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

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000–1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS EGGLESTON TO INTERROGATORIES OF UNITED PARCEL SERVICE (UPS/USPS–T26–5-9)

The United States Postal Service hereby provides the responses of witness Eggleston to the following interrogatories of United Parcel Service:

UPS/USPS–T26-5-9, filed on February 16, 2000.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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March 1, 2000

RESPONSE OF UNITED POSTAL SERVICE WITNESS EGGLESTON
TO INTERROGATORY OF UNITED PARCEL SERVICE

UPS/USPS-T26-5. Refer to Exhibit USPS-T-26, Attachment F, page 3 of 3.

(a) Confirm that in row 2 of the Attachment the proportion of inter-BMC volume deposited at BMCs by mailers is listed as 0.13. If not confirmed, explain.

(b) Confirm that the source of this 0.13 figure is Docket No. R97-I, USPS-T-28, Exhibit B. If not confirmed, explain.

(c) Refer to Docket No. R97-I, USPS-T-28, Exhibit B. Confirm that the proportion of inter-BMC volume deposited at BMCs by mailers is listed as 0.043546. If confirmed, explain the apparent discrepancy. If not confirmed, explain in detail.

RESPONSE:

(a-c) Please see errata filed on February 18, 2000. The proportion of inter-BMC volume deposited at BMCs by mailers has been changed to .0435. This is consistent with Docket No. R97-1, USPS-T-28, Exhibit B.

RESPONSE OF UNITED POSTAL SERVICE WITNESS EGGLESTON
TO INTERROGATORY OF UNITED PARCEL SERVICE

UPS/USPS-T26-6. *Refer to USPS-T-26, Attachment A, pages 10, 11, 13, and 14.*

(a) Confirm that the machinable non-presort intra-BMC modeled costs on page 10 are $0.9218 per piece. If not confirmed, explain in detail.

(b) Confirm that the machinable DBMC modeled costs on page 13 are $0.6731 per piece. If not confirmed, explain in detail.

(c) Confirm that the difference in modeled costs between machinable intra-BMC ($0.9218) and machinable DBMC ($0.6731) are $0.2487 per piece. If not confirmed, explain in detail.

(d) Confirm that the non-machinable non-presort intra-BMC modeled costs on page 11 are $1.9385 per piece. If not confirmed explain in detail.

(e) Confirm that the non-machinable DBMC modeled costs on page 14 are $1.7799 per piece. If not confirmed, explain in detail.

(f) Confirm that the difference in modeled costs between non-machinable intra-BMC ($1.9385) and non-machinable DBMC ($1.7799) are $0.1586 per piece. If not confirmed, explain in detail.

(g) Reconcile in detail the difference between the mail processing modeled cost savings for DBMC of $0.593 per piece summarized on USPS-T-26, Attachment C, and the $0.2487 per piece (see (c) above) and $0.1586 per piece (see (f) above) derived above using USPS-T-26, Attachment A.

(h) Explain in detail all mail processing activities performed at origin Associate Offices with respect to Parcel Post mail.

(i) Explain in detail all mail processing activities performed at origin SCFs with respect to Parcel Post mail prior to the unloading of containers.

RESPONSE:

(a) Confirmed.

(b) Confirmed.

(c) Confirmed that the cost difference between the intra-BMC machinable parcel model and DBMC machinable parcel model shown in Attachment A is $.2487.

(d) Confirmed.

(e) Confirmed.

(f) Confirmed that the cost difference between the intra-BMC non-machinable parcel model and the DBMC non-machinable parcel model shown in Attachment A is $.1586.

(g) The mail processing cost models in Attachment A were not developed for the purpose of estimating DBMC cost savings. For these models to be used to estimate DBMC cost savings, the operations at the origin associate office would have to be added to the intra-BMC and inter-BMC models. Information about the mail processing operations at origin associate offices are not currently available.

In addition, to use the models in Attachment A to calculate DBMC cost savings, it would be necessary to collect detailed cost information about mail processing activities at origin SCFs. Currently, the mail processing costs at destination SCFs are estimated using several assumptions. Since the models in Attachment A are currently only used to estimate the cost differences between rate categories that both go through origin SCFs, the assumptions do not have a large impact on the estimated cost differences. The estimation of the cost

difference between inter-BMC and DBMC would result in comparing a rate category that goes through the origin SCF to one that does not. Therefore, the assumptions used to estimate the costs at the origin SCF would have a large impact on the estimated cost difference. Therefore, more information would be needed to use these models to estimated DBMC cost savings.

(h-i) Since an alternative method to estimate DBMC cost savings was available, it was not necessary to collect this sort of detailed information. It is my understanding that, in general, the mail processing activities at origin associate offices include collecting parcels from various sources, placing the parcels into the appropriate containers, and loading the containers onto trucks.

RESPONSE OF UNITED POSTAL SERVICE WITNESS EGGLESTON
TO INTERROGATORY OF UNITED PARCEL SERVICE

UPS/USPS-T26-7. Refer to USPS-T-26, Attachment J, page 1 of 1.
(a) Confirm that the costs avoided by DDU are assumed to include the costs of dumping sacks at the DDU: If not confirmed, explain.

(b) Confirm that the PRC in its Docket No. R97-1 decision (Chapter V: Rates and Rate Design, page 493) chose not to assume that the costs incurred in dumping sacks would be avoided by DDU entry. If not confirmed, explain.

(c) Explain why the Postal Service has chosen not to apply the Commission's R97-1 decision in this respect in its calculation of DDU entry cost avoidance.

RESPONSE:

(a) Confirmed. This assumption is consistent with the DDU requirements.

(b) Confirmed.

(c) In Docket No. R97-1, the PRC's decision to exclude the cost of dumping sacks from the costs that DDU parcels avoid was made before the requirements for DDU were established. It is my understanding that one of the requirements of DDU is for the mailer to unload the truck and place the parcels into the delivery unit's choice of container. It is my understanding that this requirement includes the dumping of sacks.

RESPONSE OF UNITED POSTAL SERVICE WITNESS EGGLESTON
TO INTERROGATORY OF UNITED PARCEL SERVICE

UPS/USPS-T26-8. Refer to USPS-T-26, Attachment F, pages 2 and 3, and Docket No. R97-1, USPS-T-28, Exhibits B and C.

(a) Confirm that total piece volume deposited upstream of a BMC/ASF was 97.7 million in FY 1998 (Row 6) and 112.7 million in FY 1996 (Exhibit B at 11). If not confirmed, explain in detail.

(b) Confirm outgoing mail processing costs incurred at non-BMC facilities avoided by DBMC was $53.1 million in FYI998 (Row 1) and $40.4 million in 1996 (Exhibit C at A.4.). If not confirmed, explain in detail.

(c) Explain in detail why the upstream volume decreased significantly from FY 1996 to FY 1998, but outgoing mail processing costs increased significantly from FY 1996 to FY 1998.

RESPONSE:

(a) Please see errata filed on February 18, 2000. The total piece volume deposited upstream of a BMC/ASF is 103.3 millions in FY 1998 (Attachment F, page 2, row 6). Confirmed that the FY 1996 number shown in USPS-T-28, Exhibit B is 112.7 million.

(b) Please see errata filed on February 18, 2000. The outgoing mail processing costs incurred at non-BMC facilities avoided by DBMC is $51.2 million (row 5 not row 1). Confirmed the outgoing mail processing costs avoided by DBMC parcels as estimated by witness Crum in Docket No. R97-1 was $40.4 million.

(c) There are at least two reasons why the outgoing mail processing costs avoided by DBMC parcels has increased from 1996 to 1998. The first reason is inflation. Due to inflation it is logical to expect that costs in FY 1998 would be higher than those same costs in FY 1996, holding all else equal.

The second and most predominant reason for the increase in cost savings is the difference in the volume variability estimates. In Docket No. R97-1, USPS introduced new volume variability estimates that were significantly lower than they were in previous rate cases. The Commission (Opinion and Recommended Decision, Chapter III, pages 68 to 79) did not accept these new volume variability estimates. For this reason, in Docket No. R2000-1 the Postal Service decided to use volume variability estimates that are a compromise between the USPS R97-1 estimates and the PRC's estimates. (Please see Docket No. R2000-1 USPS-T-15 for a full discussion of volume variability). These volume variability estimates in this rate case are, overall, higher than the R97-1 estimates. Since higher volume variability leads to higher cost attribution, all else equal, costs and therefore cost savings are higher in R2000-1 than in R97-1.

RESPONSE OF UNITED POSTAL SERVICE WITNESS EGGLESTON
TO INTERROGATORY OF UNITED PARCEL SERVICE

UPS/USPS-T26-9. (a) Provide copies of the 1998 MTAC (Mailers Technical Advisory Committee) annual report, and of the 1999 MTAC annual report.

(b) Provide copies of all minutes of MTAC meetings from December 1997 to the present.

(c) Provide copies of all studies, reports, analyses, or other documents produced by or under the auspices of, or done at the request or on behalf of, the Mailers Technical Advisory Committee which discuss DBMC, DSCF, or DDU entry discounts for any class of mail.

RESPONSE:

(a) Please see attached for 1998 MTAC annual report. Currently, there is no

1999 MTAC annual report.

(b) It is my understanding that all available minutes are on the MTAC web page:

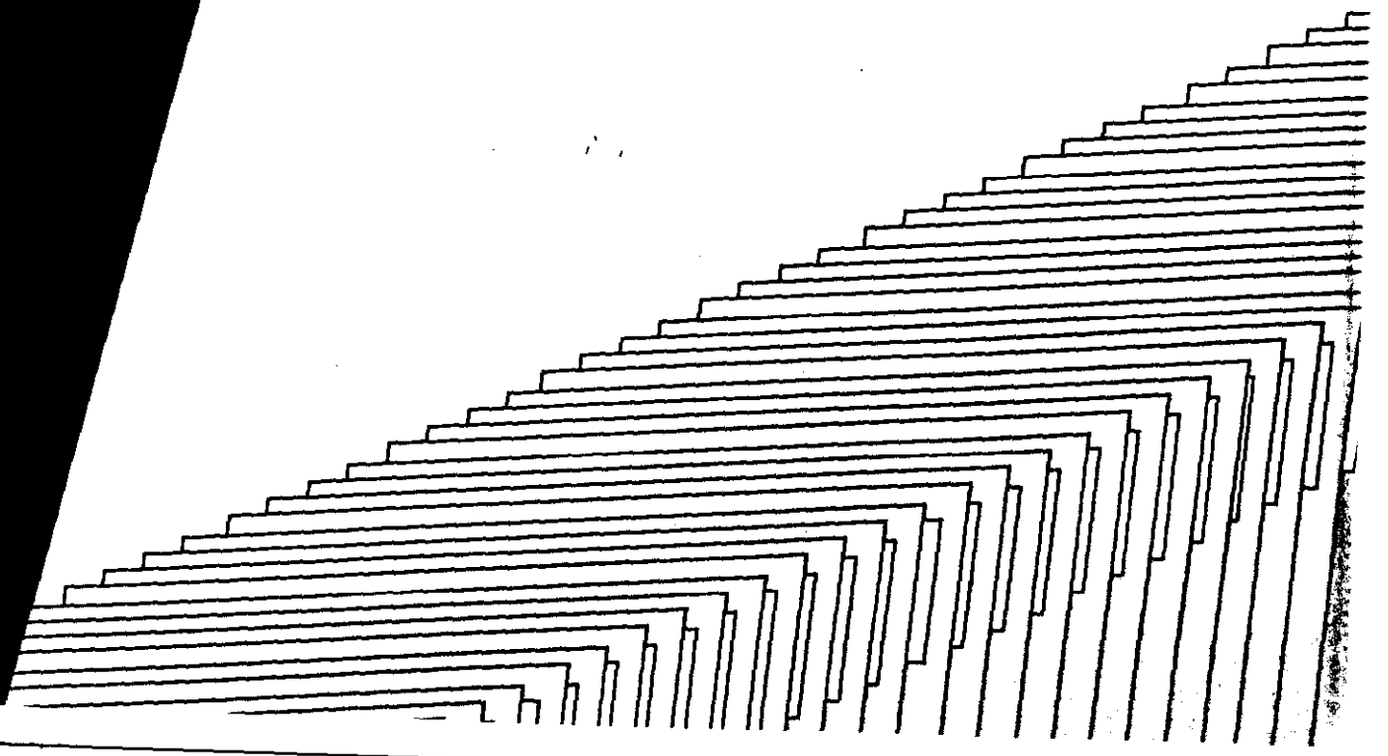
http://ribbs.usps.gov/mtac.htm

(c) I am not aware of any such documents.

ATTACHMENT TO RESPONSE TO
UPS/USPS-T26-9(a)

MAILERS TECHNICAL ADVISORY COMMITTEE

1998 ANNUAL REPORT



of the POSTMASTER GENERAL'S TECHNICAL ADVISORY COMMITTEE

CONTENTS

INTRODUCTION

In 1997, the Mailers Technical Advisory Committee (MTAC) was reorganized to better serve the rapidly changing conditions of today's business environment while maintaining its oversight role. Today, MTAC is comprised of an Executive Committee, a Steering Committee and issue-specific Work Groups. The new structure has proven to be highly successful across myriad issues by providing insight, vision and resolve to constantly improve mail service.

MTAC's success is grounded in cooperation. The strong symbiotic relationship that exists among the U.S. Postal Service, the mailing industry, and mailing industry associations is unique in the business world. Without these groups working in concert, the ability to improve mailing services for everyone would be hindered. That's why we're proud to publish this report.

Special thanks go to the individual companies and their representatives who give so generously of their time and resources to participate in this process. The associations also are appreciated for their contributions to the MTAC process, including administrative funding, expertise and communications. From the Postmaster General to employees in each of the 10 Areas, the Postal Service continuously demonstrates its commitment to MTAC.

Under the guidance of its Communications Committee, MTAC strengthened its outreach to the mailing industry in 1998. Some of those successes include the continued development of the Web-based MTAC Issues Tracking System (MITS); a new interactive format for the MTAC sessions at the National Postal Forum; the creation of an information brochure; and the publication of this report.

Several of the 34 Work Groups active in 1998 completed their assignments during the year. Others will continue their work into 1999. The Work Group highlights singled out on the following pages list the purpose, accomplishments, and where possible, quantified results. It's an impressive list. It's an impressive process.

MESSAGE FROM THE POSTMASTER GENERAL, **William Henderson**

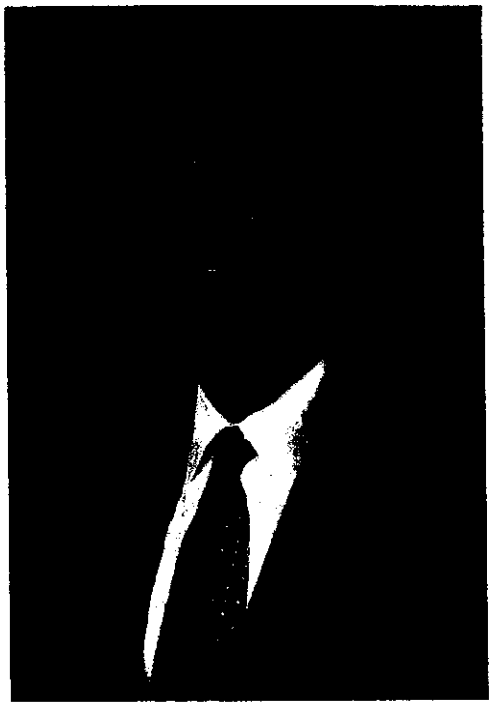
From its inception some 33 years ago, the Postmaster General's Mailers Technical Advisory Committee (MTAC) has been a creative and innovative forum in which postal managers and mailers of every size and type come together to discuss mutual concerns as well as review technologies and programs aimed at improving the nation's delivery service.

In our long affiliation with MTAC and its industry representatives, we have come to expect the very best in forward thinking advice. We remain committed to the work of MTAC, particularly in light of its new Work Group approach, an approach that ensures focused study and resolution of issues.

We in the Postal Service owe a large debt of gratitude to the mailers and their companies and associations for investing the hours and resources that are necessary to make MTAC successful. Without these efforts, the initiation of new products, services and concepts could not provide the same high level of benefits to both the Postal Service and the industry it serves.

We look forward to continuing this very important relationship in 1999 and into the next millenium.

MESSAGE FROM VP CUSTOMER RELATIONS, **John Wargo**



Two years ago, the Postal Service and the mailing industry rebuilt the Mailers Technical Advisory Committee (MTAC). Our objective was to reinvigorate and expand the teamwork and cooperation that are the 'hallmarks' of this fine organization. Today, I am happy to report that MTAC is vibrant and strong! Most importantly, it is having a major impact on the Postal Service and those it serves.

MTAC draws from a wide range of industry and postal expertise. In fact, more than 50 industry associations and their member companies generously support their 100+ representatives that make up the MTAC organization. An added bonus to MTAC is the growing number of non-MTAC representatives who either volunteer or are recruited to lend their expertise to the work groups. MTAC is becoming more inclusive rather than exclusive.

It is this infusion of new people and new ideas that is making MTAC and its work groups such a valuable asset in charting our future course. During 1998, 34 work groups were engaged in this important work, of which 14 groups completed their assignments. The others continue to meet their milestones and will complete the work in 1999. More important, however, are the quantifiable results being produced by these work groups. MTAC's contributions are being measured in real benefits. A few of last year's successes were:

- The FSM 1000 Work Group made recommendations that will move an additional 20 percent of flats currently processed manually to a mechanized process.
- The MAIL.DAT Work Group made recommendations that resulted in a reduction of some 15,000 cartons of paper stock valued at some $300,000 from just six test sites. When this automated system is fully implemented, projected savings will climb to $5 million in paper stock each year, not to mention the countless hours saved by not having to handle and store paper reports.
- The Small Mailers Information Work Group distributed thousands of copies of a new guide to help small businesses take advantage of Postal programs and services often thought to be only available to the largest mailers.

Today, MTAC is reaching out more than any other time in its history. Business sessions at the last National Postal Forum drew more than 500 attendees. The MTAC web site, which provides up to date information on Work Group activities, has drawn thousands of visitors. During 1999, plans are to dramatically expand the distribution of MTAC information.

Finally, my appreciation goes out to the members of the MTAC Executive and Steering Committees, all Industry and Postal Work Group Co-Chairs and everyone who took the time to participate in this valuable process. In particular, I want to acknowledge Gene DelPolito, Dick Barton, Barry Brennen, Linda Augustine, Bill Olsen, and Ken Allen, who through their association newsletters report on MTAC activities, and send us a copy. I am also grateful to all of the US Postal Service officers for their assistance, especially Nick Barranca, Michelle Denny, Bill Dowling, and John Ward. I also commend Art Porwick and Dee Adona for their program management and expertise.

Our mutual commitment to MTAC is proving its value every day.

Increasing Postal Service Capital Spending Levels

Industry Work Group Leader Joe Schick
USPS Work Group Leader Bill Dowling

The Blue Ribbon Committee in 1997 recommended that the Postal Service and industry representatives work together to develop a strategic path leading to more effective and efficient mail production, distribution and delivery.

Acting in accordance with those recommendations, Postal Service executives disclosed to the MTAC Capital Spending Work Group the USPS strategic vision for the future. Based on that knowledge and understanding, the Work Group concluded that the USPS is moving in the right direction with a strong commitment to Information Technology. It also was able to define several areas where it felt processes could be fine-tuned to more accurately reflect the mailer's point of view. Several recommendations were presented to the Postmaster General and are currently being reviewed.

DirectLink/MAIL.DAT

Industry Work Group Leader Dan Minnick
USPS Work Group Leader Larry Goodman

MAIL.DAT is part of the USPS Direct Link program that uses the power of the Internet to build easy-to-use, secure communication links and streamlined business processes between itself and its customers. MAIL.DAT files contain detailed information about each mailing makeup, including the number of pieces in each package, the number of packages in each sack or pallet, and the entry points, weights and destinations of the mailing.

This Work Group was responsible for helping the USPS make significant headway in reducing its use of paper documents through the approval and use of the MAIL.DAT System. Tests of the new system were conducted in a number of areas. Preliminary results indicate that the USPS could save as much as 15,000 cartons of printed stock in one year just from the test sites. The Work Group estimates that once the system is fully implemented, the savings may jump to more than 250,000 cartons per year.

Because the MAIL.DAT system provides a wealth of information, including historical, real-time and predictive data, the Work Group also explored possibilities of using the data in other critical areas. For instance, ideas were discussed about how that data could be used to address a wide range of issues, including improved performance appraisals, processing and distribution design modeling, selecting routing criteria, and estimating staffing and equipment requirements.

FSM 1000 Flat Mail Sorter Issues

Industry Work Group Leader Dick Funck
USPS Work Group Leader John Sadler

The FSM 1000 Flat Mail Sorter Work Group, laboring under tight deadlines, recommended new regulations for extending flats barcoding to an entire new range of physical mailpieces. The mission involved solving several complex issues such as determining maximum size and weight restrictions, polywrap characteristics, and how the required separation of the pieces needs to change from those established for the Model 881 Flat Mail Sorter. The Group made several label placement recommendations. The Work Group took responsibility for developing a communication plan to explain the new regulations to industry mailers.

Looking forward, the Work Group plans to continue its work to refine the new regulations. The Postal Service is working concurrently to evaluate the capacity of the FSM 1000. The Group is considering what effect a new generation of flat sorters may have on mailers, especially if the new capabilities exceed those of the existing systems.

Address Coding Enhancement

Industry Work Group Leader Bob O'Brien
USPS Work Group Leader Mike Murphy

To reduce the level of uncodeable mail requiring manual sorting, the Address Coding Enhancement Work Group researched and identified the barriers to 100 percent barcoding. With that information, the Work Group then made a number of recommendations designed to improve mailer and postal processes and reduce specific problem areas by developing common Address Coding solutions.

The Work Group identified 17 specific areas as barriers to 100 percent barcoding. Several of those issues were resolved in 1998. The Work Group anticipates addressing additional issues in 1999, such as exploring new ways to synchronize mailers' database addresses with actual USPS delivery addresses. For instance, some communities and rural areas only have P.O. Box or General Delivery mail service. Problems arise when mailers use specific street addresses where mail delivery does not take place. This type of problem makes it clear that to achieve 100 percent Delivery Point Bar Codes (DPBC), new and improved address cleaning and feedback systems need to be developed for both the USPS and the industry.

Colleges & Universities Address Coding Improvement

Industry Work Group Leader Thomas Roylance
USPS Work Group Leader Mike Murphy

Working with the USPS National Customer Support Center and the industry, the Colleges and Universities Coding Improvement Work Group identified six addressing issues particular to colleges and universities. To resolve them, the Work Group developed a three-step plan to 1) identify existing college and university addresses in the USPS database; 2) identify the 218 unique Zip Codes already assigned to colleges and universities; and 3) define mutual address formats needed to work with existing parsing routines and available software.

The Group also collaborated with National Association of College and University Mail Services (NACUMS), National Association of College and University Business Officers (NACUBO) and other higher education organizations to develop an educational process through the various Area Advisory Committees and other personnel, to train list providers on the anomalies that exist within higher education address formatting.

"When you consider the collective base of postal knowledge, industry experience, business savvy and spirit of cooperation that MTAC participants bring to the process, it's no wonder that this program continues to deliver innovations and improvements for the entire mailing industry.

Lori Ware
Association of Priority Mail Users

Small Mailer Information

Industry Work Group Leader Dan Goodkind
USPS Work Group Leader Sharon Coruzzi

Small mailers often are unaware of presort and coding tools that can significantly help them use the mail more effectively. The Small Mailer Information Work Group confirmed that these mailers often are overwhelmed attempting to adhere to USPS requirements designed for large mailers.

Now, small mailers have easier access to appropriate information to guide them in the preparation of the types of mailings they most often use. The new brochure, "Now Small Mailers Get a Big Business Advantage," was distributed to Postal Business Centers and Bulk Mail Entry Unit Managers throughout the country. The guide describes cost-saving mail preparation opportunities for small business mailers and shows them how to practice good address hygiene. It also describes proper mailpiece preparation, and explains postal sortation in a realistic context.

Year 2000 Compliance

Industry Work Group Leader Josie Pribbenow
USPS Work Group Leader Bob Stephens

The mission of the Year 2000 Compliance Work Group was to create a sustainable mechanism for sharing information about Year 2000 issues, ongoing updates on the progress of fixes, and specific action plans and strategies to enable all parties to continue business operations into the next millenium.

The Work Group identified several critical system relationships and their potential Year 2000 impact. Working from that prioritized list the Work Group constructed a methodology that will systematically address the key issues relating to Y2K compliance, and ensure that those solutions are clear, concise and consistent.

Form 8125 Redesign

Industry Work Group Leader — Rick Kropski
USPS Work Group Leader — Cheryl Beller

When mail is prepared for destination entry and the resultant work sharing discounts, a Form 8125 is used to document the mailing and its associated postage. Over the years, numerous versions of Form 8125 have been approved for use, complicating the process for postal employees and mailers alike.

The Form 8125 Redesign Work Group contributed to the development of two new, more effective forms for entering mailing information into the USPS system. A new Form 8125 for single mailings, and a standardized facsimile Form 8125-C for Plant-Verified Drop Shipments (PVDS) replace the variety of formats currently being used. This will help ensure the consistent placement of key information for easier and more efficient processing at all Bulk Mail Entry Units (BMEU).

A completed Form 8125 confirms that the appropriate postage was paid for a corresponding shipment. The new Form 8125-C consolidates to one document multiple mailings going to the same destination entry office that are prepared by a single mailer, verified and cleared for dispatch on a single day, and transported on the same vehicle to the destination entry office.

The new Forms 8125 replaced all other versions on January 10, 1999.

Presort Optimization

Industry Work Group Leader — Joe Lubenow
USPS Work Group Leader — Barry Elliott

Meeting several times during 1998, the Presort Optimization Work Group studied, devised and recommended changes in presort software and sortation levels to improve the overall pattern of entering mail into the proper containers by reducing or eliminating residual mail. The group also explored ways to more efficiently use containers.

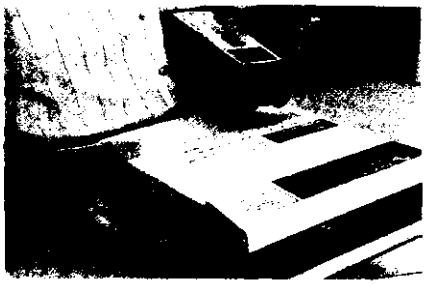
The group's work resulted in improved techniques to presort palletized periodicals and Standard (A) Mail flats. The improvements are based on protecting the Sectional Center Facility pallet level through the reallocation of packages from finer-level pallets to higher level pallets. Additional improvements are accomplished by increasing the amount of mail sorted to the 5-digit level by creating a new Domestic Mail Manual (DMM) labeling list L001. These changes make handling palletized periodicals and Standard A Mail more consistent.

"The new MTAC structure represents the deepened and renewed working partnership between the mailing industry and the Postal Service. Much time and effort is spent in the Work Groups and the results are great. The Groups promote creative initiatives that are mutually beneficial for our immediate concerns and for the future of mailing. I'm appreciative of all the work being done, and am proud to be an MTAC representative."

Laine Ropson
Major Mailers Association

Parcel Barcode Standardization

Industry Work Group Leader — Lloyd Karls
USPS Work Group Leader — Julie Rios



The Work Group tackled the need to develop a standardized barcode for parcels that could provide more robust documentation, such as ZIP Code, delivery confirmation and insurance information. The challenge was to develop a barcode that was accurate and reliable, could be read at standard production rates, and would be compatible with existing hardware, software and printing technologies.

The new barcode also needed to be flexible and "smart" enough to accomplish multiple purposes. Once a mutually agreeable standard was developed, both the industry and the USPS began the task of evaluating how the change would effect their respective operations. They also worked together to adopt a suitable implementation schedule.

This Work Group is an excellent example of what can be accomplished through a cooperative approach. Shippers will benefit from having a standardized, space efficient barcode that is flexible enough to use in tracking, routing, automating insurance labeling, and many other future services. The Postal Service benefits through simplified reader programming requirements, and with more accurate and timely information that can be used to assist both customers and USPS management.

Periodical Service

Industry Work Group Leader — Tom Tully
USPS Work Group Leader — Paul Vogel

Following a year-long review of periodical delivery service performance throughout the country, the National Periodical Service Improvement Work Group defined a significant need to train small volume mailers to use a "best practices" approach for preparing their periodical mailing in a way that is consistent with their needs.

The Work Group is exploring a variety of solutions that will address mail makeup, mail acceptance, and information systems particular to periodical mailings. Additionally, based on this Work Group's recommendations, the Postal Service is developing a training program tailored to periodicals mailers that teaches a "best practices" approach to preparation. The training will be available for publishing associations and local mail acceptance specialists to help community periodicals mailers prepare their mailings more efficiently and cost-effectively.

Maximizing Value of Planet Code

Industry Work Group Leader — Bob Rosser
USPS Work Group Leader — Paul Bakshi

The Planet Code Work Group has made progress toward resolving one of the central issues for mailers – what happens to the mail between the time it enters the Postal Service and is delivered to its ultimate destination. Both Origin Confirm and Destination Confirm supply real-time electronic data on the status of individual mailpieces as they move through the Postal System. Since Planet Code is a variant of the existing PostNet barcode, it is able to take advantage of existing technology to provide for today's information infrastructure.

Origin Confirm benefits mailers by providing advance information about orders, early notification of responses to mailings, and data to help forecast staffing requirements. Destination Confirm benefits include knowing which unit loads of mail — including truckloads, pallets, and trays — have been processed. It also provides notification of estimated delivery times. The USPS is implementing Planet Code reporting in all automated letter processing equipment by July 1999, and will begin deployment in flats later in 1999.

Information Rich Mailpiece Barcodes

Industry Work Group Leader — Joe Lubenow
USPS Work Group Leader — Paul Bakshi

By using the Planet Code in conjunction with the PostNet barcode of today, mailers can gain access to tracking information and advance notice of responses to offers. The question to be answered is what information will be contained in the mailpiece barcodes of the future. The USPS Engineering Department is evaluating techniques to put more information into the same address area now used by the Planet Code and PostNet. The Information Rich Mailpiece Barcode Work Group is studying how best to use the additional information capacity.

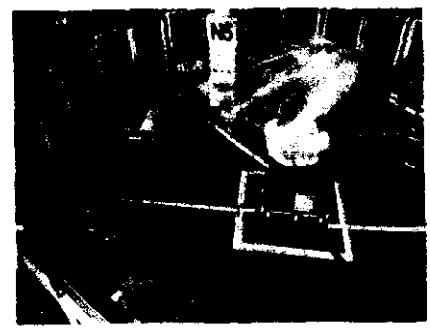
Some ideas under consideration are putting class and rate information on the mailpiece to assist the USPS with cost accounting; adding "desired date of delivery" information to create a more precise window for targeting messages; and further automating requests for ancillary services.

"MTAC provides a highly effective interface between the mailing industry, its associations and the U.S. Postal Service. The high level of commitment demonstrated daily by this troika is directly responsible for the outstanding results MTAC Work Groups regularly produce. That commitment has made MTAC a model of cooperation others can only hope to achieve."

Dick Funck
Magazine Publishers of America

Definition and Publication of Service Standards

Industry Work Group Leader — *Jerry Jensen/Laine Ropson*
USPS Work Group Leader — *Joseph Harris*



The Definition and Publication of Service Standards Work Group was tasked with reviewing existing service standards for all classes of mail. Once defined, the Work Group suggested changes and reporting requirements on existing standards and defined new standards where none existed. The final step is to link the newly defined standards to customer satisfaction metrics.

The Work Group focused on current USPS mail collection, processing and distribution processes. To assist the Work Group, the USPS provided detailed information on a number of services and projects currently underway, including PLANET Code, Delivery Confirmation, External Performance Measurements, and the Service Commitment Directory.

Acceptance and Certification Improvements

Industry Work Group Leader Jon Wittnebel
USPS Work Group Leader Michele Denny

The Acceptance and Certification Improvement Work Group met six times over the past 12 months to review various issues associated with mail piece acceptance and mailer certification processes. The group conducted an industry survey that generated 93 responses. The survey was sent to members of the Mail Advertising Service Association (MASA), the Advertising Mail Marketing Association (AMMA) and other major mailing groups.

The information identified three recurring issues– standardization, training and flexibility. Using this information as a base, the Work Group recommended changes to improve the acceptance and certification process, including:

- Mailpiece Design – A method to ensure consistent USPS approval or disapproval of mailpieces at Business Mail Entry Units (BMEU);
- List/Data Processing – Establish more flexibility in automated presort sequences;
- Manufacturing – Certification of mailers on the use of barcode readers/verifiers;
- Mail Preparation – Earlier USPS mail preparation reviews;
- Acceptance – Increased information about MAIL.DAT and associated viewers; and
- General – a national permit number that would be valid at multiple sites for multiple products.

Improving Standard (A) Catalog Mail Delivery

Industry Work Group Leader Todd Kintopf
USPS Work Group Leader Joseph Harris

The Standard (A) Catalog Mail Delivery Improvement Work Group's objective is to improve acceptance, processing and delivery of time-critical mail. The result would be an improved in-home window of delivery to customers and a simultaneous increase in USPS mail volumes.

During 1998, the Work Group addressed a variety of topics such as expected in-home delivery dates for catalogs; the Drop Shipment Appointment System (DSAS); labeling lists information; and overall Bulk Mail Center (BMC) operations. Based on Work Group input, Sectional Center Facility (SCF) seed samplings now are collected and analyzed with industry members serving as reporters to annotate and date the samples. Examples of the information they collect include the type of mail piece (automated or non-automated) and mail make-up. With this data, opportunities can be identified that can improve processes, as well as improve the communication channels for sharing that information.

"Within the MTAC structure, the Work Groups are ground zero. It is here that the melding of ideas, directions and positions takes place. It's exciting and gratifying to watch this cooperative process continually generate positive results. All of the members of MTAC and especially all those who serve on its various Work Groups are to be commended for an outstanding job."

Gene Del Polito
Advertising Mail Marketing Association

OTHER WORK GROUPS

1997 Fall Mailing Season

Industry Work Group Leader
Phil Parizino

USPS Work Group Leader
Pat Mendonca

Centralized Postage Payment / Direct Link

Industry Work Group Leader
Dick Funck

USPS Work Group Leader
Ed Wronski

DPBC & Default Code Rules

Industry Work Group Leader
Bob O'Brien

USPS Work Group Leader
Mike Murphy

Drop Ship Appointment System (DSAS) Enhancements

Industry Work Group Leader
Rick Kropski

USPS Work Group Leader
John Mulkay

Eliminate Barriers to 100% Delivery Point Barcoding

Industry Work Group Leader
Bob O'Brien

USPS Work Group Leader
Mike Murphy

Industry Executive Exchange Program

Industry Work Group Leader
Jack Widener

USPS Work Group Leader
Stephen Leavey

Information-Based Indicia Program

Industry Work Group Leader
Mury Salls

USPS Work Group Leader
Roy Gordon

Package, Container & Pallet Integrity

Industry Work Group Leader
Russell Shores

USPS Work Group Leader
Ralph Moden

Parcel Reclassification

Industry Work Group Leader
Lloyd Karls

USPS Work Group Leader
Ernie Collins

Parcel Service Improvement

Industry Work Group Leader
Phil Parizino

USPS Work Group Leader
Mike Spates

Pricing & Classification Flexibility

Industry Work Group Leader
Vince Giuliano

USPS Work Group Leader
Dan Foucheaux

Provide One-Time ACS Option

Industry Work Group Leader
Joe Monastro

USPS Work Group Leader
Audrey Conley

Publication Watch

Industry Work Group Leader
Joyce McGarvy

USPS Work Group Leader
Harry Barnett

Return of Opened Parcels

Industry Work Group Leader
Joe Monastro

USPS Work Group Leader
Rocky Matthews

Sharing Data

Industry Work Group Leader
Dean Pieters

USPS Work Group Leader
John Reynolds

Unit Load Tracking

Industry Work Group Leader
Jim Schemmel

USPS Work Group Leader
Rick Glickman

Postmaster General's Mailers Technical Advisory Committee

The purpose of the Mailers Technical Advisory Committee (MTAC) is to provide information, advice, and recommendations to the USPS concerning various technical aspects of the mailing industry. An Executive Order signed in 1965 granted federal agencies and departments the authority to create advisory committees. Taking the lead, 18 industry representatives were selected to sit on the Postmaster General's first advisory committee. Its purpose was to advise the Postal Service in technical matters based on the group's collective experience in the use of various mail services. The goal was to assist the USPS in determining the best course of action to improve service and postal operating efficiency.

MTAC has proven to be extremely valuable and has grown to include more than 50 mailing industry associations with more than 100 industry representatives serving on the advisory body. And although its core objective remains the same, it has continually evolved to provide the ever more sophisticated technical advice and recommendations the USPS needs to meet the growing challenges of the 21st century.

Only mailing industry associations are eligible for membership in MTAC. By limiting membership to associations and not individual companies and people, the MTAC membership reflects a broader spectrum of the mailing community in terms of classes of mail and major industries that depend on mail services. Each member association is allowed to seat two representatives on the committee. The member associations pay dues, which are used for administrative expenses. The association representatives participating in meetings pay their own travel expenses. The organization functions primarily through Work Groups made up of industry and postal representatives. A Work Group can only be established by the MTAC Executive Committee to address a specific issue. Once established, Work Groups may recruit non-MTAC members to help build a high level of expertise.

The role of the USPS in MTAC is to provide timely, comprehensive communication on postal matters. The Postal Service uses the committee as a technical resource on postal strategies, products, and services by soliciting input and providing responses on specific issues. It also works with MTAC to support the implementation of its plans.

General membership meetings are held four times each year. The USPS Chair may call additional meetings. The USPS Chair provides minutes and meeting notices, including agendas to association executives, representatives and selected USPS officials. Work Group leaders call meetings and teleconferences. The status of each Work Group is reported at quarterly MTAC meetings. Current information on the Work Groups also can be found at the MTAC Web site.

MTAC exemplifies a collaborative approach between the USPS and mailers for identifying and resolving issues. Both parties share the responsibility and commitment to maintain a successful working relationship that produces the intended results.

Contact Information

MTAC Program Manager
U.S. POSTAL SERVICE
475 L'ENFANT PLZ SW RM 5301
WASHINGTON DC 20260-1420
Phone: 202-268-2079
Fax: 202-268-6036

or

Visit the MTAC Issue Tracking System (MITS) Web site: http//ribbs.usps.gov/htm/mtac.htm

Association Membership

Advertising Mail Marketing Association
Agricultural Publishers Association
Alliance of Nonprofit Mailers
American Bankers Association
American Business Press
American Gas Association
American Petroleum Institute
Association of American Publishers, Inc.
Association of American Railroads
Association of Paid Circulation Publications, Inc.
Association of Priority Mail Users
Chamber of Commerce of the United States
City & Regional Magazine Association
Classroom Publishers Association
Continuity Shippers Association
Direct Marketing Association
Direct Selling Association
Edison Electric Institute
Envelope Manufacturers Association
Financial Stationers Association, Inc.
Florida Gift Fruit Shippers Association
General Services Administration
Gravure Association of America, Inc.
Information Technology Industry Council
International Association of Cross Reference Directory Publishers
International Business Forms Industry, Inc.
International Labor Communications Association
Magazine Publishers of America
Mail Order Association of America
Mail Advertising Service Association International
Mailorder Gardening Association
Mail Systems Management Association
Major Mailers Association
National Association of Advertising Distributors, Inc.
National Association of College & University Business Officers
National Association of College & University Mail Services
National Association of Manufacturers
National Association of Perishable Shippers
National Association of Presort Mailers
National Catholic Development Conference, Inc.
National Federation of Nonprofits
National Industrial Transportation League
National Newspaper Association
National Postal Policy Council
National Retail Federation
National Small Shipments Traffic Conference, Inc.
Newsletter Publishers Association
Newspaper Association of America
Offering Envelope Association
Parcel Shippers Association
Printing Industries of America, Inc.
Recording Industry Association of America
Red Tag News Publications, Inc.
Religious Press Association
Western Publications Association
Yellow Page Publishers Association

MTAC Executive Committee

U.S. Postal Service Chair
John Wargo

U.S. Postal Service Vice Chairs
Arthur Porwick and Pat McGee

Program Manager
Delores Adona

Industry Chair
Chris Rebello

Industry Vice Chair
Joe Schick

Immediate Past Industry Chair
Yvonne Reigle

Industry Vice Chair Elect
Joe Lubenow

DECLARATION

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

Jennifer L Eggleston

JENNIFER L. EGGLESTON

Dated: 3-1-00

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.

Scott L. Reiter

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March 1, 2000