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POSTAL RATE COMMISSION  
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Postal Rate and Fee Changes

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Docket No. R2000-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO INTERROGATORY OF DAVID B. POPKIN  
PURSUANT TO PRESIDING OFFICER'S RULING NO. R2000-1/44  
(DBP/USPS-10[c])

Pursuant to Presiding Officer's Ruling No. R2000-1/44, the United States Postal Service hereby provides its response to the following interrogatory of David B. Popkin: DBP/USPS-10[c], filed on March 3, 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

  
Richard T. Cooper

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May 5, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF DAVID B. POPKIN**

**DBP/USPS-10[c]** Describe the method that is utilized by the Postal Service to process Priority mail for each of the following scenarios: [1] Originating and destinating within the same PMPC area / [2] Originating in one PMPC area and destinating in another PMPC area / [3] Originating in a PMPC area and destinating outside of the PMPC area, and [4] Originating outside of a PMPC area and destinating within a PMPC area. Other scenarios may be necessary to provide for a full description of the methods utilized. These descriptions should indicate when mail is transferred between the Postal Service and the contractor and, who is providing the transportation. For example, a possible response could be in the following format: Local post office sends mail to P&DC, P&DC delivers mail to originating PMPC, PMPC transports mail to destinating PMPC, mail is picked up from PMPC by local P&DC, and mail is sent to local post office.

Per Ruling R2000-1/44: “. . . provide Mr. Popkin with a reference to where up-to-date information about Priority Mail processing can be found and, in particular, any standards that are in place.”

**RESPONSE:**

See response to UPS/USPS-T10-1, and Attachments A and B to this response.



April 27, 1999

**MANAGERS, OPERATIONS SUPPORT (AREA)**

**SUBJECT: National Coordination Audit Priority Mail - New Operational Procedures**

The Postal Inspection Service recently completed a national audit of Priority Mail operations. Key findings in the audit included recommendations to modify collection and mail preparation procedures for Priority Mail. Specifically, the finding stated that "opportunities exist for improving Priority Mail service by developing uniform instructions regarding the preparation and collection of mail." The report went on to state that inconsistencies in existing instructions and management's lack of communicating procedures to craft employees contributed to "...confusion among employees and impeded employees' effectiveness..."

As a result of these findings, headquarters has developed national guidelines for collecting and processing Priority Mail. The new guidelines are based on a process currently in use within the Priority Mail Processing Center (PMPC) network that has proven to be effective in streamlining operations. Simply stated, Priority Mail is to be separated by shape, by collectors, at the "screenline," at the Bulk Mail Entry Unit (BMEU) and by dock employees, along with the following procedures:

- Priority Mail flats will be placed into flat tubs
- Priority Mail parcels will be sacked (see exception below)
- Outsides (unsackable or over 35 lbs.) will be placed into rolling stock

All shapes can be placed into the same piece of rolling stock (preferably Eastern Region Mail Containers [EMRCs]) but not mixed with other classes of mail. If sufficient volumes are available, sackable parcels may be placed into ERMCS "unsacked" but only if the container is more than half full. Outsides may be placed on the top of the loose small parcels.

Offices that do not use rolling stock and typically receive only enough volume (all shapes) for one sack per day are exempt from the shape separation criteria and may mix shapes in the single sack.

The requirement to perform shape-based separations does not prohibit the current practice of making service-based separations (e.g., sacks at the retail counter). However, shape separations must also be maintained.

The new Priority Mail collection and processing guidelines build on long established concepts that collection and mail preparation operations contribute to the overall efficiency and effectiveness of mail processing.

The Postal Operations Manual (POM) and Handbook PO-415 establish the philosophy that is the basis for improving collection and mail preparation procedures.

- a) Allowing service commitments to be made
- b) Minimizing processing costs
- c) Maximizing the early arrival of mail to downstream operations
- d) Minimizing the amount of mail worked in manual operations
- e) Maximizing the amount of mail worked in automated operations

The shape separation requirement for Priority Mail is compatible with these principles.

To help communicate the new procedures to our employees, a series of "service talks" have been developed and copies are attached. Also attached is the latest policy for "Identified" Priority Mail. National guidelines for identifying Priority Mail flats in tubs are currently in the final review process. Distribution of the finalized document is expected in May.

The Postal Service is striving to become more responsive to customer needs. Enhancements like Delivery Confirmation and implementing a dedicated Priority Mail Network are evidence of the corporate commitment to the Priority Mail product line. Implementing updated Priority Mail collection and processing procedures makes sense and will contribute in a meaningful way towards our goal of increased customer satisfaction.

  
Walter O'Tormey  
Manager, Processing Operations

  
Michael Spates  
Manager, Delivery

**Attachments**

cc: Mr. Black  
Mr. Rapp

**PRIORITY MAIL PROCESSING GUIDELINES  
CARRIER & COLLECTOR  
SERVICE TALK**

Our corporate goal is to transform Priority Mail into a two-day time-definite product. Priority Mail accounted for more than \$4 billion of revenue in FY 1998. Providing consistent two-day time-definite delivery of Priority Mail will reward us with new and repeat business. The recent addition of the delivery confirmation feature has made Priority Mail even more competitive than before. Getting more package business will ensure the viability of the Postal Service and help to keep future rate increases below the rate of inflation.

Combining Delivery Confirmation and future enhancements such as electronic signature capture, will enable Priority Mail to become a world-class product able to compete successfully in the marketplace based on both service and price advantages! However, a lower price alone will not allow us to compete and grow Priority Mail volumes. We must be able to provide consistent, reliable service. To help improve our service, a network of ten Priority Mail Processing Centers (PMPCs) on the East Coast was established. Mail processed within the PMPC network has consistently exceeded our service performance goals. This high level of service is due in part to the implementation of standardized procedures used for collecting and distributing Priority Mail within the network. If some of these procedures are implemented nationally, we can positively impact service nationwide.

Therefore, to help meet our FY 99 Priority Mail goal of 87 percent on-time service new procedures for the collection and processing of Priority Mail outside the PMPC network have been developed. These procedures are intended to reduce cycle time and improve service and are not new to plants and delivery operations in the PMPC network.

Your role is simple. **A shape-based separation needs to be made for Priority Mail as it is collected:**

- Isolate "Identified" Priority Mail from other classes of mail
- Separate Priority Mail by shape – Flats, Small Parcels & Outsides

Separation by shape is important because it improves efficiency by reducing handlings and virtually eliminating the time needed to prepare the mail before it's directed to the proper distribution operation.

The "rule-of-thumb" definition for the separation of shapes are as follows;

- A flat is caseable and up to 1 ¼ inches thick.  
**Flats will be placed into flat tubs – Not Sacks**
- A parcel is sackable and is over 1 ¼ inches thick.  
**Parcels will be placed into sacks (see exception below)**
- An outside is not sackable or is over 35 pounds or fragile or perishable or livestock.

**Note: The definition for a flat is for offices not served by the PMPC network. Offices served by the network will continue to use the ¾ inch thick guideline for flats.**

If sufficient volumes are available, sackable parcels may be placed into ERMCS "unsacked, but only if the container will be more than ½ full. Outsides may be placed on the top of the loose small parcels.

It's not necessary to measure each piece as you perform the separation. Based on your experience and knowledge it will be easy to separate mail that can be cased as a flat from mail that will be distributed as a parcel.

If your route returns to a delivery unit, place your Priority Mail separated by shape into the designated priority mail containers set up at your unit. **DO NOT** mix shapes at the delivery unit – flats must remain in flat tubs and parcels are to remain in sacks. However, the same piece of rolling stock (preferably ERMCS), can be used for all shapes. Containerization procedures described previously allow for sacks and flat tubs to be co-mingled in "major" containers. However, if sufficient volumes are available, separate containers (rolling stock) for flats and parcels should be provided. Your local management will determine if separate rolling stock for flats and parcels will be required.

If your route ends at a plant, off-load Priority Mail at the designated area on the platform. Mailhandlers will place the mail into the appropriate rolling stock for flats and parcels. **DO NOT** mix shapes at the dock.

#### **Global Priority Mail**

Global Priority mail will be dispatched in Express Mail containers to the local plant. This is not a change from existing procedures.

#### **Target Mail**

Stamped Priority Mail weighing 16 ounces or more, found in collection boxes or at collection points, is target mail and should be handled according to established procedures. These procedures remain unchanged and are not impacted by the new shape separation procedures for Priority Mail.

**Summary**

You are our most important link to customers in both collecting and delivering the mail. To meet customer demands for improved service performance and remain competitive, we must improve the way Priority Mail is processed. Identifying Priority Mail, isolating it from other classes of mail and separating it by shape will provide our customers with the best value of any two-day time-definite product on the market today. If these simple shape separation procedures are followed, we will be able to achieve our goal of improving the service performance for Priority Mail, and continue to surpass the competition!

**PRIORITY MAIL PROCESSING GUIDELINES  
PLANT OPERATIONS  
SERVICE TALK  
(For Clerks & Mailhandlers)**

Our corporate goal is to transform Priority Mail into a two-day time-definite product. Priority Mail accounted for more than four billion dollars of revenue in Fiscal Year (FY) 1998. Providing consistent two-day time-definite delivery of Priority Mail will reward us with new and repeat business. The recent addition of the delivery confirmation feature has made Priority Mail even more competitive than before. Getting more package business will ensure the viability of the Postal Service and help to keep future rate increases below the rate of inflation.

Combining Delivery Confirmation and anticipated future enhancements such as electronic signature capture will enable Priority Mail to become a world-class product able to compete successfully in the marketplace based on both service and price advantages! However, a lower price alone will not allow us to compete and grow Priority Mail volumes. We must be able to provide reliable consistent service. To help improve our service, a network of ten Priority Mail Processing Centers (PMPCs) was established on the East Coast. Mail processed in the PMPC network has consistently exceeded our service performance goals. This high level of service is due in part to the implementation of standardized procedures used for collecting and distributing Priority Mail within the network. If some of these procedures are implemented nationally, we can positively impact service nationwide.

Therefore, to help meet our FY '99 Priority Mail goal of 87 percent on-time service, new procedures for the collection and processing of Priority Mail outside the PMPC network have been developed. These procedures are not new for plants within the PMPC network.

**Your role is simple. A shape-based separation needs to be made for Priority Mail as it is identified at the dock or in mail preparation operations.**

- Isolate "Identified" Priority Mail from other classes of mail
- Separate Priority Mail by shape - Flats, Small Parcels, and Outsides
- Placard "major containers" to identify them as containing Priority Mail

Separation by shape is important because it improves cycle time by reducing handlings and virtually eliminating the time needed to prepare the mail before it is directed to the proper distribution operation.

The "rule-of-thumb" definition for the separation of shapes are as follows:

- A flat that is caseable, capable of being processed on a Flat Sorter Machine (FSM) 1000, and is up to 1 ¼ inches thick.  
**Flats will be placed into flat tubs – Not Sacks**
- A parcel that is sackable and is over 1 ¼ inches thick.  
**Parcels will be placed into sacks (see exception below)**
- An outside that is not sackable, is over 35 pounds, fragile or perishable, or livestock.



**Note: The definition of a flat is for offices not served by the PMPC network. Offices served by the network will continue to use the 3/4 inch thick guideline for flats.**

If sufficient volumes are available, sackable parcels may be placed into Eastern Region Mail Containers(ERMCs) unsacked, but only if the container will be more than half full. Outsides may be placed on top of the loose small parcels.

It is not necessary to measure each piece as you perform the separation. Based on your experience and knowledge, it will be easy to separate mail that can be cased or processed as a flat from mail that will be distributed as a parcel.

Dispatch operations are to maintain the same previously described shape-based separations. Flats must remain in flat tubs and parcels are to remain in sacks. However, the same piece of rolling stock, preferably ERMCs, can be used for all shapes. Containerization procedures described previously allow for sacks and flat tubs to be co-mingled in "major" containers. However, if sufficient volumes are available, separate containers (rolling stock) for flats and parcels should be provided to enhance processing flows in downstream operations. Your local management will determine if separate rolling stock for flats and parcels will be required.

#### **Global Priority Mail**

*Global Priority mail will be dispatched in Express Mail containers. This is not a change from existing procedures.*

#### **Target Mail**

Stamped Priority Mail weighing 16 ounces or more, found in collection boxes or at collection points, is target mail and should be handled according to established procedures. These procedures remain unchanged and are not impacted by the new shape separation procedures for Priority Mail.

#### **Summary**

To meet customer demands for improved service performance and remain competitive, we must improve the way Priority Mail is processed. Identifying Priority Mail, isolating it from other classes of mail and separating it by shape will provide our customers with the best value of any two-day time-definite product on the market today. If these simple shape separation procedures are followed, we will be able to achieve our goal of improving the service performance for Priority Mail, and continue to surpass the competition!

**PRIORITY MAIL PROCESSING GUIDELINES  
SERVICE TALK  
(For Retail Clerks)**

Our corporate goal is to transform Priority Mail into a two-day time-definite product. Priority Mail accounted for more than \$4 billion of revenue in Fiscal Year 1998. Providing consistent two-day time-definite delivery of Priority Mail will reward us with new and repeat business. The recent addition of the delivery confirmation feature has made Priority Mail even more competitive than before. Getting more package business will ensure the viability of the Postal Service and help to keep future rate increases below the rate of inflation.

Combining delivery confirmation and future enhancements such as electronic signature capture, will enable Priority Mail to become a world-class product able to compete successfully in the marketplace based on both service and price advantages! However, a lower price alone will not allow us to compete and grow Priority Mail volumes. We must be able to provide consistent, reliable service. To help improve our service, a network of ten Priority Mail Processing Centers (PMPCs) was established on the East Coast. Mail processed within the PMPC network has consistently exceeded our service performance goals. This high level of service is due in part to the implementation of standardized procedures used for collecting and distributing Priority Mail within the network. If some of these procedures are implemented nationally, we can positively impact service nationwide.

Therefore, to help meet our FY '99 Priority Mail goal of 87 percent on-time service, new procedures for the collection and processing of Priority Mail outside the PMPC network have been developed. These procedures are intended to reduce cycle time and improve service, and are not new to plants and delivery operations in the PMPC network.

Window clerks, often a customer's first contact with the Postal Service, need to promote Priority Mail to customers who want two-day service at a low cost. To meet demands for better service and remain competitive, we must make some changes in our acceptance and processing procedures.

**Your role is simple. A shape-based separation needs to be made for Priority Mail as it is collected.**

- Isolate "Identified" Priority Mail from other classes of mail.
- Separate Priority Mail by shape - flats, small parcels, and outsides.
- Encourage customers to use the free Postal Service Priority Mail packaging.
- If packages are already wrapped, make sure that the front and back sides are clearly identified with Priority Mail labels or tape.

Separation by shape is important because it improves efficiency by reducing handlings and virtually eliminating the time needed to prepare the mail before it's directed to the proper distribution operation.

The "rule-of-thumb" definition for the separation of shapes are as follows:

- A flat that is caseable and up to 1 ¼ inches thick.  
**Flats will be placed into flat tubs – Not Sacks**
- A parcel that is sackable and is over 1 ¼ inches thick.  
**Parcels will be placed into sacks (see exception below)**
- An outside that is not sackable, is over 35 pounds, fragile or perishable, or livestock.

**Note: The definition of a flat is for offices not served by the PMPC network. Offices served by the PMPC network will continue to use the ¾ inch thick guideline for flats.**

If sufficient volumes are available, sackable parcels may be placed into Eastern Region Mail Containers (ERMCs) unsacked, but only if the container will be more than half full. Outsides may be placed on top of the loose small parcels.

It is not necessary to measure each piece as you perform the separation. Based on your experience and knowledge, it will be easy to separate mail that can be cased as a flat from mail that will be distributed as a parcel.

The same piece of rolling stock (preferably ERMCs) can be used for all shapes. Containerization procedures described previously, allow for sacks and flat tubs to be co-mingled in "major" containers. However, if sufficient volumes are available, separate containers (rolling stock) for flats and parcels should be provided. Your local management will determine if separate rolling stock for flats and parcels will be required.

#### **Global Priority Mail**

Global Priority mail will be dispatched in Express Mail containers to the local plant. This is not a change from existing procedures.

#### **Target Mail**

*Stamped Priority Mail weighing 16 ounces or more, found in collection boxes or at collection points, is target mail and should be handled according to established procedures. These procedures remain unchanged and are not impacted by the new shape separation procedures for Priority Mail.*

#### **Summary**

You are our most important link to retail customers. To meet customer demands for improved service performance and remain competitive, we must improve the way Priority Mail is processed. Identifying Priority Mail, isolating it from other classes of mail, and separating it by shape will provide our customers with the best value of any two-day time-definite product on the market today. If these simple shape separation procedures are followed, we will be able to achieve our goal of improving the service performance for Priority Mail and continue to surpass the competition!



January 4, 1999

**MANAGERS, OPERATIONS SUPPORT (AREA)**

**SUBJECT: Unidentified Priority Mail Processing Policy**

Forthcoming classification and rate changes make it necessary to update the policy defining "unidentified" Priority Mail. Effective January 10, 1999, the maximum weight for First-Class Mail will move from 11 ounces or less to pieces weighing 13 ounces or less. As a result, unidentified Priority Mail will now be defined as mailpieces weighing more than 13 ounces without appropriate identifiers (e.g., Label 107, Label 228, EP-14F, EP-13C, or other Postal Service provided packaging or labels) or without the words "Priority" or "Priority Mail" marked on the address side of the mailpiece.

Processing plants should not place unidentified Priority Mail into orange Priority Mail sacks or other Priority Mail containers. Unidentified Priority Mail should be processed and distributed in the First-Class mailstream.

For example:

- Mail found in the collection stream without Priority Mail identification should not flow to the Priority Mail operations or the Priority Mail Processing Center (PMPC) network.
- Unidentified Priority Mail found in downstream First-Class operations should remain in those operations.

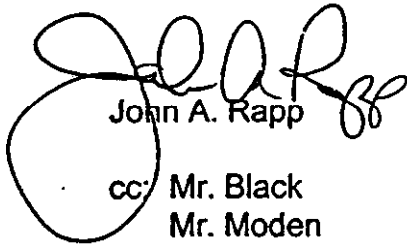
The PMPC network was not established to process unidentified Priority Mail. Therefore, as indicated in Standard Operating Procedures (SOPs) established by PMPC network management, processing plants should not intentionally send unidentified Priority Mail to the PMPC. The contract with Emery Worldwide is written to accommodate processing of small amounts of unidentified Priority Mail that leaks into the PMPC network so that mail is not delayed. Processing plants and post offices will make every effort to only send identified Priority Mail to the PMPCs.

The Domestic Mail Manual (DMM) Section 1.4, clearly states that, "The marking of 'Priority' or 'Priority Mail' must be placed prominently on the address side of each piece of Priority Mail."

However, there may be *exceptional* situations where large volume mailers inadvertently deposit mail without proper "markings," labels, or packaging but have applied sufficient postage or a permit indicating Priority Mail fees were paid. When requested, we should accommodate these customers and process their originating mail in our Priority Mail processing and distribution networks. Mailers should be informed service may be impacted and downstream facilities will not be able to guarantee that the mailing will be processed in Priority Mail operations.

The identification of individual Priority Mail pieces is critical to our service improvement initiatives, and we should continue to work with our marketing and retail partners to find sensible business solutions.

These updated procedures are intended to balance operational needs with customer expectations. Please pass this information onto the field.



John A. Rapp

cc: Mr. Black  
Mr. Moden  
Mr. O'Tormey  
Mr. Pajunas

## 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.

  
Richard T. Cooper

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
May 5, 2000