

PRC Glossary of Postal Terms

The Postal Regulatory Commission (PRC) glossary is a list of economic, statistical, and technical terms frequently used in this website. This glossary draws on a number of sources for its substance such as: Commission opinions, material filed in Commission proceedings, pertinent statutory authority, published sources and public documents.

The glossary definitions are not "official" or "authoritative" interpretations of the Commission. Each definition represents at least one interpretation of the meaning of the term.

Comments and suggestions for further improvement are welcomed; contact the Rates and Classification Specialist (James Callow at james.callow@prc.gov).

PRC Glossary of Terms Used In Postal Ratemaking (A-D)

ACCOUNTABLE MAIL – Mail that requires the signature of the addressee or the addressee's agent upon receipt to provide proof of delivery or indemnification for loss or damage. This includes Express Mail and special services mail such as certified mail, collect on delivery, insured mail for more than \$50, registered mail, and return receipt for merchandise. Source: Glossary of Postal Terms, USPS Publication 32, May 1997.

ACCOUNTING PERIOD (AP) – A four-week (28-day) period that forms one-thirteenth of the postal fiscal year. It begins on a Saturday and ends at the close of business on the Friday four weeks later. Source: Glossary of Postal Terms, USPS Publication 32, May 1997. Effective FY 2004, reporting of Postal Service performance by accounting period was replaced by reporting on a calendar month basis.

ADDRESS CHANGE SERVICE (ACS) – A centralized system that automates the processing of change-of-address information for participating mailers who maintain computerized mailing lists. Address information from undeliverable-as-addressed mailpieces are matched with change-of-address information in a central computer. These records are organized and consolidated, and transmitted electronically to participating mailers to eliminate the manual entry of change-of-address information into their mailing lists.

AIRPORT MAIL CENTER/FACILITY (AMC/F) – A postal unit, located at or next to an airport, that concentrates, transfers, receives, distributes and dispatches mail transported principally by air. Source: Glossary of Postal Terms, USPS Publication 32, May 1997.

ALLIED OPERATIONS – In mail processing, operations or activities that handle mail in bulk quantities, such as magazine bundles and trays of letters. Such operations support mail processing operations that sort or handle individual pieces of mail. Allied operations include moving pallets of bundled mail on loading docks (platform operation), opening trays of letters (opening unit operation), among others.

ARBITRARY – With respect to decision-making, arbitrariness occurs when a choice among alternatives is made without reference to objective criteria. Arbitrariness in decision-making reflects the absence of explicit goals. Legally, "arbitrary" connotes a degree of irrationality or lack of support that makes the decision subject to judicial reversal. It is usually associated with the term "capricious."

AREA DISTRIBUTION CENTER (ADC) – A mail processing facility that receives, processes, and distributes mail destined for specific ZIP Code areas. Source: Glossary of Postal Terms, USPS Publication 32, May 1997.

ATTRIBUTABLE COSTS – Those costs that vary with a change in volume either in the short run or the longer run or, though fixed, are specific to a class of mail or a special service. Examples include: (1) The costs of sorting mail, i.e., the more mail to be sorted, the more time required for sorting (volume variable); and, (2) Advertising costs for Express Mail (product specific).

AUTOMATION COMPATIBLE MAIL – Mail that has been prepared so it can be processed on the Postal Service's automated mail processing equipment, in order to qualify for discounted rates. In general, the preparation of automation compatible mail requires the mailer to meet certain Physical Characteristics, Address Requirements, and Other Requirements. These include, for Physical Characteristics: weight, thickness, shape, flexibility, presorted, pre-barcoded, and, specified markings; Address Requirements: ZIP Code accuracy (e.g., CASS certification); and, mailing list updates for customer change-of-address (e.g., Move Update program); Other Requirements: each mailing must be entered in minimum quantities which vary by class; documentation of each mailing; and, trays used for mailings must be labeled according to Postal Service specifications.

AVOIDED COSTS – Discounts from generally applicable rates are based upon costs saved when mailers perform work traditionally done by the Postal Service. Mailer performed work causes the mail to avoid certain postal processing operations. Such mail is referred to as "workshare" mail. The costs saved are estimated from special studies that compare the cost to the Postal Service of processing one type of mail within a subclass that has been "workshared" versus similar mail that has not been workshared. The resulting cost differences are often referred to as "avoided costs." See WORKSHARE

BALLOON RATE – A rate applicable to Parcel Post pieces that are large in volume relative to their weight, i.e., like a “balloon.” Such parcels exceed 84 inches in length and girth combined (but not more than 108 inches) and weigh less than 15 pounds. A parcel meeting these criteria is charged the rate equal to that of a 15-pound piece for the zone to which the parcel is addressed.

BAR CODE READER/SORTER (BCR/BCS) – A computerized machine that reads the barcode on a mailpiece and sorts it into more than 100 separations based on the active sort scheme.

BARCODES/BARCODING – A series of vertical bars (lines) and spaces arranged horizontally that represents a numerical series, or otherwise identifies a mailpiece. There are several types:

POSTNET Barcode – A series of vertical bars and half bars representing the ZIP Code information for the delivery address on a mailpiece. Each numeric digit of the ZIP Code is represented by a series of five bars (always a combination of two full bars and three half bars). A complete barcode contains two bars that frame the entire code; the five, nine, or eleven digits containing ZIP Code and address information; and a final correction digit. A barcode of this type facilitates processing on automated mail sorting equipment.

Delivery Point Barcode – A POSTNET barcode that contains a ZIP + 4 barcode plus two additional digits (10 additional bars) that designate a specific delivery point. Source: Glossary of Postal Terms, USPS Publication 32, May 1997. Such a barcode allows automated sortation into the walk sequence of delivery used by the carrier. Formerly called the Advanced Barcode (ABC).

Facing Identification Mark (FIM) – A series of vertical bars printed in the upper right corner of certain letter-size mail to the left of the postage. The FIM serves to identify, orient and separate business reply mail, courtesy reply mail, and official mail for automatic facing and canceling, and subsequent processing.

Identification Barcode – A red, phosphorescent barcode applied on the back-side of a mailpiece that provides a means to uniquely identify the mailpiece during subsequent automated mail processing operations.

Planet Code – A 12-digit barcode, applied by a mailer participating in the Postal Service’s Confirm Service, containing information that uniquely identifies a mailpiece, including the type of service, the mailer identification number, and information specific to the mailpiece, mailing, clients, etc. The Planet Code permits participating mailers to track outgoing and

incoming mailpieces in near real-time when their mailpieces are processed on automated sorting equipment.

BASE YEAR – The most recent fiscal year for which actual cost, volume and revenue data are available. This data is used to project estimates of postal costs, volumes and revenues into the future for purposes of developing new postal rates. See **COST ROLLFORWARD MODEL**

BIAS – For each population parameter, such as the mean or variance, there are associated sample statistics used to estimate the population parameter. Bias is a measure of the error between the true value of a population parameter and a sample statistic, which serves as an estimate of the true value of the population parameter. Thus, if a is the true value of the parameter and s is an estimate derived from a sample, then the bias is the mean of $(a - s)^2$ for all sample estimates s . A sample statistic is said to be an unbiased estimator if the mean of $(a - s)^2$ is zero. A sample statistic is said to be a biased estimator if the mean of $(a - s)^2$ is positive. For example, the true mean of a population may be estimated by several measures of central tendency, i.e., mean, median and mode, derived from a random sample of observations from the population. A sample estimate of the true population mean by the median (or mode) is a biased estimator of the true mean, while the sample mean is an unbiased estimator.

The term bias is also used in reference to the tendency of samples not to be representative of the population from which the samples are drawn since it will tend to bias estimates. See **ERROR**

BLOCK FACE – For the assignment of ZIP + 4 codes, one side of a street, from one intersection to the next. Source: Glossary of Postal Terms, USPS Publication 32, May 1997. See *also* **SEGMENT**

BOTTOM-UP COSTING – In postal ratemaking, the process of developing the costs of a mail class or service using cost segments and components found in the Cost Segment and Component Report.

BULK MAIL – Mailpieces that are part of a large-volume mailing entered with the Postal Service at one time. A bulk mailing must include a minimum number of pieces or pounds, and be presorted, to qualify for reduced postage (bulk) rates. Bulk mail generally consists of advertising circulars, catalogs, and product samples and, as such, is most often associated with the Standard Mail class.

BULK MAIL CENTER (BMC) – A highly mechanized mail processing plant [for the processing and distribution of] Standard Mail and Periodicals in bulk form, and [Package Services mail] in both single-piece and bulk form. Source: Glossary of Postal Terms, USPS Publication 32, May 1997.

BUNDLE – More than one package of mail matter bound, tied or wrapped together into a single unit.

BUSINESS MAIL ENTRY UNIT (BMEU) – The area of a postal facility where a mailer presents for acceptance bulk mail or presorted mail. The BMEU includes dedicated platform space, office space, and a staging area on the workroom floor. Source: Glossary of Postal Terms, USPS Publication 32, May 1997.

CARRIER ROUTE INFORMATION SYSTEM (CRIS) – The official list of all delivery addresses on postal routes. It contains the delivery scheme information for all city delivery routes, rural routes, highway contract routes, post office box sections, and general delivery units. This information is made available to mailers in electronic form or hard copy format for the updating of customer mailing lists.

CASE – A piece of equipment that contains shelves into which clerks or letter carriers sort letters, flats, or irregular parcels and pieces. Also, to sort mail into a case. Source: Glossary of Postal Terms, USPS Publication 32, May 1997.

CAUSAL CONNECTION, or COST CAUSATION – At its most basic level, a causal connection exists when a change in one variable causes a change in another variable. Thus, p is a cause relative to q , and q an effect relative to p , if and only if by doing p we could bring about q or by suppressing p we could remove q or prevent it from happening. The phrase causal connection or cost causation is often used in the context of a “cost-quantity” discussion to make clear that a change in cost is caused by the change in volume, and not some other factor. Such other factors might include a rise in inflation or changes in technology.

CENSUS – A census is a listing of all observations or data points in a population.

CITY CARRIER – A letter carrier who provides city delivery service. This includes delivery and collection of all mail classes at residences and businesses within an area authorized for city delivery service. Source: Glossary of Postal Terms, USPS Publication 32, May 1997.

CITY DELIVERY CARRIERS, STREET ACTIVITIES – For analytical purposes, prior to Docket No. R2005-1, the costs of city delivery carriers were grouped by the time expended to perform certain activities. Those time categories are:

Route time – Route time can generally be conceptualized as the time spent by the carrier traversing the active portions of the carrier route where there are delivery points, but does not include the time spent deviating from the route to these points.

Access time – Access time is time that varies with the number of stops made by the carrier at delivery points. In more general terms, it is that portion of street time spent going up to and back from delivery points. It also includes access to relay and collection boxes.

Load time – Load time is that portion of street time that is spent by the carrier handling mail at delivery receptacles, and relay and collection boxes, including incidental customer services. It is subdivided into batch-load time and individual-load time according to the manner in which pieces of mail are handled.

Street support time – Street support time includes time spent clocking in or clocking out, and that part of street time spent on such activities as traveling from the carrier station to the first delivery point and from the last delivery point back to the station, obtaining and loading the delivery vehicle, and preparing the mail at the vehicle and at relay boxes.

CITY DELIVERY SERVICE – Delivery service by city carriers of mail addressed to residences and businesses with an area that has a population of at least 2,500 residents, or more than 750 possible deliveries. The area must have paved or improved streets; street signs and house numbers displayed; and 50 percent of the building lots developed with residences and other structures. Source: Glossary of Postal Terms, USPS Publication 32, May 1997.

CLUSTER BOX UNIT (CBU) – A centralized unit of individually locked compartments for the delivery and collection of mail. Source: Glossary of Postal Terms, USPS Publication 32, May 1997. Cluster box units are typically used in residential areas in place of individual mail receptacles at the door, walkway, or curb or roadside of each residence.

CODING ACCURACY SUPPORT SYSTEM (CASS), CASS CERTIFICATION – A service offered to mailers, service bureaus, and software vendors that improves the accuracy of delivery point barcodes, ZIP+4 barcodes, 5-digit ZIP Codes and carrier route information on mailpieces. Source: Glossary of Postal Terms, USPS Publication 32, May 1997. Mailers who want to qualify for certain discounts must obtain CASS certification for their mailing lists.

COEFFICIENT OF VARIATION (CV) – The coefficient of variation is the standard deviation of a sample mean expressed as a percentage of the sample mean, e.g., the ratio of the sample standard deviation to the sample mean. It is a relative measure of variance or sampling error, useful in comparing the standard deviations of two or more different sample means. Thus, a CV of 10 percent means that the standard deviation of the sample mean is 10 percent of the size of the sample mean estimate itself. A related measure is the relative variance (or relvariance) which is the square of the CV.

COLLECTION MAIL – Mail deposited into a collection box or lobby drop box, as well as mail collected by letter carriers on their delivery routes. Source: Glossary of Postal Terms, USPS Publication 32, May 1997.

COMMERCIAL MAIL RECEIVING AGENCY (CMRA) – A private business that acts as the mail-receiving agent for specific clients. The business must be registered with the post office responsible for delivery to the CMRA. Source: Glossary of Postal Terms, USPS Publication 32, May 1997.

COMMINGLED PALLET – A pallet consisting of dissimilar material that is integrated into one mailing. Examples include subscriber and non-subscriber Publications, and Standard Mail and Package Service parcels placed on the same pallet. This practice is also referred to as "co-palletizing."

COMMON COSTS – In general, the cost of inputs that are common to and used in the production of several products. More specifically, common costs arise where the same facility or process produces two or more products in proportions that can be varied. For example, when the same equipment is used to make products X and Y, and when producing X uses capacity that could otherwise be used to supply Y, the cost of such production are common costs. In the postal context, truck transportation costs are considered common costs as a truck can be loaded with mail of different classes. Common costs are generally attributed for rate-setting purposes when they vary as a result of a marginal change in mail volume.

CONFIDENCE INTERVAL (Interval Estimator) – A confidence interval is a pair of sample estimates (L, U) intended to bracket an unknown true population parameter, such as the mean or variance, and provide an estimate of the probability that the interval contains the true value of the parameter. Thus, confidence intervals convey two distinct pieces of information—the width of the interval, and the probability that the interval brackets the unknown true population parameter. Given a sample, an analyst is faced with the task of constructing an interval that would contain the unknown true parameter with a certain level of confidence, expressed as a percent representing a probability of occurrence. Generally, 95 or 99 percent is selected as the accepted level of confidence. The selected percent associated with the confidence interval is referred to as the confidence level, meaning that the confidence intervals would include the unknown true parameter either 95 or 99 percent (whichever is selected) of the time.

CONFIDENCE LEVEL (Confidence Coefficient) – A confidence level is the probability that a confidence interval will contain the true value of an unknown population parameter. See CONFIDENCE INTERVAL

CONSUMER PRICE INDEX (CPI) – A measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. Source: Bureau of Labor Statistics

CONTESTABLE MARKET THEORY – The contestable market theory holds that a perfectly contestable market exists where 1) all producers have access to the same technology; 2) consumers respond quickly to price changes; 3) existing firms cannot respond quickly to entry by lowering price; and, 4) there are no sunk costs. In a perfectly contestable market, consumer welfare is protected because there are no barriers to entry and potential entrants are not disadvantaged relative to existing firms. Under this theory, any market comprised of a government monopoly or featuring significant “sunk costs” is generally not considered contestable.

CONTINGENCY – Under the Postal Reorganization Act, the Postal Service is permitted “a reasonable provision for contingencies.” (§ 3621). Although the statute provides no further description or explanation, it has been interpreted to mean an allowable item in the revenue requirement that is intended to 1) protect against unforeseeable events not capable of being prevented through honest, efficient and economical management, and 2) provide insurance against errors in estimating test year revenues and expenses. In general, the contingency has been determined by increasing projected postal costs by a fixed percentage, which becomes part of the total costs of the Postal Service that must be covered by the revenue requirement. See REVENUE REQUIREMENT

CONTRIBUTION – The term contribution is sometimes used as an abbreviated reference for the contribution to institutional costs provided by a subclass. The contribution is the difference between revenue and attributable costs for each subclass. Contribution may also be expressed on a per-piece basis, referred to as “unit contribution.” See INSTITUTIONAL COSTS

CORRELATION COEFFICIENT (ρ) – The correlation coefficient is a statistic measuring the strength of the linear relationship between two random variables, x and y . The statistic indicates the “goodness of fit” of a line derived by the method of ordinary least squares which, in turn, indicates whether or not it is reasonable to conclude that there exists a linear relationship (correlation) between x and y . The correlation coefficient is defined as the ratio of the covariance of the two variables to the product of their standard deviations, $\rho_{xy} = \sigma_{xy}/(\sigma_x\sigma_y)$. The correlation coefficient varies between -1.0 and +1.0, with the extremes indicating perfect linear relationship (negative or positive, respectively) between the two variables.

COST AND REVENUE ANALYSIS (CRA) REPORT – The CRA report presents, for a fiscal year, Postal Service revenue and attributable costs for the categories of mail and services. It also presents the institutional (overhead) costs, as well as amounts from appropriations and income from investments, to provide a

reconciliation of total revenue and attributable costs with the totals shown in the Postal Service's financial statements. The report is prepared annually to aid in determining whether the Postal Service is meeting the statutory requirements that "total income equals as nearly as practicable, its costs" and that "each class of mail or type of mail service bear the direct and indirect costs attributable to that class or service"

COST ASCERTAINMENT GROUP (CAG) – Post offices are classified by Cost Ascertainment Group (CAG), and designate A to L (excluding the letter "I") based upon the amount of revenue generated, as measured by "revenue units." A revenue unit is the average amount of revenue per fiscal year from postal rates and fees for 1,000 pieces of originating mail and special service transactions. Each year, the Postal Bulletin publishes the number of revenue units for each CAG. CAG A post offices have more than 350,000 revenue units, and generate the most revenues. CAG L post offices have fewer than 36 revenue units, and generate the least revenue.

COST COMPONENT – A grouping of postal costs within a cost segment according to a type of labor or functional activity for purposes of variability analysis. See COST SEGMENT

COST COVERAGE – A percentage figure generally used to compare the relative burden of institutional costs borne by each subclass. A cost coverage is calculated for each subclass of mail and the larger special services, and is derived by dividing revenue from the subclass by the attributable cost for that subclass. For example, if the revenue is \$120 and the attributable cost is \$100, the cost coverage would be $120/100 = 1.2$, which is expressed in percentage terms as 120 percent.

COST ELASTICITY (or Variability) – A cost elasticity is a measure of the effect on cost (the dependent variable) of a change in the quantity produced (the independent variable), all other factors affecting cost (such as the price of labor) being unchanged. The cost elasticity is the percentage change in cost divided by the associated percentage change in volume. Thus, if e_c = cost elasticity, the equation can be written as:

$$e_c = (\Delta C/C) / (\Delta V/V)$$

By way of example, if the cost elasticity for a particular operation were 0.6, a 10 percent increase in volume through that operation would cause a 6 percent increase in its cost.

COST POOL – A grouping of the costs below the level of cost component for the purpose of analysis in order to identify those costs that are volume variable and fixed. In the postal context, cost pools are most often found in the analysis of mail processing activities.

COST ROLLFORWARD MODEL – In postal rate proceedings, a financial model used to project costs forward from a historical base year—generally the most recent fiscal year for which actual results are available—to a future test year using estimates of inflation, mail volume, and the consequences of postal management initiatives, among other factors. The projection of costs to a future test year is used in the development of new postal rates.

COST SEGMENT – A grouping of postal costs that are derived from and generally correspond with the postal system of accounts. For example, the salary, benefits, and related costs of postmasters and district managers/postmasters are captured in Cost Segment 1, Postmasters.” There are currently 18 cost segments used by the Postal Service. Postal costs by cost segment and component are provided in the Cost Segment and Component Report, filled annually with the Commission.

COVARIANCE (σ_{xy} or $\text{cov}(x,y)$) – The covariance of x and y is defined as the mean of the product of x 's deviations from its mean and y 's deviations from its mean, i.e. the mean of $(x_i - \bar{x})(y_i - \bar{y})$. If x tends to exceed its mean when y exceeds its mean, then the covariance is positive. If x tends to exceed its mean when y is less than its mean, the covariance is negative. If x and y are independent of each other, then their covariance is zero. The correlation coefficient is the result of rescaling the covariance so that it lies between -1 and +1.

CROSS-PRICE ELASTICITY OF DEMAND – A cross price elasticity of demand measures how sensitive the demand of one product is to changes in the price of another product. Specifically, the cross price elasticity of demand is defined as the percentage change in the quantity demanded of one product (holding its price constant) divided by the percentage change in the price of a related product. The cross price elasticity of demand can be either positive or negative. When it is positive, the two commodities under study are considered substitutes; when it is negative, the two products are considered complements.

CROSS-SECTIONAL ANALYSIS – Cross-sectional data is used in analyses where a number of independent variables may be used to explain the value of a dependent variable for two or more items. Continuing the example from cross-sectional data above, assume that Gross Domestic Product (GDP) is a function of consumption, investment, and government expenditures. If several countries are being analyzed, the GDP in Year 1 would be the observed value of the dependent variable and the amount of consumption, investment, and government expenditures would be the values of the independent variables in year 1. A cross-sectional analysis would present the GDP as a function of consumption, investment, and government expenditures for the items being analyzed, in this case several countries.

CROSS-SECTIONAL DATA – For two or more items under analysis, cross-sectional data consists of multiple observations for some set of variables at the same time. Cross-sectional data, for example, could be obtained on the Gross Domestic Product (GDP), consumption, investment, and government expenditures for several countries in a given year.

CROSS-SUBSIDY – In the postal context, the existence of a cross-subsidy is determined by use of the incremental cost test. See **INCREMENTAL COST**

CUBIC FOOT-MILES – The cubic volume of mail times the miles traveled. The term can also refer to the cubic capacity of a vehicle utilized, and is calculated as the cubic capacity of the vehicle times the percentage of vehicle capacity utilized times the miles the vehicle travels.

DATA – The term data refers to the set of elements, values or numbers under consideration.

DEATH SPIRAL – A feedback process whereby a regulated firm responds to higher costs or a decline in volume from unregulated competitors by increasing prices, resulting in a continuous cycle of declining volume and price increases, etc.

DECLINING BLOCK RATES – A rate structure in which the rate (price) per-unit decreases as the quantity demanded increases. The term “block” refers to a specified quantity or number of units. Under such a rate structure, a customer can purchase an initial quantity (block) at one unit price, and acquire additional quantities (blocks) at successively lower per-unit prices as the total quantity purchased increases.

DEMAND-BASED PRICING – A pricing method based upon the concept that different people are willing to pay different prices for the same product or service. For example, airlines charge different prices for seats on the same flight, depending upon how far in advance tickets are purchased, the day of departure and/or arrival, and other restrictions.

DEMAND-SIDE EFFECTS – References to “demand-side” effects relate to issues involved in evaluating benefits to consumers, and consumers’ willingness to pay for various quantities.

DENSITY – In the postal context, the term has two separate meanings. First, density is used to describe the number of mailpieces in a mailing that are delivered in a given ZIP Code or on a given route. For example, a mailing that contains a mailpiece for every delivery address on a route would be denser than a mailing that contains mailpieces for only 50 percent of the delivery addresses. Second, density is used to describe a mailing in terms of pounds per cubic foot.

DESTINATION ENTRY DISCOUNTS – Discounted rates for mail transported at the mailer’s expense to a postal facility located closer to where the mail is to be

delivered, provided it is prepared in a manner specified by the Postal Service. See also DROPSHIP, or DROPSHIPPED/DROPSHIPPING.

DETACHED ADDRESS LABEL/CARDS (DAL/C) – A label or card displaying address information that is physically separate from the "host" piece of mail, such as a catalog. Detached address labels or cards may be used in connection with a mailing of unaddressed Periodicals flats, Standard Mail flats or merchandise samples, or unaddressed Bound Printed Matter (BPM). The DAL/C is sorted or cased, unlike the heavier, more costly to handle host piece. In some instances, the reverse side of the label or card carries advertising. The use of the DAL/C is now widely associated with Standard Mail "shared mail" programs, but originated more than 25 years ago as a practice designed to facilitate the sorting, handling and delivery of heavier-weight fourth-class catalogs.

DETACHED MAIL UNIT – An area within a mailer's plant used by [Postal Service personnel] to accept, verify, and dispatch larger volumes of mail. Source: Glossary of Postal Terms, USPS Publication 32, May 1997.

DIRECT MAIL – An advertising and mailing industry term for direct marketing to customers using the mail.

DISTANCE TAPER – A decline in average transportation cost per mile as distance increases, holding everything else constant within a single mode of transportation.

DISTRIBUTION KEY – A set of proportions used to distribute the attributable costs to the various subclasses and/or services. Distribution keys may be the proportion of pieces, weight, cubic feet, or related costs. A specific example is the labor cost of vehicle service drivers, which are distributed to each subclass of mail based upon the proportion of cubic feet associated with each mail subclass to the total volume of mail.

DROPSHIP, or DROPSHIPPED/DROPSHIPPING – The transportation of mail at the mailer's expense to a postal facility located closer to where the mail is to be delivered. Mail that is drop-shipped reduces Postal Service costs by avoiding postal transportation between (and processing at) other postal facilities. Drop-shipped mail is eligible for destination entry discounts.