

ORIGINAL

RECEIVED PS-T-4

MAY 22 5 42 PM '00

BEFORE THE  
POSTAL RATE COMMISSION

POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

---

POSTAL RATE AND FEE CHANGES, 2000

---

DOCKET NO. R2000-1

---

DIRECT TESTIMONY  
OF  
STEPHEN E. SELICK  
ON BEHALF OF  
UNITED PARCEL SERVICE  
ON PARCEL POST RPW ESTIMATES

---

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
PURPOSE OF TESTIMONY AND SUMMARY OF CONCLUSIONS .....	2
DESCRIPTION OF THE RPW SYSTEM.....	3
The BRPW System.....	5
The DRPW System.....	12
The RPW Adjustment System .....	13
THE NEW BRPW PARCEL POST ESTIMATION SYSTEM IS NOT ADEQUATELY DOCUMENTED.....	15
THE BRPW PARCEL POST ESTIMATES ARE UNTESTED AND UNRELIABLE .....	19
A.    The Postal Service Has Failed to Apply a Trial Balance Revenue Account Adjustment to the Parcel Post BRPW Estimates .....	19
B.    There Are Substantial Reasons to Question the Accuracy of the BRPW Parcel Post Estimates .....	21
C.    The Joint Use of BRPW and DRPW Leads to Possible Double-Counting For Parcel Post.....	27
SUMMARY AND CONCLUSIONS .....	30

1 **INTRODUCTION**

2 My name is Stephen E. Sellick. I am a Vice President at PHB Hagler Bailly, Inc.  
3 ("PHB"), an economic and management consulting firm with principal U.S. offices in  
4 Washington, D.C.; Cambridge, Massachusetts; Los Angeles and Palo Alto, California;  
5 and New York, New York. PHB was formed through the merger of Putnam, Hayes &  
6 Bartlett, Inc. and Hagler Bailly, Inc. in 1998. I am located in PHB's Washington, D.C.  
7 office.

8 I have more than ten years of consulting experience, including a wide range of  
9 assignments in regulatory economics, cost accounting, and financial analysis of  
10 regulated industries. In addition, I have extensive experience in environmental litigation.

11 I have worked on PHB's analytical investigations of United States Postal Service  
12 ("Postal Service") costing issues since 1990. In Docket No. R90-1 and again in Docket  
13 No. R94-1, I assisted Dr. George R. Hall in the preparation of analyses and testimony  
14 regarding the attributable costs of Parcel Post, Priority Mail, and Express Mail. In  
15 Docket No. R94-1, I assisted Dr. Colin C. Blaydon in the preparation of analyses and  
16 testimony concerning the treatment of mixed mail costs in the In-Office Cost System  
17 ("IOCS"). In Docket No. MC95-1, I assisted Ralph L. Luciani in the preparation of  
18 analyses and testimony regarding the costs associated with parcels handled by the  
19 Postal Service in First Class and Standard (A) Mail and in preparing supplemental  
20 testimony regarding rate design for Standard (A) Mail parcels. In Docket No. R97-1, I  
21 presented direct testimony regarding the Postal Service's proposal to modify the costing  
22 in Cost Segment 3 to incorporate a Management Operating Data System ("MODS")

1 based approach. I also presented supplemental and rebuttal testimony in Docket No.  
2 R97-1 regarding the MODS-based approach for Cost Segment 3.

3 Since 1995, I have visited and observed the operations at a number of Postal  
4 Service facilities, including the Washington, D.C., BMC on two different occasions; two  
5 Sectional Center Facilities; two Associate Offices/Delivery Units; a HASP ("Hub and  
6 Spoke Project") facility; and an Air Mail Center.

7 I hold a B.S. in Economics from the University of Pennsylvania's Wharton School  
8 of Business and an M.A. in Public Policy Studies from the University of Chicago.

9 **PURPOSE OF TESTIMONY AND**  
10 **SUMMARY OF CONCLUSIONS**

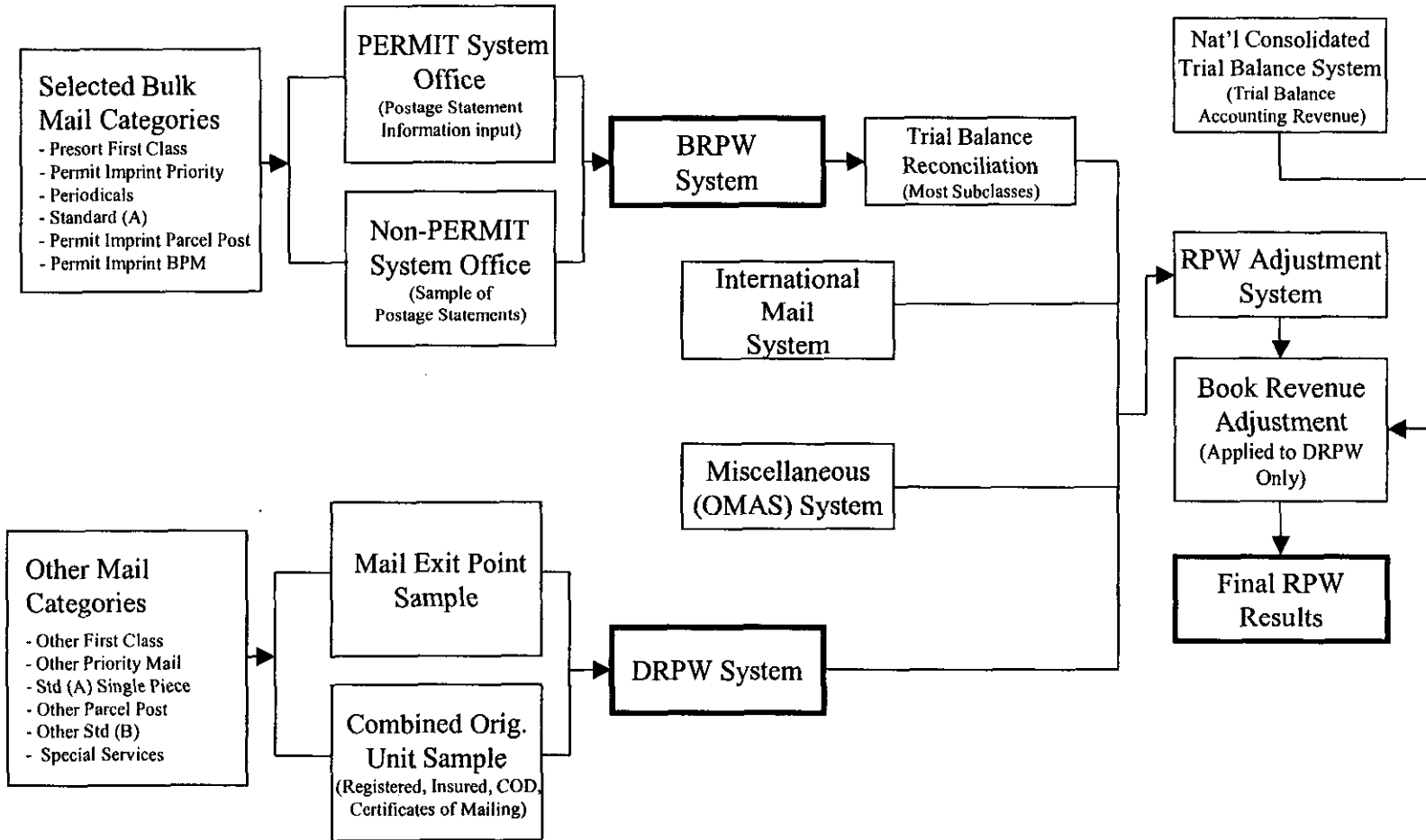
11 I have been asked to review the Postal Service's new method of estimating  
12 revenue, pieces, and weight for Parcel Post. In so doing, I have reviewed the testimony  
13 and workpapers of Postal Service witnesses Hunter (USPS-T-5) and Pafford (USPS-T-  
14 4), as well as other relevant documents.

15 Based on my review, I have come to the following conclusions:

- 16 1. The documentation provided by the Postal Service to support its new  
17 method of estimating Parcel Post revenue, pieces, and weight for BY1998  
18 is inadequate and incomplete;
- 19 2. The Postal Service's adjusted Parcel Post volume and revenue estimates  
20 for BY1998 are untested and potentially unreliable; and



# RPW Flow Chart



1 THE BRPW SYSTEM

2 The BRPW system uses aggregated information taken from mailer-supplied  
3 postage statements to estimate revenue, pieces, and weight for certain categories of  
4 bulk mail. Prior to FY1999, those categories did not include Parcel Post. In this case,  
5 the BRPW system is used for First Class Presort Mail, permit imprint Priority Mail,  
6 Periodicals, Standard (A) Mail, permit imprint Parcel Post, and permit imprint Bound  
7 Printed Matter. This proceeding represents the first time that the Postal Service has  
8 used the BRPW system to estimate any portion of Parcel Post revenue, pieces, and  
9 weight.

10 The Postal Service first introduced BRPW-based Parcel Post estimates in its  
11 FY1999 PQ1 submission of RPW estimates to the Commission. Its FY1998 estimates  
12 of revenue, pieces, and weight for Parcel Post were initially based solely on its long  
13 established practice of sampling Parcel Post pieces as part of the DRPW sampling  
14 system. Only well after the end of FY1998 -- in June of 1999 -- did the Postal Service  
15 restate its FY1998 Parcel Post estimates using the new, "hybrid" BRPW/DRPW  
16 methodology.

17 The BRPW system is based in large part on an aggregated data extract taken  
18 from the PERMIT System data base, which is a Postal Service system for automated  
19 bulk mail acceptance and financial reporting.<sup>1</sup> A bulk mailer provides a postage

---

1. BRPW estimates are also based on a probability-based stratified sample of non-automated (non-PERMIT System) offices. However, unlike the other mail categories included in the PERMIT System, Parcel Post is not part of this sampling process.

1 statement with each mailing. The postage statement contains the total postage  
2 (revenue), pieces, and weight for the mailing, as well as the mailer's permit number, the  
3 date of the mailing, the mail class, the rate category for the mail, and, where distance-  
4 based rates apply, the appropriate zone.

5 There are different postage statement forms. For permit imprint Parcel Post, the  
6 postage statement is Form 3605. Form 3605 as used in FY1998 also reported postage  
7 (revenue), volume, and weight information for permit imprint Bound Printed Matter and  
8 for permit imprint Priority Mail. A copy of the version of Form 3605 as it existed in  
9 FY1998 is attached to my testimony as Exhibit UPS-T-4A.

10 Form 3605 was changed as of January 1999. The new form, Form 3605-PR,  
11 now reports information only for permit imprint Parcel Post. See Exhibit UPS-T-4B.  
12 This change reduces the possibility that revenue, piece, and weight information for one  
13 category of mail (permit imprint Bound Printed Matter, for example) will be erroneously  
14 reported as belonging to another category of mail (such as Parcel Post).

15 Postal Service bulk mail acceptance personnel are supposed to verify the mailer-  
16 supplied information on the postage statement to make sure it accurately reflects the  
17 volume and other characteristics of the mail that is actually presented. In the case of a  
18 PERMIT System office, a postal employee enters selected information from the postage  
19 statement into the PERMIT System data base. Proper verification by acceptance  
20 personnel of the accuracy of the information on the postage statement, and proper data  
21 entry of that information into the PERMIT System data base, is crucial to the accuracy



1 of the PERMIT System information which lies at the heart of the BRPW estimates of  
2 revenue, pieces, and weight for the covered subclasses of mail.

3 A large proportion of bulk Parcel Post mailings are verified at the mailer's plant.  
4 Tr. 13/5194 (Eggleston). In these cases, the postal employee who examines the  
5 mailing at the plant (to verify the accuracy of the information on the Form 3605 postage  
6 statements) completes another form that accompanies the mailing to the postal facility  
7 (or facilities) where the mail is physically entered into the postal system. This second  
8 form allows the postal personnel at the facilities where the mail is physically entered into  
9 the mailstream to verify that the mail actually entered into the system conforms to the  
10 information on the original postage statement. This second form, Form 8125, is entitled  
11 "Plant-Verified Drop Shipment (PVDS) Verification and Clearance." Examples of  
12 completed Form 8125s for mail tendered in FY1998 is attached to my testimony as  
13 Exhibit UPS-T-4E.

14 As stated in a Postal Service audit report, "[t]he comparison of the destination  
15 shipment to the original Form 8125 and the mailing statement, [assures] the Postal  
16 Service . . . of the integrity of the shipment . . . ."2 That is because "In this system,  
17 which relies heavily on participants to provide precise information, it is crucial that all  
18 required information is provided and all program guidelines are followed."<sup>3</sup>

- 
2. Audit Report: Review of the Plant-Verified Drop Shipment Postage Payment System, Eastern Region (January 1993), at 6, USPS-LR-I-176 (additional material filed March 28, 2000).
  3. USPS-LR-I-176, at page i.

1           The electronic postage statement data in the PERMIT System data base is  
2 stored on computers in a number of Postal Service offices. The Postal Service's  
3 mainframe computer in San Mateo, California, "polls" each of these offices to retrieve  
4 the electronic postage statement data at the end of each accounting period ("AP").  
5 Thus, all electronic postage statement data in the PERMIT System resides in one  
6 Postal Service computer for a time after the close of each AP.<sup>4</sup>

7           The San Mateo mainframe computer aggregates the postage statement-level  
8 data by finance number (roughly equivalent to an individual postal facility) and "Volume  
9 Information Profile" ("VIP") Code after the conclusion of each AP. For Parcel Post, each  
10 unique VIP Code represents a rate category and zone combination. That is, for Parcel  
11 Post, a single VIP Code represents a particular Parcel Post rate category (e.g., Inter-  
12 BMC, Intra-BMC, or DBMC) and zone. For example, VIP Code 4402 represents DBMC  
13 parcels sent to zone 2.<sup>5</sup> All permit imprint Parcel Post postage statement data for each  
14 VIP Code and finance number/facility for a single accounting period is aggregated into a

---

4. The Postal Service has suggested that this detailed postage statement-level information is not retained on the San Mateo computer. However, a Postal Service contractor apparently receives a file each AP which includes the postage statement-level data. See Objection of United States Postal Service to Interrogatory of United Parcel Service and UPS/USPS-12A-15, 35; Response to United Parcel Service Motion to Compel Responses to UPS/USPS-12A-15; and Response of United States Postal Service to Motion of United Parcel Service to Compel Production of Information and Documents in Interrogatory UPS/USPS-6 or, in the Alternative to Extend Discovery Deadline on BRPW Parcel Post Estimates (filed May 5, 2000), at 9.

5. The first 4 in the VIP Code stands for Fourth Class -- the name formerly used to designate Standard (B) Mail -- the second 4 stands for the DBMC rate category, and the 02 stands for zone 2.

1 single record. These records are gathered for all offices and accounting periods for  
2 input into BRPW on this highly aggregated basis.

3 For each accounting period, the Postal Service takes this aggregated data and  
4 runs it through three computer programs (known as Jobs 1, 2, and 3).<sup>6</sup> During this  
5 process, the aggregated data records are checked for some very general, broad  
6 "errors." The primary types of errors that apply to Parcel Post records are as follows:

7 1. Error Code 2000, "Empty R, P, or W" -- records with missing revenue,  
8 piece, or weight information;

9 2. Error Code 2500, "Empty Revenue Per Piece or Revenue Per Pound" --  
10 records with missing revenue (postage) per piece or revenue per pound values;

11 3. Error Code 3000, "Revenue Tolerance Check" -- records indicating that  
12 the rate charged the mailer either (1) is lower than the lowest possible rate less 5% for a  
13 piece of the indicated type, or (2) is higher than the highest possible rate plus 5% for a  
14 piece of the indicated type;

15 4. Error Code 3100, "Weight Tolerance Check" -- records indicating that the  
16 mail in question has a weight per piece that either (1) is lower than the minimum weight

---

6. These programs were provided in USPS-LR-I-25, Appendix A.

1 for a Parcel Post piece less 5%, or (2) is higher than the maximum weight for a Parcel  
2 Post piece plus 5%.<sup>7</sup>

3 When the computer assigns an error code to a record, that record is "flagged."  
4 The Postal Service may address a flagged record in one of the following ways:

5 ♦ If the record "materially" affects the final results, the Postal Service may  
6 "impute" missing revenue, piece, or weight estimates based on the information that is  
7 not missing (Tr. 2/1030-32);

8 ♦ The Postal Service may communicate with the PERMIT System office  
9 from which the data came to determine the "correct" value for that aggregated record.  
10 Tr. 2/1031-32. Any corrections, according to Postal Service Witness Hunter, must be  
11 made at the PERMIT System level (Tr. 2/1033); or

12 ♦ If the record does not "materially" affect the final result, the record may not  
13 be corrected. Tr. 2/1030.

14 After this process is completed, the remaining records are again run through  
15 Jobs 1 through 3. USPS-LR-I-25, at 3-5. This iterative process is repeated until, in  
16 Postal Service Witness Hunter's judgment, all materially significant records have been  
17 addressed. The Postal Service does not keep any records of what changes are made  
18 to "correct" the data. Tr. 2/1033, 1036.

---

7. Parcel Post records are not subjected to the Weight Tolerance Check as the computer code is presently written. It is not clear whether this represents a computer programming error, or whether it was intentional.

1           The Postal Service sometimes adjusts the data for missing records. For example,  
2 if for a particular quarter, finance office, and VIP Code there are records for two of three  
3 accounting periods but not the third, a value for the third accounting period is supplied  
4 by assuming that the missing data would be the same as the average of the data for the  
5 other two accounting periods. Tr. 2/1039-42.

6           The BRPW system includes an adjustment of the BRPW estimates for each  
7 category of mail where a revenue account is uniquely associated with the category.  
8 USPS-T-5 at 2-3; Tr. 2/1046-47. That is, where the Postal Service's accounting system  
9 separately records for a category of mail the revenue for that category (rather than  
10 recording the revenue for that type in a general revenue account), the BRPW-estimated  
11 revenue is adjusted to match the revenue in the trial balance account for the category.  
12 The volume and weight estimates for that category are then adjusted in light of the  
13 revenue adjustment.

14           It is important to note that this adjustment process changes the BRPW revenue  
15 estimate to reflect the actual revenue in the trial balance account, and not vice versa. In  
16 other words, the BRPW estimate is recognized as just that -- an estimate that could be  
17 wrong and in need of adjustment. This trial balance reconciliation process provides an  
18 important "check" on the BRPW estimates. However, since there was no unique trial  
19 balance account associated with permit imprint Parcel Post in FY1998, that check was  
20 not performed for Parcel Post in FY1998. Tr. 2/1047-48.





1           ♦       The BRPW estimates are increased by multiplying them by the blowup  
2 factor of 1.0092754219 developed in the withheld survey of non-PERMIT System  
3 offices;

4           ♦       Total RPW revenue is reconciled to the Postal Service's Official  
5 Accounting revenue by adjusting the DRPW results by a "Book Revenue Adjustment  
6 Factor," described below;

7           ♦       The revenue, piece, and weight estimates from the BRPW, DRPW,  
8 Miscellaneous/OMAS, and International RPW systems are combined; and

9           ♦       The result is converted to a GFY from a PFY basis to arrive at the Postal  
10 Service's final GFY1998 revenue, piece, and weight estimates for Parcel Post.

11           The Book Revenue Adjustment Factor is calculated as follows (figures are for  
12 FY1998 and are derived from USPS-LR-I-30, USPS-LR-I-249, and USPS-LR-I-302):

13	Total Postal Service Trial Balance (Actual Revenue)	\$60.19 Billion
14	Less: BRPW Revenue Estimate	\$27.61 Billion
15	Less: International Revenue	\$0.91 Billion
16	Less: Miscellaneous Revenue	\$3.36 Billion
17	<b>Equals: Trial Balance for DRPW Estimates</b>	<b>\$28.31 Billion</b>
18	DRPW Revenue Estimate	\$30.01 Billion
19	Plus: COD and Registered Mail Revenue	\$0.01 Billion
20	Plus: Address Correction Revenue	\$0.05 Billion
21	<b>Equals: DRPW Revenue Estimate</b>	<b>\$30.07 Billion</b>

22           **Trial Balance \$28.31 Billion/DRPW Estimate of \$30.07 Billion = 0.9414**



1 This Book Revenue Adjustment Factor of 0.9414 is applied to the DRPW estimates to  
2 reduce the DRPW portion of the revenue estimate for each class of mail so that the total  
3 RPW revenue estimate matches the Postal Service's actual total revenue.

4 The process by which the estimates produced by the RPW Adjustment System  
5 are "reconciled" or adjusted to the Postal Service's total trial balance revenue implicitly  
6 assumes that the BRPW estimates are correct. This implicit assumption may have  
7 been made because when the BRPW System was used only to estimate the volumes  
8 and revenues of mail associated with unique revenue accounts, the BRPW estimates  
9 already included a trial balance adjustment. In fact, Postal Service Witness Hunter's  
10 description of the BRPW System begins by defining it as a system which "provides  
11 estimates of revenue and volume totals where bulk mail categories correspond to the  
12 Postal Service's revenue accounting system." USPS-T-5 at 2. As noted, that was not  
13 the case for Parcel Post in FY1998, however.

14 **THE NEW BRPW PARCEL POST ESTIMATION**  
15 **SYSTEM IS NOT ADEQUATELY DOCUMENTED.**

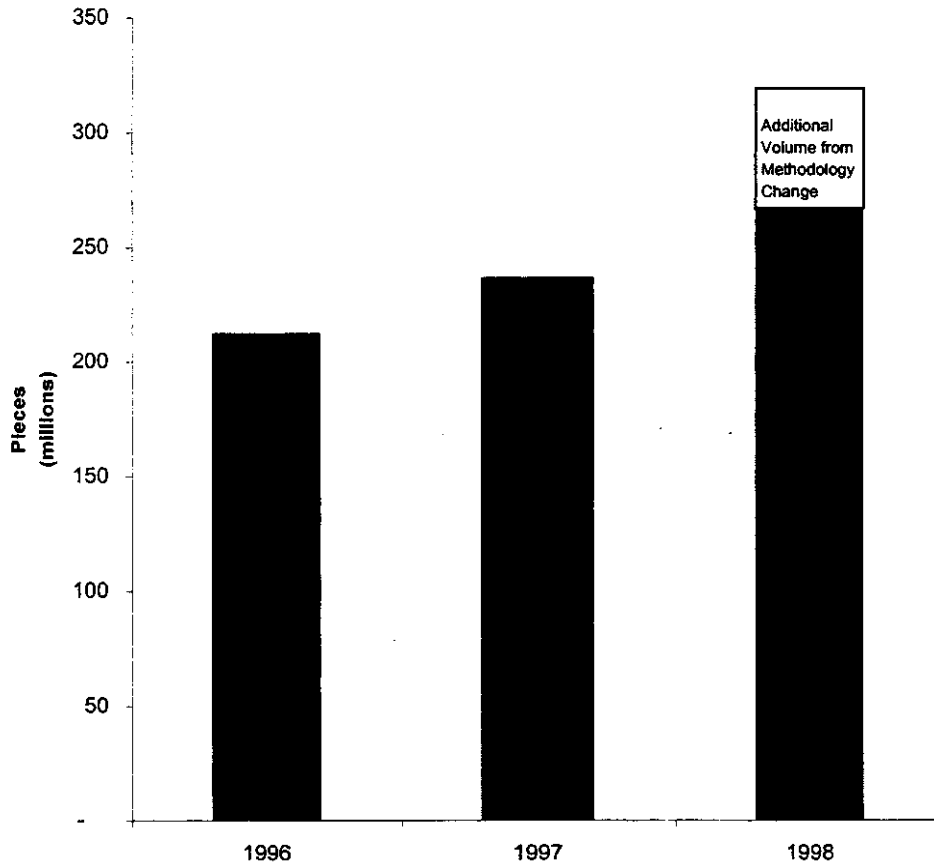
16 While the historic process of generating revenue, piece, and weight estimates for  
17 Parcel Post based solely on the DRPW system has been in place for many years, the  
18 new Parcel Post estimation process is based on a recently-created combination of the  
19 BRPW and DRPW systems. It is being used for Parcel Post for the first time in this  
20 proceeding. As a result, its implementation deserves special scrutiny, especially since  
21 one of its chief defenders -- Postal Service Witness Hunter -- testified during cross-  
22 examination that he did not have a great deal of familiarity with Parcel Post. Tr. 2/1029.

1           Switching Parcel Post from the DRPW system to the joint BRPW/DRPW system  
2 required system redesign and reprogramming. This was necessary to ensure, for  
3 example, that permit imprint Parcel Post pieces were excluded from the final DRPW  
4 estimate for Parcel Post. Without such reprogramming, permit imprint Parcel Post  
5 would be double-counted in BRPW and in DRPW.

6           The BRPW/DRPW results differ significantly from the prior DRPW-only results,  
7 as Figure 1 shows. The BRPW/DRPW approach estimates total Parcel Post volume in  
8 GFY1998 to be 316 million pieces rather than the 266 million pieces estimated by  
9 DRPW alone -- an increase of approximately 19%. This fact by itself raises a serious  
10 issue: If the new approach is more accurate, how could the long-accepted DRPW  
11 system produce such erroneous results? On the other hand, if something is not  
12 seriously wrong with the DRPW sampling system, then how can the new approach be  
13 accepted as uncritically as the Postal Service seems to have done?

**FIGURE 1**

**DRPW versus Hybrid Parcel Post Volume Estimates**



Sources: USPS-T-11, Exhibit USPS-11C, at 4 (BY1998 Parcel Post volume); USPS-LR-I-125; USPS-LR-I-117, United States Postal Service Domestic Mail Volume History 1970-1998, at 8; United States Postal Service Cost and Revenue Analysis Fiscal Year 1998 (September 30, 1998) at 3.

- 1            There seems to have been no investigation of this substantial discrepancy
- 2            between the two systems. That is disturbing, especially since the BRPW process
- 3            cannot be fully and completely replicated.

1           The iterative process used to change the data was not documented and  
2 therefore cannot be replicated. Mr. Hunter acknowledged that he did not maintain any  
3 record of the changes he made to the aggregated BRPW data. Tr. 2/1033, 1036.  
4 Moreover, there is no way of knowing what changes were made to the unaggregated  
5 PERMIT System data before it was aggregated and sent to Mr. Hunter. Tr. 2/1032. In  
6 other words, the process used to arrive at the BRPW estimates is inherently  
7 impenetrable.

8           The Postal Service has stated that it has provided the BRPW "input" data. The  
9 data provided to date is *not* raw "input" data. Even under the Postal Service's restricted  
10 definition of "input" data, the data provided was first scrubbed by Mr. Hunter. The  
11 unscrubbed data has not been provided. Thus, the Commission and intervenors are left  
12 to speculate as to (1) how or why Mr. Hunter deemed the particular changes he made to  
13 the unscrubbed data to be necessary, (2) what those changes were, and (3) the impact  
14 of those changes on the resulting estimates. Under these circumstances, it is  
15 impossible to evaluate with any degree of confidence how reliable the aggregated  
16 postage statement data is. This is particularly disturbing in light of Mr. Hunter's  
17 acknowledged lack of experience and familiarity with Parcel Post. Tr. 2/1029.

18           Furthermore, the Postal Service's refusal to provide postage statement-level data  
19 makes it impossible to determine the reliability of the PERMIT System data on which the  
20 BRPW Parcel Post estimates are based. The high level of aggregation of the data (see  
21 Exhibit UPS-T-4C hereto, filed under seal) could hide significant errors in the PERMIT  
22 System data on which the BRPW estimates are based. As shown in Exhibit UPS-T-4C  
23 (filed under seal), even these highly aggregated records contain nonsensical results.

1 Since individual transaction-level records have not been made available, there is no  
2 way of knowing how many individual records that are used to compile the aggregated  
3 data may contain similar nonsensical information. The high level of aggregation could  
4 mask a substantial number of clearly erroneous individual records.

5 This lack of complete documentation and the potentially incorrect information in a  
6 number of the highly aggregated records undermines the credibility of the BRPW Parcel  
7 Post estimates.

8 In addition, Mr. Hunter did not investigate the adequacy of the PERMIT System  
9 data that underlies his analysis. Instead, he accepts that data completely on faith.  
10 Again, this is disturbing, since he has repeatedly admitted that he is "not a PERMIT  
11 expert." Tr. 2/946, 972, 973, 974, 979, 991, 1050.

12 Any good analyst must know the nature and limitations of the data used in his  
13 analysis. Yet, Mr. Hunter has provided estimates of revenue, pieces, and weight for a  
14 type of mail he knows little about, using data derived from a system he knows little  
15 about. That is not good analytical practice.

16 **THE BRPW PARCEL POST ESTIMATES**  
17 **ARE UNTESTED AND UNRELIABLE.**

18 A. The Postal Service Has Failed to Apply a Trial Balance Revenue  
19 Account Adjustment to the Parcel Post BRPW Estimates.

20 The Postal Service's FY1998 Parcel Post BRPW estimates are missing an  
21 important check on the reasonableness of those estimates (and, implicitly, on the  
22 accuracy of the underlying PERMIT System postage statement data): There was no

1 unique revenue account associated with permit imprint Parcel Post to reflect actual  
2 Parcel Post revenues, and therefore there was no adjustment of the BRPW Parcel Post  
3 estimates to match actual permit imprint Parcel Post revenues.

4 As shown in Exhibit UPS-T-4D (filed under seal), 64% of the revenue estimated  
5 by the BRPW system was subjected to a trial balance adjustment in FY1998. The only  
6 significant BRPW category of mail other than Parcel Post not subjected to a trial  
7 balance adjustment was First Class non-single piece precanceled stamped, and  
8 metered mail, which was also a relatively new addition to the BRPW system. Excluding  
9 that category, over 91% of the BRPW-estimated revenue was adjusted based on trial  
10 balance revenue account information.

11 The trial balance adjustment ensures that BRPW estimated revenue does not  
12 exceed or understate actual revenues. The trial balance adjustment is also used to  
13 adjust the related estimates of pieces and weight for each of the mail classes. Parcel  
14 Post BRPW estimates for FY1998 did not include this critical accuracy check.

15 In short, the Postal Service appears to have implemented its new system for  
16 estimating permit imprint Parcel Post revenue, pieces, and weight prematurely, before it  
17 had implemented necessary controls. Thus, the Parcel Post BRPW estimates are  
18 simply assumed to be correct without any external validation.

19 Moreover, the new system eliminated another adjustment process previously  
20 applied to permit imprint Parcel Post estimates when the DRPW system alone was used  
21 to estimate total Parcel Post volume and revenue -- the RPW Adjustment System's

1 Book Revenue Adjustment. In FY1998, the Book Revenue Adjustment Factor was  
2 0.94, or a downward adjustment to revenues, volumes, and weight of 6%.

3 In past years, the total Parcel Post revenue, piece, and weight estimates were  
4 adjusted by the Book Revenue Adjustment Factor because they were derived wholly  
5 from DRPW. In this proceeding, only the DRPW-based Parcel Post estimates were  
6 adjusted by the Book Revenue Adjustment Factor. Had the BRPW portion of the Parcel  
7 Post estimates been adjusted as well, the Postal Service's own Parcel Post volume and  
8 revenue estimates for FY1998 would be lower by approximately 14 million pieces and  
9 \$37 million.

10 Given the absence of any check on the hybrid BRPW/DRPW Parcel Post  
11 estimates, the Commission should not use those estimates, but should instead use the  
12 FY1998 DRPW-only estimates the Postal Service originally adopted, as contained in the  
13 record. See Tr. 2/735-38.

14 B. There Are Substantial Reasons to Question the Accuracy  
15 of the BRPW Parcel Post Estimates.

16 The BRPW error-checking process is flawed. In the weight per piece tolerance  
17 check (see pages 9-10, above), the BRPW program adds a 5% cushion to the highest  
18 possible and to the lowest possible Parcel Post weight limits before data records are  
19 error-flagged. Thus, an aggregated Parcel Post BRPW data record could show an  
20 average weight per piece of as high as 73.5 pounds before the BRPW data error  
21 checking process would flag it as erroneous, even though the maximum weight of a  
22 Parcel Post piece is 70 pounds. Tr. 2/1016. Similarly, an aggregated record could  
23 show an average weight per piece of 5% less than a pound and still not be flagged as

1 erroneous, even though the minimum weight of a Parcel Post piece is one pound. Tr.  
2 2/1018.

3 This means, for example, that heavier Standard (A) Mail pieces could be  
4 mistakenly entered into the PERMIT System data base as Parcel Post, and the BRPW  
5 system's weight check would not error-flag the record. Indeed, given the level of  
6 aggregation of the BRPW data, even lighter Standard (A) Mail pieces could be  
7 mistakenly counted as Parcel Post pieces without detection. As discussed below, there  
8 is evidence that the FY1998 data is infected by errors such as this.

9 Likewise, the revenue per piece tolerance check has a built-in 5% cushion. The  
10 FY1998 rates for a DBMC zone 2 piece ranged from a low of \$2.10 (the rate for a two  
11 pound piece) and a high of \$5.24 (the rate for a 70 pound piece), but the average rate  
12 paid (revenue per piece) in the BRPW data could be as high as \$5.50 or as low as  
13 \$2.00 before the data would be error-flagged. Again, given the level of aggregation of  
14 the BRPW data, there could be significant errors in a substantial number of individual  
15 postage statements beyond the unflagged BRPW records that would escape the BRPW  
16 data error check process.

17 The BRPW tests, by design, only flag extreme errors. The revenue tolerance  
18 and weight tolerance checks only flag those records where the average revenue per  
19 piece or the average weight per piece *for the entire aggregated record* falls outside  
20 the lowest possible or the highest possible Parcel Post weights or rates for the zone  
21 covered by the record. For example, a DBMC zone 3 record will be flagged only if the  
22 rate paid (revenue per piece) for that record is either 5% less than \$2.25 (the FY1998



1 zone 3 DBMC rate for a two pound piece) or 5% greater than \$6.79 (the FY1998 zone 3  
2 DBMC rate for a 70 pound piece). There are 69 different rates for DBMC zone 3 Parcel  
3 Post shipments. Yet, the BRPW system only checks whether a DBMC record falls  
4 below the DBMC rate for a two pound piece or above the DBMC rate for a 70 pound  
5 piece, even if the pieces covered by the record weighed anywhere within the one pound  
6 to 70 pound weight range for Parcel Post.

7 In other words, the data checks are unable to detect errors for each different  
8 weight category. If, for example, a DBMC zone 3 record correctly had an average  
9 weight of five pounds but incorrectly had a revenue per piece (rate paid) of \$6.45 -- the  
10 rate for a 60 pound piece -- the record would not be flagged.

11 On the other hand, DRPW samples already provide rate cell detail for all  
12 sampled Parcel Post pieces. When a DRPW sample is taken, the weight of the piece,  
13 the zone to which it is sent, and its rate category is known with certainty. That is not  
14 true for the aggregated BRPW data. The BRPW billing determinant data is forced to  
15 assume that the permit imprint Parcel Post zone/weight cell distribution is like that of  
16 DRPW Parcel Post. Thus, not only does BRPW provide no additional detail, but it in  
17 fact provides less detailed information than does DRPW. Response of United States  
18 Postal Service to UPS/USPS-T5-86, Tr. 21/9337-38.

19 This problem is recognized in the A.T. Kearney Data Quality Study at page 93 of  
20 the Summary Report, § 11.0, which notes that "the Postal Service's Bulk RPW system,  
21 and the related PERMIT system does not retain data on the volume of mail by weight  
22 increment . . . instead the system maintains information on the total weight, pieces, and

1 revenue associated with all mailings tendered as part of the transaction.” The study  
2 further notes that this lack of data forces the Postal Service to impute volume by weight  
3 category, and that the results can vary significantly depending on the imputation  
4 methodology. It concludes by noting that “[b]ased upon this weakness, the existing  
5 costing and volume reporting systems do not provide reliable and complete estimates of  
6 mail volumes by weight.”

7 I cannot emphasize enough that the level of aggregation of the BRPW records  
8 makes impossible any meaningful examination of the accuracy or reliability of the data  
9 upon which the BRPW Parcel Post estimates are based. It must be remembered that  
10 each BRPW record is an aggregation of all shipments at a facility during an Accounting  
11 Period for an entire Parcel Post rate category by zone. As my Exhibit UPS-T-4C (filed  
12 under seal) shows, this means that many records each represent numerous shipments.

13 In short, the BRPW checks provide no comfort that the data is accurate. This  
14 approach stands in stark contrast to the record-by-record editing and verification  
15 procedures performed on the DRPW data.

16 There is good reason to be concerned that the individual, non-aggregated data in  
17 the withheld PERMIT System data base upon which the BRPW system relies may be  
18 inaccurate. The audit reports of bulk mail acceptance that have been produced to date

1 (USPS-LR-I-323) contain findings that call into question the reliability of the postage  
2 statement data that makes up the withheld PERMIT System data base.<sup>9</sup>

3         These reports reveal, for example, instances in which Postal Service employees  
4 who accepted bulk mailings did not verify mailings at the time the mail was presented,  
5 as required by Postal Service procedures.<sup>10</sup> Bulk Mail Acceptance Unit employees are  
6 instructed to weigh a piece from the mailing and then the total mailing to calculate the  
7 total number of pieces in the mailing, among other tasks. The audit reports indicate that  
8 this was often not done. In other instances, untrained personnel performed PERMIT  
9 System tasks.<sup>11</sup> And non-supervisory personnel used supervisory ID codes to effect  
10 system overrides and reversals without supervisory review, contrary to required  
11 procedures.<sup>12</sup>

12         The audit reports are not the only source of information which suggests that the  
13 high level of aggregation in the BRPW data base masks errors in the PERMIT System  
14 data base. While the Postal Service has repeatedly refused to produce postage

---

9. The Postal Service has refused to produce a substantial number of additional bulk mail unit audit reports. United States Postal Service Objection to Interrogatory of United Parcel Service UPS/USPS-12 (April 20, 2000); United States Postal Service Answer in Opposition to Motion of United Parcel Service to Compel Production of Documents Requested in Interrogatory UPS/USPS-12, filed April 10, 2000 (May 8, 2000).

10. The bulk mail acceptance procedures in effect during FY1998 were set forth in Handbook DM-102, issued in 1989. Tr. 21/9300.

11. See, e.g., USPS-LR-I-323, at 148-49 (Postal Inspection Service, Audit Report: Financial Audit, Case No. [redacted] (November 1997), at 15-16)

12. See, e.g., USPS-LR-I-323, at 31 (Postal Inspection Service, Audit Report: Financial Audit, Case No. [redacted] (August 1998), at 18)

1 statements for BRPW permit imprint Parcel Post,<sup>13</sup> some Form 8125s have been  
2 produced. See USPS-LR-I-314, filed under seal. The information on these forms  
3 (relating to plant-verified drop shipments) is taken from postage statements; the  
4 information they contain should, by design, match that on the postage statements to  
5 which they relate. A review of the produced Form 8125s shows instances in which the  
6 mail class indicated is Standard (B) DBMC Parcel Post whereas the piece weight  
7 demonstrates that the mail cannot possibly be Parcel Post but rather must actually be  
8 Standard Mail (A). See Exhibit UPS-T-4E. This suggests that Standard Mail (A) pieces  
9 have been recorded as Standard (B) Parcel Post mail in the PERMIT system, thus  
10 infecting the BRPW estimates. Because the BRPW data checks are performed on  
11 aggregated data, errors such as these would almost certainly not be detected by the  
12 BRPW error check process.

13       The available audit reports and the limited postage statement-level data made  
14 available for review calls into serious question the integrity of the PERMIT System data  
15 base and therefore the BRPW Parcel Post estimates based on that data. In the  
16 absence of a more thorough review of the underlying data than the Postal Service has  
17 conducted (or permitted) in this case, the Postal Service's after-the-fact adjustment of

---

13. See attached Objection of United States Postal Service to Interrogatory of United Parcel Service and UPS/USPS-12A-15, 35; Response to United Parcel Service Motion to Compel Responses to UPS/USPS-12A-15; and Response of United States Postal Service to Motion of United Parcel Service to Compel Production of Information and Documents in Interrogatory UPS/USPS-6 or, in the Alternative to Extend Discovery Deadline on BRPW Parcel Post Estimates (filed May 5, 2000), at 2 n.2.

1 its original DRPW-based estimates of FY1998 Parcel Post volume and revenue should  
2 not be accepted.

3 C. The Joint Use of BRPW and DRPW Leads to Possible  
4 Double-Counting For Parcel Post.

5 For most mail subclasses, RPW estimates are derived almost exclusively from  
6 one or the other of the two systems, either BRPW or DRPW. That is not true for Parcel  
7 Post.

8 As shown in Table 1, below, 33 percent of the total Parcel Post revenue estimate  
9 is derived from the DRPW system and 65 percent is derived from BRPW.<sup>14</sup> For all other  
10 major subclasses, approximately 90 percent of estimated revenue is derived from a  
11 single source, whether BRPW or DRPW. Excluding Bound Printed Matter from this  
12 calculation, over 98 percent of revenue for each subclass is derived from either BRPW  
13 alone or DRPW alone.

---

14. About 2 percent of Parcel Post revenue is derived from the Miscellaneous/OMAS subsystem.

Table 1

## Revenue Source by Major Subclass

Service Category	Total Revenue	DRPW Revenue	BRPW Revenue	% DRPW	% BRPW
First Class Single Piece	22,420	22,363	0	99.7%	0.0%
First Class Presort	11,291	45	11,047	0.4%	97.8%
Priority Mail	4,186	4,159	14	99.3%	0.3%
Periodicals (except Fees)	2,052	0	2,050	0.0%	99.9%
Standard A Single Piece	124	124	0	100.0%	0.0%
Other Std A (except Fees)	13,501	0	13,435	0.0%	99.5%
Std B Parcel Post	948	309	620	32.6%	65.4%
Std B Bound Printed Mtr	428	48	380	11.2%	88.8%

1 Source: USPS-T-5, at 6-7, Table 1.

2 The heavy reliance on both systems simultaneously in the case of Parcel Post  
3 places unusual importance on ensuring that mail counted in one system is not also  
4 counted in the other. The Postal Service does not face this problem to any significant  
5 degree in any mail subclass other than Parcel Post.

6 The only way to avoid a double-count of permit imprint Parcel Post under these  
7 circumstances is for permit imprint Parcel Post observations in DRPW to be excluded  
8 from the ultimate DRPW data. Thus, ensuring that Parcel Post volume and revenue is  
9 not overstated depends heavily on the ability to identify correctly whether a particular  
10 piece of Parcel Post sampled in DRPW was paid for under a permit imprint or not, and  
11 to correctly record the payment indicia on the piece.

1           The correct assignment of the permit imprint RPW code for Parcel Post in DRPW  
2 appears to rest entirely on the response the DRPW data collector makes to only one  
3 question in the CODES RPW software.<sup>15</sup> As described in USPS-LR-I-37 (Handbook F-  
4 75, Data Collection User's Guide for Revenue, Volume, and Performance Measurement  
5 Systems) at page 3-109, the data collector must identify, for each container or mail  
6 piece, whether postage was paid by stamps, by meter, by permit imprint, by stamped  
7 envelope, or by precanceled stamp. When the Parcel Post estimates were derived  
8 entirely from the DRPW system, the accuracy of this one response was not so  
9 important: regardless of the indicia type recorded, the piece was counted in arriving at  
10 the Parcel Post estimates. Under the hybrid BRPW/DRPW system, however, if a permit  
11 imprint Parcel Post piece is incorrectly recorded as, say, a metered piece, it is  
12 incorrectly counted in both the DRPW system and in the BRPW system.

13           In short, the integrity and reliability of the Postal Service's FY1998 hybrid system  
14 rests in large part on one data collection question which, until PQ1 of FY1999, was  
15 previously of no consequence. There is no evidence that the Postal Service  
16 communicated to the DRPW data collectors that this previously unimportant question  
17 had suddenly assumed critical significance to the accuracy of the Postal Service's  
18 Parcel Post volume and revenue estimates. Indeed, since the decision to restate the  
19 FY1998 Parcel Post estimates was not made until after FY1998 was over, the data

---

15. CODES is the laptop Computerized On-Site Data Entry System which is used to record mail piece information for the mail sampled and counted by DRPW data collectors during the administration of a DRPW test.

1 collectors could not possibly have been aware of this fact when they collected the  
2 FY1998 DRPW data.

### 3 SUMMARY AND CONCLUSIONS

4 The Postal Service has prematurely and unwisely altered the methodological  
5 basis upon which estimates of revenue, volume, and weight are developed for Parcel  
6 Post. Reliance on the hybrid BRPW/DRPW system proposed by the Postal Service in  
7 this case poses unacceptable risks and no benefits, particularly given the dramatic but  
8 unexplained increase in revenue, volume, and weight the new method generates. The  
9 hybrid system suffers from a number of flaws:

- 10 ♦ It is inadequately and incompletely documented, rendering thorough  
11 investigation difficult, if not impossible;
- 12 ♦ Unlike other BRPW mail categories, the 1998 BRPW Parcel Post  
13 estimates are not subject to a unique trial balance account adjustment.
- 14 ♦ The existing BRPW validation checks are essentially meaningless  
15 because of the high level of aggregation of the data;
- 16 ♦ Evidence suggests that the PERMIT System data may not be accurate;
- 17 ♦ The new system provides less detail on the volume of mail by weight  
18 increment, rendering billing determinants less accurate than under the DRPW-  
19 only system; and



1           ♦       The reliance of the new system on the joint use of BRPW and DRPW  
2           places a new and unusual burden on the careful training and accuracy of DRPW  
3           data collectors to provide assurances that permit imprint Parcel Post is not  
4           double counted, training that could not have been conducted when the FY1998  
5           DRPW data was collected.

6           For all of these reasons, and because the tested, reliable, and more detailed  
7           DRPW-only estimates are available, I recommend that the Commission reject the  
8           FY1998 Parcel Post estimates derived from the new method and instead adopt the  
9           FY1998 DRPW-only based revenue, volume, and weight estimates for Parcel Post  
10          originally embraced by the Postal Service.

United States Postal Service  
Postage Statement — Priority Mail and  
Zoned Rate Standard Mail (B) — Permit Imprint

EXHIBIT UPS-T-4A  
Page 1 of 2

MAILER: Complete all items by typewriter, pen, or indelible pencil. If you need a receipt, prepare in duplicate.

Mailer Information	Post Office of Mailing		Mailing Date	Processing Category (DMM C050) <input type="checkbox"/> Letters <input type="checkbox"/> Flats <input type="checkbox"/> Machinable Parcels <input type="checkbox"/> Irregular Parcels <input type="checkbox"/> Outside Parcels	USPS Authorized Mailing ID Code(s)
	Permit No.	Federal Agency Cost Code	Statement Sequence No.		
	Permit Holder's Name and Address (Include ZIP Code)		Telephone	Receipt No.	
	Container Quantities (Fill in all that apply)				
	1-FL MM Trays _____ 2-FL MM Trays _____ 2-FL EMM Trays _____ Total Ltr. Trays _____ Flat Trays _____ Number of Sacks _____ Number of Pallets _____ Number of Other _____				
	Weight of a Single Piece _____ pounds				
Dun & Bradstreet No. _____		Total Pieces _____		Total Weight _____	
CTAS Cust. Ref. ID _____		If Bound Printed Matter, Sacking Based On <input type="checkbox"/> 10 pcs. <input type="checkbox"/> 20 lbs. <input type="checkbox"/> 1,000 cu. in.			
Name and Address of Individual or Organization for Which Mailing Is Prepared (If other than permit holder)			Name and Address of Mailing Agent (If other than permit holder)		
Dun & Bradstreet No. _____			Dun & Bradstreet No. _____		

Postage Computation	<input type="checkbox"/> For bound printed matter (DMM E623 and E633), go to Part A on the reverse of this form. (Check if catalog bound printed matter) → <input type="checkbox"/>		Postage (From reverse side) →	Part A	\$
	<input type="checkbox"/> For parcel post (DMM E622), go to Part B on the reverse of this form. (Check if bulk parcel post) → <input type="checkbox"/>			Part B	\$
	<input type="checkbox"/> For destination BMC / ASF mail (DMM E652), go to Part C on the reverse of this form.			Part C	\$
	<input type="checkbox"/> For Priority Mail (DMM E120), go to Part D on the reverse of this form.			Part D	\$
Additional Postage Payment (Check reason) <input type="checkbox"/> Nonmachinable Surcharge (Inter-BMC Parcel Post Only) <input type="checkbox"/> Special Service (Specify)			No. Pieces	Rate/Fee Per Pc. = \$	
				x \$ _____ = \$	
<b>Total Postage</b> →				<b>\$</b>	

Certification	The signature of a mailer certifies that it will be liable for and agrees to pay, subject to appeals prescribed by postal laws and regulations, any revenue deficiencies assessed on this mailing. (If this form is signed by an agent, the agent certifies that it is authorized to sign this statement, that the certification binds the agent and the mailer, and that both the mailer and the agent will be liable for and agree to pay any deficiencies.)	
	The submission of a false, fictitious, or fraudulent statement may result in imprisonment of up to 5 years and a fine of up to \$10,000 (18 USC 1001). In addition, a civil penalty of up to \$5,000 and an additional assessment of twice the amount falsely claimed may be imposed (31 USC 3802).	
	I hereby certify that all information furnished on this form is accurate and truthful, and that the material presented qualifies for the rates of postage claimed.	
Signature of Permit Holder or Agent (Both principal and agent are liable for any postage deficiency incurred.)		Telephone

User's Use Only	Single-Piece Weight _____ pounds		Are figures at left adjusted from mailer's entries? <input type="checkbox"/> Yes <input type="checkbox"/> No			
	Total Pieces	Total Weight	If "Yes," Reason			
	Total Postage					
	<input type="checkbox"/> Presort Verification Not Scheduled <input type="checkbox"/> Presort Verification Performed as Scheduled		Date Mailer Notified	Contact	By (Initials)	Round Stamp (Required)
	I CERTIFY that this mailing has been inspected concerning: (1) eligibility for postage rate claimed; (2) proper preparation (and presort where required); (3) proper completion of postage statement; and (4) payment of required annual fee.					
Signature of Weigher				Time	AM PM	

7.19.20

**Form 3605-R — Priority Mail and Zoned Rate Standard Mail (B) — Permit Imprint**

**A. Bound Printed Matter**

Post Office Finance Number \_\_\_\_\_

Check as applicable:

Single-piece  Bulk  Catalog

Zone	Single-Piece Rate			Basic Bulk Piece Rate			Carrier Route Bulk Piece Rate			Basic & Carrier Route Bulk Pound Rate			(13) Total Postage Part A
	(1) Number of Pieces	(2) x Rate	(3) = Single-Piece Rate Postage	(4) Number of Pieces	(5) x Rate	(6) = Basic Piece Rate Charge	(7) Number of Pieces	(8) x Rate	(9) = Carrier Route Piece Rate Charge	(10) Number of Pounds	(11) Pound Rate	(12) BPM Pound Rate Charge	
Local													
1 & 2						\$\$.53							
3						.70							
4						.70							
5						.70							
6						.70							
7						.70							
8						.70							
<b>Totals</b>													

**B. Parcel Post**

Check if bulk parcel post

Zone	Inter-BMC Parcel Post			Intra-BMC Parcel Post			Total Postage Part B
	Number of Pieces	x Inter-BMC Rate	= Inter-BMC Postage	Number of Pieces	x Intra-BMC Rate	= Intra-BMC Postage	
Local							
1 & 2							
3							
4							
5							
6							
7							
8							
<b>Totals</b>							

**C. Destination BMC / ASF Mail**

Zone	Number of Pieces	x Destination BMC / ASF Rate	= Total Postage Part C
1 & 2			
3			
4			
5			
<b>Totals</b>			

**D. Priority Mail**

Zone	Presorted Pieces			Single-Piece / Residual Pieces			Total Postage Part D
	Number of Pieces	x Presorted Priority Rate	= Presorted Priority Postage	Number of Pieces	x Priority Rate	= Single-Piece Priority Postage	
Local							
1 & 2							
3							
4							
5							
6							
7							
8							
<b>Totals</b>							

p. 20 of 20

United States Postal Service  
**Postage Statement — Parcel Post  
Permit Imprint**

**Post Office Note: Mail Arrival Time**

<b>Mailer Information</b>	Permit Holder's Name and Address	Telephone	Name and Address of Mailing Agent (If other than permit holder)	Telephone	Name and Address of Individual or Organization for Which Mailing is Prepared (If other than permit holder)
	Dun & Bradstreet No. _____		Dun & Bradstreet No. _____		Dun & Bradstreet No. _____
	CAPS Cust. Ref. ID				

<b>Mailing Information</b>	Post Office of Mailing	Mailing Date	Federal Agency Cost Code	Statement Sequence No.	Receipt No.
	Permit No.	Weight of a Single Piece _____ pounds		Total Pieces	Total Weight
	If Sacked or Bundled, Based on <input type="checkbox"/> Piece Count <input type="checkbox"/> 20 Lbs. <input type="checkbox"/> 1,000 Cu. In.	Processing Category (DMM C050) <input type="checkbox"/> Flats <input type="checkbox"/> Irregular Parcels <input type="checkbox"/> Outside Parcels <input type="checkbox"/> Machinable Parcels		Number of Containers (Fill in all that apply) 1' MM Trays <u>N/A</u> 2' MM Trays <u>N/A</u> 2' EMM Trays <u>N/A</u> Total Ltr Trays <u>N/A</u> Flat Trays <u>N/A</u> Number of Sacks _____    Number of Pallets _____    Number of Other _____	

Separation Method: All pieces must be separated by zone when presented for acceptance except when postage is reported under an MMS.

<b>Postage Computation (DMM P013)</b>	For Barcoded Inter-BMC/ASF Machinable	Total From Part A (On reverse)
	For Nonbarcoded Inter-BMC/ASF Machinable	Total From Part B (On reverse)
	For Inter-BMC/ASF Nonmachinable	Total From Part C (On reverse)
	For Local and Intra-BMC/ASF	Total From Part D (On reverse)
	For Destination Entry (DDU/DSCF/DBMC)	Total From Part E (On reverse)
	For Special Services and Other Fees	Total From Attached Form 3540-S
Postmaster: Report total postage in AIC 223.		<b>Total Postage Due (Add lines above) →</b>

<b>Certification</b>	<p>The signature of a mailer certifies that it will be liable for and agrees to pay, subject to appeals prescribed by postal laws and regulations, any revenue deficiencies assessed on this mailing. (If this form is signed by an agent, the agent certifies that it is authorized to sign this statement, that the certification binds the agent and the mailer, and that both the mailer and the agent will be liable for and agree to pay any deficiencies.)</p> <p>The submission of a false, fictitious, or fraudulent statement may result in imprisonment of up to 5 years and a fine of up to \$10,000 (18 USC 1001). In addition, a civil penalty of up to \$5,000 and an additional assessment of twice the amount falsely claimed may be imposed (31 USC 3802).</p> <p>I hereby certify that all information furnished on this form is accurate and truthful, that the material presented qualifies for the rates of postage claimed, and that this mailing does not contain any hazardous materials prohibited by postal regulations.</p>	
	Signature of Permit Holder or Agent (Both principal and agent are liable for any postage deficiency incurred.)	Telephone

<b>USPS Use Only</b>	Weight of a Single Piece _____ pounds	Are figures at left adjusted from mailer's entries? <input type="checkbox"/> Yes <input type="checkbox"/> No	
	Total Pieces _____ Total Weight _____	If "Yes," Reason	
	Total Postage _____		
	Check One (If applicable) <input type="checkbox"/> Presort Verification Not Scheduled <input type="checkbox"/> Presort Verification Performed as Scheduled		
	I CERTIFY that this mailing has been inspected concerning: (1) eligibility for postage rate claimed; (2) proper preparation (and presort where required); (3) proper completion of postage statement; and (4) payment of required annual fee.	Date Mailed Notified	Contact
Verifying Employee's Signature _____	Verifying Employee's Name _____	Time _____	AM PM

**Round Stamp (Required)**

**Parcel Post — Permit Imprint**

**A. Barcoded Inter-BMC/ASF Machinable**

Zone	Single Piece			BMC Presort			OBMC Presort			Total Postage Part A
	Number of Pieces x	Rate (Include barcoded discount)	Postage	Number of Pieces x	Rate (Include barcoded discount)	Postage	Number of Pieces x	Rate (Include barcoded discount)	Postage	
1 & 2										
3										
4										
5										
6										
7										
8										
<b>Totals</b>										

**B. Nonbarcoded Inter-BMC/ASF Machinable**

Zone	Single Piece			BMC Presort			OBMC Presort			Total Postage Part B
	Number of Pieces x	Rate	Postage	Number of Pieces x	Rate	Postage	Number of Pieces x	Rate	Postage	
1 & 2										
3										
4										
5										
6										
7										
8										
<b>Totals</b>										

**C. Inter-BMC/ASF Nonmachinable**

Zone	Single Piece			BMC Presort			OBMC Presort			Total Postage Part C
	Number of Pieces x	Rate	Postage	Number of Pieces x	Rate	Postage	Number of Pieces x	Rate	Postage	
1 & 2										
3										
4										
5										
6										
7										
8										
<b>Totals</b>										

**D. Local and Intra-BMC/ASF**

Zone	Barcoded			Nonbarcoded			Total Postage Part D
	No. of Pieces x	Rate (Include barcoded discount)	Postage	No. of Pieces x	Rate	Postage	
Local							
1 & 2							
3							
4							
5							
<b>Totals</b>							

**E. Destination Entry (DDU/DSCF/DBMC)**

Zone	Barcoded			Nonbarcoded			Total Postage Part E
	No. of Pieces x	Rate (Include barcoded discount)	Postage	No. of Pieces x	Rate	Postage	
DDU							
DSCF							
DBMC Zones 1 & 2							
DBMC Zone 3							
DBMC Zone 4							
DBMC Zone 5							
<b>Totals</b>							

---

EXHIBIT UPS-T-4C:  
LEVEL OF DATA AGGREGATION  
AND IMPOSSIBLE RESULTS --  
FILED UNDER SEAL

---

---

EXHIBIT UPS-T-4D:  
MAIL CLASS/SUBCLASS COVERED  
BY TRIAL BALANCE ACCOUNT,  
BRPW SYSTEM --  
FILED UNDER SEAL

---

United States Postal Service  
**Plant-Verified Drop Shipment (PVDS)  
 Verification/Clearance**

484 F

Requested in-home Delivery Date (Three-day window) EXHIBIT UPS-T-4E, Page 1 of 110

Plant-Verified Drop Shipment (PVDS) Verified and Paid for a

Origin Mailing Plant (DMU Verification)  Origin Post Office (BMEU Verification)


**Part I - Mailer**

- A. Complete Part I, items 1-8 and Part III, item 1. Part I, items 9-11 are optional (If an appointment is required, item 9 may be required at time of entry).
- B. Submit this completed form with the related shipment(s) and postage statements(s) to the Detached Mail Unit (DMU) or Business Mail Entry Unit (BMEU) when the shipment is submitted for verification and clearance for dispatch.
- C. After the verifying employee has completed, signed, and dated this form, attach copies 2 and 3 to the left inside rear wall of the vehicle, just inside the rear doors. If the vehicle is to stop at multiple destination facilities to deposit mail, place the clearance documents for each stop in separate envelopes bearing the name of each entry office.

1. Mailer's Name [Redacted]		7. Total Gross Weight of Shipment 1690	
2. Origin Plant Location (City, State, ZIP + 4) [Redacted]		8. Type and Number of Containers <input checked="" type="checkbox"/> Pallets (with: <input type="checkbox"/> pks. <input type="checkbox"/> sacks <input checked="" type="checkbox"/> trays) <u>6</u> <input type="checkbox"/> Trays (bedloaded) <u>205</u> <input type="checkbox"/> Sacks (bedloaded) <input type="checkbox"/> Other (Describe): <u>WMP 6 into 2</u>	
3. Class of Mail <input type="checkbox"/> Periodicals <input type="checkbox"/> Standard (A) <input checked="" type="checkbox"/> Standard (B)	4. Product Name [Redacted]	9. Drop Shipment Appointment No. [Redacted]	10. USPS Authorized Mailing ID Code (Optional) 555 J0.
5. Type of Mail/Payment Method (Check all that apply) <input checked="" type="checkbox"/> Letters <input type="checkbox"/> Flat <input type="checkbox"/> Irregular <input type="checkbox"/> Permit <input type="checkbox"/> Machinable <input type="checkbox"/> Automation Compatible <input type="checkbox"/> Metered <input type="checkbox"/> Stamped	6. Destination Entry Discounts Claimed (Check all that apply) <input type="checkbox"/> DDU <input checked="" type="checkbox"/> DBMC <input type="checkbox"/> DSCF <input type="checkbox"/> Zone Rates <input type="checkbox"/> Shipment includes pieces for delivery outside of entry office service area		11. Additional documentation attached describing mail to be off-loaded at entry office (e.g., bill of lading, sack/tray/pallet listing, vehicle load diagram, etc.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No


**Part II - Post Office of Origin (Where Shipment is Verified)**

- A. Be sure the mailer has completed Part I, items 1-8 and Part III, item 1. (Part I items 10 and 11 are optional. Item 9 may be completed after dispatch time of entry.)
- B. Complete Part II, items 1-10. Show seal number that will be used to seal mailer's vehicle (at mailer's request) and vehicle ID number in item 8.
- C. Retain copy 2 for your records.
- D. Give copies 1 and 3 of this completed form to the mailer for placement in the vehicle in which shipments are dispatched.
- E. After vehicle is loaded, seal vehicle with PVDS seal at mailer's request.

1. Origin Post Office (City, State, and ZIP + 4) [Redacted]		9. USPS Employee Verifying Mail	10. Date  (Round Stamp)
2. Permit Number [Redacted]	3. Permit <input checked="" type="checkbox"/> Imprint <input type="checkbox"/> Stamped <input type="checkbox"/> Meter	a. Printed Name [Redacted]	
4. Single Piece Weight 0.0537	5. Total Pieces 23,049	6. Total Weight 1238	
7. Vehicle Seal Number (except 2nd class)	8. Vehicle ID No.	c. Telephone Number [Redacted]	

**Part III - Destination Entry Post Office or Delivery Unit**

- A. Reconcile information on this form against total volume in the shipment(s) deposited (e.g., count containers, weigh shipment, etc.)
- B. Verify that the seal number in Part II, item 3 matched that on the seal removed from the vehicle, if the vehicle was sealed.
- C. If the seal number and shipment volume match the shipment deposited, complete Part III, items 2-6, and accept the mail. Give copy 3 to driver, if requested.
- D. Retain copy 1 in your files for 1 year (along with the seal removed from the vehicle, if applicable.)
- E. If the shipment volume and/or seal number do not match: (1) hold the shipment and vehicle, and (2) call the office of origin or the district office that made the appointment immediately to resolve the discrepancy. Describe any irregularities in item 7.

1. Entry Office (City, State, ZIP + 4) [Redacted]		7. Comments 	
2. USPS Receiving Employee's Signature [Redacted]			
3. Date of Receipt 1-98		4. Time of Arrival [Redacted]	
5. Date of Departure 1-98		6. Time of Departure [Redacted]	

C-133



United States Postal Service  
**Plant-Verified Drop Shipment (PVDS)**  
**Verification/Clearance**

Requested in-home Delivery Date (Three-day window)  
 EXHIBIT UPS-T-4E, Page 2 of 2  
**Plant-Verified Drop Shipment (PVDS) Verified and Paid for at:**  
 Origin Mailing Plant (DMU Verification)     Origin Post Office (BMEU Verification)


**Part I - Mailer**

- A. Complete Part I, items 1-8 and Part III, item 1. Part I, items 9-11 are optional (if an appointment is required, item 9 may be required at time of entry.)  
 B. Submit this completed form with the related shipment(s) and postage statements(s) to the Detached Mail Unit (DMU) or Business Mail Entry Unit (BMEU) when the shipment is submitted for verification and clearance for dispatch.  
 C. After the verifying employee has completed, signed, and dated this form, attach copies 2 and 3 to the left inside rear wall of the vehicle, just inside the rear doors. If the vehicle is to stop at multiple destination facilities to deposit mail, place the clearance documents for each stop in separate envelopes bearing the name of each entry office.

1. Mailer's Name [REDACTED]		7. Total Gross Weight of Shipment 876	
2. Origin Plant Location (City, State, ZIP + 4) [REDACTED]		8. Type and Number of Containers <input checked="" type="checkbox"/> Pallets (with: <input checked="" type="checkbox"/> Skgs. <input type="checkbox"/> sacks <input type="checkbox"/> trays) <u>1</u> <input type="checkbox"/> Trays (bedloaded) <input type="checkbox"/> Sacks (bedloaded) <input type="checkbox"/> Other (Describe):	
3. Class of Mail <input type="checkbox"/> Periodicals <input checked="" type="checkbox"/> Standard (A) <input checked="" type="checkbox"/> Standard (B)	4. Product Name [REDACTED]	9. Drop Shipment Appointment No. (May be added after verification)	10. USPS Authorized Mailing ID Code (Optional)
5. Type of Mail/Payment Method (Check all that apply) <input checked="" type="checkbox"/> Letters <input type="checkbox"/> Machineable <input checked="" type="checkbox"/> Flat <input checked="" type="checkbox"/> Automation Compatible <input type="checkbox"/> Irregular <input type="checkbox"/> Metered <input type="checkbox"/> Permit <input type="checkbox"/> Stamped	6. Destination Entry Discounts Claimed (Check all that apply) <input type="checkbox"/> DDU <input type="checkbox"/> DBMC <input type="checkbox"/> DSCF <input type="checkbox"/> Zone Rates <input type="checkbox"/> Shipment includes pieces for delivery outside of entry office service area	11. Additional documentation attached describing mail to be off-loaded at entry office (e.g., bill of lading, sack/tray/pallet listing, vehicle load diagram, etc.) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

**Part II - Post Office of Origin (Where Shipment is Loaded)**

- A. Be sure the mailer has completed Part I, items 1-8 and Part III, item 1. (Part I items 10 and 11 are optional. Item 9 may be completed after dispatch at time of entry.)  
 B. Complete Part II, items 1-10. Show seal number that will be used to seal mailer's vehicle (at mailer's request) and vehicle ID number in item 8. Retain copy 2 for your records.  
 Give copies 1 and 3 of this completed form to the mailer for placement in the vehicle in which shipments are dispatched.  
 E. After vehicle is loaded, seal vehicle with PVDS seal at mailer's request.

1. Origin Post Office (City, State, and ZIP + 4) [REDACTED]		9. USPS Employee Verifying Mail		10. Date	
2. Permit Number [REDACTED]	3. Permit <input checked="" type="checkbox"/> Imprint <input type="checkbox"/> Stamped <input type="checkbox"/> Meter		a. Printed Name [REDACTED]		
4. Single Piece Weight .175	5. Total Pieces 5004	6. Total Weight 876	b. Signature [REDACTED]		
7. Vehicle Seal Number (except 2nd class)	8. Vehicle ID No.		c. Telephone Number [REDACTED]		

**Part III - Destination Entry Post Office or Delivery Unit**

- A. Reconcile information on this form against total volume in the shipment(s) deposited (e.g., count containers, weigh shipment, etc.)  
 B. Verify that the seal number in Part II, item 3 matched that on the seal removed from the vehicle, if the vehicle was sealed.  
 C. If the seal number and shipment volume match the shipment deposited, complete Part III, items 2-6, and accept the mail. Give copy 3 to driver, if requested.  
 D. Retain copy 1 in your files for 1 year (along with the seal removed from the vehicle, if applicable.)  
 E. If the shipment volume and/or seal number do not match: (1) hold the shipment and vehicle, and (2) call the office of origin or the district office that made the appointment immediately to resolve the discrepancy. Describe any irregularities in item 7.

1. Entry Office (City, State, ZIP + 4) [REDACTED]		7. Comments [REDACTED]	
2. USPS Receiving Employee's Signature [REDACTED]			
3. Date of Arrival 8-4-98	4. Time of Arrival 0825		
5. Date of Departure 8-4-98	6. Time of Departure 1050		