IN REPLY
REFER TO

April 5, 2013

MEMORANDUM FOR SUPPLY PROCESS REVIEW COMMITTEE (PRC) MEMBERS

SUBJECT: Approved Defense Logistics Management System (DLMS) Change (ADC) 1031,
Foreign Military Sales (FMS) Repair Value (Supply/MILSTRIP)

The attached change to Defense Logistics Manual (DLM) 4000.25, Defense Logistics
Management System (DLMS) and DLM 4000.25-1, Military Standard Requisition and Issue
Procedures (MILSTRIP) is approved for staggered implementation. <u>This change supports a
regulatory requirement and implementation should be expedited.</u> Supply PRC representatives
are required to actively monitor for implementation of this ADC and provide implementation
dates when they become available. The updated DLMS Supplements will be posted to the DLA
Logistics Management Standards Web at
www.dla.mil/j-6/dlmso/elibrary/TransFormats/formats.asp within 10 days from the above date.

Addressees may direct questions to Ms. Ellen Hilert, DOD MILSTRIP Administrator, 703-
767-0676 or DSN 427-0676, email: ellen.hilert@dla.mil, or Ms. Heidi Daverede, DOD
MILSTRIP Alternate, 703-767-5111; DSN 427-5111, e-mail: heidi.daverede@dla.mil. Others
may direct questions to their Service or Agency designated Supply PRC representative available
at: www.dla.mil/j-6/dlmso/CertAccess/SvcPointsPOC/allpoc.asp.

FOR

DONALD C. PIPP
Director
DLA Logistics Management
Standards Office

Attachment
As stated

cc:
ODASD(SCI)
Finance PRC

Attachment to ADC 1031
Foreign Military Sales (FMS) Repair Value

1. ORIGINATING SERVICE/AGENCY AND POC INFORMATION:

   a. Defense Security Cooperation Agency (DSCA) , (703) 601-3672

   b. Defense Logistics Agency (DLA) J332, DSN 427-1249, Commercial 703-767-1249

2. FUNCTIONAL AREA:

   a. Primary/Secondary Functional Area: Export Compliance/Supply

   b. Primary/Secondary Functional Process: FMS Repair/Return and Repair/Replace
Program/Distribution

3. REFERENCES:

   a.   Title 22, Code of Federal Regulations, Parts 123.4(a)(5) and 126.6

   b. Defense Security Cooperation Agency Memo of March 27, 2012, Subject: Repair Costs
on Invoice/Shipping Documentation for Repaired Foreign Military Sales (FMS) Materiel, DSCA
Policy 12-17 (See Enclosure 1)

   c. GAO Report 03-599, subject: Foreign Military Sales: Actions Needed to Provide Better
Controls over Exported Defense Articles, June 5, 2003

   d. GAO Report 09-454, subject: Foreign Military Sales Program Needs Better Controls for
Exported Items and Information for Oversight," May 20, 2009

4. APPROVED CHANGE(S):

   a. Brief Overview: This change requires shipping activities preparing the DD 1348-1A,
Issue Release/Receipt Document (IRRD) or DD Form 1348-2, Issue Release/Receipt Document
with Address Label, to print the repair service value on the shipment document for FMS
shipments associated with a "repair and return" or "return and replace" program. To facilitate
this requirement for materiel stored in a DLA Distribution Depot or other storage activity, the
repair service value is added to the DLMS materiel release order (MRO) transaction so it will be
available at the time the shipment document is printed. In addition to display on the IRRD, the
repair value will be incorporated in the 2D bar code on the IRRD. For enhanced visibility of the
repair value by the FMS customer, the supply status transaction is also updated.

   b. Background:

      (1) U.S. Customs and Border Protection (CBP) informed DSCA that repair and
return/repair and replace invoices/shipping documentation, provided by the DOD repair facility
often reflects the materiel acquisition value and not the repair (service) value (charge). This
absence of the repair cost on the DOD shipment document is exhausting the exportable value on
the export records maintained by CBP for each FMS case.

(2) In addition to the invoice/shipping document citing the repair cost, electronic filing (Electronic Export Information (EEI)) using the Automated Export System (AES) is required to comply with International Traffic in Arms Regulations (ITAR) section 123.4. This ITAR section covers the export of FMS-origin materiel returned to the U.S. for repair. In order to correctly file the EEI transaction in AES, an accurate repair cost from the DOD is needed.

(3) CBP uses the DOD documentation attached to the repaired materiel headed back to the FMS customer to maintain CBP-internal records decrementing the value of each export made against a FMS case. When the acquisition value is the only value provided on the DOD release document, CBP records decrement that value and not the (lower) repair value. This noncompliance caused diligent CBP personnel to halt further exports to a major U.S. ally due to the FMS case value being exhausted. Significant resources of the DOD, CBP and the FMS customer are required to fix the records so further exports can be allowed.

c. Approved Change in Detail: Substantive changes subsequent to staffing are incorporated to add the repair service value to the IRRD 2D bar code , add Navy applicability, and to discuss a deviation when the actual repair service cost varies among items in a shipment. Refer to comment resolution at Enclosure 6.

(1) This guidance is applicable to items shipped to FMS purchases under a repair and return or a repair and replace program. The following information regarding applicability is provided, but is not intended to be all inclusive.

(a) Air Force shipments are identified by the Repair and Return/Replace Delivery Term Code (DTC) [1] A, B, C, E, F, G, H, J or for Repair and Replace transactions citing Service/Agency Code D and MILSTRIP document number embedded code/Utilization Code H (first position of the document number serial number).

(b) Navy repair and replace requisitions are identified by a Service/ Agency Code P in the first position of the MILSTRIP document number and Project Code Z8A. For repair and return, Navy requisitions are identified by a Service/Agency Code P in the first pos. of the MILSTRIP document number and Delivery Term Codes A, B, C, E, F, G, H or J.

(2) When a repaired item is shipped by the repair facility directly to the FMS customer or freight forwarder, the repair facility is responsible for displaying the repair service value on shipping documentation.

(3) When the item is stored in a DLA distribution depot, the activity responsible for directing shipment and preparation of the DLMS 940R MRO is responsible for determining the value of the repair service (estimated or actual, in accordance with program procedures) and including the repair service value in the MRO. The DLA Distribution Standard System (DSS) will recognize the inclusion of the repair service cost and perpetuate the value to the IRRD.

(4) When shipment is directed by the Air Force, the Air Force unique release order formatted transaction (comparable to MILSTRIP A5E (MRO with exception data) provided directly to DSS located at an Air Logistics Complex (ALC) (via a near real time interface) will

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[1] The DTC indicates how far, from the source of supply to the final destination, that the DoD is responsible to transport a shipment. Code explanations available at www.dla.mil/j-6/dlmso/eApplications/LOG.NET/UIL/Log_Qualifiers/lqvqcDetails.aspx?code=A3

include the repair service value in trailer data for perpetuation to the shipping document. For non-ALC locations, offline communications will be required to convey the repair cost information to the depot for inclusion on the IRRD.

(5) The shipping activity will encode the repair value in the 2-dimentional (2-D) bar code on the IRRD.

(6) When supply status (DLMS 870S/DIC AE_) is provided in association with a repair/return or repair/replace program, the repair service value will be provided in place of the unit cost for the NSN (MILSTRIP legacy rp 74-80). Where the actual repair service cost is not available, the average repair value may to be provided. A new DLMS qualifier is provided for the repair service value as a DLMS enhancement.

(7) By exemption, when actual repair service value is employed and that value differs among multiple items shipped under the same document number, off-line procedures may be used to communicate the repair costs and manually update the IRRD.

d. DLMS Supplement Revisions: Revise the DLMS 870S and 940R as follows:

#	Location	DLMS 870S Supply Status Revision	Rea son
1.	DLMS Introductory Notes	Add ADC 1031to DLMS Introductory Note 7: - ***ADC 1031, Foreign Military Sales (FMS) Repair Value***	Identifies DLMS Changes included in the DLMS Supplement.
2.	2/PO104-05/150	Add new Qualifier QT and associated DLMS notes: **Unit Price** **Basis of Unit Price Code** **Federal Note:** Use to identify the correct unit price associated with the status provided. *DLMS Note:* 1. A field size exceeding 7 positions (5 digits dollars and 2 digits cents) may not be received or understood by the recipient's automated processing system. 2. DLMS transactions authorize an expanded unit price field size of 9 digits for dollars and 2 digits for cents. The decimal point is passed in the transaction. If conversion to MILS legacy format is required, unit prices exceeding the legacy field size constraint will not be perpetuated. Authorized DLMS migration enhancement; see introductory DLMS 3f. Refer to ADC 221A. **QT Quoted** **DLMS Note:** *1. Use to provide the estimated or actual unit cost for the repair service provided for FMS items repaired/replaced under a repair/return or repair/replace program. Authorized DLMS enhancement. See ADC 1031.* *2. The Repair Service Value is structured as 9 digits for dollars and 2 digits for cents. The decimal point is passed in the transaction.*	The value for the unit prices is defined by a separate qualifier indicated the basis/type of unit price identified. The choice of codes for this data element is limited and does not include a price associated with repair so a generic code will be used.

#	Location	DLMS 940R Materiel Release Revision	Reason
1.	DLMS Introductory Notes	Add ADC 473 to DLMS Introductory Note 7: - *ADC 1031, Foreign Military Sales (FMS) Repair Value*	Identifies DLMS Changes included in the DLMS Supplement.
2.	2/AMT01/0800	Add new Qualifier and associated DLMS Note: **RP Repair** **DLMS Note:** *1. Use to provide the estimated or actual unit cost for the repair service provided for FMS items repaired/ replaced under a repair/return or repair/replace program. Authorized DLMS enhancement. See ADC 1031.* *2. The Repair Service Value is structured as 9 digits for dollars and 2 digits for cents. The decimal point is passed in the transaction.*	Allows the activity directing the release of materiel to provide the repair cost to the storage activity so that it can be perpetuated to the shipping documentation. There is no identified requirement to distinguish estimated from actual value.

    e. Revisions to DLM 4000.25 Manuals:

        (1) Update DLM 4000.25, DLMS, Volume 2, Chapter 4, for Security Assistance procedures associated with this change. Refer to Enclosure 2.

        (2) Update DLM 4000.25-1, MILSTRIP, Appendix 1.1, Forms/Message Formats (Introduction), to prescribe printing in Block 27. Refer to Enclosure 3.

        (3) Update MILSTRIP Appendix AP1.35, Issue Release/Receipt Document (IRRD) (1348-1A) With Three of Nine Bar Coding and PDF417 Two-Dimensional (2D) Bar Code, to insert the repair value in the 2D bar code. Refer to Enclosure 4.

        (4) Update DLM 4000.25-1, MILSTRIP, Appendix 3.48, Materiel Release Document DD Form 1348-1A or DD Form 1348-2 to prescribe printing in Block 27. Refer to Enclosure 5.

    f. Transaction Flow: There are no changes to the existing transaction flows.

    g. Alternatives: None identified.

5. REASON FOR CHANGE: The DOD needs to provide the repair cost for repaired FMS materiel in order for the repaired materiel to be reported correctly in the AES system and correctly decremented in CBP databases. Compliance with the FMS requirements in the ITAR is mandatory. Frustrated repaired FMS materiel impacts program execution and sustainment of FMS-purchased or provided materiel, not to mention the expenditure of DOD, CBP and FMS

customer resources to constantly reconcile the records so further defense items can be exported against the FMS case.

6. ADVANTAGES AND DISADVANTAGES:

    a. Advantages: Comply with Code of Federal Regulations (CFR) (ITAR). Reduce program execution impact due to DOD documentation discrepancies. Reduce DOD resources required to constantly reconcile FMS case financial records on cases including repair services. Failure to support the required change will encourage CBP to stop any further shipments when the exportable value is exhausted on an FMS case until DOD makes the required system fix(es).

    b. Disadvantages: None identified.

7. ASSUMPTIONS USED OR WILL BE USED IN THE CHANGE OR NEW DEVELOPMENT: None.

8. ADDITIONAL COMMENTS TO CONSIDER: In 2003, the Government Accountability Office released a report, 03-599, that recommended the Department of Defense refine processes to verify export information and ensure that only the correct value of defense articles exported on FMS cases. A follow-up report in 2009, 09-454, reiterated the need for better controls for exported items and information for oversight. This DLMS change will correct one of the longstanding GAO findings.

9. ADDITIONAL FUNCTIONAL REQUIREMENTS: The repair cost must be perpetuated to Defense Finance and Accounting Office (DFAS) for preparation of the FMS billing statement.

10. ESTIMATED TIME LINE/IMPLEMENTATION TARGET: This is a regulatory requirement and implementation should be expedited. Supply PRC representatives are required to actively monitor for implementation of this ADC and provide implementation dates when they become available. Prioritization should be given to communicating the repair service cost in the MRO and display on the IRRD; inclusion of the repair cost in the 2D bar code and supply status may follow at a later date.

11. ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH IMPLEMENTATION OF THIS CHANGE:

    a. Approximately 30,000 FMS repair transactions come from the Service per fiscal year.

    b. USG cost savings would be realized by the Services, DSCA (part of OSD Policy), Customs and Border Protection (CBP) Headquarters and CBP offices at export locations. Additional savings would be realized by the FMS Purchaser's Freight Forwarder. The ultimate impact is the improved sustainment capability of FMS materiel, the result of increased shipment times for repaired.

    c. The cost impact to be eliminated is the manpower cost by the Services, OSD Policy, CBP HQ and CBP ports to reconcile the CBP export records so further exports from a FMS case are authorized by CBP.

12. IMPACT:

    a. New DLMS Data Elements: A new DLMS data element is established for Repair Service Value structured as a maximum of 9 digits for dollars and 2 digits for cents. The repair

service value is defined as the estimated or actual unit cost for the repair/replacement service provided for an FMS item returned under a repair or repair and return program.

b. Changes to DLMS Data Elements: None.

c. Automated Information Systems (AIS):

(1) **Distribution Standard System:** Recognize inclusion of the repair cost in the DLMS 940R or Air Force-unique A5E user defined file from direct interface. Apply the repair cost with applicable identifying statement to the IRRD and incorporate in the 2D bar code.

(2) **Air Force Legacy System:** Develop procedures/internal interfaces to capture the repair cost and incorporate in outgoing release order format and supply status.

(3) **DLMS Compliant Service Systems:** Develop internal procedures/interfaces to capture the repair cost and incorporate in outgoing DLMS 940R and DLMS 870S.

d. DLA Transaction Services: Map updates to recognize the new data element.

e. Non-DLA Logistics Management Standards Publications:

(1) Possible update to DTR 4500.9-R Defense Transportation Regulation, Part II Cargo Movement, Appendix E, Foreign Military Sales.

(2) Requires update to DOD 5105.38-M, Security Assistance Management Manual, Chapter 7 Transportation.

(3) Training and guidance, as applicable.

Enclosure 1

DEFENSE SECURITY COOPERATION AGENCY
201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-5408

MAR 27 2012

MEMORANDUM FOR THE DEPUTY UNDER SECRETARY OF THE AIR FORCE FOR
    INTERNATIONAL AFFAIRS
    DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR
        DEFENSE EXPORTS AND COOPERATION
    DEPUTY ASSISTANT SECRETARY OF THE NAVY FOR
        INTERNATIONAL PROGRAMS
    DIRECTOR, DEFENSE CONTRACT MANAGEMENT
        AGENCY
    DIRECTOR, DEFENSE LOGISTICS AGENCY

SUBJECT: Repair Costs on Invoice/Shipping Documentation for Repaired Foreign Military
    Sales (FMS) Materiel, DSCA Policy 12-17

REFERENCE: 22 CFR Part 123.4 Section (a)(5) and (d)(2), International Traffic in Arms
Regulations (ITAR)

    Customs and Border Protection (CBP) has informed DSCA that repair and return
invoice/shipping documentation, provided by the DoD repair facility, often reflects the materiel
original acquisition value and not the repair value. This erroneous data cited on the
documentation is exhausting the exportable value on the DSP-94 for the FMS case which if not
corrected will lead to CBP prohibiting further exports.

    In addition to the invoice/shipping document citing the repair cost, electronic filing using
the Automated Export System (AES) is required to comply with ITAR section 123.4. This ITAR
section covers the export of FMS-origin materiel returned to the U.S. for repair. The AES filing
must be completed by the DoD shipping activity or the purchaser's freight forwarder. In order to
correctly file the transaction in AES, an accurate repair cost from the DoD is needed.

    DSCA requests that the Military Departments and the Defense Logistics Agency adjust
the appropriate Service and/or DLA-managed processes to ensure that the repair cost is cited on
the documentation issued by each repair facility for repaired FMS materiel. Please ensure you
communicate this requirement to your subordinate agencies/commands and update any internal
policies and procedures that are not consistent with this process to cite the repair value on the
appropriate forms. We request that you keep DSCA, Strategy Directorate informed of your
efforts on a quarterly basis so we can provide the appropriate assurances to CBP.

    If you have any questions concerning this guidance, please contact Mr. Brion Midland,
DSCA-STR/POL, brion.midland@dsca.mil, (703) 601-3672.

Scott R. Schless
Principal Director
For Strategy

Enclosure 2, DLMS/MILSTRIP Manual Revision

Insert new section shown in DLM 4000.25 DLMS providing a repair and repair/replace program overview and specific guidance under this ADC. Paragraph numbering to be assigned for formal publication.

Comparable guidance will be incorporated in DLM 4000.25-1, MILSTRIP, Chapter 6, Security Assistance Program, for the legacy supply status requirement as shown below. Changes are identified in *bold red italics.*

C6.24 REPAIR AND REPAIR/REPLACE PROGRAM

    C6.24.1. General. Purchasing countries can establish FMS cases to get items repaired, most commonly at the depot level. Purchasing country repair requirements are integrated with the repair programs of the military services and are accomplished by organic military repair facilities (i.e., Army maintenance depots, Air Force logistics centers, Naval aviation depots, Naval shipyards) or by civilian contractors. There are two concepts used in obtaining repairs under the FMS repairable program:

        C6.24.1.1 Repair and Return. The FMS customer must request approval for repair through the ILCO from the item/repair manager before shipping materiel to the U.S. for repair. After receiving approval and shipping instructions from the item manager the purchaser ships the materiel to the designated repair facility where it is entered into the repair queue. After repairs are completed, the item is shipped back to the FMS customer. In the repair and return or RRR program, the cost to the country is the actual cost of the repair in accordance with DoD 7000.14-R, Financial Management Regulation (FMR), Volume 15, Chapter 7.

        C6.24.1.2 Repair and Replace. Under the repair and replace program, the unserviceable item is returned to the repair activity and, if it can be economically repaired or overhauled, a replacement item is issued from the U.S. Military Service's stocks. The country's unserviceable item is repaired or overhauled and returned to the U.S. military service's stocks. Under this program, countries are charged the estimated average cost of repairs (also referred to as net cost or exchange price).

    C6.24.2. Repair Service Value. The repair service value is the cost to repair or replace an FMS-origin item returned by an FMS customer. The estimated or actual repair unit cost, as appropriate for the type of repair program, will be identified for use in specific business processes including status, shipment, and preparation of the subsequent billing statement by Defense Finance and Accounting Services (DFAS). If actual cost varies among multiple items in a shipment, off-line manual processing may be used to communicate the applicable values.

        C6.24.2.1. Supply Status. When supply status (DLMS 870S/DIC AE_) is provided in association with a repair or repair/replace program, the repair service unit cost will be provided in place of the unit cost for the NSN (MILSTRIP legacy rp 74-80).

        C6.24.2.2. Materiel Release Order (MRO). When the repaired or replacement item is located in a DoD storage activity, the activity directing shipment must include the repair service unit cost on the release order (DLMS 940R) so that it can be perpetuated to the shipment documentation. The Air Logistics Complex has comparable ability via direct interface with a shipping Distribution Depot; for non-Air Logistics Complex locations, offline communications will be required to convey the repair cost information to the depot.

C6.24.2.3. Shipment Document. The repair facility and/or the storage activity will include the estimated or actual repair service unit cost on the shipping document. This is required for U.S. Customs export purposes. For DoD storage activities, the repair service value will be perpetuated from the MRO and will be properly identified on the DD 1348-1A/2 (see MILSTRIP Appendices 1.1, 1.35, and 3.48).

Enclosure 3, DLM 4000.25-1, MILSTRIP, Appendix 1.1 Revision

Revise Appendix 1.1, Forms/Message Formats Introduction, as shown. Changes are identified in *bold red italics*.

"AP1.1.6.6.2. The Issue Release/Receipt Document data elements, configuration and locations are as follows:

(Intervening text not shown.)

BLOCK ELEMENT NAME	BLOCK SIZE/ NO. OF CHARACTERS	BLOCK NUMBER
(Intervening text not shown.)		
Additional Data For shipments of GFP, include the GFP contract number (and call order number when provided). This includes shipments from DOD to contractors and contractor shipment of GFP to DOD activities. The contract number shall be prefaced by "GFP" to clarify the usage.	Variable	27
Perpetuate the customer's internal purchase order (PO) number when provided on the release order[2].	PO number value: 10-13 characters	
For FMS repair/return and repair/replace items, include the estimated or actual unit cost of the repair service per Appendix 3.48.[3] "	*Repair value: up to 9 digits dollars followed by period and 2 digits cents*	

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[2] Refer to ADC 473A
[3] *Refer to ADC 1031.*

Enclosure 4, DLM 4000.25-1, MILSTRIP Appendix AP1.35 Revision

Revise the MILSTRIP Appendix AP1.35, Issue Release/Receipt Document (IRRD) (1348-1A) With Three of Nine Bar Coding and PDF417 Two-Dimensional (2D) Bar Code as shown. Changes are identified in *bold red italics*.

Compliance Indicator	Separator / Trailer Characters	Format Header	ANSI MH10.8.2 Format 06 Data Identifier (DI)/ Category/Description or Format 07 Data Element Identifier (DEI)	Data Field (DoD Usage)	Data Format (Type/Length)	Sample Data (Compliance, Header, Identifier and Data ~~Field~~)	Total Characters
	G S		**12Q** Category 17, Measurement: ~~Monetary~~ Value followed by an ISO 4217 data element code for representing unit of value of currencies and funds (e.g., 12Q2.50USD) (2.50 Monetary Value in USA Dollars)	**Unit Price** Configured as 9 digits (whole dollars), decimal, and 2 digits (cents) followed by "USD" indicating U.S. dollars. Do not include leading zeros.	n..9.n2+an3	12Q50.20USD	19
	G S		*5Q* *Net Amount*	*Repair Value* *For repair/return and repair/replace, include the estimated or actual unit cost. Configured as 9 digits (whole dollars), decimal, and 2 digits (cents). Do not include leading zeros. Do not suffix the value with "USD".*	*n..9.n2* *Value is in U.S. dollars.*	*5Q1500.00*	*15*

Enclosure 5, DLM 4000.25-1, MILSTRIP Appendix 3.48 Revision

Revise Appendix 3.48, Materiel Release Document DD Form 1348-1A OR DD Form 1348-2, to insert new paragraph shown providing guidance for identification of the repair service cost. Changes are identified in *bold red italics*.

<h2 align="center">"<u>FOR FMS SHIPMENTS</u>[1]"</h2>

(Intervening text not shown.)

"27   This block may contain additional data including bar coding for internal use. This block may contain a 2D bar code which contains information for serially tracked items and repeats bar coded data content. Data entered in this block is as required by shipping activity by commodity. When data is entered in this block, it will be clearly identified. See Appendix 1.35 for Code 39 linear bar code and PDF417 2D bar code format information. See Appendix 1.36 for the Block 27 continuation page requirements.

<u>USML Items</u> – This block will contain clear-text information to identify shipments of United States Munitions List (USML) items which may require filing of export licenses and Shipper Export Declarations (SED) per 22CFR126.4 and 22CFR123.22 as follows: "USML item—may need SED."

<u>For FMS Repair/Return and Repair/Replace Items</u> – Include the estimated or actual unit cost for the repair service; perpetuate from the release order when provided. This block will contain the following statement: "Unit repair value of $XXXXXXXXX.XX is provided for United States Customs export purposes.[2]"

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[1] Requirement to add bar-coded Foreign Military Sales data to the Issue Release/Receipt Document last reported as not implemented by United States Marine Corp (USMC). Refer to AMCL 8.

[2] *Refer to ADC 1031.*

Enclosure 6, Proposed Change Comment Resolution

	Submitter	Response/Comment	Resolution
1.	DLA	Concur. Impact statement pending from EBS and DSS. 1. DTR Part V, Chapter 508 already reflects the requirement. Transportation Policy (TP) will work with USTRANSCOM at the ISTWG to ensure the recommendation to add the change to the DTR, Part II, Appendix E is executed. This will only have a minimal impact to TP. 2. Clarify the PDC detail contained in para 4.c. that says the Air Force will provide the transaction directly to DSS "via a near real time Websphere interface." It seems to allude to an automation of the MRO, but doesn't mention that we would receive a DLMS 940R as it does in para 3 (does para 3 not apply to Air Force?). Can someone break down the processing requirements from the receipt of the repaired item to the MRO transaction being transmitted to DSS? How does this websphere interface work and will the MROs now flow through the system? From my limited experience with Air Force FMS repair and return it is a very manual process and I don't see why or how this PDC will affect any change to that. As far as I know, we do not perform normal receipts and MROs on this material. My concern is that the Air Force doesn't use the standard processes and this PDC is not likely to resolve issues with ensuring that the repair cost is on the 1348-1 or improve any processing.	Noted. No known impact on EBS. Impact on DSS applicable to the processing of materiel release orders and printing of the IRRD. 1. Noted. 2. This change does apply to the Air Force but specific rules which deviate from the DLMS transactional interface are required. The Air Logistics Complex uses a user defined file (UDF) transaction that is comparable to an A5E with extended data. This interface will allow the AF to incorporate the repair value in their release order without a DLMS interface. Non-ALC locations will be required to provide the repair value via telephone or email. There is no impact to receipt processing, but MROs will need to be modified to contain the repair value so that it can be captured for display on the DD 1348-1A and inclusion in the 2D bar code.
2.	Army	Concur. 1. If a repair cost is entered the time a controller sends it back to PC&H/ Transportation, their Labor as well as materials will not be calculated. 2. Most FMS programs are reimbursable or fixed priced, a UFC is provided to the customer prior to the acceptance of the program and billed the total cost incurred after all cost centers load their labor and materials. This can only be done after PC&H/Transportation do their part. 3. What if it takes a month to input their time/materials, the asset will sit here until this has taken place.	Noted. Response provided by DSCA Transportation Financial Policy: 1. If a DTC (for below the line transportation) is used then the original item value, not the repair cost needs to be used to calculate the transportation cost (in DIFS), if not, then we will not be collecting enough and this will impact the health of the transportation account. If using above-the-line to pay for the

	Submitter	Response/Comment	Resolution
			transportation we don't see an actual cost; I believe only Navy uses the above the line for Return and Repair. If they are using a Freight Forwarder then there is no issue as there is no cost to us. 2. The customer is provided an estimate prior to the item being returned and then billed the total cost once it is delivery reported. Please more fully explain the issue/concern since the customer is being billed the total cost once it is delivery reported for the article. However for transportation, if a DTC is used, the cost is based on the article cost times the DTC percentage. 3. The item should generally ship prior to the delivery being reported and the transportation charge calculated.
3.	Navy	Concur. The Navy requests the following corrections be made to this PDC: 1. Paragraph 4.c(1) will need to be altered. It currently states, "This guidance is applicable to items shipped to FMS purchases under a repair and return or a repair and replace program. Applicable shipments are identified by the Repair and Return/Replace Delivery Term Code (DTC) A, B, C, E, F, G, H, J or for Air Force Repair and Replace transactions citing Service/Agency Code D and MILSTRIP document number embedded code/Utilization Code H (first position of the document number serial number)." Please add a statement that shows that Navy repair and replace requisitions are identified by a Service/Agency Code "P" in the first pos. of the MILSTRIP document number (MILSTRIP rp 30) and Project Code (MILSTRIP pos. 57-59) of "Z8A". For repair and return, Navy requisitions are identified by a Service/Agency Code "P" in	Noted. 1. Navy information added. 2. Navy information added. 3. Training and updated published guidance should support implementation to achieve better results. The DD 1149 is not applicable for materiel shipped by a DLA distribution depot in response to a release order. Such a shipment this would fall under MILSTRIP procedures and requires the use of the DD 1348-1A. Any comparable changes to the DD 1149 would not fall under the purview of this office.

	Submitter	Response/Comment	Resolution
		the first pos. of the MILSTRIP document number (MILSTRIP rp 30) and Delivery Term Codes A, B, C, E, F, G, H or J, as stated. 2. Additionally, we would like paragraph X.X.1 changed. It now says, "Repair and Return. The FMS customer must request approval for repair through the ILCO from the item manager before shipping materiel to the U.S. for repair." This is not correctly stated for Navy. We do not have our item manager involved in this process. For Navy "item manager" should be replaced with "repair manager". 3. Naval Surface Warfare Center Crane Division and PMA-259E2: The proposed fix in Enclosure 6 will make available an entry block for the repair value, but I believe everyone will continue to look at the Replacement Cost at the top of the page, which means they haven't solved the problem These auto-generated 1348 issue documents are WONDERFUL when items are issued and shipped from stock, since the operator only has to enter a limited amount of information, then a complete shipping document appears. However, for FMS repair returns, they don't work so well, depending on the proximity of the freight forwarding personnel to Customs and Border Control. If the material handler carries the documentation to the Customs folks, the correct information may be pointed out and adjustments made on the spot. However, if documentation is simply sent with the material without human interface, the only spot Customs will look is the unit and total price blocks. Any other information is "invisible", since looking for something different takes time they are unwilling to expend. The accompanying barcodes on these machine generated documents also contain the incorrect unit price information (not the repair price). All that being said, I feel these auto-generated documents are completely inappropriate for FMS repair returns, since the ability to enter the actual unit repair price isn't available. Preparation of an 1149 would be far more appropriate, I think. Yes, they are more work, but we wouldn't be draining the license amounts for our FMS Customers quite as fast that way. The proposal to put repair pricing and total cost information	

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		in the Additional Information Block 27 or Remarks Block 28 is one way, but I feel it would be simply overlooked by Customs, since the incorrect information is right on top of the form	
4.	Air Force	AF concurs with comments. 1. The gist of the change is that a repair facility must provide the actual/estimated repair cost to the shipping activity. This cost will be placed on the shipping document. The standard unit price/extended cost will remain on the shipping document in their normal locations. This is a change to both the shipping system (DSS) and the repairing system (D035A or D035K). At an ALC, D035K will have to be changed to place the repair cost in trailer data on the A5X it sends to DSS. DSS will have to be changed to accept the new data and to place that data onto the shipping document. At a non-ALC, D035A will have to be changed to send an MILSTRIP AE_ transaction after the shipping document has been transmitted. The AE_ transaction will have the repair cost in positions 74-80. DSS will have to be changed to accept this changed AE transaction, read the repair cost in rp 74-80, and place the repair cost on the shipping document. So this PDC will require CSRDs for D035K, D035A, and DSS. All other Services have the same problem and will have to follow suit. We will need to be notified 24 months prior to implementation, so we can program for these changes. 2. For 2.b, change "FMS Repair and Repair/Replace Program/Distribution" to " FMS Repair/Return and Repair/Replace Program/Distribution" 3. For 4.c.(4), change "Air Logistics Center" to "Air Logistics Complex" 4. For 4.c.(5), insert "For Air Force repair/replace, the average repair cost is to be provided." prior to "A new DLMS...". 5. Placement of the repair cost within that variable length format used between DSS and the AF is not available at this	Noted. 1. There was no intent to modify the procedures for the AE_ for use by DSS. The focus is on DLMS-compliant systems and the variable length format used for the ALCs (assuming that will stay in place for an extended time). Changing DSS to use an incoming AE_ to obtain the repair cost would be a significant programming change and not consistent with our approach to make enhancements to DLMS/variable length transactions vs. legacy. Instead of this, we have document the requirement for use of off-line communication with the depot for shipments moving to FMS customers from non-ALC locations (per Air Force concurrence with this approach). 2. Updated. 3. Updated. 4. Updated using a more generic statement for applicability to other Services. 5. Noted.

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		time. This is a negotiation that will have to take place between the DSS Program Management Office and the D035K functional office. The transaction will be documented in an MOA or Interface Control Document. The current interface with DSS on these types of transactions is over 800 positions long and is documented only in an ICD between DSS and D035K.	
5.	Marine Corps	Concur with comment: This PDC will require GCSS-MC to make changes to the DLA-TS interface, translation layer, and storage fields to accommodate this change. In addition, the 1348-lA and 1348-2 forms developed for the Oracle Warehouse Management System module of GCSS-MC will require modification.	Noted.
6.	DSCA	Concur	Noted.
7.	USTRANS COM	Approved The attached PDC states 'This change requires shipping activities preparing the DD 1348-1A, Issue Release/Receipt Document (IRRD) or DD Form 1348-2, Issue Release/Receipt Document with Address Label, to print the repair service value on the shipment document for FMS shipments associated with a repair and return or return and replace program." Will the repair service value need to be relayed on the manifest (i.e. the 858M)? If so, is a discrete code value required in the FA201 to identify this as service repair value?	When DSCA approached us on this requirement, they only came to us with the requirement to put this on the IRRD (1348-1A) so that when the customs folks pulled the 1348-1A to load the costs into AES, they pulled the right number. No mention was made to us for further perpetuation on transportation documents/transactions.
8.	MILSTRIP Administra-tor	1. Reparables are normally shipped as individual items, but it is possible to ship a quantity greater than one on a DD 1348-A for repair/return and repair/replace. Please confirm that value we are providing is at the unit level. This will work well for an estimated repair cost, but would be problematic for if actual repair cost is applicable. 2. My concern is that it seems possible that the actual price per item might differ by item for a shipment quantity greater than one. We don't currently have the transaction structure set up to contain more than one repair value for a shipment or to associate a repair value with a specific UII/serial number among all the items in the shipment.	DSCA Response: 1. Due to the manner in which repair costs are calculated and charged, the 1348 value to be provided at the unit level will work for an estimated as well as an actual repair cost, even if the quantity is greater than one. 2. We have adequate confidence that in most cases where the quantity is greater than one that the "same" shipment of the same

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			type item will have the "same" price per item, both for repair/return or repair/ replace. In the rare instances for reasons unknown to us where the data is different the transaction will be kicked out and worked manually. The fundamental reasons stated in the change document continue to hold true - Use of a catalog price (or other acquisition value) on the 1348 is not acceptable for FMS repair/return and repair/ replace transactions. A valid repair cost is critical to comply with Customs clearance from the U.S. and into the FMS customer country and to ensure that the sustainment materiel flows smoothly following release from the repair facility. MILSTRIP Administrator: Updates made to specifically call out that the value provided is at the unit level and the variation of actual cost within a shipment will require special handling outside these procedures.