

Military Surface Deployment and Distribution Command
Customer and Carrier Advisory
February 17, 2023
CA-23-02-17/0020

Subject: Combining Line-Haul and VFN Charges on a Single Freight Invoice Payment

Purpose: To inform DOD Transportation Officers and Transportation Service Providers (TSPs) that combining line-haul and Vehicle Furnished Not Used (VFN) charges on a single freight invoice payment is prohibited per the Military Freight Traffic Rules Publication (MFTURP-1).

Background: The General Services Administration (GSA) Transportation Audit Division has witnessed an increase in occurrences on DOD freight payments of line-haul and VFN being combined on the same invoice. This flags the payment as an overcharge during GSA's statutory post-payment audits of DOD freight payments. During conversations with TSPs, GSA was informed that DOD shippers are directing TSPs to bill in this manner for delays in pickup of their shipments.

Per the MFTURP, Item 77 – Vehicles Furnished but Not Used (page 120), in situations where the shipper cancels a freight movement in 24 hours or less prior to pick up, the TSP shall be entitled to the VFN charge within the tender of services applied to the shipment, or the minimum line-haul rate, whichever is less. Therefore, a TSP cannot receive the line-haul rate and VFN charge combined.

If a shipper must significantly delay the shipment pickup within 24 hours prior to the originally scheduled pickup, those shipments should be canceled and the applicable VFN charges paid to the TSP. Shippers should create a new shipment under a new bill of lading and reoffer the shipment through the DOD's automated processes. This will ensure proper auditability of these financial transactions.

Additionally, when delays from the original pickup attempt are shorter, detention charges may be the appropriate fee if free time for loading is exceeded. Note: free time for loading starts when the TSP first arrives at the loading location. Free time does not pause when the shipper must delay the loading.

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Category: Motor