

ORIGINAL

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

RECEIVED
AUG 23 4 36 PM '96
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
DAVID B. POPKIN AND INTERROGATORIES
OF DAVID B. POPKIN REDIRECTED FROM WITNESS LYONS
(DBP/USPS-T8-1-9, 11-13 & DBP/USPS-T1-1-11)

The United States Postal Service hereby provides responses of witness Needham to the following interrogatories of David B. Popkin: DBP/USPS-T8-1-9, 11-13 and DBP/USPS-T1-1-11, filed on August 9, 1996. Interrogatory DBP/USPS-T8-10 was redirected to witness Patelunas.

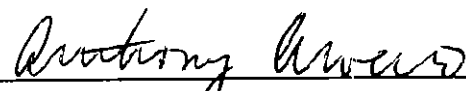
For ease of reference, the Postal Service has subdivided the interrogatories into subparts. Each interrogatory is followed by the response.

Respectfully submitted,

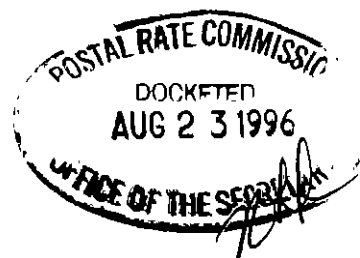
UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Anthony F. Alverno

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2997; Fax -5402
August 23, 1996



RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN
REDIRECTED FROM WITNESS LYONS

DBP/USPS/T1-1 On Page 14 of your testimony, you indicate that certified mail and return receipts represent premium services. [a] With respect to return receipts, confirm that they are used to provide evidence of delivery, namely, who received the mail and when it was delivered. [b] Confirm that return receipts eliminate the need for the sender to seek independent acknowledgment of delivery. [c] Is there still a requirement for the delivering employee to obtain on the Form 3811 either the signature or the authorized signature stamp of the individual or organization receiving the article? [d] Is it required that the employee of the USPS who is delivering the article to the addressee or their representative obtain the signature or authorized signature stamp at the time of delivery and take possession of the Form 3811, check it for accuracy, and mail it back to the sender the same day? [e] If not, what are the requirements? [f] Provide me with copies of all internal or external regulations, directives, memoranda, etc. which describe the action to be taken with respect to the completion of the return receipt form. [g] Are there any exceptions to this policy? If so, provide a listing. [h] Do these requirements apply to mail which is sent to federal government agencies in the Washington DC area? If not, provide the authority for the exception. [i] Is there a written or unwritten policy or practice which permits or allows the accountable mail to be delivered to any addressee [including but not limited to federal agencies outside of the Washington DC area, state government agencies, local government agencies, organizations that have a unique ZIP Code, large organizations, organizations that receive a large number of pieces of accountable mail] with the Form 3811 attached and leaves it up to the agency or addressee to complete the return receipt by themselves and deposit it in mail at a later time? If so, provide details and copies of the regulation, directive, memoranda, etc. which authorizes this. [j] Does the USPS have any agency agreements with respect to the delivery of accountable mail. If so, provide details and copies of the agreements. [k] Confirm that the return receipt costs to the Postal Service would be less for mail delivered in this manner. If not, why not?

a) Confirmed.

b) Confirmed.

c) Yes.

d) No.

e) See Domestic Mail Manual Transition Book 932.41

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN
REDIRECTED FROM WITNESS LYONS

- f) See Domestic Mail Manual Transition Book 932.41
- g) Yes. See Domestic Mail Manual Transition Book 932.42.
- h) See response to (g)
- i) See Domestic Mail Manual Transition Book 932.42
- j) See USPS LR-SSR-137 (Publication 38A, Guidelines for Providing Postal services on Military Installations)
- k) I have not studied this.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN
REDIRECTED FROM WITNESS LYONS

DBP/USPS-T1-2 [a] In the event that there are one or more addressees whose delivery of accountable mail is made without having the delivery USPS employee obtain the signature on the Form 3811 at the time of delivery, how can this return receipt provide evidence of delivery since the addressee is completing the return receipt and returning it without checking by the USPS? [b] How is this service any different than that which would exist if the sender included a post/postal/stamped card with the article and had the addressee provide the same service as being presently done? [c] Confirm that the cost of this post/postal/stamped card would be either 20 or 22 cents. [d] What is the justification for this type of processing of the return receipt being charged the full \$1.50 rate as opposed to the 20/22 cent rate for the post/postal/stamped card [which is the only service being provided by the USPS]? [e] Is the mailer allowed to apply for a refund of \$1.28/1.30 in these instances. If not, why not? [f] If in fact, it is the addressee that is completing and returning the return receipt to the mailer, how can this be considered an independent acknowledgment?

RESPONSE:

- a) In addition to the signature on the return receipt, a signature is obtained on the delivery record that is retained at the delivery post office. The delivery post office maintains a log of types of accountable mail, which could be consulted in the event of a dispute.
- b) See response to (a). In addition, return receipts have an assigned number corresponding to the special service number (*e.g.*, the registered or certified mail number), which also appears on the sender's receipt, so that the sender has proof of mailing. Delivery records are also maintained at the delivery post office for 2 years.
- c) Not confirmed.
- d) I do not agree with your implied "22 cent rate" for postal/stamped cards. Cost and demand characteristics inform this proposal; see my testimony at pages 86-94.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN
REDIRECTED FROM WITNESS LYONS

- e) No, because postal regulations do not authorize a refund in this circumstance; however, refunds may be made, in the Postal Service's discretion, for certified mail if the article fails to receive the service or if the Postal Service, through fault or negligence, fails to furnish a return receipt or its equivalent, or makes erroneous delivery or nondelivery. Domestic Mail Manual P014.2.4.
- f) See response to (a) and (b).

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN
REDIRECTED FROM WITNESS LYONS

DBP/USPS-T1-3 [a] Does the return receipt service also provide for notification to the sender of the date of delivery? [b] Provide copies of any directives etc. which require this. [c] Is it a requirement that the date of delivery shown on the return receipt represent the actual date of delivery? [d] What procedures does the Postal Service utilize to ensure that the actual date of delivery is shown? [e] If there is such a procedure, how can it be accomplished if the accountable mail is delivered to the addressee with the return receipt still attached? [f] What evidence of delivery is provided if the date shown is missing or incorrect or written over?

RESPONSE:

- a) Yes.
- b) See Domestic Mail Manual Transition Book 932.41
- c) Not necessarily.
- d) See Domestic Mail Manual Transition Book 932.412; Domestic Mail Manual S915.4.0; USPS LR-SSR-137 (response of witness Larson to your interrogatory no. 20 in Docket No. R90-1 and provisions in Handbook PO-603 and Handbook Series M-41).
- e) See response to (d).
- f) A record, which is maintained for two years, is also made at the post office prior to delivery, and this can be consulted if necessary.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN
REDIRECTED FROM WITNESS LYONS

DBP/USPS-T1-4 [a] Are there instances where the date of actual delivery is important to the mailer and represents the major reason why the return receipt service was utilized? [b] If so, provide examples. [c] If this were the case and the date shown on the receipt was incorrect, would this mailer have received the premium service that was paid for?

RESPONSE:

a-c) We have not conducted market research on this topic.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN
REDIRECTED FROM WITNESS LYONS

DBP/USPS-T1-5 [a] Are there instances where the mailer utilizes the return receipt service to learn within a specific period of time the fact that the article was actually delivered? [b] If so, provide examples. [c] If this were the case and the addressee did not complete and return the return receipt within a week or two, would this mailer have received the premium service that was paid for?

RESPONSE:

a-c) We have not conducted market research on this topic.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN
REDIRECTED FROM WITNESS LYONS

DBP/USPS-T1-6 Why did the Postal Service eliminate the use of the red validating postmark on all return receipts? Wouldn't the use of this postmark add to the high value of this service that the mailer receives in utilizing the return receipt service? If not, why not? Would it be more likely to indicate the actual date of delivery as opposed to a handwritten date? If not, why not? Would it add to the value of evidence as proof of delivery by providing a validation that was only available to a postal employee? If not, why not? What are the reasons why the Postal Service does not want to return to the use of this validating stamp? Is it required that return receipts be postmarked on the address side when they are entered into the mail stream? If not, why not?

RESPONSE:

Please see USPS LR-SSR-137 (witness Larson's response to your interrogatory no. 5 in Docket No. R87-1 and to your interrogatory no. 20 in Docket No. R90-1).

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN
REDIRECTED FROM WITNESS LYONS

DBP/USPS-T1-7 [a] With respect to the tagging that is now used on the certified mail label, have any tests been conducted to determine the effectiveness of trapping this mail to ensure that it is handled as accountable mail? [b] If so, provide details. If not, why not? [c] Explain why it was necessary to implement this tagging procedure. [d] What percentage of the automated equipment that is used for mail distribution contains the necessary device to respond to this tagging? [e] If not 100%, when will it be so and provide implementation schedule? [f] Does the tagging provide for trapping letter size, flat size, and SPR mail? [g] Provide details as requested for each of the categories. [h] Provide copies of any regulations, directives, memoranda, etc. which relates to providing effective trapping of accountable mail at the time of delivery.

RESPONSE:

- a) A test was conducted to measure the read rate of the fluorescent taggant to measure the capture rate of certified articles.
- b) See USPS LR-SSR-137.
- c) To enable the Postal Service to cull certified pieces before they reach the carrier.
- d) Approximately 50 percent of bar code sorters have certified mail detectors.
- e) There is no set implementation schedule.
- f) Only letter size.
- g) Only letter size detected because this is the type that is sorted in carrier route walk sequence.
- h) None available.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN
REDIRECTED FROM WITNESS LYONS

DBP/USPS-T1-8 [a] Since it is proposed to provide the address where delivered for all return receipts [when the address shown is different], how will this service be provided when the article is delivered to the addressee with the return receipt attached? [b] Would mailers receive a greater level of service if the Form 3811 had a place to indicate that the delivery address was the same as shown? If not, why not? [c] Are there plans to add this to the form? If not, why not? [d] Wouldn't that add to the value since if the present form is received back now without a new address being shown, it would either mean that there was no new address or that an error was made in not showing the new address?

RESPONSE:

- a.) The same procedures described in Domestic Mail Manual Transition Book 932.4 would apply, except that the delivery address would be provided on the return receipt if the actual address of delivery is different from the address on the piece
- b) Please see my response to OCA/USPS-T8-6.
- c) No. We have not had occasion to consider it.
- d) No. See response to (a).

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN
REDIRECTED FROM WITNESS LYONS

DBP/USPS-T1-9 [a] With respect to the delivery of accountable mail to government agencies and/or commercial organizations when the volume of mail is high, confirm that the Postal Service has received payment for each of the return receipts that may be associated with each piece of accountable mail. [b] Also confirm that these large agencies and organizations are eligible to utilize a rubber stamp for "signing" the return receipt. [c] Provide copies of the regulation which lists the conditions and requirements under which this may be done. [d] Also confirm that the average time that it takes for a single return receipt to be signed for when there are a large number to be completed is less than the time that would be required when there is only a single article. [e] Also confirm that if the average time is less then the average cost would be less. Explain any nonconfirming responses.

RESPONSE:

- a) Not confirmed.
- b) Confirmed.
- c) See Domestic Mail Manual Transition Book 932.42 and Domestic Mail Manual D042.1.7(g).
- d) I cannot confirm because I have not conducted a study of this practice. It may be that after a while, the signatory becomes tired and this in turn may affect the average.
- e) See response to (d)

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN
REDIRECTED FROM WITNESS LYONS

DBP/USPS-T1-10 Section S915-1.6 of the DMM indicates that return receipt fees are refunded only if the USPS fails to furnish a return receipt. Advise which of the following would be a valid reason for obtaining a refund of the return receipt fee: [1] the article was returned to the sender regardless of the reason [2] the return receipt was received back unsigned [3] the return receipt was received back undated [4] the return receipt was received back without a new address when one was required [5] the return receipt was received back with an incorrect delivery date [6] the return receipt was not received [7] a duplicate return receipt indicated that there was no record of delivery of the article.

RESPONSE:

Refunds are made subject to the Postal Service's discretion. See Domestic Mail Manual S915.1.6 and DMM P014.2.4. The circumstances described in scenario 1, 6, and 7 would be eligible for a refund, subject to the Postal Service's discretion, if the article was not delivered as addressed through fault or negligence of the Postal Service. The circumstances described in scenarios 2, 3, 4, 5 would not qualify for a refund; however, if the return receipt is not properly completed, the mailer may request a duplicate return receipt under Domestic Mail Manual S915.4.2.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-T8-1. [a] With respect to registered mail, where in the postal regulations does it require a mailer to declare the full value of the article? [b] What method does the Postal Service have to check or ascertain the actual value of an article being mailed? [c] What penalty does a mailer who does not declare the full value of the article potentially suffer if an article is mailed as registered mail without insurance?

RESPONSE:

- a) See Domestic Mail Manual Transition Book 911.25; Domestic Mail Manual S911.2.0; Domestic Mail Manual R900.15.0.
- b) See Domestic Mail Manual S911.2.1.
- c) See Domestic Mail Manual S911.2.1; an audit and/or false claims, program fraud, criminal, and/or revenue deficiency action could ensue.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-T8-2. Your testimony on page 25 appears to indicate that the delivery time for registered mail is slower than for non-registered mail. [a] Please explain and clarify. [b] Can Priority Mail be sent registered? [c] What are the delivery standards for First-Class Mail and Priority Mail that is registered?

RESPONSE:

- a) Please see my response to OCA/USPS-T8-32.
- b) In that case, it would be heavy-weight registered mail.
- c) Please see my response to (a).

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-T8-3. [a] Confirm the proposed fee for a \$5000 insured parcel is \$45.70 and for a \$5000 registered letter is \$7.65 or \$38.05 less. [b] Confirm that insurance may be obtained on standard mail [B], First-Class Mail, and Priority Mail and that registration may be obtained on First-Class Mail and Priority Mail. [c] Other than 69 and 70-pound standard mail parcels being sent to the 5th zone intra-BMC, are there any instances where a \$5000 insured package would be cheaper than a registered package. [d] What percentage of all insured packages fall into this particular weight, distance, and intra-BMC category? [e] Confirm that registered mail [being Priority Mail or First-Class Mail] would receive better delivery service than an insured package being sent standard mail. [f] Confirm that the security provided to a registered article will be greater than an insured article. [g] Clarify any nonconfirming responses. [h] Why would any mailer want to use the higher insurance rates [as opposed to registering the mail]?

RESPONSE:

- a) Confirmed for insured mail.
- b) Not confirmed. Some Standard Mail (A) may be insured.
- c-d) I do not understand the question. Rates of postage are calculated separately from insurance or registry fees, and registry and insurance fees do not vary with weight.
- e) I have not studied this, so I am unable to provide a response.
- f) Confirmed.
- g) Not applicable.
- h) Please see my responses to OCA/USPS-T8-27 and 31.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-T8-4. [a] Can Express Mail be registered? [b] If not, has this been considered? [c] Why is the mailer of a high value article for which expedited delivery is desired required to pay a "double-whammy" to achieve this - Express Mail over Priority Mail and insurance fee over registry fee?

RESPONSE:

- a) No.
- b) Please see my response to OCA/USPS-T8-19.
- c) There is no "double whammy;" the mailer is merely paying for expeditious handling and insurance.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-T8-5. You indicate that the use of \$100 increments for insurance are simple to understand. [a] Wouldn't \$1000 increments at the higher values, such as are utilized in the registry rates, be equally simple? [b] Were any other increments other than \$100 considered? If not, why not; if so, why weren't they adopted?

RESPONSE:

- a) It could be just as simple as \$1 increments.
- b) No. There was no occasion to consider them.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-T8-6. On page 56 of your testimony, you indicate that \$500 would more than cover the average claim for Express Mail document reconstruction. [a] What was the maximum valid claim made in FY 1995? [b] Was any consideration given to other maximum limits as well as the ability to purchase higher values? [c] If not, why not; if so, why weren't they adopted?

RESPONSE:

- a) Only the average paid claim for Express Mail document reconstruction is tracked. See USPS LR-SSR-109 at 2.
- b) No.
- c) There was no occasion to consider alternatives.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-T8-7. On page 73 you indicate that the \$1.50 certified mail fee coupled with the \$1.50 return receipt fee would be simple and easy to remember.. [a] Would it be even easier to remember if the certified mail and return receipt fees were each 34 cents making a one ounce certified mail - return receipt letter cost an even \$1.00? [b] If not, why not?

RESPONSE:

- a) No more so than a penny or \$100.00.
- b) I have not studied this topic.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-T8-8. On page 87 of your testimony, you indicate the rationale for limiting the return receipt for merchandise to Priority Mail and Standard Mail. [a] Confirm that the effect of this would be to prohibit its use for articles weighing 11 ounces or less for which the expedited handling of First-Class Mail is desired for the merchandise without paying the extra cost for Priority Mail. [b] Confirm that for articles weighing 11 ounces or less, the mailer must determine whether to deliberately slow up the mail by sending it Standard Mail [even though the cost would be the same as First-Class Mail] or pay the extra postage to send it Priority Mail. Explain any nonconfirming response.

RESPONSE:

- a) Confirmed, but as your question admits, this service would still be available to mailpieces weighing 11 ounces or less.
- b) Not confirmed. The choice you posit would not necessarily be available, such as where the mailing contains merchandise but is not eligible for one of the applicable Standard Mail subclasses.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-T8-9. With respect to the proposal to charge a 2-cent fee [in addition to postage] for stamped cards, [a] will this apply to all stamped cards? [b] Does the definition of stamped cards include any card which is prepared and sold by the Postal Service which has a stamp imprinted on it and which is valid for mailing? If not, provide any exceptions.

RESPONSE:

- a) Yes, by definition.
- b) Yes, implicitly, but pricing of certain philatelic card products may be different.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-T8-10. [a] With respect to the current postal card, what is the average cost for handling and delivering this card? [b] What is the average cost for handling and delivering a post card? [c] If there is a difference in the costs between a post card and a postal [stamped] card, explain the difference.

RESPONSE:

Redirected to witness Patelunas.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-T8-11. With respect to the elimination of Special Delivery service, [a] confirm that in all respects Express Mail will receive equal or better delivery service than Special Delivery will. [b] Specify any instances, conditions, days of the week or holidays, types of offices, type of delivery or location of the addressee, etc., if any, where Special Delivery mail would receive better delivery service than an Express Mail article. For both parts of this interrogatory, provide responses assuming [a] both articles arrived at the area mail processing center to the delivery office at the same time, [b] both articles are available for dispatch from the area mail processing center to the delivery office at the same time, and [c] both articles arrive at the delivery office at the same time.

RESPONSE:

- a) Generally yes. See also USPS LR-SSR-137 (Docket No. R94-1, Tr. 7A-3354).
- b) I know of no particular instances.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-T8-12. On page 131 of your testimony, you indicate that First-Class Mail service has been upgraded. Provide full details of this upgrading.

RESPONSE:

Examples include the introduction of air transportation, consolidation of mail processing at P&DCs, and automated processing. See *also* USPS LR-SSR-137 (2 TOWARDS POSTAL EXCELLENCE, THE REPORT OF THE PRESIDENT'S COMMISSION ON POSTAL ORGANIZATION, Annex at 2-66 (1968)).

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-T8-13. In the last omnibus rate case the Commission approved specific rates for the purchase of printed stamped envelopes. It is impossible for the public to purchase printed stamped envelopes at these prices which were approved due to the imposition of postage and handling charges by the only source to obtain these envelopes. [a] Will all of the rates being proposed in this proceeding and which are ultimately approved by the Commission and adopted by the Board of Governors be available to the public without any surcharge or other costs not approved in these proceedings? If no, quantify. [b] Have there been any discussions by the Postal Service to adopt any surcharge or other costs not approved in these proceedings? If so, advise specifics.

RESPONSE:

a) This matter has been settled. See PRC Order No. 1088.

b) No.

DECLARATION

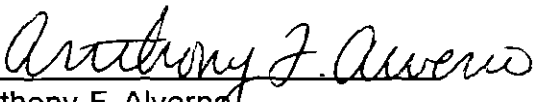
I, Susan W. Needham, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Susan W Needham

Dated: August 23, 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. Alverno

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
August 23, 1996