



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD, SUITE 2533
FT. BELVOIR, VIRGINIA 22060-6221

IN REPLY
REFER TO

DLMSO

APR 01 2008

MEMORANDUM FOR SUPPLY AND FINANCE PROCESS REVIEW COMMITTEE
MEMBERS

SUBJECT: Approved Defense Logistics Management System (DLMS) Change (ADC) 274,
DLMS and DLSS Changes to Support Army Exchange Pricing
(Supply/Finance/MILSTRIP/MILSTRAP/MILSBILLS) (Staffed as PDC 269)

The attached change to DoD 4000.25-M, DLMS, is approved for implementation planning. The updated DLMS Supplement will be posted to the Defense Logistics Management Standards Office (DLMSO) web site, <http://www.dla.mil/j-6/dlms/elibrary/TransFormats/formats.asp>, within 10 days. The Army anticipated implementation date is May 1, 2009. The Defense Automatic Addressing System conversion capability will support this date.

Addressees may direct questions to the DLMSO points of contact, Ms. Ellen Hilert, Chair, Supply Process Review Committee, at 703-767-0676; DSN: 427; e-mail: ellen.hilert@dla.mil; or, Ms. Mary Jane Johnson at 703-767-0677; DSN: 427; e-mail: mary.jane.johnson@dla.mil; or, Mr. Robert Hammond at 703-767-2117; DSN: 427; e-mail: robert.hammond@dla.mil. Others must contact their Component designated representative.

DONALD C. PIPP
Director,
Defense Logistics Management
Standards Office

Attachment

cc:
ADUSD(SCI/L&MR)



ATTACHMENT TO ADC 274
DLMS and DLSS Changes to Support Army Exchange Pricing

1. ORIGINATOR:

a. Service/Agency: Army Headquarters, United States Army Material Command

b. Originator: Army, Logistics Modernization Program (LMP), commercial phone: 856-988-4878

2. FUNCTIONAL AREA: Supply/Finance

3. REQUESTED CHANGE:

a. Description of Change: Changes since PDC staffing are identified by **yellow highlighting**.

(1) Exchange Pricing (EP) is a business process improvement mandated by the Office of the Secretary of Defense (Comptroller) (OSD (C)), to mitigate the financial problems the Army has experienced with granting excess credit through its current supply practices, and allows credit for reparable items to provide incentive for organizations to turn-in unserviceable component parts, that Army Materiel Command (AMC) repairs and returns to inventory to support unit readiness needs. In order to rectify this situation, the Army will convert to a dual pricing system. All items will have a Standard Price (SP), which represents the Latest Acquisition Cost, plus a recovery rate. Additionally, Army Managed National Stock Numbered (NSN) items that are on an existing or planned national repair program, will also have an Exchange Price (EP), which represents the Latest Repair Cost plus a recovery rate. Essentially, those nationally repaired items will be issued at a discounted price based upon an expected return. If EP items are not returned within the established timeline (Delta Delay Days), the process will generate a Delta Bill (SP minus EP), which would result in a net cost of the full Standard Price to the customer. The Exchange Price will only be applicable to Army EP customers. All other customers will be charged the Standard Price. Additionally, if a serviceable turn-in is made against an EP item, the customer will be credited with Serviceable Exchange Price Return (SEPR), which represents the Exchange Price minus the Cost Recovery Rate. The Army will update these data elements with the Federal Logistics Information System (FLIS).

(2) There will be a conversion period that will last for 60 days following the Exchange Pricing implementation, which corresponds to the first Delta Delay period, to allow customers to be able to close open transactions initiated using the current business rules.

(3) Although different terminology is used, this concept is similar to that used by both the Navy and Air Force for more than 10 years. However, there are significant enough differences, that the use of a standard process is not feasible. **This change does not impact other Service procedures.**

(a) The Air Force process is entirely contained within one system, and as such, requires no external transactions to perform this process. The Army process will utilize several systems that perform different functions and would require information to be exchanged between them.

(b) In the Navy process, a Navy activity, which is requisitioning an item that is eligible for Carcass Tracking credit, enters their Carcass Tracking program, and the requisitioner indicates the type of credit expected and delays in turn-in timeframes. In the Army, only authorized Tactical Units are eligible for Exchange Pricing, the logic for which is in the Middleware Funds Control system, which needs to be communicated to the Logistics Modernization Program (LMP), Commodity Control Standard System (CCSS), and Defense and Finance Accounting Service (DFAS), and a turn-in is assumed unless otherwise indicated. Additionally, the Navy tracks reparable status by perpetuating document numbers. The Army process involves several systems that contain business rules to not allow duplication of document numbers, and as such the tracking is by material number and requisitioning activity.

(4) The Army Exchange Pricing process is outlined below:

(a) When an authorized EP customer sends in a requisition (DLMS transaction 511R, Defense Logistics Standard Systems (DLSS) transactions A0_, Army Transaction BE9) for an EP item, or performs other follow-on actions (DLMS transactions 511M, and 869F, DLSS transactions AM_ and AT_, respectively) for the same requisition, an Exchange Pricing Indicator is present on the transaction to indicate to the Inventory Control Point (ICP) that the requisition is Exchange Pricing relevant, and allow the systems to begin the EP tracking. The serviceable asset is released to the customer (DLMS transaction 940R, DLSS transaction A5_) and is recorded in the Middleware Funds Control Tracking File. However, if the customer knows that there will be no turn-in made, it is identified by the lack of an EP indicator, and they will immediately be charged the Standard Price.

(b) Any supply statuses (DLMS transaction 870S, DLSS transactions AE_) generated from the ICP for an EP requisition will have the EP indicator present, and perpetuated from the original requisition.

(c) Any Material Release Order (DLMS transaction 940R, DLSS transaction A5_, Army Transaction B99) from the Retail Level for an EP requisition will have the EP indicator present, and perpetuated from the original requisition. The Material Release Order will start the Delta clock. For remote and dedicated customer issues from the National Level, the Delta clock will start on submission of the Shipment Status (DLMS transaction 856S, DLSS transaction AS_). The EP indicator will not be required on the Shipment Status, since the document number will be perpetuated from the Material Release Order. Initial billing (DLMS transaction 810L, DLSS transaction FA1) at the Exchange Price occurs concurrently with the Material Release Order, and is identified by a Type Bill Code (rp 60-61) of “EP” and the EP indicator.

(d) When the unserviceable asset is received (DLMS transaction 527R, DLSS transactions D6R, and DZK) by the ICP, the turn-in is validated against the Middleware Funds Control Tracking File to match a serviceable issue, and based on the condition of the material received, and the success or failure of the match, the type of credit that will be issued is indicated on the transaction. Additionally, these transactions are also used to record the receipt of a serviceable turn in, since SARSS generates the D6R transaction, while reconciling the status of any corresponding issues made is performed separately in the Middleware Funds Control Tracking File. The receipt transactions will also contain EP relevant indicators. The DZK is sent to reconcile historical records in the event that the original D6R is never received, and will also contain EP relevant indicators. Receipt of a serviceable asset, identified by the EP Indicator and a serviceable Condition Code, will result in the issue of a Credit Bill for Serviceable Credit (DLMS transaction 810L, DLSS transaction FA2 identified by a Type Bill Code (rp 60-61) of “SC” and the EP indicator.

(e) If the turn-in is not received within Delta Days or is in an unacceptable condition (e.g. Condition Code “H”), a delta bill will be generated. The Middleware Funds Control Tracking system will generate a Material Receipt Status (DLMS transaction 870M, DLSS transaction FTZ) transaction to either the Army’s Logistics Modernization Program (LMP) or Commodity Control Standard System (CCSS), indicating the amount of any billing differences that result from the status of the turn-in and triggering the issue of a delta bill. The 870M will contain EP relevant indicators.

Staffing Note: The processes and procedures outlined in Approved DLMS Change 215 (Material Receipt Status (Material Returns Program (MRP)) Credit Reversal Amount) will remain in place, but only be utilized for non-EP Material Returns. Under Exchange Pricing, any credit to be granted would be on an exception basis and be triggered by manual intervention, rather than by the DLSS FTZ/DLMS 870M transaction as identified in paragraph (4)(d) above and (4)(f) below.

(f) Billing and Credit. The Material Receipt Status transaction initiates the Delta Bill (DLMS transaction 810L, DLSS transaction FA1 with a Type Bill Code (rp 60-61) of “DB” and the EP indicator) to be sent to the customer. Arbitration between the customer and the Inventory Control Point can result in the Delta Bill reversal (DLMS transaction 810L, DLSS transaction FD1, identified by a Type Bill Code (rp 60-61) of “RB” and the EP indicator). The reversal process is manual, current as is process, not supported by any EP systems extensions. EP indicators are to be added manually.

(g) The transaction process flows are provided in Attachment 1 to illustrate the transaction flows between systems. Additionally, it is assumed that the customer and material are Exchange Pricing relevant by Funds Control Module Tracking.

(5) The Army is utilizing Army-unique data elements to identify those transactions that are EP relevant:

(a) Establish a new data element titled Exchange Pricing Indicator (mapped to LQ01 = SEC) for use on 511M, 511R, 527R, 810L, 869F, 870M, 870S, and 940R DLMS transactions to identify that the Customer and NIIN are Exchange Pricing Relevant. The EP Indicator is to be located in the LQ/140 segment of the 511M and 511R transaction, in the LQ/130 segment of the 527R transaction, in the LQ/310 segment of the 810L transaction, in the LQ/180 segment of the 869F transaction, in the LQ/330 segment of the 870M transaction, in the LQ/135 segment of the 870S transaction, and in the LQ/1300 segment of the 940R transaction. These correspond to record positions (rps) 55-56 in all DLSS transactions with the exception of the DZK (D6R reconciliation), which corresponds to rps 78-79. The only allowed value is “EP” (Exchange Pricing Relevant). Additionally, the Exchange Pricing Indicator will also be located in the LQ/310 segment of the 810L and in the LQ/330 segment of the 870M DLMS transactions, even though there is no corresponding DLSS record position in order to maintain DLMS consistency throughout the process.

(b) Establish a new data element titled Exchange Pricing Type of Credit Indicator (mapped to LQ01 = BCR) for use on the 527R DLMS transaction to identify the type of credit to be received by the customer. The EP Type of Credit Indicator is to be located in the LQ/130 segment. This corresponds to rps 60 – 61 multiuse field in the DLSS transaction D6R. The only allowed value is “UC” (Unserviceable Credit). Unless otherwise specified, Serviceable Credit will be granted based on the serviceable turn in of an EP item (identified by the combination of a serviceable condition code and the presence of the EP indicator), regardless of a matching issue being present or not. The only difference between these

scenarios is that when an issue is made, there will be an initial billing document at the time of issue, followed by a SEPR credit; if there is no issue, the only document will be a SEPR credit. Following the conversion period, the Unserviceable Credit indicator will be discontinued, and only Serviceable Credit will be granted based on the EP Indicator. The Delta Bill extended value will be indicated on the DLMS 870M/DLSS FTZ transaction as described above.

(c) Establish a new data element titled Exchange Pricing Conversion Indicator (mapped to LQ01 = TTL) for use on the 527R DLMS transaction to be used only during the 60 day period following the Army’s implementation of Exchange Pricing to indicate to the systems that they are to ignore Exchange Pricing rules. The EP Conversion Indicator is to be located in the LQ/130 segment. This corresponds to rp 63 – 65 multiuse field in the DLSS transaction D6R. The only allowable value for use during the conversion period is “CON”. The use of this qualifier will only be relevant during the conversion period and following that, will be discontinued.

(d) Authorize the use of Status Code (LQ01 = 81) value “EP” on 870M DLMS transaction to identify that the Customer and NIIN are Exchange Pricing Relevant. This corresponds to rp 65 – 66 of the DLSS transaction FTZ, and no change is required to the DLMS IC or DAASC Conversion Maps.

(e) Authorize the use of Type of Bill Code (LQ01 = 54) values “EP”, “DB”, “RB”, or “SC” as described below on 810L DLMS transaction to identify that the Customer and NIIN are Exchange Pricing Relevant. This corresponds to rp 60 – 61 of the DLSS transactions FA1, FA2, FD1 and FD2, and no change is required to the DLMS IC or DAASC Conversion Maps.

b. Procedures:

(1) Revise DLMS Supplements and DAASC Mappings for 511M, 511R, 527R, 810L, 869F, 870M, 870S and 940R as follows:

Item #	Location	Revision to 511M, Requisition Modification	Reason
1.	DLMS Introductory Note:	<u>Added ADC 274 to DLMS Introductory note 5.</u> - ADC 274, DLMS and DLSS Changes to Support Army Exchange Pricing	To identify DLMS changes included in the DS
2.	2/LQ01/140	<u>Added qualifier “SEC” with the following DLMS Note:</u> SEC Stock Exchange Code DLMS Note: <i>Use to identify the Exchange Pricing Indicator for intra-Army transactions to identify that the Customer and NIIN on the transaction are Exchange Pricing relevant. An ANSI data maintenance request has been prepared to establish a new data element 1270 code qualifier assignment for Exchange Pricing Indicator. When applicable, cite code value EP (Exchange Pricing). Refer to ADC 274.</i>	Needed to support Army’s Exchange Pricing program.

DLSS/DLMS Mapping				
Field Name	DLSS Position	Conditions	Revision to 511M Mapping	511M Position/Loop
Exchange Pricing Indicator	55 - 56	If rp 30 = W AND If rp 55-56 = EP	LQ01 = SEC LQ02 = rp 55-56	2/LQ/140
Item #	Location	Revision to 511R, Requisition		Reason
1.	DLMS Introductory	<u>Added ADC 274 to DLMS Introductory note 5.</u>		To identify DLMS changes

	Note:	- ADC 274, DLMS and DLSS Changes to Support Army Exchange Pricing	included in the DS
2.	2/LQ01/140	<p><u>Added qualifier “SEC” with the following DLMS Note:</u></p> <p>SEC Stock Exchange Code</p> <p>DLMS Note: <i>Use to identify the Exchange Pricing Indicator for intra-Army transactions to identify that the Customer and NIIN on the transaction are Exchange Pricing relevant. An ANSI data maintenance request has been prepared to establish a new data element 1270 code qualifier assignment for Exchange Pricing Indicator. When applicable, cite code value EP (Exchange Pricing). Refer to ADC 274.</i></p>	Needed to support Army’s Exchange Pricing program.

DLSS/DLMS Mapping				
Field Name	DLSS Position	Conditions	Revision to 511R Mapping	511R Position/Loop
Exchange Pricing Indicator	55 - 56	If rp 30 = W AND If rp 55-56 = EP	LQ01 = SEC LQ02 = rp 55-56	2/LQ/140

Item #	Location	Revision to 527R, Material Receipt	Reason
1.	DLMS Introductory Note:	<p><u>Added ADC 274 to DLMS Introductory note 7.</u></p> <p>-ADC 274, DLMS and DLSS Changes to Support Army Exchange Pricing</p>	To identify DLMS changes included in the DS
2.	2/LIN01/010	<p><u>Revise LIN01 DLMS note 18:</u></p> <p>18. R – Exchange Item. Return Exchange of Service/Agency designated item to inventory, when a like item is issued on an exchange basis. Applicable only to nonprocurement source transactions. (DI Code D6R functionality)</p>	MILSTRAP Administrator update to revise note to more closely reflect MILSTRAP DI Code D6R definition from which the definition for LQ01 Code R was derived. The MILSTRAP Administrator shall update other LQ01 codes by a separate DLMS change to show corresponding MILSTRAP DI Code.
3.	2/LQ01/130	<p><u>Added qualifier “SEC” with the following DLMS Note:</u></p> <p>SEC Stock Exchange Code</p> <p>DLMS Note: <i>Use to identify the Exchange Pricing Indicator for intra-Army nonprocurement source receipt and historical receipt transactions, to identify that the Customer and NIIN on the transaction are Exchange Pricing relevant. Use with LIN01 code R (exchange item). An ANSI data maintenance request has been prepared to establish a new data element 1270 code qualifier assignment for Exchange Pricing Indicator. When applicable, cite code value EP (Exchange Pricing). Refer to ADC 274.</i></p>	Needed to support Army’s Exchange Pricing program.

Item #	Location	Revision to 527R, Material Receipt	Reason
4.	2/LQ01/130	<p><u>Added qualifier “BCR” with the following DLMS Note:</u></p> <p>BCR Business Credit Rating</p> <p>DLMS Note: <i>For temporary use to identify the Exchange Pricing Type of Credit for intra-Army receipt transactions to identify that Exchange Pricing unserviceable condition credit is to be received by the customer. The Exchange Pricing Type of Credit is used only during the 60 day conversion period following the Army’s implementation of Exchange Pricing (estimated to be implemented May 1, 2009). When applicable, cite code value UC (Unserviceable Credit). This code is temporary and will be removed from the LQ segment after the conversion period. Refer to ADC 274.</i></p>	Needed to support Army’s Exchange Pricing program. This code is temporary and will be removed subsequent to the conversion period. No X12 1270 code data maintenance request required.
5.	2/LQ01/130	<p><u>Added temporary qualifier “TTL” with the following DLMS Note:</u></p> <p>TTL Template Type Lookup</p> <p>DLMS Note: <i>For temporary use in intra-Army receipt transactions to identify the Exchange Pricing Conversion Indicator only during the 60 day conversion period following the Army’s implementation of Exchange Pricing (estimated to be implemented May 1, 2009) to indicate to the systems that they are to ignore Exchange Pricing rules. When applicable, cite code value CON (Conversion Period). This code is temporary and will be removed from the LQ segment after the conversion period. Refer to ADC 274.</i></p>	Needed to support Army’s Exchange Pricing program. This code is temporary and will be removed subsequent to the conversion period. No X12 1270 code data maintenance request required.

DLSS/DLMS Mapping				
Field Name	DLSS Position	Conditions	Revision to 527R Mapping	527R Position/Loop
Exchange Pricing Indicator	55 – 56 78 - 79	If rp 30 = W AND ((If rp 1-3 = D6R AND If rp 55-56 = EP) OR (If rp 1-3 = DZK AND If rp 54-56 = D6R AND If rp 78-79 = EP))	LQ01 = SEC LQ02 = rp 55-56 (EP) LQ01 = SEC LQ02 = rp 78-79 (EP)	2/LQ/130
Exchange Pricing Type of Credit Indicator	60 - 61	(If rp 1-3 = D6R OR (If rp 1-3 = DZK AND If rp 54-56 = D6R)) AND If rp 30 = W AND If rp 60-61 = UC	LQ01 = BCR LQ02 = rp 60-61	2/LQ/130
Exchange Pricing Conversion Indicator	63 - 65	(If rp 1-3 = D6R OR (If rp 1-3 = DZK AND If rp 54-56 = D6R)) AND If rp 30 = W AND If rp 63-65 = CON	LQ01 = TTL LQ02 = rp 63-65	2/LQ/130

Item #	Location	Revision to 810L, Logistics Bill	Reason
3.	DLMS Introductory Note:	<p><u>Added ADC 274 to DLMS Introductory note 8.</u></p> <p>- ADC 274, DLMS and DLSS Changes to Support Army Exchange Pricing</p>	To identify DLMS changes included in the DS
4.	2/LQ01/310	<p><u>Added qualifier “SEC” with the following DLMS Note:</u></p> <p>SEC Stock Exchange Code</p> <p>DLMS Note: <i>Use to identify the Exchange Pricing Indicator for intra-Army transactions to identify that the Customer and NIIN on the transaction are Exchange Pricing relevant. An ANSI data maintenance request has been prepared to establish a new data element 1270 code qualifier assignment for Exchange Pricing Indicator. When applicable, cite code value EP (Exchange Pricing). Refer to ADC 274.</i></p>	Needed to support Army’s Exchange Pricing program.

DLSS/DLMS Mapping				
Field Name	DLSS Position	Conditions	Revision to 810L Mapping	810L Position/Loop
Exchange Pricing Indicator	None	If rp 1-3 = FA1, FA2, FD1 or FD2 AND If rp 30 = W AND If rp 60-61 = DB, EP, RB, or SC	LQ01 = SEC LQ02 = EP	2/LQ/310

Item #	Location	Revision to 869F, Requisition Follow-up		Reason
1.	DLMS Introductory Note:	<u>Added ADC 274 to DLMS Introductory note 5.</u> - ADC 274, DLMS and DLSS Changes to Support Army Exchange Pricing		To identify DLMS changes included in the DS
2.	2/LQ01/180	<u>Added qualifier "SEC" with the following DLMS Note:</u> SEC Stock Exchange Code DLMS Note: Use to identify the Exchange Pricing Indicator for intra-Army transactions to identify that the Customer and NIIN on the transaction are Exchange Pricing relevant. An ANSI data maintenance request has been prepared to establish a new data element 1270 code qualifier assignment for Exchange Pricing Indicator. When applicable, cite code value EP (Exchange Pricing). Refer to ADC 274.		Needed to support Army's Exchange Pricing program.

DLSS/DLMS Mapping				
Field Name	DLSS Position	Conditions	Revision to 869F Mapping	869F Position/Loop
Exchange Pricing Indicator	55 - 56	If rp 30 = W AND If rp 55-56 = EP	LQ01 = SEC LQ02 = rp 55-56	2/LQ/180

Item #	Location	Revision to 870M, Material Returns Supply Status		Reason
1.	DLMS Introductory Note:	<u>Added ADC 274 to DLMS Introductory note 6.</u> - ADC 274, DLMS and DLSS Changes to Support Army Exchange Pricing		To identify DLMS changes included in DS
2.	2/LQ01/330	<u>Added qualifier "SEC" with the following DLMS Note:</u> SEC Stock Exchange Code DLMS Note: Use to identify the Exchange Pricing Indicator for intra-Army transactions to identify that the Customer and NIIN on the transaction are Exchange Pricing relevant. An ANSI data maintenance request has been prepared to establish a new data element 1270 code qualifier assignment for Exchange Pricing Indicator. When applicable, cite code value EP (Exchange Pricing). Refer to ADC 274.		Needed to support Army's Exchange Pricing program.

DLSS/DLMS Mapping				
Field Name	DLSS Position	Conditions	Revision to 870M Mapping	870M Position/Loop
Status Code	65 - 66	None	LQ01 = 81 LQ02 = rp 65-66	2/LQ/330
Exchange Pricing Indicator	None	In addition to above, if rp 1-3 = FTZ AND If rp 30 = W AND If rp 65-66 = EP	LQ01 = SEC LQ02 = rp 65-66 (EP)	2/LQ/330

Item #	Location	Revision to 870S, Supply Status	Reason
1.	DLMS Introductory Note:	Added ADC 274 to DLMS Introductory note 4. -ADC 274, DLMS and DLSS Changes to Support Army Exchange Pricing	To identify DLMS changes included in the DS
2.	2/LQ01/145	Added qualifier "SEC" with the following DLMS Note: SEC Stock Exchange Code DLMS Note: Use to identify the Exchange Pricing Indicator for intra-Army transactions to identify that the Customer and NIIN on the transaction are Exchange Pricing relevant. An ANSI data maintenance request has been prepared to establish a new data element 1270 code qualifier assignment for Exchange Pricing Indicator. When applicable, cite code value EP (Exchange Pricing). Refer to ADC 274.	Needed to support Army's Exchange Pricing program.

DLSS/DLMS Mapping				
Field Name	DLSS Position	Conditions	Revision to 870S Mapping	870S Position/Loop
Exchange Pricing Indicator	55 - 56	If rp 30 = W AND If rp 55-56 = EP	LQ01 = SEC LQ02 = rp 55-56	2/LQ/145

Item #	Location	Revision to 940R, Material Release	Reason
1.	DLMS Introductory Note:	Added ADC 274 to DLMS Introductory note 6. - ADC 274, DLMS and DLSS Changes to Support Army Exchange Pricing	To identify DLMS changes included in the DS
2.	2/LQ01/1300	Added qualifier "SEC" with the following DLMS Note: SEC Stock Exchange Code DLMS Note: Use to identify the Exchange Pricing Indicator for Army transactions to identify that the Customer and NIIN on the transaction are Exchange Pricing relevant. An ANSI data maintenance request has been prepared to establish a new data element 1270 code qualifier assignment for Exchange Pricing Indicator. Non-Army Storage Locations are to perpetuate this vale on all subsequent transactions. When applicable, cite code value EP (Exchange Pricing). Refer to ADC 274.	Needed to support Army's Exchange Pricing program.

DLSS/DLMS Mapping				
Field Name	DLSS Position	Conditions	Revision to 940R Mapping	940R Position/Loop
Exchange Pricing Indicator	55 - 56	If rp 30 = W AND If rp 55-56 = EP	LQ01 = SEC LQ02 = rp 55-56	2/LQ/1300

(2) Revise DLMS and MILS manuals to include a summary overview of Army exchange pricing process as shown below:

(a) DoD 4000.25-1-M, Military Standard Requisitioning and Issue Procedures (MILSTRIP), Chapter 3, Requisition Processing and Related Actions.

(b) DoD 4000.25-1-M, Military Standard Transaction Reporting and Accountability Procedures (MILSTRAP), Chapter 4, Receipt and Due In.

(c) DoD 4000.25-7-M, Military Standard Billing System (MILSBILLS), Chapter 2, new paragraph 11.

(d) DOD 4000.25-M, Defense Logistics Management System (DLMS) Vol 2 and Vol 5.

C#.# ARMY EXCHANGE PRICING PROCESS

C#.#.#. The Army approach to the Exchange Pricing (EP) interim approach is a multi system functionality implementation. EP employs a dual pricing system for repairable National Stock Numbered items based upon Standard Price (latest acquisition cost plus cost recovery rate) and Exchange Price (latest repair cost plus cost recovery rate) and a “buy one – return one” relationship with the customer. That is, a qualified exchange pricing customer buys at the Exchange Price and pays a penalty if a reparable is not turned-in within a specified period of time from the issue date. This process is applicable to the Army customers and Army-managed material only; other Services will continue to pay Standard Price and receive 65% credit exchange upon receipt of carcass by the Army PICA

C#.#.#. Once an item of supply is identified for a national repair program and the National Item Identification Number (NIIN) has an established Exchange Price, all requisitions for the item will be priced at the Exchange Price if the customer is an authorized EP customer.

C#.#.#. When a requisition submitted to the Supply Support Activity (SSA) is processed by the Standard Army Retail Supply System (SARSS), SARSS will determine if both the customer DODAAC is an EP customer, and the NIIN has an established Exchange Price. If the customer is an EP customer the requisition will be updated to include the EP Indicator. As this transaction is processed through the Army supply system, middleware, Funds Control Module (including EP Tracking) Defense Automated Address System (DAAS), Commodity Control Supply System (CCSS), and Army Logistics Modernization Program (LMP), the EP Indicator will be used to identify the transaction as EP related. All the legacy systems will continue processing the MILS transactions, LMP will process Defense Logistics Management Standards (DLMS) transactions that are converted by DAASC.

C#.#.#. All related supply transactions prepared by the Army will carry and perpetuate the EP Indicator. As a result of the EP implementation the following transactions will be impacted, Requisition, Requisition Modifier, Requisition Follow-Up, Material Release Order and Supply Status. The returns process will also process EP related transactions. The Material Receipt transaction will be generated by SARSS for all returns of EP NIINs, and will include an EP Type of Credit indicator for Unserviceable credit when applicable, as well as an EP Conversion Indicator to identify the need to provide credit according the pre-EP credit policy, which will last for 60 days following the implementation of Exchange Pricing.

C#.#.#. If the return is in an un-repairable condition code or the item is not returned within the established timeframe (Delta Delay Days), the National Level systems (LMP, CCSS) will create an obligation adjustment based on the receipt from Middleware Funds Control Module of a Material Returns Supply Status (Delta Bill Trigger) transaction. As a result of processing the delta bill trigger the national systems will create the logistics/interfund bill transaction with an EP Indicator and Type Bill code to identify the specific type of Exchange Pricing bill to the Army financial systems.

(3) Revise DoD 4000.25-1-M Military Standard Requisitioning and Issue Procedures (MILSTRIP), Appendix 2.16, Status Codes, and corresponding DLMS dictionary data element. **Staffing note:** A Status Code EP is being established because the MILS format for the Material Returns Supply Status does not have the record positions available for inclusion of the EP Indicator, unlike the other MILS formats used in this process. Although this results in a redundancy in the DLMS format (which has both the Status Code EP and the EP Indicator) the application of the EP Indicator data element will be consistent across transactions and perhaps, in a full DLMS environment, other status codes may be furnished with the EP Indicator.

Customer Asset Reporting Transaction Status Codes	
<u>Code</u>	<u>Explanation</u>
<i>EP</i>	<i>Customer DoDAAC and reparable item being returned or item being issued are Army Exchange Pricing relevant and no unserviceable return has been received associated with an issue. The specified monetary amount shows any billing differences that result from the status of the turn-in i.e., delta amount (Standard Price minus Exchange Price). This status code is authorized for intra-Army use only in the DLSS transaction FTZ/DLMS Transaction 870M.</i>

(4) Revise DoD 4000.25-7-M Military Standard Billing System (MILSBILLS) Manual, Appendix 2.5, Type of Bill Code, and corresponding DLMS dictionary data element.

<u>Code</u>	<u>Description</u>
<i>EP</i>	<i>Bill at Exchange Price</i>
<i>DB</i>	<i>Bill for the Delta amount (Standard Price minus Exchange Price)</i>
<i>RB</i>	<i>Credit Bill to reverse a Delta Bill (DB) under Exchange Pricing</i>
<i>SC</i>	<i>Credit Bill for Serviceable Credit under Exchange Pricing</i>

(5) Enclosure 1 provides illustrative examples.

(6) Enclosure 2 provides internal Army business rules, included here to facilitate better understanding of the Army process. This attachment is subject to change and is not a part of the formal DLMS/MILS documentation.

c. Alternatives: Prior to staffing this PDC 269, there were two joint Component/OSD meetings to discuss the exchange pricing methodology proposed by the Army and seek potential areas of commonality between the Components for standardization of business rules. The consensus of the September 7, 2007, meeting was that there was not sufficient support at either the Component or OSD level for pursuing inter-Service standardization of EP information exchange requirements at this time. Without a business case analysis, it was not possible to determine whether the cost/return on investment would outweigh the benefits of standardization and interoperability given the Services unique business practices and supporting infrastructure. Due to the Army's pressing timeline for implementation, it was not deemed appropriate to cause a significant delay by pursuing coordinated

joint procedures. DLMSO did identify several areas for consideration of alternative procedures to which the Army has responded below:

(1) DLMSO recommended the use of the Condition Code to determine the type of credit (for both conversion period and long-term), thereby eliminating the need for the Exchange Pricing Type of Credit Indicator. The Army has asked that this data element be retained for the conversion period:

Revised Army Response: During the conversion period, an Unserviceable turn-in could be matched against an issue that occurred prior to the EP implementation date, an issue after the EP implementation date, or no issue at all. If the turn-in is matched against an issue that occurred prior to the EP implementation date or is not matched against an issue, Unserviceable Credit would be granted. If the turn-in is matched against an issue after the EP implementation date, no Unserviceable Credit would be granted, because all transactions originating after the EP implementation date are subject to all EP business rules. However, the condition code would be used to identify Serviceable Credit, which would be utilized both during and after the conversion period.

(2) DLMSO recommended an alternate solution whereby the EP indicator could be multi-purpose, thereby having only one new data element with multiple codes to identify conversion period vs. long term and/or serviceable vs. unserviceable. The Army has asked that the two additional data elements be provided during the conversion period:

Army Response: This approach was rejected by the Army due to the risk to the existing schedule that would result from reconfiguring development that has already been completed in many of the interfacing systems. As communicated previously, the Army is under a very tight schedule in order to meet HQDA and OSD-C requirements, and any additional delay in the implementation would be unacceptable.

4. REASON FOR CHANGE: Documents and incorporates DLSS and DLMS requirements for intra-Army data elements to support the Army's implementation of Exchange Pricing in order to comply with OSD(C) guidance.

5. ADVANTAGES AND DISADVANTAGES:

a. Advantages: Supports Army implementation of DLMS migration effort to accurately track reparable items and grant the appropriate credit when Army organizations turn-in unserviceable component parts that Army Materiel Command (AMC) repairs and returns to inventory to support unit readiness needs. The OSD(C) mandated the date for Army Exchange Pricing functionality to be April 2008; however Army anticipates a release at that time which will only provide partial functionality without improving the financial process and posture. Based on current planned functionality utilizing the processes defined by this PDC, Army is expected to deliver full functionality one year later, in April 2009. Any change to current design and development will incur additional requirements development time, contract modifications and additional funding, which would not be acceptable to OSD. Finally, the Exchange Pricing effort has been underway in the Army for over five years, and considerable funding has been expensed to develop the current design.

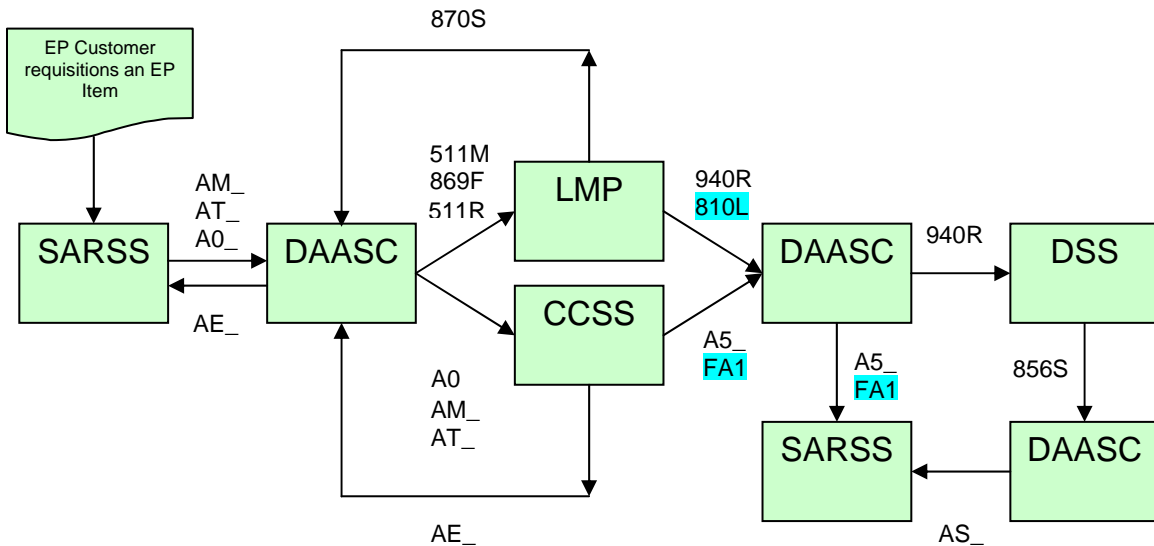
b. Disadvantages: The transactions proposed by the Army are different than those utilized by the other Services, but due to the differences in the processes performed by each, unique transactions are necessary.

6. IMPACT: Modify DLMS Supplement 511M, 511R, 527R, 810L, 869F, 870S, and 940R and related DAASC conversion maps and modify DoD 4000.25-1-M, Appendix 2.16, Status Codes and DoD 4000.25-7-M, Appendix 2.5 Type of Bill Codes.

Enclosure 1: Illustrative Examples

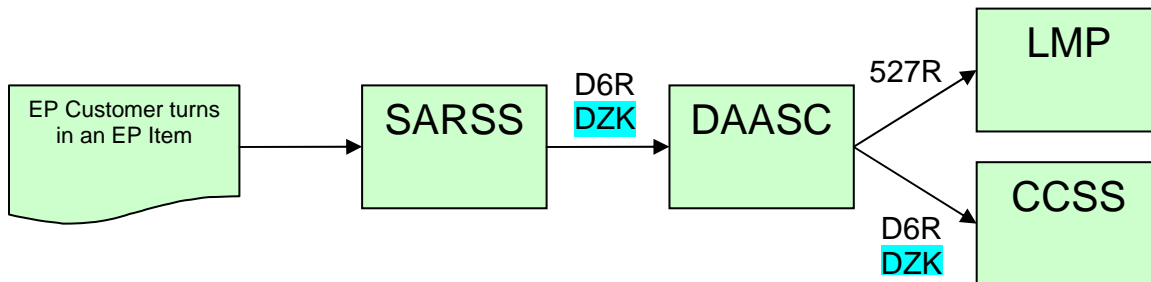
Example 1: EP Customer Requisitions EP Item

1. Unit prepares requisition in SARSS and Requisition is sent to Inventory Control Point.
 - a. If the Issue is satisfied from the SARSS Supply Support Activity, the Requisition will be a post-post (511R/A0_ with IV Edit Action Code, EP Indicator). Steps 3 and 4 are omitted and the Delta Clock begins upon issue.
 - b. If the Issue is satisfied from the National Level (LMP/CCSS), the Requisition will be a working requisition (511R/A0_ with EP Indicator).
 - c. If the Issue is partially satisfied from the SARRS SSA and partially from the National Level, both an image (511R/A0_ with DM Edit Action Code, EP Indicator) and working requisition (511R/A0_ with EP Indicator) will be utilized.
2. Supply Status, Requisition Follow-Ups and Modifications processed by Customer and/or Inventory Control Point as required (511M/AM_, 869F/AT_, 870S/AE_ with EP Indicator)
3. Material Release Order (940R/A5_ with EP Indicator) is generated by Inventory Control Point to the Storage Location to release the asset to the customer. The Delta Clock starts at this point if the issue is from the SARSS SSA.
4. Inventory Control Point generates Delta Bill (810L/FA1 with EP Indicator and Bill Type Code “EP”) to Customer indicating the billing
5. Shipment Status (856S/AS_) is sent by the Storage Location to the Customer. The Delta Clock starts at this point if the issue is from the National Level.



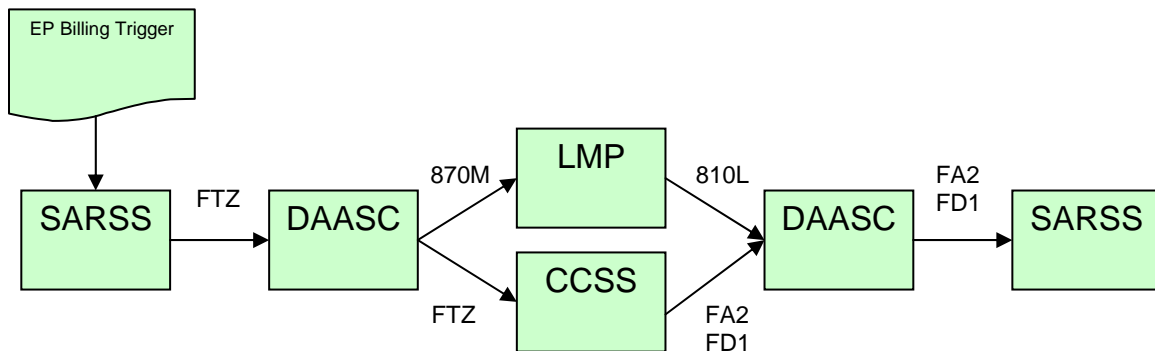
Example 2: EP Customer Turn-In of EP Item

1. The Customer returns the asset to the SARSS SSA, and is recorded by a Material Receipt registered in SARSS Middleware Funds Tracking, which passes the Material Receipt (527R/D6R with EP Indicator) information to the National Level (LMP/CCSS)
 - a. If the Turn-in is Unserviceable and a corresponding Issue was made, the Delta Clock stops, and no further billing transactions occur.
 - b. If the turn-in is a Serviceable asset, SEPR credit is generated as depicted in Example 3, 3 below)
 - c. If the turn-in is an Unserviceable asset with no corresponding Issue, Unserviceable Credit will be granted only during the conversion period=(527R/D6R with EP Credit Indicator of “UC” and EP Conversion Indicator of “CON”).
2. SARSS will send a Transaction History Transmittal (527R/DZK with EP Indicators) daily to the National Level to reconcile historical records in the event that the original D6R is never received.



Example 3: EP Billing Triggers/Credit Actions

1. If 60 days pass from the Material Release Order generation and either no turn-in is received, or the turn-in was not acceptable (i.e. Scrap condition) by the SARSS SSA, SARRS Middleware Funds Tracking submits Material Returns Receipt Status (870M/FTZ with EP Indicator and Status of “EP”) to Inventory Control Point to generate billing indicating the Delta amount.
 - a. Based on this trigger, the Inventory Control Point generates a Delta Bill (810L/FA2 with EP Indicator and Bill Type Code “DB”) to Customer indicating the billing for the amount in the Material Returns Receipt Status
2. If the turn in was Unserviceable without corresponding issue (Example 2, 1c above), credit will be granted following current procedures. As noted above, this is only applicable during the conversion period.
3. If the turn in was Serviceable (Example 2, 1b above), SEPR Price credit is granted (810L/FA2 with EP Indicator and Bill Type Code “SC”).
4. If, due to arbitration between the Customer and the Inventory Control Point, the Delta Bill previously charged may be reversed (810L/FD1 with EP Indicator and Bill Type Code “RB”).



Enclosure 2 - Army Exchange Pricing Business Rules

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Exchange Pricing (EP) Terms and Business Rules (Baseline 1 February 2008)
Standard Price (SP) = Latest Acquisition Cost (LAC) plus Cost Recovery Rate (CRR)
Serviceable Credit Value (SCV) = The dollar value shown in FEDLOG for serviceable credit.
Unserviceable Credit Value (UCV) = The dollar value shown in FEDLOG for unserviceable credit.
Loaded Repair Cost = (Average Repair Cost multiplied by Final Recovery Rate Percentage) plus [Latest Acquisition Cost multiplied by (1 minus Final Recovery Rate Percentage)]
Cost Recovery Rate = The first 9 Cost Recovery Elements (CRE) identified in paragraph 55.I.2.b, V 11-B, DOD 7000.14-R (FMR). NOTE: CRE 10 (Retail Losses) discontinued. If the 9 th CRE element (Carcass Attrition (Washouts & Losses) IS NOT included in CRE, add this attribute to the EP formula.
Exchange Price (EP) = Loaded Repair Cost (LRC) plus Cost Recovery Rate (CRR)
EP Item = An Army managed National Stock Number with a Maintenance Repair Code (MRC) of F, H, D, K, and L that is on an existing or planned national repair program that will have an exchange price as well as a standard price.
Army EP Customer = Customers designated by HQDA to pay the exchange price for EP items.
Non Army EP Customer = Customers designated by HQDA to pay the standard price for EP items.
Delay Days Period (DDP) = Parameter specified period of time allotted that an issue is available to be matched to a turn-in (initial parameter set at 60 days).
Delta Bill = an additional obligation to an EP customer as a result of an issue of an EP item in Tracking exceeding the DDP without a matching turn-in or matching an issue against a condemned turn in; based on standard price minus exchange price.
Serviceable Exchange Price Return (SEPR) = Exchange Price minus Cost Recovery Rate
Tracking = EP relevant transactions resident in EP Tracking that have not exceeded DDP. Transactions in tracking have the potential to be matched.
History = Repository for all transactions once they are closed in Tracking. Transactions in history can no longer be matched.

Phase I: Stand-alone Tracking (SAT)	
EPIP	Description
I EPBR 1	The process will have the stand-alone ability to track issues and turn-ins of all EP stock numbers for both Army EP customers and Army customers who are not EP players.
I EPIP 1.1	The process will have the capability to turn on/off financial output transactions for all Army EP and non-EP customers (SEPR Credit, Delta Bill, and Unserviceable Credit triggers).
I EPBR 2	Army managed National Stock Numbers with a Maintenance Repair Code (MRC) of F, H, D, K, and L that are on an existing or planned national repair program will have an Exchange Price (EP) in addition to Standard Price (SP); all others will have only SP.
I EPIP 2.1	Delta Delay period of time will be established by HQDA for theater or other area of operations down to a supporting Supply Support Activity (SSA) level.
I EPIP 2.2	Army EP customers submitting requests for an EP item, where it is known that no unserviceable turn-in will be made, will be charged Standard Price on the issue (MRO). The MRO will post in tracking as a closed record and the Delta Delay clock will not start.

Enclosure 2 - Army Exchange Pricing Business Rules

Phase I: Stand-alone Tracking (SAT)	
EPIP	Description
I EPBR 3	Processes will be developed to track EP transactions based on established Business Rules. Tracking will initially be accomplished for SARSS supported customers. EP tracking ultimately will migrate to enterprise systems GCSS-Army and LMP.
I EPIP 3.1	The process will identify by customer DoDAAC and prime stock number for all lines with an EP value assigned, and will capture all required transactions.
I EPIP 3.2	EP and SP rolled up to Prime Stock Number using the FEDLOG Order of Use (OOU) File. Local SNRF (SARSS YBH Table) will not impact EP/SP automation logic.
I EPIP 3.3	When an Army EP customer receives a valid substitute stock number (designated by an AE_ status BH), which is an EP item, but not in the FEDLOG Order-of-Use (OOU) file, tracking will establish a prime/sub relationship on the issue in order to match a subsequent turn-in from the original stock number.
I EPIP 3.4	The process matches a customer issue to a customer return and a customer return to a customer issue, and monitors Delta Delay days.
I EPIP 3.5	The start point for tracking expected returns for customer issues will be scenario driven. For customer issues from a supporting SSA that do not have a matching turn-in, the clock will start on the date issue is made (SSA Materiel Release Order (MRO) date).
I EPIP 3.6	When a customer turn-in matches an issue within prescribed Delta Delay days, the tracking process is complete.
I EPIP 3.7	The clock will start for a dedicated customer issue from other than the SARSS supporting activity on the shipment confirmation (AS_) and restart on the receipt (D6_) transaction date.
I EPIP 3.8	The process matches a customer issue against the (in order): a. oldest inactive reparable turn-in; b. oldest inactive condemned turn-in; c. oldest active reparable turn-in; d. oldest active condemned turn-in. If no match, the process creates a new record in tracking and starts the Delta Delay clock.
I EPIP 3.9	The process will take into account process reversals (i.e. denials), and transactions that post out of sequence.
I EPIP 3.10	The process will purge an unserviceable EP turn-in transaction from tracking if there is no matching issue transaction within 365 days.
I EPBR 4	The Logistics Information Warehouse (LIW) will capture data from SARSS supply system of record via FCM for management reports for the customer, materiel managers, and financial managers.
I EPIP 4.1	The LIW is the reporting activity for tracking information.
Phase II: One-for-one Credit	
EPBRs & EIPs	Description
II EPBR 1	The Exchange Price equals Loaded Repair Cost plus cost Recovery Rate.

Enclosure 2 - Army Exchange Pricing Business Rules

Phase I: Stand-alone Tracking (SAT)	
EPIP	Description
II EPIP 1.1	AMC LCMC publishes and provides to LOGSA for broadcast the Army Credit Table data elements (i.e. Standard Price, Exchange Price, Serviceable Credit, Unserviceable Credit (for Non-Army Customers), Serviceable Exchange Price Return, and Delta) before the beginning of each fiscal year. With the exception of DA authorized adjustments, these numbers shall remain constant throughout the year of execution.
II EPIP 1.2	LOGSA will create new data fields in the Army Credit Table in coordination with AMC based on III EPIP 1.1.
II EPBR 2	The One-for-one Credit process will allow serviceable or unserviceable credit for Army SARSS customers only when a turn-in is matched against an issue within a parameter, DDP (initial parameter set at 60 days)
II EPIP 2.1	One-for-one Credit policy will apply to Army SARSS customers as designated by HQDA.
II EPIP 2.2	One-for-one Credit policy applies only to EP NIINs.
II EPIP 2.3	Under One-for-one Credit, credit originally granted may be reversed for an unmatched turn-in of an EP item if not matched against an issue within the DDP.
II EPIP 2.4	The process attempts to match a customer turn-in against the oldest Issue. If a match and: <ol style="list-style-type: none"> 1. Turn-in is serviceable, close both issue and turn-in transaction and move to history. 2. Turn-in is unserviceable repairable, close both issue and turn-in transaction and move to history. 3. Turn-in is unserviceable condemned, close both issue and turn-in transaction and move to history If no match: <ol style="list-style-type: none"> 1. Turn-in is serviceable, post to tracking and start DDP clock. 2. Turn in is unserviceable repairable, post to tracking and start DDP clock. 3. Turn-in is unserviceable condemned, close transaction and move to history.
II EPIP 2.5	If a turn-in cannot be matched to an issue within the DDP: <ol style="list-style-type: none"> 1. Move turn-in transaction to history. 2. Provide AMC a list of candidate turn-in transactions for credit reversal. 3. AMC will use the list to reverse credit as appropriate.
II EPBR 3	The LIW and FCM are the reporting activities for One-for-one Credit information.
II EPIP 3.1	LIW and FCM will report One-for-one Credit information.
II EPBR 4	This process will track recoverable items with a recoverability code (RC) of A, D, F, H, L, and K.
II EPIP 4.1	Tracking for recoverable items applies to all Army SARSS customers.
II EPIP 4.2	The process attempts to match a customer turn-in of a serviceable or unserviceable item against the oldest issue: <ol style="list-style-type: none"> 1. If a match within Delta Delay Period, move to history 2. If no match within Delta Delay Period, move to history

Enclosure 2 - Army Exchange Pricing Business Rules

Phase I: Stand-alone Tracking (SAT)	
EPIP	Description
II EPIP 4.3	LIW and FCM will report Recoverable Item tracking.
Phase III: Exchange Pricing	
EPBRs & EIPs	Description
III EPBR 1	The process will turn “on” EP financial output transactions for Army EP customers.
III EPIP 1.1	AMC will establish a Standard Price (SP), Exchange Price (EP), Serviceable Exchange Price Return (SEPR), and Delta for EP items
III EPIP 1.2	An Army EP customer will be charged the exchange price when requisitioning an EP item.
III EPIP 1.3	There is no unserviceable credit for Army EP customers.
III EPIP 1.4	NSN-by-NSN Credit policy applies only to serviceable returns that are not EP.
III EPIP 1.5	If a serviceable turn-in is made against an EP item, which matches an issue within the DDP, the customer will be credited with Serviceable Exchange Price Return (SEPR) upon receipt of positive trigger from tracking.
III EPIP 1.6	An Army EP customer will be billed (on original issue document number) for the Delta (SP-EP) for EP items when a repairable carcass is not returned within the DDP or when a condemned carcass is matched against an issue.
III EPIP 1.7	The Delta Bill will be applied to the FY of the original Document Number and suffix as an obligation adjustment.
III EPIP 1.8	The process will accommodate catalog changes from EP to SP and from SP to EP.
III EPIP 1.9	All financial transactions processed after the effective date of a catalog change from EP to SP and SP to EP will be at the new value.
III EPIP 1.10	An Army EP customer will receive purchase price for Quality Initial Failure (QIF) and up to purchase price for Quality Deficiency Report (QDR) IAW current policy.
III EPIP 1.11	Those Supply Support Activities (SSA), which have been approved by DA G-4 to remain in an O&M environment, will be billed Standard Price for <u>all</u> items. They will receive serviceable credit (Stock Number by Stock Number) for serviceable turn-ins, but will receive no credit for unserviceable turn-ins.
III EPIP 1.12	Non-Army EP customers will be billed SP and issued credit upon return of a carcass IAW JSR 700-99.

Enclosure 2 - Army Exchange Pricing Business Rules

Phase I: Stand-alone Tracking (SAT)	
EPIP	Description
III EPIP 1.13	<p>The process attempts to match a customer turn-in against the oldest issue or issue against oldest turn-in within the DDP:</p> <ol style="list-style-type: none"> 1. If a match and Army SARSS customer is an Army EP customer: <ol style="list-style-type: none"> a. Turn-in is serviceable; generate a trigger to issue SEPR. b. Turn-in is unserviceable repairable; close both issue and turn-in move to history. c. Turn-in is unserviceable condemned; generate Delta Bill trigger. 2. If no match for a turn-in and Army SARSS customer is an Army EP customer: <ol style="list-style-type: none"> a. Turn-in is serviceable; generate a trigger to issue SEPR, post to tracking and start DDP clock. b. Turn-in is unserviceable repairable or condemned, post to tracking and start DDP clock.
III EPIP 1.14	<p>When an issue transaction for an Army EP customer is not matched against a turn-in within the DDP, the tracking system will close the transaction and post to history then generate a Delta Bill trigger transaction and pass it to LMP/CCSS, which will generate and pass the appropriate financial transactions to financial CCSS/LMP.</p>
III EPIP 1.15	<p>If a serviceable turn-in cannot be matched within the DDP:</p> <ol style="list-style-type: none"> 1. Move turn-in transaction to history. 2. Provide AMC a list of candidate turn-in transactions for credit reversal. 3. AMC will use the list to reverse SEPR as appropriate
III EPBR 2	Arbitration procedures will be developed for resolution of EP transactions.
III EPIP 2.1	<p>Each ACOM/ASCC/DRU will establish a discrepancy validation process with AMC Representation.</p>
III EPIP 2.2	<p>ASA FM&C and HQDA G4 will create a periodic panel to act as resolution authority and set a standard timeframe for resolution of unresolved discrepancies.</p>
III EPIP 2.3	<p>AMC will determine process and procedures for reversal of charges.</p>
III EPBR 3	Year-end processes must accommodate EP transactions across fiscal years without adverse effect on appropriations or mission (i.e. by increasing financial workload at installation and wholesale levels, including any automation systems).
III EPBR 4	Conversion process will accommodate transition to the new environment by providing linkage among the fielding schedule, required catalog changes, systems changes and customer funding.
III EPIP 4.1	<p>Active/open transactions generated in the pre-conversion environment will continue to function in the new EP environment.</p>
III EPIP 4.2	<p>Conversion process must address National Level backorders prior to EP Implementation when an A5_ and D6_ produced under EP logic.</p>
III EPIP 4.3	<p>A requisition on backorder at conversion, when issued, will be billed the EP value. The Issue will post in tracking and the customer will receive a Delta bill if a Turn-in is not processed within the set number of Delta Days.</p>

Enclosure 2 - Army Exchange Pricing Business Rules

Phase I: Stand-alone Tracking (SAT)	
EPIP	Description
III EPIP 4.4	Cataloged O&M items will be capitalized in accordance with paragraph F.1 of chapter 55, volume 11B of the DOD Financial Management Regulation (FMR) (i.e., similar to SSF MS3 conversions).
III EPIP 4.5	Locally assigned Stock Numbers, part numbers, Management Control Numbers, and part numbers not in FEDLOG will be O&M funded normal inventory. SOS = LPC.
III EPBR 5	Nationally funded maintenance programs supported by SARSS will be Army EP customers and follow all Business Rule requirements.
III EPBR 6	Procedures will be developed to address Exchange Pricing under contingency operations.
III EPIP 6.1	Changes to EP customers under contingency operations will be approved by Department of the Army.
III EPIP 6.2	In support of Department of the Army contingency operations, systems architecture will support the capability to charge standard price and grant no credit, serviceable or unserviceable, for a Turn-in.