

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

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POSTAL RATE  
COMMISSION

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 20  
(August 21, 2000)

The United States Postal Service hereby provides the responses of its witnesses to Presiding Officer's Information Request No. 20, dated August 14, 2000. Each question is stated verbatim and is followed by the response. In accordance with the Postal Service's position that its witnesses do not sponsor PRC versions of analyses, the response to Item 1 is institutional, as the question includes inquiries about, and the response includes discussion of, Category 5 library references which are PRC versions of costing programs.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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  
August 21, 2000

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
PRESIDING OFFICER'S INFORMATION REQUEST NO. 20, ITEM 1**

**POIR 20-1.** USPS LR-I-437,440,441 AND 458 contain SAS programs used to calculate mail processing costs for FY 1999. Some of these SAS programs contain modifications from the programs used to calculate mail processing costs for FY 1998. These modifications are designated with the comment in the SAS code "fy99". For example, the SAS program in USPS LR-I\_437, "MOD1POOL", which is used to establish MODS cost pools, has new commands that incorporate additional MODS activity codes into the definition of the OCR, BCS and FSM MODS pools. Please provide the reasons for each modification in the SAS programs that have been made as part of the FY 1999 update in USPS LR-I-437, 440, 441 and 458.

**RESPONSE:**

Between Base Year 1998 and Fiscal Year 1999, the SAS program codes are modified, not to reflect methodological changes, but to update the BY 1998 methodology with FY 1999 data.

The updates are done on a routine basis from year to year to incorporate the following types of changes relating to:

1. The accrued facility, function or pool costs for the current year.

The derivation of accrued costs for the BMC, MODS, Non-MODS cost pools is described in Part I of USPS-LR-I 106. The accrued costs are either entered directly into each of the SAS programs which use them, or they are entered into one single SAS program which is then invoked in many other SAS programs through the "% INCLUDE" macro.

Examples of the first type of occurrence are found in programs BMC1, BMC4, NONMOD1, NONMOD4, for the mail processing cost pools in BMC and Non-MODS facilities. An example of the second type of occurrence is found in program DOLWGT which contains accrued costs, IOCS dollar weights, and volume-variable fractions for the MODS mail processing pool costs; DOLWGT is invoked in programs such as

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MOD4DIST, PREMITOT, PIGGYF99, NONMODEL. Additionally, the DOLWGT information for the MODS Support Cost Pools are used in Program MODSHAPE.

2. The MODS operation codes the sampled employees are reported by IOCS to be clocked into for the current year.

Program MOD1POOL is updated to reflect the current year MODS operation codes. (In other words, to the extent that changes in operations cause MODS codes to be added or deleted, or otherwise reported differently, the programs must be modified to take account of these *operational* changes.) The mapping of the MODS codes into cost pools in IOCS in the program MOD1POOL parallels the mapping of the MODS codes into cost pools in the MODS file, and is used for the derivation of the cost pool distribution key, as described in Part II of USPS LR-I-106.

Program MOD4DIST includes additional MODS codes for the derivation of the distribution key for the LD15 cost pool.

3. The IOCS activity codes in use for the current year.

The IOCS activity codes for the current year are updated in program MAPCLASS which maps the activity codes into subclasses and special service codes. This program is invoked through the "% INCLUDE" macro into programs which produce subclass output tables, such as for example, programs BMC4, NONMOD4, MOD4DIST, BMCSHAPE, NMODSHAPE, MODSHAPE, ADMWIN, .

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4. Factors resulting from the use of the current year IOCS data. These involve, for example:

- a) the cost pool volume-variability fractions derived in programs MODSVARB, BMCVARB and NMODVARB which are entered into programs such as for example DOLWGT, BMC4, NONMOD4, PREMITOT and PIGGYF99,
- b) the mail processing cost pool break time costs derived in BMC1, NONMOD1 which are entered in BMC4 and NONMOD4,
- c) the inflation factor for extrapolating the direct tallies to total volume-variable costs for the BMC and Non-MODS Operation code 14 in program CMUCFS.
- d) the inflation factor for distributing the cost for activity code 5340 to the subclasses in program PREMITOT
- e) minor adjustments arising from an item or cost pool with no distribution key, such as is identified for con-con in program BMC2 or the MAILGRAM cost pool in MOD4DIST.
- f) the PRC version cost pool adjustment factors for allied cost pools derived at the beginning of programs B5ALLIED and M5ALLIED and entered at the end of these programs.

There are other modifications to the SAS programs which are either stylistic or structural but have no impact on the results, such as:

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- combining 3 programs such as MODMODEL, BMCMODEL, NMDMODEL into one program NONMODEL, and
- standardizing programs ADMWIN or the PRC version of program NONMOD4 to substitute the invoking of DIST5354 for previously used codes.

**RESPONSE OF WITNESS EGGLESTON TO POIR-20,  
QUESTION 2, PARTS A-C.**

2. At the hearings on August 3, 2000, the Postal Service was asked to "please provide a ... list of all instances where cost avoidance models are not structured to use FY '99 data and in each of these instances would you explain how the models would need to be altered to allow them to use FY '99 data." The Service responded on August 10 by listing the models that needed to be modified. To allow participants and the Commission to understand the impact of actual FY 99 data, please adjust those models to allow for incorporation of FY 99 data, as follows; providing all underlying calculations.
  - a) Please revise the Parcel Post Mail Processing Model to include DSCF and DDU mail processing models and the appropriate weights for each model.
  - b) Provide the revised Parcel Post Transportation Model allocating costs to Inter-BMC, Intra-BMC, DBMC, DSCF and DDU.
  - c) Provide either a new proxy for the Parcel Return Service cost study or the appropriate wage-rate ratio.

**Response:**

All models have been restructured and updated with the new test year data (1999 base year). These models, and material supporting these models, are located in LR-I-469.

## DECLARATION

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

Jennifer L. Eggleston  
JENNIFER L. EGGLESTON

Dated: 8/21/00

**U.S. POSTAL SERVICE WITNESS CHARLES L. CRUM  
RESPONSE TO POIR 20, QUESTION 2, D & F**

D. Provide adjustments needed to use FY 1999 data to develop Standard (A) dropship transportation and explain the reasons for those adjustments.

F. Alter the entry flow model, as appropriate, for the Bound Printed Matter Dropship Transportation and Non-Transportation cost studies.

**RESPONSE**

D. The Standard Mail (A) entry profiles originally filed in USPS LR-I-102, Tables 19-20 provide important input data to the Standard Mail (A) transportation dropship models found in my testimony (USPS-T-27). If 1999 data were to be used for costs, these entry profiles would need to be updated based on 1999 Permit volume data. USPS LR-I-470 provides the changes that impact witness Crum's dropship testimony that were initiated by the entry profile changes as well as other necessary inputs consistent with the use of FY 1999 cost data.

F. Please refer to USPS LR-I-470 for the updates that needed to be made to the Bound Printed Matter cost models to allow for the use of FY 1999 cost data.

# DECLARATION

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

  
CHARLES L. CRUM

Dated: 18 AUGUST 2000

RESPONSE OF U.S. POSTAL SERVICE WITNESS MOELLER TO PRESIDING  
OFFICER'S INFORMATION REQUEST NO. 20, QUESTION 2(e)

2. At the hearings on August 3, 2000, the Postal Service was asked to "please provide a ...list of all instances where cost avoidance models are not structured to use FY '99 data and in each of these instances would you explain how the models would need to be altered to allow them to use FY '99 data." The Service responded on August 10 by listing the models that needed to be modified. To allow participants and the Commission to understand the impact of actual FY99 data, please adjust those models to allow for incorporation of FY99 data, as follows; providing all underlying calculations.

e) Describe the change in the auto flat definition and make any necessary adjustment to the Standard (A) nonletter cost difference.

RESPONSE:

2. e) The change in the auto flat definition occurred in October 1998 and was based on the deployment of the FSM 1000 and its potential to process a broader spectrum of pieces in terms of physical characteristics. The Postal Bulletin announcing the change is attached to this response.

The most significant change in terms of potential effect on the nonletter cost differential was the increase in the maximum thickness for automation flats. Prior to the implementation of the change, automation flats were limited to a thickness of  $\frac{3}{4}$  inch. The maximum thickness was increased to  $1\frac{1}{4}$  inch on October 4, 1998.

The implication of this shape definition change on the cost differential between flats and parcels is not separately identifiable and quantifiable. However, it is unlikely that the change would greatly affect the differential, and it almost certainly would not change the level of the proposed surcharge. The measured

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differential is based on the costs of all flats and all parcels. To the extent the definition change leads to a migration of pieces from the parcel grouping to the flat grouping as a means to avoid the residual shape surcharge, there could be some effect on the differential.

Unit parcel costs (or the cost of pieces subject to the surcharge) might increase to the extent that the pieces migrating from parcels to flats (as defined for FSM1000) are on the lower end of whatever cost spectrum there is within parcels. The remaining "parcels" would be of higher cost, thereby increasing the differential. The newly defined "flats" might also be on the high end of the flat cost spectrum, though, which might mitigate at least some of the increase in the differential.

In any event, it is not possible to determine how many pieces migrated to FSM 1000 preparation, nor is it possible to quantify any change in the nonletter differential due to the change in flat automation definition.<sup>1</sup> The discussion above suggests that the effect would be minimal. The proposed residual shape surcharge is not based solely on a strict passthrough of the differential, but is constrained by a desire to moderate the impact on mailers.<sup>2</sup> The proposed

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<sup>1</sup> The response to interrogatory RIAA/USPS-ST46-5 notes that revenue projections anticipated reconfiguration of parcels as flats. The projected revenue increased when data regarding actual payment of the surcharge was incorporated. One possible reason for the increase could be less-than-expected reconfiguration.

<sup>2</sup> USPS-T-35 at page 7, lines 4-6.

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passthrough is limited to 27.5 percent.<sup>3</sup> So, a change in the cost differential  
would not necessarily translate into a change in the proposed surcharge.

Also, please see witness Crum's response to OCA/USPS-T27-9 regarding the  
use of FY99 data.

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<sup>3</sup> USPS-T-35 at page 7, line 2.

**DMM REVISION**

**New Specifications for Automated Flats**

Effective October 4, 1998, *Domestic Mail Manual* (DMM) C820.1.0 through C820.7.0, C840.3.0, and M820.1.5 through M820.1.8 are revised, and C820.3.0 and C820.4.0 are added to describe the new specifications for automated flats. Newspapers, tabloids, catalogs, and many kinds of polywrap that cannot be processed on existing FSM 881 equipment can be processed on FSM 1000 equipment and will now be able to qualify for automated rates.

Productivity on the FSM 881 is higher than that of the FSM 1000, and migration of the flats that are sorted on the FSM 881 to the FSM 1000 would adversely affect service and costs.

When prepared with polywrap, FSM 881-sized pieces must continue to meet all the polywrap criteria in DMM C820.4.0; pieces to be processed on the FSM 1000 may be prepared with polywrap that is exempted from all but property number 2 (haze) of the polywrap specifications given in Exhibit C820.4.1a.

Testing has shown that larger pieces can be processed on the FSM 1000 than on the FSM 881. The FSM 1000 can process a mailpiece up to 12 inches high by 15-3/4 inches in length. For the FSM 1000, the length is the longest edge unless the piece is folded or has a bound edge, in which case the dimension parallel to the folded or bound edge is the length. This is different than the definitions of length and height for mailpieces processed on FSM 881 for these pieces because the height is defined as parallel to the folded or bound edge. The dimensions for folded pieces or pieces with a bound edge that are processed on the FSM 1000 increase 3-3/4 inches in length (the bound edge) but decrease 3 inches in height (the edge perpendicular to the bound edge). The minimum height and length dimensions for all flats processed on the FSM 1000 is 4 inches by 4 inches provided the mailpiece is greater than 1/4-inch. Mailpieces less than 5 inches in length must be greater than 1/4-inch thick. The minimum thickness for pieces 5 inches or more in length is 0.009 inch.

Testing of flat mailpieces demonstrated that as the length of the piece decreases, the thickness may increase. The maximum thickness requirement for the FSM 1000 is 1-1/4 inches if the length of the mailpiece is less than or equal to 13 inches in length. For pieces over 13 inches, the thickness cannot exceed 7/8 inch.

The maximum weight for First-Class Mail processed on the FSM 1000 is 11 ounces (13 ounces after rate case implementation, January 10, 1999), less than 16 ounces for Standard Mail (A), and 6 pounds for Periodicals.

Flat mailpieces must meet the uniformity requirements contained in C820.8.0.

Since newspapers are double-folded, they pose no problem for processing on the FSM 1000. However, many flat-sized pieces are not currently bound or double-folded; therefore, unbound flat-sized mailpieces will be required to be prepared with two folds. The second fold must be perpendicular to the original fold. In order to give publishers and printers the opportunity to make adjustments to their periodicals design to comply with this requirement, the Postal Service has decided to suspend the effective date of this requirement until October 4, 2000.

Business Mail Entry Managers will receive instructions regarding acceptance procedures prior to the October 4, 1998, implementation date.

These changes will be included in DMM Issue 54 (see pages 23 and 24).

**Domestic Mail Manual (DMM)**

**C Characteristics and Content**

**C800 Automation-Compatible Mail**

\* \* \* \* \*

**C820 Flats**

[Amend 1.0 by changing the term "2.0" to "1.0" and "7.0" to "9.0" and adding additional standards for FSM 881 and FSM 1000 pieces to read as follows:]

**1.0 BASIC STANDARDS**

Flats claimed at automation rates must meet the standards in 1.0 through 9.0 and the general and specific standards for mailability and the class of mail and rate claimed. Pieces meeting the dimensions for FSM 881 processing under 2.0 (height, length, thickness, and weight) must also meet the turning ability and deflection requirements in 7.0 in order to qualify for the automation flats discount. If polywrap is used with FSM 881 pieces meeting the dimensions under 2.0, the polywrap must meet all of the physical properties in Exhibit C820.4.1a of section 4.0 in order to qualify for the automation flats discount. Pieces that do not meet the dimensions for height, length, thickness, and weight under 2.0 (FSM 881 pieces), but that do meet the dimensions in 3.0 are eligible for processing on the FSM 1000. Such FSM 1000 pieces need not meet the turning ability and deflection requirements in 7.0. If prepared with polywrap, the polywrap for FSM 1000 pieces must meet only physical property number 2 (haze) in Exhibit 4.1a.

[Amend the heading of 2.0 to read as follows.]

## 2.0 DIMENSIONS FOR FSM 881 PROCESSING

[Delete the second sentence of section 2.3 b(2).]

[Redesignate 3.0 through 7.0 as 5.0 through 9.0, respectively. Insert new 3.0 and 4.0 to read as follows.]

## 3.0 DIMENSIONS FOR FSM 1000 PROCESSING

### 3.1 Determining Length and Height

The length and height of an automation compatible flat-size mailpiece eligible for FSM processing is not determined by the orientation of the address. It is determined by the following:

- For a piece prepared as a single sheet or in an envelope, full-length wrapper, or full-length sleeve, the length is the longest dimension. The height is the dimension perpendicular to the length.
- For a piece that has a bound or folded edge (e.g., a newspaper, tabloid, and catalog), the length is the dimension parallel to the bound or folded edge. The height is the dimension perpendicular to the length. If the piece is folded more than once or bound and then folded, the length of the mailpiece is based on the final fold.

### 3.2 Address Placement and Folded Pieces

- A flat-size mailpiece with a final fold must be designed so that the address is in view when the final folded edge is to the right and any intermediate bound or folded edge is at the bottom.
- Unbound flat-size mailpiece will be required to be double-folded on October 4, 2000.

### 3.3 Shape and Size

Pieces must meet the following requirements:

- Height: no more than 12 inches or less than 4 inches.
- Length: no more than 15-3/4 inches or less than 4 inches.
- Minimum thickness:
  - For pieces at least 5 inches long, 0.009 inch.
  - For pieces at least 4 inches long, but less than 5 inches long, 0.25 inch thick.
- Maximum thickness:
  - For pieces 13 inches long or less, 1.25 inches.
  - For pieces longer than 13 inches up to and including 15-3/4 inches, 7/8 inch.

### 3.4 Maximum Weight

Maximum weight limits are as follows:

- For First-Class Mail, 11 ounces (13 ounces as of January 10, 1999).
- For Periodicals, 6 pounds.
- For Standard Mail (A), less than 16 ounces.

## 4.0 COVERINGS

### 4.1 Polywrap Films

The Postal Service will allow plastic manufacturers to use the results of their American Standard Testing Methods (ASTM). Product tests must be used to certify that the polywrap films meet or exceed the minimum requirements for the physical properties outlined in Exhibit 4.1a and 4.1b.

#### Exhibit 4.1a

#### FSM 881 Polywrapped Flats Specifications

Automation flat pieces that meet the height, length, thickness, and weight dimensions for the FSM 881 in 2.0 must meet all seven properties. Automation flat pieces that do not meet the height, length, thickness, or weight dimensions in 2.0, but meet the dimensions for the FSM 1000 in 3.0, may be prepared with polywrap that only meets property number 2 (haze).

| Property                                              | Requirement    | Test Method | Comment                                                               |
|-------------------------------------------------------|----------------|-------------|-----------------------------------------------------------------------|
| 1. Kinetic Coefficient of Friction, MD                | <0.28          | ASTM D1894  | Stainless steel finish must be in accordance with ASTM A 480/ A 480M. |
| a. Film on Stainless Steel with No. 8 (Mirror) Finish |                |             |                                                                       |
| b. Film on Film                                       | 0.20 to 0.40   | ASTM D1894  |                                                                       |
| 2. Haze                                               | <70            | ASTM D1003  | Address labels are an alternative to meeting this requirement.        |
| 3. Secant Modulus, 1% elongation                      |                |             |                                                                       |
| a. TD, psi                                            | >40,000        | ASTM D882   |                                                                       |
| b. MD, psi                                            | >50,000        | ASTM D882   |                                                                       |
| 4. Tensile Strength                                   |                |             |                                                                       |
| a. TD, psi                                            | >2,000         | ASTM D882   |                                                                       |
| b. MD, psi                                            | >3,000         | ASTM D882   |                                                                       |
| 5. Density, g/cc                                      | 0.900 to 0.950 | ASTM D1505  |                                                                       |
| 6. Nominal Gauge, in                                  | >0.001         | ASTM D374   |                                                                       |
| 7. Static Charge, kV                                  | <2.0           | ASTM D4470  | Antistatic additives can regulate this charge.                        |

**Exhibit 4.1b**

**Wrap Instruction**

1. The polywrapped flat shall be machinable according to USPS-STD-28A and as outlined in section C820. Shrinkwrapped mailpieces shall be approved if they conform to the machinable flat requirements according to USPS-STD-28A and as outlined in DMM 54 section C820.
2. Wrap direction shall be specified as around the shorter axis of the mailpiece so that the seam is along the addressed side of the mailpiece, oriented from top to bottom. This seam must not cover any part of the address and barcode read areas (FSM 881 mailpieces only)
3. Overhang around edges:
  - a. For FSM 881 mailpieces, overhang (selvage) of not more than 1.5 inches of polywrap shall be allowed at the top of the mailpiece when the contents are at the bottom of the package. Overhang on each side shall not be more than .25 inch, however. The piece shall not be wrapped so tightly as to cause the product to bend.
  - b. For FSM 1000 mailpieces, overhang (selvage) cannot exceed 3/4 inch from any edge.

**4.2 Polywrap Certification Process**

The polywrap certification program requires plastic manufacturers to provide to the producer of the polywrapped flats an official ASTM certification of conformance verifying that their polywrap product meets the physical properties described in Exhibit 4.1a. Prior to the initial mailing with that polywrap product, the producer of the polywrapped pieces must submit for evaluation barcoded sample pieces that meet both applicable DMM mailing standards for automated flats and the minimum standards for polywrapped flats including the configuration requirements described in Exhibit 4.1b. Mailpiece design analysts (MDAs) may authorize the producer of the polywrapped flats that it may claim the automation rates for their initial mailing of flat-size barcoded pieces if both of the following conditions are met: (A) The pieces are prepared in a polywrap product for which the plastics manufacturer provides an official ASTM certification of conformance; (B) The prepared mailpiece meets all other mail preparation standards for polywrapped flats such as overhang, seam, and barcode readability. The MDA who authorizes the producer of the polywrapped flats that it may claim the automation rates will notify the applicable business mail entry unit of the authorization.

**4.3 Submission of Samples for Evaluation**

A producer of polywrapped flats who wishes to obtain authorization to claim automation rates for that polywrap product must submit samples to the Manager of Business Mail Entry for review by an MDA. Each sample submitted must consist of at least 30 polywrapped and barcoded sample mailpieces with a certification of conformance verifying that the polywrap material meets the physical property specifications in Exhibit 4.1a and Exhibit 4.1b, for either the FSM 881 mailpieces or the FSM 1000 mailpieces. If the address is placed on the outside of the polywrapped FSM 1000 flat, the submission of test pieces is not required.

**4.4 Mailpiece Identification**

Producers of polywrapped flats authorized to claim the automation rates must endorse the flats to show that they are automation-compatible polywrapped flat-size pieces. The mailer may meet this requirement by adding "USPS (product name of polywrap) FSM 881 Approved Automatable Polywrap" or "USPS (product name of polywrap) FSM 1000 Approved Automatable Polywrap," as applicable, on the address side of the piece, preferably below the postage area or in another visible location on the outside of the mailpiece. The polywrap marking must not interfere with the delivery address or the recognition of the barcode. The polywrap marking may also be printed directly on the polywrap material. Producers of polywrapped flats not currently using the appropriate mailpiece identification marking will have until **October 4, 1999**, to comply with this standard. For a list of USPS-approved polywrap manufacturers, refer to the USPS website.

**4.5 Suspension of Approval**

Any mailing found to be improperly prepared will not be accepted at the automation rates for flats. The repeated submission of nonmachinable mailings is cause for exclusion from the polywrap flat automation rates for polywrap pieces.

*[Delete renumbered 5.1. Renumber 5.2 and 5.3 as 5.1 and 5.2.]*

\* \* \* \* \*

**6.0 TABS, WAFER SEALS, TAPE, AND GLUE**

*[Amend the first sentence in renumbered 6.0 to clarify that tabs, seals, tape, and glue are not required, to read as follows:]*

Although not required, mailpieces may be prepared with tabs, wafer seals, cellophane tape, or permanent glue (continuous or spot) if these sealing devices do not interfere with the recognition of the barcode, rate marking, postage information, and delivery and return addresses.

\* \* \* \* \*

**7.0 TURNING ABILITY AND DEFLECTION**

**7.1 Turning Ability**

*[Amend the first sentence of renumbered 7.1 by adding "881" to read as follows:]*

A flat-size mailpiece meeting the FSM 881 dimensions in 2.0 must fit between two concentric arcs drawn on a horizontal flat surface, one with a radius of 15.72 inches and the other with a radius of 16.72 inches in one of these ways:

\* \* \* \* \*

*[Renumber Exhibits 5.1a and 5.1b as Exhibits 7.1a and 7.1b.]*

**7.2 Deflection**

*[Renumber Exhibit 5.2 as Exhibit 7.2; amend renumbered 7.2 by adding "881" to read as follows:]*

A flat-size mailpiece meeting the FSM 881 dimensions in 2.0 must be sufficiently rigid so that, when placed flat on a surface to extend unsupported 5 inches off that surface, no part of the edge of the piece that is opposite the bound, folded, or final folded edge (as applicable) deflects more than 1-3/4 inches (if the piece is less than 1/8 inch thick) or more than 2-3/8 inches (if the piece is from 1/8 to 3/4 inch thick). See Exhibit 7.2.

\* \* \* \* \*

**C840 Barcoding Standards**

\* \* \* \* \*

**3.0 BARCODE LOCATION — FLAT-SIZE PIECE**

*[Revise 3.0 to read as follows:]*

On any flat-size piece claimed at an automation rate, the barcode may be anywhere on the address side that is at least 1/8 inch from any edge of the piece. For FSM 1000 pieces, it is preferred that the barcode be placed at least 2 inches from the dimension that is the length for that type of automation piece (the longest edge, or for pieces with a folded or bound edge, the folded or bound edge). That portion of the surface of the piece on which the barcode is printed must meet the reflectance standards in 5.0. The address side may bear only one POSTNET-format barcode (i.e., the correct barcode for the delivery address on the mailpiece). Other mailer-applied non-POSTNET barcodes may appear on the address side if their format is not intelligible or not confusing to automated postal equipment. Address block barcodes are subject to the standards in 2.5a through 2.5e.

\* \* \* \* \*

**M Mail Preparation and Sortation**

**M820 Flat-Size Mail**

**1.0 BASIC STANDARDS**

\* \* \* \* \*

**1.5 Package Preparation**

All pieces must be prepared in packages. Firm packages must not be included in mailings prepared under M820. Pieces meeting the size dimensions for the FSM 881 under C820.2.0 must be prepared in separate packages from pieces that do not meet the FSM 881 dimensions (but that meet the dimensions for FSM 1000 processing). Each FSM 881 package and each FSM 1000 package must separately meet the package size minimum number of pieces in M820.2.1, 3.1, or 4.1 as applicable for the class of mail. When the total number of FSM 881 or FSM 1000 pieces for a specific presort destination (e.g., the 5-digit ZIP Code 12345) meets or exceeds the applicable minimum package size, the pieces for that presort destination must be prepared into a package or packages labeled to that presort destination in accordance with the standards for the rate claimed. The physical size of each package for that specific presort destination may contain the exact package minimum, more pieces than the package minimum, or fewer pieces than the package minimum depending on the size of the pieces in the mailing or the total quantity of the pieces to that destination. Rate eligibility is not affected when a physical package for a presort destination contains fewer pieces than the minimum package size for the above reasons, provided the total number of FSM 881 pieces physically packaged for that presort destination, or provided the total number of FSM 1000 pieces physically packaged for that presort destination, meets or exceeds the rate eligibility package minimum under E140, E240, or E640.

*[Renumber 1.6 and 1.7 as 1.7 and 1.8, respectively, and insert new 1.6 to read as follows:]*

**1.6 Sack Preparation**

Mailers may combine FSM 881 packages and FSM 1000 packages in the same tray (First-Class Mail) or in the same sack (Standard Mail (A) and Periodicals).

\* \* \* \* \*

[Amend the heading of renumbered 1.8 to read  
"Exception — Periodicals Packages."]

[Insert new 1.9 to read as follows:]

**1.9 Exception — Periodicals Automation and  
Nonautomation**

For Periodicals, packages of automation mail (both FSM 881 and FSM 1000 packages) prepared under 3.1 and packages of nonautomation mail prepared under M200.2.4c through f may be sacked together under 3.2d through 3.2e. Automation and nonautomation packages may not be combined in 5-digit sacks. Under this exception, documentation required under P012 must identify the mail claimed at each rate by

package and sack sortation level. Under this exception, non-automation mail continues to qualify for rates under E230 and automation mail continues to qualify for rates under E240 (i.e., rates for pieces in automation flats packages are based on the package level and rates for pieces in nonautomation flats packages are based on the package and sack level).

\* \* \* \* \*

—Mail Preparation and Standards,  
Marketing Systems, 10-8-98

**APO/FPO Changes**

Make the following ink changes to the most recent APO/FPO tables published in *Postal Bulletin* 21981 (9-24-98).

| APO/FPO | Action   | Effective Date | See Restrictions |
|---------|----------|----------------|------------------|
| 09135   | Activate | Immediately    | B-X              |
| 09646   | Activate | Immediately    | B-X              |
| 34085   | Activate | Immediately    | B-X              |
| 96285   | Activate | Immediately    | B-X              |
| 96385   | Activate | Immediately    | B-X              |
| 96506   | Close    | Immediately    |                  |

—International and Military Mail Operations,  
International Business Unit, 10-8-98

## Designing Flats for Automated Processing

Related QSGs: 141, 241, 641



**Overview** Pieces designed for automated flats processing (C820) could include pieces that, if not prepared as an automation flat, would be considered flat-size, letter-size, or irregular parcels under C050. For eligibility and preparation standards for specific rate discounts, see the appropriate Quick Service Guides: 141 First-Class Automation Flats, 241 Periodicals Automation Flats, or 641 Standard Mail Automation Flats. Size, weight, thickness, and flexibility standards vary for mail processed on the Flat Sorting Machine (FSM) 881 and the FSM 1000.

**Characteristics and Content (C820)**

- Shape: rectangular.  
Dimensions: see reverse  
Maximum Weight:
- First-Class Mail: 11 ounces, effective January 10, 1999, 13 ounces.
  - Periodicals: 16 ounces for FSM 881, 6 pounds for FSM 1000.
  - Standard Mail (A): less than 16 ounces.

Prohibitions: polywrapped, polybagged, and shrinkwrapped pieces are prohibited unless specifically approved by a manager, business mail entry (a list of approved polywrap and polywrap manufactures is available on the USPS web site). Clasps, strings, buttons, or other protrusions (C820.5).

Adequate flexibility and rigidity required for pieces meeting all FSM 881 dimensions. Each piece in an automation flat-size mailing must contain a complete delivery address (A010). Pieces that meet the dimensions for the FSM 881 in C820.2 must continue to meet flexibility and rigidity standards in C820.7 and, if prepared with polywrap, meet all polywrap criteria in C820.4. FSM 1000 pieces may be prepared with polywrap that meets only property number 2, haze, in Exhibit C820.4.1a (not required if address label is on the outside of polywrapped piece).

Polywrapped pieces must be endorsed to show they are automation-compatible (C820.4.4).  
Folded publications:

- A flat-size piece with a final fold must be designed so that the address is in view when the final folded edge is to the right and any intermediate bound or folded edge is at the bottom.
- Effective October 4, 2000, unbound tabloids must have two folds. The second fold must be perpendicular to the original fold.

**Mailpiece Length and Height**

- Length and height of an automation-compatible flat-size piece are determined by the following:
- For FSM 881 and FSM 1000
- For pieces prepared as a single sheet or in an envelope, full length wrapper, or full length sleeve, the length is the longest dimension. The height is the dimension perpendicular to the length.
- For FSM 881 (C820.2)
- For a piece with a bound or folded edge (e.g., newspaper, tabloid, or catalog) the height (vertical dimension) is the dimension parallel to the bound, folded, or closed edge. The length is the dimension perpendicular to the height. If the mailpiece is folded more than once or is bound and then folded, the height of the piece is based on the final fold.
- For FSM 1000 (C820.3)
- For a piece with a bound or folded edge (e.g., newspaper, tabloid, or catalog) the length is the dimension parallel to the folded or bound edge. The height (vertical dimension) is the dimension perpendicular to the bound folded or closed edge.

**Barcodes (C840)**

- Barcodes must be in one of these four positions:
- Above the address line containing the recipient's name.
  - Below the city, state, and ZIP Code line.
  - Above or below the keyline information.
  - Above or below the optional endorsement line.
- Barcodes must be at least 1/8 inch from any edge of the address side (for FSM 1000 pieces, at least 2 inches from the length, as defined above, is preferred). No more than one POSTNET barcode per piece. Additional standards apply for address block barcodes.

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.

**820**

Quick Service  
Guide

## Designing Flats for Automated Processing

### Flat Sorting Machine (FSM) 881

### Flat Sorting Machine (FSM) 1000

**Length** Minimum: 5 inches long if 6 to 7-1/2 inches high; or not less than 5-3/8 inches long if more than 7-1/2 inches high but no more than 9-1/2 inches high.  
Maximum: 15 inches

**Height** Minimum: 6 inches  
Maximum: 12 inches

**Thickness** Minimum: 0.009 inch  
Maximum: 3/4 inch

Minimum: 4 inches  
Maximum: 15-3/4 inches

Minimum: 4 inches  
Maximum: 12 inches

Minimum: Pieces at least 4 inches but less than 5 inches long, 1/4 inch. Pieces at least 5 inches long, 0.009 inch thick.  
Maximum: Pieces 13 inches long or less, 1-1/4 inches thick. Pieces longer than 13 inches up to and including 15-3/4 inches, 7/8 inch thick.

**Polywrapped Pieces** Must meet all seven properties in Exhibit C820.4.1a.

Must meet property number 2, haze, in Exhibit C820.4.1a (not required if address label is on the outside of polywrapped piece).

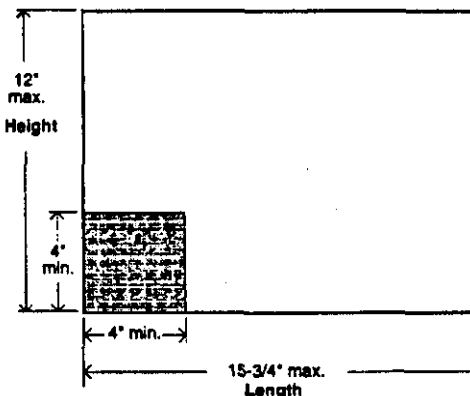
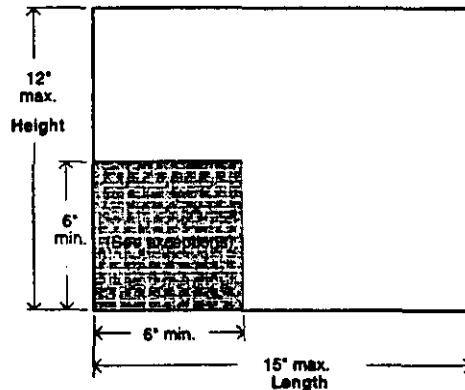
Polywrap marking: Effective October 4, 1999, "USPS (polywrap product name) FSM 881 Approved Automatable Polywrap" (on address side, preferably below postage area).

Polywrap marking: Effective October 4, 1999, "USPS (polywrap product name) FSM 1000 Approved Automatable Polywrap" (on address side, preferably below postage area).

**Flexibility** Must meet flexibility requirements in C820.7.

No requirement.

### Dimensions

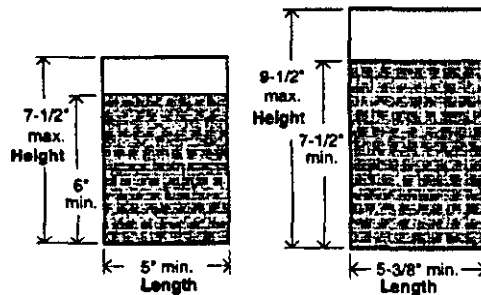


### Exceptions:

May be a minimum of 5" in length if height is 6" to 7-1/2."

Or

May be a minimum of 5-3/8" in length if height is more than 7-1/2" but no more than 9-1/2."



## DECLARATION

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

  
JOSEPH D. MOELLER

Dated: 8-21-2000

**Response of United States Postal Service Witness Meehan  
to  
Presiding Officer's Information Request #20**

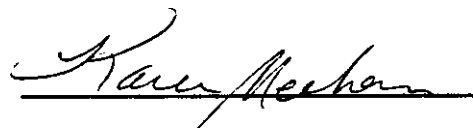
**POIR/USPS-3.** In its August 7, 2000 response to questions raised at the hearings on August 3 regarding the increase in unit cost between FY 1998 and FY1999 for Standard (B) special mail, the Postal Service indicates that "there were methodological changes between fiscal year 1998 and fiscal year 1999." Please describe these 'methodological changes'.

**Response:**

The only methodological changes between fiscal year 1998 and fiscal year 1999 that were referred to in the hearing response are the changes between fiscal year 1998 and base year 1998. (The FY 1999 CRA adopts the methodological changes contained in base year 1998.) The fiscal year 1998 to base year 1998 changes are summarized on pages 5, 6 and 7 of the base year testimony, USPS-T-11. The details of these methodological changes can be found in the testimonies of the witnesses referenced on those pages.

## DECLARATION

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

A handwritten signature in cursive script, reading "Karen Meehan", is written over a horizontal line.

Dated: 8/21/00

RESPONSE OF POSTAL SERVICE WITNESS BARON TO PRESIDING OFFICER'S  
INFORMATION REQUEST NO. 20, QUESTION 4

4. Please provide CAT/FAT split factors updated for FY 1999 for use in LR-I-278 and LR-I-444, together with the supporting calculations.

RESPONSE:

Please see library reference USPS-LR-I-476.

## DECLARATION

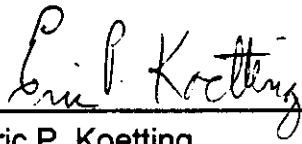
I, Donald M. Baron, declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information, and belief.

Donald M. Baron

Date: 8-21-00

### CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

  
\_\_\_\_\_  
Eric P. Koetting

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2992 Fax -5402  
August 21, 2000