

ORIGINAL

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

RECEIVED
Nov 8 4 28 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
(DBP/USPS-T8-46-48(A-H), 49-52)

The United States Postal Service hereby provides responses of witness Needham to the following interrogatories of David B. Popkin: DBP/USPS-T8-46-48(a-h), 49-52, filed on October 28, 1996. An objection to interrogatory DBP/USPS-T8-48(i) was filed on November 1, 1996.

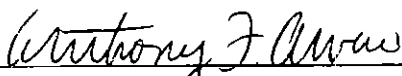
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

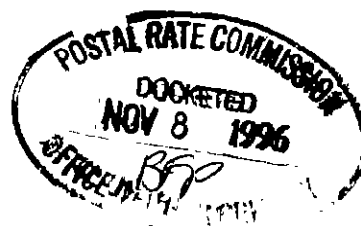
UNITED STATES POSTAL SERVICE

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
November 8, 1996



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

DBP/USPS-T8-46 In your response to DBP/USPS-T8-40, you indicate that the customers can evaluate each of the six considerations that you made in your response to DBP/USPS-T8-25[i]. My interrogatory to you requested that you evaluate and compare each of these six considerations with respect to Standard Mail - Insured vs. Priority Mail - Registered. [a] With respect to mail preparation requirements, explain the differences, if any, between Standard Mail - Insured and Priority Mail - Registered. [b] Based on mail preparation requirements, how would a knowledgeable mailer compare the two services? Would they find them similar to each other? If not, explain what advantages and disadvantages they would find between them? Which service would be perceived as being better than the other and why? [c] Same as [a] except with respect to mail content restrictions. [d] Same as [b] except with respect to mail content restrictions. [e] Same as [a] except with respect to limitations on point of acceptance. [f] Same as [b] except with respect to limitations on point of acceptance. [g] Same as [a] except with respect to speed of delivery. [h] Same as [b] except with respect to speed of delivery. [i] Same as [a] except with respect to security. [j] Same as [b] except with respect to security. [k] Same as [a] except with respect to accountability. [l] Same as [b] except with respect to accountability.

RESPONSE:

a) Applicable mail preparation requirements for Standard categories and Priority Mail are in DMM sections M010-M030, M120, M610, and M630.

b) Knowledgeable mailers determine and place a value on their needs and select mail services accordingly. Advantages and disadvantages thus vary according to the needs of the mailer.

c-d) There are more content restrictions for Standard than for Priority Mail. For example, correspondence may not be included in Standard Mail. See DMM E611.1.3. In addition, Standard Mail is not sealed against inspection. DMM E611.1.2. Thus, all other variables equal, if the mailer desires to send

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

correspondence with merchandise and/or the mailer also values privacy, registered may be preferred.

e-f) Postmasters may restrict acceptance of unusually high value registered mail. DMM S911.1.3. Although insured mail is not available for unusually high value articles, this factor may nonetheless play a role in whether registry is selected, since transportation cost to a postal acceptance unit and convenience may influence a sender's choice of delivery service.

g-h) See response to OCA/USPS-T8-32 and attachment. For pieces destined to more distant zones, registered mail may be faster than Standard; however, for pieces destined to less distant zones, the difference between registered and insured Standard may be smaller than the difference between Priority and Standard. These factors could influence the mailer's selection, depending upon how the mailer values speed.

i-j) Registered mail is more secure than insured mail; however, numbered insured mail is an accountable mail service and may thereby be satisfactory for most mailers. All other variables equal, a mailer who needs and values higher security may prefer registered.

k-l) A signature is required for receipt of registry at the time of delivery, whereas a signature from the recipient is not required for delivery of an unnumbered insured piece. Thus, a mailer who would like to avoid the risk of having the piece not delivered on the first attempt may prefer unnumbered insured mail, whereas

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

a mailer whose choice is between unnumbered insured and registry may opt for registry if accountable delivery is desired.

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

DBP/USPS-T8-47 In your response to DBP/USPS-T8-41 you indicate four claims that exceeded \$500 for FY 96 from highest to lowest. The last two are not in that order. Please clarify.

RESPONSE:

The last two figures should be reversed, so that the list reads as follows:

\$1350.00, \$928.95, \$595.00, and \$570.00.

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

DBP/USPS-T8-48 Regarding your response to DBP/USPS-T8-42, [a] confirm that the term "philatelic card product" does not appear as an official definition in any reference. [b] If not, explain. [c] Confirm that the term "philatelic card product" was made up by you to describe a particular product[s]. [d] If not, explain. [e] In your response to [g-h], you make reference to the sizes of certain cards. Confirm that all of the philatelic card products are of a size which meets the requirements for postal/stamped cards. [f] If not, explain. [g] Your response to [k] was not clear. Confirm that all uncanceled philatelic card products may also be utilized as postal/stamped cards if so desired by the holder of them. [h] If not, explain. [i] I request that an institutional response be made to part [n]. You were the one that referred to the Postal Reorganization Act.

RESPONSE:

As I noted in my earlier response to DBP/USPS-T8-42, in general, I do not see the relevance of collectibles and collectible pricing to the present proceeding.

Philatelic products are not at issue here. In the interest of being as helpful and responsive as possible, I offer the following additional information on collectibles.

a-b) Confirmed. I am not aware of any reference which contains an official definition of "philatelic card product." I question the significance of this, however.

As stated in my response to DBP/USPS-T8-42, the Domestic Mail Manual Transition Book 162.3 provides a description of "philatelic products." This description pertains to philatelic card products.

c-d) Your suggestion that I am creating some sort of artificial distinction is not confirmed. See subparts a-b above.

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

e-f) Confirmed that philatelic cards meet the size and thickness requirements of postcard size pieces in the DMCS, as must all private postcards mailed at postcard rates.

g-h) Confirmed that uncanceled card products may be used for transmission of messages, among other uses.

i) Objection filed.

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

DBP/USPS-T8-49 Your response to DBP/USPS-T8-43 is not clear nor does it respond to the specific interrogatory. I am not looking for your comparison of the two services. I am looking for responses to the specific questions asked for in DBP/USPS-T8-31 parts [b] through [g]. In other words, take the three very specific conditions that I have requested the comparison for and respond to the original interrogatory.

RESPONSE:

Special delivery pieces travels on the same transportation as mail of the same class between the area mail processing center and the delivery unit, whereas Express Mail pieces either travel with the other mail or through dedicated transportation if necessary to meet the guaranteed time of delivery.

Consequently, an Express Mail piece would receive either the same or more expeditious transportation between the mail processing plant and the delivery unit as compared to a special delivery piece. With respect to the delivery unit, the time of delivery of a special delivery piece as compared to an Express Mail piece would depend upon a number of factors, including the addresses to which the pieces are destined and their relation to the delivery employees' routes; the proximity of the delivery addresses to the delivery office; the availability of delivery employees to perform special delivery runs; the volume of pieces to be delivered by the delivery employee; and whether the Express Mail piece can be delivered by the guaranteed time of delivery.

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

DBP/USPS-T8-50 Your response to DBP/USPS-T8-43 raises a number of questions. [a] Confirm that Express Mail may have delivery standards of 3 PM. [b] If not, explain. [c] Confirm that Express Mail does not have to be delivered the same date that it is mailed. [d] If not, explain. [e] Confirm that a Special Delivery article mailed early in the day can and will likely be delivered the same date of mailing if addressed to a local and perhaps nearby post office. [f] If not, explain. [g] Taking your example of an Express Mail and Special Delivery article arriving at a post office at 5 AM, why do you feel that it will be "highly unlikely" that the Special Delivery article will be delivered sooner? [h] What postal regulation covers the method of delivery referred to in your response to [g]? [i] Do the regulations allow, permit, and/or require that an Express Mail article be delivered by the regular carrier if delivery can be accomplished by the 12 noon or 3 PM delivery standard? [j] If so, provide copy of the specific regulation. If not, explain.

RESPONSE:

- a. Confirmed.
- b. Not applicable.
- c. Confirmed.
- d. Not applicable.
- e-f. If a special delivery piece is accepted at the delivery unit that serves the address to which the piece is addressed, accepted early in the delivery day, identified as locally addressed special delivery by a responsible postal employee, and given to responsible delivery personnel before they have left the office for the day, then it is possible that the special delivery piece will be delivered on the same date. Generally, there is no direct transportation link between post offices, and special delivery mail pieces that are destined for an address served by a delivery unit that is not co-

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

located with the point where the special delivery piece is accepted, like all other mail accepted at a post office, would be sent to a processing and distribution center from which they would be delivered to the destination post office. In that circumstance, special delivery would travel with mail of the same class.

- g. In the example in the response referred to in DBP/USPS-T8-43, it would be highly unlikely that special delivery would be delivered earlier than Express Mail when both pieces are destined to the same delivery address. If the destination post office is a large urban post office and a special delivery messenger stationed there makes special delivery runs, then the messenger could be given both the Express Mail and the special delivery pieces, and the time of delivery of each piece would depend upon the factors discussed in my response to DBP/USPS-T8-49. In a smaller post office where Express Mail and special delivery are often given to the regular carriers or in a city office where special delivery and/or Express Mail is given to the regular carrier, the time of delivery of each piece would depend upon the factors discussed in my response to DBP/USPS-T8-49.
- h. See Handbook DM-201 and DMM S9301.1.
- i-j. See Handbook DM-201 section 242.

initial. (Always indicate a.m. or p.m. or use the 24-hour clock—1530 for 3:30 pm). Place the Express Mail articles with other articles awaiting pickup at the window. Use the existing system for storing and delivery of will-call and/or signature mail (see Exhibit 242).

.12 Customer Pickup. The shipment will be available for customer pickup by 10 a.m. Earlier pickup is permitted when the piece is available. Have the addressee (or the addressee's agent) sign the signature block on the mailing label to acknowledge receipt of the item. If a return receipt is affixed, handle as in 342.1.

241.2 Service Analysis/Proof of Delivery Copy.

Delivery office personnel will remove the *Service Analysis/Proof of Delivery* copy and send daily to the EMRS data entry unit. After entry of delivery data into EMRS, the *Service Analysis/Proof of Delivery* copy should be bound by batch entry date, numbered, and sent to the Express Mail office for retention.

242 Post Office to Addressee Shipments

242.1 General

.11 Operations Plan. Each office will develop an operations plan for Next Day Express Mail deliveries that will provide for delivery no later than 3:00 p.m. The plan should encompass adjacent offices where desirable or necessary to meet service standards or maximize efficiency. Provision will be made for deliveries on weekends and holidays, as well as normal delivery days. *Delivery should be effected in the normal course of delivering other mail on all delivery routes (foot, motorized, delivery and collection, special delivery, and parcel post routes) when delivery can be accomplished by 3:00 p.m., and without incurring additional costs. Within this context, letter carriers should be used to the extent possible so that delivery can be accomplished in the most cost-effective manner possible. If special delivery messengers are used, Next Day Express Mail should be delivered in the course of delivering special delivery mail. Specific*

ZIP areas or delivery routes should be identified, particularly in high volume business and commercial districts, and all Next Day Express Mail arriving on normal delivery days in time to connect with these designated delivery trips should be so delivered.

.12 Late Shipments. Where Next Day Express Mail arrives too late to connect with normal delivery trips, is addressed to areas where such delivery could not ensure delivery by 3:00 p.m., or arrives on other than normal delivery days, provisions for delivery should be made in the local office's operating plan. *Additional cost is never to be incurred solely to advance time of delivery unless, in the absence of such action, delivery would not be made before 3:00 p.m. Trips solely to deliver Next Day Express Mail should be avoided unless necessary to make the delivery standard. Note.* Creation of another overlay of delivery service must be avoided. Do not create specialized routes for the delivery of Next Day Express Mail or designate specific employees to deliver Next Day Express Mail exclusively.

.13 Assignment to a Delivery Employee.

Shipments coming into the delivery units must be assigned to a clerk for processing. The clerk, using Form 3867, *Registered and Certified*, shows the total number of pieces assigned to each employee for delivery. No other record or log of pieces received will be made at the delivery unit.

.14 Delivery Times. The clerk distributes the articles to carriers in sufficient time to deliver before 3:00 p.m. Carriers initial for receipt of the articles on Form 3867. Use notice 141 to instruct carriers on proper handling of express mail.

242.2 Delivery Procedures

.21 Customer Signature. Carriers deliver articles before 3:00 p.m. and have addressee or agent sign in the signature block on the address label. No other record or receipt is to be used. The exact time and date of delivery is recorded on the label and initialed.

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

DBP/USPS-T8-51 [a] Based on your response to DBP/USPS-T8-33 and T8-44, confirm that your response to DBP/USPS-T8-33 is an unqualified "Yes"? [b] If not, explain.

RESPONSE:

Confirmed.

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

DBP/USPS-T8-52 My original interrogatory DBP/USPS-T8-45 inadvertently referred to DBP/USPS-T8-35 which should have referred to DBP/USPS-T8-34. Please respond to the four parts of DBP/USPS-T8-34 if we restrict the USPS employees or consultants to those that are responsible for the setting of rates.

RESPONSE:

a) Confirmed.

b) N/A

c-d) The increments that were chosen were deemed most appropriate for a reasonable fee design, so there was no need to consider alternatives.

DECLARATION

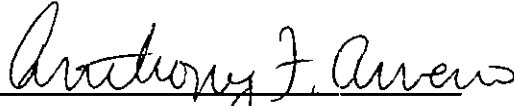
I, Susan W. Needham, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Susan W Needham

Dated: November 8, 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. Alvering

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
November 8, 1996