



Comptroller General  
of the United States

Washington, D.C. 20548

## Decision

**Matter of:** Clearwater Trucking, Inc.

**File:** B-244702

**Date:** January 3, 1992

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### DECISION

Clearwater Trucking, Inc. requests that we review the General Services Administration's (GSA) audit actions on more than 1,000 Government Bill of Lading (GBL) transactions under a freight consolidation program developed by the Military Traffic Management Command (MTMC) and the Defense Logistics Agency (DLA). We find that GSA generally used the proper billing basis in its audit, although we are remanding the matter to the agency for further review of the record.

### BACKGROUND

In August 1988, MTMC solicited offers to participate in moving traffic under the Guaranteed Traffic Program's Enhanced DLA Distribution System (EDDS). Clearwater was awarded traffic for 2 years as the EDDS carrier for the Los Angeles region. Clearwater began receiving, consolidating, and transporting freight and performing other services as the EDDS carrier on November 30, 1988. Under its contract, Clearwater consolidated DLA traffic originating at various DLA depots and storage sites located throughout the country and destined for Department of Defense (DoD) and non-DoD customers located in certain destinations in California, Arizona and Nevada. DLA used other carriers to transport shipments to Clearwater's Los Angeles area Consolidation and Distribution Center, and Clearwater then prepared the GBL and other documentation prior to distribution to destination.

The dispute between GSA and Clearwater involves how much freight must be consolidated under individual GBLs, as required by Item 24A of EDDS Rules Publication No. 600,000. The focus of the dispute is the interpretation of the word "activity" in Item 24A. The item states:

"Item 24A - Aggregate Weight - LTL Shipments<sup>(1)</sup>  
(applicable only on LTL Shipments)

"Carrier agrees that aggregate weight of all less load shipments to the same activity tendered on the same day will be adjusted and billed at the applicable rate for total weight of these shipments."

Clearwater points out that a DoD installation may include, for example, a hospital, a commissary, and a central receiving warehouse, each of which may have its own DoD Activity Address Code as listed in the DoD Activity Address Directory. The Directory is designed to prescribe a uniform method, codes, formats and standards for establishing, maintaining and disseminating address data within the government; an Activity Address Code is a distinctive alphanumeric code assigned, according to the Directory, "to identify specific units, activities, or organizations." Clearwater argues that any consignee for a shipment to an installation constitutes an "activity" under item 24A if that consignee has its own Activity Address Code. Thus, according to Clearwater, if the shipment it delivers to an installation is designated for five consignees, each with its own Code, the carrier should be paid based on the weight for each consignee, as opposed to the aggregate weight for the entire delivery.

GSA's audit action was founded on its view that Item 24E requires billing and payment based on the aggregate weight for the entire delivery. In response to Clearwater's request for review, GSA explains that in its opinion the issue turns not on who the consignees are, but on the delivery point for the shipment. GSA notes that DoD's Transportation Facility Guide<sup>2</sup> lists installation receiving points, and maintains that Item 24A applies for purposes of aggregating the weight of a shipment destined for a number of consignees if there is only one receiving point for that installation listed in the Guide. GSA does, however, recognize that for some installations the Guide authorizes delivery at more than one receiving location, and concedes

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<sup>1</sup>Generally, this is a shipment weighing less than 10,000 pounds.

<sup>2</sup>DLA Regulation 4500.3, vols. 2-5.

that in such case any of those locations could be considered an "activity" under Item 24A.<sup>3</sup>

MTMC, in commenting on Clearwater's request, believes that Clearwater had an obligation to ascertain and use only the correct single receiving point when an installation had only one such point. This single point should be the destination the carrier enters in GBL Block 5, "Destination,"<sup>4</sup> and which should be reflected in Block 7 of the Military Shipment Label supplied by the shipper. MTMC maintains that Clearwater therefore should have consolidated and delivered shipments going to the same address notwithstanding that the freight would later be forwarded by the Block 7 addressee to the ultimate consignee.

### Analysis

We agree with GSA's view that the Transportation Facility Guide generally is determinative with respect to consolidation and attendant billing under Item 24A, not the consignees' Activity Address Code.

Although "activity" is not specifically defined in the Rules Publication, GSA's position is supported by the Rules Publication and the documents it references with respect to how to prepare a GBL. For example, according to Item 32 of the Rules Publication GBLs are to be prepared in accordance with the Defense Traffic Management Regulation (DTMR)<sup>5</sup> and Appendix 2 (GBL Preparation Instructions) of the Rules Publication. Chapter 32 of the DTMR references Figure 32-1 for GBL preparation direction. Item 13 of the Figure requires GBL preparers to show in the space for Consignee both the consignee's official designation "and the official name of the activity in accordance with particular shipping instructions and those contained in the activity Transportation Facility Guide (TFG) record." Item 14 requires, in the Destination block, "the appropriate destination city, town or point and state in this block, as specified in the TFG record or in applicable shipping instructions." Thus, only the Transportation Facility Guide is referenced as the basis for determining consignee and destination.

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<sup>3</sup>GSA originally interpreted the word "activity" to mean the entire installation on which the ultimate consignee was located, but has modified its view in response to Clearwater's appeal.

<sup>4</sup>Block 9 is for entry of the Consignee name and address.

<sup>5</sup>DLA Regulation 4500.3, vol. 1.

Further instructions for completing the GBL are contained in Part 5 of Appendix 2 of the Rules Publication. They require inclusion in the Consignee block of the official title of the individual consignee along with the "full name, address, and zip code, as specified in the TFG (Transportation Facility Guide) of the activity responsible for receipt of the shipment at destination." Instructions for the Destination block of the GBL require the inclusion of:

". . . the complete name, address (city, town or point and State) and 9-digit zip code, as specified in the 'Transportation Facility Guide' (TFG) . . . for the final destination point activity at which the carrier is to make actual (physical) delivery of shipment. The address in this Block should read the same as Block 7 of the Military Shipment Label."

Again, the only DOD publication associated with determining a shipment's destination for the carrier's purposes is the Transportation Facility Guide.

Accordingly, we conclude that an "activity" under Item 24A of the Rules Publication is a location identified in the Transportation Facility Guide, or in shipping instructions if any, at which the carrier is to make actual physical delivery. GSA therefore correctly has decided that the carrier can be paid based only on the aggregate weight of a shipment delivered to such a location, which generally will be stated in Block 7 of the Military Shipment Label.

The carrier directs our attention to a retroactive modification of Rules Publication Item 24A, issued on May 21, 1991, effective on November 30, 1988, that revised the item (now designated Item 24B) to provide that the carrier will aggregate weight of all material delivered to a single consignee on the same day into a single shipment for delivery and billing purposes. The carrier maintains that this shows an understanding that the consignee's location is determinative with respect to consolidation.

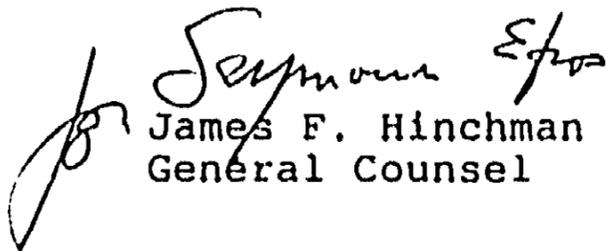
We find no merit in this argument. The same modification, in Item 1e-A, now defines a consignee as an "activity to which material is to be physically delivered"; states that the consignee's address will be found on the shipment label; and notes that "multiple consignees (or delivery points) on a single Government activity . . . is not unusual." In our view, the import is that the consolidation requirement of new Item 24B is based on where the carrier is to deliver the material, not to where it ultimately is destined.

## Conclusion

We reject Clearwater's position that the ultimate consignee's Activity Address Code is determinative for consolidation purposes--as a general matter GSA therefore correctly has looked to the Transportation Facility Guide in auditing Clearwater's bills.

Nevertheless, even GSA concedes that there are situations where a carrier actually is directed to deliver to other or additional locations. (This point also is recognized in the Rules Publication modification.) Any such delivery direction generally would be reflected in Block 7 of the Military Shipment Label, but we recognize that many of those certainly have been destroyed by now. It is our understanding, however, that DLA maintains a data base that includes Block 7 information. To the extent that the data base is available, GSA should use it to review its audit actions. If or where the data is unavailable, we see no basis to object to GSA's audit action unless Clearwater provides evidence proving it delivered by direction to other than the destination in the Transportation Facility Guide.

In sum, we agree with the basis for GSA's audit actions. For the reason stated, however, we remand the matter to the agency for further review.

  
James F. Hinchman  
General Counsel