

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

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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-T10-5-6)

The United States Postal Service hereby provides the responses of witness Kingsley to the following interrogatories of United Parcel Service: UPS/USPS-T10-5-6, filed on February 15, 2000.

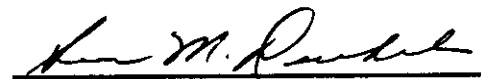
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Susan M. Duchek

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2990 Fax -5402
February 29, 2000

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

UPS/USPS-T10-5. Refer to page 20 of Postal Bulletin 22002, dated July 15, 1999, Attachment A hereto, which contains a notice from "Operational Requirements, Operations Planning." The notice indicates that "delivery units will receive a field instructions document that describes the responsibilities of the Postal Service, including the acceptance and sampling procedures" in connection with certain dropshipments of parcels. Provide a copy of the field instructions referred to in that notice.

Response:

Please see attached document.

U.S. Postal Service /
AIRBORNE
EXPRESS
Airborne@Home

Destination Delivery Unit (DDU)
Field Instructions

July 16, 1999

ESTABLISHMENT / BACKGROUND

Beginning in July 1999, Airborne Express, with the assistance of the US Postal Service, will launch a new delivery service called *Airborne@Home*, which will take advantage of recently approved USPS workshare discounts for large postal mailers. With the new service, Airborne Express will utilize Postal drop-ship delivery unit rates to offer their customers business to residential package delivery; thus leveraging the Postal Service's vast residential delivery infrastructure. By utilizing drop-ship methods, processing and transportation costs will be minimized and generate additional revenue for our organization. It is essential that we provide timely and accurate delivery once the products are in our control. Since many potential customers will be watching this new service, we must ensure *Airborne@Home* is a success.

APPOINTMENT PROCEDURES

The agreement with Airborne Express allows for the establishment of standing drop-ship appointments at destination delivery units (DDUs) where volumes dictate. Initially, these authorized standing appointments will consist of three to five drops per week on varying days Monday through Friday. When volumes become more predictable, regular schedules will be adhered to. In areas with erratic volumes, Airborne Express will notify the applicable delivery units twenty-four hours (24) in advance of a drop-shipment. Airborne Express will attempt to deliver all shipments between the hours of 10:00 a.m. – 16:00 p.m. in accordance with their standing appointments. It is the expectation of the USPS and Airborne Express that *Airborne@Home* shipments will be delivered the next business day after receipt.

MAILER'S RESPONSIBILITIES

Airborne Express will deliver shipments to delivery units according to the USPS established DDU guidelines. Each shipment will be accompanied with a PS Form 8125 facsimile (*Attachment A*), which will contain the following information:

- A. Total Pieces in the drop-shipment to be delivered
- B. Total weight in the drop-shipment
- C. Date of the drop-shipment
- D. Total postage paid for the drop-shipment
- E. Time of drop-shipment arrival at the local delivery unit

The *Airborne@Home* package will display both a customer and Airborne Express label (*Attachment B*). Airborne Express will ensure that each label contains the following:

- A. Airborne Express label contains the package weight, USPS company permit imprint number, and DDU address
- B. Customer delivery address label contains the sender name / address and recipient name /address

As can be seen in *Attachment B*, the label positioning will be slightly different on the *Airborne@Home* packages. The customer address label will be located to the left of the Airborne Express label. Care must be taken to ensure that all employees understand the package labeling.

USPS RESPONSIBILITIES

When the Airborne Express driver delivers the drop-shipment to the local delivery unit, the driver will submit the PS Form 8125 facsimile to the local manager or their designee. The postal representative will verify the volume information on the form and note any discrepancies that may be identified. Packages that do not appear on the PS Form 8125 should be returned to the Airborne Express driver. The postal representative will then accept the remaining shipment and ensure the packages are processed for delivery the next business day. Again, it is imperative that we process and deliver this mail timely and accurately. A macro-level operational flowchart is included in *Attachment E*.

Local delivery units must perform periodic weight samplings when required from the Rates and Classification Service Center and the Seattle Postal Business Center. A memo detailing the sampling process is shown in *Attachment C*. Postal management must ensure that all packages in the shipment are processed in a manner that is consistent with DDU guidelines.

SAMPLING

Sampling is a crucial step in this process and DDUs are responsible for revenue protection measures concerning drop-shipments. When necessary, a PS Form 8159-AE Sampling Worksheet (*Attachment D*) will be forwarded to designated delivery units for the postal representative to complete. Postal management must ensure that all forms are completed in a timely manner and returned to the USPS Airborne Coordinator as mentioned in *Attachment C*. If any questions concerning the sampling process should arise, the Airborne Coordinator can be contacted at (206) 652-2200.

PROBLEM RESOLUTION

The Postal Service and Airborne Express are proactively planning for any unforeseen problems that may be encountered. It was agreed that when the package is tendered and accepted at the destination delivery unit, all rules governing the processing and delivery of Standard B mail would be adhered to. The following are potential issues that may arise and guidelines to be utilized:

- A. When Airborne Express misdelivers a package(s) to the DDU, the postal representative will round stamp the package(s) and return to the Airborne Express driver. If the package(s) is discovered after the driver has departed, the package(s) will be given to the driver during the next drop shipment or the next business day, whichever occurs first. If Airborne Express is not scheduled back within the next 48 hours, they should be contacted using the toll-free number listed on the PS Form 8125. Airborne will send a driver to pick-up the package(s). The postal representative should not attempt to redirect the misdelivered package(s) to another DDU via postal transportation.
- B. Packages containing an undeliverable address will be returned to the sender using standard postal regulations for Standard B Mail.
- C. Packages addressed to recipients with a current forwarding order on file will be forwarded in accordance with DMM regulations via regular postal channels (unless otherwise endorsed).
- D. Packages that are refused by the recipient will be returned to the sender using standard postal regulations for Standard B Mail.
- E. Packages that are received at the DDU in a damaged condition should be brought to the attention of postmaster/station manager for proper handling. If a parcel is presented in an unsuitable condition for delivery, it should be returned to the Airborne Express driver.

If problems develop that affect the overall objectives of this initiative, a system for resolution will be developed with input from representatives of Airborne Express and the Postal Service. Postal representatives from HQ Field Operations and Expedited/Package Services will drive problem resolution and organizational change to ensure program success.

PLANT VERIFIED DROP SHIPMENT (PVDS)
CONSOLIDATED VERIFICATION AND CLEARANCE - DSMS

Entry Date: 06/12/99 13:35 Drop Ship Appointment Number: _____

Mailer Name: Airborne Express Mailer Contact: Postal Operations Dept.
3101 Western Ave 888-838-3119
SEATTLE, WA 98111
CNP/CCC/DFG

Class of Mail: Standard B/Parcel Post DDU

ORG	AIRBILL	NBR	WT	POSTAGE	PAID	ORG	AIRBILL	NBR	WT	POSTAGE	PAID
CNP	2100018-040		1	\$ 1.21	06/10	CNP	2100018-095		2	\$ 1.21	06/10
CNP	2100018-051		3	\$ 1.26	06/10	CNP	2100018-106		4	\$ 1.32	06/10
CNP	2100018-062		5	\$ 1.37	06/10	CNP	2100018-117		6	\$ 1.41	06/10
CNP	2100018-073		7	\$ 1.45	06/10	CNP	2100018-128		8	\$ 1.50	06/10
CNP	2100018-084		9	\$ 1.55	06/10	CNP	2100018-139		10	\$ 1.59	06/10

TOTAL PIECES: 10 TOTAL WEIGHT: 55 TOTAL POSTAGE: \$13.87

USPS CONTACT: Seattle Business Acceptance Office 206-652-2200
Ask for Airborne Coordinator

ENTRY OFFICE: USPS-BREMERTON LOAD CONDITION/COMMENTS
602 PACIFIC AVE
BREMERTON, WA 98337

USPS RECEIVING EMPLOYEE SIGNATURE _____

USPS RECEIVING EMPLOYEE PRINTED NAME _____

DATE: _____

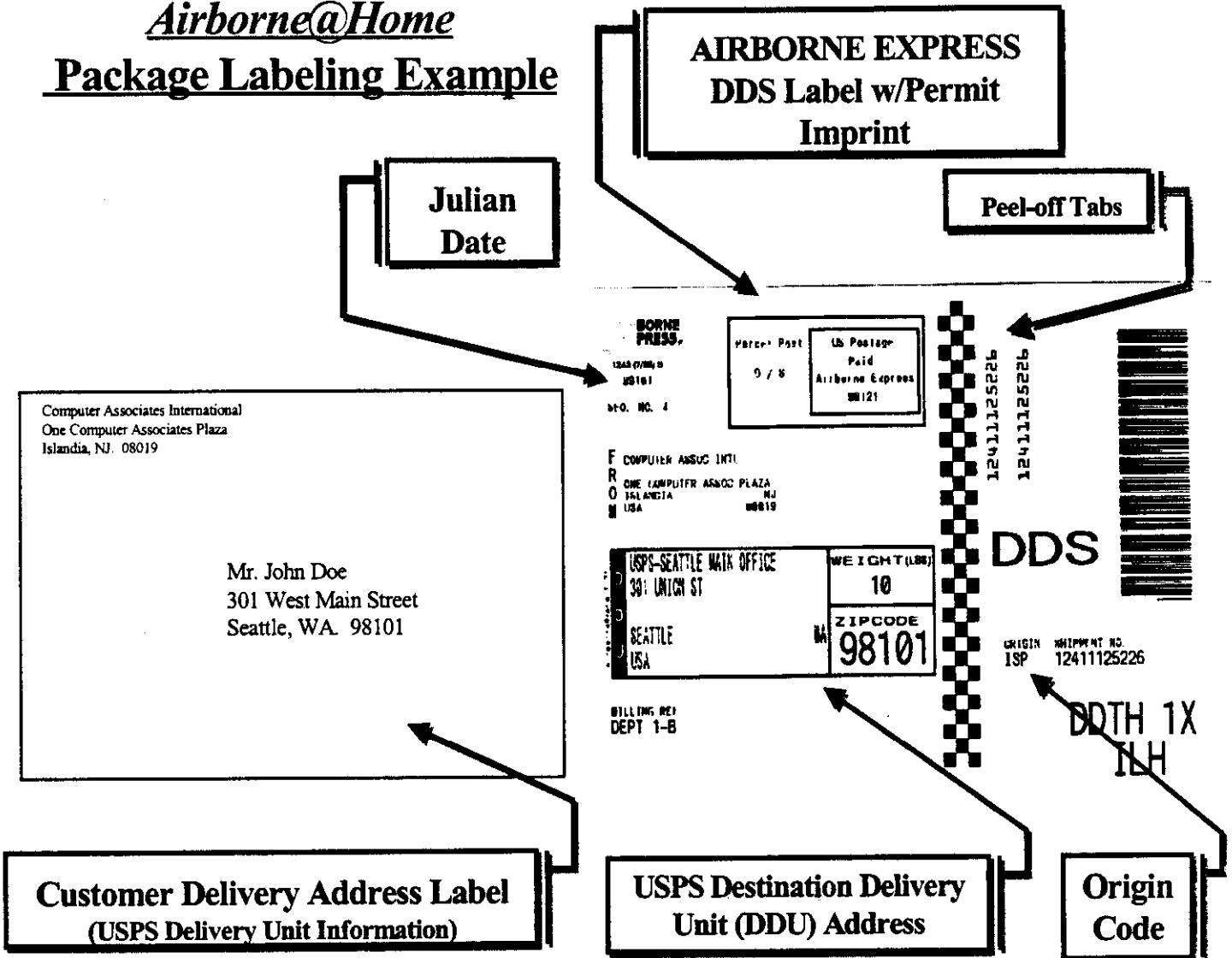
APPOINTMENT:
--- ARRIVED EARLY
--- ARRIVED LATE
--- NO APPOINTMENT

TIME OF ARRIVAL: _____

THIS 8125 WAS VERIFIED UNDER ALTERNATE PROCEDURES AUTHORIZED BY THE MANAGER,
BUSINESS MAIL ACCEPTANCE, USPS HEADQUARTERS. NO POSTAL SIGNATURE OR ROUND
STAMP REQUIRED. CONTACT SEATTLE POST OFFICE LISTED ABOVE IF THERE ARE QUESTIONS.

PS FORM 8125 (FACSIMILE)

Airborne@Home Package Labeling Example



Sampling Airborne@Home Parcel Mailings DDU Procedures

ZIP Code of DDU _____

Julian Date Selected _____

Number of Parcels to be Sampled _____

Dear Postmaster/Station Manager –

This memo details instructions on sampling drop shipments that will be deposited at your office by Airborne Express. Parcels bearing the Julian date selected for sampling may arrive at your facility over the next few days and will be accompanied by a facsimile Form 8125, *Plant-Verified Drop Shipment Sampling and Clearance*. The sampling must be done daily until the number of parcels to be sampled bearing the Julian date selected (see number above) are received. The sampling should not take more than a few minutes per day.

- Complete the heading information on the Form 8159AE *Sampling Worksheet* received from Seattle.
- Identify the Airborne parcels for the Julian date selected. The date will be found in the upper left corner of the Airborne "DDS" label (see the attached example).
- For each selected parcel, write the origin code in block 9b of Form 8159. The origin code consists of three alpha characters (ex. ISP) and appears under the letters "DDS." Peel off one of the tabs showing the parcel's Shipment Number and affix the label on Form 8159 in the "Shipment Number" block, 9c, (or write in the Shipment Number).
- Weigh the parcel and record the weight (to two decimal places if possible) in the "Weight Actual" block, 9d. *The parcel must actually be weighed - do not use the weight listed on the parcel!*
- Put a check mark in block 9e, (Show ✓ if Julian date on parcel matches the date in D) if the Julian date on the parcel matches the Julian date selected for sampling. *Do not select parcels for sampling that bear a different Julian date than the date selected.*
- Put a check mark in block 9f, (Show ✓ if parcel at correct DDU; if not, show addressee's 5-digit ZIP Code) if the parcel is for delivery at your office. *If the parcel is not for your DDU, write the 5-digit ZIP Code of the addressee's delivery address in this block.* Contact Airborne and request that an Airborne driver pick up the parcel. The Airborne phone number is on the Form 8125. Record the disposition of the parcel in the "**Disposition of Parcels in 9f/Comments**" section at the bottom of the form.
- **DO NOT** complete block 9g, "Postage Actual" or block 9h, "Postage Manifest."
- Fax the completed Form 8159AE and the Form(s) 8125 that accompanied each day's drop shipments to (206) 652-2229 (preferred) or mail the Form 8159 and the Forms 8125 that accompanied each day's drop shipments to:

Seattle Postal Business Center
Airborne Coordinator
PO Box 81419
Seattle WA 98108-1319

Questions concerning the sampling should be directed to (206) 652-2200. Ask for the Airborne coordinator. Your assistance in performing this sampling is appreciated.

**PS Form 8159AE
Sampling Worksheet**

A. Name and 5-digit ZIP Code of Post Office/Station Conducting Sampling	B. Dates on Which Samplings Were Performed
C. Name and Phone Number of Person Completing Form	D. Julian Date Selected for Verification

Complete heading and block 9b - 9e in accordance the "DDU Procedures for Sampling Airborne Express Parcel Mailings"

9a.	9b. Origin Code	9c. Shipment Number or Peel off Label	9d. Weight Actual (lbs.)	9e. Show ✓ if Julian date on parcel matches the date in D	9f. Show ✓ if parcel at correct DDU; if not, show addressee's 5-digit ZIP Code	9g. Postage Actual (completed by Seattle BMEU)	9h. Postage Manifest (completed by Seattle BMEU)
1							
2							
3							
4							
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18							
19							
20							
TOTAL							

Disposition of Parcels in 9f/Comments:

Form 8159AE

USPS Process Management System

Draft: Macro Level Airborne@Home Operations

Process Description: Airborne@Home Acceptance to Delivery		Process Customer(s): Airborne Express, USPS, External Customers		Customer Valid Requirement(s): Timely Delivery and Accurate Delivery, Reduced Costs, Ease of Use		Results Indicator(s): Service Performance, Costs, Revenue				
Dept. Position	Customer	Airborne Express	USPS DDU	Measuring		Checking			Misc. Info.	
				Process & Results Indicators	Control Limits: Specs/Toler.	Checking Item: What to Check	Frequency: When to Check	Responsibility: Who Checks	Contingency: Action Rec'd by Exception	Include: - Abbreviations - Procedures - Remarks, etc.
Step/ Time										
	1 to 3 Days									
	Next Business Day after Receipt of Dropship									

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

UPS/USPS-T10-6. Refer to page 8 of Attachment B hereto, which refers to the addition of Parcel Post routes to deliver packages and Priority Mail in order to reduce the load for letter carriers.

(a) Has the Postal Service in recent years added delivery routes dedicated to delivering parcels? If so, state by fiscal year the number of such routes that have been added since October 1, 1998, to the present, what classes of mail are delivered on such routes, the volume of each class of mail delivered on such routes, and the cost by fiscal year of such routes.

(b) Has the Postal Service added delivery routes dedicated to delivering parcels and Priority Mail in the recent past? If so, state by fiscal year the number of such routes that have been added since October 1, 1998, to the present, what classes of mail are delivered on such routes, the volume of each class of mail delivered on such routes, and the cost by fiscal year of such routes.

Response:

a. – b. I am told that individual Post Offices around the country may have added dedicated parcel and/or Priority routes in the last several years; however, this is a local decision based on a variety of circumstances. Further, the number of such routes, the classes of mail, and the volumes of each class delivered on these routes are not tracked at the national level. It is my understanding that witness Meehan will be addressing the cost of these routes in response to UPS/USPS-T11-4. Headquarters, Delivery does not have a plan or a strategy to create dedicated parcel or Priority routes at this time.

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: 2-29-2000

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.



Susan M. Duchek

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2990 Fax -5402
February 29, 2000