

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

**POSTAL RATE AND FEE CHANGES, 2006**

**Docket No. R2006-1**

**FIRST SET OF INTERROGATORIES OF  
THE ASSOCIATION FOR POSTAL COMMERCE  
TO USPS WITNESS JAMES M. KIEFER**

**(POSTCOM/USPS-T36-1 - 3)**

Pursuant to Sections 25 through 27 of the rules of practice, the Association for Postal Commerce directs the attached First Set of Interrogatories to Witness James M. Kiefer. If the witness is unable to respond to any interrogatory or request for production of documents, PostCom requests that a response be otherwise provided by the Postal Service.

Respectfully submitted,

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June 30, 2006

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**POSTCOM/USPS-T36-1.** Please refer to the copies of the DMM Advisories dated June 1, 2006 and June 29, 2006 attached to this document.

a. Please confirm that you have used the same physical standards of the Standard Mail Automation flats, Not Flat-Machinables, and Parcels categories as indicated in these DMM Advisories in your rate design. If you cannot confirm, please explain why not.

b. Does the Postal Service intend to incorporate the physical standards that have been specified in the attached DMM Advisories in the DMM? If so, when will the proposed and final rules be published?

c. Does the Postal Service plan to establish or change any mailpiece characteristics, or rate eligibility or mail preparation requirements during the next eighteen calendar months, with respect to the following rate categories of Standard Mail Regular and Non-Profit Regular:

- i. Automation Letters
- ii. Automation Flats
- iii. Non Flat-Machinables
- iv. Machinable Parcels
- v. Non-Machinable Parcels

d. If not, please explain why not.

e. If so, please describe any and all such changes.

f. Will public input be sought during the development of any or all such additional characteristics or requirements? If not, why not?

g. When will proposed rules addressing each change be published?

- h. When will final rules addressing each change be published?
- i. With respect to each change identified, does the Postal Service anticipate that it will increase its customers' costs to prepare mail? Why or why not?

**POSTCOM/USPS-T36-2.** Is the Postal Service considering incorporating any rigidity tests in implementation rules with respect to the Standard Mail Non-Flat Machinable category?

- a. If so, please describe any tests under consideration.
- b. If not, does the Postal Service intend to consider any such tests in the future?
- c. If the answer to (b) is affirmative, will mailer input be sought during the development and consideration of such tests?
- d. By what date will implementation rules addressing any such tests be published?

**POSTCOM/USPS-T36-3.** Please refer to the copy of the DMM Advisory dated June 29, 2006 attached to this document.

- a. Please confirm that the 150-piece minimum for Standard Mail automation letters will be maintained upon implementation of the proposed rate structure.

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**From:** DMMA Advisory [DMMA Advisory@usps.gov]  
**Sent:** Thursday, June 01, 2006 3:07 PM  
**To:** undisclosed-recipients  
**Subject:** Price Change Proposal - FAQs

June 1, 2006

## **DMMA Advisory**

*Pricing and Classification* — keeping you informed about the prices and mailing standards of the United States Postal Service

### **Price Change Proposal – FAQs**

We've received a number of questions about the details of our pricing proposal. In the upcoming weeks, we will use the DMMA Advisory to clarify some of the issues raised by these questions. This week, we will address the Periodicals per-container charge, the Standard Mail Not Flat-Machinable (NFM) category, OneCode ACS, and automation letters.

#### **Periodicals per-container charge**

##### **What is the per-container charge in Periodicals?**

Periodicals prices include a new element: an 85-cent charge for each container used in the mailing. The price is designed to promote more efficient use of containers.

##### **What type of containers would be subject to the charge?**

Each sack or pallet in the mailing would be charged the 85 cents. Obviously, since pallets contain more pieces than sacks, the effective per-piece charge is lower for pallets.

##### **What if sacks are placed on pallets or in some other container?**

The charge would apply to each sack, but not the other containers.

##### **What if I use some container other than pallets or sacks?**

99.7% of Periodicals are in sacks or on pallets. Nevertheless, the charge is an integral part of the pricing of Periodicals, and all Outside County mailings will be subject to it, even the 0.3% of mail that is not in sacks or pallets. We are currently reviewing the other possible containerization methods and will explain soon how the 85-cent charge will apply.

##### **Are In-County Periodicals affected?**

No. The In-County prices do not include the container charge.

##### **What if a Periodicals mailing is combined on pallets with Standard Mail?**

Any pallet that contains Periodicals is subject to the container charge.

##### **What if more than one publication is co-mailed on a container?**

There are two options: The container charge can be claimed on the postage statement of one of the publications; or a separate form can be submitted to pay the container charge for the entire mailing.

## **Standard Mail “Not Flat-Machinable” (NFM)**

### **What is the new NFM category?**

We created the category for pieces that today qualify as automation flats by virtue of the UFSM1000 guidelines (see [Quick Service Guide 301a](#)). Many of these pieces are actually handled as parcels. Since such pieces do not meet the processing specifications of the AFSM100s for flats, they will no longer qualify as automation flats under the proposal.

Generally, this means that rigid pieces less than 0.75” thick, as well as most rectangular pieces of uniform thickness between 0.75” and 1.25”, are eligible for NFM prices.

### **What preparation will be required for NFM prices?**

We are still considering the preparation standards. However, we intend to make them consistent with existing guidelines for parcels and convenient for the customer.

## **OneCode Address Change Service (ACS)**

### **Are there any new addressing requirements associated with OneCode ACS?**

No. Consistent with the goal of reducing undeliverable-as-addressed mail, we encourage mailers to use every tool possible to improve the quality of their address lists. However, we are not including any new requirements as part of this pricing proposal.

## **Automation Letters**

### **Are any changes in preparation requirements proposed for automation letters?**

No; although we proposed the elimination of the carrier route price in First-Class Mail, and the basic automation price in Standard Mail Enhanced Carrier Route.

### **Will the minimum volume required for the presort tiers change?**

No.

The *Domestic Mail Manual* (DMM) is available on Postal Explorer ([pe.usps.com](http://pe.usps.com)).

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**From:** DMMAdvisory [DMMAdvisory@usps.gov]  
**Sent:** Thursday, June 29, 2006 1:50 PM  
**To:** undisclosed-recipients  
**Subject:** Price Proposal FAQs

June 29, 2006

## ***DMM Advisory***

*Pricing and Classification* — keeping you informed about the prices and mailing standards of the United States Postal Service

### **Price Proposal FAQs**

We've received a number of questions about the details of our pricing proposal. We will use the *DMM Advisory* to clarify some of the issues raised by these questions. The *Advisory* issued June 1 addressed the Periodicals per-container rate, the Standard Mail Not Flat-Machinable (NFM) category, OneCode ACS, and automation letters. In this *Advisory*, we cover questions about Standard Mail, as well as other topics that are not part of our pricing proposal.

#### **Standard Mail**

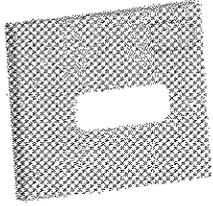
**What are the physical standards for Standard Mail automation flats, parcels, and Not-Flat Machinables in the new pricing proposal?**

Automation flats – Flat-size pieces that meet the current AFSM 100 criteria qualify for automation flat prices. For example, flats as large as 12 inches by 15 inches and as thick as  $\frac{3}{4}$  inch qualify as automation flats. Flats as small as 5 inches by 6 inches and at least .009 thick also qualify as automation flats. Automation flats must also be flexible. See Quick Service Guide (QSG) [301a](#).

Parcels – Standard Mail machinable parcels must weigh less than 16 ounces. They may be as small as 6 inches long, 3  $\frac{1}{2}$  inches high, and  $\frac{1}{4}$  inch thick. The physical standards for machinable parcels are described in QSG [440a](#). Nonmachinable parcels are described in QSG [440b](#).

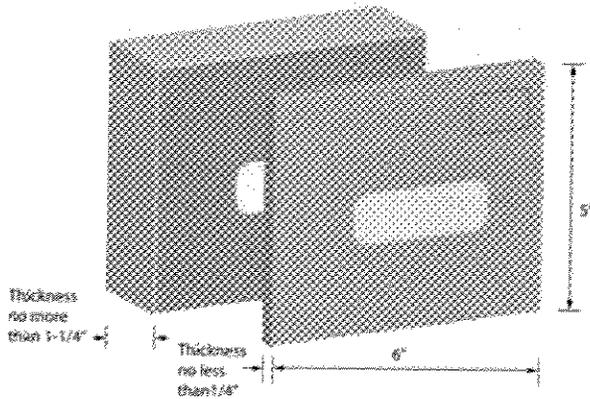
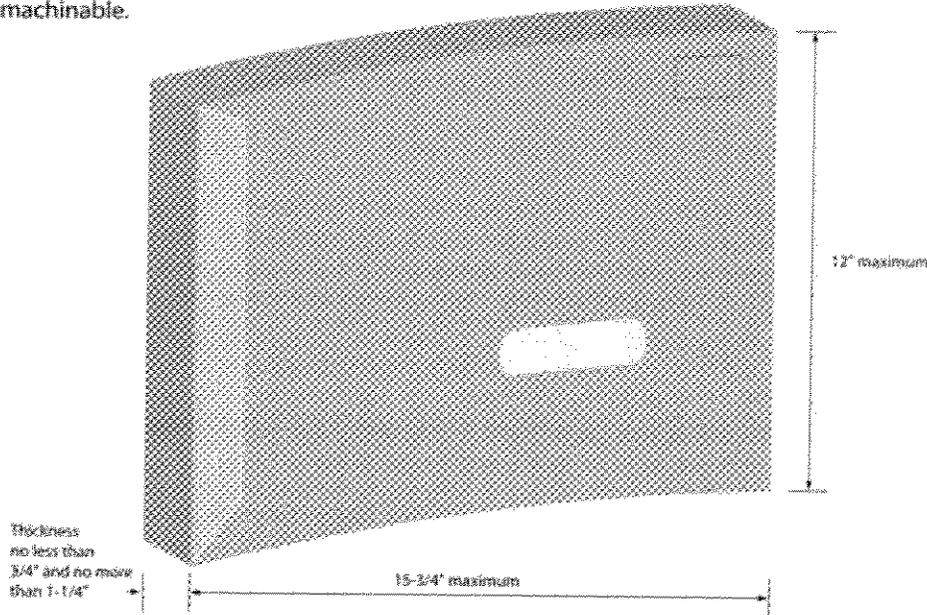
Not Flat-Machinables – The following graphic (and attached PDF) illustrate Not Flat-Machinable mailpieces. Mailers may also refer to DMM [301.3.4](#), Criteria for UFSM 1000 Pieces.

## Not Flat-Machinable



The defining characteristic of a not flat-machinable is that it is **rigid**.

In addition to rigid pieces, mailpieces longer than 15 inches (up to 15-3/4 inches) and mailpieces thicker than 3/4 inch (up to 1-1/4 inches) are not flat-machinable.



Mailpieces smaller than 5 inches by 6 inches and thicker than 1/4 inch (up to 1-1/4 inches) are also not flat-machinable, regardless of rigidity.

JUNE 2006

**What changes in rate eligibility are you proposing for Standard Mail parcels?**

A 5-cent surcharge would apply to all parcels that are not barcoded unless the pieces are sorted to 5 digits. We also rename "irregular" parcels as "nonmachinable" parcels.

**Are there any proposed changes to the minimum number of letters needed to fill a tray (150-piece rule) for either rate eligibility or mail preparation purposes?**

No. We would maintain the existing rate structure and 150-piece minimums for Standard Mail (and First-Class Mail) automation letters.

**Are there any proposed changes to the requirements for automation letters prepared as self-mailers or booklets?**

Our pricing proposal does not affect the preparation of booklets or self-mailers.

**What are the minimum piece requirements for the proposed Standard Mail automation and nonautomation flats 5-digit and 3-digit rate categories?**

Our proposal does not change the bundle and sacking requirements, including the minimums. For all mail prepared on pallets and for automation mail prepared in sacks, pieces prepared in a 5-digit bundle would get the 5-digit rate. Likewise, pieces prepared in a 3-digit bundle would get the 3-digit rate. Under today's standards, the 3/5 rates are applicable for both bundles. For nonautomation flats prepared in sacks, the rates would continue to be based on the level of the sack in which the bundles are placed.

**What is the definition of "uniform thickness" for Standard Mail flats? If a flat is not uniformly thick, would it have to be mailed as a Standard Mail parcel?**

The definition of "uniform thickness" for automation flats is located in DMM 301.3.8. It will not change. Flats not meeting this standard may qualify at the nonautomation presorted flat rates, as they may today.

**Other Questions**

**Does the USPS plan to redesign its business reply mail offering, to use the 4-state barcode?**

Other than prices, there are no changes proposed for business reply mail.

**How will the USPS handle issues such as FAST appointment priority for mixed class co-mailings?**

Mixed-class mailings occur today, and our proposal does not alter the FAST process.

**How will the network redesign affect the value of drop ship discounts? Is it as simple as an RDC becoming a DBMC, and a DPC becoming a DSCF? Will mailers be expected to deliver APPS mail to RDCs, and if so, what discount would apply?**

Network redesign will affect entry locations, and will require the cooperation of mailers. No decisions have been made regarding realignment with respect to rate eligibility. We will work with mailers as the plans evolve.

The *Domestic Mail Manual* (DMM) is available on Postal Explorer ([pe.usps.com](http://pe.usps.com)). To subscribe to the DMM Advisory, send an e-mail to [dmmadvisory@usps.com](mailto:dmmadvisory@usps.com). Simply indicate "subscribe" in the subject line.