

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

SIX-DAY TO FIVE-DAY CARRIER DELIVERY
AND RELATED SERVICE CHANGES, 2010

Docket No. N2010-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY OF
THE NATIONAL NEWSPAPER ASSOCIATION, REDIRECTED FROM WITNESS
DEAN J. GRANHOLM (NNA/USPS-T3-2(d))
(June 21, 2010)

The United States Postal Service hereby provides its response to the following
Interrogatory of the National Newspaper Association, redirected from witness Dean J.
Granholm, filed on June 2, 2010:

NNA/USPS-T3-2(d)

The interrogatory is reprinted below, and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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DEAN J. GRANHOLM (USPS-T-3)

NNA/USPS T3-2

On p 4 of your testimony, you say that “Large Mailers” that drop ship mail will be able to continue to enter mail at Post Offices on Saturdays.

a. Please define “Large Mailers.”

b. Will a mailer with volumes considered “large” when measured on a scale of an individual Post Office’s volumes be considered a “Large Mailer?”

c. Will a mailer’s history of mail entry on Saturdays be a factor in considering whether the mailer will be permitted to enter mail on Saturdays?

d. Please provide a copy of DM-109 5-5.1 for the record and explain how the elimination of Saturday service is expected to affect this policy.

RESPONSE:

[a]-[c] Answered by witness Granholm (USPS-T-3).

[d] Although the title of the attached DM-109 5-5.1 is “Overnight Drop of Time-Sensitive Periodicals at Small Post Offices,” it is not discussing nor does it apply to the arrival of drop shipments at destination facilities.

This is a specific “Origin” office acceptance policy for low circulation and mail volume Periodicals that meet the criteria outlined within the policy. Periodicals affected by this policy are commonly referred to as newspapers and are produced to provide predominately local time-sensitive information, news, and events to a subscription or requester base of recipients. These Periodicals are mailed at frequencies weekly or more often. Due to the challenges regarding publication of these time-sensitive publications and the limitations on business mail acceptance capabilities where the publication’s accounts are held, local origin acceptance offices have allowed these

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types of Periodicals to be dropped at local offices or local delivery offices after normal business mail acceptance hours, so that they can be processed for timely delivery.

The elimination of Saturday service does not affect this “Origin” acceptance policy.

5-5.1 Overnight Drop of Time-Sensitive Periodicals at Small Post Office Locations

The Postal Service allows an exception to timely entry requirements for time-sensitive Periodicals mailings deposited at origin post offices after business hours (late night or early morning), commonly referred to as overnight drops.

Publishers may make an overnight drop as long as the origin post office approves it and the publisher guarantees that sufficient funds are deposited in their advance deposit account to ensure that a negative balance does not exist. Publishers must understand that regardless of the date entered in the “Date of Mailing” field on the postage statement, all classes of mail, including Periodicals, deposited after BME Critical Acceptance Time (CAT) shall receive the next day’s date recorded in the “*Mailing Date*” field in *PostalOne!* The “next day” is defined as the first possible processing day after the mail is deposited.

In the scenarios below, the postage statement and marked copy of the publication (if applicable) must be provided with the mail unless and until a publication has been approved for the alternative verification process by USPS Headquarters. A publication that has such approval may submit postage statements and supporting documentation no later than 11:00 A.M. on the following business day that the drop occurs — or no later than 11:00 A.M. on the next business day following a weekend or holiday period when acceptance personnel are not available. Saturdays and Holidays shall be included as a “business day” for sites open to the public on those days. The postage statement must be entered into *PostalOne!* immediately upon receipt to ensure that postage is properly collected and reported. Postage statement entry must be governed according to the overnight drop mailing scenarios described below:

- *Overnight Drops occurring after close of business during the business week:* The postage statement and marked copy (if applicable) must be submitted no later than 11:00 A.M. the following business day, and the postage statement must be entered into *PostalOne!* immediately upon receipt to ensure that postage is properly collected and reported. Since the mailing was deposited after CAT the previous business day, the date entered in the “Date of Mailing” field on the postage statement and the date recorded in the “*Mailing Date*” field in *PostalOne!* should be the same.
- *Overnight Drops occurring after close of business for a non-Holiday weekend:* The postage statement and marked copy (if applicable) must be submitted no later than 11:00 A.M. of the next business day following the weekend closing, and the postage statement must be entered into *PostalOne!* immediately upon receipt to ensure that postage is properly collected and reported. Since the mailing was deposited after CAT the previous business day, the date entered in the “Date of Mailing” field on the postage statement and the date recorded in the “*Mailing Date*” field in

PostalOne! may vary by no more than the number of non-business days from the drop date to the next business day.

Example: If the mailing is dropped after CAT Friday at 3:00 A.M. Saturday morning and released to Operations, the postage statement must be received and finalized in *PostalOne!* on Monday. The “Mailing Date” (the day the mail arrives for verification and acceptance) is Saturday, the “Certification Date” (the date *PostalOne!* shows the mail was finalized in the system) in *PostalOne!* is Monday, and the date variance is three (3) days.

- *Overnight Drops occurring after close of business for a Holiday weekend:* The postage statement and marked copy (if applicable) must be submitted no later than 11:00 A.M. of the next business day following the Holiday, and the postage statement must be entered into *PostalOne!* immediately upon receipt to ensure that postage is properly collected and reported. Since the mailing was deposited after CAT the previous business day, the date entered in the “Date of Mailing” field on the postage statement and the date recorded in the “Mailing Date” field in *PostalOne!* may vary by no more than the number of non-business days from the drop date to the next business day.

Example: If the mailing is dropped after CAT Friday at 3:00 A.M. Saturday morning and released to Operations, the Holiday is on Monday, and the postage statement must be received and finalized in *PostalOne!* on Monday. The “Mailing Date” is Saturday, the “Certification Date” in *PostalOne!* is Tuesday, and the date variance is four (4) days.

- *Overnight Drops occurring after close of business for a mid-week Holiday:* This scenario is governed by the same procedures detailed above in Overnight Drops occurring after close of business for a non-Holiday weekend.

5-5.1.1 Verification of Overnight Drop of Time-Sensitive Periodicals at Small Post Office Locations

Acceptance employees are required to adhere to the following mail acceptance policy for low circulation and mail volume Periodicals that meet the criteria outlined below. Periodicals affected by this policy are commonly referred to as newspapers and are produced to provide predominately local time-sensitive information, news, and events to a subscription or requester base of recipients. These Periodicals are mailed at frequencies weekly or more often. Due to the challenges regarding publication of these time-sensitive publications and the limitations on business mail acceptance capabilities where the publication’s accounts are held, local origin acceptance offices have allowed these types of Periodicals to be dropped at local office or local delivery offices after normal business mail acceptance hours so they can be processed for timely delivery. This policy supersedes all current HQ, Area, and District acceptance and verification procedures for these newspaper Periodicals that have been authorized to enter the mailing at Post Offices or local postal delivery facilities so that they can be processed for timely delivery.

This policy regarding the application of non-standard verification processes only applies to publications currently authorized to mail under Periodicals privileges (Periodicals authorization approved or an application to mail at Pending Periodicals privileges has been filed and fees paid prior to November 16, 2009) and the publication was granted authorization to drop overnight by the Origin Entry acceptance office Postmaster prior to the effective date of this policy. This policy is *effective November 16, 2009*.

All requests for authorizations for Overnight Drop for Time- Sensitive Periodicals after November 16, 2009, must be approved by the District Manager Business Mail Entry who, in addition to notifying the requesting publisher, must also forward notice of publisher approval to his/her respective Area Customer Service Programs Analyst and Business Mail Acceptance HQ. All future authorizations to mail as Overnight Drop for Time-Sensitive Periodicals will require the publications to use the electronic features offered in the *PostalOne!* system. Publishers will be required to submit all postage statements and supporting documentation electronically to the *PostalOne!* system. Exceptions to this requirement can only be approved by the Manager, Business Mail Acceptance, HQ, USPS.

Publications authorized for acceptance under this procedure must meet all of the following criteria:

- Mail less than 300,000 copies annually.
- Mail less than 5,000 copies per postage statement.
- Mail at a frequency of weekly or more often.
- Are authorized to deposit mailings after mail acceptance hours or in time to meet scheduled transportation.
- Are deposited at the office where the publication account is maintained or at a designated local delivery facility as identified by the Postmaster of the origin entry office.
- Are primarily (50% or more of the mailed distribution) for In-County distribution within the local area of the Known Office of Publication (KOP).
- Funding for mailings must always be on account prior to deposit of the mailing.
- Can be used with or may be more effectively accepted under an Exceptional Dispatch procedure.
- Would not be more effectively accepted using a drop shipment procedure.

In some cases a Publication can meet all of the criteria identified above except for the total pieces in the mailing may exceed 5,000 copies. Publishers may request an exception to the mailing volume criteria in writing to the District Manager Business Mail Entry. These requests will be handled and approved on a case by case basis. There will not be any exceptions for mailings that exceed 10,000 copies per mailing.

Publications authorized as "overnight drop for time-sensitive periodicals" will not be subjected to all required acceptance processes as other mailings as defined in the DM 109. Since these Periodicals publications will often have been processed for delivery or may have

to immediately be loaded onto USPS transportation for critical dispatch, they may not always be subjected to cursory or in-depth verification procedures. Though these required verification procedures may be waived in the interest of timely dispatch or delivery, acceptance offices should always attempt to per-form (at least cursory level) as much verification as possible (couple of sacks/bundles) without disrupting the established service expectation of the publisher.

This policy does not provide any exceptions for the annual verifications required for all Periodicals publications. Annual verifications must be performed as required by the DM 109. The annual reviews require verification of the information reported by the publisher on the Statement of Ownership, Management, and Circulation (PS Form 3526), eligibility, advertising, frequency, and postage statement accuracy.

The origin acceptance office must ensure that it follows policy established in Management Instruction DM-707-2009-2 on acceptance procedures for marked copies and postage statement process for Overnight Drop for Time-Sensitive Periodicals (pg.15). Whenever possible publishers of Periodicals granted this authorization should be encouraged to transition to using the electronic documentation features available through the *PostalOne!* system.

The origin acceptance office must notify all processing/ delivery facilities of any Periodicals publications they have authorized for Overnight Drop for Time-Sensitive Periodicals and provide them with the publication title, the frequency and the planned drop day/time, and approximate volume. This notification will not be required for mail being dispatched to meet critical dispatch times. The origin acceptance office must ensure that there are adequate notification processes in place for the facilities where the mail is being dropped at or dispatched to for reporting problems associated to the publication (e.g., missing frequency of drops, preparation or sort problems, dropping mail other than that specifically authorized or volumes in excess of 5000 copies). When problems are reported the origin acceptance office must take immediate action and contact the publisher to remedy them. Failure on the publisher's part to adhere to the conditions of the authorization or meet mailing requirements may result in an immediate suspension of this privilege requiring the publisher to submit their mailings during scheduled hours of operation for acceptance.

Modifications to the *PostalOne!* system and the Performance Based Verification model strengthen verification procedures for the annual verifications required on mailings authorized to mail at Periodicals prices.

Modifications to the *PostalOne!* system also provide a checkbox on the Account Management Edit Permit/Periodical page to designate the publication "Overnight Periodicals". When this box is checked, no verification will be requested by the system and the statements for those publications will be excluded from the verification performance reports.

"Overnight Periodicals" is a reason for non-performance of verification in *PostalOne!* and also track that annual reviews are being conducted and all required verifications are per-formed during the review.

5.5.2 Time-Sensitive Periodicals Dropped Outside of Business Mail Acceptance Hours

This document provides mail acceptance policy and guidelines to ensure proper acceptance and verification of Periodicals not authorized as Overnight Drop Time Sensitive Periodicals.

Time-Sensitive Periodicals are defined as a Publication having a frequency of weekly or more often and are primarily published for the dissemination of news or other current event information to a list of paid subscribers or requestors. These Periodical mailings can be allowed to drop their mailings outside of normal acceptance hours because a portion of the mailing is prepared at a level where the office can provision it for delivery on the day it is dropped. There is no service standard commitment to provide this level of delivery service but where possible the Postal Service tries to deliver these Time-Sensitive publications in the interest of providing the public with relevant and current news.

5.5.2.1 Time-Sensitive Periodicals Dropped Outside of Normal Acceptance Hours (Not Authorized as Overnight Drop Periodicals)

The Postal Service recognizes the importance of timely delivery of all Time-Sensitive Periodical publications. However the Postal Service also has to adhere to its responsibilities regarding our financial controls. Arrangements can be made between the Publisher and the Origin Mail Acceptance office to accommodate for the depositing of time-sensitive Periodicals mailings (not authorized as a Time-Sensitive Overnight Drop Periodical) after business hours (late night or early morning).

Time Sensitive Periodicals that can be dropped outside of normal acceptance hours should meet the following criteria:

- Are authorized to deposit mailings after mail acceptance hours.
- Mail at a frequency of weekly or more often.
- Are deposited at the office where the publication account is maintained or at a designated local delivery facility as identified by the Postmaster of the origin entry office.
- Are primarily (50% or more of the mailed distribution) for In-County distribution within the local area of the Known Office of Publication (KOP).
- Funding for mailings must be on account prior to deposit of the mailing.
- Must present the postage statement and supporting mailing documentation and the Marked Copy (if applicable) with the mailing or to the acceptance unit during the business hours prior to the drop day. Whenever possible publishers of Periodicals granted this authorization should be encouraged to transition to using the electronic documentation features available through the *PostalOne!* system.
- The Publisher must physically segregate segments (CRRT and delivery service area 5 DGT preparation levels) of the mailing that is for the same day delivery of the office from the segments

(CRRT, 5 DGT non-service area ZIP codes and 3 DGT, ADC, or MXADC preparation levels of the mailing.

Publishers may make an overnight drop as long as the origin post office approves it and the publisher guarantees that sufficient funds are deposited in their advance deposit account prior to depositing of the mailing. Publishers must understand that regardless of the date entered in the "Date of Mailing" field on the postage statement, all classes of mail, including Periodicals, deposited after BME Critical Acceptance Time (CAT) shall receive the next business day's date recorded in the "Mailing Date" field in *PostalOne!* The "next day" is defined as the first possible processing day after the mail is deposited.

Failure on the publisher's part to adhere to the conditions of the local agreement or meet mailing requirements may result in an immediate suspension of this privilege requiring the publisher to submit their mailings during scheduled hours of operation for acceptance.

5-5.2.2 Verification for Dropping Time-Sensitive Periodicals (not Authorized Overnight Drop) Deposited Outside of Mail Acceptance Business Hours

This policy does not provide any exceptions for the annual verifications required for all Periodicals publications. Annual verifications must be performed as required by the DM 109. The annual reviews require verification of the information reported by the publisher on the Statement of Ownership, Management, and Circulation (PS Form 3526), eligibility, advertising, frequency, and postage statement accuracy.

Periodicals allowing deposit outside of regular Mail Acceptance business hours must be verified according to existing policies on mail verification. Employees are required to adhere to the following mail acceptance policy for Periodicals meeting the criteria outlined below.

The origin acceptance office must notify all processing delivery facilities of any Periodicals publications they have agreements for dropping Time-Sensitive Periodicals outside of acceptance business hours and provide them with the publication title, the frequency and the planned drop day/time, and approximate volume. This notification is separate and distinct from notifications provided regarding Time-Sensitive Periodicals Authorized Overnight Drop.

The origin acceptance office must make arrangement with mail processing delivery operations to retain mail for verification purposes or provision resources to conduct verification prior to mail entering processing.

The origin acceptance office make arrangements with mail processing delivery operations to provision reporting to acceptance regarding any issues (e.g., missing frequency of drops, preparation or sort problems, out of sequence, dropping mail not specifically authorized or volumes exceeding what is reported on the documentation) with the segments of a mailing that are being processed for delivery. Generally speaking this will be preparation route levels of the mailing that are carrier route sorted or in 5 digit bundles for the delivery office (usually In-County but in some areas may include some Out-Side County). When problems are reported the origin acceptance office must take immediate action and contact the publisher to remedy them.

All other preparation levels of the mailing that are not for the immediate delivery office processing can be held for verification once the acceptance office opens for business. The segments of the mailing retained will be subjected to verification as required by policy or requested by the *PostalOne!* system. If verification of the mailing identifies presort or other mailing standard errors/discrepancies then the acceptance unit must make arrangements with the delivery office to perform an in-depth verification on the segment (preparation levels of the mailing that are carrier route sorted or in 5 digit bundles for the delivery office) of the next subsequent mailing. The Publisher must be contacted regarding the results of the verifications, assessments applicable, and subsequent actions regarding their mailings.