

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

Postal Rate and Fee Changes, 2006)

Docket No. R2006-1

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS DREW MITCHUM (OCA/USPS-T40-64-85)
(July 14, 2006)

Pursuant to Rules 25 through 28 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatories OCA/USPS-T32-1-7, dated June 2, 2006, are hereby incorporated by reference.

Respectfully submitted,

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OCA/USPS-T40-64. As recently as March 23, 2004, Postmaster General Potter testified (Testimony of John E. Potter Before a Joint Hearing of the Committee on Government Reform, U.S. House of Representatives, and the Committee on Governmental affairs, U.S. Senate) that:

To increase use of our traditional products, we are using technology to add value to the mail through the development of new features and services. Our Confirm service – one of the first of our Intelligent Mail initiatives – provides the Postal Service and mailers with a rich stream of information about mail as it moves through our system. It helps the Postal Service improve processing efficiency and helps mailers better achieve their business objectives.

- a. Do you agree with General Potter's testimony that Confirm provides the Postal Service with a rich stream of information? If not, explain fully.
- b. Do you agree with General Potter's testimony that Confirm helps the Postal Service improve processing efficiency? If not, explain fully.
- c. Doesn't the proposal to abandon the requirement to provide prior electronic notice of entering the mail (USPS-T-40 at 21) make the "stream of information" less rich in that it will not be possible to determine delivery times for Confirm pieces that have not provided "start the clock" information? Please explain fully any response other than an unqualified "yes."
- d. Doesn't the proposal to abandon the requirement to provide prior electronic notice of entering the mail (USPS-T-40 at 21) diminish the Postal Service's ability to assess and improve processing efficiency in that it will not be possible to determine delivery times for Confirm pieces that have not provided "start the clock" information? Please explain fully any response other than an unqualified "yes."

- e. Please refer to your response to interrogatory MMA/USPS-T40-1. Don't price changes ranging up to nearly 2000% undermine the goals outlined in General Potter's testimony with respect to using Confirm to develop a rich stream of information and to improve processing efficiency? Please explain fully any response other than an unqualified "yes."

OCA/USPS-T40-65. In the August 30, 2001, issue of *USPS Newslink Online*, the following statement is made:

Confirm is made possible with PLANET Code technology. PLANET Codes identify the sender of a mailpiece and allow for the storage of other information on barcodes that are placed directly onto the mailpiece.

* * * * *

The fact that USPS gets a service performance measurement tool is a bonus that will help USPS improve service and grow revenue.

- a. Do you agree with the statement that Confirm is a service performance measurement tool? If not, explain fully.
- b. Do you agree that Confirm can help USPS improve service? If not, explain fully.
- c. Doesn't the proposal to abandon the requirement to provide prior electronic notice of entering the mail (USPS-T-40 at 21) undermine the use of Confirm as a service performance measurement tool in that it will not be possible to determine delivery times for Confirm pieces that have not provided "start the clock" information? Please explain fully any response other than an unqualified "yes."
- d. Doesn't the proposal to abandon the requirement to provide prior electronic notice of entering the mail (USPS-T-40 at 21) diminish the Postal Service's ability to improve service in that it will not be possible to determine delivery times for

Confirm pieces that have not provided “start the clock” information? Please explain fully any response other than an unqualified “yes.”

OCA/USPS-T40-66. In the Postal Service’s *Strategic Transformation Plan 2006-2010*, issued less than a year ago (i.e., September 2005), at 56, the benefits of Confirm are touted:

Much of the success in end-to-end service performance resulted from the Postal Services’ ability to make the most of advances in information technology. In addition to independent measurement systems, data from the passive scanning of mail containing Delivery Confirmation, CONFIRM, and Indicia Based Information (IBI), helped to pinpoint quality problems and improve service across all product lines.

- a. Do you agree with these statements? If not, explain fully.
- b. If you agree that Confirm in its present form had a role in improving end-to-end service performance, pinpointing quality problems, and improving service across product lines, then what is the rationale for abandoning preshipment notification and proposing scan-fee increases of nearly 2000%?

OCA/USPS-T40-67. *Postal Bulletin* Issue No. 22119, January 8, 2004, at 4, contains the following announcement:

CONFIRM ON SCHEDULE: Internal “seeding” begins Jan. 10

If you can measure something, you can find a way to make it better. The “something” in this case is mail processing performance. And the measuring device is Confirm. Confirm allows business mailers to track their mailings through each stage of processing. USPS also can use it as a tool to measure and improve performance.

* * * * *

Mandatory internal seeding of Confirm pieces begins Jan. 10.

- a. Do you agree with the notion that when service performance is measured, it is likely to lead to improvements? If not, explain fully.
- b. Isn't it correct, as is stated in the quote above, that Confirm can be used as a tool to measure and improve performance? Please explain fully any answer other than an unqualified "yes."
- c. Please provide complete results from the mandatory internal seeding of Confirm that began on January 10, 2004 (as stated above).
- d. Please explain the purpose of the mandatory internal seeding program and how it is operated and administered.
- e. Who views the results of the seeding program? (Name all positions)
- f. How are the results of the seeding program used?

OCA/USPS-T40-68. *Postal Bulletin* Issue No. 22094, January 23, 2003, at 22, describes the Friend-to-Friend (FTF) program. According to the *Bulletin*, commercial customers mail FTF pieces as First-Class Mail. Customers are required to apply PLANET codes to each piece, which is then scanned under the Confirm system. Please provide performance delivery times for all FTF pieces since inauguration of the program.

OCA/USPS-T40-69. *Postal Bulletin* Issue No. 22084, September 5, 2002, at 9, describes the USPS Micropayment Service. According to the *Bulletin*, customers mail First-Class Mail courtesy reply cards. Customers are required to apply PLANET codes to each piece. Please provide performance delivery times for all Micropayment cards since inauguration of the program.

OCA/USPS-T40-70. Please refer to your testimony at page 28. You state that “[t]he value of service for insurance customers is very high.”

- a. Do you agree that ease/difficulty of filing a claim is an important element of the value of service? If you do not agree, explain in full.
- b. Please describe all steps performed by postal employees in submitting an insurance claim, starting with (1) the activities that take place at a retail office, (2) continuing through the transmission of the insurance claim form to the St. Louis Accounting Service Center (ASC), (3) through the actions taken at the ASC, (4) through communication with the claimant who filed the claim.
- c. Is it correct that insurance claim forms are generally filled out at a retail window by a clerk? If this is not correct, then please provide an accurate description.
- d. Is it correct that the claim form is sent to the ASC for processing and a decision on whether to pay the claim? If this is not correct, then please provide an accurate description.
- e. Is it fair to say that most claimants are not trained on how forms should be filled out correctly and, therefore, depend on a clerk to fill out the form correctly? If you disagree, explain fully.
- f. Is it correct that claimants depend on clerks to send the claim form to the ASC with correct postage, an accurate address, and in a timely manner? If this is not correct, then please provide an accurate description.
- g. Please describe the Postal Service’s system for making sure that clerks fill out the forms correctly, address them accurately, and dispatch them in a timely manner.

- h. How many appeals are permitted on a Postal Service decision to deny a claim or reduce the insured amount in indemnifying the claimant?
- i. How much information are claimants given on the reasons for denying the claim or reducing the amount claimed?
- j. What channels are available to claimants to contact the ASC agent who is processing the claim to determine (1) status, (2) provide additional information, or (3) challenge inaccurate statements in the letter deciding the claim? As part of this answer, specifically address whether an agent can be reached by telephone and provide the telephone number.

OCA/USPS-T40-71. What targets or performance objectives (including metric measures) has the Postal Service established for Insurance for the following:

- a. Time for processing an insurance claim, as measured from the time an insurance claim form is submitted until the time that a decision letter is issued and sent to the claimant?
- b. Time for issuing a decision on an appeal from the St. Louis Accounting Service Center (ASC), as measured from the time the appeal is submitted until the time that a decision letter is issued and sent to the claimant?
- c. Time for issuing a decision from the USPS Consumer Advocate, as measured from the time an appeal is submitted until the time that a decision letter is issued and sent to the claimant?
- d. Time that an insurance claim form is held at the retail office where the claim is filed, as measured from the time the form is completed at the window until the time that the form is sent to the ASC?

- e. Number of complaints per number of Insurance claims?
- f. Any other objectives (including revenue objectives) for Insurance?
- g. For parts a. – f. above, provide any data on how well the Postal Service is meeting its established targets and objectives? If data are unavailable, provide a verbal statement on how well the Postal Service is doing on meeting its targets and objectives.

OCA/USPS-T40-72. What class of mail is used to send an insurance claim form from the facility where the claim is submitted to the St. Louis Accounting Service Center (ASC)? Must postage be applied to such a mailpiece?

OCA/USPS-T40-73. Give a detailed description of the training given to postal clerks on how to submit an insurance claim on behalf of claimants.

- a. Provide all training materials.
- b. How many hours of training are required?
- c. State whether (and how often) clerks are tested to see if they have a good understanding of how to process an insurance claim.

OCA/USPS-T40-74. What is the position of individuals who process claims at the St. Louis Accounting Service Center (ASC)?

- a. What training are they given to perform their duties?
- b. What are the educational requirements for the position?
- c. Is any type of accreditation required so that lost/damaged items can be accurately appraised?
- d. Is there any requirement for past experience doing similar kinds of work?

- e. Provide all of the training materials used to train these individuals.
- f. How many hours/days of training do these individuals receive?

OCA/USPS-T40-75. For FY 2005, how many insurance transactions were made?

- a. How many insurance claims were made?
- b. How many claims were paid in full?
- c. How many claims were paid in part?
- d. How many claims were denied?
- e. How many claims were denied in the St. Louis Accounting Service Center's (ASC) first decision?
- f. How many claims were denied on an appeal to the ASC?
- g. How many claims were denied on an appeal to the USPS Consumer Advocate?
- h. How many claims were left unresolved?
- i. What was the average length of time for the issuance of the ASC's first decisions? For all first decisions, provide the distribution of the number of decisions by length of time for issuance. Use 2-week time periods for the distribution.
- j. What was the average length of time for the issuance of ASC appeal decisions? For all ASC appeal decisions, provide the distribution of the number of decisions by length of time for issuance. Use 2-week time periods for the distribution.
- k. What was the average length of time for the issuance of USPS Consumer Advocate appeal decisions? For all Consumer Advocate decisions, provide the distribution of the number of decisions by length of time for issuance. Use 2-week time periods for the distribution.

- l. Provide the 15 most numerous reasons for denying insurance claims, in order of frequency.
- m. Provide the 15 most numerous types of complaints, in order of frequency.

OCA/USPS-T40-76. For FY 2006 (Q1, Q2, and Q3), how many insurance transactions were made?

- a. How many insurance claims were made?
- b. How many claims were paid in full?
- c. How many claims were paid in part?
- c. How many claims were denied?
- d. How many claims were denied in the St. Louis Accounting Service Center's (ASC) first decision?
- e. How many claims were denied on an appeal to the ASC?
- f. How many claims were denied on an appeal to the USPS Consumer Advocate?
- g. How many claims were left unresolved?
- h. What was the average length of time for the issuance of the ASC's first decisions? For all first decisions, provide the distribution of the number of decisions by length of time for issuance. Use 2-week time periods for the distribution.
- i. What was the average length of time for the issuance of the ASC appeal decisions? For all ASC appeal decisions, provide the distribution of the number of decisions by length of time for issuance. Use 2-week time periods for the distribution.

- j. What was the average length of time for the issuance of USPS Consumer Advocate appeal decisions? For all Consumer Advocate decisions, provide the distribution of the number of decisions by length of time for issuance. Use 2-week time periods for the distribution.
- k. Provide the 15 most numerous reasons for denying insurance claims, in order of frequency.
- l. Provide the 15 most numerous types of complaints, in order of frequency.

OCA/USPS-T40-77. Please provide as a library reference the 500 most recent Insurance complaints submitted to the Postal Service, in any format available.

OCA/USPS-T40-78. a. What percentage of insurance revenues were paid as indemnification in FY2005? (Show all calculations).

b. What percentage of insurance revenues were paid as indemnification in FY2006 (Q1, Q2, and Q3)? (Show all calculations).

OCA/USPS-T40-79. *Postal Bulletin* Issue No. 22127, April 29, 2004, at 36, sets forth new rules and procedures for filing and processing Indemnity Claims. They were made effective May 1, 2004.

a. Please provide the total number of complaints about Insurance for the following 1-year periods: May 1, 2002 – April 30, 2003; May 1, 2003 – April 30, 2004; May 1, 2004 – April 30, 2005; and May 1, 2005 – April 30, 2006.

b. For the same time periods as in part a., provide the total number of claims filed.

Note: Information sought in parts a. and b. is for the purpose of seeing whether the May 1, 2004, procedures improved the processing of Insurance claims.

OCA/USPS-T40-80. What printed information is given to potential purchasers of Insurance at retail counters that informs them of the documents they should retain to furnish proof of Insurance and proof of value in the event a claim must be filed?

- a. Is this a requirement for every inquiry about the purchase of insurance?
- b. Or is it at the discretion of the clerk? Explain in full.

OCA/USPS-T40-81. What printed information is given to potential purchasers of Insurance at retail counters that informs them of the limitations and exclusions of Insurance coverage?

- a. Is this a requirement for every inquiry about the purchase of insurance?
- b. Or is it at the discretion of the clerk? Explain in full.

OCA/USPS-T40-82. What printed information is given to potential purchasers of Insurance at retail counters that informs them of the time limits and procedures for filing claims?

- a. Is this a requirement for every inquiry about the purchase of insurance?
- b. Or is it at the discretion of the clerk? Explain in full.

OCA/USPS-T40-83. What printed information is given to potential purchasers of Insurance at retail counters that informs them of the average length of time to resolve a claim?

- a. Is this a requirement for every inquiry about the purchase of insurance?
- b. Or is it at the discretion of the clerk? Explain in full.

OCA/USPS-T40-84. What printed information is given to potential purchasers of Insurance at retail counters that informs them of the percentage of Insurance claims that are paid in full; the percentage of Insurance claims that are paid in part; and the percentage of Insurance claims that are denied?

- a. Is this a requirement for every inquiry about the purchase of insurance?
- b. Or is it at the discretion of the clerk? Explain in full.

OCA/USPS-85. Please refer to Domestic Mail Manual (DMM) §609.4.3, “Nonpayable Claims.”

- a. Under §609.4.3.l., how can a potential mailer/purchaser of Insurance obtain a binding approval or certification from the Postal Service that an item is “properly wrapped?”
- b. Under §609.4.3.m., how can a potential mailer/purchaser of Insurance obtain a binding approval or certification from the Postal Service that an item is not too fragile to be carried safely in the mail, regardless of packaging?
- c. Under §609.4.3.p., how can a potential mailer/purchaser of Insurance obtain a binding approval or certification from the Postal Service that an item has been packaged so as to withstand “shock, transportation environment, or x-ray” without being damaged?
- d. What prior notice is given to potential purchasers of Insurance that items must be sturdy enough, or packaged well enough, to satisfy the requirements of §§609.4.3.l., m., and p.?

- e. Do you agree that, without binding approval or certification with respect to §§609.4.3.l., m., and p., a mailer will never have a high degree of certainty whether an Insurance claim will be paid or not? If you do not agree, then explain in full.

- f. Do you agree that, without binding approval or certification with respect to §§609.4.3.l., m., and p., a mailer may be wasting his/her money to insure an item for which a claim will not be paid at a later time? If you do not agree, then explain in full.