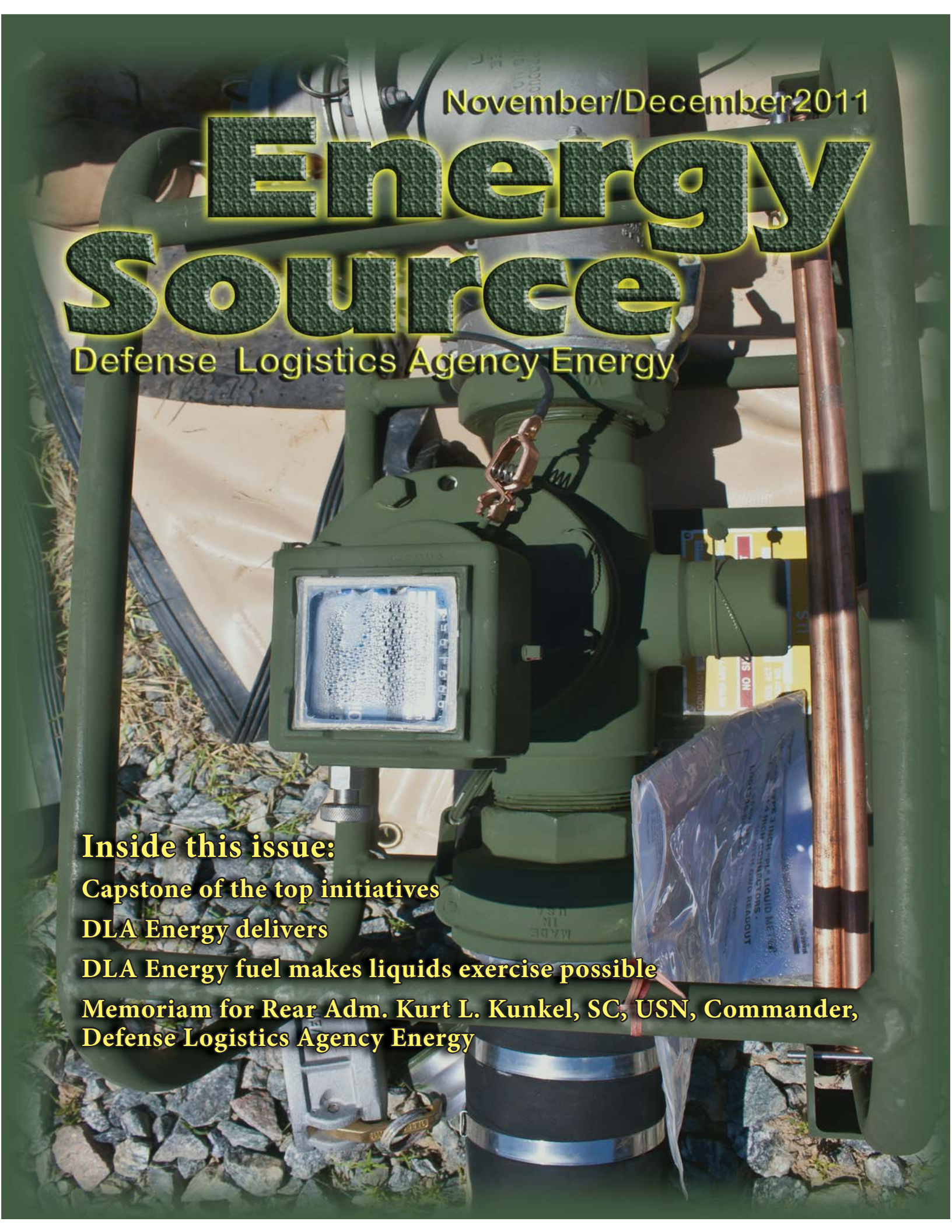

November/December 2011

Energy Source

Defense Logistics Agency Energy

Inside this issue:

FROM THE Commander

Editor's note: Navy Rear Adm. Kurt Kunkel wrote this article prior to his passing Sept. 28. A page in memoriam of his life and times with the Defense Logistics Agency Energy can be found inside the back cover of this edition of the Energy Source.

Navy Rear Adm. Kurt Kunkel, SC, USN
Commander, Defense Logistics Agency Energy

In this capstone edition of the Energy Source, we're faced with the difficult task of selecting highlights from a year in which the Defense Logistics Agency Energy has so many accomplishments.

Warfighter support remained the core of our mission this year. As operations in Iraq were scaling down, support for Afghanistan came more into prominence. While many sites DLA Energy supports come with their own set of requirements, there are unique challenges involved in adapting fuel support to the changing needs in the Middle East. With a dedicated and well-trained workforce, both inside and outside the region, we have been able to face these challenges with unwavering resolve.

Operations this year went beyond the Middle East, and so did DLA Energy's efforts. U.S. Operation Odyssey Dawn and, later, NATO Operation Unified Protector required coordination between DLA Energy's Europe and Africa region and U.S. Africa Command to provide fuel to forces in Libya. Even today, DLA Energy continues to sustain the warfighter with the fuel needed to accomplish their humanitarian and security missions.

After the Japanese earthquake and tsunami in March, DLA Energy's assistance through Operation Tomodachi exemplified the dedication and resourcefulness of DLA Energy and its employees at a time when quick action was needed most. From offsetting demands for motor gasoline to supplying generator and heating fuels, our record of past support shows DLA Energy can be depended on for assistance.

Apart from humanitarian operations in Japan, DLA Energy continues to prepare for the assumption of the 505th Quartermaster Battalion's fuel support mission from the defense fuel support point located on Okinawa. Our Pacific offices are engaged in ensuring a smooth transition that will further promote the comprehensive energy solutions in the efficient and effective ways that DLA Energy is known for.

Such energy solutions extend further than the traditional petroleum mission, with continued support for the growing fields of alternative fuels and renewable energy. DLA Energy maintains its relationship with the services to procure alternative fuels for testing and certification purposes, and is currently involved in our largest biofuel contract to date. As the services move past the testing and certification stages and into large-scale exercises and goals, such as the Navy's Great Green Fleet, DLA Energy looks forward to expanding our AFRE support to match that pace.

In the coming year, DLA Energy will continue to support the warfighter through these and other efforts.

I remain cofident that we have the team fully capable of meeting the warfighter's needs, our armed force's energy goals and our nation's energy security.

Energy Source

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Rear Adm. Kurkel, SC, USN, Commander, DLA Energy

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Installation Energy: the power behind energy

By Ashleigh Johnson
DLA Energy Installation Energy

When it comes to procuring coal, natural gas, electricity or renewable energy, or implementing energy conservation measures, the Department of Defense and federal agency customers can turn to the Defense Logistics Agency Energy's Installation Energy business unit for an energy solution that meets their needs.

The DLA Energy team has been purchasing coal since the 1960s, and when deregulation of the natural gas and electricity markets came along in the mid-1980s and 1990s, respectively, DLA Energy was there to provide customers the procurement support they needed to take advantage of the competitive market opportunities.

The Installation Energy team built a cadre of energy and acquisition professionals to assist customers with their energy requirements, providing value through regional and nationwide procurements that allow DoD to leverage its buying power, often resulting in lower, more competitive pricing. Since 1991, DLA Energy's natural gas program has netted close to $800 million in cost savings for participating customers. In fiscal 2010, these savings exceeded $60 million, translating to a 19 percent savings as compared to what customers would have otherwise paid their local utility provider.

When customers requested DLA Energy assistance to navigate their way into electricity demand-response programs, DLA Energy was quick to respond, signing agreements with multiple curtailment service providers in order to give customers the tools they need.

Courtesy Photo

Customers who participate in these programs receive rebates and financial incentives based on firm commitments to reduce electricity loads during periods of high demand. To date, there are more than 60 participating customers who received more than $4.7 million in financial rebates and credits. And DLA Energy hopes to increase the number of participating customers this year.

Today, DLA Energy's Installation Energy is actively managing more than 2.6 million tons of coal, more than 100 million dekatherms of natural gas and more than 14.5 million megawatt hours of electricity under single and multi-year contracts.

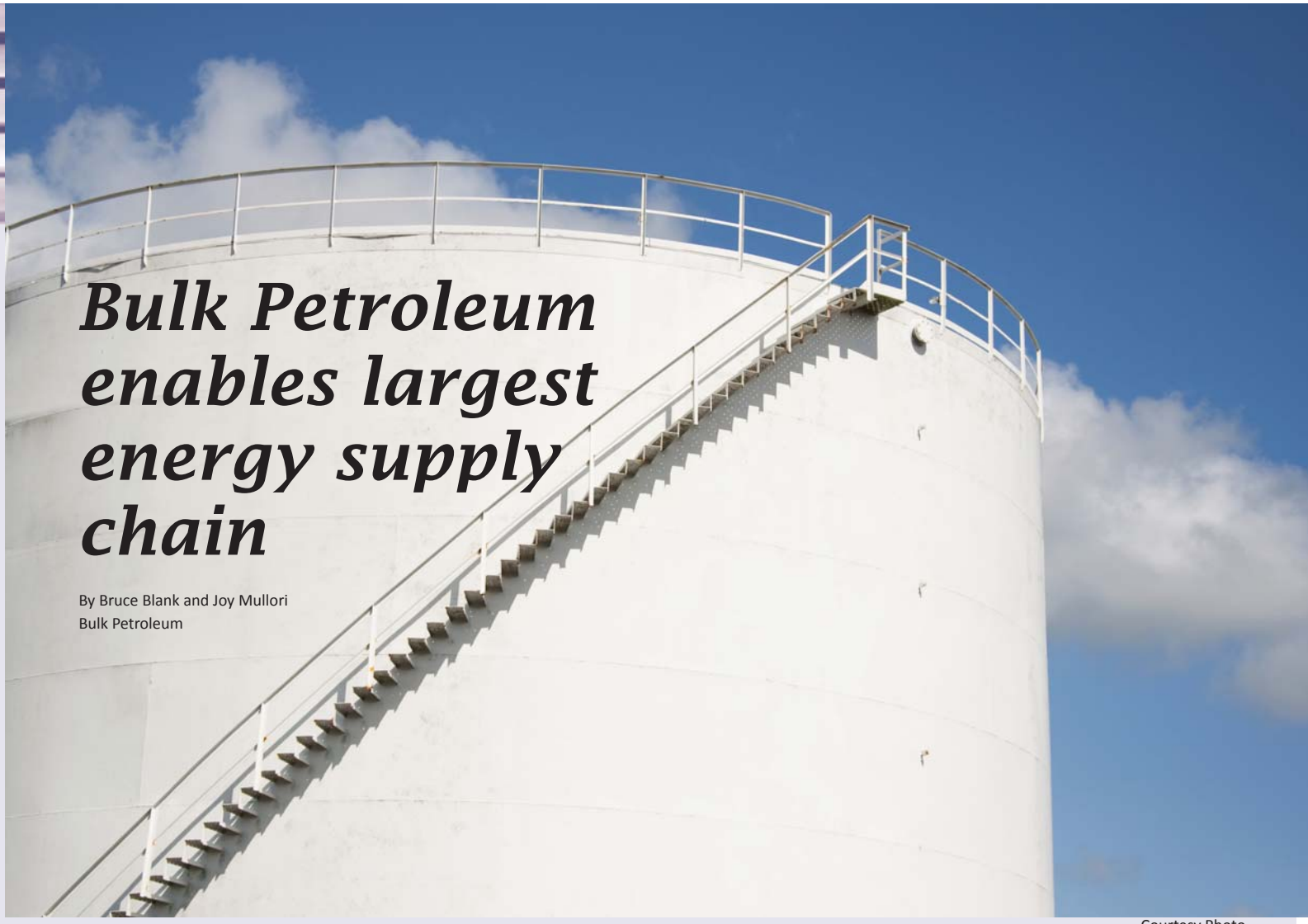
DLA Energy awarded its first renewable energy contract in 2001 on behalf of various DoD and federal civilian customers in Texas in response to Executive Order 13123. This launched a DLA Energy program that has since awarded more than 5.5 million megawatt hours of renewable energy credits and received two Presidential Awards for Leadership in Federal Energy Management.

The staff is made up of integrators who are experts at bringing the services and energy providers together, said the business unit's director, Kevin Ahern.

"Energy is what we know best, it's what we do, and we do it very well. Our procurement team is made up of a group of true professionals who are dedicated to what they do. And the result is an expertise in energy market dynamics that is unrivaled by any other agency," he said.

With an increased focus on DoD and federal agencies to implement renewable energy and energy efficiency measures, DLA Energy is exploring opportunities to assist customers in this evolving arena. To date, DLA Energy awarded more than $430 million in energy savings performance contracts and has issued multiple procurements for long-term purchase agreements to facilitate development of on-site renewable projects. The DLA Energy team participates in the Renewable Energy Working Group and Federal Utility Partnership Working Group to share information, procurement models and best practices for project success.

For more information, visit the Installation Energy page on the DLA Energy website at http://www.energy.dla.mil. ES



Bulk Petroleum enables largest energy supply chain

By Bruce Blank and Joy Mullori
Bulk Petroleum

Courtesy Photo

The Defense Logistics Agency Energy's Bulk Petroleum business unit continues to expand its role in the support, management and oversight of DLA Energy's largest energy supply chain, providing defense fuel support to the warfighter. Bulk Petroleum, which procured $9.6 billion of bulk petroleum products and services in fiscal 2010, accomplishes this mission through a variety of mechanisms.

The business unit, located at Fort Belvoir, Va., awards and administers all bulk fuels contracts and provides worldwide acquisition support for fuel-related services such as contractor-operated defense fuel support points, alongside-aircraft fuel delivery, lab testing, environmental compliance, assessment and remediation.

Bulk Petroleum is also the single source for drafting, negotiating, concluding and amending international fuel agreements with foreign governments supporting worldwide Defense Department operations. The business unit's international agreements division manages 42 agreements with 23 different nations or treaty organizations.

Bulk Petroleum procures large quantities of refined fuel meeting military specifications. In fact, the organization procured nearly 64 percent of the $15 billion in contracts awarded by DLA Energy in fiscal 2010. Other purchasing programs include lube oils, jet propulsion thermally stable, fuel system icing inhibitor and foreign military sales.

The business unit is also active in the push to expand the use of alternative fuels by the military services. The Bulk Petroleum team purchased more than 600,000 gallons of hydrotreated renewable jet fuels for testing and certification purposes over the past two fiscal years. These fuels, produced using camelina, algae and tallow, were used to test and verify the military services' equipment was ready and able to use these new fuels as they are introduced into the supply chain over the coming years. Bulk Petroleum continues its support for alternative fuels through its alcohol-to-jet purchase for testing and certification by the Air Force—and for the Navy's Green Fleet initiative, which represents the largest single-service purchase of alternative fuels to date.

At the end of fiscal 2011, the fuel services side of the business unit had government-owned contractor-operated alongside-aircraft refueling services at 111 different locations and 44 contractor-owned contractor-operated sites under contract worldwide storing government-owned fuel. The fuel services side of bulk continues to grow and the business unit continues to add new GOCO and alongside-refueling locations.

Bulk Petroleum provides a centralized procurement process by leveraging expertise organized into the following core competencies: domestic bulk fuels, overseas bulk fuels, domestic storage and services, overseas storage and services and international agreements.

The bulk petroleum buying group makes all of these procurements with a staff of 84, resulting in a very low operational cost that further maximizes stewardship of the taxpayer's dollar.

The domestic bulk fuels division is divided into three branches, each headed by a warranted contracting officer. The branches are responsible for recurring program buys—Inland East Gulf, Rocky Mountain West, bulk fuel system icing inhibitor, foreign military sales and various alternative fuel purchases.

The overseas bulk fuels division comprises two branches, each headed by a warranted contracting officer. The branches are responsible for recurring program buys—Atlantic/Europe/Mediterranean, Western Pacific, Deep Freeze, along with overseas contingencies supporting activities in Kuwait, United Arab Enirates and Iraq, and consulting services.

The domestic storage and services division is divided into two branches, each headed by a warranted contracting officer. One branch is responsible for domestic government-owned contractor-operated facilities storage, lab testing and environmental services. And the other branch is responsible for alongside-aircraft refueling, optimization and large miscellaneous domestic purchases.

The overseas storage and services division comprises two branches, each headed by a warranted contracting officer. The branches are responsible for worldwide contractor-owned contractor-operated storage, overseas government-owned contractor-operated storage, optimization, and overseas lab testing and inspection services.

The international agreements division provides worldwide logistical support through international agreements with foreign governments in accordance with DoD Directive 4140.25, Chapter 17, DoD Management Policy for Energy Commodities and Related Services and applicable delegations. DLA Energy is authorized to negotiate and conclude international agreements for energy commodities, additives, laboratory testing, facilities to include storage and pipelines, related services, fuel exchanges, replacements-in-kind and direct bills.

For more information on Bulk Petroleum visit http://www.energy.dla.mil. ES

Energy Enterprise tracks shifting utility privatization goals

By Jacob Moser
Energy Enterprise

Defense Logistics Agency Energy's Energy Enterprise business unit helps the Department of Defense implement Utility System Privatization. It provides contracting, technical, pricing and program management expertise to the military services and Office of the Secretary of Defense. As new program requirements issued in 2012 are interpreted and implemented, Energy Enterprise will remain the center of expertise of this evolving program.

Utilities privatization enables the military services to upgrade and modernize utility infrastructure without upfront investments. Instead, commercial sector investment capital funds the projects. Privatizing the infrastructure takes advantage of commercial expertise and timely enhancements, and it greatly enhances the reliability of installation utility systems, which are critical to supporting military missions and providing essential services to military service personnel. UP also enables the military services and personnel to concentrate on core missions.

Congress approved legislation authorizing the DoD to privatize its utility systems, including electrical, water, wastewater, and natural gas systems, in the National Defense Authorization Act for fiscal 1998. This legislation was followed by the DoD Reform Initiative Directive #9, directing the military departments to develop a plan for privatizing all of their utility systems.

UP comprises two contractual actions: first, selling the government-owned, on-base, utility distribution system to a private entity, and second, contracting with that entity for utility services for up to 50 years.

Across its installations, DoD owns approximately 2,600 utility systems valued at $50 billion.

Contractor-owned waste water backup generators at Fort AP Hill, Va., prevent sewage overflow during power outages. Photo provided by Carla Biver, DLA Energy, Energy Enteprise.

If these systems were not operating effectively, this would have serious strategic implications on how DoD trains, equips and provides a good quality of life for all personnel and their families living and working on each installation. DoD has been slow to upgrade these systems because of the significant upfront costs associated with the construction. But the UP program makes these upgrades more feasible.

The road to privatizing all DoD utility systems has seen its share of challenges – and they are not over yet. The UP process has been more difficult and challenging than expected, especially in the areas of contract solicitation, evaluation and administration. The program was also temporarily suspended twice due to clarifications in policy and guidance.

DRID #9 initially set a goal of Jan. 1, 2000, to complete the privatization of all systems except those where security or uneconomical reasons occur. In late 1998, DRID #49 revised the original goal to Sept. 30, 2003. But in 2002, DoD revised its guidance and pushed the UP implementation goal back to Sept. 30, 2005. Now the military services are estimating the privatization completion date will be 2017.

NDAA 2010 introduced new requirements to the UP program. It requires that, in order to privatize, the UP offer be lower than the Government Should Cost Estimate by 10 percent. The government's "should cost" is the total cost of service to own, operate, maintain and recapitalize the subject utility system to commercial standards. It is based on the number of employees, direct and indirect labor costs, contracting support, and the equipment and materials used to perform work on the utility system in accordance with commercial practice.

This means the offer must be 10 percent below what it would cost the government if it owned, operated and maintained the system(s) over a 50-year period. It also requires a five-year moratorium on UP actions where an A-76 action has taken place. An A-76 study determines whether a function can be more efficiently performed by government employees or the commercial sector.

The UP program continues to face challenges. The current schedule to complete UP actions extends to 2017. Funding and other issues continue to be constraints on the schedules and continued success of the program. Contract administration continues to grow which consumes resources and presents ever increasing complex issues.

Energy Enterprise is a center of contracting excellence for UP. It is responsible for both pre- and post-award actions. To date, it has awarded the following contracts through fiscal 2010:

Awards made for 90 systems at 42 installations

- Award value: $9.56 billion, $2.04 billion below Government Should Cost Estimate

Energy Enterprise currently administers:

- 34 contracts
- 60 systems at 29 installations
- At a total value of $8.4 billion

The mission is growing and Energy Enterprise looks to improve workforce development and increase its staff to take on this challenging mission. ES

Highlights to the U.S. Government AIR Card® Program

By Liz Baines
Government Fuel Card Program
Management office

The Government Fuel Card Program Management office recently instituted some improvements to the U.S. Government Aviation Into-plane Reimbursement Card® program. New controls, such as a revised authorized ground services product list, will improve invoice accuracy and accountability.

Why the change?

The program office team noticed numerous purchases, made by the aircrews and pilots who are ordering officials, appeared suspect. But, the military services confirmed the charges were accurate. This exposed a root problem: commercial airport vendors were invoicing for bundled services or miscellaneous charges that flowed without detection directly to the customer invoice. In response, the AIR Card® program manager, legal counsel, contracting officer and the component program managers acted immediately. They began to establish additional management controls to mitigate fraud, waste or abuse of ancillary ground service charges.

Developing an authorized ground service product list was a joint effort. It resulted in a contract modification, issued to the AIR Card® contractor, and the subsequent new product list being published to program participants during the second quarter of fiscal 2011.

The new product list has been disseminated to the accountable officials, aircrews, into-plane contractors and non-contract airport merchants worldwide who accept the AIR Card®.

"DLA Energy relies on assigned accountable officials to monitor all invoices under the AIR Card® program. Adhering to the new authorized ground service product list ensures only those authorized ground services are available for purchase," explained Ann Sielaty, director of the Government Fuel Card Program Management office.

There are many levels of oversight assigned to an account, and new reporting efforts are underway to assist accountable officials in their fiscal responsibilities, she said.

The fuel card office issues a quarterly newsletter to keep all parties informed and aware of training, scheduled webinars, program changes, reports and new program improvements, and always asks for customer feedback. Management controls ensure merchants are charging customers for services rendered, and the full detail of transactions is processed and billed correctly.

For example, cardholders' signatures on a receipt are verified. If a signature is not present, the AIR Card® contractor contacts the accountable official and verifies the accuracy of the invoice. Similarly, unauthorized charges reflecting incorrect codes are now returned to merchants for correction and re-coded to reflect the proper product codes.

Additional management controls include routine random sampling of invoices. Any questionable charges are forwarded to the component program managers for follow-up and documentation. If necessary, suspect charges are also forwarded to the applicable military service investigative offices by the Defense Logistics Agency Energy legal counsel.

The specific ancillary ground services **not authorized** include such items as catering charges, transportation outside of the airport terminal, hotel accommodations, rental cars, purchasing of mobile phones and gratuities.

Aircrews and merchants have been instructed to use a personal government travel card or another personal charge card for these types of services.

The newly established authorized product list for ground services is posted on the DLA Energy website at: http://www.energy.dla.mil/dcm/files/PublishFINAL%20AIR%20Card%20Product%20Codes%2020110120.pdf. ES

When a swiped SEA Card® is a good thing

By Alexis Anderson
Government Fuel Card Program
Management office

Small vessel operators who weren't previously eligible to use the Department of Defense Ships' Bunkers Easy Acquisition Order Management System SEA Card® program may soon benefit from the new Swipe SEA Card® program designed to meet their fuel needs.

The Defense Logistics Agency Energy Government Fuel Card Program Management office recently awarded a task order under the General Services Administration SmartPay®2 contract to Citibank for a charge card program that serves small vessels with fuel purchases up to the simplified acquisition threshold of $150,000.

A pilot program is expected to commence this year with up to 100 participating vessels across the U.S. Army, Coast Guard and Navy. The pilot is expected to run 4-6 months and will demonstrate many capabilities. These include:

- Automated account setup and maintenance
- Specific Merchant Category Codes assigned to ensure purchases are limited to fuel-providing merchants
- "Gas and go" refueling at locations within and outside the continental U.S.
- Electronic invoicing and inter-fund billing
- Processing of level I, II or III transactions
- Online reporting capability

When the pilot is completed, rollout will begin across the DoD and any interested federal civilian agencies. Those interested in participating in the program may contact their component program manager or email the account manager at seacard@dla.mil.

DoD Fleet Cards take on new process and look

By Rudy Cruz-Olmo
Government Fuel Card Program Management office

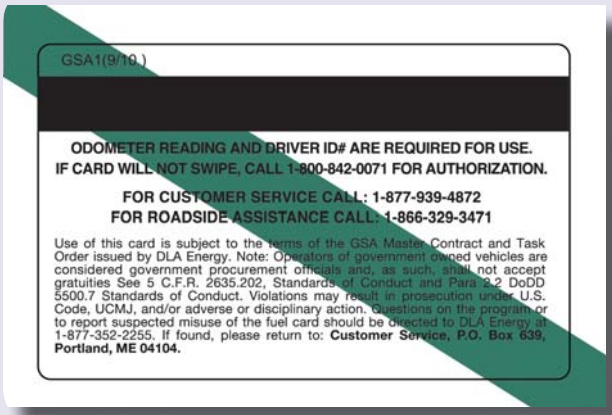
Users of the Department of Defense Fleet Card Program may not recognize the card after its recent makeover, but they will certainly recognize the enhancements in performance that come along with the new look.

The latest enhancement to the Fleet program brings on the Wide Area Workflow invoicing process for non-fuel transactions. And, the Government Fuel Card Program Management office has engineered a totally new look to distinguish the DoD Fleet Card from General Services Administraton fleet cards.

The DoD Fleet Card is used by military and U.S. Coast Guard customers to purchase fuel and fuel-related services at commercial service stations. Detailed fuel card transaction data allows the fuel card team to establish management controls and routinely audit fuel card accounts for questionable purchases, fraud, duplicate invoices, split purchases, miscellaneous transactions and purchases over the micro-purchase threshold. It also provides data on types and quantity of fuel purchased.

The DoD-initiated WAWF enhances that control. The WAWF invoicing system is an interactive Web-based application that allows vendors to electronically submit invoices, eliminating paper transactions from the acquisition process. WAWF provides an electronic capability for the customer to receive reports, review receipts requiring inspection, acceptance and payment. The WAWF initiative, sponsored by the Defense Finance and Accounting Service, allows an accountable official to electronically approve invoices and authorize payment of all non-fuel related invoices, and is directly sent to the designated DFAS payment office. To meet the DoD mandate for WAWF implementation, all DoD accountable officials are required to transition from approving paper invoices to approving electronic invoices.

Front view of the Fleet credit card.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ODOMETER READING AND DRIVER ID# ARE REQUIRED FOR USE.
IF CARD WILL NOT SWIPE, CALL 1-800-842-0071 FOR AUTHORIZATION.

FOR CUSTOMER SERVICE CALL: 1-877-939-4872
FOR ROADSIDE ASSISTANCE CALL: 1-866-329-3471

Use of this card is subject to the terms of the GSA Master Contract and Task Order issued by DLA Energy. Note: Operators of government owned vehicles are considered government procurement officials and, as such, shall not accept gratuities See 5 C.F.R. 2635.202, Standards of Conduct and Para 2.2 DoDD 5500.7 Standards of Conduct. Violations may result in prosecution under U.S. Code, UCMJ, and/or adverse or disciplinary action. Questions on the program or to report suspected misuse of the fuel card should be directed to DLA Energy at 1-877-352-2255. If found, please return to: **Customer Service, P.O. Box 639, Portland, ME 04104.**

Back view of the Fleet credit card.

Today, U.S. military customers have the opportunity to receive invoices and remit miscellaneous (non-fuel) payment through WAWF. This enhancement reduces the time spent handling paper invoices for non-fuel transaction settlements, improves oversight of the account and ensures timely payments. These new features provide customers with direct up-to-date access on the fleet card payments and diminish delinquent payments.

Additionally, customers will continue to deal with the same contractor through at least November 2015 as DLA Energy recently exercised the first option to extend the period of the DoD Fleet Card tailored task order. The newly-designed card features the DLA Energy logo on the top left corner and "Department of Defense" is printed on the center of the card. The embossed card identifies the military unit and DoD active address code for billing purposes. The card can be electronically swiped or mechanically imprinted. Emergency maintenance and vehicle parts like windshield wipers or oil can be purchased with the Fleet Card. All non-fuel invoices are "split-billed" and sent directly to the acquiring unit; they will be accessible through WAWF.

Upon expiration of the old cards, the new fleet cards will be issued and completed before Nov. 29. The design will allow DLA Energy customers and merchants to quickly differentiate it from the GSA Fleet Card. ES

Aerospace Energy goes beyond rocket fuel to save lives

By Charlene Smoot
Aerospace Energy

As the last space shuttle launch roared to life July 8, Defense Logistics Agency Energy's Aerospace Energy business unit had already done its job, having delivered the exotic-sounding hypergolic propellants—monomethylhydrazine and dinitrogen tetroxide—to help guide the shuttle to its final docking with the international space station and later steer it gently back to earth. Aerospace Energy supported NASA's Space Shuttle since its inception. And, it will continue to supply propellants to U.S. rockets such as the Atlas V and Delta IV along with relative newcomers in the U.S. commercial space launch business; and to satellites providing everything from weather support to military surveillance. Supporting such missions is routine for this organization.

However, the proudest moments come from the more recent mission of providing bulk gaseous helium for life-saving surveillance aerostats for troop support in the Middle East, said Sharon Murphy, the director of Aerospace Energy. This mission is also the toughest, with the most complex logistical and contractual support, she continued.

Courtesy Photo

The Army Space and Missile Defense Plan from Huntsville, Ala., conducted a test with its Rapid Aerostat Initial Deployment System at Bagram Airfield in Afghanistan, during Operation Enduring Freedom. The RAIDS can serve as a weather station, laser range finder, and can also be used to track enemy personnel. Contractors are making final adjustments to some of the equipment.

Photo by: Sgt. Vernell Hall

"It's the most challenging supply chain we've ever developed," explained Murphy, who worked in many units within DLA Energy. The business unit has established a unique supply chain of multi-modal gas containers, along with liquid helium transfill units that provide the helium to keep the aerostats afloat, she said.

The organization provides worldwide logistics support of chemicals, gases, rocket and missile propellants and cryogenic fluids to the federal government. Customers include the Department of Defense, NASA and the Department of Energy. The unit also supplies these products to defense contractors such as Boeing and Lockheed Martin, and U.S. commercial space launch companies, as authorized under the Commercial Space Launch Act. Colleges and universities working under federal grants also receive products under authorization of the act.

The business unit's logistics management division provides worldwide inventory management, transportation and container management for commodities such as hydrazine, dinitrogen tetroxide, liquid and gaseous nitrogen and oxygen for programs such as the Space Shuttle, Atlas and Delta rockets and commercial satellites. In addition, they provide special propellants such as JP10 for missiles and specialty gases such as hydrogen peroxide, argon, fluorine, deuterium, helium, neon and xenon that support programs like Stinger missiles and military aerostats.

The contracting division provides "cradle to grave" support to inventory managers and transportation specialists in acquisition planning. Innovative contracting produces the best methods for procuring both the products and associated services needed to support customers. Requirements are awarded on a competitive basis through negotiations, resulting in multiple year, indefinite delivery requirements type contracts that provide long-term coverage and extensive flexibility in meeting unique customer needs.

The products managed by the Aerospace Energy business unit are primarily used as fuels, pressurants, coolants or lighter than air lifting gases and demand total supply chain management on the part of the unit. Lack of a particular fuel or pressurant could prevent a space launch from occurring, cause property losses due to corrosion or heat damage or could even threaten force protection.

All of the commodities managed by Aerospace Energy unit are classified as hazardous materials, many with volatile characteristics. As a result, the Aerospace Energy transportation office has one of the most challenging and unique jobs—that of transporting a variety of hazardous materials. Traffic management specialists in this office require an astute knowledge of current federal, state, local and international hazardous materials regulations. In addition, the office is responsible for approximately 15,000 pieces of equipment including drums, cylinders, trailers, International Standards Organization containers and rail tank cars, many of which are designed especially for specific commodities.

Even though the Space Shuttle is now history, the Aerospace Energy business unit continues to thrive supporting new programs.

"With the extra support required overseas for outside the continental U.S. gaseous helium supporting the warfighter, inventory management and transportation just got more intense with multiple locations of inventory and a lot more containers to track," Murphy explained.

"Regardless of the increased workload, it's very satisfying to provide the outstanding level of support to customers that they have grown accustomed to, not only for the warfighter, but for space missions, too," she said. "Delivering propellants and more is what Aerospace Energy is all about." ES

Space shuttle Endeavour races into space from Kennedy Space Center, Fla., May 16 with Defense Logistics Agecny Energy-procured energy products. The flight to support the International Space Station was this shuttle's final mission. NASA photo.

DLA Energy improves support to defense fuel support points worldwide

By Tracy A. Keenan
DFSP Management

The Defense Logistics Agency Energy's Defense Fuel Support Point Management business unit was created in October 2009 to improve management oversight of the Department of Defense's 612 DFSPs. The business unit, located at Fort Belvoir, Va., oversees the efficient and effective operations of the facilities storing DLA Energy's extensive fuel inventories, while serving as the focal point for the worldwide inventory management of all DLA-owned fuel. DFSP Management is responsible for management of all functions that impact the operations at a DFSP from requirements generation to inventory accounting and training.

A DFSP is a fuel storage terminal that receives, stores, issues and accounts for DLA-owned capitalized fuel. It manages on-hand inventories, facilities, equipment, personnel and local training programs, and maintains all facets of the audit trail for fuel owned through DLA's Defense Working Capital Fund. A DFSP can be a government-owned facility on a military installation or contractor-owned and operated facility on or off the military installation.

Before DFSP Management was created, a DFSP would have to coordinate with three different DLA Energy offices to resolve issues for the operation and management of the DFSP. DFSP Management provides a single face for DFSP support issues within DLA Energy and for its customers.

"One reason DFSP Management was formed was to allow DLA Energy to provide better support to the DFSPs," said Rockne Krill, director of DFSP Management. "It allows us to pull in people with the right skill sets to do this. Based on my previous experience providing technical support to and managing DFSPs, it has been an issue with regard to who to go to for help. Establishment of the DFSP Management business unit is a big step towards getting better support to our customers."

Courtesy Photo

Defense Fuel Support Point, Point Loma, military construction project at Fleet Logistics Center San Diego, Calif. Fuel tanks were replaced in fiscal 2008.

Courtesy Photo

Storage tanks located on a Defense Fuel Support Point on Craney Island.

DFSP Management comprises four divisions: supply chain operations; inventory accountability; sustainment, restoration and modernization; and DFSP support.

Supply chain operations brings together all the functions that impact the petroleum supply chain. The division is responsible for top-level managerial oversight and technical expertise in the development of requirements to support acquisition programs for bulk petroleum products, storage and distribution services. The division is supported by two branches: facility management and inventory and distribution management.

The division is working on several initiatives. These include transition of fuel operations on Okinawa, Japan, from Army's 505th Quartermaster Battalion to DLA Energy; Domestic Commercial JetA Demonstration with the Air Force; assumption of bulk fuel operations for the Air Force's Air Education and Training Command, Air Force Space Command and Air Force Global Strike Command contracts; implementation of U.S. Pacific Command storage and distribution study recommendations in the Philippines and Singapore; supply chain improvement efforts for U.S. Central command, U.S. Northern Command and PACOM; and the Global Fuel Reduction Study.

The inventory accountability division serves as the focal point for the worldwide inventory of all DoD-owned fuel in storage until it is issued to the end user. It is responsible for capitalization, inventory accountability and reconciliation, gain/loss control program management, inventory variance analysis, development of inventory management policy and guidance, inventory management controls and auditability of DoD's petroleum inventory. Four branches support this division: accountability and analysis, policy and compliance, accountability support and reconciliation. The team is currently working to expand inventory metrics to the level of military services, reduce the defense working capital fund inventory losses aboard Naval vessels, expand the compliance inspection program to incorporate sub-region offices and provide assistance to other Inspector General teams and conduct a business case analysis on quantity determination to include a comparison between DLA Energy policies and procedures and commercial best practices.

The sustainment, restoration and modernization division was created in October 2010 to manage the substantial growth in the SRM program in fiscal years 2011-2015. The division is responsible for sustainment, restoration and modernization efforts impacting the bulk petroleum supply chain. Three branches support the division: project management and oversight, program analysis and master planning and centrally-managed programs. Current projects and initiatives include executing the increased SRM funding levels and assisting in the development of the Enterprise Business System external portal.

The DFSP support division provides Business Systems Modernization-Energy base-level application support to DFSPs and fuel customers from point of sale to enterprise level. This is done through training, remediation and interface with users and partners, such as supply points, military services, etc. The division encompasses two branches: base level BSM-E support and retail integration support. The DFSP support team is currently working on aligning the Fuels Management Defense configuration with DLA Energy's convergence of the BSM-E system to the DLA's Enterprise Business System and providing greater training opportunities to DFSP personnel.

For further information on DFSP Management or any of the divisions within the business unit, visit www.energy.dla.mil. ES

Air Force testing jet fuel.

Quality: our top priority

Courtesy Photo

By Jose Maniwang
Quality and Technical Support office

The Defense Logistics Agency Energy Quality and Technical Support office leads the way in ensuring that the quality of the Defense Department's energy products is never compromised.

"Whether it is jet fuel for operations in Iraq and Afghanistan, F76 for humanitarian missions to Haiti or Japan, or helium for an aerostat hovering over Kabul, DLA Energy's quality assurance and product technology professionals are essential components of the supply chain," said Pam Serino, director of Quality and Technical Support.

It begins before the first drop of a fuel is refined. Military and commercial specifications and standards are the basis for all of DLA Energy's procurement actions. The validation and application of these key requirements are the core functions of DLA Energy Quality and Technical Support chemists. DLA Energy is the lead standardization activity for all assigned federal supply class products, in order to ensure that products DLA Energy procures fully meet customer needs.

The organization comprises three supporting divisions—quality operations, product technology and standardization, and quality research. Each division provides key support to other DLA Energy organizations, customers, suppliers and industry partners, as well as participates in numerous domestic and international organizations and forums to ensure the unfailing quality of DLA Energy's crucial commodities.

The quality operations division acts as the principal adviser and assistant to the director of Quality and Technical Support for developing, monitoring, coordinating, publishing and implementing quality policies and programs for DLA Energy supplied commodities. It provides quality assurance and surveillance support to the DoD and other civilian agencies, as defined in inter-service support agreements and directives. The division provides formal quality policy and guidance for more than 100 quality assurance representatives worldwide, in addition to providing standards for quality assurance and surveillance of DLA Energy's energy products. The QARs act as the eyes and ears of the Department of Defense quality community for energy products, and provide a single face to the supplier and the warfighter.

The product technology and standardization division acts as the principal technical adviser and assistant to the Quality and Technical Support director for technical matters on petroleum, missile fuels, coal and related products and services. The division represents DLA Energy at industry standardization groups to ensure that product specification changes do not adversely impact end-user applications. The team reviews and approves all cataloging changes for both petroleum and aerospace energy products, and serves as the lead standardization activity for petroleum products in the DoD. As part of the procurement process, the division plays a pivotal role in developing and maintaining specification and measurement contract clauses; evaluating pre-award surveys; evaluating exceptions, deviations and waivers; and providing technical support to resolve fuel chemistry-related issues in production, delivery and storage systems.

The division also maintains the Petroleum Quality Information System database and publishes the annual PQIS report, the most comprehensive fuel quality data publication in the world. Additionally, the team manages numerous fuel-related projects and studies such as the Fatty Acid Methyl Ester cross contamination project, the JP8 +100 program, the JetA initiative and the Aviation Fuel Antioxidant study. These projects address fuel quality issues in the distribution system, lower procurement costs by qualifying new additives, and streamline military and commercial specifications. The division also represents DoD's interests in such organizations as NATO, ASTM International, International Air Transport Association, Commercial Alternative Aviation Fuel Initiative and the American Petroleum Institute.

The recently established quality research division is the science and technology arm of DLA Energy. The division seeks out research and development solutions for alternative and renewable energy initiatives to meet military services' goals to reduce the usage of petroleum fuels and reduce DoD's overall carbon footprint. In addition, the division works to address existing and future mandates for energy independence and greenhouse gas reduction within DoD and the federal government through studies and programs designed to provide DLA Energy with information and data to effectively respond and comply. New and developing technologies involving unique and conventional fuels are rapidly evolving, and it falls to this division to coordinate the necessary technical expertise, guidance and leadership to help in incorporating them to meet DoD's future energy needs.

"The alternative fuels and renewable energy mission is expanding rapidly as DoD looks for ways to reduce our dependence on foreign oil and meet energy goals established by the federal government and the military services. This team is essential to that mission and also enhances and supports our overall organization," said Dan Jennings, deputy director of Quality and Technical Support.

In fiscal 2010, Quality and Technical Support was instrumental in DLA Energy meeting several key objectives. DLA Energy signed a strategic alliance with the Air Transport Association of America, Inc. in March 2010 in Washington, D.C., recognizing an important partnership for the development and deployment of alternative aviation fuels. This alliance highlights the shared goals of DoD and the major U.S. airlines to advance the development and deployment of commercially viable, environmentally friendly, alternative aviation fuels. DLA Energy developed an acquisition strategy for emerging free-on-board destination tanker procurements, revised the product quality and inspection requirements for bunker requests for proposals.

Continued on page 22.

Small Business office employs matchmaking, other techniques

By Joan Turrisi
DLA Energy Small Business office

Behind the scenes of the Defense Logistics Agency Energy's warfighter support is its Small Business office, advising DLA Energy's leadership and contracting community in an effort to contract as much of that support to small business as possible. To achieve that goal, the office's professionals field daily calls, host meetings with small businesses and contracting representatives and conduct or attend various small business outreach events.

DLA Energy is assigned the following goals for fiscal 2011: 33 percent for small business, or SB; 1 percent for small disadvantaged business, or SDB; .5 percent for service-disabled veteran-owned small business, or SDVOSB; 1 percent for women-owned small business, or WOSB; and 4 percent for historically underutilized business zone small business, or HUBZone.

In fiscal 2010, DLA Energy exceeded its goals in the categories of SB, SDB and WOSB, but fell short in the remaining categories. Small Business representatives met with several SDVOSB firms expressing interest in multiple DLA Energy contract programs and contacted dozens of potential HUBZone firms in an effort to encourage certification for those that meet all criteria. Further outreach efforts are ongoing to reach competent firms in under-represented categories.

Outreach events typically require DLA Energy Small Business representatives to participate in one-on-one matchmaking sessions and formal presentations in conference open sessions. Matchmaking sessions are back-to-back 15-minute sessions reminiscent of modern "speed-dating." The Small Business office provides succinct DLA descriptions of DLA Energy programs and receives capability statements from potential suppliers. More in-depth follow-on sessions are held with the more promising prospects. If suppliers' capabilities fit more suitably with another DLA center, the representative advises generally and refers those suppliers to that center's Small Business office for more detailed guidance.

Where small businesses are not able to contract directly with the federal government, they can still participate in government contracting via subcontracts and mentor/protégé arrangements. Large businesses doing business with the federal government are required to have a subcontracting plan that describes their efforts to contract with small businesses. DLA Energy's Small Business office monitors large business adherence with those plans via annual program reviews, providing small business leads where possible. ES

Courtesy graphic

DLA Energy Europe and Africa keeps energy flowing

By Air Force Maj. Rob Lyon
DLA Energy Europe and Africa

Defense Logistics Agency Energy Europe and Africa recently welcomed a new commander. Army Col. Robert Weaver, who assumed command in June and will continue to ensure fuel support to 21 major U.S. military installations, 67 U.S. bulk fuel storage and distribution centers and five major fuel pipeline systems from Greenland to Eastern Russia.

The region comprises 104 countries and nearly 56 million square miles. Additionally, the organization will provide energy solutions to approximately 80 annually-planned exercises across Europe and Africa.

Europe and Africa provides comprehensive energy solutions to U.S. forces in three combatant command areas of responsibility – Europe, Africa and Northern Iraq – ensuring uninterrupted sustainment of the energy requirements in those regions.

In addition to sustaining day-to-day operations in Europe and Africa, an astounding feat in its own right, Col. Weaver's team partners with DLA Energy Middle East in support of a major operation outside its area of responsibility. The region provided millions of gallons of petroleum products to Iraq from Turkey in support of operations, meeting all requirements 100 percent of the time.

Sustaining operations and extending expertise

The Europe and Africa office meets the challenge with a team of 77 fuels professionals operating from 18 locations in six countries. They are a diverse group, which is one of the organization's key strengths. The team includes 21 military members from all services, 52 Department of Defense civilians and 12 foreign nationals whose local knowledge and language skills are indispensable. The headquarters is co-located with other DLA regional offices in and around Kaiserslautern, Germany. Liaison officers live and work directly with counterparts at NATO, U.S. European Command, U.S. Africa Command, U.S. Air Forces in Europe, U.S. Army Europe, U.S. Naval Forces Europe and the Army's 21st Theater Sustainment Command. They are intimately involved in planning, problem solving and customer support.

The 40-person operations division runs a seven-day-a-week operations center, including joint-billeted field-grade officers from each service who plan, problem solve and manage daily activities, participating in exercises and operations throughout the region. Inventory and transportation branches track and transport products; and the auditability branch works closely with defense fuel support points to monitor and resolve fuel accounting issues, and ensure the government's multimillion dollar inventory of fuel in the region is properly managed and accounted for.

The region's international agreements branch is a team of three. The primary duties of the Europe and Africa international agreements team are the management, negotiation and monitoring of international fuel agreements. International agreements manages fuel exchange agreements, which support the exchange of fuel with NATO and other partner nations, facility support agreements for the operations and maintenance of pipeline and storage facilities and direct bill arrangements. The international agreements team also manages a $50 million-plus budget for the use, service and care of five major fuel pipelines, four regional pipelines and storage facilities, which support all major bases in the region.

Since 2005, 11 fuel exchange agreements have been put into place, allowing partner nations to issue fuel to each other without immediate billing and use semi-annual accounting to determine whether the exchanges were equal or whether a nation owes payment for the difference. These FEAs account for 90 percent of all sales to foreign military in Europe. Of the 42 worldwide DLA Energy fuel related agreements, 22 (more than 50 percent) of the agreements are in the EUCOM area of responsibility and managed by the Europe and Africa's international agreements team with assistance from the country specific liaison officers.

Twenty-three professionals make up the quality division. Eight are located at the petroleum laboratory in Kaiserslautern and the rest are assigned to either the northern or southern quality assurance field teams, which have eight offices located throughout Belgium, Germany, Italy, Spain, Turkey and the U.K. Quality assurance specialists are crucial to strong customer service and quality product and services within Europe & Africa's region.

The operations tempo is most visible within the quality division, where in fiscal 2010 QASs travelled 30-40 percent of the time, racking up nearly 1,700 travel days performing their core functions of contract quality assurance on procured products and quality surveillance of DLA-owned products. These functions include oversight on specification analysis of products as well as storage and transportation systems to ensure customers receive on-specification fuels. The QASs assure quality on all products procured, shipped, stored or issued to U.S. forces in Europe, Africa, former Soviet bloc nations, the Balkans and Turkey. This also includes overseeing testing both at DoD and commercial laboratories, conducting inspections at more than 85 commercial sites in 104 countries where U.S. aircraft and ships procure fuel. Laboratory personnel processed more than 1,270 samples in fiscal 2010, in addition to providing hands-on training to requesting local military service personnel and regular rotations of soldiers deploying to Kosovo.

Optimization and Mediterranean sustainment

A major focus for DLA Energy Europe and Africa was the implementation of the U.S. Army Europe optimization initiative. This project was initiated at the request of the military service to develop best-fit solutions for the efficient operation and maintenance of petroleum storage and distribution systems for the Army in Europe. Optimization allowed USAREUR to reduce fuels manning at all of its facilities last year. During the execution of this contract, 37 fuel facilities were transferred to the contractor, including a combination of retail and bulk loading facilities. The only remaining function to transfer to the contractor is the aircraft cold refueling mission at the six Army air fields, which should be completed in the next few months.

Challenges of fueling Africa

Africa presents a whole new challenge – limited infrastructure, shortage of reliable suppliers who can provide fuel in the quantity and quality required and a growing requirement for fuel. Europe & Africa oversees one defense fuel support point on the continent – DFSP Djibouti/Camp Lemonnier. It is a storage and distribution point for JP8, JetA1 and JP5 jet aviation fuels and F76 marine diesel. It supports military-to-military training and exercises with 53 countries and is a major supplier for marine interdiction or anti-piracy missions. DLA Energy relies heavily on into-plane contracts

A U.S. Marine Corps light-armored vehicle from Weapons Company, Battalion landing team, 3rd Battalion, 2nd Marine Regiment, 22nd Marine Expeditionary Unit (MEU) assaults the beach from a U.S. Navy landing craft utility from Assault Craft Unit 2 during an amphibious assault demonstration conducted as part of Exercise Bright Star 2009 in Alexandria, Egypt, Oct. 12, 2009. This multinational exercise is designed to improve readiness, interoperability and the professional relationships among U.S. Egyptian and participating forces. Elements of the 22nd MEU are participating in the multinational exercise while serving as the theater reserve force for U.S. Central Command. (U.S. Marine Corps photo by Staff Sgt. Matt Epright/Released)

to meet the demand in Africa. These contracts allow U.S. government aircraft to be refueled at commercial airports. There are currently 29 commercial airports in 27 African nations where U.S. forces can purchase fuel at a standard price and where DLA Energy quality assurance representatives have quality oversight. U.S. forces can also purchase marine fuel from 10 bunker contracts on the continent. DLA Energy's Ships' bunker Easy Access Card Open Market® program enables electronic purchases at 162 more ports.

In fiscal 2011, DLA Energy established into-truck contract line items, or CLINs, for the majority of into-plane contracts in Africa. With very little DoD-owned fuel stocks on the continent, these additional CLINs provide more flexible options to load and transport jet fuel across the continent.

To eliminate costly air sustainment of cryogenics, DLA Energy is soliciting for a liquid oxygen contract and an aviation gasoline contract to support Camp Lemonnier. Additionally, DLA Energy established a fuel testing services contract with SGS Services at Horizon Depot to support Camp Lemonnier's fuel test requirements. Lastly, post, camps and stations contracts that were previously awarded for one year are now being solicited for three years to support the enduring nature of operations.

The NIZ GLOC challenge

DLA Energy's Europe and Africa is responsible for the delivery of fuel to bases in the CENTCOM AOR, making daily coordination with EUCOM and CENTCOM essential to success.

Whether it is negotiating agreements, accounting for product and finances or ensuring fuels for the warfighter meet all quality specifications, the Europe and Africa team continues to be hard at work, 24-7, ensuring the energy keeps flowing to America's vital operations in the region. ES

DLA Energy Middle East embraces change while supporting the warfighter

By Holly DeYoung
DLA Energy Middle East

While personnel may come and go, the mission and the associated challenges for Defense Logistics Agency Energy Middle East generally remain the same.

Recent changes include a new commander for DLA Energy Middle East—Army Col. William Rush. Another change is related to work force development. In previous years, the regional command, headquartered in Bahrain, was staffed more like a long deployment rather than a permanent assignment. But, that has changed. As a result of restructuring the organization, DLA Energy Middle East has added 21 new positions in the past year.

"Although we have a lot of new personnel, and time is spent getting them in-processed and up-to-speed, the additional staff have brought with them a wealth of knowledge that can serve us well for years to come," said the region's deputy director Ron Black. "Tour lengths are now typically a minimum of two years, which allows for continuity and career growth. In any career field at DLA Energy, this is the fastest-paced environment in which to gain hands-on experience."

The region provides 24-hour support to the warfighter. The mission: to provide fuel management support through a robust petroleum network, strategically dispersed bulk petroleum facilities and multiple support arrangements that enable component commanders to execute combat operations in the U.S. Central Command's area of responsibility. The unit supports all Defense Department organizations in the AOR, including Operations Enduring Freedom and New Dawn and the anti-piracy mission off the coast of Africa.

DLA Energy Middle East comprises three sub-regions, each led by a military commander and several support services sections. Organizing the structure geographically ensures each area receives the proper focus and all lanes are covered, instead of just focusing on the issue of the moment, Black explained.

DLA Energy Middle East also employs liaison officers to CENTCOM headquarters at MacDill Air Force Base, Fla.; and liaisons with the contingency support teams in Bagram, Afghanistan; Kabul, Afghanistan; Iraq; and NATO's Allied Joint Force Command Headquarters at Brunssum, Netherlands, in support of the International Security Assistance Force mission in Afghanistan.

Col. Rush praised the team, explaining that "while we deal with some unique challenges like difficult terrain, poor infrastructure, extreme weather, hostile activities and then the 'Arab Spring' events in our own backyard, our personnel and contractors perform superbly in an extremely harsh environment."

As the U.S. forces draw down in Iraq, DLA Energy Middle East is adapting and has been working through the transition of mission leads from Department of Defense to Department of State. However, in support of OEF in Afghanistan, the mission continues to expand with an increase in the locations requiring fuel support and demand for different types of fuel. In the past year, DLA Energy Middle East has added direct delivery to four forward operating bases and two helium trans-fill facilities.

"The Northeast sub-region faces the challenges of delivering fuel to some

U.S. Army Soldiers assigned to the 3rd Combat Aviation Brigade, 3rd Infantry Division refuel a CH-47D Chinook helicopter at Forward Operation Base Fenty, Afghanistan, Dec. 17, 2009. (U.S. Army photo by Sgt. Teddy Wade/Released) On page 20.

of the most difficult locations under some of the harshest conditions you can imagine, yet day in and day out DLA Energy Middle East delivers," said Air Force Capt. Shannon Caleb, the new Northeast sub-region commander.

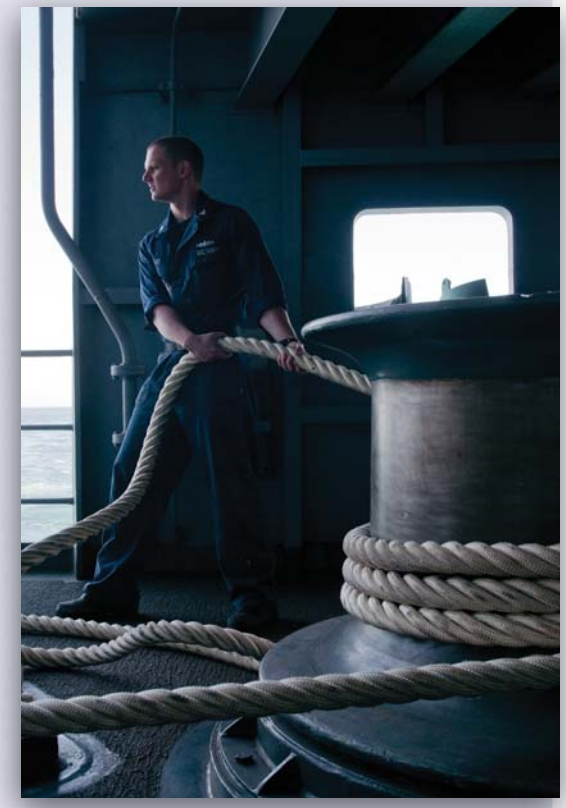
The region is also enhancing warfighter support capabilities by working with other DLA activities based in Bahrain to eventually relocate their facilities into one centralized area. In embracing the "We Are DLA" initiative, DLA Energy Middle East is actively pursuing the DLA one store-front concept. DLA Energy Middle East personnel will eventually be co-located with DLA Distribution, DLA Disposition, mapping and troop support personnel.

Black cited office space constraints on Naval Support Activity Bahrain and the drawdown of forces in Kuwait as the two primary factors in pursuing the change in future facilities.

"As U.S. forces reduce the size of their footprint in Kuwait, and operational missions may change over time, Bahrain will naturally remain the enduring site for operations throughout the Middle East," he continued. "It really makes sense for DLA as a whole to combine resources and utilize a strategic plan for the future." ES

DLA Energy Pacific: rolling on

By Krista Ludwigsen
DLA Energy Pacific



The waves continue to roll and break for the 80 employees working for the Defense Logistics Agency Energy Pacific. The workforce supports an area of responsibility spanning 15 time zones and covering 52 percent of the Earth's surface.

DLA Energy Pacific provides fuel support for military operations throughout the Pacific region while ensuring uninterrupted and timely support of quality bulk fuel to military service components and operational joint task forces in support of U.S. Pacific Command missions.

The scope of the theater is staggering. It is nearly 60 percent of the world's population, living within 43 countries.

DLA Energy Pacific solves some of these challenges by storing fuel at 67 defense fuel support points positioned throughout the area of responsibility. These DFSPs can hold and store a variety of products, with total storage capacity of more than 1 billion gallons. The organization averages 500 million gallons of sales in the Pacific each year.

Because the majority of military installations in the Pacific are island-based, there are unique challenges to getting fuel to warfighters at remote outposts.

"The breadth and complexity of the Pacific theater can be overwhelming, but fortunately, DLA Energy Pacific, our teammates at DLA Energy headquarters and our military service partners are dedicated, adaptive professionals whose only concern is providing warfighter support in the most effective, efficient means possible," said Navy Capt. Kevin Henderson, DLA Energy Pacific commander. "With fuel, your goal is to never spill it, never lose it, and never run out of it. This team continues to meet those goals in spectacular fashion."

To better serve customers in such an expansive theater and the multiple time zones, DLA Energy Pacific has five field offices in addition to the DLA Energy Pacific headquarters office. Field offices are located in Alaska, Guam/Singapore, Hawaii, Japan and Korea.

U.S. Navy Operations Specialist 3rd Class John Fay keeps tension on a line on the fantail of the aircraft carrier USS John C. Stennis (CVN 74) in the Pacific Ocean June 3, 2011. (U.S. Navy photo by Mass Communication Specialist Petty Officer 3rd Class Benjamin Crossley/Released)

DoD photo of Naval personel fueling aircraft.

Supporting contingencies and operations, like humanitarian and disaster-relief support, places additional pressure on the DLA Energy supply chain. These types of extra operations also require DLA Energy Pacific to work closely with USPACOM and service component planners to ensure success.

Once requirements are finalized by the military services, they are submitted to service control points and DLA Energy Pacific for contract execution.

"DLA Energy has provided support to many disaster-relief operations—the most recent of course being Operation Tomadachi, which occurred after the devastating earthquake and tsunami in Japan," explained Army Lt. Col. James Stearns, operations officer for DLA Energy Pacific.

DLA Energy Pacific also provides fuel and personnel support during major field training exercises such as Cobra Gold, an exercise with Thailand to enhance joint interoperability and tactical operational readiness; Balikatan, conducted in the Philippines where traditional and non-traditional threat scenarios are exercised; Key Resolve – Foal Eagle, an exercise designed to improve combat readiness and joint/combined interoperability in Korea; Ulchi Freedom Guardian, the venue for facilitating Korea Command/Republic of Korea Joint Forces Command, command transformation, also in Korea; and Terminal Fury, which occurs across the theater and focuses on defusing a crisis while setting conditions for success should deterrence fail.

Thanks in part to emerging technology and steady growth in the energy arena, the organization has also expanded its role in supplying alternative fuels and renewable energy.

DLA Energy Pacific continues cooperation with the state of Hawaii and USPACOM to further military applications of alternative fuels and renewable energy at the annual Asia Pacific Clean Energy Summit and Expo and other venues. The Alternative Fuels and Renewable Energy office has also had a hand in getting the first E85 fuel dispensing station to Hawaii. The organization continues to provide support to Defense Department goals, which include reducing carbon footprint and dependence on foreign oil.

There are many communication challenges in the Pacific region. Among them, DLA Energy contends with extreme diversity within all the stakeholders in the fuel business, multiple time zones and the international dateline – which, while easy to calculate, does impede on day-to-day activities. DLA Energy Pacific plays a key role in these processes.

"Working through these challenges to provide energy support and meet the warfighter's evolving needs in such a vast region may seem daunting, but it's all in a day's work for the DLA Energy Pacific team," Henderson said. ES

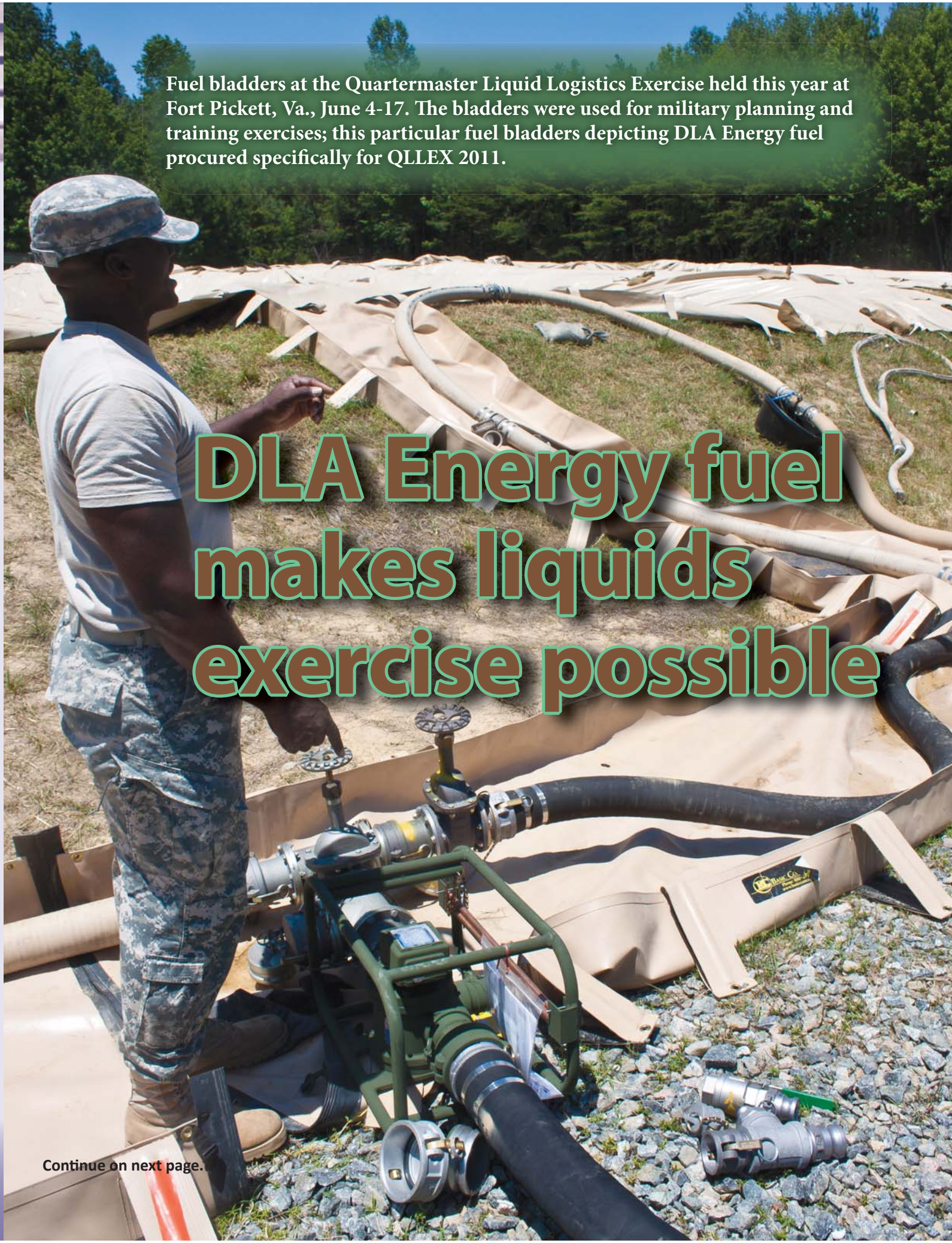
Quality: our top priority

Continued from page 15

DLA Energy awarded contracts to evaluate new technology using bacteria to convert biomass waste to fuel and upscale it from laboratory application into a prototype mobile unit for use at forward operating locations. It also awarded contracts to fulfill the Army's requirement for hydrotreated renewable JP8, called HRJ8, for testing at the Southwest Research Institute, San Antonio, and the Tank and Automotive Research Development and Engineering Center in Warren, Mich., with volumes exceeding 34,000 gallons.

In support of the services' testing, certification and alternative fuels goals for drop-in replacement fuels, DLA Energy continuously conducts a variety of research and development studies to advance the state of knowledge involving the intricacies of alternative fuel and renewable energy development and the potential for operational usage. ES

"The Quality and Technical Support team is essential to ensuring the fuels DLA Energy procures for the warfighter and other federal customers will continue to be on-specification to support mission readiness no matter what type of fuel the warfighter requires," said Serino.



Fuel bladders at the Quartermaster Liquid Logistics Exercise held this year at Fort Pickett, Va., June 4-17. The bladders were used for military planning and training exercises; this particular fuel bladders depicting DLA Energy fuel procured specifically for QLLEX 2011.

DLA Energy fuel makes liquids exercise possible

Continue on next page.

FOCUS ON:

Workforce Development

Defense Logistics Agency Energy Commander Navy Rear Adm. Kurt Kunkel and DLA Energy Americas Commander Army Col. Bill Keyes are briefed on fuel truck filling at the Quartermaster Liquid Logistics Exercise held this year at Fort Pickett, Va., June 4-17. Photo by Susan Lowe.

By Susan Lowe
DLA Energy Public Affairs

Defense Logistics Agency Energy Commander Navy Rear Adm. Kurt Kunkel, who passed away Sept. 28, 2011, and DLA Energy Americas Commander Army Col. Bill Keyes observed the Quartermaster Liquid Logistics Exercise June 10 at Fort Pickett, Va.

QLLEX, which began in 1980 and was originally known as the Petroleum, Oil and Lubricants Exercise, is the largest Army-wide petroleum and water transportation exercise conducted in the continental United States. Water storage and distribution became part of the exercise in 1993, and its name was changed to QLLEX in 2004.

All of the fuel used in the nationwide exercise was procured by DLA Energy. The QLLEX locations included San Pedro, Calif., Fort Huachuca, Ariz., Forts AP Hill, Eustis and Pickett, Va., Fort Bragg, N.C., and Fort Dix, N.J. Six defense fuel support points across the country participated in this year's exercise.

Defense Logistics Agency Energy Commander Navy Rear Adm. Kurt Kunkel is briefed via a sand table at the Quartermaster Liquid Logistics Exercise held this year at Fort Pickett, Va., June 4-17. Sand tables have been used for military planning and training exercises; this particular sand table included fuel bladders depicting DLA Energy fuel procured specifically for QLLEX 2011. Photo by Susan Lowe.

The goal of the exercise, held this year June 4-17, is to give the U.S. Army Reserves the opportunity to train with its strategic partners to support real-world fuel and water requirements. Participants load fuel, in this case, DLA Energy-procured JP8, into Army trucks at DFSPs and transport it to various locations, be it a fuel system support point or a DLA Energy customer.

Nationwide, the exercise involved approximately 2,100 U.S. Army Reserve soldiers and 200 Army tank trucks, which replaced DLA Energy-contracted truck carriers during the exercise. They delivered more than 3.5 million gallons of fuel to 40 DLA Energy customers.

“Putting DLA Energy-owned fuel into Army trucks that will be delivered to an Air Force base is the true definition of a joint partnership, and that’s what is happening during this exercise,” Kunkel said. “We are working together with our strategic partners, and that makes us more effective and efficient as we meet the energy needs of our customers.”

Kunkel went on to say that without the fuel provided by DLA Energy, there would not be a training exercise of this magnitude that mirrors realistic world situations.

“QLLEX provides hands-on experience by allowing soldiers to move real fuel in real situations. Training like this is priceless,” he said.

While the contracting officers and specialists located at Fort Belvoir, Va., procured the necessary fuel, personnel at DLA Energy Americas played a major role in the exercise by working closely with the 475th Quartermaster Group to coordinate mission requirements and complete quality inspection of the fuel that was loaded into the Army trucks for distribution. DLA Energy Americas also partnered with the DLA Joint Reserve Force to develop an annual training plan for U.S. Army Reservists who participate in the annual training. The goal is to enhance the ability of DLA Energy and the Army Reservists to respond effectively and efficiently to either man-made or natural contingency scenarios.

"QLLEX provides great training for these soldiers and for our personnel as well," Keyes said. “The soldiers work directly with the fuel, and our quality assurance representatives test the fuel to make sure it’s on specification. Our QARs are tough; just like in real life situations, if the fuel is not on spec and on grade, it doesn’t get loaded into the trucks; it doesn’t go anywhere until it’s right.”

Kunkel, along with DLA Energy strategic partners’ senior leaders, was briefed on the U.S. Army Forces Command’s Petroleum Training Module that provides petroleum and engineering units with realistic, hands-on training on the installation, operation, maintenance, disassembly, cleaning and storing of the major Inland Petroleum Distribution System components.

“This kind of technical training isn’t found anyplace else,” Keyes said. “Soldiers have the opportunity to work on pipelines, just like they will when they are deployed.”

After the IPDS briefing, Kunkel and the others traveled to the QLLEX training site and received a briefing at one of the fuel storage bladder facilities. Each bladder holds 210,000 gallons of fuel, and troops are trained to set up, fill, drain and move the bladders to any location they might be needed.

“The great thing about this exercise is once the Army reservists are trained and know how to handle our fuel, they are ready to support DLA Energy in any fuel related mission,” Kunkel said. “Having well trained resources available to us in theatre or here in the U.S. during a natural disaster allows us to provide energy support whenever it’s needed. That is what makes QLLEX so important and we are proud to be a part of it,” Kunkel added. ES

DLA Energy delivers

Trains, trucks and barges bring coal

By Susan Declercq Brown
DLA Energy Public Affairs

In an era when the Defense Logistics Agency Energy is beginning to be known as much for expertise in alternative fuels and renewable energy as it is for utilities and petroleum-based fuels, coal may seem like an anachronism. But DLA Energy still supports customers—including the U.S. Congress—who rely on coal and natural gas for their daily energy needs.

Coal, the most abundant energy product in North America, is used by both Department of Defense and federal civilian customers, according to Charles Tiggs, chief of the DLA Energy Installation Energy business unit's coal division.

"We support three installations in Alaska and nine in the lower 48 states, including Marine Corps Air Station Cherry Point, N.C., the Joint Systems Manufacturing Center in Lima, Ohio, and the Capital Power Plant, in Washington, D.C., which provides coal to the U.S. Congress, as an alternate power source," Tiggs explained.

Tiggs said coal delivery methods are unique and sometimes challenging. The required specifications are different for each installation depending on the age and condition of the installation's boiler system.

"We use trains, barges and trucks to transport coal to our customers, sometimes just one, or two, but sometimes all three methods for one shipment, depending on what the customer needs and the particulars of that location," Tiggs said.

Coal originates at the mine. It can be stockpiled for direct truck delivery, loaded directly onto 100-ton hopper bottom railcars or sent via rail or truck to a barge loading facility where it is transported via barge to a terminal, offloaded and delivered to the installation by truck. All deliveries are free-on-board destination.

Alaskan customers receive their coal directly from the mine via rail.

If special conditioning is required—such as a spray to suppress coal dust, called "fines," or one to pre-treat the coal for freezing conditions like those at the Naval facility in Indian Head, Md.,—it is usually applied at a railroad docking station as the coal is transferred to another railcar or to a barge. It can also be applied to stockpiled coal.

"Delivery is sometimes challenging," Tiggs said. "For instance, if you have flooding, you have force majeure conditions [unforeseeable circumstances that prevent fulfillment of a contract] that impact delivery. And rail shipments rely on cars and rails that require constant maintenance by the railroads. This occasionally impacts the timeliness of deliveries."

"In addition, coal is unique, in that specifications may vary depending on where the coal is mined. As a result, the coal division is often executing contract modifications," he explained.

"We plan ahead for contingencies to ensure customers don't go without, even if the delivery comes a little later than expected," Tiggs added.

DLA Energy is always looking ahead for ways to meet customers' future energy needs, and the coal division is no exception, Tiggs said. A request for proposals for bio-coal to support three U.S. Coast Guard locations in Alaska was issued in July. And, discussions are underway with the Army, as well, he said.

Tiggs said two alternative coal choices are available: bio-coal, which is a combination of coal and wood blended through a thermal process, and biomass, which is 100 percent wood pellets. Bio-coal can be burned in existing facilities with no retooling, he said. But biomass, which may be desirable because it burns cleaner, requires retooling and refitting of boilers and power plants and produces fewer BTUs than the other options, he explained. ES

Courtesy Photo from stock photos

DLA Energy delivers
Unique group launches mission success

By Susan Declercq Brown
DLA Energy Public Affairs

When employees at the Defense Logistics Agency Energy's Aerospace Energy offices in San Antonio say they launch mission success, they're not exaggerating.

The unit provides rocket fuel, propellants and related products such as lifting gasses like helium, to Department of Defense, NASA and commercial space industry customers.

Supporters of the U.S. Space Shuttle program, the Aerospace Energy team recently celebrated the bittersweet landing of the shuttle Atlantis on July 21, the final flight in the Space Shuttle program. The delicate docking and detaching maneuvers conducted in zero gravity during the final mission were made possible by products procured by the team.

"We are sad to see it retired, but we look forward to continuing support to NASA on its other programs," explained Sharon Murphy, director of Aerospace Energy. "We will also continue to support U.S. Air Force launches and our commercial customers' launches and space programs."

Aerospace Energy is unique within the federal energy community. First, no one else procures the same commodities, all of which are hazardous materials. And the organization procures these products for commercial entities and universities as well as the warfighter, as authorized by the Commercial Space Launch Act.

"Our delivery system is also unique within DLA Energy," explained Charlene Smoot, a logistics management specialist who handles new business opportunities for the Aerospace Energy business unit. "Transportation management is a huge part of what we do."

That's because the organization rarely makes regularly scheduled deliveries; instead they deliver just in time for space launches or special programs. And, because all of their commodities are hazardous materials, which require a variety of specialized transport and handling requirements, they manage unique transportation requirements for more than half their shipments. As a result, they also own a lot of specialized containers, unique trailers and transportation and storage equipment to support their unique products.

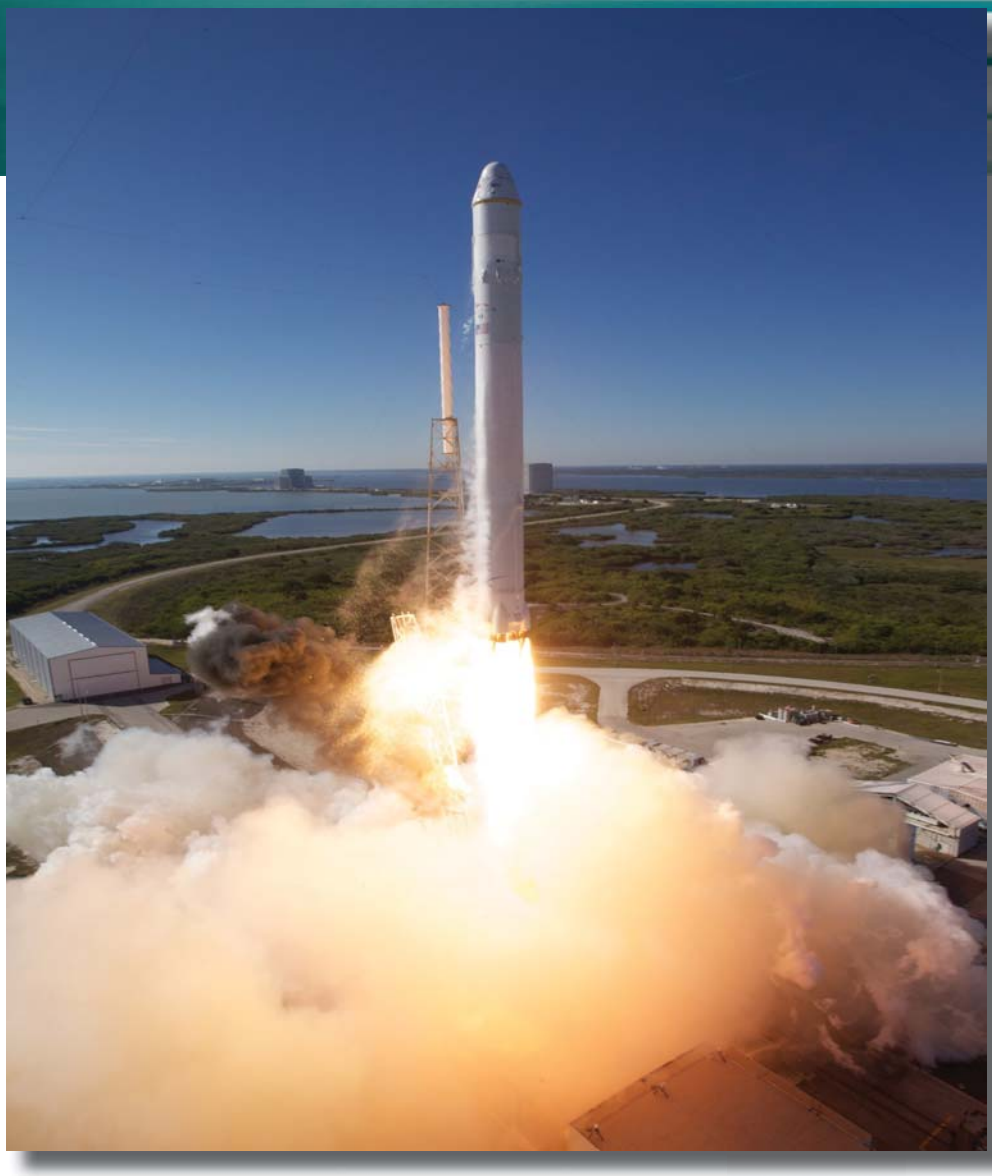
U.S. Army Sgt. Kenneth Arnold, and Spc. Donald Neeley, both Aerostat blimp operators with B Troop, Regimental Troop Squadron, 278th Armored Cavalry Regiment, 103rd Sustainment Command (Expeditionary), launch the blimp at Contingency Operating Base Taji, Iraq, June 28, 2010. (U.S. Army photo by Cpl. Rich Barkemeyer/ Released)

Aerospace Energy's transportation management specialists must ensure carriers have the right certifications, licenses, background checks and the like. They must also ensure carriers are properly equipped for and following special transportation requirements for the products and programs they are supporting. These can include satellite tracking, escorts and dual drivers so the vehicle does not stop along the route, Smoot explained.

More than half of the deliveries are accomplished free-on-board destination, including more regular delivery schedules for products such as cryogenics like bulk liquid oxygen and bulk liquid nitrogen. The rest are FOB origin.

"And, about half of our deliveries are made directly to commercial customers, many on behalf of the government, under the Commercial Space Launch Act, which was designed to spur space program development," Smoot added.

Smoot said bulk helium provides an excellent example of how warfighter needs shape how products are delivered.



The Defense Logistics Agency Energy Aerospace Energy supports space programs like Space XLaunch. (Courtesy Photo)

"For the warfighter overseas, we have an amazing pipeline in place for getting bulk helium in place. And, as a result, aerostats lifted by that helium are helping to save lives over Iraq and Afghanistan," she said. "We work closely with U.S. Central Command and the DLA Energy Middle East offices to ensure our warfighters have the helium they need."

As the requirements for helium continue to grow, Aerospace Energy's helium team keeps pace by maintaining a steady stream of specialized equipment and helium flowing to the U.S. CENTCOM area of responsibility.

"We have used some very unique methods of transportation to get sufficient quantities of helium where and when it is needed, including just about every method you can think of—air, land and sea," Smoot explained. Responsiveness to the warfighter often requires innovation, she added.

"Several years ago, as the need for bulk helium was growing rapidly, we designed a high-pressure cylinder assembly that could be sling-loaded on helicopters to ensure the warfighter access to bulk helium in remote locations. We also took on old trailers and equipment from across DoD, refurbished them quickly, and at a significant savings, because they were air-liftable." she said.

Other commodities also require special treatment, so managing containers, retesting for certification and keeping up with policies for testing, certification and shipping is a big job, she said.

"Everything we ship is HAZMAT—everything," Smoot said.

Some special transportation requirements for commodities include:

• Hydrazine is used for steering satellites in space, combined with dinitrogen tetroxied as a bi-propellant in space, and also used in a different grade as a starter in the F-16 jet fighter's backup system. It requires satellite tracking and dual driver.

• N_2O_4 is dinitrogen tetroxide. It is combined with hydrazine for thrusters. It requires specialized escort in bulk quantites along with tracking .

• RP-1 rocket propellant kerosene is used in Delta II and Atlas V rockets for military and commercial missions. In addition to other requirements, Aerospace Energy must ensure carriers have the right kind of equipment so the materials don't react with the product. JP10 missile propellant for Tomahawk and Harpoon missiles is managed like RP-1. And cancellations, postponements and location changes are common.

"The program and launch schedules affect how and when we deliver," Smoot added. "It keeps things interesting at our end, watching the final landing of the space shuttle made me proud to be a part of such an amazing historical program. I'm glad we were part of what made it happen." ES

DLA Energy delivers
Global storage and distribution network fuels forces

By Susan Declercq Brown
DLA Energy Public Affairs

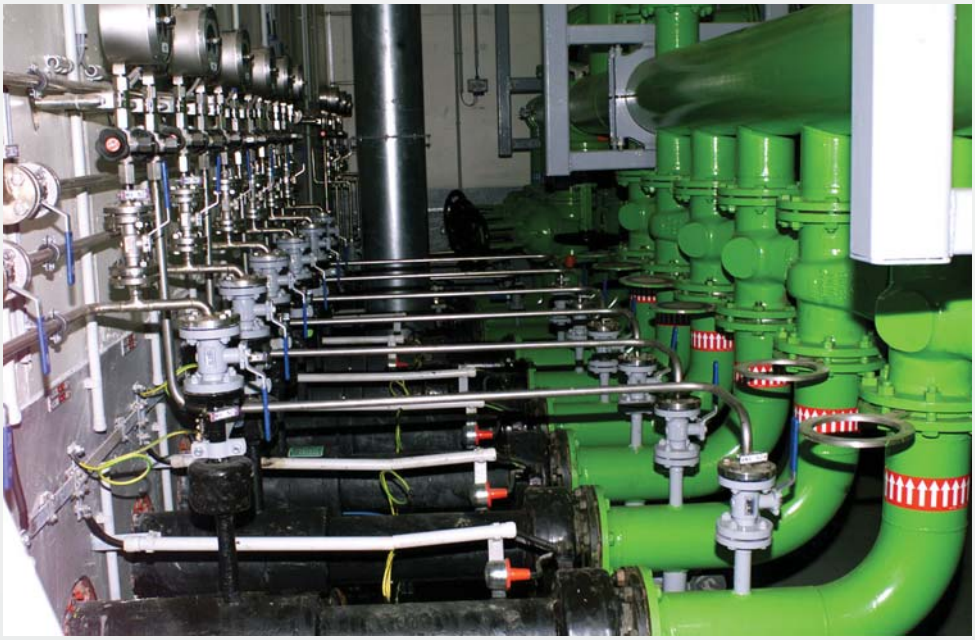
The Defense Logistics Agency Energy begins optimizing delivery of military specification fuels to the warfighter long before the actual rubber hits the road.

From the time the military services submit their long-range fuel requirements and the service control points collaborate with DLA Energy's regional offices and demand planning group to determine how much fuel to purchase for a specific period, DLA Energy is already studying the best way to deliver the fuel to each customer, said Linda Barnett, chief of Inventory and Distribution Management in the supply chain operations division of DLA Energy's Defense Fuel Support Point Management business unit.

"The supply chain operations division is responsible for all activities that impact the supply chain operationally, from facilities management, inventory and distribution, including transportation, acquiring contractor facilities and the development of requirements," explained Tracy Keenan, the division chief.

So, the division is providing the necessary oversight to ensure best solutions and ensuring infrastructure is available to support those solutions, she said.

Courtesy Photo



It's a big job, said Keenan. Eighty-nine percent of DLA Energy's business is in bulk petroleum, and the organization is authorized a worldwide bulk fuel inventory of 59.9 million barrels at any given time. The business unit procures military specification fuel, such as F76 marine diesel, JP5 marine aviation fuel, JP8 jet fuel and associated additives and lubricants. It oversees more than 600 DFSPs worldwide and manages a $580 million plus transportation budget, Keenan explained.

The organization uses options called "nodes and arcs," as part of a linear-modal computer program called the BID Evaluation Model, to determine the optimal distribution method for each customer. Nodes and arcs are all the possible fuel sources and delivery modes, or combinations of modes, that could meet the customer's requirements. These could include, truck, rail, pipeline, barge or ocean tanker and may be direct from the supplier or from another defense fuel support point.

"We do the business case analysis for our customers," Keenan explained. "And, depending on the size of the military program we're supporting, there could be hundreds of thousands of nodes and arcs to evaluate."

"More nodes and arcs help us find a supply chain solution that gives us better options to bring the product to the customer at optimal cost." Barnett said. She observed that the warfighter generally doesn't care how the fuel arrives as long as it is there-on-specification, when it is needed.

"Meeting the customer's requirements with the most cost-effective solution helps keep the standard price [which includes transportation costs] down." Barnett continued "So, we look at the business end to ensure good stewardship; and we let the warfighter focus on the operational mission."


Courtesy Photo

The BID Evaluation Model also helps the DLA Energy team weigh the pros and cons of free-on-board destination contracts and FOB origin contracts for each destination.

"More nodes and arcs create more competition and flexibility," she stressed.

Keenan explained that the business case analysis might indicate it is more economical to inject required additives at a final destination rather than deliver the fuel already additized, for instance.

"Or we may decide to build a truck rack at an installation to enable it to become a distribution hub for other installations because that will be more cost-effective for DoD. Our military construction and Sustainment, Restoration and Modernization teams will have to invest capital to build that capability—but we do it because it's the right thing to do," Keenan said.

DLA Energy's regional offices schedule and manage delivery via all but ocean tanker. Keenan's team handles the tanker shipments and manages all the transportation funds.

"I don't think you hear a lot about that [the team's work to find the optimal solutions]. It's the squeaky wheel that gets the attention—and we're not squeaky," Barnett said.

"We just work in concert to create these efficiencies and build them into our solutions. When customers get their fuel, it's on-spec and on-time. And, that's what they care about. They don't know all the stuff we did to get it there. It looks to easy to them because we always meet the requirements. Our supply chain doesn't squeak," Barnett continued.

Keenan concurred. "In a nutshell, the capability we bring to the warfighter is supply chain expertise and knowledge from the point of manufacturing right down to the end customer—delivered right to the warfighter." ES

DLA Energy delivers

By Susan Declercq Brown
DLA Energy Public Affairs

Whether it's heating oil for base housing, or marine and jet fuel at unfamiliar ports, when the warfighter or other Defense Logistics Agency Energy customers require commercial specification fuels delivered directly from the vendor to them, DLA Energy's Direct Delivery Fuel business unit makes it happen.

The business unit provides fuel and services through two contracting teams: posts, camps and stations; and into-plane and bunker. In addition, the team procures fuel and transport services to supply U.S. forces in Operation Enduring Freedom and other contingency operations.

The Defense Department receives 82 percent of the fuel procured by Direct Delivery. Thirty-one other federal agencies, including the Departments of State, Interior, Justice, Energy, Commerce, Agriculture and Transportation, as well as NASA, The General Services Administration and the Postal Service, constitute the remainder. Direct Delivery procured 2.85 billion gallons of fuel in fiscal year 2010 and supported nearly 4,200 customer line items.

"Through PC&S, we support the day-to-day operations for the warfighter at the home station," said Kathryn Fantasia, director of Direct Delivery Fuels. "We provide heating oil, diesel fuel, motor gasoline and a host of other products that fuel heating systems, generators and ground vehicles."

For example, at Andrews Air Force Base, Md., DLA Energy could be providing heating oil to keep base housing and workplaces warm and burner oil that keeps generators running to provide electricity and light in the buildings. Direct Delivery also procures gasohol; ethanol-based alternative fuels; automotive diesel; biodiesel; kerosene; jet fuels JA1, JetA and TS1; aviation gasoline; and intermediate fuel oils all for direct delivery from the vendor to the customer.

Though most fuel procured through this program is commercial specification, the business unit also arranges for delivery of military specification JP5 and JP8 jet fuels to some remote Air Force and Navy locations, added David Peterson, deputy director of Direct Delivery Fuels.

Into-plane and bunker contracts make commercial jet and marine fuel available through airport and seaport vendors worldwide.

"We provide a refueling option when there is no military station or defense fuel support point available where

Keeping the home fires burning and expanding global reach

ships can pick up F76. That's absolutely critical when a mission changes or where there is no military or DFSP option," Fantasia explained.

There are 494 into-plane facilities and 152 bunker facilities available worldwide. Fantasia said Direct Delivery provides the only fuel support available to U.S. forces in South America, Africa and Eastern Europe. Aircrews and supply officers can use the Aviation Into-plane Reimbursement Card, known as AIR Card®, or Ships' bunkers Easy Acquisition Card, known as SEA Card®, to purchase the fuel. The card programs are managed by another directorate of DLA Energy.

The business unit also procures all of the fuel for U.S. forces in Afghanistan because of the team's expertise in contracting for delivery services. Those fuel procurements are a substantial part of the organization's annual purchase for fiscal 2010, and requirements have grown this year, Peterson said.

The Direct Delivery team also procures fuel for exercise, contingency operations and humanitarian relief efforts worldwide. Supporting exercises in Africa and Romania, for instance, also helps DoD develop a supplier base in regions where there is a shortage of qualified suppliers and limited infrastructure to support fuel deliveries, Fantasia explained.

"It is critical to providing options in the region," she added.

The business unit is also called upon to provide support to humanitarian relief efforts.

"Most, if not all, humanitarian support comes through Direct Delivery," Fantasia said.

They provide the contract for fuel support to the Federal Emergency Management Agency, and were most recently instrumental in providing crucial fuel availability to the humanitarian efforts in Haiti and Japan.

To procure for the PC&S contracts, Direct Delivery divides the United States into customer organized groups. Customers are organized into groups based on shared potential vendors and the size and number of customer line items, Fantasia explained. Ten to 30 contracts are awarded from each COG, during one solicitation to award cycle, she said. There are six COGs.

"Customers benefit from our customer-focused organization and purchasing programs because we can provide savings and efficiencies by combining customers to purchase as one unit—and the DLA Energy teams have expertise in the particular market from which the COG's suppliers are drawn," Peterson explained.

To manage the COGs, Direct Delivery is divided into five divisions. One division handles all the into-plane, bunkers and fuel card contracts. Four others handle the PC&S contracts, which are mostly for ground fuel, and support of one or more of the combatant commands.

Division I handles COG 3, which includes Maryland, Virginia, West Virginia, Tennessee, Kentucky, Ohio and Indiana; Alaska and Hawaii are also handled by this division, which also supports the domestic unified commands. Division II handles COGs 6, 7, 8 and Puerto Rico, as well as the U.S. Europe & Africa Commands. That includes Michigan, Illinois, Wisconsin, Minnesota, Iowa and all states west of there. Division III handles COGs 2 and 4, which include Delaware, Pennsylvania and states north of there; Missouri, Arkansas, Louisiana, Mississippi, Alabama, Florida, Georgia, and the Carolinas. This division also supports U.S. Southern and Pacific Commands' requirements.

"There are significant challenges associated with the volume of fuel required, political situations, import taxes, extreme weather conditions, religious holidays, insurgent activity—not to mention the general wartime environment. And the deliveries are free-on-board destination, so there is a risk associated with that," said Kathryn Fantasia.

Division IV is devoted to supporting the U.S. Central Command's requirements, including the responsibility for fueling nearly all U.S. forces requirements in Afghanistan.

Fantasia said providing uninterrupted fuel support to Afghanistan, a landlocked country with no fuel resources of its own, is her organization's biggest challenge, but also its most significant achievement.

"There are significant challenges associated with the volume of fuel required, political situations, import taxes, extreme weather conditions, religious holidays, insurgent activity—not to mention the general wartime environment. And the deliveries are free-on-board destination, so there is a risk associated with that," she explained. "We're extremely proud of delivering uninterrupted support to the warfighter despite those challenges."

Peterson said transitioning from DoD lead responsibility in Iraq to State Department lead also creates some challenges to maintain fuel support in the changing environment. "Then there is Africa," he said delineating the challenges faced there. "Part of the challenge there is finding quality suppliers—quality of fuel and delivery. Africa has very, very little infrastructure to support our requirements, and we and our contractors sometimes have to get very creative to get fuel to remote areas where it is needed for exercises. Our work here is crucial though, as every new option we create brings more flexibility and accessibility to the warfighter in this region."

Supporting global requirements also demands dedication from the Direct Delivery team, Fantasia said. Because of time zones differences, for instance 10 hours difference for Kyrgystan and eight hours for the Middle East region, and the 24-hour nature of humanitarian and contingency operations, sometimes employees have to work from home in order to be available at the right time on the other side of the world, she explained.

Fuel bladder used in the Middle East.
Photo by DLA Energy Middle East.

"Because we have a worldwide reach, it's not uncommon for our contracting officers or specialists to get up at midnight to participate in a phone call to ensure a customer has the support he needs or to talk to a contractor to ensure the mission requirements are met," Fantasia added. "That's routine, business as usual, for us." ES

DLA Energy delivers

By Susan Declercq Brown
DLA Energy Public Affairs

Agreements with foreign partner nations help the Defense Logistics Agency Energy expand the warfighter's access to fuel worldwide.

"International agreements give the warfighter essential access to fuel, fuel infrastructure and delivery services around the globe that would not be available any other way," said David Alexander, chief of the global support, international agreements division of DLA Energy's Bulk Petroleum business unit.

DLA procures most fuels and services through numerous contracts, but government-to-government agreements provide additional flexibility, Alexander explained.

DLA Energy has 42 fuel agreements in place now and is working hand-in-hand with the organization's regional offices and business units to establish an additional 15 new agreements. The oldest existing agreement has been in place for 40 years, the division chief said.

There are three types of international fuel agreements, and each brings something new to the table.

Fuel exchange agreements are typically negotiated under an overarching authority called acquisition cross-servicing agreement authority. The authority is delegated from the Assistant Secretary of Defense for Acquisition, Technology and Logistics through the Joint Chiefs of Staff and the combatant commands.

DLA Energy's bilateral fuel agreements with coalition forces include countries such as Oman, the United Arab Emirates, Korea, Australia, the United Kingdom, Italy, France, Canada, Chile and others. They allow the military services from the U.S. and the partner nation to draw fuel from each others' inventories. FEA accounts are reconciled and settled periodically by the DLA Energy financial team in San Antonio.

Expanding global fuel access for the warfighter

Courtesy Photo

"These agreements come in very handy for the military services and enhance operational capabilities. And, they certainly provide the means for more of a single supply chain of fuel to support a coalition effort," Alexander explained.

Fuel support agreements can provide products, storage, port services, quality support and pipeline use. These are used when the infrastructure, systems and operations associated with the fuel use are owned and operated by foreign governments or coalitions, such as NATO.

"They provide us powerful capabilities worldwide—in Europe, the Pacific and the Middle East," said Bruce Blank, director of the Bulk Petroleum business unit.

For example, the Turkish/NATO Pipeline System enables DLA Energy to support U.S. European Command and U.S. Central Command operations.

The growing program is centrally managed within the Bulk Petroleum business unit, but DLA Energy's regional offices and business units are an integral part of the agreement team, Alexander explained.

"As the international agreements program continues to expand, so does the warfighter's global access to fuel," Blank said. ES

Two DLA teams receive awards for energy management

By Jonathan Stack
Contributions to this article by Christopher Goulait

Two Defense Logistics Agency teams are being recognized for their efforts to be more energy efficient.

The DLA Energy Demand Response Team and the DLA Installation Support at Columbus, Ohio Energy Management Team have been selected to receive 2011 Federal Energy Management Program awards from the Department of Energy. The two teams were recognized during Energy Awareness Month at an awards ceremony Oct. 12 and a luncheon Oct. 13 in Washington, D.C.

DLA Energy's Demand Response Team received the award for resolving a legal definition issue that now allows Defense Department installations to accept financial incentives for curbing their power use during periods of peak demand or when market prices fluctuate.

As a result, the demand response program team has agreements for several installations to lower electricity demand below production capacity, according to the nomination packet. The program provides additional power to help avoid rolling blackouts in installations' communities and a financial incentive for participating installations.

"Demand response is a mechanism used to manage customer consumption of electricity in response to prevailing supply conditions," said Kevin Ahern, director of DLA Energy's Installation Energy business unit. "Under a demand response program, participating customers are incentivized to reduce their consumption during periods of peak demand or in response to market prices."

Ahern said customers who participate in these programs have the option to curtail electricity consumption or use on-site generation to reduce demands on the power grid. These customers are then compensated through credits on their utility bills.

"DLA Energy began supporting customer enrollment in these programs in 2008," Ahern said. "In just under three years, total credits received by participating customers now exceed $7.6 million."

"This award demonstrates the importance and effectiveness of demand response to efficient power grid operations and recognizes the value to both Department of Defense and federal civilian agency customers not only in the economic benefits achieved but also in showing the federal government's commitment to supporting the reliability of the power grid," DLA Energy Acting Commander Patrick Dulin said.

DLA Installation Support's Energy Management Team was recognized for energy savings that reached record levels in fiscal 2010, according to the nomination packet. Energy consumption was reduced by seven percent, water consumption was reduced by 6.9 percent, vehicle fuel usage was reduced by 29 percent, and alternate fuels usage was increased by 68 percent versus their levels in fiscal 2009.

"DLA's significant progress over the last two years towards changing our understanding and involvement as sustainable stewards of our resources and facilities is evidenced by these two federal awards recognizing DLA's contributions," said Marv Wenberg, DLA Installation Support deputy director.

Across the agency, personal awareness and efforts to shut off unused equipment, appliances and lights made an instant difference, Wenberg said.

"The benefit when we reduce unnecessary use of energy and water is clear: increased funds and other resources to support DLA's missions," he said. ES

The Defense Logistics Agency Energy Demand Response Team, consisting of, from left to right, Larry Fratis, Jezabel Aviles, Bob Knudson and Paul Hahn are recent recipients of the 2011 Federal Energy Management Program awards from the Department of Energy. They were officially recognized in an October ceremony. (Photo by Christopher Goulait)

EBS reaches Energy Convergence milestone

By Business Process Support directorate

Pamela Griffith and Kevin Ahern from the Installation Energy office celebrate the Enterprise Business System Energy Convergence Release 1. (Photo by Christopher Goulait)

The Defense Logistics Agency Energy achieved a major milestone with the Oct. 24 Enterprise Business System Energy Convergence Release 1. With this first release, a portion of DLA Energy aligned to EBS and began to organizationally move DLA Energy to a single energy supply chain.

The EBS program modernizes and refines the agency's supply chain management capabilities by replacing aging technology legacy systems, improving customer support and providing better access to DLA's portfolio of business systems and processes. For DLA Energy, this is a significant first step and will greatly assist the non-petroleum business units and offices that had had no automated system support.

To position DLA Energy for EBS, its organizational structure must be aligned with the rest of DLA and the DLA organizational tenets. Moving specific customer and supplier facing entities to improve customer support, while also facilitating proper segregation of duties, was a vital part of the first release. The initial move to the new structure implemented with Release 1 in non-petroleum areas, with other business units to follow in Release 2.

Formal activity to make the reorganization official is underway via the Enterprise Organizational Alignment Board. The full benefit of this release will vary according to process areas, which are broken down into order fulfillment (comprised of inventory management and order management), tech/quality, finance, planning, procurement and real property.

EBS Energy Convergence Release 2 will bring in DLA Energy's petroleum business and add new functionality to EBS with SAP Oil and Gas and SAP Advanced Planning and Optimization. Go-live dates are projected for October 2012 for Release 2 and the first quarter of fiscal year 2014 for Release 3. Over the course of the three Energy Convergence releases, all six EBS process areas will benefit by the Energy Convergence implementation.

In an August transition event for DLA Energy employees, DLA Energy Executive Director Michael Scott summarized his past experience with change efforts.

"Real magic happens when supervisors work closely with their employees, it's important to keep the interaction dialogue going," Scott said.

"The transition to Energy Convergence is designed to be an ongoing process between supervisors and their employees," said Mike Broderick, director of DLA Energy Business Process Support.

"That is why Energy Convergence is focusing on preparing our employees. EBS or any system is not magic, it's the people who will make it work" Broderick said.

"It is a tremendous accomplishment on the part of everyone to get to where we are today," Broderick noted, in remembering being involved in the project from its program decision memorandum in December 2003 with a handful of other DLA Energy employees.

"DLA Energy has never had an automated procurement solution, so it will truly help to standardize our procurement function and fit in well with the new supplier facing part of our new organizational structure," Broderick continued, focusing on another highlight of the releases.

While the Release 1 work carries on, work on Release 2 is occurring on a parallel path, leading to improvements in the process with Release 2. The re-organization that was part of Release 1 positioned DLA Energy for the additional re-org that will occur with Release 2, but now it will be a known commodity, Broderick said about the next steps DLA Energy will face.

"A great benefit of Release 1 is getting the re-org done, this will make the move to new EBS position descriptions for Release 2 people much easier" Broderick said.

He continued by mentioning Release 2 will be the more complicated release, involving a move from an existing legacy system and bringing in new industry solutions that must work with EBS, noting that the Energy Convergence team is already preparing for these challenges to have another successful release. ES

A Closer look at the EBS Process areas:

- **Order fulfillment. Order fulfillment consists of: 1) Order management: Acquiring and satisfying customer orders and managing customer relationships. 2) Inventory management: Managing inventories and delivering materials to meet customer needs.**
- **Tech quality: Create and maintain material master technical data to include supplier information; supports the entire supply chain with technical information and requirements.**
- **Finance: Defining and managing budgets, product pricing and operating costs.**
- **Planning: Understanding customer needs (demand) and resources available to meet needs (supply) and implementing actions to match them. Note: Most planning capabilities will not be implemented until Releases 2 and 3.**
- **Procurement: Identifying and contracting with suppliers and obtaining their materials and services in accordance with customer needs.**
- **Real property: Supports the tracking and management of DLA's assets through real estate reporting, facility maintenance and improvement projects. Note: Real property was not impacted by the EC Release 1 in October 2011; but will be impacted when the Real Property Increment 2 Project goes live in March 2012.**

In Memoriam

July 31, 1960 - Sept. 28, 2011

On the morning of Sept. 28, after an 11-month battle with brain cancer, Navy Rear Adm. Kurt Kunkel, commander of Defense Logistics Agency Energy, Fort Belvoir, Va., passed away at home surrounded by his family. He was 51 years old.

A native of Warner Robins, Ga., Rear Adm. Kunkel graduated from the U.S. Naval Academy in 1982 and earned a Master of Science degree from the Naval Postgraduate School, Monterey, Calif., in 1992. He was a graduate of the U.S. Naval War College in Newport, R.I., the Joint Forces Staff College in Norfolk, Va., and completed the Columbia University Graduate School of Business Senior Executive Program.

Kunkel served afloat Supply Officer tours in Fighter Squadron 102 embarked in USS America (CV 66); the frigate USS McCandless; aircraft carriers USS George Washington and USS Harry S. Truman. His shore assignments included Naval Air Systems Command, Crystal City, Va.; Naval Aviation Supply Office, Philadelphia, Pa.; Supply Center (FISC), Norfolk, Va.; U.S. Atlantic Fleet, Norfolk, Va.; U.S. 5th Fleet, Bahrain; the Joint Staff; Office of the Chief of Naval Operations; and as Commander, DLA Energy, Fort Belvoir, Va.

"He consistently took on tough assignments and tough jobs … and was a stand-out officer. … I was truly impressed with everything I saw Kurt Kunkel do," Defense Logisitics Agency Director, Navy Vice Adm. Alan S. Thompson, said.

Services for Kunkel were held Oct. 19, at the Fort Myer Chapel, Arlington, Va., with full military honor burial at Arlington Cemetery immediately following. The Navy Supply Corps Foundation has established a memorial scholarship fund in honor of RDML Kunkel. In lieu of flowers, the family requested that donations be made to the Navy Supply Corps Foundation. Further information can be found at www.usnscf.com/index.aspx.

"He was, at core, a man of exceptional character and integrity. With a strong ethical compass he instilled immense strength to the organization and all those who interacted with him. He demanded much from himself and from his example, we demanded much from ourselves," DLA Energy acting commander, Patrick Dulin, said. "His legacy will live on in DLA Energy, in the services and in each of us."

The Ship of Life *by John T. Baker*

Along the shore I spy a ship
As she sets out to sea;
She spreads her sails and sniffs the breeze
And slips away from me.

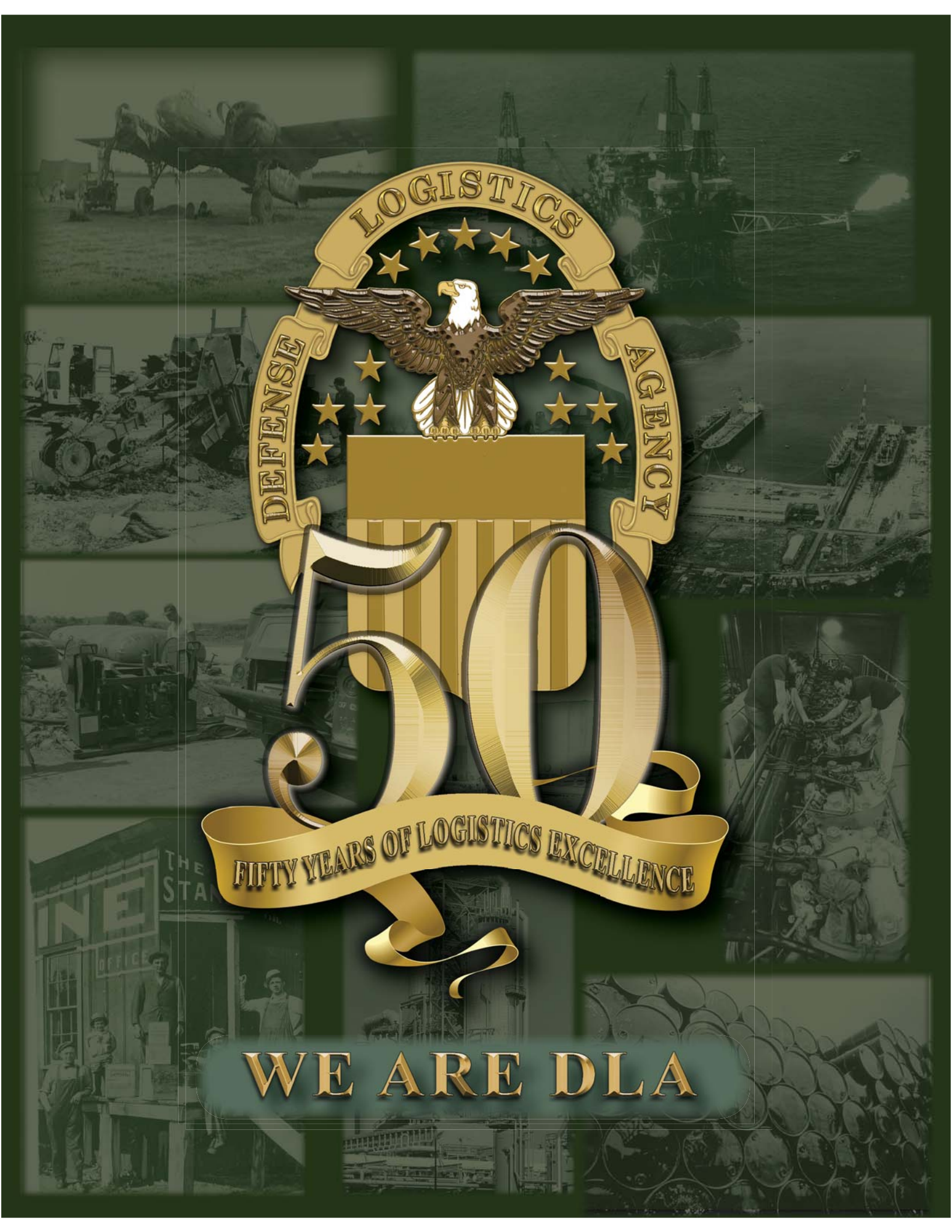
I watch her fading image shrink,
As she moves on and on,
Until at last she's but a speck,
Then someone says, "She's gone."

Gone where? Gone only from our sight
And from our farewell cries;
That ship will somewhere reappear
To other eager eyes.

Beyond the dim horizon's rim
Resound the welcome drums,
And while we're crying, "There she goes!"
They're shouting, "Here she comes!"

We're built to cruise for but a while
Upon this trackless sea
Until one day we sail away
Into infinity.

U.S. Army, 3rd Infantry Division, Old Guard at Arlington Cemetery pulling the casket of Navy Rear Adm. Kurt Kunkel. (Photo by Teodora Mocanu)


DEFENSE LOGISTICS AGENCY
50
FIFTY YEARS OF LOGISTICS EXCELLENCE
WE ARE DLA