

**U.S. Department of Energy**  
**Washington, D.C.**

**ORDER**

**DOE 5560.1A**

5-8-85

This directive was reviewed and certified as current and necessary by (Enter Name), (Enter Title) Director, Office of Management, Budget and Evaluation/Chief Financial Officer, XX-XX-XXXX.

**SUBJECT: PRIORITIES AND ALLOCATION PROGRAM**

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1. PURPOSE. To establish policies and procedures for the administration of the Department of Energy (DOE) priorities and allocations program for industrial products, materials, and services.
2. CANCELLATION. DOE 5560.1, PRIORITIES AND ALLOCATIONS PROGRAM, of 11-5-82.
3. SCOPE. The provisions of this Order apply to all Departmental Elements and contractors performing work for the Department as provided by law and/or contract and as implemented by the appropriate contracting officer.
4. REFERENCES. The following references are available from DOE, Property and Equipment Management Division, MA-422, 1000 Independence Avenue, SW., Washington, DC 20585.
  - a. Defense Production Act of 1950, of 9-8-50, as amended, 50 U.S.C. Appendix 2061 et seq., Title I, which authorizes the President to establish priorities and allocate materials and facilities in the performance of contracts or orders necessary to promote the national defense or maximize domestic energy supplies, and to require the acceptance of such contracts or orders to ensure such priorities.
  - b. Executive Order 10480, "The Administration of the Defense Mobilization Program," of 8-18-53, as amended, 50 U.S.C. Appendix 2153, which delegates to the Federal Emergency Management Agency (FEMA) the President's national defense priorities and allocations authorities in Title I, section 101(a) of the Defense Production Act of 1950, as amended.
  - c. Title 44 CFR, Part 322, "Defense Mobilization Order 3, Defense Production: Priorities and Allocations Authority," of 11-6-63, which establishes FEMA policy guidance with regard to the use of the priorities and allocations authority in Executive Order 10480.
  - d. Defense Priorities and Allocations System Delegation 2, "Delegation of Authority to the Secretary of Energy," of 8-29-84, which authorizes the Secretary of Energy to: (1) place rated contracts and orders for the procurement of products, materials, and services required for atomic energy construction, operations, and research

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and development programs subject to conditions stated in the delegation; and (2) find that specified material or equipment is critical and essential to maximize domestic energy supplies.

- e. Executive Order 11912, "Delegation of Authorities Relating to Energy Policy and Conservation," of 4-13-66, which delegates to the Secretary of Energy the President's priorities and allocations authorities to maximize domestic energy supplies in Title I, section 101(c), of the Defense Production Act of 1950, as amended.
- f. Title 44 CFR, Part 330, Defense Mobilization Order 13, "Policy Guidance and Delegation of Authorities for use of Priorities and Allocations to Maximize Domestic Energy Supplies in Accordance with Subsection 101(c) of the Defense Production Act of 1950, as amended," of 10-4-76, which establishes FEMA policy guidance with regard to the use of the priorities and allocations authority in Executive Order 11912.
- g. Title 15 CFR, part 350, chapter III, subchapter B, of 8-29-84, which contains the official texts of the regulation and related documents of the defense priorities and allocations system. The regulation provides for the priority production, scheduling, and preferential treatment of contracts and orders placed in support of authorized military and DOE atomic energy construction, operations, and research and development programs, and programs which are determined by DOE to maximize domestic energy supplies.
- h. Title 10 CFR, Part 216, "Materials Allocation and Priority Performance Under Contracts or Orders to Maximize Domestic Energy Supplies," of 2-6-78, which contains the rules, regulations, and procedures for implementing the DDE priorities and allocations program for supplies of materials and equipment necessary to maximize domestic energy supplies.
- i. DOE/PR-0042, "Priorities and Allocations Support for Energy: Keeping Energy Programs on Schedule," of 8-80, which describes priorities and allocations support, and lists the criteria for granting rating authority for programs which maximize domestic energy supplies.
- j. Title 48 CFR Chapter 9, Department of Energy Acquisition Regulation, Subparts 912.3, 950.212, and 970.5204-33, which explain the use of and describe clauses for DOE participation in the industrial priorities and allocations program for atomic energy programs and programs which maximize domestic energy supplies.
- k. Title 48 CFR Chapter 1, Federal Acquisition Regulation, Subpart 12.3, which implements the defense priorities and allocations system regulation in prescribing policies and procedures relating to the use of

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the defense priorities and allocations system in solicitations and contracts.

- I. Public Law 86-777, the "Helium Act Amendments of 1960," of 9-13-60, which provides the authority by which the Secretary of Interior requires DOE to collect and report periodic helium requirements.

5. DEFINITIONS. In addition to the definition; contained in the defense priorities and allocations system regulation and 10 CFR 216, the following terms are defined for DOE.

- a. Allotment. An authorization by a delegate agency of the amounts and kinds of controlled materials which may be procured or used for authorized programs during specified periods of time.
- b. Authorized Program Identifications.
  - (1) E1 - Atomic energy construction and alteration for the account of DOE.
  - [2] E2 - DOE atomic energy operations, including maintenance, repair, and operating supplies.
  - (3) E3 - Expansion of privately owned facilities exclusively or primarily for DOE atomic energy program purposes.
  - (4) F1 - Energy exploration, production, refining, and transportation.
  - (5) F2 - Conservation of energy supplies.
  - (6) F3 - Construction and maintenance of energy facilities.
- c. Controlled Materials. The various shapes and forms of steel, copper, aluminum, and nickel alloys, whether new, remelted, rerolled or redrawn, as specified in schedule II, and as defined in schedule III, of the defense priorities and allocations system regulation.
- d. Defense Priorities and Allocations system. A regulation and procedures that operate to direct the flow of material and products to national defense programs and programs which maximize domestic energy supplies; provides for preferential treatment by industry of contracts and orders placed in support of the programs, and maintains an administrative means of promptly mobilizing the total economic resources of the Nation in the event of a national emergency.
- e. Delegate Agency. A Government agency authorized by delegation from the Department of Commerce to place priority ratings on contracts or orders needed to support authorized programs. DOE is a delegate agency.

- f. DO. The rating symbol assigned to all authorized programs which are not DX programs.
- g. DX. The rating symbol assigned only to authorized programs of the highest national priority.
- h. Eligible Contracts and Orders. Those contracts and orders for products, materials, and services which may be rated in accordance with the rules and exclusions stated in the defense priorities and allocations system regulation and in the Defense Priorities and Allocations System Delegation 2. Exclusions are specified in the regulation in paragraph 350.18(b)(1) and (3) and in the delegation of authority in Attachment A to the Statement of Conditions.
- i. Five Thousand Dollars (\$5,000) Exemption. An exemption from mandatory provisions of the Defense Priorities and Allocations System Regulation, concerning rated orders in an amount less than \$5,000, which may be applicable to delegate agencies and persons receiving rated orders.
- j. Maintenance, Repair, and Operating Supplies. Supplies which are required for maintaining, repairing, and operating a facility, including minor alterations necessary to maintain or repair but not to increase the capacity of the facility.
- k. National Defense. Programs for military and atomic energy production or construction, military assistance to any foreign nation, stockpiling, space, and directly related activity.
- l. Person. Any individual, corporation, partnership, association, or any other organized group of persons, including any agency of the United States Government or any other government.
- m. Program Determination. An authorization by FEMA of the amounts and kinds of controlled materials which may be procured or used by or for a delegate agency, or which may be allotted by a delegate agency, for authorized programs during specified periods of time.
- n. Rated Order or Contract. Services, products, or materials, including controlled materials, which may be rated in accordance with the defense priorities and allocations system regulation.
- o. Rating. A prefix, either DO or DX, followed by an authorized program identification symbol (e.g., DO-EI, DX-E2).
- p. Rating Authority. The authority delegated to DOE in the Defense Priorities and Allocations System Delegation 2, to place or authorize others to place rated contracts and orders in support of DOE

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programs for national defense authorized by the Director, Federal Emergency Management Agency.

6. OBJECTIVES. To maintain, for both current and emergency conditions, a priorities and allocations system program for the procurement of industrial products, materials, and services necessary for the timely completion of DOE atomic energy construction, operations, and research and development programs and programs which are determined by DOE to maximize domestic energy supplies.
7. BACKGROUND.
  - a. The Office of Industrial Resource Administration, Department of Commerce, issues delegations of authority under the authority of the Defense Production Act of 1950, as amended, Executive Order 10480, and Executive Order 11912.
  - b. Defense Priorities and Allocations System Delegation 2, of 8-29-84, delegates rating authority to the Secretary of Energy with authority to redelegate, subject to the limitations stated in the delegation; and delegates authority to make the findings required by section 101(c) of the Defense Production Act of 1950, as amended, that specific supplies of materials and equipment are critical and essential to programs which are determined to maximize domestic energy supplies.
8. RESPONSIBILITIES.
  - a. Assistant Secretary, Management and Administration (MA-1) is redelegate the authority contained in Defense Priorities and Allocations System Delegation 2 by the Secretary of Energy.
  - b. Director of Procurement and Assistance Management (MA-4).
    - (1) Develops and maintains policies, standards, contract articles, and procedures, and provides Headquarters direction, coordination, and administration of DOE-wide activities relating to the defense priorities and allocations system.
    - (2) Is redelegate the authority conveyed in Defense Priorities and Allocations System Delegation 2, including authority to modify responsibilities designated in this Order to Heads of Departmental Elements, to the extent required to implement policies and procedures issued by the Department of Commerce.
    - (3) Maintains the master list of programs designated as eligible for the DX program rating, and notifies Heads of Departmental Elements of the eligible programs.

- (4) Reviews and coordinates with responsible organizations, applications received from Heads of Field Elements for special priorities assistance to construct or alter privately owned facilities.
- (5) Notifies Heads of Field Elements of approval of eligible applications mentioned in paragraph 85(4).
- (6) Provides special priorities assistance on rated orders where field elements and contractor efforts have not achieved required deliveries.
- (7) Requests Department of Commerce to provide special priorities assistance on rated orders in cases where regular defense priorities and allocations system procedures have been proved ineffective.
- (8) Assembles data for and prepares reports on DOE requirements for controlled and other materials, including helium.
- (9) Evaluates, through onsite reviews, field element performance of the priorities and allocations program.
- (10) Maintains liaison with FEMA and Department of Commerce as the principal point of contact for DOE concerning policies, procedures, and regulations of the defense priorities and allocations system.

c. Heads of Departmental Elements.

- (1) Ensure that members of their staff and contractors under their jurisdiction are advised of the provisions of this Order, that related procedures are followed, and that training required to achieve these purposes is conducted.
- (2) Appraise their contractors operations under the defense priorities and allocations system regulation and procedures to ensure adherence to the priorities and allocations system throughout the industrial chain so that authorized programs are completed on schedule.
- (3) Place rated contracts and orders as authorized in paragraph 3(a) of Defense Priorities and Allocations System Delegation 2.
- (4) Assign to contractors and subcontractors the right to place rated contracts and orders as indicated in paragraph 3(a) and paragraph 4 of Defense Priorities and Allocations System Delegation 2.

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- (5) Assign to contractors and subcontractors the right to place rated contracts and orders for maintenance, repair, and operating supplies.
  - (6) Authorize the placing of rated contracts and orders for construction and production equipment, subject to the limitations and conditions stated in paragraph 4 of Defense Priorities and Allocations System Delegation 2.
  - (7) Ensure that contractors and subcontractors adhere to any limitations of authority that may be applicable. In this regard, see paragraph 8 of Defense Priorities and Allocations System Delegation 2.
  - (8) Forward, with appropriate recommendations to the Director of Procurement and Assistance Management, applications for special priorities assistance to construct or alter privately owned facilities received under terms of paragraph 4 of Defense Priorities and Allocations System Delegation 2.
  - (9) Assign to contractors and subcontractors the right to place rated contracts and orders when advised by the Director of procurement and Assistance Management of the approval of an application mentioned in subparagraph 8b(4).
  - (10) Apply or assign to others the authority to apply the OX program rating when notified of the eligibility of a program by the Director of Procurement and Assistance Management.
  - (11) Apply or assign to others the authority to apply the 13X rating, other than the DX program rating mentioned in subparagraph (10), above, only when specifically authorized by the Director of Procurement and Assistance Management.
  - (12) Submit estimated requirements for controlled and other materials to the Director of Procurement and Assistance Management.
  - (13) Appoints, in writing, a primary and an alternate priorities and allocations program representative.
- d. Priorities and Allocations Program Representatives.
- (1) Provide advice and guidance for the organization's priorities and allocations program.
  - (2) Coordinate and conduct the activities of the organization's priorities and allocations program.

- (3) Serve as principal contact points for the organization in matters concerning priorities and allocations.
- (4) Represent the organization, attend Department meetings concerning priorities and allocations issues, and act as liaison with DOE Headquarters, other DOE elements, and DOE contractors in priorities and allocations matters affecting their organization.

BY ORDER OF THE SECRETARY OF ENERGY:



WILLIAM S. HEFFELFINGER  
Director of Administration



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## CHAPTER I

### GENERAL

1. PURPOSE. It is DOE policy to provide guidance and procedures for DOE participation in the industrial priorities and allocations program which is governed by and conforms to the defense priorities and allocations system regulation and delegation of authority from the Department of Commerce. The defense priorities and allocations system and the delegation of authority are designed to:
  - a. Require industry to accept and perform on, and allocate materials and facilities to, contracts and orders for industrial products, materials, and services in support of:
    - (1) DOE atomic energy construction, operations (including maintenance, repair and operating supplies), and research and development programs: and
    - (2) Programs which maximize domestic energy supplies.
  - b. Provide an administrative base from which to mobilize the total national economy in the event of war or other emergency conditions.
2. AUTHORITY AND REGULATION.
  - a. Title I of the Defense Production Act of 1950, as amended, authorizes the President to allocate materials and facilities, and establish priorities for the acceptance and performance of contracts and orders to:
    - (1) Promote the national defense (section 101(a)) as defined in section 702(d) and in paragraph 5 of this Order.
    - (2) Maximize domestic energy supplies (section 101 (c)).
  - b. The authority of the President under the Defense Production Act has been delegated to the Director of FEMA who has redelegate the authority to exercise and administer industrial priorities and allocation to the Secretary of Commerce. FEMA has retained for itself overall policy guidance and program coordination.
  - c. The administration of the industrial priorities and allocations authority is accomplished through a series of delegations and a regulation issued by the Department of Commerce. The Department of Commerce has delegated limited authority to DOE concerning priorities

and all locations with respect to contracts and orders for DOE atomic energy construction, operations, and research and development programs, and programs which maximize domestic energy supplies.

- d. DOE, its contractors, and subcontractors are bound by all provisions of the defense priorities and allocations system regulation and delegation of authority issued by the Department of Commerce.
  - e. Title 10 CFR, Part 216, provides the procedures for implementing DOE functions for the allocation of, or the priority performance under contracts or orders relating to, supplies of materials and equipment in order to maximize domestic energy supplies.
3. AUTHORIZED DOE PROGRAMS. Programs eligible for priorities and allocations support, as authorized by FEMA, are DOE atomic energy programs and programs which maximize domestic energy supplies.
- a. DOE Atomic Energy Programs. All DOE atomic energy construction, operations (including maintenance, repair, and operating supplies), research and development programs, and in certain exceptional cases for the expansion of privately owned facilities.
  - b. Programs Which Maximize Domestic Energy Supplies. Those energy programs and projects, including DOE non-nuclear projects, which are determined by DOE to maintain or further:
    - (1 ) Energy exploration, production, refining, or transportation; or
    - (2) Conservation of energy supplies; or
    - (3) Construction and maintenance of domestic energy supply facilities.
4. DEFENSE PRIORITIES AND ALLOCATIONS SYSTEM ESSENTIAL ELEMENTS.
- a. The DOE is authorized to use priorities and allocations in support of DOE atomic energy construction, operations (including maintenance, repair, and operating supplies), research and development programs and, in certain cases, for privately owned facilities.
  - b. Atomic energy program contracts and orders placed by DOE or its contractors are generally "rated," including orders for controlled materials. Contracts and orders for DOE nonatomic energy programs are ratable only on a case-by-case basis for specific supplies of materials and equipment (see Chapter V).
  - c. DOE contracts and orders for materials and equipment required for non-atomic energy programs or projects which are determined by Headquarters to maximize domestic energy supplies may be placed as rated orders if

the materials and equipment are found to be critical , essential , and scarce, and cannot be obtained by the required delivery date without being placed as a rated order.

- d. Ratings may not be used for the procurement of certain common-use items in the Federal Supply classification Groups and Classes as listed in Attachment A to the Statement of Conditions of Defense Priorities and Allocations System Delegation 2. However, in the event procurement difficulties are encountered which threaten timely delivery, special assistance may be obtained from Headquarters, in accordance with the procedures outlined in Chapter V.
- e. DOE develops and furnishes FEMA with quarterly statements of estimated requirements for controlled materials for direct purchase by DOE and its operating contractors, for incorporation in items specifically designed and manufactured to authorized DOE atomic energy program specifications or used in construction for authorized DOE atomic energy programs.
- f. FEMA issues a program determination making allotments of controlled materials and authorizing DOE to make allotments of controlled materials to support authorized DOE programs.
- g. At this time, DOE does not make allotments of controlled materials to its field elements or contractors for DOE atomic energy construction and operations programs. DOE atomic energy contractors procure controlled materials the same as products and materials that are not controlled materials according to the procedures in the defense priorities and allocations system. However, see Chapter 111 for accounting guidelines for controlled materials.
- h. Participants in any transaction covered by the defense priorities and allocations system must make, and preserve for at least 3 years thereafter, accurate and complete records of such transactions.



## CHAPTER II

### PRIORITY RATINGS

#### 1. GENERAL.

- a. Most DOE contracts and orders for industrial products, materials, and services necessary or appropriate to promote DOE atomic energy construction, operations, and research and development programs are to be rated. Use of priority ratings is authorized for all ratable contracts and orders. Contracts and purchase orders placed with or through other Government agencies are rated. Although the use of ratings generally applies to purchases, ratings may be used for leases under the conditions specified in the defense priorities and allocations system regulation.
- b. There are two types of priority ratings: 1)0 and 0X. All D0 ratings have equal preferential status and take precedence over all unrated orders. All DX ratings have equal preferential status, but DX rated orders take precedence over D0 rated orders and all unrated orders. The DX rating is used for designated DOE atomic energy construction and operations programs of the highest national urgency.

#### 2. D0 RATING.

- a. DOE atomic energy construction, operations (including maintenance, repair and operating supplies), and research and development contracts and orders are generally identified by applying the prefix D0 and the appropriate authorized program identification symbol: E1, Construction; E2, Operations, including maintenance, repair and operating supplies; or E3, privately owned facilities.
- b. Heads of Field Elements, or their delegates, may use or authorize their contractors or subcontractors to use the D0 rating on DOE atomic energy construction, operations (including maintenance, repair and operating supplies), and research and development contracts and orders for all products, materials, and services except for the following:
  - (1) Items listed in section 350.18(b)(1) and (3) of the defense priorities and allocations system regulation;
  - (2) Items contained in the list of Federal Supply Classification Groups and Classes in Attachment A to the Statement of Conditions to Defense Priorities and Allocations System Delegation 2;

- (3) DOE nonatomic energy programs except those which are determined to maximize domestic energy supplies (see Chapter IV); and
- (4) Production or construction equipment or items to be used for the manufacture of production equipment. Figure II-1 provides a sample of the kinds of equipment which may be included in these categories.



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Bits, air-drill, removable.	Flushers, street.
Bituminous equipment:	Graders:
Asphalt plants.	Elevating.
Distributors.	Pull-type.
Heaters.	Self-propelled.
Kettles.	Maintainers.
Mixers.	Grader-mounted equipment.
Pavers.	Grapples, crane.
Spreaders, aggregate.	Haulage, units, off-highway:
Blades (cutting edges):	Rear-dump trucks.
Grader.	Wheel tractors 70 hp. and over.
Dozer.	Hoists, contractors.
Scraper.	Moppers, concrete equipment.
Snow plow.	Loaders:
Buckets, concrete equipment.	Bucket, elevating.
Buckets and dippers for cranes,	Elevating, shoulder-type.
shovels, or draglines.	Tractor-mounted.
Catch basin cleaners.	Placers, concrete equipment.
Chutes, concrete equipment.	Rock drills, air, including
Concrete equipment:	drifters and stoppers.
Batchers, batch plants.	Rollers and compactors, all types.
Bin.	Rippers, rooters, and scarifiers,
Curb and gutter machines.	drawn.
Cutting machines, except masonry.	Scrapers, self-propelled and pull.
Dryers, aggregate.	Snowplows, all types.
Finishers.	Sweepers and leaf collectors, self-
Forms, metal, reusable.	propelled and drawn.
Graders, sub and fine.	Teeth:
Heaters.	Bucket.
Jacks, slab-raising.	Ripper.
Mixers, including mortar.	Scarifier.
Pavers.	Tractors, crawler.
Spreaders.	Tractor-mounted equipment:
Towers.	Dozer.
Vibrators.	Power-control units.
Cranes, shovels, and draglines:	Cranes.
Cranes, construction.	Shovels.
Cranes, locomotive and rail-truck	Side-booms.
mounted.	Backbones.
Cranes, railway, wrecking.	Loaders.
Crane, shovel, and dragline	Scarifiers.
attachments.	Winches.
Draglines, construction.	Draglines.
Draglines, walking.	Traffic line marking equipment.
Pipe drivers and hammers.	Trailers, construction, off-highway:
Shovels, power.	Bottom, rear, and side dump, crawler
Crushing, screening, and washing	or wheel-type.
equipment (portable):	Logging arches.
All types, except food.	Trenchers, all types.
Derrick, except oil and gas well.	Well points, construction.
Disc, wheel-mounted or harrow,	Wheels, crawler.
Dredging machinery, except dredge	
pipe.	
Drilling equipment:	
Augers, earth, power-driven.	
Pipe pushers, power-driven.	
Tools, air, contractors.	

FIGURE II-1  
Production/Construction Equipment

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- c. If a rated order is likely to be delayed because a person is unable to obtain normally unrateable construction or production items, the person may request the authority to use a priority rating in ordering the needed items. In this case a D0 rating shall be used on contracts and orders for construction and production equipment as follows;
- (1) When purchased for use in the process of construction, field elements and contractors shall apply the priority rating D0-E1 when the construction equipment will become the property of DOE and the Head of the Field Element determines in each case that:
    - (a) Within a reasonable distance from the site where the equipment is required, existing equipment is being used to the fullest extent to perform on rated order(s).
    - (b) All reasonable efforts have been made to obtain new or used equipment within the DOE atomic energy complex.
    - (c) All reasonable efforts have been made to obtain new or used equipment on an unrated basis.
  - (2) When purchased for use as production equipment to be installed as part of the initial construction of a project, field elements and contractors shall use the rating D0-E1.
  - (3) When purchased for use as production equipment in a completed DOE project, field elements and contractors shall apply the rating D0-E2.
3. DX RATING. Provisions of Defense Priorities and Allocations System Delegation 2 authorize DOE to use the DX rating for those programs designated by FEMA as eligible for such rating. A list of eligible DX programs is maintained by the Procurement and Assistance Management Directorate. (This list is classified and cannot be included as a part of this Order.) The Director of Procurement and Assistance Management informs the Heads of Field Elements, in writing, of programs to which the DX rating is applicable. The authority to use or authorize others to use the DX rating is subject to the limitations specified for D0 ratings on page 11-1, paragraph 2.
4. RATING OF CONTRACTS AND ORDERS. A DOE atomic energy construction, operations (including maintenance, repair, and operating supplies), or research and development contract or order, or energy contract or order, is considered to be rated when the contract or order includes the following items:

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- a. The prefix D0 or DX together with the appropriate authorized program identification symbol: E1, E2, E3, F1, F2, or F3.
- b. A statement reading substantially as follows:

"This is a rated order certified for national defense use and you are required to follow all the provisions of the Defense Priorities and Allocations System Regulation (15 CFR 350)."
- c. The required delivery date(s).
- d. An authorized signature.

5. ACCEPTANCE AND FILLING OF RATED ORDERS.

- a. All rated orders must be accepted by suppliers except under the following conditions:
  - (1) The person placing the order is unwilling or unable to meet the supplier's regularly established terms of sale or payment.
  - (2) The order is for a product or materials not usually made or supplied or for a service not usually performed.
  - (3) The order is tendered to a person for a product or material which he produces or acquires only for his own use, and he has not filled any orders for that product or material within the past 2 years.
  - (4) The order is for a product or material produced by the person tendering the rated order or for a service performed by the person tendering the rated order.
  - (5) The order is received after commencement of the applicable lead time as prescribed by the Department of Commerce, except that a DX-rated order must be accepted without regard to lead time. (Lead time provisions apply only to controlled materials and metalworking machines.)
  - (6) The applicable set-aside has been reached by the supplier or would be exceeded by acceptance, except that a DX-rated order must be accepted without regard to such set-aside. (set-aside provisions apply only to controlled materials and metalworking machines.)
  - (7) If acceptance or performance of the order would violate any other regulation or order of the Department of Commerce.

- b. If a supplier refuses to accept a rated order, the supplier, upon written request of the prospective purchaser, must promptly provide reasons, in writing, for rejecting the order.
- c. In general, all rated orders must be filled by the required delivery date. If the supplier's schedule of operations prevents this, the supplier must give precedence as follows:
  - (1) DX-rated orders must be given precedence over DO-rated orders or unrated orders, and DO-rated orders must be given precedence over unrated orders;
  - (2) If there is a conflict between rated orders of equal preferential status, the supplier must give precedence in accordance with the sequence of their receipt;
  - (3) If there is a conflict between rated orders of equal preferential status received on the same date, the supplier must give precedence to the order which has the earliest required delivery date.

6. EXTENSION OF RATINGS.

- a. Contractors or suppliers who receive rated contracts or orders are required by the defense priorities and allocations system to extend the priority rating and all other items of a rated order to their contractors and suppliers throughout the industrial chain. This extension requirement is optional in the case of any individual purchase order of less than \$5,000.
- b. Contractors or suppliers who extend priority ratings should ensure that the supplier receiving the rated order or contract provides the preferential treatment called for in the priorities and allocations system regulation.

7. VIOLATIONS AND PENALTIES. Willful violation of the provisions of Title 1 or sections 705 or 707 of the Defense production Act, the defense priorities and allocations system regulation, or an official action is a crime, and if convicted a person may be punished by fine or Imprisonment, or both.

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CHAPTER IIICONTROLLED MATERIALS

## 1. CONTROLLED MATERIALS PURCHASE ORDERS.

- a. The defense priorities and allocation system requires DOE and all DOE atomic energy contractors and subcontractors to place rated orders for any controlled material (as distinct from a product containing controlled material) required for DOE atomic energy construction, operations (including maintenance, repair, and operating supplies), and research and development programs. Use of rated orders is mandatory for all orders for controlled materials except for orders of less than \$5,000, on which it is optional. A rated order for controlled material takes precedence over all other orders for controlled materials.
- b. Under the defense priorities and allocations system, DOE is a delegate agency for the eight kinds of controlled materials (categorized below) which are in the shapes and forms listed in schedule II to the defense priorities and allocations system regulation.
  - (1) Carbon steel (including wrought iron);
  - (2) Alloy steel (except stainless steel );
  - (3) Stainless steel ;
  - (4) Copper and copper-base alloy brass mill products;
  - (5) Copper wire mill products;
  - (6) Copper and copper-base alloy foundry products and powder;
  - (7) Aluminum; and
  - (8) Nickel alloys.

2. REQUIREMENTS.

- a. Field Elements shall:
  - (1) Develop estimated quarterly requirements for the eight kinds of controlled materials to be purchased by either DOE or its contractors in support of DOE atomic energy construction,

operations (including maintenance, repair and operating supplies), and research and development programs. These requirements are total requirements, including quantities already ordered, and are developed separately for construction and for operations, including maintenance, repair, and operating supplies in the shapes and forms specified on Form ITA-9048. Requirements must be reported to Headquarters, Procurement and Assistance Management, MA-4, in accordance with the timing that deliveries are required from the mills or other suppliers of controlled materials.

- (2) Estimate requirements for DOE atomic energy construction, operations (including maintenance, repair, and operating supplies), and research and development programs. Estimates should be based on the initiation and continuation of operating programs and construction projects, in accordance with existing budget allowances and programs projected for inclusion in future fiscal year budget submissions. It is recognized that final designs may not have been determined. However, every effort should be made to prepare the best forecasts for each quarter.
- (3) Collect requirements estimates for atomic energy construction and operations (including maintenance, repair, and operating supplies), and research and development programs from their contractors to the extent necessary to ensure reliability. Field elements must review these estimates to ensure that they are as realistic as possible. Field elements must then combine the requirements data submitted by the contractors and submit two reports on Form ITA-9048:
  - (a) A Field Organization Summary for Construction (E1 Programs); and
  - (b) A Field Organization Summary for Operations (E2 Programs).
- (4) Forward the summaries to the Director of Procurement and Assistance Management, Division of Property and Equipment Management, MA-422, semiannually by the 8th workday of May and the 8th workday of November. The May report should reflect third and fourth quarter current calendar year requirements and first and second quarter next calendar year requirements. The November report should reflect the four quarter requirements for the next calendar year. The summaries must be accompanied with a transmittal Memorandum explaining in detail significant changes, if any, from the previous report. During the semi-annual period between requirements reports, each field element

will advise Headquarters of significant changes in levels of requirements to permit modification, if necessary, in set-asides at the mills.

b. Headquarters.

(1) The Director of Procurement and Assistance Management compiles and submits to FEMA controlled material summaries of DOE field elements and advises FEMA of significant interim changes as they are received.

(2) On the basis of estimated requirements for the eight kinds of controlled materials, the Director of Procurement and Assistance Management receives a program determination from FEMA.

3. PROCEDURES FOR PROCUREMENT OF CONTROLLED MATERIALS. DOE field elements, their contractors, subcontractors, and suppliers acquire controlled materials in the quantities necessary for the timely completion of DOE atomic energy construction, operations (including maintenance, repair, and operating supplies), and research and development programs. DOE and its atomic energy contractors are required to follow the procedures of the defense priorities and allocations system in obtaining controlled materials and to account, if requested, for their usage.

a. Field elements and their atomic energy contractors and subcontractors place rated orders for all eight kinds of controlled materials with producers, distributors, or other suppliers.

b. An order for controlled materials is considered to be a rated order when the purchase order includes the following elements:

(1) The prefix D0 or DX together with the appropriate authorized program identification symbol: E1, E2, E3, F1, F2, or F3.

(2) A statement reading substantially as follows:

"This is a rated order certified for national defense use and you are required to follow all the provisions of the Defense Priorities anti Allocations System Regulation (15 CFR 350)."

(3) The required delivery date(s).

(4) An authorized signature.

c. Rules for the acceptance and rejection of rated orders are included in the defense priorities and allocations system regulation.

4. ACCOUNTING GUIDELINES.a. Headquarters.

- (1) DOE is required under the defense priorities and allocations system to account for allotments of controlled materials received from FEMA.
- (2) The Director of Procurement and Assistance Management maintains the central DOE accounts for all allotments received from FEMA. These accounts reflect the following for each kind of controlled material by calendar year quarters:
  - (a) Allotments received from FEMA;
  - (b) Individual adjustments to allotments; and
  - (c) Current balances.

- b. Field Elements. Under the defense priorities and allocations system, all prime consumers (e.g., DOE field elements and contractors) do not receive allotments or suballotments from Headquarters. Therefore, field elements and contractors are not required to submit reports concerning usage of controlled materials to Headquarters. However, field elements and contractors are required to maintain internal records of controlled materials usage and keep the information available as part of the DOE industrial mobilization preparedness program.



## CHAPTER IV

### OTHER CONTROLLED SUBSTANCES

1. AUTHORITY. The Helium Act Amendments of 1960 gives the Secretary of Interior the authority to require that DOE gather and report periodic helium requirements to the Department of Interior. As a result, the Department of Interior has imposed quarterly reporting requirements on DOE.
2. REQUIREMENTS. To assist Headquarters in providing the necessary data to the Department of Interior, Heads of Field Elements are responsible for developing estimated annual helium requirements to be purchased by either DOE or its contractors in support of atomic energy construction, operations (including maintenance, repair, and operating supplies), and research and development programs. These requirements are to be submitted by the types specified on DOE F 4200.42, "Estimated Requirements for Selected Materials." Estimated requirements for construction and operations must be collected by field elements from their contractors to ensure reliability. Field elements must review these requirements to ensure that they are as realistic as possible, consolidate the requirements and forward them to the Director of Property and Equipment Management Division, Procurement and Assistance Management Directorate, MA-422, annually by the 8th workday of March. The report should reflect the 2 succeeding fiscal years. The requirements must be accompanied by a transmittal Memorandum explaining in detail significant changes, if any, from the previous report.



## CHAPTER V

### PROGRAMS WHICH MAXIMIZE DOMESTIC ENERGY SUPPLIES

#### 1. GENERAL.

- a. Prior to the Energy Policy and Conservation Act of 1975 (Public Law 94-163), purchase orders for nonatomic energy programs were not authorized to be placed as rated orders. The Energy Policy and Conservation Act amended the Defense Production Act of 1950 with a new section 101(c) which provides for the allocation of or the priority performance under contracts or orders (other than contracts of employment) relating to supplies of materials and equipment in order to maximize domestic energy supplies.
- b. Priorities and allocations support for energy programs and projects must be applied for on a case-by-case basis (not for all procurements for the energy project involved) only for the material and equipment which cannot be obtained on time in order to keep the project on schedule.
- c. Rated orders for energy programs are equivalent to those for DOE atomic energy production and construction programs. Both are under the jurisdiction of the defense priorities and allocations system regulation and procedures. (See Chapters II and III of this Order for the proper placement of rated orders. )
- d. priorities and allocations support for energy programs is described in 10 CFR, Part 216, "Materials Allocation and Priority Performance Under Contracts or Orders to Maximize Domestic Energy Supplies," and in the publication DOE/PR-0042, "Priorities and Allocations Support for Energy: Keeping Energy Programs on Schedule."

#### 2. APPLYING FOR PRIORITIES AND ALLOCATIONS SUPPORT FOR ENERGY PROGRAMS.

- a. Any person who requires priorities and allocations support as provided for by section 101(c) of the Defense Production Act may submit an application directly to the Director of Procurement and Assistance Management, Division of Property and Equipment Management, ATTN: MA-422.
- b. The application shall be made on form PR-437, "Request for Priority Rating for Energy Programs." The application requests DOE and the Department of Commerce to determine if the energy project involved maximizes domestic energy supplies and to find if the material or

equipment identified in the application is scarce, critical , and essential , and cannot be obtained on time without priorities and allocations support.

- c. Form PR-437 must be completed in sufficient detail to clearly demonstrate the need for priorities and allocations support. It is recommended that Title 10 CFR, Part 216, and DOE/PR-0042 be thoroughly reviewed prior to requesting priorities and allocations support. Further, any supplemental or backup material which supports the request for priorities and allocations authority should be attached to the Form PR-437.
3. PROCESSING FORM PR-437. Each request shall be reviewed and coordinated with the appropriate Headquarters Element (e.g., Office of Policy, Safety, and Environment; General Counsel; Fossil Energy; Nuclear Energy; Conservation and Renewable Energy). Each request for priorities and allocations support will be reviewed for completeness and accuracy ensuring the information presented is sufficient to satisfy the established criteria for granting priority rating authority. Based on DOE and Department of Commerce analysis, the Director of Procurement and Assistance Management shall notify the applicant in writing, either granting or denying priorities and allocations support.
4. PREFERENTIAL TREATMENT.
  - a. Any person who is authorized by DOE to use priorities and allocations authority for an energy project is subject to the obligations and privileges of the provisions of the defense priorities and allocations system.
  - b. Purchase orders or contracts placed under the authority of section 101 (c) of the Defense Production Act are equal to those placed in support of DOE atomic energy production and construction programs and must be given the same preferential treatment by suppliers throughout the industrial chain.
5. SPECIAL PRIORITIES ASSISTANCE. If a rated order is placed in support of a program which maximizes domestic energy supplies and the required delivery date will not be met, special priorities assistance is available as described in Chapter VI of this Order.

CHAPTER VI  
SPECIAL PRIORITIES ASSISTANCE

1. GENERAL. In some instances, the regular procedures of the defense priorities and allocations system may be ineffective in enabling DOE and authorized contractors to obtain timely deliveries and keep authorized atomic energy programs on schedule. To permit atomic energy programs to proceed or be completed on schedule, special priorities assistance is available from the Procurement and Assistance Management Directorate. Special priorities assistance personnel will contact the supplier to resolve the problem. The Department of Commerce will be requested to issue a directive if necessary to obtain compliance with the defense priorities and allocations system.
2. SUBMISSION OF A REQUEST FOR SPECIAL PRIORITIES ASSISTANCE.
  - a. Submission of a request to Headquarters for special priorities assistance is appropriate only after efforts by the contractor and the field element are unsuccessful in resolving problems. Examples of potential problems are as follows:
    - (1 ) A supplier has refused to accept a rated order.
    - (2) A supplier has refused to meet or approach required delivery dates.
    - (3) A supplier has accepted a rated order which is critical for completion of a program, but there is reasonable doubt that the supplier will meet the required delivery date.
  - b. Every rated order is entitled to preferential treatment over nonrated orders and any supplier who fails to preferentially schedule such orders is in violation of the Defense Production Act of 1950, as amended, and the defense priorities and allocations system regulation.
3. INITIATING A REQUEST FOR SPECIAL PRIORITIES ASSISTANCE.
  - a. The purpose of the special priorities assistance program is to provide timely delivery of industrial products, materials, and services for programs experiencing or anticipating slippages in delivery schedules. Therefore, field elements and contractors must make every effort to identify delivery problems as early as possible and take prompt action to seek a solution.
  - b. Having determined that a solution cannot be reached at the contractor or the field element level, and that special priorities assistance from Headquarters is necessary, the field element and contractor must confirm that:

- (1) A written order or Contract Containing all items of a valid rated order has been given to the supplier; and
  - (2) A written order containing all items of a valid rated order has been furnished by a supplier to a subvendor if the request for assistance Involves a subvendor in the procurement chain.
- c. Requests for special priorities assistance may be initiated at any level In the procurement chain (e.g., field elements, operating contractor, subcontractor, vendor). Requests for assistance sent to Headquarters, Property and Equipment Management Division, MA-422, must be endorsed , and forwarded by the appropriate field element through the priorities and allocations program representative, and made on Form ITA-999, "Request for Special Priorities Assistance" or TWX. Facsimile copies of the form are acceptable.
- d. Under the circumstances of extreme urgency the request for special priorities assistance may be initiated by a telephone call from the DOE field element to Headquarters, Division of Property and Equipment Management personnel. However, telephone requests will not be entertained directly from a DOE contractor, without DOE field element involvement. In the instance where a telephone call initiates a request, the Form ITA-999 or TWX must be received by Headquarters within 48 hours of the telephone call initiating the request.
- e. Offices using Form ITA-999 must complete block 18, FOR USE OF GOVERNMENT DEPARTMENT OR AGENCY ENDORSING THIS REQUEST (FIELD), explaining In sufficient detail the actions taken by the field to resolve the applicant's problem. In addition, block 18(c) "By whom" must contain the signature of the director of the DOE contracting activity at that field location or the area manager in the case of an area office, as an Indication of his/her approval of the applicant's request for assistance, as well as a verification that all field element efforts and avenues toward resolution have been exhausted prior to requesting Headquarters assistance.
- f. Requests submitted by TWX shall contain the following information as a minimum:
- (1) Name, address, and telephone number of applicant who placed the order with a supplier.
  - (2) Name and address of the supplier.
  - (3) Order number, date, and rating.
  - (4) Supplier's in-house shop order number, if obtainable.

- (5) Identification of item or items ordered.
- (6) Dollar value or approximate dollar value of orders.
- (7) Name of supplier's representative or contact.
- (8) Telephone number of supplier's representative or contact.  
including the area code.
- (9) Date that delivery is required.
- (10) Date that supplier stated the order will be shipped.
- (11) Reason given by supplier for inability to meet the required  
delivery date.
- (12) Detail of actions taken by the field element to resolve the  
applicant's problem.
- (13) Signature of the senior procurement official at the field element.

4. HEADQUARTERS PROCESSING OF REQUESTS.

- a. Upon receipt of a request for assistance, Division of Property and Equipment Management, MA-422, personnel shall take action with the supplier to-resolve the problem, obtaining such additional information from the field element's priorities and allocations program representative/or contractor as may be required.
- b. If MA-422 is unable to resolve a problem with a supplier, assistance is available from the Department of Commerce, who may request additional information from the field element or contractor.
- c. The Property and equipment Management Division shall inform the field element and contractor of all correspondence and action taken.

5. REQUESTS FOR OTHER ASSISTANCE. Assistance also may be requested by field elements and contractors or other Departmental elements on such matters as locating and obtaining items of equipment and supplies, including those which may be available from Government sources. These requests will be processed by priorities and allocations personnel in the Division of Property and Equipment Management, MA-422, or directed to the appropriate organization for action.





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## CHAPTER VII

PRIORITY RATING ASSISTANCE FOR PRIVATELY OWNED FACILITIES

1. GENERAL. In certain exceptional cases, expansion of privately owned facilities, for which construction and/or capital additions are required exclusively or primarily for DOE atomic energy program purposes, may be eligible for priority rating authority from DOE. A supplier or contractor makes application for such authority by submitting to the responsible field element a formal written request, accompanied when appropriate by a completed form ITA-9048. Privately owned facility projects for which rating authority is approved will be identified by the program identification symbol E3.
2. CRITERIA FOR PRIORITY RATING AUTHORITY. The following criteria are provided as guidance or approval of priority rating authority for privately owned facilities:
  - a. The desired material, product, or service required by DOE from the applicant cannot be procured from another qualified source that does not require expansion. In determining equal qualification, such items as cost, raw material supply, location, and transportation may be considered.
  - b. The applicant is unable to locate a satisfactory subcontracting source to supply the parts or components for which the rating authority is requested.
  - c. The applicant has made a reasonable effort to locate existing tools, equipment, or facilities which could be acquired on a temporary basis to meet atomic energy program delivery requirements.
  - d. The expansion will be devoted exclusively or primarily to DOE purposes.
  - e. The applicant cannot, without priority rating authority for the proposed expansion, fulfill atomic energy requirements on time.
3. PRIORITY RATING AUTHORITY FOR EXPANSION OF PRIVATELY OWNED FACILITIES.
  - a. Capital Additions - No Construction. Heads of Field Elements are authorized to approve formal requests for priority rating authority for capital additions (no construction) subject to the criteria in paragraph 2 above. In cases determined to be eligible by Heads of Field Elements, the right to use the rating D0-E3 is assigned to the applicant.
  - b. Construction.
    - (1) The Director of Procurement and Assistance Management, MA-4,

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must approve priority rating **authority** when the expansion of privately owned **facilities** involves construction. In these cases, Heads of Field Elements submit to **MA-4** a **Memorandum** setting forth Information **on** the extent to which the criteria in paragraph 2 above have been met, together with a recommendation and two copies of Form **ITA-9048** signed by **the applicant** requesting priority rating authority.

- (2) Upon receipt Of approval from the Director of Procurement and Assistance Management, Heads of **Field** Elements assign to the applicant the right to apply priority rating **D0-E3** on related purchase orders.
- (3) Heads of Field Elements must **advise** approved applicants that they must obtain controlled materials and **other** products and materials under the provisions of the defense priorities and allocations system.