Air-to-surface conversion	\$992.2
Truck-to-rail conversion	\$11.4
Other	\$10.4
Total Transportation	\$1,014.0
Materiel Initiatives	
Supply interventions resulting in order cancellation	\$15.0
Cancellation of refrigerated container contract	\$31.2
Identifying “lost” equipment/returning to supply system	\$28.9
Other	\$3.9
Total Materiel	\$79.0
TOTAL Cost Avoidance	\$1,093.0
<i>(Dollars in Millions)</i>	

Commercial Partners

Civil Reserve Air Fleet

The Civil Reserve Air Fleet (CRAF) is a voluntary partnership between the Defense Department and commercial air carriers designed to provide the DOD access to commercial aircraft to augment military airlift during times of crisis. The airlines contractually pledge aircraft for activation when needed. To provide incentives for air carriers to commit aircraft to the program and to ensure adequate airlift reserves, AMC makes peacetime airlift business available to the airlines. Three stages of incremental activation allow for tailoring an airlift force suitable for the contingency at hand. USTRANSCOM normally uses Stage 1 for minor regional crises and Stage 2 for large-scale major combat operations. The DOD may activate Stage 3 during periods of national mobilization.

Civil Reserve Air Fleet Support	
Passenger/Cargo Aircraft	1,070 PAX; 294 A/C
Commercial Companies (CRAF Partners)	39
Troops Carried	1,209,895
Cargo (short tons)	223,325
CRAF Missions	10,140

Photo by SSG Chad Chisolm



Soldiers and Airmen from USCENTCOM walk across the flight line after exiting an Air Transportation Association commercial liner as they return home following deployment in support of Operation IRAQI FREEDOM.

Voluntary Intermodal Sealift Agreement

As USTRANSCOM works with a diverse array of commercial assets, services, and systems, its partnership with industry must continually develop to stay up to date with current technology as well as to anticipate trends and develop future capabilities. An integral part of

the military contingency planning process, the Voluntary Intermodal Sealift Agreement (VISA) is a contractual arrangement for obtaining assured, time-phased access to militarily-useful US-flagged commercial dry cargo sealift capacity, infrastructure, and intermodal capability to support DOD contingency requirements. VISA provides the DOD with wartime access to sealift capacity and intermodal infrastructure in return for peacetime business preference. When needed, VISA is activated in three stages of increasing levels of commitment. All major US-flagged carriers participate in the VISA. Almost 95 percent of the total US-flagged dry cargo fleet are enrolled, providing roll-on/roll-off and container ships, break bulk ships, and seagoing tugs and barges.

National Port Readiness

Through coordination and cooperation among its members, the National Port Readiness Network ensures the readiness of military and commercial ports for the deployment of military personnel and cargo in the event of mobilization or a national defense contingency. Chaired by the US Maritime Administration, the National Port Readiness Network is comprised of components of USTRANSCOM, US Joint Forces Command, and the US Army Forces Command. Additional network members include the US Army Corps of Engineers, US Coast Guard, and the US Maritime Defense Zone. Additionally, each of the 15 commercial strategic seaports located throughout the Continental US has a Port Readiness Committee that coordinates with these agencies to ensure the readiness of the port network.



MSC file photo

USNS Cape Knox discharging deck cargo.

USTRANSCOM Customers

The number and variety of its customers drive the nature of USTRANSCOM's mission. Each customer has unique requirements. For example, the combatant commanders maintain a focus on readiness and quick response, while the Military Exchange Services want reliable, cost-effective transportation services.

To illustrate, the Federal Emergency Management Agency within the Department of Homeland Security relied upon AMC airlift to move relief supplies expeditiously into affected areas in the aftermath of natural disasters.

Additionally, USTRANSCOM supported the DOD's Defense Security Cooperation Agency by moving people, supplies, and equipment into Pakistan and Indonesia in the wake of destructive earthquakes.

During July and August, USTRANSCOM provided support to the Department of State to evacuate non-combatants from Lebanon and the Middle East.

USTRANSCOM's Customers

- President of the United States
- Secretary of Defense
- Joint Chiefs of Staff
- Unified Combatant Commanders
- Military Services
- Defense Logistics Agency
- Exchange Services
 - Army and Air Force Exchange Service
 - Navy Exchange Service
- Defense Commissary Agency
- Military Postal System
- Other DOD Agencies, Other Departments, Agencies, and Organizations
 - Department of State
 - Federal Bureau of Investigation
 - Federal Emergency Management Agency
 - United Nations
 - North Atlantic Treaty Organization
 - Department of Homeland Security



In support of the Department of State, AMC evacuates US citizens from Lebanon in July 2006.
(Photos by SSG Stacy L. Pearsall)

Global Projection of National Security Capabilities

"The Department of Defense Supply Chain is a strategic weapon, used to project and sustain American power worldwide, while operating to ensure the taxpayers are receiving best value for their money."

*Kenneth J. Krieg,
Under Secretary of
Defense for Acquisition,
Technology and Logistics*

Relief Operations

Photo by SSG Jacob N. Bailey



Hurricane Wilma relief aid is unloaded from a C-17 Globemaster at Homestead Air Reserve Station, FL.

As the fiscal year opened, while continuing to support Operations ENDURING FREEDOM and IRAQI FREEDOM in the Global War on Terrorism, USTRANSCOM:

- Concluded its support to the Hurricanes Katrina and Rita relief efforts;
- Met requests for assistance issued in the wake of Hurricane Wilma; and,
- Began delivering urgently needed US relief to Pakistan following an earthquake that killed tens of thousands of people.

In the wake of the 7.6-magnitude earthquake that struck on 8 October 2005, AMC deployed elements of a Contingency Response Wing to Pakistan. The Contingency Response Wing extends USTRANSCOM's ability to deploy people and equipment around the globe in support of contingency and humanitarian operations.

Again, in June, USTRANSCOM was delivering humanitarian support – this time to Indonesia, following a devastating earthquake that killed more than 6,200 people and displaced or left thousands homeless.

USTRANSCOM currently controls a fleet of military assets valued in excess of \$55 billion, including: 113 ships; 1,340 aircraft; 2,150 railcars and assorted equipment; and \$1.4 billion in infrastructure, as well as access through our commercial partners to 1,364 aircraft and 332 vessels in the Civil Reserve Air Fleet and Voluntary Intermodal Sealift Agreement, respectively.

Airlift

AMC's airlift fleet provides the capability to deploy America's armed forces anywhere in the world and help sustain them in a conflict. From providing fuel, supplies, and aeromedical support to troops on the frontline of the Global War on Terrorism, to providing humanitarian supplies to hurricane, flood, and earthquake victims both at home and abroad, AMC has been engaged in non-stop operations throughout fiscal year 2006. Airlift support for global customers resulted in 626,606 short tons of cargo moved, a workload decrease of 12 percent from the previous year.

Sealift

MSC continues to serve at the forefront of US actions in the ongoing Global War on Terrorism, supporting the ocean transport needs of US and allied forces around the world. Since 11 September 2001, the command has delivered more than 91 million square feet of combat power to Army, Marine Corps, Air Force, and Navy warfighters engaged in Operations ENDURING FREEDOM and IRAQI FREEDOM. At the same time, MSC has also delivered more than 9.3 billion gallons of fuel for combat vehicles, aircraft, ships, and power generation.



Photo by Mitch Chandran

A Bradley Fighting Vehicle rolls onto the USNS Yano at the Port of Beaumont for movement to Southwest Asia as part of a major deployment to support warfighters.

Surface Lift

SDDC executed the second largest logistics movement in the history of our country since World War II. Throughout fiscal year 2006, SDDC synchronized 206 vessel operations and the related land movement by truck, rail, and barge supporting operations including IRAQI FREEDOM and ENDURING FREEDOM, and humanitarian aid missions – moving 13,714,839 square feet of unit cargo – enough cargo to fill 238 football fields. SDDC moves more than 20 million square feet of cargo each year. On any given day, more than a thousand trucks, 10 trains, and 70 vessels are carrying cargo for SDDC. The cargo can be anything from military trucks, ammunition, household goods to humanitarian supplies.

Aerial Refueling

Air refuelers are the lifeline of Global Reach, increasing range, payloads, and flexibility. Because AMC's tankers can also refuel Navy, Marine Corps, and many allied aircraft, they leverage Service capabilities on land, sea, and in the air. As USTRANSCOM's single source manager for providing air refueling support to the geographic combatant commanders, AMC tankers flew 14,521 refueling missions and offloaded 1.03 billion pounds of fuel during fiscal year 2006. AMC KC-135s and KC-10s continued to support Operations IRAQI FREEDOM and ENDURING FREEDOM in the



Photo by Scott H. Spitzer

Boom operator refuels a C-17 Globemaster aircraft.

ongoing Global War on Terrorism. In addition, AMC tankers flew 542 missions supporting combat aircraft patrolling the skies of the Continental United States in support of Operation NOBLE EAGLE.

Patient Movement



Photo by SSG James A. Williams

Airmen from the 506th Expeditionary Medical Squadron load a litter patient onto a C-130 Hercules aircraft equipped for medical evacuation at Kirkuk Air Base during Operation IRAQI FREEDOM.

Patient movement is a critical issue for the DOD. It is a complex, time-sensitive, logistical challenge that, if done well, has a significant impact on the quality of patient care, morale, and asset utilization. The patient movement process comprises the actions and coordination necessary to arrange for the movement of patients through the various levels of care. This process matches patients with a military treatment facility that has the necessary health service support capabilities and available bed space, and the process ensures in-transit visibility of DOD patients, attendants, crewmembers, and medical equipment in the patient movement system from the originating facility to the destination medical facility.

FY06 Patient Movement Requirements Completed (excluding Katrina/Rita)

Urgent	779
Priority	2,334
Routine	19,931

For more information on USTRANSCOM and an electronic version of this publication, visit us on the web at <http://www.transcom.mil>

"If it moves by surface contract, SDDC writes the contract. If it moves by sea, SDDC manages the seaport. If it moves in a container, SDDC manages the container. If its movement is tracked, SDDC tracks it."

*Major General
Charles W. Fletcher,
Former Commander, SDDC*

The United States Transportation Command...



...implementing world
class deployment and
distribution solutions...

...globally projecting
national security
capabilities...



...and responding rapidly
to deliver humanitarian
relief at the greatest
time of need



Enabling Deployment and Distribution Transformation

"DEAMS is one of those 'big ideas' that senior leaders need to know about and closely monitor. This is good government, properly delivered."

*General
Norton A. Schwartz,
Commander,
USTRANSCOM*

Institutionalizing DOD Distribution Process Owner Mandate

As the DPO, the Commander USTRANSCOM has the authority to coordinate and develop processes, doctrine, business rules, information technology tools, and procedures to make the DOD distribution pipeline more efficient and effective in meeting warfighter needs. The DPO has made improvements to the DOD distribution system and was recognized in the February 2006 Quadrennial Defense Review Report for its progress. The report highlighted the need for the Defense Department to continually improve upon and accelerate DPO initiatives.

To this end, USTRANSCOM has sought to institutionalize its role as DPO and to accelerate improvements to the DOD distribution system. The 5 May 2006 Unified Command Plan further defined USTRANSCOM's DPO responsibilities by revising the term "strategic distribution system" (understood as inter-theater or port-to-port operations) with "DOD distribution system" to reflect broader end-to-end operations. In addition, a new memorandum signed on 8 May 2006 by the Deputy Secretary of Defense re-emphasized the importance of the DPO role and the Unified Command Plan language.

"The transformation is not going to be done by DLA itself. The military services and US Transportation Command are big partners in this. Together, we can make this system better and better by providing reliable, cost-efficient, and high-quality materiel, services, and information support through end-to-end supply chain integration. And we're doing it."

VADM Keith W. Lippert, Former Director, DLA

Develop and Operate Responsive Systems

Defense Enterprise Accounting and Management System (DEAMS) was launched in August 2003 as a joint initiative of the US Air Force, USTRANSCOM, and the Defense Finance and Accounting Service under the Defense Department's Business Management Modernization Program, now the Business Transformation Agency. The DEAMS mission is to support the nation's warfighters with timely, accurate, and reliable financial information, enabling efficient and effective decision making by DOD managers in the execution of their duties as responsible stewards of the public trust. DEAMS will reengineer financial management activities using unified enterprise architecture, standardized business rules and processes, and the Standard Financial Information Structure.

The first major milestone for DEAMS came in June 2005 when the Oracle Corporation was selected to execute the \$22.7 million contract for commercial-off-the-shelf software. In February 2006, Accenture LLP was selected as the DEAMS systems integrator and received the \$79.5 million contract to implement the commercial software suite for USTRANSCOM, AMC, SDDC, and MSC.

DEAMS will be implemented through an incremental development approach. The first increment, Version 1.1, is a technology demonstration at Scott AFB beginning in the summer of 2007 that includes USTRANSCOM, Headquarters AMC, and Air Force tenant organizations on the base. Version 1.2 will include the remainder of the AMC bases, SDDC, and MSC. Version 2.1 involves implementation to the Air Force major commands.

Innovation for Today and Tomorrow

The designation of USTRANSCOM as the DPO provided DOD a unique opportunity to assign a single organization to transform end-to-end transportation and distribution capabilities. One of those transformation methods is research. In 2006, DOD provided USTRANSCOM with funds to conduct research, development, test, and evaluation on current and emerging technologies to benefit capabilities at the joint level. In partnership with the Services, applicable defense agencies, combatant commands, industry, and academia, USTRANSCOM is harnessing scientific development expertise to investigate joint, interoperable solutions to provide the warfighter with superior supply chain performance and world-class mobility support.

Although only in its infancy, this program is already providing real-world, measurable impact within the Central Command theater. Special Forces and the 10th Mountain Division are using the Joint Precision Aerial Delivery System-Mission Planner, which provides updated mission essential data to airdropped guidance control devices for descent to the drop zone. Spin-off technologies from the Deployable Cargo Screener Advanced Concept Technology Demonstration are being applied against improvised explosive devices. Additionally, an Enhanced KC-135 Lighting Package is improving the quality of care for aero-medically evacuated patients. For additional information regarding our current projects, plans, and processes, visit the Research Development, Test, and Evaluation website at <http://rdte.transcom.mil>.

Radio Frequency Identification Proponency

On 26 September 2006, the Under Secretary of Defense for Acquisition, Technology, and Logistics designated USTRANSCOM the lead functional proponent for Radio Frequency Identification (RFID) and related Automatic Identification Technology (AIT) implementation for the DOD supply chain. Under the new designation, the DPO will execute an AIT implementation strategy and develop a centralized approach for use of these asset visibility technologies.

Radio Frequency Identification Implementation Update

USTRANSCOM continues to move forward with the implementation of AIT to enhance data quality and entry in its logistics systems as well as improve in-transit and asset visibility. Active RFID is implemented at USTRANSCOM's strategic air and sea ports, and actions are ongoing to ensure full coverage. The command also conducted a business case analysis on the use of RFID in its aerial ports and is proceeding forward with outfitting the CONUS aerial ports with passive RFID systems.

Satellite Tracking Initiative

USTRANSCOM is exploring the use of satellite tracking technology as a special purpose capability to augment land-based asset visibility networks such as RFID in theaters where permanent infrastructure does not exist. The command conducted market research to determine satellite technology availability and held DPO satellite requirements generation sessions to incorporate Joint Staff, OSD, Services, combatant commands, and DLA perspectives. If implemented, USTRANSCOM will use satellite-tracking technology to track both commodities and distribution assets, such as containers, 463L pallets, and conveyances.

"Over the past year, our uniformed and civilian logistics professionals have continued to successfully support complex military operations, including the ongoing operations in Iraq and Afghanistan, as well as humanitarian relief associated with the Pakistan earthquake, and the humanitarian relief along our own Gulf Coast."

Mr. Alan F. Estevez, Assistant Deputy Under Secretary of Defense (Supply Chain Integration)

Enabling Deployment and Distribution Transformation

Distribution Portfolio Management

Since assuming the role and responsibilities as the Distribution Portfolio Manager, the DPO, in collaboration with the national partners, has made significant progress to reduce gaps and overlaps in distribution processes and supporting IT systems that provide the force movements and sustainment for the warfighter.

The appropriate DOD governance forums have approved the following recommendations for implementation, starting in fiscal year 2006:

- Theater Distribution Management. This initiative provides warfighters with Installation Transportation Office/Traffic Management Office capabilities three years sooner via US Air Force Cargo Movement Operations System, realizing a cost avoidance for the US Army of approximately \$33 million versus implementing these capabilities in Transportation Coordinators' Automated Information for Movement System II.
- Common Operating Picture Deployment and Distribution. This initiative will provide the warfighter with graphical representations and information regarding worldwide logistics resources.
- Single DOD Port Operations and Manifesting System. The objective is a single standard port system that supports aerial and seaport operations and enables JTF - Port Opening capabilities.

Adapting Commercial Best Practices

Transforming transportation and distribution is a continual process, not just an end-state. USTRANSCOM is committed to improved warfighter support while leveraging best business practices to achieve all appropriate savings. The Defense Transportation Coordination Initiative (DTCI) is a major USTRANSCOM transformational initiative that directly supports the Command's goal of identifying and incorporating the same efficiencies in transportation and supply chain management practiced by private industry. In 2006, the DTCI evolved from a DPO concept to a fully-integrated and operationally-focused program office.

DTCI is a domestic freight initiative that leverages current commercial capabilities and proven best practices. The program's objective is increasing operational effectiveness, while at the same time achieving efficiencies. The premise is that DOD will increase operational effectiveness by reducing cycle times and improving predictability with more dedicated truck schedules and cross-docking operations. This premise also includes obtaining efficiencies through best business practices such as increased consolidations and mode conversions. The DTCI coordinator would have the visibility of freight movement requirements across the continental US and access to a network of transportation providers to schedule and fulfill those requirements.

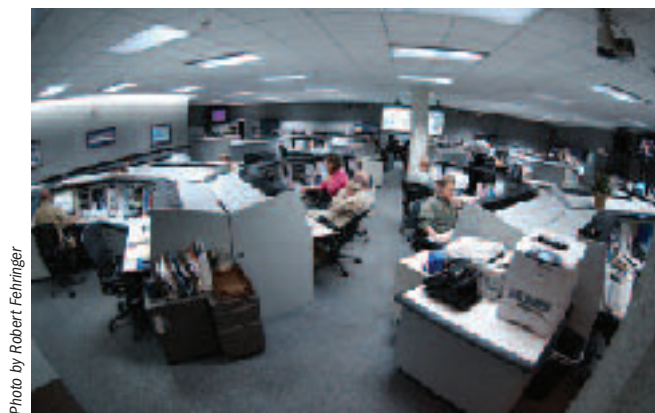


Photo by Robert Fehringer

The USTRANSCOM DDOC provides day-to-day oversight of missions from 24 to 72 hours prior to execution. The DDOC is USTRANSCOM's primary interface to the National Military Command Center, unified command C2 functions, the component commands' command centers, and all customers.

Joint Deployment and Distribution Architecture

The Joint Deployment and Distribution Architecture (JDDA) is the DPO architecture created in collaboration with the national partners. The JDDA enables end-to-end efficiencies throughout the deployment and distribution planning and execution process while supporting warfighter requirements.

USTRANSCOM, working with the Office of the Secretary of Defense, US Joint Forces Command, the Services, and DLA, has mapped the inter-connections among counterpart architectures in a federated reference model allowing a broad-spectrum view of critical operational activities across the Joint Deployment and Distribution Enterprise. Service and agency architectures and the DOD Business Enterprise Architectures have been aligned to the JDDA.

The JDDA provides the national partners an enterprise view and facilitates effectiveness of Joint Reception, Staging, Onward Movement, and Integration process requirements through the segmented Plan, Source, Deliver, and Return phases of the JDDA.

The JDDA portrays deployment and distribution support of the National Security Strategy. The JDDA empowers DOD to leverage efficiencies in deployment, employment, sustainment, and redeployment of worldwide force projection capabilities.

The JDDA bridges military and commercial sectors through adaptation of the commercially developed Supply Chain Operations Reference model as the JDDA baseline structure leveraging synergies of commercial and military supply chains from initiation of materiel requisition to delivery to the end user and disposition of the delivered asset.

USTRANSCOM received a Leadership in Government Transformation award from the E-Gov Institute for Enterprise Architecture for support of the expanded DPO mission. The award recognizes best practices in developing and implementing successful enterprise architectures.

Intelligence Support to Mobility and Distribution Operations

Intelligence support is critical to the success of USTRANSCOM's global deployment and distribution operations. The USTRANSCOM Joint Intelligence Operations Center integrates and synchronizes all-source transportation intelligence, produces vital threat intelligence and analyses to support mission requirements, and delivers timely, relevant, and actionable intelligence for DOD distribution activities.

In 2006, in an effort to leverage extensive national intelligence capabilities to support command operations around the world, intelligence support to USTRANSCOM's distribution mission was transformed by expanding to support all facets of distribution operations. Traditionally an enabler of global transportation operations through threat assessments and infrastructure analyses of strategic transportation hubs, the USTRANSCOM Intelligence Directorate expanded its mission area to support global deployment and distribution operations along the entire distribution network.

Merging intelligence with operations in the Joint Deployment Distribution Operations Center provides real-time situational awareness and reach-back capability with updated threat and strategic port and airfield assessments. This capability supports multi-modal operations around the world, essentially fusing intelligence into every aspect of military operations while enabling commanders to plan and execute more dynamic and responsive operations before, during, and after a crisis or conflict.



Photo by CPL Adaeus G. Brooks

US Marine Sergeant Timothy E. Ledwith briefs his squad on the route they will patrol in Saqlawya, Iraq.

Performance

USTRANSCOM's Transportation Working Capital Fund

USTRANSCOM's Transportation Working Capital Fund ended fiscal year 2006 with increased costs and revenue due to another year of support of the Global War on Terrorism and other emerging contingency and humanitarian operations. The additional workload resulted in higher operating results than planned. The \$10.2 billion in fiscal year 2006 revenue would place USTRANSCOM 233rd on the United States' Fortune 500 companies list.

Net Operating Result			
	Actual FY06	Planned FY06	Variance FY06
Revenue	\$10,226.4	\$10,516.8	(\$290.4)
Expense	\$9,773.7	\$10,342.8	(\$569.1)
NOR	\$452.7	\$174.0	\$278.7
(Dollars in Millions)			



Photo by SSG Jacob N. Bailey

Food, water, and juice comprise the load on a US Air Force C-17 Globemaster aircraft at Homestead Air Reserve Base, FL. The C-17 was deployed in support of Hurricane Wilma relief efforts.

AMC's Financial Performance

Fiscal year 2006 was another challenging year for AMC's Transportation Working Capital Fund as the Global War on Terrorism continued. AMC serves as the single DOD manager for our nation's airlift services and maintains the worldwide airlift system in a constant state of readiness. Financial flexibility is the vital feature of the Transportation Working Capital Fund, serving as an airlift allocator while revealing the financial impacts of daily global airlift management decisions.

AMC continued to satisfy customer requirements to move large amounts of cargo both efficiently and economically by relying heavily on the scheduled channel missions. Scheduled airlift (channel passenger and channel cargo) missions moved 233,144 passengers and 1,109 million ton-miles of cargo.

In addition to channel missions, Special Assignment Airlift Missions and contingency missions are key components ensuring the warfighter gets to the fight. AMC depends on its CRAF commercial carrier partners to help meet all airlift requirements as well. The commercial carriers again were invaluable as they supported AMC's increased workload due to the Global War on Terrorism by moving a significant amount of people and cargo to the fight.

AMC's dedication to providing airlift customers with first-rate service has always been its focus. At the same time, changing readiness and mission requirements demand flexibility and creativity to use available resources with maximum effectiveness. AMC is working hard to effectively use the resources provided.

Net Operating Result			
	Actual FY06	Planned FY06	Variance FY06
Revenue	\$7,497.5	\$7,685.5	(\$188.0)
Expense	\$7,125.8	\$7,481.9	(\$356.1)
NOR	\$371.7	\$203.6	\$168.1
(Dollars in Millions)			

MSC's Financial Performance

As the Global War on Terrorism continued, MSC's Transportation Working Capital Fund facilitated the movement of combat equipment and supplies to US warfighters in both Iraq and Afghanistan. Business process changes led to increased effectiveness in requisitioning and receipting, which directly affect invoice processing and payment. MSC used both government-owned, contractor-operated and contractor-owned, contractor-operated ships to deliver massive amounts of fuel, munitions, vehicles, bridging and other construction equipment, general supplies, and spare parts to the Middle East and other areas. At the same time, MSC continued to work with the Navy Working Capital Fund for issues related to supplying Navy combat ships at sea and operation of Special Mission ships for various government agencies, while being selected as the Navy pilot project command for Chief Financial Officer compliancy.

MSC continuously strives to provide exemplary service as part of the seamless stream of combat power, from the source of supply to the point of effect.



MSC file photo

USNS Shughart is one of MSC's 19 large, medium-speed roll-on/roll-off ships and is part of the 26 ships in the Sealift Program Office.

SDDC's Financial Performance

Throughout fiscal year 2006, SDDC's primary focus continued to be on satisfying the warfighters' deployment, sustainment, and redeployment requirements worldwide. Within the financial community, SDDC facilitated this support within a financially constrained operating environment through the appropriate review and prioritization of command requirements and through the continued development and evolution of new and improved financial reporting tools. During the year, SDDC made enhancements to the command's financial management system, providing their customers more detailed billing information and allowing them to reconcile their bills more easily.

Now and in the future, SDDC remains committed to providing financial accountability to their customers through the processing of accurate, timely, and relevant financial information by the most efficient and effective means available.



Photo by Mitch Chandran

Soldiers with SDDC scan the tag affixed to a vehicle updating in-transit visibility.

Net Operating Result

	Actual FY06	Planned FY06	Variance FY06
Revenue	\$1,088.0	\$1,178.2	(\$90.2)
Expense	\$1,111.6	\$1,191.1	(\$79.5)
NOR	(\$23.6)	(\$12.9)	(\$10.7)

(Dollars in Millions)

Net Operating Result

	Actual FY06	Planned FY06	Variance FY06
Revenue	\$1,629.2	\$1,610.2	\$19.0
Expense	\$1,524.6	\$1,620.7	(\$96.1)
NOR	\$104.6	(\$10.5)	\$115.1

(Dollars in Millions)

Component Performance by Business Area

AMC

Definition of Business Areas:

PAX	Passenger airlift from CONUS to OCONUS along scheduled routes
Cargo	Shipment of cargo from port to port or from depot to customer along scheduled routes
SAAM	Special Assignment Airlift Mission: rental of entire aircraft to move cargo and/or passengers
Exercise	Rental of entire aircraft in support of Joint Chiefs of Staff exercises
Training	Air Force/Air Force Reserves purchase of flying hours to train crews

AMC Net Operating Result

	Revenue	Expense	NOR
PAX	\$256.4	\$267.4	(\$11.0)
Cargo	\$1,912.2	\$2,601.0	(\$688.8)
SAAM	\$4,697.5	\$3,548.5	\$1,149.0
Exercise	\$112.4	\$114.1	(\$1.7)
Training	\$519.0	\$594.8	(\$75.8)
TOTAL	\$7,497.5	\$7,125.8	\$371.7

(Dollars in Millions)



Photo by SSG Russell Lee Klika

Soldiers stand in formation at Forward Operating Base Brassfield-Mora, Iraq.

MSC

Definition of Business Areas:

Cargo	Movement of DOD dry cargo
Tankers	Movement of DOD bulk petroleum products
Surge	Strategic lift capabilities used for contingencies and Joint Chiefs of Staff exercises
Prepo	Prepositioning support placing military equipment and supplies in key ocean areas prior to contingencies
Reimbursable	Miscellaneous work performed outside the rate structure

MSC Net Operating Result

	Revenue	Expense	NOR
Cargo	\$313.5	\$332.7	(\$19.2)
Tanker	\$164.0	\$153.6	\$10.4
Surge	\$273.5	\$304.0	(\$30.5)
Prepo	\$330.1	\$314.4	\$15.7
Reimbursable	\$6.9	\$6.9	\$0.0
TOTAL	\$1,088.0	\$1,111.6	(\$23.6)

(Dollars in Millions)

SDDC

Definition of Business Areas:

Port Operations	Vessel loading and discharging operations, cargo staging and stow planning, documentation, and oversight of stevedore services
Traffic Management	Direction, control, and supervision of all traffic; freight management; and transportation services
GPC	(Known as Global Privately Owned Vehicle Contract) Booking and movement of privately owned vehicles
Liner	Ocean movement of DOD cargo by scheduled commercial ocean carrier service
Charter	Surface movement of DTS dry cargo
Reimbursable	Fees to maintain underutilized capacity of the port for use in contingencies
Other	Non-Operational revenue and cost due to conversion to new financial system; undistributed and railcar write-offs

SDDC Net Operating Result

	Revenue	Expense	NOR
Port Ops	\$203.0	\$251.7	(\$48.7)
TFC Mgt	\$98.8	\$98.8	\$0.0
GPC	\$236.8	\$224.2	\$12.6
Liner	\$1,015.1	\$877.5	\$137.6
Charter	\$18.8	\$16.9	\$1.9
Reimbursable	\$26.8	\$25.6	\$1.2
Other	\$29.9	\$29.9	\$0.0
TOTAL	\$1,629.2	\$1,524.6	\$104.6

(Dollars in Millions)

Appendix

Department of Defense

United States Transportation Command

Statement of Financial Condition

(Dollars in Millions)

	FY 2006	FY 2005
Assets:		
Cash	\$23.0	(\$125.6)
Available for Operations	(\$148.7)	(\$297.6)
Required for Capital Purchases	\$171.7	\$172.0
Accounts Receivable	\$1,161.2	\$829.7
Advances Made	\$12.6	\$15.8
Operating Material and Supplies	\$0.6	\$3.2
Capital Property (Net)	\$1,002.6	\$1,089.9
Total Assets	\$2,200.0	\$1,813.0
Liabilities:		
Accounts Payable	\$1,156.3	\$1,255.2
Accrued Liabilities	\$34.2	\$31.3
Other Liabilities	\$299.0	\$262.8
Total Liabilities	\$1,489.5	\$1,549.3
Government Equity:		
Paid-in-Capital	(\$1,555.6)	(\$1,549.7)
Accumulated Operating Results	\$2,266.1	\$1,813.4
Total Government Equity	\$710.5	\$263.7
Total Liabilities and Equity	\$2,200.0	\$1,813.0

Statement of Revenue and Expenses

(Dollars in Millions)

	FY 2006	FY 2005
Revenue:		
Gross Sales	\$9,975.8	\$8,952.7
Operations	\$9,750.1	\$8,734.8
Depreciation	\$225.7	\$217.9
Other Income	\$300.6	\$8.3
Refunds/Discounts	(\$50.0)	(\$39.8)
Total Income	\$10,226.4	\$8,921.2
Expenses:		
Salaries and Wages:		
Military Personnel Compensation & Benefits	\$33.3	\$37.5
Civilian Personnel Compensation & Benefits	\$313.3	\$278.9
Travel and Transportation of Personnel	\$169.6	\$142.1
Materials and Supplies	\$1,600.4	\$1,323.2
Equipment	\$14.8	\$24.3
Transportation of Things	\$1,029.0	\$1,021.6
Depreciation - Capital	\$225.7	\$217.9
Printing and Reproduction	\$0.8	\$0.9
Rent, Communications, Utilities, and Misc Charges	\$29.5	\$39.3
Other Purchased Services	\$6,357.3	\$5,948.8
Total Expenses	\$9,773.7	\$9,034.5
Net Operating Result	\$452.7	(\$113.3)
Beginning AOR	\$1,813.4	\$1,926.7
Prior Year Adjustments	\$0.0	\$0.0
Accumulated Operating Result	\$2,266.1	\$1,813.4

Photo by CPL Brian M. Henner



US Marine Corps Lance Corporal conducts a patrol in Al Ish, Iraq.

Photo by JCSR Jeff Hall



A child waits for her family member to return from deployment.

Photo by SSG Kevin L. Moses Sr.



US Marine and Iraqi army soldier discuss information about a suspect during a joint patrol in Khandari, Iraq.

Photo by PH2 Gregory N. Juday



A US Navy Seabee holds his son after returning from deployment.

As it was so often before throughout our history, what we face today isn't a clash between civilizations; it's a clash about civilization. What we do — especially what we do together — is not only important, it is vital. USTRANSCOM's support for and, though often quiet and unseen, service on behalf of all engaged in this great, long struggle is making a difference in this world.

A promise given is a promise kept.

General Norton A. Schwartz

Photo by TSGT Roger M. Dey



Army Staff Sergeant hugs his wife and daughter after arriving home with fellow members of the Louisiana Army National Guard's 256th Brigade Combat Team.

Photo by SSG Sarah Webb-Frost



Airmen offload palletized aircraft parts and maintenance equipment from a USAF C-5A Galaxy aircraft at Moron Air Base, Spain, while deployed in support of Operation ENDURING FREEDOM.

Photo by TSGT Jeremy K. Cross



US Airman loads trucks with humanitarian supplies for ground transportation at Chaklala Air Base, Pakistan, in support of earthquake relief efforts.

United States Transportation Command

General Norton A. Schwartz

US Air Force

Commander, United States Transportation Command



General Duncan J. McNabb

US Air Force

Commander, Air Mobility Command



Rear Admiral Robert D. Reilly, Jr.

US Navy

Commander, Military Sealift Command

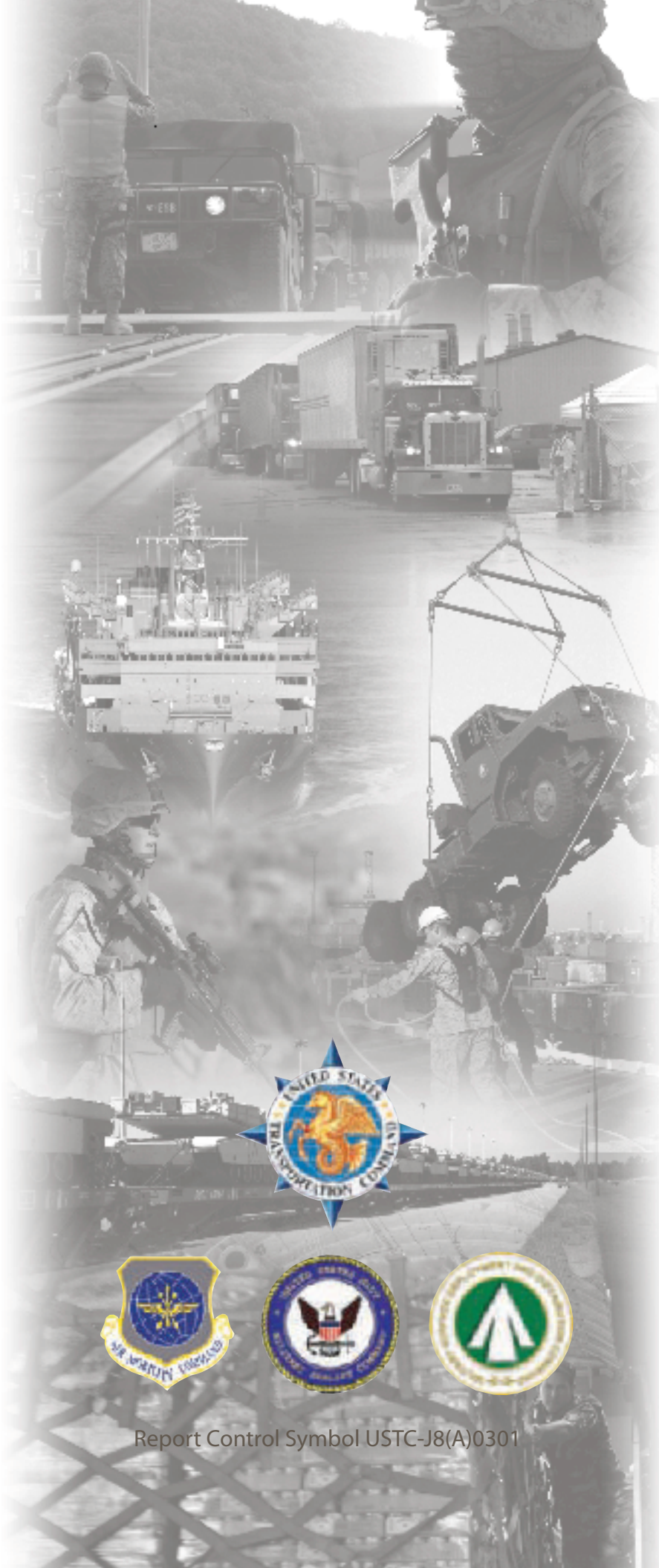


Major General Kathleen M. Gainey

US Army

Commander, Military Surface Deployment and Distribution Command





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