

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS NEEDHAM TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T8-38, 40)

The United States Postal Service hereby provides responses of witness Needham to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T8-38, 40, filed on July 31, 1996. Interrogatory OCA/USPS-T8-39 was redirected to the Postal Service.

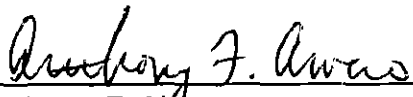
The interrogatories are stated verbatim and are followed by the response.

Respectfully submitted,

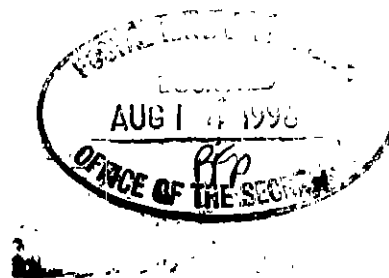
UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
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August 14, 1996



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OCA/USPS-T8-38. A comparison of the Postal Service's proposed indemnity fees for insurance at pages 45-48 of your testimony and of the insurance fees of competitors at pages 4-5 of LR-SSR-109 shows that the Postal Service's proposed fees are higher than all of the competitors, sometimes significantly higher (e.g., \$45.70 v. \$17.15 for RPS and UPS at the \$5,000 level).

At page 53 of your testimony, you state "so if the [insurance] fee is not consistent with the price the market can bear, customers will use the abundant postal and alternative delivery options which are currently available."

- a) Your statement seems incompatible with the actual fees you propose. Considering the "abundant" alternatives, please explain why customers would choose to use Postal Service insurance rather than the competitors.
- b) Please explain what you mean by "the price the market can bear."

RESPONSE:

- a) I do not understand the quoted statement to be inconsistent with the proposed fees. Considering the abundant alternatives for merchandise delivery, coupled with the fact that all present Postal Service insurance fees are higher than the competitors' fees listed in LR-SSR-109, current Postal Service insurance customers still choose to use the Postal Service, and the Postal Service expects that some of its customers will continue to choose postal insurance for higher value articles.
- b) By "the price the market can bear" I was referring to fees that customers would be willing to pay. As explained in my response to (a) above,

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current Postal Service insurance customers are already willing to pay more for postal insurance than the competitors' offerings. The purpose of the insurance proposal was to respond to customer demand by providing a higher indemnity limit.

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OCA/USPS-T8-39. Please refer to LR-SSR-104, Return Receipts Cost Study Update, pages 8-9.

- a) Is the source for the "Time Mins." columns (both main tables and footnotes) Library Reference F-180 from Docket No. R90-1? If not, please provide the source.
- b) What is the date of the original cost study? Have any procedures measured by the study changed in the years since the original study? If so, explain how they have changed.
- c) Provide the source for the volumes in footnote (1).

RESPONSE:

Redirected to the Postal Service.

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OCA/USPS-T8-40. Please refer to your testimony at page 87 concerning merchandise return receipt service.

- a) Please explain why it is necessary to "clearly exclude documents" from this service?
- b) Has the Postal Service encountered problems with this service or its customers? If so, please explain. If not, why do you need to "limit" this service?
- c) Can merchandise be sent by First-Class Mail under 12 ounces? If so, why are you proposing to prohibit someone using First Class Mail from using this service.
- d) At present, all of former third-class mail (now Standard) is eligible for this service. Your proposal excludes all Standard Mail except single piece from this service. Please explain why.
- e) Has the Postal Service considered publishing a definition of "merchandise"? Why or why not? Would this help alleviate any problems?

RESPONSE:

- a) The original intent of return receipt for merchandise service was to provide merchandise mailers with an option of purchasing a return receipt without another special service for parcels. It is necessary to exclude documents because they are not considered merchandise by the Postal Service.
- b) Basic return receipt for merchandise service is available for a fee \$1.20, whereas certified mail with return receipt is presently available for \$2.20. A mailer seeking to obtain proof of delivery of a mailpiece containing documents may be tempted to choose basic return receipt for

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merchandise service to save \$1.00. This would be contrary to the DMCS, because return receipt for merchandise service was not intended as a substitute for certified mail for documents. The DMCS, however, gives the Postal Service no effective mechanism to prevent this practice, particularly since First-Class Mail is sealed against inspection.

- c) Merchandise weighing 11 ounces or less may be sent by First-Class Mail Letters and Sealed Parcels subclass. Mail within this subclass presents the greatest opportunity for misuse of return receipt for merchandise service because the contents are sealed against inspection and it more likely to contain documents or correspondence.
- d) The question is incorrect; the Postal Service is not proposing to limit return receipt for merchandise service to Single Piece Standard Mail. Rather, the Postal Service proposes that return receipt for merchandise service be available for Standard Mail subclasses for which there is a reasonable expectation of usage. These subclasses include Single Piece, Parcel Post, Bound Printed Matter, Special, and Library. See Request Attachment A p. 16.
- e) Yes, the Postal Service has published an interpretation of the term. Administration and eligibility would nonetheless be further simplified if the service is limited to specified subclasses.

DECLARATION

I, Susan W. Needham, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Susan W Needham

Dated: August 14, 1996

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.


Anthony F. Alverro

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