

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

CONFIRM

Docket No. MC2002-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

The United States Postal Service hereby provides its responses to Presiding Officer's Information Request No. 1, issued May 6, 2002. Each question is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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May 17, 2002

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BAKSHI TO
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POIR/USPS-1. On page 4 of USPS-T-1 it states that, "A Confirm[®] data record is generated each time the PLANET Coded mail piece is run on certain Postal Service automated mail processing equipment."

- a. What operations, for example incoming primary, will generate a data record?
- b. For each of these operations provide, by shape and subclass, the percentage of Confirm[®] piece that will be processed on automation equipment.
- c. According to witness Miller's LR-61 in Docket No. R2001-1, only 65% of machinable flats are run on automated equipment at the Incoming Secondary level. Does this imply that 35% of Confirm[®] flats will not receive a scan at the incoming secondary level? If so, how will a data record be generated?

RESPONSE:

- a. The following operations will generate a Confirm data record:

- Outgoing Primary
- Outgoing Secondary
- Incoming Primary
- Incoming Secondary
- SCF Sort Plan
- First and Second Pass of Delivery Point Sequence

b & c. The percentage of letters or flats in any subclass participating in Confirm that will be processed on automation equipment depends on the origin-destination characteristics of the PLANET-coded mailpieces sent by Confirm customers. However, in general, as noted in part c) of this question, some PLANET-coded pieces will probably not receive a scan due to "coverage factors" present for various operations. That is, it is likely that not all pieces, even if automation-compatible, will be sorted on

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automation equipment in every possible operation. Confirm data records will, of course, not be generated if the piece is not run on automated sorting equipment. "Coverage factors" (such as the 65% figure cited in this question) provide some insight into reasonable expectations of the likelihood of scanning in a particular operation. Again, however, the actual number of scans generated for a particular mailer will depend on the mail mix sent by the mailer, and within that mail mix, the mix of pieces to which the mailer applies the PLANET Ccode.

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POIR/USPS-2. With respect to each subscription level described on page 2 of
USPS-T-5,

- a. What is the maximum number of scans a piece could receive?
- b. What is the minimum number of scans a piece could receive?
- c. What is the average number of scans per piece?
- d. Does each scan count against the allocated scans per subscription level?
- e. Can the subscriber specify the number of times it wants the piece scanned?
- f. Can the subscriber specify where in the system it wants the scanning to commence, for example, only when it reaches the secondary sort?

RESPONSE:

- a. From what we understand from Operations, a mail pieces could receive a maximum of 6 scans under normal mail processes.
- b. Zero.
- c. A typical piece would receive about 3 scans.
- d. Each scan made available to the customer counts against the allocated scans per subscription level.
- e. No.
- f. No.

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INFORMATION REQUEST No. 1, QUESTION 3**

POIR1, Q3: Please refer to USPS-LR-1, the Confirm Market Research. How many of the registered companies indicated they would purchase the service at the proposed price levels?

RESPONSE:

As noted in USPS-LR-1, the Confirm Market Research, a total of 169 individuals and 164 unique registered companies were interviewed. Applying the greater than or equal to 80% likelihood criteria described on page 18, the following table presents the estimated number of registered customers who would subscribe to Confirm. The unweighted number of such customers was 43. The estimated numbers in the chart below project the survey results up to the full population of registered customers taking into account those not interviewed.

**Estimated Number of Registered Customers Who Would Purchase Confirm
(>=80% Likelihood)**

Type of Subscription	Low Price Points
Silver	9
Gold	96
Platinum	48
Total Estimated Subscribers	153

These results show that an estimated 27% of registered customers (153 out of 559) are likely to purchase a Confirm subscription at the low price point set. These findings are not surprising because some registered customers are not actively using the service and others would not be willing to pay for it.

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POIR1/4. Refer to USPS-LR-2, Worksheet A5.

- (a) The allocated scans for additional scans for the Silver package is given as 2,500,000, and 12,500,000 for Platinum. Witness Kiefer's testimony, however, states that users would be allowed to purchase additional scans in blocks of two million for Silver, and six million for Platinum. USPS-T-5 page 2. Please explain the additional 500,000 scans.
- (b) Please explain why the period of allocation for the Silver package is 30 days for additional scans, and 90 days for the base scans.

RESPONSE:

(a) The figures used in Worksheet A5 were drawn from the market research. An erratum correcting the citation in note b to "USPS-LR-1, Table 3, 'Price Point Sets Tested'", will be filed.

(b) The 30-day period of allocation for additional scans was chosen to reflect that additional scans will likely be purchased in the latter stages of a subscription period on an as-needed basis, rather than when the initial subscription is purchased.

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POIR/USPS-5. Please explain how the Postal Service proposes to calculate the duration of each subscription level.

- a. For example, is the three months duration for Silver subscriptions based on a first-of-the-month start date, *e.g.*, February 1 through April 30, or does it also encompass any starting date with service terminating roughly 90 days thereafter, *e.g.*, May 15 through August 14? Do the three months have to run consecutively?
- b. Is the one-year term for Gold and Platinum subscriptions based on a calendar year or an annual period terminating on the anniversary of the commencement date of the subscription? Do the twelve months have to run consecutively?

RESPONSE:

- a. Silver subscriptions terminate three months (roughly 90 days) after the start of the subscription, which can occur on any date. The three months must run consecutively.
- b. Gold and Platinum subscriptions terminate on the anniversary of the commencement date of the subscription. The twelve months must run consecutively.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

Joseph K. Moore

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