

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS KINGSLEY TO INTERROGATORIES OF  
UNITED PARCEL SERVICE  
(UPS/USPS-T10-1-3)

The United States Postal Service hereby provides the responses of witness Kingsley to the following interrogatories of United Parcel Service: UPS/USPS-T10-1-3, filed on January 21, 2000.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



Susan M. Duchek

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February 4, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY  
TO INTERROGATORIES OF THE UNITED PARCEL SERVICE**

**UPS/USPS-T10-1.** Refer to the attached notice dated November 18, 1999, from "Expedited/Package Services," published on page 8 of the *Postal Bulletin* for November 18, 1999, a copy of which is attached as Exhibit A to this interrogatory, regarding "Return to Sender' Priority Mail," which refers to "The Priority Mail Mailstream." Please describe in detail the Priority Mail Mailstream and all alternative mail flows for Priority Mail, including a description of the types of facilities at each point in the mail flow which process Priority Mail.

**Response:**

Priority Mail flows through a distribution network consisting primarily of in-house processing facilities and, to a lesser extent, temporarily contracted-out Priority Mail Processing Centers (PMPCs). These facilities perform distribution to varying levels to process originating and/or destinating mail, including "Return to Sender" (RTS) Priority Mail mailpieces. Priority Mail is generally not commingled with other classes of mail in distribution. The contract provides a test operation in a limited geographic service area.

The Priority Mail mailstream starts with the mailer depositing Priority Mail either at a Postal facility, in a collection box, or with a Postal carrier. The mail is transported to a local post office, delivery unit, or retail unit, as necessary, and is then moved to a local processing facility via surface transportation. In the non-PMPC (in-house) network the processing facility may be a Processing & Distribution Center or Facility (P&DC or P&DF), or an Air Mail Center or Facility (AMC or AMF). In the temporarily contracted-out PMPC network, the contractor

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picks up Priority Mail from the USPS plants and Air Mail Centers, transports it to its own Priority Mail Processing Centers (PMPC), sorts it there, transports it if necessary to another PMPC, sorts it there again, and transports it to the appropriate, contractually designated, plant or Air Mail Center. For destinating Priority Mail at a PMPC, the PMPC will sort to the five-digit level before transporting mail to the local plants which, in turn, will use available transportation to move the mail on to the appropriate delivery units.

The national in-house network of processing facilities designated as Priority Mail Area Distribution Centers (ADCs) typically process "destinating" mail to the three-digit ZIP Code level for downstream processing facilities designated as Sectional Center Facilities (SCFs), and to the five-digit ZIP Code level for the ADC's local SCF service area. Downstream SCFs, in turn, typically perform five-digit ZIP Code distribution for their SCF service area. Priority Mail (including RTS mail) is then transported to post offices and delivery units for distribution to the carrier route level.

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E511 Standard Mail

1.0 BASIC INFORMATION

1.2 Postal Inspection

[Revise 1.2 by removing reference to documents created in electronic form by means of Mailing Online to read as follows:]

Standard Mail is not sealed against postal inspection except for electronic documents retained by the Postal Service, which are sealed against postal inspection. Regardless of physical closure, the mailing of articles at Standard Mail rates constitutes consent by the mailer to postal inspection of the contents.

E512 Additional Standards for Standard Mail (A)

4.0 BULK RATES

4.7 Annual Fees

[Revise 4.7 by removing reference to fees in G093 to read as follows:]

Standard Mail (A) is subject to an annual mailing fee once each 12-month period. The fee may be paid in advance only for the next year and only during the last 30 days of the current service period. The fee charged is that in effect on the date of payment. Each mailer who enters mail at Standard Mail (A) rates paid with a meter or precanceled stamps must pay an annual mailing fee at each post office of mailing; a mailer paying this fee may enter clients' mail as well as the mailer's own. The mailer whose permit imprint appears on pieces in a mailing paid with a permit imprint must show that permit number on the postage statement and must pay the annual mailing fee for that permit; this fee is in addition to the fee for an application to use permit imprints.

4.9 Preparation

[Revise 4.9b by removing reference to Mailing Online in G093 to read as follows:]

Each Standard Mail (A) mailing is subject to these general standards: \*\*\*

b. Each mailing must contain at least 200 pieces or 50 pounds. See E620 for volume requirement eligibility unique to Presorted Standard rate mailings. Other volume standards can also apply, based on the rate claimed.

G General Information

G090 Experimental Classifications and Rates

[Remove G093, Mailing Online.]

P040 Permit Imprints

5.0 MAILINGS

5.1 Minimum Quantity

[Remove 5.1d, which provided for Mailing Online permit imprint mailings.]

— Mail Preparation and Standards, Pricing and Product Design, 11-18-99

“Return to Sender” Priority Mail

Some BMCs are receiving significant volumes of “return to sender” Priority Mail in the Standard Mail (B) mailstream.

Historically, “return to sender” First-Class Mail and Express Mail have been handled and processed in their own respective mailstream. Priority Mail “return to sender” (undeliverable as addressed, refused, unclaimed, etc.) must be returned in the Priority Mail mailstream.

— Expedited/Package Services, 11-18-99

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**UPS/USPS-T10-2.** Refer to the attached notice dated November 18, 1999, from "Operational Requirements, Operational Planning," published on page 11 of the *Postal Bulletin* for November 18, 1999, a copy of which is attached as Exhibit B to this interrogatory, concerning "Plant Verified Drop Shipment (PVDS) Procedures."

(a) Provide a copy of the "recently conducted audit by the Office of Inspector General" referred to in that notice.

(b) Provide copies of all other audits, whether conducted by the Office of Inspector General or by some other office, division, unit, or department of the Postal Service, concerning drop shipments at destination BMCs, SCFs, DDUs, or other facilities/plants of the Postal Service.

(c) Provide all estimates and all studies, reports, memoranda, or other documents concerning the time spent by employees involved in the acceptance of drop shipments at destination BMCs, SCFs, DDUs, or other facilities/plants of the Postal Service.

(d) Provide all estimates and all reports, studies, memoranda, or other documents relating to the costs of the acceptance of drop shipments at destination BMCs, SCFs, DDUs, or other facilities/plants of the Postal Service.

(e) Provide all instructions, directives, manuals, or other documents relating to the procedures to be followed by employees involved in the acceptance of drop shipments at BMCs, SCFs, DDUs, or other facilities/plants of the Postal Service.

**Response:**

(a) The requested audit has been included in Library Reference USPS-LR-I-176.

(b) An additional audit on this subject was conducted by the Inspection Service in 1993. We have requested a copy of this audit from the Inspection Service and have been informed that it has been archived. As soon as it can be located, it will be included in Library Reference USPS-LR-I-176.

(c) There are no estimates, reports, studies, memoranda or other documents relating specifically to the time spent by employees involved in the acceptance of dropship shipments of which I am aware.

(d) There are no estimates, reports, studies, memoranda or other documents relating specifically to the costs of acceptance of dropship shipments of which I am aware.

(e) Several directives, manuals, and other documents relating to the procedures to be followed by employees involved in the acceptance of drop shipments at BMCs, SCFs, DDUs,

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or other facilities/plants of the Postal Service have been located and included in Library

Reference USPS-LR-I-176.

- Send an F388-completed PS Form 7380 by ccMail to MDC Customer Service @ TOKS001L.
- Mail a completed PS Form 7380 to the following address:

SUPPLY REQUISITIONS  
800 SW MONTARA PKWY  
TOPEKA KS 66624-9702

The relevant ordering information for Publication 52 is as follows:

PSN: 7610-03-000-0109  
PSIn: PUB52  
Unit of Issue: Each (EA)  
Quick Pick #: 438  
Bulk Pack Quantity: N/A  
Price: \$0.54  
Edition Date: 7/99

Additionally, this new edition of Publication 52 is available electronically via the corporate intranet at <http://blue.usps.gov/opim/fp/pubs/pub52.pdf>.

— Business Mail Acceptance, Marketing, 11-18-99

**REMINDER**

**Plant Verified Drop Shipment (PVDS) Procedures**

As a result of a recently conducted audit by the Office of Inspector General, it is important that the following instructions are reinforced with all employees involved in the acceptance of Plant Verified Drop Shipments (PVDS) at all destination BMCs, plants, and delivery units:

1. When a driver arrives with a drop shipment, the acceptance employee must request PS Form 8125, *Plant Verified Drop Shipment (PVDS) Verification and Clearance*, Form 8125-C, *Plant-Verified Drop Shipment (PVDS) Consolidated Verification and Clearance*, Form 8125-C, *Plant-Verified Drop Shipment (PVDS) Consolidated Verification and Clearance/DSMS*, or a Form 8125 facsimile. If the document cannot be located, the driver is responsible for resolving this issue and producing the required PS 8125.
2. Before accepting the mail for processing, the acceptance employee must match the shipment with the information on Form 8125. First determine if the driver is dropping the shipment at the correct facility. The destination facility must be consistent with the discount claimed (DBMC, DSCF, or DDU). For example, if the DBMC discount is claimed, the driver can drop this mail only at the destination BMC, and all mail claimed at this rate must destinate within that BMC service area.

3. The acceptance employee must conduct an inspection to determine if the volume of mail is consistent with what is listed on Form 8125. Each form must list the total number of pieces, the total weight, and the number of containers (pallets, sacks, etc.). For palletized mailings, ensure that the number of pallets matches the number listed on the form. For bedloaded shipments of sacks, parcels, or bundles, estimate the total number in the shipment or determine the total weight of the shipment, and then match with the corresponding number listed on the form.
4. If everything appears to be consistent, the acceptance employee must accept the shipment and sign Form 8125. The signed copy at the destination facility must be maintained for a minimum of one year. An additional copy may be returned to the driver.
5. If the number of pallets, number of pieces, or weight is not consistent with Form 8125, then the acceptance employee must resolve the discrepancy by telephoning the origin office before the shipment can be accepted. The name and telephone number of the origin office that verified the shipment must be listed on Form 8125. If the discrepancy cannot be resolved, the acceptance employee must refuse the shipment.

— Operational Requirements,  
Operations Planning, 11-18-99

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**UPS/USPS-T10-3.** Describe all steps undertaken by "the origin office that verifie[s] the shipment" (the attached *Postal Bulletin* at page 11, ¶ 5, attached hereto as Exhibit B).

**Response:**

Exhibit B refers to Plant Verified Drop Shipment procedures when the information on the PS Form 8125 is inconsistent with the mailing at the destination entry point. The destinating office contacts the origin office in an attempt to resolve the discrepancy by verifying the mailing against the documentation on file. This may include volume, entry discount, entry location, class/sub-class, and/or shape information depending on the nature of the discrepancy.



UPs / USPS-T10-1-3

**DECLARATION**

I, Linda Kingsley, declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information, and belief.

Linda A. Kingsley

Date: 2-3-2000

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

  

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February 4, 2000