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POSTAL RATE COMMISSION

UNITED STATES POSTAL RATE COMMISSION

In the Matter of: POSTAL RATE AND FEE CHANGES

Docket No. R97-1

VOLUME 19-A

DESIGNATED INSTITUTIONAL RESPONSES OF THE UNITED STATES POSTAL SERVICE

DATE: Friday, December 19, 1997

PLACE: Washington, D.C.

PAGES: 8362 - 8672

ANN RILEY & ASSOCIATES, LTD.

1250 I St., N.W., Suite 300

Washington, D.C. 20005

(202) 842-0034

1 BEFORE THE
2 POSTAL RATE COMMISSION

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4 In the Matter of: :

5 POSTAL RATE AND FEE CHANGES : Docket No. R97-1

6 - - - - - X

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8 Third Floor Hearing Room

9 Postal Rate Commission

10 1333 H Street, N.W.

11 Washington, D.C. 20268

12

13 Volume 19-A

14 Friday, December 19, 1997

15

16 The following documents were transcribed into the
17 record.

18

19 BEFORE:

20 HON. EDWARD J. GLEIMAN, CHAIRMAN

21 HON. W. H. "TREY" LeBLANC, III, COMMISSIONER

22 HON. GEORGE A. OMAS, COMMISSIONER

23

24

25

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BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes, 1997

Docket No. R97-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION
OF UNITED STATES POSTAL SERVICE

<u>Party</u>	<u>Interrogatories</u>
Advo, Inc.	ADVO/USPS-3, 5-19, 22-25, 29 NDMS/USPS-T32-51 redirected to USPS OCA/USPS-T24-49-50 redirected to USPS VP-CW/USPS-T36-11, 14 redirected to USPS
American Bankers Association, Edison Electric Institute, and National Association of Presort Mailers	ABA/USPS-T32-3 redirected to USPS (revised) ABA,EEI&NAPM/USPS-T25-5, 16-20, 23-25 redirected to USPS ABA,EEI&NAPM/USPS-T29-15 redirected to USPS ABA,EEI&NAPM/USPS-T32-4, 8 redirected to USPS ABP/USPS-T13-7c redirected to USPS APWU/USPS-T29-1 redirected to USPS MMA/USPS-5 MMA/USPS-FU-7 MMA/USPS-T32-1, 17, 28-29 redirected to USPS NAA/USPS-T36-17 redirected to USPS NDMS/USPS-T32-48 redirected to USPS OCA/USPS-T29-7 redirected to USPS VP-CW/USPS-T36-13-14 redirected to USPS
American Business Press	ABP/USPS-1-16 ABP/USPS-T04-11a redirected to USPS DMA/USPS-1 UPS/USPS-T15-7 redirected to USPS
Direct Marketing Association, Inc.	ADVO/USPS-24-25 DMA/USPS-1-2, 4-7, 9 DMA/USPS-T04-14b, 24c-e, 47, 50, 58, 63-83, 85b, d redirected to USPS DMA/USPS-T14-34 redirected to USPS DMA/USPS-T30-6, 11 redirected to USPS MPA/USPS-T04-1-2 redirected to USPS

<u>Party</u>	<u>Interrogatories</u>
Direct Marketing Association, Inc. (continued)	OCA/USPS-T24-52 redirected to USPS TW/USPS-T04-18-20, 22-24 redirected to USPS UPS/USPS-T14-44b, 57 redirected to USPS UPS/USPS-T41-35 redirected to USPS
Magazine Publishers of America	ADVO/USPS-3 MPA/USPS-1-2, 3a-f, h, 4 MPA/USPS-T05-2c, d, 3 redirected to USPS MPA/USPS-T17-10 redirected to USPS TW/USPS-T04-23-24 redirected to USPS UPS/USPS-18
Major Mailers Association	ABA,EEI&NAPM/USPS-T25-5, 23-24 redirected to USPS MMA/USPS-FU-1-8 MMA/USPS-T25-1b, c (responses filed 10/16, 10/21, 12/3) redirected to USPS MMA/USPS-T30-3a, 4a, d, 6, 7a.2, 8c.1, c.3, T32-15b redirected to USPS (combined response) MMA/USPS-T32-1 (revised), 24b, 28-29 redirected to USPS NDMS/USPS-T32-47 redirected to USPS
McGraw-Hill Companies, Inc., The	ABP/USPS-1-16 ABP/USPS-T13-3-4, 6, 7c, 8b, d-g redirected to USPS DMA/USPS-T30-11 redirected to USPS MH/USPS-T02-5b, 6a-b, 7a, 8a redirected to USPS MH/USPS-T30-2a-d redirected to USPS MMA/USPS-T30-3a, 4a, d, 6, 7a.2, 8c.1, c.3, T32-15b redirected to USPS (combined response) MPA/USPS-2 NNA/USPS-T30-4 redirected to USPS OCA/USPS-T13-29a, c redirected to USPS TW/USPS-1-4 UPS/USPS-36 UPS/USPS-T13-27b, 36 redirected to USPS UPS/USPS-T20-9-16 redirected to USPS
Nashua Photo Inc., District Photo Inc., Mystic Color Lab, and Seattle Filmworks, Inc.	AAPS/USPS-T36-8-9, 11 redirected to USPS ABA/USPS-1 ABA,EEI&NAPM/USPS-T25-20 redirected to USPS ABP/USPS-1-3 ABP/USPS-T13-6, 8b, d-g redirected to USPS

Party

Nashua Photo Inc., District Photo Inc., Mystic Color Lab, and Seattle Filmworks, Inc. (continued)

Interrogatories

ADVO/USPS-2, 10, 12, 14, 19, 22-25, 28-29
 DBP/USPS-6a-i, n, p-u, v-kk, 8e-q (filed 11/14/97),
 x-bb (filed 9/29/97), 9h-aa (filed 9/29/97), 13h-l, 20,
 52a, g, l-p, 55, 58a-t
 DFC/USPS-11
 DMA/USPS-1
 DMA/USPS-T04-50 redirected to USPS
 MH/USPS-T02-6a-b, 7a, 8a redirected to USPS
 MMA/USPS-4, 6
 MMA/USPS-T32-11-12, 17 (revised), 28 redirected to
 USPS
 MMA/USPS-T36-8 redirected to USPS
 MPA/USPS-2, 3a-f, h
 NAA/USPS-1, 2a-f, h, 13, 19
 NAA/USPS-T36-17-18, 20-22, 25-27, 31, 47
 redirected to USPS
 NDMS/USPS-ST43-2e.ii-g.iii, 3a.ii-vi, 16 redirected
 to USPS
 NDMS/USPS-T04-9 redirected to USPS
 NDMS/USPS-T26-1-10 redirected to USPS
 NDMS/USPS-T27-2b-c, 3, 4b-c, 5 redirected to
 USPS
 NDMS/USPS-T32-8, 24a, 26-28, 29a-b, d, 30b, 31,
 33b-d, 34, 37d, 38, 43-52 (revised) redirected to USPS
 NDMS/USPS-T33-28-29 redirected to USPS
 NTC/USPS-T06-1 redirected to USPS
 OCA/USPS-25, 27-29, 39, 54-55, 80, 94, 102, 104
 OCA/USPS-T03-1d redirected to USPS
 OCA/USPS-T14-15d redirected to USPS
 OCA/USPS-T23-9 redirected to USPS
 OCA/USPS-T32-8-9, 11, 32, 38-40, 45, 53, 68,
 114, 121 redirected to USPS
 TW/USPS-2, 4 (incorrectly titled TW/USPS-T26-4)
 UPS/USPS-4-5, 14, 21b, 27-35, 37
 UPS/USPS-T13-36 redirected to USPS
 UPS/USPS-T15-7 redirected to USPS
 UPS/USPS-T29-11 redirected to USPS
 UPS/USPS-T33-62a-c, 64, 72a-h redirected to USPS
 UPS/USPS-T37-57 redirected to USPS
 UPS/USPS-T41-35 redirected to USPS
 Response to question posed by Mr. Popkin at 10/7/97
 hearing (Tr. 3/697-699)

National Newspaper Association

NNA/USPS-T26-1-7 redirected to USPS

Newspaper Association of America	<p> AAPS/USPS-1-4 ABP/USPS-T13-6 redirected to USPS ADVO/USPS-3, 7-8, 10 DBP/USPS-6a-i, v-kk, 13h-l DMA/USPS-T30-11 redirected to USPS MMA/USPS-3, 5-6 MMA/USPS-T30-7a.2 redirected to USPS MMA/USPS-T32-1 (revised), 2, 11, 17 (revised), 24b, 25, 27-28 redirected to USPS MMA/USPS-T36-8 redirected to USPS NAA/USPS-1, 2a-f, h, 3, 13, 14 (revised), 15 NAA/USPS-T36-47 redirected to USPS OCA/USPS-1, 34, 41, 94 UPS/USPS-5 </p>
Niagara Telephone Company	<p> NTC/USPS-T06-1-5 redirected to USPS </p>
Office of the Consumer Advocate	<p> AAPS/USPS-1-4, 6 AAPS/USPS-T36-7-11 redirected to USPS AAPS/USPS-T41-3b-e redirected to USPS ABA/USPS-1 ABA,EEI&NAPM/USPS-T25-5, 16-20, 23-25 redirected to USPS ABA,EEI&NAPM/USPS-T29-11, 15 redirected to USPS ABA,EEI&NAPM/USPS-T30-5 redirected to USPS ABA,EEI&NAPM/USPS-T32-4, 5c, 7a, 8 redirected to USPS ABP/USPS-1-23 ABP/USPS-T04-11a redirected to USPS ABP/USPS-T13-3-4, 6, 7c, 8b, d-g redirected to USPS ADVO/USPS-1-3, 4 (revised), 5-19, 22-30 ALA/USPS-3 AMMA/USPS-2 ANM/USPS-1-17 (partial response) APWU/USPS-T29-1 redirected to USPS CRPA/USPS-T09-1-3 redirected to USPS DBP/USPS-5, 6a-i, v-kk, 8x-bb (filed 9/29/97), 8e-bb (filed 12/9/97), 9h-aa (filed 9/29/97), 9b-c, e, g-aa (filed 12/9/97), 13h-i, 14, 17-20, 23, 35, 40-42, 45, 55, 58d (revised), 65, 72, 79, 81, 89, 91, 97h (revised) DFC/USPS-1, 4-5, 7-10, 11, 11(supplemental), 12-18 DFC/USPS-RA-1-3 DMA/USPS-1-10 DMA/USPS-T04-14b, 24c-e, 58, 63-84, 85b, d redirected to USPS </p>

Office of the Consumer Advocate
(continued)

DMA/USPS-T14-34, 43, 46 redirected to USPS
 DMA/USPS-T30-6 redirected to USPS
 FGfSA/USPS-T13-53 redirected to USPS
 FGfSA/USPS-T16-17b-e redirected to USPS
 MH/USPS-1-2
 MH/USPS-T02-5b, 6a-b, 7a, 8a redirected to USPS
 MH/USPS-T05-1 redirected to USPS
 MH/USPS-T30-2a-d redirected to USPS
 MMA/USPS-1-6
 MMA/USPS-FU-1-8
 MMA/USPS-T05-4, 7 redirected to USPS
 MMA/USPS-T25-1b, 1c (responses filed 10/16, 10/21, 12/3), 11 redirected to USPS
 MMA/USPS-T30-3a, 4a, d, 6, 7a.2, 8c.1, c.3, T32-15b redirected to USPS (combined response)
 MMA/USPS-T32-1 (revised), 2, 11-12, 17 (revised), 24b, 25, 27 redirected to USPS
 MMA/USPS-T36-8, 10-11 redirected to USPS
 MOAA/USPS-T36-1 redirected to USPS
 MPA/USPS-2, 3a-f, h, 4
 MPA/USPS-T04-1-2 redirected to USPS
 MPA/USPS-T05-2c-d, 3 redirected to USPS
 MPA/USPS-T17-8-12 redirected to USPS
 NAA/USPS-1, 2a-f, h, 3-13, 14 (revised), 15-20
 NAA/USPS-T04-18-23, 28 redirected to USPS
 NAA/USPS-T14-20 redirected to USPS
 NAA/USPS-T36-17-27, 29-31, 47 redirected to USPS
 NAPM/USPS-FU-1
 NDMS/USPS-1-2
 NDMS/USPS-ST43-2e.ii-g.iii, 3a.ii-a.vi, 16 redirected to USPS
 NDMS/USPS-T04-9 redirected to USPS
 NDMS/USPS-T26-1-10 redirected to USPS
 NDMS/USPS-T27-2b-c, 3, 4b-c redirected to USPS
 NDMS/USPS-T32-2e, 8-11, 15, 17, 18c, 18d, 18e, 19-20, 24, 26-28, 29a-b, d, 30-31, 33b-d, 34, 37d, 38, 43-52 (revised) redirected to USPS
 NDMS/USPS-T33-28-29 redirected to USPS
 NNA/USPS-T01-3-6 redirected to USPS
 NNA/USPS-T26-1-7 redirected to USPS
 NNA/USPS-T30-3-4 redirected to USPS
 NTC/USPS-T06-1 redirected to USPS
 OCA/USPS-1, 3a, 7f, g, 8-10, 11 (revised), 12, 15-16, 17b, 18-19, 20a, b, 21-35, 39-41, 43-47, 48, 48 (revised), 49-61, 62 (revised), 63-71, 74, 75a-c, 76-83, 86-106
 OCA/USPS-T03-1d redirected to USPS
 OCA/USPS-T04-20b-d, 21-23 redirected to USPS

Office of the Consumer Advocate
(continued)

OCA/USPS-T12-44-49, 50c.ii-iv, 51-55
redirected to USPS
OCA/USPS-T13-29a, c, 37b.iii-x, redirected to
USPS
OCA/USPS-T14-15d redirected to USPS
OCA/USPS-T23-1-2, 8-11 redirected to USPS
OCA/USPS-T24-31b-d, 32, 35, 37, 48-58, 73a, 92e
redirected to USPS
OCA/USPS-T29-6-7 redirected to USPS
OCA/USPS-T32-1b-e, 7-18, 20-21, 27-30, 32, 36,
38-40, 43, 45-47, 50-55, 56a-b, 57a, c, 59-61, 63c,
64a-d, f, 65, 68, 69a, 70, 74a-b, 75-78, 80-81,
83-84, 85a, c-d, 87-88, 89b-c, 97a, 98a, c, 101,
102b-e, 103, 109-115, 119-124, 125a, 126, 130
redirected to USPS
OCA/USPS-T37-1 (partial), 2-4, 7d redirected to USPS
PSA/USPS-1
PSA/USPS-T37-10 redirected to USPS
TW/USPS-1-4
TW/USPS-T04-18-20, 22-24 redirected to USPS
TW/USPS-T26-1b redirected to USPS
UPS/USPS-1-2, 4-15, 18-20, 21b, 22-41
UPS/USPS-T01-2 redirected to USPS
UPS/USPS-T05-17-20 redirected to USPS
UPS/USPS-T09-7-10 redirected to USPS
UPS/USPS-T13-27b, 36 redirected to USPS
UPS/USPS-T14-4, 10, 44b, 57, 59-60 redirected to
USPS
UPS/USPS-T15-5-7, 9 redirected to USPS
UPS/USPS-T16-41-42 redirected to USPS
UPS/USPS-T20-4, 6, 9-16 redirected to USPS
UPS/USPS-T29-11 redirected to USPS
UPS/USPS-T33-61, 62a-b, 63-65, 72 redirected to
USPS
UPS/USPS-T37-14, 57-58, 60-61, 68, 70-71, 72a-h, 73,
75 redirected to USPS
UPS/USPS-T41-35 redirected to USPS
VP-CW/USPS-1
VP-CW/USPS-T36-11-14 redirected to USPS

Parcel Shippers Association

PSA/USPS-1
PSA/USPS-T37-10 redirected to USPS

Time Warner Inc.

ABP/USPS-12-13
ABP/USPS-T13-4 redirected to USPS
DMA/USPS-4
DMA/USPS-T04-58, 63-83 redirected to USPS
DMA/USPS-T14-34 redirected to USPS

Time Warner, Inc. (continued)

NAA/USPS-19
 OCA/USPS-T04-23 redirected to USPS
 TW/USPS-1-4
 TW/USPS-T04-18-20, 22-24 redirected to USPS
 TW/USPS-T26-1b redirected to USPS
 UPS/USPS-T14-4, 10 redirected to USPS

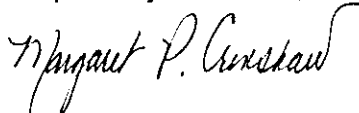
United Parcel Service

DBP/USPS-13h-I
 DMA/USPS-T04-24c-e redirected to USPS
 DMA/USPS-T14-34 redirected to USPS
 FGFS/USPS-T13-39, 53 redirected to USPS
 NAA/USPS-2a-f, h, 3
 OCA/USPS-T37-2 redirected to USPS
 UPS/USPS-1-2, 4, 14, 18, 21b, 27-29, 34-35
 UPS/USPS-T09-7 redirected to USPS
 UPS/USPS-T14-4, 10, 57 redirected to USPS
 UPS/USPS-T20-9, 13 redirected to USPS
 UPS/USPS-T33-72 redirected to USPS
 UPS/USPS-T37-51, 60, 70, 72a-h, 75 redirected to USPS

Val-Pak Direct Marketing Services,
 Val-Pak Dealers Association, and
 Carol Wright

ADVO/USPS-3-4 (revised)
 DMA/USPS-T30-6 redirected to USPS
 NAA/USPS-11
 OCA/USPS-22
 VP-CW/USPS-1
 VP-CW/USPS-T36-11-14 redirected to USPS

Respectfully submitted,



Margaret P. Crenshaw
 Secretary

INTERROGATORY RESPONSES OF
UNITED STATES POSTAL SERVICE
DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory:Designating Parties:

AAPS/USPS-1

NAA, OCA

AAPS/USPS-2

NAA, OCA

AAPS/USPS-3

NAA, OCA

AAPS/USPS-4

NAA, OCA

AAPS/USPS-6

OCA

AAPS/USPS-T36-7 rd. to USPS

OCA

AAPS/USPS-T41-3b rd. to USPS

OCA

AAPS/USPS-T41-3c rd. to USPS

OCA

AAPS/USPS-T41-3d rd. to USPS

OCA

AAPS/USPS-T41-3e rd. to USPS

OCA

ABA/USPS-T32-3 rd. to USPS (revised)

ABA,EEI&NAPM

ABA,EEI&NAPM/USPS-T25-5 rd. to USPS

ABA,EEI&NAPM, MMA, OCA

ABA,EEI&NAPM/USPS-T25-16 rd. to USPS

ABA,EEI&NAPM, OCA

ABA,EEI&NAPM/USPS-T25-17 rd. to USPS

ABA,EEI&NAPM, OCA

ABA,EEI&NAPM/USPS-T25-18 rd. to USPS

ABA,EEI&NAPM, OCA

ABA,EEI&NAPM/USPS-T25-19 rd. to USPS

ABA,EEI&NAPM, OCA

ABA,EEI&NAPM/USPS-T25-20 rd. to USPS

ABA,EEI&NAPM, NDMS, OCA

ABA,EEI&NAPM/USPS-T25-23 rd. to USPS

ABA,EEI&NAPM, MMA, OCA

ABA,EEI&NAPM/USPS-T25-24 rd. to USPS

ABA,EEI&NAPM, MMA, OCA

ABA,EEI&NAPM/USPS-T25-25 rd. to USPS

ABA,EEI&NAPM, OCA

ABA,EEI&NAPM/USPS-T29-11 rd. to USPS

OCA

ABA,EEI&NAPM/USPS-T29-15 rd. to USPS

ABA,EEI&NAPM, OCA

ABA,EEI&NAPM/USPS-T30-5 rd. to USPS

OCA

Interrogatory:

ABA,EEI&NAPM/USPS-T32-4 rd. to USPS

ABA,EEI&NAPM/USPS-T32-5c rd. to USPS

ABA,EEI&NAPM/USPS-T32-7a rd. to USPS

ABA,EEI&NAPM/USPS-T32-8 rd. to USPS

ABP/USPS-1

ABP/USPS-2

ABP/USPS-3

ABP/USPS-4

ABP/USPS-5

ABP/USPS-6

ABP/USPS-7

ABP/USPS-8

ABP/USPS-9

ABP/USPS-10

ABP/USPS-11

ABP/USPS-12

ABP/USPS-13

ABP/USPS-14

ABP/USPS-15

ABP/USPS-16

ABP/USPS-17

ABP/USPS-18

ABP/USPS-19

ABP/USPS-20

ABP/USPS-21

ABP/USPS-22

ABP/USPS-23

ABP/USPS-T04-11a rd. to USPS

ABP/USPS-T13-3 rd. to USPS

ABP/USPS-T13-4 rd. to USPS

ABP/USPS-T13-6 rd. to USPS

ABP/USPS-T13-7c rd. to USPS

ABP/USPS-T13-8b rd. to USPS

ABP/USPS-T13-8d rd. to USPS

ABP/USPS-T13-8e rd. to USPS

Designating Parties:

ABA,EEI&NAPM, OCA

OCA

OCA

ABA,EEI&NAPM, OCA

ABP, MH, NDMS, OCA

ABP, MH, NDMS, OCA

ABP, MH, NDMS, OCA

ABP, MH, OCA

ABP, MH, OCA

ABP, MH, OCA

ABP, MH, OCA

ABP, MH, OCA

ABP, MH, OCA

ABP, MH, OCA

ABP, MH, OCA

ABP, MH, OCA, TW

ABP, MH, OCA, TW

ABP, MH, OCA

ABP, MH, OCA

ABP, MH, OCA

OCA

OCA

OCA

OCA

OCA

OCA

OCA

ABP, OCA

MH, OCA

MH, OCA, TW

MH, NAA, NDMS, OCA

ABA,EEI&NAPM, MH, OCA

MH, NDMS, OCA

MH, NDMS, OCA

MH, NDMS, OCA

Interrogatory:

ABP/USPS-T13-8f rd. to USPS
 ABP/USPS-T13-8g rd. to USPS
 ADVO/USPS-1
 ADVO/USPS-2
 ADVO/USPS-3
 ADVO/USPS-4 (revised)
 ADVO/USPS-5
 ADVO/USPS-6
 ADVO/USPS-7
 ADVO/USPS-8
 ADVO/USPS-9
 ADVO/USPS-10
 ADVO/USPS-11
 ADVO/USPS-12
 ADVO/USPS-13
 ADVO/USPS-14
 ADVO/USPS-15
 ADVO/USPS-16
 ADVO/USPS-17
 ADVO/USPS-18
 ADVO/USPS-19
 ADVO/USPS-22
 ADVO/USPS-23
 ADVO/USPS-24
 ADVO/USPS-25
 ADVO/USPS-29
 ADVO/USPS-30
 AMMA/USPS-2
 ALA/USPS-3
 ANM/USPS-1-17 (partial response)
 APWU/USPS-T29-1 rd. to USPS
 CPRA/USPS-T09-1 rd. to USPS
 CPRA/USPS-T09-2 rd. to USPS
 CPRA/USPS-T09-3 rd. to USPS
 DBP/USPS-5
 DBP/USPS-6a
 DBP/USPS-6b

Designating Parties:

MH, NDMS, OCA
 MH, NDMS, OCA
 OCA
 NDMS, OCA
 ADVO, MPA, NAA, OCA, VP-CW
 OCA, VP-CW
 ADVO, OCA
 ADVO, OCA
 ADVO, NAA, OCA
 ADVO, NAA, OCA
 ADVO, OCA
 ADVO, NAA, NDMS, OCA
 ADVO, OCA
 ADVO, NDMS, OCA
 ADVO, OCA
 ADVO, NDMS, OCA
 ADVO, OCA
 ADVO, OCA
 ADVO, OCA
 ADVO, NDMS, OCA
 ADVO, NDMS, OCA
 ADVO, NDMS, OCA
 ADVO, DMA, NDMS, OCA
 ADVO, DMA, NDMS, OCA
 ADVO, NDMS, OCA
 OCA
 OCA
 OCA
 OCA
 ABA,EEI&NAPM, OCA
 OCA
 OCA
 OCA
 OCA
 NAA, NDMS, OCA
 NAA, NDMS, OCA

Interrogatory:Designating Parties:

DBP/USPS-6c	NAA, NDMS, OCA
DBP/USPS-6d	NAA, NDMS, OCA
DBP/USPS-6e	NAA, NDMS, OCA
DBP/USPS-6f	NAA, NDMS, OCA
DBP/USPS-6g	NAA, NDMS, OCA
DBP/USPS-6h	NAA, NDMS, OCA
DBP/USPS-6i	NAA, NDMS, OCA
DBP/USPS-6n	NDMS
DBP/USPS-6p	NDMS
DBP/USPS-6q	NDMS
DBP/USPS-6r	NDMS
DBP/USPS-6s	NDMS
DBP/USPS-6t	NDMS
DBP/USPS-6u	NDMS
DBP/USPS-6v	NAA, NDMS, OCA
DBP/USPS-6w	NAA, NDMS, OCA
DBP/USPS-6x	NAA, NDMS, OCA
DBP/USPS-6y	NAA, NDMS, OCA
DBP/USPS-6z	NAA, NDMS, OCA
DBP/USPS-6aa	NAA, NDMS, OCA
DBP/USPS-6bb	NAA, NDMS, OCA
DBP/USPS-6cc	NAA, NDMS, OCA
DBP/USPS-6dd	NAA, NDMS, OCA
DBP/USPS-6ee	NAA, NDMS, OCA
DBP/USPS-6ff	NAA, NDMS, OCA
DBP/USPS-6gg	NAA, NDMS, OCA
DBP/USPS-6hh	NAA, NDMS, OCA
DBP/USPS-6ii	NAA, NDMS, OCA
DBP/USPS-6jj	NAA, NDMS, OCA
DBP/USPS-6kk	NAA, NDMS, OCA
DBP/USPS-8x (filed 9/29/97)	NDMS, OCA
DBP/USPS-8y (filed 9/29/97)	NDMS, OCA
DBP/USPS-8z (filed 9/29/97)	NDMS, OCA
DBP/USPS-8aa (filed 9/29/97)	NDMS, OCA
DBP/USPS-8bb (filed 9/29/97)	NDMS, OCA
DBP/USPS-8e (filed 11/14/97)	NDMS
DBP/USPS-8f (filed 11/14/97)	NDMS

Interrogatory:Designating Parties:

DBP/USPS-8g (filed 11/14/97)	NDMS
DBP/USPS-8h (filed 11/14/97)	NDMS
DBP/USPS-8i (filed 11/14/97)	NDMS
DBP/USPS-8j (filed 11/14/97)	NDMS
DBP/USPS-8k (filed 11/14/97)	NDMS
DBP/USPS-8l (filed 11/14/97)	NDMS
DBP/USPS-8m (filed 11/14/97)	NDMS
DBP/USPS-8n (filed 11/14/97)	NDMS
DBP/USPS-8o (filed 11/14/97)	NDMS
DBP/USPS-8p (filed 11/14/97)	NDMS
DBP/USPS-8q (filed 11/14/97)	NDMS
DBP/USPS-8e (filed 12/9/97)	OCA
DBP/USPS-8f (filed 12/9/97)	OCA
DBP/USPS-8g (filed 12/9/97)	OCA
DBP/USPS-8h (filed 12/9/97)	OCA
DBP/USPS-8i (filed 12/9/97)	OCA
DBP/USPS-8j (filed 12/9/97)	OCA
DBP/USPS-8k (filed 12/9/97)	OCA
DBP/USPS-8l (filed 12/9/97)	OCA
DBP/USPS-8m (filed 12/9/97)	OCA
DBP/USPS-8n (filed 12/9/97)	OCA
DBP/USPS-8o (filed 12/9/97)	OCA
DBP/USPS-8p (filed 12/9/97)	OCA
DBP/USPS-8q (filed 12/9/97)	OCA
DBP/USPS-8r (filed 12/9/97)	OCA
DBP/USPS-8s (filed 12/9/97)	OCA
DBP/USPS-8t (filed 12/9/97)	OCA
DBP/USPS-8u (filed 12/9/97)	OCA
DBP/USPS-8v (filed 12/9/97)	OCA
DBP/USPS-8w (filed 12/9/97)	OCA
DBP/USPS-8x (filed 12/9/97)	OCA
DBP/USPS-8y (filed 12/9/97)	OCA
DBP/USPS-8z (filed 12/9/97)	OCA
DBP/USPS-8aa (filed 12/9/97)	OCA
DBP/USPS-8bb (filed 12/9/97)	OCA
DBP/USPS-9h (filed 9/29/97)	NDMS, OCA
DBP/USPS-9i (filed 9/29/97)	NDMS, OCA

Interrogatory:Designating Parties:

DBP/USPS-9j (filed 9/29/97)	NDMS, OCA
DBP/USPS-9k (filed 9/29/97)	NDMS, OCA
DBP/USPS-9l (filed 9/29/97)	NDMS, OCA
DBP/USPS-9m (filed 9/29/97)	NDMS, OCA
DBP/USPS-9n (filed 9/29/97)	NDMS, OCA
DBP/USPS-9o (filed 9/29/97)	NDMS, OCA
DBP/USPS-9p (filed 9/29/97)	NDMS, OCA
DBP/USPS-9q (filed 9/29/97)	NDMS, OCA
DBP/USPS-9r (filed 9/29/97)	NDMS, OCA
DBP/USPS-9s (filed 9/29/97)	NDMS, OCA
DBP/USPS-9t (filed 9/29/97)	NDMS, OCA
DBP/USPS-9u (filed 9/29/97)	NDMS, OCA
DBP/USPS-9v (filed 9/29/97)	NDMS, OCA
DBP/USPS-9w (filed 9/29/97)	NDMS, OCA
DBP/USPS-9x (filed 9/29/97)	NDMS, OCA
DBP/USPS-9y (filed 9/29/97)	NDMS, OCA
DBP/USPS-9z (filed 9/29/97)	NDMS, OCA
DBP/USPS-9aa (filed 9/29/97)	NDMS, OCA
DBP/USPS-9b (filed 12/9/97)	OCA
DBP/USPS-9c (filed 12/9/97)	OCA
DBP/USPS-9e (filed 12/9/97)	OCA
DBP/USPS-9g (filed 12/9/97)	OCA
DBP/USPS-9h (filed 12/9/97)	OCA
DBP/USPS-9i (filed 12/9/97)	OCA
DBP/USPS-9j (filed 12/9/97)	OCA
DBP/USPS-9k (filed 12/9/97)	OCA
DBP/USPS-9l (filed 12/9/97)	OCA
DBP/USPS-9m (filed 12/9/97)	OCA
DBP/USPS-9n (filed 12/9/97)	OCA
DBP/USPS-9o (filed 12/9/97)	OCA
DBP/USPS-9p (filed 12/9/97)	OCA
DBP/USPS-9q (filed 12/9/97)	OCA
DBP/USPS-9r (filed 12/9/97)	OCA
DBP/USPS-9s (filed 12/9/97)	OCA
DBP/USPS-9t (filed 12/9/97)	OCA
DBP/USPS-9u (filed 12/9/97)	OCA
DBP/USPS-9v (filed 12/9/97)	OCA

Interrogatory:Designating Parties:

DBP/USPS-9w (filed 12/9/97)	OCA
DBP/USPS-9x (filed 12/9/97)	OCA
DBP/USPS-9y (filed 12/9/97)	OCA
DBP/USPS-9z (filed 12/9/97)	OCA
DBP/USPS-9aa (filed 12/9/97)	OCA
DBP/USPS-13h	NAA, NDMS, OCA, UPS
DBP/USPS-13i	NAA, NDMS, OCA, UPS
DBP/USPS-13j	NNA, NDMS, UPS
DBP/USPS-13k	NNA, NDMS, UPS
DBP/USPS-13l	NNA, NDMS, UPS
DBP/USPS-14	OCA
DBP/USPS-17	OCA
DBP/USPS-18	OCA
DBP/USPS-19	OCA
DBP/USPS-20	NDMS, OCA
DBP/USPS-23	OCA
DBP/USPS-35	OCA
DBP/USPS-40	OCA
DBP/USPS-41	OCA
DBP/USPS-42	OCA
DBP/USPS-45	OCA
DBP/USPS-52a	NDMS
DBP/USPS-52g	NDMS
DBP/USPS-52l	NDMS
DBP/USPS-52m	NDMS
DBP/USPS-52n	NDMS
DBP/USPS-52o	NDMS
DBP/USPS-52p	NDMS
DBP/USPS-55	NDMS, OCA
DBP/USPS-58a	NDMS
DBP/USPS-58b	NDMS
DBP/USPS-58c	NDMS
DBP/USPS-58d	NDMS
DBP/USPS-58d (revised)	OCA
DBP/USPS-58e	NDMS
DBP/USPS-58f	NDMS
DBP/USPS-58g	NDMS

Interrogatory:Designating Parties:

DBP/USPS-58h	NDMS
DBP/USPS-58i	NDMS
DBP/USPS-58j	NDMS
DBP/USPS-58k	NDMS
DBP/USPS-58l	NDMS
DBP/USPS-58m	NDMS
DBP/USPS-58n	NDMS
DBP/USPS-58o	NDMS
DBP/USPS-58p	NDMS
DBP/USPS-58q	NDMS
DBP/USPS-58r	NDMS
DBP/USPS-58s	NDMS
DBP/USPS-58t	NDMS
DBP/USPS-65	OCA
DBP/USPS-72	OCA
DBP/USPS-79	OCA
DBP/USPS-81	OCA
DBP/USPS-89	OCA
DBP/USPS-91	OCA
DBP/USPS-97h (revised)	OCA
DFC/USPS-1	OCA
DFC/USPS-4	OCA
DFC/USPS-5	OCA
DFC/USPS-7	OCA
DFC/USPS-8	OCA
DFC/USPS-9	OCA
DFC/USPS-10	OCA
DFC/USPS-11	NDMS, OCA
DFC/USPS-11 (supplemental response)	OCA
DFC/USPS-12	OCA
DFC/USPS-13	OCA
DFC/USPS-14	OCA
DFC/USPS-15	OCA
DFC/USPS-16	OCA
DFC/USPS-17	OCA
DFC/USPS-18	OCA
DFC/USPS-RA-1	OCA

Interrogatory:

DMA/USPS-T04-81 rd. to USPS
 DMA/USPS-T04-82 rd. to USPS
 DMA/USPS-T04-83 rd. to USPS
 DMA/USPS-T04-84 rd. to USPS
 DMA/USPS-T04-85b rd. to USPS
 DMA/USPS-T04-85d rd. to USPS
 DMA/USPS-T14-34 rd. to USPS
 DMA/USPS-T14-43 rd. to USPS
 DMA/USPS-T14-46 rd. to USPS
 DMA/USPS-T30-6 rd. to USPS
 DMA/USPS-T30-11 rd. to USPS
 FGFSa/USPS-T13-39 rd. to USPS
 FGFSa/USPS-T13-53 rd. to USPS
 FGFSa/USPS-T16-17b rd. to USPS
 FGFSa/USPS-T16-17c rd. to USPS
 FGFSa/USPS-T16-17d rd. to USPS
 FGFSa/USPS-T16-17e rd. to USPS
 MH/USPS-1
 MH/USPS-2
 MH/USPS-T02-5b rd. to USPS
 MH/USPS-T02-6a rd. to USPS
 MH/USPS-T02-6b rd. to USPS
 MH/USPS-T02-7a rd. to USPS
 MH/USPS-T02-8a rd. to USPS
 MH/USPS-T05-1 rd. to USPS
 MH/USPS-T30-2a rd. to USPS
 MH/USPS-T30-2b rd. to USPS
 MH/USPS-T30-2c rd. to USPS
 MH/USPS-T30-2d rd. to USPS
 MMA/USPS-1
 MMA/USPS-2
 MMA/USPS-3
 MMA/USPS-4
 MMA/USPS-5
 MMA/USPS-6
 MMA/USPS-FU-1
 MMA/USPS-FU-2

Designating Parties:

DMA, OCA, TW
 DMA, OCA, TW
 DMA, OCA, TW
 OCA
 DMA, OCA
 DMA, OCA
 DMA, OCA, TW, UPS
 OCA
 OCA
 DMA, OCA, VP-CW
 DMA, MH, NAA
 UPS
 OCA, UPS
 OCA
 OCA
 OCA
 OCA
 OCA
 OCA
 MH, OCA
 MH, NDMS, OCA
 MH, NDMS, OCA
 MH, NDMS, OCA
 MH, NDMS, OCA
 OCA
 MH, OCA
 MH, OCA
 MH, OCA
 MH, OCA
 OCA
 OCA
 NAA, OCA
 NDMS, OCA
 NAA, OCA
 NAA, NDMS, OCA
 MMA, OCA
 MMA, OCA

Interrogatory:

MMA/USPS-FU-3
MMA/USPS-FU-4
MMA/USPS-FU-5
MMA/USPS-FU-6
MMA/USPS-FU-7
MMA/USPS-FU-8
MMA/USPS-T05-4 rd. to USPS
MMA/USPS-T05-7 rd. to USPS
MMA/USPS-T25-1b rd. to USPS
MMA/USPS-T25-1c rd. to USPS (filed 10/16)
MMA/USPS-T25-1c rd. to USPS (filed 10/21)
MMA/USPS-T25-1c rd. to USPS (filed 12/3)
MMA/USPS-T25-11 rd. to USPS
MMA/USPS-T30-3a, 4a, d, 6, 7a.2, 8c.1, 3,
T32-15b rd. to USPS (combined response)
MMA/USPS-T32-1 rd. to USPS
MMA/USPS-T32-1 rd. to USPS (revised)
MMA/USPS-T32-2 rd. to USPS
MMA/USPS-T32-11 rd. to USPS
MMA/USPS-T32-12 rd. to USPS
MMA/USPS-T32-17 rd. to USPS
MMA/USPS-T32-17 rd. to USPS (revised)
MMA/USPS-T32-24b rd. to USPS
MMA/USPS-T32-25 rd. to USPS
MMA/USPS-T32-27 rd. to USPS
MMA/USPS-T32-28 rd. to USPS
MMA/USPS-T32-29 rd. to USPS
MMA/USPS-T36-8 rd. to USPS
MMA/USPS-T36-10 rd. to USPS
MMA/USPS-T36-11 rd. to USPS
MPA/USPS-1
MPA/USPS-2
MPA/USPS-3a
MPA/USPS-3b
MPA/USPS-3c
MPA/USPS-3d
MPA/USPS-3e
MPA/USPS-3f

Designating Parties:

MMA, OCA
MMA, OCA
MMA, OCA
MMA, OCA
ABA,EEI&NAPM, MMA, OCA
MMA, OCA
OCA
OCA
MMA, OCA
MMA, OCA
MMA, OCA
MMA, OCA
OCA
MH, MMA, OCA

ABA,EEI&NAPM
MMA, NAA, OCA
NAA, OCA
NAA, NDMS, OCA
NDMS, OCA
ABA,EEI&NAPM
NAA, NDMS, OCA
MMA, NAA, OCA
NAA, OCA
NAA, OCA
ABA,EEI&NAPM, MMA, NAA, NDMS
ABA,EEI&NAPM, MMA
NAA, NDMS, OCA
OCA
OCA
MPA
MH, MPA, NDMS, OCA
MPA, NDMS, OCA
MPA, NDMS, OCA
MPA, NDMS, OCA
MPA, NDMS, OCA
MPA, NDMS, OCA
MPA, NDMS, OCA

Interrogatory:

MPA/USPS-3h
 MPA/USPS-4
 MPA/USPS-T04-1 rd. to USPS
 MPA/USPS-T04-2 rd. to USPS
 MPA/USPS-T05-2c rd. to USPS
 MPA/USPS-T05-2d rd. to USPS
 MPA/USPS-T05-3 rd. to USPS
 MPA/USPS-T17-8 rd. to USPS
 MPA/USPS-T17-9 rd. to USPS
 MPA/USPS-T17-10 rd. to USPS
 MPA/USPS-T17-11 rd. to USPS
 MPA/USPS-T17-12 rd. to USPS
 NAA/USPS-1
 NAA/USPS-2a
 NAA/USPS-2b
 NAA/USPS-2c
 NAA/USPS-2d
 NAA/USPS-2e
 NAA/USPS-2f
 NAA/USPS-2h
 NAA/USPS-3
 NAA/USPS-4
 NAA/USPS-5
 NAA/USPS-6
 NAA/USPS-7
 NAA/USPS-8
 NAA/USPS-9
 NAA/USPS-11
 NAA/USPS-13
 NAA/USPS-14 (revised)
 NAA/USPS-15
 NAA/USPS-16
 NAA/USPS-17
 NAA/USPS-20
 NAA/USPS-T04-23 rd. to USPS
 NAA/USPS-T04-28 rd. to USPS
 NAA/USPS-T14-20 rd. to USPS

Designating Parties:

MPA, NDMS, OCA
 MPA, OCA
 DMA, OCA
 DMA, OCA
 MPA, OCA
 MPA, OCA
 MPA, OCA
 OCA
 OCA
 MPA, OCA
 OCA
 OCA
 NAA, NDMS, OCA
 NAA, NDMS, OCA, UPS
 NAA, NDMS, OCA, UPS
 NAA, NDMS, OCA, UPS
 NAA, NDMS, OCA, UPS
 NAA, NDMS, OCA, UPS
 NAA, NDMS, OCA, UPS
 NAA, NDMS, OCA, UPS
 NAA, OCA, UPS
 OCA
 OCA
 OCA
 OCA
 OCA
 OCA
 OCA
 OCA
 OCA, VP-CW
 NAA, NDMS, OCA
 NAA, OCA
 NAA, OCA
 OCA
 OCA
 OCA
 OCA
 OCA

Interrogatory:

NDMS/USPS-T32-24 rd. to USPS
NDMS/USPS-T32-24a rd. to USPS
NDMS/USPS-T32-26 rd. to USPS
NDMS/USPS-T32-27 rd. to USPS
NDMS/USPS-T32-28 rd. to USPS
NDMS/USPS-T32-29a rd. to USPS
NDMS/USPS-T32-29b rd. to USPS
NDMS/USPS-T32-29d rd. to USPS
NDMS/USPS-T32-31 rd. to USPS
NDMS/USPS-T32-33b rd. to USPS
NDMS/USPS-T32-33c rd. to USPS
NDMS/USPS-T32-33d rd. to USPS
NDMS/USPS-T32-34 rd. to USPS
NDMS/USPS-T32-37d rd. to USPS
NDMS/USPS-T32-38 rd. to USPS
NDMS/USPS-T32-43 rd. to USPS
NDMS/USPS-T32-44 rd. to USPS
NDMS/USPS-T32-45 rd. to USPS
NDMS/USPS-T32-46 rd. to USPS
NDMS/USPS-T32-47 rd. to USPS
NDMS/USPS-T32-48 rd. to USPS
NDMS/USPS-T32-50 rd. to USPS
NDMS/USPS-T32-52 rd. to USPS (revised)
NDMS/USPS-T33-28 rd. to USPS
NDMS/USPS-T33-29 rd. to USPS
NNA/USPS-T01-3 rd. to USPS
NNA/USPS-T01-4 rd. to USPS
NNA/USPS-T01-5 rd. to USPS
NNA/USPS-T01-6 rd. to USPS
NNA/USPS-T26-1 rd. to USPS
NNA/USPS-T26-2 rd. to USPS
NNA/USPS-T26-3 rd. to USPS
NNA/USPS-T26-4 rd. to USPS
NNA/USPS-T26-5 rd. to USPS
NNA/USPS-T26-6 rd. to USPS
NNA/USPS-T26-7 rd. to USPS
NNA/USPS-T30-3 rd. to USPS

Designating Parties:

OCA
NDMS
NDMS, OCA
NDMS, OCA
NDMS, OCA
NDMS, OCA
NDMS, OCA
NDMS, OCA
NDMS, OCA
NDMS, OCA
NDMS, OCA
NDMS, OCA
NDMS, OCA
NDMS, OCA
NDMS, OCA
NDMS, OCA
NDMS, OCA
NDMS, OCA
MMA, NDMS, OCA
ABA,EEI&NAPM, NDMS, OCA
NDMS, OCA
NDMS, OCA
NDMS, OCA
NDMS, OCA
OCA
OCA
OCA
OCA
NNA, OCA
NNA, OCA
NNA, OCA
NNA, OCA
NNA, OCA
NNA, OCA
NNA, OCA
OCA

Interrogatory:Designating Parties:

OCA/USPS-39	NDMS, OCA
OCA/USPS-40	OCA
OCA/USPS-41	NAA, OCA
OCA/USPS-43	OCA
OCA/USPS-44	OCA
OCA/USPS-45	OCA
OCA/USPS-46	OCA
OCA/USPS-47	OCA
OCA/USPS-48	OCA
OCA/USPS-48 (revised)	OCA
OCA/USPS-49	OCA
OCA/USPS-50	OCA
OCA/USPS-51	OCA
OCA/USPS-52	OCA
OCA/USPS-53	OCA
OCA/USPS-54	NDMS, OCA
OCA/USPS-55	NDMS, OCA
OCA/USPS-56	OCA
OCA/USPS-57	OCA
OCA/USPS-58	OCA
OCA/USPS-59	OCA
OCA/USPS-60	OCA
OCA/USPS-61	OCA
OCA/USPS-62 (revised)	OCA
OCA/USPS-63	OCA
OCA/USPS-64	OCA
OCA/USPS-65	OCA
OCA/USPS-66	OCA
OCA/USPS-67	OCA
OCA/USPS-68	OCA
OCA/USPS-69	OCA
OCA/USPS-70	OCA
OCA/USPS-71	OCA
OCA/USPS-74	OCA
OCA/USPS-75a	OCA
OCA/USPS-75b	OCA
OCA/USPS-75c	OCA

Interrogatory:Designating Parties:

OCA/USPS-76	OCA
OCA/USPS-77	OCA
OCA/USPS-78	OCA
OCA/USPS-79	OCA
OCA/USPS-80	NDMS, OCA
OCA/USPS-81	OCA
OCA/USPS-82	OCA
OCA/USPS-83	OCA
OCA/USPS-86	OCA
OCA/USPS-87	OCA
OCA/USPS-88	OCA
OCA/USPS-89	OCA
OCA/USPS-90	OCA
OCA/USPS-91	OCA
OCA/USPS-92	OCA
OCA/USPS-93	OCA
OCA/USPS-94	NAA, NDMS, OCA
OCA/USPS-95	OCA
OCA/USPS-96	OCA
OCA/USPS-97	OCA
OCA/USPS-98	OCA
OCA/USPS-99	OCA
OCA/USPS-100	OCA
OCA/USPS-101	OCA
OCA/USPS-102	NDMS, OCA
OCA/USPS-103	OCA
OCA/USPS-104	NDMS, OCA
OCA/USPS-105	OCA
OCA/USPS-106	OCA
OCA/USPS-T03-1d rd. to USPS	NDMS, OCA
OCA/USPS-T04-20b rd. to USPS	OCA
OCA/USPS-T04-20c rd. to USPS	OCA
OCA/USPS-T04-20d rd. to USPS	OCA
OCA/USPS-T04-21 rd. to USPS	OCA
OCA/USPS-T04-22 rd. to USPS	OCA
OCA/USPS-T04-23 rd. to USPS	OCA, TW
OCA/USPS-T12-44 rd. to USPS	OCA

Interrogatory:Designating Parties:

OCA/USPS-T12-45 rd. to USPS	OCA
OCA/USPS-T12-46 rd. to USPS	OCA
OCA/USPS-T12-47 rd. to USPS	OCA
OCA/USPS-T12-48 rd. to USPS	OCA
OCA/USPS-T12-49 rd. to USPS	OCA
OCA/USPS-T12-50c.ii rd. to USPS	OCA
OCA/USPS-T12-50c.iii rd. to USPS	OCA
OCA/USPS-T12-50c.iv rd. to USPS	OCA
OCA/USPS-T12-51 rd. to USPS	OCA
OCA/USPS-T12-52 rd. to USPS	OCA
OCA/USPS-T12-53 rd. to USPS	OCA
OCA/USPS-T12-54 rd. to USPS	OCA
OCA/USPS-T12-55 rd. to USPS	OCA
OCA/USPS-T13-29a rd. to USPS	MH, OCA
OCA/USPS-T13-29c rd. to USPS	MH, OCA
OCA/USPS-T13-37b.iii rd. to USPS	OCA
OCA/USPS-T13-37b.iv rd. to USPS	OCA
OCA/USPS-T13-37b.v rd. to USPS	OCA
OCA/USPS-T13-37b.vi rd. to USPS	OCA
OCA/USPS-T13-37b.vii rd. to USPS	OCA
OCA/USPS-T13-37b.viii rd. to USPS	OCA
OCA/USPS-T13-37b.ix rd. to USPS	OCA
OCA/USPS-T13-37b.x rd. to USPS	OCA
OCA/USPS-T14-15d rd. to USPS	NDMS, OCA
OCA/USPS-T23-1 rd. to USPS	OCA
OCA/USPS-T23-2 rd. to USPS	OCA
OCA/USPS-T23-8 rd. to USPS	OCA
OCA/USPS-T23-9 rd. to USPS	NDMS, OCA
OCA/USPS-T23-10 rd. to USPS	OCA
OCA/USPS-T23-11 rd. to USPS	OCA
OCA/USPS-T24-31b rd. to USPS	OCA
OCA/USPS-T24-31c rd. to USPS	OCA
OCA/USPS-T24-31d rd. to USPS	OCA
OCA/USPS-T24-32 rd. to USPS	OCA
OCA/USPS-T24-35 rd. to USPS	OCA
OCA/USPS-T24-37 rd. to USPS	OCA
OCA/USPS-T24-48 rd. to USPS	OCA

Interrogatory:

OCA/USPS-T24-49 rd. to USPS
OCA/USPS-T24-50 rd. to USPS
OCA/USPS-T24-51 rd. to USPS
OCA/USPS-T24-52 rd. to USPS
OCA/USPS-T24-53 rd. to USPS
OCA/USPS-T24-54 rd. to USPS
OCA/USPS-T24-55 rd. to USPS
OCA/USPS-T24-56 rd. to USPS
OCA/USPS-T24-57 rd. to USPS
OCA/USPS-T24-58 rd. to USPS
OCA/USPS-T24-73a rd. to USPS
OCA/USPS-T24-92e rd. to USPS
OCA/USPS-T29-6 rd. to USPS
OCA/USPS-T29-7 rd. to USPS
OCA/USPS-T32-1b rd. to USPS
OCA/USPS-T32-1c rd. to USPS
OCA/USPS-T32-1d rd. to USPS
OCA/USPS-T32-1e rd. to USPS
OCA/USPS-T32-7 rd. to USPS
OCA/USPS-T32-8 rd. to USPS
OCA/USPS-T32-9 rd. to USPS
OCA/USPS-T32-10 rd. to USPS
OCA/USPS-T32-11 rd. to USPS
OCA/USPS-T32-12 rd. to USPS
OCA/USPS-T32-13 rd. to USPS
OCA/USPS-T32-14 rd. to USPS
OCA/USPS-T32-15 rd. to USPS
OCA/USPS-T32-16 rd. to USPS
OCA/USPS-T32-17 rd. to USPS
OCA/USPS-T32-18 rd. to USPS
OCA/USPS-T32-20 rd. to USPS
OCA/USPS-T32-21 rd. to USPS
OCA/USPS-T32-27 rd. to USPS
OCA/USPS-T32-28 rd. to USPS
OCA/USPS-T32-29 rd. to USPS
OCA/USPS-T32-30 rd. to USPS
OCA/USPS-T32-32 rd. to USPS

Designating Parties:

[illegible]

Interrogatory:

OCA/USPS-T32-36 rd. to USPS
 OCA/USPS-T32-38 rd. to USPS
 OCA/USPS-T32-39 rd. to USPS
 OCA/USPS-T32-40 rd. to USPS
 OCA/USPS-T32-43 rd. to USPS
 OCA/USPS-T32-45 rd. to USPS
 OCA/USPS-T32-46 rd. to USPS
 OCA/USPS-T32-47 rd. to USPS
 OCA/USPS-T32-50 rd. to USPS
 OCA/USPS-T32-51 rd. to USPS
 OCA/USPS-T32-52 rd. to USPS
 OCA/USPS-T32-53 rd. to USPS
 OCA/USPS-T32-54 rd. to USPS
 OCA/USPS-T32-55 rd. to USPS
 OCA/USPS-T32-56a rd. to USPS
 OCA/USPS-T32-56b rd. to USPS
 OCA/USPS-T32-57a rd. to USPS
 OCA/USPS-T32-57c rd. to USPS
 OCA/USPS-T32-59 rd. to USPS
 OCA/USPS-T32-60 rd. to USPS
 OCA/USPS-T32-61 rd. to USPS
 OCA/USPS-T32-63c rd. to USPS
 OCA/USPS-T32-64a rd. to USPS
 OCA/USPS-T32-64b rd. to USPS
 OCA/USPS-T32-64c rd. to USPS
 OCA/USPS-T32-64d rd. to USPS
 OCA/USPS-T32-64f rd. to USPS
 OCA/USPS-T32-65 rd. to USPS
 OCA/USPS-T32-68 rd. to USPS
 OCA/USPS-T32-69a rd. to USPS
 OCA/USPS-T32-70 rd. to USPS
 OCA/USPS-T32-74a rd. to USPS
 OCA/USPS-T32-74b rd. to USPS
 OCA/USPS-T32-75 rd. to USPS
 OCA/USPS-T32-76 rd. to USPS
 OCA/USPS-T32-77 rd. to USPS
 OCA/USPS-T32-78 rd. to USPS

Designating Parties:

OCA
 NDMS, OCA
 NDMS, OCA
 NDMS, OCA
 OCA
 NDMS, OCA
 OCA
 OCA
 OCA
 OCA
 NDMS, OCA
 OCA
 OCA
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 OCA
 OCA
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 NDMS, OCA
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 OCA
 OCA
 OCA

Interrogatory:Designating Parties:

OCA/USPS-T32-80 rd. to USPS	OCA
OCA/USPS-T32-81 rd. to USPS	OCA
OCA/USPS-T32-83 rd. to USPS	OCA
OCA/USPS-T32-84 rd. to USPS	OCA
OCA/USPS-T32-85a rd. to USPS	OCA
OCA/USPS-T32-85c rd. to USPS	OCA
OCA/USPS-T32-85d rd. to USPS	OCA
OCA/USPS-T32-87 rd. to USPS	OCA
OCA/USPS-T32-88 rd. to USPS	OCA
OCA/USPS-T32-89b rd. to USPS	OCA
OCA/USPS-T32-89c rd. to USPS	OCA
OCA/USPS-T32-97a rd. to USPS	OCA
OCA/USPS-T32-98a rd. to USPS	OCA
OCA/USPS-T32-98c rd. to USPS	OCA
OCA/USPS-T32-101 rd. to USPS	OCA
OCA/USPS-T32-102b rd. to USPS	OCA
OCA/USPS-T32-102c rd. to USPS	OCA
OCA/USPS-T32-102d rd. to USPS	OCA
OCA/USPS-T32-102e rd. to USPS	OCA
OCA/USPS-T32-103 rd. to USPS	OCA
OCA/USPS-T32-109 rd. to USPS	OCA
OCA/USPS-T32-110 rd. to USPS	OCA
OCA/USPS-T32-111 rd. to USPS	OCA
OCA/USPS-T32-112 rd. to USPS	OCA
OCA/USPS-T32-113 rd. to USPS	OCA
OCA/USPS-T32-114 rd. to USPS	NDMS, OCA
OCA/USPS-T32-115 rd. to USPS	OCA
OCA/USPS-T32-119 rd. to USPS	OCA
OCA/USPS-T32-120 rd. to USPS	OCA
OCA/USPS-T32-121 rd. to USPS	NDMS, OCA
OCA/USPS-T32-122 rd. to USPS	OCA
OCA/USPS-T32-123 rd. to USPS	OCA
OCA/USPS-T32-124 rd. to USPS	OCA
OCA/USPS-T32-125a rd. to USPS	OCA
OCA/USPS-T32-126 rd. to USPS	OCA
OCA/USPS-T32-130 rd. to USPS	OCA
OCA/USPS-T37-1 rd. to USPS (partial)	OCA

Interrogatory:

OCA/USPS-T37-2 rd. to USPS
 OCA/USPS-T37-3 rd. to USPS
 OCA/USPS-T37-4 rd. to USPS
 OCA/USPS-T37-7d rd. to USPS
 PSA/USPS-1
 PSA/USPS-T37-10 rd. to USPS
 TW/USPS-1
 TW/USPS-2
 TW/USPS-3
 TW/USPS-4
 (incorrectly titled TW/USPS-T26-4)
 TW/USPS-T04-18 rd. to USPS
 TW/USPS-T04-19 rd. to USPS
 TW/USPS-T04-20 rd. to USPS
 TW/USPS-T04-22 rd. to USPS
 TW/USPS-T04-23 rd. to USPS
 TW/USPS-T04-24 rd. to USPS
 TW/USPS-T26-1b rd. to USPS
 UPS/USPS-1
 UPS/USPS-2
 UPS/USPS-4
 UPS/USPS-5
 UPS/USPS-6
 UPS/USPS-7
 UPS/USPS-8
 UPS/USPS-9
 UPS/USPS-10
 UPS/USPS-11
 UPS/USPS-12
 UPS/USPS-13
 UPS/USPS-14
 UPS/USPS-15
 UPS/USPS-18
 UPS/USPS-19
 UPS/USPS-20
 UPS/USPS-21b
 UPS/USPS-22
 UPS/USPS-23

Designating Parties:

OCA, UPS
 OCA
 OCA
 OCA
 OCA, PSA
 OCA, PSA
 MH, OCA, TW
 MH, NDMS, OCA, TW
 MH, OCA, TW
 MH, NDMS, OCA, TW

 DMA, OCA, TW
 DMA, OCA, TW
 DMA, OCA, TW
 DMA, OCA, TW
 DMA, MPA, OCA, TW
 DMA, MPA, OCA, TW
 OCA, TW
 OCA, UPS
 OCA, UPS
 NDMS, OCA, UPS
 NAA, NDMS, OCA
 OCA
 OCA
 OCA
 OCA
 OCA
 OCA
 NDMS, OCA, UPS
 OCA
 MPA, OCA, UPS
 OCA
 OCA
 NDMS, OCA, UPS
 OCA
 OCA

Interrogatory:

UPS/USPS-24
 UPS/USPS-25
 UPS/USPS-26
 UPS/USPS-27
 UPS/USPS-28
 UPS/USPS-29
 UPS/USPS-30
 UPS/USPS-31
 UPS/USPS-32
 UPS/USPS-33
 UPS/USPS-34
 UPS/USPS-35
 UPS/USPS-36
 UPS/USPS-37
 UPS/USPS-38
 UPS/USPS-39
 UPS/USPS-40
 UPS/USPS-41
 UPS/USPS-T01-2 rd. to USPS
 UPS/USPS-T05-17 rd. to USPS
 UPS/USPS-T05-18 rd. to USPS
 UPS/USPS-T05-19 rd. to USPS
 UPS/USPS-T05-20 rd. to USPS
 UPS/USPS-T09-7 rd. to USPS
 UPS/USPS-T09-8 rd. to USPS
 UPS/USPS-T09-9 rd. to USPS
 UPS/USPS-T09-10 rd. to USPS
 UPS/USPS-T13-27b rd. to USPS
 UPS/USPS-T13-36 rd. to USPS
 UPS/USPS-T14-4 rd. to USPS
 UPS/USPS-T14-10 rd. to USPS
 UPS/USPS-T14-44b rd. to USPS
 UPS/USPS-T14-57 rd. to USPS
 UPS/USPS-T14-59 rd. to USPS
 UPS/USPS-T14-60 rd. to USPS
 UPS/USPS-T15-5 rd. to USPS
 UPS/USPS-T15-6 rd. to USPS

Designating Parties:

OCA
 OCA
 OCA
 NDMS, OCA, UPS
 NDMS, OCA, UPS
 NDMS, OCA, UPS
 NDMS, OCA
 NDMS, OCA
 NDMS, OCA
 NDMS, OCA, UPS
 NDMS, OCA, UPS
 MH, OCA
 NDMS, OCA
 OCA
 OCA
 OCA
 OCA
 OCA
 OCA, UPS
 OCA
 OCA
 OCA
 MH, OCA
 MH, NDMS, OCA
 OCA, TW, UPS
 OCA, TW, UPS
 DMA, OCA
 DMA, OCA, UPS
 OCA
 OCA
 OCA
 OCA

Interrogatory:

UPS/USPS-T15-7 rd. to USPS
 UPS/USPS-T15-9 rd. to USPS
 UPS/USPS-T16-41 rd. to USPS
 UPS/USPS-T16-42 rd. to USPS
 UPS/USPS-T20-4 rd. to USPS
 UPS/USPS-T20-6 rd. to USPS
 UPS/USPS-T20-9 rd. to USPS
 UPS/USPS-T20-10 rd. to USPS
 UPS/USPS-T20-11 rd. to USPS
 UPS/USPS-T20-12 rd. to USPS
 UPS/USPS-T20-13 rd. to USPS
 UPS/USPS-T20-14 rd. to USPS
 UPS/USPS-T20-15 rd. to USPS
 UPS/USPS-T20-16 rd. to USPS
 UPS/USPS-T29-11 rd. to USPS
 UPS/USPS-T33-61 rd. to USPS
 UPS/USPS-T33-62a rd. to USPS
 UPS/USPS-T33-62b rd. to USPS
 UPS/USPS-T33-62c rd. to USPS
 UPS/USPS-T33-63 rd. to USPS
 UPS/USPS-T33-64 rd. to USPS
 UPS/USPS-T33-65 rd. to USPS
 UPS/USPS-T33-72a rd. to USPS
 UPS/USPS-T33-72a rd. to USPS
 UPS/USPS-T33-72b rd. to USPS
 UPS/USPS-T33-72c rd. to USPS
 UPS/USPS-T33-72d rd. to USPS
 UPS/USPS-T33-72e rd. to USPS
 UPS/USPS-T33-72f rd. to USPS
 UPS/USPS-T33-72g rd. to USPS
 UPS/USPS-T33-72h rd. to USPS
 UPS/USPS-T37-14 rd. to USPS
 UPS/USPS-T37-51 rd. to USPS
 UPS/USPS-T37-57 rd. to USPS
 UPS/USPS-T37-58 rd. to USPS
 UPS/USPS-T37-60 rd. to USPS
 UPS/USPS-T37-61 rd. to USPS

Designating Parties:

ABP, NDMS, OCA
 OCA
 OCA
 OCA
 OCA
 OCA
 MH, OCA, UPS
 MH, OCA
 MH, OCA
 MH, OCA
 MH, OCA, UPS
 MH, OCA
 MH, OCA
 MH, OCA
 NDMS, OCA
 OCA
 NDMS, OCA
 NDMS, OCA
 NDMS
 OCA
 NDMS, OCA
 OCA
 NDMS, OCA, UPS
 NDMS, OCA, UPS
 NDMS, OCA, UPS
 NDMS, OCA, UPS
 NDMS, OCA, UPS
 NDMS, OCA, UPS
 NDMS, OCA, UPS
 NDMS, OCA, UPS
 NDMS, OCA, UPS
 OCA
 UPS
 NDMS, OCA
 OCA
 OCA, UPS
 OCA

Interrogatory:

UPS/USPS-T37-68 rd. to USPS
UPS/USPS-T37-70 rd. to USPS
UPS/USPS-T37-71 rd. to USPS
UPS/USPS-T37-72 rd. to USPS
UPS/USPS-T37-73 rd. to USPS
UPS/USPS-T37-75 rd. to USPS
UPS/USPS-T41-35 rd. to USPS
VP-CW/USPS-1
VP-CW/USPS-T36-11 rd. to USPS
VP-CW/USPS-T36-12 rd. to USPS
VP-CW/USPS-T36-13 rd. to USPS
VP-CW/USPS-T36-14 rd. to USPS

Response to question posed by
by Mr. Popkin at 10/7/97 hearing
(Tr. 3/697-699)

Designating Parties:

OCA
OCA, UPS
OCA
OCA, UPS
OCA
OCA, UPS
DMA, NDMS, OCA
OCA, VP-CW
ADVO, OCA, VP-CW
OCA, VP-CW
ABA,EEI&NAPM, OCA, VP-CW
ABA,EEI&NAPM, ADVO, OCA,
VP-CW
NDMS

**Designated Responses of the
United States Postal Service
to AAPS Interrogatories**

U.S POSTAL SERVICE RESPONSE TO INTERROGATORIES OF THE
ASSOCIATION OF ALTERNATE POSTAL SYSTEMS

8396

AAPS/USPS-1. Please confirm there has recently been an arbitrator's ruling that the Postal Service may not require carriers to carry four separate "bundles" on the street. If you can confirm this ruling, provide a copy of the arbitrator's decision.

RESPONSE:

On June 9, 1997, an arbitrator issued a national level award that restricts the Postal Service with regard to how detached label mailings are carried by city letter carriers on park and loop and foot routes, where DPS is implemented and where the composite bundle DPS work method is used. A copy of this ruling is filed as USPS LR-H-271. It is important to note that this ruling does not preclude the Postal Service and local union representatives from executing agreements at the local level that preserve the *status quo*.

AAPS/USPS-2. Why did the Postal Service desire that its carriers carry four separate bundles?

RESPONSE:

This question rests on the mistaken premise that the Postal Service desired city carriers on park & loop and foot routes to carry "four separate bundles." With respect to flat size unaddressed pieces mailed with detached address labels, the Postal Service maintained that the unaddressed component of the detached label mailing was not a "fourth" bundle, but rather an extension of the flat-size bundle. This is because the unaddressed portion of the detached address label mailing did not require casing, but rather could be placed on the bottom or back of the flat bundle. This enabled carriers to retrieve mail from both ends of a single bundle composed of the unaddressed component of the detached label mailing on one end and addressed pieces of the same shape on the other end.

U.S POSTAL SERVICE RESPONSE TO INTERROGATORIES OF THE
ASSOCIATION OF ALTERNATE POSTAL SYSTEMS

8398

AAPS/USPS-3. If a carrier that formerly carried four bundles may now carry only three bundles, explain how that carrier's activities in sorting and delivering the mail will be changed.

RESPONSE:

The award only affects city carriers that (1) are in a DPS environment, (2) are using the composite bundle work method, and (3) are assigned to park and loop or foot routes. All other carriers will continue to carry detached label mailings in the same manner as before. It is important to emphasize, however, that this ruling does not preclude the Postal Service and local union representatives from executing local agreements that preserve the *status quo*.

Other alternatives include the following:

- Some units may switch permanently from the composite bundle method (two bundles of letter mail and one bundle of flat mail) to the vertical flat casing (VFC) method (one combined bundle of residual letters and flats and a DPS letter bundle), which would make these units unaffected by this decision.
- Some units will elect to employ the VFC method on days on which detached address label mailings are to be delivered, thereby avoiding the creation of what the arbitrator considered to be a "fourth" bundle on those days.
- Some units may case or collate the unaddressed flats.

U.S. POSTAL SERVICE RESPONSE TO INTERROGATORIES OF THE
ASSOCIATION OF ALTERNATE POSTAL SYSTEMS

8399

AAPS/USPS-4. Please confirm that in accounting period 11, the quantity of Standard Mail (A) increased by 13.6 percent over the same period last year. If you can confirm an increase of this approximate size, please explain why, in the Postal Service's opinion, the amount of this mail has increased so rapidly.

RESPONSE:

The growth rate of Standard Mail (A) volume in AP 11 FY 97 relative to the same period last year stems primarily from growth in the Standard Mail (A) commercial subclasses, which are growing due to favorable business conditions in the US economy.

U.S POSTAL SERVICE RESPONSE TO INTERROGATORIES OF THE
ASSOCIATION OF ALTERNATE POSTAL SYSTEMS

8400

AAPS/USPS-6. Has the Postal Service conducted or commissioned a study or report on alternate delivery since the SAI report revealed during the course of Docket No. MC95-1? If so, please provide a copy of any completed study or report or a description of any work in process.

RESPONSE:

Yes. See USPS LR-H-302, provided under P.O. Ruling Nos. R97-1/46 and R97-

1/52. SAI research is ongoing; no further drafts have been completed.

UNITED STATES POSTAL SERVICE RESPONSE TO INTERROGATORIES OF
ALTERNATE POSTAL SYSTEMS REDIRECTED FROM WITNESS MOELLER

8401

AAPS/USPS-T36-7. Please refer to Library Reference H-182, the study of Standard mail unit cost by weight increment.

a). At Page 3, the report states that carrier street costs are "distributed to weight increment in proportion to mail volume." Does this mean that the study assumes that all carrier street costs are piece related, not weight related? If not please explain.

b). If the response to part (a) is in the affirmative, please provide the basis for the assumption that carrier street costs are entirely piece related.

RESPONSE:

a and b). See response to NAA/USPS-T36-17.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF AAPS
REDIRECTED FROM WITNESS TAKIS

AAPS/USPS-T41-3 Within the last two years, the Postal Service produced and circulated a direct mail advertising ensemble consisting of a cardboard outside wrapper designed to look like a leather briefcase containing, among other things, a 96-page booklet entitled "A Small Business Guide to Advertising with Direct Mail," a pamphlet entitled "A Short Course in Direct Mail for Small Business," a pamphlet entitled "Advertising with Mail, a Smart Solution," a large folder (with enclosures) entitled "Mail Brings in all Home," and a videotape entitled "Growing Your Business with Advertising Mail." With respect to this promotion, please state: (a) would an expenditure of this type be deemed related to "Particular products" and therefore assigned to a class of mail or would it be considered an institutional cost? (b) how many copies of the material described above were produced and distributed? (c) to whom were they distributed? (d) how much did this advertising campaign cost the Postal Service and over what period of time? (e) is this material still being distributed? If so, please explain current and future plans for this campaign.

Response:

- a: Answered by witness Takis.
- b: This "Sales Kit" was an experiment which combined several brochures and booklets that were already being separately distributed to our customers. A total of 11,500 briefcases were produced and 4,670 were distributed.
- c: The kits were distributed to printers, lettershops, list brokers, list processors, and direct marketing agencies.
- d: The total costs of this promotion was approximately \$192 thousand during the test period of June 1996 through Sept 15, 1996.
- e: No.

**Designated Responses of the
United States Postal Service
to ABA Interrogatories**

REVISED RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES
OF THE AMERICAN BANKERS ASSOCIATION (ABA)
REDIRECTED FROM WITNESS FRONK

ABA/USPS-T32-3. On page 20 of your testimony, lines 16-22, you discuss the rationale for using bulk metered mail as a benchmark for worksharing discounts in First Class. Please provide annual historical data from 1975 through 1996 on the volume of bulk metered mail.

RESPONSE: No data are available which separate bulk metered letters that paid the single-piece rate from nonbulk metered letters that paid the single-piece rate. Available data which include both bulk and nonbulk metered letters are presented below. Postal Service data for metered letters which paid the single-piece (or nonpresort) rate are not available prior to Postal Quarter 2 of 1992. In addition, the percentage data below are from ODIS. These percentages were then applied to total number of nonpresort pieces by year from Table 3 of witness Fronk's testimony (USPS-T-32).

	% of Nonpresort (Letters, Flats & Parcels) <u>that is Metered Letters</u>	Number of Nonpresort <u>Metered Letters (millions)</u>
FY 1992	37.90%*	20,828
FY 1993	37.43	20,661
FY 1994	37.16	20,457
FY 1995	35.10	19,283
FY 1996	35.05	18,978

* Percentage based on Postal Quarters 2-4 only.

**Designated Responses of the
United States Postal Service
to ABA,EEI&NAPM Interrogatories**

RESPONSE OF U.S. POSTAL SERVICE TO
INTERROGATORIES OF ABA, EEI, AND NAPM
REDIRECTED FROM WITNESS HATFIELD

8406

ABA&EEI&NAPM/USPS-T-25-5. Identify the mail preparation requirements for letter-shaped first-class bulk metered mail.

RESPONSE:

See the DMM section E130.2.2 concerning First-Class metered single-piece rate mail.

In addition, First-Class "bulk" metered single-piece -- as this term is used in connection with witness Fronk, USPS-T-32, at page 26, table 5 for "Bulk Metered Benchmark" costs and in LR-H-106, page II-10, column 6 -- refers to meter belt bypass mail. This is metered letter mail which is trayed by the mailer, so it does not require the preparation that bundled metered letters would. Similarly bulk metered mail does not require facing and canceling. This mail also has the features commonly associated with First-Class metered mail.

RESPONSE OF U.S. POSTAL SERVICE TO
INTERROGATORIES OF ABA, EEI, AND NAPM
REDIRECTED FROM WITNESS HATFIELD

8407

ABA&EEI&NAPM/USPS-T-25-16. Re the acceptance and verification costs.
(Testimony at 18) Please identify the acceptance and verification procedures (or requirements) imposed on the letter-shaped mail prepared as follows:

- (a) First-Class automation presort (i) basic, (ii) 3-digit, (iii) 5-digit, and (iv) carrier route;
- (b) First-Class bulk metered mail; and
- (c) Standard (A) automation (i) basic, (ii) 3-digit, and 5-digit.

RESPONSE:

- a. The following verifications are performed for First-Class letter size automated mailings.
 - 1. Checks are done to make sure fees have been paid, authorizations are current, sufficient funds are on deposit, and endorsements and rate markings are correct.
 - 2. Postage statement and appropriate documentation (e.g., CASS Report, presort listing and summary documentation from mailer's equipment) is reviewed and checked. This includes examining the mailing for consistency with these documents and making sure the mailing contains a move update certification.
 - 3. Contents checked to make sure reply pieces include correct FIM and barcode, and postage payment methods meet format and eligibility requirements and TAP test done for window mail.
 - 4. Metered mailings require a sampling to check postage.
 - 5. Postage sampling is done on value added refund and combined mailings.
 - 6. ABE Test and other barcode quality checks are done.
 - 7. Mailing weighed and piece count is verified.

RESPONSE OF U.S. POSTAL SERVICE TO
INTERROGATORIES OF ABA, EEI, AND NAPM
REDIRECTED FROM WITNESS HATFIELD

8408

8. Labels are checked for legibility, contents match destination, and correct package labels.
 9. Pieces are checked for presort to finest extent.
 10. Presort Verification done if make-up errors detected in review or at scheduled intervals. This involves checking three trays for proper makeup and documenting any errors.
 11. If mailing is disqualified, mailer is notified so that they can either remedy problems or pay additional postage.
 12. If mailing accepted, clerk completes and signs postage statement, inputs data from postage statement into Permit System, and attaches clearance document to mailing.
-
- b. If this subpart refers to single-piece rated First-Class "bulk" metered mailing, then this would only require a sampling to check for postage. Non-single-piece rate bulk metered mailing are covered in subpart a.
 - c. The same procedures apply as in subpart a except that a piece is opened and examined to check that the content is eligible for Standard A rates.

RESPONSE OF U.S. POSTAL SERVICE TO
INTERROGATORIES OF ABA, EEI, AND NAPM
REDIRECTED FROM WITNESS HATFIELD

8409

ABA&EEI&NAPM/USPS-T-25-17.

(a) Identify all cost pools which reflect (i) acceptance costs, and (ii) verification costs and explain what each cost pool represents.

(b) Provide the test year total and unit (i) acceptance costs, and (ii) verification costs for the mail referred to in EEI/USPS-T-25-17.

RESPONSE:

a. The two cost pools which include acceptance and verification costs are shown in Table 4, of witness Degen's testimony, USPS-T-12, as number 39, "LDC 79 - Mailing Req' & Bus. Mail Entry" and number 46, "All Other Operations (i.e., non-MODS)." An explanation of Mailing Req' & Bus. Mail Entry costs is shown at LR-H-146, pages I-26 and I-37. See also LR-H-147, Appendix A for further information on individual MODS codes. The cost pool All Other Operations (i.e., non-MODS) is all mail processing operations in non-MODS, non-BMC facilities. This latter cost pool contains the costs for much more than acceptance and verification.

b. Test year unit costs for the two cost pools discussed above are shown in LR-H-106, page II-5.

RESPONSE OF THE U.S. POSTAL SERVICE TO
INTERROGATORIES OF ABA, EEI, AND NAPM
REDIRECTED FROM WITNESS HATFIELD

8410

ABA&EEI&NAPM/USPS-T-25-18. Must the following types of letter-shaped mail be brought to a postal facility to be eligible for mailing:

- (a) First-Class automation presort (i) basic, (ii) 3-digit, (iii) 5-digit, and (iv) carrier route;
- (b) First-class bulk metered mail;
- (c) Standard (A) automation (i) basic, (ii) 3-digit, and 5-digit; and
- (d) Enhanced Carrier Route.

If the answer to any of the following is no, please explain.

RESPONSE:

- a. No. This mail can be accepted at a mailer's plant as long as it meets certain conditions that may be spelled out in agreements between the local postal facility and the mailer (e.g. plant load agreement).
- b. No. It is assumed that you are asking about mail metered at full rate postage. If so, this mail can be picked-up at a mailer's plant and can also be placed in a collection box or given to a carrier.
- c. Same as (a).
- d. Same as (a).

RESPONSE OF THE U.S. POSTAL SERVICE TO
INTERROGATORIES OF ABA, EEI, AND NAPM
REDIRECTED FROM WITNESS HATFIELD

8411

ABA&EEI&NAPM/USPS-T-25-19. Under what circumstances, if any, will the Postal Service pick up (collect) letter-shaped (i) First-Class automation presort mail, and (ii) Standard (A) automation mail from the mailer's premises. If the foregoing occurs, identify the cost segments under which such costs are recorded and provide base year and test year total and attributable costs by subclass and rate category of mail.

RESPONSE:

Guidelines for pick up of First Class and Standard (A) automation presort letter mail are administered on a local basis. The primary factor for providing a pick up is that it must be mutually beneficial for the mailer and the Postal Service. In order to minimize the time and costs associated with providing this service, local sites which provide this service generally schedule their pick-ups to coincide with existing transportation that is scheduled to be at or near the mailer's premises.

The pick up of First-Class automation presort mail and/or Standard (A) automation mail would generally be done by vehicle service drivers (cost segment 8) and as part of purchased transportation costs (cost segment 14). Base year and test year costs for collection of First-Class automation presort mail and/or Standard (A) automation mail is not available since these types of mail are portions of the CRA lines "First-Class Presort Letters and Parcels" and "Regular Standard Other," respectively. See the response to ABA&EEI&NAPM/USPS-T25-20 regarding the information available on collection costs.

RESPONSE OF U.S. POSTAL SERVICE TO
INTERROGATORIES OF ABA, EEI, AND NAPM
REDIRECTED FROM WITNESS HATFIELD

8412

ABA&EEI&NAPM/USPS-T-25-20.

(a) Provide the base year and test year total and attributable collection costs reflected in the Postal Service's filing.

(b) Provide the information requested in (a) above by subclass and rate category of mail.

RESPONSE:

(a) - (b) In responding to this question collection costs are considered for both bulk and non-bulk mail, including mail from collection boxes and household mailers. Base year total and volume variable collection costs, including by subclass and rate category, are contained in the workpapers of witness Alexandrovich, USPS-T-5, as follows:

1. For city carriers Workpaper B-7, W/S 7.0.3 (in addition some street support costs are related to collection costs are discussed in LR-H-1, pages 7-13 and 7-14.
2. For rural carriers Workpaper B-10, W/S 10.1.2, pages 3 and 4, and W/S 10.2.2, pages 3 and 4.
3. For special delivery messengers Workpaper B-9, W/S 9.0.5.2 and W/S 9.0.5.3.

Base year collection costs are not separately identified for vehicle service drivers or purchased transportation.

Test year costs corresponding to the base year collection cost detail for city carriers, rural carriers and special delivery messengers are not available because it is the cost component detail that is rolled-forward (see witness Patelunas, USPS-T-15).

RESPONSE OF U.S. POSTAL SERVICE TO
INTERROGATORIES OF ABA, EEI, AND NAPM
REDIRECTED FROM WITNESS HATFIELD

8413

ABA&EEI&NAPM/USPS-T-25-23. Regarding Library Reference LR-H-106, state all assumptions used to develop unit costs for bulk entered metered letters.

RESPONSE:

We are unable to categorize any of the calculations or inputs as "assumptions."

Perhaps the following information is responsive. Page I-1 and I-2 of LR-H-106 provide an overview of the calculation of the mail processing unit costs developed in this library reference. Pages II-1 to II-6 show the development of the 11.742 cents cost per piece for First-Class single piece letters, indicating the sources of inputs. This latter unit cost is used as a basis for obtaining the unit cost for First-Class single piece metered letters, 10.98 cents, as shown on page II-10, columns 1-5. The unit cost for bulk entered metered letters is obtained from this metered letter cost by deducting the unit costs from the cost pools "BusReply" and "1CancMPP." These cost pools are those listed by witness Degen, USPS-T-12, in Table 4 as numbers 22 and 16, respectively. The full names for these are "Business Reply/Postage Due" and "Cancellation & Mail Preparation - metered," respectively.

RESPONSE OF U.S. POSTAL SERVICE TO
INTERROGATORIES OF ABA, EEI, AND NAPM
REDIRECTED FROM WITNESS HATFIELD

8414

ABA&EEI&NAPM/USPS-T-25-24. Re LR-H-106 at II-10 (corrected).

(a) Explain cost pool 1CancMMP.

(b) Explain why no costs from that pool are included in Column (6) for bulk metered letters.

RESPONSE:

a. The "1CancMPP" cost pool is listed by witness Degen, USPS-T-12, in Table 4 as number 16, with the full name of "Cancellation & Mail Preparation - metered." This cost pool is for MODS facilities and consists of the MODS operations 010 to 028, as shown in LR-H-146, page I-19. These MODS operations include the different types of facing and cancelling operations, culling as well as preparation of metered mail as described in LR-H-147, Appendix A, pages 2-3.

b. The operations in this cost pool are generally not needed for "bulk" metered letters. This is because "bulk" metered letters are defined as metered bypass or metered belt bypass, mail which doesn't need culling, facing, canceling and traying due to being provided in full trays by the mailer. See the Postal Service response to ABA&EEI&NAPM/USPS-T25-5 for further description of "bulk" metered letters.

RESPONSE OF U.S. POSTAL SERVICE TO
INTERROGATORIES OF ABA, EEI, AND NAPM
REDIRECTED FROM WITNESS HATFIELD

8415

ABA&EEI&NAPM/USPS-T-25-25. Re LR-H-106 at II-10 (corrected).

- (a) Confirm that columns 1, 5, and 6 represent FY 98 costs.
- (b) Confirm that columns 2 and 3 represent FY 96 data.

If not confirmed, please explain.

RESPONSE:

- a. Confirmed.
- b. Confirmed.

RESPONSE OF THE U.S. POSTAL SERVICE TO
INTERROGATORIES OF AMERICAN BANKERS ASSOCIATION (ABA), EDISON
ELECTRIC INSTITUTE (EEI), AND NATIONAL ASSOCIATION OF PRESORT
MAILERS (NAPM), REDIRECTED FROM WITNESS DANIEL

⁹
ABA&EEI&NAPM/USPS-T-25-11. Provide the base year and test year average wage rate for clerks and mail handlers by Tour, i.e., 1, 2, and 3.

RESPONSE:

Wages rates by tour for clerks and mailhandlers are not available.

RESPONSE OF THE POSTAL SERVICE TO
INTERROGATORIES OF AMERICAN BANKERS ASSOCIATION (ABA), EDISON
ELECTRIC INSTITUTE (EEI), AND NATIONAL ASSOCIATION OF PRESORT
MAILERS (NAPM) REDIRECTED FROM WITNESS DANIEL

ABA&EEI&NAPM/USPS-T29-15. From what page of USPS witness Hume's testimony (USPS-T-18) or workpapers did you extract your delivery costs figure of 4.1460 cents (i) for First Class bulk metered letters (USPS-T29C, page 1) (ii) For First Class presort letters?

- a. Please confirm that witness Hume has no direct measurements of delivery costs for bulk metered mail.
- b. Please confirm that the delivery costs for bulk metered First-Class letters was simply inferred from the data for presort letters.
- c. Do you believe that a benchmark set for the purpose of establishing First Class discounts should be based on actual measured costs rather than inferred costs?
- d. If your answer to a, above, is "confirmed", please list what other cost components for the bulk metered benchmark rely on inferred rather than directly measured costs.

RESPONSE:

- (i) Exhibit USPS-18A, page 6 of 6.
 - (ii) Exhibit USPS-18A, page 6 of 6.
- a. Confirmed.
 - b. Confirmed. The main difference in the delivery cost between bulk entered metered letters and nonautomation presort letters is likely due to differences in the percentage that is DPS. Available estimates, however, show the percentage that is DPS to be fairly close for metered letters and nonautomation presort, as shown in LR-H-129, pages I-6 and I-7. The model percentage DPS for metered single piece is 46.18 percent, while the model DPS percentage for nonautomation presort is 45.62 percent. These DPS estimates are based on both the similarity of the MLOCR and RBCS accept and upgrade rates for metered letters and nonautomation presort as determined in the 1997 OCR/RBCS Accept and Upgrade Rates Study (see LR-H-130, page 10), as well

RESPONSE OF THE POSTAL SERVICE TO
INTERROGATORIES OF AMERICAN BANKERS ASSOCIATION (ABA), EDISON
ELECTRIC INSTITUTE (EEI), AND NATIONAL ASSOCIATION OF PRESORT
MAILERS (NAPM) REDIRECTED FROM WITNESS DANIEL

as the assumption that metered letters have the same machinability as nonautomation presort.

c. No, for the reasons given in subpart b.

d. There are no other components which have been "inferred" as described in this question. The only other component of the bulk metered benchmark cost shown on Exhibit USPS-29C, page 1 is the mail processing costs for which the source is identified as LR-H-106, pages II-10 and II-11.

ABA&EEI&NAPM/USPS-T-30-5. Regarding air transportation, e.g., Testimony at 29, for fiscal years 1993 through 1997, or year-to-date if not available, and for the test year, please provide the pieces, pounds, cubic feet, cost, and the percentage each of the foregoing represents for the relevant class of mail for the following mail:

- (a) First-Class single piece;
- (b) First-Class automated presort; provide this information by rate category, if available;
- (c) Periodicals regular (or its predecessor classification);
- (d) Standard (A) regular (or its predecessor classification); provide this information by rate category, if available.
- (a) Standard (A) Enhanced Carrier Route (or its predecessor classification); provide this information by rate category, if available.

RESPONSE:

The question is somewhat ambiguous. If you are seeking the pieces, pounds, cubic feet, and cost of these classes of mail, this information is provided in the Cost and Revenue Analysis Reports (for Fiscal Years 1993 - 1996), USPS-T-5, Exhibit 5C (for Base Year 1996), and in USPS-T15, Exhibit 15D, 15G, and 15J (for FY 1997 and FY 1998, before and after rates). If on the other hand you are seeking the pieces, pounds, and cubic feet of these classes of mail as carried on air transportation, these data are not available. Historic percentages of air transportation costs are available from the Cost Segments and Components Report filed annually with the Commission. A Base Year version of this report is found in USPS-T-5, Exhibit 5A. FY 1997 and Test Year versions of this report are found in USPS-T-15, Exhibits 15B, E and H.

RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES OF
ABA&EEI&NAPM REDIRECTED FROM WITNESS FRONK

8420

ABA&EEI&NAPM/USPS-T32-4. Is there any evidence in the USPS testimony in this case which demonstrates that since MC95-1, the cost of heavy weight (i.e., greater than two oz.) presort FCLM has increased relative to the cost of non-heavy weight presort FCLM? If your answer is other than "no", please explain your answer.

RESPONSE: No, there is no such evidence of relative cost increase since Docket No. MC95-1.

RESPONSE OF THE U.S. POSTAL SERVICE TO
INTERROGATORIES OF ABA, EEI & NAPM
REDIRECTED FROM WITNESS FRONK

8421

ABA&EEI&NAPM/USPS-T32-5.

Speaking to retail presort FCLM at page 24 of your testimony, you state: "I reduced the discount somewhat in order to increase the incentive for mailers to prebarcode their mail and thus to further the automation goals of the Postal Service."

a. Is there any evidence in the USPS testimony in this case which demonstrates that a reduction in the retail presort FCLM incentive to a level below the USPS-measured cost differences between such mail and the Bulk Metered FCLM Benchmark would result in a larger migration of mail from retail presort to automated FCLM than the migration of mail from retail presort to single piece FCLM? If your answer is other than "no", please explain your answer.

b. Is it consistent with the ratemaking principles espoused by the USPS in this case to set the incentive level for retail presort FCLM below the cost difference measured by the USPS between retail presort FCLM and the Bulk Metered FCLM Benchmark? Please explain your answer.

c. Is there any evidence in the USPS testimony in this case to support the conclusion that the cost of retail presort FCLM has increased relative to the cost of single piece FCLM? If your answer is other than "no", please explain your answer.

Response:

a. Witness Thress is responding to this question.

b. Witness Fronk is responding to this question.

c. Yes. The difference in volume variable mail processing and delivery unit cost between First-Class single-piece letters and First-Class presort nonprebarcoded letters is about 5.4 cents per piece (which is 16.7 cents - 11.3 cents as per exhibit USPS-29C, page 1) which is lower than the corresponding difference from Docket No. MC95-1 of about 6 cents (which is 18.2 cents - 12.2 cents as per exhibit USPS-T-12C page 1, Revised 6/20/95).

RESPONSE OF THE U.S. POSTAL SERVICE TO
INTERROGATORIES OF ABA, EEI & NAPM
REDIRECTED FROM WITNESS FRONK

8422

ABA&EEI&NAPM/USPS-T32-7.

a. Please confirm that of all FCLM rate categories, non-bulk metered single piece is the most expensive for the USPS to process.

b. Doesn't your use of the bulk metered mail benchmark to measure cost avoidance of retail presort FCLM and automated FCLM discourage upgrading of non-bulk metered single piece FCLM to retail presort and automated FCLM? Please explain your answer.

Response:

a. While First-Class non-bulk metered single-piece letters have a higher mail processing costs than bulk metered single-piece letters, it cannot be confirmed that non-bulk metered single piece is the most expensive of all First-Class letter mail for the Postal Service to process. As shown in LR-H-106, page II-10, column 5, the mail processing cost for all metered letters, 10.98 cents per piece, is lower than the average mail processing unit cost for all single-piece letters shown on that same page in column 1, which is 11.742.

b. Witness Fronk is responding to this question.

RESPONSE OF THE U.S. POSTAL SERVICE TO
INTERROGATORIES OF ABA, EEI & NAPM
REDIRECTED FROM WITNESS FRONK

8423

ABA&EEI&NAPM/USPS-T32-8.

Please confirm the accuracy of the following attributable costs differentials from USPS Cost and Revenue Analyses:

	<u>Unit Attributable Costs For FCLM Single Piece</u>	<u>Unit Attributable Costs For FCLM Presort</u>	<u>Differential</u>
FY93	\$.220	\$.115	\$.105
FY 94	\$.234	\$.119	\$.115
FY 95	\$.252	\$.110	\$.142
FY 96	\$.261	\$.106	\$.155

Response:

Confirmed.

**Designated Responses of the
United States Postal Service
to ABP Interrogatories**

ABP/USPS-1

Identify the person or person(s) under whose direction USPS-LR-H-111, "Dropship Savings in Periodicals and standard Mail (A)" was prepared, whether or not that person(s) is a witness in this case. If the person under whose direction USPS-LR-H-111 was prepared is not a current witness in R97-1, identify any USPS witnesses who are qualified to respond to discovery about the assumptions and underlying data which support the final data presented.

RESPONSE:

Price Waterhouse prepared USPS LR-H-111 under the direction of the office of Product Finance within the Postal Service. Questions regarding the library reference may in the first instance be directed to the Postal Service.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES
OF AMERICAN BUSINESS PRESS

8426

ABP/USPS-2

[a] Was the update of data affecting Standard A Mail in Docket MC95-1, referred to on p.1 of USPS-LR-H-111, performed by a current USPS witness in Docket R97-1? If a R97-1 witness updated the data, who is that witness or witnesses, and if someone else performed the update, who is that person(s)?

[b] If the data affecting periodicals in Docket MC95-1 by Witness Byrne, referred to on p.1 of USPS-LR-H-111, has been updated by a USPS witness in Docket R97-1, who is that witness, and is the "new input data and update of parameters" (USPS-LR-H-111, p.1) included in the testimony of that witness? If the update was not done by a USPS witness in this case, who performed the update?

RESPONSE:

- a) The sources of the data used in developing Standard Mail (A) destination entry discounts in USPS LR-H-111 are documented in the library reference itself through use of citations. Examples include USPS-LR-H-105, USPS-LR-H-77, and USPS-LR-H-146. Authors of these underlying sources of information include the Postal Service, its employees, and its consultants.
- b) The sources of data used in developing Periodicals destination entry discounts in USPS LR-H-111 are documented in the library reference itself through use of citations. Examples include USPS-LR-H-190, USPS-LR-H-77, and USPS-LR-H-146. Authors of these underlying sources of information include the Postal Service, its employees, and its consultants.

ABP/USPS-3

On p.2 of USPS-LR-H-111, three tables (2.1, 2.2, 2.3) are presented that display costs supposedly avoided by dropshipment of Standard Mail (A), Periodicals (Regular) and Periodicals (Nonprofit). Table 2.1 combines transportation and non-transportation avoided costs for Standard (A) mail, whereas Tables 2.2 and 2.3 describe only non-transportation costs avoided by periodicals. Why are transportation costs excluded in Tables 2.2 and 2.3?

RESPONSE:

Destination entry transportation costs avoided by Periodicals mail are accounted for separately by

USPS witnesses Taufique (USPS-T-34) and Kaneer (USPS-T-35).

ABP/USPS-4

Given that Tables 2.2 and 2.3 do not include any transportation costs that may or may not be avoided by dropshipping, please explain, with cross-references to USPS testimony, exhibits and/or library references as necessary, the reasons why avoided costs shown in Table 2.2 for regular rate periodicals dropshipped to a DDU, instead of to an SCF entry, are 4.62 cents per pound less than costs avoided by dropshipment to an SCF, whereas according to Table 2.1 the similar avoided costs of Standard (A), regular rate mail, with bypass of the SCF and entry at DDU, are 2.74 cents per pound.

RESPONSE:

Library Reference USPS LR-H-111 is an update of the existing analyses used to determining destination entry discounts in both Periodicals and Standard Mail (A). In prior dockets, the methodology used to determine destination entry discounts in Standard Mail (A) differs from the methodology used in Periodicals. Because of these differences in methodology and input data, it is likely that the results of the analyses will differ. In Docket No. MC95-1, the difference between the costs avoided by DSCF and DDU in Standard Mail (A) was 2.52 cents per pound and the same difference in Periodicals was 2.86 cents per pound. The main reasons for the changes in the cost avoidance estimates are changes in the inputs, including pieces per pound, pieces per sack, pieces per pallet, and the proportion of mail on pallets and in sacks. Inserting the MC95-1 figures for pieces per sack and pieces per pallet lowers the cost difference between DDU and SCF entry to 3.60 cents per pound. Using the MC95-1 wage rate and proportions of mail on pallets and in sacks lowers the cost difference to 3.35 cents. Other input updates, such as pieces per pound and piggyback factors, also have an effect on the avoided cost difference.

ABP/USPS-5

On p.6 of USPS-LR-H-111, it is stated that the "methodology for developing the periodicals dropship cost avoidance is exactly the same as that used by Witness Byrne in Docket MC95-1 (USPS-T-1)."

[a] Confirm that the parameters for productivities for BMC and SCF cross-docking operations used by Mr. Byrne in MC95-1 are identical to those that he developed for use in Docket R84-1, Exhibit USPS-T-14KK. If you do not confirm, what was the source of the productivities (units per man-hour) that he did use?

[b] Why has USPS not updated productivities for BMC and SCF cross-docking operations for regular rate and nonprofit periodicals described at p.7 of USPS-LR-H-111, listed in detail on p.1 of Appendix F, and on p.1 of Appendix G?

[c] Has the Integrated Mail Handling System (IMHS) had no positive effect on cross-docking or platform productivities since Mr. Byrne's testimony in MC95-1 (e.g. "Fiscal 1996 saw the installation of 640 pack loaders/unloaders...when completed in FY 1997, over 1,000 pieces of IMHS equipment will have been deployed to processing facilities." 1996 Comprehensive Statement on Postal Operations, p.47)?

RESPONSE:

a. Confirmed.

b. Due to the time and resource constraints, the productivity estimates for cross-docking Periodicals were not updated.

c. No.

ABP/USPS-6

8430

On p.6 of USPS-LR-H-111, the term "intermediate facilities" as entry points for periodical mail is used. Examples of these facilities are given as "transfer hubs" and "area distribution centers."

- [a] Define the term and identify all transfer hubs for periodicals.
- [b] Define and "area distribution center."
- [c] Since March 1995, when USPS filed its testimony in Docket MC95-1, has the definition a "transfer hub" or area distribution center changed, and has the function of these facilities changed as facilities where periodicals are cross-docked?
- [d] Please provide and identify all changes of locations of transfer hubs (for periodicals) and area distribution centers since 1995, and identify any new transfer hubs and/or ADCs since 1995.
- [e] Are all transfer hubs and area distribution centers available for periodical origin entry? If not, how many are available, and how many are not?
- [f] Are some or all transfer hubs and area distribution centers (1) sectional/center facilities or (2) bulk mail centers? If the answer is affirmative in whole or in part, please list which transfer hubs are sectional center facilities and which are located in bulk mail centers.
- [g] Is periodical mail distributed in bulk mail centers or are the BMCs used solely for cross-docking of periodical mail?
- [h] Since 1995, has USPS issued any regulations that restrict (or expand) the availability of area distribution centers for periodicals to use as destination entry facilities?
- [i] What are "postal pak" containers and describe their use as periodical containers, for either sacks, bundles, or packages.

RESPONSE:

- a. A transfer hub is part of an internal USPS network that is used for routing direct containers (i.e., pallets, rolling stock, etc.) of Periodicals. A copy of the Periodical hub network is attached to the response.
- b. An Area Distribution Facility (ADC) is a facility that serves as a consolidation point for all classes of non-automation compatible letters and all flats that are destinating into a specific service area. All ADCs sort non-automation compatible letters and all flats to the SCFs in their service area.
- c. The definition of a "transfer hub" or ADC has not changed since the USPS filed its testimony in Docket MC95-1. The function of the ADCs has changed as a result of elimination of the SDC network. For instance, prior to the filing of Docket MC95-1, the SDCs were the

consolidation points for non-automated second- and third class letters and flats, and second- and third-class barcoded flats. As mentioned in the definition provided in 6(b), that workload is now processed in the ADCs.

- d. Since 1995, there have been numerous revisions to the labeling lists contained in the DMM including changes to the ADC list. However, these revisions do not necessarily pertain to changes of locations, but instead pertain to changes in the ADC's service area. In some cases, these changes could have resulted in a new entry to the ADC list. For instance, a new entry for Chicago became effective on 07/08/95. All revisions to DMM labeling lists are published in the *Postal Bulletin*. The following *Postal Bulletins* contain information related to labeling list changes since 1995: 21886, 21888, 21893, 21894, 21895, 21907, 21908, 21910, 21919, 21922, 21925, 21933, 21937, 21938, 21943, 21944, and 21949.
- e. The question is somewhat unclear because it asks about origin entry which is similar in spelling to original entry. Each publisher must maintain an original entry at the local Post Office that serves the publisher's known office of publication. If the question is asking whether all transfer hubs and ADCs are available for original entry, then the answer is no, because the 21 BMCs are not Post Offices. The ADCs, which are Post Offices, are available for original entry.
- f. All ADCs are SCFs. As for transfer hubs, see the list provided in 6(a). Any location that does not have BMC in its name is an SCF with the exception of the Chicago 2C Metro facility which is located within the Chicago BMC.
- g. While BMCs are generally used for cross-docking of Periodical mail, some may distribute containers of Periodical mail. As mentioned in (f), the Chicago 2C Metro facility is located within the Chicago BMC and distributes containers (e.g., sacks) of Periodical mail. However, BMCs do not perform piece distribution of Periodical mail.
- h. Yes, in the sense that the standards for additional entry were revised on August 1, 1995 in Postal Bulletin 21925. Publishers are no longer required to maintain an additional entry at

post offices where Periodicals mail is deposited solely as plant-verified drop shipment (PVDS), so they now have more flexibility in planning their entry points for Periodicals.

- i. See USPS-T-29, p. 18 at n.53. "Postal Paks" are formed corrugated cardboard that are approximately 6 feet tall. They are part of the Integrated Mail Handling System (IMHS) and are used to transport trays, sacks, and machinable parcels between BMCs.

Periodicals Transportation Hub Network

NOTE: Hubs are for transfer of direct ADC containers and pallets only.

Transportation Hub	ADC Facility	ZIP Codes Served
Atlanta BMC	ADC North Metro GA 301	298, 300-303, 305, 306, 308, 309, 311, 399
	ADC Macon GA 310	310, 312, 316-319
	ADC Birmingham AL 350	350-352, 354-359, 362
	ADC Montgomery AL 360	360, 361, 363, 364, 367, 368
Buffalo PDC	ADC Buffalo NY 140	140-149
	ADC Syracuse NY 130	130-139
Chicago 2C Metro Facility	ADC Milwaukee WI 530	498, 499, 530-532, 534, 535, 537-539, 541-545, 549
	ADC Chicago IL 60821	600-611, 613-619
Cincinnati PDC	ADC Louisville KY 400	400-409, 411-418, 420-427, 471, 476, 477
	ADC Columbus OH 430	430-438, 456, 457
	ADC Cincinnati OH 450	410, 450-455, 458, 459, 470
	ADC Indianapolis IN 460	460-469, 472-475, 478, 479
Cleveland PDC	ADC Cleveland OH 440	439-449
Denver BMC	ADC Billings MT 590	590-599, 821
	ADC Denver CO 800	800-816
	ADC Cheyenne WY 820	820, 822-831
	ADC Phoenix AZ 852	850, 852, 853, 855-857, 859, 860, 863
	ADC Albuquerque NM 870	865, 870-875, 877-884
Des Moines BMC	ADC Des Moines IA 50092	500-509, 520-528, 612
	ADC Sioux Falls SD 570	570-577
	ADC Omaha NE 680	510-516, 680, 681, 683-693
Detroit BMC	ADC Detroit MI 481	480-489
	ADC Grand Rapids MI 493	490-497
DV Daniels NJ 07099 *	ADC San Juan PR 006	006-009
	* (For all external mlrs. and internal USPS origin ZIPs 010-269).	
	** ADC San Juan PR 006	006, 007, 009
	** (For internal USPS origin ZIPs 270-999)	
	ADC DV Daniels NJ 07099	070-079, 085-089
	Military Center NY 090	090-098, 340
	ADC JAF NY 10180	100-102, 104
	ADC Westchester NY 105	004, 105-109
	ADC Queens NY 110	103, 110-114, 116
	ADC Long Island NY 117	005, 115, 117-119

Periodicals Transportation Hub Network

NOTE: Hubs are for transfer of direct ADC containers and pallets only.

Transportation Hub	ADC Facility	ZIP Codes Served
Greensboro BMC	ADC Roanoke VA 240	240-243, 245
	ADC Greensboro NC 270	270-279, 285
	ADC Charlotte NC 280	280-284, 286-289, 297
	ADC Columbia SC 290	290-296
Jacksonville BMC	* ADC Jacksonville FL 320	299, 304, 313-315, 320-324, 326, 344
	* (For all external mtrs. and internal USPS origin ZIPs 010-269)	
	** ADC Jacksonville FL 320	008, 299, 304, 313-315, 320-324, 326, 344
	** (For internal USPS origin ZIPs 270-999)	
	ADC Mid-Florida FL 327	327-329, 334, 347, 349
	ADC Miami FL 331	330-333
Kansas City BMC	ADC Manasota FL 342	335-339, 341, 342, 346
	ADC Kansas City MO 64240	640, 641, 644-658, 660-662, 664-668
	ADC Wichita KS 64270	669-679, 739
Los Angeles BMC	ADC Los Angeles CA 900	900, 901
	ADC Twin Valley CA 90197	902-908, 910-918
	ADC Sequoia CA 90198	922-928, 930-935
	ADC San Diego CA 920	919-921
Memphis BMC	ADC Nashville TN 370	307, 370-374, 376-379, 384, 385
	ADC Memphis TN 380	375, 380-383, 386-389, 723
	ADC Jackson MS 390	369, 390-393, 397
	ADC New Orleans LA 700	325, 365, 366, 394-396, 700, 701, 703-708
	ADC Little Rock AR 720	716-722, 724-729
Mpls./St. Paul BMC	ADC St. Paul MN 55222	540, 546-548, 550, 551, 556-559
	ADC Minneapolis MN 55228	553-555, 560-564, 566
	ADC Fargo ND 580	565, 567, 580-588
North Houston PDC	ADC North Houston TX 773	770-778
North Texas PDC	ADC Shreveport LA 710	710-714
	ADC Oklahoma City OK 730	730, 731, 734-738, 748
	ADC Tulsa OK 740	740, 741, 743-747, 749
	ADC North Texas TX 750	750-759
	ADC Ft. Worth TX 760	760-769, 790-797
	ADC San Antonio TX 780	733, 779-789, 798, 799, 885
Philadelphia BMC	ADC South Jersey NJ 080	080-084
	ADC Harrisburg PA 170	169-178
	ADC Lehigh Valley PA 180	180-188

Periodicals Transportation Hub Network

NOTE: Hubs are for transfer of direct ADC containers and pallets only.

Transportation Hub	ADC Facility	ZIP Codes Served
	ADC Southeastern PA 189	179, 189, 193-196
	ADC Philadelphia PA 190	190-192
	ADC Wilmington DE 197	197-199
Pittsburgh BMC	ADC Pittsburgh PA 150	150-168, 260
	ADC Charleston WV 250	246-253, 255-259
	* ADC Clarksburg WV 263	261-266, 268
	(for mailer use only – internal USPS include with Charleston)	
Salt Lake City ASF	ADC Boise ID 836	832-834, 836, 837, 979
	ADC Salt Lake City UT 840	840-847, 893, 898
	ADC Las Vegas NV 890	864, 889-891, 894, 895, 897, 961
San Francisco BMC	ADC Oakland CA 945	936-960, 969
	ADC Honolulu HI 967	967-968
	AMF San Francisco CA 962	962-966
Seattle BMC	ADC Portland OR 970	970-978, 986
	ADC Seattle WA 980	835, 838, 980-985, 988-994, 998, 999
	ADC Anchorage AK 995	995-997
Springfield MA PDC	ADC Springfield MA 010	010-017
	ADC Boston MA 021	018, 019, 021, 022, 055
	ADC Providence RI 028	020, 023-029
	ADC Manchester NH 030	030-034, 038, 039
	ADC Portland ME 040	040-049
	ADC White River Jct. VT 050	035-037, 050-054, 056-059
	ADC Southern CT 064	060-069
	ADC Albany NY 120	120-129
St. Louis BMC	ADC St. Louis MO 630	620, 622-631, 633-639
Washington DC BMC	ADC Washington DC 200	200, 202-205
	ADC Southern MD 206	206-209
	ADC Baltimore MD 210	210-212, 214-219, 254, 267
	ADC Northern VA 220	201, 220-223, 226, 227
	ADC Richmond VA 230	224, 225, 228-239, 244

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ABP/USPS-7

On pp. 8-9 of USPS-LR-H-111, the claim is made that, based on past cases, "non-destination SCF Zone 1 and 2 Periodicals will always incur one transfer through a non-destination SCF or ADC/SCF before it is dispatched to its destination SCF."

[a] *Do current data support the claim?*

[b] How many ADC facilities are SDC facilities, and have the functions of SDC facilities changed since March 1995? If so, describe those changes.

[c] Have ADC facilities replaced SDC facilities, and if they have, how has this change affected mail flow models of Periodicals as presented in the testimonies of Witnesses Moden, Seckar, Bradley, Taufique, cost assumptions presented in USPS-LR-H-111, the mail characteristics study, USPS-LR-H-190, and other USPS library references and exhibits used to support dropship savings for periodicals?

[d] Please estimate by periodical zone how many transfer hub cross-dockings occur for zones used by a periodical other than zones 1 and 2. (USPS-LR-H-111, p.7). Provide all studies and analyses that support cross-docking estimates applying to zones 3-8, the persons making those estimates or performing such studies, and the time period for which these estimates were made.

RESPONSE:

- a. There currently are no data available regarding how a certain piece of Periodicals mail will travel through the transportation network from origin to destination. However, based on current operating procedures, it is likely that zone 1 and 2 Periodicals that are not entered at the destination SCF or DDU will incur at least one transfer through an intermediate facility before arriving at the destination SCF.
- b. The Postal Service no longer has an SDC network, so there are no SDCs.
- c. ADC facilities have replaced SDC facilities. However, the number of ADCs and SDCs were not identical as shown by Mr. Pajunas in Docket MC95-1 in Exhibit USPS-T-2A. As mentioned in the response to ABP/USPS-6(c), the functions of the ADCs have changed as a result of receiving the workload that used to be performed in SDC facilities prior to the implementation of Classification Reform. Mr. Moden's testimony in this docket does not reference the elimination of the SDC network. Because mail characteristics data collected prior to classification reform were used in the development of Periodicals mailflows, the

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change from SDCs to ADCs had no impact upon the results presented by witnesses Bradley, Taufique, or Seckar.

- d. As stated in the response to part (a) of this question, data regarding how a certain piece of Periodicals mail will travel through the transportation network from origin to destination are not available. Therefore, the number of cross-docks that Periodicals in a particular zone will receive is not known. There are no studies or analyses that estimate the number of cross-docks applying to Periodicals in zones 3-8.

ABP/USPS-8

Can the number of cross-dockings vary between two periodicals originating in the same postal zone that cross the same number of postal zones? If the answer is affirmative, explain why the number of cross-dockings may vary, although the zones traveled are the same. If the question is answered in the negative, please explain why cross dockings always correlate with zones used.

RESPONSE:

Yes. As stated in the response to ABP/USPS-7, we do not know the specific routings a mailpiece may take through the network. It is possible that two periodicals in the same postal zone may follow a different route through the network and therefore receive a different number of cross dockings.

ABP/USPS-9

Why are the weighted average costs incurred both for regular and for nonprofit periodicals (p.7 of USPS-LR-H-111) approximately .5 cents per pound less for a SCF cross-docking than for a BMC cross-docking?

RESPONSE:

The weighted average costs incurred both for regular and for nonprofit periodicals (p. 7 of USPS-LR-H-111) is approximately 0.5 cents per pound **more** for an SCF cross-docking than for a BMC cross-docking. The operations performed at an SCF are different from the operations performed at a BMC as can be seen in USPS-LR-H-111 (Appendix F, Tables 1 and 2 for regular rate and Appendix G, Tables 1 and 2 for nonprofit). Since the operations being performed at the two types of facilities are different, the costs are also different. In witness Byrne's testimony in Docket No. MC95-1 (USPS-T-11, page 43), the weighted average costs incurred for regular periodicals was .43 cents per pound more for an SCF cross-docking than for a BMC cross-docking.

ABP/USPS-10

Define "BMC realization factor." (USPS-LR-H-111, p.8).

RESPONSE:

The "BMC realization factor" is a measure of efficiency that was originally calculated by witness Byrne (R84-1, USPS-T-14). The "realization" measurement of efficiency at a BMC is calculated as the total direct labor hours "earned" for all mail processing operations divided by total direct labor hours "clocked" for the same operations over the same time period. The "earned hours" figures used in the calculation of a BMC realization are the hours that a BMC's individual foreman area, or workcenter within that foreman area, "earns" or "is credited with," based on the volume processed in a given time period (tour, day, week, accounting period, etc.) and a "guideline" productivity for processing a unit of that volume, expressed in terms of "units per work hour". Thus, if a particular BMC workcenter operates under a guideline productivity of 30 units of volume per work hour and processes 1,000 units during a certain period, that workcenter "earns" or is credited with $1,000/30$ or 33.3 work hours. If the actual number of hours required in that workcenter to process the 1,000 units were only 31 work hours (i.e., it processed these units at a rate of $1,000/31$, or 32.26 units per hour), the workcenter's performance is estimated as earned/actual, or $33.3/31$, or 1.0742 (107.42%). If that same workcenter were also charged with 1.0 hours of nonproductive time (e.g., for standby, union business, medical unit, or miscellaneous other nonproductive activity) during that same period, the workcenter would be charged with this additional 1.0 "clocked" hour, for a total of 32 clocked hours (31 actual productive plus 1 nonproductive). The "realization" percentage for the workcenter (as opposed to its "performance" percentage) is calculated as earned/clocked, or $33.3/32$, or 104.06 percent.

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ABP/USPS-11

Confirm that, if the productivities listed in Appendices F and G of USPS-LR-H-111 had changed since 1984, the cost/piece and cost/pound data for SCF and DDU entry periodicals shown in Appendix F, Tables (SCF Rate Periodicals Mail Regular) and Appendix G, Table 3 (SCF Rate Nonprofit Periodicals Mail) would also have changed.

RESPONSE:

Confirmed.

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ABP/USPS-12

Appendices F and G of USPS-LR-H-111 both contain data inputs (among others) like those shown in Section 4.0, "Other Inputs":

- 11.13% proportion of SCFs that are mechanized
- 88.87% proportion of SCFs that are not mechanized
- 49.09% proportion of mail in sacks
- 50.91% proportion of mail on pallets

[a] Are the above percentages accurate in the current mail processing and operating environment described by Witness Moden (USPS-T-4) and

[b] Will the above percentages be accurate for the test year beginning October 1, 1997? Please explain fully a positive or negative response to either or both parts of the interrogatory, and provide updated percentages for each category if the percentages cited from Section 4.0 above are out-of-date.

RESPONSE:

a. Yes. The percentage of sack versus palletized mail was obtained from a recently performed mail characteristics study for Periodicals mail (USPS LR-H-190).

b. The estimates listed above represent the most current data available.

ABP/USPS-13

According to the response to UPS/USPS-T15-7, " All shapes of mail primarily within the Standard and Periodicals classes are affected by IMHS (Integrated Mail Handling System)." What cost components of the MODS System employed by USPS in this case to identify mail processing costs will be affected by IMHS in the test year, and will this effect result in fewer sacks, or greater platform, opening, and pouching productivities for periodicals than would otherwise be true?

RESPONSE:

The mail processing cost components that are primarily affected are the BMC platform and the MODS platform. Productivity is anticipated to increase in platform operations for Standard and Periodicals mail due to the handling of containerized loads and palletized mail as opposed to sacks, parcels, and trays.

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ABP/USPS-14

Christensen Associates is identified as the author of the "Second-Class Mail Characteristics Study," USPS-LR-H-190, which is used by Witness Taufique to estimate volumes for various periodical rate elements. Please identify any employee of Christensen Associates who is a USPS witness in this case and was the author, co-author, or a participant in the preparation and compilation of the study. If the author or author(s) of the study are not USPS witnesses, to which USPS witness should discovery about the study be addressed?

RESPONSE:

As indicated in USPS LR-H-190, the Second Class Mail Characteristics Study was prepared by Christensen Associates under the direction of the Office of Product Finance within the Postal Service. Questions regarding the study may in the first instance be directed to the Postal Service.

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ABP/USPS-15

Postal Bulletin 21951 (7-31-97) states on p.9 that effective immediately, the Postal Operations Manual is changed to reflect changes in platform operations. The changes appear on pp. 75-92.

[a] Please provide the parties with copies of these pages as a library reference.

[b] Identify and explain major changes in platform operations that these revisions have made.

RESPONSE:

- a. Copies of the prior edition of the Postal Operations Manual, as well as new pages, are attached.
- b. Issue 7 of the Postal Operations Manual (POM) (filed in Docket No. MC96-3 as USPS LR-SSR-161), effective August 1, 1996, did not include provisions relating to platform operations, which had been published in the previous edition of the POM. The attached pages, which are printed in Postal Bulletin 21951 (7/31/97), restore and update the former POM provisions (which are also attached). Revisions to the POM provisions were made to conform to existing practices, such as by elimination of provisions relating to the use of placards on trailers (see former POM § 421.3), and inclusion of provisions relating to the use of computers for data entry (see, e.g., revised POM § 472(c)).

420 Mail Processing Procedures

421 Platform Operations

421.1 General

.11 Objectives. Each postal facility must organize platform operations to provide unloading, loading, and dock transfer to meet service requirements and to eliminate delays caused by careless platform handling. The mishandling of one pouch, sack or container on the dock negates the value of sophisticated distribution procedures and could cause delay to thousands of individual pieces of mail.

.12 Transportation Schedules

.121 Overall Responsibility. Transportation Management Offices (TMOs) prepare and distribute schedules of all modes of transportation affecting postal installations in an assigned area.

.122 Postal Vehicle Service (PVS). The local office prepares schedules of PVS trips and intra-city contract transportation when instructed to do so by the TMO.

.123 Posting Schedules. Each SCF (and individual post offices as designated by the TMO) must prepare and maintain a correct and integrated list of arrivals and departures in time sequence. This list must:

a. Clearly identify the transportation (highway contract route and trip number, PVS and trip number, etc.).

b. Be posted in the platform area for the information of all concerned.

.124 Maintaining Files. Each SCF must maintain a current file of the individual schedules of those routes serving the facility.

.125 Schedule Changes. It is the responsibility of the SCF postmaster to request changes in transportation to meet service requirements. Note:

a. An SCF which is not a management sectional center (MSC) sends such requests through its MSC.

b. An MSC directs requests in writing to its TMO and sends a copy to its District Manager.

.126 Schedule Errors. All offices must promptly report to their TMO any errors in transportation schedules, including the master air and surface schedules.

.13 Visual Aids on the Platform (Dock)

.131 Inbound Trips. For each inbound trip, receiving offices must prepare visual aids showing the separations (or other unique features) expected on the trip and the content of the separations. Note: This instruction is not applicable to BMCs or offices with mechanized unloading to machine distribution.

.132 Outbound Trips. For each outbound trip, dispatching offices must prepare visual aids showing the individual and/or inclusive ZIP Codes to be dispatched and other unique features.

421.2 Sealing Program and Procedures

.21 General Requirement. All dispatching offices under the Highway Contract Seal Program must seal each outbound highway contract vehicle, rail van (piggyback trailer), or rail car with numbered tin band seals and twisted wire seals and complete Form 5398-A, *Contract Route Vehicle Record*. Dispatching and receiving offices must have twisted wire sealing and cutting equipment.

.22 Exemptions and Exceptions. In some cases, the seal system is not used at all or is used with minor deviations, as follows:

a. **Unmanned Offices.** The seal system is not used for dispatches of mail to offices where vestibule exchange is involved or where postal personnel are not normally on duty to accept delivery. Form 5398-A is annotated *Seal Not Required* to verify load was in good condition and who closed it.

b. **Empty trailers, vans, or rail cars** are not sealed.

c. **Contract Vehicles.** Small highway contract routes utilizing equipment with automobile type locks which are not sealable are exempt from the sealing requirements. Contract vehicles secured with contractors padlocks are exempt from using twisted wire seals, but must use the numbered tin band seal.

NOTE: Twisted wire seals are never used alone. They are always used in conjunction with numbered tin band seals.

d. **Foreign Mail.** The seal system does not apply and is not utilized for foreign mail containers.

e. **Outbound Military Mail.** All outbound military mail containers dispatched overseas via surface transportation are sealed with both twisted wire seals and numbered tin band seals. Form 5398-A is *not* used in conjunction with the sealing of these containers.

f. **Inbound Military Mail.** Inbound military mail containers are sealed only with the numbered tin band seals (i.e., twisted wire seals are not used).

.23 Disseminating Instructions. Dispatching offices must furnish necessary instructions to offices which receive sealed vans and are not familiar with the seal program. The instructions must include procedures for removing, verifying, and filing numbered seals and forms.

.24 Necessary Supplies. The sealing program uses the following basic supplies:

a. Item 0-817-A, Numbered Tin Band Seal

b. Form 5398-A, *Contract Route Vehicle Record*

c. Security seal imprinter

d. Twisted wire seal (12" section of 8-gauge steel wire band)

e. Twisted wire sealing and cutting equipment (see 421.27).

.25 Security of Numbered Seals. At each facility where numbered tin band seals are used, a supervisor and a clerk are designated as seal control officer and alternate seal control officer, respectively. The reserve stock of seals is under the exclusive control of the seal control officer and his alternate. Note:

a. Seals are issued in units of 100 or in units of a two-day supply—whichever is less.

b. Seals must not be given to contract employees under any circumstances.

.26 Multi-Doored Vehicles. Special requirements for multi-doored vehicles depend on whether or not the side doors are used en route:

a. *Unused Side Doors.* Side doors of highway contract vehicles which are never used must be permanently sealed by applying a twisted wire seal and a *special* (bright orange) seal to the unused doors. The *special* seal is not recorded on Form 5398-A. When sealing or removing the regular numbered seal from the rear doors of the vehicle, make a visual check to see that both the special seal and the twisted wire seal are intact. However, it is not necessary to verify the number of the *special* seal.

b. *Used Side Doors.* Multi-doored vehicles having side doors that are used en route require numbered seals on both doors. Use one Form 5398-A for the side door and another for the rear door. When unloading mail, remove only the seal on the door being opened and verify the seal number on the other door.

.27 Twisted Wire Seals

.271 Applying Wire Seals. Twisted wire seals require approximately 90 seconds to affix and are fastened as follows:

a. Insert a 12-inch section of 8 gauge steel wire rod halfway through the hasp of the door to be sealed.

b. Bend the wire rod double and insert one end into a special twisting tool.

c. Rotate the tool to catch the other end of the wire, thus twisting the wire into a tight knot which can be removed only with the use of a bolt cutter.

d. Twist the seal against the door hasp so that it cannot be untwisted with a screwdriver or a pair of pliers.

.272 Removing Wire Seals. Cut the seals with at least a 14-inch bolt cutter. For personal safety, make the cut close to the hasp.

.28 Form 5398-A

.281 Applicability. Form 5398-A must be completed by all facilities (including BMCs) for each highway contract route vehicle, rail van (piggyback trailer), and rail car which has to be sealed. See 421.22c for exception.

.282 Automatic Imprinting. A security seal imprinter is used to automatically record the date, name, and ZIP Code of the dispatching facility and the serial number(s) of the tin band seals on the Form(s) 5398-A. The imprinter can accommodate three tin band seals.

.283 Dispatching Entries. The dispatching employee must write certain entries on the Form 5398-A. These include:

a. Name of employee sealing vehicle at point of origin.

b. Destination. Show the facility to be served next by the vehicle. (This may be an intermediate stop en route.)

c. Driver's name. Note, however, it is not necessary to show the driver's name when sealing a:

(1) piggyback trailer, or

(2) the first trailer of a double trailer trip. See also 421.292.

d. Departure Time and Date. Note, however, when sealing piggyback trailers in advance, write the sealing time and date rather than the departure time and date.

e. Registered mail is *not* identified or recorded on Form 5398-A.

.284 Defective Seals. When sealing vehicle doors, dispatching employees who discover defective seals should submit them to their supervisors within the numerical sequence of those seals listed on Form 5398-A.

.285 Distribution. Form 5398-A is a three-part form: two soft (tissue) copies and a hard (index) copy. Copies are distributed and used as follows:

a. *First soft copy.* Retain at dispatching facility.

b. *Second soft copy.* Give to vehicle driver for use:

(1) as a gate pass at facilities where access is controlled by security force personnel; and

(2) as a bill of lading at truck weigh stations or at en route inspections by regulatory agencies.

c. *Hard (index) copy.* Place in open ended envelope attached to the inside wall of the vehicle's cargo compartment. Do this immediately prior to the closing and sealing of the cargo doors.

.286 Receiving Entries. Any employee who breaks the seal at the point of destination must process the Form 5398-A as follows:

a. Enter name of employee breaking seal.

b. Identify any discrepancies (see 421.29).

c. Submit forms and seals for retention.

.287 Retention. Forms 5398-A and related numbered seals must be filed for 15 days at the receiving facility.

.29 Sealing Discrepancies

.291 General Rule. Any employee who notices a sealing irregularity (e.g., a discrepancy in a seal number or a broken or missing seal) must initial the related Form 5398-A and notify his supervisor. The supervisor:

a. Verifies the irregularity and also initials the Form 5398-A.

b. Immediately reports the irregularity by telephone both to the dispatching facility and to the appropriate Postal Inspector in Charge; and confirms the telephone report with a written report.

c. Retains the seal and related form until the investigating postal inspector authorizes its release.

.292 Special Cases. For a discrepancy involving either a double trailer or a relay driver (a driver other than the one who drove the first segment of the route), the employee discovering the discrepancy must

determine the name of the driver and enter it on the Form 5398-A.

421.3 Use of Placards

.31 Requirement. Dispatching facilities must put placards on all rail and highway vans *except* on intra-sectional center routes.

.32 Description. The information on the placards describes the contents for destinating facilities in a format that can be used with the Van Control System. There are three different colored placards:

Placard Form No.	Placard Color	Placard Used on
5111-A	Blue	Trailers moving from origin to destination by rail-only, or by combination of rail and highway.
5111-D	Orange	Trailers loaded at a mailers plant moving by rail or highway, or both, between the mailers plant and destination.
5111-E	Green	Trailers moving from origin to destination by highway only.

.33 Preparation

.331 General. Rubber stamp information on the placards or hand print it in large letters. Do not use typewritten print on placards.

.332 Contents

a. Enter the trailer type code in the *contents* space on the placard. Trailer loads or van loads are designated by type according to the load content and position within the unit. Each mail type is loaded in segments that approximate 7 ft. high by 3 ft. thick by 8 ft. wide. Trailer types or van types are identified by letter in accordance with the following:

Type	Description of Contents
Inter-BMC Highway and Rail	
M Mixed parcels, sacks, and NMOs	N NMOs
B Parcels	P Pallets
F Preferential mail-pouches, sacks, parcels, etc.	S Sacks-Bedloaded
	D Empty Vans
	R Empty Sacks
Intra-BMC Highway Routes:	
C Containers	1 No load
H Hampers	2 Empty containers
M Sacks, containers, and NMOs	3 Empty hampers
N NMOs	4 Empty sacks
P Pallets	5 Empty pallets
S Sacks-Bedloaded	6 Mixed empty equipment
Inter-SCF Highway Contract Routes	
F Preferential mail - pouches, sacks, parcels, etc.	

b. Use information from Form 5041, *Storage Car and Van Check Sheet*, to complete the contents portion of the placard.

.333 Tail End

a. Complete the tail end space on the placard to show mail type loaded on the tailgate of the van. The following codes are used to indicate the load on the tailgate:

Type	Description of Contents
H	Parcels
F	Preferential mail - pouches, sacks, parcels, etc.
N	NMOs (nonmachinable outside parcels)
P	Pallets
S	Sacks

b. If it is necessary to load more than one mail type on the tailgate of the truck or trailer, draw a diagonal line across the tail end block on the placard and insert the appropriate additional letter to describe the mail loaded.

.34 Removal.

Receiving facilities must:
a. Remove placards from all vans unloaded, and
b. Retain placards from vans in which irregularities are found until the investigating postal inspector authorizes their release.

421.4 Mail Arrivals

.41 Recording Arrivals. All mail arrivals (whether via scheduled transportation or extra trips) must be recorded on the appropriate form. Complete the forms as required; include additional remarks to explain deviations. Appropriate forms are:

Source of Mail	Record Trip Arrivals on
Main Office Collection Runs at CAG A-G Offices	Form 3968, <i>Daily Mail Collection Record</i>
Stations and Branches via PVS	Locally-designed form
Stations and Branches via Highway Contract Route	Form 5398, <i>Transportation Performance Record</i>
Associate Offices via Highway Contract Route	Form 5398, <i>Transportation Performance Record</i>
Other SCFs via Highway Contract Route	Form 5398, <i>Transportation Performance Record</i>
AMF or Airport	Locally-designed form or as required by TMO
Bulk Mail Center via Highway Contract Route	Form 4458, <i>Vehicle Inventory (Inbound)</i>
Local Private Mailers	Locally-designed form, if warranted
Private Mailers from Other than Local Area	Locally-designed form, if warranted

.42 Unloading.

.421 Instructions. All receiving facilities must prepare detailed unloading instructions for each platform operation. The detail necessary depends on the size and complexity of the office. Always include instructions pertaining to the unloading of mail which must pass through acceptance procedures before processing. In some cases it is necessary to identify belts and slides by number with visual aids, because this helps employees place specific mail items on specific belts. Example:

Mail Item	Belt Number
Pouches	103
Collection Mail to be Canceled	101
Sacks of City Newspapers	102

.422 Form 5201, Mail Van Inspection Report.

The purpose of Form 5201 is to show the condition of trailers when received for loading, storage, or reloading. Follow instructions issued by the TMO to complete Form 5201.

.423 Form 4458 and 5398. Receiving offices must record the arrival time and the unloading time for all trips (including extra highway route trips):

a. BMCs use Form 4458 to record times. All other offices use Form 5398.

b. Although most offices maintain Forms 4458 and 5398 at the platform, BMCs and certain large post offices may find it advantageous to maintain the forms at some other place.

.424 Removing Seals. The designated platform employees at an unloading point must:

- Remove all numbered seals and twisted wire seals (see 421.272).
- Complete Form 5398-A (see 421.286).
- Identify any discrepancies (see 421.29).

.425 Removing Placards. See 421.34.

.43 From Air Facilities.

.431 Responsible Employees. All employees who are responsible for the dispatch and receipt of mail at airport mail facilities (AMFs) or local airstop points, must be thoroughly familiar with the air contract data collection system and required forms contained in PO-507, *Air Contracting Administrative Procedures*.

.432 Air Taxicab. Use appropriate forms. See Publication 171, *Transportation of Mail by Air Taxi Operators*.

.44 Platform Transfers

.441 Preferential Mail. Preferential mail must be given expeditious handling on platforms.

.442 Transfer Failures. If a transfer failure is caused by poor supervisory judgment, local management must take immediate corrective action. If the transfer failure results from the late operation of a

highway contract and is not caused by legitimate reasons:

a. SCFs, administrative offices, and large installations other than post offices complete Form 5500, *Report of Contract Route Irregularity*.

b. Other offices report irregularities to the appropriate administrative official of the contract involved using USPS routing slip, Item 0-13.

.443 Missent Mail. Use Form 1617, *Missent Mail Notice*, to notify responsible post offices and BMCs of receipt of missent pouches, sacks, containers, and outside pieces of all classes of mail.

421.5 Mail Departure

.51 Recording. All mail departures (whether by scheduled or extra trips) must be recorded on the appropriate form. Complete the forms as required. Appropriate forms are:

Mail Destination	Record Trip Departures
<ul style="list-style-type: none"> Inter-SCF via Highway Contract Route Associate Office via Highway Contract Route Intra-SCF via Highway Contract Route 	Form 5398, <i>Transportation Performance Record</i>
<ul style="list-style-type: none"> Non-local via AMF or Airport Stations and Branches 	Locally designed form for PVS or Form 5398 for Highway Contract Service
<ul style="list-style-type: none"> Bulk Mail Center via Highway Contract Route 	Form 4459, <i>Vehicle Inventory (Outbound)</i>
<ul style="list-style-type: none"> Bulk Mail Center via Rail 	Form 4459 and other forms as instructed by TMO

.52 Loading

.521 Instructions. Detailed loading instructions must be prepared for each platform operation. Load trucks and trailers in accordance with prescribed regulations and/or special contract provisions.

.522 Diagrams. Highway contract route trucks and trailers must be loaded according to diagrams on file and special instructions issued by the Regional Postmaster General or TMO. Special emphasis must be placed on the handling of preferential mail to be certain it is loaded for prompt handling at intermediate stops and at destination.

.523 Form 5201. See 421.422.

.524 Attaching Seals. The designated platform employees at a loading point must:

- Identify vehicles which must be sealed (see 421.21).
- Apply numbered tin band and twisted wire seals (see 421.27).
- Complete Form 5398-A (see 421.28).

.525 Attaching Placards. Dispatching facilities must:

- Identify vehicles which require placards (see 421.31).

b. Prepare placards as specified in 421.33.

.53 Scheduling Extra Trips

.531 PVS Trips. Extra PVS trips are costly and should not be scheduled unless necessary to prevent delay to mail.

.532 Highway Contract Route Trips. No office may request or schedule extra highway contract route trips unless warranted to prevent serious delay to preferential mail or unless justified because of mail volume. Note:

a. Each extra highway contract route trip certified for payment must be supported by a Form 5397, *Contract Route Extra Trip Authorization*.

b. A copy of Form 5397 will be retained in the office which issues Form 5429, *Certification of Exceptional Contract Service Performed*.

c. Postmasters are furnished advance notice, when possible, of additional trips via Form 5397.

.54 To Air Facilities. See 421.43.

421.6 Staging for Scheduled Delivery

.61 Provisions. Mailers of non-preferential, second- and third-class mail may request specific delivery dates for their mail—providing they furnish the mail to post offices in advance of the scheduled delivery date.

.62 Identification. To identify scheduled delivery-date mail, mailers may use:

- Their own tags, or
- Tag 13.

.63 Instructions By the Local Office. Platform employees should be issued appropriate instructions relative to the handling of scheduled delivery-date non-preferential mail.

421.7 Special Mailer Preparation

.71 General Explanation. Mailers who prepare their mail in special ways do so:

- To qualify for special presort rates, and/or
- To reduce handlings within the post office and thus expedite service.

In either case, platform employees must recognize such mail and handle it in a manner which takes advantage of the mailer preparation. Some examples of specially-prepared mail are trayed mail, ZIP Code sequenced (riffle) mail, and containerized mail.

.72 Trayed Mail

.721 Depending on the degree of makeup and the manner in which postage is paid, platform personnel must develop a system (with the approval of the Director of Mail Processing and the Director of Support) to make certain that trayed mail is afforded expeditious handling.

.722 Platform supervisors should utilize any or all of the following tags or labels to assist in the correct routing of trayed mail:

Tag/Label	Used for
TAG 13	Scheduled Mail - For Processing on _____
TAG 23	First-Class Presorted - All for Firm on Label
TAG 24	First-Class Presorted - All for ZIP Code on Label
TAG 25	First-Class Presorted - All for First 3-Digits of ZIP Code on Label
TAG 57	Political Campaign Mailing
TAG 122	Carrier Presorted Mail
LABEL 204	First-Class Presorted - All for ZIP Code on Face
LABEL 205	First-Class Presorted - All for First 3-Digits
LABEL 206	First-Class Presorted - All for State on Face
LABEL 207	OCR Machine Readable

.73 ZIP Code Sequence (Riffle) Mail

.731 Riffle mail consists of letters and flats that have been customer sequenced by ZIP Code, states or otherwise (outgoing or incoming schemes).

.732 Platform personnel should familiarize themselves with the mail arriving at the dock to locate, identify, and correctly route riffle mail. A local method of identifying the sacks, trays, or containers of riffle mail must be established.

.733 First-handling riffle mail should never be distributed on a letter sorting machine (LSM), an Optical Character Reader (OCR) or a single position letter sorting machine (SPLSM). Riffle mail should be manually sorted into cases or directly into trays or loose picks.

.74 Containerized Mail

.741 BMC Containers. Large volume mailers of parcel post should be encouraged to use BMC containers to eliminate a handling of individual parcels on a platform or in a parcel distribution operation. The use of these containers by a private mailer must be monitored to avoid misuse or lack of use of such equipment.

.742 Plastic Letter Trays. A mailer of a large volume of first-class letter mail should be encouraged to use plastic letter trays and Labels 204, 205 and 206, in order to reduce handlings at post offices. Mailer use of plastic trays must be monitored by the local post office to prevent unauthorized use.

422 Mail Preparation Operations

422.1 Operational Description

.11 Scope

.111 Mail preparation operations are supported and greatly affected by:

- a. The makeup and handling of incoming collection mail emanating from stations and branches, associate offices, collectors, and firms.
- b. The platform handling of such mail upon its arrival at the mail processing facility.

.112 The mail preparation operations encompass:

- a. The staging of mail for subsequent processing based on class of mail, mail type, and postage payment method.
- b. The culling, facing, and canceling of individual classes and types of mail at work stations.
- c. The staging of culled, faced, and canceled mail at mail preparation work stations for transport to applicable distribution and pouching operations.

.12 Impact. Since the performance of the tasks described in 422.112 has significant effect on downstream operations, it is essential that each mail processing installation establish and maintain a carefully structured and well-managed mail preparation system. A well-run mail preparation operation is integral to the creation of a cost efficient, service effective, mail processing system and, therefore, should be considered a high priority management objective.

.13 Mail Preparation Systems

.131 General. In-plant mail preparation configurations at mechanized mail processing facilities are generally either *centralized* or *unitized*. Configurations at non-mechanized mail processing facilities may be similar to those at mechanized facilities.

.132 Centralized. Centralized systems typically:

- a. Employ one or more culling belts manned by two to four cullers.
- b. Utilize cullers for separating metered bundles, flats, and irregular parcels onto dedicated take-away belts for transport to the appropriate work station for that type of mail.
- c. Use a common surge conveyor from which loose letters can be separated to a series of Model 500 Edger Feeder/Mark II Facer-Canceler combinations.

.133 Unitized. Unitized systems typically:

- a. Employ a series of individual culling belts each manned by one culler, one dumper, and one Mark II operator per unit.
- b. Utilize designated hampers or utility carts into which bundled letters, flats and irregular parcels are

separated and subsequently transported to the appropriate work station for that type of mail.

c. Carry loose letters directly to the Model 500-Mark II combination, which are in tandem with each culling belt.

.134 Reference. For further information about mail preparation system configurations, see Publication 37, *Postal Facilities Planning Data and Equipment Layouts*.

422.2 Mail Preparation Work Stations

.21 Definition. A mail preparation work station is a sub-operation where specific tasks are performed which facilitate the flow of mail to distribution or pouching operations. Mail preparation operations in medium and large size mechanized post offices are structured around a series of well-defined work stations. Each work station has primary responsibility for the handling and processing of a specific type and/or category of mail. The physical configuration, equipment usage, and staffing levels applicable to a particular type of work station (e.g., flats processing belt) may vary from installation to installation, depending upon differences in facility design, floor layout, volume, and mail mix. Small mechanized offices and non-mechanized offices may have mail preparation work stations which are similar to or combine the work stations of medium or large mechanized facilities.

.22 Identification. The work stations listed below are common to most mechanized mail preparation operations. (Note: d. - f. pertain to stamped letter mail processing.)

- a. Staging area.
- b. Dumping station.
- c. Rough cull operation.
- d. Edger-feeder/facer-canceler operation.
- e. Reject mail processing.
- f. By-pass stacker processing.
- g. Metered mail.
- h. Metered bundles.
- i. Flats canceling.
- j. Cancellation and separation of regular and irregular parcels.
- k. Handling of short-paid and damaged mail.

422.3 Optimum Mail Preparation Inputs

.31 Explanation. Main office collectors, stations and branches, associate offices, and customers who deposit their mail directly into cooperative mailing racks should properly separate mail because separation:

- a. Facilitates the staging of mail upon its arrival at the processing facility.
- b. Expedites its flow through the various mail preparation work stations.

.32 Main Office Collectors

.321 Optimum Separation

- a. Metered bundles or mixed metered mail (where there are dedicated collection boxes for metered mail).
- b. Obvious flats.
- c. Mixed collection mail.



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47 Platform Operations

471 General

Each postal facility must organize its platform operations to provide unloading, loading, and dock transfer to meet service requirements and eliminate delays caused by careless platform handling. Platform operations should be organized to provide a safe and efficient environment. The mishandling of one pouch, tray, outside mail piece, sack, pallet, or container on the platform (dock) negates the value of sophisticated distribution plans and could cause thousands of individual pieces of mail to be delayed.

472 Contract Mail Handling Facilities

Contract mail handling facilities, such as those in the hub and spoke program (HASP), that dispatch or receive vehicles with mail, including mail transport equipment, must follow these requirements:

- a. Transportation schedules must be posted as specified by the Postal Service or as appropriate under the contract.
- b. Vehicles must be properly loaded and documented.
- c. Data input to postal computer systems must be performed as directed by the Postal Service (such data entry capabilities must be cleared through the postal contracting officer (CO) and computer application program manager). Contract employees designated to request access to a postal computer system must complete Form 1357, *Request for Computer Access*, as well as any other clearance documents specified by the postal application program manager and postal Inspection Service.
- d. If the facility dispatches or receives vehicles in the postal seal program, the facility manager or contract representative must identify a seal control officer and follow security requirements in 476.
- e. Timely sorting, distribution, loading, and dispatch to meet postal schedules.

473 Transportation Schedules

473.1 Overall Responsibility

Area Office Distribution Networks (DN) prepares and distributes schedules for all modes of transportation within an assigned area. Transportation schedules are available and provided in a computer based application, where possible.

473.2 Postal Vehicle Service (PVS)

The local Transportation and Networks office prepares schedules of PVS trips and, when instructed to do so by Area Office Distribution Networks, intra-city contract transportation.

473.3 Highway Contract Transportation

Area Office Distribution Networks (DN) develops contracts and distributes schedules for all Highway contract routes (HCRs).

473.4 Rail and Intermodal Contract Transportation

Rail and intermodal contracts are awarded by postal headquarters after development with Area Office Distribution Networks (DN). Area Office Distribution Networks distributes information and training for rail contracts and rail management information systems.

473.5 Posting Schedules

Each processing and distribution plant (and individual post offices as designated by Area Office Distribution Networks) must use and maintain a current, correct, and integrated list of arrivals and departures in time sequence. This list must be in electronic or hard copy format and must:

- a. Clearly identify the transportation plans (highway contract route and trip number, PVS and trip number, drop shipment appointment, etc.).
- b. If hard copy, be posted in the platform area. (This includes posting at post office stations and branches and intermediate stops on the route of travel.)
- c. Be updated as necessary to reflect current schedules.

473.6 Maintaining Files

Each processing and distribution plant and post office must maintain a current file of the individual schedules of those routes serving the facility. The file must be in electronic or hard copy form. Documents that require retention, such as Form 5397, *Contract Route - Extra Trip Authorization*, Form 5500, *Report of Contract Route Irregularity*, and Form 5398-A, *Contract Route Vehicle Record*, must be retained as specified in the *Administrative Support Manual*, and Handbook PO-513, *Mail Transportation Procurement Handbook*.

473.7 Schedule Changes

It is the responsibility of the processing and distribution plant manager and post office postmaster to request changes in transportation to meet service requirements as follows:

- a. A post office that is not a processing and distribution plant sends such requests through its local transportation and networks manager, who reviews, coordinates, and forwards requests in writing to the Area Office Distribution Networks.
- b. A processing and distribution plant directs requests in writing to its Area Office Distribution Networks and sends a copy to its plant manager.

- c. Box delivery requests are sent through the local District Postal Operations Manager (DPOM), who reviews, coordinates, and forwards requests in writing to the Area Office Distribution Networks. Area Office Distribution Networks reviews schedule change requests, coordinates with other local, Area, and headquarters offices as necessary, and considers service and budget impacts prior to approval.

473.8 **Schedule Errors**

All offices must report any errors in transportation schedules promptly to their Area Office Distribution Networks. This includes errors in any printed report or electronic program, such as the Highway Contract Support System (HCSS), Transportation Information Management and Evaluation System (TIMES), yard control or vehicle information system, National Air and Surface System (NASS), and any change in air and surface schedules. Plants must notify their Area Office Distribution Networks of all changes in or corrections of postal vehicle service (PVS) schedules.

473.9 **Extra Trips**

All offices must record in the appropriate computer system, such as TIMES, extra trips dispatched or received. In addition, offices must complete required postal forms. For example, for highway contract service, complete Form 5397, *Contract Route - Extra Trip Authorization*. For rail dispatches, complete Form 5186, *Routing Instructions for Mail Movement*, either from the Rail Management Information System or the manual version.

474 **Loading**

474.1 **Instructions**

Managers responsible for transportation must produce detailed loading instructions for each platform operation. Platform personnel must load trucks and trailers in accordance with prepared instructions, prescribed regulations, and/or special contract provisions.

474.2 **Diagrams**

Highway contract route (HCR) trucks and trailers must be loaded according to diagrams on file and special instructions issued by Area Office Distribution Networks. Preferential mail must be placed in the vehicle so that it can be readily identified and unloaded at intermediate stops and at final destination.

474.3 **Managing the Vehicle Load**

The purpose of proper loading is to ensure safe and damage-free transport of the load. Drivers who transport overloaded vehicles are susceptible to accidents, and may be ticketed and have substantial points assessed against their license. In some cases the Postal Service may make a court appearance regarding the citation. Other cases may require communication with the state Department of Motor Vehicles. In both instances, the overloaded vehicle causes an unnecessary and unproductive use of resources. Drivers who load their own vehicles to an

- overloaded condition are responsible and may be liable for any fine. Platform managers, supervisors, and employees must ensure that vehicles are loaded in a safe and legal manner:
 - a. For trips with special loading plans, loading diagrams should be posted at dock doors.
 - b. In each vehicle fitted with side wall ("E") tracks, the load is secured with shoring straps and/or load bars.
 - c. Whenever containers with drop-down pins are loaded in a vehicle with floor pin stake pockets, each container's pin is fitted in a floor pocket and container brake applied.
 - d. Pallets are arranged in a pinwheel fashion, where pallets are loaded side by side in the vehicle with the long (48-inch) side of one next to the short (40-inch) side of the other, and the next row is loaded in the opposite direction. This interlocks the pallets and helps prevent them from sliding and the load shifting. See Exhibit 474.3 for an example of pinwheeling pallets.
 - e. Bedloaded sacks are brick-laid stacked in an orderly manner with the string side of the sack facing forward.
 - f. Bedloaded trays are stacked with heaviest trays on the bottom and each successive level placed in a crisscross manner.
 - g. Bedloaded parcels and nonmachineable outsides are brick-laid stacked in an orderly manner with heaviest parcels and outsides on the bottom.
 - h. Mixed loads are arranged with bedloaded trays stacked along the side walls and sacks loaded in the middle across the vehicle.
 - i. Vehicles are not to be loaded with more weight than the vehicle's specifications provide or law permits.
 - j. Additional cargo restraint methods are used for potentially unstable loads.

474.4 Cost for Overweight Vehicles

If a Postal Service facility overloads a Highway Contract Route (HCR) vehicle resulting in a fine to the contractor, the contracting officer for that HCR may use his or her discretion and reimburse the contractor for the cost of the fine and charge that cost to the facility that overloaded the vehicle. If a contractor overloads their own vehicle resulting in a fine to the contractor, the contracting officer for that HCR may hold the contractor responsible for the fine or in special circumstances may use his or her discretion and reimburse the contractor for the cost of the fine. In some cases a law enforcement official requires excess weight be taken off the vehicle before continuing on its journey. This situation delays the mail and adds additional cost for the extra vehicle and driver. If possible, the office that loaded the vehicle provides the means to remove, transfer, and transport the excess load. If not possible, the nearest able plant or post office provides the resources and notifies the origin office of the incident.

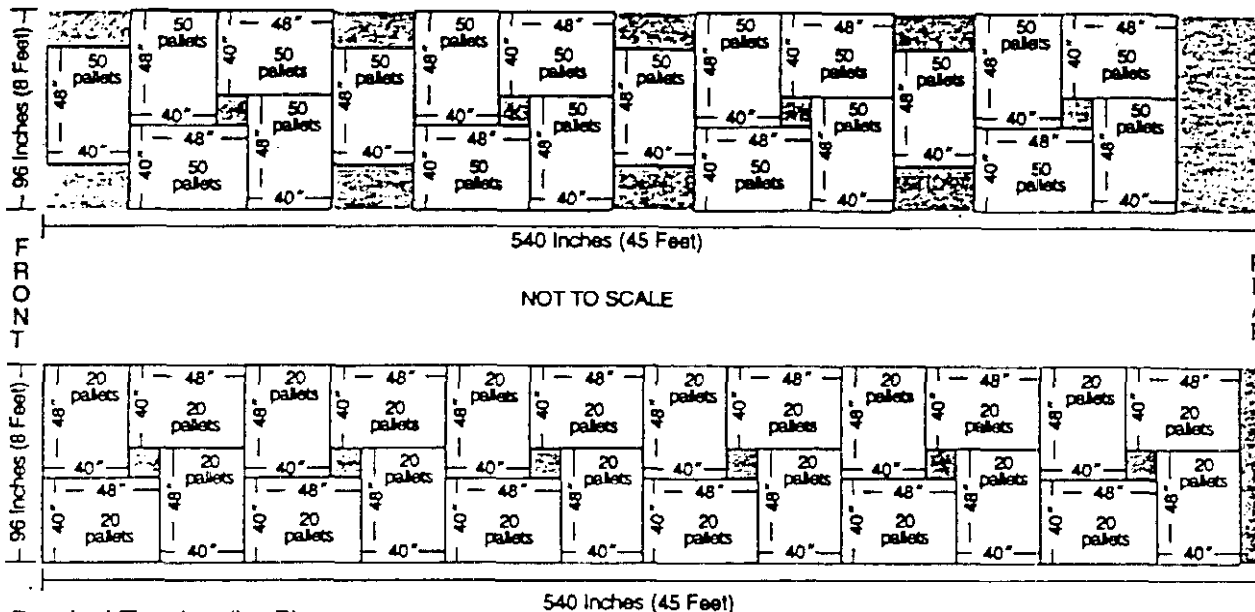
474.5 Attaching Seals

The designated platform employees at a loading point must:

- a. Identify vehicles that must be sealed (see 476.1).

Exhibit 474.3
Safely Loading Pallets into Trailers

Required Floor Loading Plan
 for Nestable Pallets (PSIN 3919)



Required Floor Loading Plan
 for Wood Pallets (PSIN 3919)

- b. Complete Form 5398-A and insert appropriate copy into vehicle (see 476.8).
- c. Apply numbered tin band and twisted wire seals (see 476.7).

475 Visual Aids on the Platform (Dock)

475.1 General

Visual aids provide platform employees easy and efficient access to information concerning the proper loading and dispatch of trips, as well as information about arriving trips. Visual aids enhance platform operations by providing ready information so employees can expedite unloading and transfer of mail to inplant operations, and can expedite the proper loading, sequencing, and dispatch of outbound mail. Platform supervisors should ensure accurate visual aids are displayed in an appropriate place on the platform.

475.2 Inbound Trips**475.21 Arrival Schedules**

For inbound operations, receiving offices must have visual aids showing a profile of trip arrivals, including pertinent information such as route, trip, scheduled arrival time, and transfer information for cross dock items to meet outbound dispatches. When appropriate, post transfer information with separate times depending on mail make-up, such as separate transfer times for both direct and working pallets, for direct and working rolling stock, and for loose sacks. This instruction is not applicable when using electronic arrival profiles (such as the Transportation Information Management and Evaluation System (TIMES) or the Transportation Routing Information Panel System (TRIPS)) or for BMCs and offices with mechanized unloading-to-machine distribution.

475.22 Special Instructions

For each inbound trip with a distinct load configuration, receiving offices must have visual aids showing the separations (or other unique features) expected on the trip, the content of the separations, and special handling instructions. Hard copy visual aids are not applicable when information is available through electronic devices, such as computer monitors mounted on the platform.

475.3 Outbound Trips**475.31 Loading Diagrams**

For each outbound trip, dispatching offices must have visual aids showing the individual and/or inclusive ZIP Codes to be dispatched, and other unique features, such as for tailgating mail. Hard copy visual aids are not applicable when information is available through electronic devices, such as computer monitors mounted on the platform.

475.32 Dispatch Schedule

For each outbound trip, dispatching offices must have visual aids showing a profile for outbound dispatches, including route, trip, scheduled departure time, and other unique features. This instruction is not necessary when sufficient instruction is provided by electronic dispatch tools, such as TIMES and TRIPS.

476 Sealing Program and Procedures**476.1 General Requirement**

All dispatching offices under the seal program, including contract mail handling facilities, must seal each outbound highway contract vehicle, rail intermodal vehicle (trailer, container, RoadRailer, or other rail or USPS-furnished vehicle), or rail boxcar, with numbered tin band seals, Item 0817A, and twisted wire seals, and complete Form 5398-A, *Contract Route Vehicle Record*. If an electronic transportation system such as TIMES is used, the tin band seal number must be entered in the appropriate place manually, or by scanning the barcode on the seal. Dispatching and receiving offices must have tin band seals, twisted wire seals, seal imprinters, and sealing and cutting tools.

Note: Twisted wire seals are never used alone when dispatching mail (excluding Mail Transport Equipment, see 476.2.c). They are always used in addition to numbered tin band seals and Form 5398-A.

476.2 Exemptions and Exceptions

In some cases, the seal system is not used at all or is used with minor deviations:

- a. **Unstaffed Offices.** Do not use the seal system for dispatches of mail to offices where vestibule exchange occurs, or where postal personnel are not normally on duty to accept delivery. Complete Form 5398-A and enclose it to verify that the load was in good condition and identify who closed it. Annotate Form 5398-A **"SEAL NOT REQUIRED"** to verify a seal was not used.
- b. **Empty Vehicles.** Do not seal empty trailers, vans, or rail vehicles.
- c. **Mail Transport Equipment.** Do not use a numbered tin band seal on dispatches of mail transport equipment. Use a twisted wire seal. If appropriate for additional security, use Form 5398-A and annotate it **"SEAL NOT REQUIRED."**
- d. **Contract Vehicles.** Small highway contract routes utilizing equipment with automobile type locks that are not sealable are exempt from the sealing requirements. Contract vehicles secured with contractor's padlocks are exempt from using twisted wire seals, but must use the numbered tin band seal.
- e. **Foreign Mail.** Seal outbound international ocean containers with tin band seals and record serial numbers on the waybill documents. Do not use Form 5398-A.
- f. **Outbound Military Mail.** Seal all outbound military mail containers dispatched overseas via surface transportation with both twisted wire seals and numbered tin band seals. Do not use Form 5398-A.
- g. **Inbound Military Mail.** Inbound military mail containers are sealed with only the numbered tin band seal. Do not use twisted wire seals.
- h. **Postal Vehicle Service (PVS).** PVS drivers must use cargo compartment door locks and, where applicable, postal padlocks, in accordance with PVS policy.

476.3 Disseminating Instructions

Dispatching offices must furnish necessary instructions to offices that receive sealed vans and are not familiar with the seal program. The instructions must include procedures for removing, verifying, and filing numbered seals and forms.

476.4 Necessary Supplies

The sealing program uses the following basic supplies:

- a. Item 0817A, Numbered Tin Band Seal.
- b. Form 5398-A, *Contract Route Vehicle Record*.
- c. Security seal imprinter.

- d. Twisted wire seal (12-inch section of 8-gauge steel wire band).
- e. Twisted wire sealing and cutting equipment (see 476.7).

476.5 Security

476.51 Numbered Seals

The manager at each postal facility or contract mail handling facility where numbered tin band seals are used must keep seals under lock and key. The manager designates a supervisor and a clerk as seal control officer and alternate seal control officer, respectively. The reserve stock of seals is under the exclusive control of the seal control officer and his/her alternate. The following guidelines also apply:

- a. Seals may be shipped from the factory in bulk quantities of several hundred or several thousand.
- b. Seals are issued to dock personnel in units of 100 or in units of a two-day supply, whichever is less.
- c. Seals must not be given to contract employees under any circumstances.

476.52 Sealing Discrepancies

476.521 General Rule

Any employee who notices a sealing irregularity (e.g., a discrepancy in a seal number or a broken or missing seal) must initial the related Form 5398-A and notify his/her supervisor. The supervisor must:

- a. Verify the irregularity and initial the Form 5398-A.
- b. Immediately report the irregularity by telephone both to the dispatching facility and to the appropriate Postal Inspector-in-Charge.
- c. Investigate the discrepancy to the best extent possible.
- d. Follow up the telephone report with a written report to both offices.
- e. Retain the seal and related form until the investigating postal inspector authorizes its release.

476.522 Special Cases

For a discrepancy involving either a double trailer or a relay driver (a driver other than the one who drove the first segment of the route), the employee discovering the discrepancy must determine the name of the driver and enter it on the Form 5398-A.

476.6 MultiDoor Vehicles

Special requirements for multidoor vehicles depend on whether or not the side doors are used en route:

- a. **Unused Side Doors.** Side doors of highway contract vehicles that are never used must be permanently sealed by applying a twisted wire seal and a numbered tin band seal to the unused doors. The numbered tin band seal is recorded on Form 5398-A and placed in the local contract file. When sealing or removing the regular numbered seal from the rear doors of the vehicle, make a visual check to see that both the tin band seal and the twisted wire

seal are intact on unused side doors. It is not necessary to verify the number of the special seal in every instance, but checks must be made at least quarterly.

- b. **Used Side Doors.** Multidoor vehicles with side doors that are used en route require numbered seals on both doors. Use one Form 5398-A for the side door, and another for the rear door. When unloading mail, remove only the seal on the door being opened. Verify the seal number on the other door.

476.7 Twisted Wire Seals

476.71 Applying Wire Seals

Twisted wire seals require approximately 90 seconds to affix and are fastened as follows:

- a. Insert a 12-inch section of 8-gauge steel wire rod halfway through the hasp of the door to be sealed.
- b. Bend the wire rod double and insert one end into a special twisting tool.
- c. Rotate the tool to catch the other end of the wire, thus twisting the wire into a tight knot that can be removed only with a bolt cutter.
- d. Twist the seal against the door hasp so that it cannot be untwisted with a screwdriver or a pair of pliers.

476.72 Removing Wire Seals

Cut the seals with at least a 14-inch bolt cutter. For personal safety, make the cut close to the hasp. To prevent the possibility of tire damage, do not let used seals fall to the ground. Place used seals in the appropriate waste receptacle.

476.8 Form 5398-A

476.81 Applicability

Form 5398-A must be completed by all facilities (including BMCs) for each highway contract route vehicle, rail intermodal vehicle, and rail boxcar that is sealed with a numbered tin band seal. See 476.2 for exceptions.

476.82 Automatic Imprinting

A security seal imprinter is used to automatically record the date, name, and ZIP Code of the dispatching facility and the serial number(s) of the tin band seal(s) on the Form(s) 5398-A. The imprinter can accommodate three tin band seals.

476.83 Dispatching Entries

The dispatching employee must write certain entries on the Form 5398-A. These include:

- a. Name of the employee sealing the vehicle.
- b. Destination of the next facility to be served by the vehicle. (This may be an intermediate stop en route.)

- c. Driver's name. **Exceptions:** It is not necessary to show the driver's name when sealing:
 - (1) a rail intermodal vehicle or boxcar, or
 - (2) the first trailer of a double trailer trip (e.g., pups/twins) to the same destination. The driver must be identified on the Form 5398-A for the second trailer. See also 476.522.
- d. Departure Time and Date. When sealing rail vehicles in advance of the dispatch, or when sealing the first vehicle in a tandem dispatch, write the sealing time and date rather than the departure time and date.
- e. Registered mail is not identified or recorded on Form 5398-A.

476.84 Defective Seals

When sealing vehicle doors, dispatching employees who discover defective seals should submit them to their supervisors with the numerical sequence of those seals listed on a Form 5398-A.

476.85 Distribution

Form 5398-A is a three-part form: two soft (tissue) copies and a hard (index) copy. Copies are distributed and used as follows:

- a. First soft copy. Retain at dispatching facility.
- b. Second soft copy. Give to vehicle driver for use:
 - (1) as a gate pass at facilities where access is controlled by security force personnel, and
 - (2) as a bill of lading at truck weigh stations or at en route inspections by regulatory agencies.
- c. Hard (index) copy. Place in open-ended envelope attached to the inside wall of the vehicle's cargo compartment. Do this immediately prior to closing and sealing the cargo doors.

476.86 Receiving Entries

Any employee who breaks the seal at the point of destination must process the Form 5398-A as follows:

- a. Enter name of employee breaking seal.
- b. Identify any discrepancies (see 476.52).
- c. Submit forms and seals for retention.

476.87 Retention

Forms 5398-A and related numbered seals must be filed and kept at the receiving facility for 15 days.

476.9 Registered Mail

Detailed procedures for registered mail are in Handbook DM-901, **Registered Mail Handbook**. The following are included in registered mail procedures for transportation contract operations:

- a. Contract drivers who are not under the security seal program are required to sign for registered mail.
- b. A postal employee must be assigned to receive and record all registered mail from contract drivers.
- c. A Nil-Bil system that will account for registered remittances. This requires a registered mail pouch even if no remittance is being sent that day.

477 Mail and Empty Mail Vehicle Arrivals

477.1 Recording Arrivals

All mail and empty mail vehicle arrivals (whether via scheduled transportation or extra trips) on contract or Postal Vehicle Service (PVS) must be recorded in the appropriate electronic system (such as the Transportation Information Management and Evaluation System (TIMES)) or on the appropriate form (see below). Complete the data entry or forms as required, and include additional remarks to explain deviations. Appropriate forms are:

Source of Mail	Record Trip Arrivals in Electronic System	Record Trip Arrivals on
Main office collection runs at CAG A-G offices	As available	Form 3968, <i>Daily Mail Collection Record</i>
Stations and branches via PVS	As available	Locally designed form
Stations and branches via highway contract route	As available	Form 5398, <i>Transportation Performance Record</i>
Associate offices via highway contract route	As available	Form 5398, <i>Transportation Performance Record</i>
Processing plants via highway contract route	TIMES (Transportation Information Management and Evaluation System)	Form 5398, <i>Transportation Performance Record</i>
AMF or airport	TIMES	Locally designed form or as required by Area Office Distribution Networks
Bulk mail center via highway contract route	TIMES, yard control system	Form 5398, <i>Transportation Performance Record</i> , Form 4460, <i>Vehicle Record/Trip Ticket</i> (card)

Bulk mail center via rail	TIMES, yard control system, and/or Rail Management Information System (RMIS)	Form 5398, <i>Transportation Performance Record</i> , Form 4460, <i>Vehicle Record/Trip Ticket</i> (card), Form 5186, <i>Mail Movement Routing Instructions</i>
Bulk mail center via PVS	TIMES, yard control system	Form 5398, <i>Transportation Performance Record</i> , Form 4460, <i>Vehicle Record/Trip Ticket</i> (card)
Local private mailers	Drop Shipment System for destination entry vehicles, TIMES, RMIS for rail vehicles, other as available	After verification, Form 8125, <i>Drop Shipment Clearance Document</i> , Form 8015, <i>Plant Load Vehicle Log</i> , or locally -designed forms, if warranted
Private mailers from other than local area	Drop Shipment System for destination entry vehicles, RMIS for rail vehicles, other as available	After verification, Form 8125, <i>Drop Shipment Clearance Document</i> , Form 8015, <i>Plant Load Vehicle Log</i> , or locally designed forms, if warranted

477.2 Forms 4460 and 5398

Receiving offices must record the arrival time and the unloading time for all trips (including extra highway route trips) as follows:

- a. BMCs use Forms 4460 and 5398 to record times. Other offices use Form 5398.
- b. Although most offices maintain Forms 4460 and 5398 at the platform, BMCs and certain large post offices may find it advantageous to maintain the forms at some other place, such as a vehicle operations office.

477.3 Form 5201, Mail Van Inspection

The purpose of Form 5201 is to show the condition of vehicles when received into the possession of the Postal Service. A properly completed Form 5201 records preexisting damage that should not be charged to the Postal Service. Form 5201 should be prepared for all arriving rail or leased vehicles, whether loaded or empty. Drivers picking up rail or leased vehicles should verify an inspection form provided by the location supplying the vehicle, or complete Form 5201 at the time of acceptance. A Form 5201 completed on departure from a facility may record damage caused to the vehicle while in the possession of the Postal Service. If requested by a driver at departure, complete Form 5201 and provide a copy to the driver. Follow instructions issued by the Area Office Distribution Networks to complete Form 5201.

477.4 Unloading**477.41 Instructions**

All receiving facilities must have detailed unloading instructions for each platform operation. The detail necessary depends on the size and complexity of the office. The instructions should be posted as visual aids or easily available to platform employees. Always include instructions pertaining to the unloading of drop shipments that must be checked to ensure proper quantity and documentation of mail, and for business mail that must pass through acceptance procedures before processing. Also include procedures for handling surface preferential mail (periodicals), particularly tailgated surface preferential mail and Registered Mail. In some cases it is necessary to identify docks, belts, slides, and staging areas by number with visual aids, because this helps employees place specific mail items in the proper place.

477.42 Removing Seals

The designated platform employees at an unloading point must:

- a. Remove all numbered seals and twisted wire seals (see 476.72).
- b. Complete the appropriate parts of Form 5398-A (see 476.86).
- c. Identify any discrepancies (see 476.52).
- d. After verifying Form 5398-A against the actual seal number, dispose of numbered and twisted wire seals in a trash receptacle to prevent the possibility of vehicle tire damage.
- e. File Form 5398-A in an appropriate place for at least 15 days.

477.43 From Air Facilities**477.431 Responsible Employees**

All employees who are responsible for the dispatch and receipt of mail at airport mail centers (AMCs) and facilities (AMFs) or local air stop points must be thoroughly familiar with the air contract data collection system, required forms contained in Handbook PO-507, *Air Contracting Administrative Procedures*, and procedures for air contract performance measurement, including scanning procedures.

477.432 Air Taxes

Use appropriate forms. See Handbook PO-509, *Air Taxi Contract Administration*.

477.5 Platform Transfers**477.51 Registered Mail**

Registered mail must be handled according to registered mail procedures. In 1997, new procedures were issued by the Chief Postal Inspector and the Vice President, Operations Support, to area vice presidents. Among other changes, these procedures:

- a. Required contract drivers not under the seal program to sign for registered mail.

- b. Assigned a postal employee to receive and record all registered mail from the contract drivers
- c. Implemented a Nil-Bil system to account for registered remittances, requiring a registered pouch even on days no remittance is sent.

477.52 Preferential Mail

Preferential mail must be given expeditious handling on platforms.

477.53 Transfer Failures

If a transfer failure is caused by poor supervisory judgment, local management must take immediate corrective action. If the transfer failure results from the late operation of a highway contract and is not caused by legitimate reasons:

- a. Processing plants, administrative offices, large installations, and other postal facilities complete Form 5500, *Contract Route Irregularity Report*, and distribute copies as instructed on the Form.
- b. Offices that do not use Form 5500 report irregularities to the appropriate administrative official of the contract involved using USPS routing slip, Supply Item O-13, or other appropriate communication.
- c. If a transfer failure causes delay to a highway contract route (HCR) trip, a Form 5466, *Late Slip*, should be issued to the HCR driver.

477.54 Missent Mail

Notify responsible post offices, processing facilities, and BMCs of receipt of missent pouches, sacks, containers, and outside pieces of all classes of mail. Follow up to ensure problems have been corrected.

478 Mail and Empty Mail Vehicle Departures

478.1 Recording

All mail and empty mail vehicle departures (whether via scheduled transportation or extra trips) must be recorded in the appropriate electronic system (such as TIMES or other vehicle information system) or on the appropriate form (see table below). Complete the data entry or forms as required, and include additional remarks to explain deviations. Appropriate forms are:

Mail / Vehicle Destination	Record Departures in Electronic System	Record Departures on Form
Stations and branches via PVS	As available	Locally designed form
Stations and branches via highway contract route	As available	Form 5398, <i>Transportation Performance Record</i>
Associate offices via highway contract route	As available	Form 5398, <i>Transportation Performance Record</i>
Processing plants via highway contract route	TIMES (Transportation Information Management and Evaluation System)	Form 5398, <i>Transportation Performance Record</i>
AMF or airport	TIMES	Locally designed form or as required by Area Distribution Network Office

Bulk mail center via highway contract route	TIMES, vehicle information system	Form 5398, <i>Transportation Performance Record</i> , Form 4460, <i>Vehicle Record/Trip Ticket</i> (card)
Bulk mail center via rail	TIMES, vehicle information system, and/or Rail Management Information System (RMIS), Equipment Inventory Reporting System (EIRS) for mail transport equipment (MTE)	Form 5398, <i>Transportation Performance Record</i> , Form 4460, <i>Vehicle Record/Trip Ticket</i> (card), Form 5186, <i>Mail Movement Routing Instructions</i> for rail
Bulk mail center via PVS	TIMES, yard control system	Form 5398, <i>Transportation Performance Record</i> , Form 4460, <i>Vehicle Record/Trip Ticket</i> (card)
Rail Yard or Leased Vehicle Supplier	RMIS for rail vehicles, TIMES, vehicle information system, other as available	Form 5398, <i>Transportation Performance Record</i> , Form 4460, <i>Vehicle Record/Trip Ticket</i> (card), Form 5201, <i>Mail Van Inspection Report</i> , or locally designed forms, if warranted
Private mailers	RMIS for rail vehicles, TIMES, vehicle information system, EIRS for MTE, other as available	Form 5398, <i>Transportation Performance Record</i> , Form 5201, <i>Mail Van Inspection Report</i> , or locally designed forms, if warranted. After verification, Form 8125, <i>Drop Shipment Clearance Document</i>

478.2 Form 5201, Mail Van Inspection

A Form 5201 completed on departure from a facility may record damage caused to the vehicle while in the possession of the Postal Service. If requested by a driver at departure, complete Form 5201 and provide a copy to the driver. Follow instructions issued by the Area Office Distribution Networks to complete Form 5201. Form 5201 is initiated on vehicle arrival to document preexisting damage. See 477.3 regarding arrivals.

478.3 Scheduling Extra Trips

478.31 Postal Vehicle Service (PVS) Trips

Extra PVS trips are costly and should not be scheduled unless necessary to prevent delay of mail.

478.32 Highway Contract Route Trips

No office may request or schedule extra highway contract route trips unless necessary to prevent serious delay of preferential mail or justified because of mail volume. The following guidelines apply:

- a. Each highway contract route extra trip must have Form 5397, *Contract Route Extra Trip Authorization*, completed as certification for payment.
- b. The office authorizing the extra trip must issue Form 5397 and complete the appropriate sections.

- c. A copy of Form 5397 will be retained for at least one year in the office that issues Form 5429, *Certification of Exceptional Contract Service Performed*. Form 5429 must be retained at least 7 years. Record retention periods are also contained in the *Administrative Support Manual* and Handbook PO-513, *Mail Transportation Procurement Handbook*.
- d. Destination offices should be notified of extra trips in advance by telephone or electronic mail, and furnished Form 5397.
- e. Destination offices review and complete the appropriate sections of Form 5397 for destination office. If the extra trip ends at the destination office, the destination office distributes copies of the completed Form 5397 as instructed on the form. If the extra trip is operating round-trip, the destination office should dispatch any available volumes on the return leg of the extra trip.
- f. Form 5429, *Certification of Exceptional Contract Service Performed*, is completed by the office designated as Administrative Official (AO) for the highway contract route. The AO summarizes Forms 5397 onto Form 5429 at the end of each postal accounting period. The AO distributes copies of Form 5429 as required on the Form, including sending the completed Form 5429 to the postal Accounting Service Center for payment to the highway contract route contractor. Form 5429 must be retained at least 7 years.

478.4 To Air Facilities

Extra trips to air facilities are scheduled and documented in accordance with the requirements for the type of surface transportation used. Postal vehicle service trips are scheduled and operated in accordance with PVS requirements. Highway contract trips are scheduled in accordance with 478.32. See 477.3 regarding inspecting vehicles using Form 5201, *Mail Van Inspection*.

479 Special Mailer Preparation

479.1 General Explanation

Special mailer preparation offers benefits to both cost and efficiency. Mailers who prepare their mail in special ways do so for the following reasons:

- a. To qualify for automation rates.
- b. To reduce handling within the post office and thus expedite service. Platform employees must recognize specially prepared mail and handle it in a manner that takes advantage of the mailer preparation and expedites its movement through the processing plant to delivery. Some examples of specially prepared mail are cross dock pallets; mail in specialized cartons and containers; trayed, prebarcoded, and carrier route sequenced mail; and ZIP Code sequenced (riffle) mail.
- c. To qualify for destination entry discounts under plant-verified drop shipment.

479.2 Cross Dock Pallets

Mailers may prepare pallets with mail all for a certain processing plant or delivery office. These pallets do not need to be broken until they reach the plant or office that processes mail with the specific ZIP Codes identified for the pallet. Cross dock pallets should therefore be moved from the delivery vehicle to the outbound trip intact. As a safeguard, contents on the pallet should be visually checked against the pallet label.

479.3 Specialized Cartons and Containers

Mailers may be provided specialized cartons and containers for loading mail. These cartons and containers are then loaded and unloaded with mechanized equipment, making the loading and unloading process faster. In some cases, mailers may be provided rolling containers for use within the closed loop of the processing plant's service area and the mailer's plant. Rolling containers are costly, their use must be monitored, and mailers should not keep them for a prolonged period of time. They should be promptly loaded and returned. An alternative to costly rolling containers is pallet-based cardboard box containers. They may be provided by the mailer or, if appropriate, postal facility. Rolling containers (or pallet-based containers) replace bedloading and expedite the loading and unloading of vehicles. Platform personnel should unload containers and promptly move them to the next operation.

479.4 Trayed Mail

Depending on the degree of makeup and the manner in which postage is paid, platform personnel must develop a system (with the approval of the manager responsible for plant operations) that ensures traysed mail is handled expeditiously. Platform supervisors should utilize any or all of the following tags or labels to assist in the correct routing of traysed mail:

Label/Tag	Used for
LABEL 204	First-Class Presorted - All for ZIP Code on Face
LABEL 205	First-Class Presorted - All for First 3 Digits of ZIP Code
LABEL 207	OCR Machine Readable
TAG 13	Mailer Prepared Scheduled Mail
TAG 23	Presorted First-Class Sack, Green
TAG 24	Presorted First-Class Sack, 5-Digit
TAG 25	Presorted First-Class Sack, 3-Digit
TAG 57	Political Campaign Mailing
TAG 122	Carrier Presorted Mail

479.5 ZIP Code Sequence (Riffle) Mail

ZIP Code sequence or riffle mail consists of letters and flats that have been customer-sequenced by ZIP Code, state, or otherwise (processing category, outgoing or incoming schemes). Platform personnel should familiarize themselves with mail arriving at the platform to locate, identify, and correctly route riffle mail. A local method of identifying the pallets, containers, trays, or sacks of riffle mail must be established.

479.6 Destination Entry Mail (PVDS-Plant Verified Drop Shipment)**479.61 General**

Plant verified drop shipments (PVDS) are considered freight until such time as they are actually deposited at the destination facility where they will be accepted as mail. Mailers (or their agents) may request specific dates for appointments and unloading of destination entry mail at postal facilities. Mailers must request appointments in advance by using either the drop shipment appointment system (DSAS) or by calling the local drop shipment appointment control center or local drop shipment coordinator (depending on locale, the appropriate drop shipment appointment control center/coordinator may be the one serving the destination entry location, as opposed to serving the mailer plant origin). Conditions for unloading product from the mailer's or mailer's agent's vehicle are that the load must be in good condition, clearly identified, all mail properly prepared, and all official forms and paperwork present and properly completed. Some general provisions follow. For specific procedures, see separately published guidelines for drop shipment mail.

479.62 Prior Authorization

*Prior clearance is required before accepting drop shipment mail. An appointment or reservation is generally needed, and electronic authorization or specific clearance documents must be presented along with mail being deposited. Prior to being issued a PVDS authorization the mailer must have either an existing USPS detached mail unit (usually established with a plant load authorization), or a postage payment agreement, specifying how PVDS postage is to be verified. Form 8125, *Drop Shipment Clearance Document*, is required to accompany each shipment and be presented to the Postal Service with mail being deposited.*

479.63 Plant-Verified Drop Shipment Seal

*The mailer's vehicle may be sealed with the blue plastic seal used specifically for drop shipments. If a seal is present, the employee breaking the seal must verify the number against the seal number recorded on accompanying documents. If the seal number disagrees with the number on PS Form 8125, *Drop Shipment Clearance Document*, contact the mail acceptance office.*

479.7 Staging for Scheduled Delivery

Mailers of nonpreferential Periodicals and Standard Mail (A) may request specific delivery dates for their mail, provided that they furnish the mail to post offices sufficiently in advance of the scheduled delivery date. General delivery commitments are dependent upon level of presort and place of deposit as described in 458. The requested delivery date should be no earlier than normal service commitments would indicate.

RESPONSE OF UNITED STATES POSTAL SERVICE
TO THE INTERROGATORY OF AMERICAN BUSINESS PRESS

ABP/USPS-16

[a] On July 1, 1997, when the Board of Governors met in public session in Washington, DC, packages of information describing the filing and its impact both on subclasses and on typical (as described in the literature) pieces of mail in each subclass were made available to the press and to the public. Please provide all documents that the Marketing Department of USPS or other sections of USPS made available to the public subsequent to the meeting that included the kind of information about the proposed rates described above.

[b] With specific reference to the particular examples given in the USPS releases and documents, described in [a] above, please reproduce below the examples shown in USPS literature on or about July 1, 1997 for various types of periodicals, the percentage increase and per piece postage rates that appeared next to those examples, and the assumptions as to each example's mailing profile that led to the projected impact on each type of periodical (e.g. percent non-advertising content, weight, degree of presort, and automation capability, and zone usage).

RESPONSE:

Regarding [a] above, the three responsive documents are being filed in library reference H-269.

Regarding [b] above, these documents were produced prior to the Board of Governors July meeting, using draft rates. The actual filing included some different Periodicals rates. The data and spreadsheets used to produce the Periodicals examples shown on page 27 of LR-H-269 were based on the draft rates and appear to have been discarded. Nevertheless, in response to this interrogatory, tables 1 and 2 below, have been developed depicting profiles and rate impacts under the current Periodicals rates and the proposed Periodicals rates in Docket No. R97-1. These two tables use profiles that are likely to be similar to those used to produce the LR-H-269 materials, but may be different in some respects. Note that there are only minor difference between the results in these new tables and the examples presented on page 27 of LR-H-269.

Table1: National Magazine					
Weighted Average Piece Rate					
		Rates		Weighted	Weighted
	Factors	Proposed	Current	Proposed	Current
Basic Auto Flat	0.1	0.221	0.209	0.0221	0.0209
5-Digit Auto	0.5	0.186	0.175	0.093	0.0875
Carrier Route Basic	0.4	0.128	0.119	0.0512	0.0476
Weighted Avg. Piece Rate				0.1663	0.156
Editorial Piece Discount					
Percent Editorial	56.0%			Proposed	Current
Editorial Discount per piece				-0.059	-0.057
Editorial Piece Discount				-0.03304	-0.03192
Piece Rate Postage				0.13326	0.12408
Ad Pounds & Non-Ad Pounds Per Piece					
Weight Per Piece	0.55				
Ad pounds	0.242				
Non-Ad pound	0.308				
Weighted Average Pound Rate Postage					
		Rates		Weighted	Weighted
	Factors	Proposed	Current	Proposed	Current
Ad Rate (Zone 7)	0.1	0.416	0.388	0.042	0.039
Ad Rate (Zone 6)	0.2	0.361	0.336	0.072	0.067
Ad Rate (Zone 5)	0.7	0.305	0.292	0.214	0.204
Weighted Average Piece Rate Postage				0.327	0.310
Ad Pounds Per Piece	0.242				
Pound Rate Postage				0.079	0.075
Non-Advertising Pound Postage					
Percent Editorial	56.0%			Proposed	Current
Non-Advertising Pound Rate		0.174	0.161		
Non-Ad Weight Per Piece	0.308				
Non-Advertising Pound Postage				0.030	0.028
Postage Per Piece					
Postage Per Piece				0.242	0.227
Percent Increase					6.6%

Table 2: Local Newspaper					
				Weighted	Weighted
<i>Pound Rates:</i>	Factor			Proposed	Current
Delivery Unit	40%	0.117	0.116	0.047	0.046
General	60%	0.131	0.126	0.079	0.076
Weighted Avg. Pound Rate				0.125	0.122
Weight Per Piece	0.28				
Pound Postage				0.035	0.034
<i>Piece Rates:</i>					
Level BASIC NON-AUTOMATION	34%	0.090	0.082	0.0306	0.02788
LEVEL CARRIER ROUTE	66%	0.045	0.044	0.0297	0.02904
Piece Postage				0.0603	0.05692
Total Postage				0.095	0.091
Percent Increase					4.8%

**RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE AMERICAN BUSINESS PRESS**

ABP/USPS-17 Please identify the office within USPS Headquarters and the senior executive specifically responsible for that office which has responsibility for the supervision and implementation of USPS purchased transportation regulations by Distribution Network Offices (DNOs)

RESPONSE

The DNOs reporting relationship is split between the Purchasing function and the Operations Support function. With regard to purchasing, policy and procedures are established by the Manager of National Mail Transportation Purchasing within the Headquarters Purchasing organization. With regard to operational issues, supervision and implementation is provided first by Operations Support at the Area Offices and ultimately by Operations Support at Headquarters.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE AMERICAN BUSINESS PRESS**

ABP/USPS-18 Are individual DNOs described at USPS-T13, p. 14 by Witness Bradley responsible for the contracting out of USPS transportation needs in accordance with PS 513, "The Mail Transportation Procurement Handbook" and with transportation purchase sections of the "Purchasing Manual"; (Issue 1, January 1997)? If these publications have been superseded, or if other publicly available publications guide transportation purchasing and contracting managers, please identify these publications..

RESPONSE

The Postal Service is in the process of transitioning from the old Procurement Manual to the new Purchasing Manual issued 1/31/97. Therefore, some of our existing contract are managed under the old manual and some of the new ones are under the new manual. Both documents are publicly available.

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE AMERICAN BUSINESS PRESS

8477

ABP/USPS-19 (a) In the opinion of senior transportation operations officials at USPS headquarters, have multiple transportation highway route contracts been awarded within the past four years to more than one contractor? If so, can an estimate be made of the number of such contracts.

(b) Please provide an estimate or opinion as to whether fewer than 1,000 (or any number under 1,000) contractors currently have been awarded highway contracts that in annual value exceed fifty percent of annual surface highway (all relevant accounts) costs.

RESPONSE

(a) and (b) Yes, multiple transportation highway contracts have been awarded within the past four years to more than one contractor. The Postal Service does not keep a consolidated summary of those awards, so no estimates are available.

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE AMERICAN BUSINESS PRESS

8478

ABP/USPS-20 Please confirm that highway and other purchased transportation contracts may be renewed after an initial four year term by mutual agreement, without a requirement to re-advertise or to re-bid a transportation route. Provide page citations to relevant manuals that support this response.

RESPONSE

Highway transportation contracts may be renewed based on mutual agreement of the parties (i.e., the Postal Service and the transportation provider) provided the following conditions exist:

1. There is a continuing need for the service provided under the contract.
2. The service provided under the previous contract is satisfactory.
3. The Postal Service determines that the proposed renewal price is reasonable. In the determination of a reasonable price, market-based analyses are conducted.
4. The final terms and conditions for the renewal are acceptable.

Highway contract renewal policy is explained in the Postal Service's Purchasing Manual, Issue 1, January 31, 1997, pp. 151-153.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE AMERICAN BUSINESS PRESS**

8479

ABP/USPS-21 Confirm that after a transportation route is awarded to a contractor after either a competitive closed bid process or by negotiations, that the name and address of the successful bidder or applicant and the unit price (or total estimated contract price) agreed to by USPS are made available to unsuccessful applicants and bidders.

RESPONSE

Confirmed.

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE AMERICAN BUSINESS PRESS

8480

ABP/USPS-22 (a) Are a majority of USPS surface highway purchased transportation contracts renewed with the same contractor? If the answer is negative, please provide any estimates USPS may have of the percent of renewal.

(b) Are most contract renewals made without competitive bids? If the response is negative, can USPS provide and estimate, if it is possible to do so, of the percent of contract renewals made without competitive bidding?

RESPONSE

(a) Yes.

(b) Highway transportation contracts are renewed based on mutual agreement if the criteria identified in the response to ABP/USPS-20 are met.

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE AMERICAN BUSINESS PRESS

8481

ABP/USPS-23 Confirm that payments to USPS highway contractors are made, not by DNOs, but by the USPS St. Louis Accounting Center at the conclusion of each posted USPS accounting period.

RESPONSE

Confirmed. Highway transportation contractors are paid on an AP basis from the St. Louis Accounting Center.

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF AMERICAN BUSINESS PRESS
REDIRECTED FROM WITNESS MODEN

8482

ABP/USPS-T-4-11

[a] Has USPS conducted mailer surveys or requested data from publishers and/or their associations or from other mailers determine how many more bar-coded pieces may be expected in the test year if bar-code readers are affixed to FSM 1000 equipment? If your answer is affirmative, please provide a summary of the results to date and continue to update.

Response:

- a. Yes, the Postal Service did conduct an informal survey, but the results were inconclusive. The results did suggest that many non-automated, non-machinable pieces would become barcoded.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY
FROM
AMERICAN BUSINESS PRESS
REDIRECTED FROM WITNESS BRADLEY (USPS-T-13)

8483

ABP-T13-3 On pp. 7-8 of your testimony, you refer to discussions you have had with USPS managers that convinced you that the "general structure" of the USPS highway transportation network remains basically the same as it was in 1986.

a) Are requirements for contractors to bid for and to secure highway contracts from USPS the same today as in 1986? If they are not, please identify all changes in bid procedure and contractor qualifications, the date of such changes, and the reasons for such changes.

b) *Identify and produce all studies performed by USPS, or at the direction of USPS, or by GAO since January 1995 for the purpose of evaluation of the USPS transportation contract bid procedure, including but not limited to highway transportation.*

RESPONSE

a. Yes.

b. No such studies exist.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY
FROM
AMERICAN BUSINESS PRESS
REDIRECTED FROM WITNESS BRADLEY (USPS-T-13)

8484

ABP-T13-4 You state that operational changes since Docket R87-1 have not had a major impact on the purchased transportation network (USPS-T13, at 8).

a) Please refer to USPS' response to ABP/USPS-6(c).

Has the operational change in Area Distribution Center (ADC) functions had a major impact on the purchased transportation network, in particular as to how periodicals are transported by USPS? Describe these changes.

b) If your answer to (a) is no, did the elimination of SDC facilities have a major impact on the cost, service or cubic foot-miles recorded by USPS purchased transportation that was re-routed as a result of the changes?

c) Have the "numerous revisions" to labeling lists described in ABP/USPS-6(d) had a major impact on the purchased transportation network. Explain the impact, if any, and if there was no impact, explain why.

RESPONSE

a. While it is difficult to know what exactly you mean by "major", the answer to your question is a qualified no.

b. A unique transportation network was never set up to provide service for periodicals from the SDC or the present ADC. Therefore, when there was the transition to the ADC network, there was no impact on the cost for this service. No study has been done of changes in cost, service or cubic foot-miles of purchased transportation resulting from the change from SDCs to ADCs.

c. No, changes to the labeling lists primarily affect distribution operations, not purchased transportation.

ABP/USPS-T13-6

(a) Have dropship discounts adopted by USPS for Standard A mail had "a major impact" to use your phrase (p. 8), on the growth of Standard A highway costs? Quantify and explain any yes or no answer.

(b) Has the adoption of an SCF discount for periodicals in Docket R87-1 had a "major impact" on the purchased transportation network? Quantify and explain a yes or no.

RESPONSE

(a) The Postal Service believes that destination entry discounts have reduced highway costs for Standard A mail. The Postal Service has not quantified retrospectively these effects for the more than six years since the inception of destination entry discounts. Library Reference H-111 contains the Postal Service's estimated cost savings from destination entry discounts in this case. The Postal Service has presented similar studies in past cases beginning in Docket R90-1.

(b) The Postal Service believes that destination SCF entry discounts have reduced highway costs for Periodicals mail. The Postal Service has not quantified retrospectively these effects for the years since the inception of destination entry discounts in 1985. Library Reference H-111 contains the Postal Service's estimated cost savings from destination entry discounts in this case. The Postal Service has presented similar studies in past cases.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY
FROM
AMERICAN BUSINESS PRESS
REDIRECTED FROM WITNESS BRADLEY (USPS-T-13)

8486

ABP-T13-7(c) Does first-class mail (sic) have priority over periodical mail in the following examples of purchased transportation:

- (1) more direct routing to destination SCF?
- (2) more stops to pickup or unload mail?
- (3) priority in being loaded into a truck leaving a facility at which there is also periodical mail ready to be trucked out of the facility at the same time or even before the first-class volume is processed for shipment to an identical destination as the periodicals?

RESPONSE

(1) No. Periodical mail which shares surface transportation with First-Class Mail generally will receive these same direct routings.

(2) No. Class of mail does not factor into number of stops.

(3) In practice, this could happen occasionally. If this happens frequently, transportation requirements will be examined and adjusted accordingly.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY
FROM
AMERICAN BUSINESS PRESS
REDIRECTED FROM WITNESS BRADLEY (USPS-T-13)

8487

ABP-T13-8 On p. 8, line 7 you state: "Contracts continue to be bid in the same way; contracts still last for four years."

a) Describe, in your own words, the contracts bid procedure, and what criteria are used to select a contractor. Reference to a prior proceeding is not a responsive answer.

b) Is a contract automatically renewed or is it always competitively rebid after four years?

c) How many USPS highway contractors hold (1) more than 500 contracts (2) 250-500 (3) 100-250 (4) 50-100 (5) 25-50 (6) 10-25 (7) 1-10?

d) Why is four years the term for a purchased highway contract?

e) Are four year contracts between shippers and over-the-road freight companies the rule in the American trucking industry?

f) Do four year contracts result in year-to-year highway contract costs paid by USPS that are higher or lower than long-haul (interstate) highway carriers charge commercial customers?

g) If USPS year-to-year purchased highway costs are higher than trips of similar or identical length made by private-sector cost (sic) freight highway carriers, why are they higher? If however, USPS costs are lower, please verify this. Your response should cover each year from 1994 to the present time.

RESPONSE

a) Answered by witness Bradley.

b) Contracts are not automatically renewed. If the Postal Service determines that there is a continuing need for the service, the performance has been good, the supplier is interested in renewal, an agreement on the term and conditions for renewal can be reached, and the proposed renewal price is determined to be reasonable by the contracting officer, a contract may be renewed. In order to determine price reasonableness, the contractor's proposed renewal price is compared with market prices. See the Postal Purchasing Manual Section 4.5.6.

c) An objection has been filed to this interrogatory.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY
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8488

- d) The four year term seems to be a reasonable amount of time to reevaluate the need for the service and perform a detailed analysis of the price as it relates to the market. Furthermore, the four-year term has been found historically to be mutually beneficial for contractor and the Postal Service as discussed in the testimony of witness Orlando in Docket R80-1 (USPS-RT-6 at 25-28).
- e) The Postal Service has not studied the duration of contracts between shippers and over-the-road freight companies in the American trucking industry.
- f) The Postal Service has not studied this issue.
- g) The Postal Service has not studied this issue.

**Designated Responses of the
United States Postal Service
to ADVO Interrogatories**

**RESPONSE OF UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF ADVO, INC.**

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ADVO/USPS-1.

Library Reference H-109, pages 4 and 5, identifies LR H-106 as the source for column 6. Please identify the specific pages and line numbers in H-106 which provide those numbers or demonstrate fully how they were calculated.

RESPONSE:

The figures were calculated as described in witness Crum's response to NDMS/USPS-T28-11 using the Carrier Route columns and combining flats and parcels.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF ADVO, INC.**

ADVO/USPS-2. Please refer to Library Reference H-106.

- (a) Please confirm that footnote 5 on pages II-5, III-5, and IV-5 of Library Reference H-106 should read "... from PVI-5."
- (b) Please confirm that the figures on pages II-4, III-4, and III-4 (sic) were calculated using the appropriate PVI-5 factors.
- (c) If you cannot confirm, please explain how these figures were calculated and why this method was used, or provide corrected calculations using the appropriate method.

RESPONSE:

- (a) Confirmed. Footnotes 3 to 6 on these pages all reference the incorrect page in part VI. Revised pages II-6, III-6 and IV-6 correct these citation errors.
- (b) Not confirmed.
- (c) Pages II-4, III-4 and IV-4 are intermediate outputs used to compute the results on pages II-5, III-5, and IV-5. The costs on pages II-4, III-4 and IV-4 do not reflect the mail mix adjustments provided on pages VI-4 to VI-7.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF ADVO, INC.**

ADVO/USPS-3. Please refer to Library Reference H-109.

- (a) On Table 1 for Regular ECR letters and Table 1 for non-letters, does "no key" mean that there were no direct tallies, and that costs in "no-key" pools were distributed to Regular ECR only through the mixed mail/overhead distribution keys?
- (b) If so, explain how there can be costs allocated to Regular ECR even though there are no direct ECR tallies.
- (c) If not, please explain what "no key" means, how costs were calculated and distributed, and why this approach is appropriate.

RESPONSE:

- a. In USPS-LR-H-109 "no key" means that there were no direct tallies for that cost pool. These costs were distributed in proportion to the sum of the distributed costs from pools which had direct tallies.
- b. This is consequence of the distribution of uncounted items and container tallies in the new mail processing methodology. See part 2 of USPS LR-H-146 for a discussion of the methods used.
- c. N/A

U.S. POSTAL SERVICE RESPONSE TO INTERROGATORIES
OF ADVO INC.

8493

ADVO/USPS-4 (revised). For the last half of FY96, and for the first half of FY97, please provide Standard A Regular Rate Enhanced Carrier Route pieces and weight, broken down by non-destination, DBMC, DSCF, and DDU, for each of the following rate categories:

- a. Automation letters
- b. Basic letters
- c. High-density letters
- d. Saturation letters
- e. Basic non-letters at the piece rate
- f. High density non-letters at the piece rate
- g. Saturation non-letters at the piece rate
- h. Basic non-letters at the pound rate
- i. High density non-letters at the pound rate
- j. Saturation non-letters at the pound rate

Please provide this information in machine readable format (e.g., Lotus 123 or Excel).

RESPONSE:

Please see USPS LR-H-284.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF ADVO

8494

ADVO/USPS-5. For FY 94, 95 and 96, please provide the following for each city carrier route type:

- a. Average number of possible deliveries.
- b. Average daily volume per route or delivery.

RESPONSE:

- a. Shown below are estimated numbers of possible deliveries by route type, obtained from the Carrier Cost System.

Route Type	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>
1500	357,347	377,210	389,749
1502	433,635	429,990	440,783
1506			4,739
1540	9,035,104	9,100,694	8,750,385
1551	18,911	18,321	6,288
1552	85,199	100,173	113,044
1557	381,092	409,123	418,387
1560	46,530,041	46,053,132	45,572,650
1562	15,266,243	14,892,131	14,707,944
1571	1,607,789	1,430,586	1,616,146
1573	757,204	778,400	728,379
1575	50,296	32,970	41,926
1620	318,887	330,350	335,148
1640	2,720,497	2,791,006	2,805,940
1642	329,597	341,623	364,000
1720			12,242
1730	61,030	64,836	50,651
1740	3,253		
1770	232,479	195,721	229,332

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF ADVO

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ADVO/USPS-5 (con't).

b. Shown below are estimated average daily volume per delivery by route type, obtained from Carrier Cost System.

<u>Route Type</u>	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>
1500	9.0	8.5	9.5
1502	9.7	8.6	7.7
1506			3.9
1540	3.7	3.7	3.5
1551	3.1	2.4	2.9
1552	6.6	4.7	3.5
1557	4.3	4.6	4.6
1560	4.1	4.1	4.1
1562	4.9	5.0	5.0
1571	4.3	3.6	4.2
1573	3.2	3.1	3.4
1575	8.4	6.0	6.5
1620	4.4	4.9	4.9
1640	6.0	6.6	6.6
1642	5.3	5.2	5.3
1720			14.5
1730	10.7	8.6	8.0
1740	6.5		
1770	1.5	1.9	2.0

U.S. POSTAL SERVICE RESPONSE TO INTERROGATORIES
OF ADVO INC.

ADVO/USPS-6. The DMM Quick Service Guide 630, defines a Standard non-automation letter as having the following dimensions:

- Minimum: 3-1/2 inches high, 5 inches long, and .007 inch thick.
- Maximum: 6-1/8 inches high, 11-1/2 inches long, and 0.25 inch thick.

Please confirm the following or provide the correct dimensions:

- a. These are the dimensions for the ECR letter rate categories.
- b. These are the letter dimensions for the IOCS data collection.

RESPONSE:

- a. Confirmed.
- b. Confirmed.

U.S. POSTAL SERVICE RESPONSE TO INTERROGATORIES
OF ADVO INC.

ADVO/USPS-7. The DMM Quick Service Guide 643 defines ECR non-letters and flats as having the following dimensions:

- Minimum: more than 6-1/8 inches high, or 11-1/2 inches long, or 0.25 inch thick.
- Maximum: 11-3/4 inches high, 14 inches long, and 0.75 inch thick.

Please confirm the following or provide the correct dimensions:

- a. These are the dimensions for the ECR non-letter rate categories.
- b. These are the flat dimensions for the IOCS data collection.

RESPONSE:

- a. Not confirmed. Merchandise samples can exceed these dimensions as described in DMM Quick Service Guide 643.
- b. Not confirmed. For IOCS data collection, maximum dimensions for a flat are 12 inches high, 15 inches long, and 0.75 inch thick.

U.S. POSTAL SERVICE RESPONSE TO INTERROGATORIES
OF ADVO INC.

ADVO/USPS-8. Please provide the dimensions for purposes of rate categories and billing determinants for following:

- a. ECR flats.
- b. ECR non-letters, non-flats.

RESPONSE:

- a.
 - Minimum: more than 6-1/8 inches high, or 11-1/2 inches long, or 0.25 inch thick.
 - Maximum: 11-3/4 inches high, 14 inches long, and 0.75 inch thick.
- b. There is currently no rate category for this grouping of mail.

U.S. POSTAL SERVICE RESPONSE TO INTERROGATORIES
OF ADVO INC.

ADVO/USPS-9. Does the USPS accept ECR mail that is less than the DMM letter minimums? If so, please describe such mail and explain how it is classified for purposes of (a) shape and rate categories/billing determinants, and (b) IOCS data collection.

RESPONSE:

- a. ECR mail is subject to the minimum General Mailability Standards in DMM C010.1.2. These minimum standards are the same as the letter-size mail processing category as defined in C050.2.0. These minimums apply to letter-rated ECR mail.
- b. Not applicable.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES
OF ADVO

ADVO/USPS-10. Please confirm the following or explain fully why you cannot:

- (a) DMM-defined flats are sometimes cased by city carriers into letter cases.
- (b) DMM-defined letters are sometimes cased by city carriers into flat cases.
- (c) DMM-defined parcels are sometimes cased by city carriers into flat cases.

Response:

- (a) Confirmed.
- (b) Confirmed.
- (c) Confirmed.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES
OF ADVO

8501

ADVO/USPS-11. USPS Handbook F-56 (Rural Carrier Route Test Instructions) states that letter-shape mail is anything 5 inches or less wide and 3/8 inch or less thick, and flat-shape mail is any mailpiece that exceeds the 5-inch maximum width of a letter. With respect to the Handbook and the rural CCS, please explain the following:

- (a) Does the Special Count of Mail identify as a letter anything 5 inches of less high, or does it also require that the piece be equal to or less than .375 inch thick? Please explain.
- (b) What shape is assigned to mail that less then 5 inches long (and less than 5 inches high/less than .375 inch thick) categorized?
- (c) What shape is assigned to mail that is less than 5 inches high but more than .375 inch thick?

Response:

- (a) The Special Count of Mail referred to on page 57 of Handbook F-56 is the National Count of Mail, also referred to as the Rural Mail Count. Section 535.12 of Postal Bulletin 21952, dated 8/14/97 (supplied as Attachment I with the response to MPA/USPS-T17-12a) defines letter size mail for purposes of the National Count of Mail. The note in this section states that "The maximum thickness of 3/8 inch applies only to small magazines and small catalogs. Letter-size mail is mail that fits in the width of the case separation in use, regardless of thickness."
- (b) Handbook F-56 defines mail that is less than 5 inches long and less than 5 inches high and less than .375 inch thick as a letter.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES
OF ADVO

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- (c) Handbook F-56 defines a piece of this size as a flat, as long as the piece is not rigid and exceeds either 18 inches in length or 1-9/16 in width. In this case it would be counted as a parcel.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES
OF ADVO

ADVO/USPS-12. USPS Handbook F-56 (Rural Carrier Route Test Instructions) states that flat mail is any mailpiece that exceeds the 5-inch maximum width (height), and parcel mail is any article that exceeds any one of the following dimensions: 5 inches high, 18 inches long, and 1-9/16 inches wide. The Handbook appears to define flats as anything exceeding the 5-inch height maximum for letters and to define parcels (under one definition) as any article that exceeds the 5 inch height dimension.

(a) Please explain fully how flats and parcels are distinguished from each other for purposes of the rural carrier CCS.

(b) What shape is assigned to mail that is 5.1 inches high, 6 inches long, and .375 inch thick?

Response:

- (a) Flats pieces include newspapers, magazines, catalogs, rolls, and other pieces exceeding letter-size dimensions (5 inches high and .375 inches wide) that can be cased for delivery. If the piece is a rigid article and exceeds 5 inches in height, 18 inches in length, or 1-9/16 inches in width, then the piece is counted as a parcel. If the piece is non-rigid, but cannot fit in the separations in the mail case, then the piece is counted as a parcel.
- (b) This piece will be counted as a flat.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES
OF ADVO

ADVO/USPS-13. What are the dimensions for letters, flats, and parcels for purposes of the rural carrier Special Mail Count? Please provide some examples to clarify the differences.

Response:

Please see Attachment I provided with the response to MPA/USPS-T17-12a.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES
OF ADVO

ADVO/USPS-14. Witness Hume's Worksheet R shows total adjusted letter volume of 17,009,241.2 and total adjusted flat volume of 15,242,494.8. However, LR H-193 shows total adjusted letter volume of 19,105,377 and total adjusted flat volume of 13,146,349. Please explain the differences in adjusted letters and adjusted flat volumes for Hume worksheet R and p. 9 of LR H-193.

Response:

The figures 17,009,241.2 (total adjusted letter volume) and 15,242,494.8 (total adjusted flat volume) in Witness Hume's Worksheet R are out-of-date remnants from a developmental version of the worksheet. The correct letter and flat totals are those in LR H-193. However, none of the totals is used or has any bearing on the computations of the worksheet in Witness Hume's testimony; they exist solely as a result of the download process used to gather the data of Sheet R from the Cost Segment workpaper RDGOVADJ.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES
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ADVO/USPS-15. Please confirm that the LR H-193 adjusted letter and flat volumes are used to distribute the rural carrier letter and flat costs. If this is incorrect, please provide the correct volumes and identify their source.

Response:

Confirmed.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES
OF ADVO

ADVO/USPS-16. Please provide the correct adjusted Rural CCS volumes for parcels and boxholders that were used as the distribution key for volume-variable rural carrier costs (Alexandrovich Cost Segment 10 worksheets).

Response:

These Rural CCS volumes for all shapes, including parcels and boxholders, have been provided in LR H-201. See worksheet RDGOVADJ.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF ADVO

ADVO/USPS-17. Please confirm that the rural CCS volumes were collected as described in LRs H-25 (Handbook F-55) and H-89 (Rural CCS). If not please explain why not and provide a description of how they were collected and all documentation related to that collection process.

RESPONSE:

Not confirmed. Presuming that you are referring to Handbook F-56, Rural Carrier Route Test Instructions, instead of F-55, to the best of our knowledge, rural CCS volumes were collected as described in F-56. It should be noted that Library Reference H-13, Statistical Programs Guidelines, Special Classification Reform, contains information concerning the collection of mail volumes after classification reform. Library Reference H-13 was utilized as an aid for data collection activities for only the time period after July 1, 1996.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES
OF ADVO

ADVO/USPS-18. Referring to the National Mail Count data from LR H-192, please provide the following:

- (a) The specific dates of the data collection.
- (b) The proportion of evaluated routes that participated in the count.
- (c) The proportion of other routes that participated in the count.
- (d) A description of how evaluated and other routes were chosen to participate in the count.

Response:

- (a) The National Mail Count took place from September 11, 1995 through October 7, 1995.
- (b) 71% of evaluated routes participated in the count.
- (c) 72% of other routes participated in the count.
- (d) An evaluated or other route participated in the count at the request of either management or the carrier.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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8510

ADVO/USPS-19. LR-H-197, p. 2, states that the rural mail count and the rural carrier cost system (CCS) do not count flats in exactly the same way. Please explain fully how each of the following is counted in the rural mail count and explain fully why its CCS volume must be adjusted:

- (a) Flats.
- (b) Letters.

RESPONSE:

This information is discussed fully in Docket No. R90-1, USPS-T-13,

Appendix F, pages F24-F29.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO THE INTERROGATORIES OF ADVO

8511

ADVO/USPS-22. Is the basic purpose of the facer/canceler operation to (i) assimilate and face loose mail into proper "face up" address orientation, and (ii) place cancellation marks on stamped mail? If not, please describe the basic purposes of this operation.

Response:

Yes, that is the basic purpose of the facer canceller operation. In addition, the Advanced Facer Cancellor System (AFCS) separates letter mail into basic processing categories (e.g., barcoded, script, OCR candidate) and, on those AFCS units equipped with an input subsystem (ISS) capability, lifts images for subsequent RBCS processing.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO THE INTERROGATORIES OF ADVO

8512

ADVO/USPS-23. Other than non-precanceled stamped mail and single-piece metered mail, is any other kind of mail (e.g., bulk metered mail, bulk permit imprint mail, bulk precanceled stamped mail, etc.) processed through facer/canceler operations?

(a) If so, please identify the specific kinds of such mail (subclasses, categories, preparation characteristics) that are so processed.

(b) For each kind of mail in (a), explain specifically whether and why it requires processing through the facer/canceler operation. (c) If any kinds of mail listed in (a) do not require processing through the facer/canceler operation but are nevertheless so processed, explain why.

Response:

Business Reply Mail (BRM) is also regularly processed through the facer/canceler operation since it is commonly dropped in collection boxes and therefore must be faced for cancellation and subsequent processing. BRM must bear a facing identification mark (FIM). BRM service enables a mailer to receive First-Class Mail back from customers by paying postage only on the mail returned to the mailer from the mailer's original distribution of BRM pieces. In the case of the AFCS, BRM with a barcode will be directed to a stacker with other prebarcoded letters while BRM without a barcode will be directed to a stacker for subsequent processing on an MLOCR.

RESPONSE OF THE U.S. POSTAL SERVICE TO INTERROGATORIES
OF ADVO, INC.

8513

ADVO/USPS-24. Please confirm the following:

- a. Bulk Rate Standard A mail must be prepared by mailers and presented to the Postal Service in presorted bundles or trays with the mail properly faced.
- b. Postage for Bulk Rate Standard A mail may only be paid by permit imprint, meter, or precanceled stamps; the use of uncanceled stamps is not permitted.

If you cannot confirm, please describe the circumstances (including citations to the Domestic Mail Manual) where mailers are allowed to present Bulk Rate Standard A mail in an unsorted or loose, unfaced manner, or to use uncanceled stamps.

RESPONSE:

- a. Mail must be properly faced in packages (which are subsequently containerized) or trays. There are a few exceptions, including: Irregular parcels, DMM610.5.2; loose packing, DMM610.5.4; and machinable parcels, DMM610.6.0
- b. Confirmed.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO THE INTERROGATORIES OF ADVO

8514

ADVO/USPS-25. Do any of the following kinds of Bulk Rate Standard A mailings [sic] require either facing or cancellation by the Postal Service?

(a) Bulk rate Standard A mail with postage paid by permit-imprint; (b) Bulk rate Standard A mail with metered postage;

(c) Bulk rate Standard A mail with postage paid by precanceled stamp. If so, for each of the above categories, (i) describe the circumstances and the specific characteristics of the mailings that would require facing or cancellation, and (ii) quantify or estimate the percentage of the total mail volume in each category (either numerically or qualitatively) that requires either facing or cancellation.

Response:

None of the kinds of Bulk Rate Standard A mailings listed require cancellation by the Postal Service. Facing is only required in those instances when the individual pieces in a mailer-prepared mailing become "unfaced", e.g., when bundles break.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO THE INTERROGATORIES OF ADVO

8515

ADVO/USPS-29. This question relates to the relative volumes of mail processed through the facer/canceler operation. To the extent that specific volume data is unavailable, please provide the Postal Service's best estimate, either quantitative or qualitative (e.g., "virtually all," "the great majority," "a substantial portion," "more than half," "50 percent," "virtually none," etc.).

(a) Of the total volume of single-piece First Class Mail approximately what percentage is processed through the facer/canceler operation?

(b) Of the volume of single-piece First Class Mail in (a) that is processed through the facer/canceler operation, approximately what percentage requires such processing because of the need to either cancel stamps or properly face the mail?

(c) Of the total volume of Standard A Bulk Rate Regular mail, approximately what percentage is processed through the facer/canceler operation?

(d) Of the volume of Standard A Bulk Rate Regular mail in (c) that is processed through the facer/canceler operation, approximately what percentage requires such processing because of the need to either cancel stamps or properly face the mail? If any Standard A Bulk Rate Regular mail requires such processing, please explain why, in light of the facts that this mail (i) cannot use uncanceled stamps, and (ii) must be prepared by the mailer in bulk, presorted, and properly faced in trays or bundles.

Response:

- a. Approximately 65%.
- b. Virtually all.
- c. Virtually none.
- d. Not applicable.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF ADVO**

ADVO/USPS-30. Please refer to the response to ADVO/USPS-5a., which asked for information on average number of possible deliveries for each city carrier route type for FY94, FY95, and FY96. The response provides data on total annual possible deliveries rather than average by route type.

- a. Please provide the number of routes by route type for FY94, FY95, and FY96 in a format similar to that used in the response to ADVO/USPS-5a.
- b. For each route type listed in the response, please provide a description of the route type (e.g., motorized business letter route).

RESPONSE:

- a. Shown below are estimated numbers of routes by carrier route type, obtained from the Carrier Cost System.

<u>Route Type</u>	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>
1500	1,626	1,763	1,754
1502	1,580	1,585	1,638
1506			12
1540	16,440	16,869	16,298
1551	149	167	52
1552	493	488	453
1557	1,280	1,232	1,261
1560	93,358	93,315	92,822
1562	29,446	29,718	29,633
1571	3,963	3,434	3,784
1573	1,483	1,535	1,462
1575	325	242	260
1620	549	586	581
1640	7,214	7,354	7,328
1642	813	788	821
1720			58
1730	298	310	244
1740	11		
1770	264	222	260

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TO INTERROGATORIES OF ADVO

8517

b. The description of each route type is given below.

<u>Route</u> <u>Type</u>	<u>Description</u>
1500	Business 1-Trip Foot Regular
1502	Business 1-Trip Motorized Regular
1506	Business 2-Trip Motorized Regular
1540	Residential Foot Regular
1551	Business 1-Trip Foot Auxiliary
1552	Business 1-Trip Motorized Auxiliary
1557	Residential Foot Auxiliary
1560	Residential Park & Loop Regular
1562	Residential Curb Regular
1571	Residential Park & Loop Auxiliary
1573	Residential Curb Auxiliary
1575	Mixed Park & Loop Auxiliary
1620	Mixed Foot Regular
1640	Mixed Park & Loop
1642	Mixed Curb Regular
1720	Business 2-Man Foot Regular
1730	Business 3-Man Foot Regular
1740	Business 4-Man Foot Regular
1770	Residential 2-Man Foot Regular

**Designated Responses of the
United States Postal Service
to ALA Interrogatories**

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF THE AMERICAN LIBRARY ASSOCIATION**

ALA/USPS-3. After the conclusion of Docket No. R94-1, the Postal Service data showed that the actual costs of library rate mail were less than the projected costs on which the 1995 increase was based. Chairman Gleiman wrote to the Board of Governors inquiring whether a rate decrease would be warranted. The Postal Service declined to roll back the library rate, and now proposes another large increase.

(a) Please identify all reasons for the Postal Service's decision not to roll back any portion of the library rate increase authorized in Docket No. R94-1; identify all studies, reports, analyses, compilations of data, or other documents that you contend support those reasons, and produce all identified documents that are not publicly available.

(b) Please produce all correspondence, memoranda and other written communications generated to, from, or within the Postal Service in connection with its decision to roll back none of the R94-1 rate increase in library rate.

(c) Please identify any audits, studies, changes in costing data and collection systems, and other efforts taken by or on behalf of the Postal Service since Docket No. R94-1 to improve the accuracy of the Service's attributable cost data for library rate mail. Produce all documentation of such efforts.

RESPONSE:

(a) The reasons are presented in the attachments to this response, particularly the last three pages.

(b) Please see the attachments to this response.

(c) The Postal Service's testimonies in this proceeding present many improvements to postal cost allocation methodologies, which should improve the accuracy of those methodologies for all subclasses, including Library Rate. There were, however, no efforts directed specifically to measurement of the costs of Library Rate.



September 27, 1994

Honorable Herb Kohl
United States Senate
Washington, DC 20510-4903

Dear Senator Kohl:

This responds to your July 6 letter on behalf of Mr. Timothy Foley of Ashland, concerning the proposed increase for Special fourth-class library rates.

The sizable increase in the rates for library rate materials proposed by the Postal Service in the current rate proceeding, Docket No. R94-1, is directly tied to the measured increase in the costs for library rate materials.

According to the Revenue Forgone Reform Act, the rates for library rate materials are to be set such that the revenues derived from postage are sufficient to cover the attributable costs of providing the service, as well as provide a small markup over those costs. The size of the markup over attributable costs is tied by the legislation to the markup assigned to special rate fourth class mail. Specifically, over a six year period, the markup over attributable costs for library rates is to be phased upward until it represents one-half of the markup assigned to special rate fourth class.

In the current rate proceeding, the Postal Service proposed rate increases of 10.3 percent for all classes and subclasses of mail for which such an increase would permit recovery of the attributable costs for those classes and subclasses. For a few subclasses, such as special rate fourth class, 10.3 percent was inadequate to permit recovery of the attributable costs. The rates for special fourth class had to be increased by 13.6 percent. This rate increase results in an estimated markup over attributable costs of 1 percent for special rate fourth class mail.

The markup for library rates is supposed to be phased up to represent one-half of the 1 percent markup assigned to special rate fourth class. However, due to the whole cent constraints on the rates for library rate, it is virtually impossible to create a phasing schedule which would permit the rates for library service to increase one-twelfth of one percent each year. In fact, the resulting rate schedule for library rate mailers provides virtually no markup over attributable costs.

Thus, the entire increase in rates for library rate materials is tied to the estimated increase in costs from the projections of FY 1992 costs upon which the Docket No. R90-1 rates were predicated, to the projected costs for FY 1995 upon which the proposed rates are predicated. The cost projections made in Docket No. R90-1 were developed by using a "base year" of FY 1989 as reference. Various inflation factors were applied to the FY 1989 costs in order to project the costs into FY 1992. As can be seen in the attached charts, the data available for FY 1989 demonstrate an average weight per piece which is significantly different from the average weights shown in the surrounding years. As the weight per piece is tied to the estimated revenue per piece, the average revenue per piece for FY 1989 is significantly higher than the revenue estimates for the surrounding years. As the cost data is derived from a different data system

Page 2.

than is the revenue, volume and weight information, the cost data was not affected by the exaggerated weight per piece figure. As can be seen, the average cost per piece is not dramatically different from the costs shown in the surrounding years.

The difference between the average revenue per piece and the average cost per piece is the contribution per piece. As can be seen on the charts, the contribution per piece in FY 1989 was substantially different than the contribution figures for any of the other years. Only in FY 1988 and FY 1989 did the data systems show library rate exhibiting a positive contribution. That is to say, only in FY 1988 and FY 1989 did the data systems indicate that library rate was even covering its attributable costs. At the time that the Postal Service prepared its case for Docket No R90-1, it did not have subsequent years' worth of data which would indicate that the data for FY 1989 were in error. At the time, it was viewed as possible that there could have been a shift in the nature of the characteristics of library rate mail or mail processing costs.

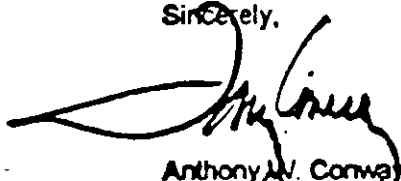
The rates resulting from Docket No. R90-1 provided an increase of less than two percent in the rates for library rate mailers, despite the other mail classes and subclasses experiencing increases of between 15 and 27 percent on average. As can be seen from the attached charts, the rates implemented as a result of Docket No. R90-1 were not adequate to cover the costs of library rate mail (the contribution figure is negative for each year from 1990 to 1993).

Thus, not only does the 73 percent increase represent the impact of the projected ordinary postal cost inflation between FY 1992 and FY 1995, but it also represents an effort to "catch up" from the underestimate of library rate costs between the FY 1992 projections (based on the erroneous FY 1989 data) and the projected costs for FY 1995 being used in the current case.

All of the foregoing was explained in a technical conference to representatives of various groups representing library rate mailers, and copies of the attached charts were provided to those in attendance.

I hope that this has been helpful. Please let me know if I can be of further assistance.

Sincerely,

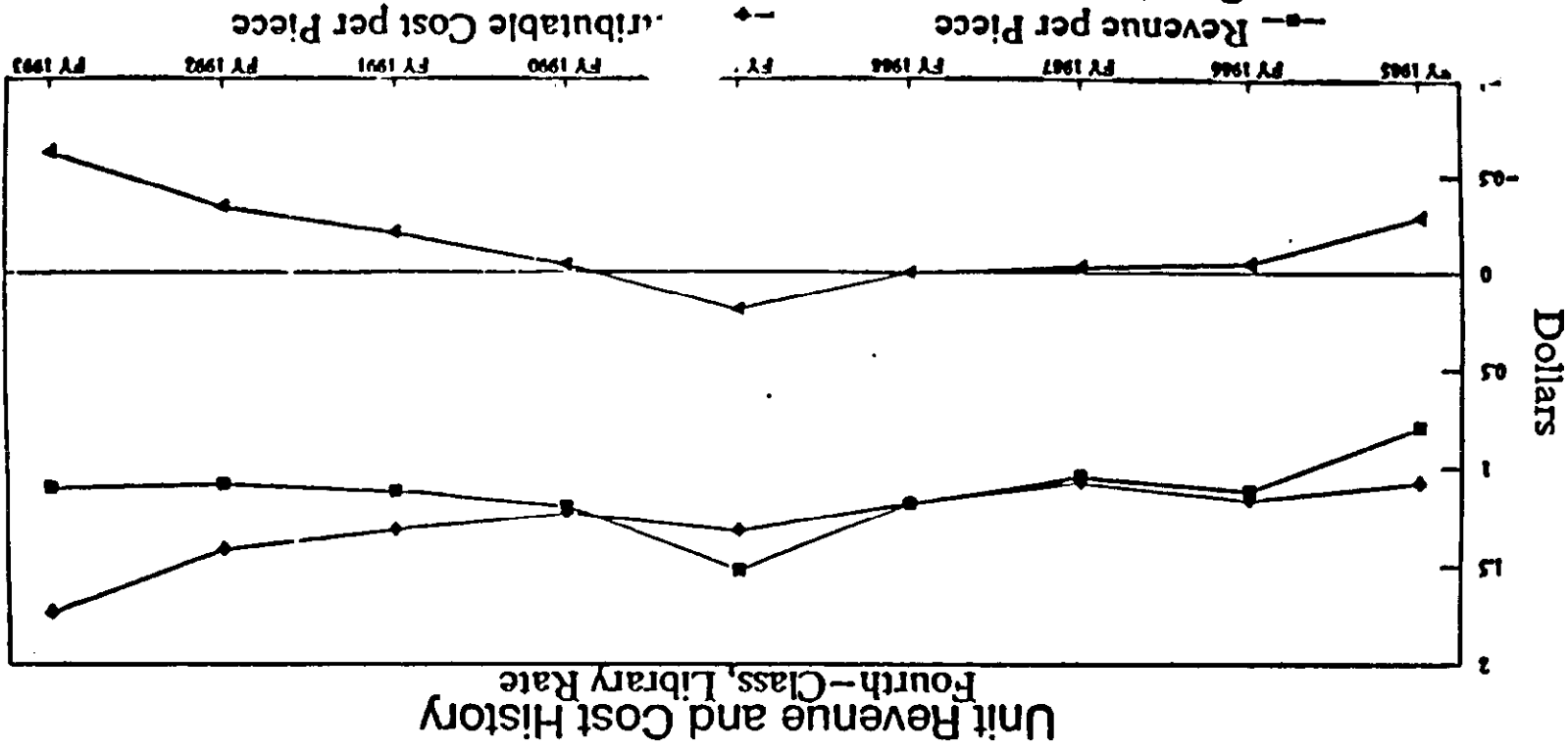


Anthony W. Conway
Manager, Legislative Affairs

Enclosures

Revenue, Volume, and Cost History
Fourth-Class, Library Rate

	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993
Revenue (000 \$)	\$36,332	\$48,264	\$54,406	\$57,474	\$59,672	\$48,799	\$45,401	\$45,844	\$42,813
Revenue/pc (\$)	\$0.796	\$1.122	\$1.050	\$1.187	\$1.623	\$1.203	\$1.129	\$1.089	\$1.107
Volume (000)	45,631	43,024	51,804	48,421	39,193	40,567	40,228	42,100	38,680
Weight (lbs)	182,399	219,785	201,752	201,614	234,537	142,182	117,641	108,583	105,892
Weight/pc (oz)	67.5	81.7	62.3	66.6	85.7	56.1	46.8	41.3	43.8
Attributable Cost (000 \$)	\$49,162	\$50,217	\$55,838	\$57,324	\$52,091	\$50,326	\$53,339	\$59,894	\$66,985
Att/ Cost/pc (\$)	\$1.077	\$1.167	\$1.078	\$1.184	\$1.329	\$1.241	\$1.328	\$1.423	\$1.732
Contribution (000 \$)	(\$12,830)	(\$1,953)	(\$1,432)	\$150	\$7,681	(\$1,527)	(\$7,938)	(\$14,060)	(\$24,172)
Contribution/pc (\$)	(\$0.281)	(\$0.046)	(\$0.028)	\$0.003	\$0.193	(\$0.038)	(\$0.197)	(\$0.334)	(\$0.626)



Revenue, Volume, and Cost History
Fourth-Class, Library Rate

	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993
Revenue (000 \$)	\$36,332	\$48,264	\$54,406	\$57,474	\$59,672	\$48,799	\$45,401	\$45,844	\$42,813
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Volume (000)	45,631	43,024	51,804	48,421	39,193	40,567	40,228	42,100	38,680
Weight (lbs)	182,389	219,785	201,762	201,614	234,537	142,182	117,641	108,583	105,892
Weight/pc (oz)	67.5	81.7	62.3	66.6	95.7	56.1	46.8	41.3	43.8
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Contribution/pc (\$)	(\$0.281)	(\$0.045)	(\$0.028)	\$0.003	\$0.193	(\$0.038)	(\$0.197)	(\$0.334)	(\$0.625)



January 4, 1995

Honorable Jeanne H. Simon
Chairperson
U.S. National Commission on
Libraries and Information Science
1110 Vermont Ave., N.W.
Washington, D.C. 20005-3522

Dear Chairperson Simon:

Chairman Sam Winters asked me to respond to your December 22 letter to him and the other Governors of the Postal Service expressing your concern about the impact of the recent increase in fourth-class library rates. The Postal Service's rate request to the Postal Rate Commission (PRC) in Docket No. R94-1 was for an average increase in library rates of 73.7 percent and the Commission recommended an increase of 69.9 percent. We recognize that the increase is significant and likely seems to be unfair to our customers who rely on fourth-class rates for sending books, printed music, academic theses, and sound recordings to and from public libraries, museums and other non-profit institutions when First-class letter rates increased only 10.3 percent.

Basically, the reason for the big increase in library rates is that the former rates, set in Docket No. R90-1, were based on data gathered in FY 1989 rolled forward for FY 1992. Specifically, looking forward to FY 1992, the average cost was projected to be \$1.55 per piece, assuming an attendant weight per piece of 6.6 pounds. As a preferred rate category, the rates for this subclass could not exceed attributable costs; therefore, the cost coverage was 100 percent. The PRC recommended an average increase of 1.9 percent for the library rate to yield an average revenue of \$1.55 per piece.

What happened in FY 1992? The FY 1992 actual results were substantially different from the projections made in 1990. The average weight per piece turned out to be only 3.2 pounds but the average cost per piece was \$1.42. So, the average weight per piece was 51 percent under the projection while the average piece cost was only 8.4 percent below the projection. Viewed on a per pound basis, the costs were 90 percent higher than those projected.

The PRC's recommendations in the R90-1 case went back and forth from the Governors to the PRC for reconsideration and in a late stage of the case, when the actual FY 1990 data was available, there was an indication that the R90-1 library rates were seriously out of line with costs. In fact the PRC then raised its recommended library rate increase from the original 1.9 percent to 26.8 percent but the Governors did not adopt the latter recommendation.

The new rates from Docket No. R94-1 are based on costs and piece characteristics for FY 1993 rolled forward for FY 1995. The average weight per piece in FY 1993 was the same as in FY 1992 but the average cost per piece increased 21 percent, from \$1.42 in FY 1992 to \$1.72 in FY 1993. It is these cost and piece characteristics, rolled forward for FY 1995, that yield the large

- 2 -

increase on library rate mail over R90-1 rates. While the American Library Association was represented by counsel in the R94-1 case, no party to the case presented evidence challenging the Postal Service's library rate cost and revenue data.

As you may know, P.L. 91-375 is rather precise on factors to be considered in setting mail rates, including the mandate "....that each class of mail or type of mail service bear the direct and indirect postal costs attributable to that class or type....". [39 U.S.C. 3622(b)(3)] The Governors do not have the leeway to transfer cost coverage from library rate mail to other mail or services.

There is nothing, administrative action or policy decision, that the Governors can take to lower the library rates now in effect. Perhaps your organization in working with the Postal Service's operations and marketing departments may find a way to reduce costs for handling library rate mail in the future but that is something to work out with management. By copy of this letter I am forwarding your letter to the Chief Operating Officer (COO) of the Postal Service.

Sincerely,



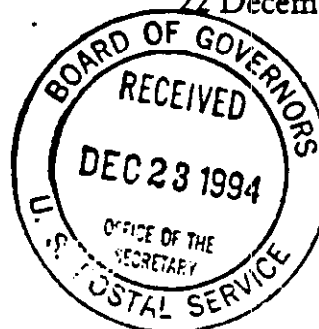
cc: Governors
COO Henderson
Rates & Classification



United States
National Commission on
Libraries and Information Science

22 December 1994

Hon. Sam Winters
Chairman, Board of Governors
United States Postal Service
477 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1000



Dear Chairman Winters:

As Chairperson of the U.S. National Commission on Libraries and Information Science (NCLIS), I direct a fifteen-member independent Federal agency, established by P.L. 91-345 to advise the President and Congress on policies related to libraries and information services. My fellow Commissioners and I are concerned about the impact of fourth-class *library rate* increases.

As a result of the Postal Rate Commission's recent recommendation, fourth-class *library rates* are due to increase an average of 69.9 percent next month. These new *library rates* will have a serious impact on libraries, publishers, and especially on library users who rely on the mail. Many citizens living in rural or geographically isolated areas, as well as the homebound and people with disabilities, depend upon the mail for receiving books and other materials from libraries. Curtailment or reduction of library books-by-mail, interlibrary loan, and library resource sharing programs because of an increase in *library rates* will have a serious impact on the lives of these citizens.

Testimony at a hearing conducted by the National Commission in late October in Nevada highlighted this dependence on the Postal Service's *library rates*. We heard from individuals living in the Mountain Plains region (Alaska, Arizona, California, Colorado, Idaho, Kansas, Montana, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Oklahoma, Utah, Washington, and Wyoming). Testimony emphasized the difficulties placed on citizens living in remote locations who are required to travel great distances to use libraries. These concerns emphasize the importance of maintaining affordable *library rates* as the only means of access to library materials and services for many citizens.

Over the last two decades, the Commission has been responsible for planning and conducting two White Houses Conferences on Library and Information Services (WHCLIS). Delegates at the 1979 WHCLIS passed resolutions calling for the reduction of postal service barriers that prevent libraries from providing access to information. Delegates to the 1991 WHCLIS emphasized the need to reduce postal rates for mailing library materials. They viewed *library rates* as a means to ensure equal and timely access to information materials. Delegates to the 1979 and 1991 WHCLIS state, regional, and National conferences reflected the wide diversity of our National community. Their concerns must be considered in developing Federal policies and in improving government services to the public.

Increased USPS *library rates* for mailing will certainly create hardships for large segments of the U.S. population that have the benefit of few other alternatives. As soon as possible after the first of the year, I want to meet with you to explore how the Commission could work cooperatively with the USPS Board of Governors to develop alternatives that would benefit our Nation's libraries and their patrons. I shall plan to contact your office early next month to arrange a meeting.

Sincerely,

A handwritten signature in cursive script that reads "Jeanne Hurley Simon". The signature is written in dark ink and is positioned below the word "Sincerely,".

Jeanne H. Simon
Chairperson

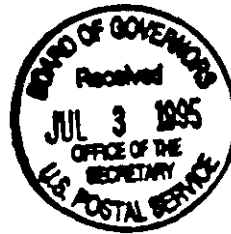
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

8528

EDWARD J. GLEIMAN
CHAIRMAN

June 30, 1995

The Honorable J. Sam Winters
Chairman
Board of Governors
United States Postal Service
475 L'Enfant Plaza, S.W.
Washington, D.C. 20260



Dear Sam:

One troubling aspect of the last rate case (Docket No. R94-1) was the large increase in postal rates for library material. The Postal Service proposed an increase of 73.7 percent based on costs associated with handling that type of mail. The Commission recommended, and the Governors implemented, a 69.9 percent increase.

At the November 30, 1994, press conference announcing the issuance of the Commission's opinion I noted the concerns about the library rate:

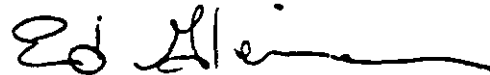
The Commission's review of the Service's library rate numbers did not uncover a major flaw in cost or revenue data provided in this area. The Commission recommends a slightly smaller increase (69.9 percent) for library material to reflect corrected cost allocations. However, in light of the fact that significant questions have been raised generally about the Service's data sampling and collection systems, the Commission urges the Service to reexamine its library cost data and file immediately for a modification to correct rates that may be based on faulty information.

The recently released United States Postal Service Cost and Revenue Analysis, Fiscal Year 1994 (CRA) shows a significant difference between the estimated library rate mail cost per piece, and the actual cost per piece (10.83 percent). The enclosed chart compares various library rate actual costs, as stated in the CRA, with the estimated costs

The Honorable J. Sam Winters
June 30, 1995
Page Two

used in Docket No. R94-1 to establish the library rate. It appears the estimated costs were overstated. Action by the Governors to propose correcting the library rate appears warranted.

Sincerely,

A handwritten signature in black ink, appearing to read "Ed Gleiman", with a long horizontal flourish extending to the right.

Edward J. Gleiman

Enclosure
EJG:jrh

Comparison of 4th Class Library Rate
Actual FY 1994 and PRC R94-1 estimate
(\$ 000)

	FY 1994 CRA (PRC Adj.)	FY 1994 PRC R94-1 Estimate	Difference	% Difference
Volumes	35,776	27,990	7,786	27.82%
Total Costs				
Costs	56,726	49,768	6,958	13.98%
Cost/Piece	158.559	177.806	-19.25	-10.83%
Mail Processing:				
Costs	20,022	18,347	1,675	9.13%
Cost/Piece	55.965	65.548	-9.58	-14.62%
City Delivery, In-office:				
Costs	776	428	348	81.31%
Cost/Piece	2.169	1.529	0.64	41.85%
City Delivery, Street:				
Costs	2,285	2,087	198	9.48%
Cost/Piece	6.386	7.456	-1.07	-14.35%
Rural Delivery:				
Costs	1,095	842	253	30.05%
Cost/Piece	3.061	3.008	0.05	1.75%
Transportation:				
Costs	13,980	12,538	1,442	11.50%
Cost/Piece	39.076	44.795	-5.72	-12.77%
Other Costs:				
Costs	18,568	15,526	3,042	19.59%
Cost/Piece	51.901	55.470	-3.57	-6.43%

Revenue & Weight:

Revenue per Piece (cents):

FY 1994	112.916
FY 1993	110.685
% change 94 over 93	2.02%

Weight per Piece (ounces):

FY 1994	45.384
FY 1993	43.802
% change 94 over 93	3.61%

SAM WINTERS
CHAIRMAN
BOARD OF GOVERNORS



August 4, 1995

Honorable Edward J. Gleiman
Chairman
Postal Rate Commission
1333 H Street, N.W., Suite 300
Washington, D.C. 20268-0001

Dear Ed:

This is in response to your letter of June 30 bringing to the Board's attention a situation pertaining to fourth-class library rate. You noted that the cost per piece of library rate shown in the FY 1994 Cost and Revenue Analysis Report was lower than the estimate for FY 1994 in the last rate case (Docket No. R94-1).

The Postal Service was aware of the comparison you pointed out and is currently evaluating this situation. Please be assured that the Board is concerned about the impact of its rates on all postal customers.

Cordially yours,


-Sam Winters

SW/mas

DAVID F. HARRIS
SECRETARY FOR THE BOARD OF GOVERNORS



August 15, 1995

Ms. Patricia H. Smith
Executive Director
Texas Library Association
3355 Bee Cave Road, Suite 401
Austin, TX 78746-6763

Dear Ms. Smith:

Chairman Sam Winters asked me to acknowledge his receipt of a copy of your letter to the Chairman of the Postal Rate Commission and the resolution, "Reconsideration of Fourth Class Library Rate Increase", adopted by the Texas Library Association, on August 1, 1995.

In his response to PRC Chairman Edward Gleiman's June 30, 1995, letter, Mr. Winters stated that the Postal Service is aware of the cost information to which Chairman Gleiman referred, and that the Postal Service is currently evaluating the matter.

Please be assured that the Board of Governors is concerned about the impact of postal rates on all of the Postal Service's customers.

Sincerely,

A handwritten signature in black ink, appearing to read "David Harris", with a stylized flourish at the end.

cc: Chairman Winters



TEXAS LIBRARY ASSOCIATION

3355 Bee Cave Road • Suite 401 • Austin, Texas 78746-6763
(512) 328-1518 • FAX (512) 328-8852

July 5, 1996

The Honorable J. Sam Winters, Chairman
Board of Governors
United States Postal Service
475 L'Enfant Plaza, S.W.
Washington, D.C. 20260

SUBJECT: FOURTH CLASS LIBRARY RATE

Dear Mr. Winters:

The 6,400 members of the Texas Library Association remain very concerned about the fourth class library rate increase that went into effect on January 1, 1995. Libraries have been severely hurt by the postal increase, and we are again notifying you and members of the Texas Congressional Delegation of our concern. The attached resolution was recently passed by the Council of the Texas Library Association and is also being sent to Mr. Edward Gleiman, Mr. Marvin T. Runyon, and members of Congress.

We urge you to support library programs by re-examining and correcting the overstatement of January 1995. If I can provide any information, please do not hesitate to contact me.

Sincerely,

Patricia H. Smith
Executive Director

Enclosure

cc: Mr. J. Sam Winters
Mr. Marvin T. Runyon
Ms. Carol Henderson

Reconsideration of Fourth Class Library Rate Increase

WHEREAS, libraries make use of fourth class library rate mail to provide economically sound and useful library services such as the organized sharing of library materials, commonly referred to as interlibrary loan, and library services that mail materials to homebound and institutionalized patrons; and

WHEREAS, a 1994 postal rate review recommended an increase of 73% in the fourth class library rate, and

WHEREAS, the Texas Library Association joined with the American Library Association and other library organizations in vigorously opposing this enormous rate increase, and

WHEREAS, the US Postal Service's Board of Governors approved a 69.9% increase of the postal rate, to begin January 1, 1995 (Docket No. R 94-1), and

WHEREAS, this increase has had a devastating impact on library budgets causing the elimination or cut-back of library services requiring mailing, and

WHEREAS, Chairman of the Postal Rate Commission, Edward G. Gleiman, has stated in a June 30, 1995 letter to J. Sam Winters, Chairman of the Board of Governors, that the cost data estimate on which the library rate increase was based was overstated by at least 11%, and Mr. Gleiman requested that consideration be given to reducing the rate by 11%, therefore be it

RESOLVED that the Postal Service promptly re-examine the fourth class library rate and modify it to correct the overstatement of January 1995; and be it further

RESOLVED, that this resolution be sent to Mr. Gleiman, Mr. Winters, Mr. Marvin Runyon, Postmaster General, and to members of the Texas Congressional Delegation.

Approved by Legislative Committee
7/31/95

Adopted by the Texas Library Association Council
8/1/95

Resubmitted by the:
Public Libraries Division Executive Board
Friends and Trustees Round Table Executive Board
4/26/96

Recommended for re-endorsement by
Legislative Committee
4/26/96

Adopted by Texas Library Association Council
4/26/96

THOMAS J. KOERBER
SECRETARY TO THE BOARD OF GOVERNORS



August 12, 1996

Ms. Patricia H. Smith
Executive Director
Texas Library Association
3355 Bee Cave Road, Suite 401
Austin, TX 78746-6763

Dear Ms. Smith:

Vice Chairman Sam Winters asked me to respond to your July 5 letter regarding the January 1, 1995, rate increase for fourth-class library rate mail.

We can certainly understand your concern regarding the rate increase, and in order to discuss the issue, I would like to provide some background. By law all postal rates, including library rates, should at least cover the cost of handling the mail. In order to justify a rate decrease, the Postal Service would have to prove that the revenues were much higher than the cost. However, that is apparently not the case here, and, in fact, the revenues are less than the costs. In 1994, costs for library rates declined and some officials used that as the basis for calling for a rate reduction in 1995. Lower costs were only a part of the story. Revenues also declined substantially and were below the cost of providing the service; and as such, the Postal Service was unable to justify a rate reduction.

As a final note, in an effort to see if a rate reduction could be justified, the Postal Service has re-examined the costs for fourth-class library rate items. No costing problems were uncovered in the review. Therefore, because fourth-class library rates must cover costs by law, management has advised that library rates cannot be reduced at this time and remain in compliance with the law.

Sincerely,

A handwritten signature in dark ink, appearing to read "Thomas J. Koerber".

Thomas J. Koerber

cc: Vice Chairman Winters

to: Frank R. Haselton at HQ-RATES
 Date: 2/1/96 4:45 PM
 Priority: Normal
 Receipt Requested
 TO: John F. Hagarty at Corporate_Relations
 Subject: Re: Library Rate

----- Message Contents -----

In 1989 our data systems reported a high average revenue per piece for library rate mail, indicating that only a minor rate increase was needed. The revenue per piece for FY 1989 was \$1.22, compared to \$1.19 in FY 1988. In FY 1990, the reported average revenue per piece for library rate fell to \$1.20, and it has been even lower in subsequent years. The very small 1991 rate change for library rate was based on the FY 1989 data.

Back in 1990 we reviewed the sample tests and data underlying the high revenue per piece for FY 1989 and concluded that, while the results were unusual, they reflected valid data collection tests. Consequently, we made no adjustment. The very large increase for library rate in 1995 resulted, since that rate increase had to make up for the substantial increase that should probably have been made in 1991 but was not, because of the FY 1989 data.

With regard to whether the Postal Service would be willing to consider an interim adjustment to library rate before the next general rate case, the general answer is that we would. Attempting to adjust library rates at this point, however, might result in a further small increase, rather than a decrease. Although data for the most recent years show some reduction in library rate costs, once these data are projected forward to FY 1996 or 1997, as is required by the Commission's Rules, it would be unlikely that they would support a downward adjustment in library rates.

--Reply Separator--

Subject: Library Rate
 Author: John F. Hagarty at Corporate_Relations
 Date: 1/17/96 11:00 AM

1/17

Frank,

My subcommittee folks have one last question. Since there was no increase in the rate in '89, what was the reason? Was it a problem with USPS data, etc. or was it a PRC decision? Just cc: mail a brief response. Thanks.

John H.
 x1746

Re: Frank N. Macalton at HQ-RATES

1/5/96 12:31 PM

Priority: Normal

Receipt Requested

TO: John F. Magarty at Corporate Relations

Subject: Library Rate

----- Message Contents -----

This responds to your E-mail of several weeks ago. The background is as follows. As a result of the Postal Rate Commission's recommendation in the last rate case, fourth-class library rate prices increased almost 70 percent on January 1, 1995, after increasing only 1.9 percent in 1991 and only 1 cent (and that is cent, not percent) in 1993. Rates for the other categories of mail increased an average of 20 percent during this period. Between 1993 and 1994, the Postal Service lost approximately \$8 million dollars handling library rate materials, as a result of rates that were set too low to cover allocated costs. The 70 percent rate increase was needed to cover cost increases attributable to library rate mail, and to obtain the markup above cost for this category required by law.

When rate changes are requested, proposals for library rate materials, and for all other categories of mail, are based on costs that are forecasted for a fiscal year in the future (the "test year"). These forecasted costs typically turn out to be either higher or lower than those that are subsequently reported for the categories of mail after the fiscal test year on which they are based has ended. In the case of library rates, which were based on estimates for the test year in the last rate case (FY 1993), reported costs per piece at the end of FY 1994 were about 10 percent less than those that had been forecasted for that year in the rate case. This has led some to suggest that library rate prices require "correction".

We carefully examined the procedures used to develop costs for library rate materials in the last case. As a result of this inquiry, as well as consideration of circumstances normally associated with general rate changes, we conclude that no "correction" is warranted. If we were to adopt the practice of adjusting postal rates whenever reported data became available in place of forecasted data, rates for almost all categories of mail would change, some upward and some downward. These many changes for the most part would be small, but would be disruptive to mailers who must replenish stamp stock, revise computer software, and make the other adjustments in mailing practices required by changes in rates. We see no basis for discriminating in favor of library rate by making a selective adjustment in this instance. Additionally, the reported costs are based on information obtained by sampling. This information unavoidably is subject to a certain amount of sampling variation, depending on the properties of the types of mail being sampled. The difference between forecasted costs and those reported for library rate are within the range of variation expected for forecasts and sampling for this category of mail, statistically, as well as historically. The 1994 reported data therefore, do not support the need for any "correction". In light of the substantial disruption that would likely be brought about by adopting the practice of adjusting rates as suggested for library rate in this instance, we believe that "correction" would be beneficial neither to the Postal Service nor its customers.

**Designated Responses of the
United States Postal Service
to AMMA Interrogatories**

**RESPONSE OF UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF ADVERTISING MAIL MARKETING ASSOCIATION**

8539

AMMA/USPS-USPS-2 Please refer to the "Mix of Handlings" column (column 1) at pages 5, 7, and 9 of USPS-T-29, Appendix I.

(a) Please confirm the Witness Daniel has testified that:

The mail flow diagrams used an entry profile based on the presort levels of containers and packages found in the subclass-specific Mail Characteristics Study (USPS-LR-H-105) to determine the sort level at which pieces in the mailstream begin piece distribution . . .

USPS-T-29 at 3 (footnotes omitted).

(b) Please confirm that in response to AMMA/USPS-LR-J-105-3, Witness Talmo, the sponsor of LR-H-105, stated that "there are no results from LR-H-105 used directly or indirectly in USPS-T-29, Appendix I, pages 5, 7, and 9."

(c) Please confirm that in response to AMMA/USPS-USPS-1 (redirected to Witness Daniel) it is stated (i) that "the initial mix of handlings of each of the three categories on pages 5, 7 and 9 [of Appendix I to USPS-T-29] is self evident;" and (ii) that "the sources of the mix of handlings in the first column appearing on pages 5, 7, and 9 of Appendix I consists of the figures presented in the boxes of the corresponding operation in the mail flow diagrams . . ."

(d) If the answers to any of the preceding subparts of this interrogatory is other than an unqualified confirmation, please explain the bases for the answer provided.

(e) Are there any sources other than those enumerated in subparts (a) - (c) of this interrogatory for (i) the data at column [1] of pages 5, 7, and 9 of USPS-T-29, Appendix I; and/or (ii) the figures presented in the boxes of the mail flow diagrams that correspond to pages 5, 7, and 9 of Appendix I to USPS-T-29. If your answer is in the affirmative, please identify the source of such data including page, line and column locations and any required derivations.

RESPONSE:

a-c. Confirmed.

d. N/A

e. The mail flow diagrams for Standard (A) Automation 5-Digit, Automation 5-Digit 100% DBCS, and Automation ECR letter mail flows were developed using the same method adopted in the past two Classification Reform cases (Docket Nos. MC95-1 and

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MC96-2). A description of the "Mix of Handlings" section of the cost summary pages is found in witness Daniel's testimony in Docket No. MC96-2, USPS-T-5, Appendix I page 1. Descriptions of the Prebarcoded 5-Digit Flow, the 5-Digit 100% DBCS Flow, and the ECR Prebarcoded Basic Flow also appear on pages 5 and 6 of Appendix I in that testimony. These descriptions explain in more detail the derivation and source of the figures presented in the boxes of the mail flow diagrams. Similar descriptions were provided in witness Takis' (USPS-T-12) Appendix I in Docket No. MC95-1. Copies of the pages of the testimonies referenced in this response are attached.

I. Introduction

The purpose of this appendix is to present and describe the development of the unit cost estimates found in Exhibit USPS-T-12A: Summary of Standard Class Mail Processing Costs (Letters). These costs are derived on the following cost summary sheets which use complex mail flow models to determine the appropriate mix of handlings for a typical piece of mail in each modeled category. The mechanics of the summary sheet, as well as the mail flows and inputs, will be described in detail below and in subsequent appendices.

II. Cost Summary Sheets

There is a separate cost summary sheet for every unit cost developed. All summary sheets, except for the "pre-reform" model for BRR (Other), summarize only one mail flow and have the same structure. The pre-reclassification model has a mix of handlings for basic and 3/5 presort mail in the first two columns and a weighted average in the third. Since this is the only exception to the similar layout of the cost summary sheets, the remaining discussion will assume the layout of all the other sheets.

The total modeled cost is developed using a mix of handlings determined by the mail flows and the productivity in pieces per hour for each machine in the model. The costs also depend on the labor rate assumed in R94-1, piggyback factors to allocate indirect costs, and a premium pay adjustment to account for lower processing priority for Third/Standard Class Mail. Finally, the summary sheet also includes costs for acceptance/verification, sort to P.O. boxes, and bundle sorting.

Each column used in developing the modeled costs are generally described in footnotes on each cost summary sheet. However, each factor used in developing these costs will be described in more detail below. Costs associated with allied labor, dock transfers, etc. are not modeled explicitly but are captured and applied using a non-model cost adjustment factor as described in Section III-A of this testimony.

A. Mix of Handlings

The mix of handlings is found in the first column of the cost summary page. These handlings represent the number of "typical" pieces processed on a machine at each sortation level in a 10,000 piece flow of a particular rate category. The handlings are linked to the mail flow model itself and reference the cell which accounts for any reruns, such as "internal rejects" from the

MPBCS-OSS. An operation which has secondary sorts has "density downflows to itself." These additional handlings are accounted for on the summary page in the mix of handlings column, not in the mail flow. This convention will be described more below in Section IV. E.

B. Productivities

Column [2] of the cost summary sheet represents the productivities of the machines at that sortation level in pieces processed per hour. These productivities are calculated using FY94 MODS total pieces fed divided by total work hours. Total pieces fed (TPF) instead of total pieces handled (TPH) are used because TPH are the total pieces which were successfully handled (i.e., not counting rejects). The model, on the other hand, uses accept rates to determine the number of rejected pieces and accounts for rejected piece being handled again on a different machine. Therefore, since each piece handling needs to be accounted for, and not just the accepted pieces, productivities are calculated using TPF.

Productivities are aggregated for all non-incoming secondary automation equipment (i.e., MLOCs and MPBCS/DBCS) to be consistent with Ms. Callies' testimony in R90-1 and to be consistent with aggregated piggyback factors. Productivities are also aggregated for the first and second pass on the DBCS.

With one exception, productivities are calculated using data from all sites reporting to the MODS system. However, the incoming secondary manual productivity for non-automated sites is calculated using data only from sites which have less than 45% automation TPH. The reasoning behind this will be described in greater detail in the manual section of Appendix II.

The "Productivities" input page found at the end of this appendix lists the MODS codes used in calculating each productivity. Detailed methodology is described in Library Reference MCR-2.

C. Wage Rate

The wage rate is a key factor in determining the direct labor costs in dollars per piece for each machine at each level. The wage rate, or average loaded cost per hour for mail processing clerks, for FY95 is referenced in TR 6/2862, R94-1. The productivities are inverted in column [3] yielding hours per piece. Hours per piece multiplied by dollars per hour equals dollars per piece, as found in column [4].

to match the PRC decision in R94-1. Finally, it assumes twenty-eight percent of the non-barcoded mail is automation compatible based on Third-Class Mail Characteristics data (LR-MCR-4) in order to weight the 3/5 presort Automation Accept and Upgrade Rate data (LR-MCR-1) appropriately.

C. Automation Basic Flow

The Automation Basic Flow models the proposed Automation Basic rate category for Standard mail. All of this mail will have 11-digit barcodes and come in AADC or mixed AADC trays. Therefore, this mail receives only barcode sorter, letter sorting machine, and manual processing without incurring any bundle sorting costs. No snapshot data are needed since it is assumed that all mail originating at facilities with barcode sorters will be processed on the automated equipment.

Assumptions about how much of this mail will be in each type of tray are found on the "Coverages" input page and are calculated using Third Class Mail Characteristics data (LR-MCR-4). The percentage of mail in AADC trays at facilities that are both AADCs and SCFs is calculated in Mr. Smith's (USPS-T-10) workpapers. We use First-Class Mail Characteristics data (LR-MCR-7) since these data were not available in the third-class study. This information also alleviates the need for an entry point profile since it is assumed that the mail will enter at outgoing primary, AADC, or SCF distribution levels depending on tray presort level.

D. Automation 3-Digit Flow

The Automation 3-Digit Flow models the proposed Automation 3-Digit rate category for Standard mail. All of this mail will have 11-digit barcodes and come in 3-digit trays; therefore, this mail receives only barcode sorter, letter sorting machine, and manual processing without incurring any bundle sorting costs. No snapshot nor entry profile data are needed since it is assumed that all mail destinating at facilities with barcode sorters will be processed on the automated equipment at the incoming primary level.

E. Automation 5-Digit Flow

The Automation 5-Digit Flow models the proposed Automation 5-Digit rate category for Standard mail. All of this mail will have 11-digit barcodes and come in 5-digit trays; therefore, this mail receives only barcode sorter, letter sorting machine, and manual processing without incurring any bundle sorting costs. No snapshot nor entry profile data are needed since it is assumed that all mail

destinating at facilities with barcode sorters will be processed on the automated equipment at the incoming secondary level.

F. Automation Carrier Route Flow

The Automation Carrier Route Flow models the proposed Automation Carrier Route rate category for Standard mail. Any carrier route mail with a density of ten or more pieces having an 11-digit barcode sorted to a carrier route not serviced by a delivery barcode sorter (DBCS) will qualify for this category. This mail therefore receives only carrier sequence barcode sorter (CSBCS) or manual processing. No snapshot nor entry profile data are needed since it is assumed that all mail destinating at facilities without delivery barcode sorters will process this mail either manually or on the CSBCS. This mail processing cost is in addition to cost incurred by current carrier route presort mail; therefore, it is added to the CRA benchmark for third-class bulk rate carrier route mail.

G. Regular Basic Flow

The Regular Basic Flow models the basic portion of the mail in the existing CRA third-class BRR (Other) which does not migrate to the Automation subclass. Since current barcoded and ZIP+4 mail is projected to migrate, this mail is just basic non-barcoded. The new makeup requirements allow non-automation compatible mail to come in bundles, but still receive the basic rate based on container level. Therefore, bundle sorting costs are incurred.

As described further in the Input Sheets section, this model uses the non-barcoded basic section of the "Entry Point Profile" input sheet. It uses the normalized non-barcoded total mix percentage in the "Snapshot" input sheet where the percentage of barcoded mail is forced to zero. Finally, it assumes the same percent of automation compatible mail as current non-barcoded mail, or twenty eight percent. (see LR-MCR-4)

H. Regular 3/5 Presort Flow

The Regular 3/5 Presort Flow models the 3/5 presort portion of the mail in the existing CRA third-class BRR (Other) which does not migrate to the Automation subclass. Thus this mail is non-barcoded 3/5 presort. The new makeup requirements allow non-automation compatible mail to come in bundles, but receives the 3/5 presort rate based on container level. Therefore, bundle sorting costs are incurred.

As described further in the Input Sheets section, this model uses the non-barcoded 3/5 presort section of the "Entry Point Profile" input sheet. It uses the normalized non-barcoded total mix percentage in the "Snapshot" input sheet, where the percentage of barcoded mail is forced to zero. Finally, it assumes the same percent of automation compatible mail as current non-barcoded mail, or twenty eight percent (Third-Class Mail Characteristics LR-MCR-4), in order to weight the 3/5 presort accept and upgrade rates found in LR-MCR-1.

I. 5-Digit 100% DBCS Flow

The 5-Digit 100% DBCS Flow models barcoded carrier route mail which migrates to the Automation 5-Digit category because it destinate at carrier routes which are serviced by delivery barcode sorters (DBCS) and therefore does not qualify for the Automation Carrier Route rate. The coverage factors used in the Automation 5-Digit Model will not reflect the mail which migrates. Thus, the percent of mail which could be processed on DBCS would be understated in the Automation 5-Digit model.

This model differs from the Automation 5-Digit Model in that all mail enters on a DBCS at the incoming secondary level instead of being split between MPBCS, CSBCS, DBCS, and manual. The costs developed in this 5-Digit 100% DBCS Flow Model are added to appropriate delivery, transportation, and "other" costs on page 34 of this appendix. A two percent contingency is then applied to get a similar total cost as found in Exhibit USPS-12C. Mr. Moeller, USPS-T-20, weights the total costs for 5-Digit 100% DBCS with the total costs for Automation 5-Digit found in Exhibit USPS-12C at 2 in setting rates for Automation 5-Digit.

J. 0% DBCS 5-Digit Flow

The 0% DBCS 5-Digit Flow models 5-digit presort pre-barcoded mail which destinate at carrier routes which are not serviced by delivery barcode sorters (DBCS). If a mailing had at least ten pieces for a carrier route it would qualify for the Automation Carrier Route rate. In order to determine the cost avoided by presorting this mail to the carrier route level, this flow models only the piece distribution necessary to sort 5-digit prebarcoded mail to the carrier route level by MPBCS and manual processing. This flow actually models 5587.84 "typical" pieces as a result of zeroing out mail usually on DBCSs. Mr. Moeller, USPS-T-20, uses the difference between costs developed in this 0% DBCS 5-Digit Flow model and the costs of performing a bundle sort on a typical carrier route package from the incoming secondary level to the carrier route level in setting rates. This difference is also found on page 34 of this appendix.

I. Introduction

The purpose of this appendix is to present and describe the development of the unit cost estimates found in Exhibit USPS-5A, "Development and Summary of Standard Nonprofit Mail Processing Costs (Letters)." These costs are derived on the following cost summary sheets which use complex mail flow models to determine the appropriate mix of handlings for a typical piece of mail in each modeled category. The mechanics of the summary sheet, as well as the mail flows and inputs, will be described in detail below. The models are structured the same as they were in Docket No. MC95-1.

II. Cost Summary Sheets

There is a separate cost summary sheet for every unit cost developed. All summary sheets summarize only one mail flow and have the same structure. The total modeled cost is developed using a mix of handlings determined by the mail flows and the productivity in pieces per hour for each operation in the model. The costs also depend on the labor rate assumed in Docket No. R94-1, piggyback factors to allocate indirect costs, and a premium pay adjustment to account for lower processing priority for Third/Standard Class Mail. Finally, the summary sheet also includes costs for acceptance/verification, sort to P.O. boxes, and bundle sorting, just as they did in Docket No. MC95-1.

Each column used in developing the modeled costs are generally described in footnotes on each cost summary sheet. However, each factor used in developing these costs will be described in more detail below. Costs associated with allied labor, dock transfers, etc., are not modeled explicitly but are captured and applied using a non-modeled cost adjustment factor, as described in Section II-D of this testimony.

A. Mix of Handlings

The mix of handlings is found in the first column of the cost summary page. These handlings represent the number of "typical" pieces processed through an operation at each sortation level in a 10,000 piece flow of a particular unique mailstream. The handlings are linked to the mail flow model itself and reference the cell which accounts for any reruns, such as "internal rejects" from the MPBCS-OSS. An operation which has secondary sorts has "density downflows to itself." These additional handlings are accounted for on the summary page in the mix of handlings column, not in the mail flow. This convention will be described more below in Section IV. E of this appendix.

Assumptions about how much of this mail will be in each type of tray are found on the "Coverages" input page and are calculated using Third-Class Mail Characteristics data (USPS-LR-PRR-3). The percentage of mail in AADC trays at facilities that are both AADCs and SCFs is calculated in MC95-1 witness Smith's (USPS-T-10) workpapers at IV-1. This information also alleviates the need for an entry point profile since it is assumed that the mail will enter at outgoing primary, AADC, or SCF distribution level depending on tray presort level.

C. Standard Class, Nonprofit, Prebarcoded, 3-Digit Flow

The Prebarcoded 3-Digit Flow models the proposed Prebarcoded 3-Digit rate category for Standard nonprofit mail. All of this mail will have 11-digit barcodes and come in 3-digit trays; therefore, this mail receives only barcode sorter, letter sorting machine, and manual processing without incurring any bundle sorting costs. The model assumes that all mail originating at facilities with barcode sorters will be processed on the automated equipment at the incoming primary level.

D. Standard Class, Nonprofit, Prebarcoded, 5-Digit Flow

The Prebarcoded 5-Digit Flow models the proposed Prebarcoded 5-Digit rate category for Standard nonprofit mail. All of this mail will have 11-digit barcodes and come in 5-digit trays; therefore, this mail receives only barcode sorter, letter sorting machine, and manual processing without incurring any bundle sorting costs. The model assumes that all mail originating at facilities with barcode sorters will be processed on the automated equipment at the incoming secondary level.

E. Standard Class, Nonprofit, Automation Compatible, Presort Basic and 3/5 Flows

The Nonbarcoded, Automation Compatible, Presort Basic and 3/5 Flows model the portion of Standard, Nonprofit, Presort, Basic and 3/5 which will change as a result of new make-up requirements. All OCR-upgradable mail will be allowed to come in "full" trays, i.e., no bundles. Therefore, these models use the modified "Standard Entry Profile" described below, and do not include a bundle sorting cost. All other aspects of the models are the same as the pre-reclassification reform "benchmark" automation compatible models. The automation compatible unit costs are weighted with the corresponding non-automation compatible unit costs in the same proportion as used in the benchmark model set (65.8% automation compatible and 34.2% non-automation compatible). The non-automation compatible unit costs are the same both pre-

and post-classification reform because the make-up requirements do not change.

F. Enhanced Carrier Route Prebarcoded Basic Flow

The Enhanced Carrier Route Prebarcoded Basic Flow models the proposed Enhanced Carrier Route Prebarcoded Basic rate category for Standard nonprofit mail. Any carrier route mail with a density of ten or more pieces having an 11-digit barcode sorted to a carrier route not serviced by a delivery barcode sorter (DBCS) will qualify for this category. This mail therefore receives only carrier sequence barcode sorter (CSBCS) or manual processing. It is assumed that all mail destinating at facilities without delivery barcode sorters will process this mail either manually or on the CSBCS. This mail processing cost is in addition to cost incurred by current carrier route presort mail; therefore, it is added to the CRA benchmark for third-class bulk rate nonprofit carrier route mail.

G. 3-Digit and 5-Digit Non-Barcoded AC and Non-AC Flows

The 3-Digit Non-Barcoded Automation Compatible and 3-Digit Non-Barcoded Non-Automation Compatible Flows model the non-barcoded mail sorted to the 3-digit level. The 5-Digit Non-Barcoded Automation Compatible and 5-Digit Non-Barcoded Non-Automation Compatible Flows model the non-barcoded mail sorted to the 5 digit level. These two models are developed so that Dr. O'Hara, USPS-T-10, can compare 3-Digit Prebarcoded and 5-Digit Prebarcoded mail processing costs with 3- and 5-digit non-barcoded mail processing costs, respectively. These costs are added to the appropriate delivery costs. The barcoding costs avoided are calculated on page 53 of this appendix as a proxy for Periodicals letter barcoding cost avoidance.

These two models basically disaggregate the Nonbarcoded 3/5 Presort Models using the nonprofit third-class mail characteristics data. These models use a side calculation on the "Standard Class Entry Point Profile" input sheet described below. Finally, these models assume the same percentage of automation compatible mail as benchmark model set.

H. 5-Digit 100% DBCS Flow

The 5-Digit 100% DBCS Flow models carrier route mail which migrates to the Prebarcoded 5-Digit category because it destinales at carrier routes which are serviced by delivery barcode sorters (DBCS) and therefore does not qualify for the Enhanced Carrier Route Prebarcoded Basic rate. The coverage factors used in the Prebarcoded 5-Digit Model will not reflect the mail which migrates.

Thus, the percent of mail which could be processed on DBCS would be understated in the Prebarcoded 5-Digit model.

This model differs from the Prebarcoded 5-Digit Model in that all mail enters on a DBCS at the incoming secondary level instead of being split between MPBCS, CSBCS, DBCS, and manual. The costs developed in this 5-Digit 100% DBCS Flow Model are added to appropriate delivery, transportation, and "other" costs on page 52 of this appendix. A two percent contingency is then applied to get a similar total cost as found in Exhibit USPS-5C. Mr. Moeller, USPS-T-9, weights the total costs for 5-Digit 100% DBCS with the total costs for Prebarcoded 5-Digit found in Exhibit USPS-5C at 2 in setting rates for Prebarcoded 5-Digit.

I. 0% DBCS 5-Digit Flow

The 0% DBCS 5-Digit Flow models 5-digit presort prebarcoded mail which destines at carrier routes which are not serviced by delivery barcode sorters (DBCS). If a mailing had at least ten prebarcoded pieces for a carrier route, it would qualify for the Enhanced Carrier Route Prebarcoded Basic rate. In order to determine the cost avoided by presorting this mail to the carrier route level, this flow models only the piece distribution necessary to sort 5-digit prebarcoded mail to the carrier route level by MPBCS and manual processing. This flow actually models 5588 "typical" pieces as a result of zeroing out mail usually on DBCSs. Mr. Moeller, USPS-T-9, looks at the difference between costs developed in this 0% DBCS 5-Digit Flow model and the costs of performing a bundle sort on a typical carrier route package from the incoming secondary level to the carrier route level in setting rates which was taken from witness Takis' MC95-1 testimony. This difference is also found on page 52 of this appendix.

IV. Input Sheets

A. Third-Class Entry Point Profile

The Third-Class Entry Point Profile determines at which sortation level mail will enter the pre-classification reform models. It is developed using a combination of third-class mail characteristics data and bundle breaking assumptions. The specific development is detailed in Appendix III. It uses the "Nonprofit Mail Characteristic Percentages" and "Nonprofit Mail Characteristic Volumes" sheets at the end of this appendix. There are different entry point level profiles used in these models depending on the presort level and whether or not the mail being modeled is prebarcoded or automation compatible. It also reflects current, pre-classification reform, make-up rules. Also included on this page are the volumes from the Commission's R94-1 Recommended Decision for

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LR-H-77

In LR-H-77, witness Smith provides piggyback factors and premium pay factors. Piggyback factors and premium pay factors are defined in the testimony of witness Smith, USPS-ST-45, pages 1-2. Generally, piggyback factors are ratios of total attributable cost to attributable labor cost for specific functions or operations (e.g. city carriers or OCRs). They are used as an input into special studies as described by witness Smith, USPS-ST-45, pages 1-2.

Development piggyback factors requires identification of the relevant attributable costs from the Base Year or Test Year from witnesses Alexandrovich or Patelunas for the specific function or operation. An example of this is shown in LR-H-77 at pages 41 to 47 for mail processing piggyback factors. The piggyback factors shown at page 47 are the ratio of column 36 (total estimated attributable costs for mail processing) on page 46 to the sum of columns 1 and 3 on page 42, which is total attributable labor costs. Column 36 of page 42, which reflects total attributable costs for mail processing, is calculated by summing the different component costs for supervision, administrative, benefits, facility-related and equipment-related for mail processing shown in pages 42 to 46.

Often there is a need to disaggregate the component costs of witnesses Alexandrovich or Patelunas. An example is the calculation of the mail processing portion of unemployment compensation cost, (component 453), which is column 23 on page 44. The calculation of this cost is performed in a manner consistent with the attribution and distribution of these costs described in LR-H-1 at pages 18-8 to 18-10. Since unemployment compensation cost is attributable to the same degree as composite postal labor costs and is distributed based on the distribution of composite postal labor costs, the percentage of unemployment compensation cost which is associated with mail processing is equal to the ratio of mail processing labor to total composite postal labor. Thus, the basis for the calculations of piggyback factors is provided in the testimonies of witnesses Alexandrovich, USPS-T-5, and Patelunas, USPS-T-15, and those testimonies supporting their work. Also see LR-H-1, and witness Takis, USPS-T-41, pages 15-19, for his discussion of independent and dependent components.

Parts I and III of H-77 contain the computer programs. The material contained in these parts, plus additional information provided in this response, are intended to satisfy the 31(k)(3) requirements. These programs use test year and base year

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attributable costs from witnesses Patelunas, USPS-T-15 and Alexandrovich, USPS-T-5, as discussed below. The documentation for the computer programs in part I is discussed further below.

For part II, witness Smith's testimony, USPS-ST-45, at pages 1-2, plus the materials on pages 191 and 215 of LR-H-77 describe this work and indicate the study plan. The calculations are footnoted or described in a manner which explains how they are performed. In addition, the Excel spreadsheets have also been provided to allow a detailed examination of the calculations. There are no statistical studies, econometric studies or computer analyses. This portion of the library reference consists of spreadsheets, which are workpapers, and are prepared in compliance with rule 54(o).

As indicated above with respect to the piggyback factors of part I of H-77, calculation of the operation specific piggyback factors requires identification and often disaggregation of the test year attributable costs of witness Patelunas. For the operation specific piggyback factors, the clerk and mail handler labor costs, facility-related and equipment related costs need to be determined for each piggyback factor category, as shown at pages 192 and 193 of H-77. The calculations shown in pages 194 to 214 of H-77 use the inputs to witness Alexandrovich testimony, including those from witness Degen, USPS-T-12 and LR-H-127, as starting points. These inputs are adjusted to be consistent with witnesses Alexandrovich and Patelunas' treatment of these inputs (though they have done so at a more aggregate level), to reflect the adjustments as done in USPS-T-5, WP B-3 for mail processing (such as for Lump Sum payments), or to reflect wage escalation or cost reductions and other programs as done by witness Patelunas.

With regard to part III, on premium pay factors, Page 234 of LR-H-77 shows the calculation of the premium pay factors. They are the ratio of the adjusted to unadjusted mail processing labor costs as calculated on page 234. The source of the data is witness Alexandrovich, USPS-T-5, Workpaper A-2, pages 1-4. Additional explanation of this calculation is provided at Tr. 13/ 6953-6, 6981-89, 7080-85.

Computer Program Documentation for Part I of LR-H-77

1. A general description of the program, processing tasks performed, methods and procedures employed, sources of data:

At page 21 of LR-H-77 is a typical copy of the JCL commands with some helpful information. At line 21, the IN1 statement refers to the mainframe input file (ALAHQV.VS420D01.FY96MODS.B.DATA) that is to be read on the mainframe.

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(USPS H-6: Base Year / Roll Forward shows that these mainframe files were copied to tapes as ALAHQN.PS420T01.FY96MODS.B.DATA. See LR-H-6, pages 7, 11 and 12) This particular one refers to base year 1996 data. These data are read for mail processing, and at page 40, the same file is read for window service for the same year. A similar file for the test year at-current rates, after mail mix (ALAHQV.VS420D03.FY98RCBM.B.DATA, mainframe; tape begins with: ALAHQN.PSMANT03.FY98RCBM.B.DATA. See LR-H-6 at page 144.), which is the data from witness Patelunas, USPS-T-15, WP-E, is read for developing piggyback costs for mail processing (page 61), window service (p.80), city carrier (or city delivery) (p.102), vehicle service (p.119), special delivery (p.137), rural carrier (or rural delivery) (p.157), and accounting (and auditing) (p.190). Each of these input files are read by the corresponding SAS files showing corresponding unique data to be read; data to be kept (KEEP), which lines (classes/special services; Fnnn, etc.), conditional statements (IF .. , THEN ..): data grouping (DATA SALARY, SPACE, MISCELL); the process statement (PROC MATRIX); identification of variables used; development of ratios; and the development of the "spreadsheet" or tables. The output is described in the PROC FORMAT section, labelling (identifying) class/special service row; specifying how the numbers are to appear on the tables (PICTURE); and the print statement (PROC PRINT).

Listing of input and output data, definitions of variables, description of input and output file organization:

-- In Part I, each section of USPS LR-H-77 identifies the corresponding component (COMP) number to be read, and kept (KEEP), groups components (DATA ..), process the data (PROC MATRIX), and lays out the output tables (PROC PRINT).

Identification of all components/variables used have been made in the computer printout pages of each respective function piggyback.

USPS LR H-4, Base Year / Roll Forward, Input Data Files, and USPS LR H-6, Base Year / Roll Forward support the information in the JCL pages of LR H-77. The output files are those provided in LR H-6.

Documentation of programming:

See items (1) and (2) above. Calculations have comments, as well identification/description of various arithmetic processes: addition (+); multiplication (#); and division (#/).

Explanation of Calculations:

See the attached Appendix 1: "General Piggyback Matrix By Component

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Numbers" (2 pages).

LR-H-89

In USPS-ST-47, witness Degen sponsors those portions of LR-H-89 which present the statistical documentation for the IOCS. This material presents no findings, conclusion, analyses, or output, and thus does not constitute an independent basis to trigger any portions of Rules 31 or 54. Instead, it provides background documentation on the IOCS of the type described in Rule 31(k)(2)(i).

In USPS-ST-48, witness Pafford sponsors those portions of LR-H-89 which present the statistical documentation for the RPW, and certain other material relating to data systems generally. This material presents no findings, conclusion, analyses, or output, and thus does not constitute an independent basis to trigger any portions of Rules 31 or 54. Instead, it provides background documentation on the RPW and the data systems generally of the type described in Rule 31(k)(2)(i).

In USPS-ST-49, witness Harahush sponsors those portions of LR-H-89 which present the statistical documentation for the Carrier Cost Systems. This material presents no findings, conclusion, analyses, or output, and thus does not constitute an independent basis to trigger any portions of Rules 31 or 54. Instead, it provides background documentation on the CCS and RCS of the type described in Rule 31(k)(2)(i).

LR-H-105

Study plan:

The objective of this study stated on page 2 is to compile a "profile of containers, packages, and other characteristics of Standard (A) regular rate mail preparation." There were no alternative courses of action so none are described. All major assumptions relating to the study's design and implementation are described in Section II. The results of the study are reported in Tables 5-18 and are described in Sections III through VI. These data were estimated using a sample survey and computer analysis.

Sample Survey Criteria:

Design: The definition of the universe and sampling frame and units are described on page 2 in Section I, Survey Summary. A detailed description of the survey design and the sample selection are found in Section II, Survey Methodology starting on page 2. Statistical confidence of estimates in Tables 5-15 can be found in Tables

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D1-D11. Statistical confidence of estimates in Table 16 can be found in the response to AMMA/USPS-LR-H-105-4-b.

Forms: The data collection forms are presented in Appendix C. Survey log forms are found in Appendix B.

Training: Training materials including instructions and example survey forms are found in Appendix A.

Expansion factors: Factors used to expand sample data are described in Section III, Estimation Procedures.

Computer Analysis Criteria:

General Description of the program: A general description of the computer programs used to obtain the various estimates and their standard errors can be found in Appendix E.

Listing of the input and output data: The input and output data are described in Appendix E.

Documentation: All the source code for the computer programs are contained in Appendix F.

Modification to such data made for use in the program: All data checking routines are described in Appendix E.

Input and output variables: The variables in each of the input data files are described in the response to AMMA/USPS-LR-H-105-2.

Input and output file organization: The file format of each of the input data files are described in the response to AMMA/USPS-LR-H-105-2. A list of the files on diskette including the input data, source programs, and output data are found in Appendix E, Section VII.

LR-H-106

In LR-H-106, which is Mail Processing Unit Costs by Shape, witness Smith provides base year and test year mail processing unit costs (or benchmark costs) by cost pool for many or most First-Class, Periodicals, and Standard Mail (A and B) subclasses or CRA categories. H-106 is the source for the First-Class bulk metered letter benchmark, costs used by witnesses Hatfield, USPS-T-25, Seckar, USPS-T-26, and Daniel, USPS-T-29 in developing proportional and fixed adjustments of model costs to the CRA level, and is used by witness Daniel in calculating the First-Class Mail nonstandard surcharge costs (USPS-T-43).

The study plan for this work is discussed in the testimony of witness Smith, USPS-ST-45, and pages I-1 and I-2 of LR-H-106. This analysis is performed using base year and test year attributable costs (and inputs used in the calculation of these

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costs) in order to obtain costs by shape. It is a disaggregation of test year mail processing labor costs by shape and cost pool in a manner consistent with the base year and test year cost development. The calculations are footnoted or described to explain how they are done. In addition, the Excel spreadsheets have also been provided to allow a detailed examination of the calculations. There are no statistical studies, econometric studies or computer analyses. This library reference consists of spreadsheets, which are workpapers prepared in compliance with rule 54(o).

The calculations described on pages I-1 and I-2 of H-106 were designed to replicate the base year and test year attributable cost calculations for mail processing costs, except at a more disaggregated level. These calculations are meant to parallel the calculations by witnesses Alexandrovich, Patelunas and the testimonies that support their work. Specifically, witness Smith starts with the mail processing labor costs by cost pool, as developed by witness Degen in LR-H-146. In part III of LR-H-146, witness Degen has disaggregated these costs by shape. Witness Smith applies to these costs the same adjustments that witness Alexandrovich applies in his WP B-3 and his WP A-2 to the aggregate mail processing labor costs. Witness Smith applies cost reductions and other programs adjustments to individual cost pools as done by witness Patelunas. Witness Smith applies piggyback factors to reflect total mail processing costs, rather than just labor costs, consistent with the development of the test year attributable costs. Witness Smith's final step is a reconciliation with the test year costs of witness Patelunas in order to be consistent.

LR-H-108

LR-H-108 estimates the attributable unit cost of Standard (A) Mail by shape. These estimates are developed by disaggregating Base Year CRA estimates by shape. Most of the analysis is performed in computer spreadsheet program, with additional computer analysis to develop mail volumes by shape. The library reference was designed to document the material required by Commission Rule 31(k)(3) for computer related analyses. The description of the spreadsheet analysis and its underlying assumptions is shown at pages 2 through 5 of the Library Reference. Tables 1-7 of the main body (now incorporated into USPS-T-28 as Exhibit K) contain the results of the analysis and document the sources of data. Machine readable copies of the spreadsheets were included on the CD-ROM accompanying the Library Reference. Each spreadsheet fully documents the sources of data used. Appendix A (which remains in LR-H-108) describes the development of mail volume estimates by shape for Standard (A) Mail. Each program used in the analysis is listed in the order used, with its input and output files, and a description of the processing tasks

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performed, at pages A-6 through A-18. The programs are included on the CD-ROM in machine readable form and appear in hardcopy form at pages A-18 through A-176. All input files and final output files are included on the CD-ROM. The data verification and editing procedures are performed by the programs "check3rd.f" and "check3rdb.f" as described at pages A-11 and A-12. Hardcopy of these programs are found at pages A-74 and A-83 respectively.

LR-H-109

Study plan:

The objective of this study is to separate mail processing costs for Standard Mail (A) enhanced carrier route mail into costs for high density/saturation mail and costs for other carrier route mail. The data used in the analysis are available in LR-H-23. A discussion of methodology and assumptions is presented on pages 2-3. There were no alternative courses of action considered. The facts and data upon which conclusions presented in Tables 1-2 are based are listed as input data presented in LR-H-23. These data were estimated using computer analysis.

Computer Analysis Criteria:

- *General Description of the program:* A general description of the process used for the analysis is found at page 2 of the library reference under the heading "Analysis", with specific program documentation at Appendix A pages A1-A2.

Processing tasks performed: The processing tasks performed by each program as shown in Appendix A at pages A1-A2.

Listing of the input and output data: The input and output data for each program are documented at pages A1-A2 of Appendix A, and listed in Appendix C.

Documentation: Hard copies of the documented source code is found at Appendix B, and machine readable copies are included on the diskette accompanying the library reference. *Modification to such data made for use in the program:* No modifications to the input data were made.

Input and output variables: The variables in each of the input data files are described at Appendix C.

Input and output file organization: The file format of each of the input data files are described at Appendix C.

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LR-H-111

In LR-H-111, witness Smith, USPS-ST-46, provides the destination entry cost avoidance estimates for both Periodicals and Standard Mail (A). A clear statement of the study objective is presented on page one of H-111. The discussions presented throughout Sections 3.0 and 4.0 of H-111 detail the study plans for the respective analyses. USPS-ST-46 also provides information on alternatives considered. This study provides all assumptions and facts concerning the data inputs. These are found in Sections 3.0 and 4.0 of LR-H-111, along with the facts, judgments, and estimation techniques upon which the conclusions of this study rely. Appendices A through G present the analyses and associated inputs, carefully documenting the source of the latter. The calculations are footnoted or described to explain how they are done. In addition, the Excel spreadsheets have also been provided to allow a detailed examination of the calculations. The tables and spreadsheets of this library reference are prepared in compliance with rule 54(o).

LR-H-112

The objective of this study, as stated on page 1 of USPS-ST-43, is to update the analysis of additional mail processing costs associated with nonstandard First-Class Mail pieces. A detailed description of the methods used to analyze the data is found in Section II of USPS-ST-43 "Methodology/Analysis". There were no alternative courses of action considered and no new assumptions were made, so none are described. The facts and data upon which the conclusions discussed in Section III. "Results" are based are listed in Section A. "Inputs" in Exhibit A. The source of the cost data was originally USPS LR-H-106 (now USPS-ST-45). The original estimates of the percent of nonstandard pieces by shape were relied upon by the Commission in earlier dockets. The updated percent of nonstandard pieces by shape comes from RPW and mailing statement data which are documented extensively elsewhere in this proceeding (see generally USPS LR-H-38-47). The analysis used to compute the additional costs of nonstandard pieces simply adds and multiplies the above describes inputs, in accordance with the methodology used and accepted in the past (see Docket No. R90-1, USPS LR-F-160). It is neither a statistical study, nor a sample survey, nor an econometric study and the computer analysis is limited to functions performed by a simple calculator, so the criteria of Rule 31(k) are not addressed.

LR-H-113 Productivities & Accept Rates For Mailflow Model

In accordance with Rule 31(k)(3), this document consists of computer program

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documentation of SAS computer programs, PRODUCT.FY93.CNTL and PRODUCT.FY96.CNTL, used to develop productivities and accept rates for various processing operations. As explained in the documentation, relevant MODS data are extracted and calculations are performed on this data by the programs to develop the productivities and accept rates. The documentation includes source code listings, descriptions of program objectives, processing tasks, methods and procedures, and data manipulations, as well as input and output data, variable definitions, and data file organization. Machine-readable versions of the program and data are also provided.

LR-H-114

Library Reference H-114 disaggregates RPW data to break out delivery confirmation volume into four types of delivery, via: city carriers, rural carriers, box section clerks, and firm holdouts. As such, it is a computer analysis governed by Rule 31(k)(3). The first four pages of the library reference provide the appropriate foundational information.

LR-H-128

In LR-H-128, witness Smith provides the coverage factors used in the letter, card, and flat mail processing cost models developed by witnesses Daniel, USPS-T-29, Hatfield, USPS-T-25, and Seckar, USPS-T-26. Witness Smith's testimony, USPS-ST-45, provides citations to the testimony of the witnesses who use and describe coverage factors. This library reference describes the calculation of the coverage factors, as summarized in the Introduction.

Part I of H-128 provides the information on the computer programs used to compute the ODIS results used in the coverage factor calculations. See also the November 6, 1997, response of witness Smith to AMMA/USPS-ST45-1 and 2 for information on data sources and standard errors for the ODIS data estimates. The appendices to H-128 contain the computer programs. This part of the library reference is a computer analysis which is prepared in compliance with rule 31(k)(3).

Part II of H-128 contains the calculations of the coverage factors using the ODIS data from part I. The calculations are footnoted or described to explain how they are done. In addition, the Excel spreadsheets have also been provided to allow a detailed examination of the calculations. This part of the library reference is a workpaper prepared in compliance with rule 54(o).

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LR-H-129

In LR-H-129, witness Smith provides inputs for witnesses Alexandrovich, USPS-T-5, Patelunas, USPS-T-15, and Hume, USPS-T-18, regarding the distribution of DPS savings among classes and categories. This library reference also provides a disaggregation of the test year volume forecasts of witness Tolley, USPS-T-6, to determine volumes by shape. This work is described in USPS-ST-45, and in the summary page for H-129.

The calculations in H-129 are footnoted or described to explain how they are done. In addition, the Excel spreadsheets have also been provided to allow a detailed examination of the calculations. There are no statistical studies, econometric studies or computer analyses. This library reference consists of spreadsheets, which are workpapers prepared in compliance with rule 54(o).

The following is additional explanation for pages II-1 and II-2 of LR-H-129. The purpose of these pages is to adjust the test year model DPS percentages (from witnesses Hatfield, USPS-T-25, and Daniel, USPS-T-29) to reflect the test year city carrier DPS percentages. There are two reasons there is a difference between the overall test year DPS percentage as provided by the mail flow models (by Daniel and Hatfield) and the test year DPS percentage of letter mail for city carriers as provided at pages II-1 and II-2 of H-129. First, DPS is more targeted for city carriers, since they tend to staff the larger delivery offices. Second, all the budgeted savings for DPS or cost reductions for FY97 and FY98 are included for city carriers or cost segments 6 and 7 (see witness Patelunas, USPS-T-15, Exhibit USPS-T-15A. Thus, the calculation of the test-year percentage of DPS for city carriers, shown at pages II-1 and II-2 of LR-H-129, is the amount of DPS implied by the mail flow models minus the amount which is included in the base year volumes for rural carriers. Thus, the aggregate DPS volume for city and rural carriers used by witness Hume, USPS-T-18, is consistent with the overall DPS percentages determined by witnesses Daniel and Hatfield.

An alternative considered in the development of the distribution key for DPS savings contained in page I-1 of LR-H-129, was to use DPS city carrier volumes (column 6) as the distribution key. This was rejected, in favor of using these volumes weighted by the FY93 city carrier letter costs in order to reflect the different DPS savings potential of the classes and subclasses, as shown on page I-1.

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LR-H-130

Compliance of LR-H-130 with the Commission's documentation rules was discussed at length during voir dire by counsel for ANM at Tr. 4/1831-35.

LR-H-131

Study plan:

The objective of this study stated on page 2 is "to obtain national estimates of arrival and barcoding profiles for Parcel Post, DBMC, and Special Standard Rate parcels." A detailed description of the methods used to collect the data is found on page 7. There were no alternative courses of action considered and no assumptions were made so none are described. The facts and data upon which conclusions presented in Tables 1-4 are based are listed as input data presented on page 13. These data were estimated using a sample survey and computer analysis.

Sample Survey Criteria:

Design: The definition of the universe and sampling frame and units are described on pages 6-7 under section 2.A. Methodology, Sample Design. A discussion of sampling errors and confidence intervals are in the last paragraph of that section 2.A. on page 8. Section 2.A. describes the method of selecting the sample and the characteristics measured. Responses to UPS/USPS-T29-12a-e and g-k provide further elaboration on the sample design.

-- *Forms:* The forms used during data collection are presented in Attachment 1.

Training: A brief discussion of training is found on page 6 of the library reference and is describe further in response for UPS/USPS-T29-12f.

Expansion factors: Factors for rollups from sample BMC estimates to overall estimates are presented in a Table on page 10. The algorithm is shown in Attachment 3, which was inadvertently omitted from the copy of the library reference filed with the Commission on July 10, and was filed on August 15.

Computer Analysis Criteria:

General Description of the program: A general description of the data analysis performed is found on pages 9 -10 in section C, Data Analysis and The Inflation Process.

Processing tasks performed: In addition to the general description provided on pages 9-10, Section 3 Computer Documentation - BMC Parcel survey on page 11 "describes the procedures and methods used to produce the arrival and barcoding profiles . . ."

Listing of the input and output data: The input data are described in Section

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3.B. INPUT DATA on pages 11-12. The output data are presented in Tables 1-4 of the library reference.

Documentation: Hard copies of the documented source coded is provided in Attachment 2.

Modification to such data made for use in the program: Data entry and checks are described on page 8 of the library reference.

Input and output variables: The variables in each of the input data files are described on pages 13-16 in section C, File Formats.

Input and output file organization: The file format of each of the input data files are described on pages 13-16 in section C, File Formats. A list of the files on diskette including the input data, source programs, and output data are found on page 17.

LR-H-132

Study plan:

The objective of this study stated on page 2 is "to refine, expand, and update a study done in 1983 to support parcel post rates requested in Docket No. R84-1." A detailed description of the methods used to collect the data is found on page 2. There were no alternative courses of action considered and no assumptions were made, so none are described. The facts and raw data upon which conclusions presented in Attachment IV and V.D. are based are listed as input data presented in Attachments II and III. The final results were estimated using a sample survey and computer analysis.

Sample Survey Criteria:

Design: Section 1.0. Purpose of the Data Collection describes the method of selecting the sample and the characteristics measured on pages 1-2.

Forms: The forms used for data collection are presented in Attachment I.

Training: Detailed instructions were included on the forms. A description of follow-up discussion with field personnel is described on page 2.

Expansion factors: Factors for rollups from sample BMC estimates to overall estimates are discussed in Section 6.

Computer Analysis Criteria:

Attachments VII.A and B "Documentation of SAS Program used to Process the BMC Productivity Data - Analysis.SAS" pages 340-4 and "Documentation of SAS Program used to Weight the BMC Productivity Data - Sites.SAS" pages 491-500 enumerate

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and respond to each of the requirements for Rules 31(k).

LR-H-134

USPS-T-26 together with its supporting documentation in LR-H-134 constitute a general study whose foundational requirements are found in Rule 31(k)(1). As such, the foundational requirements of Rules 31(k) and 54(o) do not apply separately to LR-H-134; however, appropriate foundational information does appear in USPS-T-26.

LR-H-136 Creation of Data File TPANL96.WEIGHT.DISK

In accordance with Rule 31(k)(3), this library reference documents the creation of an input data set used in library references H-137, 138, 139, and 143. The program documented herein extracts data from the FY96 CCS database solely for the purpose of concatenating 4 quarterly data files to form a single data file comprising all data for FY96. The documentation includes source code listings, descriptions of program objectives, processing tasks, methods and procedures, and data manipulations, as well as input and output data, variable definitions, and data file organization. A machine-readable version of the program also is provided. H-30 provided additional documentation of the four quarterly input files, and these four files are provided on CD-ROM accompanying H-28.

LR-H-137 Description of Methods For Estimating Load Time Elasticities For City Carrier Letter Routes

In accordance with Rule 31(k)(3), this library reference documents two SAS programs. The first program calculates FY96 averages for actual and possible delivery variables and the volume variables that are used in the second program. The second program applies these average values, along with other inputs, to calculate elasticities of load time with respect to volumes and deliveries. The documentation includes source code listings, descriptions of program objectives, processing tasks, methods and procedures, and data manipulations, as well as input and output data, variable definitions, and data file organization. Machine-readable versions of the programs are also provided, as well as additional input files.

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LR-H-138 The Actual Stops Model

In accordance with Rule 31(k)(3), this library reference documents two SAS programs. The first program reads in the data from H-136. It separates these data into three sub-sets, one for each stop type. Then, for each stop type, it sums actual stops, possible stops and volumes by mail subclass over all stops tested on a given route on a given test day. These sums by route/test date are stored in an output file, which is read into the second SAS program. The second program applies econometric models previously used by the Commission to these data to estimate regressions for each stop type. The regressions define actual stops as functions of volumes and possible stops. These regressions are used to calculate elasticities by mail subclass and subclass group for each stop type. The documentation includes source code listings, descriptions of program objectives, processing tasks, methods and procedures, and data manipulations, as well as input and output data, variable definitions, and data file organization. Machine-readable versions of the programs are also provided.

LR-H-139 The Actual Deliveries Model

In accordance with Rule 31(k)(3), this library reference documents two SAS programs. The first program reads in the data from H-136. It separates these data into two subsets, one for stop type MDR and one for stop type BAM. Then, for each stop type, it sums actual deliveries, possible deliveries and volumes by mail subclass over all stops tested on a given route on a given test day. These sums by route/test date are stored in an output file, which is read into the second SAS program. The second program applies econometric models previously used by the Commission to these data to estimate regressions for each stop type. The regressions define actual deliveries as functions of volumes and possible deliveries. These regressions are used to calculate elasticities by mail subclass and subclass group for each stop type. The documentation includes source code listings, descriptions of program objectives, processing tasks, methods and procedures, and data manipulations, as well as input and output data, variable definitions, and data file organization. Machine-readable versions of the programs are also provided.

LR-H-140 Calculation of Fixed Time Per Stop

In accordance with Rule 31(k)(3), this library reference documents a SAS program and an EXCEL workbook. The program reads in the 1985 Load Time test data file from prior cases and creates an output file containing records by stop type for tests of carriers observed loading only one piece of letter mail. The output file is downloaded into the workbook and the workbook presents calculations performed on

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the data to estimate fixed time at stop by stop type. The documentation includes source code listings, descriptions of program objectives, processing tasks, methods and procedures, and data manipulations, as well as input and output data, variable definitions, and data file organization. Machine-readable versions of the program and workbook are also provided.

LR-H-141 The Quadratic Model For Estimating Running Time Elasticities

In accordance with Rule 31(k)(2), this library reference documents the regressions used to estimate the quadratic running time model described by witness Baron in his testimony. This model, documented by Postal Service witness Colvin in prior cases, is described in witness Baron's testimony, including the relevant economic theory, a complete description of the econometric model, and a complete description of the reasons for each major assumption and specification. The testimony also describes the variables selected and the justifications for their selection, and alternative models. The library reference provides additional documentation, in more detail, of the econometric techniques employed, and of the model, in the form of EXCEL workbooks, and a complete description of the details of each workbook, including formation of the input data matrices used to estimate the regressions, the estimation itself, and the application of the regression parameters to the calculation of running time elasticities. The library reference also provides relevant test statistics.

LR-H-142 The Quadratic Model With Interactions For Estimating Running Time Elasticities

This library reference documents regressions used to estimate the quadratic running time model with interactions described by witness Baron in his testimony. This model, employed by the Commission in prior cases, is described in detail in witness Baron's testimony. The library reference provides additional documentation, in more detail, of the econometric techniques employed by the Commission. The library reference also included two sets of SAS programs which apply the quadratic model with interactions to data found in H-143 and to CATFAT data from prior cases. In accordance with Rule 31(k)(3), the documentation includes source code listings, descriptions of program objectives, processing tasks, methods and procedures, and data manipulations, as well as input and output data, variable definitions, and data file organization. Machine-readable versions of the programs are also provided.

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LR-H-143 Calculation of Fiscal Year 1996 Average CCS Coverages

This program documents a SAS program which reads in data from 136 and calculates FY96 coverage ratios by stop type within each route group. In accordance with Rule 31(k)(3), the documentation includes source code listings, descriptions of program objectives, processing tasks, methods and procedures, and data manipulations, as well as input and output data, variable definitions, and data file organization. Machine-readable versions of the programs are also provided.

LR-H-144

LR-H-144 presents three studies of variable mail processing cost of Standard Mail (B) parcel post. The first study estimates mail processing costs by IOCS basic function and office type to support the development of DBMC parcel costs. The second study separates mail processing costs for parcel post into operation 07 (acceptance) costs and all other costs. The third study separates window service direct costs into costs for DBMC parcel post and all other parcel post. Because virtually all the information presented in LR-H-144 is developed and manipulated using computer programs, the basic structure of the library reference is designed to cover the material required to be produced in conjunction with computer related analysis by Commission Rule 31(k)(3). A description of the methodology used to estimate costs can be found in the Costs by Basic Function, Costs for Operation 07 and Window Service Costs for DBMC/Non-DBMC sections. Appendix 1 describes the programs used in the basic function and operation 07 analysis. Appendix 2 describes the programs used in the Window Service Costs analysis. Appendix 3 provides program source code listings. Appendix 4 contains all input and output files.

LR-H-146

LR-H-146 is a multipart library reference presenting material relating to the new methodology proposed to distribute mail processing clerk and mailhandler costs using IOCS and MODS information. Thus, LR-H-146 contains the details of the procedures and results presented by witness Degen in USPS-T-12, which are at the CRA-level of aggregation, and which are incorporated by witness Alexandrovich into his base year costs and rolled-forward into the test year by witness Patelunas. LR-H-146 also contains other types of information coming out of the new methodology for mail processing costs, and is thus used by other witnesses as the source of inputs for some of their cost study analyses. It contains job control language (JCL) and programs listings in hard-copy format, as well as certain machine-readable data files.

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Because virtually all of the information presented in LR-H-146 is developed and manipulated using computer programs, the basic structure of each part of the library reference is designed to cover the material required to be produced in conjunction with computer-related analyses by Commission Rule 31(k)(3). The basic structure, repeated throughout the library reference, is to set forth program objectives, programming processing tasks, methods and procedures employed, input data, output data, and source code.

LR-H-151 MLR Survey - Development and Data

This library reference provides documentation of the Motorized Letter Route Survey (MLR), in conformance with the requirements of Rule 31(k)(2). Clearly set out are descriptions of the purpose of the survey, the survey design (including definition of the universe under study), the sampling frame and units, and the methods used to select the sample and conduct the survey. Survey forms used are reproduced and rules followed for data editing are explained.

LR-H-152 SPR Survey - Development and Data

This library reference provides documentation of the Special Purpose Route Survey (SPR), in conformance with the requirements of Rule 31(k)(2). Clearly set out are descriptions of the purpose of the survey, the survey design (including definition of the universe under study), the sampling frame and units, and the methods used to select the sample and conduct the survey. Survey forms used are reproduced and rules followed for data editing are explained.

LR-H-153 Expedited Mail Survey - Development and Data

This library reference provides documentation of the Expedited Mail Survey (EMS), in conformance with the requirements of Rule 31(k)(2). Clearly set out are descriptions of the purpose of the survey, the survey design (including definition of the universe under study), the sampling frame and units, and the methods used to select the sample and conduct the survey. Survey forms used are reproduced and rules followed for data editing are explained.

LR-H-154 LDC24 Survey - Development and Data

This library reference provides documentation of the LDC24 Survey, in conformance with the requirements of Rule 31(k)(2). Clearly set out are descriptions

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of the purpose of the survey, the survey design (including definition of the universe under study), the sampling frame and units, and the methods used to select the sample and conduct the survey. Survey forms used are reproduced and rules followed for data editing are explained.

LR-H-155 Express Mail Study

This library reference provides documentation of the Express Mail Study, in conformance with the requirements of Rule 31(k)(2). Clearly set out are descriptions of the purpose of the sample survey, the survey design (including definition of the universe under study), the sampling frame and units, and the methods used to select the sample and conduct the survey. Survey forms used are reproduced and rules followed for data editing are explained. Since computer programs were to analyze the data, the documentation also contains source code listings, descriptions of program objectives, processing tasks, methods and procedures, and data manipulations, as well as input and output data, variable definitions, and data file organization, in accordance with Rule 31(k)(3). Machine-readable versions of the programs are also provided.

LR-H-156 MLR Survey - Programs and Output

This library reference provides additional documentation of the Motorized Letter Route Survey (MLR), in conformance with the requirements of Rule 31(k)(3). Clearly set out is a general description of each program used, program objectives, processing tasks, methods and procedures, documented program code, input data, data file organization, output files and instructions for executing the program code. Machine-readable versions of the program and inputs are also provided.

LR-H-157 SPR Survey - Programs and Output

This library reference provides additional documentation of the Special Purpose Route Survey (SPR), in conformance with the requirements of Rule 31(k)(3). Clearly set out is a general description of each program used, program objectives, processing tasks, methods and procedures, documented program code, input data, data file organization, output files and instructions for executing the program code. Machine-readable versions of the program and inputs are also provided.

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LR-H-158 Expedited Mail Survey - Programs and Output

This library reference provides additional documentation of the Expedited Mail Survey (EMS), in conformance with the requirements of Rule 31(k)(3). Clearly set out is a general description of each program used, program objectives, processing tasks, methods and procedures, documented program code, input data, data file organization, output files and instructions for executing the program code. Machine-readable versions of the program and inputs are also provided.

LR-H-159 LDC24 Survey - Programs and Output

This library reference provides additional documentation of the LDC24 Survey, in conformance with the requirements of Rule 31(k)(3). Clearly set out is a general description of each program used, program objectives, processing tasks, methods and procedures, documented program code, input data, data file organization, output files and instructions for executing the program code. Machine-readable versions of the program and inputs are also provided.

LR-H-169

Library Reference H-169 is an engineering study of Flats Sorting Machine model 1000. The information required by Rule 31(k)(1) is provided on the first page of the library reference.

LR-H-182

Study plan:

The objective of this study is to estimate unit volume variable costs for Standard Mail (A) by weight increment for carrier-route and other bulk mail separately. The primary data used in the analysis are available in LR-H-23 and the Base Year CRA. A discussion of methodology and assumptions is presented on pages 2-3. There were no alternative courses of action considered. The facts and data upon which conclusions presented in Tables 1-6 are based are listed as input data presented in LR-H-23 and the Base Year CRA. These data were estimated using computer and spreadsheet analysis. The spreadsheets used in the analysis were included on the diskette accompanying the Library Reference.

Computer Analysis Criteria:

General Description of the program: A general description of the data analysis used to estimate mail processing costs by weight increment is found in Appendix A, and the analysis used for window service and city carrier in-office costs is

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found in Appendix B.

Processing tasks performed: The processing tasks for each program are described in Appendices A and B.

Listing of the input and output data: The input data are described in Appendix A at pages A1-A2, Appendix B at pages B1-B2, and in LR-H-23. Input and output files and file formats are provided in Appendix D.

Documentation: Hard copies of the documented source code are provided in Appendix C.

Modification to such data made for use in the program: No modifications to the input data were made. The programs used contain internal editing procedures to verify the suitability of the tally data for studying weight. These can be found at pages C15-C20 for mail processing, and at pages C24-C25 for window service and city carrier in-office costs.

Input and output variables: The variables in each of the input data files are described at Appendix D.

Input and output file organization: The file format of each of the input data files are described at Appendix D.

LR-H-183

LR-H-183 (revised on 10/16/97) presents the incremental costs of load time used by witness Takis (USPS-T-41) in his estimation of incremental costs of various subclasses and groups of mail. This portion of witness Takis' analysis is computer-based, and the library reference provides hard-copy and machine-readable material cited in Commission Rule 31(k)(3).

LR-H-184

LR-H-184 presents the single subclass ratios used by witness Takis (USPS-T-41) in his estimation of incremental costs of various subclasses and groups of mail. This portion of witness Takis' analysis is computer-based, and the library reference provides hard-copy and machine-readable material cited in Commission Rule 31(k)(3).

LR-H-185

LR-H-185 is an update of the mail characteristics study first presented by witness Degen as part of his testimony (USPS-T-5) in Docket No. MC95-1. (In that case, the associated library reference was LR-PCR-7.) Because the information presented is derived from a sample survey, the short text of the library reference contains most of

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the information required by the Commission's rules on survey analyses, Rule 31(k)(2)(i). Other such information is found in Appendix A and B of the library reference. Appendix C is the program and file listing, containing the computer-related information which is the subject of Rule 31(k)(3).

LR-H-188

Library Reference H-188 provides electronic spreadsheets and SAS code that supports the Post Office Box survey discussed in USPS-T-24. As such, the foundational requirements of the Rules are not independently applicable to the library reference, although the material required by Rule 31(k)(3) appear throughout the library reference and its related testimony.

LR-H-189 Documentation of Rural Carrier Cost Development

This library reference consists of a SAS program that reads in a rural carrier data file produced by LR-H-192. The program then calculates volume variabilities for rural evaluated routes and "other" rural routes. In accordance with Rule 31(k)(3), the documentation includes source code listings, descriptions of program objectives, processing tasks, methods and procedures, and data manipulations, as well as input and output data, variable definitions, and data file organization. A machine-readable version of the program is also provided.

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LR-H-190

Study plan:

The objective of this study stated on page 2 is to "produce estimates of mail volume, packages, and containers by package and container presort levels and container type, for barcoded and nonbarcoded flat-shaped (second-class regular rate) mail." There were no alternative courses of action so none are described. All major assumptions relating to the study's design and implementation are described in Section II (Non-CPP) and Section III (CPP). The results of the study are reported in Tables 13-18 and are described in Section IV. The results of this study were estimated using a sample survey and computer analysis.

Sample Survey Criteria:

Design: The definition of the universe and sampling frame and units are described in Section I. A detailed description of the survey design and the sample selection are found in Sections II (Non-CPP) and III (CPP). Statistical confidence of estimates can be found in Appendix D.

Forms: The data collection forms are presented in Appendix C. Survey log forms

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are found in Appendix B.

Training: Training materials including instructions and example survey forms are found in Appendix A.

Expansion factors: Factors used to expand sample data are described in Sections II (Non-CPP) and III (CPP).

Computer Analysis Criteria:

General Description of the program: A general description of the computer programs used to obtain the various estimates and their standard errors can be found in Appendix E.

Listing of the input and output data: The input and output data are described in Appendix E.

Documentation: All the source code for the computer programs are contained in Appendix F.

Modification to such data made for use in the program: All data checking routines are described in Appendix E.

Input and output variables: The variables in each of the input data files are described in the source code as found in Appendix F.

Input and output file organization: The file formats of each of the input data files are described in the source code as found in Appendix F.

LR-H-195

Study plan:

The objective of this study stated on page 2 is to compile a "profile of containers, packages, and other characteristics of Standard (A) nonprofit rate mail preparation." There were no alternative courses of action so none are described. All major assumptions relating to the study's design and implementation are described in Section II. The results of the study are reported in Tables 5-18 and are described in Sections III through VI. These data were estimated using a sample survey and computer analysis.

Sample Survey Criteria:

Design: The definition of the universe and sampling frame and units are described on page 2 in Section I, Survey Summary. A detailed description of the survey design and the sample selection are found in Section II, Survey Methodology starting on page 2. Statistical confidence of estimates in Tables 5-15 can be found in Tables D1-D11.

Forms: The data collection forms are presented in Appendix C. Survey log forms are found in Appendix B.

Training: Training materials including instructions and example survey forms are

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found in Appendix A.

Expansion factors: Factors used to expand sample data are described in Section III, Estimation Procedures.

Computer Analysis Criteria:

General Description of the program: A general description of the computer programs used to obtain the various estimates and their standard errors can be found in Appendix E.

Listing of the input and output data: The input and output data are described in Appendix E.

Documentation: All the source code for the computer programs are contained in Appendix F.

Modification to such data made for use in the program: All data checking routines are described in Appendix E.

Input and output variables: The variables in each of the input data files are identical to those found in LR-H-105. For a description, see the response to AMMA/USPS-LR-H-105-2.

Input and output file organization: The file format of each of the input data files is identical to those found in LR-H-105. For a description, see the response to AMMA/USUS-LR-H-105-2. A list of the files on diskette including the input data, source programs, and output data are found in Appendix E, Section VII.

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LR-H-198

LR-H-198 presents the piggyback ratios used by witness Takis (USPS-T-41) in his estimation of incremental costs of various subclasses and groups of mail. This portion of witness Takis' analysis is computer-based, and the library reference provides hard-copy and machine-readable material cited in Commission Rule 31(k)(3).

LR-H-199

LR-H-199 was the original linked electronic version of the workpapers of witness Takis. When those workpapers were revised, a replacement library reference, USPS-LR-H-297 was filed on October 15, 1997, and entered into evidence on October 16 (Tr. 9/4780-81). The electronic linkages in the spreadsheets provide the cross-references required by Rule 54(o).

LR-H-225 Measuring the Effects of New Deliveries on Load Time

This library reference was produced in response to interrogatory NAA/USPS-

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T17-8a. It slightly augments the documentation from LR-H-137 by printing out additional statistics requested by the interrogatory.

LR-H-247, LR-H-254

Library References H-247 and H-254 were provided in response to interrogatories; accordingly, the foundational requirements of the Rules are inapplicable. Notwithstanding, these library references provide sufficient information to permit replication and manipulation of the data provided.

**LR-H-289 The Calculation of an Alternative Elasticity in Response to
UPS/USPS-T17-14**

This library reference was produced in response to interrogatory UPS/USPS-T17-14. It consists of an EXCEL workbook that calculates the aggregate SDR load time elasticity at volumes one percent above the averages used in Mr. Baron's testimony, as required to answer the interrogatory. A machine-readable version of the workbook is included.

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Re: H-77

Appendix One
page 1 of 2GENERAL PIGGYBACK MATRIX
BY COMPONENT NUMBERS

PIGGYBK6.WK1

Cost Segment	line no.	Mail Processing (1)	Window Service (2)	Claims & Inquiry (3)	City Carriers (4)	Vehicle Service Drivers (5)	Spec'l. Delivery Messengers (6)	Rural Carriers (7)
SALARIES								
direct	1	35	40	66	43	57	58+59=61	69+70=72
overhead	2	36			44			
quality control	3	423						
quality control	4	676						
supervision	5	04	07		20	675	028	674
supervision central mail markup	6	677						
joint supv. clks./math. & city carriers	7	678/694	678/694	678/694	678/694			
general supervision	8	31	032/523		032/523			
CAG K clerks	9	42						
equipment maintenance	10	75						
mvs personnel	11							
subtotal salaries	12	Subtotal	Subtotal	Subtotal	Subtotal	Subtotal	Subtotal	Subtotal
higher level supervision	13	030/294	030/294	030/294	030/294	030/294	030/294	030/294
administrative clerks: gen'l. office & clerical	14	422/294	422/294	422/294	422/294	422/294	422/294	422/294
cleaning and protection	15	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)
plant and equipment	16	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)
USPS Protection Force	17	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)
subtotal estimated salaries	18	Subtotal	Subtotal	Subtotal	Subtotal	Subtotal	Subtotal	Subtotal
employee and labor relations	19	528/525	528/525	528/525	528/525	528/525	528/525	528/525
time and attendance (C/S 2)	20	483/525	483/525	483/525	483/525	483/525	483/525	483/525
time and attendance (C/S 3)	21	477/525	477/525	477/525	477/525	477/525	477/525	477/525
total estimated salaries	22	Total	Total	Total	Total	Total	Total	Total
BENEFITS								
workers' compensation (current payment);	23	(292+487+529+)	(292+487+529+)	(292+487+529+)	(292+487+529+)	(292+487+529+)	(292+487+529+)	(292+487+529+)
replaced annual leave; holiday leave;	24	530+023+531+	530+023+531+	530+023+531+	530+023+531+	530+023+531+	530+023+531+	530+023+531+
Civil Service Retirement, annuitant COLA,	25	208+071+1435)	208+071+1435)	208+071+1435)	208+071+1435)	208+071+1435)	208+071+1435)	208+071+1435)
principal, & life ins; Retiree health benefits	26	.. /433	.. /433	.. /433	.. /433	.. /433	.. /433	.. /433
unemployment compensation	27	453/433	453/433	453/433	453/433	453/433	453/433	453/433
total estimated benefits	28	Total	Total	Total	Total	Total	Total	Total
OTHER EXPENSES								
contract cleaners	29	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)
mvs supplies and materials	30				096	550	097	556
mvs vehicle hire	31				105	568	106	
carfare	32				132		133	
driveout	33				141			
imputed rents	34	See Note #5(d2)	See Note #5(d2)	See Note #5(d2)	See Note #5(d2)	See Note #5(d2)	See Note #5(d2)	See Note #5(d2)
fuel and utilities	35	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)
supplies and services	36	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)	See Note #5(d1)
equip. maintenance supplies & services	37	184						
depreciation expenses:	38							
mail processing (and other equipment)	39	448			Sum 221-225	581	229	582
motor vehicle	40							
building and leasehold (imputed)	41	See Note #5(d2)	See Note #5(d2)	See Note #5(d2)	See Note #5(d2)	See Note #5(d2)	See Note #5(d2)	See Note #5(d2)
Subtotal depreciation expense	42	Subtotal	Subtotal	Subtotal	Subtotal	Subtotal	Subtotal	Subtotal
imputed capital interest expense:	43							
mail processing (and other equipment)	44	incl.			incl.	incl.	incl.	incl.
motor vehicle	45				incl.	incl.	incl.	incl.
building and leasehold	46	incl.	incl.	incl.	incl.	incl.	incl.	incl.
subtotal imputed capital interest expense	47	587/454	587/454	587/454	587/454	587/454	587/454	587/454
total other expenses	48	Total	Total	Total	Total	Total	Total	Total
ESTIMATED TOTAL ATTRIBUTABLE COSTS	49	Grand Total	Grand Total	Grand Total	Grand Total	Grand Total	Grand Total	Grand Total
SPACE RELATED								
Square foot basis (1099 represents the total)	50							
Basic distribution key	51	many	040	66	939	n/a	58	72
Direct/appropriate distrib. key	52	many; 1097	1001	1010	1039	n/a	1041	1040
Employee facilities ... (1047/947)	53	35, 36	40	66	256, 257	057	58+59=61	69+70=72
VMF related ... (1048/090)	54	n/a	n/a	n/a	distrib. key=087	distrib. key=545	distrib. key=088	distrib. key=546
Office related ... (1044/944)	55							
Rental value basis (1199 represents the total)	56							
Basic distribution key	57	many	040	66	939	n/a	58	72
Direct/appropriate distrib. key	58	many; 1197	1101	1110	1139	n/a	1141	1140
Employee facilities ... (1147/947)	59	35, 36	40	66	256, 257	057	58+59=61	69+70=72
VMF related ... (1148/090)	60	n/a	n/a	n/a	distrib. key=087	distrib. key=545	distrib. key=088	distrib. key=546
Office related ... (1144/944)	61							
NOTES:								
comp. Personnel:								
(a) C/S 11: Cleaning and protection (074/1099)	62							
(b) C/S 11: Plant and equipment (079/1099)	63							
(c) C/S 18: USPS Protection Force (194/1099)	64							
Non-Personnel:								
(d) C/S 11: Contract job cleaners (081/1099)	65							
(e) C/S 15: Imputed rents (165/1199)	66							
(f) C/S 15: Fuel and utilities (298/1099)	67							
(g) C/S 16: Supplies and services (297/1099)	68							
(h) C/S 20: Imputed bldg. deprec. (296/1199)	69							
Calculated thus:								
(a1) empl. fac.: sq.ft.								
(a2) rental val.: distrib. key # 1 (DK1)								
(b1) VMF: sq.ft.								
(b2) rental val.: distrib. key # 4 (DK4)								
(c1) office: sq.ft.								
(c2) rental val.: distrib. key # 5 (DK5)								
related space:								
(d1) sq.ft.: using c/s 11: cust.&protect.: {(a) x DK1} + {(a) x DK3} + {(a) x DK5} + {(a) x line 53}:								
(d2) rental val.: using c/s 15: imputed rents: {(e) x DK2} + {(e) x DK4} + {(e) x DK6} + {(e) x line 59}:								

Re: H-77
Appendix One
Page 2 of 2

**COMMENTS/NOTES
ON THE GENERAL PIGGYBACK MATRIX
BY COMPONENT NUMBERS**

- Line 7 ratio for each column is multiplied by line 1 component costs to estimate the corresponding functional share of the joint supervision cost.
- Line 12 subtotal is the sum of lines 1 through 11.
- Line 13 ratio is multiplied by each line 12 subtotal to estimate the corresponding functional share of the higher level supervisor costs.
- Line 14 ratio is multiplied by each line 12 subtotal to estimate the corresponding functional share of the administrative clerk costs.
- Line 18 subtotal is the sum of lines 12 through 17.
- Line 19 ratio is multiplied by each line 18 subtotal to estimate the corresponding functional share of the employee and labor relations personnel costs.
- Line 20 ratio is multiplied by each line 18 subtotal to estimate the corresponding functional share of the c/s 2 time and attendance personnel.
- Line 21 ratio is developed in the same manner as line 20 ratio.
- Line 22 is the sum of lines 18 through 21.
- Line 23 through 26 are summed and divided by the total personnel (component 525) to equal a ratio to be multiplied by each line 22 subtotal to estimate the corresponding functional share of subtotal benefits.
- Line 27 ratio is multiplied by line 22 subtotal to estimate the corresponding functional share of unemployment compensation costs.
- Line 28 is the sum of lines 26 and 27.
- Line 42 is the sum of lines 39 through 41.
- Line 47 ratio is multiplied by each line 42 subtotal to estimate the corresponding functional share of total capitalized interest cost.
- Line 48 is the sum of lines 29 through 37, plus lines 42, and 47.
- Line 49 is the sum of lines 22, 28, and 48.

**Designated Responses of the
United States Postal Service
to APWU Interrogatories**

**RESPONSE OF U.S. POSTAL SERVICE TO
INTERROGATORY OF AMERICAN POSTAL WORKERS UNION, AFL-CIO
REDIRECTED FROM WITNESS DANIEL**

APWU/USPS-T29-1. The text at page 1 of Exhibit USPS-29C uses a figure of 9.5391 cents per piece for the mail processing costs of bulk metered mail. Footnote 5 on that page indicates the figure in the text is incorrect and that it should be 10.5814 cents per piece. The library reference LR-H-106 cited in the footnote has the calculation only for the figure in the footnote, 10.5814 cents per piece. Please supply the calculation for the figure used in the text, 9.5391 cents per piece, as well as all the relevant workpapers that show the reason for the use of the changed calculation or led to the use of the changed calculation.

RESPONSE:

First, it is important to understand the background underlying the 9.5391 cent figure. The mail processing cost figure reported in Exhibit USPS-29C, page 1, is 9.5391 cents. Footnote 5 to the table on that page states, however, that after completion of the rate design for First-Class Mail, this figure (9.5391) was revised to 10.5814 cents. Witness Fronk uses the 9.5391 cent mail processing cost figure, but acknowledges that the correct figure of 10.5814 cents could not be incorporated in the rate design because it was not available at the time this proposal was approved by the Board of Governors. USPS-T-32 at 24. Library Reference H-106 accordingly supplies documentation underlying both the "uncorrected" mail processing cost figure of 9.5391 cents (USPS LR-H-106 at page II-11), and the "corrected" mail processing cost figure of 10.5814 cents (USPS LR-H-106 at page II-10).

Thus, the source of the "uncorrected" mail processing cost figure of 9.5391 cents reported in Exhibit USPS-29C should be page II-11 of USPS LR-H-106; however, the "uncorrected" figure reported on page II-11 of USPS LR-H-106 is 9.545 cents, which differs from the 9.5391 cent figure by nearly six one-thousandths of a cent. The sources of this difference, i.e., 0.0059 cent, in the "uncorrected" figure on page II-11 of LR-H-106, are four cells in the spreadsheet on page II-11. Specifically, the cells corresponding to the rows identified as "BMCs Othr" and "Non Mods," and columns 2

**RESPONSE OF U.S. POSTAL SERVICE TO
INTERROGATORY OF AMERICAN POSTAL WORKERS UNION, AFL-CIO
REDIRECTED FROM WITNESS DANIEL**

and 3 of those rows, which are correctly reported to be 148, 600, 172852, and 492710, respectively, should be replaced with the uncorrected figures of 176, 668, 195413, and 558991 to generate the 9.5391 cent figure. The source of the latter figures, *i.e.*, 176, 668, 195413, and 558991, was a prior draft version of the output of the program contained in USPS LR-H-146, Part III. This accounts for the difference in the 9.545 cents reported on page II-11 of LR-H-106 and the 9.5391 cent figure.

An erroneous input in an underlying equation accounts for the difference between the "corrected" figure of 10.5814 cents reported in USPS LR-H-106 at page II-10 and the "uncorrected" figure of 9.545 reported on page II-11 of that library reference. Specifically, the annual volume of metered, First-Class single piece letters was calculated with an incorrect input. The annual volume of metered, First-Class single piece should be calculated by using ODIS data to determine the proportion of this mail that is metered, and multiplying that ratio by the total volume of First-Class single piece letters. In developing the 9.545 figure, the proportion of metered mail was multiplied by the First-Class single piece volume *for all shapes* (54,394,310,000), not just *letters*. This error led to an overstatement of metered First-Class single-piece letters (21,133,980,000, as used in page II-11 of USPS LR-H-106), and the consequent understatement of unit cost.

The "corrected" figure of 10.5814 cents relies upon the correct volume of First Class single piece letters, *i.e.*, 49,065,223,000. The volume underlying the 10.5814 figure is calculated using First-Class single-piece letter-shaped metered volume, which is calculated as shown in the equation below:

$$FCM \text{ Single-Piece Letter Shaped Metered} = 0.388532915 * 49,065,223,000$$

where the figure 0.388532915 is the proportion of First-Class single piece letters that are metered, according to FY96 ODIS data reported in USPS LR-H-126 App. A, and the figure 49,065,223,000 is the total volume of First-Class single-piece *letters* reported

**RESPONSE OF U.S. POSTAL SERVICE TO
INTERROGATORY OF AMERICAN POSTAL WORKERS UNION, AFL-CIO
REDIRECTED FROM WITNESS DANIEL**

in USPS LR-H-129 page II-3. The equation above yields a volume of 19,063,454,000 First-Class Metered single piece letters. This figure is correct; however, in preparing the response to this interrogatory, it was discovered that the *explanation* (not the figure itself) of the calculation of the volume figures shown in USPS LR-H-129 page II-3, contains errors in lines 2 and 3, which are corrected in a separately filed erratum.

**Designated Responses of the
United States Postal Service
to CRPA Interrogatories**

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF THE CRPA
REDIRECTED FROM WITNESS TAYMAN

CRPA/USPS T-9-1. Local post offices currently promote the sale of "Looney Tunes" stamps and "stamp products" featuring Bugs Bunny and other cartoon characters. The "stamp products" include neckties, baseball caps, ear rings, pins, wrapping tissue, etc. Has the Postal Service entered any agreement by which any consideration, economic or otherwise, is either received by or paid by the Postal Service to the owner of the Looney Tunes characters for such use on stamps or stamp products? If your response is anything other than an unqualified "no", please describe all economic and non-economic considerations involved in the Postal Service's use of Looney Tunes characters.

RESPONSE:

The only Looney Tunes character that has appeared on a postage stamp is Bugs Bunny. The Postal Service did not pay royalties to the owner of this character, Time Warner Entertainment Company, for its use on the postage stamp. Pursuant to a license agreement between the Postal Service and Time Warner Entertainment Co., both the Postal Service and Time Warner Entertainment Company collect royalties from the use of the Bugs Bunny stamp design on retail products.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF THE CRPA
REDIRECTED FROM WITNESS TAYMAN

CRPA/USPS T-9-2. Local post offices are currently selling an array of cartons and mailing envelopes. Does the Postal Service's sale of these products yield, or is it expected to yield, revenue in excess of the costs of these items to the Postal Service, i.e. a surplus?

RESPONSE:

The Postal Service does not track the total cost of selling cartons and mailing envelopes. However, it is the Postal Service's goal to earn revenues in excess of the costs of selling cartons and mailing envelopes.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF THE CRPA
REDIRECTED FROM WITNESS TAYMAN

CRPA/USPS T-9-3. If your response to question CRPA/USPS T-9-2 is anything other than an unqualified "no", please indicate whether such surplus is used to offset the Postal Service's institutional costs.

RESPONSE:

Revenues from cartons and mailing envelopes are included under other income and contribute to the coverage of other costs. The costs of cartons and mailing envelopes are included under the other cost portion of segment 16, component 16.3.1. Other costs are allocated across all mail and service categories.

**Designated Responses of the
United States Postal Service
to DBP Interrogatories**

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

DBP/USPS-5 USPS Postal News Release Number 69 dated July 23, 1997 indicates that new machines were purchased to sort newspapers and magazines. These machines are expected to save at least \$75 million annually. Release Number 70 dated July 29, 1997 indicates plans to automate non-barcoded flat mail with a planned saving of more than \$100 million annually. [a] Provide a complete listing of all planned or announced purchases or improvements announced or planned in the past year which are expected to result in a savings of \$5 million annually [for each of the specific items]. [b] How are each of the expected savings accounted for in this Docket?

RESPONSE:

Cost reduction programs associated with the purchase and deployment of automated equipment and the estimated savings related to these programs are detailed on pages 94 and 95 of Library Reference H-12 and in Exhibit C of Library Reference H-10. A narrative description of each program and the basis for the savings calculations can also be found in Section 1 of Library Reference H-10. These savings are reflected in the rollforward model.

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

DBP/USPS-6 With respect to the performance goals which have been established for the delivery of mail as noted in response to Rule 54[n],

- [a] is ODIS still utilized by the Postal Service?
- [b] If so, provide a copy of the last report.
- [c] Confirm that Price Waterhouse conducts external measurements [EXFC] to evaluate delivery performance.
- [d] What classes of mail does the EXFC program measure?
- [e] Confirm that the EXFC measures performance in 96 areas in the country?
- [f] What percentage of the country's mail do these 96 areas represent?
- [g] What measurements are made of the delivery performance in areas which are outside the 96 EXFC areas?
- [h] Are there any plans to extend the EXFC program beyond the existing 96 areas?
- [i] If so, provide details. If not, why not?

[The responses to subparts (k) - (u) will be provided under separate cover]

- [v] Does Price Waterhouse mail more than one letter in any given collection box on any given day?
- [w] If so, elaborate and explain.
- [x] If more than one letter is mailed and there is a failure in the collection or processing of that box, how does that affect the results?
- [y] Is there any feedback provided by Price Waterhouse to the Postal Service with respect to the possible causes for delayed mail?
- [z] What percentage of the EXFC mail is non-letter size mail?
- [aa] What percentage of all First-Class Mail is non-letter size mail? Responses to subparts aa, cc, and ee should be made to provide the most appropriate calculation to attempt to confirm that the EXFC program is attempting to match the actual mail characteristics. Provide details on how each calculation was performed.
- [bb] What percentage of the EXFC mail is flat size?
- [cc] What percentage of all First-Class Mail is flat size?
- [dd] What percentage of the EXFC mail is hand addressed [as opposed to typed/printed]?
- [ee] What percentage of all First-Class Mail is hand addressed?
- [ff] Explain any differences between the responses to subparts aa, cc, and ee and their corresponding EXFC value.
- [gg] Are there any data which is developed in the EXFC program or other Postal Service data collection which relates specifically to the delivery performance of different shapes and categories of First-Class Mail including flats as well as hand-addressed mail?
- [hh] If so, provide the data for the past year.
- [ii] If not, explain why this data is not collected.
- [jj] Provide a full and complete listing of the methodology utilized for the EXFC program.

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RESPONSE:

- a. Yes.
- b. This information is filed periodically with the Postal Rate Commission.
- c. EXFC does not measure delivery performance, but end-to-end service performance. For the purpose of this interrogatory only, we will use the terms delivery performance and service performance interchangeably. Currently, Price Waterhouse is the responsible vendor.
- d. First-Class Mail.
- e. EXFC measures service performance for 96 cities and 301 3-digit Zip Code areas.
- f. These 96 cities and 301 3-digit Zip Code areas represent approximately 62% of the nation's destinating First-Class mail volume.
- g. None at this time.
- h. None at the time of this response.
- i. The current system provides adequate coverage (62% of all destinating mail volume) and service performance information for Postal management. The actual costs for obtaining the additional measurement for the additional 38% of destinating volume has, to this point in time, been deemed too expensive for the perceived benefit.

[responses to DBP/USPS-6(j)-(v) will be filed under separate cover]

- v. Yes.

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- w. Price Waterhouse deposits varying numbers of First-Class Mail pieces (letters, flats, postcards, double postcards) in collection boxes at one time but with a requirement to deposit no more than 40 singulated pieces in any one box.
- x. This question cannot be answered the way it is phrased. The impact depends upon the number of pieces seeded in the box and the number of failures from the box.
- y. Occasionally.
- z. About ten percent.
- aa. Our source for shape-based information is derived from the Origin-Destination Quarterly Statistics Report. The only source for approximating mail volume by shape is ODIS. EXFC is designed to loosely approximate the First-Class mailstream by shape. The structure of EXFC is based upon a static review of the mail's composition by shape. A review of its structure occurs at the time of contract renewal or when we feel a change has occurred. Further, since seeding occurs during the same time period when shape-based data is collected, it is highly unlikely that EXFC will match the actual mailstream. From a shape-based standpoint, EXFC excludes First-Class packages and parcels. The percentage of all First-Class mail that is not letter size according to the Origin-Destination Quarterly Statistics Report for Postal Quarter III, FY 1997 was 11.7% (excluding all foreign mail).
- bb. The percentage of EXFC pieces that are flat size is roughly 5 percent.

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cc. According to the Origin-Destination Quarterly Statistics Report for Postal Quarter III, FY 1997, 5.8 percent.

dd. 32.8% as of the end of FY 1997.

ee. Unknown.

ff. There are no significant differences.

gg. Please see response to subpart (hh), below.

hh. The numbers in the following table do not have the same statistical reliability nor value as the service performance numbers by service commitment. EXFC was not designed to provide reliable estimates by shape. The numbers below have been rounded for ease of understanding.

EXFC MEASUREMENT SYSTEM
LETTERS VS FLATS VS CARDS

	OVERNIGHT SCORE	TWO-DAY SCORE	THREE-DAY SCORE
CARDS	90%	75%	75%
FLATS	83%	64%	64%
LETTERS	92%	77%	78%
TOTAL	92%	76%	77%

jj. Please see response to subpart (hh), above.

kk. An independent contractor hires individuals to seed, or, in system parlance, drop First-Class Mail in collection boxes and business chutes. The pieces are delivered to independent reporters unknown to the Postal Service. Results are telephoned to the contractor, who calculates the results and provides them to the Postal Service.

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DBP/USPS-6

With respect to the performance goals which have been established for the delivery of mail as noted in response to Rule 54[n], . . .

- [n] Are there instances where the time shown on the collection box label is deliberately made well before the actual collection time [such as the box being marked at 9 AM even though the box is collected in the afternoon] so as to reduce the likelihood of the collection box being collected early?
- [p] Do Sections 313.2 and 313.3 of the POM require that all motorized collections be made between the time shown on the label and 20 minutes after that time and all letter carrier collections of residential boxes be made after the time shown on the label and to the extent practicable no later than 20 minutes after the time shown on the label?
- [q] If not, explain.
- [r] Would the conditions described in subpart n meet the requirements of POM Sections 313.2 and 313.3?
- [s] If so, explain.
- [t] Confirm that the "extent practicable" in Section 313.3 relates to the fact that start of the 20 minute collection time window starting at the label time should be the time that the letter carrier will normally be in the area to collect the box and that it will never be collected early and that there may be some instances where the carrier may be delayed in covering the route so as to arrive more than 20 minutes after the label time.
- [u] If not, why not?

RESPONSE:

- [n] It would take a comprehensive examination of each decision concerning each current collection box pick-up time in order to determine whether any time shown on any collection box label was "deliberately made well before the actual collection time so as to reduce the likelihood of the collection box being collected early." In the absence of such a survey, it is

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impossible to say, one way or the other, whether such a situation currently exists.

[p] Those are the general requirements.

[q] N/A

[r] They might not. Any particular instance, should it exist, would have to be judged on its own merits and in light of all relevant information.

[s] N/A

[t] Not confirmed.

[u] There may be exigent circumstances which may motivate a local decision to collect mail early; for instance, in anticipation of disruptive adverse winter weather conditions.

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DBP/USPS-8.

[x] Confirm in general that air transportation will be more costly than surface transportation.

[y] Confirm in general that air transportation will provide more expeditious service than surface transportation.

[z] If not, explain.

[aa] Is air transportation utilized in all instances where it would advance the delivery time for First-Class Mail by one of two days over that which may be obtained by utilizing surface transportation in whole or in part?

[bb] If not, why not and explain how the handling of this mail could be considered to be handled expeditiously.

[cc] Provide copies of any regulations, directives, or memoranda issued at Area or above level which specify when to utilize air transportation service.

[dd] Provide copies of any press releases, directives, or other memoranda issued at the Headquarters level to indicate the level of service that would be provided to First-Class Mail at the time that Air Mail was eliminated as a separate domestic service some twenty years ago.

[ee] Does the level to which air transportation is utilized today match the level that was stated when Air Mail was eliminated as a separate service?

[ff] If not, explain how and why it does not.

Response to DBP/USPS-8.

[x] Confirmed.

[y] Not confirmed.

[z] There are instances when surface transportation is both more consistent and more expeditious than air. This is a function of factors such as distance, air line schedules, air carrier capacity, etc.

[aa] No.

[bb] The Postal Service chooses its transportation based on service commitment and cost.

[cc] Objection filed on September 25, 1997.

[dd] Objection filed on September 25, 1997.

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[ee] Objection filed on September 25, 1997.

[ff] Objection filed on September 25, 1997.

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DBP/USPS-8. . . .

- [e] Explain the significance between the use of the word "mailing" in DMCS Section 223.1[b] and the word "handling" in DMCS Section 252 as they are modified by the word "expeditious".
- [f] Explain the appropriateness of the wording of the DMCS where "expeditious handling" applies to all three subclasses while "expeditious mailing" applies to only one of the three subclasses.
- [g] Confirm that if I have a one-ounce envelope to mail that it will presently cost 32-cents to mail via the Letters or Sealed Parcels subclass and cost \$3.00 to mail under the Priority Mail subclass.
- [h] If not, explain.
- [i] Enumerate and explain the level of service that I would receive for each of the two articles referenced in subpart g if they are destined to an overnight delivery area.
- [j] Same as subpart i except destined to the two-day delivery area.
- [k] Same as subpart i except destined to the three-day delivery area.
- [l] Explain the differences in handling between the two articles when they are destined to the overnight delivery area.
- [m] Explain the differences in handling between the two articles when they are destined to the two-day delivery area.
- [n] Explain the differences in handling between the two articles when they are destined to the three-day delivery area.
- [o] Confirm that the mail processing system for the Letters and Sealed Parcels and the Cards subclass is the same.
- [p] If not, explain and provide details on the two systems and the differences between them.
- [q] Is there a separate mail processing system for Priority Mail [as opposed to that used for the other two subclasses]?

RESPONSE:

- [e] There is none.
- [f] Since the words effectively communicate the concepts, they seem appropriate. They are not, however, the only appropriate words.
- [g&h] Confirmed.

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- [i-k] The First-Class Mail piece would be processed in the First-Class Mail stream; the Priority Mail piece would be processed via the Priority Mail stream.
- [l-n] Depending on the applicable First-Class Mail or Priority Mail delivery standards, it is expected that each mail piece would be processed and transported in a manner which best ensures that the applicable delivery standards are met. Differences in handling are difficult to describe in the absence of information about the origins and destinations of the hypothetical pieces, locations and times and methods of acceptance or entry, relevant variations in local processing operations, and available transportation alternatives.
- [o-p] Generally, yes.
- [q] Yes.

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DBP/USPS-8

- (e) Explain the significance between the use of the word "mailing" in DMCS Section 223.1[b] and the word "handling" in DMCS Section 252 as they are modified by the word "expeditious".
- (f) Explain the appropriateness of the wording of the DMCS where "expeditious handling" applies to all three subclasses while "expeditious mailing" applies to only one of the three subclasses.
- (g) Confirm that if I have a one-ounce envelope to mail that it will presently cost 32-cents to mail via the Letters or Sealed Parcels subclass and cost \$3.00 to mail under the Priority Mail subclass.
- (h) If not, explain.
- (i) Enumerate and explain the level of service that I would receive for each of the two articles referenced in subpart g if they are destined to an overnight delivery area.
- (j) Same as subpart i except destined to the two-day delivery area.
- (k) Same as subpart i except destined to the three-day delivery area.
- (l) Explain the differences in handling between the two articles when they are destined to the overnight delivery area.
- (m) Explain the differences in handling between the two articles when they are destined to the two-day delivery area.
- (n) Explain the differences in handling between the two articles when they are destined to the three-day delivery area.
- (o) Confirm that the mail processing system for the Letters and Sealed Parcels and the Cards subclass is the same.
- (p) If not, explain and provide details on the two systems and the differences between them.
- (q) Is there a separate mail processing system for Priority Mail [as opposed to that used for the other two subclasses]?
- (r) If so, explain the details of the system and the differences between it and the system

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used for the other two subclasses.

- (s) *Since Priority Mail is being advertised as having a two- to three-day delivery standard, is there any Priority Mail which is designed to be delivered overnight?*
- (t) *If so, why is it not advertised as a one- to three day delivery standard?*
- (u) *If not, why would a mailer utilize Priority Mail for an article weighing 11 ounces or less which was destined for the overnight First-Class Mail delivery area?*
- (v) *Are there any plans to improve the delivery standards for Priority Mail?*
- (w) *If so, explain and elaborate.*
- (x) *Confirm in general that air transportation will be more costly than surface transportation.*
- (y) *Confirm in general that air transportation will provide more expeditious service than surface transportation.*
- (z) *If not, explain.*
- (aa) *Is air transportation utilized in all instances where it would advance the delivery time for First-Class Mail by one or two days over that which may be obtained by utilizing surface transportation in whole or in part?*
- (bb) *If not, why not and explain how the handling of this mail could be considered to be handled expeditiously.*

RESPONSE:

- (e) There is none.
- (f) Since the words effectively communicate the concepts, they seem appropriate.
- (g-h) Confirmed.
- (i-k) In each instance, the Postal Service commits to delivery within the specified time frame; i.e., either overnight, within two days, or within three days. However, each

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piece would be processed and dispatched in its appropriate mail stream in accordance with the distribution priorities outlined in section 453 of the Postal Operations Manual (POM 7).

- (l-n) Depending on the applicable First Class Mail or Priority Mail delivery standards, it is expected that each mail piece would be processed and transported in a manner which best ensures that the applicable delivery commitments are met. Differences in handling are difficult to describe in the absence of information about the origins and destinations of the hypothetical pieces, locations and times and methods of acceptance or entry, relevant variations in local processing operations, and available transportation alternatives. In general, a higher percentage of Priority Mail will receive air transport because the two-day commitment area for Priority Mail is much greater than the two-day commitment area for First Class Mail.
- (o) *Not Confirmed.* While it is true that First Class and/or Priority letters, cards, and parcels may pass through the same processing facilities and/or may utilize some of the same transportation, the "mail processing system", as used in the context of the equipment and processes that are used in processing, is different for letters/cards and parcels. Letters and cards are generally processed on automated processing equipment with the use of barcode technology while sealed parcels are generally sorted manually and/or on Small Parcel and Bundle Sorters (SPBSs).
- (p) See the testimony of witness Pajunas (USPS-T-2) in Docket No. MC95-1 for additional details on the processing of letter mail.

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- (q-r) Some Priority Mail is processed through the network of Priority Mail Processing Centers (PMPC's). See response to UPS/USPS-T33-1 for the differences between Priority Mail processed through the PMPC's and Priority Mail that is not processed through the PMPCs.
- (s) Yes. Generally, the overnight commitment areas for First Class and Priority Mail are congruent.
- (t) As mentioned in (s), the overnight commitment area for Priority Mail and First Class are generally congruent. Accordingly, the overnight commitment for a Priority Mail is limited in relation to the overall delivery area covered by two-day and three-day commitments.
- (u) N/A.
- (v-w) As mentioned in the response to UPS/USPS-T33-1, the Postal Service has awarded a contract to outsource the development and activation of a two-day Priority Mail Network. The goal of this network is improve the reliability and reach of the two-day product, as well as provide the opportunity to introduce new features in conjunction with a redefinition of the product.
- (x) Confirmed that the cost of moving a piece of mail on air transportation will generally be higher than the cost of moving a piece of mail on surface transportation.
- (y-z) We confirm that in general, based on reasonable distances, it is faster to fly a piece of mail on air transportation than to drive it using surface transportation. However, if mail is delayed or misses a flight it may be faster to drive it. Also, in most cases mail

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receiving air transportation will require additional handling for transfer of mail from the USPS to the air carrier at origin and back again at destination, and an extra trip of surface transportation to and from the airport, in which it may arrive at its destination at the same time or after a piece of mail traveling on surface transportation.

(aa) No.

(bb) The requirements for postal procured transportation are dependent on the operating parameters of the originating and destinating plants and the service commitment of the mail. Within these parameters, the most cost effective transportation providing the highest degree of dependability is chosen. First Class Mail is handled expeditiously in that it is processed in accordance with the distribution priorities outlined in section 453 of the Postal Operations Manual (POM 7).

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DBP/USPS-9
(h) - (aa)

DBP/USPS-9

(h) Does the USPS have a requirement that all mail which is placed into the system on a given day will be postmarked that day and will be processed that same day? (i) Does the USPS have a requirement that all mail turned in over a service window that is open to the public will be postmarked that day and will be processed that same day? (j) Does the USPS have a requirement that all mail turned into a city delivery, rural, or HCR carrier or which is collected by a carrier will be postmarked that day and will be processed on that day? (k) Does this apply to all delivery dates including Saturday? (l) Explain and elaborate on any negative answers. (m) Is Exhibit 125.22 of POM (issued August 1, 1996) the latest version of holiday service levels? (n) If not, provide a copy of the latest version as well as copies of any Headquarters directives or memoranda related to any changes. (o) With respect to the footnote to that Exhibit requiring exception to these service levels be approved by the Chief Operating Officer and Executive Vice President, confirm that this requirement is still current. (p) If not, advise the current regulation. (q) Have any exceptions been approved since August 1, 1996 in accordance with that footnote or any succeeding regulation noted in subpart p above? (r) If so, elaborate and provide a listing of all exceptions granted. (s) Are the members of the mailing public entitled to receive the level of service that is mandated in the various directives including POM Exhibit 125.22 and/or which is posted in the lobbies of the various postal facilities as to their operating hours and/or which is posted on the various collection boxes as to the time the mail will be collected? (t) If not, explain. (u) Are POM Sections 322.233 and 322.343 [August 1, 1996 issue] still current with respect to the requirement for at least one collection on Sundays and holidays? (v) If not, provide a copy of the latest version as well as copies of any Headquarters directives or memoranda related to any changes. (w) To what extent would elimination of Sunday collections and mail processing have on the processing and delivery of First-Class Mail? (x) Would this result in any reduction or additional costs? (y) If so, elaborate and enumerate. (z) If Sunday and holiday collections and mail processing have been eliminated, are there any plans to resume them? (aa) If so, explain and elaborate.

Response

(h): It is unclear what "placed into the system" means. Since this question includes reference to postmark and processing, we assume "placed into the

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(h) - (aa)

system" refers to single piece First-Class Mail. Mail deposited in collection boxes will be picked-up in accordance with the times specified on the box and processed (i.e., postmarked and distributed) that same day.

(l): Generally yes. However, there are circumstances when a retail window may be open 24 hours a day. In those circumstances, a time is posted for the latest available acceptance in time for processing and dispatch to meet service commitments. Mail received after that time may, at the customer request receive a local postmark. It will however, not be dispatched until the following day for subsequent processing.

(j): Yes. However, there may be circumstances when the carrier, HCR driver, etc., is late returning to the office (e.g., for weather related problems or vehicle breakdowns, etc.) and misses the last dispatch to the processing plant.

(k): Yes.

(l): N/A

(m): Yes

(n): N/A

(o): Confirmed. However, the service levels noted in the Exhibit are the minimum levels to be provided. Local and Area management may increase the levels of service provided.

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(h) - (aa)

(p): N/A

(q): No reductions in service have been approved. However, there have been circumstances where local/Area management has increased the levels of service provided (e.g. the delivery of parcels on Sunday during the UPS strike).

(r): None have been nationally approved.

(s): Yes

(t): N/A

(u): Yes. Note, however, that the number and location of such collections may be limited.

(v): N/A

(w): *Since as noted in part (u) above, Sunday collections are limited, their elimination would have minimal impact on processing and delivery. It should be noted however, that the Postal Service does not perform outgoing distribution on Sundays.*

(x): Given the circumstances described in parts (w) and (u), the cost impacts would be negligible.

(y): N/A

(z): Sunday collections still exist and there are no plans to eliminate them.

Sunday outgoing processing has already been eliminated and there are no plans to resume that operation.

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(h) - (aa)

(aa): Not applicable.

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DBP/USPS-9

In regard to the Service Commitments/performance goals for First-Class Mail,

- [b] Do the delivery standards apply regardless of the method by which the article is addressed such as printed vs. handwritten?
- [c] Do the delivery standards apply regardless of whether the article has no ZIP Code or a 5- or 9- digit ZIP Code?
- [e] Do the delivery standards apply regardless of any other services that are utilized such as Certified Mail, Registered Mail, COD, Insured Mail?
- [g] Elaborate and explain any negative answers.
- [h] Does the USPS have a requirement that all mail which is placed into the system on a given day will be postmarked that day and will be processed that same day?
- [i] Does the USPS have a requirement that all mail turned in over a service window that is open to the public will be postmarked that day and will be processed that same day?
- [j] Does the USPS have a requirement that all mail turned into a city delivery, rural, or HCR carrier or which is collected by a carrier will be postmarked that day and will be processed on that day?
- [k] Does this apply to all delivery dates including Saturday?
- [l] Explain and elaborate on any negative answers.
- [m] Is Exhibit 125.22 of POM [issued August 1, 1996] the latest version of holiday service levels?
- [n] If not, provide a copy of the latest version as well as copies of any Headquarters directives or memoranda related to any changes.
- [o] With respect to the footnote to that Exhibit requiring exceptions to these service levels be approved by the Chief Operating Officer and Executive Vice President, confirm that this requirement is still current.
- [p] If not, advise the current regulation.

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- [q] Have any exceptions been approved since August 1, 1996 in accordance with that footnote or any succeeding regulation noted in subpart p above?
- [r] If so, elaborate and provide a listing of all exceptions granted.
- [s] Are the members of the mailing public entitled to receive the level of service that is mandated in the various directives including POM Exhibit 125.22 and/or which is posted in the lobbies of the various postal facilities as to their operating hours and/or which is posted on the various collection boxes as to the time the mail will be collected?
- [t] If not, explain.
- [u] Are POM Sections 322.233 and 322.343 [August 1, 1996 issue] still current with respect to the requirement for at least one collection on Sundays and holidays?
- [v] If not, provide a copy of the latest version as well as copies of any Headquarters directives or memoranda related to any changes.
- [w] To what extent would elimination of Sunday collections and mail processing have on the processing and delivery of First-Class Mail?
- [x] Would this result in any reduction or additional costs?
- [y] If so, elaborate and enumerate.
- [z] If Sunday and holiday collections and mail processing have been eliminated, are there any plans to resume them?
- [aa] If so, explain and elaborate.

RESPONSE:

(b) No. A piece that is handwritten may be illegible and therefore it could be impossible to deliver the piece within the standards of the service commitment.

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(c) No. See page 10-3 of the 1997 National Five-Digit ZIP Code and Post Office Directory for a listing of service commitments.

(e) Yes, but with the understanding that an attempt at delivery is the same as a delivery.

(g) See page 10-3 of the 1997 National Five-Digit ZIP Code and Post Office Directory for a listing of service commitments that apply only to ZIP coded mail.

(h-l) There are no explicit requirements stating that all mail received on a given day must be postmarked and processed that same day. For instance, mail that is deposited in a collection box after the last designated pick-up time indicated on the box would not be postmarked and processed the same day. Likewise, it is possible that a piece of mail could be given to a carrier that is delivering a piece of Express Mail, so there is not an explicit requirement that states that all mail turned into a carrier on a given day will be postmarked and processed that same day. As for mail received over a service window, that mail is generally dispatched from the associate office to the mail processing facility and is therefore postmarked and processed that same day. However, there are some Post Offices in rural areas where mail is accepted after a cut-off time signifying the last dispatch of the day, so the mail would not be postmarked and processed the same day.

(m) Yes.

(n) N/A.

(o) Yes.

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(p) N/A.

(q-r) In 1996, exceptions for Christmas and New Year's Eves were authorized.

Collections and retail operations were suspended early on both days at the discretion of local management and varied by locality.

(s) Yes.

(t) N/A.

(u) Yes.

(v) N/A

(w) Sunday collections advance mail to the plant for outgoing cancellation and processing. Eliminating Sunday collections would delay this mail in getting to the plant for canceling and processing which could result in the mail being dispatched on later transportation to the network.

(x) The exact impact is not known. However, it is important to understand that the transportation used for dispatching Sunday collections from the associate offices to the plants is not limited to just collection mail. Other non-collection mail as well as empty equipment is also hauled on these trips. As a result, eliminating Sunday collections would not necessarily yield cost reductions.

(y) N/A.

(z) Sunday and holiday collections are done in accordance with the holiday service levels contained in Exhibit 125.22 of the Postal Operations Manual (POM 7). Mail processing schedules are set in accordance with the needs of the local facility.

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(aa) N/A

DBP/USPS-13

(h) Confirm, or explain if you are unable to do so, that if the "break point" between the per ounce rates and the flat rate were to be changed from 11 ounces to a greater weight, that the proposed rate for a 12 ounce letter would be \$2.86 and for a 13 ounce letter would be \$3.09 and that both of these rates would be less than the proposed \$3.20 rate.

(i) Was any consideration given to changing the "break point" from 11 ounces to either 12 or 13 ounces?

(j) If so, provide details and the reasons for not adopting such a change.

(k) If not, explain why not?

(l) Explain why it is believed that such a high difference between the 11 or 12 ounce rates being proposed is fair and equitable?

RESPONSE:

(h) Not confirmed. Whether or not these would be the proposed rates if the break point were changed would depend upon the reconciliation of a variety of factors bearing on both First-Class Mail and Priority Mail. For example, it would depend on volume forecasts for any new or changed weight steps and the corresponding costs associated with them in light of cost coverage targets. Also, it would depend on proposed service differences between the two classes.

(i) Yes.

(j) The gap between the First-Class Mail and Priority Mail rate schedules was an issue in rate design. As witness Sharkey noted in his response to NDMS/USPS-T33-1(c), keeping the gap as small as possible, subject to the cost coverage target, was considered. This was a factor in why he proposed passing along a less-than-average percentage increase in the two-pound rate.

Also, please recognize that the 2-pound rate is an average rate based on pieces weighing between 12 and 32 ounces. Because it encompasses a relatively wide range of weights, a gap between the first Priority Mail rate step and the top weight in the First-Class rate schedule is inevitable arithmetically.

As such, it is not unreasonable to have the proposed breakpoint, particularly given differences in service levels as explained in (l) below.

(k) Not applicable.

RESPONSE to DBP/USPS-T13, parts (h)-(l) (Continued)

(l) As explained in part (j) above, there is a rational basis for the proposed break point across the subclasses. There are significant service differences between Priority Mail and First-Class Mail which help explain the gap. For Priority Mail, these include more rigorous service performance standards, the availability of delivery confirmation, and a special transportation network for expedited handling.

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DBP/USPS-14.

Should the word schedule that appears in DMCS Section 222 before 962 in two places be changed to section since the definitions appear in section 962 rather than Fee Schedule 962?

RESPONSE:

Yes.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-17 The following interrogatories are related to determining how revenue and expenses which apparently are not related to matters under the jurisdiction of the Postal Rate Commission enter into the rate evaluation. [a] For example, how are any profits [revenue minus expense] from such items as International Mail, Philatelic Products, Phone Cards, Money Cards, and sale of merchandise ranging from Fathers Day cards to Bugs Bunny ties taken into account? [b] Do any profits go into the total postal revenues thereby reducing the total amount that must be recovered from postage charges?

RESPONSE:

Revenues from retail products and services such as those listed in your question are included under other income and contribute to the coverage of other costs. The costs of retail products are included under the other cost portion of segment 16, component 16.3.1. The excess of International mail revenues over International volume variable costs contribute to the coverage of other costs. Other costs are allocated across all mail and service categories.

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DBP/USPS-18 [a] For each of the past five years, what were the total revenue and expenses for International Mail? [b] For each of the past five years, what were the total revenue and expenses for the sale of Phone Cards and Money Cards? [c] For each of the past five years, what were the total revenue and expenses for the sale of the various items of merchandise as noted above?

RESPONSE:

- a. The total revenue and attributable cost of international mail can be found in the Cost and Revenue Analysis which is available in the U.S. Postal Service Library and from the Postal Rate Commission.
- b. The Postal Service does not track the total cost associated with the sale of retail products. In some cases revenue from retail products is tracked separately. However, money cards were not sold prior to FY 1997 and this information was not tracked separately prior to FY 1997 for phone cards.
- c. See the responses to parts. a. & b.

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DBP/USPS-19 With respect to the Philatelic Products, [a] for each of the past ten years, what were the total revenue and expenses amounts related to it? [b] With respect to revenue amounts, what methods are utilized to determine the division of stamp sales between those that will be utilized to pay for mailing as opposed to those that will not be utilized? [c] What are the goals of the Postal Service with respect to the profit levels to be achieved from the sale of Philatelic Products?

RESPONSE:

- a. Philatelic programs include the sale of stamps to collectors and the sale of other philatelic products. Postal Service accounting reports do not provide sufficient information to precisely determine the total revenues and expenses that result from philatelic programs. For example, revenue from sale of stamps is not separated in accounting records between the amount that is to be used for postage and the amount that is to be saved by collectors. Also, printing and window service labor costs related to philatelic stamp sales are not available from Postal Service accounting records and reports. Estimates based on samples and the accounting information that is available are provided in the Comprehensive Statement on Postal Operations, copies of which are available in the Postal Rate Commission library and the Postal Service library.
- b. Stamp Services uses a sampling system called the Household Tracking Index (HTI) to estimate the number of stamps that are purchased within each

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household, and out of this total how many are used for postage or saved by collectors. Each quarter a self administered questionnaire is mailed to a total of 50,000 households. Selected households are provided with visual replications of approximately 9 stamp issues, and asked specifically how many of each stamp issue they have retained or might retain for non-mailing purposes. On average, roughly 35,000 households complete and return the questionnaire.

c. The Postal Service's goal with respect to philatelic programs is to generate as much net revenue as is practicable.

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DBP/USPS-20.

The Federal Register for August 14, 1996 indicates that the USPS is developing "Postal Electronic Commerce Services". [a] What is the status of this proposal? [b] Will rates for these services be under the jurisdiction of the Postal Rate Commission? [c] If not, explain and provide legal references. [d] Will the expenses and revenues for these services come from or go to those related in this Docket? [e] If not, explain and advise their disposition.

RESPONSE:

[a] The Postal Service is continuing to study the feasibility of offering such services.

[b]-[c] Objection filed September 25, 1997.

[d]-[e] Any base year or test year expenses related to Postal Electronic Commerce Services would be treated as "Other" costs, so none would be distributed to the classes and subclasses of mail or special services. No test year revenues are projected for Postal Electronic Commerce Services.

RESPONSE OF UNITED STATES POSTAL SERVICE TO
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DBP/USPS-23 Refer to Schedule 1000 on Attachment B at page 66. Should the last line "(see Fee Schedule 932)" either be changed to Section 931 or appear with Merchandise Return above it and an additional Section 931 entry appear with Business Reply Mail Permit?

RESPONSE:

The instruction in the last row of proposed Schedule 1000 should be read as follows: "see Fee Schedule 931"

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DBP/USPS-35

DPB/USPS-35 (a) How many of the mail processing facilities are now fully equipped with a device which will automatically "trap" a Certified Mail article by the presence of the phosphor ink on the Certified Mail Label? (b) How many of the mail processing facilities are partially equipped with such a device? (c) How many of the mail processing facilities are not equipped with such a device? (d) What percentage of the mail is processed through a machine equipped with such a device. Note: Subparts a through c refer to the number of facilities and subpart d refers to the percentage of mail. (e) If there are any facilities listed in response to subparts b or c or if the response to subpart d is not 100%, provide an implementation schedule as to when that level will be achieved. (f) Confirm, or explain if you are unable to do so, that if there are any facilities which do not have such a device installed then there is an increase in the likelihood that the mailer may not receive the Certified Mail service that was requested. (g) If your response to subpart f is negative, then what purpose is achieved by installing these devices? (h) If you are able to confirm subpart f, explain how the failure to have all facilities equipped with this device can be reconciled with providing a quality service with value to the mailer.

RESPONSE:

DBP/USPS-35 (a) - (c): The automated capture of certified mail referred to in this question is accomplished for letter mail only on Delivery Barcode Sorters (DBCS) and Carrier Sequence Barcode Sorters (CSBCS). See USPS witness Moden's (USPS -T4) testimony at page 7 for the number of pieces of those equipment types deployed. These barcode sorter types account for virtually all of the delivery point sequencing (DPS) performed by the Postal Service as well as the vast majority of the incoming secondary processing (sort to carrier route). An inventory of equipment by facility is not readily available. See the Postal Service's response to OCA/USPS-T4-20(b) for a discussion of the limitations of available information sources.

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DBP/USPS-35

(d): See pages 7 and 8 of witness Moden's testimony for a discussion of the amount of volume receiving automated processing. Also, see page 9 of that same testimony for a discussion of the level to which automated DPS and incoming secondary processing are planned. Note from that discussion, that not all mail is expected to be barcoded, and not all barcoded mail is expected to be processed on automation.

(e) As noted on page 7 of USPS Witness Moden's testimony, all CSBCSs have been deployed. See LR-H-244 for a deployment schedule of the remaining DBCSs.

(f)-(h) Capture of certified and other accountable mail has traditionally been a function of the distribution operation performing sort to carrier route level. Where distribution to carrier route was accomplished manually or by letter sorting machine, the clerk is responsible for identifying and holding out accountable mail. With the advent of automated incoming secondary (i.e., sort to the carrier route level) accountable volumes were mixed with all other automated letters and the carrier was responsible for identifying accountables while he was sorting the mail manually into delivery sequence and returning those pieces to the designated clerk for proper accounting. When the Postal Service began

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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automated DPS (i.e., placing letter mail in the order of delivery for carriers on barcode sorters), there is no opportunity to identify and capture accountable mail until the carrier was on the street making deliveries at which time the carrier would have to complete the necessary (delivery notice/reminder/receipt) forms. (NOTE: Carriers are responsible for "fingering the mail" prior to making delivery on the street to verify the accuracy of delivery and to identify any accountable mail which may have not been identified previously. This requirement pertains to all carriers whether they receive their mail sequenced on automation or whether they manually sequence their own mail.)

To address the issue of not detecting accountable mail until actually performing delivery, the Postal Service modified the DBCS and CSBCS machines as noted above. In this way, automation-processed accountable mail has the same opportunity to be identified and held out prior to distribution to the carrier as does letter mail distributed to the carrier manually by a clerk. Again, as noted above, in each case the carrier has final responsibility for identifying any such mail that may have failed to have been captured in the distribution operation. There is therefore, no greater or lesser likelihood that certified mail users will receive the service requested.

U.S. POSTAL SERVICE RESPONSE TO INTERROGATORIES OF
DAVID B. POPKIN

DBP/USPS-40

- [a] Confirm, or explain if you are unable to do so, that Standard Mail [B] must weigh 16 ounces or more [except for Special Standard Mail and Library Mail] - DMM E613.1.0.
- [b] Refer to DMM Section E620.1.1 and confirm, or explain if you are unable to do so, that if I have a 15 ounce parcel [which does not qualify for the Special Standard Mail or Library Rate] that I may still utilize the Standard Mail [B] rate, i.e. for Intra-BMC third zone rate of \$2.47 vs. what would normally based on the weight be \$2.95 for Standard Mail [A].
- [c] With the proposed elimination of Standard Mail [A] single piece rates, would the parcel referred to in subpart b have a rate of \$2.70 [the proposed Standard Mail [B] rate except for it being under 16 ounces] or \$3.20 [the proposed rate for single piece parcels between 11 and 16 ounces]?
- [d] If your response to subpart c is \$3.20, explain why the Postal Service is proposing the additional increase in rates for this category of parcels.
- [e] Refer to DMM Section E620.3.1 and confirm, or explain if you are unable to do so, that the minimum weight for Bound Printed Matter [BPM] is one pound.
- [f] Does an individual mailer who has a 15 ounce parcel which meets all of the requirements for Bound Printed Matter except for the weight and which is destined for the third zone [at an Intra-BMC location] pay the BPM rate of \$1.52 [proposed rate of \$1.54] or the regular Standard Mail [B] rate of \$2.47 [proposed rate of \$2.70]?
- [g] If your response to subpart f is \$2.47/\$2.70, explain why the provisions of DMM Section E620.1.1 may not be utilized for Bound Printed Matter.
- [h] If your response to subpart f is \$1.52/\$1.54, confirm, or explain if you are unable to do so, that the actual BPM rate is the combination of the per piece and per pound rates and that the rate chart is only a convenience for the mailer in converting and rounding the per pound/per piece values to the actual postage.
- [i] Confirm, or explain if you are unable to do so, that for weights between one and five pounds the rates combine the per piece rate and one-half of the per pound rate, i.e. for a 2.4 pound parcel to the third zone, the current rate would be \$1.41 for the piece and 2-1/2 times the per pound rate of \$0.075 or \$0.1875 rounded to \$0.19 for the total rate of \$1.60.
- [j] Explain why the 15 ounce BPM third zone parcel would not have a current rate of \$1.49 [composed of the \$1.41 per piece rate and one times the per pound rate of \$0.075] rather than the minimum shown in the chart of \$1.52.
- [k] Explain why a locally destined BPM parcel weighing 7.5 ounces would not have a rate of \$1.08 based on the per piece rate of \$1.06 and one-half of the \$0.031 per pound rate.
- [l] Confirm that your responses to subparts e through k will also apply with the proposed rates.

U.S. POSTAL SERVICE RESPONSE TO INTERROGATORIES OF
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DBP/USPS-40 (continued)

RESPONSE:

- a. Confirmed.
- b. Confirmed.
- c. \$3.20
- d. DMM E620.1.1, which would have allowed that piece to be mailed at \$2.47, applies to Single-Piece Standard Mail (A) and is therefore no longer applicable with the proposed elimination of this subclass.
- e. Confirmed.
- f. DMM E620.1.1, which would have allowed that piece to be mailed at \$1.52, applies to Single-Piece Standard Mail (A) and is therefore no longer applicable with the proposed elimination of this subclass.
- g. Not applicable; please see response to subparts d and f.
- h. Not applicable.
- i. The calculation of \$1.60 is correct.
- j. Because the 15 ounce piece is not eligible for Standard Mail (B) BPM rates.
- k. Because the rates for BPM do not apply to pieces weighing less than one pound.
- l. Confirmed.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-41 Regarding the recent United Parcel Service [UPS] strike, the Postal Service in a newspaper advertisement stated that in the past 16 days more than 9 billion pieces of mail were delivered. [a] Confirm or explain if you are unable to do so. [b] What would the normal number of deliveries be during that same time period? [c] How many additional Standard Mail parcels were accepted as a result of the UPS strike over what would normally be expected during the same time period? [d] What were the increases in revenue and expenses as a result of the increase in the number of Standard Mail parcels accepted? [e] What was the net gain or loss in USPS profits as a result of the increase in the number of Standard Mail parcels accepted as a result of the UPS strike? [f] For the one year period starting at the end of the UPS strike, how many additional Standard Mail parcels does the USPS expect to handle as a result of the shifting of mailers from UPS and other private carriers to the Postal Service? [g] For the additional parcels noted in response to subpart f, what would the expected increases in revenue and expenses be? [h] What would the net gain or loss be over the one year period as a result of the additional parcels? [i] What is the projection for additional Standard Mail parcels and the associated revenue/expenses/profit values over years 2 through 5 as a result of the UPS strike? [j] Explain how the information provided in response to subparts c through i was developed. [k] through [r] Same as subparts c through j except with respect to Priority Mail. [s] through [z] Same as subparts c through j except with respect to Express Mail. [aa] In addition to Standard Mail [B], Priority Mail, and Express Mail, were there any other services that experienced an increase in use as a result of the UPS strike? [bb] If your response to subpart aa is yes, list the services and provide the information similar to that requested in subparts c through j. [cc] Provide revised cost data for this Docket taking into account the additional cost and revenue as a result of the UPS strike. [dd] As a result of the revised cost data, are there any plans to delay or change any of the proposed rates in this Docket? [ee] If so, enumerate. If not, explain why not.

RESPONSE:

a.&b. Without a copy of the advertisement or the name of the newspaper and the date the ad appeared, the Postal Service is unable to confirm.

c.-bb. Please see the response to OCA/USPS-T9-28.

cc. Please refer to the responses to OCA/USPS-T9-28 and 29, and DMA/USPS-T9-

dd.&ee. Please see the response to part cc., above and the response to DBP/USPS-42.

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DBP/USPS-42 [a] Confirm, or explain if you are unable to do so, that the Chairman of the Postal Service Board of Governors stated, on or about August 22nd, 1997, that he would like to push the effective date of the proposed rate increase back. [b] Confirm, or explain if you are unable to do so, that one of the reasons for this was the anticipated increase in profit expected this year. [c] Explain why the Postal Rate Commission should approve a rate increase which apparently is no longer required at the time it was contemplated.

RESPONSE:

a.&b. Please refer to the response to OCA/USPS-T9-32.

c. Please refer to the response to DMA/USPS-T9-26 & 27.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO DBP INTERROGATORIES

DBP/USPS-45.[a] Confirm, or explain if you are unable to do so, that the P&DC is utilized as the intermediate point between the post office and the BMC in this Docket. [b] Are there any instances in the country where two post offices which are in different three-digit prefixes as far as zone calculations are concerned [this would exclude examples such as 071 being the city of Newark NJ and 070, 072, and 073 being the associated offices] are served by the same P&DC? [c] If so, provide a listing and an explanation as to why the discussions are still valid.

Response:

[a] When an intermediate facility is necessary between the BMC and the post office (AO or DDU), the P&DC (also known as the SCF) would be the intermediate facility.

[b] Please refer to Labeling List L005 in the DMM for SCFs serving more than one 3-digit ZIP Code.

[c] Please refer to Labeling List L005 in the DMM for SCFs serving more than one 3-digit ZIP Code. It is not clear what "discussions" are being questioned.

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DBP/USPS-52

For this interrogatory, assume that a mailer has a number of identical articles to mail and these are cards which meet the physical requirements for mailing as post cards and which contain an advertising message which would permit mailing as Standard Mail.

- [a] Confirm, or explain if you are unable to do so, that if I mail these cards as First-Class Mail post cards, the service level [speed of delivery, free forwarding and return, etc.] will be equal to or better than that afforded to mailing them as Standard Mail bulk rate.
- [g] Confirm, or explain if you are unable to do so, that for each of the various presort and automation categories that the preparation requirements are the same for the corresponding category in both the First-Class Mail post card rate and the Standard Mail regular subclass rate [i.e., a mailing of 3-digit automation presort First-Class Mail post cards at a proposed rate of 17.0 cents will meet the same requirements of the 3-digit automation category regular subclass Standard Mail rate of 17.8 cents].
- [l] In those instances where the First-Class Mail post card rate is equal to or less than the corresponding Standard Mail regular subclass rate, explain why a knowledgeable mailer would choose the Standard Mail rate.
- [m] Confirm, or explain if you are unable to do so, that the costs for handling a mailing piece in the format of a post card will be less than that of an envelope.
- [n] Has the Postal Service considered having a rate for Standard Mail regular subclass for mailing pieces in the format of a post card?
- [o] If so, why was it not adopted in this docket? If not, why not?
- [p] How can a higher rate for a lower level of service be perceived as being fair and equitable?

RESPONSE:

- [a] That is what one generally would expect to be the case.
- [g] Confirmed.

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- [l] The Postal Service does not presume to know why all knowledgeable mailers who would make that choice would make that choice.
- [m] Not necessarily. A single piece postcard can cost more than an automated letter to process.
- [n-o] Not in connection with this or other recent omnibus cases.
- [p] When all of the statutory pricing factors are taken into consideration, such a conclusion may not necessarily be unreasonable.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES
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DBP/USPS-55.

- a. Confirm, or explain if you are unable to do so, that the official service standards for First-Class Mail are better than those for Standard Mail [A].
- b. Confirm, or explain if you are unable to do so, that in practice, the actual service standards for First-Class Mail are far better than those for Standard Mail [A].
- c. Provide documentation for the actual delivery results for both First-Class Mail and Standard Mail [A] for a recent period of time.
- d. Confirm, or explain if you are unable to do so, that at one point in time a number of years ago the rate for single piece Standard Mail [A], or its predecessor designation third-class mail, was always less than that for First-Class Mail of the same weight.
- e. Provide a listing showing the date and details of the weights involved at which each of the various successive changes were made to rate schedule to make the rate for First-Class Mail and Standard Mail [A] the same.
- f. Confirm, or explain if you are unable to do so, that at the present time there is rate parity between First-Class Mail and Standard Mail [A] for weights up to 11 ounces.
- g. Other than the ability to utilize Return Receipt for Merchandise, confirm, or explain if you are unable to do so, that there are no other reasons why a knowledgeable mailer would utilize Standard Mail [A] rather than First-Class Mail when mailing articles weighing less than 11 ounces.
- h. Confirm, or explain if you are unable to do so, that there are mailers that would, if the price wasn't the same, utilize Standard Mail [A] for their mailing of non-letter matter rather than First-Class Mail because they did not have the need for the additional service provided by First-Class Mail.
- i. Explain why the Postal Service has chosen over the years to remove that choice by increasing the weight at which rate parity existed and now taken the ultimate step of elimination the service.
- j. Provide a table showing the costs for First-Class Mail and Standard Mail [A] broken down into the following categories: Collection, Mail Processing, Transportation, and Delivery. Show the comparison between the two services for different shapes of mail and different weights. The actual comparisons should be between mail of identical characteristics.
- k. In those instances where the table provided in response to subpart j show a higher cost for Standard Mail [A] over First-Class Mail, provide an explanation of the reasons why a deferred service has higher costs than a premium service.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES
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DBP/USPS-55. (continued)
RESPONSE:

- a. Please see response of witness Moeller to VP-CW/USPS-T36-6.
- b. See response to subpart a.
- c. See response of witness O'Hara to NAA/USPS-T30-16 and response of witness Moeller to VP-CW/USPS-T36-7, VP-CW/USPS-T36-9 and VP-CW/USPS-T36-10.
- d. The rate for a one-ounce Standard Mail (A) (or third-class) single piece has been equal to or greater than the rate for a one-ounce First-Class Mail piece since January 7, 1968. Prior to that time, the Single-Piece third-class rates were lower than First-Class Mail rates at each weight increment.
- e. See attachment.
- f. Rates for the Single-Piece subclass of Standard Mail (A) and the Letters and Sealed Parcels subclass of First-Class Mail are the same up to 11 ounces.
- g. See response of witness Moeller to NAA/USPS-T36-1.
- h. The Postal Service has no reason to doubt that some non-letter mailers would choose Standard Mail (A) Single-Piece rather than Letters and Sealed Parcels if the price of the former were lower than the price of the latter.
- i. Please see USPS-T-36 at page 4, line 11, through page 5, line 11.
- j. Such a table cannot be produced because costs are not available for the requested categories by shape and by weight.
- k. Not applicable; however, please see response of witness Moeller to UPS/USPS-T34-1, redirected from witness Taufique.

FIRST-CLASS MAIL
Rate History

Effective Date	Nonpresorted Letters and Sealed Parcels					
	First Ounce				Each Additional Ounce (cents)	Non- 1/ Standard Surcharge (cents)
	Per Ounce (cents)	Regular (cents)	Prebarcoded Flats 6/ (cents)	ZIP+4 (cents)		
January 7, 1968	6 2/	---	---	---	---	---
May 16, 1971	8 3/	---	---	---	---	---
March 2, 1974	10 3/	---	---	---	---	---
September 14, 1975	---	10	---	---	9 2/	---
December 31, 1975	---	13	---	---	11 2/	---
May 29, 1978	---	15	---	---	13 3/	---
July 15, 1979	---	15	---	---	13 3/	7
March 22, 1981	---	18	---	---	17 3/	9
November 1, 1981	---	20	---	---	17 3/	9
October 9, 1983	---	20	---	19.1	17 3/	9 5/
February 17, 1985	---	22	---	21.1	17 3/	10 5/
April 3, 1988	---	25	---	24.1	20 4/	10 5/
February 3, 1991	---	29	---	27.6	23 4/	10 5/
September 20, 1992	---	29	26.7	27.6	23 4/	10 5/
January 1, 1995	---	32	29.5	30.5	23 4/	11 5/
July 1, 1996	---	32	29.0	--- 7/	23 4/	11

- 1/ Effective July 15, 1979 a surcharge was applied to First-Class Mail weighing one ounce or less, if the following size standards are exceeded: length exceeds 11-1/2", or height exceeds 6-1/8", or thickness exceeds 1/4", a height to length aspect ratio not between 1 to 1.3 and 1 to 2.5 inclusive.
- 2/ Weight limit 13 ounces. Priority mail rates apply to heavier pieces.
- 3/ Weight limit 12 ounces. Priority mail rates apply to heavier pieces.
- 4/ Weight limit 11 ounces. Priority mail rates apply to heavier pieces.
- 5/ Not applicable to ZIP + 4 mail.
- 6/ Effective July 1, 1996 the prebarcoded flat rates require some presort and are referred to as basic automation rates.
- 7/ ZIP+4 Category was eliminated on July 1, 1996.

THIRD-CLASS MAIL
SINGLE-PIECE RATE
Rate History

	Up to but Not Exceeding (ounces)															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
	Other than Keys and Identification Tags 1/															
January 7, 1968	\$.06	\$.06	\$.08	\$.10	\$.12	\$.14	\$.16	\$.18	\$.20	\$.22	\$.24	\$.26	\$.28	\$.30	\$.32	\$.34
May 16, 1971	.08	.08	.10	.12	.14	.16	.18	.20	.22	.24	.26	.28	.30	.32	.34	.36
March 12, 1972	.08	.08	.10	.13	.16	.18	.21	.24	.26	.29	.32	.34	.37	.40	.42	.45
July 6, 1972	.08	.08	.12	.16	.20	.24	.28	.32	.36	.40	.44	.48	.52	.56	.60	.64
March 2, 1974	.10	.10	.16	.16	.24	.24	.32	.32	.40	.40	.48	.48	.56	.56	.64	.64
September 14, 1975	.10	.10	.18	.18	.26	.26	.34	.34	.42	.42	.50	.50	.58	.58	.66	.66
November 1, 1975	.13	.13	.24	.24	.34	.34	.45	.45	.56	.56	.66	.66	.77	.77	.88	.88
February 1, 1976	.14	.14	.28	.28	.39	.39	.50	.50	.61	.61	.72	.72	.83	.83	.94	.94
March 2, 1978	.20	.20	.40	.40	.53	.53	.66	.66	.79	.79	.92	.92	1.05	1.05	1.18	1.18
March 22, 1981 2/	.18	.35	.52	.69	.70	.70	.92	.92	1.14	1.14	1.36	1.36	1.58	1.58	1.81	1.81
February 1, 1981	.20	.37	.54	.71	.85	.85	.95	.95	1.05	1.05	1.15	1.15	1.25	1.25	1.35	1.35
January 7, 1985 3/	.22	.39	.56	.73	.88	.88	.98	.98	1.08	1.08	1.18	1.18	1.28	1.28	1.38	1.38
March 3, 1988 3/	.25	.45	.65	.85	1.00	1.00	1.10	1.10	1.20	1.20	1.30	1.30	1.40	1.40	1.50	1.50
February 3, 1991 3/	.29	.52	.75	.98	1.21	1.21	1.33	1.33	1.44	1.44	1.56	1.56	1.67	1.67	1.79	1.79
January 1, 1995 4/	.32	.55	.78	1.01	1.24	1.47	1.70	1.93	2.16	2.39	2.62	2.90	2.90	2.95	2.95	2.95
Keys and Identification Devices																
January 7, 1968	.14	.14	.21	.21	.28	.28	.35	.35	.42	.42	.49	.49	.56	.56	.63	.63
May 16, 1971	.14	.14	.22	.22	.30	.30	.38	.38	.46	.46	.54	.54	.62	.62	.70	.70
March 2, 1974	.16	.16	.25	.25	.34	.34	.43	.43	.52	.52	.61	.61	.70	.70	.79	.79
September 1, 1975	.19	.19	.33	.33	.45	.45	.57	.57	.69	.69	.81	.81	.93	.93	1.05	1.05
July 18, 1976	.19	.19	.33	.33	.47	.47	.61	.61	.75	.75	.89	.89	1.03	1.03	1.17	1.17
May 29, 1978	.32	.32	.50	.50	.68	.68	.86	.86	1.04	1.04	1.22	1.22	1.40	1.40	1.58	1.58
March 22, 1981	.53	.53	.83	.83	1.13	1.13	1.43	1.43	1.73	1.73	2.03	2.03	2.33	2.33	2.63	2.63
November 1, 1981	.55	.55	.85	.85	1.15	1.15	1.45	1.45	1.75	1.75	2.05	2.05	2.35	2.35	2.65	2.65
February 17, 1985	.62	.62	.96	.96	1.30	1.30	1.64	1.64	1.98	1.98	2.32	2.32	2.66	2.66	3.00	3.00
April 3, 1988	.85	.85	1.32	1.32	1.79	1.79	2.26	2.26	2.73	2.73	3.20	3.20	3.67	3.67	4.14	4.14
February 3, 1991	.92	.92	1.43	1.43	1.94	1.94	2.45	2.45	2.96	2.96	3.47	3.47	3.98	3.98	4.49	4.49
January 1, 1995	.99	.99	1.54	1.54	2.09	2.09	2.64	2.64	3.19	3.19	3.74	3.74	4.29	4.29	4.84	4.84

1/ Effective July 15, 1979 a 7¢ surcharge was applied to single-piece rate third-class mail weighing two ounces or less, if the following size standards are exceeded: length exceeds 11-1/2", height exceeds 6-1/8", thickness exceeds 1/4", or height to length aspect ratio is not between 1 to 1.3 and 1 to 2.5 inclusive.

2/ Nonstandard surcharge increased to 9¢ March 22, 1981.

3/ Nonstandard surcharge increased to 10¢ February 17, 1985.

4/ Nonstandard surcharge increased to 11¢ January 1, 1995.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-58

A recent article in the San Francisco Chronicle indicated that they conducted a test which showed that out of 72 letters which were mailed with 10, 20, and 23 cent stamps, 70 of them were delivered normally without any additional postage due being required.

- [a] Confirm, or explain if you are unable to do so, that the normal method utilized by the Postal Service to determine whether a regular sized letter has the proper postage on it is a completely automated one based on the recognition of phosphor ink on the stamp.
- [b] Confirm, or explain if you are unable to do so, that this method is not capable of determining the amount of postage on the letter, only that there is one or more postage stamps containing phosphor ink on them.
- [c] Confirm, or explain if you are unable to do so, that all postage stamps issued in the past 20+ years have phosphor ink on them except for recently issued stamps with a face value of less than 10 cents.
- [d] At what point did the Postal Service eliminate the addition of phosphor ink on stamps with a value of less than 10 cents?
- [e] Confirm, or explain if you are unable to do so, that any normal, letter-sized envelope which is less than one-quarter inch thick will be processed automatically and will be properly faced and canceled in the automated system so long as there is phosphor ink in the proper upper right corner of the envelope.
- [f] Confirm, or explain if you are unable to do so, that if the address is capable of being machine-read and ends up at a facility that uses delivery point sequencing in the final delivery stage that this individual letter will never be looked at by an employee until the letter is fanned through at the time of delivery by the letter carrier.
- [g] Confirm, or explain if you are unable to do so, that with a letter sized envelope, regardless of its weight, which is less than 6-1/8 inches high, 11-1/2 inches long, 1/4 inch thick, has an aspect ratio of between 1.3 and 2.5, has an address that can be machine read and phosphor ink in the upper right corner, will be handled on a completely automated system and will be processed by the Postal Service in return for whatever value stamp may have been utilized.
- [h] Confirm, or explain if you are unable to do so, that all postage meter indicia contains phosphor ink regardless of the value of postage being utilized.
- [i] Confirm, or explain if you are unable to do so, that mailers who fail

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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to pay the proper postage represent a loss of revenue to the Postal Service.

- [j] Has the Postal Service conducted any tests to determine the extent to which mail is short paid?
- [k] If so, provide copies of any tests conducted in the past five years.
- [l] If not, explain why not?
- [m] Has the Postal Service evaluated the ability and associated costs to implement a change to its automated systems to determine that mail is properly paid?
- [n] If so, provide copies of any tests conducted in the past five years.
- [o] If not, explain why not.
- [p] Advise the action that the Postal Service will take if a letter is observed without any postage.
- [q] Advise the action that the Postal Service will take if a one ounce letter is observed with 1 cent to 31 cents postage on it.
- [r] Advise the action that the Postal Service will take if a two ounce letter is observed with 1 cent to 54 cents postage.
- [s] Advise the action that the Postal Service will take if any mail is observed with less than the required postage affixed.
- [t] Advise the action that the Postal Service will take if any mail is observed with more than the required postage affixed.

RESPONSE:

- [a] Not confirmed.
- [b] Confirmed.
- [c] Confirmed.
- [d] Further research is necessary to determine a precise answer.
- [e] Such a letter would generally be expected to experience that manner of processing.
- [f] Not confirmed. Quality checks are performed on randomly selected trays of DPS mail to ensure that the sort of the DPS mail meets the minimum quality requirements. The quality checks involve comparing individual pieces of mail against an address sequence report.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID POPKIN

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- [g] It cannot be confirmed that such a letter always will be handled by automation.
- [h] All postage meter indicia are supposed to contain phosphor ink. The Postal Service cannot confirm that all do.
- [i] Confirmed.
- [j-l] No nationally representative tests have been conducted. Through its ongoing data collection systems, the Postal Service develops estimates of revenue losses resulting from single piece First-Class Mail. For FY 96, the Postal Service estimates losses of \$124,221,000 (letters) and \$1,059,000 (cards). For FY 95 the figures are \$121,292,000 and \$1,205,000.
- [m-n] The Postal Service has not evaluated the costs associated with changing its automated equipment to some level beyond the state of the art so that it might detect if postage is properly paid.
- [o] There are limits to what can be evaluated.
- [p-s] Generally, in the absence of a contrary arrangement with the recipient, mail without postage is supposed to be returned to sender or sent to a mail recovery center. Generally, shortpaid mail is tendered for delivery postage due. If the postage is not collected, the piece is returned to sender or to a mail recovery center.
- [t] Based upon the presumption that the sender of such a mail piece would prefer this course, the Postal Service will deliver the piece in accordance with the service level requested or implied by the markings on the mail piece, rather than return it to sender for a postage correction.

**REVISED RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID POPKIN**

DBP/USPS-58(d)

At what point did the Postal Service eliminate the addition of phosphor ink on stamps with a value of less than 10 cents?

RESPONSE:

During 1988.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-65: Refer to interrogatory DBP/USPS-35 and in your responses to subparts b and c specify the locations of the facilities that presently do not have 100% capability to "trap" Certified Mail.

RESPONSE:

The inventory of equipment by facility is not readily available. See the Postal Service's response to OCA/USPS-T4-20(b) for a discussion of the limitations of available information sources.

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DBP/USPS-72.

The response to DBP/USPS-18 subparts b and c indicates that costs for retail products are not tracked. [a] Does this mean that the Postal Service enters into various selling arrangements without determining that it will in a profit? [b] If not, please explain.

RESPONSE:

(a) & (b). No. Current policy requires that such a project must show profitability before it is fully implemented.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-79: In your response to DBP/USPS-35,

- (a) confirm that all DBCS and CSBCS sorters will trap Certified Mail.
- (b) Clarify Witness Moden's testimony on page 7 that by the end of this year, DBCS and CSBCS will be installed at all mail processing centers and that all incoming mail will be run through them so as to trap all incoming Certified Mail.
- (c) Provide an estimate of the percentage for your use of "virtually all" and "vast majority" in your response to subparts a through c.
- (d) Confirm, or explain if you are unable to do so, that there is no postal employee who is aware of processing centers which do not trap 100% of their mail for Certified Mail letters.

Response:

- (a). Confirmed.
- (b). There are no statements on page 7 in witness Moden's testimony stating that "DBCS and CSBCS will be installed at all mail processing centers" or "that all incoming mail will be run through them so as to trap all incoming Certified Mail." Both of your interpretations of witness Moden's testimony along with the Postal Service's response to DBP/USPS-35 are incorrect in that (1) the CSBCS is located primarily in delivery units so they are not "installed at all mail processing centers" and (2) all incoming mail is not processed on a DBCS and/or a CSBCS because there is some mail that is not automation compatible. This mail is processed manually, so any Certified Mail would be "trapped" during the distribution process by a manual clerk.
- (c). An approximate estimate of "virtually all", as used in the context of "virtually all of the delivery point sequencing (DPS) performed by the Postal Service is on

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

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a CSBCS or a DBCS", would be close to 100 percent. An approximate estimate of "vast majority", as used in the context of "the vast majority of the incoming secondary processing is performed on a CSBCS or DBCS", would be above 85 percent.

(d). Not confirmed. There are nearly 800,000 postal employees (per the 1996 United States Postal Service Annual Report). These employees possess various levels of knowledge and expertise about specific postal operations such as the handling and processing of Certified Mail. Accordingly, it is impossible to confirm that all postal employees are aware of the handling and processing procedures for Certified Mail. Also, the question incorrectly implies that processing centers trap 100% of the Certified Mail. As mentioned in part (b), some Certified Mail is trapped by a manual clerk; in many cases, this processing is performed at a local post office and not in a processing center.

DBP/USPS-81. Clarify your response to DBP/USPS-40 subparts c and d. [a] Confirm, or explain if you are unable to do so, that if a mailer has a 15-ounce parcel containing merchandise that it will cost \$3.20 to mail and that if the piece weighs 17-ounces it will cost \$3.15 or less to mail it. [b] What is the logic for having a rate which costs less for heavier but similar parcels?

Response:

[a] Confirmed.

[b] With the elimination of single-piece Standard, this mail will be shifted into Priority Mail which has a higher level of service than does Parcel Post.

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

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DBP/USPS-89. Please clarify your response to DBP/USPS-79, [a] does all automated ("automated" is underlined) mail currently receive processing through equipment which will "trap" a Certified Mail article? [b] If not, provide the plan of implementation for installing such equipment at the facilities where it does not exist.

RESPONSE:

a. No. While most of the automated letter mail is processed on a DBCS or CSBCS, there is some automated letter mail that does not receive processing on this equipment. For instance, mail prepared in a 5-digit tray to a small office (with fewer than five carriers) is worked manually by the clerks in that office. Therefore, as mentioned in DBP/USPS-79(a), the certified mail piece is trapped by the clerk during the distribution process.

b. The implementation plan for CSBCSs and DBCSs was discussed at page 7 in witness Moden's testimony. In addition, portions of the overall deployment schedules for these machines were provided in Library Reference H-244.

U.S. POSTAL SERVICE RESPONSE TO INTERROGATORIES OF
DAVID B. POPKIN

DBP/USPS-91. In your response to DBP/USPS-81 subpart b, your response does not provide the logic for charging more for a package which weighs less than another similar package. Assume that the mailer is not interested in obtaining the better service that Priority Mail would provide. Please respond to the original subpart.

RESPONSE:

The "logic" for the higher rate for the 15-ounce piece is the better service it will receive as a Priority Mail piece. The pieces are not "similar" in that, regardless of whether "the mailer is interested in obtaining the better service that Priority Mail" provides, the lighter weight piece will be handled as a Priority Mail piece.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID POPKIN**

DBP/USPS-97

Refer to your response to subpart (u) of DBP/USPS-6. (a) Does this mean that if there was a weather forecast predicting disruptive adverse weather conditions then the Postal Service should make the collection early? (b) Explain your response to subpart (a). (c) Out of all the collection boxes and all of the collection times for each of the boxes throughout all the country, approximately what percentage of these would have to be collected early in anticipation of disruptive adverse weather conditions? (d) Approximately what percentage would have to be collected early for any other exigent circumstances? (e) Elaborate on what might result in the early collections referred to in subpart (d). (f) Are you stating that the collection times of all boxes throughout the country should be changed to 12:01 AM so that in the event that there was exigent circumstances to collect mail early, such as in anticipation of disruptive adverse winter weather conditions, there would not be a failure for that box by collecting it early? (g) If so, explain how this would meet the conditions of the level of service contemplated by the referenced sections of the POM. (h) If not, provide a meaningful response to subparts (t) and (u) which relates to the normal conditions and not to the rare occurrence of some emergency condition.

RESPONSE:

- a. No.
- b. It means that a post office could make the collection early.
- c. The question asks what percentage "would have to be" collected early under the conditions described in part (a). In light of the response to part (b), the response to this question is none, since there is no early collection requirement under conditions described in part (a).
- d. See the response to part (c).
- e. There is no policy of mandatory early collection in anticipation of exigent circumstances. Therefore, it is impossible to elaborate on "what might result in the non-existent mandatory early collections referred to in subpart (d).
- f. No.

**REVISED RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID POPKIN**

Response to DBP/USPS-97 (continued)

- g. ~~N/A~~
- h. Insert "also" after "may" in the first line of the response and it can be read to cover both "normal" and "rare" circumstances.

**Designated Responses of the
United States Postal Service
to DFC Interrogatories**

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON**

DFC/USPS-1.

- a. Is the public interest a guiding principle for the Postal Service when it develops a request for an opinion and recommended decision to change rates, fees, or classifications?
- b. Is the public interest a consideration for the Postal Service when it develops a request for an opinion and recommended decision to change rates, fees, or classifications?
- c. Is the public interest a consideration for the Postal Service when it litigates a request for an opinion and recommended decision to change rates, fees, or classifications?

RESPONSE:

- a-c. In accordance with 39 U.S.C. § 3622(a), the Postal Service submits requests for changes in rates, classifications, and fees, when such changes are determined by the Postal Service to be in the public interest.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DOUGLAS F. CARLSON**

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DFC/USPS-4. Please provide all examples since the Postal Reorganization Act of a cost coverage (i) over 275 percent or (ii) over 300 percent that the Commission has recommended, the Board of Governors has approved, and the Postal Service has implemented.

RESPONSE:

In accordance with Presiding Officer's Ruling R97-1/50, the Postal Service notes that there were no instances in which the Governors did not approve, or the Postal Service did not implement, the rates underlying the mark-ups over 175 appearing in Appendix G, Schedule 3, Page 1 of the Commission's Opinion and Recommended Decision in Docket No. R94-1.

RESPONSE OF UNITED STATES POSTAL SERVICE,
TO INTERROGATORY OF DOUGLAS F. CARLSON .

DFC/USPS-5.

a. Were the size, shape, texture, thickness, paper stock, and any other relevant characteristics of stamped cards selected or designed with the goal of optimizing, maximizing, increasing, or otherwise improving the automation compatibility of stamped cards? Please explain your answer fully.

b. Please provide an explanation of, and all documents relating to, all reviews, analyses, or studies that have been conducted to assess, evaluate, or improve the automation compatibility of stamped cards.

RESPONSE:

- a. No. The Postal Service is not aware that any of the stamped card characteristics to which you refer are related to improving the automation compatibility of stamped cards. In fact, postal cards were around, with their current characteristics, long before the Postal Service automated its mail processing operations. Instead, stamped cards were designed primarily for ease of use by postal customers.
- b. No responsive reviews, analyses, or studies have been identified.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-7: Please provide all directives, policies, documents, or other information relating to the factors that a postmaster should consider in establishing the time of day by which mail normally should be distributed to post office boxes.

RESPONSE:

Since the time mail is distributed to post office boxes, the cut-off time, depends on many local variables, including how much box mail is received when, the number of box customers, and scheduling and staffing considerations, these decisions are necessarily made at the local level. There are no national directives or other documents informing these decisions. Also, if the normal reviews of postal operations reveal a problem with box cut-off times, postmasters may be presented with recommendations regarding, for example, changes in cut-off times, clerk schedules, or work methods.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-8:

- a. Does the Postal Service require that customers be informed, via signage or otherwise, of the time by which mail normally will be distributed their post-office box?
- b. Please provide all information that the Postal Service has relating to the average or typical cutoff time for distribution of mail to post-office boxes that the Postal Service communicates to customers.

RESPONSE:

- a. No. However, the *Postal Operations Manual* (POM) specifies that various signs, including one indicating when **First-Class Mail** intended for boxes is normally distributed, should be posted if necessary space is available. See POM §125.342 and Exhibit 125.342. Depending upon a given office's operations, other mail -- including First-Class Mail -- may be placed in post office boxes at different times throughout the day as well.
- b. The Postal Service does not keep national data of this type. The time at which mail arrives in the facility is often a key factor in determining the cut-off time for First-Class Mail, so there can be substantial variation. A common cut-off time, however, is 8:30 to 9:00 a.m.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY
OF DOUGLAS F. CARLSON

DFC/USPS-9. For post offices that communicate to customers the time of day by which mail will be distributed to post office boxes, please provide all directives, policies, documents, or other information relating to the audit procedures or monitoring that the Postal Service conducts to ensure that these post offices normally complete distribution of the mail to the post office boxes by the stated cutoff time.

RESPONSE:

As indicated in the responses to DFC/USPS-7 and 8, the Postal Service has no standard for completing distribution of all mail to post office boxes. As such, there is no national system auditing or monitoring such distribution. As indicated in the response to DFC/USPS-7, routine reviews of postal operations may generate recommendations that can affect an office, including the time by which First-Class Mail is scheduled to be placed in post office boxes.

Notwithstanding the foregoing, the Postal Service is in the process of rolling out a system that monitors whether respective facilities meet their box cut off times. The following guidelines apply to the collection of this information.

Box Section: Each unit has a scheduled and posted time for box mail to be finalized and available to the customers. For reporting purposes a unit's performance is considered to be "on time" only if the box mail is finalized no later than the scheduled and posted "box cut off" time. If a unit consistently fails to meet the box cut off time, analysis should be done to review possible actions to help the unit meet the cut off time. If corrective action is not effective, consideration should be given to moving the box cut off time. **NOTE: The box cut off time will vary from unit to unit based on local conditions.**

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-10.

Does the Postal Service plan to begin producing any stamped cards that, by their design or other characteristics, will be either more expensive or less expensive to produce than the stamped cards that the Postal Service currently sells?

RESPONSE:

There are no plans to produce any stamped cards that are more or less expensive to produce than those we are currently producing. In this regard, according to the Government Printing Office the price charged to the Postal Service for printing single-color cards on the printing press used to produce stamped cards would be the same as the price for printing multi-color cards.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON**

DFC/USPS-11

Is the aspect ratio of a rectangular post card relevant to determining whether the card can be processed by automated equipment? If so, why does the nonstandard surcharge that applies to one-ounce nonstandard letters not apply to cards whose aspect ratio is not conducive to automated processing.

RESPONSE:

The nonstandard surcharge does not apply to cards claimed at the card rate. To qualify for the card rate, a card must meet the dimensional requirements in Domestic Mail Manual section C.100.2.1 which, generally, are consistent with those associated with a standard letter.

A card which violates these postcard dimensions does not qualify for the card rate and would have to pay the higher letter rate.

**SUPPLEMENTAL RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DOUGLAS CARLSON**

DFC/USPS-11

Is the aspect ratio of a rectangular post card relevant to determining whether the card can be processed by automated equipment. If so, why does the nonstandard surcharge that applies to one-ounce nonstandard letters not apply to cards whose aspect ratio is not conducive to automated processing?

RESPONSE:

The nonstandard surcharge does not apply to cards claimed at the card rate. To qualify for the card rate, a card must meet the dimensional requirements in Domestic Mail Manual section 100.2.1 which, generally, are consistent with those of a standard letter. A card which violates those postcard dimensions does not qualify for the card rate and would have to pay the higher rate for letters. If the card then violated the requirements for a standard letter, it would be subject to the nonstandard surcharge. Because dimensional requirements needed to qualify for the card rate are generally consistent with those of a standard letter, the only cards that would be subject to a hypothetical nonstandard card surcharge would be those with an aspect ratio between 1.18 and 1.3, which is presumably a relatively small portion of pieces claiming the card rate. The aspect ratio for cards is relevant to whether cards can be processed on automation. Considerations of administrative simplicity (for mailers and the Postal Service) work to limit the number of classifications, rate categories, fees, and surcharges the Postal Service proposes to assess the various components and subcomponents of the mail stream.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON**

DFC/USPS-12

Please confirm that the Postal Service, at some time in the past four years, mailed to all or many residential customers nationwide a flyer or document that provided the recipients with information on how to address their mail properly and in a manner that would enhance the automation compatibility of their mail. Please provide this document and the dates when it was mailed.

RESPONSE:

Over the last few years, various local Area and District offices have sent (to residential and business addresses in selected ZIP Codes) mail pieces which generally explain how the Postal Service depends upon complete and correct addresses for its automation programs to work correctly. These mail pieces informed customers about why the Postal Service needs automation to handle its daily volumes. The pieces also explained the importance of each component in a delivery address and encouraged that the recipients provide their correspondents with the automation-compatible address on the mail piece they received. The pieces were sent to addresses in ZIP Codes where local managers believed that local addressing conventions or customer practices would benefit from a direct communication to the postal customer about the benefits of using a complete and correct address. There was no nationwide mailing. If a sample mail piece can be located, it will be provided.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-13.

Please refer to the response to DFC/USPS-5. To the extent that the characteristics of stamped cards that are described in DFC/USPS-5 facilitate or are otherwise conducive to processing on OCR's and BCS's, is this compatibility with OCR's and BCS's attributable to mere chance or coincidence? If not, please reconcile this response with the response to DFC/USPS-5.

RESPONSE:

Interrogatory DFC/USPS-5 asked whether any of the characteristics of stamped cards were "selected or designed" with the goal of improving their automation compatibility. When the first sentence of the response used the words "related to improving the automation compatibility of stamped cards", the intent was to respond to the question by explaining that stamped card characteristics were not designed or selected in order to improve the automation compatibility of stamped cards. In that sense, any characteristic that might tend to make the cards automation compatible would be a coincidence.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-14. Please provide all information relating to the number of CMRA's that receive their mail via caller service, firm holdout, or special arrangements that allow them to receive their mail by carrier delivery earlier in the day than they would receive their mail in the absence of these special arrangements. If specific quantitative information is not available, please estimate the prevalence of CMRA use of caller service, firm holdout, or other special delivery arrangements. If necessary, please use descriptive terms such as "rare" or "commonplace" if quantitative data are not available.

RESPONSE:

The Postal Service does not collect or maintain the requested information. Generally, CMRAs obtain their mail via caller service, firm holdout, special arrangement, or carrier delivery; each of these could fairly be described as "not uncommon."

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS F. CARLSON

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DFC/USPS-15. Please explain in detail how Consumer Service Cards are processed, at all levels of the Postal Service organization, once a postmaster receives the card.

RESPONSE: Please see Attachment A to this response.



Management Instruction

Complaint Resolution and Proper Use of the Consumer Service Card

This instruction establishes the minimum requirements and standard response time for answering customer complaints and establishes procedures for handling, tracking, and assigning accountability for timely response. Postal employees are to ensure timely, customer-friendly, and professional complaint resolution.

Date August 12, 1993
Effective Immediately
Number PO-250-93-2
Obsoletes MI-PO-250-91-3
OCC Code CA101

Ann McK. Robinson
Ann McK. Robinson
Vice President and Consumer Advocate

BACKGROUND

The Customer Satisfaction Index indicates that prompt response to and resolution of customer complaints will increase customer satisfaction with the complaint handling process. The Customer Satisfaction Index points out areas where prompt response is receiving low marks from our customers and needs improvement.

SCOPE

The following, or their designees, are responsible for implementing these requirements and for informing assigned personnel about local procedures for responding to or forwarding complaints received:

1. Headquarters Consumer Affairs.
2. Area office managers.
3. Customer Services district managers.
4. Plant managers.
5. Consumer Affairs and Claims managers.
6. Postmasters and station or branch managers.
7. Postal employees delegated responsibility for handling complaints.

SOURCE OF COMPLAINTS

The Postal Service receives complaints from business and residential customers who report them through:

1. Form 4314-C, *Consumer Service Card (English)*.
2. Form 4314-A, *Consumer Service Card (Spanish)*.
3. Telephone and personal contact.
4. Written correspondence, including customer surveys (e.g., the Customer Satisfaction Index).
5. Headquarters to field referrals (customer correspondence initially directed to the postmaster general or the

consumer advocate, then reassigned to the field for resolution).

6. Governmental inquiries from the legislative and executive branches of the federal government.

RESPONSIBILITY

Headquarters Management. Headquarters Consumer Affairs is responsible for establishing requirements and measuring compliance with this instruction.

Field Management. The following managers must ensure compliance with this instruction and resolve complaints within their areas of responsibility:

1. Area managers.
 2. District managers.
 3. Plant managers.
 4. Consumer Affairs and Claims managers.
 5. Postmasters and station or branch managers.
- Consumer Affairs and Claims managers must also do the following:
1. Monitor activity throughout their respective districts for compliance with this instruction.
 2. Refer customer complaints to the appropriate functional areas for resolution.
 3. Establish and maintain a customer complaint file.
- Postmasters and station or branch managers must also do the following:
1. Ensure that their offices meet the requirements of this instruction.
 2. Maintain one or more customer complaint control logs (see example on page 4).
 3. Investigate and take corrective action to resolve complaints by contacting and working with other

functional areas of the Postal Service, if necessary, to resolve customer complaints.

4. Establish and maintain a complaint file.
- Other postal employees, especially window clerks, are to provide the customer with a Consumer Service Card or refer the customer to the appropriate functional area.

PROCEDURES

Time Frames. Follow the procedures in the following chart to ensure that necessary actions are performed within the indicated time frames:

	Time Frame	Action
Initial Contact	Within 24 hours after receiving complaint	Acknowledge complaint by preprinted postcard, letter, telephone call, or personal contact with the customer.
Final Response	Within 14 days after receiving complaint	Send a final response to the customer by telephone, letter, or personal contact. The final response must be comprehensive and either describe how the problem was or will be corrected, or explain why the problem cannot be corrected.

Exception to Final Response Requirement. The final response time discussed above does not apply to complaints requiring issuance of a publication watch for daily, weekly, and monthly newspapers or magazines. All other requirements do apply. Process the publication watch in accordance with Management Instruction PO-440-88-4, *Publication Watch Revised Form and Procedures*, dated 10/21/88. The time frames for responding to these complaints are as follows:

Type of Publication	Final Response Due
Daily	Within 35 days after complaint received
Weekly	Within 45 days after complaint received
Monthly	Within 75 days after complaint received

Maintaining Customer Complaint Control Log. Maintain one or more customer complaint control logs at every office to ensure timely response to customer complaints and to facilitate routine analysis of complaint activity.

Content. Include the following information in the customer complaint control log:

1. Office name and ZIP Code.
2. Customer name.
3. Company name, if applicable.

4. Customer address.
5. Customer telephone number.
6. Control number (i.e., Consumer Service Card number).
7. Subject of complaint.
8. Type of contact.
 - a. Type of 24-hour acknowledgment (i.e., telephone, letter, postcard, personal).
 - b. Type of final response (i.e., telephone, letter, personal).
9. Date received.
10. Suspense date.
11. Assignment of responsibility for suspense and resolution of the complaint.
12. Date closed.

Complaints Resolved Immediately. If a complaint received over the telephone or in person is resolved immediately, document the contact in the customer complaint control log. However, if further investigation is needed, advise the customer and complete a Consumer Service Card.

Completing the Consumer Service Card. The Consumer Service Card is completed by one of the following methods:

1. A customer completes the Consumer Service Card, retains copy 1, and either gives the form to a postal employee or mails it, following the directions on the top of copy 1.
2. A postal employee completes a Consumer Service Card when a customer comment is received over the telephone, in person, or by letter when follow-up action must be taken or the comment or complaint must be referred elsewhere for action or resolution.

Processing a Complaint Made in Person. Follow these instructions when processing a Consumer Service Card that is received in person:

1. Ensure that the customer has provided complete information if he or she hands in the Consumer Service Card in person. Verify that the following information is legible on all parts:
 - a. Card number.
 - b. Customer name.
 - c. Complete address and ZIP Code.
 - d. Card date.
2. Enter the information in the customer complaint control log using the Consumer Service Card number as the control number.
3. Carefully separate and send copy 2 of the Consumer Service Card to the St. Louis Consumer Service Card Unit on the same date the Consumer Service Card is received from a customer or completed by a postal employee.
4. Acknowledge having received the complaint, within 24 hours, by preprinted postcard, letter, telephone call, or personal note.

5. Investigate the complaint.
6. Document the response in the *USPS Use Only* section on copy 3 of the Consumer Service Card. Include the date the customer was contacted, who made the contact, and a brief description of the action taken.
7. Send copy 3 to the Consumer Service Card Unit on the date action is completed and file copy 4 locally, along with any letters or attachments.

NOTE: Copies 2 and 3 should be sent to the Consumer Service Card Unit on the same day *only* if follow-up action is completed on the same day the comment is received.

8. Enter the date the complaint was closed on the customer complaint control log.

Processing a Written Complaint. Follow these instructions when processing a written complaint:

1. Transfer all vital information from the letter of complaint to a Consumer Service Card and enter it in the customer complaint control log using the Consumer Service Card number as the control number.
2. Follow processing procedures above.

Processing a Telephoned Complaint. Follow these instructions when processing a complaint made by telephone:

1. Complete a Consumer Service Card and log it in the customer complaint control log using the Consumer Service Card number as the control number.
2. Follow processing procedures above.

Mailing the Consumer Service Card. Instructions for mailing the Consumer Service Card to the Consumer Service Card Unit are as follows:

1. Do not staple Consumer Service Cards or include attachments, such as letters. (Attachments should be filed locally with copy 4.) Document all relevant information in the appropriate sections of the Consumer Service Card.
2. Do not fold the Consumer Service Card. Use an envelope measuring 6-1/2 inches by 9-1/2 inches or larger.
3. Divide copies 2 and 3 into separate batches. Mail both batches in one envelope each day to:

CONSUMER SERVICE CARD UNIT
UNITED STATES POSTAL SERVICE
PO BOX 80479
ST LOUIS MO 63180-9479.

Headquarters to Field Referrals. The following apply:

1. The Consumer Affairs and Claims manager is responsible for transferring information from customer correspondence to the customer complaint control log, for assigning the suspense date, and for ensuring that an appropriate response is made within 14 days from the date the district office received the complaint.

2. Field offices must respond within the assigned suspense date established by the Consumer Affairs and Claims manager.
3. 24-hour acknowledgment will have been made by Headquarters.

Government Inquiries. Process inquiries from legislative and executive branch officials as follows:

1. Follow procedures in *Administrative Support Manual* 338.
2. Process inquiries regarding service to a postal customer in the area served as written correspondence. These inquiries must receive prompt and conscientious attention.

MEASUREMENT OF EFFECTIVENESS

Consumer Affairs monitors the quality and timeliness of complaint resolution by conducting reviews of the following:

1. Customer Satisfaction Index.
2. Consumer Affairs field audits.
3. Periodic reports on the Consumer Service Card program.

BENEFITS

The Postal Service expects to:

1. Improve customer satisfaction with the complaint handling process.
2. Establish accountability for effective resolution of customer complaints.
3. Identify and correct service deficiencies which cause complaints.

REFERENCES

The following reference material, available from the material distribution centers, must be accessible to assist postal employees in resolving complaints related to Postal Service policy or regulations:

- *Domestic Mail Manual* (DMM)
- *Administrative Support Manual* (ASM)
- *International Mail Manual* (IMM)
- *Postal Operations Manual* (POM)
- *Handbook PO-250, Consumer Answer Book*
- *Handbook M-38, Management of Rural Delivery Services*
- *Handbook M-41, City Delivery Carriers Duties and Responsibilities*
- *Handbook PO-102, Retail Vending Operational and Marketing Program, Chapter 8, Customer Complaints.*

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS F. CARLSON

8665

DFC/USPS-16. For each of the past three years, please provide all information that is available in summary form about the types of service problems that customers have brought to the attention of the Postal Service using a Consumer Service Card.

RESPONSE: The categories of problems reported are as follows:

Change of Address

- Address Correction Service
- Change of Address Problems

Collection

- Collection Boxes
- No Pick Up from Mail Box

Damaged

- Letter
- Package
- Newspapers
- Advertisement
- Electronic Mail
- Flat/Large Envelope

Delay

- First Class
- Newspaper/Magazine
- Priority
- Special Delivery
- Certified
- Registered
- Express Mail
- Other

Delivery Problems

- Attempted Delivery
- General Delivery
- Improper delivery
- Improperly Returned Mail
- Daily Delivery Time Variation
- Misdelivery
- Mode of Delivery

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS F. CARLSON

8666

Response to DFC/USPS-16 (cont.):

- Central Delivery Point
- No Carrier Delivery Available
- Non-Delivery
- Notice of Attempted Delivery
- Rural Route
- Special Delivery
- Problems with Hold Orders
- Non-Receipt Vol Mailer Complaint
- Delayed Vol Mailer Complaint

Distribution Problems

- Distribution
- Notice to Call

Inspection Service

- Complaint about Inspection Service
- Referred to Inspection Service

Installations

International Mail

Post Office Box and Caller Service

Non-Receipt

- Letter
- Package
- Newspaper
- Advertisement
- Electronic Mail
- Flat/Large Envelope

Other Services

- Return Receipt
- COD Mail
- Registered Mail
- Money Orders
- Business Reply Mail

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS F. CARLSON

8667

Response to DFC/USPS-16 (cont.):

Personnel

- Carrier
- Clerk
- Other Personnel
- Telephone Response
- Supervisors/Postmasters

Policy

- Poor Use of Supplies/Equipment
- Unable to Provide Service
- Logo

Postage Due

Postage Rates
Retail Products

Self-Service Postal Equipment

- Broken Machines
- Lost Money in Machines
- Machine Empty
- Postal Buddy
- General Vending Complaints

Stamps and Philately

- Philatelic Products
- Stamps and Stamped Paper Products
- Stamp Inventory

Window Services

- Elimination of Service
- Hours of Service
- Window Delays/Long Lines
- Window Transactions Quality

Miscellaneous

- Misuse of Consumer Service Card
- Customer Error
- General Service Complaints
- Objectionable Mail Matter
- Payment of Claims
- ZIP Codes

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS F. CARLSON

8668

DFC/USPS-17. For each of the past three years, please provide all information that is available in summary form about the specific types of problems that customers have experienced with return receipts. If this information is not available at the headquarters level, please provide this information for all levels for which it is available. (Note: The response to DBP/USPS-33(d) suggests that some "customer feedback" from Consumer Service Cards, including "data," is available to "local managers.")

RESPONSE: The Postal Service's national information indicates that the following number of problems were reported on Consumer Service Cards regarding return receipts:

1995	4635
1996	4709
1997	4683

Data on the types of problems reported regarding return receipts is not compiled.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS F. CARLSON

8669

DFC/USPS-18. For each of the past three years, please provide all information that is available in summary form about the specific types of problems that customers have experienced with post-office-box service. If this information is not available at the headquarters level, please provide this information for all levels for which it is available. (Note: The response to DBP/USPS-33(d) suggests that some "customer feedback" from Consumer Service Cards, including "data," is available to "local managers.")

RESPONSE: The Postal Service's national information indicates that the following number of problems were reported on Consumer Service Cards regarding post office boxes and caller service:

1995	5754
1996	5206
1997	4320

Data on the *types* of problems reported regarding post office and caller service is not compiled, nor is this information split between post office boxes and caller service.

RESPONSE OF UNITED STATES POSTAL SERVICE
TO REQUEST FOR ADMISSIONS OF DOUGLAS F. CARLSON

8670

DFC/USPS-RA-1.

a. Twenty-cent stamped cards that the Postal Service sells meet the automation-compatibility requirements listed in DMM §§ C810.2.1, 810.2.2, 810.5.1, and 810.7.4.

b. Some private post cards do not meet all the DMM §§ C810.2.1, 810.2.2, 810.5.1, and 810.7.4 requirements for automation compatibility.

Response:

a. Confirmed.

b. Confirmed.

a. If a mailer prints the delivery address directly onto a stamped card, the background-reflectance requirement of DMM § C830.3.2 will be satisfied.

b. If a mailer prints the delivery address directly onto a private post card, the background-reflectance requirement of DMM § C830.3.2 may or may not be satisfied.

Response:

a. Confirmed.

b. Confirmed.

RESPONSE OF UNITED STATES POSTAL SERVICE
TO REQUEST FOR ADMISSIONS OF DOUGLAS F. CARLSON

8672

DFC/USPS-RA-3.

a. A stamped card satisfies the automation-compatibility requirements of DMM §§ C830.3.4, C830.3.5, and C830.6.1–C830.6.3.

b. Some private post cards do not satisfy one or more of the automation-compatibility requirements of DMM §§ C830.3.4, C830.3.5, and C830.6.1–C830.6.3.

Response:

a. Confirmed.

b. Confirmed.