

# DOCKET SECTION

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

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS CRUM TO INTERROGATORIES OF UNITED PARCEL SERVICE  
UPS/USPS-T28-22(C) & (D), 39 & 40  
AND REVISED RESPONSE TO UPS/USPS-T28-35

The United States Postal Service hereby provides responses of witness Crum to the following interrogatories of United Parcel Service: UPS/USPS-T28-22(c) & (d), filed on September 12, 1997; and UPS/USPS-T28-39 & 40, filed on September 17, 1997. On September 26, the Postal Service had requested an extension of two days to reply to interrogatories UPS/USPS-T28-22(c) & (d). Also provided is a revised answer to UPS/USPS-T28-35.

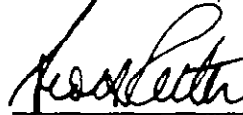
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



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September 30, 1997

U.S. POSTAL SERVICE WITNESS CHARLES L. CRUM  
RESPONSE TO INTERROGATORIES  
OF UNITED PARCEL SERVICE

**UPS/USPS-T28-22.** Please refer to your response to UPS/USPS-T28-14.

- (a) Confirm that to receive the proposed Parcel Post DSCF discount, drivers will be required to unload their dropshipments without Postal Service assistance. If not confirmed, please explain.
- (b) Confirm that the Parcel Post DSCF shipments eligible for the DSCF discount will be contained in sacks for machinables, and GPMCs for non-machinables. If not confirmed, please explain.
- (c) Confirm that it is current Postal Service policy that when unloading dropshipment mail at BMCs, ASFs, and SCFs, drivers will unload bedloaded mail with Postal Service assistance, and Postal Service personnel will unload containers and pallets. If not confirmed, please explain.
- (d) Describe and explain any discrepancy between the current Postal Service policy concerning Postal Service assistance at SCFs in unloading dropshipments, and the proposed requirement for drivers to unload their DSCF shipment without Postal Service assistance in order to receive the DSCF discount.

**RESPONSE**

- c. While I am unaware of any definitive Postal Service policy, the most current guidelines (April 1997) are consistent with what you describe.
- d. Since there is no existing DSCF discount for Parcel Post, the current SCF dropshipment guidelines refer to Periodicals and Standard Mail (A) in general. The specific procedures for DSCF Parcel Post have not yet been produced or finalized.

U.S. POSTAL SERVICE WITNESS CHARLES L. CRUM  
RESPONSE TO INTERROGATORIES  
OF UNITED PARCEL SERVICE

Revised 9/30/97

**UPS/USPS-T28-35.** Please provide the most recent version of Management Instruction DM-470-80-3, Mail Acceptance at Bulk Mail centers, and copies of all other Postal Service publications concerning mail acceptance at bulk mail centers. Also, if mail acceptance at bulk mail centers is discussed as a section of a larger Postal Service publication, please provide copies of the relevant sections or pages.

**RESPONSE**

I have provided the most recent version available of the Management Instruction you request. I am not aware of any current publications that address mail acceptance at bulk mail centers.

While the additional attached copies are not from an official Postal Service publication, I am including them because they contain data that might be relevant to your question.



***UNITED STATES***  
***POSTAL SERVICE***

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# ***Plant-Verified Drop Shipment Guidelines***

**Revised: APRIL 1997**

## INTRODUCTION

The Plant-Verified Drop Shipment (PVDS) program was implemented on February 3, 1991. The program's focus is to help provide cost-effective, consistent, and timely delivery of periodicals, advertising, and parcel mailings by allowing mailers to transport their product to appropriate entry post offices. Since its inauguration the program has increased customer satisfaction by reducing postage costs and ensuring more timely processing and delivery of the mail. It has also resulted in decreased USPS operational expenses which contributes to stable postage rates.

The PVDS Guideline has been developed to help postal personnel manage and facilitate the drop shipment program. This guideline incorporates the general rules and regulations found in the Domestic Mail Manual and official postal directives. Using the Plant-Verified Drop Shipment (PVDS) acronym, it is divided into four sections, each containing program information specific to: (1) Postal Management, (2) Mailer/Agent, (3) Postal Acceptance Personnel, and (4) Drop Shipment Coordinator.

Our primary intent is to help postal personnel accept plant-verified drop shipments transported by mailers to destination postal facilities. In the event of any ambiguity or discrepancy, the regulations in the DMM and Official Postal directives must be followed.

## Destination Entry Facility

### 1. APPOINTMENT CONTROL CENTER

- **Establishment**

Each USPS District Office and/or BMC facility is responsible for establishing and maintaining a Drop Shipment Appointment Control Center. The core function of the Control Center is to oversee all aspects of the Plant Verified Drop Shipment (PVDS) program in regard to the acceptance of drop shipments. The Control Center manages the computerized Drop Shipment Appointment System (DSAS) used in making drop shipment appointments at destination-entry facilities within the area of the District Office. The Control Center must be open to accept appointment requests, at a minimum from 8 A.M. to 5 P.M. local time, Monday through Friday. These hours may be expanded as necessary on a local basis. The Control Center will also provide a 24-hour emergency contact number to mailers for use in case of truck breakdowns or other situations necessitating immediate Postal attention.

- **Facility Profile(s)**

The Control Center must complete in DSAS and update as necessary the pertinent operating data for each postal facility (BMC, ASF, P&DC, SCF, DDU), including delivery address, a contact name and phone number, a 24-hour emergency contact number, maximum allowable truck/trailer size, and any other information affecting entry of drop shipments.

### 2. APPOINTMENTS

- **Available Slots**

The Control Center must update and change as necessary, the available appointment slot schedule for each entry facility within the area of the District Office. The Control Center must be sensitive to the operational needs, constraints and limits of Postal facilities accepting drop shipments.

- **Appointment Categories**

Appointments must be in one of six categories:

- a. Palletized - All mail on pallets that consist of 7 or more pallet positions.
- b. Speedline - All mail is on pallets but total no more than six pallet positions.
- c. Bedload - Bedload mail (sacks, parcels) unloaded by driver with postal assistance.
- d. Recurring - Any mailing deposited on a consistent, recurring schedule.
- e. Drop & Pick - Bedload parcels unloaded by Postal personnel within 24 hours.
- f. Perishable - All mail is perishable product containerized, palletized or bedloaded.

A mixed load of bedloaded mail and mail on pallets is considered as bedload when making appointments. Perishable drop shipments are not required to have an appointment; however, they must notify the destination facility 24 hours in advance of deposit.

- **Drop & Pick Appointments**

To reduce operational burden, drop and pick appointments for mailings occurring on a regular frequency will be established at the discretion of the BMC/ASF Plant Manager through written application. Fair and equitable treatment of all drop shipment mailers will be a consideration when approving requests for drop and pick reservations. Drop and pick appointments are only available to shippers delivering trailers at 75% or more capacity with bedloaded Standard (B) parcels at BMC and ASF entry facilities. Perishable loads scheduled as drop and picks will be unloaded within 24 hours of arrival or time of appointment (which ever is later.)

Regular frequency means mailings which occur on a consistent recurring basis with at least a monthly frequency.

Mailer (permit holder) requests to establish drop and pick appointments must be written on company letterhead to the BMC/ASF Manager. The BMC/ASF will respond to all requests within ten (10) days. Requests must include the following information:

- \* Name, address, telephone number of the Mailer.
- \* Transportation agent's name (contact person) and telephone number(s.)
- \* Telephone number of the Business Mail Entry office where postage payment is made.
- \* Method used for payment of postage: meter, permit, or pre-canceled stamps.
- \* Mail volume (average.)
- \* Size and type of trailer(s) transporting mail.
- \* Frequency/Schedule.
- \* Transportation agent's name (contact person) and telephone number(s) authorized to pick-up trailer once it has been unloaded.

Drop and pick appointments are approved for a period not to exceed twelve months. Thereafter a new application must be submitted to ensure up to date mailer information is on file. Written request for an additional twelve months may be made within 60 days of expiration of current arrangement.

Failure to adhere to scheduled appointments or other abuse of the procedures will result in revocation of drop and pick appointment privileges. Drop and pick appointments will generally be limited to 20 percent of available dock capacity allocated for drop shipment acceptance.

- **Vehicle Turn-Around Time**

Drop and pick shipments will be unloaded within 24 hours after arrival at the BMC, or from the time of scheduled appointment based on whichever is greater. Mailers or their transportation agents must retrieve their trailer(s) in 24-48 hours as determined by the BMC/ASF once the trailer has been unloaded. The Postal Service will not be responsible for any demurrage incurred by anyone participating in the drop and pick appointment program.

- **Recurring (Standing) Appointments**

To reduce operational burden, recurring appointments for mailings may be established at the discretion of the postal facility manager through written application. Fair and equitable treatment of all drop shipment mailers will be a consideration when approving request for recurring reservations.

Regular frequency means mailings which occur on a consistent recurring basis with at least a monthly frequency. Mailings should be of comparable product in terms of size, weight, volume, and containerization (pallets, container paks, etc.)

Requests to establish recurring appointments must be written on company letterhead to the postal facility manager. The drop shipment appointment control office will respond to all requests within ten (10) days. Requests must include the following information:

- \* Name, address, telephone number of the Mailer
- \* Transportation agent's name (contact person) and telephone number(s)
- \* Mail volume and preparation (trays/sacks/parcels)
- \* Size and type of trailer(s) transporting mail
- \* Frequency/Schedule

Recurring appointments may be made for a period not to exceed six months. Thereafter a new application must be submitted to ensure up to date mailer information is on file. Written request for an additional six months may be made within 60 days of expiration of current arrangement.

Failure to adhere to scheduled appointments or other abuse of the procedures will result in revocation of recurring appointment privileges.

- **Perishable Appointments**

Perishable shippers are not required to have an appointment; however, they must notify the destination facility 24 hours in advance of deposit to facilitate timely acceptance, unloading, and processing of their freight.

- **Liability**

The mailer assumes all responsibility and liability for any loss or damage to perishable goods before they are deposited and accepted as mail at destination entry postal facilities, even if a third party transports those mailings.

- **Making Appointments**

The USPS requires a minimum of 24 hours advance notice for an appointment (exceptions to the 24-hour requirement may be granted by a Control Center). Appointments may be made up to thirty (30) calendar days prior to the desired appointment date. Mailers must comply with the scheduled appointment/deposit time.



- **Electronic Appointments**

Appointments may be made electronically by mailers/agents with a personal computer, modem, compatible communications package and a USPS issued computer logon ID. A Corporate Associate Mailer feature of DSAS allows mailers with more than one mailing plant to make appointments for all their plants.

The mailer/agent must provide all pertinent information, as required by the DSAS system regarding the mailing. If specific information requested is not available at the time the appointment is made, mailers can provide it when it is available, but at least 24 hours prior to the requested appointment time.

Mailers with electronic access to DSAS may query close-out data from the system. Mailers may obtain arrival and unload dates and times by using the appointment confirmation number as a reference.

- **Telephone Appointments**

Mailers wishing to deposit destination entry rated mail for ASF, P&DC, SCF or DDU's must call the District Drop Shipment Coordinator. Telephone appointments for BMC loads must be made with the BMC Drop Shipment Coordinator.

The Control Center will enter all telephone appointments into DSAS at the time the appointment is made. If a requested appointment is not available, the Control Center advises the mailer of available appointment slots. If the mailer leaves a request for an appointment on a Control Center answering machine, the Control Center will respond to the mailer promptly, but no later than the next business day. Every effort will be made to accommodate the mailer's requested appointment date and time.

Mailers should not be prevented from scheduling an appointment if all information is not available at the time of their request. Required information includes date, time, mailer's name, appointment type (pallets, bedload, etc.) and quantity.

- **Confirmation Number**

A confirmation number is generated for every appointment by the DSAS program. Mailers making electronic appointments receive a confirmation number upon completing the appointment process. Those making telephone appointments will be notified of the confirmation number by the Drop Shipment Coordinator.

- **Rescheduling Appointments**

In order to retain original confirmation number when an appointment is rescheduled, the mailer and/or Drop Shipment Coordinator should access the appointment information screen and change appropriate fields.

- **Cancellations**

Mailers are required to cancel an appointment(s) they cannot keep. Appointments made electronically should be canceled electronically, unless the cancellation is being made less than 24 hours before the scheduled appointment time, in which case the appointment must be canceled by a telephone call to the appropriate Control Center. Appointments originally made by telephone may be canceled either electronically or by telephone. Control Centers will notify appropriate drop shipment entry offices of all cancellations.

- **Daily Schedule Report**

The Control Center will maintain a master schedule for facilities within its designated area. Written notification of scheduled arrivals and confirmation numbers will be provided to destination entry offices, by copy of the DSAS Daily Schedule Report.

### **3. PVDS ARRIVAL**

- **Mailer's/Agent's Responsibility**

Drop shipments will be considered freight until such time as they are actually deposited at the destination facility.

Upon arrival, drivers must check in at a designated area, give name, origin of mailer, load type (e.g., pallets, bedload parcel/sacks, etc.), appointment confirmation number and then as directed, proceed to an assigned area to stage their vehicle. Drivers must adhere to all instructions issued by USPS yard control personnel while driving on Postal premises.

A drop shipment clearance document, (PS Form 8125), must accompany all PVDS mailings. The form must be presented by the driver or be attached to the right rear inside wall of the vehicle. Appointment confirmation numbers must be written on the 8125(s) for the appointment to be honored. A load without a confirmation number written on the 8125, will be considered without an appointment and unloaded when operationally feasible.

### **4. POSTAL ACCEPTANCE**

- **BMCs**

Postal Vehicle Control Office has the initial responsibility of accepting the drop shipments. Vehicle control personnel must verify the shipment has an appointment, corresponding confirmation number and is being entered at the correct entry office. If the driver does not know or have a confirmation number, they must call their dispatch office to obtain one. If no appointment was made, the shipper must call and make an appointment through the appropriate Drop Shipment Coordinator.

- **SCF/DDU**

Designated acceptance personnel will abide by the above BMC acceptance procedures.

- **Platform Personnel (Dock Clerk)**

Acceptance of PVDS' by platform employees may consist of eight steps:

- 1) Verify appointment by comparing the appointment confirmation number on the 8125(s) against the Daily Schedule Report. The facility code shown in the confirmation number must match the destination facility's ID code. In some instances, a mailer may arrive with an appointment number not indicated on the Daily Schedule Report. When this occurs, contact the Drop Shipment Coordinator to confirm the appointment.
- 2) Obtain Form 8125 from driver or open the vehicle and remove the 8125 attached to the right-hand wall. Since the vehicle may contain shipments for other entry offices, only remove forms that coincide with your facility.
- 3) Verify that the 8125(s) are complete, signed, and round-dated by the origin post office.
- 4) Compare the shipment with the 8125(s). The contents may be determined in two (2) ways: (1) by counting containers, or (2) weigh the mailing after it is unloaded. Weigh the entire shipment, only when necessary, to confirm volume.
- 5) Note irregularities in the comment section of the 8125 (i.e., no appointment, late arrivals, missed in-home date, poor load integrity, damaged/wet mail, etc.)
- 6) Complete Part III, Items 2 and 3 on form 8125. Accepting employee must sign and date the form(s), retain original and give a copy (if one is provided) to the mailer/agent. Platform personnel may sign and date a bill of lading or other paperwork that describes the shipment.
- 7) Submit all completed 8125(s) to the Drop Shipment Control Center by the end of the acceptance employee's tour of duty.
- 8) Refuse (with supervisory approval) shipments that do not match the 8125. It is not our intent to refuse dropshipments. Every effort must be made to resolve problems, so that incoming mail is handled expeditiously.

- **Resolving Problems**

Most problems are as simple as a driver mixing up clearance forms or a simple data entry error that was not noticed by the origin post office at the time of initial verification. When the driver does not have the proper forms, the origin post office should be contacted and a request made that a facsimile copy of Form 8125 be sent to rectify the problem.

When there seems to be too much mail, spot check sacks or pallets to see if contents are the same. Checking permit imprints, metered postage, or precancelled stamp can help identify mailings. Comparing the top destination line of sack and pallet labels can help determine if the shipment is for the facility or outside that facility's delivery area.

If the discrepancy cannot be resolved, contact the origin post office for assistance. The origin post office may need to contact the mailer to resolve the inconsistency. (Every reasonable effort must be made to contact the origin post office, mailer, and if necessary the transportation company to resolve the discrepancy.)

- **Acceptance Without Resolution**

Until a resolution is reached do not accept the shipment unless it can be handled in one of the following methods:

Situation 1

The driver does not have Form 8125, but has a bill of lading indicating that the mail is for your facility. Postal management may accept the mailing if the entire mailing is weighed and the gross weight and sack or tray count are recorded. Dock supervision must save a sample of at least ten pieces in the mailing. Detailed records must be kept and the origin office and the District's Business Mail Entry Unit contacted as soon as possible.

Situation 2

When there is too much mail in a shipment and you are able to isolate mail that is not for your facility, but the remaining mail matches the volume figures on Form 8125, you may accept only the portion of the shipment that is for your facility. Return the remaining mail to the driver. Document and contact the origin office as soon as possible.

Situation 3

Shipments that appear to be smaller than indicated on the 8125, may be accepted if you weigh the shipment and document the weight per piece, gross weight, and number of sacks and trays. Contact the origin office as soon as possible.

Always document any action taken on shipments accepted with discrepancies.

## 6. REFUSAL OF SHIPMENT

- **Incorrect Documentation**

When mailer/agent cannot provide the necessary documentation for the drop shipment and every effort was made to contact the origin post office, to reconcile the mailing, the shipment should be refused.

- **Load Integrity**

Shipments that have not maintained their integrity in transit (resulting in unstable, leaning and broken containers) may be accepted as bedloaded if the safety of Postal employees is not compromised. Such loads will require driver unloading (with postal assistance) or may be refused. The mailer/agent will have the option to rework refused loads off-site. After scheduling a new appointment the mailing may be resubmitted with appropriate documentation.

- **Defective Vehicle**

Under no circumstances, will Postal personnel or mailer/agent be permitted to unload a vehicle that is defective and a threat to the safety and well being of any person. Such defective equipment must be immediately removed from Postal premises and refused further entry until it has been repaired.

- **Damaged/Wet Mail**

PVDS shipments are considered freight until accepted by the destination entry postal facility. If the load has become visibly damaged (crushed, torn, etc.) or water damaged during transit, the shipment will not be accepted/unloaded. The mailer/agent will have the option to take the shipment off-site and repair the shipment to match its original preparation. After scheduling a new appointment the mailing may be resubmitted.

- **Improper Mail**

Drop shipments that are not compatible with the entry facility's operation (i.e., Periodicals without an "additional entry" authorization to a BMC) will be directed to the appropriate facility. Post office of origin will initiate action to adjust/collect applicable postage rates when shipments must be diverted to an appropriate entry office.

- **Missed Appointment**

BMC, ASF, or SCFs may refuse drop shipments that arrive more than 2 hours after the scheduled appointment time. Destination Delivery Units (DDUs) may refuse drop shipments that arrive more than 20 minutes after the scheduled appointment time. (E350.3.4) When operationally feasible the destination entry office should make every effort to accept late arrivals.

**7. VEHICLE TURNAROUND TIME**

- **BMC/ASF and SCF**

Containerized loads, other than those with speedline appointments, will be unloaded by Postal employees within four hours after arrival or scheduled appointment time (whichever is later.)

Containerized loads with speedline appointments (e.g., occupying no more than six pallet positions) will be unloaded by Postal employees within two hours after arrival or scheduled appointment time (which ever is later.)

Bedloaded drop shipments will be unloaded by the shipper/driver, with Postal employee assistance, within eight hours after arrival or scheduled appointment time (which ever is later.)

Drop and pick shipments are only accepted at BMCs and ASFs. Drop and pick shipments will be unloaded by Postal employees within 24 hours after arrival or scheduled appointment time (which ever is later.) *Perishable loads scheduled as drop and pick appointments are subject to the above 24 hour vehicle turnaround time.*

- **Delivery Units (DDUs)**

All containerized and bedloaded shipments (or any combination) must be unloaded by the shipper/driver within one hour after arrival or scheduled appointment time (whichever is later) at destination delivery units.

- **Mailer/Shipper Responsibility**

It is the responsibility of the mailer/shipper to ensure drivers are aware of the "driver unload" requirement of bedloaded and delivery unit drop shipments.

The driver must remain with and when required, continuously unload the vehicle once at the dock. The driver must remove the vehicle from Postal premises immediately after unloading. The driver is not permitted access to the Postal facility with the exception of the dock and designated driver rest areas.

The mailer is responsible for any demurrage or detention charges incurred by participating in plant verified drop shipments.

**U.S. POSTAL SERVICE WITNESS CHARLES L. CRUM  
RESPONSE TO INTERROGATORIES  
OF UNITED PARCEL SERVICE**

**UPS/USPS-T28-39.** Please refer to Exhibit F, page 1 of 2 of USPS-T-28.

(a) Please explain all differences between the costs for mail processing at destination BMCs in this Exhibit with those derived by Witness Daniel for DBMC mail in USPS-T-29, Appendix V, pages 10-12.

(b) Please confirm that the costs avoided at the BMC by DSCF mail is being measured against that of DBMC mail. If not confirmed, please explain.

**RESPONSE**

(a) In line 1, pages 10-12, witness Daniel makes the simplifying assumption that all DBMC mail arrives bedloaded. The study in LR-H-131 estimates the actual proportion to be 96.2 percent for machinables and 98.2 percent for nonmachinables. Witness Daniel will file errata adjusting for this small difference. Lines 2-6 of page 12 (USPS-T-29, Appendix V) contain a small calculation error in the dispatch profile and errata will be filed correcting this. The correct numbers can be found on page 16 of witness Daniel's Appendix V and in my Exhibit F. Finally, for ease of presentation I round to 3 decimal places, while witness Daniel shows 4 decimal places.

(b) Confirmed.

**U.S. POSTAL SERVICE WITNESS CHARLES L. CRUM  
RESPONSE TO INTERROGATORIES  
OF UNITED PARCEL SERVICE**

**UPS/USPS-T28-40.** Please refer to page 7 of your direct testimony. Please confirm that DDU mailers using sacks would have to unload the sacks and dump the sacks without Postal Service assistance. If confirmed, please explain where and how DDU mailers will unload and dump the sacks. If not confirmed, please explain.

**RESPONSE**

Confirmed that to be consistent with my costing approach, DDU mailers using sacks will need to unload and dump them. It is my understanding that this will be done in a manner consistent with local parking regulations, floor layout, processing procedures, etc. Please see witness Mayes' response to OCA/USPS-T37-12(a).



# 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: 30 SEPTEMBER 1997

# **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.

A handwritten signature in black ink, appearing to read "Scott L. Reiter", is written over a horizontal line.

Scott L. Reiter

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September 30, 1997