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

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF UNITED PARCEL SERVICE (UPS/USPS-T10-15-21)

The United States Postal Service hereby provides the responses of witness

Kingsley to the following interrogatories of United Parcel Service:

UPS/USPS-T10-15-21, filed on March 10, 2000.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

Docket No. R2000-1

By its attorneys:

Daniel J. Foucheaux, Jr. Chief Counsel, Ratemaking

Eric P. Koetting

475 L'Enfant Plaza West, S.W. Washington, D.C. 20260–1137 (202) 268–2992 Fax –5402 March 24, 2000

UPS/USPS-T10-15. Refer to page 3 of the document attached to the response to UPS/USPS-T10-5. Describe in detail all sampling activities undertaken with respect to each of these categories:

- (a) Airborne@Home DDU shipments.
- (b) Plant-verified DDU shipments.
- (c) All other DDU shipments.

Include in your answer all available information related to how often shipments are sampled, what portion of each shipment is sampled, and the type of information gathered in the sampling process.

Response:

- a. Please refer to Attachments C and D within the Airborne@Home DDU Field Instructions attached to UPS/USPS-T10-5.
- b c. All verification procedures for mailings, which include plant-verified and other DDU shipments, tendered by customers through business mail entry units, detached mail units, and other designated postal facilities are detailed in Chapter 4 of Handbook DM-109 included in USPS-LR-I-213. Additional verification reference cards, referred to in Chapter 4 and used by the acceptance clerks, are attached. They are similar to what was included in USPS-LR-I-213 and detail verification procedures for other types of mail eligible for DDU discounts. A significant portion of Standard Mail, however, is verified using a manifest mail system. Acceptance and sampling activities for these mailings must follow the procedures outlined in Chapter 9 and Exhibits 34 and 45 of Publication 401 (available on www.usps.gov/cpim/buspubs.htm). Procedures may vary between mailers based on each set of unique

circumstances as well as their past performance. All manifest mailing systems, however, must be approved by the Postal Service.

Attachment to UPS/USPS-TIO-15 Pg.1 of 10

BUSINESS MAIL ACCEPTANCE



Standard Mail (A) Nonautomation Enhanced Carrier Route Letters/Flats/Irregular Parcels

Follow these steps before accepting a Presorted Standard Mall (A) mailing at the Enhanced Carrier Route nonautomation rate.

Check Qualification for Enhanced Carrier Route Rates

- Are all fees paid and authorizations current?
- Are there at least 200 pieces or 50 pounds of mail correctly sorted to carrier routes?
- Is postage paid by permit imprint, postage meter or precanceled stamps?
 - If permit imprint, is money on account? Also, are all pieces identical weight, unless otherwise authorized by the RCSC?
 - If precanceled stamps, is there a local return address on the mail? If not local, does the piece bear a cancellation endorsement showing the mailing office or has a sample piece and a copy of the postage statement been sent to the post office serving the return address?
 - If metered, is the meter impression legible and complete?
 - If a date is shown in the meter, is it correct?
- Select a sample piece. Are the contents eligible for Standard Mail (A) rates, or ---- nonprofit if claimed? if nonprofit, is it properly identified?
- Is each piece correctly marked "Presorted Standard," "PRSRT STD" ("Bulk Rate" or "Blk Rt" is acceptable until January 10, 2001) or "Nonprofit," "Nonprofit Organization," or "Nonprofit Org."?
- Is each piece also marked to show the type of enhanced carrier route rate claimed?
 - Basic "ECRLOT"
 High Density "ECRWSH"
 Saturation "ECRWSS"
- If basic carrier route rate is claimed, are pieces in either walk sequence or in line-of-travel (LOT) sequence?
- If high density rate is claimed, does the documentation provided show that at least 125 pieces are prepared for each carrier route (or for every possible delivery on the route if less than 125) for which the rate is claimed?
- If walk sequence saturation rate is claimed, does the documentation provided show that pieces are addressed to either 90% or more of active residential addresses or to 75% or more of total number of active possible delivery addresses, which ever is less, an each carrier route receiving this mail?
- If addressed in the simplified address format, are standards in DMM A040 met?
- If ancillary endorsements are used, are they correct and in the proper location?

Check Basic Preparation

- Are all pieces in same processing category?
- Is correct rate affixed to each piece or are pieces separated by rate category?

(Continued Side 2)



Allachment to UFS/USFS-110-13 13 + of 10

Regular Standard Mail (A)—Nonautomation Enhanced Carrier Route Letters/Flats/Irregular Parcels

Check Basic Preparation-continued

- If not, is documentation generated by PAVE-certified software (or printed in standardized format) provided showing quantity per rate category?
- Has Form 3553 been submitted showing that a CASS-certified process was used within 90 days before mailing to update carrier route information?
- Is a list available showing the number of qualifying pieces to each 5-digit ZIP Code by carrier route (DMM M620)? (Mailers who are allowed to keep the list instead of submitting it, must keep it for 90 days.)
- Is a presort verification required under One Pass/Two Pass? If so, do Form 2866.

Check Packaging

- Are packages securely banded? (4" or less in thickness for letter-sized ECRWSS and 6" or less in thickness for letter-sized ECRWSH & ECRLOT?)
- Are pieces in the packages properly faced?
- Randomly check a few packages. Is package correctly labeled if not in a tray labeled for one carrier route?
- When there are ten or more pieces to a carrier route, rural route, PO box section, HCR, or general delivery unit, are pieces packaged separately?

Check Sacking/Traying

- Are sack/tray labels white or manila?
- Are sack/tray labels legible with correct and consistent content lines?
- Do sacks weigh 70 pounds or less?
- Randomly check a few sacks/trays: Is mail in the correct sack/tray?
- When there are 125 or more nonletter-size pieces or 15 pounds or more of mail for the same carrier route, is a separate sack prepared?
- When there is a full tray for the same CR, is a separate tray prepared?
- Are pieces properly faced?
- After all carrier route sacks/trays are prepared, are packages placed in 5 digit carrier routes sacks/trays?
- For letter size mail, after all 5-digit carrier routes trays are prepared, are remaining packages placed in 3-digit carrier routes trays? Note: The 3-digit tray is optional.
- If other containers are used for local mail, has their use been authorized at your post office?

Check for Correct Postage Payment

Is the correct postage statement used & properly completed? (Form 3602 PR, 3602-R, 3602-PN or 3602-N, as appropriate, or Form 3602-PRV, 3602-PV, 3602-PV or 3602-NV for Plant-Verified Drop Shipment Mail.)

- Perform total piece count and weight verification for permit imprint mailings. Is mailer's piece count correct?
- Is mailpiece subject to the Residual Shape Surcharge? (DMM E620.1.6)
- Are destination entry discounts claimed only for pieces addressed for delivery within the service area of the destination BMC, ASF, SCF, or DDU? Is a Form 8125 required?



Attachment to UPS/USPS-T10-15 12. 3 of 10 BUSINESS MAIL AGGERMANDER TO THE AUDITOR

Standard Mail (A) Nonautomation Enhanced Carrier Route Letters

Packaging and Traying Sequence

Package Preparation

January 1999

Saturation

Packages: 10 or more pieces addressed to same carrier route' must be prepared in packages (unless placed in full carrier routes trays or placed in full 5-digit carrier routes trays with separator cards); fewer than 10 pieces allowed only if route has fewer than 10 delivery stops. Mail must be presented in walksequence order (M050) and meet saturation standards.

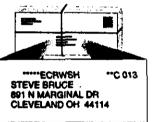
High Density

Packages: 10 or more pieces addressed to same carrier route' must be prepared in packages (unless placed in full carrier routes trays or placed in full 5-digit carrier routes trays with separator cards). Mail must be presented in walk-sequence order (M050) and meet density standards.

Basic

Packages: 10 or more pieces addressed to same carrier route' must be prepared in packages (unless placed in full carrier routes trays or placed in full 5-digit carrier routes trays with separator cards). Mail must be presented in line-of-travel or walksequence order (M050).







Tray Preparation Carrier Route

Trays: Full trays only for pieces to same carrier route; smaller quantities not permitted; packaging not required.

5-Digit Carrier Routes

Trays: 5-digit trays are required if there is enough mail for a full tray, optional otherwise, but preparation of content must be as described. No minimum number of carrier route packages for same 5-digit area.



3-Digit Carrier Routes

Trays: Carrier route packages only; optional with minimum one 10-piece carrier route package for each of two or more 5-digit areas.





¹City route, rural route, highway contract route, post office box section, or general delivery unit. Reference: Quick Service Guide 642



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Standard Mall (A)—Nonautomation Enhanced Carrier Route Flats/Irregular Parcels

Packaging and Sacking Sequence

Package Preparation

Saturation

Packages: 10 or more pieces addressed to same carrier route¹ must be prepared in packages; fewer than 10 pieces allowed only if route has fewer than 10 delivery stops. Mail must be presented in walk-sequence order (M050) and meet saturation standards.

High Density

Packages: 10 or more pieces addressed to same carrier route' must be prepared in packages. Mail must be presented in walksequence order (M050) and meet density standards.

Basic

Packages: 10 or more pieces addressed to same carrier route¹ must be prepared in packages. Mail must be presented in line-of-travel or walk-sequence order (M050).







Sack Preparation

Carrier Route

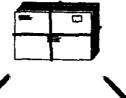
Sacks: Required at 125 pieces or 15 pounds. Palletization of packages is permitted and preferred.

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5-Digit Carrier Routes

Sacks: No minimum number of carrier route packages for same 5-digit area. Palletization of packages is permitted and preferred.



¹City route, rural route, highway contract route, post office box section, or general delivery unit. ²Use "STD FLTS" for flats or "STD A IRREG" for irregular parcels.

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This guide is an overview only. For the specific DMM standards applicable to this category of mail, consult the DMM sections referenced above and the general sections within each DMM module.



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BUSINESS MAIL ACCE EXAMPLES

Standard Mail (A) Automation Enhanced Carrier Route Letters

Follow these steps before accepting a Presorted Standard Mail (A) mailing at the Enhanced Carrier Route basic automation rates.

Check Qualification for Enhanced Carrier Route Automation Letter Rate

Are all fees paid and authorizations current?

January 1999

- Are at least 200 pieces or 50 pounds of mail in the mailing?
 - Is postage paid by permit imprint, postage meter or precanceled stamps?
 - If permit imprint, is money on account? Also, are all pieces identical weight, unless otherwise authorized by the RCSC?

 If precanceled stamps, is there a local return address on the mail? If not local, does the piece bear a cancellation endorsement showing the mailing office or has a sample piece and a copy of the postage statement been sent to the post office serving the return address?

- If metered, is the meter impression legible and complete?
- If a date is shown in the meter, is it correct?
- Select a sample piece. Are the contents eligible for Standard Mail (A) rates, or nonprofit if claimed? If nonprofit, is it properly identified?
- Is each piece correctly marked "Presorted Standard," "PRSRT STD" ("Bulk Rate" or "Blk Rt" is acceptable until January 10, 2001) or "Nonprofit," "Nonprofit Organization," "Nonprofit Org." and "AUTOCR".
- If ancillary endorsements are used, are they correct and in the proper location?

Check Basic Preparation

- Are all pieces automation-compatible? (DMM C810)
- Is correct rate affixed to each piece?
- If not, is documentation generated by PAVE-certified software (or printed in standardized format) provided showing total number of pieces for each rate category?
- Has Form 3553 been submitted showing that a CASS-certified process was used within 90 days before mailing to update carrier route information?
- Is a presort verification required under One Pass/Two Pass? If so, do Form 2866.

Check Traying

- Are tray labels white or manila?
- Are tray labels barcoded and legible with consistent and correct content line?
- Randomly check a few trays: Is mail in the correct tray? Are pieces properly faced?
- When there is a full tray of mail for same carrier route, is separate tray prepared?
- Are only full carrier route trays prepared?
- Are pieces grouped and separated by carrier route in 5-digit and 3-digit carrier route trays?

(Continued Side 2)



Standard Mall (A)—Automation Enhanced Carrier Route Letters

Are trays sleeved and strapped, as appropriate? Note: For exceptions to strapping requirements see DMM M033.1.

Are separator cards used to group pieces by carrier route in full 5-digit carrier routes trays?

Check for Correct Postage Payment

- Is the correct postage statement used & properly completed? (Form 3602 PR, 3602-R, 3602-PN or 3602-N, as appropriate, or Form 3602-PRV, 3602-RV, 3602-PNV or 3602-NV for Plant-Verified Drop Shipment Mail.)
- Perform total piece count and weight verification for permit imprint mailings. Is mailer's piece count correct?
- Are destination entry discounts claimed only for pieces addressed for delivery within the same area of destination BMC, ASF, SCF, or DDU? is a Form 8125 required?

Traying Sequence

At least 10 or more pieces to same carrier route (city route, rural route, highway contract route, post office box section, or general delivery unit); fewer than 10 pieces per route not permitted. Use an optional endorsement line or carrier route information line.



Carrier Route Tray

Trays: Full trays only for pieces to same carrier route; packaging not permitted. Postcard-size pieces must be banded. Less-than-full or overflow trays not permitted.



5-Digit Carrier Routes Tray

Trays: 5-digit trays are required if there is enough mail for a full tray, optional otherwise. After all full carrier route trays are prepared, remaining carrier route pieces (10 or more per route) must be grouped (using separator cards in full trays and banding material in less-than-full trays) and placed in 5-digit carrier routes trays (no minimum number of pieces per tray).

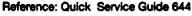


3-Digit Carrier Routes Tray

Trays: Carrier route packages only; optional ⁴ with minimum one 10-piece carrier route package for each of two or more 5-digit areas.

Carrier Route rates limited to 5-digit ZIP Codes identified in the City State File.

Packaging required in mailings consisting entirely of postcard-size pieces and for pieces in overflow, less-than-full, and 3-digit carrier routes trays.





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Periodicals Regular—Nonautomation Letters/Flats Carrier Route Rates

Follow these steps before accepting a mailing at Periodicals Regular Carrier Routes rates.

Check Basic Preparation

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Are all pieces in mailing sorted to the finest extent possible?

BUSINESS MAIL ACCEPTANCE

- Is a presort verification required under One Pass/Two Pass? If so, complete Form 2866, Presort Verification Record.
- Are pieces that do not qualify for carrier route rates correctly sorted and claimed at the appropriate rate: 5-digit, 3-digit or basic?
- Do all pieces claimed at either High Density Walk Sequence or Saturation Walk Sequence rates meet applicable density standards?
 - High Density (WSH): At least 125 walk sequenced addressed pieces for each carrier route receiving mail at the high density, w/s rates. If the carrier route has fewer than 125 possible deliveries, there must be a piece addressed to every possible delivery on the route to qualify for the rate.
 - High Density In County: At least 125 walk sequenced pieces to each carrier route or addressed pieces for at least 25% of the total active deliveries per carrier route.
 - Saturation (WSS): Pieces claimed at the saturation walk-sequence rates must be addressed to either 90% or more of active residential addresses or 75% or more of total number of active possible delivery addresses, whichever is less, on each carrier route receiving saturation walk sequence mail.

Check Packaging

- Are only optional firm packages and required carrier route packages claimed at carrier route rates?
- When there are 6 or more addressed pieces to a carrier route, are the pieces packaged separately? Note: Smaller packages are not permitted.
- Do optional firm packages contain at least 2 addressed pieces?
- Randomly check a few packages. Are the packages properly labeled?
 - Packages in a 5-digit carrier routes sack/tray must have a facing slip showing the route type and number unless the pieces in the package show a carrier route information line or an optional endorsement line.
 - In addition, if applicable, each package must be labeled to show that mail is "walk-sequenced," on a facing slip, an address label, or on a carrier route information line.
 - No label is required for packages/pieces in carrier route sacks/trays.

Note: A firm package may be prepared before required carrier route packages and included in the carrier route rate portion of a mailing if it contains at least 6 addressed pieces each claimed as a piece on the postage statement, or is claimed as a single addressed piece but placed with at least 5 other addressed pieces in a carrier route sack/tray. A firm package may be placed separately in the same appropriate destination sack/tray (or pallet) as the other pieces that are packaged together.



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Perio il calaci Regular Nonautomation Letters/Flats Carrier Route Rates

Check Sacking/Traying

- Are brown sacks used with flat-size mail? Are sack/tray labels pink?
- Are 1- and 2-foot trays used, as appropriate, with letter-size pieces (DMM C050.2)?
- Are trays sleeved and strapped, as appropriate? Note: For exceptions to strapping requirement see DMM M033.1.
- Are sack/tray labels legible with correct and consistent contents lines?
 - Is "NEWS" or "PER," as applicable, shown on contents line of labels?
 - is the correct processing category shown on the contents line?
 - Is route type and number shown on Line 2 of carrier route sack/tray labels?
 - Is "CR-RTS" shown on Line 2 of 5-digit carrier route sacks/tray labels?
 - Is "WSS" or "WSH" or "WS" or "W/S" as appropriate, also shown with the route type and route number on Line 2 of carrier route sacks/tray labels?
- Are only pieces in carrier route sacks/trays, 5-digit carrier routes sack/trays, and optional 3-digit carrier routes trays claimed at carrier route rates?
- Do all sacks weigh 70 pounds or less?
- Randomly check a few sacks/trays: Is the mail in the correct sack/tray?

Check Documentation

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- Has Form 3553 been submitted showing that a CASS certified process was used within 90 days before mailing date?
- For publications authorized under CPP, is each mailing accompanied by a Form 8125?
- Is postage statement checked to show that a certified process has been used at least once per year to ensure accuracy of 5-digit ZIP Codes?
- Are pieces qualifying for 5-digit and 3-digit, separated from basic rate pieces?
- If not, is documentation generated by PAVE-certified software (or printed in standardized format) provided showing total number of pieces for each rate category?
- Was the sequencing based on one of the following methods of obtaining sequencing or delivery stop information, (updated within 90 days Regular Periodicals), or 6 months (Preferred Periodicals) before the date of mailing?
 - Computerized Delivery Sequence (CDS) invoice.
 - Delivery Sequence File (DSF) documentation or copy of DSF invoice.
 - Copies of delivery unit summaries that served as the mailer's bills for address sequencing charges.
 - Evidence of receipt of information from postmaster for simplified address mailings.
- Is postage statement annotated to show the date of the method used to obtain sequencing or delivery stop information?



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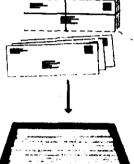
Periodicals Regular—Nonautomation Letters

BUSINESS MAIL ACCEPTANCE

Optional Carrier Route Preparation

Packages: Six or more pieces addressed to same carrier route (city route, rural route, highway contract route, post office box section, or general delivery unit) must be prepared in packages. Fewer than 6 pieces in a package not permitted. See M200 for optional firm packages.

Labels: Facing slip, OEL, or carrier route information line.





Carrier Route

Trays: Required at 24 pieces; optional with one 6-piece package.

Labels: For Line 1, use city, state, and 5-digit ZIP Code on mail; for Line 2, "PER" (or "NEWS"), "LTRS," and route marking as appropriate: for saturation, "WSS" and route type and number; for high density, "WSH" and route type and number; or for basic, "CR" and route type and number.



5-Digit Carrier Routes

Trays: Required for rate eligibility, any remaining carrier route packages; only one less-than-full tray permitted.

Labels: For Line 1, use city, state, and 5-digit ZIP Code on mail; for Line 2, "PER" (or "NEWS") and "LTRS CR-RTS."



Attachment to UPS/USPS-T10-15 pg. 9. +10

3-Digit Carrier Routes

Trays: Carrier route packages only; optional with one 6-piece carrier route package for each of two or more 5-digit areas.

Labels: For Line 1, use city, state, and 3-digit ZIP Code prefix shown in L002, Column A; for Line 2, "PER" (or "NEWS") and "LTRS 3D CR-RTS."

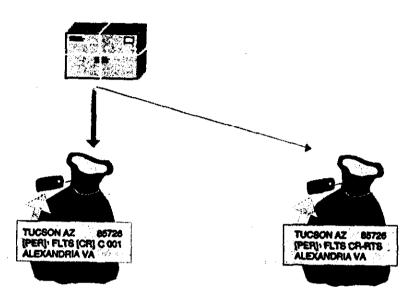
¹Use "NEWS" if issued weekly or more frequently.



BUSINESS MAIL ACCEPS IN COMMENT TO UPS/USPS-770-15 pg. 10 of 10 Portocicals Require Nonautomation Flats

Optional Carrier Route Preparation

Packages: Six or more pieces addressed to same carrier route (city route, rural route, highway contract route, post office box section, or general delivery unit) must be prepared in packages. Fewer than 6 pieces in a package permitted but only qualify for the basic rate. See M200 for optional firm packages.



Carrier Route

Sacks: Required at 24 pieces; optional with one package.

Labels: For Line 1, use city, state, and 5-digit ZIP Code on mail; for Line 2, "PER" (or "NEWS"), "FLTS," and route marking as appropriate: for saturation, "WSS" and route type and number; for high density, "WSH" and route type and number; or for basic, "CR" and route type and number.

5-Digit Carrier Routes

Sacks: Required for rate eligibility, any remaining carrier route packages; no minimum number of carrier route packages for same 5-digit area.

Labels: For Line 1, use city, state, and 5digit ZIP Code on mail; for Line 2, "PER" (or "NEWS") and "FLTS CR-RTS."

¹Use "NEWS" if issued weekly or more frequently. Reference: Quick Service Guide 231



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UPS/USPS-T10-16. What specific cost segment includes the costs involved in sampling DDU shipments?

Response:

Cost segment 3.1; cost pools MODS LD79 and non-MODS Allied Labor. A small

portion may also be in MODS platform for those DDU shipments where the

carriers are located in the same facility with the MODS processing plant.

UPS/USPS-T10-17. Provide all available information related to the volume of plant-verified destination entry Parcel Post in comparison to non-plant verified destination entry Parcel Post in the Base Year.

Response:

This information is not available. The data systems that contain volume-related

information related to Parcel Post do collect information about entry discounts but

not about how the mail was verified.

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UPS/USPS-T10-18. Provide all available information related to the volume of plant-verified destination entry Parcel Post in comparison to non-plant verified destination entry Parcel Post in FY1999.

Response:

See response for UPS/USPS-T10-17.

UPS/USPS-T10-19. Provide all available information related to the volume of plant-verified destination entry Parcel Post in comparison to non-plant verified destination entry Parcel Post in:

(a) the Test Year Before Rates and

(b) the Test Year After Rates.

Response:

a - b. See response for UPS/USPS-T10-17. Total destination entry Parcel Post

volume estimates below are from witness Plunkett's testimony (T36)

Attachment D:

	TYBR	TYAR
DBMC	267,762,878	269,734,882
DSCF	2,237,344	2,253,822
DDU	28,008,725	28,215,002

UPS/USPS-T10-20 Provide all available information with respect to the average time that Parcel Post pieces take to be delivered subsequent to their entry or arrival at the DDU.

Response:

The Postal Service does not track service for Parcel Post. See response to

UPS/USPS-T10-21 below.

UPS/USPS-T10-21 Provide all available information with respect to how often Parcel Post pieces are delivered by the next business day after entry or arrival at the DDU.

Response:

The stated delivery expectation is next day delivery for parcels entered at a DDU

(as included in the attachment to UPS/USPS-T10-5, page 2). The actual service

these DDU entered parcels receive is not tracked by the Postal Service.

Anecdotal customer feedback has been in the 97 percent range.

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.

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.

Eric P. Koetting

475 L'Enfant Plaza West, S.W. Washington, D.C. 20260–1137 (202) 268–2992 Fax –5402 March 24, 2000

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