

U.S. POSTAL SERVICE RESPONSE TO INTERROGATORIES OF  
OFFICE OF THE CONSUMER ADVOCATE  
(Redirected from Lion USPS-T-4)

OCA/USPS-T4-22. Refer to page 34, lines 18-19, of your testimony concerning rents for floor space located in postal facilities. For postal facilities having lobby floor space, please confirm that the Postal Service pays or imputes the same rent for the lobby floor space and all other floor space in the same facility. If you do not confirm, please explain.

Answer:

Confirmed. Please note, however, that in developing the attributable facility space provision costs, an estimate of the imputed rent per square foot is made for each grouping of facility types (or survey strata) shown in page IV-5 of LR-G-120A, from Docket No. R94-1. These imputed rents per square foot are shown by strata at page IV-10. These rental costs by strata were applied to the appropriate column in Schedule 5, to obtain the rental costs results shown in Schedule 6. Because the relative amount of space in each row of Schedule 5 differs by facility strata (see Schedule 3), the average imputed rent per square foot does differ by row in Schedules 6 and 9. This is shown in USPS-LR-SSR-91, page I-2. Thus, the average imputed rent per square foot for lobby space is different from the average imputed rent per square foot for the other space categories, say in the workroom, because lobby space is found in a different mix of facilities with different imputed rental rates than is true for workroom floor space.

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(REDIRECTED FROM WITNESS LION)

**OCA/USPS-T4-23.** Refer to LR-SSR-104, page 1, concerning caller service. Please define and distinguish between the following two key parameters: "Caller Numbers or Separations" and "Total Number of Firms or Callers".

**RESPONSE:**

"Total Number of Firms or Callers" refers to the number of persons or organizations receiving caller service. See DMM § D920.1.2. "Caller Numbers or Separations" refers to the caller numbers that are assigned to the callers. A caller number is assigned for each separation used, so there can be more than one number per caller. See DMM § D920.1.4. The caller service fee is charged for each number (*i.e.*, separation). DMM § D920.4.1.

Please note that LR-SSR-104 is being revised today so that the 100,770 figure provided in LR-SSR-113 is used as the number of "Caller Numbers or Separations" on Page 1. The "Total Number of Firms or Callers" is then calculated by dividing by the number of separations per caller (2.32). This revision makes LR-SSR-104 consistent with the before-rates number of "Transactions" (101,000) in witness Lyons' workpaper D, page 3.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
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(REDIRECTED FROM WITNESS LION)

**OCA/USPS-T4-24.** Refer to LR-SSR-104, page 1, concerning caller service.

- a. Please define and explain what constitutes "Large Firms" that are caller service customers.
- b. Please define and explain what constitutes "Small Firms" that are caller service customers.

**RESPONSE:**

Large firms are caller service customers receiving large volumes of mail. See Docket No. R80-1, USPS-LR-C-5, pages 5, 7. These firms have been determined to be 96.7 percent of all caller service customers. *Id.* at Exhibit V. Small firms are the remaining firms, which receive smaller volumes of mail. The large firms require more time for mail pickups. LR-SSR-104, pages 4-5.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
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(REDIRECTED FROM WITNESS LION)**

**OCA/USPS-T4-25.** Refer to LR-SSR-104, Exhibit I on page 2, concerning caller service. Please confirm that the "Total" of \$67,221,780 represents the total attributable costs for caller service in the FY 96 test year, before rates.

- a. If you do not confirm, please explain and provide the total attributable costs for caller service in the FY 96 test year, before rates.
- b. In addition, please provide the total attributable costs for caller service in the FY 96 test year, after rates.

**RESPONSE:**

Not confirmed. The total costs for caller service in the test year are shown in witness Lyons' Workpaper D, page 3:

Before rates - \$29,041,000

After rates - \$23,865,000.

The before rates total is slightly different from the total shown in LR-SSR-104, page 2, as revised August 7, 1996, because of rounding.



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**OCA/USPS-T4-26.** Refer to LR-SSR-104, Exhibit I on page 2, and USPS-T1, WP D, at page 3. Please explain and reconcile the difference between the "Total" annual cost of \$67,221,780 for caller service in LR-SSR-104, Exhibit I, and the cost of caller service before rates of \$29,041,000 in WP D.

**RESPONSE:**

The revision described in the response to OCA/USPS-T4-23 reduces the total annual cost determined in LR-SSR-104, page 2 from \$67,221,780 to \$28,974,905. The difference from the \$29,041,000 figure in Workpaper D, page 3 is due to the rounding in the workpaper.

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**OCA/USPS-T4-28.** Refer to LR-SSR-104 in this proceeding, and USPS LR-F-180, which presents updated caller service costs for Docket No. R90-1.

- a. Please list each item incorporated in the calculation of caller service costs in LR-SSR-104 that is based on studies, material or analyses conducted in FY 1979 or earlier.
- b. Please provide an estimate of the time and cost to update the studies, materials or analyses referred to in "a" above.

**RESPONSE:**

a.

Items Based on Studies Conducted in FY 1979 or Earlier

Number of Separations per Caller		2.32
Number of Square Feet Allocated per Firm		4.1
		Form 1901's <u>Volumes</u>
		<u>Time Minutes</u>
Review Forms 1901's, 1901A's or B's (Register For Lockbox Rents or Caller Service Fees)		
- Post Notice 32's (Notice of Rent Due)		
- Answer Telephone & Inquiries for Rent Due		
- Enter Form 1538 Receipt Number and Amount of Payment on		8,577 34,852
Collect Rent Payments from Customer and Prepare Form 1538 (Receipt for Box Rent and Caller Service Fee)		
		17,216
Prepare Form 1093 (Application for Post Office Box or Caller Number for New		8,736
Prepare Form 1091, Form 1091A or B for New Customer		9,400
<b>Large Firms</b>		
<u>Number of Pickups</u>	<u>Firms</u>	<u>Total Minutes</u>
1st	157	6,832
2nd	66	2,281
3rd	22	809
4th	9	237
Total	254	10,159
<b>Small Firms</b>		
<u>Number of Pickups</u>	<u>Firms</u>	<u>Total Minutes</u>
1st	84	2503
2nd	27	665
3rd	10	131
4th	3	58
Total	124	3357

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- b. It would take approximately 6 months to update the studies, materials, and analyses referred to in a. above at an expense ranging from \$100,000 to \$250,000.

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**OCA/USPS-T4-29.** Refer to LR-SSR-104 in this proceeding, and USPS LR-F-180, which presents updated caller service costs for Docket No. R90-1.

- a. Please confirm that the average time per separation of 8.1851 minutes used to determine the cost of window service-accounting functions for caller service in LR-SSR-104 was based on data and computed using the same methodology as LR-F-180. If you do not confirm, please explain.
- b. Please explain whether the average time per separation of 8.19 minutes used to determine the cost of window service-accounting functions for caller service in LR-F-180 is based on studies, materials or analyses conducted in FY 1979 or earlier? See Docket No. R90-1, USPS LR-F-180, Update of Cost Analysis for Caller Service, February 1990 at 11.
- c. Please identify any data used to calculate the average time per separation in LR-SSR-104 that have been updated since 1979.
- d. For any data used in the calculation of the average time per separation in LR-SSR-104 that have not been updated since the 1979, please identify the data and explain why they were not updated for this proceeding.

**RESPONSE:**

- a. Confirmed.
- b. The average time per separation of 8.19 minutes is based on the FY 1979 caller service cost study.
- c. The average time per separation has not been updated.
- d. The data used in the calculation of average time per separation have not been updated because of time and resource constraints. As the proposed caller service fees are well above the study costs, and there is no indication that caller service operations have changed, it was determined that updating the caller service cost study for only wage rates and general cost level changes

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— was in order. The time measurements, number of separations per caller or firm, and space requirement components were not re-examined. There is no reason to believe these figures are significantly less accurate than when they were originally measured.

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**OCA/USPS-T4-30.** Refer to LR-SSR-104, Exhibit II, concerning the average time per separation.

- a. What efforts were taken to verify that the average time per separation determined in LR-SSR-104 is currently 8.1851 minutes? Please explain any such efforts and provide any documentation.
- b. If no efforts were taken, please explain your basis for believing that the average of 8.1851 minutes per separation remains accurate.

**RESPONSE:**

- a. No efforts were taken to verify that the average time per separation determined in LR-SSR-104 is currently 8.1851 minutes.
- b. Based on the fact that caller service operations have not changed, the 8.1851 should still be accurate.

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**OCA/USPS-T4-31.** Refer to LR-SSR-104 in this proceeding, and USPS LR-F-180, which presents updated caller service costs for Docket No. R90-1.

- a. Other than the hourly labor rate of \$23.939 and the number of large and small firms, please confirm that the determination of window and platform delivery costs for large and small firms in LR-SSR-104 was based on data and computed using the same methodology as LR-F-180. If you do not confirm, please explain.
- b. Please explain whether the calculations used to derive the total annual window/platform delivery costs for large and small firms in LR-F-180 are based on studies, materials or analyses conducted in FY 1979 or earlier? See Docket No. R90-1, USPS LR-F-180, Update of Cost Analysis for Caller Service, February 1990 at 12-13.
- c. Please identify any data used to calculate the total annual window/platform delivery costs for large and small firms in LR-SSR-104 that have been updated since 1979.
- d. For any data used in the calculation of total annual window/platform delivery costs for large and small firms in LR-SSR-104 that have not been updated since the 1979, please identify that data and explain why they were not updated for this proceeding.

**RESPONSE:**

- a. Confirmed.
- b. The calculations used to derive the total annual window/platform delivery costs for large and small firms in LR-F-180 are based on studies, materials, and analyses conducted in FY 1979.
- c. The clerk & mailhandler productive hourly wage rate, and the piggyback factors for window service and mail processing.
- d. See the response to OCA/USPS-T4-29(d).

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**OCA/USPS-T4-32.** Refer to LR-SSR-104, page 1, concerning the number of separations per caller.

- a. What efforts were taken to verify that the number of separations per caller is currently 2.32? Please explain any such efforts and provide any documentation.
- b. If no efforts were taken, please explain why the number of separations per caller was not reevaluated for this proceeding.
- c. If no efforts were taken, please explain your basis for believing that the 2.32 separations per caller remains accurate.

**RESPONSE:**

- a. There were no such efforts.
- b. See the response to OCA/USPS-T4-29(d).
- c. See the response to OCA/USPS-T4-29(d).



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**OCA/USPS-T4-33.** Refer to LR-SSR-104, page 6, concerning the determination of storage costs for caller service.

- a. What efforts were taken to verify that the number of square feet allocated per firm is currently 4.1 square feet? Please explain any such efforts and provide any documentation.
- b. If no efforts were taken, please explain why the number of square feet allocated per firm was not reevaluated for this proceeding.
- c. If no efforts were taken, please explain your basis for believing that the 4.1 square feet allocated per firm remains accurate.

**RESPONSE:**

- a. See the response to OCA/USPS-T4-29(d).
- b. See the response to OCA/USPS-T4-29(d).
- c. See the response to OCA/USPS-T4-29(d).

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**OCA/USPS-T4-34.** Refer to LR-SSR-104, Exhibit I, concerning the calculation of attributable costs for caller service.

- a. Please confirm that the figure of 100,770 represents the number of entities that pay a caller service fee. If you do not confirm, please explain what it does represent and why it is used in the calculation of caller service costs.
- b. In determining caller service attributable costs, please explain why the annual cost per caller of \$667.08 is divided by 2.32 to reach an annual cost of \$287.54 per call number or separation. Please explain why the \$287.54 amount rather than the \$667.08 amount used to calculate the attributable cost of caller service.

**RESPONSE:**

- a. Not confirmed. Please see the response to OCA/USPS-T4-23, filed August 7, 1996.
- b. As stated in the response to OCA/USPS-T4-23, filed August 7, 1996, the caller service fee is charged for each separation, rather than for each caller. To be comparable with the fee, therefore, the caller service cost needs to be determined per separation.

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OCA/USPS-T4-38. Refer to LR-SSR-104, Exhibit II, and column "Form 1901's Volumes." Please confirm that the figure 8,577 represents the total number of separations.

- a. If you do not confirm, please explain in detail what this figure represents.
- b. If you do confirm, please reconcile this figure with the 233,786 "Caller Numbers or Separations," on page 1 of LR-SSR-104.

RESPONSE:

Confirmed, as explained below.

- a. This represents the total number of separations at the 117 post offices studied in the approximately one-month-long data collection for the original caller service cost study. See Docket No. R80-1, Library Reference C-5, pages 2-4, and 11.
- b. The total number of separations on page 1 of LR-SSR-104 (100,770, as revised August 7, 1996) represents the total number of separations based on witness Lion's FY 1996 data collection (LR-SSR-113).

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OCA/USPS-T4-39. Refer to LR-SSR-104, page 1. Please confirm that the figure 233,786, "Total Number of Separations," was derived by multiplying the total number of firms (100,700) by the "Separations per Caller" (2.32).

- a. If you do not confirm, please explain.
- b. If you do confirm, please provide a count of call numbers (not firms) or, in the alternative, a list of call numbers assigned.

RESPONSE:

Not confirmed.

- a & b. As revised on August 7, 1996, the "total number of separations" on page 1 of LR-SSR-104 is 100,770, based directly on witness Lion's data collection (LR-SSR-113). The total number of separations is equivalent to the count of call numbers.

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OCA/USPS-T4-40. Refer to LR-SSR-104, Exhibit IV. Please provide all data and calculations used to derive the figure 4.1, the "Number of Square Feet Allocated per Firm".

RESPONSE:

This figure is based on the results of the data collection described in Library Reference C-5. See pages 5 and 14. The raw data and calculations are no longer available.

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**OCA/USPS-T4-46.** Refer to LR-SSR-104, page 1, as revised August 7, 1996.

- a. Please provide the "Total Number of Firms or Callers" and the "Total Number of Separations" for the years 1989 to 1995, inclusive.
- b. Please explain the reasons for any decline in the number of callers and/or separations during this period.

**RESPONSE:**

- a. These numbers have been determined only for omnibus rate cases. For Docket No. R90-1, library reference F-180 contains the equivalent of the caller service cost study update in LR-SSR-104, and reports 52,028 firms and 120,705 separations. See LR-F-180, Caller Service update, pages 11, 14. For Docket No. R94-1, these numbers were not updated, so the same numbers were used, except that 120,705 was changed to 120,706. See LR-G-136, page 28.
- b. Not applicable.

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**OCA/USPS-T4-48.** Please refer to your response to DFC/USPS-T4-1.

- a. Does the Postal Service have data on a nationwide or regional basis indicating hours of operation of post offices? What are the data?
- b. If the Postal Service has summary data on this subject, please provide the data.
- c. To what extent is access to post office boxes dependent on the hours a post office provides retail services? Please explain.
- d. [Not re-directed.]
- e. To what extent do post office box holders have access to post office boxes less than twenty-four hours a day but more than the normal hours of operation of a postal facility? Please explain.
- f. On average, is there any difference in access to post office boxes depending on whether the postal facility is an urban facility, a suburban facility or a rural facility? If there is a difference, please explain the causes and magnitude of the difference. Please provide data to the extent available.

**RESPONSE:**

- a. The Postal Service has no reliable nationwide or regional data indicating hours of operation.
- b. No summary data are available.
- c. In many offices, particularly small ones, the posted hours of operation determine access to post office box section and vending equipment, as well as the retail counter. When such offices are closed, so is access to all services. However, many post offices provide access to a separate post office box section and vending equipment lobby after the doors to the retail lobby are locked. Access to these separate box section areas can often be extended to twenty four hours per day.

We are not aware of any hard and fast criteria linking retail hours of operation to box section access. Consideration is typically given to crime (in the immediate area of post office), safety (of customers), security and vandalism.

- e. The Postal Service does not track post office box lobby hours so there is no means of quantifying the extent to which box customers have access to boxes for less than

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twenty four but more than the retail hours of operation. The criteria identified in response to OCA/USPS-T4-48(c), such as vandalism in a box section, would be one reason why a box section could be open longer than retail operations, yet less than twenty four hours.

- f. The postal service has no national policy or standards regarding lobby hours of operation. These decisions are made at the local level. We are not aware of any patterns that would lead to an expectation that access to box sections differs systematically along lines of urban, suburban and rural locations, although we have no data that would permit direct examination of this question. Customer convenience and security are factors used in determining extended lobby hours.



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**OCA/USPS-T5-5**

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OCA/USPS-T5-5. Please refer to Table 7 on page 25 of SSR-90. This table presents C.V.'s of FY 1995 letter shaped mail volume proportions derived from the City Carrier Costs System. Please explain the significant increase in sampling error for the larger volume estimates over those reported in Table 1 of G-127 for FY 1993.

**Comparison of C.V.'s for FY93 and FY95**

<u>Mail Class</u>	<u>1995 prop</u>	<u>1993 prop</u>	<u>1995 C.V. percent</u>	<u>1993 C.V. percent</u>	<u>Percent increase</u>
FCM L&P	.218	.237	2.18	1.04	110
FCM Pre L&P	.311	.297	2.24	1.06	111
Total FCM	.567	.571	2.07	0.70	196
TCM Bulk Reg Car Pre	.165	.161	6.40	2.43	163
TCM Bulk Reg other	.161	.150	2.16	1.17	85
TCM Total reg	.326	.311	3.28	1.22	169
Total Third	.407	.399	2.45	0.98	150

**OCA/USPS-T5-5 Response:**

The C.V.'s and confidence limits shown in USPS LR-SSR-90 for the City Carrier Cost System are incorrect. Revised pages for LR-SSR-90 are being filed today. See *Notice of United States Postal Service of Filing of Revised Pages for Library Reference SSR-90, August 12, 1996.*

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OCA/USPS-T5-6. Please refer to page 21 of SSR-111 and to page 11 of R94-1 library reference G-127. In the R94-1 documentation the sample design was described as a "stratified, three-stage sample design." However, the MC96-3 documentation refers to the FY95 sample design as a "stratified, three-stage cluster sample design." Please explain in more detail the changes over the FY93 design that make it a cluster design for FY95.

OCA/USPS-T5-6 Response:

The sample design for FY95 is the same as it was for FY93. Since the same routes are sampled repeatedly once each accounting period, it is more appropriate to refer to the sampled route-delivery days for a single route as a systematic sample from the route-delivery year cluster. Hence, the term "cluster" is used in the description of the sample design.

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OCA/USPS-T5-7. Please complete the documentation of the City Carrier System sample design documentation on pages 21-23 of SSR-90. In particular, please provide:

- a. Universe size at sample selection, sampling rates, and effective sample sizes by strata. If sample selection occurs more than once per year, provide this information for each FY95 sample selection.
- b. Weighting factors and the formulas used to compute weighting factors.
- c. Instructions and estimation formulas for the proper use of weighting factors.
- d. Please explain how the second stage of sample selection is accounted for in the estimation procedures. Please describe any additional weighting factors computed to account for second stage sampling.
- e. Please confirm that there is some attrition in the panel of routes initially selected for FY95. If you confirm, provide a count of the number of affected routes and explain any process used to replace them during FY95. If routes subject to attrition are replaced, please explain any effects on weighting factors for the replacement routes.
- f. Please confirm that new routes are formed during FY95 after the sample of routes has been selected. Please explain the process (if any) for sampling these new routes during FY 95.
- g. Please define the sampling frame for the FY 95 carrier cost route selection. Please describe any provisions in the frame definition for newly formed routes.

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**OCA/USPS-T5-7a and b Response**

**a.**

	Q1	Q2	Q3	Q4	ANNUAL
<b>BUSINESS A TO E</b>					
UNIVERSE SIZE	4158	4158	4158	4158	4158
SAMPLE SIZE	123	120	120	160	523
SAMPLING RATE	0.029581	0.028860	0.028860	0.038480	0.125781
EFFECTIVE SAMPL	83	81	78	107	349
EFF SAMP RATE	0.019961	0.019480	0.018759	0.025733	0.083934
<b>BUSINESS F TO K</b>					
UNIVERSE SIZE	52	52	52	52	52
SAMPLE SIZE	3	3	3	4	13
SAMPLING RATE	0.057692	0.057692	0.057692	0.076923	0.25
EFFECTIVE SAMPL	3	3	3	4	13
EFF SAMP RATE	0.057692	0.057692	0.057692	0.076923	0.25
<b>RESIDENTIAL A TO E</b>					
UNIVERSE SIZE	141215	141215	141215	141215	141215
SAMPLE SIZE	1656	1659	1659	2212	7186
SAMPLING RATE	0.011726	0.011748	0.011748	0.015664	0.050886
EFFECTIVE SAMPL	1606	1591	1627	2165	6989
EFF SAMP RATE	0.011372	0.011266	0.011521	0.015331	0.049491
<b>RESIDENTIAL F TO K</b>					
UNIVERSE SIZE	13720	13720	13720	13720	13720
SAMPLE SIZE	162	162	162	216	702
SAMPLING RATE	0.011807	0.011807	0.011807	0.015743	0.051166
EFFECTIVE SAMPL	161	161	161	214	697
EFF SAMP RATE	0.011734	0.011734	0.011734	0.015597	0.050801

**b. The formula used to compute the weighting factors is**

$$\text{WGT} = (10 * \text{UNIVERSE TOTAL} * \text{DELIVERY DAYS IN QUARTER}) / (\text{EFFECTIVE SAMPLE SIZE} * 1000)$$

The formula is used for each stratum.

The weights used each quarter are:

	Q1	Q2	Q3	Q4	ANNUAL
Business A to E	34.5.66506024	34.906666667	38.381538462	36.139626168	35.980401146
Business F to K	11.96	11.786666667	12.48	12.09	12.08
Residential A to E	60.671450809	60.355876807	62.492194222	60.660484988	61.020074403
Residential F to K	58.8	57.947826087	61.356521739	59.624299065	59.446771879

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c. See R94-1, Tr 1. pp 118-119.

d. Since such a small number of routes have parts, there are no additional weighting factors computed to account for second stage sampling.

e. Confirmed.

Attrition affected four sample routes during FY 95. Routes subject to attrition are replaced with a similar route. Every effort is made to preserve route type and CAG of the original route.

No changes are made to the weighting procedure to account for a route substitution.

f. Confirmed. See R94-1, Tr 1, p 85.

g. See R94-1, Tr 1, p. 85.

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OCA/USPS-T5-8. Please refer to SAS program lines 388 to 391 of page 74 of SSR-31. Please explain how the values for UBSA2E, UBSF2K, URSA2E, and URSF2K were calculated. Provide step-by-step calculations with any intermediate results and provide the source for all figures used to compute these four parameters.

OCA/USPS-T5-8 Response

T5-8 The values for UBSA2E, UBSF2K, URSA2E, and URSF2K were obtained from the universe of city carrier routes by summing the counts of city carrier routes in existence as of Q4 FY 94, the last postal quarter for which such counts were available.

U.S. POSTAL SERVICE RESPONSE TO INTERROGATORIES OF  
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OCA/USPS-T5-9

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OCA/USPS-T5-9. Please refer to SAS program lines 452-458 of page 75 of SSR-31. Line 452 contains the SAS statement:

IF STRATUM = 'SBSA2E' THEN WGT =  
(10\*UBSA2E\*DELDAY)/(COUNT\*1000).

a. Please confirm that the "10" adjusts the weight to reflect that one in ten stops on the sample route are sampled. If you do not confirm, then please explain.

b. Please explain the role of "UBSA2E" in the formula for WGT.

c. Please explain what the variable "DELDAY" represents in the formula for WGT and provide its value.

d. Please confirm that "COUNT" refers to the unweighted count of route days sampled for each stratum. If you do not confirm, please explain what the variable "COUNT" represents.

e. Please explain the purpose of the "1000" in the denominator of the formula for WGT.

f. Please confirm that the weighting factor WGT blows up sample data to represent total city carrier delivered mail volume for FY 1995. If you do not confirm, please explain what universe totals the WGT factor expands the sample data to.

OCA/USPS-T5-9 Response.

T5-9a. Confirmed.

T5-9b. UBSA2E is the universe count of business routes, CAG A to E.

T5-9c. DELDAY is the number of delivery days in the q<sup>th</sup> quarter.

T5-9d. COUNT is the number of route days for which we have data.

T5-9e. 1000 is used since volumes are reported in thousands.

T5-9f. Confirmed.

U.S. POSTAL SERVICE RESPONSE TO INTERROGATORIES OF  
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(Redirected from Patelunas USPS-T-5)

OCA/USPS-T5-13  
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OCA/USPS-T5-13. Pages 14-17 of SSR-90 document the IOCS sampling system. Please provide more complete documentation of this sample including:

- a. The number of offices in sample and in the universe for each CAG.
- b. The sampling rate and effective sample size for each stratum, by craft.
- c. Description of any changes to the sample design or estimation formulas since the FY1993 IOCS sample.

OCA/USPS-T5-13 Response:

- a. See Attachment 1 to this response.
- b. The employee sampling rate for IOCS offices for each stratum by craft is:

CAG	Clerks, Mailhandlers, City Carriers and Special Delivery Messengers	Supervisors
A /B	3%	4%
C	6%	9%
D	13%	10%
E	24%	16%
F	49%	36%
G-H,J-K	50%	50%

See Attachment 2 to this response for the effective sample size by craft and stratum.

- c. A change in estimation formulas was made to weight tallies to represent facilities not sampled in CAG A but assigned to CAG A as a result of the separation of functions into mail processing and customer services. Prior to the



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FY 1992 restructuring, offices had mail processing and customer service under one finance number. Following the FY 1992 restructuring, offices continued using the existing finance number and CAG designation for customer service functions. Mail processing functions were given new finance numbers and moved to CAG A designation. See Notice of the United States Postal Service Concerning the Filing of Errata to the Testimony of Witness Patelunas (USPS-T-5), August 7, 1996.

The sample weighting for customer service offices remaining in CAG C was done as before. The sample weighting for CAG C mail processing facilities assigned to CAG A was modified to reflect different facility and employee sample rates between CAG A and CAG C. In FY 1994, the weighting was modified to reflect both facility and employee sample rates. In FY 1995, no employee sample rate modification was necessary since employees for those facilities were sampled at CAG A rate. However, the weighting was modified to reflect differences in representation of mail processing and non-mail processing facilities included in the IOCS CAG A/B sample. The weighting was based on costs rather than the number of facilities.

Table of Finance Numbers Eligible for Sampling by IOCS  
and Sampled Finance Numbers in IOCS - FY 95

10:06 Monday, August 5, 1996 2

TABLE OF IOCS CAG BY INSAMPLE

IOCS CAG	INSAMPLE		
Frequency	not smp	IOCS smp	Total
A/B	96	504	600
C	538	182	720
D	542	55	597
E	1414	63	1477
F	1835	40	1875
G	2897	35	2932
H	3653	34	3687
J	4795	41	4836
K	9541	64	9605
Total	25311	1018	26329

OCA/USPS-T5-13  
Attachment 1  
2947

**FISCAL YEAR 1995 - UNWEIGHTED TALLIES  
AFTER ITEM DISTRIBUTION**

NOTE: BF4 INCLUDES NON-SCHEDULED, LEAVE,  
SAMPLES NOT RECEIVED, AT LUNCH, ETC.

**TABLE OF CRAFTX BY CAG**

CRAFTX	CAG									
Frequency	A/B	C	D	E	F	G	H	J	K	Total
SUPERVISOR	30487	5860	808	720	378	93	5	0	0	38351
SUPERVISOR BF4	18544	3477	402	397	182	16	1	0	1	23020
CLERK-REG	137594	17229	4361	3805	1625	401	91	19	0	165125
CLERK-REG BF4	124826	12550	3077	2716	1331	355	119	78	39	145091
CLERK-SUB	27498	3047	1476	1997	1641	981	650	242	81	37613
CLERK-SUB BF4	35664	2773	1091	1689	1586	1052	754	598	191	45398
MAILHANDLER	47383	1005	168	9	0	0	0	0	0	48565
MAILHANDLER BF4	47179	754	127	3	0	0	0	0	0	48063
CARRIER-REG	92221	39451	9196	8957	3014	834	41	0	0	153714
CARRIER-REG BF4	55323	21654	4917	5103	1907	481	11	0	0	89396
CARRIER-SUB	15710	6853	2058	2234	988	502	5	0	0	28350
CARRIER-SUB BF4	10004	3803	1089	1254	757	363	3	0	0	17273
SP.DELV.MSGR.	1370	346	29	12	2	0	0	0	0	1759
SP.DELV.MSGR.BF4	902	141	0	0	0	0	0	0	0	1043
Total	644705	118943	28799	28896	13411	5078	1680	937	312	842761

U.S. POSTAL SERVICE RESPONSE TO INTERROGATORIES OF  
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OCA/USPS-T5-14

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OCA/USPS-T5-14. Please refer to page 15 of SSR-90 for a description of the first stage sampling units for the IOCS. This states, "All offices that were in CAG A or CAG B prior to FY 1992 and all Bulk Mail Centers, are included in the sample."

- a. Please confirm that this excludes CAG C offices that were not in sample in FY 1992 but advanced from CAG C to CAG A or B during FY 1993 or FY 1994. If you do not confirm, then please explain how CAG C (or lower) offices that advance to CAG B (or higher) would be represented.
- b. How many offices in CAGs C or lower advanced to CAG B or A since the sample for FY93 was drawn? Of these offices, how many were already in the IOCS office sample in FY 1993?

OCA/USPS-T5-14 Response:

- a. Confirmed.
- b. One hundred eighteen (118) offices advanced from CAG C or lower to CAG B or A since the sample was drawn. Fifty (50) of these offices were in the sample in FY 1993.

**U.S. POSTAL SERVICE RESPONSE TO INTERROGATORIES OF  
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**OCA/USPS-T5-15  
Page 1 of 1**

**OCA/USPS-T5-15. Please provide a table similar to that provided as library reference E-34 in R87-1 that shows historic office advancements and relegation in CAG status for IOCS sample offices up to FY 1995.**

**OCA/USPS T5-15 Response:**

A listing of IOCS sample offices by name and IOCS CAG is attached for FY 1993, FY 1994, and FY 1995, which would allow development of advancements and relegations for those offices for FY 1994 and FY 1995. The Postal Service does not maintain a similar listing for prior years.

IOCS CAG ASSIGNMENT FOR SAMPLE OFFICES  
FISCAL YEARS 1993 THRU 1995  
NOTE: A BLANK INDICATES AN OFFICE WAS NOT ONE OF THE  
IOCS SAMPLE OFFICES DURING THE FISCAL YEAR.

OBS	NAME95	STATE	FY93	FY94	FY95
1	ABINGDON	VA	E	E	E
2	AKRON	OH	B	B	B
3	AKRON P&DC	OH	B	B	B
4	ALBANY	GA	C	C	C
5	ALBANY	NY	B	B	B
6	ALBANY P&DC	NY	B	B	B
7	ALBION	CA	J	J	J
8	ALBUQUERQUE	NM	B	B	B
9	ALBUQUERQUE AMF	NM	B	B	B
10	ALBUQUERQUE P&DC	NM	B	B	B
11	ALEXANDRIA	VA	B	B	B
12	ALGONAC	MI	G	G	G
13	ALHAMBRA	CA	C	C	C
14	ALLEN PARK	MI	E	E	E
15	ALLIANCE	OH	E	E	E
16	ALPENA	MI	E	E	E
17	ALTAMONT	TN	H	H	H
18	ALTOONA	PA	B	B	B
19	AMERICUS	GA	E	E	D
20	AMSTERDAM	NY	C	C	C
21	ANAHEIM	CA	B	B	B
22	ANAHEIM P&DF	CA	B	B	B
23	ANCHORAGE	AK	B	B	B
24	ANCHORAGE AMF	AK	B	B	B
25	ANCHORAGE P&DC	AK	B	B	B
26	ANDERSON	IN	C	C	C
27	ANDOVER	OH	G	G	G
28	ANN ARBOR	MI	B	B	B
29	ANOKA	MN	C	C	D
30	ANSTED	WV	J	J	J
31	APTOS	CA	E	E	E
32	ARCADIA	CA	C	C	C
33	ARCOLA	IL	G	G	G
34	ARKADELPHIA	AR	F	F	E
35	ARLINGTON	TX	C	C	B
36	ARLINGTON	VA	B	B	B
37	ARLINGTON HEIGHTS	IL	B	B	B
38	ARNOLD	MO	E	E	E
39	ASBURY PARK	NJ	D	D	D
40	ASHEVILLE	NC	C	C	C
41	ASHEVILLE P&DF	NC	C	B	B
42	ASHLAND	KY	D	D	D
43	ASHLAND P&DF	KY	D	B	B
44	ATLANTA AMC	GA	A	A	A
45	ATLANTA BMC	GA	A	A	A
46	ATLANTA P&DC	GA	A	A	A
47	ATLANTA POST OFFICE	GA	A	A	A
48	ATLANTIC CITY	NJ	C	C	C
49	AUBURN	NH	H	H	H
50	AUGUSTA	GA	B	B	B
51	AUGUSTA P&DF	GA	B	B	B
52	AURORA	CO	C	C	C

OCA/USPS-T5-15  
Attachment

IOCS CAG ASSIGNMENT FOR SAMPLE OFFICES  
FISCAL YEARS 1993 THRU 1995  
NOTE: A BLANK INDICATES AN OFFICE WAS NOT ONE OF THE  
IOCS SAMPLE OFFICES DURING THE FISCAL YEAR.

OBS	NAME95	STATE	FY93	FY94	FY95
53	AURORA	IL	B	C	C
54	AURORA	MO	F	F	F
55	AUSTIN	TX	B	B	B
56	AUSTIN P&DC	TX	B	B	B
57	BAKERSFIELD	CA	C	C	C
58	BAKERSFIELD P&DC	CA	C	B	B
59	BALA CYNWYD	PA	C	C	C
60	BALTIMORE	MD	A	A	A
61	BALTIMORE AMC	MD	A	A	A
62	BALTIMORE P&DC	MD	A	A	A
63	BANGOR	ME	C	C	C
64	BANGOR P&DF	ME	C	B	B
65	BATAVIA	NY	E	E	E
66	BATON ROUGE	LA	B	B	B
67	BATON ROUGE P&DC	LA	B	B	B
68	BEACON	NY	F	F	F
69	BEAUFORT	SC	D	D	D
70	BEAUMONT	TX	C	C	C
71	BEAUMONT P&DF	TX	C	B	B
72	BEAVERTON	OR	C	C	C
73	BELCHER	KY	K	K	K
74	BELFRY	MT	K	K	K
75	BELLEVUE	WA	B	B	B
76	BELLFLOWER	CA	D	D	D
77	BELLWOOD	IL	C	B	B
78	BELOIT	WI	D	D	D
79	BELVIDERE	TN	K	K	K
80	BENSENVILLE	IL	B	B	B
81	BENTON HARBOR	MI	C	C	D
82	BERCLAIR	TX	K	K	K
83	BEREA	OH	B	B	B
84	BERKELEY	CA	C	C	C
85	BESSEMER	AL	E	E	E
86	BETHANY BEACH	DE	G	G	G
87	BILLINGS	MT	C	C	C
88	BILLINGS P&DC	MT	C	B	B
89	BINGHAMTON	NY	C	C	C
90	BINGHAMTON P&DF	NY	C	B	B
91	BIRMINGHAM	AL	B	B	B
92	BIRMINGHAM AMF	AL	B	B	B
93	BIRMINGHAM P&DC	AL	B	B	B
94	BISMARCK	ND	C	C	C
95	BISMARCK P&DF	ND	C	B	B
96	BLOOMFIELD	NJ	D	D	D
97	BLOOMING GROVE	NY	J	J	H
98	BLOOMINGTON	IL	C	C	C
99	BLOOMINGTON P&DF	IL	C	B	B
100	BLUE BELL	PA	C	C	C
101	BLUE RIDGE	GA	G	G	G
102	BOCA RATON	FL	C	C	C
103	BOISE	ID	B	B	B
104	BOISE AMF	ID	B	B	B

10CS CAG ASSIGNMENT FOR SAMPLE OFFICES  
FISCAL YEARS 1993 THRU 1995  
NOTE: A BLANK INDICATES AN OFFICE WAS NOT ONE OF THE  
10CS SAMPLE OFFICES DURING THE FISCAL YEAR.

OBS	NAME95	STATE	FY93	FY94	FY95
105	BOISE P&DC	ID	B	B	B
106	BOSTON AMC	MA	A	A	A
107	BOSTON CS DISTRICT	MA	A	A	A
108	BOSTON P&DC	MA	A	A	A
109	BOULDER	CO	B	B	B
110	BRADLEY AMF	CT	B	B	B
111	BRANFORD	CT	D	D	D
112	BREA	CA	B	B	B
113	BRENTWOOD	NY	E	E	E
114	BREWER	ME	F	F	F
115	BREWSTER	MA	G	G	F
116	BRICK	NJ	D	D	D
117	BRIDGEPORT	CT	B	B	B
118	BRIDGEPORT P&DF	CT	B	B	B
119	BRISTOL	CT	D	D	D
120	BROCKTON	MA	B	B	B
121	BROCKTON P&DC	MA	B	B	B
122	BROCKWAY	PA	G	G	G
123	BROKEN ARROW	OK	D	D	D
124	BRONX	NY	B	B	B
125	BRONX P&DC	NY	B	B	B
126	BROOKLYN P&DC	NY	A	A	A
127	BROOKLYN PO	NY	A	A	A
128	BROWNFIELD	TX	F	F	F
129	BRUNSWICK	GA	D	D	D
130	BUFFALO	NY	B	B	B
131	BUFFALO AMF	NY	B	B	B
132	BUFFALO DISTRICT OFC	NY	B		
133	BUFFALO P&DC	NY	B	B	B
134	BULGER	PA	K	K	K
135	BURLINGTON	VT	B	B	B
136	BURLINGTON P&DF	VT	B	B	B
137	BURNS	OR	G	G	G
138	BUTLER	NJ	E	E	E
139	CAMDEN	NJ	C	C	C
140	CAMPBELL	CA	C	C	C
141	CANTON	ME	K	K	K
142	CANTON	OH	B	B	B
143	CANTON P&DF/PO	OH	B	B	B
144	CARLISLE	AR	H	H	H
145	CARNEGIE	PA	E	E	E
146	CAROL STREAM	IL	B	B	A
147	CAROL STREAM P&DC	IL	B	B	A
148	CARTERET	NJ	E	E	E
149	CAVE SPRINGS	AR	K	K	K
150	CEDAR FALLS	IA	D	D	D
151	CEDAR KEY	FL	J	J	J
152	CEDAR RAPIDS	IA	B	B	B
* 153	CEDAR RAPIDS AMF	IA	B	B	B
154	CEDAR RAPIDS P&DC	IA	B	B	B
155	CENTER LINE	MI	F	F	F
156	CHAMPAIGN	IL	C	C	C



IOCS CAG ASSIGNMENT FOR SAMPLE OFFICES  
FISCAL YEARS 1993 THRU 1995  
NOTE: A BLANK INDICATES AN OFFICE WAS NOT ONE OF THE  
IOCS SAMPLE OFFICES DURING THE FISCAL YEAR.

OBS	NAME95	STATE	FY93	FY94	FY95
157	CHAMPAIGN P&OF	IL	C	B	B
158	CHANHASSEN	MN	B	B	B
159	CHARLESTON	WV	B	C	C
160	CHARLESTON P&DC	WV	B	B	B
161	CHARLOTTE	NC	B	B	B
162	CHARLOTTE AMC	NC	B	B	B
163	CHARLOTTE P&DC	NC	B	B	B
164	CHATTANOOGA	TN	B	B	B
165	CHATTANOOGA P&DC	TN	B	B	B
166	CHERAW	SC	F	F	F
167	CHICAGO BMC	IL	A	A	A
168	CHICAGO CS DISTRICT	IL	A	A	A
169	CHICAGO P&DC	IL	A	A	A
170	CHILTON	WI	F	F	F
171	CINCINNATI	OH	A	A	A
172	CINCINNATI AMF	OH	A	A	A
173	CINCINNATI BMF	OH	A	A	A
174	CINCINNATI P&DC	OH	A	A	A
175	CLARISSA	MN	J	J	J
176	CLARKS HILL	SC	K	K	K
177	CLARKSVILLE	TN	B	B	B
178	CLEARLAKE	WA	J	J	J
179	CLEARWATER	FL	B	B	B
180	CLERMONT	GA	J	J	J
181	CLEVELAND	OH	A	A	A
182	CLEVELAND AMF	OH	A	A	A
183	CLEVELAND P&DC	OH	A	A	A
184	CLIFTON	NJ	C	C	C
185	CLINTON	IA	C	C	C
186	CLOQUET	MN	E	E	E
187	CLUTIER	IA	K	K	K
188	COLORADO SPRINGS	CO	B	B	B
189	COLORADO SPRINGS P&DC	CO	B	B	B
190	COLTON	WA	K	K	K
191	COLUMBIA	MD	B	B	B
192	COLUMBIA	MS	F	F	F
193	COLUMBIA	MO	C	C	C
*194	COLUMBIA	MO	B	B	B
195	COLUMBIA	SC	B	B	B
196	COLUMBIA AMF	SC	B	B	B
197	COLUMBIA P&DC	SC	B	B	B
198	COLUMBIA P&OF	MO	C	B	B
199	COLUMBUS	GA	B	B	B
200	COLUMBUS	OH	A	A	A
201	COLUMBUS AMF	OH	A	A	A
202	COLUMBUS P&DC	OH	A	A	A
203	COMPTON	CA	B	B	B
204	CONCORD	CA	B	B	B
205	CONCORD	NH	C	C	C
206	CONCORDIA	KS	F	F	F
207	CONSHOHOCKEN	PA	C		
208	CORBIN	KY	E	E	E

IOCS CAG ASSIGNMENT FOR SAMPLE OFFICES  
FISCAL YEARS 1993 THRU 1995  
NOTE: A BLANK INDICATES AN OFFICE WAS NOT ONE OF THE  
IOCS SAMPLE OFFICES DURING THE FISCAL YEAR.

OBS	NAME95	STATE	FY93	FY94	FY95
209	CORINTH	MS	B	B	B
210	CORNELIA	GA	F	F	F
211	CRAIG	AK	H	H	H
212	CRAWFORDSVILLE	IN	C	C	C
213	CUMBERLAND CENTER	ME	H	H	H
214	CUPERTINO	CA	C	C	C
215	DALLAS	TX	A	A	A
216	DALLAS AMC	TX	A	A	A
217	DALLAS BMC	TX	A	A	A
218	DALLAS P&DC	TX	A	A	A
219	DANIELSON	CT	F	F	F
220	DANSVILLE	MI	J	J	J
221	DANVILLE	IL	C	C	C
222	DANVILLE	KY	B	B	B
223	DAVISTON	AL	K	K	K
224	DAWSON	GA	G	G	G
225	DAYTON	IN	J	J	J
226	DAYTON	OH	B	B	B
227	DAYTON AMF	OH	B	B	B
228	DAYTON P&DF	OH	B	B	B
229	DEARBORN	MI	B	B	B
230	DECATUR	GA	C	C	C
231	DECATUR	IL	C	C	C
232	DELAWARE P&DF	DE	B	B	B
233	DENTON	TX	C	C	C
234	DENVER	CO	A	A	A
235	DENVER AMC	CO	A	A	A
236	DENVER BMC	CO	A	A	A
237	DENVER P&DC	CO	A	A	A
238	DEPEW	NY	C	C	D
239	DES MOINES	IA	B	B	B
* 240	<del>DES MOINES AMF</del>	<del>IA</del>	<del>B</del>	<del>B</del>	<del>B</del>
241	DES MOINES BMC	IA	A	A	A
242	DES MOINES P&DC	IA	B	B	B
243	DES PLAINES	IL	B	C	B
244	DETROIT	MI	A	A	A
245	DETROIT AMC	MI	A	A	A
246	DETROIT BMC	MI	A	A	A
247	DETROIT P&DC	MI	A	A	A
248	DEWART	PA	K	K	K
249	DIXON	NM	K	K	K
250	DODGE CITY	KS	D	D	D
251	DOMINICK V DANIELS P&D	NJ	B	B	B
252	DORSET	OH	K	K	K
253	DOWNERS GROVE	IL	B	B	B
254	DOWNEY	CA	C	C	C
255	DOWS	IA	J	J	J
256	DREXEL HILL	PA	E	E	E
257	DRUMMOND	OK	K	K	K
258	DUBUQUE	IA	C	C	C
259	DULLES P&DC	VA	B	B	B
260	DULUTH	MN	C	C	C

IOCS CAG ASSIGNMENT FOR SAMPLE OFFICES  
FISCAL YEARS 1993 THRU 1995  
NOTE: A BLANK INDICATES AN OFFICE WAS NOT ONE OF THE  
IOCS SAMPLE OFFICES DURING THE FISCAL YEAR.

OBS	NAME95	STATE	FY93	FY94	FY95
261	DULUTH P&DF	MN	C	B	B
262	DUNELLEN	NJ	E	E	E
263	DUIQUESNE	PA	G	G	G
264	DURHAM	NC	B	B	B
265	DWIGHT	IL	C	C	C
266	EAGLE	ID	G	G	G
267	EAST GLASTONBURY	CT	H	H	H
268	EAST LONGMEADOW	MA	D	D	D
269	EAST NORTHPORT	NY	E	E	E
270	EAST ST LOUIS	IL	D	D	D
271	EASTON	PA	C	B	B
272	EDEN	ID	K	K	K
273	EFFINGHAM	IL	C	C	C
274	EL PASO	TX	B	B	B
275	EL PASO P&DC	TX	B	B	B
276	EL PORTAL	CA	J	J	J
277	ELBERON	IA	K	K	K
278	ELGIN	IL	C	C	C
279	ELIZABETH	NI	C	C	C
280	ELLENSBURG	WA	E	E	E
281	ELM CITY	NC	B	B	B
282	ELMHURST	IL	C	C	C
283	ELMIRA	NY	C	C	C
284	ELMIRA P&DF	NY	C	B	B
285	ELMWOOD	IL	H	H	H
286	ELYRIA	OH	C	C	C
287	ENGLEWOOD	CO	B	B	B
288	ENGLEWOOD	NJ	C	C	C
289	ENTERPRISE	MS	K	K	K
290	ENVILLE	TN	K	K	K
291	ERIE	PA	C	C	C
292	ERIE P&DC/PO	PA	C	B	B
293	ETNA	NY	J	J	H
294	EUGENE	OR	C	C	C
295	EUGENE P&DF	OR	C	B	B
296	EUREKA	CA	D	D	D
297	EVANSTON	IL	C	C	C
298	EVERETT	WA	C	C	C
299	EVERETT P&DF	WA	C	B	B
300	FAIRBANKS	AK	C	C	C
301	FALL RIVER	MA	C	C	C
302	FARIBAULT	MN	E	E	E
303	FARMINGDALE	NY	B	B	B
304	FARMINGTON	NM	D	D	D
305	FERGUS FALLS	MN	E	E	E
306	FISHERS LANDING	NY	K	K	K
307	FLEMINGTON	WV	K	K	K
308	FLINT	MI	C	C	C
309	FLINT P&DC	MI	C	B	B
310	FLINTSTONE	GA	J	J	H
311	FLOMATON	AI	H	..	..
312	FOLSOM	CA	B	U	U

IOCS CAG ASSIGNMENT FOR SAMPLE OFFICES  
FISCAL YEARS 1993 THRU 1995  
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OBS	NAME95	STATE	FY93	FY94	FY95
313	FORD CLIFF	PA	K	K	K
314	FORT DODGE	IA	D	D	D
315	FORT LAUDERDALE	FL	B	B	B
316	FORT LAUDERDALE P&DC	FL	B	B	B
317	FORT MYERS	FL	B	B	B
318	FORT MYERS P&DC	FL	B	B	B
319	FORT WASHINGTON	PA	B	B	B
320	FORT WAYNE	IN	B	B	B
321	FORT WAYNE P&DC	IN	B	B	B
322	FOUNTAIN	NC	K	K	K
323	FRANKFORT	KY	C	C	C
324	FRANKLIN	IL	J	J	K
325	FRANKLIN	KY	B	B	B
326	FRANKLIN	MN	K	K	K
327	FREEHOLD	NJ	D	D	D
328	FRESNO	CA	B	B	B
329	FRESNO P&DC	CA	B	B	B
330	FT WORTH	TX	B	B	B
331	FT WORTH P&DC	TX	B	B	B
332	FULLERTON	CA	B	B	B
333	GALION	OH	E	E	E
334	GALLATIN	TN	B	B	C
335	GALVESTON	TX	C	C	C
336	GARDEN CITY	NY	C	C	C
337	GARDEN GROVE	CA	C	C	C
338	GARDINER	OR	J	J	J
339	GENEVA	NE	G	G	G
340	GEORGETOWN	PA	J	J	J
341	GERMANTOWN	NY	H	H	H
342	GLANDORF	OH	K	K	K
343	GLASGOW	KY	B	B	B
344	GLEN BURNIE	MD	C	C	C
345	GLEN COVE	NY	C	C	C
346	GLENDALE	CA	B	C	C
347	GOLD BEACH	OR	G	G	G
348	GOSHEN	OH	H	H	G
349	GRAND JUNCTION	CO	C	C	C
350	GRAND RAPIDS	MI	B	B	B
351	GRAND RAPIDS AMF	MI	B	B	B
352	GRAND RAPIDS P&DC	MI	B	B	B
353	GRAY COURT	SC	J	J	J
354	GREAT NECK	NY	C	C	C
355	GREEN BAY	WI	B	B	B
356	GREEN BAY P&DC	WI	B	B	B
357	GREENFIELD	OH	D	D	D
358	GREENSBORO	NC	B	B	B
359	GREENSBORO AMC	NC	B	B	B
360	GREENSBORO BMC	NC	A	A	A
361	GREENSBORO P&DC	NC	B	B	B
362	GREENVILLE	MS	E	E	E
363	GREENVILLE	NH	H	H	H
364	GREENVILLE	SC	B	B	B

IOCS CAG ASSIGNMENT FOR SAMPLE OFFICES  
FISCAL YEARS 1993 THRU 1995  
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OBS	NAME95	STATE	FY93	FY94	FY95
365	GREENVILLE AMF	SC	B	B	B
366	GREENVILLE P&DC	SC	B	B	B
367	GRETNA	LA	C	C	C
368	GRUNDY	VA	F	F	F
369	HACKENSACK	NJ	B	B	B
370	HACKENSACK P&DC	NJ	B	B	B
371	HALEYVILLE	AL	F	F	F
372	HAMILTON	MI	H	H	H
373	HAMMOND	IN	B	B	B
374	HANOVER	PA	B	B	B
375	HARALSON	GA	K	K	K
376	HARDINSBURG	KY	G	G	G
377	HARPER	TX	J	J	J
378	HARRISBURG	PA	B	B	B
379	HARRISBURG P&DC	PA	B	B	B
380	HARRISON	NJ	E	E	D
381	HARRISONVILLE	MO	F	F	F
382	HARTFORD	CT	B	B	B
383	HARTFORD P&DC	CT	B	B	B
384	HAWTHORNE	FL	H	H	H
385	HAYWARD	CA	B	B	C
386	HEARNE	TX	G	G	G
387	HEIDELBERG	MS	J	J	J
388	HERSHEY	PA	D	D	D
389	HIALEAH	FL	B	C	C
390	HICKMAN	NE	J	J	J
391	HICKSVILLE	NY	B	B	B
392	HIGH POINT	NC	C	C	C
393	HIGHLAND PARK	IL	D	D	D
394	HILLSDALE	NJ	F	F	F
395	HINSDALE	IL	C	C	C
396	HOLLAND	MO	K	K	K
397	HOLLY	CO	J	J	J
398	HOLLYWOOD	FL	B	C	C
399	HOMESTEAD	FL	D	D	E
400	HONOLULU	HI	B	B	B
401	HONOLULU P&DC	HI	B	B	B
402	HOOPER BAY	AK	K	K	K
403	HOPKINS	MN	B	B	B
404	HOUSTON	TX	A	A	A
405	HOUSTON AMC	TX	A	A	A
406	HOUSTON P&DC	TX	A	A	A
407	HOWARD	CO	J	J	H
408	HUDSON	OH	D	D	C
409	HULETT'S LANDING	NY	K	K	K
410	HUNTINGTON	IN	C	C	C
411	HUNTINGTON	OR	K	K	K
412	HUNTINGTON STATION	NY	C	C	C
413	HUNTSVILLE	AL	C	C	C
414	HUNTSVILLE P&DF	AL	C	B	B
415	HURON	CA	I	I	I
416	HYATTSVILLE	MD	C	C	C

## IOCS CAG ASSIGNMENT FOR SAMPLE OFFICES

FISCAL YEARS 1993 THRU 1995

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OBS	NAME95	STATE	FY93	FY94	FY95
417	INDIANAPOLIS	IN	A	A	A
418	INDIANAPOLIS AMC	IN	A	A	A
419	INDIANAPOLIS P&DC	IN	A	A	A
420	INDUSTRY P&DC	CA	C	B	B
421	INGLEWOOD	CA	C	C	C
422	IRVING	TX	B	B	B
423	ISLIP	NY	E	E	E
424	JACKSON	MI	C	C	C
425	JACKSON	MS	B	B	B
426	JACKSON	WY	E	E	E
427	JACKSON P&DC	MS	B	B	B
428	JACKSONVILLE	FL	B	B	B
429	JACKSONVILLE AMF	FL	B	B	B
430	JACKSONVILLE BMC	FL	A	A	A
431	JACKSONVILLE P&DC	FL	B	B	B
432	JAMAICA	NY	B	B	B
433	JAMES A FARLEY P&DC	NY	A	A	A
434	JERICO	NY	C	C	C
435	JERSEY CITY	NJ	B	B	B
436	JFK AMC	NY	B	B	B
437	JOHNSTOWN	PA	C	C	C
438	JOHNSTOWN P&DF/PO	PA	C	B	B
439	JOLIET	IL	C	C	C
440	JUNEAU	AK	C	C	C
441	KALAMAZOO	MI	C	C	C
442	KALAMAZOO P&DC	MI	C	B	B
443	KALISPELL	MT	D	D	D
444	KANKAKEE	IL	C	C	C
445	KANSAS CITY	MO	A	A	A
446	KANSAS CITY AMC	MO	A	A	A
447	KANSAS CITY BMC	KS	A	A	A
448	KANSAS CITY KS	KS	C	B	B
449	KANSAS CITY KS P&DC	KS	C	B	B
450	KANSAS CITY MO P&DC	MO	A	A	A
451	KEARNY	NJ	D	D	D
452	KENNERDELL	PA	K	K	K
453	KEOKUK	IA	E	E	E
454	KEWANEE	IL	E	E	E
455	KILMER P&DC	NJ	B	B	B
456	KING CITY	CA	F	F	F
457	KINGFISHER	OK	F	F	F
458	KINGSTON	ID	K	K	K
459	KNIGHTSTOWN	IN	E	E	E
460	KNOX	PA	H	H	G
461	KNOXVILLE	TN	B	B	B
462	KNOXVILLE P&DC	TN	B	B	B
463	KOKOMO	IN	D	D	D
464	KOKOMO P&DF	IN	D	B	B
465	KYKOTSMOVI VILLAGE	AZ	J	J	K
466	LA JOLLA	CA	C	C	C
467	LA PUENTE	CA	C	C	C
468	LA VERNIA	TX	H	H	H

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FISCAL YEARS 1993 THRU 1995  
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OBS	NAME95	STATE	FY93	FY94	FY95
469	LACHINE	MI	K	K	K
470	LAFAYETTE	CA	D	D	D
471	LAFAYETTE	IN	C	C	C
472	LAFAYETTE	LA	C	C	C
473	LAFAYETTE P&OF	LA	C	B	B
474	LAGUARDIA AMF	NY	B	B	B
475	LAKE ANN	MI	J	J	J
476	LAKE CITY	MN	F	F	F
477	LAKE ORION	MI	E	E	E
478	LANCASTER	NH	G	G	G
479	LANCASTER	PA	B	B	B
480	LANCASTER P&DC	PA	B	B	B
481	LANDIS	NC	G	G	G
482	LANSLOWNE	PA	E	E	E
483	LANSING	MI	B	B	B
484	LANSING P&DC	MI	B	B	B
485	LAS VEGAS	NV	B	B	B
486	LAS VEGAS AMC	NV	B	B	B
487	LAS VEGAS P&DC	NV	B	B	B
488	LAWRENCE	MA	C	C	C
489	LAWTON	OK	C	C	C
490	LAYFAYETTE P&OF	IN	C	B	B
491	LEHIGH VALLEY	PA	C	C	C
492	LEHIGH VALLEY P&DC	PA	C	B	B
493	LEON	KS	J	J	J
494	LEWISTON	NY	E	E	E
495	LEXINGTON	KY	B	B	B
496	LEXINGTON P&DC	KY	B	B	B
497	LIBERTY	MS	H	H	H
498	LIBERTY	MO	C	C	C
499	LIMA	OH	C	C	C
500	LIMA P&DF/PO	OH	C	B	B
501	LINCOLN	IL	E	E	E
502	LINCOLN	NE	B	B	B
503	LINCOLN P&DF	NE	B	B	B
504	LINDEN	NJ	D	D	D
505	LINWOOD	MI	H	H	H
506	LISBON	OH	F	F	F
507	LITCHFIELD	ME	J	J	J
508	LITTLE ROCK	AR	B	B	B
509	LITTLE ROCK P&DC	AR	B	B	B
510	LIVERMORE	ME	K	K	K
511	LIVINGSTON	MT	E	E	E
512	LIVONIA	MI	B	B	B
513	LODI	WI	G	G	G
514	LOGANSPOUT	IN	E	E	E
515	LOMIRA	WI	B	B	B
516	LONG BEACH	CA	B	B	B
517	LONG BEACH P&DC	CA	B	B	B
518	LONG ISLAND CITY	NY	C	C	C
519	LORAIN	OH	C	C	C
520	LOS ALAMOS	NM	E	E	E

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OBS	NAME95	STATE	FY93	FY94	FY95
521	LOS ANGELES BMC	CA	A	A	A
522	LOS ANGELES CS DISTRIC	CA	A	A	A
523	LOS ANGELES P&DC	CA	A	A	A
524	LOST HILLS	CA	J	J	J
525	LOUISVILLE	KY	B	B	B
526	LOUISVILLE	OH	F	F	F
527	LOUISVILLE AMF	KY	B	B	B
528	LOUISVILLE P&DC	KY	B	B	B
529	LOVING	NM	K	K	K
530	LOVINGTON	NM	F	F	F
531	LOWELL	MA	C	C	C
532	LUBBOCK	TX	C	C	C
533	LUBBOCK P&DF	TX	C	B	B
534	LYNCHBURG	VA	B	B	B
535	LYNCHBURG P&DF	VA	B	B	B
536	MACON	GA	B	B	B
537	MACON P&DC	GA	B	B	B
538	MACY	IN	K	K	K
539	MADISON	WV	G	G	G
540	MADISON	WI	B	B	B
541	MADISON P&DC	WI	B	B	B
542	MANCHESTER	NH	B	B	B
543	MANCHESTER P&DC	NH	B	B	B
544	MANHASSET	NY	D	D	D
545	MANILA	UT	K	K	K
546	MANKATO	MN	C	C	C
547	MANKATO P&DF	MN	C	B	B
548	MANNVILLE	OK	K	K	K
549	MANSFIELD	OH	C	C	C
550	MAPLETON	IL	K	K	K
551	MARBLE	PA	K	K	K
552	MARBLEMOUNT	WA	K	K	K
553	MARIETTA	GA	B	B	B
554	MARIETTA	NY	J	J	J
555	MARINA P&DC	CA	C	B	B
556	MARION	OH	C	C	C
557	MARSHALL	MI	D	D	D
558	MARSHALL	MN	D	D	D
559	MARTINS FERRY	OH	F	F	F
560	MARTINSVILLE	VA	D	D	E
561	MATTOON	IL	B	B	B
562	MAYERSVILLE	MS	K	K	K
563	MCALESTER	OK	E	E	E
564	MCLEAN	VA	C	C	C
565	MEADVILLE	PA	C	C	C
566	MECHANICSBURG	PA	B	B	B
567	MECHANICSVILLE	MD	G	G	G
568	MEDFORD	NJ	E	E	E
569	MEDIA	PA	C	C	C
570	MEETEETSE	WY	K	K	K
571	MELROSE PARK	IL	C	C	C
572	MEMPHIS	TN	A	A	A



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OBS	NAME95	STATE	FY93	FY94	FY95
573	MEMPHIS AMC	TN	A	A	A
574	MEMPHIS BMC	TN	A	A	A
575	MEMPHIS P&DC	TN	A	A	A
576	MENLO PARK	CA	C	C	C
577	MERCEDES	TX	F	F	F
578	MERIDIAN	MS	D	C	C
579	MERRIFIELD C/S & CFS	VA	B	B	B
580	MERRIFIELD P&DC	VA	B	B	B
581	MESA	AZ	B	B	B
582	MIAMI	FL	B	B	B
583	MIAMI AMC	FL	B	B	B
584	MIAMI P&DC	FL	B	B	B
585	MID-ISLAND P&DC	NY	B	B	B
586	MIDDLESEX-ESSEX	MA	B	C	C
587	MIDDLESEX-ESSEX P&DC	MA	B	B	B
588	MIDWAY P&DF	CA	B	B	B
589	MILLERSVILLE	MD	F	F	F
590	MILWAUKEE	WI	A	A	A
591	MILWAUKEE AMC	WI	A	A	A
592	MILWAUKEE P&DC	WI	A	A	A
593	MINERAL WELLS	TX	E	E	E
594	MINNEAPOLIS	MN	A	A	A
595	MINNEAPOLIS P&DC	MN	A	A	A
596	MOBILE	AL	C	C	C
597	MOBILE P&DC	AL	C	B	B
598	MODESTO	CA	C	C	C
599	MOLINE	IL	C	C	C
600	MOMENCE	IL	E	E	E
601	MONROVIA	MD	G	G	H
602	MONT ALTO	PA	H	H	H
603	MONTEZUMA	GA	G	G	G
604	MONTGOMERY	AL	B	B	B
605	MONTGOMERY P&DC	AL	B	B	B
606	MONTOUR FALLS	NY	H	H	H
607	MOORESTOWN	NJ	D	D	D
608	MORRISTOWN	NJ	C	C	C
609	MOUNT MORRIS	IL	B	C	C
610	MOUNT PLEASANT	IA	B	B	B
611	MOUNT RAINIER	MD	G	G	G
* 612	MOUNT SAINT JOSEPH	OH	H	H	H
613	MOUNT ULLA	NC	J	J	J
614	MPLS - SAINT PAUL BMC	MN	A	A	A
615	MULINO	OR	J	J	J
616	MUNDELEIN	IL	C	C	C
617	MUSKEGON	MI	C	C	C
618	NAPERVILLE	IL	B	B	B
619	NASHUA	NH	C	C	C
620	NASHVILLE	TN	B	B	B
621	NASHVILLE AMC	TN	B	B	B
622	NASHVILLE P&DC	TN	B	B	B
623	NEVADA	IA	B	B	B
624	NEW BEDFORD	MA	C	C	C

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OBS	NAME95	STATE	FY93	FY94	FY95
625	NEW BRITAIN	CT	C	C	C
626	NEW BRUNSWICK	NJ	B	B	B
627	NEW FREEDOM	PA	H	H	H
628	NEW HAVEN	CT	B	B	B
629	NEW HYDE PARK	NY	B	B	B
630	NEW JERSEY INTNL & BMC	NJ	A	A	A
631	NEW LONDON	CT	C	C	C
632	NEW ORLEANS	LA	B	B	B
633	NEW ORLEANS AMC	LA	B	B	B
634	NEW ORLEANS P&DC	LA	B	B	B
635	NEW ROCHELLE	NY	C	C	C
636	NEW YORK CS DISTRICT	NY	A	A	A
637	NEWARK	DE	B	C	C
638	NEWARK	IL	J	J	J
639	NEWARK	NJ	B	B	B
640	NEWARK AMC	NJ	B	B	B
641	NEWARK P&DC	NJ	B	B	B
642	NEWBURYPORT	MA	E	E	E
643	NEWPORT	NJ	K	K	K
644	NEWPORT NEWS	VA	C	C	C
645	NEWTON	NC	B	B	B
646	NIAGARA FALLS	NY	C	C	C
647	NICKERSON	KS	J	J	J
648	NICKERSON	NE	K	K	K
*649	NO-SUBURBAN-FACILITY	IL	A	A	A
650	NORCO	CA	E	E	E
651	NORCROSS	GA	B	B	B
652	NORFOLK	VA	B	B	B
653	NORFOLK P&DC	VA	B	B	B
654	NORMALVILLE	PA	K	K	K
655	NORTH CREEK	NY	H	H	H
656	NORTH HOLLYWOOD	CA	C	C	C
657	NORTH KINGSTOWN	RI	E	E	E
658	NORTH OLMSTED	OH	E	E	E
659	NORTH WALES	PA	C	D	D
660	NYC CHURCH ST P&DC	NY	B	A	A
661	NYC MORGAN P&DC	NY	B	A	A
662	O BRIEN	FL	K	K	K
663	O'HARE AMC	IL	B	B	B
664	OAK RIDGE	NC	J	J	J
665	OAKLAND	CA	B	B	B
666	OAKLAND AMF	CA	B	B	B
667	OAKLAND P&DC	CA	B	B	B
668	OAKLAWN	IL	B	B	B
669	OCEANSIDE	CA	C	C	C
670	OGDEN	UT	C	C	C
671	OKLAHOMA CITY	OK	A	A	A
672	OKLAHOMA CITY AMF	OK	A	A	A
673	OKLAHOMA CITY P&DC	OK	A	A	A
674	OLIVE BRANCH	MS	B	B	B
675	OLYMPIA	WA	C	C	C
676	OLYMPIA P&DF	WA	C	B	B

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OBS	NAME95	STATE	FY93	FY94	FY95
677	OMAHA	NE	B	B	B
678	OMAHA AMF	NE	B	B	B
679	OMAHA P&DC	NE	B	B	B
680	ONTARIO AMF	CA			B
681	ONTARIO CENTER	NY	J	J	J
682	ORANGE	CA	B	B	B
683	ORANGE	NJ	C	C	C
684	ORLANDO	FL	B	B	B
685	ORLANDO P&DC	FL	B	B	B
686	OROVILLE	CA	E	E	E
687	OSTERBURG	PA	K	K	K
688	OSYKA	MS	J	J	J
689	OTTAWA	IL	E	E	E
690	OTTAWA	KS	E	E	E
691	OXNARD	CA	C	C	C
692	OXNARD P&DF	CA	C	B	B
693	PAINTSVILLE	KY	F	F	F
694	PALATINE P&DC	IL	B	B	B
695	PALMDALE	CA	D	D	D
696	PAMPA	TX	E	E	E
697	PASADENA	CA	B	B	B
698	PASADENA P&DC	CA	B	B	B
699	PATERSON	NJ	C	C	C
700	PATERSON P&DC	NJ	C	B	B
701	PEORIA	IL	B	B	B
702	PEORIA P&DF	IL	B	B	B
703	PEQUANNOCK	NJ	F	F	F
704	PESCAERO	CA	J	J	H
705	PETERSTOWN	WV	H	H	H
706	PEWAUKEE	WI	B	B	B
707	PHILADELPHIA	PA	A	A	A
708	PHILADELPHIA AMC	PA	A	A	A
709	PHILADELPHIA BMF	PA	A	A	A
710	PHILADELPHIA P&DC	PA	B	A	A
711	PHOENIX	AZ	B	B	B
712	PHOENIX AMC	AZ	B	B	B
713	PHOENIX P&DC	AZ	B	B	B
714	PITTSBURGH	PA	A	A	A
715	PITTSBURGH AMF	PA	B	A	A
716	PITTSBURGH BMF	PA	A	A	A
717	PITTSBURGH P&DC	PA	A	A	A
718	PITTSTON	PA	C	C	D
719	PLAINFIELD	NJ	C	C	C
720	PLEASANTON	CA	C	C	C
721	PLEASANTVILLE	NY	D	D	D
722	POMONA	CA	C	C	C
723	POOLESVILLE	MD	G	G	G
724	PORT ARANSAS	TX	G	G	G
725	PORT AUSTIN	MI	H	H	H
726	PORTLAND	ME	C	C	C
727	PORTLAND	OR	B	B	B
728	PORTLAND AMF	OR	B	B	B

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OBS	NAME95	STATE	FY93	FY94	FY95
729	PORTLAND P&DC	ME	C	B	B
730	PORTLAND P&DC	OR	B	B	B
731	PORTSMOUTH	VA	C	C	C
732	POTTSTOWN	PA	D	D	D
733	POTTSVILLE	PA	B	B	B
734	POUGHKEEPSIE	NY	C	C	C
735	PRATTVILLE	AL	E	E	E
736	PRINCETON	MN	F	F	F
737	PRINCETON	MO	H	H	G
738	PROVIDENCE	RI	B	B	B
739	PROVIDENCE P&DC	RI	B	B	B
740	PUTNAM	CT	E	E	F
741	QUEEN ANNE	MD	K	K	K
742	QUEENS	NY	B	B	B
743	QUEENS P&DC	NY	B	B	B
744	QUITMAN	TX	F	F	F
745	RAINIER	OR	G	G	G
746	RALEIGH	NC	B	B	B
747	RALEIGH AMC	NC	B	B	B
748	RALEIGH P&DC	NC	B	B	B
749	RANCHO CORDOVA	CA	B	B	B
750	RAYMOND	IL	H	H	H
751	READING	PA	B	B	B
752	READING P&DF	PA	B	B	B
753	RED CLOUD	NE	H	H	H
754	RENO	NV	B	B	B
755	RENO AMF	NV	B	B	B
756	RENO P&DC	NV	B	B	B
757	RICHMOND	CA	C	C	C
758	RICHMOND	VA	A	A	A
759	RICHMOND AMF	VA	A	A	A
760	RICHMOND P&DC	VA	A	A	A
761	RIVERDALE	MD	D	D	E
762	RIVERHEAD	NY	D	D	D
763	RIVERSIDE	NJ	C	C	C
764	ROANOKE	VA	B	B	B
765	ROANOKE P&DC	VA	B	B	B
766	ROARING BRANCH	PA	K	K	K
767	ROBBINS	CA	K	K	K
768	ROCHESTER P&DC	NY	B	B	B
769	ROCHESTER PO	NY	B	B	B
770	ROCK ISLAND	IL	C	C	C
771	ROCK ISLAND P&DF	IL	C	B	B
772	ROCKFORD	IL	C	C	C
773	ROCKFORD P&DC	IL	C	B	B
774	ROCKVILLE	MD	B	B	B
775	ROCKWOOD	PA	G	G	H
776	ROCKY MOUNT	NC	C	C	C
777	ROCKY MOUNT P&DF	NC	C	B	B
778	ROME	GA	D	D	D
779	ROSWELL	NM	D	D	D
780	ROYAL OAK	MI	C	C	B

IOCS CAG ASSIGNMENT FOR SAMPLE OFFICES  
FISCAL YEARS 1993 THRU 1995  
NOTE: A BLANK INDICATES AN OFFICE WAS NOT ONE OF THE  
IOCS SAMPLE OFFICES DURING THE FISCAL YEAR.

OBS	NAME95	STATE	FY93	FY94	FY95
781	ROYAL OAK P&DC	MI	C	B	B
782	RUNNING SPRINGS	CA	F	F	F
783	RUSH CITY	MN	G	G	F
784	RUTLAND	VT	B	B	B
785	SACRAMENTO AMF	CA	A	A	A
786	SACRAMENTO P&DC	CA	A	A	A
787	SACRAMENTO PO	CA	A	A	A
788	SAGINAW	MI	C	C	C
789	SAGINAW P&DC	MI	C	B	B
790	SAINT CLOUD	MN	B	B	B
791	SAINT CLOUD P&DF	MN	B	B	B
792	SAINT JOSEPH	MI	D	D	C
793	SAINT JOSEPH	MO	C	C	C
794	SAINT LOUIS	MO	A	A	A
795	SAINT PAUL	MN	B	B	B
796	SAINT PAUL P&DC	MN	B	B	B
797	SAINT PETERSBURG	FL	B	B	B
798	SALEM	MA	D	D	D
799	SALEM	OH	E	E	E
800	SALEM	OR	B	B	B
801	SALEM P&DF	OR	B	B	B
802	SALT LAKE CITY	UT	B	B	B
803	SALT LAKE CITY AMC	UT	B	B	B
804	SALT LAKE CITY P&DC	UT	B	B	B
805	SAN ANTONIO	TX	B	B	B
806	SAN ANTONIO P&DC	TX	B	B	B
807	SAN BERNARDINO	CA	B	B	B
808	SAN BERNARDINO P&DC	CA	B	B	B
809	SAN DIEGO	CA	B	B	B
810	SAN DIEGO AMF	CA	B	B	B
811	SAN FERNANDO	CA	C	C	C
812	SAN FRANCISCO	CA	A	A	A
813	SAN FRANCISCO AMC	CA	A	A	A
814	SAN FRANCISCO BMC	CA	A	A	A
815	SAN FRANCISCO P&DC	CA	A	A	A
816	SAN JOSE	CA	B	B	B
817	SAN JOSE P&DC	CA	B	B	B
818	SAN JUAN	PR	B	B	B
819	SAN JUAN AMF	PR	B	B	B
820	SAN JUAN P&DC	PR	B	B	B
821	SAN LEANDRO	CA	C	C	C
822	SAN MATEO	CA	C	C	C
823	SAN PEDRO	CA	D	D	D
824	SAN RAFAEL	CA	C	C	C
825	SANDPOINT	ID	E	E	E
826	SANDUSKY	OH	D	D	D
827	SANTA ANA	CA	B	B	B
828	SANTA ANA P&DC	CA	B	B	B
829	SANTA MONICA	CA	C	C	C
830	SANTA ROSA	CA	C	C	C
831	SARASOTA	FL	C		
832	SAVAGE	MT	K	K	K

IOCS CAG ASSIGNMENT FOR SAMPLE OFFICES  
FISCAL YEARS 1993 THRU 1995  
NOTE: A BLANK INDICATES AN OFFICE WAS NOT ONE OF THE  
IOCS SAMPLE OFFICES DURING THE FISCAL YEAR.

OBS	NAME95	STATE	FY93	FY94	FY95
833	SAVANNAH	GA	C	C	C
834	SAVANNAH P&DF	GA	C	B	B
835	SCARSDALE	NY	D	D	D
836	SCARVILLE	IA	K	K	K
837	SCHENECTADY	NY	C	C	C
838	SCOTT CITY	MO	H	H	G
839	SCOTTSDALE	AZ	B	B	B
840	SCRANTON	PA	B	B	B
841	SCRANTON P&DF/PO	PA	B	B	B
842	SEATTLE	WA	A	A	A
843	SEATTLE AMC	WA	A	A	A
844	SEATTLE BMC	WA	A	A	A
845	SEATTLE P&DC	WA	A	A	A
846	SEBASCO ESTATES	ME	K	K	K
847	SEDALIA	MO	D	D	D
848	SELMA	CA	F	F	F
849	SHAWNEE MISSION	KS	B	B	B
850	SHEBOYGAN	WI	C	C	C
851	SHELBY	NC	C	C	C
852	SHOREHAM	VT	J	J	J
853	SHREVEPORT	LA	C	C	C
854	SHREVEPORT P&DC	LA	C	B	B
855	SILER CITY	NC	F	F	F
856	SILVER SPRING	MD	C	C	C
857	SIOUX CITY	IA	C	C	C
858	SIOUX CITY P&DF	IA	C	C	B
859	SIOUX FALLS	SD	B	B	B
860	SIOUX FALLS P&DC	SD	B	B	B
861	SMITHTOWN	NY	B	B	B
862	SO JERSEY	NJ	B	C	C
863	SO JERSEY P&DC	NJ	B	B	B
864	SO SUBURBAN FACILITY	IL	A	A	A
865	SOLOMON	KS	J	J	J
866	SOMERVILLE	TN	G	G	G
867	SOUTH JAMESPORT	NY	K	K	K
868	SOUTH PASADENA	CA	D	D	E
869	SOUTH SAN FRANCISCO	CA	C	C	C
870	SOUTH SUBURBAN P&DC	IL	A	A	A
871	SOUTH WHITLEY	IN	G	G	G
872	SOUTHAMPTON	PA	B	B	B
873	SOUTHBRIDGE	MA	E	E	E
874	SOUTHEASTERN PA	PA	B	B	B
875	SOUTHEASTERN PA P&DC	PA	B	B	B
876	SOUTHERN CONNECTICUT P	CT	B	B	B
877	SOUTHERN MARYLAND	MD	B	B	B
878	SOUTHERN MD P&DC	MD	A	B	B
879	SOUTHFIELD	MI	B	B	B
880	SPARTANBURG	SC	B	B	B
881	SPOKANE	WA	B	B	B
882	SPOKANE P&DC	WA	B	B	B
883	SPRING VALLEY	CA	E	E	E
884	SPRING VALLEY	MN	G	G	G

IOCS CAG ASSIGNMENT FOR SAMPLE OFFICES  
FISCAL YEARS 1993 THRU 1995  
NOTE: A BLANK INDICATES AN OFFICE WAS NOT ONE OF THE  
IOCS SAMPLE OFFICES DURING THE FISCAL YEAR.

OBS	NAME95	STATE	FY93	FY94	FY95
885	SPRINGFIELD	IL	B	B	B
886	SPRINGFIELD	MA	B	B	C
887	SPRINGFIELD	MO	C	C	C
888	SPRINGFIELD	NJ	D	D	C
889	SPRINGFIELD BMC	MA	B	A	A
890	SPRINGFIELD P&DC	IL	B	B	B
891	SPRINGFIELD P&DC	MA	B	B	B
892	SPRINGFIELD P&DC	MO	C	B	B
893	ST LOUIS AMC	MO	A	A	A
894	ST LOUIS BMC	MO	A	A	A
895	ST LOUIS P&DC	MO	A	A	A
896	ST PETERSBURG P&DC	FL	B	B	B
897	STAHLSTOWN	PA	J	J	J
898	STAMFORD	CT	B	C	C
899	STAMFORD P&DC	CT	B	B	B
900	STATEN ISLAND	NY	B	B	B
901	STATEN ISLAND P&DF	NY	B	B	B
902	STOCKTON	CA	C	C	C
903	STOCKTON P&DC	CA	C	B	B
904	STONY POINT	NY	F	F	F
905	STOUTSVILLE	OH	K	K	K
906	STUART	OK	K	K	K
907	SUBURBAN MARYLAND	MD	B	B	B
908	SUBURBAN MD P&DC	MD	B	B	B
909	SYOSSET	NY	D	D	D
910	SYRACUSE	NY	B	B	B
911	SYRACUSE P&DC	NY	B	B	B
912	TACOMA	WA	B	B	B
913	TACOMA P&DC	WA	B	B	B
914	TALBOTT	TN	G	G	G
915	TALLAHASSEE	FL	B	B	B
916	TALLAHASSEE P&DF	FL	B	B	B
917	TAMPA	FL	B	B	B
*918	TAMPA AMC	FL			B
919	TAMPA P&DC	FL	B	B	B
920	TAYLOR	TX	F	F	F
921	TAYLORS	SC	E	E	E
922	TEANECK	NJ	D	D	D
923	TEMPE	AZ	B	B	B
924	TERRE HAUTE	IN	B	B	B
925	TERRE HAUTE P&DF	IN	B	B	B
926	THIENSVILLE	WI	E	D	D
927	THORP	WA	K	K	J
928	THOUSAND OAKS	CA	B	B	B
929	TICONDEROGA	NY	G	G	G
930	TOLEDO	OH	B	B	B
931	TOLEDO P&DF	OH	B	B	B
932	TOPEKA	KS	B	B	B
933	TOPEKA P&DF	KS	B	B	B
934	TOPSFIELD	MA	F	F	F
935	TORRANCE	CA	B		
936	TRENTON P&DC	NJ	B	B	U

IOCS CAG ASSIGNMENT FOR SAMPLE OFFICES  
FISCAL YEARS 1993 THRU 1995  
NOTE: A BLANK INDICATES AN OFFICE WAS NOT ONE OF THE  
IOCS SAMPLE OFFICES DURING THE FISCAL YEAR.

OBS	NAME95	STATE	FY93	FY94	FY95
937	TRENTON PO	NJ	B	B	B
938	TROY	NY	C	C	C
939	TUCSON	AZ	B	B	B
940	TUCSON P&DC	AZ	B	B	B
941	TULARE	CA	E	E	E
942	TULSA	OK	B	B	B
943	TULSA AMF	OK	B	B	B
944	TULSA P&DC	OK	B	B	B
945	TWIN CITIES AMC	MN	B	B	B
946	UNION	NJ	C	C	C
947	UNION CITY	CA	B	B	B
948	UNIONVILLE	CT	F	F	E
949	UTICA	NY	B	B	B
950	UTICA P&DF	NY	B	B	B
951	VALLEY STREAM	NY	C	C	D
952	VAN NUYS	CA	B	B	B
953	VAN NUYS P&DC	CA	B	B	B
954	VANCLEVE	KY	K	K	K
955	VAUGHAN	MS	K	K	K
956	VIDALIA	GA	E	E	E
957	VIRDEN	IL	G	G	G
958	VIRGINIA BEACH	VA	B	B	B
959	WACO	TX	C	C	C
960	WACO P&DF	TX	C	B	B
961	WADE	NC	J	J	J
962	WALDRON	MI	K	K	J
963	WARREN	MI	C	C	C
964	WARREN	PA	B	B	B
965	WARSAW	IN	B	B	B
966	WASECA	MN	B	B	B
967	WASHINGTON	DC	A	A	A
968	WASHINGTON BMC	MD	B	A	A
969	WASHINGTON P&DC	DC	A	A	A
970	WASHINGTON-DULLES AMC	VA	B	B	B
971	WASHINGTON-NATL AMC	DC	A	A	A
972	WATERBURY	CT	C	C	C
973	WATERBURY P&DF	CT	C	B	B
974	WATERFORD	VA	J	J	J
975	WATERLOO	IA	C	C	C
976	WATERLOO P&DF	IA	C	B	B
977	WATKINS	MN	J	J	J
978	WAUKEGAN	IL	C	C	C
979	WAYNE	PA	C	C	C
980	WEBSTER CITY	IA	E	E	E
981	WELCOME	MN	J	J	J
982	WELLSVILLE	NY	F	F	F
983	WESSON	MS	H	H	H
984	WEST FRANKFORT	IL	F	F	F
985	WEST PALM BEACH	FL	B	B	B
986	WEST PALM BEACH P&DC	FL	B	B	B
987	WEST PARIS	ME	J	J	J
988	WESTCHESTER	NY	C	C	C



IOCS CAG ASSIGNMENT FOR SAMPLE OFFICES  
FISCAL YEARS 1993 THRU 1995  
NOTE: A BLANK INDICATES AN OFFICE WAS NOT ONE OF THE  
IOCS SAMPLE OFFICES DURING THE FISCAL YEAR.

OBS	NAME95	STATE	FY93	FY94	FY95
989	WESTCHESTER P&DC	NY	C	B	B
990	WESTERLY	RI	E	E	E
991	WESTERN NASSAU	NY	B	B	B
992	WESTERN NASSAU P&DC	NY	B	B	B
993	WESTLAKE	OR	K	K	K
994	WESTMINSTER	MD	C	C	C
995	WESTPORT	CT	C	C	C
996	WHEATON	IL	C	C	C
997	WHITE PLAINS	NY	C	C	C
998	WHITHARRAL	TX	K	K	K
999	WHITTIER	CA	C	C	C
1000	WICHITA	KS	B	B	B
1001	WICHITA FALLS	TX	C	C	C
1002	WICHITA P&DC	KS	B	B	B
1003	WILKES-BARRE	PA	B	B	B
1004	WILKES-BARRE P&DF/PO	PA	B	B	B
1005	WILLIAMSPORT	PA	C	C	C
1006	WILLIAMSPORT P&DF/PO	PA	C	B	B
1007	WILLOW CITY	ND	K	K	K
1008	WILMINGTON	DE	B	B	B
1009	WILTON	IA	B	B	B
1010	WINNSBORO	LA	F	F	F
1011	WINSTON-SALEM	NC	B	B	B
1012	WOFFORD HEIGHTS	CA	H	H	H
1013	WOODLAND	ME	H	H	H
1014	WOODLAND	NC	J	J	J
1015	WORCESTER P&DC	MA	B	B	B
1016	WORCESTER PO	MA	B	B	B
1017	WORLDWAY AMC	CA	A	A	A
1018	WORTH	IL	B	B	B
1019	WYOMING	NY	J	J	J
1020	YORK	PA	C	B	B
1021	YOUNGSTOWN	OH	C	C	C
1022	YOUNGSTOWN P&DF/PO	OH	C	B	B
1023	YUBA CITY	CA	D	D	D
1024	YULAH	NY	K	K	K
1025	ZEBULON	NC	F	F	F

\* These offices either closed or the finance numbers associated with them were not used.

**U.S. POSTAL SERVICE RESPONSE TO INTERROGATORIES OF  
OFFICE OF THE CONSUMER ADVOCATE  
(Redirected from Patelunas USPS-T-5)**

**OCA/USPS-T5-19  
Page 1 of 1**

**OCA/USPS-T5-19. Please refer to SSR-90 and to library reference G-127, pages 31-32, R94-1. The Form 22 Density System is described in the library reference titled "Statistical System Documentation" in docket R94-1 but is missing from the MC96-3 "Statistical System Documentation" library reference. Please explain whether that system is still in existence and describe its status as one of the statistical systems.**

**OCA/USPS-T5-19 Response:**

**The Form 22 Density System has been temporarily suspended.**

U.S. POSTAL SERVICE RESPONSE TO INTERROGATORIES OF  
OFFICE OF THE CONSUMER ADVOCATE  
(Redirected from Patelunas USPS-T-5)

OCA/USPS-T5-20  
Page 1 of 2

OCA/USPS-T5-20 Please complete the documentation of the Rural Carrier System sample design on pages 37-41 of library reference SSR-90.

- a. Please provide universe size at sample selection, sampling rates, and effective sample sizes by strata.
- b. Please provide the weighting factors and the formulas used to produce the weighting factors.
- c. Please provide the instructions and estimation formulas for the proper use of weighting formulas.
- d. Please describe the extent of second stage sampling that occurs.
  - i. How many rural routes in the universe of routes serve more than one office?
  - ii. How many rural routes in the RCS sample for FY95 serve more than one office?
  - iii. Are there any effects on the weighting factors for sample routes that serve more than one office? If so please explain.

OCA/USPS-T5-20 Response:

a.

Quarter	Stratum	No. of Routes in Universe	Sampling Rate	Effective Sample	Possible Boxes	Sampled Boxes
1	1C	51,397	.023	1,155	527,526	26,675
	2C	36	.056	2	857	48
2	1C	51,886	.023	1,158	525,504	27,151
	2C	36	.056	2	545	29
3	1C	52,420	.024	1,234	566,409	28,629
	2C	35	.057	2	977	53
4	1C	53,138	.031	1,596	728,653	37,052
	2C	35	.086	2	404	21

U.S. POSTAL SERVICE RESPONSE TO INTERROGATORIES OF  
OFFICE OF THE CONSUMER ADVOCATE  
(Redirected from Patelunas USPS-T5)

OCA/USPS-T5-20  
Page 2 of 2

- b. The weighting factors used in FY95 for strata 1C and 2C respectively are 36,239.27 and 12,080.00. Formulas for calculating the weighting factors are shown in Witness Bailey's R90-1 response to OCA Interrogatory T1-18, Tr. 533-538.
- c. The estimation formulas are shown in Witness Bailey's R90-1 response to OCA interrogatory T1-18, Tr. 533-538.
- d.i. The number of routes in the universe that serve more than one office is unknown.
- d.ii. In quarter 1 FY 95, 67 sampled rural routes served more than one office; in quarter 2, 50 sampled rural routes served more than one office; in quarter 3, 75 sampled rural routes served more than one office; and in quarter 4, 80 sampled rural routes served more than one office.
- d.iii. There are no effects on the weighting factors for sample routes that serve more than one office.

U.S. POSTAL SERVICE RESPONSE TO INTERROGATORIES OF  
OFFICE OF THE CONSUMER ADVOCATE  
(Redirected from Patelunas USPS-T5)

OCA/USPS-T5-21  
Page 1 of 1

OCA/USPS-T5-21 Please describe any sampling or estimation changes for the Rural Carrier System that have been put in place since the FY92 sample.

OCA/USPS-T5-21 Response:

No changes have been made.

U.S. POSTAL SERVICE RESPONSE TO INTERROGATORIES OF  
OFFICE OF THE CONSUMER ADVOCATE  
(Redirected from Patelunas USPS-T-5)

OCA/USPS-T5-22  
Page 1 of 1

OCA/USPS-T5-22. Please refer to Table 11 on page 40 of SSR-90. Most C.V. estimates reported in this table are considerably smaller than those reported in library reference G-127 of FY93. Please describe any changes to the design or estimation methodology that could account for these decreases.

OCA/USPS-T5-22 Response:

There was a program error in the software used to produce the FY93 c.v. estimates for the Rural Carrier System contained in library reference G-127. The c.v. estimate is derived from the estimated variance of a ratio. The variance of a ratio is the variance of the numerator plus the variance of the denominator minus two times the covariance of the numerator and denominator. In the computation of the variance of Rural Carrier System mailclass proportions for FY93, two times the covariance term was added to, instead of subtracted from, the sum of the variance of the numerator and denominator. This programming error resulted in c.v. estimates substantially larger than they should have been.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE  
REDIRECTED FROM WITNESS NEEDHAM

**OCA/USPS-T8-18.** Please provide the most recent public information available on when the Postal Service will file with the Commission its next proposal for omnibus rate increases. If there is any reason to believe that the most recent public information is no longer valid, please explain and provide the most current information when the Postal Service will file its next proposal for omnibus rate increases.

**RESPONSE:** There is no such information. The decision has not yet been made by the Board of Governors.

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE  
REDIRECTED FROM WITNESS NEEDHAM

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:

- a) Yes, and those figures are based on Library Reference B-5 in Docket No. R77-1.
- b) The original study was conducted in 1976. The procedures measured by the study in the years since the original study have not changed.
- c) Library Reference B-5 in Docket No. R77-1, Table III and IV.



**RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE  
REDIRECTED FROM WITNESS NEEDHAM**

OCA/USPS-T8-41. Library Reference SSR-104 develops the unit attributable costs for return receipts service. At page 10, it calculates a weighted average cost for non-merchandise:

Total attributable cost	Weight	
To whom and date delivered	\$0.86	97.31%
To whom, where and date delivered	<u>1.10</u>	<u>2.69%</u>
Weighted average unit cost	\$0.87	100.00%

Witness Lyons utilizes these costs in WP D, page 3, to determine Before and After Rates Costs and Cost Coverages. These costs also are shown in his Exhibit C, USPS-T-1.

- a) Does this mean that providing customers with the "address if different" option will increase the average unit cost by only one cent?
- b) If not, please provide an explanation, the appropriate unit cost, and calculations supporting this unit cost.
- c) If so, please confirm that you propose to charge customers a \$0.40 higher fee to offset a one cent cost increase.

**RESPONSE:**

- a) Yes, assuming a forwarding percentage of 2.69 percent.
- b) N/A
- c) Not confirmed. As explained in witness Needham's testimony, a variety of factors inform the classification and fee changes for return receipts. See USPS-T-8 at 86-94.

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO WRITTEN INQUIRY OF THE OFFICE OF THE CONSUMER ADVOCATE  
AT THE HEARING ON SEPTEMBER 10, 1996

Question (Tr. 3/763-64):

Refer to POIR No. 3, question 3. At the bottom of the page you state "The proposal would reduce the \$2 fee to \$0, and make that fee apply uniformly to all offices lacking carrier delivery, whether postal-operated or contractor-operated."

If you would also refer to POIR No. 2, question 4. In the question, you are quoted as saying that "customers at CPOs administered by Group I offices who are ineligible for carrier delivery of any type may nonetheless qualify for one Group II box." This is the current situation.

In response, you state: "Under the Postal Service proposals, the general rule that CPOs administered by successors to Group I offices (Group A, B, and C offices) will charge the same fees as their parent offices may continue, be eliminated, or be expanded during the implementation effort."

Could you please clarify? Would the \$0 fee apply to CPOs administered by the successors to Group I offices?

**RESPONSE:**

The usual definition of "office" is an independent post office, which can be identified in postal data systems by its finance number. Nonetheless, "office" can also be a synonym for facility; a reference to "contractor-operated offices" uses this latter definition. Post offices may have oversight responsibility for classified (postal-operated) and contract (contractor-operated) stations and branches. See 39 C.F.R. § 241.2. Post offices may also supervise community post offices (CPOs); these contract units are neither classified nor contract stations or branches. A "delivery office" is a post office that offers any carrier delivery to any of its customers. The fact that a neighboring post office may offer carrier delivery in the vicinity of a post office without its own carriers, such as the San Luis Post Office, does not make the latter office a delivery office.

RESPONSE OF UNITED STATES POSTAL SERVICE  
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AT THE HEARING ON SEPTEMBER 10, 1996

Under the existing box fee structure, CPOs are sometimes treated as independent offices with their own box fee group, and other times as subordinate facilities, *i.e.*, like classified and contract stations and branches. The latter occurs when they are administered by Group I post offices, meaning that pursuant to DMM § D910.4.1 such CPOs charge the same Group I box fees as their administering offices. CPOs administered by Group II post offices, however, do not charge Group II fees, instead charging the reduced (*i.e.*, Group III) fees. See DMM § D910.4.5. The Group III fees are one of only two quite limited forms of recognition in the existing box fee structure that some customers may not be entitled to any form of carrier delivery, and should therefore get a break on box fees. The other, discussed below, is DMM § D910.4.3a, concerning Group I customers.

The box fee proposal seeks elimination of one acknowledged inequity in the existing structure: customers of postal-operated Group II offices that offer no carrier delivery will be eligible for the same reduced box fees as those at similar contractor-operated facilities. For purposes of practicality, the proposed box fee structure retains a foundation of the existing structure by defining fee groups, in part, upon whether the office provides carrier delivery.

A major goal of the Postal Service's proposal is to extend free box service to customers ineligible for carrier delivery from any office. The proposal begins to implement this goal by increasing the categories of customers eligible for a reduced

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fee (*i.e.*, \$0 for Group E). Under the proposal, local customers of all offices that provide no carrier delivery and who are ineligible for carrier delivery from any other office qualify for a Group E box, whereas under the existing fee structure, this is true for only some such customers.

An obstacle to reaching this major goal is the difficulty of determining which customers are ineligible for delivery. Were this information available in postal data systems, the proposed fee structure could more readily have abandoned the traditional focus upon offices in favor perhaps of an exclusive focus upon customers. The office-based approach chosen, moreover, has the additional advantage of permitting the forecasting of volume and revenue using existing data sources and two assumptions.<sup>1/</sup>

Customers may be ineligible for delivery for several reasons,<sup>2/</sup> and the fact that the proposal itself does not require all of them to be treated the same has been criticized as inequitable. In this regard, the proposal is an improvement over the existing box fee structure. More critically, rules developed during implementation

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<sup>1/</sup> The two assumptions are that box customers at contractor-operated Group II administered stations, branches, or CPOs (*i.e.*, existing Group III customers) are ineligible for carrier delivery while box customers at postal-operated facilities that offer no carrier delivery are eligible for carrier delivery from some office. The justifications for these assumptions are discussed in the response to POIR No. 2, question 5.

<sup>2/</sup> The response to POIR No. 3, question 3, addresses the types of reasons why customers may be ineligible for delivery.

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may be able to target customers who are ineligible for carrier delivery in a way that extends to them the availability of a \$0 fee box.

Existing DMM § D910.4.3a is an example of the type of rule that could extend the availability of a Group E box more widely to customers ineligible for carrier delivery. DMM § D910.4.3a states in pertinent part:

Group 1 fees apply to customers at all facilities of a city delivery post office who are eligible for any kind of delivery by postal carrier. A customer ineligible for any kind of delivery by postal carrier may use one box at Group 2 fees.

Some Group I post offices have administrative responsibility for stations and branches that offer no carrier delivery and all of whose local customers are ineligible for delivery. Such stations and branches are technically Group I facilities, but since most or even all of their boxes are used by customers who qualify for a Group II box under DMM § D910.4.3a, they are sometimes considered by employees and customers (but not by postal data systems) to be Group II facilities.

The principle of DMM § D910.4.3a could be used during implementation to extend eligibility for a Group E box to all customers who are ineligible for carrier delivery. Significant other details such as where the Group E boxes would be made available, what standards will apply to determine which customers are ineligible for

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delivery -- and perhaps why they are ineligible,<sup>37</sup> the need to minimize the costs of administering the fee schedule, and -- of course -- whether the current bifurcated treatment of CPOs should change, will also receive attention during implementation.

The four paragraphs of the question can accordingly be understood as follows. The first paragraph explains that the existing reduced fee in Group III offices will be extended in the form of a further reduced \$0 Group E fee to include, in addition to contractor-operated facilities lacking carrier delivery, similar postal-operated offices. This paragraph does not directly apply to CPOs administered by Group I offices, because of the current treatment of these CPOs as subordinate facilities, rather than offices. Instead, as presented in the second paragraph, an existing regulation, DMM § D910.4.3a, provides another form of reduced box fee (Group II) to customers, including those at CPOs, who are ineligible for delivery in Group I offices. The third paragraph acknowledges that this regulation might be retained, or changed, during implementation. In particular, the regulation could be rewritten to offer Group A, B, or C customers who are ineligible for delivery one box at the Group E fee of \$0. Alternatively, implementation might end the bifurcated treatment of Group I and II-

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<sup>37</sup> The response to POIR-3, question 3, notes that reasonable distinctions between customers ineligible for carrier delivery could be based upon the reason for ineligibility. It might be appropriate, for example, to distinguish customers who are ineligible because they have chosen to live in a remote area from those who are ineligible because of the Postal Service's quarter-mile rule.

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administered CPOs under the existing box fee structure, so that all CPOs are treated as offices (in which case virtually all CPOs would be Group E), or all CPOs are considered subordinate facilities. The fourth paragraph requests the clarification presented above and inquires whether the \$0 fee would apply to CPOs administered by the successor to Group I offices. The \$0 fee would generally apply if Group I CPOs are treated as offices, or if DMM § D910.4.3a is rewritten to offer customers of current Group I offices who are ineligible for delivery one box at the Group E fee.

**U.S. POSTAL SERVICE RESPONSE TO INTERROGATORIES OF  
UNITED PARCEL SERVICE**

**UPS/USPS-1  
Page 1 of 1**

**UPS/USPS-1.** Please refer to your response to OCA/USPS-29 and explain which CAG/finance numbers are grouped together for purposes of this process. That is, does each CAG form its own pool for purposes of calculating average dollar weight?

**UPS/USPS-1 Response:**

The CAG/craft cost pools exhibited in the attachment to the response to OCA/USPS-53 are used for purposes of calculating average dollar weight.



**U.S. POSTAL SERVICE RESPONSE TO INTERROGATORIES OF  
UNITED PARCEL SERVICE**

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**UPS/USPS-2**  
**Page 1 of 1**

**UPS/USPS-2.** Please refer to your response to OCA/USPS-26 and confirm that no offices have moved from CAG A to a lower-ranked CAG (B-J) from 1993 to 1995. If you cannot confirm, please explain in full.

**UPS/USPS-2 Response:**

Confirmed . Also see the response to OCA/USPS-69 for a definition of what is included in the IOCS CAG A and B cost pools.

### Designations of Responses of United States Postal Service Witnesses

<b>Witness</b>	<b>Response to Interrogatories:</b>		<b>Designated by:</b>
Lyons	POIR 1	10	Commission (revised 9/3/96)
			Commission
	POIR 2	12-13	
		7(a-e)	Commission
		10	Commission
		12	Commission
		13(a-b)	Commission
	POIR 3	1	Commission
		9	Commission
	POIR 4	6	Commission
		7(a)	Commission
		7(b)	Commission
		8	Commission
		12	Commission
		13(a)	Commission
		13(b)	Commission
		16(c)	Commission
	POIR 5	1(c-i)	Commission
		2(a-b)	Commission
	Written Response to Oral Inquiry of Chairman Gleiman		Commission (filed 9/13/96), OCA
	Written Response to Question posed by OCA at Hearing 9/9/96; Tr. 2/209		OCA
Landwehr	POIR 2	1(a)	Commission
		1(b)	Commission
		1(d)	Commission
Lion	POIR 1	9	Commission (revised 8/16/96)
	POIR 2	2	Commission

### Designations of Responses of United States Postal Service Witnesses

Witness	Response to Interrogatories:	Designated by:	
	POIR 3	2	Commission
	POIR 4	10-11	Commission
Patelunas	POIR 1	1-2	Commission
		3(a-d)	Commission
	POIR 2	1(c)	Commission
		1(e)	Commission
		3	Commission
		11(d)	Commission
		14	Commission
	POIR 3	6-8	Commission
		10	Commission
		12-16	Commission
		17	Commission (revised 9/18/96)
	POIR 4	14(a-b)	Commission
		15	Commission
		16(a)	Commission
		16(b)	Commission
		16(d)	Commission
		16(e)	Commission
		17	Commission
	POIR 5	1(a-b)	Commission
Ellard	POIR 4	9	Commission
Needham	POIR 1	4-8	Commission
		11	Commission
	POIR 2	4-6	Commission
		8-9	Commission
		11(a)	Commission
		11(b)	Commission
		11(c)	Commission
		11(e)	Commission
	POIR 3	3(a-c)	Commission
		4-5	Commission
		11	Commission

**Designations of Responses of United States Postal Service Witnesses**

<b>Witness</b>	<b>Response to Interrogatories:</b>	<b>Designated by:</b>
	POIR 4	18(a-d) Commission 1-4 Commission 5(a-e) Commission
	DFC/USPS-T7-	15-17 OCA
Needham	DBP/USPS-T8-	14-47 OCA
		48(a-h) OCA
		49-52 OCA
	UPS/USPS-T8-	9-10 OCA

Revised September 3, 1996<sup>2990</sup>

REVISED RESPONSE OF POSTAL SERVICE WITNESS LYONS TO  
PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

10. Please explain the difference between the number of boxes listed as Group III in USPS-T-1, WP C, 2,707,964, and the number of possible PO box deliveries, 338,510, given in LR SSR-93, page 6. Does either number represent the PO box customers currently paying \$2 a year for box rental? Does either number represent the number of PO box customers who will be paying \$0 under the Postal Service's proposal?

RESPONSE:

The two numbers are drawn from different sources. The "338,510" is drawn from the Delivery Statistics File, as described in LR SSR-93, while the "2,707,964" is drawn from the Commission's Recommended Decision in Docket No. R94-1.<sup>1/</sup> It is my understanding that the latter figure is based on a Docket No. R90-1 estimate of installed boxes in Group III offices, multiplied by a utilization rate derived from the 1985 POPS survey.<sup>2/</sup> Both numbers are arguably estimates of how many customers are currently paying the \$2 group III fee, but I have used the larger figure for the revenue analysis, in order to be consistent with the Commission's analysis in Docket No. R94-1.<sup>3/</sup> Neither number accurately reflects how many customers will be paying \$0 under the Postal Service's proposal, since neither represents total box customers at all offices offering no form of carrier delivery, let alone accounts for customers at those offices who are nonetheless eligible for carrier delivery.

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<sup>1/</sup> PRC Op., Docket No. R94-1, Appendix G, Schedule 2, page 25.

<sup>2/</sup> In Docket No. R87-1, the Postal Service estimated that there would be 396,252 Group III boxes in the test year (FY 1989), based on the 1985 Post Office Profile Survey. USPS-T-21, WP-1, pages 1-6. The Post Office Profile Survey was discontinued after 1985.

<sup>3/</sup> USPS-T-1, WP C at 3, and WP D at 8.

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

12. Please identify where specifically in LR SSR-109, pages 7-11, the insured pieces in range \$500.01 to \$600 (USPS-T-1 WP A, page 3, column 1) appear. If the exact number of pieces in range \$500.01 to \$600 does not appear in LR SSR-109, please explain the derivation of the numbers in USPS-T-1 WP A, page 3, column 1.

RESPONSE:

The numbers on page 11 of Library Reference SSR-109 are combined, as shown in the attached page, to develop the numbers that should appear in my Workpaper A, page 3, column 1. However, the numbers in the workpaper were unnecessarily multiplied by the same factor, and are a carry over from a developmental worksheet. A revised workpaper page is being filed today. As the figures in column 1 are used only as a distribution key, this revision has no impact on the workpaper results.

Docket No. MC98-3 PRESIDING OFFICER'S REQUEST NO. 1

QUESTION 12

QUESTION 12

Class/Subclass (1)	Parent Class (2)	Insured Description (3)	Insured Class (4)	Unadjusted RPW Volume 1/ (5)
1-C PRIORITY MAIL	7500	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	329,003
1-C FLAT RATE ENVELOPE PRIORITY MAIL	7520	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	183
Priority				329,186
3-C FREE FOR THE BLIND	3500	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	94
SPECIAL 4-C SP	4300	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	16,589
4-C ZONE RATE INTER-BMC MACH PARCEL POST	4100	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	182,824
4-C ZONE RATE INTRA-BMC MACH PARCEL POST	4105	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	22,423
4-C BULK ZONE RATE INTER-BMC MACH PARCEL POST	4120	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	388
4-C BULK ZONE RATE INTRA-BMC MACH PARCEL POST	4125	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	1,663
4-C BULK ZONE RATE INTER-BMC NONMACH ZONE RATE PARCEL POST	4130	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	197
4-C ZONE RATE INTER-BMC NONMACH PARCEL POST	4150	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	36,825
4-C ZONE RATE INTRA-BMC NONMACH PARCEL POST	4155	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	24,211
Fourth Class Parcels Zone Rate				268,531
3-C SP FLATS	3130	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	184
3-C SP LETTERS	3140	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	1,743
Third Class Single Piece Rate				1,927
1-C SP LETTERS FLATS & LETTERS	1100	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	119,934
1-C NONSTD FLATS & LETTERS	1120	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	681
First Class Letters and Parcels				120,595
4-C URGENT RATE	4400	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	920

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

13. In the Value Level column of USPS-T-1 WP A, page 4, where does the value level increment \$800-\$900 appear? Should the average step for the increment \$900-\$1,000 be \$950 rather than \$850?

RESPONSE:

The value level labeled "\$900-\$1,000" should be labeled "\$800-\$900". The "average of step" of \$850 is correct. The value level labeled "\$1,000-\$1,500" should be labeled "\$900-\$1,500", and its "average of step" should be \$1200, instead of \$1250. This revision from \$1250 to \$1200 lowers the result of this table from \$1,378.30 to \$1,369.81. However, since this result is still within the \$1301 to \$1400 fee level, the correction does not affect anything else in the workpaper calculation. A revised workpaper page is being filed today.



RESPONSE OF POSTAL SERVICE WITNESS LYONS TO  
PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

7. In response to POIR No. 1, question 9, witness Lion states 1,839,816 Group II box holders are located in offices which do not provide city or rural delivery. In USPS-T-1 WP C, page 2, the calculation of changes in estimated revenue assume that all Group II box holders are subject to the new Group D fee schedule and, after adjustment for the acceptance rate, are incorporated in the revenue calculations with Group D annual fees ranging from \$16 to \$500 depending on the size of box utilized. In response to POIR No. 1, question 11, witness Lion states that box holders in offices with no carrier routes of any type "...would find themselves in Group E under our proposal."

- a. Please provide a distribution according to box size of these 1,839,816 Group II boxes.
- b. Please confirm that these 1,839,816 Group II box holders without rural delivery options are included in the Group II revenue calculations in USPS-T-1 WP C, page 2. Please confirm that if all such box holders are distributed proportionally among the box sizes, that the projected revenue of these boxes is nearly \$35,000,000.
- c. Please confirm that according to the response of witness Lion to POIR No. 1, question 11, that the actual revenue from the Group II offices without rural delivery options will be zero.
- d. If 7.b and 7.c are confirmed, please discuss the apparent contradiction and over estimation of revenue due to the treatment of the Group II box holders without rural delivery. If 7.b or 7.c are not confirmed, please describe how the Service treats the 1,839,818 boxes in the revenue calculations.
- e. If the estimates for the revenues for Group II box holders in USPS-T-1 WP C are incorrect, please provide revised revenue estimates.

RESPONSE:

On August 16, Witness Lion revised the response to Presiding Officer's Information Request-1, question 9, since the figure 1,839,816 reflects installed boxes rather than those in use. The correct figure is 1,460,254.

Witness Needham's (not Lion's) response to Presiding Officer's Information Request No.1, question 11, does not say that these customers would pay the \$0 fee.

RESPONSE OF POSTAL SERVICE WITNESS LYONS TO  
PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

Question 7, Page 2 of 3

As explained in the response to Presiding Officer's Information Request No. 2, question 5, the Postal Service is assuming that Group II box customers of postal-operated facilities are otherwise eligible for delivery because on the whole that will be true. In conformity with DMCS, SS-10, footnote 2, and consistent with the calculations in USPS-T-1, Workpaper C, page 2, these customers would pay Group D fees. The Postal Service regrets that the lack of a more complete explanation may have caused some confusion.

- a. In accord with the revised response to Presiding Officer's Information Request No. 1, question 9:

Box Size 1	1,027,011
Box Size 2	344,586
Box Size 3	82,677
Box Size 4	5,415
Box Size 5	565

- b. Confirmed that the Group II boxholders of offices with no carrier delivery are included in the Group II revenue calculations in USPS-T-1, WP C. As explained above, not confirmed that such customers are entirely without delivery options. Using the revised figure of 1,460,254, the projected revenue for these boxes (assuming proportional distribution) is \$28,373,510.
- c. Not confirmed, since customers at these offices who are eligible for delivery will pay Group D fees.
- d. As previously explained, postal information systems do not track customer eligibility for delivery, whether within the service area of an office currently providing box service or from a neighboring office. Accordingly, some assumptions were necessary in order to project revenue, and the assumption

RESPONSE OF POSTAL SERVICE WITNESS LYONS TO  
PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

Question 7, Page 3 of 3

made for box customers of postal-operated Group II offices is that they are eligible for delivery, and therefore pay Group D fees.

- e. Given the assumptions used to generate revenue estimates and described in response to Presiding Officer's Information Request No. 2, question 5, the Postal Service does not believe that revision is necessary.

RESPONSE OF POSTAL SERVICE WITNESS LYONS TO  
PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

10. Please complete the attached Exhibits POIR 2-E1 and E2 by entering the number of boxes that currently are classified in each of the current combinations of office group and box price and the number of those boxes that will be classified in the proposed combinations of office group and box prices. Exhibit E1 is for the Group I and II offices. Exhibit E2 is for the Group III offices administered by Group II and Group I offices. Do not consider the effect of the proposed price changes; that is, assume the total count of boxes remains constant.

RESPONSE:

For current Group I and II boxes in use, please see the attached Exhibit E-1. Note that our assumptions, explained in response to Presiding Officer's Information Request No. 2, question 5, regarding treatment of existing box customers at Group II administered postal-operated offices (assumed to be eligible for some kind of carrier delivery) and of existing box customers of Group II contractor-operated offices (assumed to be ineligible for any kind of delivery), mean that we are not projecting cross-group customer migrations. Thus we only have a single number for each row in the Exhibit.

With respect to existing Group III boxes in use, we are assuming that all of the current 2,707,964 Group III box customers are assumed to become Group E boxholders. Since they are all contractor-operated and administered by Group II offices (see DMM § D910.4.3), this number is put into the first two blank cells of the second row (labelled "II Admin") in Exhibit E-2, which is also attached.

# IT POIR 2 E-1: CURRENTLY RENTED GROUP I & II

## DISTRIBUTED BY CURRENT PRICES & PROPOSED

IS

Group	Box Size	Current Fee	Number	Group E	Group D					Group C					Group B					Group A				
				\$0	\$16	\$26	\$48	\$70	\$110	\$50	\$72	\$130	\$190	\$300	\$56	\$82	\$140	\$218	\$372	\$60	\$92	\$160	\$242	\$418
III		\$2	2,707,964	2,707,964																				
II	1	\$8	5,141,274		5,141,274																			
	2	\$13	2,065,039			2,065,039																		
	3	\$24	534,762				534,762																	
	4	\$35	44,584					44,584																
	5	\$55	4,972						4,972															
IC	1	\$40	4,558,877							4,558,877														
	2	\$58	1,928,614								1,928,614													
	3	\$104	641,776									641,776												
	4	\$172	137,917										137,917											
	5	\$288	29,183											29,183										
IB	1	\$44	63,586												63,586									
	2	\$66	14,735													14,735								
	3	\$112	5,385														5,385							
	4	\$190	843															843						
	5	\$310	911																911					
IA	1	\$48	35,409																	35,409				
	2	\$74	2,236																		2,236			
	3	\$128	1,239																			1,239		
	4	\$210	129																				129	
	5	\$348	38																					38
TOTAL NUMBER				2,707,964	5,141,274	2,065,039	534,762	44,584	4,972	4,558,877	1,928,614	641,776	137,917	29,183	63,586	14,735	5,385	843	911	35,409	2,236	1,239	129	38

### Notes:

These numbers do not distinguish between residents and non-residents. The Group E number assumes that no current Group III customers are eligible for delivery.

The Group D numbers include customers of Group E offices who are assumed to be eligible for delivery and therefore to pay Group D fees.

See proposed DMCS, SS-10, Footnote 2.

**EXHIBIT POIR 2 E-2: CURRENTLY RENTED GROUP III BOXES DISTRIBUTED BY CURRENT PRICES & PROPOSED PRICES**

			CURRENTLY RENTED BOXES DISTRIBUTED BY PROPOSED GROUPS & PRICES (Each Row Corresponds to Current Group/Price Classification)																				
GROUP	CURRENT PRICES	NUMBER	E \$0	D \$16	D \$26	D \$48	D \$70	D \$110	C \$50	C \$72	C \$130	C \$190	C \$300	B \$56	B \$82	B \$140	B \$218	B \$372	A \$60	A \$92	A \$160	A \$242	A \$418
I Admin	\$ 2																						
II Admin	\$ 2	2,707,984	2,707,984																				
II Admin	\$ 8																						
II Admin	\$ 13																						
II Admin	\$ 24																						
II Admin	\$ 35																						
II Admin	\$ 55																						
IC Admin.	\$ 40																						
IC Admin.	\$ 58																						
IC Admin.	\$ 104																						
IC Admin.	\$ 172																						
IC Admin.	\$ 288																						
IB Admin	\$ 44																						
IB Admin	\$ 66																						
IB Admin	\$ 112																						
IB Admin	\$ 190																						
IB Admin	\$ 310																						
IA Admin	\$ 48																						
IA Admin	\$ 74																						
IA Admin	\$ 128																						
IA Admin	\$ 210																						
IA Admin	\$ 348																						
TOTAL NUMBER																							

RESPONSE OF POSTAL SERVICE WITNESS LYONS  
TO POIR NO. 2

12. The own price elasticity for postal cards, certified mail and registry are listed in LR-SSR-101, spreadsheet CERTFORE.WK3, Cells B:D6...B:F9. Please provide the source of these elasticities.

RESPONSE:

I am informed that these elasticities were estimated using the same procedures as utilized by Dr. Tolley in Docket No. R94-1, but applied to more recent data. Please see LR-SSR-135.

RESPONSE OF POSTAL SERVICE WITNESS LYONS  
TO POIR NO. 2

13. Refer to before- and after-rates Fixed Weight Indices (FWIs) for Registered Mail in LR-SSR-101, Worksheet VOL35R94.WK3, cells A:Y116 and A:AA116 respectively.

a. Please explain why in developing the before-rates FWI, the Postal Service multiplies the "without insurance rates" times the "with insurance volumes" and the "with insurance rates" by the "without insurance volumes." A note attached to the referenced Worksheet states that listed rates are reversed from column headings but that it was not changed "due to the assumption that since this file was originated at the USPS headquarters they must have some logical reason which is not obvious for reversing the rates the 2 series of columns." Please provide the reasons or modify the entries.

b. Please explain why in developing the after-rates FWI for Registered Mail, the Postal Service does not consider the proposed without insurance rate of \$4.85 applicable to letters valued \$100 or less.

RESPONSE:

a.- b. I am informed that modified entries pertaining to both of these discrepancies have been provided in LR-SSR-135.



RESPONSE OF POSTAL SERVICE WITNESS LYONS  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 3

1. In USPS-T-1, Workpaper D, page 4, the volume of domestic uninsured registered mail valued up to \$100 decreases even though the rate does not change. Please explain why this is a reasonable expectation.

**RESPONSE:**

As in earlier cases in which changes in special service fees were proposed, no attempt was made in this case to construct a volume forecast specifically for each individual rate element of registered mail. Instead, as in the past, a fixed weight index of all rate elements was used to measure the aggregate proposed change in price for registered mail, which was then used to forecast an aggregate change in volume for registered mail. This is the same procedure utilized with respect to most categories of mail and types of services. For example, rather than attempt to forecast volume for each weight/zone rate cell for parcel post based on the proposed rate change for that particular rate cell, the forecast is instead done in aggregate, using a fixed weight index of proposed rate changes.

For rate design purposes, however, some assumptions must be made to break down the aggregate volume forecast to a rate element level. The assumption routinely employed for these purposes is to assume that the new aggregate volume will be spread over the constituent rate elements in the same proportions as the old volume. One consequence of this assumption is that volumes for each constituent rate element move in the same direction as the aggregate volume change caused by the aggregate rate change. In some instances, such as when one particular rate element does not change but the aggregate volume forecast increases or decreases, this causes a projected rate cell volume change despite the absence of any proposed

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price change for that rate cell. While this result may appear counterintuitive, it is merely the consequence of applying the same simplifying assumption that is customarily used for these purposes.

Moreover, I would not be surprised if the volume of domestic uninsured registered mail valued up to \$100 decreases somewhat because of lost business from customers who used to send registered articles valued up to \$100 along with other articles valued above \$100. (This would be analogous to the situation in which, for example, a general increase in most parcel post rates causes a large customer to switch all of her business to a competitor, potentially leading to decreases in volume even in the few parcel post rate cells for which rates have not changed.)

Answer of Witness Lyons to  
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POIR No. 3 Question 9.

What Postal Service activities are reflected in the cost of returning return receipt? (See USPS-LR-SSR-104, page 7, Table B.) Why does the Postal Service use the total unit attributable cost of Postal Cards as a proxy for the cost of returning return receipt? Using the total attributable cost for Postal Cards reflects all the cost segments and components. What activities does this approach capture that are not already captured either in the special study for return receipt or the CRA based costs for return receipt? For example, since the special study reflects window service cost, why should the proxy cost also include window service cost and the related costs for window service like floor space?

Since the cost of Postal Cards is a CRA cost and since the Service has available data for a CRA cost for return receipt, please discuss why the Postal Service chose the Postal Card cost as a proxy for the cost of returning return receipt rather than using the CRA cost for return receipt.

POIR No. 2 Question 9.

It is my understanding that all Postal Service activities attributable to Postal Cards are reflected in the unit cost of the line labeled "returning return receipt" in USPS-LR-SSR-104. The Postal Service uses the total unit attributable cost of Postal Cards as a proxy for the cost of returning return receipt because that is the type of mail that most closely resembles the return receipt card in terms of cost causing characteristics (e.g. - weight, shape, deferability, mail processing stream, transportation, etc.). Rather than attempting to extract the non-relevant costs, such as, window service unit costs, total unit costs were used to avoid under-attribution.

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POIR No. 3 Question 9 continued.

Total unit cost of postal cards is perhaps an imperfect proxy, but given the fact that this element of total attributable cost for return receipt is relatively small, a new special study for this element alone or an adjustment to the cost proxy is not justified. The 7.7 cent unit cost proxy used in the return receipt study represents 9% of the total attributable cost for return receipts and 7% of total attributable cost for return receipts for merchandise. Assuming that the 7.7 cent figure were 25 percent lower, however, the total unit cost for return receipt would decline from 87 to 86 cents, and total unit cost for return receipts for merchandise would decline from \$1.05 to \$1.03. Such an adjustment would not change the return receipt pricing proposal in this case. I would note return receipt cards frequently feature handwritten addresses and may be more difficult to process than some other postal cards.

With respect to the "CRA cost for return receipt", please see witness Patelunas's responses to POIR No. 3, questions 7 and 8.

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6. The information presented in this case creates ambiguity on exactly what constitutes the proposal for Post Office Box fees that the USPS is asking the Commission to consider. For example, the cost and revenue analysis assumes that no Group II offices will be provided free boxes. USPS-T-1, WP Schedule C. Yet, definite statements have been made that all customers of non-delivery offices will receive free boxes unless they are eligible for delivery from some other office. Tr. 4/1292-3. Then, in the September 18, 1996, response of the USPS to a question of the OCA posed at the hearing on September 10, 1996, it is stated that "a major goal of the Postal Service's proposal is to extend free box service to customers ineligible for carrier delivery from any office."

Should the Commission consider the proposal of the USPS on free boxes to be: (a) that which is reflected in the revenue analyses; (b) that which can be extracted from the collection of statements concerning who is being promised free boxes; (c) the "goal" of free boxes for all those ineligible for carrier delivery. To assist the Commission and parties assess the impact of the various interpretations that are possible, please clarify what is being proposed. Also, please provide an analysis of the minimum, maximum and likely impact on net projected revenues if the USPS proposal does include free boxes for all customers ineligible for carrier delivery from any office who are served by a Group II non-delivery office and, as a separate case, if the USPS goal of free boxes for all customers not eligible for carrier deliver regardless of office designation is achieved.

**RESPONSE:**

The Postal Service's proposal is reflected in the DMCS language presented in its Request. Thus, free boxes would be required only when offices offer no form of carrier delivery. Statements of Postal Service witnesses in testimony and cross-examination that go beyond the limits of the proposed DMCS language were provided as descriptions of expectations rather than as binding commitments.<sup>1/</sup> The responses to

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<sup>1/</sup> In most cases witnesses have so stated.

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POIR No. 4, including the First Status Report, do, however, go beyond the DMCS language to present implementation decisions as they have emerged.

In considering the Postal Service's limited proposal to offer boxes at \$0 in non-delivery offices, the Commission should be aware that the Postal Service, through its implementation process, is seriously considering the extension of free boxes to all customers who are not eligible for carrier delivery, except for those who reside within a quarter-mile of post offices. The First Status Report, which addresses details of post office box service that have traditionally been within the regulatory discretion of the Postal Service, should resolve some of the fairness and equity concerns of the Commission.

The Postal Service estimates that between 50 and 90 percent of boxholders at Group III offices are ineligible for carrier delivery from any office, and thus would receive boxes at no charge, rather than \$2.<sup>27</sup> There could be as few as 338,510 or as many as 2,707,964 Group III boxholders. See witness Lyon's response to POIR No. 1, Question 10, as revised September 3, 1996. Thus, the revenue loss would range from \$338,510 ( $338,510 \times .50 \times \$2$ ) to \$4,874,335 ( $2,707,964 \times .90 \times \$2$ ), rather than the \$5,415,928 loss shown in my workpaper D, page 8. I believe that the likely revenue loss will be

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<sup>27</sup> In my workpaper D, we assumed that all customers at contractor-operated facilities were ineligible for carrier delivery. We know this is not universally true, but that it is believed to be more true than not. Accordingly, a range of 50% to 90% ineligible is adopted.

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about \$600,000, using the 338,510 box count with about 90 percent ineligible for delivery.

The Postal Service estimates that there are 1,460,254 boxholders at Group II non-delivery offices. This total is broken down by box size in the response of witness Lyons to question 7(a) of POIR No. 2. Between 10 and 50 percent of boxholders at Group II non-delivery offices are estimated to be ineligible for carrier delivery from any office.<sup>3/</sup> These customers would receive boxes at no charge, instead of paying Group D fees as assumed in my workpapers C and D. The resulting lost revenue would range from \$1,490,055 to \$7,450,277, with a likely result at the midpoint, or \$4,470,166.

If the Postal Service goals of extending free boxes to customers at delivery offices are achieved, as presented in the First Status Report, the Postal Service expects that the minimum impact on revenues would be \$0, since there may be no customers affected. However, up to 2 percent of Group IC customers, and 4 percent of Group II customers, might become eligible for a free box.<sup>4/</sup> These Group IC customers

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<sup>3/</sup> My workpapers assumed that all of these customers were in fact eligible for delivery; this is believed to be more true than not. Accordingly, we will assume a range of 50% to 90% eligibility.

<sup>4/</sup> A proportion of customers at existing Group II delivery offices will see a fee drop from \$8 to \$0 based upon their individual ineligibility for delivery. The vast majority of these customers live close to a post office and are ineligible because of the quarter-mile rule - which is not scheduled for rescission at this time. The pool of customers ineligible for other reasons is believed to be very small; in order to avoid understating the financial impact, we have assumed that 4% of customers at Group II delivery

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who are ineligible for carrier delivery are assumed to be paying Group II fees, according to DMM § D910.4.3a. Assuming that 2 percent of the Group IC boxholders from each box size would receive boxes at no charge, rather than at Group II fees, the lost revenue would be \$1,667,556. The likely revenue loss would be half of this amount, or \$833,778.

Total boxholders at Group II delivery offices can be determined by subtracting out the Group II boxholders at non-delivery offices, as reported in my response to POIR No. 2, question 7(a). Assuming that 4 percent of the remaining boxholders from each box size would receive boxes at no charge, rather than at Group II fees, the lost revenue would be \$2,709,733. The likely revenue loss would be half of this amount, or \$1,354,867.

In summary, the total revenue loss for current Group III and Group II non-delivery offices, combined, ranges from \$1,828,565 to \$12,324,612, with a likely amount of \$5,070,166. The total likely revenue loss for all customers expected to receive boxes at

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offices are ineligible for carrier delivery for reasons other than the quarter-mile rule. Much as there will be customers at Group II delivery offices who are ineligible for reasons other than the quarter-mile rule, there are some such customers at Group Ic offices. However, under DMM D910.4.3a, these Group Ic customers should now be paying Group II fees. (There are not believed to be any such customers at Group Ia or Group Ib offices.) In keeping with the effort not to understate these potential losses, we are assuming that Group Ic offices have half the rate of customer eligibility at Group II offices, or 2%.



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no charge would range from \$1,828,565 to \$16,701,901, with a likely amount of \$7,258,811.

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7. Refer to USPS-T-1, WP C.

a. Please explain why the acceptance rates for non-resident Tier1, box sizes 1, 2 & 3, and Tier2, box size 1, shown on page 3, column 6, are calculated using the survey acceptance percentages for mid-to-high prices listed on page 5, Table 2, when in all cases the proposed non-resident box prices are higher than the highest prices tested in the market research survey.

b. Please explain why the acceptance rates for Tier2 box sizes 2 and 3 are calculated using the acceptance percentage for the low-to-mid price.

**RESPONSE:**

a. All prices in USPS-T-1, WP C calculations are annual fees, whereas the fees tested in the market research survey are semi-annual. Thus, it is not true that "in all cases the proposed non-resident box prices are higher than the highest prices tested in the market research survey". In fact, none of the proposed non-resident box fees is higher than the highest price tested in the market research survey. For example, for Tier 1, box size 1, cited in your question, the proposed non-resident annual fee is \$96, which is \$48 on a semi-annual basis. This \$48 is less than the "High" \$50 and more than the "Mid" \$36 tested in the market research. Thus, the corresponding "mid-to-high" acceptance percentage was used.

b. When the proposed fees for tier 2, box sizes 2 and 3, are expressed on a semi-annual basis, they are higher than the low price and less than the mid price.

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8. Please discuss the possibility that the acceptance rates by non-resident box holders of the proposed non-resident fee might have been lower if they were told that the increase included a non-resident fee. For example, how might the acceptance rate have been affected if non-resident boxholders had been informed that a part of the increase could be avoided by changing post offices at which they rented a box.

**RESPONSE:**

It is difficult to assert definitely whether the acceptance rates would have been lower or higher, if the respondents were told that the increase included a non-resident fee. As your question suggests, some non-resident boxholders who accepted the higher fees might have opted to change post offices if they had been given that option. On the other hand, some non-resident boxholders who rejected the increase might have accepted it if they understood the reason behind the increase. If they were told that part of the increase reflected a non-resident fee, they would be reminded of the extra value they receive from being able to choose a box away from their residence.

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12. Please provide the FY 1994 billing determinants for Priority and Express Mail.

**RESPONSE:**

These billing determinants are provided in library reference SSR-155.

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13. Refer to LR-SSR-121, WP B (Revised 7/26/96) , Table 4.

- a. Please show step-by-step how you derived the -13 percent and the 10 percent growth factors for Special Handling transactions.
- b. Please explain if it is proper to use the growth rates of both bulk and single piece in deriving the growth factor for fourth-class Special Handling.

**RESPONSE:**

- a. Both figures are in error. The growth factors were mistakenly lifted from an earlier forecast during case preparation. As specified in footnote 6 of workpaper B, the correct figures are calculated using GFY 1995 and forecasted GFY 1996 volumes from library reference SSR-102.

For Third Class Single Piece the calculation is as follows:

$$(111.865-129.505)/129.505=-13.6 \text{ percent}$$

For Fourth Class the calculation is as follows:

$$((224.482+525.693+242.719+22.799)-(221.832+466.617+218.581+29.509))/(221.832+466.617+218.581+29.509)=8.5 \text{ percent}$$

As shown in the attached revised workpaper D, the resulting total special handling pieces for the test year is 243,770. This is only 2,984 pieces less than the special handling TY total pieces (246,754) in the original workpaper B.

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- b. Special Handling can be used for all third and fourth Class (Standard) mail. For the purpose of estimating test year special handling pieces, it was assumed that without a Special Handling fee change the total volume would grow at the same rate as the subclasses that utilize Special Handling. As the volume of Special Handling is very low, it is difficult to develop a statistical crosswalk between Special Handling and the subclasses of mail. Within third class it was assumed that use of Special Handling is predominately in single piece, for which expedited dispatch is probably more desirable than bulk subclasses. In the case of fourth class, the high value nature of all categories, both single piece and bulk categories, leads one to the conclusion that Special Handling is likely to be used across all subclasses. It is, therefore, proper to use the growth rates of both bulk and single piece in deriving the growth factor for fourth-class Special Handling, as has been done in prior dockets. See, for example, USPS-T-22, WP-14, page 1, in Docket No. R90-1.

Migration of Special Delivery VolumeUSPS-T-1, WP B  
(Revised 10/18/96)

Purpose: With the elimination of special delivery, 104,000 pieces are expected to migrate to Express Mail. The purpose of this workpaper is to develop an adjustment to Test Year volumes to account for this migration. The adjustment uses RPW special delivery piece data by general class groupings (Table 1). In turn, piece volumes are assigned to subclasses based on RPW subclass volume split factors (Table 2).

Table 1 Assignment of Transactions to Classes		
Class of Mail	FY95 Special Delivery Transactions 1/	Category Assignment
<u>First-Class &amp; Priority</u>		
Not over 2 lbs.	244,255	1C+Priority
Over 2 lbs. but not over 10 lbs.	14,038	Priority
Over 10 lbs.	1,444	Priority
Subtotal	259,737	
<u>Other Classes</u>		
Not over 2 lbs.	9,773	3rd+PP
Over 2 lbs. but not over 10 lbs.	6,976	Parcel Post
Over 10 lbs.	1,362	Parcel Post
Subtotal	18,111	
Total Domestic	277,848	

Table 2 Split Factors to Assign Transactions to Subclasses		
	Pieces 2/ (000)	% Dist. Factor
First Class Single Piece Letters	55,049,377	99.0%
Priority Not Over Two Pounds	572,555	1.0%
Total	55,621,932	100.0%
Third Class Single Piece	179	0.4%
Parcel Post Not Over Two Pounds	47,343	99.6%
Total	47,522	100.0%

Table 3 Distribution of Migrated Transactions from Subclasses			
Subclasses	Adjusted 3/ FY95	% Distribution	TYAR Adjust. to Subclasses
1C - Letters & Parcels	241,741	87%	90
Priority	17,996	6%	7
3C - Single Piece Rate	8,375	3%	3
Parcel Post	9,736	4%	4
Total	277,848	100%	104 4/

Table 4 Special Handling Test Year Volume Projection based on Class Growth			
Purpose: To estimate TY96 Special Handling volume by applying growth factors for FY95 to FY96.			
	FY95 Pieces 5/	Volume Factor 6/	TY Pieces
Third Class Single Piece	64,981	-13.6%	56,144
Fourth Class	172,928	8.5%	187,627
Total	237,909		243,770

Footnotes:

1/ USPS-LR-SSR-43, Section VII; Other Classes - Not Over 2 lbs. includes Mail Categories 8760 and 8730.

2/ Source: FY94 Billing Determinants

3/ Table 1 "1C+Priority" and "3rd+PP" volume apportioned to subclasses based on Table 2 split factors plus assigned volume in Table 1.

4/ USPS-LR-SSR-101

5/ USPS-LR-SSR-43, Section VII.

6/ USPS-LR-SSR-102 Third Class Single Piece and Fourth Class % change GFY 1995 to GFY 1996

**RESPONSE OF POSTAL SERVICE WITNESS LYONS  
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16. CRA. In response to Presiding Officer's Information Request No. 3, question 7, witness. Patelunas states that "... the special study is meant to capture costs that may not be captured in the CRA as return receipt costs." He also states that a portion of return receipt costs are included in U.S. Postal Service penalty mail attributable costs as well as in "other" special services. Further, he observes that the city carrier street cost system does not collect information on the time a carrier spends obtaining a signature on return receipt.

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c. Please provide a cross walk between each of the cost functions in the special study in USPS-LR-SSR-104, pages 8 and 9 (e.g., the functions identified as window acceptance, carrier/driver delivery and call window/box second delivery, etc.) and the list provided in response to part b. above that shows how the special study captures all the costs of return receipts whether or not these costs are identified with return receipt by the CRA.

**RESPONSE:**

c. The requested crosswalk is in the table below. The purpose of the special study is not to capture *all the costs* of return receipts. The purpose of the return receipt study is to develop a *total unit cost* estimate for the activities associated with each type of return receipt beyond the ordinary costs of the parent mailpiece. Identifying these return receipt costs provides the basis on which the fee for each type of return receipt is determined. The CRA captures all costs in some fashion, as accurately as sampling can achieve for a category such as return receipts with small amounts of costs spread widely among a variety of segments and components. The special study, however, identifies the particular return receipt costs necessary for ratemaking purposes. Regarding the cost of returning the Form 3811, the cost study uses the unit cost for postal cards, which includes the piggybacked costs, as a reliable



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proxy. A special study to capture this particular element of the total cost is not justified since this element represents only a small proportion of the total unit cost estimate.

Crosswalk of Return Receipt Study to CRA Components	
<u>Study Function</u>	<u>CRA Component(s)</u>
1.1 Window Acceptance	3.2
1.2 Carrier/Driver Delivery & Call Window/Box Second Delivery (1)	6.1-2, 7.1-5, 3.2, 10.1-2
1.3 Clerk Review of Return Receipt	3.1-3.3
1.4 Carrier Waiting for Review of Return Receipt	6.1
1.5 Printing Cost	16.1
1.6 Cost of Returning Return Receipt	3.1-3.2
1.7 Additional Cost of Handling Duplicate Requests	
Window Acceptance	3.2
Review and Search	3.2-3.3
Forwarding and Returning Return Receipts Through Mailstream	See response
1B Return Receipts for Merchandise (Additional Cost)	See above for function 1.2

Answer of W. Ashley Lyons to  
Presiding Officer's Information Request No. 5  
to United States Postal Service

POIR No. 5 Question 1 (Parts c., d., e., f., g., h., and i.)

Evaluation of cost coverages requires reliable cost, revenue, and volume estimates. While cost coverage is the ratio of revenue to attributable cost for a particular subclass or service, volume is an input to both variables and thereby affects coverage. In particular, revenue and cost estimates must be based on the same volume measure in order to have meaningful coverages. The aim of this Presiding Officer Information Request is to clarify the record concerning the cost coverages for Certified Mail Service.

c. Please confirm that the FY 1995 billing determinants show that pure certified mail volumes for Base Year FY 1995 are 266,431,397 and that certified mail plus return receipt volumes are 288,826,806. Tr. 2/272.

d. Please confirm that the projected Test Year FY 1996 Before and After Rate volumes of 289,613,000 (Exhibit USPS-T-5G, page 23) and 277,803,000 (USPS-T-1, WP D, page 1), respectively, are derived from the use of forecasted Certified Mail Service volumes for Base Year FY 1995, i.e., 279,028,000 (Exhibit USPS-T-5D).

e. If the response to c. above confirms that 266,431,397 represents actual FY 1995 pure Certified Mail Service volume, please discuss the proposition that a Test Year volume forecast based on this pure Base Year volume would be more accurate than the result achieved using a forecasted volume of 279,028,000 for the Base Year.

f. If available, please provide the projected Test Year volumes when billing determinant volume for Base Year FY 1995 Certified Mail, i.e., 266,431,397, is used as the starting point.

g. If the estimate requested in f. above is not available, please provide an estimate of the differences that result in both the before and after rate Test Year volumes from the use of the two different starting point (billing determinants of 266,431,397 versus the forecasted number of 279,028,000).

h. If the number requested in f. above is not available, please provide an estimate of the time required to produce the forecasted Test Year volumes starting from the billing determinant volume for Base Year Certified Mail Service.

i. Please discuss the appropriateness of an adjustment of the test year volumes to reflect actual FY 1995 certified mail billing determinants. One possible adjustment would be multiplying billing determinant volume by the ratio of currently forecasted test year volume to forecasted base year volume, i.e.,  $(266,431,397) \times (289,613,000 / 279,028,000)$ . Table 1, lines 1, 2 and 3, present the unadjusted numbers currently on the record and lines 4 through 8 present the results of this adjustment. Please comment on the reasonableness of using the Table 1 numbers in this docket. If problems are identified with

Table 1, please provide a superior method of developing an adjustment to reflect billing determinants and pure certified mail numbers.

RESPONSE:

c. Confirmed.

d. Confirmed.

e. The question posed in this subpart raises many types of concerns. To begin with one of the most general concerns, the subpart seeks a reaction to the proposition that one forecast "would be more accurate" than another forecast. Until actual historical data become available, however, it will be impossible to determine which forecast "would be more accurate." Between two competing prospective forecasts, however, it certainly may be possible to state that one forecast can reasonably be expected to be more accurate.

As another general matter, the question poses a contrast between a base volume which is based entirely on actual historical data, and a base volume which includes an element of forecasted data. In general, the most recent information, which is to say, the base volume based entirely on actual historical data, would be expected to generate the more accurate forecast. However, this general principle has not been relied upon as a blanket excuse, in the absence of other factors, to justify wholesale updating of inputs in ongoing proceedings. Selective updating, on the other hand, can also cause problems.

Moving to more specific concerns, while this subpart inquires about the accuracy of a "Test Year volume forecast," it is somewhat unclear with regard

to the question, Test Year volume forecast of what? As a general proposition, it would seem to be correct to expect that a volume forecast of pure Certified Mail would be more accurate if based on a base volume of pure Certified Mail and applied to a forecasting model designed to forecast pure Certified Mail volume, than if based on a larger aggregation of Certified Mail Service volume, applied to the same model. Conversely, however, if the object of the exercise is a volume forecast of aggregate Certified Mail Service, a base volume of aggregate Certified Mail Service applied to a model designed to forecast aggregate volume for Certified Mail Service would reasonably be expected to result in a more accurate forecast.

Although I am not a forecasting expert, I understand that other concerns arise if one tries to go beyond the above generalities. Forecasting models are designed for a particular level of aggregation. There may be any number of factors at work which determine what level of aggregation is appropriate. I am informed, for example, that availability of a sufficient amount of disaggregated data, and possible substitutions back and forth between disaggregated categories, are factors which might be considered. To the extent that I understand the question posed in this subpart, it appears to involve issues of the optimal level of aggregation (aggregate Certified Mail Services or pure Certified Mail volume). A far greater amount of analysis than is possible under the existing time constraints would be required to properly consider all of the potential ramifications of such an exercise.

f. No such estimate is available.

g. Without the actual estimate requested in subpart f., it is difficult to provide the further estimate requested in this subpart. One source of difference would be the lower base volume (266,431,397 vs. 279,028,000). A lower base volume would be expected to lower the forecasts. In general, it would appear that subpart i. suggests a more fruitful line of inquiry than this subpart. Please see the response to subpart i.

h. As explained in response to subpart e. above, what appears to be requested may not necessarily be an appropriate application of the existing forecasting model. While the logistics of inputting different numbers and running the model again are not that difficult, and probably could be done within a week, such an exercise does not appear to be warranted, given the available alternative set forth in subpart i.

i. The approach suggested in Table 1 makes the reasonable assumption that, everything else being equal, the growth rate developed in the initial forecast may be applied to the actual FY 1995 Certified Mail billing determinants. Without the benefit of any additional information, this adjustment arguably puts the available information to its best use.

TABLE 1

**DEVELOPMENT OF ATTRIBUTABLE UNIT COST FOR CERTIFIED MAIL  
USING POSTAL SERVICE COSTING METHODOLOGY (000)**

Item	FY 1994	FY 1995	TYBR	TYAR
<b>Unadjusted Volumes:</b>				
1 Attributable Cost	\$ 277,437	\$ 281,429	\$ 297,811	\$ 285,880
2 Transaction Volumes	234,776	266,431	289,613	277,803
3 Attributable Unit Cost	\$ 1.182	\$ 1.056	\$ 1.028	\$ 1.029
<b>Adjusted Volumes:</b>				
4 Attributable Cost	\$ 277,437	\$ 281,429	\$ 297,811	\$ 285,880
5 Adjusted Transaction Volumes	234,776	266,431	276,538	265,261
6 Attributable Unit Cost	\$ 1.182	\$ 1.056	\$ 1.077	\$ 1.078
7 Certified Mail Fee	\$ 1.00	\$ 1.10	\$ 1.10	\$ 1.50
8 Cost Coverage (L.7/L.6)	84.6%	104.1%	102.1%	139.2%

**Source for Unadjusted Amounts:**

FY 1994 attributable cost from FY 1994 Cost Segments and Components, p. 8

FY 1994 transaction volumes from FY 1994 CRA, p.16 or FY 1994 Billing Determinants, K-1

FY 1995 attributable cost from Exhibit USPS-T-5A, p. 8

FY 1995 transaction volumes from USPS-T-1, WP D, page 1

TYBR attributable cost from Exhibit USPS-T-5E, p.8

TYBR transaction volumes from USPS-T-1, WP D, page 1

TYAR attributable cost from Exhibit USPS-T-5H, p.8

TYAR transaction volumes from USPS-T-1, WP D, page 1

Fees from USPS-T-8 at 65

**Source For Adjusted Amounts:**

(1) Attributable costs are not adjusted and come from line 1

(2) FY 1994 and FY 1995 volumes are not adjusted and come from line 2

(3) TYBR and TYAR volumes are adjusted; See table below

**Development of Adjusted TYBR and TYAR Volumes**

Item	Source	Amount
(a) Roll Forward Base Year Volume	Exhibit USPS-T-5D	279,028
(b) Roll Forward TYBR Volume	Exhibit USPS-T-5G, p.23	289,613
(c) Roll Forward TYAR Volume	USPS-T-1, WP D, page 1	277,803
(d) Ratio: TYBR to Base Year	(b) / (a)	1.037935
(e) Ratio: TYAR to TYBR	(c) / (b)	0.959221
(f) Base Year Billing Determinants	USPS-T-1, WP D, page 1	266,431
(g) Adjusted TYBR Billing Determinants	(d) x (f)	276,538
(h) Adjusted TYAR Billing Determinants	(e) x (g)	265,261

Answer of Ashley Lyons  
to POIR 5, Question 2  
to USPS MC96-3

POIR No. 5 - Question 2.

In response to Presiding Officer's Information Request No. 4, question 6, witness Lyons states, "The Postal Service estimates that between 50 and 90 percent of boxholders at Group III offices are ineligible for carrier delivery from any office and thus would receive free boxes." Presumably, the other 10 to 50 percent of boxholders at Group III offices are eligible for delivery and will be paying Group D fees.

- a. Please provide an estimate of the minimum, maximum, and likely projected revenue from these boxes. Please show all calculations.
- b. What is the proper acceptance rate to use in estimating the after rates volume of these boxes. In responding, please consider that the box fees will be increasing 700% - 5400%, from the current fee of \$2 to between \$16 and \$110 depending on size.

RESPONSE

- a. The various minimum, maximum, and likely scenarios used here are the same ones employed in the response to POIR 4, question 6.

The minimum projected revenues will be \$1,423,612 from 169,255 boxes (50% of 338,510). The maximum projected revenues will be \$2,277,682 from 270,796 boxes (10% of 2,707,964). The most likely projected revenues will be \$284,722 from 33,851 boxes (10% of 338,510). We assume the same breakdown of box size as observed in Group II. Below are the detailed calculations.

# Projected Revenues From Former Group III Customers Paying Group D Fees

## Minimum

Box Count = 338,510 ; 50% eligible for delivery; 50% ineligible for delivery;

BOX SIZE											
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Box Size	Current Annual Fee	Proposed resident Fee	% Change	Magnitude of Change	Before Rates # of boxes	% Accept	After Rates # of Boxes	Before Rates Revenues	After Rates Revenues	Additional Revenues
	1	\$2	\$16	700%	Mid-to-high	111,697	63%	69,810	\$223,393	\$1,116,965	\$893,572
	2	\$2	\$26	1200%	Over high	44,864	17%	7,627	\$89,728	\$198,298	\$108,571
	3	\$2	\$48	2300%	Over high	11,618	17%	1,975	\$23,236	\$94,802	\$71,567
	4	\$2	\$70	3400%	Over high	969	17%	165	\$1,937	\$11,526	\$9,589
	5	\$2	\$110	5400%	Over high	108	17%	18	\$216	\$2,020	\$1,804
Subtotal						189,255		79,595	\$338,510	\$1,423,612	\$1,085,102

## Most Likely

Box Count = 338,510; 10% eligible for delivery; 90% ineligible for delivery;

(1) (2) (3) (4) (5) (6) (7) (8) (9) (10)											
	Box Size	Current Annual Fee	Proposed resident Fee	% Change	Magnitude of Change	Before Rates # of boxes	% Accept	After Rates # of Boxes	Before Rates Revenues	After Rates Revenues	Additional Revenues
	1	\$2	\$16	700%	Mid-to-high	22,339	63%	13,962	\$44,679	\$223,393	\$178,714
	2	\$2	\$26	1200%	Over high	8,973	17%	1,525	\$17,946	\$39,660	\$21,714
	3	\$2	\$48	2300%	Over high	2,324	17%	395	\$4,647	\$18,960	\$14,313
	4	\$2	\$70	3400%	Over high	194	17%	33	\$387	\$2,305	\$1,918
	5	\$2	\$110	5400%	Over high	22	17%	4	\$43	\$404	\$361
Subtotal						33,851		15,818	\$47,702	\$284,722	\$217,020

## Maximum

Box count = 2,707,964; 10% eligible for delivery; 90% ineligible for delivery;

(1) (2) (3) (4) (5) (6) (7) (8) (9) (10)											
	Box Size	Current Annual Fee	Proposed resident Fee	% Change	Magnitude of Change	Before Rates # of boxes	% Accept	After Rates # of Boxes	Before Rates Revenues	After Rates Revenues	Additional Revenues
	1	\$2	\$16	700%	Mid-to-high	178,707	63%	111,692	\$357,414	\$1,787,068	\$1,429,654
	2	\$2	\$26	1200%	Over high	71,779	17%	12,202	\$143,558	\$317,264	\$173,706
	3	\$2	\$48	2300%	Over high	18,588	17%	3,160	\$37,176	\$151,677	\$114,502
	4	\$2	\$70	3400%	Over high	1,550	17%	263	\$3,099	\$18,442	\$15,342
	5	\$2	\$110	5400%	Over high	173	17%	29	\$346	\$3,232	\$2,886
Subtotal						270,796		127,347	\$541,593	\$2,277,682	\$1,736,090



b. The selection of a proper acceptance rate is a function of the magnitude of the price change under consideration. For box size 1, the 700% price change falls within the mid-to-high range (525% to 1025%) of fee increases studied, thus permitting the survey results to provide a direct measure of acceptance rates. Using the approach that appears in my testimony, the midpoint between survey acceptance rate and 100% assumption is 62.5%.

For box sizes 2-5, the magnitude of price change is above the high range of the market survey. Therefore, we selected as a proxy the acceptance rate for the high range, 17% for box sizes 2 and 3 (see USPS-T-1, WP C, page 5). The same value was also applied to box sizes 4 and 5. As a further accommodation to the fact that the actual increases are outside the range tested, the 17% acceptance rate is used without the adjustment made to other acceptance rates.

WRITTEN RESPONSE OF POSTAL SERVICE WITNESS LYONS  
TO ORAL INQUIRY BY CHAIRMAN GLEIMAN

Tr. 2/192-193. At this point in the transcript, the Chairman asked the witness for more information on any changes in the regression analyses for Registered Mail and Certified Mail that might have been introduced between Docket No. R94-1 and the development of the regressions presented in USPS-LR-SSR-135.

RESPONSE:

As I stated at the hearings, it is my understanding that the same basic approach was employed in both instances. I have since verified that my understanding in this regard is correct. I have been further informed, however, that there have been some refinements in the model specifications. The details of those refinements are discussed in USPS-LR-SSR-147.

RESPONSE OF POSTAL SERVICE WITNESS LYONS  
TO QUESTION OF THE OFFICE OF THE CONSUMER ADVOCATE  
FROM THE HEARING ON SEPTEMBER 9, 1996

Question (Tr. 2/209): If you have such a list at this time of issues that have to be resolved . . . with regard [to] implementing the non-resident surcharge, could you please furnish it at a later date?

**RESPONSE:**

A list of issues that have to be resolved with regard to implementing the non-resident fee has not been compiled at this time.

Response of Witness Landwehr to Presiding Officer's Information Request No. 2, question 1

1. Witness Landwehr identifies the process for responding to Freedom of Information (FOI) requests to verify physical addresses as a resource intensive activity at the San Luis, AZ post office. Also, it is stated that between 80 and 100 such FOI requests are received every four weeks at San Luis. USPS-T-3, at 7, lines 16-20.

a. Please identify the source of these FOI requests by type of clients; e.g., federal agencies, state agencies, local agencies, foreign government agencies, private companies, or private individuals. Also, identify the approximate volume of requests associated with each source of FOIs identified.

b. On page 6 of USPS-T-3 (lines 13-14), witness Landwehr classifies the box holders of the San Luis post office as generally from one of three groups: local residents whose only delivery option is box services; migrant farm laborers; and Mexican nationals. Please provide information on the percentage of the FOI requests that involve box holders in each of these three groups plus any additional groups the Service considers noteworthy.

d. Confirm that those generating FOI requests may be required to pay the expenses involved in processing the FOIs.

RESPONSE:

- a. I am informed by the San Luis postmaster that more than half of these governmental information requests derive from the state Child Support Recovery Department, which acts on behalf of both state and federal authorities. The remainder come from various federal, state and local agencies such as the Internal Revenue Service, court systems, the Social Security Administration, and others.
- b. I am informed by the San Luis postmaster that approximately 70 percent of the government information requests pertain to local residents, and fifteen percent each to migrant farm laborers and Mexican residents.
- d. Confirmed that originators of FOI requests may be required to pay expenses pursuant to 39 C.F.R. § 265 and the Administrative Support Manual § 352. My understanding, however, is that government originators are generally not asked to pay expenses.

Witness Lion

Response to Presiding Officer's Information Request No. 1, question 9, Revised as of August 16, 1996.

9. USPS-T-4, Table 16 shows 7,790,631 as the number of Group II post office boxes in use. Are any of these boxes located in offices which do not provide city or rural service but do provide general delivery? If yes, how many?

RESPONSE:

Yes. Based on the responses to the post office box inventory described in Part II of my testimony, and the Delivery Statistics File, I estimate that 1,460,254 of the Group II post office boxes in use are located in offices that do not provide city or rural service, but do provide general delivery. To be comparable with the number from Table 16, this number includes the "factoring up" described on pages 36-37 of my testimony.

**Information Request #2**  
**Response of Witness Lion to Presiding Officer's Interrogatory Request, Question 2**

2. Witness Lion states: "Total costs attributed to post office boxes were approximately \$482 million for FY 1994." USPS-T-4 at 35. He separates this total attributable cost into the following three categories (000):

Space Support	\$193,493
Space Provision	179,233
<u>All Other</u>	<u>109,159</u>
Total Attributable	\$481,885

According to witness Lion, the All Other category represents "costs for sorting mail to boxes and related supervisory activities." However, the FY 1994 Cost Segments and Components Reports (page 20) shows no attributable mail processing direct labor (3.1) costs for post office boxes. LR SSR-12, page 61, indicates that sortation to boxes is an incoming secondary distribution.

Please explain what witness Lion includes in the "All Other" cost category. Also, confirm that costs for sorting mail to boxes is attributed to the type of mail being handled and not to post office boxes.

**RESPONSE:**

As explained in USPS-T-4 at 35, the "All Other" cost category consists of costs accounted for in all components other than those that are explicitly defined on page 34 of USPS-T-4 as space support or space provision. Specifically, LR-SSR-3 reports "All Other" costs as shown in the table on the next page (FY94 costs; all dollars in thousands).

## Information Request #2

Response of Witness Lion to Presiding Officer's Interrogatory Request, Question 2

<u>Cost Segment / Component</u>	<u>Costs Attributed to P.O. Boxes</u>
1. Postmasters	\$2,803
2. Supervisors & Technicians	\$7,548
3.2. Window Service	\$74,314
3.3. Administrative Clerks, Time & Attendance	\$4,580
6&7. City Delivery Carriers	\$349
18.3.1. Repriced Annual Leave	\$301
18.3.1. Holiday Leave	\$2
18.3.2 Civil Service Retirement	\$10210
18.3.5 Retiree Health Benefits	\$2,682

Information Request #2

**Response of Witness Lion to Presiding Officer's Interrogatory Request, Question 2**

<b>18.3.7 Annuitant COLA/ Life Insurance</b>	<b>\$3,172</b>
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**20.6 Unemployment Compensation** \$500

<b>Total</b>	<b>\$109,159</b>
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The last question is confirmed. The first sentence on page 35 of USPS-T-4 is a misstatement; an erratum to correct this was filed on August 12, 1996.



**RESPONSE OF POSTAL SERVICE WITNESS LION TO  
PRESIDING OFFICER'S INFORMATION REQUEST NO. 3**

**2.** How many Contract Postal Facilities administered by Group II offices were in operation at the end of 1995?

**RESPONSE:**

1489. For purposes of this question, an office is defined by a finance number. The estimate is based on the November, 1995 ALMS file, which is the most recent available for calendar year 1995.

Response of Postal Service Witness Paul M. Lion to POIR-4, Question 10, MC96-3

#### POIR-4 Question 10.

Please provide the number of ZIP Code changes (new boundary adjustment, etc.) that have been made for each of the last five years and the number of post office boxes receiving a new ZIP Code as a result of these changes.

#### RESPONSE:

ZIP Code changes are reported as "Post Office Changes" in the *Postal Bulletin*. A review of the last five years of these has generated information of two types responsive to this question: one relates to the establishment of new box section ZIP Codes while the other relates to ZIP Code changes occasioned by the closing of a post office.

The first table below shows the annual number of new ZIP Codes established for box sections since 1992 and the number of post office boxes affected by those changes. Specific ZIP Codes were identified from the *Postal Bulletin* after which postal officials in Address Management determined the number of potential box deliveries in each. Note that the data are in terms of calendar years and the number of boxes installed in the ZIP Codes.

<u>Calendar Year</u>	<u>No. of ZIP Codes Changed</u>	<u>No. of Boxes Affected</u>
1992	69	93,796
1993	70	69,816
1994	32	41,795
1995	58	69,831
1996	118	144,338
Total	347	419,576

Sources: *Postal Bulletin* and Address Management, USPS

The next table shows the number of postal facilities discontinued each year since 1992 and the number of post office box customers affected. Pertinent post offices were identified in

Response of Postal Service Witness Paul M. Lion to POIR-4, Question 10, MC96-3

the *Postal Bulletin*, while the numbers of customers affected were drawn from the files maintained by the Office of Retail Operations. Note that the data are reported in terms of postal fiscal years and the number of boxes in use in these facilities.

<u>Fiscal Year</u>	<u>No. of Facilities</u>	<u>Box Customers Affected</u>
	<u>Discontinued</u>	
1992	137	3,336
1993	84	2,344
1994	73	8,414
1995	197	4,477
1996	130	3,357
Total	621	21,928

Sources: *Postal Bulletin* and Office of Retail Operations, USPS

**RESPONSE OF WITNESS LION  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 4**

3037

11. In LR SSR-1, page 1-1, footnote 1 states "Costs for these contract stations are included in Cost Segment 13." On page 13-2 of the same document, it states "Because the costs of [contract stations] are classified as institutional, no accrued costs are attributable." Please confirm that the costs for all current Group III boxes are institutionalized. If you cannot confirm, please explain.

**RESPONSE:**

Confirmed. None of the costs considered in the post office box cost allocation in my testimony are attributable to Group III boxes, and therefore it is correct to allocate the entire sum (\$481,885,000) to Group I and Group II post office boxes.

My response to OCA/USPS-T4-15, in which I estimated Delivery Group III costs as 1.6 percent of the total (and thus negligible) should be modified to the effect that Group III costs are in fact 0 percent of the total used in my testimony. My response to OCA/USPS-T4-27 is based on specified assumptions on proposed Group E and is correct as written. However, I would not now repeat the 1.6 percent figure in answering that question.

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 1  
to United States Postal Service

1. In his testimony, witness Lion states that, "All other costs are primarily labor costs for sorting mail to boxes and related supervisory activities." USPS-T-4, page 35. Please indicate which costs in USPS LR SSR-3 attributable to post office boxes include labor costs related to "sorting mail to boxes."

RESPONSE:

Labor costs related to "sorting mail to boxes" is a portion of the costs shown on page 20 of USPS LR SSR-3, column (3.1), Mail Process Direct Labor. This column is the total of all Mail Processing direct labor costs. The "sorting mail to boxes" portion of the total is \$451,581,000 and it appears on page 10 of USPS LR SSR-103.

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 1  
to United States Postal Service

2. Summary definitions for activity codes are given in Table B-2 of the Summary Description of USPS Development of Costs by Segments and Components. However, activity code 5041, which is shown in witness Patelunas' WP C, W/S 3.0.3 as being applicable to post office boxes, is not defined. Please define activity code 5041 and describe the types of activities covered by this activity code.

RESPONSE:

Activity code 5020 is renamed 5041 in Program 40 in LIOCATT because the range that the program recognizes begins at 5040. Thus, the definition of activity code 5020 given in Table B-2 of the Summary Description of USPS Development of Costs by Segments and Components is also the definition of activity code 5041: "At Window Serving a Customer - Post Office Box".

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 1  
to United States Postal Service

3. Line 3 of the sample USPS Facilities Costing Study Questionnaire, Docket No. R94-1 LR G-120, asks for the square feet for "Post Office Boxes and Parcel Lockers (floor area and lobby in front of boxes)." Line 7 asks for the square feet for the "Work area behind Post Office Boxes and Parcel Lockers." There do not appear to be any instructions dealing specifically with these two lines.

a. How does the Postal Service determine how much of the floor area and lobby in front of boxes is allocated to post office boxes?

b. How does the Postal Service determine how much of the work area in the back of the boxes is allocated to post office boxes?

c. Is all front lobby space directly allocated to one of the categories of Lobby Services? If not, how is any remaining space allocated?

d. How does the Postal Service ensure that the space measurements are done in a consistent manner for each facility?

RESPONSE:

All front lobby space is categorized as either: 1) window service, 2) self-service postal center (SSPC), or 3) post office boxes and parcel lockers as shown in the survey questionnaire at page C-15 of LR-G-120 of Docket No. R94-1, lines 1-3. The amount of lobby space in front of post office boxes determined to be associated with post office boxes and included in line 3 of the survey is the space used by customers when accessing their post office boxes. This space is readily recognizable if the post office boxes and parcel lockers

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 1  
to United States Postal Service

POIR No. 1 Question 3 (a) - (d) continued:

are in a separate room or distinct area of the post office, though judgment may be needed in some cases. Similarly, the work area in the back of the boxes is that space used for post office boxes on a daily basis. Though no instructions are specifically provided on lines 3 and 7 of the questionnaire, the approach to be applied for these lines is described in the general instructions on pages C-8 to C-12 and by responses to questions asked by the surveyors, shown at pages C-29 to C-40.



Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 2  
to United States Postal Service

POIR No. 2 Question 1c.

c. Please provide the average processing cost for the FOIs and describe how the FOI costs are treated in the Cost and Revenue Analysis (CRA).

POIR No. 2 Question 1c Response.

The processing cost for the FOIs cannot be isolated. The labor resources devoted to FOI tasks would be in Cost Segment 3, Clerks and Mailhandlers. More specifically, they would be in customer inquiries for either Window Clerks or Administrative clerks.

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 2  
to United States Postal Service

POIR No. 2 Question 1e.

e. What percent of the costs attributed to processing the FOI requests is recovered from the revenues generated by fulfilling the FOI requests and how are the revenues treated in the financial reporting systems of the Service and the CRA.

POIR No. 2 Question 1e Response.

As stated in my response to part c of question 1, the attributable costs of processing FOI requests cannot be isolated. Revenues are reported in account number 43388, "Search and Copying Fees". They are part of "Total Other Income" in the Revenue, Pieces and Weight report, USPS-T5 workpaper WP-B, W/S 1.1.1. They are reported as part of "Miscellaneous items" in the Cost and Revenue Analysis report, USPS-T5, Exhibit 5C.

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 2  
to United States Postal Service

POIR No. 2 Question 3.

Question 2 of POIR No. 1 asked the Postal Service to describe the types of activities covered by Activity Code 5041. The Postal Service's response provided a definition for 5041 but did not describe the types of activities covered by Activity Code 5041. Please provide examples of the types of activities covered by Activity Code 5041. Also, provide examples of the types of activities covered by Activity Codes 6020 and 6030.

POIR No. 2 Question 3 Response.

The types of activities covered by activity codes 5041, 6020 and 6030 are described in Library Reference SSR-12, In-Office Cost System (IOCS), Handbook F-45, pages 71 - 72. As described in my response to POIR 1, question 2, activity code 5020 is renamed 5041 in Program 40 in LIOCATT.

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 2  
to United States Postal Service

POIR No. 2 Question 11d.

Using the costing approaches of caller service and/or box service, or any other cost approach thought suitable, please provide any cost information available on the cost of firm holdout service.

POIR No. 2 Question 11d Response.

Unlike caller service that has at least a few activity codes, cost data for firm holdout service is not collected or isolated. The number of firm holdouts is not available nor is the amount of space devoted to firm holdout service. The costing approaches suggested for caller service and/or box service would not be suitable for firm holdouts because there are no data. A special study would need to be designed and executed to estimate firm holdout costs.

**Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 2  
to United States Postal Service**

**POIR No. 2 Question 14.**

In the response to Interrogatory OCA/USPS-T5-4, witness Patelunas states that the 17.6 percent decline in attributable costs per transaction for certified mail from FY 1994 to FY 1995 is the result of a relatively large increase in volume accompanied by a small increase in total attributable costs. Please expand on the explanation.

**POIR No. 2 Question 14 Response.**

See my response to OCA/USPS-13.

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 3  
to United States Postal Service

POIR No. 3 Question 6.

According to Patelunas' Workpaper C-1, page 211, in the base year there are \$31,243,867 in total mail processing costs for certified mail. Of that amount, \$25,904,786 is for basic function incoming. Under what circumstances is an IOCS observation for a clerk or mailhandler working in a mail processing operation handling certified mail pieces assigned to certified rather than the underlying mail class?

POIR No. 3 Question 6.

Please see Library Reference SSR-17, Appendix C, Program ALB080C6  
(Encirclement Rules) Specifications, pages 217 - 220.

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 3  
to United States Postal Service

POIR No. 3 Question 7.

Consider the following facts.

a. According to Patelunas' Workpaper C-1, page 213, "other" special services are listed as having FY 95 direct labor mail processing costs of \$74,095,168. Also, according to the same workpaper, page 211, Special Services consisting of business reply, return receipt and address correction have FY 95 direct labor mail processing costs of \$74,095,168. Thus, it appears that the "other" special services is comprised of business reply, address correction and return receipt.

b. Patelunas Exhibit USPS-T-5H, page 8, shows that the total attributable costs of "other" special services are expected to be \$220,053,000 in the test year. According to Lyons' Workpaper D, page 3, in the test year after rates the total attributable cost of return receipts is expected to be \$214,021,000 based on the special study conducted by the Postal Service. Thus, on the basis of 9.a. above, it appears that the costs of address correction and business reply combined are expected to be \$6,032,000. These are total costs of which direct labor is only a portion.

c. Patelunas' Workpaper C-1, page 211, shows that the direct labor cost for mail processing related to business reply alone is \$36,578,364 in the base year. This is only a portion of the total business reply attributable costs for FY 95.

d. In summary, given that the CRA shows that the test year after rates total attributable costs for return receipt, business reply and address correction are \$220 million; given that the Service's special study shows that the total attributable costs for return receipt in the test after rates are \$214 million; given that the direct labor mail processing cost for business reply alone in the base year is \$36.6 million and is not likely to be substantially different in the test year after rates; and, given that in the face of \$36 million in direct mail processing cost for business reply, only \$6 million (\$220 million minus \$214 million) remains for the test year after rates total attributable costs of both business reply and address correction combined, there appears to be a significant conflict between the results of the CRA and the result of the Service's special cost study. These facts also imply that if the Service were to conduct special cost studies for business reply and address correction, or use the CRA numbers, the resulting cost estimates when combined with the special study's estimated costs for return

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 3  
to United States Postal Service

POIR No. 3 Question 7 continued.

receipt would likely exceed the CRA cost of \$220 million by a substantial amount.

Please discuss this conflict and how the Service reconciles the special study costs with the CRA cost for each individual service.

POIR No. 2 Question 7.

The conclusions drawn from the facts cited above rely on the assumption that the CRA amounts and the special study amounts are interchangeable. The CRA amounts and the special study amounts serve different purposes and they are not intended to be arithmetic complements. It is not correct to use the approach employed in part b of this question. The special study return receipt cost of \$214 million cannot be subtracted from the CRA special service "other" cost of \$220 million to calculate a combined address correction and business reply cost of \$6 million.

Special studies are used for purposes that call for finer detail than is routinely available from the Postal Service's data systems. As pointed out in part a of this question, return receipts are only a portion of the "other" special service line in the CRA. The total "other" special service line of return receipt, business reply and address correction constitutes only .6% of total attributable costs and that is adequate for CRA reporting purposes. For this case though, as has been the tradition for previous cases, the level of detail in the special study



Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 3  
to United States Postal Service

POIR No. 3 Question 7 continued.

is meant to capture costs that may not be captured in the CRA as return receipt costs. For example, cost segments 8 and 14 capture no special service costs and segments 9, 10, 12 and 13 capture few special service, particularly "other" special service, costs. Such costs are not missing from the CRA, although they appear somewhere else, rather than as "other" special service. As I explained in my response to OCA/USPS-T8-10, return receipt costs are also a portion of U.S. Postal Service penalty attributable costs. This is the case in Segment 14, in which a return receipt card (PS Form 3811) would appear as U.S. Postal Service penalty mail because it has a postal indicia.

Furthermore, additional CRA data collection efforts would be required to capture some of the costs reflected in the special study. For example, the additional carrier time used to receive mail pieces bearing return receipts and to obtain addressee signatures on those return receipts is not collected in the city carrier data system. Capturing this additional cost resulting from the return receipt service is the function of the special study.

The cost system has to be viewed in its entirety to understand the relevance of the special study in terms of the CRA. The special study is intended to capture return receipt costs included in the CRA lines "US Postal Service" and special service "other", as well as costs such as the carrier costs

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 3  
to United States Postal Service

POIR No. 3 Question 7 continued.

discussed in the preceding paragraph. Caution should be exercised when leaping from a mail processing LIOCATT cost of \$14 million for return receipt in Base Year 1995 to a total return receipt cost of \$214 million in Test Year 1996 After Rates. The arithmetic calculations performed on the facts cited in the preface to this question are not comparable.

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 3  
to United States Postal Service

POIR No. 3 Question 8.

The LIOCATT Workpapers include separate costs for business reply, address correction, and return receipt. But the Postal Service combines these three costs into a single cost in the CRA. Please explain why the Postal Service does not maintain separate costs for each of these special services throughout the CRA. In this case, why did the Postal Service decide to use a special study for return receipt cost rather than the CRA cost? In general, how does the Postal Service decide to use the results of a special study rather than the CRA cost?

POIR No. 3 Question 8.

The level of disaggregation for business reply, address correction and return receipt found in LIOCATT is obtained directly from the current IOCS data collection methods. For other segments in the CRA though, for example, Cost Segment 14, this level of detail would require additional data collection efforts than are currently employed. Additionally, Cost Segment 7 would require additional data collection to account for the additional carrier time of receiving pieces of mail bearing return receipts and of obtaining addressee signatures for those return receipts. For CRA reporting purposes, the present format is adequate.

The Postal Service uses special studies, rather than CRA costs, to identify costs at a more detailed level needed for pricing particular special services. This level of detail is beyond that required for CRA reporting and is often used for purposes beyond the scope of the CRA. For example, pricing

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 3  
to United States Postal Service

POIR No. 3 Question 8 continued.

return receipts in this case relies on the separate cost for regular return receipts,  
return receipts for merchandise and return receipts after mailing.

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 3  
to United States Postal Service

POIR No. 3 Question 10.

In response to OCA/USPS-13, witness Patelunas states that the volume used to calculate the 1995 unit cost for Certified Mail includes not only certified volume but also the volume of return receipts for merchandise. Why does not the Service shift the return receipt merchandise volumes with the volumes associated with these special services where the costs for return receipt reside? How does the Postal Service justify the apparent misalignment of costs and volumes inherent in the unit cost for Certified Mail?

POIR No. 3 Question 10 Response.

The Postal Service is examining how to categorize these volumes in the future.

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 3  
to United States Postal Service

POIR No. 3 Question 12.

In Patelunas' Workpaper WP-B, Base Year 1995 Cost Segment, WS 7.0.4.1, lines 22-26e, the number of actual stops is greater than the number of possible stops for thirteen (13) of the twenty four (24) possible stop type/route category combinations listed. Please explain how the number of actual stops can be greater than the number of possible stops.

POIR No. 3 Question 12.

The source of the actual and possible stops was a preliminary version of Fiscal Year 1995 processing. This data was not updated when the other city carrier inputs were updated for final Fiscal Year 1995 processing. Apparently, the now non-existent source data combined actual stops and possible stops from two different sources. The observation that actual cannot be greater than possible stops is correct.

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 3  
to United States Postal Service

POIR No. 3 Question 13.

Please explain why the number of actual stops reported in Patelunas' Workpaper WP-B, Base Year 1995 Cost Segment, WS 7.0.4.1, lines 22-26e, do not match the number of actual and potential stops reported in the CCS source documents presented in this docket, Library Reference SSR-36 or SSR-36A, or the source cited for Actual Stops, Library Reference F-194. Also, please explain the impact on the CRA costs submitted in this docket from using the latest submission of CCS data as contained in LR SSR-36A.

POIR No. 2 Question 13.

See my response to POIR No. 3, Question 12 for an explanation of the source data discrepancies.

The impact on CRA costs submitted in this docket resulting from the changes in the number of actual and possible stops and the inclusion of the changes reported in Library Reference SSR-36A are provided in Attachment I to this response. Attachment I shows the insignificant impact of these changes and it is structured as follows. Page 1 is the Manual Inputs for Cost Segment 7 from my Workpaper WP-A. Page 2 is the Manual Inputs incorporating the adjustments to the number of stops and Library Reference SSR-36A. Page 3 is the absolute difference calculated by subtracting the page 1 amounts from the page 2 amounts. Page 4 is the percentage change calculated by dividing the difference on page 3 by the Base Year amount on page 1.

Component=	46	47	48	49	50	51	52	53	54	Total
<b>FIRST-CLASS MAIL:</b>										
LETTERS & PARCELS	230,702	50,236	76,031	0	0	0	0	0	0	356,969
PRESORT LTR & PCL	192,179	11,350	32,164	0	0	0	0	0	0	235,693
POSTAL CARDS	1,334	387	586	0	0	0	0	0	0	2,307
PRIVATE POSTCARDS	12,609	2,617	4,492	0	0	0	0	0	0	19,718
PRESORT PRVT P CS	8,285	583	1,822	0	0	0	0	0	0	10,690
TOTAL FIRST	445,109	65,173	115,095	0	0	0	0	0	0	625,377
<b>PRIORITY MAIL</b>	17,830	1,004	2,649	0	0	0	0	0	0	21,483
<b>EXPRESS MAIL</b>	7,202	2,377	2,934	0	0	0	0	0	0	12,513
<b>MAILGRAMS</b>	19	2	11	0	0	0	0	0	0	32
<b>SECOND-CLASS MAIL:</b>										
WITHIN COUNTY	6,933	228	811	0	0	0	0	0	0	7,972
OUTSIDE COUNTY:										
REG RATE PUB	53,032	1,745	6,207	0	0	0	0	0	0	60,984
NONPROFIT PUB	17,442	575	2,041	0	0	0	0	0	0	20,058
CLASSROOM PUB	496	16	58	0	0	0	0	0	0	570
TOTAL SECOND	77,903	2,564	9,117	0	0	0	0	0	0	89,584
<b>THIRD-CLASS MAIL:</b>										
SINGLE PIECE RATE	1,461	1,143	1,468	0	0	0	0	0	0	4,072
BULK RATE-REG										
CAR PRESORT	238,144	18,317	40,297	0	0	0	0	0	0	296,758
OTHER	182,618	8,774	16,521	0	0	0	0	0	0	207,913
TOTAL REGULAR	420,762	27,091	56,818	0	0	0	0	0	0	504,671
BULK RATE-NONPROF										
CAR PRESORT	12,954	1,243	2,630	0	0	0	0	0	0	16,827
OTHER	46,890	1,557	3,660	0	0	0	0	0	0	52,107
TOTAL NONPROF	59,844	2,800	6,290	0	0	0	0	0	0	68,934
TOTAL THIRD	482,067	31,034	64,576	0	0	0	0	0	0	577,677
<b>FOURTH-CLASS MAIL:</b>										
PARCELS ZONE RATE	16,041	470	2,747	0	0	0	0	0	0	19,258
BOUND PRNT MATTER	14,275	480	5,103	0	0	0	0	0	0	19,858
SPC 4TH-CL. RATE	8,853	222	2,358	0	0	0	0	0	0	11,433
LIBRARY RATE	1,152	63	373	0	0	0	0	0	0	1,588
TOTAL FOURTH	40,321	1,235	10,581	0	0	0	0	0	0	52,137
<b>US POSTAL SERVICE</b>	2,234	514	1,369	0	0	0	0	0	0	4,117
<b>FREE MAIL-BLIND &amp; HNDC &amp; SERVICEMEN</b>	1,301	66	176	0	0	0	0	0	0	1,543
<b>INTERNATIONAL MAIL</b>	4,763	872	2,283	0	0	0	0	0	0	7,918
<b>TOTAL ALL MAIL</b>	1,078,749	104,841	208,791	0	0	0	0	0	0	1,392,381
<b>SPECIAL SERVICES:</b>										
REGISTRY	3,122	50	0	0	0	0	0	0	0	3,172
CERTIFIED	41,058	698	0	0	0	0	0	0	0	41,756
INSURANCE	1,568	70	0	0	0	0	0	0	0	1,638
COD	1,304	13	0	0	0	0	0	0	0	1,317
SPECIAL DELIVERY	0	0	0	0	0	0	0	0	0	0
MONEY ORDERS	0	0	0	0	0	0	0	0	0	0
STAMPED ENVELOPES	0	0	0	0	0	0	0	0	0	0
SPECIAL HANDLING	0	0	0	0	0	0	0	0	0	0
POST OFFICE BOX	0	0	0	0	0	0	0	0	0	0
OTHER	0	0	0	0	0	0	0	0	0	0
TOTAL SPC SVCS	47,052	831	0	0	0	0	0	0	0	47,883
<b>TRIBUTABLE</b>	1,125,801	105,672	208,791	0	0	0	0	0	0	1,440,264
<b>OTHER</b>	0	607,706	2,151,718	473,018	147,814	111,276	340,171	240,567	1,788,645	5,860,915
<b>TOTAL COSTS</b>	1,125,801	713,378	2,360,509	473,018	147,814	111,276	340,171	240,567	1,788,645	7,301,179



Component#	46	47	48	49	50	51	52	53	54	Total
<b>FIRST-CLASS MAIL:</b>										
LETTERS & PARCELS	230,590	50,236	76,030	0	0	0	0	0	0	356,856
PRESORT LTR & PCL	192,190	11,350	32,165	0	0	0	0	0	0	235,705
POSTAL CARDS	1,334	387	586	0	0	0	0	0	0	2,308
PRIVATE POSTCARDS	12,630	2,617	4,497	0	0	0	0	0	0	19,744
PRESORT PRVT P CS	8,283	583	1,820	0	0	0	0	0	0	10,685
TOTAL FIRST	445,027	65,174	115,097	0	0	0	0	0	0	625,298
<b>PRIORITY MAIL</b>	17,818	1,004	2,649	0	0	0	0	0	0	21,471
<b>EXPRESS MAIL</b>	7,219	2,377	2,934	0	0	0	0	0	0	12,531
<b>MAILGRAMS</b>	19	2	11	0	0	0	0	0	0	33
<b>SECOND-CLASS MAIL:</b>										
WITHIN COUNTY	6,902	228	811	0	0	0	0	0	0	7,941
OUTSIDE COUNTY:										
REG RATE PUB	52,798	1,745	6,208	0	0	0	0	0	0	60,752
NONPROFIT PUB	17,367	575	2,042	0	0	0	0	0	0	19,983
CLASSROOM PUB	494	16	58	0	0	0	0	0	0	568
	0	0	0							
TOTAL SECOND	77,561	2,564	9,119	0	0	0	0	0	0	89,244
<b>THIRD-CLASS MAIL:</b>										
SINGLE PIECE RATE	1,471	1,143	1,468	0	0	0	0	0	0	4,082
BULK RATE-REG										
CAR PRESORT	239,067	18,317	40,309	0	0	0	0	0	0	297,692
OTHER	182,297	8,774	16,526	0	0	0	0	0	0	207,597
TOTAL REGULAR	421,364	27,090	56,835	0	0	0	0	0	0	505,289
BULK RATE-NONPROF										
CAR PRESORT	12,925	1,243	2,630	0	0	0	0	0	0	16,798
OTHER	46,822	1,557	3,662	0	0	0	0	0	0	52,042
TOTAL NONPROF	59,748	2,800	6,292	0	0	0	0	0	0	68,840
TOTAL THIRD	482,583	31,033	64,595	0	0	0	0	0	0	578,212
<b>JRTH-CLASS MAIL:</b>										
PARCELS ZONE RATE	16,008	470	2,748	0	0	0	0	0	0	19,226
BOUND PRNT MATTER	14,256	478	5,103	0	0	0	0	0	0	19,837
SPC 4TH-CL. RATE	8,853	222	2,357	0	0	0	0	0	0	11,432
LIBRARY RATE	1,149	63	373	0	0	0	0	0	0	1,586
TOTAL FOURTH	40,266	1,234	10,581	0	0	0	0	0	0	52,081
<b>US POSTAL SERVICE</b>	2,232	514	1,368	0	0	0	0	0	0	4,114
<b>FREE MAIL--BLIND &amp; HNDC &amp; SERVICEMEN</b>	1,299	66	175	0	0	0	0	0	0	1,541
<b>INTERNATIONAL MAIL</b>	4,758	872	2,283	0	0	0	0	0	0	7,913
<b>TOTAL ALL MAIL</b>	1,078,783	104,841	208,813	0	0	0	0	0	0	1,392,437
<b>SPECIAL SERVICES:</b>										
REGISTRY	3,119	50	0	0	0	0	0	0	0	3,169
CERTIFIED	41,029	698	0	0	0	0	0	0	0	41,728
INSURANCE	1,566	70	0	0	0	0	0	0	0	1,636
COD	1,302	13	0	0	0	0	0	0	0	1,315
SPECIAL DELIVERY	0	0	0	0	0	0	0	0	0	0
MONEY ORDERS	0	0	0	0	0	0	0	0	0	0
STAMPED ENVELOPES	0	0	0	0	0	0	0	0	0	0
SPECIAL HANDLING	0	0	0	0	0	0	0	0	0	0
POST OFFICE BOX	0	0	0	0	0	0	0	0	0	0
OTHER	0	0	0	0	0	0	0	0	0	0
			0							
TOTAL SPC SVCS	47,017	831		0	0	0	0	0	0	47,848
<b>RIBUTABLE</b>	1,125,800	105,672	208,813	0	0	0	0	0	0	1,440,285
<b>OTHER</b>	0	607,709	2,151,725	473,018	147,814	111,276	340,171	240,567	1,788,645	5,860,925
<b>TOTAL COSTS</b>	1,125,800	713,381	2,360,538	473,018	147,814	111,276	340,174	240,564	1,788,618	7,301,183

Component=	46	47	48	49	50	51	52	53	54	Total
FIRST-CLASS MAIL:										
LETTERS & PARCELS	(112)	0	(1)	0	0	0	0	0	0	-113
PRESORT LTR & PCL	11	(0)	1	0	0	0	0	0	0	12
POSTAL CARDS	0	0	(0)	0	0	0	0	0	0	1
PRIVATE POSTCARDS	21	0	5	0	0	0	0	0	0	26
PRESORT PRVT P CS	(2)	(0)	(2)	0	0	0	0	0	0	-5
TOTAL FIRST	(82)	1	2	0	0	0	0	0	0	-79
PRIORITY MAIL	(12)	0	0	0	0	0	0	0	0	-12
EXPRESS MAIL	17	0	0	0	0	0	0	0	0	18
MAILGRAMS	0	0	0	0	0	0	0	0	0	1
SECOND-CLASS MAIL:										
WITHIN COUNTY	(31)	(0)	(0)	0	0	0	0	0	0	-31
OUTSIDE COUNTY:										
REG RATE PUB	(234)	(0)	1	0	0	0	0	0	0	-232
NONPROFIT PUB	(75)	(0)	1	0	0	0	0	0	0	-75
CLASSROOM PUB	(2)	0	0	0	0	0	0	0	0	-2
TOTAL SECOND	(342)	(0)	2	0	0	0	0	0	0	-340
THIRD-CLASS MAIL:										
SINGLE PIECE RATE	10	0	0	0	0	0	0	0	0	10
BULK RATE-REG										
CAR PRESORT	923	(0)	12	0	0	0	0	0	0	934
OTHER	(321)	(0)	5	0	0	0	0	0	0	-316
TOTAL REGULAR	602	(1)	17	0	0	0	0	0	0	618
BULK RATE-NONPROF										
CAR PRESORT	(29)	(0)	(0)	0	0	0	0	0	0	-29
OTHER	(68)	0	2	0	0	0	0	0	0	-65
TOTAL NONPROF	(96)	0	2	0	0	0	0	0	0	-94
TOTAL THIRD	516	(1)	19	0	0	0	0	0	0	535
FOURTH-CLASS MAIL:										
PARCELS ZONE RATE	(33)	0	1	0	0	0	0	0	0	-32
BOUND PRNT MATTER	(19)	(2)	(0)	0	0	0	0	0	0	-21
SPC 4TH-CL. RATE	0	(0)	(1)	0	0	0	0	0	0	-1
LIBRARY RATE	(3)	0	0	0	0	0	0	0	0	-2
TOTAL FOURTH	(55)	(1)	(0)	0	0	0	0	0	0	-56
US POSTAL SERVICE	(2)	0	(1)	0	0	0	0	0	0	-3
FREE MAIL--BLIND & HNDC & SERVICEMEN	(2)	0	(1)	0	0	0	0	0	0	-2
INTERNATIONAL MAIL	(5)	0	0	0	0	0	0	0	0	-5
TOTAL ALL MAIL	34	0	22	0	0	0	0	0	0	56
SPECIAL SERVICES:										
REGISTRY	(3)	0	0	0	0	0	0	0	0	-3
CERTIFIED	(29)	0	0	0	0	0	0	0	0	-28
INSURANCE	(2)	(0)	0	0	0	0	0	0	0	-2
COD	(2)	0	0	0	0	0	0	0	0	-2
SPECIAL DELIVERY	0	0	0	0	0	0	0	0	0	0
MONEY ORDERS	0	0	0	0	0	0	0	0	0	0
STAMPED ENVELOPES	0	0	0	0	0	0	0	0	0	0
SPECIAL HANDLING	0	0	0	0	0	0	0	0	0	0
POST OFFICE BOX	0	0	0	0	0	0	0	0	0	0
OTHER	0	0	0	0	0	0	0	0	0	0
TOTAL SPC SVCS	(35)	0	0	0	0	0	0	0	0	-35
TRIBUTABLE	(1)	0	22	0	0	0	0	0	0	21
OTHER	0	3	7	0	0	0	0	0	0	10
TOTAL COSTS	(1)	3	29	0	0	0	3	(3)	(27)	4



**Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 3  
to United States Postal Service**

**POIR No. 3 Question 14.**

Please identify the source for the number of actual and potential stops reported in Patelunas' Workpaper WP-B, Base Year 1995 Cost Segment, WS 7.0.4.1, lines 22-26e.

**POIR No. 3 Question 14 Response.**

The source was a preliminary version of the Fiscal Year 1995 processing. By mistake, these amounts were not updated when the other city carrier data inputs were updated.

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 3  
to United States Postal Service

POIR No. 3 Question 15.

Please provide the FY 95 average cost per cubic foot-mile for highway services comparable to that filed in Docket No. R94-1 at Tr. 3/1020-21 and the average cost per cubic foot for account 53121, Intra-SCF highway.

POIR No. 3 Question 15.

Please see Attachment 1 to this response.

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 3  
to United States Postal Service

POIR No. 3 Question 16.

Please provide FY 95 Intra-Alaska Air data comparable to that provided in  
Docket No. R94-1 at Tr. 3/1020-21.

POIR No. 2 Question 16.

Please see Attachment 1 to this response.

QUESTION 15

Average Cost Per Cubic Foot Mile

1995

53121	\$ 0.003684197
53124	\$ 0.001815708
53127	\$ 0.0007413
53131	\$ 0.000394368

Average Cost Per Cubic Foot

1995

53121	\$ 0.0063059
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QUESTION 16

Intra-Alaska Air Rates

FY 1995	Mainline Nonpriority	
	Line Haul (per ton-mile)	Terminal Handling (per pound)
July 1 - Dec 31 1994	\$ 0.7823	\$ 0.2326
Jan. 1 - June 30 1995	\$ 0.7218	\$ 0.2061
July 1 - Dec. 31 1995	\$ 0.7324	\$ 0.2249

FY 1995	Bush Nonpriority	
	Line Haul (per ton-mile)	Terminal Handling (per pounds)
Apr. 1 1994 - March 31 1995	\$ 7.4478	\$ 0.3142
Apr. 1 1995 - March 31 1996	\$ 6.5091	\$ 0.3260

Total Accrued Cost by Account (in thousands)

1995	Dollars	Adjustments	Adjusted Totals
53562 Intra-Alaska mainline-nonpriority line	21,965	0	21,965
53566 Intra-Alaska mainline-nonpriority terminal	25,611	0	25,611
53561 Intra-Alaska bush-nonpriority line	19,070	0	19,070
53565 Intra-Alaska bush-nonpriority terminal	16,207	0	16,207
53563 Intra-Alaska bush-priority line	3,129	0	3,129
53567 Intra-Alaska bush-priority terminal	2,503	0	2,503

**Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 3  
to United States Postal Service**

**Revised  
9/18/96**

**POIR No. 3 Question 17.**

**In Docket No. R94-1 at Tr. 26E/14322, volume and weight proportions of fourth-class Intra-Hawaii were updated. Please provide updated data for FY 95.**

**POIR No. 3 Question 17 Response.**

**As stated in the initial response to this Information Request, even after considerable effort, the Postal Service was unable to replicate the R94-1 results. In an effort to correct that situation, the Postal Service continued to look into the problem. The data systems did not readily provide the data necessary to do the calculations, although by continuing to pursue a solution, the data were developed by looking at information on originating and destinating ZIP Codes. As such, this revised response is being filed to provide the information initially requested. Fourth-class mail pieces comprised 0.14% of the total Intra-Hawaii volume and 19.2% of the total Intra-Hawaii weight.**



Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 4  
to United States Postal Service

POIR No. 4 Question 14. Encirclement Rules

a. Rule No. 13. This rule applies to a situation where the special service is certified mail, there is no other special service on the mail piece, the uniform operation code is postage due (00), platform acceptance (07), window service (09), or other accountable work (23), and a clerk or mailhandler is involved. Since there is only one special service, certified mail, the subclass of mail must be First-Class or Priority because only these two subclasses are eligible for certified mail.

(1) With respect to postage due, the rule does not distinguish between postage due for the First-Class Mail or Priority Mail postage versus postage due for the certified mail fee. What is the rationale for assigning the postage due cost only to certified mail?

(2) With respect to platform acceptance, since the mailing is likely to be a bulk mailing and since there also will be a mailing statement, what is the rationale for assigning the acceptance cost only to certified mail rather than First-Class Mail or Priority Mail? The acceptance clerk has to take time to check both the postage and the certified fee and none of the criteria in the rule indicate the clerk was working only on the certified mail fee at the time of the IOCS observation.

b. Rule No. 21. This rule differs from rule no. 13 only in that more than one special service is present on the mail piece. With respect to postage due and platform acceptance, what is the rationale for selecting certified mail rather than the other special services or the subclass of mail?

POIR No. 4 Question 14 Response.

(1) There is no way to distinguish between the amount of postage applied for the class of mail and the amount of postage applied for the special service. It is my understanding that the underlying assumption is that it is most likely that the postage for the class of mail is correct and that any short-paid amount is the result of a miscalculation relating to the special service.

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 4  
to United States Postal Service

POIR No. 4 Question 14 Response continued.

(2) Please refer to USPS-LR-SSR-12, In-Office Cost Systems Field Operating Instructions, pages 56 - 57 for a description of the circumstances in which platform acceptance (07) is selected in IOCS. The statement that the situation would "likely be a bulk mailing and since there also will be a mailing statement" is questionable. If there is only one special service involved and it is certified, there are numerous opportunities for this to be other than a bulk mailing. For instance, consider the following categories from page 57:

- b. Receiving Mail From Customer on Platform-Other Than Weighing Section
- c. Caller Service
- d. Accepting Plant-Loaded Mail-Detached Mail Unit

It is my understanding that under such situations, it is reasonable to assume that the clerk would be working only on certified mail at the time of the IOCS observation.

b. The same rationale applied to Rule 13 applies to Rule 21. It is my understanding that the special service beside the certified feature is assumed to be subordinate to the certified feature. As such, the focus of the IOCS observation is on the certified Special Service Code.

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 4  
to United States Postal Service

POIR No. 4 Question 15. Other IOCS.

Based on Patelunas' workpaper C-2, 89 percent of the mail processing direct labor cost for certified mail is contained in uniform operation code 06, Nixie (\$27.9 million out of \$31.2 million). Since the mail piece contains the incorrect, illegible, or insufficient address, what is the rationale for assigning the cost of the nixie section clerk to certified mail rather than the subclass of the mail piece? Please describe the activities that occur in operation code 06, NIXIE.

POIR No. 4 Question 15 Response.

As stated in footnote 1 on page c-1 of the Summary Description for Fiscal Year 1995 (USPS-LR-SSR-123), for mail processing, the codes 18, 22, and 23 are included with code 06. All costs for uniform operation code 06, Nixie, are the result of uniform operation code 23, Other Accountable Work. The activities performed in operation code 06 and its component parts are described on pages 67-70 of Handbook F-45, In-Office Cost System (USPS-LR-SSR-12). In general, this is a miscellaneous operation in which a money transfer or signature is required and the activity occurs in an area not designated to a particular special service.

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 4  
to United States Postal Service

POIR No. 4 Question 16.

In response to Presiding Officer's Information Request No. 3, question 7, witness. Patelunas states that "...the special study is meant to capture costs that may not be captured in the CRA as return receipt costs." He also states that a portion of return receipt costs are included in U.S. Postal Service penalty mail attributable costs as well as in "other" special services. Further, he observes that the city carrier street cost system does not collect information on the time a carrier spends obtaining a signature on return receipt.

a. Please provide the amount of attributable cost included in USPS penalty mail that is properly assignable to return receipt. Please provide the source or the workpapers supporting this cost figure.

b. Please provide a complete list of cost segments and components showing where return receipt costs are included and whether the amount is identified or not identified with return receipt by the CRA system.

d. Patelunas' Exhibit USPS-T-5A, page 28, shows zero attributable dollars for other special services with respect to elemental load time and other load time. In response to POIR No. 3, Question 7, Patelunas states that the city carrier data system does not collect the additional time a carrier needs to obtain a signature on return receipt cards. This implies that the cost associated with this activity is captured as part of total load time, but the portion attributable to obtaining signatures is not specifically identified. Is this non-identified amount distributed to mail categories other than return receipt or does the Service adjust the total attributable load time cost to remove the non-identified amount attributable to return receipt before distribution to the other mail categories. If the Service does not adjust the load time attributable cost to remove the portion attributable to return receipt for obtaining signatures, provide a rationale for not adjusting this cost.

e. In response to OCA/USPS-T8-18 and POIR No. 4, Question 7, Patelunas states that a portion of attributable return receipt costs are contained in the attributable costs for U.S. Postal Service penalty mail. He also states that the special study is intended to capture this attributable cost for return receipt. Because U.S. Postal Service penalty mail attributable costs are added to institutional costs, the implication is that some attributable costs for return receipt are borne by all mail categories. Does the Postal Service adjust the institutional costs so that this is not the case? If not, what is the rationale for distributing some portion of return receipt attributable cost to all mail categories?

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 4  
to United States Postal Service

POIR No. 4 Question 16 Response.

a. The level of detail required to calculate the amount of attributable cost included in USPS penalty mail that is properly assignable to return receipt is not available.

b. Attachment 1 to this response is a list of the segments and components that include the costs of return receipts as reflected in the CRA. The components marked with an "X" are the direct costs or the piggyback costs that include return receipt costs. There is also a function column specifying whether the costs are: acceptance, collection and delivery, mail processing, purchased transportation or other. In the discussion below, it is assumed that between the point of acceptance and the point of signature by the addressee, the return receipt (Form 3811) is indistinguishable from the parent piece that it accompanies. From the point of signature by the addressee to the delivery to the original sender, the unattached Form 3811 is identified as a piece of mail. It must be noted that the only costs reported specifically for return receipts are shown in my workpaper WP-C LIOCATT Reports 1 - 4.

There are a variety of means by which return receipts enter the mail stream. The Acceptance function in Attachment 1 is for acceptance from customers by Postmasters, Window clerks and Mail Processing clerks. Return receipts also enter the mail stream via the collection functions of City Carriers,

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 4  
to United States Postal Service

POIR No. 4 Question 16 Response continued.

Vehicle Service Drivers, and Rural Carriers and these appear as the Collection and Delivery function in Attachment 1. Postmaster costs are distributed on Revenue, Pieces and Weight (RPW) revenues. In RPW, return receipt revenues are included in the revenues for the following special services: certified, registry, insurance and COD. Therefore, return receipt costs for return receipts are reflected in those same special services. Window Service and Mail Processing Platform return receipt costs are shown in LIOCATT separately and appear as the special service "Other" in the segments and components shown in Attachment 1. City Carrier, Vehicle Service Drivers and Rural Carriers accept return receipts into the mail stream via their collection activities; thus, the class of mail or special service with which the return receipt is associated would reflect the acceptance cost of the return receipt.

The next point at which the Form 3811 would be recognized is at the time of signature and delivery. Postmaster, Window Service and Mail Processing costs would be recorded in the same manner as acceptance discussed above. City Carrier and Special Delivery Messenger return receipt costs would be reflected in the special services: certified, registry, insurance and COD. Rural Carrier costs appear as "Other" special service. Also, the City Carrier In-Office time associated with return receipts, unattached Form 3811, would be captured by IOCS as "Other" special service.

Answer of Richard Patelunas to  
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POIR No. 4 Question 16 Response continued.

The Mail Processing cost of returning the return receipt through the mail stream is recorded as "Other" special service in IOCS and is separately reflected in LIOCATT. The purchased transportation cost of returning the return receipt through the mail stream is recorded as U.S. Postal Service penalty mail.

Delivering the return receipt to the original sender is handled in the following manner. Postmaster delivery would be reflected in the special services cited above for acceptance. Window Service, Mail Processing and City Carrier In-Office would be reflected in IOCS. Rural Carrier delivery would be shown as "Other " special service and City Carrier delivery would be shown as U.S. Postal Service penalty.

The other costs associated with return receipts are the printing costs and the piggyback costs. The printing costs are in Other Miscellaneous in segment 16 and the piggyback costs are displayed in Attachment 1 to this response.

d. Although not separately identified in the carrier cost system, the signature time for return receipts is a portion of the total load time cost pool. Elemental load time is based on shape; that is, the Postal Service estimates the effect of volume on load time by several shape categories, including

Answer of Richard Patelunas to  
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POIR No. 4 Question 16 Response continued.

accountables (see Patelunas Workpaper B-7, W/S 7.0.4.2, line 59, column 9).

The load time attributed to accountables includes the time it takes to obtain signatures. This load time is distributed to the special services: registry, certified, insurance and COD. As such, the signature time costs are distributed to the special services with which the return receipts are associated. Other load time is handled similarly.

e. There is no need to adjust the institutional costs for return receipt. A portion of return receipt costs is not distributed to all mail categories as the question states. Rather, the special study provides attributable costs for return receipts for pricing purposes. The return receipt fee covers these attributable costs as well as the contribution to institutional costs.



			Function	USPS	Insured	Certified	Registry	COD	Other
<b>1. POSTMASTERS</b>									
POSTMASTERS	EAS 23 & BELOW	(1.1)	A		X	X	X		
POSTMASTERS	EAS 24 & ABOVE	(1.2)	O						
GENERAL	MGRS AT BMCS	(1.3)	O						
TOTAL	C/S 01								
<b>2. SUPERVISORS AND TECHNICIANS</b>									
MAIL	PROCESSING	(2.1)	MP						X
CENTRAL MAIL	MARKUP	(2.1)	MP	X					X
WINDOW	SERVICE	(2.2)	A						X
ADMIN & SUPPORT	ACTIVITIES	(2.3)	O	X					X
CITY DELIVERY	CARRIERS	(2.4)	CD	X	X	X	X	X	X
SPECIAL DELIVERY	MESSENGERS	(2.4)	CD			X	X		
RURAL DELIVERY	CARRIERS	(2.4)	CD						X
VEHICLE	SERVICE	(2.4)	CD	X					
EMPLOYEE & HIGHER LEVEL	LABOR RELATIONS	(2.5)	O						X
	SUPERVISORS	(2.5)	O						X
GENERAL SUPV OF	MAIL PROCESSING	(2.5)	MP						X
GENERAL SUPV OF	COLLECT/DELIVERY	(2.5)	CD						X
SUPERVISOR	TRAINING	(2.5)	O						
QUALITY CONTROL	REVENUE PROTECT	(2.5)	O						X
JOINT SUPV	CLERKS/CARRIERS	(2.5)	O						X
OTHER		(2.5)	O						X
TOTAL	C/S 02								
<b>3. CLERKS AND MAIL HANDLERS—CAGS A-J</b>									
MAIL PROCESS	DIRECT LABOR	(3.1)	MP						X
MAIL PROCESS	OVERHEAD	(3.1)	MP						X
MAIL PROCESS	FIXED	(3.1)	MP						
WINDOW SERVICE		(3.2)	A						X
ADMINISTRATIVE	CLERKS	(3.3)	O						X
TIME AND	ATTENDANCE	(3.3)	O						X
SPECIFIC	FIXED	(3.3)	O						
TOTAL	C/S 03								
<b>4. CLERKS, CAG-K</b>									
	POST OFFICES	(4.1)	MP						X
<b>6. CITY DELIVERY CARRIERS, OFFICE</b>									
IN-OFFICE	DIRECT LABOR	(6.1)	CD						X
TRINING, VEH	PREP & KEY HNDLG	(6.2)	CD						X
CAG K		(6.2)	CD						X
IN-OFFICE	SUPPORT	(6.2)	CD						X
TOTAL	C/S 06								
<b>7. CITY DELIVERY CARRIERS, STREET</b>									
ROUTE		(7.1)	CD						
ACCESS		(7.2)	CD	X					
ELEMENTAL	LOAD	(7.3)	CD	X	X	X	X	X	
OTHER	LOAD	(7.4)	CD	X	X	X	X	X	
STREET	SUPPORT	(7.5)	CD	X	X	X	X	X	X
TOTAL	C/S 07								
<b>8. VEHICLE SERVICE E DRIVERS</b>									
TOTAL	C/S 08		CD	X					
<b>9. SPECIAL DELIVERY MESSANGERS</b>									
OFFICE		(9.1)	CD			X	X		
STREET		(9.2)	CD			X	X		
EQUIP MAINT	ALLOWANCE	(9.3)	CD						
SPECIAL	DELIVERY FEES	(9.4)	CD						
TOTAL	C/S 09								

			Function	USPS	Insured	Certified	Registry	COD	Other
10. RURAL CARRIER	S								
EVALUATED	ROUTES	(10.1)	CD						X
OTHER	ROUTES	(10.2)	CD						X
EQUIP MAINT	ALLOWANCE	(10.3)	CD						
TOTAL	C/S 10								
11. CUSTODIAL AND	MAINTENANCE SERV								
CUSTODIAL	PERSONNEL	(11.1.1)	A,CD,MP,O	X	X	X	X	X	X
CONTRACT	CLEANERS	(11.1.2)	A,CD,MP,O	X	X	X	X	X	X
OPER EQUIP	MAINTENANCE	(11.2)	A,CD,MP,O	X	X	X	X	X	X
PLANT & BUILDING	EQUIP MAINT	(11.3)	A,CD,MP,O	X	X	X	X	X	X
TOTAL	C/S 11								
12. MOTOR VEHICLE	SERVICE								
PERSONNEL		(12.1)	CD	X	X	X	X	X	X
SUPPLIES &	MATERIALS	(12.2)	CD	X	X	X	X	X	
VEHICLE	HIRE	(12.3)	CD	X	X	X	X	X	
TOTAL	C/S 12								
13. MISCELLANEOUS	OPERATING COSTS								
CONTRACT	STATIONS	(13.1)	A,CD						
CARFARE		(13.2)	CD,O	X	X	X	X	X	
DRIVEOUT		(13.2)	CD,O	X	X	X	X	X	
TOLLS &	FERRIAGE	(13.2)	O						
FED RESERVE &	COMMERCIAL BKS	(13.3)	O						
EMPLOYEE	AWARDS	(13.4)	O						
EQUIPMENT	SHOPS	(13.5)	O						
CAG L RENTAL	ALLOWANCE	(13.6)	O						
OTHER LOCAL	OPERATIONS	(13.7)	O						
TOTAL	C/S 13								
14. TRANSPORTATIO	N								
DOMESTIC	AIR	(14.1)	T	X					
HIGHWAY		(14.1)	T	X					
RAILROAD		(14.1)	T	X					
DOMESTIC	WATER	(14.1)	T	X					
INTERNATIONAL			T	X					
TOTAL	TRANSPORTATION								
15. BUILDING OCCU	PANCY								
RENTS		(15.1)	A,CD,MP,O	X	X	X	X	X	X
FUEL &	UTILITIES	(15.2)	A,CD,MP,O	X	X	X	X	X	X
COMMUNICATIONS	& OTHER	(15.3)	O						
TOTAL	C/S 15								
16. SUPPLIES AND	SERVICES								
STAMPS &	DISPENSERS	(16.1)	O						
MONEY	ORDERS	(16.1)	O						
EMBOSSSED STAMPED	ENVELOPES	(16.1)	O						
SUPPLY	PERSONNEL	(16.2)	A,CD,MP,O	X	X	X	X	X	X
CUSTODIAL &	BUILDING	(16.3.1)	O						X
EQUIPMENT		(16.3.2)	O						X
COMPUTERIZED	TRACKING/TRACING	(16.3.3)	O						
OTHER	MISCELLANEOUS	(16.3.4)	O						
ADVERTISING		(16.3.5)	O						
REMOTE	ENCODING S&S	(16.3.6)	O						
TOTAL	C/S 16								

			Function	USPS	Insured	Certified	Registry	COD	Other
18. ADMINISTRATIVE AND REGIONAL OPERATIONS									
HEADQUARTERS		(18.1.1)	O						
MONEY ORDER DIVISION		(18.1.1)	O						
AREA ADMINISTRATION		(18.1.1)	O						
POSTAL INSPECTION SERVICES		(18.1.2)	A,CD,MP,O	X	X	X	X	X	X
SUPPLIES & SERVICES		(18.2.1)	O						
MISCELLANEOUS SUPPORT		(18.2.2)	O						
INSP EXPENSES & EMPLOYEE LOSSES		(18.2.3)	O						
REIMBURSEMENTS		(18.2.4)	O						
INDIVIDUAL AWARDS		(18.2.5)	O						
MISC. PERSONAL COMPENSATION		(18.2.6)	O						
MONEY ORDERS		(18.2.7)	O						
REPRICED ANNUAL LEAVE		(18.3.1)	O						X
HOLIDAY LEAVE		(18.3.1)	O						X
CIVIL SERVICE RETIREMENT		(18.3.2)	O						X
FERS RETIREMENT		(18.3.3)	O						X
WORKERS' COMPENSATION		(18.3.4)	O						X
UNEMPLOYMENT COMPENSATION		(18.3.5)	O						X
RETIREE HEALTH BENEFITS		(18.3.6)	O						X
ANNUITANT LIFE INSURANCE		(18.3.7)	O						
ANNUITANT COLA/ PRINCIPAL		(18.3.8)	O						X
ANNUITY PROTECT PROGRAM		(18.3.9)	O						
TOTAL									
20. OTHER ACCRUED EXPENSES									
EQUIPMENT DEPRECIATION		(20.1)	MP						X
VEHICLE DEPRECIATION		(20.2)	CD	X	X	X	X	X	
BLDG & LEASEHOLD DEPRECIATION		(20.3)	A,CD,MP,O						X
INDEMNITIES		(20.4)	O						
INTEREST EXPENSE		(20.5)	O	X	X	X	X	X	X
OTHER EXPENSES & CREDITS		(20.6)	O						
TOTAL									
	Function		Symbol						
	Acceptance		A						
	Collection & Delivery		CD						
	Mail Processing		MP						
	Purchased Transport		T						
	Other		O						

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 4  
to United States Postal Service

POIR No. 4 Question 17.

The additional workday effect (AWE) for cost segment 18 components Repriced Annual Leave (Comp. 199), Holiday Leave Variance (Comp. 200), Civil Service Retirement Fund Deficit-Current (Comp. 201), and Workers Compensation (Comp. 204) is described in Postal Service Library Reference SSR-5, Section 3 at 710 - 715 (handwritten page numbers). This description indicates that the AWE for these components is a redistribution of cost change (control string "18") using a distribution key comprised of 67 components (Total labor costs less costs for segment 11 Postal Operating Equipment Maintenance Labor, component no. 75). This description is also noted in USPS Library Reference SSR-4, filename VBL4 at 513 - 514 (handwritten page numbers).

The AWE treatment for these four cost components does not appear to be consistent with either the Volume effect or the Non-volume Workload effect. For these two cost effects, the control string is the same but the distribution key is different as it includes the costs from segment 11 component no. 75. Additionally, the USPS Library Reference SSR-8, **Rollforward: Volume Variable Cost Report Footnotes**, refers to the volume effect as the treatment of the AWE for these four components. Attachments 1 and 2 detail the AWE for the four segment 18 components. Attachment 1 shows the effect as is reported in USPS LR-SSR-4 and 5, excluding segment 11 component 75 from the distribution key. Attachment 2 shows the effect as is reported in USPS LR-SSR-8, including the segment 11 component 75 in the distribution key.

Please confirm the accuracy of the description of the segment 18 AWE in Library References SSR-4 and 5. If these descriptions are accurate, please explain the reasons why the segment 11 component no. 75 was excluded from the segment 18 AWE distribution key. If the descriptions are not accurate please provide the correct distribution key and show any effect on the Test Year After Rates costs for the segment 18 components 199, 200, 201, and 204.

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 4  
to United States Postal Service

POIR No. 4 Question 17 Response.

The accuracy of the description of the segment 18 AWE in Library References SSR-4 and 5 is not confirmed. The description in USPS LR-SSR-8 is the correct description. The distribution key for these four components includes component 75. Attachment 1 to this response shows the AWE for the four segment 18 components using the distribution key including component 75.

		Additional Workday Adjustment			
Class		Replaced Annual Leave (199)	Holiday Leave Variance (200)	CSRS Current (201)	Workers' Comp Current (204)
FIRST-CLASS MAIL:					
LETTERS & PARCELS	101	-5	-1	-8	-75
PRESORT LTR & PCL	102	-2	0	-3	-23
POSTAL CARDS	103	0	0	0	0
PRIVATE POSTCARDS	104	0	0	-1	-2
PRESORT PRVT P CS	105	0	0	0	-1
TOTAL FIRST	107	-7	-1	-12	-101
PRIORITY MAIL:					
PRIORITY MAIL	110	-1	0	-1	-5
EXPRESS MAIL	111	0	0	0	0
MAILGRAMS	112	0	0	0	0
SECOND-CLASS MAIL:					
WITHIN COUNTY	113	0	0	0	-1
OUTSIDE COUNTY:					
REG RATE PUB	117	0	0	-1	-7
NONPROFIT PUB	118	-1	0	0	-1
CLASSROOM PUB	119	0	0	0	0
TOTAL SECOND	123	-1	0	-1	-8
THIRD-CLASS MAIL:					
SINGLE PIECE RATE	125	0	0	0	-1
BULK RATE-REG					
CAR PRESORT	126	-1	0	-1	-11
OTHER	127	-1	0	-2	-24
TOTAL REGULAR	128	-2	0	-3	-35
BULK RATE-NONPROF					
CAR PRESORT	131	0	0	0	-1
OTHER	132	0	0	-1	-6
TOTAL NONPROF	133	0	0	-1	-6
TOTAL THIRD	135	-2	0	-4	-43
FOURTH-CLASS MAIL:					
PARCELS ZONE RATE	136	0	0	0	-2
BOUND PRNT MATTER	137	0	0	0	-1
SPC 4TH-CL. RATE	139	0	-1	0	-1
LIBRARY RATE	140	0	0	0	0
TOTAL FOURTH	141	0	-1	0	-4
US POSTAL SERVICE:					
US POSTAL SERVICE	142	0	0	0	-1
FREE MAIL-BLIND & HNDC	147	0	0	0	0
INTERNATIONAL MAIL	161	0	0	0	-3
TOTAL ALL MAIL	162	-11	-2	-18	-166
SPECIAL SERVICES:					
REGISTRY	163	0	0	0	0
CERTIFIED	164	0	0	0	-2
INSURANCE	165	0	0	0	0
COD	166	0	0	0	0
SPECIAL DELIVERY	167	0	0	0	0
MONEY ORDERS	168	0	0	0	-2
STAMPED ENVELOPES	169	0	0	0	0
SPECIAL HANDLING	170	0	0	0	0
POST OFFICE BOX	171	0	0	0	-1
OTHER	172	0	0	-1	-1
TOTAL SPC SVCS	173	0	0	-1	-6
ATTRIBUTABLE:					
ATTRIBUTABLE	198	-11	-2	-19	-172
OTHER	199	11	2	19	172
TOTAL COSTS	200	0	0	0	0

Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 5  
to United States Postal Service

POIR No. 5 Question 1.

Evaluation of cost coverages requires reliable cost, revenue, and volume estimates. While cost coverage is the ratio of revenue to attributable cost for a particular subclass or service, volume is an input to both variables and thereby affects coverage. In particular, revenue and cost estimates must be based on the same volume measure in order to have meaningful coverages. The aim of this Presiding Officer Information Request is to clarify the record concerning the cost coverages for Certified Mail Service.

a. Please confirm that attributable costs of \$281,429,000 presented in Exhibit USPS-T-5A, page 8, for the Base Year FY 1995, are "pure" certified costs using the Postal Service's proposed attribution methodology; i.e., the costs do not include any costs for any other mail or special service, such as for merchandise return receipt. If not confirmed, please identify what other costs were included and how they were derived.

b. Is the Certified Mail Service costing approach reflected in your answer to a. above consistent with the approach presented in the most recent omnibus rate request, Docket No. R94-1? If not, please discuss all of the differences.

POIR No. 5 Question 1 Response.

a. Confirmed.

b. Assuming that the question is asking whether or not the Certified Mail Service costs presented in Docket No. R94-1 were "pure" as defined in part a.; the answer is yes, they were pure in Docket No. R94-1.

9. In the acceptance survey, LR SSR-111, rural boxholders were asked initially if they would accept a fee (\$24) that was six times greater than the fee they were currently paying (\$4). Upon answering no, they were asked if they would accept a fee (\$8) that, although double what they were currently paying, was only one third of the fee they were initially asked about. These large differences in price were not present in the case of urban respondents. Please discuss any possible bias which may result from testing the fees in this sequence.

In the survey, holders of Size 1 boxes in non-city delivery (NCD) offices, who currently pay \$8.00 annually, translated to \$4.00 semiannually, were first asked if they would accept a semiannual fee of \$25.00. If they would not, they were asked about a semiannual fee of \$8.00. If they did agree to the semiannual fee of \$25.00, they were asked if they would accept a semiannual fee of \$45.00.

In terms of proportions, the lowest price is about a third of the mid-price. This situation arose primarily because of the range of prices the Postal Service wished to examine and the need to include points at the extremes of that range.

The Information Request asks that we "discuss possible bias which may result from testing fees in this sequence." The logic of the sequence has already been discussed in my Response to OCA/USPS-T6-15. However, the real question is probably one of discussing the effect of using this sequence in a situation where the lowest price is much smaller than the mid-price.

We might hypothesize that the fact that the lowest price was about a third of the mid-price would make that lowest price more attractive than if it had been, for example, two thirds of the mid-price. However, we might also hypothesize that an eight dollar semiannual fee is low in absolute terms, regardless of the proportion of the mid-price that it represents.



We might hypothesize that the wide range of prices used for Group 2, which resulted in a high value for the middle price, had the effect of reducing acceptance of the mid-price and, given our sequence, provided more boxholders with an opportunity to discuss acceptance of the low price. This, too, could drive up the apparent acceptance of only the low price by adding those boxholders who would have accepted a lower mid-price.

It is not unlikely that all of the hypothesized influences played some part in reported acceptance of the prices offered. It is, however, my professional opinion that the overall effect would be small and, to some degree, self-canceling.

Any definitive statements of this subject would require an extensive testing process.

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

4. According to the Domestic Mail Manual, in Group I offices if a customer's post office box mail volume exceeds the capacity of the box on 12 of any 20 consecutive business days the customer can be required to use caller service. D920.1.7. Caller Service is only available in Group II offices when there are no post office boxes of the appropriate size available. D920.4.3b. What is current policy for Group II offices when a customer's post office box mail volume routinely exceeds box capacity? What are the current fees for such a customer?

RESPONSE:

The current policy for Group II offices when a customer's post office box mail volume routinely exceeds box capacity is the same as the policy for Group I offices. According to the Domestic Mail Manual, when the mail exceeds the box capacity on 12 of any 20 consecutive business days the customer must use caller service, change to a larger box, or use one or more additional boxes (subject to availability). D910.3.5. The current semi-annual Group II fees for larger boxes is \$13.00 (annual) for a size 2 box, \$12.00 for a size 3 box, \$17.50 for a size 4 box, and \$27.50 for a size 5 box. The current semi-annual fee for caller service is either the fee for the largest size box at the office, or the \$225 Group IC caller service fee, if additional separations are requested.

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

5. Is highway delivery considered equivalent to rural delivery for purposes of determining post office box fees?

RESPONSE:

Yes. That is why the term "non-city delivery" is used for Group II.

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

6. For purposes of post office box fees, in what group (I, II, or III) are community post offices included?

RESPONSE:

The Domestic Mail Manual (DMM) provides that a community post office (CPO) can fall into Groups I or III, depending upon the type of delivery provided by its administering office. The general rule is provided in DMM § D910.4, which makes the fee schedule at an independent post office applicable at all of its subordinate branches and stations, including contract units. Thus a CPO administered by a Group I post office should also charge Group I fees. Under the provisions of DMM § D910.4.3.a, however, box customers at CPOs administered by Group I offices who are ineligible for carrier delivery of any type may nonetheless qualify for one Group II box. In some such Group I CPOs, this may mean that most customers actually pay Group II fees. A CPO administered by a Group II or non-city delivery post office is defined by DMM § D910.4.5 as falling within Group III.

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

7. Are there any post offices which do not offer city, rural, highway, or general delivery service? If yes, please describe the type of office that falls under this category. Please provide a list of all such post offices.

RESPONSE:

Since "General delivery is intended for use primarily at [] [p]ost offices without carrier delivery," Domestic Mail Manual (DMM) § D930.1.1, the answer should be "no," and I am not aware of any such post offices. See *also* DMM D910.4.8, which states that a Group II eligible customer is entitled to a single general delivery separation without time limit. Unique post office box sections if operated on a stand-alone basis may not offer any of the other four enumerated types of delivery service and so might appear to be a contrary example, but they are subordinate to post offices, rather than post offices themselves.

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

8. In his response to OCA/USPS-T7-2, witness Lion states, "For Group E offices, as proposed, no city or rural delivery service is available." Are offices that provide no city, rural or highway delivery, but do provide general delivery, currently considered Group III offices for purposes of post office box fees? Are box holders at these offices currently paying \$2 a year for box rental?

RESPONSE:

Contract offices that share these attributes and are administered by non-city delivery offices all charge Group III fees, currently \$2 per year. In keeping with the definition of Group III offices as including only contract facilities, Domestic Mail Manual (DMM) § D910.4.5, postal operated offices of the type described in the question charge Group II fees. A description of such a Group II post office (San Luis, Arizona) appears in the testimony of witness Landwehr, USPS-T-3 at 5-8.

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

11. Are there any customers in group II offices who are not eligible for rural delivery? If yes, what is the current box rental fee for such customers? What is the proposed box rental fee for such customers?

RESPONSE:

Yes. If such customers are box holders, they pay Group II fees. Assuming the office is a postal-operated office with no carrier routes of any type (see my Responses to POIR 1, questions 5 and 8), these box holders would find themselves in Group E under our proposal. For customers in offices which offer some form of non-city delivery, the customers would pay proposed Group D fees.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

4. In response to POIR No. 1, question 6, witness Needham states that currently "customers at CPOs administered by Group I offices who are ineligible for carrier delivery of any type may nonetheless qualify for one Group II box." Does the situation change depending on whether all customers are ineligible or only some customers are ineligible? For each of these scenarios, identify the fee groups to which customers ineligible for delivery will be assigned under the Postal Service's proposal and the number of box holders projected to be in each of these situations?

RESPONSE:

No, the fees charged do not depend upon whether some or all customers are eligible for delivery. DMM § D910.4.3(a) controls this situation, providing with respect only to Group I fees that "A customer ineligible for any kind of delivery by postal carrier may use one box at Group 2 fees." Postal information systems are based upon facilities, rather than individual customers, which means that no information is available regarding how many box customers at Group I offices qualify for a Group II box under this provision. Such customers must accordingly be lumped together with Group I boxholders for purposes of analysis from existing data systems.

Under the Postal Service proposals, the general rule that CPOs administered by the successors to Group I offices (Group A, B, and C offices) will charge the same fees as their parent offices may continue, be eliminated, or be expanded during the implementation effort. Whether the limited exception currently defined by DMM § D910.4.3(a) continues to apply will also be worked out during the implementation. Since existing postal information systems do not categorize individual customers by their eligibility for carrier delivery, no information is available on the number of CPO customers at Group I administered offices.



RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

5. For the following scenarios, please identify the rates box holders currently pay and what group rate they will pay under the Service's proposal. Also, please provide the number of current box holders under each scenario and the projected after rate volumes.

- a. Customer ineligible for delivery at a postal operated Group I office.
- b. Customer ineligible for delivery at a postal operated Group II office with some customers eligible for route delivery. Please confirm that answer applies to Middleburg residents not on the rural routes.
- c. Customer at a postal operated office with no route deliveries. Please confirm that answer applies to all San Luis, AZ box holders.
- d. Customer ineligible for delivery at a CPO office when some customers of the CPO are eligible for route delivery and the CPO is administered by a Group I office.
- e. Customer at a CPO with no delivery routes serving customers of the CPO and the CPO is administered by a Group I office.
- f. Customer eligible for route delivery at a CPO administered by a Group I office.
- g. Customer ineligible for delivery at a CPO office with some customers of the CPO eligible for route delivery and the CPO is administered by a Group II office.
- h. Customer at a CPO when no delivery routes serve customers of the CPO and the CPO is administered by a Group II office.
- i. Customer eligible for route delivery at a CPO administered by a Group II office. Please provide the volumes pre and post rates by box size for this scenario.

RESPONSE:

For purposes of answering these questions, as well as for the revenue projections relied upon in the Postal Service proposals, two assumptions are necessary. First, customers of postal-operated offices that provide no form of carrier delivery are all assumed to be eligible for carrier delivery from some postal facility. Second, customers of contractor-operated facilities administered by Group II offices are assumed to be ineligible for any form of carrier delivery. While neither of these assumptions is always true, we believe that both are usually true. The creation of independent post offices was the primary means of meeting new service

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

Question 5, Page 2 of 4

requirements for the first century or so of postal services in the United States. Population growth patterns in more recent years have blurred once distinct boundaries between many communities, requiring decisions regarding mail processing to be made at more aggregated levels. In recognition of this, delivery operations have been consolidated out of once independent post offices into larger facilities that promote efficient mail handling. On the other hand, the use of contractors has grown where mail processing operations are less critical, community post offices (CPOs) being prominent examples. This means that contractor-operated facilities are more likely to be operated in areas that do not provide any form of carrier delivery.

These assumptions are consistent with the treatment of box customers under the existing box fee structure wherein box customers at contractor-operated facilities administered by Group II offices are eligible for lower fees than customers at similarly-administered postal-operated facilities. The only customers now eligible for Group III fees are those who obtain box service at contractor-operated facilities. DMM § D910.4.3.

Postal information systems do not track customer eligibility for carrier delivery. These assumptions accordingly make possible the projection of revenue, but the information systems do not permit precise projection of the number of customers who will qualify for Group E box fees.

This question requests four pieces of information with respect to the scenario described in each subpart: 1) current box fees; 2) proposed box fees; 3) number of current boxholders under each of scenarios a through i; and 4) number of projected boxholders. Accordingly, each subpart is answered with respect to these four to the extent information is presently available. Also worth noting is that some of these answers depend on regulations that will appear in the DMM, and as of the date of these responses no firm decisions have been made

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

Question 5, Page 3 of 4

regarding what those regulations will state. Notwithstanding, a good faith effort is made to answer based upon current expectations.

- a.
  - 1) As discussed more thoroughly in connection with POIR-2, question 4, one box at Group II fees. Additional boxes would be at the applicable Group I fees.
  - 2) Group A, B, or C fees, although implementation could change this including by retention of the principle in DMM § D910.4.3(a).
  - 3-4) Not available.
- b.
  - 1) Group II fees. Confirmed that these fees apply to Middleburg Post Office box customers.
  - 2) Group D fees.
  - 3-4) Not available.
- c.
  - 1) Group II fees. Confirmed that box customers of the San Luis Post Office are charged Group II fees.
  - 2) Group D fees consistent with the first assumption discussed above.
  - 3) I understand this number, 1,460,254, is reflected in the revised response to Presiding Officer's Information Request 1, question nine.
  - 4) I understand that, in conformity with the analysis in USPS-T-1, workpaper C, the after-rates number of boxes would be 1,293,544.
- d.
  - 1) Since the CPO is administered by a Group I office, Group I fees apply with the exception noted in my response to question 4.
  - 2) In conformity with the discussion provided in my response to question 4, the fees paid by these customers will be worked out during implementation.
  - 3-4) Not available.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
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Question 5, Page 4 of 4

- e.
  - 1) Since the CPO is administered by a Group I office, Group I fees apply with the exception noted in my response to question 4.
  - 2) In conformity with the discussion provided in my response to question 4, the fees paid by these customers will be worked out during implementation.
  - 3-4) Not available.
- f.
  - 1) Since the CPO is administered by a Group I office, Group I fees apply with the exception noted in my response to question 4.
  - 2) In conformity with the discussion provided in my response to question 4, the fees paid by these customers will be worked out during implementation.
  - 3-4) Not available.
- g.
  - 1) Group III fees. Contractor-operated facilities (including community post offices (CPOs) and contract postal units (CPUs)) that are operated by Group II offices are the only offices that offer Group III fees. *See* DMM § D910.4.5
  - 2) Depending upon decisions made during implementation, Group D or E fees.
  - 3-4) Not available.
- h.
  - 1) Group III fees.
  - 2) Group E fees.
  - 3-4) Not available.
- i.
  - 1) Group III fees.
  - 2) Group D fees. *See* footnote 2 to proposed DMCS SS-10.
  - 3-4) Not available.

Response of Witness Needham to Presiding Officer's Information Request No. 2

6. Will Group E box holders have a choice of box sizes? If yes, will all box holders be charged \$0 independent of size. If yes, how will boxes of different sizes be allocated to customers when the cost for all boxes is \$0?

RESPONSE:

It is planned that Group E boxholders would be assigned the appropriate size box for their needs as is currently the practice in Group III. The proposed fee, like the current fee of two dollars, is independent of box size.

## Response of Witness Needham to Presiding Officer's Information Request No. 2

8. Are there any circumstances under which a customer in a Group A, B, C, or D office may be ineligible for delivery service. If yes, describe the types of circumstances. Please provide the number of customers holding post office boxes in each of the types of circumstances identified. Please identify the fee groups to which these customers will be assigned under the Postal Service's proposal.

## RESPONSE:

The Postal Service does not believe any resident customers of Group A offices will be ineligible for delivery. In Group B, C and D offices, there are two circumstances under which resident customers could be ineligible for delivery: the quarter mile rule (*see e.g.*, Domestic Mail Manual Transition Book § 156.22), and residents in areas to which the Postal Service has not extended delivery services. Customers in Middleburg, Virginia Post Office are examples of the former while some customers of the San Luis, Arizona Post Office are examples of the latter. *See* USPS-T-3. The Postal Service does not have information regarding customer eligibility for delivery and so cannot provide the number of customers in each category.

Under the revenue estimates supporting the office-based proposals of the Postal Service, all customers of B, C or D offices are assumed to pay the appropriate B, C or D fees. Any exceptions to this general rule would be developed as part of implementation.

Response of Witness Needham to Presiding Officer's Information Request No. 2

9. Based on the answers to POIR No. 1, questions 9 and 11, it appears that there will be some box holders not eligible for delivery who will receive free boxes while other box holders also not eligible for delivery will have to pay for their boxes. Please confirm whether this situation will occur and identify the number of such box holders in each of the proposed fee groups.

RESPONSE:

Confirmed that the Postal Service revenue projections make the implicit assumption that only some resident customers ineligible for any kind of carrier delivery will get free boxes. Implementation of the new box fee schedule may mitigate this. The Postal Service has no information on customer eligibility for delivery and so is unable to report how many boxholders in respective fee groups are or will be ineligible for delivery.

## Response of Witness Needham to Presiding Officer's Information Request No. 2

11. According to DMM section D930, firm holdout service is available free to customers receiving fifty (50) or more pieces of mail on the first delivery of each day. The section also explains that a form must be filled out and that postmaster approval is required. Please explain the following.

a. Under what conditions would a postmaster not approve a request for firm-holdout status and do these conditions carry implications for the approval of either caller services or post office box service?

b. Please explain the differences in mail processing between firm holdout mail and mail destined for caller service or box service, including an explanation of where "firm holdout" mail is held.

c. Under what conditions would a large customer (receiving over fifty (50) pieces per day) decline an option for firm-holdout status and prefer instead to pay for caller service or for a large post office box?

e. Please provide any information available on the relationship between the price of caller service and box service, and the demand for firm holdout status.

## RESPONSE:

- a. For each request for firm holdout service, the postmaster would need to examine the request in light of available resources, operational costs, and operational impact on the office. Since the impact of each request would vary, there are many possible conditions which would prevent approval of firm holdout. The alternative of post office box service or caller service would be recommended for those conditions preventing firm holdout approval.
- b. There would not be any distinct differences in mail processing for caller service or firm holdout, as the mail for both of these services would be separated at the case by either clerks or carriers and held at the case.
- c. The advantage of caller service or post office box service over firm holdout is realized in delivery. Caller service or box customers may take advantage of picking up their mail frequently and can do so earlier than firm holdout customers who adhere to a set schedule.



Response of Witness Needham to Presiding Officer's Information Request No. 2

- e. The Postal Service does not have nay information available on the relationship between the price of caller service and box service, and the demand for firm holdout status.

**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 3**

3. In response to POIR No. 2, question 9, witness Needham states, "the Postal Service revenue projections make the implicit assumption that only some resident customers ineligible for any kind of carrier delivery will get free boxes. Implementation of the new box fee schedule may mitigate this..."

a. Does the Postal Service intend to offer free boxes to all customers who are ineligible for delivery regardless of which Group office they belong.

b. If yes, please provide your best estimate of the maximum amount of test year box rental revenue that the Postal Service would lose from such a decision.

c. If no, please discuss the equity issues involved in offering free boxes to some customers who are ineligible for delivery and not to other customers who are also ineligible for delivery.

**RESPONSE:**

a, c. The existing box fee schedule is based upon the type of carrier delivery offered by an office, with a \$2 fee for Group III offices. As explained in the response to POIR No. 2, question 5, these offices generally offer no carrier delivery, and most of their customers are understood to be ineligible for carrier delivery. The low \$2 fee provides some recognition that customers ineligible for carrier delivery deserve a fee break. The existing fee structure does not, however, extend the \$2 fee to customers at Group I and II offices who are ineligible for carrier delivery, or to those postal-operated facilities that offer no carrier delivery.

In view of the difficulties in determining eligibility for delivery for each customer, the Postal Service's proposed box fee structure retains the historical starting point -- the type of carrier delivery an office provides. The proposal

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would reduce the \$2 fee to \$0, and make that fee apply uniformly to all offices lacking carrier delivery, whether postal-operated or contractor-operated. The box fee proposal accordingly promotes the goal of providing one form of free delivery while eliminating an existing inequity.

In itself, however, the proposal would not require the offering of a free box to all customers ineligible for carrier delivery, in particular to box customers at offices which provide carrier delivery only to some but not all of their customers. At these offices, customers may be ineligible for delivery because of the quarter-mile rule, the sheer remoteness of a customer's location, collective customer preference, or decisions by local postal managers to provide delivery by other methods such as general delivery and box service. Providing boxes at no charge for customers ineligible for carrier delivery at offices offering some carrier delivery is a possibility permitted but not required by the Postal Service proposal, with final details to be worked out during implementation.

The goal of implementation will be to develop rules that bridge the gap between the office-based nature of the current and proposed post office box classification structure, and the customer-based policy goal of providing free box service to local customers ineligible for any kind of carrier delivery. These

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POIR 3, Qu. 3

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rules must be administratively practical, and reflect the wide variety of customer circumstances that can determine eligibility for carrier delivery.

While an office-based box fee structure may be an imperfect means of furthering a goal of one form of free delivery for each customer, the fact that all customers currently ineligible for carrier delivery would not be treated identically does not make the proposal inequitable. Different fees for customers based on the type of office providing box service has been accepted as equitable throughout the history of the Commission. Unlike the customers who would pay \$0, the customers to whom the \$0 fee might not be offered are all served by offices that offer some form of carrier delivery. As noted, moreover, customer ineligibility arises for several reasons, and these provide a reasonable basis for distinguishing customers. Special circumstances can be addressed during implementation. Moreover, the proposal furthers the goal of free delivery, while reducing inequities present in the existing fee schedule.

- b. Not applicable

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4. In OCA/USPS-T7-28, the OCA asks whether or not "the Group II post office boxes in use [that] are located in offices which do not provide city or rural delivery service pay the proposed Delivery Group D fees?" Witness Needham responds, "No, unless the boxes are used by nonresidents." In POIR No. 2, question 7, witness Lyons confirms that "the Group II boxholders of offices with no carrier delivery are included in the Group II revenue calculations" and states "customers at these offices who are eligible for delivery will pay group D fees." Given that these two responses are referring to the same customers, that is, boxholders at Group II offices with no carrier delivery, please explain this apparent contradiction.

**RESPONSE:**

My revised response to OCA/USPS-T7-28, filed August 28, 1996, removes this apparent contradiction. Both my revised response to OCA/USPS-T7-28, and witness Lyons' response to POIR No. 2, question 7 state that boxholders in post office boxes that are located in Group II offices without carrier delivery will pay Group D fees, assuming the boxholders are eligible for carrier delivery from another office. See proposed Schedule SS-10, footnote 2, in the Postal Service's Request. Our assumption that these boxholders are generally eligible for delivery is discussed in my response to POIR No. 2, question 5.

**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 3**

**5.** Consider the following scenario: An office which has a noncity delivery route and has some customers who receive delivery from a city route originating at another post office. Under this scenario, what delivery group fees are boxholders currently paying? What delivery group fees will they be paying under the Postal Service's proposal?

**RESPONSE:**

These customers currently pay Group II fees, and under the Postal Service's proposal they would pay Group D fees. This answer assumes that the implementation process would not change the current practice that eligibility for delivery from a city route originating at another post office does not affect the box fees for such customers.

**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO  
PRESIDING OFFICER'S INFORMATION REQUEST NO. 3**

**11.** In response to OCA/USPS-T8-8, witness Needham shows \$416.7 million in revenue for Certified Mail and \$365.6 million in revenue for return receipt mail. The sum of these two revenues is \$782.3 million. Postal Service Exhibit USPS-T-5J, page 23, shows \$784.3 million. Please explain the \$2 million discrepancy?

**RESPONSE:**

I note that page 23 of Exhibit USPS-T-5J was revised on July 1, 1996 to show \$774.9 million in certified mail revenue, instead of the \$784.3 million referenced in the question. The revised difference of \$7.4 million (instead of the \$2 million discrepancy in the question) results from the fact that the return receipt revenue of \$365.6 million is not all associated with certified mail. Approximately \$6.3 million of the \$365.6 million is associated with registered mail, and approximately \$1.1 million is associated with insured mail. See USPS-T-1, WP D, page 2.

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INFORMATION REQUEST NO. 3

18. The Postal Service is requested to comment on the following matters regarding the proposed DMCS language accompanying its Special Services filing:

a. Would it be appropriate to make a conforming change in the second sentence of § 222.13, by substituting the word "stamped" for the word "postal" where it appears in the phrase "and returned by mail as a single postal or post card?"

b. Would the organization and clarity of the Express Mail Insurance provisions, especially § 9a.021, be improved by separating document reconstruction from merchandise, and further distinguishing merchandise from negotiable instruments, currency and bullion?

c. In § 9a.021:

(1) Does the phrase "regardless of the number of claimants" mean that both sender and receiver may exercise insurance rights in the mailing? If not, please explain to whom it refers.

(2) Do the references to "per piece" in connection with both document reconstruction and merchandise indemnity refer to the "mailpiece" as a whole, or to individual documents or items comprising a mailing sent via Express Mail?

d. DMCS § 500.41c, currently reads:

For [Express Mail] mailings valued at \$15 or less,  
for negotiable items, or currency or bullion, the  
indemnity is \$15 to be paid under terms and conditions  
prescribed by the Postal Service.

The successor provision (§ 9a.021) reads:

For negotiable items, currency, or bullion, the maximum liability is  
\$15.

Thus, in addition to eliminating the introductory clause of "For mailings valued at \$15 or less," the new wording appears to change the level of exposure from a flat \$15, and apparently no less, to a **maximum** of \$15. Please comment on whether a substantive change was intended, and on the rationale for the limitation, given that there is a \$1500 limit on merchandise.



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RESPONSE:

- a) Yes; this would be consistent with changing the product name "postal cards" to "stamped cards."
- b) The Postal Service is satisfied that the proposed language is sufficiently clear. The last sentence in DMCS SS-9a.021 creates a narrow exception to Express Mail insurance for certain specified items. In interpreting this provision and explaining coverage to claimants, the Postal Service has treated this provision as a general exception to Express Mail insurance. The Postal Service has not treated negotiable items, currency, or bullion as either merchandise or documents; rather, it intends to limit its liability for these narrowly defined items. Consequently, it does not appear necessary to characterize these as merchandise in the DMCS language as the questions suggests.
- c) (1) No. It is my understanding that the "per occurrence" limitation applies to catastrophic losses of multiple Express Mail articles. For example, if a number of Express Mail articles traveling together are lost or damaged simultaneously, the maximum liability of the Postal Service for all *document reconstruction* claims arising from the catastrophic event that caused the loss or damage to the articles could not exceed \$5000. In such circumstance, if the total amount properly payable for document reconstruction claims among the claimants exceeded

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\$5000, the Postal Service would pay each such claimant a pro rata share based upon the amount of the payable claim. Merchandise claims would not be subject to the \$5000 "per occurrence" limitation. Because the average payable document reconstruction claim is quite modest, averaging less than \$100 per article, see USPS LR-SSR-109 at 2, the Postal Service believes that circumstances in which this provision would be invoked would be quite rare, if at all. As information, the reduction in the per occurrence limitation from \$500,000 to \$5000 would mirror the proposed 100-fold decrease in per piece coverage from \$50,000 to \$500.

c) (2) The term "per piece" refers to the Express Mail article, not to the contents.

d) First, we note that the limit on merchandise is presently \$500, not \$1500.

Two substantive change in the DMCS language are proposed. The first is that for Express Mail articles with contents valued at less than \$15.00, the Postal Service would only pay the claimant the actual value of the contents, rather than the \$15.00 minimum. The second is that rather than offering a flat \$15.00 payment in the event of loss or damage to negotiable items, currency, or bullion, the Postal Service would offer reimbursement *up to* \$15.00 for each such loss.

The Postal Service submits that these proposals are fair and equitable. First, the Postal Service already offers reasonable compensation in the event of loss for articles valued at \$15.00 or less through reimbursement of Express Mail

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postage. See DMCS § 181; DMM § S500.2.0. Secondly, the proposal promotes equal treatment among claims. It is not necessary to favor mailers of low-value articles or negotiable items, currency, or bullion valued at less than \$15.00 by offering reimbursement in excess of the actual loss. Claimants will receive reimbursement for the actual value of their losses in accordance with the insurance coverage provided.

Response of Postal Service Witness Needham to Presiding Officer's Information Request No. 4, Questions 1 - 5, MC96-3

1. Refer to the following statements.

a. "Non-residents would be defined as those individual or business boxholders whose residence or place of business is not located within the 5-digit ZIP Code area of the office where box service is obtained." USPS T-7, p. 23-24.

b. "Box customers are considered non-residents when they obtain box service in post offices that are not responsible for delivery to the customers' street addresses." USPS T-7, p. 33.

c. "You would be considered a resident in the post office that provides your mail delivery." Tr. 3/804.

d. There are some residents in non-delivery offices who are eligible to receive delivery from other offices, for example: San Luis, Arizona. USPS-T-3, p. 5.

These statements appear to conflict, please reconcile or correct.

#### RESPONSE:

The four statements are consistent with each other. The first two statements describe the general concept that a non-resident is a boxholder who does not live within the perimeter of the delivery area ZIP Code for the post office at which the box service is obtained. The third statement was made in response to a question about whether a customer could avoid the non-resident fee if he or she lives in a New York apartment building with its own unique five-digit ZIP Code. My response indicated that a customer can avoid the non-resident fee at the post office that provides his or her mail delivery. I specifically referred to the particular 5-digit ZIP Code facility that provides carrier delivery to the building. However, as set forth below – and in more detailed form in the First Status Report, filed contemporaneously with these responses to POIR-4, that New York customer will have still other options for avoiding the non-resident fee. The last statement concerns someone who lives in the vicinity of a non-delivery office, such as San Luis, but receives delivery from another office. The word "resident" as used in subpart d of the question refers to the general meaning of that word, and is not

Response of Postal Service Witness Needham to Presiding Officer's Information Request No. 4, Questions 1 - 5, MC96-3  
intended to specify the customer's residency status for purposes of the non-resident fee. See Tr. 3/482-83.

A "non-resident fee" is in reality an "alternate service fee" for a postal customer who elects to receive mail via a method other than the free method provided by the Postal Service.

The applicability of the non-resident fee is straightforward when one post office serves and provides delivery for a single ZIP Code delivery area. All customers living within the perimeter of the delivery area ZIP Code would be residents. Persons living outside the perimeter would be non-residents and subject to the non-resident fee.

However, a literal application of the non-resident fee on a 5-digit ZIP Code basis could operate to make a large number of existing boxholders non-residents, particularly customers of multi-facility, multi-ZIP Code independent post offices. The Postal Service has therefore committed itself in the implementation effort to the principle that a boxholder who is eligible for delivery from one facility of a multi-ZIP post office will be treated as a resident at any facility assigned to that post office. This and other decisions are further elaborated upon in the First Status Report.

Response of Postal Service Witness Needham to Presiding Officer's Information Request No. 4, Questions 1 - 5, MC96-3

2. In response to POIR No. 2, Question 5, item c, witness Needham confirmed that box customers of the San Luis Post Office are charged Group II fees and will be charged Group D fees under the Postal Service's proposal. During oral cross examination, witness Needham indicated that resident boxholders at San Luis would receive free boxes. Tr. 4/1292-93. Please reconcile these apparently conflicting statements.

**RESPONSE:**

The response to POIR No. 2, Question 5, begins with "For purposes of answering these questions, as well as for the revenue projections relied upon in the Postal Service proposals, two assumptions are necessary." The response then proceeds to explain what the two assumptions are, that they are used to permit projection of volumes and revenues given the constraints of existing data systems, and why they are "usually" but not "always" true. Item c to Question 5 was thus answered in conformity with the first sentence of the answer.

My testimony at Tr. 4/1292-93 was not similarly constrained by the assumptions but conforms with the proposed DMCS language which states that the proposed \$0 semi-annual fee applies at "offices that do not offer any carrier service." See Attachment B at page 5 to the Postal Service Request. The San Luis Post Office represents an exception to the revenue-projection assumption that all customers of postal-operated non-delivery offices are in fact eligible for carrier delivery from some other office. Resident boxholders at the San Luis Post Office thus would receive free boxes.

Response of Postal Service Witness Needham to Presiding Officer's Information Request No. 4, Questions 1 - 5, MC96-3

3. Refer to Exhibit A on the next page. Question marks indicate situations where uncertainty exists due to conflicting statements on the record. Please correct any inaccuracies and resolve conflicts.

**RESPONSE:**

Group I Offices and Their A, B, and C Successors:

Exhibit A indicates the source of some, but not all, of its premises and conclusions while pointing out three areas of doubt. This response does not limit itself to these three areas, but instead discusses each part of the Exhibit which appears to warrant further explanation.

Regarding Group I customers, the third conclusion, but not the first two, is qualified by "whether or not eligible for delivery." As the First Status Report indicates, however, the Postal Service intends that all successor fee groups to the former Group I should be treated alike. Thus, all customers at Group A, B, or C offices who are ineligible for carrier delivery (for any reason other than the quarter-mile rule) are expected to be entitled to a Group E box. See First Status Report. The qualification in Exhibit A therefore incorrectly distinguishes Group C from Groups A and B and fails to reflect that customers at Group A and B offices also may qualify for a Group E box if they are ineligible for carrier delivery.

As stated on page four of the Response of United States Postal Service to Question of the Office of the Consumer Advocate Posted at the Hearing on September 10 (hereafter "Response to Hearing Question"), filed September 18, existing Domestic Mail Manual (DMM) § D910.4.3a provides a reduced fee at Group I offices for customers who are ineligible for any kind of carrier delivery, and its principle "could be used during implementation to extend eligibility for a Group E box to all customers who

are ineligible for delivery." As set forth in the First Status Report, this extension appears likely for all but quarter-mile customers.

Group II Offices and Their D Successors:

The first area of doubt in Exhibit A regarding box fees in successor offices to Group II concerns my statements at Tr. 3/885-86 and Tr. 3/881. Exhibit A does not accurately characterize these two statements; nor are they inconsistent with one another.

At the bottom of transcript page 885, Chairman Gleiman asked what fees would be paid by customers of an office that provides carrier delivery to some, but not all, of its [apparently local] customers. I responded correctly that "[s]hort of the final implementation" none of the customers would receive free boxes. The Postal Service Request consists of proposed changes to the DMCS, and the proposed language extends Group E fees only to offices that offer no carrier delivery. Hence, the proposed office-based DMCS language would not itself extend free boxes to customers of an office that provides carrier delivery to only some of its customers. However, as discussed in these responses, including the First Status Report, implementation is expected to extend free box service to additional customers who are ineligible for carrier delivery.

Exhibit A cites to Tr. 3/881 for the proposition that local customers (1) of an office that provides delivery to some, but not all, of its customers, who (2) are ineligible for delivery, (3) will pay Group E (\$0) fees. As explained in the previous paragraph, this outcome is not required by the proposed DMCS language, although this is likely to be the proposed implementation standard.



The thrust of Commissioner LeBlanc's line of questions at Tr. 3/880-81 is whether two fees will be charged for the same size box at the same office. The correct answer, which I provided at that time, is "yes", since the Postal Service's proposal states that customers at Group E offices who are eligible for delivery pay Group D fees, rather than the Group E fees payable by customers who are not eligible for delivery. My response was specifically limited to Group E offices: At line 11 on page 881, I qualified my statement that a customer ineligible for delivery would pay a \$0 fee with the words, "if they are in a nondelivery office." Thus, this statement is incorrectly applied in Exhibit A to Group II offices. As explained in the First Status Report, however, three fees would be possible at Group A through D offices: the basic fee for residents, the non-resident fee, and, for customers ineligible for carrier delivery, the Group E fee.

The second area of doubt in Exhibit A with respect to Group II offices contrasts witness Lyons' workpapers with the Response to Hearing Question regarding the fees to be paid by resident customers of a postal-operated office that provides no carrier delivery. The former indicates that for purposes of estimating volume and revenue, such customers are assumed to pay Group D fees, while the latter indicates that such customers will pay Group E fees. The proposed DMCS language would require that such customers pay Group E fees, if they are not eligible for carrier delivery, since they are obtaining box service from a non-delivery post office. The statement in witness Lyons' workpapers is based upon the two assumptions used to project volume and revenues that are described more fully in the response to POIR No. 2, question 5.

Group III Offices and Their E Successors

The third question posed by Exhibit A pertains to Group III offices, which are contractor-operated facilities administered by Group II offices. When some resident customers of a Group III office are eligible for carrier delivery, the question asks whether all customers would pay Group D fees or those ineligible for delivery would instead pay Group E fees.

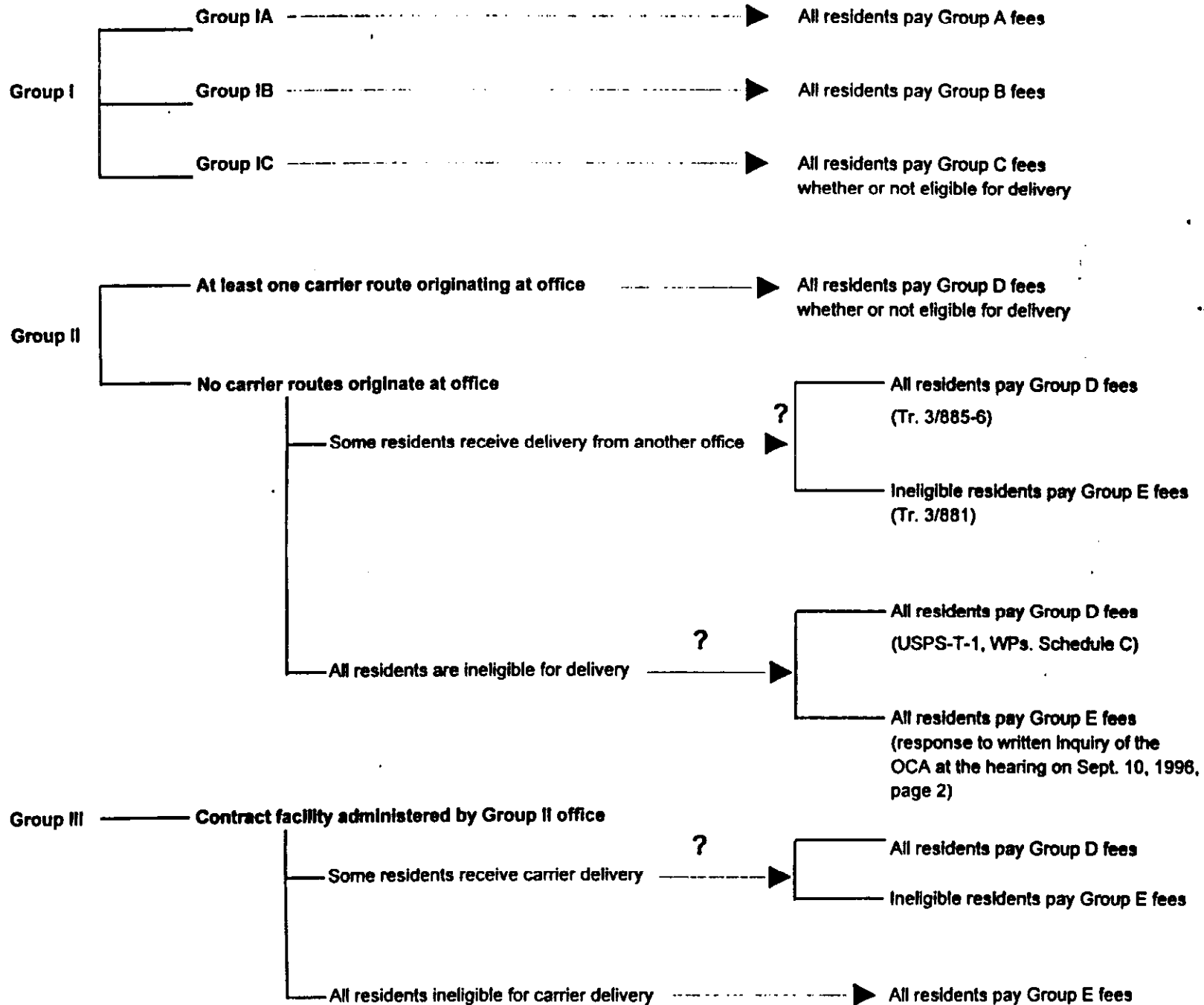
It is worth noting, as reflected in the First Status Report, that the Postal Service has committed itself to the principle that all contract facilities, including community post offices, should charge the same fees as their administering post offices.<sup>1/</sup> Group E offices would thus include only postal-operated non-delivery offices, but the pool of customers ineligible for delivery and thus eligible for a Group E box at other offices would expand the universe of Group E customers. The First Status Report addresses this in greater detail.

This will not affect the proposed fees paid by customers at Group III CPOs, which will still be determined by the customers' eligibility for delivery. Since the fees for former Group III offices will be the same as those for the administering Group D office, a current Group III customer who is not eligible for carrier delivery is expected to qualify for a box at the Group E fee. I expect this circumstance to apply to most Group III customers.

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<sup>1/</sup> This answers the question expressly reserved in the second paragraph of the Response to POIR No. 2, question 4.

# Exhibit A



Response of Postal Service Witness Needham to Presiding Officer's Information Request No. 4, Questions 1 - 5, MC96-3

4. In the Response Of The United States Postal Service To Written Inquiry Of The Office of The Consumer Advocate At The Hearing On September 10, 1996, at page 3, the Postal Service states "the fact that the proposal itself does not require [customers ineligible for delivery] to be treated the same has been criticized as inequitable. In this regard, the proposal is an improvement over the existing box fee structure." Why does the Service consider the proposal an improvement over the existing box fee structure when it increases the price gap between customers ineligible for delivery in Group III offices and customers ineligible for delivery in Group II offices 167 percent, from \$6 annually (\$8 - \$2) to \$16 annually (\$16 - \$0)?

**RESPONSE:**

Currently, the \$2 fee is applied only to customers at contractor-operated facilities lacking carrier delivery, but not to comparable postal-operated offices. The Postal Service's proposal reduces inequity by addressing, in two ways, the extent to which the existing fee structure is both under- and over-inclusive with respect to which customers are entitled to a reduced fee box. First, customers at postal-operated offices offering no carrier delivery would, if the customers themselves are also ineligible for carrier delivery from elsewhere, become entitled to a Group E box, thus eliminating a comparatively large area of under-inclusion. Second, customers at contractor-operated facilities who are eligible for carrier delivery would lose their entitlement to a reduced fee box, thus eliminating a relatively smaller area of over-inclusion.

While the gap between proposed Group D and Group E fees is larger than the existing gap between Group II and III fees, these Groups are being redefined to improve the similarities of customers within each group, and increase the distinction between the two groups. In fact, implementation standards seek to make the Group E fee available to most Group D customers who are ineligible for carrier delivery. See the First Status Report for additional discussion of this point. The bottom line is that the

Response of Postal Service Witness Needham to Presiding Officer's Information Request No. 4, Questions 1 - 5, MC96-3

proposal is more equitable than the existing fee schedule because it will bring much greater uniformity than now exists in affording customers ineligible for carrier delivery a break in box fees.

7

Response of Postal Service Witness Needham to Presiding Officer's Information Request No. 4, Questions 1 - 5, MC96-3

5. In response to POIR No. 3, Question 3, witness Needham states that the USPS proposal sets box fees on the basis of "the type of carrier delivery an office provides." The revenue projections are made on the assumption that all boxes of a post office will have the same fee category designation; i.e., a single post office will not have both free and fee boxes of the same size. During cross examination, witness Needham stated that a Post Office would charge different fees to different customers depending on whether they were eligible for carrier delivery. In particular, a non delivery office, under the USPS proposal, will offer free boxes to all customers ineligible for carrier delivery from any postal facility, but charge those customers eligible for delivery from another office. Tr. 3/881.

- a. Please state whether or not the Postal Service intends to offer both free and fee boxes of the same size at the same office.
- b. If the Commission recommends this aspect of the Service's proposal how will this information be reflected in the Domestic Mail Classification Schedule or the Domestic Mail Manual?
- c. Please discuss how the status of a customer claiming to be ineligible for delivery will be verified.
- d. Please discuss how the fee will be set for the customer eligible for delivery, particularly in the case where the non-delivery office receives requests for boxes from customers receiving delivery from city routes and from customers receiving delivery from rural routes.
- e. What analysis has been conducted concerning the administrative burdens of charging different fees for the same size box at the same post office based on whether or not the customer is eligible for delivery?

#### RESPONSE:

- a. As indicated in the Response to POIR No. 4, question 3, the DMCS language proposed by the Postal Service requires this result at Group E offices. Resident customers eligible for carrier delivery who seek box service at a non-delivery office would be required by the second footnote in proposed Schedule SS-10 to pay Group D fees. As discussed in greater detail in the First Status Report, making a free box available to customers ineligible for carrier delivery at Group A through D offices will also lead to different fees being charged at those offices.

b. The appropriate DMCS language appears in Attachment B to the Request. DMM language has not been completed, although the responses to this POIR, including the First Status Report, significantly advance the public record on what the proposed regulations are expected to contain. The Postal Service intends to use the flexibility inherent in the adoption of DMM regulations in order to accommodate the variety of communities' needs. As previously indicated, progress reports will be provided regarding the status of implementation efforts and the First Status Report is being filed today.

c. I understand that the procedures for address verification have not been finalized, but they are intended to build upon existing procedures. The physical address of box customers must already be verified under postal regulations. Tr. 3/449-50 (response to OCA/USPS-T3-12). The only addition to this process that will be needed is to determine whether that address is eligible for delivery. This should be straightforward if the office at which box service is sought itself offers delivery to that address but may prove more difficult if multiple offices are involved.

The Postal Service will use the implementation process to simplify the administrative tasks necessary to determine who is eligible for free box service. In the long run, the Postal Service expects the box fee proposal, if implemented, to result in greater awareness of which customers are or are not eligible for delivery, thus diminishing over time the challenge in verifying residence status and eligibility for delivery.

d. The proposed DMCS language, particularly footnote 2 to Schedule SS-10, focuses upon customer eligibility for delivery without distinguishing between

Response of Postal Service Witness Needham to Presiding Officer's Information Request No. 4, Questions 1 - 5, MC96-3

those eligible for city as opposed to non-city carrier delivery. It moreover specifies that customers who are eligible for delivery will all pay the same Group D fees.

- e. The Postal Service recognizes that charging multiple fees in a single office reduces simplicity. Therefore, the proposed DMCS language retains the historical focus upon offices. An alternative DMCS approach is to entitle all customers who are ineligible for delivery to a free box.<sup>2/</sup> This approach might make for stronger arguments regarding the fairness and equity of the proposal, but it would also place in the DMCS a requirement that all types of offices provide dual fee structures, withdrawing flexibility concerning administrative burdens. The Postal Service believes that the appropriate internal processes to mitigate this burden should be determined during the implementation process. Analysis of any burdens of verifying residence and eligibility for delivery, and of administering two or three fee structures in an office, is part of that activity. In developing implementation plans, the Postal Service will keep the Commission advised as decisions are reached on these and similar topics.

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<sup>2/</sup> This could be accomplished by eliminating the proposed Group E (*i.e.*, paragraph B on page 5 of Attachment B to the Request); incorporating all offices into Groups A through D; and adding a footnote, for all offices, that customers who are determined by the Postal Service to be ineligible for delivery can obtain box service at no charge. Since the Postal Service is not at this time proposing free boxes for customers subject to the quarter-mile rule (see First Status Report), this exception to the general rule would also need to be stated in the footnote.



RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS NEEDHAM TO FOLLOWUP INTERROGATORIES OF  
DOUGLAS F. CARLSON

DFC/USPS-T7-15. On page 38, lines 2-4, you stated that many ATM customers will pay a transaction fee "if they use their ATM card at a bank other than their own bank or branch of their main bank."

Suppose that ATM X is owned and operated by a customer's bank but located at a branch of that bank other than the branch where this customer's account is located. Suppose that ATM Y is owned and operated by this customer's bank and is located at the branch where this customer's account is located.

a) Please cite an example of a bank that charges a higher fee to the customer in this example for conducting a particular transaction at ATM X than for conducting that transaction at ATM Y. If you cite an example, please file as a library reference a copy of the service-charge schedule from that bank that verifies this fee structure.

b) If you cannot cite an example in (a), would the testimony quoted above be more accurate if it were revised to read "if they use their ATM card at a bank other than their own bank"?

c) If your answer to (b) is no, please explain why the original language still would be accurate.

RESPONSE:

a) I have not conducted any research on the scenario you describe, and therefore do not know of an example.

b&c) Perhaps only for the scenario you describe. However, the testimony states "a fee" and not "a higher fee" and with respect to my response to DFC/USPS-T7-9(b), the original language is accurate.

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS NEEDHAM TO FOLLOWUP INTERROGATORIES OF  
DOUGLAS F. CARLSON

DFC/USPS-T7-16. Please confirm that a letter delivered to a post-office box in City X for a customer who lives in City Y does not involve the postal services of an agency other than the Postal Service at any time from the moment the letter is deposited with the Postal Service until the letter is delivered to the customer's post-office box.

RESPONSE:

Confirmed, assuming "for" in the second line of your question means "addressed to".

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS NEEDHAM TO FOLLOWUP INTERROGATORIES OF  
DOUGLAS F. CARLSON

DFC/USPS-T7-17. Assuming a letter does not require forwarding by the Postal Service, please confirm that a letter that is successfully delivered to a post-office box in City X for a customer who lives in City Y is not also delivered in City Y by the Postal Service or transported by the Postal Service to City Y after delivery in City X.

RESPONSE:

Confirmed; however, this does not preclude delivery of letters to the customer's residence in City Y on the same day the letter is delivered to the customer's post office box.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS  
NEEDHAM TO INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-T8-14 I have a number of questions regarding your response to DBP/USPS/T1-1 [a] Would your response to [d] have been yes if I had stated "turn it over to the clearing clerk [who must mail it back no later than the first workday after delivery]" instead of "mail it back to the sender."? [b] If not, why not? [c] Confirm that the only directives, memoranda, or regulations which exist are those that are contained in Domestic Mail Manual Transition Book [DMMTB] 932.41. [d] If not, provide me with copies of any other documents. [e] Your response to T1-1[g] refers me to the ability to utilize signature stamps. This was covered in my question T1-1[d] by the words "or authorized signature stamp". Please respond to the specific question asked in T1-1[g], namely, Are there any exceptions to the policy contained in DMMTB 932 and noted in T1-1[d] as corrected in [a] above? [f] If so, provide a listing and the authority for each exception. [g] Do the requirements of DMMTB and as noted in T1-1[d] as corrected in [a] above apply to all mail which is sent to federal government agencies in the Washington DC area? [h] If not, explain and provide the authority for the exception including copies of any directive or memorandum that authorizes it. [i] Do the requirements of DMMTB and as noted in T1-1[d] as corrected in [a] above apply to all mail which is sent to any addressee [including but not limited to federal agencies outside the Washington DC area, state government agencies, local government agencies, the Postal Service, organizations that have a unique ZIP Code, large organizations, organizations that receive a large number of pieces of accountable mail]? [j] If not, explain and provide the authority for the exception including copies of any directive or memorandum that authorizes it. [k] Is there a written or unwritten policy or practice which permits or allows accountable mail to be delivered to any addressee [see [g] and [i] above for some examples] 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 the mail or return it at a later time? [l] If so, provide details and copies of the regulation, directive, memoranda, etc. which authorizes this procedure. [m] Your response to T1-1[j] makes reference to USPS LR-SSR-137. As requested in my instructions, please provide me with a copy of the library reference. [n] Your response to T1-1[j] appears to indicate that the only agency agreements that exist with respect to the delivery of accountable mail are with respect to the delivery of mail on military installations. Please confirm. [o] If your response to [n] is not confirmed, please provide any other agency agreements that exist - details and copies. [p] Does any agency agreement for the delivery of accountable mail provide for the reimbursement or payment of costs to the other party? [q] If yes, provide details and amounts. [r] If no, you or some other USPS employee please respond to T1-1[k].

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS  
NEEDHAM TO INTERROGATORIES OF DAVID B. POPKIN

RESPONSE:

- a) Confirmed.
- b) N/A.
- c) Not Confirmed.
- d) See attachments.
- e) I am unaware of authorized exceptions to DMMTB 932 and the attachment to DBP/USPS-T8-3.
- f) Not applicable
- g) That is my understanding from DMMTB 932 and the attachment to DBP/USPS-T8-3.
- h) Not applicable
- i) See my response to (g).
- j) Not applicable
- k) I am not aware of a written or unwritten policy that permits or allows accountable mail delivered to any addressee with the form 3811 attached and leaves it up to the agency or addressee to complete the return receipt and deposit it in the mail or return it at a later time.
- l) Not applicable.
- m) See response to DBP/USPS-T8-16(d).
- n) Confirmed.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS  
NEEDHAM TO INTERROGATORIES OF DAVID B. POPKIN

o) Not applicable.

p-r)No.

On Route

## 336 Return Receipt

- 336.1 Obtain on Form 3811 the signature of person receiving the registered, certified, or numbered insured mail when the form is attached and/or the article is endorsed, *Return Receipt Requested*. Enter date of delivery in the space provided. See that the address side of Form 3811 is completed. If delivered to other than the addressee or authorized agent, the addressee's name and address shall be entered on line 2 and signature of the person receiving the article and date of delivery on line 4 (see exhibit 336.1).

Exhibit 336.1

SENDER: Complete items 1 and 2. Add return address in the "RETURN TO" space on reverse. 1. The following service is requested (check one): <input type="checkbox"/> Show to whom and date delivered..... 13¢ <input checked="" type="checkbox"/> Show to whom, date, & address of delivery..... 35¢ <input type="checkbox"/> DELIVER ONLY TO ADDRESSEE and show to whom and date delivered..... 65¢ <input type="checkbox"/> DELIVER ONLY TO ADDRESSEE and show to whom, date, and address of delivery..... 85¢		2. ARTICLE ADDRESSED TO: SISCO INSURANCE CO 502 MAIN ST. DALLAS TEXAS 75202		3. ARTICLE DESCRIPTION: REGISTERED NO. 14752 CERTIFIED NO. INSURED NO.		I have received the article described above. SIGNATURE James P. Smith Jr. Sisco Insurance Co. DATE OF DELIVERY 1-23-74 POSTMARK		5. UNABLE TO DELIVER BECAUSE: 502 Main Street CLERK'S INITIALS	
--	--	--	--	--	--	---	--	--	--

PS Form 3811, Nov. 1973 RETURNED RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

- 336.2 If the article is endorsed, *Return Receipt Requested — Showing Address Where Delivered*, enter the address where the article was delivered in space provided.
- 336.3 If the article is endorsed to indicate delivery is restricted, it should be treated in accordance with section 335.12.

## 337 Government Checks and Bonds

- 337.1 Government checks and bonds include those issued by states, counties, and cities; and those issued for welfare assistance.
- 337.2 Make sure checks are placed in the correct receptacles and, if practicable, behind other mail matter.
- 337.3 Do not leave checks outside of receptacles at any time.
- 337.4 Do not attempt *Trial Deliveries* under any circumstances.
- 337.5 Dispose of undeliverable checks according to instructions.
- 337.6 If mail cannot be left in a reasonably safe place, return checks or bonds to delivery unit leaving Form 3570 in the mailbox. This mail is held at your unit awaiting pickup by the customer, or notification by the customer as to the date he wishes to meet you to effect delivery.

**432 Registered and Certified**

- 432.1 Give finance clerk all undeliverable articles and Forms 3849 and/or 3811 for each registered and certified delivery.
- 432.2 Complete Form 3821 showing the number of receipts and undeliverable articles returned to the clerk. Ensure that any accountable items found in the DPS mail are added to the total accountable pieces included on the form. If form is properly completed, clerk will sign and return it to you. This is your receipt, keep it for a 2-year period (see exhibit 432.2).

PB 21864  
03-31-94

Exhibit 432.2

POST OFFICE OR STATION <i>St. George</i>				DATE <i>2-22-74</i>	
RECEIVED OF <i>C. Danell</i>				Route No. <i>155</i>	
the registered articles listed or total certified articles shown below; also signed receipts for such mail delivered.					
REGISTERED			CERTIFIED		
ARTICLE NOS.		Returned Articles		Returned Articles	
<i>178</i>		<i>1</i>		<i>1</i>	
<i>342</i>		No. of Receipts	<i>1</i>	No. of Receipts	<i>2</i>
		TOTAL	<i>2</i>	TOTAL	<i>3</i>
SIGNATURE OF CARRIER EMPLOYEE <i>Jane Moore</i>					
PS Form 3849 DEC. 1970 CARRIER'S CLEARANCE RECEIPT U.S. POSTAL SERVICE					

- 432.3 Enter the date of delivery and your signature in the spaces provided on Form 3849 — if you didn't do this when you delivered the article (see section 335.1). Deposit Form 3849 in the designated receptacle or give it to the finance clerk for clearance.

**433 Insured Mail**

Put all Forms 3811 which were requested by senders of insured mail in designated places. Complete Form 3849 as specified for registered and certified mail.

**434 COD's**

- 434.1 Surrender to clearance clerk COD tags and the money for all delivered COD parcels. Return all undelivered COD's for clearance.
- 434.2 *If Form 3821 is used at your office, verify the entries after clerk has entered the amount of funds and the number of parcels accounted for (see exhibit 434.2). Carrier must place original of Form 3821 in locked receptacle provided and keep the duplicate for 3 months from last day of month issued. (Clerk may not do this.)*
- 434.3 *If Form 3821 is not used at your office, clerk will initial and return delivery employee coupon to you. Keep this coupon for 2 years.*



Form 3584, *Postage Due Log*. You may make a reasonable effort at a future date to collect the amount due from the customer.

### 341.3 CODs

#### 341.31 Acceptance.

**341.311** Customers may present COD articles to rural carriers for mailing with either postage and fees affixed or by paying cash for the required postage and fees. If customers desire additional insurance coverage greater than the COD amount to be collected, they must indicate how much additional insurance they want.

**341.312** Issue Form 1096, *Cash Receipt*, endorsed *temporary* to show the amount of money received for postage and fees and the name of the post office of destination. Take the articles to the post office, affix stamps to cover the postage and fees, and deliver the mailer's receipt portion of Form 3816, *COD Mailing and Delivery Receipt*, on the next delivery day (see Exhibit 341.312a).

**341.313** Customers at nonpersonnel units must meet the rural carrier at the unit for COD services (see DMM, 914.422).

#### 341.32 Delivery

**341.321** If addressees indicate that they will pay for the COD parcel, detach the COD tag (Form 3816) and have the customers sign it in the space provided.

**341.322** Deliver the parcel after you have received all funds and the customer has signed Form 3816. If there is a difference between the amount of the charges shown on the tag and the amount of the package, collect the higher amount. If the money order fee is not correctly stated on the tag, correct the fee and report the error to your postmaster or supervisor.

**341.323** Complete the Form 3816 showing the date of delivery and your initials, and return it with funds to the post office (see Exhibit 341.312b).

**341.324** Complete and leave a Form 3849 when you cannot make a delivery. Endorse the article with the reason for nondelivery, write the date and your initials on the article, and return it with the tag intact to the post office.

### 341.4 Registered Mail

#### 341.41 Acceptance

**341.411** Customers may register an article by paying the required postage and fees.

**341.412** Issue the customer a receipt on Form 3896, *Receipt for Registered Article*. Prepare the receipt in duplicate and give the carbon copy to the customer. Return the original Form 3896, the stub from the carbon copy, and the article to be registered to the post office (see Exhibit 341.412).

**341.413** Keep registered mail accepted on the route separate from ordinary mail collected.

#### 341.42 Delivery

**341.421** Deliver registered articles to anyone authorized to receive mail for the addressee. This person must sign Form 3849 before you may deliver the article. Require identification if the customer is unknown.

**341.422** Articles that are not endorsed *Restricted Delivery* may be delivered to a competent member of the family, an agent, or to the person designated on the Form 3801-A, *Agreement by a Hotel, Apartment House, or the Like*, used to authorize delivery to a central point (i.e., a hotel, motel, trailer park, etc.) or Form 3801, *Standing Delivery Order*.

**341.423** Deliver articles endorsed *Restricted Delivery* to addressee, or to an agent the addressee authorizes, in writing, to receive the restricted delivery mail. Form 3849, or a letter from the addressee, can be used for this authorization.

**341.424** When a person other than the addressee signs for an article, the person must enter his or her own name on line headed *Received By*.

**341.425** Complete Form 3849 to show the date of delivery and your signature (see Exhibit 253.21).

**341.426** Form 3883 may be authorized for use on L routes, where warranted. (See 252.21d for delivery instructions.)

**341.43 Incomplete Delivery.** Complete and leave Form 3849 when delivery cannot be made. Endorse the article with the date and your initials. Return the article to the post office.

#### 341.44 Form 3811.

**341.441** Have the person receiving the article sign Form 3811, *Domestic Return Receipt*, when this form is attached, or when the article is endorsed *Return Receipt Requested*. In the space provided, enter the date of delivery and ensure that the address side of the form is complete. If the article is delivered to a person other than the addressee, verify that the addressee's name and address were entered, and the signature and date of delivery blocks are complete (see Exhibit 341.441).

**341.442** If the article is endorsed *Return Receipt Requested--Showing Address Where Delivered*, enter the address where the article was delivered.

### 341.5 Certified Mail

#### 341.51 Acceptance

**341.511** After they have paid all postage and fees, issue customers presenting mail for certification a receipt on Form 3800, *Receipt for Certified Mail* (see Exhibit 341.511).

**341.512** If a customer requests a postmarked receipt, deliver it on the next trip.

#### 341.52 Delivery

**341.521** Deliver certified articles to anyone authorized to receive mail for the addressee. This person must sign Form 3849 before you may deliver the article. Require identification if the customer is unknown.

**341.522** Articles not endorsed *Restricted Delivery* may be delivered to a competent member of the family, an agent, or to the person designated on the Form 3801-A used to authorize delivery to a central point (i.e., a hotel, motel, trailer park, etc.) or Form 3801.

**341.523** Deliver articles endorsed *Restricted Delivery* to addressee or to an agent the addressee authorizes, in writing, to receive the restricted delivery mail. Form 3849 or a letter from the addressee may be used for this authorization.

**341.524** When persons other than the addressee sign for an article, they must enter their own name on the line headed *Received By*.

**341.525** Complete Form 3849 showing the date of delivery and your signature (see Exhibit 253.21).

**341.526** Form 3883, *Firm Delivery Book--Registered, Certified and Numbered Insured Mail*, may be authorized for use on L routes where warranted. (See 252.21d for delivery instructions.)

**341.53 Incomplete Delivery.** Complete and leave Form 3849 when delivery cannot be made. Endorse the article with the date and your initials. Return the article to the post office.

#### 341.54 Form 3811.

**341.541** Have the person receiving the article sign Form 3811 when this form is attached or when the article is endorsed *Return Receipt Requested*. Enter the date of delivery in the space provided and ensure that the address side of the form is complete. If the article is delivered to a person other than the addressee, verify that the addressee's name and address were entered, and

the signature and date of delivery blocks are complete (see Exhibit 341.441).

**341.542** If the article is endorsed *Return Receipt Requested--Showing Address Where Delivered*, enter the address where the article was delivered.

### 341.6 Insured Mail

#### 341.61 Acceptance

**341.611** Customers may obtain insurance for an article by paying the required postage and fees.

**341.612** Issue Form 1096 endorsed *temporary* to show the amount of money received for postage and fees and the name of the post office of destination. Take the mail to the post office, affix stamps to cover the postage and fees, and deliver a completed insurance receipt on the next trip. Using Form 4245 (see Exhibit 341.612), return to the customer any excess money collected.

**341.62 Delivery.** Unnumbered insured parcels are delivered as ordinary parcels (see part 330).

**341.621** Deliver numbered insured articles to anyone authorized to receive mail for the addressee. This person must sign Form 3849 before you may deliver the article. Require identification if the customer is unknown.

### 341.7 Special Delivery

**341.71 Acceptance.** Customers may send articles as special delivery by paying the required postage and fees.

#### 341.72 Delivery

**341.721** Deliver as outlined in 341.121.

**341.722** When delivery is attempted at a residence or place of business but cannot be made, leave the special delivery article in the mailbox and leave a notice of attempted delivery on Form 3849 at the residence or place of business.

**341.73 Return of Article** If the article is too large for the box or is accountable, complete and leave Form 3849 when delivery cannot be made. Endorse the article with the date and your initials. Return the article to the post office.

### 341.8 Customs Duty Mail

**341.81 Acceptance.** Collect duty (amount shown on Customs Form 3419, *Mail Entry*) plus the postage due indicated on the parcel.

**341.82 Delivery.** Have the addressee sign on the bottom line of the original Customs Form 3419. Sign the duplicate Customs Form 3419, and de-

**422.6 Express Mail**

**422.61 Handling.** Give your postmaster or supervisor, or designee, all articles accepted and the accompanying forms.

**422.7 COD**

**422.71 Handling.** After affixing stamps to cover postage and fees, give the article and tag to the postmaster or supervisor, or designee, for handling. The clearing employee provides you with the mailer's receipt portion of Form 3816, *COD Mailing and Delivery Receipt*. Deliver the mailer's receipt on the next delivery day.

**430 Clearance and Disposition of Accountable Items****431 Registered, Certified, and Express Mail****431.1 Handling**

Give the postmaster or supervisor, or designee, all of the following for all articles attempted for delivery:

- a. Undeliverable registers.
- b. Certified and Express Mail articles.
- c. Forms 3849, *Delivery Notice/Reminder/Receipt*.
- d. Forms 3811, *Domestic Return Receipt*.
- e. Labels 11-B, *Express Mail Next Day Service Post Office to Addressee*.

**431.2 Clearance**

The postmaster or supervisor, or designee, clears each item on Form 3867, *Registered Express Mail, COD, Certified, and Return Receipt for Merchandise Matter Received for Delivery* (see Exhibit 431.2).

**431.3 Form 3883**

Where the use of Form 3883, *Firm Delivery Book--Registered, Certified and Numbered Insured Mail*, has been authorized, return the original bill (as proof of delivery) and all return receipts for articles listed for clearance.

**431.4 Form 3821**

Complete Form 3821, *Clearance Receipt*, showing the number of receipts and undeliverable articles returned for clearance. If the form is properly completed, the clearing employee signs and returns it to you. This relieves you of further responsibility for the items (see Exhibit 431.4).

**432 CODs****432.1 Handling**

Return to the postmaster or supervisor, or designee, all tags and funds for delivered and undelivered COD articles.

**432.2 Clearance**

The postmaster or supervisor, or designee, clears each item on Form 3867 (see Exhibit 252.21c).

**432.3 Form 3821 for Delivered Articles**

Complete a separate Form 3821 for each COD article delivered. If you completed the form correctly, the clearing employee signs and returns it to you. This relieves you of further responsibility (see Exhibit 431.4).

**432.4 Form 3821 for Articles Not Delivered**

Complete one Form 3821 for all CODs not delivered. If you completed the form correctly, the clearing employee signs and returns it to you. This relieves you of further responsibility. Note: If a Form 3821 was completed for clearance of registered, certified, or Express Mail, include on that form CODs not delivered. Do not complete another Form 3821.

**432.5 Retention of Receipts**

Keep all clearance receipts in your locker, or in another secure location, for possible future reference. (The required retention period for this form is 2 years. Filing such items at the case does not provide adequate security and clutters the work area.)

**433 Postage Due****433.1 Collected Funds**

Return to the postmaster or supervisor, or designee, all funds collected on postage due mail and for any undelivered articles.

**433.2 Form 3584**

The clearing employee enters the number of articles returned in the *Pieces* column and the amount of postage due remitted in the *Amount* column of Form 3584, *Postage Due Log*.

**434 Customs Duty Mail****434.1 Handling**

Return to the postmaster or supervisor, or designee, any undelivered articles, Customs Form 3419, *Mail Entry*, and all funds collected for custom duty mail.

c. Make other arrangements for receiving mail until normal service can be restored; or

d. Accept reduced delivery frequency until condition is corrected.

### 334 Box Problems

Contractors should report any problems affecting delivery or collection to the administrative official, who will investigate any deficiencies and issue written notices to the customers. *It is the administrative official's responsibility to resolve these problems with the customers.* The contractor will issue Form 4056, *Your Mailbox Needs Attention*, where appropriate.

### 335 Sign

The use of a "U.S. Mail" sign on the vehicle is permissible, but only when the vehicle is actually carrying mail. *Any other use of the USPS emblem is prohibited.*

### 340 Special Services and Accountable Mail

#### 341 General

**341.1 Responsibility.** Responsibility for accountable (see 324.1) mail is assumed by the contractor upon receipt from the administrative official. All accountable mail (other than special delivery and Express Mail) will be delivered only to the customer box. Dismounting may be required to transact business involving registered, certified, insured, COD, special delivery, and Express Mail. Any accountable mail found mixed in with the regular mail should be given to the administrative official for disposition.

#### 341.2 Customer Notification

**341.21** Postmasters should telephone customers to inform them to meet the contractor at the box for special services and accountable mail, including special delivery and Express Mail.

**341.22** Form 3849 is used to notify customers and/or obtain receipt for all accountable mail. In smaller offices where the mail check claim system is not used, Form 3849 is used for notice to customers on all appropriate types of mail. Contractors should follow the procedures established by the administrative official.

#### 342 Registered Mail

Unless the customer has requested otherwise, registered mail will be delivered on the first trip following its receipt. The addressee or person representing the addressee may obtain the name and address of the sender and may look at the registered mail while it is held by the contractor before signing the delivery receipt. Identification will be required if the applicant for registered mail is unknown. If the register(s) cannot be delivered on the first trip, leave a Form 3849, *Delivery Notice/Reminder/Receipt*, in the customer's box. A second attempt to deliver should be made if the customer desires. Leave Form 3849 endorsed "Final Notice" if delivery cannot be made on the second attempt. In addition, if return receipt is desired by the mailer, contractors must obtain customer signature on Form 3811, *Domestic Return Receipt*.

#### 343 Insured Mail

Unnumbered packages will be delivered as ordinary parcels. For numbered packages, contractors will use Form 3849 to obtain customer receipt. If return receipt is desired by the mailer, contractor must also obtain customer signature on Form 3811.

#### 344 Special Delivery Mail

Contractors may take special delivery to the customer's home, if the home is not more than 1/2 mile from the route line of travel for a total round trip of one mile, and if such service does not cause a substantial delay. If delivery is attempted and cannot be made to the customer residence, Form 3849 is left at the residence and the special delivery article is placed in the customer box.

### 345 Certified Mail

Instructions for the delivery of certified mail are the same as those for registered mail. (See 342.)

### 346 Postage Due Mail

Postage due mail is delivered only after the full amount due has been paid. Use Form 3849 to notify customer when delivery cannot be made.

### 347 COD Mail

**347.1 Examination by Customer.** Addressee or addressee's representative may read and copy the name and address of the mailer of COD mail while in the possession of the contractor. *Examination of the contents may be made only after charges have been paid and delivery accomplished.*

**347.2 Charges to Collect.** Contractor will collect the charges entered on Form 3816, *C.O.D. Article--Delivery Employee Coupon/Mailing Office Coupon/Mailer's Receipt*. If there is a difference between the amount of charges shown on the tag and the amount on the package, collect the higher amount. Customer must have the exact amount of money needed to pay for COD charges and money order fee (see administrative official regarding acceptance of personal checks).

**347.3 Delivery Procedure.** Detach Form 3816 from the parcel and have the customer sign in the space provided. Contractors must enter date of delivery and initials, and return tag with the funds to the postmaster or designated representative, together with undelivered COD mail. Tags will be receipted by the clearing employee and returned to the contractor. *Tags must be retained by the contractors for 2 years.*

**347.4 COD Not Delivered.** When delivery cannot be made, contractors should endorse the article with the reasons, initial, and return with tag to the administrative official. Form 3849 should be completed and left at the customer box.

### 348 Customs Duty Mail

Contractors must collect from customer the amount shown on U.S. Customs Form 3419 plus the postage due indicated on the parcel. The customer signs on bottom line of original Form 3419; the contractor signs the duplicate Form 3419 and delivers it with the parcel to the addressee. The contractor then returns the original Customs Form 3419 and all money collected to the administrative official.

### 349 Express Mail

**349.1 Delivery Procedure.** Have the addressee or agent sign in the signature block on Label 11-B, *Express Mail Next Day Service Post Office to Addressee*. Do not use any other record or receipt. Enter the exact time, date of delivery, and your initials on the label. Snap out the *proof of delivery* copy. Give the article to the agent or addressee and return the form to the post office for clearance.

**349.2 Express Mail Not Delivered.** When delivery cannot be made, complete and leave Form 3849. The contractor will apply the same delivery for Express Mail that applies to special delivery. (See 344.)

### 350 Collection and Disposition

#### 351 General

Contractors will collect any properly stamped First-Class Mail from mailboxes placed along the line of the route when the box signal flag is up indicating that the box contains mail for collection. Other classes of mail will be collected provided the customer meets the contractor and provides the contractor with sufficient funds to cover the mailing. The article will be taken to the next post office for mailing and any excess money will be returned to the customer on the next trip.

#### 352 Special Service and Accountable Mail

**352.1 Registered Mail.** Customers may register an article by paying the required postage and fees. Contractors prepare Form 3896, *Receipt for*

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DBP/USPS-T8-15 Your response to DBP/USPS-T1-2[a] appears to be in conflict with your response to DBP/USPS-T1-1. T1-2[a] only referred to instances where the article was delivered without the delivering USPS employee obtaining the signature on the Form 3811 at the time of delivery. [a] Are there any instances such as referred to in T1-2[a]? [b] If no, then is your response to T1-2[a] true but irrelevant information? [c] If yes, explain how the mailer would have knowledge that his return receipt did not represent an independent acknowledgment of the proof and details of delivery. [d] In order to confirm the accuracy of the data provided on a return receipt, is the mailer required, or is it even suggested or permitted, to check with the delivery office as indicated in your response to T1-2[a]/[b]? [e] If not, how can the mailer be sure of the accuracy of the data when it was not completed by the Postal Service? [f] If a dispute arises after a two year period, how can the data on the return receipt be confirmed? [g] Confirm that the mailer may include the special service number on a post/postal/stamped card that is included with the mailing as indicated in T1-2[b]. [h] If not, why not? [i] Confirm that the mailer may also include other data on the card such as the contents of the letter [which would make the receipt even more valuable]. [j] If not, why not? [k] Explain why you were not able to confirm T1-2[c] since I said either 20 or 22 cents. The postal cost of each of the types of cards is or is proposed to be 20 or 22 cents. [l] Your response to T1-2[d] is not responsive. What added services [other than the transmission of the card itself which is 20 or 22 cents for a similar card] is the Postal Service providing in the processing of return receipts when the return receipt is processed by the addressee without any action on the part of the Postal Service [other than the return of the card through the mail to the sender]? [m] If there are no added services, what is the justification for the added cost of between \$1.28 and \$1.30? [n] Is there a fault or negligence on the Postal Service, and therefore would a refund be appropriate, if the return receipt is not completed in accordance with the requirements of the DMMTB 932? [o] If not, why not?

**RESPONSE:**

- a-b) Without accepting the characterization of the response to DBP/USPS-T1-2(a), my understanding is that the DMMTB rules regarding the addressee's signature on Form 3811 should be followed.
- c) Not Applicable.

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d-e) No, it is not required, but the sender has the assurance of knowing that the information is there if it is needed.

f) It cannot be confirmed if the information is not retained after that time.

g-h) confirmed.

i-j) Confirmed in part. I do not know what value a mailer would place on any such card or if it would exceed the value of a return receipt.

k) Not confirmed. The mailer may incur a cost for a postcard in excess of postage.

l) Printing cost, the cost of returning a return receipt (including forwarding), carrier and clerk time, and window service time.

m) See response to (l), USPS-LR-SSR-104, and my testimony USPS-T-8 at 86-94.

n-o) See my response to DBP/USPS-T8-22.

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DBP/USPS-T8-16 [a] I do not understand the response to DBP/USPS-T1-3[c]. What date is permitted by the DMMTB to be shown if it is not the actual date of delivery? [b] What is the authority for requiring other than the actual date of delivery be shown? [c] In your response to T1-3[d], you refer to DMM Section S915.4.0, This refers to duplicate return receipts. How does this relate to my interrogatory? [d] Your response to T1-3[d] makes reference to USPS LR-SSR-137. As requested in my instructions, please provide me with a copy of the library reference. [e] Since the return receipt is being processed by the addressee in my interrogatory T1-3[e], explain which specific procedures are utilized by the Postal Service to ensure that the date of delivery as shown on the return receipt is accurate. [f] How would this procedure work since the return receipt is not being processed by a Postal Service employee?

RESPONSE:

a-b) See the revised response to DBP/USPS-T1-3 and Attachment 1 to that interrogatory.

c) Section S915.4.0 was cited because a duplicate can be requested if the date does not appear on the original.

d) This is available at the Postal Rate Commission and the USPS Library.

e) Assuming, without agreeing, that the situation you describe is true, the response of witness Larson to your interrogatory no. 20 in Docket No. R90-1 applies. The first paragraph of that response states:

Post Offices routinely monitor completion of return receipts by addressee agencies. In addition, if a number of customer complaints are received on any one agency's completion of return receipts, the agency is contacted and appropriate action is taken to resolve the problem.

f) See response to (e).



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DBP/USPS-T8-17 Your responses to DBP/USPS-T1-4 and T1-5 indicate that you have not conducted market research on this topic. [a] Is it your contention that formal market research must be conducted before you as an expert witness can have any idea as to why a customer may want to use a particular service? [b] If so, explain why you believe so. [c] If not, provide the responses to T1-4 and T1-5.

RESPONSE:

a-c) Not necessarily. However, DBP/USPS-T1-4 and T1-5 asked me for very specific information on return receipts from the perspective of the mailer. For example, T1-4(a) asked about the major reason a mailer would use return receipt service. Market research on mailers' reason for return receipt usage would be relevant on this subject.

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DBP/USPS-T8-18 Your response to DBP/USPS-T1-6 makes reference to USPS LR-SSR-137. As requested in my instructions, please provide me with a copy of the library reference.

RESPONSE:

See response to DBP/USPS-T8-16(d).

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DBP/USPS-T8-19 [a] Your response to DBP/USPS-T1-7[b] makes reference to USPS LR-SSR-137. As requested in my instructions, please provide me with a copy of the library reference. [b] Prior to the tagging of the certified mail label, what procedures did the Postal Service have to cull certified pieces before they reach the carrier? [c] Is that method still utilized on the mail which is processed on the 50 percent of the bar code sorters that do not have the certified mail detectors? [d] If not, what method is used? [e] What are the shortcomings in the methods utilized other than the certified mail detector? [f] How many bar code sorters are presently being utilized by the Postal Service? [g] Provide data with respect to the dates on which the bar code sorters with certified mail detectors were outfitted with the detector. If desired, this may be done in monthly intervals. [h] In your response to T1-7[e], I did not ask for a set implementation schedule. I only asked for an implementation schedule. Please provide. [i] If you are not able to provide any planned implementation schedule, explain why one has not been developed. [j] If no planning has gone into an implementation schedule, explain how certified mail can be considered a premium service. [k] How is certified mail in other shapes than letter size trapped prior to delivery? [l] Have any tests been conducted to determine the effectiveness of these procedures? [m] If so, provide data. [n] If not, why not?

RESPONSE:

- a) Please see response to DBP/USPS-T8-16(d).
- b) We depended on employees to recognize the green certified label and separate the certified article from the rest of the mail. For this reason, the certified label was designed to fold over the top of the envelope so that it could be readily identified when placed in trays or sacks. Although this method was adequate prior to automation implementation, with automation, it is not as efficient a way to physically segregate certified letter mail because fewer employees actually handle the mail. If the certified article is not segregated and

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routed to an accountable mail clerk, but is sent directly to the carrier for delivery, we rely on the carrier to visually identify the certified mail label and obtain a delivery record prior to delivery.

c-d) Yes.

e) See (b).

f) It is my understanding that as of September 9, 1996 the Postal Service had approximately 7,297 bar code sorters.

g) It is my understanding that as of September 9, 1996 the Postal Service had approximately 3,800 bar code sorters with certified mail detectors. These bar code sorters, which come with detectors, were installed as follows: 3 - 2/95, 12-3/95, 4 - 4/95, 26 - 5/95, 61- 6/95, 56 - 7/95, 125 - 8/95, 155 - 9/95, 229 - 10/95, 285 - 11/95, 22 - 12/95, 344 - 1/96, 316 - 2/96, 338 - 3/96, 347 - 4/96, 356 - 5/96, 321 - 6/96, 379- 7/96, 326 - 8/96, 83 through 9/9.

h-i) There is no implementation schedule for retrofitting the other detectors at present. However, upgrade kits for the bar code sorters without certified mail detectors have now been obtained, and the Postal Service is beginning to conduct retrofit tests.

j) Please see my response to OCA/USPS-T8-46.

k) It is visually identified, manually segregated, and routed to an accountable mail clerk.

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I-n) No such tests have been conducted. Such tests are not needed since the carrier sorts these pieces.

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DBP/USPS-T8-20 Your reference to OCA/USPS-T8-6 and the DMMTB in response to DBP/USPS-T1-8 is not responsive. [a] If a return receipt was received back by a mailer and there was no new address shown on it, confirm that this could mean that the article had been delivered at the address shown on the mail. [b] If not, why not? [c] If a return receipt was received back by a mailer and there was no new address shown on it, confirm that this could mean that the article had been delivered at an address other than that which was shown on the mail and an error was made in failing to indicate this address change on the return receipt. [d] If not, why not? [e] Explain any other instances which could result in this condition. [f] Since there are a number of instances where different conditions could result in a similarly completed return receipt, wouldn't a greater level of service result if the Form 3811 had a place on it to check off that the delivery address was the same as shown? [g] If so, will this be changed? [h] If the response to [f] is no, explain why not? [i] If the response to [f] is no, explain how return receipts can be considered a premium service. [j] If the response to [g] is no, explain why not? [k] If the response to [g] is no, explain how return receipts can be considered a premium service. [l] Since the return receipt is being processed by the addressee in my interrogatory T1-8[a], explain which specific procedures are utilized by the Postal Service to ensure that the indication of a new address, if any, as shown on the return receipt is accurate. [m] How would this procedure work since the return receipt is not being processed by a Postal Service employee?

RESPONSE:

- a) Confirmed; the proposed change would require address delivered if different than the address on the mailpiece.
- b) Not applicable.
- c-e) The possibility of an error exists; however, with one uniform procedure for all return receipts, the procedure is simplified and it is reasonable to conclude that the risk of such problems is minimized.

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f) No, since the Postal Service proposal requires the information on the address if different from the one shown on the mail piece.

g) No; See response to f.

h) Because the proposed change already takes this issue into account .

i) See my response to OCA/USPS-T8-46. The Postal Service proposed change to the information provided on the return receipt provides an enhancement.

j) See response to f.

k) See response to i.

l) See the revised response to DBP/USPS-T1-3.

m) See response to l.

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DBP/USPS-T8-21 [a] Explain those instances where the Postal Service would not have received payment for a given return receipt in your response to T1-9[a]. [b] Under what authority is each of the instances described in [a] above authorized? [c] As an expert witness, are there any instances where in multiple deliveries the average time per return receipt would be less than the time for a single return receipt. [d] If not, why not? [e] As an expert witness, explain what volume of return receipts might be so high that the average time per return receipt would be greater than the actual time for the delivery of a single article. [f] As an expert witness, explain what percentage of multiple accountable mail deliveries you feel equal or exceed the value provided in [e] above. [g] In those instances where the average time for delivery is less than for a single piece, confirm that the average cost would also be less. [h] If not, why not?

RESPONSE:

- a) The instances where the Postal Service would not have received payment for a given return receipt could include when the mail is shortpaid or unpaid or when the mail could have been Postal Service mail for which no payment was received or the mail was government mail for which prepayment may not have been made.
- b) There is no authority for defrauding the Postal Service. Authority for penalty mail is found in the Postal Reorganization Act.
- c) I have not conducted a study of this practice.
- d) Not Applicable
- e) I have not conducted a study of this practice.
- f) See response to (e).
- g) I have not conducted a study of this practice.



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h) Not Applicable.

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DBP/USPS-T8-22 Your response to DBP/USPS-T1-10 relates to the article not being delivered as addressed through fault or negligence of the Postal Service. My question does not deal with the delivery of the article but with the lack of return receipt service being paid for and either not provided or not being properly provided. [a] Could a mailer obtain a refund of the return receipt fee which was paid if the article was returned to the sender regardless of the reason? [b] If the response to [a] is not yes, explain and specify specific reasons for returning the mail that would be acceptable and those which would not be acceptable. [c] Could a mailer obtain a refund of the return receipt fee which was paid if the return receipt was not received? [d] If not, why not? [e] Could a mailer obtain a refund of the return receipt fee which was paid if the duplicate return receipt indicated that there was no record of delivery of the article? [f] If not, why not? [g] Under the conditions mentioned in [e], would this also permit the refund of the certified mail fee? [h] If not, why not? [i] If your answers to [a] [c] [e] and [g] are not yes, explain what services the Postal Service would have provided in each no response to justify the retention of the fee.

RESPONSE:

Mailers may request refunds in these circumstances, but as explained in my response to DBP/USPS-T1-10, all refunds are available subject to the discretion of the Postal Service. See DMM S915.1.6 and DMM P014.2.4.

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DBP/USPS-T8-23 [a] Regarding your response to DBP/USPS-T1-11[a], confirm that an improvement to the return receipt service has been to add a new "print name" block on all accountable mail signature forms. [b] If not, explain. [c] If so, what issue date of PS Form 3811 contains this feature? [d] Have post offices been advised to discontinue the use of previous issues of the form? [e] If not, why not? [f] Confirm that even though the Postal Rate Commission felt that there was a suggested deterioration of return receipt service which should be of concern to the Service [Docket R90-1 Recommended Decision issued January 4, 1991 - Footnote 110 - Paragraph 6576], there has been no need to conduct a study to determine the quality of the return receipt service and/or the extent to which it complies with the DMM and other requirements? [g] If so, explain why the Postal Service feels that a study is not appropriate. [h] In light of your response, explain how return receipt service may be considered a premium service. [i] If not, provide details and copies of the study. [j] Explain how the selective check made in accordance with DMMTB 913.73 will indicate compliance in those instances where the accountable mail is delivered to the addressee with the return receipt on it and where it is up to the addressee to complete the return receipt after delivery. [k] What controls exist to ensure that all offices with carrier delivery service complete the required quarterly check. [l] Please provide me with the copy of the Form 3871 for the Washington DC post office for the last 12 month period. [m] Does DMMTB 913.73 apply to all accountable mail or only to insured mail since it is in that section? [n] If it only applies to insured mail, what percentage of all return receipts are utilized on insured mail?

RESPONSE:

- a) Yes.
- b) N/A
- c) 12/94
- d) See revised response to DBP/USPS-T1-3 and attachment.
- e) N/A

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f-g) The alleged deterioration of the quality of return receipt service cited in the Commission's Opinion and Recommended Decision in Docket No. R90-1 was not based upon an independent study, but rather anecdotal information. The Postal Service has taken the corrective actions, including the addition of a new "print name" block on PS Form 3811 and increased emphasis on procedures (See revised response to DBP/USPS-T1-3).

h) See response to OCA/USPS-T8-46.

i) N/A

j) See response to (d)

k) I know of no controls, however, see revised response to DBP/USPS-T1-3.

l) The Postal Service has no information responsive to this request.

m) The form itself refers to insured and returned C.O.D. mail.

n) In FY95, there were a total of 240,734,553 return receipts. 701,151 return receipts with basic option accompanied insured mail; 5,594 return receipts with enhanced option accompanied insured mail.

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DBP/USPS-T8-24 In your response to DBP/USPS-T8-1, [a] confirm that all registered mail is First-Class Mail or Priority Mail and therefore is sealed against postal inspection. [b] If not, why not? [c] Confirm that the Postal Service does not have the authority to open a registered article to determine its value, [d] If not, why not? [e] Confirm that for registered mail with insurance there are different prices based on the value of the article between no value and \$25,000 [obviously in various increments]. [f] If not, explain. [g] Explain why the minimum value for registered mail with insurance is \$0.00 rather than \$0.01. [h] What insurance can a customer claim if the value is indicated as \$0.00? [i] If you confirm part [e], provide a listing of the added costs that are incurred by the Postal Service for each of the incremental added fees. For example, what are the added costs to the Postal Service to justify the added 45-cent fee for a \$500 value vs. a \$100 value article? [j] If your response to part [i] indicates added costs related to providing greater security or care or any other items other than the larger costs of paying the claims, specify exactly what greater security [as well as any other item you may list in [i]] is provided for each of the 26 rate steps above the minimum \$0.00 to \$100 rate of \$4.95. In other words, what greater security [or any other item mentioned in [i]] is provided for a \$500 article over that which is provided for a \$100 article? [k] Same as [j], except for \$1,000 article over a \$100 article. [l] through [jj] Same as [j], except for each of the \$1,000 increments starting at \$2,000 and ending at \$25,000. [kk] Confirm that all registered mail articles are marked in the same way, namely with a red numbered sticker and postmarking the flaps. [ll] If not, explain. [mm] Confirm that it is permissible to affix more postage to mail than that which is required. [nn] If not, why not? [oo] Confirm that it is possible for stamps once affixed to an article to fall off during transit [without any penalty for the article being short paid]. [pp] If not, why not? [qq] Confirm that the amount of postage appearing on a registered mail article will not provide an accurate way of always telling the value of the article. [rr] If not, why not? [ss] For articles valued between \$100.01 and \$25,000, how is this need for any special security or care or any other item mentioned in [i] communicated as the article passes through the system to delivery? If you are not able to respond for the entire \$100.01 to \$25,000 range, provide separate responses for each range. [tt] Provide copies of any regulations, directives, memoranda, etc. which outlines the special security or care or any other item listed in [i] that is provided for articles having a value up to \$25,000. [uu] Confirm that for articles having a value of between \$100.01 and \$25,000 for which the mailer does not desire postal insurance under the present registered mail rates would pay a fee of 20-cents to \$2.70 less than would be paid if postal insurance was desired. [vv] If not, why not? [ww] Confirm that there are instances where a mailer already has commercial

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insurance or other reasons why postal insurance is not needed or desired. [xx] If not, why not? [yy] If so, confirm that this mailer would be required to pay the added 20-cents to \$2.70 registry fee to purchase an insurance service that is not needed or desired. [zz] If not, why not? [aaa] Confirm that registered mail consists of two basic services, namely, provision of a secured transmission of the mail including the assignment of a number to the article which allows for record keeping and return receipt service and the provision of insurance service. [bbb] If not, explain. [ccc] Since you have made comparisons to other industries, confirm that in the telephone industry there is an unbundling of various services, such as separation of long distance service [inter-LATA tolls], short distance service [intra-LATA tolls] and local service. [ddd] If not, why not? [eee] If this is so, why is the Postal Service going the other way and bundling its costs - combining both secure transmission and provision of insurance?

RESPONSE:

- a) Confirmed.
- b) Not applicable.
- c) Confirmed, but see DMMTB 911.254.
- d) Not applicable.
- e) Confirmed.
- f) Not applicable.
- g) For convenience and simplicity of the fee schedule. As the category of declared value of \$0.00 to \$100 for pieces not desiring postal insurance would include the value \$0.00, and that category is inclusive of the declared value of

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\$0.01, for simplicity, the chart does not differentiate for registry service with insurance.

h) None.

i-jj) Although I am unable to identify specific figures in the \$0-\$25,000 value increments for which costs vary, registered mail handling procedures vary depending upon the declared value of the article, such as use of routing methods, use of security safes, use of hand-to-hand receipts, and transportation methods, and these factors may influence costs.

kk-ll) Confirmed that all the registered pieces bear a red postal- or mailer-supplied registry label; not confirmed that all registry pieces bear postmarking on "the flaps".

mm) Confirmed, although unlikely, given that it is presented to a postal employee at the time of acceptance. See DMM S911.1.3. As a result, a precise determination of the correct postage may usually be made in the presence of a USPS employee.

nn) Not applicable.

oo) Confirmed.

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pp) Not applicable.

qq-rr) Not confirmed. It is a reasonable method. See also response to (mm).

ss-tt) See attachment.

uu) Confirmed.

vv) Not applicable.

ww) Confirmed.

xx) Not applicable.

yy) This is possible, however, as explained in USPS-T-8 at pp. 20-21, uninsured registry volume is relatively small. Additionally, commercial insurance may impose deductibles which, unlike postal insurance, would not provide full reimbursement.

zz) Not applicable.

aaa) Not confirmed.



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bbb) The term "registry" in this subpart is used without identifying whether it is insured or uninsured registry. Uninsured registry provides security and accountability but does not share the insurance characteristic of insured registry.

ccc) It is my understanding that for some customers, some telecommunications services may be purchased separately.

ddd) Not applicable.

eee) See USPS-T-8 at pp. 5-26.

3151

## Chapter 4 Dispatching

### 410 To And From Stations And Branches (Including Contract Stations)

#### 411 Preparation

Make up all registered mail transmitted to or from main offices and a station or branch in rotary lock pouches and handle as a hand-to-hand transfer. Use hand-to-hand transfer whenever possible. Make up registered articles dispatched from a contract station in a registry jacket, rotary or numbered seal pouch or container envelope, as appropriate.

#### 412 Delivery By Motor Vehicle Operator

Where possible, the motor vehicle operator will deliver registered mail to the registry section. Otherwise, an employee of the registry section must be assigned to the platform or dock area to accept registered mail from the driver.

#### 413 Security Of Exchange

An arrangement must be made at each installation to provide a secure exchange of registered mail between motor vehicle operator and the registry section on a hand-to-hand basis.

### 420 Dispatching

#### 421

Obtain receipt from the dispatch unit in duplicate. Leave one copy of the bill with the articles and retain the other in the registry section.

#### 422

Dispatch units should retain copies of dispatch bills on file.

#### 423

When registry section employees are not used as dispatchers, an employee of the outgoing mail section may be designated to pouch registered mail and make dispatches.

#### 424

The employee who actually pouches mail should sign for the entries on the mailing section copy.

#### 425

Bill rotary lock or numbered seal pouches to the sectional center facility (SCF) in the following manner:

a. Bill up to eight pouches to a single SCF on Form 3830A. Place Form 3830A in a P-9 envelope attached to one of the pouches.

b. Bill more than eight pouches to a single SCF on Form 3854 in triplicate. Place two copies of the bill and a return addressed envelope in a P-9 envelope attached to one of the pouches. Receiving offices will postmark and sign the copies and return one copy to the dispatching office.

### 430 Hand-To-Hand Receipts

#### 431 How To Use Hand-To-Hand Receipts

When a hand-to-hand receipt is exchanged in transferring custody of rotary lock pouches, numbered seal pouches, and outside registered pieces, enter the particulars of the pouches and outside pieces on a dispatch bill, in duplicate. Deliver one copy of the bill with the registered mail. The accepting employee should check the particulars of the rotary lock pouches, numbered seal pouches, and outside pieces against entries on the bill at the time of transfer. Obtain a descriptive receipt from the person to whom delivery is made. The postal employee conveying registered mail shipments may assist the receiving postal employee in checking registered articles against the bills, if requested to do so by the receiving employee. Under exceptional conditions, when available time does not permit descriptive checking of rotary lock pouches, numbered seal pouches, and outside pieces, the dispatch may be accepted by count. Under these conditions, the dispatch may be transferred with the understanding that full particulars will be checked against entries on the bill as soon as possible after actual transfer.

#### 432 When To Use Hand-To-Hand Receipts

Exchange hand-to-hand receipts in the following instances:

a. All dispatches between mail offices and stations and branches.

b. When large volume of registered mail is exchanged directly by postal employees between postal units.

c. The declared value of an individual shipment meets the coded value requirement set forth in special instructions issued by Headquarters to Regional Postmasters General. (Issued on a need to know basis).

d. The aggregate value of a particular dispatch warrants such handling as determined by the superintendent of the registry section at the point of origin to the first transfer

## Registered Mail

point. Where hand-to-hand receipts are used, endorse these receipts to show only those points between which the hand-to-hand receipts are used for the particular dispatch involved. Follow specific instructions for coded value shipments as outlined in the "Limited Official Use" Coded Shipment Instructions dated January 1, 1978.

**440 Bus Service**

Dispatch only registered mail of minimum value in iron lock pouches via bus service. Do not dispatch outside registered articles via bus service unless authorized by the Regional General Manager Logistics Division.

**450 Air Taxi Service****451 Restrictions**

Dispatch only registered mail of minimum value in iron lock or snap-seal pouches transported via air taxi service. Do not dispatch valuable registered mail (such as negotiable securities or currency shipments) and outside registered articles via air taxi service, unless specifically authorized by the Regional General Manager Logistics Division.

**Commercial Air Transportation**

Operational and security procedures for the dispatch of registered mail via commercial air transportation are outlined in the "Restricted Information Con-Con Instructions" dated March 1, 1981.

**460 Request For Special Routing**

Post offices originating a shipment that meets the criteria for a coded shipment or high value shipments for which a routing has not been established on Form 5167, *Routing and Protection For Coded and High Value Shipments*, should request routing instructions from the Director, Logistics Division. Use Form 5168, *Coded Value and High Value Registered Mail—Dispatch Instructions*, to record the pertinent information.

**470 Records Of Dispatches****471 Returned Dispatch Card**

Check the dispatch records daily to ensure that all dispatches have been accounted for satisfactorily. When Form 3830A is used and the dispatch receipt card is filed with the dispatch record, the date of the return of the dispatch card need not be noted on the dispatch record. Attach returned copies of dispatch bills promptly to the office dispatch record and file.

**Non-Receipt Of Dispatch Record**

If a receipt is not received for a dispatch within two days after the time it is normally expected, send a duplicate card or dispatch bill with Form 3829, *Registered Dispatch Follow-*

*Up*, to the installation to which the dispatch was made. If appropriate, make telephone inquiry. If inquiry reveals non-receipt, report the matter promptly to the Postal Inspector-in-Charge by telephone, followed by written memorandum. Make appropriate notation on office copy of dispatch record.

**473 Delayed Returns of Dispatch Receipts**

Report consistent delays in return of dispatch receipts from any installations to the district manager of the district involved.

**474 Missing Articles**

If a report of a missing article is received from the office to which billed, ascertain whether the article is on hand or was dispatched to a unit other than the one reporting failure to receive it. If not, promptly telephone a report to the Postal Inspector-in-Charge.

**480 Convoy Service****481 Loading**

All registered mail dispatches (except those requiring hand-to-hand receipt) for transportation via highway contract route, mail messenger or air taxi, whether enclosed in rotary lock or numbered seal pouches, *must be accompanied by an employee from the registry section or pouching area to the loading platform*. The employee must remain there until loading is completed and the doors of the vehicle are locked. When it is determined advisable by management, the employee may be authorized to deliver the pouches to a responsible designated employee on the platform after identifying dispatches which are to be made. The registry employee must make a record of the name of the responsible employee assuming custody of the dispatch.

**482 Applicability**

These instructions do not apply at post offices where no employee is on duty at the departure time of the highway contract carrier or mail messenger trip.

**483 Coded Value Shipments**

Instructions on convoy service for registered mail dispatches of coded value which require hand-to-hand receipts are issued by the Regional General Manager, Logistics Division. They are subject to the approval of the appropriate Regional Chief Postal Inspector or Designated Postal Inspector-in-Charge.

**484 Security Guards**

Employees, other than security guards in uniform, assigned to perform convoy service should wear their official postal identification in full view.

## Registered Mail

**Sack Jackets**

Open the pouch and hold the seal and label until the contents have been satisfactorily accounted for. Follow the instructions pertaining to rotary lock pouches.

**533 Registry Envelope Containers**

Cut label 89 along the edge of the flap on the envelope and remove the contents. Carefully examine opened containers to make sure all registered articles have been removed. Check the registered articles against the entries on the enclosed dispatch card or bill. Examine the condition of individual articles. Check the number entered on Label 89 with the number on the dispatch card or bill. The numbers should be identical. Complete, sign (surname and initial), and postmark the card or bill. **RETURN THE CARD RECEIPT PORTION OR THE BILL COUPON TO THE DISPATCHING UNIT BY THE NEXT MAIL.** If there is any irregularity, call a supervisor immediately. Note discrepancy on both portions of the card or bill. Both the supervisor and the clerk must sign the card or bill. Do not permit a registry envelope container that has been removed from an iron lock or snap seal pouch to pass through a postal unit without being opened. Destroy unserviceable envelopes as waste.

**Registry Jackets**

Remove the jackets and remove the contents. Carefully examine jackets to make sure all registers have been removed. Check the registered articles against the enclosed dispatch bill. Destroy all the jackets except those connected with irregularities. If there is an irregularity, call a supervisor. Note discrepancy on both portions of the bill. Both supervisor and clerk must sign the bill. Hold out the jacket.

**535 Outside Registered Articles**

Remove the dispatch card from the P-11 envelope attached to the article. Check the article against the entry on the bill. Examine the condition of the article. Complete, sign (surname

and initial), and postmark the card. Return the card receipt portion to the dispatch unit by the next mail. If there is an irregularity, call a supervisor. Note discrepancy on both portions of the card or bill. Both supervisor and clerk must sign the card. Do not remove the P-11 envelope from the article.

**536 /Reserved/****537 Valuable Mail**

Transfer valuable articles to the employee in charge of the vault or safe. Obtain his receipt. Local management will determine the minimum value for articles to be transferred to the vault or safe.

**538 Emergency Opening**

If the post office or other unit to which the pouch is addressed has no rotary lock key, or has a defective key, or if a rotary lock is damaged and cannot be opened, **DO NOT CUT THE LEATHER STRAP.** Cut the side seam of the pouch, beginning about six inches from the bottom and extend upward only as far as necessary to remove the registers, but not closer than six inches from the top hem. If the pouch seam is cut or the leather strap is accidentally broken, cut, or otherwise damaged in opening, the pouch must be immediately removed from service. For every pouch removed from service under the above conditions, endorse the coupon of the bill to show the action taken, and return the coupon to the dispatching office. Send the pouch, and an explanatory note containing the lock number and the reason for opening, to the nearest mail bag depository. A copy of the explanatory note must be immediately forwarded to the nearest Postal Inspector-in-Charge.

## Registered Mail

**731.2 Responsibility**

Handle registered mail so that individual responsibility can be fixed, consistent with instructions in this handbook. The Superintendent, Registry has the authority to permit area responsibility at an office when the cost of individual responsibility is prohibitive. (*Exception:* Where service counter activities are combined, registered mail must be handled in such a manner that individual responsibility for the registered mail can be fixed). In an office where a Superintendent, Registry is not assigned, the postmaster must obtain approval for area responsibility from the General Manager, Accounting and Revenue Protection Division at the Regional Office. Area responsibility occurs when a group of employees, rather than an individual employee, is responsible for the registered mail. The group must be kept to a minimum and Form 1625 must be used to record all employees working registered mail.

Area responsibility *may be used* (with permission) for all registered mail when the mail is worked by itself, or with other accountable mail, in an area enclosed by wire screen partitions.

Area responsibility *may be used* (with permission) for incoming and notified registered mail when the mail is worked by itself, or with other accountable mail, in an area enclosed by wire screen partitions, if the area is separated from the mainworkroom by cases or other means.

**731.3 Notified Mail**

All mail not assigned to carriers or delivered to customers on the day that it arrives must be treated as notified mail. Notified mail must be kept in locked containers, employees must sign for the key(s) to the locked container(s) daily, and all notified registered mail must be accounted for at the end of each business day.

**731.4 Unaccounted For Registered Mail**

Immediate notification must be made to the Postal Inspection Service whenever a piece of registered mail is unaccounted for.

**732 Internal Protection**

The following special rules apply only to internal handling in a stationary postal unit.

a. Provide a safe, vault, separate cage, or locked container. Assign an employee or employees to be responsible for valuable registered mail. Do not permit other employees to have access to this unit.

b. Determine, on the basis of local conditions, the value of articles to be placed in the valuable unit. This determination is the responsibility of the postmaster. However, this value cannot be less than \$1,000. *Note:* The value as defined here is not to be used as a guide to dispatching or to carrier delivery.

c. Transfer valuable mail to and from the valuable unit by receipts, showing the number for individual pieces or full particulars of rotary-lock pouches. Keep a record on Form 3854 of the valuable articles and pouches in the unit.

d. While registered mail is in the valuable unit, use Form 3810, *Reminder Record*, in the dispatch or delivery sections as a reminder. Each registered article should be listed on a separate Form 3810. When the dispatch or delivery employee retrieves the listed article from the clerk, he initials the 3810 opposite the article listed and leaves the 3810 with the clerk. Articles which have been retrieved from the vault will be lined off the 3810 and the 3810 will be reused.

e. At offices operating on a tour basis which have a separate valuable cage, make a balance at the end of each tour. The balance will cover only the registered articles in the valuable cage. Use Form 3875, *Daily Balance—Registry Section*, for this purpose. The employee in charge of the valuable unit must obtain a receipt for the valuable articles from the responsible employee in the succeeding tour. Tour receipts must be approved and filed by the supervisor.

f. Report serious discrepancies in handling valuable registered mail to the Postal Inspector-in-Charge, or to the local postal inspector, by telephone or telegraph.

**733 Postal Employees' Responsibility**

Postmasters and other postal employees will be held personally responsible for the wrong delivery, depredation, or loss of any registered mail due to negligence or disregard of instructions.

**734 Inspection Of Damaged Mail**

To comply with the instructions concerning sanctity of the seal on First-Class Mail, a damaged, registered article must not be examined more than necessary to determine the extent of damage.

**740 Claims Acceptance Procedures****741**

Handle claims for loss, damage or rifling in accordance with DMM, 149.

**742**

Customers filing damage claims must present the damaged article, the wrapper and the packaging at the time the claim is filed.

**743**

A complete description of the damage to the article, the outside container and the interior packing must accompany the claim file.

**744**

Claims for rifling or total loss of contents must be accompanied by the envelope or packaging allegedly rifled.

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DBP/USPS-T8-25 [a] In your response to DBP/USPS-T8-3[b], confirm that you would have been able to confirm the statement if I had also included single piece Standard Mail [A]. [b] If not, why not? [c] My T8-3[c] and [d] relate to a comparison of the rates for a \$5,000 value article being sent Standard Mail - Insured vs. Priority Mail - Registered. The weight - zone - type cells that I referenced are where the Standard Mail - Insured rate was less than the Priority Mail - Registered rate was only for a 69 and 70-pound parcel destined to the 5<sup>th</sup> zone intra-BMC. Confirm. [d] If not, explain. [e] List any other weight - zone - type cells where Standard Mail - Insured rate would be less than the Priority Mail - Registered rate. [f] What percentage of all insured packages fall into the particular weight, zone, and type as those cells enumerated in response to parts [c] and [e]? [g] While you may not have studied the data required for response to T8-3[e], forward this to another USPS employee or witness who is able to confirm that Priority Mail will receive better delivery service than Standard Mail. [h] If not, explain. [i] As an expert witness, explain why a knowledgeable mailer might choose to utilize the more expensive Standard Mail - Insured rate over the less expensive Priority Mail - Registered rate which exists in all circumstances other than those specified in [c] and [e] since the mail would receive more secure and expeditious handling. [j] As an expert witness, explain why these rates are reasonable when they produce these anomalies?

RESPONSE:

a) Confirmed.

b) Not applicable.

c) Confirmed.

d) Not applicable

e) Not applicable

f) The Postal Service has no available data or documents responsive to this request. Given the constraints in the question, however, I suspect this would constitute a very small percentage of insured volume.

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g) See attachment to my response to OCA/USPS-T8-32.

h) Not applicable.

i) A mailer may consider a variety of factors when determining which subclass to use, such as mail preparation requirements, mail content restrictions, limitations on point of acceptance, speed of delivery, security, and accountability.

j) They are not anomalies. See response to (i). The two services are not necessarily interchangeable.

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DBP/USPS-T8-26 To clarify my DBP/USPS-T8-4[c], assume that I, as an individual mailer, have a ten pound parcel valued at \$5,000 to ship. [a] Confirm that PO to Addressee Express Mail would be \$29.80. [b] Confirm that Priority Mail would be \$7.80 to \$14.05 depending on destination. [c] Confirm that the registration fee would be \$7.65. [d] Confirm that the insurance fee would be \$40.50 [for Express Mail]. [e] Confirm that Express Mail would provide a guaranteed one to two day delivery. [f] Confirm that Priority Mail would provide a likely delivery of one to three days. [g] Explain any nonconformation. [h] My original interrogatory asks why if I wanted to expedite the delivery time of my parcel by changing it from Priority Mail to Express Mail, I would have to pay both the additional \$15.75 to \$22.00 to upgrade from Priority Mail to Express Mail as well as the additional \$32.85 to receive the insurance protection. As an expert witness, explain how this can be perceived as being reasonable that I would have to pay an additional \$32.85 for the insurance protection while also losing the security feature of registered mail.

RESPONSE:

These responses assume adoption of the Postal Service's proposals.

a) Confirmed.

b) Confirmed.

c) Confirmed.

d) Confirmed.

e-g) See attachment to my response to OCA/USPS-T8-32.

h) See response to DBP/USPS-T8-25(i). Mailers need for security, speed of delivery, and insurance protection may depend upon the circumstances. It is, therefore, not unreasonable for mailers who desire speed and insurance to use Express Mail with insurance.



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DBP/USPS-T8-27 Regarding your response to DBP/USPS-T8-6, [a] confirm that the average of a listing of items is determined by adding up the items in the list and dividing by the number of items in the list. [b] If not, explain. [c] If I must know the individual items to obtain the average of them, why is the answer to by T8-6[a] not available when the average is known? [d] What was the maximum valid claim made in FY 1995? [e] Your response to DBP/USPS-T8-6[a] makes reference to USPS LR-SSR-109. As requested in my instructions, please provide me with a copy of the library reference.

RESPONSE:

a-b) A simple arithmetic average is computed in this way.

c-e) A copy of the relevant page is attached. The average document reconstruction claim paid in FY 1995 was \$88.73 ( $\$71,550.66 / 810$ ). Although data on highest payable claims are not tracked, a search of USPS records was conducted. The highest paid claim for document reconstruction in FY 1995 was \$15,000. The next highest claim was \$1,588.18. There were a total of 12 claims that exceeded \$500, constituting 1.48 percent of all paid claims. Excluding the highest claim, the next 11 highest claims exceeded the proposed \$500 maximum limit by an average of \$279.26.

U. S. POSTAL SERVICE  
D O M E S T I C  
CLAIMS PAID BY CATEGORIES

DATE 09/28/95 TIME 16.48.49  
PAGE 1  
QTR 04 FY 1995

CLAIM CATEGORY		PAID THIS QTR		PAID THIS F/Y	
		NUMBER	AMOUNT	NUMBER	AMOUNT
DOMESTIC REGISTERED	LOST	310	777,441.69	1,047	3,276,189.07
	DAMAGED	248	178,569.66	786	547,099.39
	NO-REMIT	01	13.53	06	609.37
	TOTAL	559	954,024.88	1,839	3,823,897.83
C.O.D.	LOST	9,858	620,738.60	29,959	2,182,629.29
	DAMAGED	564	29,916.47	1,738	95,669.92
	NO-REMIT	492	39,196.79	1,384	122,780.14
	TOTAL	10,914	689,851.86	33,081	2,401,079.35
DOMESTIC INSURED	LOST	16,456	2,071,381.28	54,075	6,897,340.41
	DAMAGED	15,303	1,612,898.42	50,601	5,279,703.39
	TOTAL	31,759	3,684,079.70	104,676	12,177,043.80
EXPRESS MAIL-MERCHANDISE	LOST	615	109,554.19	2,191	388,088.74
	DAMAGED	580	63,832.58	1,785	217,077.93
	DELAY	00	.00	01	50.00
	TOTAL	1,195	173,386.75	3,977	603,216.67
EXPRESS MAIL-RECONSTRUCTION	LOST	210	14,258.33	658	62,383.01
	DAMAGED	08	540.47	33	2,436.72
	DELAY	37	1,849.96	119	6,730.93
	TOTAL	255	16,648.76	810	71,550.66
DOMESTIC TOTALS **		44,682	5,517,989.95	144,383	19,076,788.31

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DBP/USPS-T8-28 Regarding your response to DBP/USPS-T8-7, you indicate that you have not studied this topic. [a] Has any other USPS employee or consultant studied this topic? [b] If so, provide their response to the interrogatory.

RESPONSE:

- a) No.
- b) Not applicable.

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DBP/USPS-T8-29 Regarding your response to DBP/USPS-T8-8[b], [a] explain how a mailing of merchandise would not qualify for one of the applicable Standard Mail subclasses. [b] If I have a four ounce package containing merchandise, confirm that I may mail it by First-Class Mail for \$1.01, by Standard Mail [A] for \$1.01, or by Priority Mail for \$3.00. [c] If not, explain. [d] Confirm that for the return receipt for merchandise service it would only be available for the Standard Mail [A] and Priority Mail rates under the proposal while presently it is available for all three categories. [e] If not, explain. [f] Confirm that the delivery standards for Standard Mail [A] are slower than for First-Class Mail or Priority Mail. [g] If not, explain. [h] Confirm that under the proposed rules for my 4-ounce package for which I desire to obtain a return receipt for merchandise, I must either deliberately slow up the delivery time by changing it from First-Class Mail to Standard Mail [A] - even though the rates are the same or I must pay an additional \$1.99 to pay for the Priority Mail rate. [i] If not, explain. [j] As an expert witness, how can this be perceived as being reasonable?

RESPONSE:

a) See response to DBP/USPS-T8-25(i). For example, it would not qualify if correspondence were also included therein.

b-c) Confirmed, assuming your reference to First-Class Mail refers to the Letters and Sealed Parcels Subclass and assuming the piece is mailable and the contents meet eligibility requirements.

d-e) Not confirmed. Under the proposal, return receipt for merchandise may also be available for other Standard Mail. In addition, as noted on page 74 of my testimony (USPS-T-8), return receipts for merchandise sent by other mail subclasses would still be available through either certified or insured mail with return receipt service.

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f-g) See attachment to my response to OCA/USPS-T8-32.

h-j) Not confirmed. See response to (a). See also Tr. 4/1299-1300.

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DBP/USPS-T8-30 Regarding your response to DBP/USPS-T8-9 [b], [a] what is the definition of a philatelic card product. [b] Where in the regulations or Classification Schedule does this definition appear? [c] Provide me with a copy of any regulations, directives, or memoranda which contain the definition of a philatelic card product. [d] Confirm that Section 222.11 of the Classification Schedule defines a Postal [presently] / Stamped [proposed] Card as A postal/stamped card is a card with postage imprinted or impressed on it and supplied by the Postal Service for the transmission of messages. [e] If not, explain. [f] Is a philatelic card product a card? [g] Does a philatelic card product have postage imprinted or impressed on it? [h] Are philatelic card products supplied by the Postal Service? [i] May philatelic card products be utilized for the transmission of messages? [j] Explain any negative answers to parts [f] through [i]. [k] Does a philatelic card product meet all of the requirements to qualify it as a Postal/Stamped card as specified in the Classification Schedule? [l] If not, why not? [m] What is the pricing of philatelic card products? [n] What is the authority for pricing philatelic card products different than Postal or Stamped cards? [o] What is the name and title of the Postal Service officer or employee who is responsible for pricing philatelic card products at a price which is different than postal/stamped cards?

RESPONSE:

a-c) A product description can be found in the attachment from the Stamps, Etc. catalog. There is no classification language.

d-e) Not confirmed. Your question is phrased in the present tense and lacks quotation marks.

f) See (a)-(c) above.

g) Yes, but it may be sold with a cancellation.

h) Yes.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS  
NEEDHAM TO INTERROGATORIES OF DAVID B. POPKIN

i-l) Not necessarily. Some are sold with the postage canceled; others are used for collection purposes only.

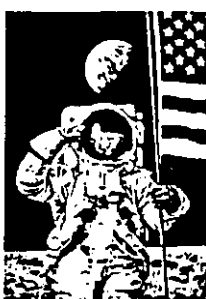
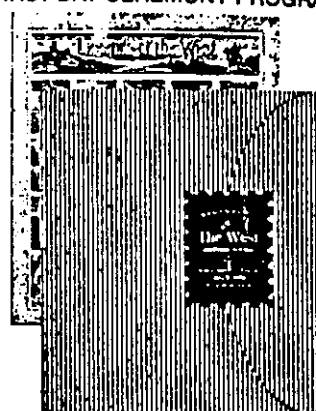
m) See attachment.

n) I presume it is the Postal Reorganization Act.

o) I do not accept your characterization that postal or stamped card prices must apply to these cards. Pricing for these cards is managed by the office of Stamp Services.

SPACE ACHIEVEMENT  
COMMEMORATIVE SOUVENIR

## MOON LANDING PRINT

LEGENDS OF THE WEST  
FIRST DAY CEREMONY PROGRAMLEGENDS OF THE WEST  
POSTAL CARD SET

## LEGENDS OF THE WEST UNCUT SHEET



## LEGENDS OF THE WEST MINT SET



## MOON LANDING COLLECTIBLES

Product	Price (\$)	Item No.
(A) Space Achievement Souvenir (includes a \$9.95 Moon Landing stamp that traveled on the Endeavour, a special envelope, and a cancelled 29c Moon Landing stamp)		
Unsigned version	25.00	9859
Signed by the envelope artist (limited to 10,000)	69.00	9862
(B) Moon Landing stamp print (a 12"x16" print including four 29c stamps cancelled with the first day of issue postmark.)	14.95	9853

For more information, refer to the "Special Stamps" section on page 22 for other space-related stamps.

Legends of the West and Moon Landing collectibles are available only while supplies last.

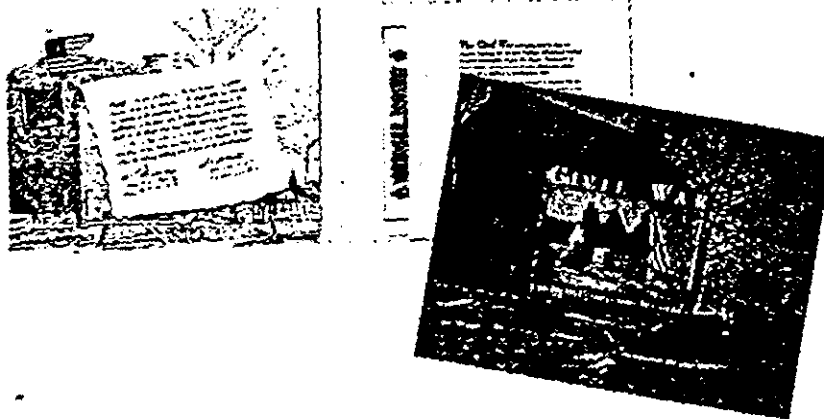
## LEGENDS OF THE WEST COLLECTIBLES

Product	Price (\$)	Item No.
(C) First Day Ceremony Program (with protective cover)	5.95	9925
(D) Postal Cards Set of 20	7.95	9926
(E) Legends of the West Mint Set (six full perforated Legends panes)	24.95	08826
(F) Limited Edition uncut sheet of stamps "Best of the West" Collection at 10% savings (Commemorative Edition, Postal Card Set and Ceremony Program)	34.80	9922
	34.95	9923

SUPPLIES ON THESE ITEMS ARE LIMITED,  
TO ORDER, CALL 1 800 STAMP24



## FIRST DAY PROGRAM



## (A) FIRST DAY CEREMONY PROGRAM

This handsome ceremony program includes a complete pane of Civil War stamps, with first day cancellations from Gettysburg, PA. Presented in a striking keepsake format and available only in limited quantities, this historic souvenir features reproductions of actual personal letters sent during the Civil War. It also lists the program participants and includes a schedule of the first day activities.

9.95 8832

## (B) POSTAL CARD SET

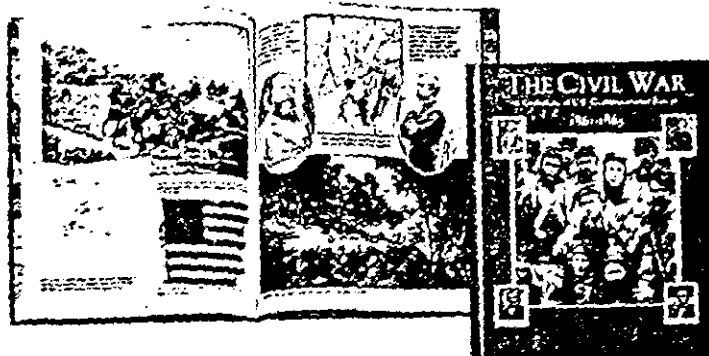
From Abraham Lincoln to Jefferson Davis... Ulysses S. Grant to Robert E. Lee... Clara Barton to Mary Chesnut... each of these 20 postcards beautifully captures one of the meticulously rendered images from our Civil War stamp pane. The people and battles are brought to life in a dramatically enlarged size. As an addition to your collection or for your personal use, they are important mementos of the Civil War years. Includes 20c postage on the address side of each postal card.

Set of 20 postal cards 7.95 8833  
With first day cancellations 9.95 8833

## POSTAL CARD SET



## CIVIL WAR MINT SET



## (C) CIVIL WAR MINT SET

The stamps tell only a tiny part of the epic story. Packaged with two full Civil War stamp panes, this informative hardbound *Civil War* volume gives the background behind each of the 20 stamp designs. In 96 revealing pages, you'll relive the battles of "Stonewall" Jackson, learn how abolitionist Harriet Tubman led 200 slaves to freedom, and hear the stories of Stand Watie, Admiral Farragut, Winfield Hancock and others. Like our previous *Legends of the West* volume, this beautiful book is filled with researched details and dozens of photographs and illustrations. Includes a special introduction by James McPherson.

29.95 8830

## (D) UNCUT SHEET

The beauty of our Civil War stamps can be appreciated many times over with our limited edition uncut press sheet. This collectible is made up of six complete stamp panes, uncut but not separated. Only 20,000 copies signed and individually numbered by stamp artist Mark Hess, are being made available while supplies last. These uncut sheets are packaged in a protective mailing tube.

(Limit 5 per customer) 125.00 8831  
Unsigned version 38.40 8834

## (E) STAMP PANE

Issued 6/29/95 at Gettysburg PA

20 designs, gravure (SV/S)

Pane of 20, plate no. in 1 corner, 6 positions

This beautiful pane of Civil War stamps features 16 famous figures and four historic battle scenes.

Pane of 20 w/plate no. 6.40 5524  
Pane of 20 signed by artist 29.95 8835

\*Available while supplies last

## UNCUT SHEET



Shown at 30%

**COMIC STRIP COLLECTIBLES**

3167

7 to 70, kids of all ages love the comics. That's why anyone you know is sure to love the Comic Strip Classics stamps and collectibles. There's no better time of year to pick one up for someone—it's sure to bring a smile to their face.

**(A) STAMP PANE 32c**

Issued 10/1/95 at Boca Raton FL

The comic strip is one of the few truly American art forms. From thousands of original comic strip panels, designer Carl Herrman has developed 20 beautiful and memorable comic images—and a beautifully designed pane for our Classic Collection stamp series.  
 Pane of 20 w/plate no. 6.40 5523

**(B) FIRST DAY CEREMONY PROGRAM**

Printed on newsprint to capture the flavor of the funnies, this unique program includes some of the strips that made these comics famous. It's from a limited print run issued at the first day ceremony in Boca Raton, Florida, and includes a pane of 20 stamps with first day cancellations—plus the ceremony agenda and list of program participants. A true collectible for anyone with an interest in stamps or comics.

9.95 8925

**POSTAL CARD SET**

The keepsake postal card set features full-color reproductions of all 20 stamps in the series, displaying beautiful renditions of Popeye, Blondie, Li'l Abner, Alley Oop, Dick Tracy and all the rest. 25c postage is included on the address side of each card.

Set of 20 postal cards 7.95 8926  
 With first day cancellations 9.95 89266

**(D) COMIC STRIP MINT SET**

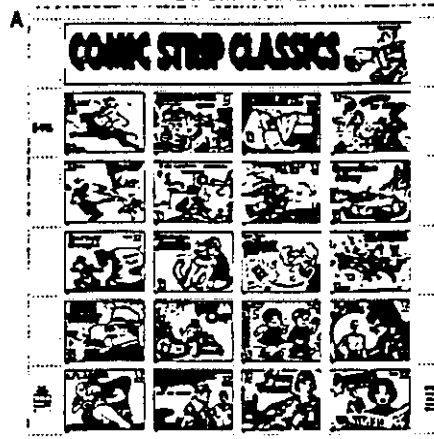
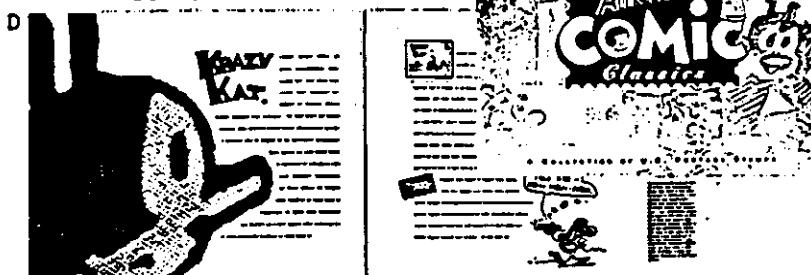
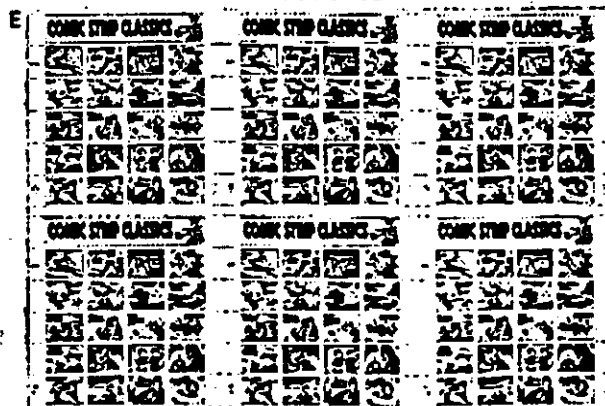
Author Richard Marshall (owner of the largest private collection of comic strip memorabilia in the world) was commissioned by the United States Postal Service to write the definitive companion piece to our Comic Strip Classics stamps. This 96-page softbound volume features the stories behind the comic strips and their creators—plus reproductions of actual strips from the golden era of comics. You'll also learn how each of the stamps in this set was selected for the series, and why each one is considered a genuine American classic. Included as part of this volume are two full Comic Strip Classics stamp panes.

24.95 8923

**(E) UNCUT SHEET**

Like our other Classic Collection issues, this one is available as a collectible sheet—perforated and uncut. It's six full "funny pages" you're sure to treasure.

Uncut sheet 38.40 8924

**STAMP PANE****FIRST DAY CEREMONY PROGRAM****POSTAL CARD SET****COMIC STRIP MINT SET****UNCUT SHEET**

TO ORDER, CALL 1 800 STAMP24

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS  
NEEDHAM TO INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-T8-31 I am confused by your response to DBP/USPS-T8-11. [a] How can it be generally yes and yet you know of no particular instances? Explain. [b] If an Express Mail article and a Special Delivery article arrive at an area mail processing center [responsible for delivery to the local post office for delivery to the addressee] at the same time, are there any instances where the Special Delivery article will be delivered to the addressee earlier than the Express Mail article? Your response must be based on the existing postal regulations and should consider any instances, conditions, days of the week or holidays, types of offices, type of delivery, or location of the addressee, or any other possibilities. [c] Explain and enumerate any yes response including reference to the specific regulations, directives, or memoranda [provide copies if not contained in the DMM or DMMTB]. [d] Same as part [b] above except assume that both articles are available for dispatch from the area mail processing center to the delivery post office at the same time. [e] Same as part [c]. [f] Same as part [b] above except assume that both articles arrive at the delivery office at the same time. [g] Same as part [c]. [h] Your response to DBP/USPS-T8-11[a] makes reference to USPS LR-SSR-137. As requested in my instructions, please provide me with a copy of the library reference.

RESPONSE:

a) Express Mail generally receives a higher level of service than special delivery. I know of no particular instance where special delivery mail would receive a higher level of service than an Express Mail article, especially given the very small volume of special delivery and given that it travels with mail of the same class. As a result, the chance of special delivery receiving better delivery than Express mail is slim.

b-g) See part (a) above.

h) See response to DBP/USPS-T8-16(d).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS  
NEEDHAM TO INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-T8-32 Your response to DBP/USPS-T8-12 makes reference to USPS LR-SSR-137. As requested in my instructions, please provide me with a copy of the library reference.

RESPONSE:

See response to DBP/USPS-T8-16(d).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS  
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DBP/USPS-T8-33 Your response to DBP/USPS-T8-13[a] is not responsive to my interrogatory. I am attempting to preclude an instance such as took place with respect to the printed stamped envelopes and to litigate any proposal such as that as a part of the rate case rather than at a later time. [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? [b] If not, advise the details.

RESPONSE:

- a) Yes. There are no surcharges. Shipping and handling charges on PFSC are addressed in PRC Order No. 1088.
- b) N/A

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NEEDHAM TO INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-T8-34 In your response to DBP/USPS-T8-5 through 7, you appear to have indicated the referenced rates and increments were chosen arbitrarily and without considering any other alternatives. [a] Confirm that you as well as any other USPS employee or consultant did not consider any other alternative. [b] If not, explain. [c] If so, provide details and specifics. [d] If not, explain how that method of setting rates may be perceived as being reasonable.

RESPONSE:

a-d) Not confirmed. It is not possible for me to determine what the hundreds of thousands of USPS employees may have considered. The increments that were chosen were deemed most appropriate for a reasonable rate design. I explain how these meet the requirements of the Postal Reorganization Act in USPS-T-8.

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DBP/USPS-T8-35 I am still somewhat confused by your response to DBP/USPS-T8-14[e], [g], and [l]. You refer to the attachment to DBP/USPS-T8-3. [a] Should that reference be to DBP/USPS-T1-3 redirected from Witness Lyons - namely the letter dated August 1, 1996 to District Managers from Sandra D. Curran? [b] If not, explain.

RESPONSE:

- a. Confirmed
- b. Not applicable

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DBP/USPS-T8-36 The letter to all District Managers dated August 1, 1996 provided on the September 11, 1996 revised response to DBP/USPS-T1-3 when taken together with the responses to DBP/USPS-T8-14 [e], [g], [i], and [k] leaves me confused. Your response to parts [e], [g], and [i] appears to refer to both the DMMTB and to and to the August 1, 1996 letter. Your response to part [k] seems to state that there is a 100% requirement to complete the return receipt at the time of delivery. The August 1, 1996 letter appears to indicate in the first bullet item [paragraph #4] that delivery offices should review current delivery arrangements regarding practices such as handing over accountable mail to be signed for at a "later" more convenient time. The fourth bullet item [the first paragraph on page 2] appears to indicate that long standing, unofficial arrangements that promote exceptions to stated procedures for "convenience" need to be reviewed and voided if necessary. The following paragraph appears to indicate that any of these arrangements should not be tolerated. [a] Does the first bullet item of the August 1, 1996 letter allow a delivery office to review and then retain delivery arrangements which allow for handing over accountable mail to be signed for at a "later", more convenient time? [b] If not, why is the letter written so as to imply that it could be done? [c] If so, what is the authority for allowing this to be done? [d] Does the fourth bullet item allow long standing, unofficial arrangements to be reviewed and then retained? [e] If not, why is the letter written so as to imply that it could be done? [f] Does your response to parts [e], [g], and [i] indicate that there are exceptions to the various manual references that you have provided? [g] If so, provide a complete listing of all exceptions that are either authorized or condoned and the authority for each exception.

RESPONSE:

- a. That is not my understanding.
- b. I do not see that implication.
- c. Not applicable.
- d. That is not my understanding.
- e. I do not see that implication.
- f. No.
- g. Not applicable.



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DBP/USPS-T8-37 In your response to DBP/USPS-T8-24 parts [i] through [jj], you, indicated that you were unable to identify specific figures in the \$0-25,000 value increments for which costs vary. If you are unable to identify the greater security or care that is being provided for each of the value increments, then I request an institutional response to parts [i] through [jj] of my original - interrogatory.

RESPONSE:

Although handling procedures vary depending upon value, there are no studies on the cost variability for additional security and care provided for articles between \$0-\$25,000 value. Unless otherwise specified, local officials determine security requirements based upon their interpretation of the "high value" articles, "minimum value" articles, or "valuable" articles in Handbook DM 901. One such example is found in Handbook DM 901 section 732. That provision establishes that stationary postal units should provide a vault, separate cage, or locked container for "valuable" registered mail. Local officials are given discretion to determine the value of articles to be placed in the valuable unit, but such value cannot be less than \$1,000.00.

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DBP/USPS-T8-38 In your response to DBP/USPS-T8-24 part [ss], you refer to four pages of attachments. Which specific sections of this manual provide the details of how this need for special security or care is communicated as the article passes through the system to delivery?

RESPONSE:

The attachment provided in response to part [ss] of DBP/USPS-T8-24 contains the procedure for handling valuable registered articles. Sections 430, 440, 450, 460, 480, 537, and 732 provide that determinations of value of registry pieces will need to be made. Such determinations can be communicated, either expressly or implicitly, as registered mail pieces travel through the system.

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DBP/USPS-T8-39 [a] Your response to DBP/USPS-T8-25 part [e] indicates "Not applicable". Does this mean that there are no other cells that meet the condition? [b] if not, what does it mean? [c] Are there any other cells meeting the condition?

RESPONSE:

- a) Confirmed.
- b) Not applicable.
- c) See answer to subpart a.

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DBP/USPS-T-8-40 In your response to DBP/USPS-T-8-25[I], you mention six considerations regarding the difference between Standard Mail - Insured and Priority Mail - Registered. In my opinion each of these six considerations either are similar for both services or favor the less expensive Priority Mail - Registered [except for perhaps the requirement for sealing the registered mail]. For each of the six considerations, itemize how they would differ between the two services and indicate any advantages that would be held by the more expensive Standard Mail - Insured rate.

RESPONSE:

These considerations were cited as examples of service features that customers will take into account as they decide which product to choose. The point here is that it is up to the customers to evaluate these considerations in the context of their particular needs and choose accordingly.

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**DBP/USPS-T8-41** In your response to DBP/USPS-T8-27, you indicate that there were 12 claims that exceeded \$500, that the second highest claim was \$1588.18, and that the average of the 2<sup>nd</sup> through 12<sup>th</sup> highest claims was \$779.26. [a] Was there any consideration given to reducing the \$50,000 limit down to a higher number than the proposed \$500 limit so as to include some or all of these claims. [b] If not, why not? [c] If so, why was it not adopted?

**RESPONSE:**

a - b) No. I must emphasize that the Postal Service proposes an indemnity limit for document reconstruction that exceeds the average paid document reconstruction claim by several multiples. Adjusting the limit to \$500 would provide more than adequate payment for the average payable claim of approximately \$100. As noted in my response to DBP/USPS-T8-27, approximately 99 percent of the claims paid in FY 1995 were below the proposed maximum of \$500. I would also note that a subsequent search of FY 96 paid claims data revealed that only four paid Express Mail document reconstruction claims, out of a total of 732 paid document reconstruction claims in FY 96, or less than six tenths of one percent of all such claims, exceeded \$500. The amount paid for these claims was, from highest to lowest, \$1350.00, \$928.95, \$570.00, and \$595.00. As discussed in my direct testimony, a reduction in the limit to \$500 would reduce Postal Service administrative costs and enhance customer satisfaction by making the scope and nature of the coverage clearer (USPS-T-8 at pp. 56-57). These interests

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are better served if the proposed limit is set to cover the virtually all paid claims rather than set at some higher level that would cover every paid claim.

c) Not applicable.

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DBP/USPS-T8-42 Regarding your response to DBP/USPS-T8-30, [a] what specific part[s] of the three pages provided as an attachment to your response provide the definition of the term "philatelic card product" as utilized in your previous response? [b] If I insert quotation marks before the "A" and after "messages" can you then confirm the Section 222.11 of the Classification Schedule - both present and proposed wording? [c] If not, why not and provide the definition. [d] Which philatelic card products are not cards? [e] May philatelic card products which do not have the postage canceled be utilized in the transmission of messages? [f] If not, why not? [g] Does a philatelic card product, other than one on which the postage has been canceled, meet all of the requirements to qualify it as a Postal/Stamped card as specified in the Classification Schedule? [h] If not, why not? [i] What is the significance of the last clause in your response to parts [i-l]? [j] Which philatelic card products are used for collection purposes only? [k] What characteristics of the philatelic card product render it usable for collection purposes only? [l] If I decide to utilize a philatelic card product for collection purposes, am I later allowed to utilize it [sic] for mailing purposes if the postage has not been canceled? [m] If not, why not? [n] Which section of the Postal Reorganization Act provides the authority for pricing philatelic card products different than Postal or Stamped cards? [o] Is the pricing of philatelic cards different than that for postal or stamped cards? [p] If not, explain. [q] Your response to the original part [o] did not provide the name and title of the Postal Service officer or employee who is responsible for pricing philatelic card products at a price which is different than postal/stamped cards. The pricing is different and whether or not that is appropriate is not necessary for you to agree to in order to respond to the question. What is the appropriate name and title of the responsible officer or employee?

**RESPONSE:**

a) As indicated in my response to DBP/USPS-T8-30(a), the three pages from the *Stamps, Etc.* catalog provide a product description. There is no language in the DMCS defining philatelic card products. I would also note that the Domestic Mail Manual Transition Book 162.3 provides that, "[p]hilatelic

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products are designed and sold to promote the enjoyment and the informative value of stamp collecting." That description also pertains to philatelic card products.

b-c) The language is as written and proposed in attachment A to the Request, which reads as follows:

222.11 [Postal] Stamped Card. A [postal] stamped card is a card with postage imprinted or impressed on it and supplied by the Postal Service for the transmission of messages.

d) None. Philatelic card products are cards.

e-f) Yes, if the customer elects to use them for that purpose. Customers may, however, elect to save them for collections.

g-h) Yes, but sizes of certain cards, such as the Olympic series, are not the same as plain postal cards. The primary purpose of a philatelic card product may not be for the transmission of messages, but rather for the enjoyment and informative value of collecting.

i-j) As described in the attachment to DBP/USPS-T8-30, items such as the Civil War Collectible Postal Card Sets can either be bought with first day cancellations or in uncanceled sets. Canceled cards cannot be used independently for the transmission of messages through the mail, but rather are intended to be used as collectibles. Uncanceled card sets are philatelic



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products and can be used as collectibles. Philatelic products are intended for collectors.

k) Philatelic card products are attractive to collectors because they are more limited in terms of number manufactured, have commemorative designs in the indicium and on the face opposite the face containing postage, and possess craftsmanship and quality that makes them suitable for framing or display.

l-m) That choice is available according to DMM P022.2.0.

n) I am not an attorney and cannot provide specific legal citations to the Postal Reorganization Act on this subject.

o-p) Yes.

q) In general, I do not see the relevance of collectible pricing to the present proceeding. Philatelic products are not at issue here. In the interest of being as helpful and responsive as possible, the Manager of Stamp Services, the office which prices philatelic products, is Azeezaly Jaffer. Again, I do not accept your implication that postal or stamped card prices must apply to philatelic card products.

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**DBP/USPS-T8-43** Your response to DBP/USPS-T8-31 appears to have failed to take into account the sentence in the original interrogatory which starts, "Your response must be based on the existing postal regulations." I am not looking for a general comparison between the delivery of Express Mail or Special Delivery. Nor am I looking for what is likely to take place in the system because of a lack of understanding of the regulations. Nor am I looking for a comparison of the total time from mailing to delivery which would include the overall transportation of the mail. What I am looking for are three very specific comparisons based on the postal regulations for the delivery of the mail. Please respond to the original interrogatory.

**RESPONSE:**

Special delivery is a service at the end of its life cycle. Over the last 25 years, annual volume has plummeted from 110.1 million pieces per year to 300,000 pieces a year (USPS-T-8 at pp. 116-136). I know of no particular instance where a Special Delivery article arriving at an area mail processing center at the same time as an Express Mail article would be dispatched earlier to the delivery post office.

According to postal regulations, if an Express Mail piece and a Special Delivery piece arrive at the delivery post office at the same time, it is possible that the Special Delivery article could be dispatched sooner. For example, if an Express Mail piece arriving at the delivery post office at 5:00 a.m. could be delivered by the guaranteed delivery time of noon by the regular carrier, it would be dispatched with the regular day's mail. A special delivery piece arriving at 5:00 a.m. could be dispatched sooner in accordance with Postal

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**Service regulations, although this is highly unlikely. Postal regulations governing the hours and frequency of Special Delivery mail are contained in Section 915.5 of the Domestic Mail Manual Transition Book.**

**Please note that the above example focuses only on the delivery post office.**

**Express Mail receives a higher level of service because it offers features such as guaranteed delivery, expedited transportation from the originating post office, and insurance.**

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**DBP/USPS-T8-44 [a] Does the last sentence in your response to interrogatory DBP/USPS-T8-33[a] indicate that there will be shipping and handling charges on PFSC included in the rates being proposed in this proceeding? [b] If not, what is the significance of the sentence in your response? [c] If so, provide the details of the other costs?**

**RESPONSE:**

**a) No.**

**b) This sentence was simply added as a point of clarification for your benefit.**

**c) Not applicable.**

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**DBP/USPS-T8-45 Please respond to the four parts of DBP/USPS-T8-35 if we restrict the USPS employees or consultants to those that are responsible for the setting of rates.**

**RESPONSE:**

**The interrogatory to which you refer above is completely unrelated to the subject matter of this interrogatory.**

**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

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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

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



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**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.**

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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.

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**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.**

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**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.

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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  
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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.

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**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.**

RESPONSE OF WITNESS UNITED STATES POSTAL SERVICE  
WITNESS NEEDHAM TO INTERROGATORIES OF  
UNITED PARCEL SERVICE

UPS/USPS-T8-9. Please refer to your response to Interrogatory UPS/USPS-T8-1(a) in which you state that the authority for the Postal Service to offer insurance is "federal law." Please provide specific and complete citations for all federal statutory and/or regulatory provisions that authorize the Postal Service to offer insurance.

RESPONSE:

I have no particular skill or expertise in law; consequently, I am unable to provide a complete list of specific citations to federal statutory and regulatory provisions. Nonetheless, I am aware that the Postal Reorganization Act, various provisions in the Domestic Mail Classification Schedule (DMCS) (e.g., DMCS classification and fee schedules SS-6, SS-9, SS-14 and DMCS sections 160, 180 *et seq.*, 260, and 362) and Domestic Mail Manual sections S010, S500, S911, S913, and S921 are related to the Postal Service's offering of insured mail.

RESPONSE OF WITNESS UNITED STATES POSTAL SERVICE  
WITNESS NEEDHAM TO INTERROGATORIES OF  
UNITED PARCEL SERVICE

UPS/USPS-T8-10. Please refer to your response to UPS/USPS-T8-2 that an underwriting analysis to support the Postal Service's current and proposed insurance coverages and rates by class and subclass of mail, and by incremental insured values is "not applicable." State fully and in detail all reasons why such an underwriting analysis is "not applicable."

RESPONSE:

The Postal Service has not prepared an underwriting analysis to support its current and proposed insurance coverages and rates by class and subclass of mail. I am unaware of any requirement that one be performed.

1 MS. DREIFUSS: Witness Lyon responded to our  
2 Interrogatory No. 89 Friday, and we would like to have this  
3 received into evidence as well. I don't believe the Postal  
4 Service has an objection to that.

5 I hereby so move.

6 COMMISSIONER QUICK: Any objections?

7 MR. HOLLIES: No objection.

8 COMMISSIONER QUICK: If you could provide copies  
9 to the reporter. The designated materials are directed to  
10 be received into evidence and transcribed into the record at  
11 this point.

12 [Witness Lyon's response to  
13 Interrogatory OCA/USPS-89 was  
14 received into evidence and  
15 transcribed into the record.]

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Response of Witness Lion to Interrogatory OCA/USPS-89, MC96-3

OCA/USPS-89. Please refer to the response to OCA/USPS-88.

- a. Library Reference SSR-156 includes two diskettes, each containing a single file named FMSRTE.DAT. Please explain the difference between these two files.
- b. Does either of the FMSRTE.DAT files correspond to one of the data sets named FMSRTE in either SSR-99 or in SSR-156? If so, please identify the data set (by library reference, page, and line number) and which of the FMSRTE.DAT files it corresponds to. If not, please explain exactly which data was used to produce the FMSRTE.DAT files.
- c. The second SAS program of SSR-99 required only two input data sets (files ROUTES.LDLSMN.PS754D01.STATB.VOLUME00x and FMS.DAT) to produce tables of average cost per square foot figures. Tables of average cost per square foot figures are produced in SSR-156 using the input files of SSR-99 plus three additional files (INSTMAST.FY9603.TXT, POBOX.SVYSTEP2.JAN30.DAT, and H30005.POBOX.ADDRFMS.DAT).
  - i. Please explain why the additional files were necessary for SSR-156.
  - ii. Please describe the contents of each of the files used in SSR-156 and define each variable used. For example, what is the difference between CAG, FMSCAG, and ACAG?
- d. Please refer to the tables of cost per square foot by delivery group at page 29 of SSR-156 and at page 31 of SSR-99. Please explain why these figures do not agree for delivery groups 1C, 2, and 3. Please identify which of the two tables of cost per square foot is correct.
- e. Please compare the tables at page 29 of SSR-156 with the table at page 31 of SSR-99. In SSR-156, the numbers of observations for groups 1C, 2, and 3 are 5854, 14959, and 4468, respectively. In SSR-99, the corresponding figures are 5853, 14989, and 4438. Please explain the reason for this discrepancy.
- f. Please refer to the attached tabulations of the larger of the two FMSRTE.DAT files included with SSR-156.
  - i. Please explain why the number of observations by CAG for FMSRTE.DAT differs from that shown at pages 22-24 of SSR-156 for CAGs G-L.
  - ii. Please explain why the number of observations by delivery group for FMSRTE.DAT differs from that shown at page 29 of SSR-156 and from that shown at page 31 of SSR-99.
- g. Please refer to pages 30 and 32 of SSR-156. The table on page 30 is titled "COST PER SQFT BY DELIVERY GROUP USING ALL FMS RECORDS." The table on page 32 is titled "COST PER SQFT BY DELIVERY GROUP USING ESTIMATED RECORDS."
  - i. Please explain the difference between these two measures of cost per square foot.
  - ii. Please explain the difference between "FMS RECORDS" and "ESTIMATED RECORDS."
  - iii. The cost per square foot for group 1A is 18.8322 using FMS records and 21.7575 using estimated records. Which estimate is correct? Are these two cost figures

Response of Witness Lion to Interrogatory OCA/USPS-89, MC96-3

meant to be used for different purposes? If so, please explain. If not, then please explain why they differ.

Does your response to subpart iii, above, apply to similar cost per square foot discrepancies for groups 1B, 1C, 2, and 3? If not, please explain the reason for discrepancies in these other delivery groups.

NOTE: Copyright (c) 1989-1993 by SAS Institute Inc., Cary, NC, USA.

NOTE: SAS (r) Proprietary Software Release 6.10 TS019

Licensed to POSTAL RATE COMMISSION, Site 0009866002.

NOTE: The SAS System for Microsoft Windows, Release 6.10 Limited Production

```
1 filename in1 't:\mc96-3\libref\ssr-156\disk1\fmsrte.dat';
2 data disk1;
3     infile in1;
4     input cag $ 1 delgrp $3-4 costsqft 8-15;
```

NOTE: The infile IN1 is:

```
FILENAME=t:\mc96-3\libref\ssr-156\disk1\fmsrte.dat,
RECFM=V,LRECL=256
```

NOTE: 25692 records were read from the infile IN1.

The minimum record length was 15.

The maximum record length was 15.

NOTE: The data set WORK.DISK1 has 25692 observations and 3 variables.

NOTE: The DATA statement used 7.79 seconds.

```
5 proc means data=disk1;
6     class cag;
7     var costsqft;
8     output out=disk1m mean=;
```

NOTE: The data set WORK.DISK1M has 15 observations and 4 variables.

NOTE: The PROCEDURE MEANS used 2.25 seconds.

```
9 proc means data=disk1;
10     class delgrp;
11     var costsqft;
12     output out=disk1m mean=;
13 run;
```

NOTE: The data set WORK.DISK1M has 7 observations and 4 variables.

Response of Witness Lion to Interrogatory OCA/USPS-89, MC96-3

NOTE: The PROCEDURE MEANS used 1.92 seconds.

Response of Witness Lion to Interrogatory OCA/USPS-89, MC96-3

The SAS System

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Analysis Variable : COSTSQFT

CAG	N Obs	N	Mean	Std Dev	Minimum	Maximum
A	1148	1148	9.1283281	8.0532141	0.0024000	42.0312000
B	673	673	9.0698978	7.3087888	0.0046000	40.8187000
C	1075	1075	9.2900011	7.0639571	0.0417000	36.8938000
D	478	478	8.5359510	6.9629967	0.0182000	40.0398000
E	788	788	7.6487110	5.6757703	0.6418000	30.2521000
F	983	983	7.1309731	4.9104418	1.0243000	27.0000000
G	2232	2232	6.3480236	3.6149872	0.9195000	18.8267000
H	3330	3330	6.0409474	3.0708928	1.3282000	18.5393000
J	4556	4556	5.7517561	2.7312186	1.2633000	16.7977000
K	8875	8875	5.7541049	2.8566395	1.1342000	18.1818000
L	1548	1548	5.5643677	3.0595709	0.6667000	18.5185000
M	1	1	4.1500000	4.1500000	4.1500000	
S	1	1	10.2100000	10.2100000	10.2100000	
W	3	3	6.9303333	5.7189624	1.5802000	12.9578000

The SAS System

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Analysis Variable : COSTSQFT

DELGRP	N Obs	N	Mean	Std Dev	Minimum	Maximum
1A	25	25	18.8322440	12.6951011	1.2585000	42.0312000
1B	143	143	15.5100678	9.8252027	0.0051000	40.8187000
1C	5830	5830	7.3935275	6.0268073	0.0024000	41.9595000
2	14986	14986	5.7545453	2.9465303	0.3333000	32.6033000
3	4397	4397	6.7366738	3.4801157	0.7674000	28.0567000
NA	311	311	7.2493990	5.6447102	0.0033000	37.5000000



Response of Witness Lion to Interrogatory OCA/USPS-89, MC96-3

RESPONSE:

- a. The smaller of the two FMSRTE.DAT files should not have been provided since it omits data regarding Group III boxes. The larger of the two files is, accordingly, the one that should be used. Our copy of the library reference indicates that the correct file has 436,764 bytes and a date stamp of October 30, 1996.
- b. No. The explanation follows in responses to subparts c through f.
- c. The SAS program filed in LR-SSR-99 was executed on May 16, 1996. It is an extract from a larger program that had earlier estimated costs per square foot by each of various categories (such as CAG and CAG group). This larger program, executed on March 5, 1996 was filed with LR-SSR-156 specifically in response to a request for all studies on cost per square foot by CAG (OCA/ USPS-88). These studies were not used in my testimony.
  - i. The cost per square foot by delivery group calculated in LR-SSR-156 requires the same input files as in LR-SSR-99. Any other input files were used in exploring other variations of cost per square foot and are not required to examine cost per square foot by delivery group.
  - ii.
    1. ROUTES.LDLSMN.PS754D01.STATB.VOLUME00x comprise the Delivery Statistics File. FMS.DATA is a text dump of the FMS file. INSTMAST.FY9603.TXT is a text dump of the Corporate Data Base Installation Master. POBOX.SVYSTEP2.JAN30.DAT is the PO Box survey data. H30005.POBOX.ADDRFMS.DATA is a file of estimated rental costs per square

## Response of Witness Lion to Interrogatory OCA/USPS-89, MC96-3

foot (see subpart g below).

2. There are dozens of variables used in the SAS program. CAG is the CAG from the Installation Master file. FMSCAG is the CAG from the FMS file.

ACAG is the CAG from the PO Box Survey file. The variables relied upon are explained in LR-SSR-99. Other variables were not relied upon and are accordingly irrelevant.

d-e. See response to subpart c. Any differences in cost per square foot by delivery group between LR-SSR-99 and LR-SSR-156 are due to changes in the Delivery Statistics File between March 5, 1996 and May 16, 1996. The DSF is dynamic and is updated regularly. Thus each table is correct as of a different time. The differences are, in this case, insignificant. LR-SSR-156 was submitted only at the request of the OCA and is not relied upon by the Postal Service.

f. i. The SAS program in LR-SSR-156 did not use FMSRTE to generate observations by CAG. The observations by CAG shown at pages 22-24 of LR SSR-156 were produced by a proc means performed on the data set FMSO (at lines 78-81 of the SAS code). Note, however, that the means for both CAG and delivery group in LR-SSR-156 and in the table attached to this interrogatory by OCA are virtually the same (to three significant figures in most cases). Therefore, differences in the number of observations are not significant.

ii. FMSRTE.DAT was created by a special SAS program run on October 28, 1996. FMSRTE. DAT shows different numbers of observations by delivery group than

Response of Witness Lion to Interrogatory OCA/USPS-89, MC96-3

the FMSRTE data sets in LR-SSR-99 and LR-SSR-156 for two reasons: First, the Delivery Statistics File (DSF) accessed by the October 28 program was different than the DSF accessed by the SAS program in LR-SSR-99 (May 16) and in LR-SSR-156 (March 5, 1996). (See subpart d above). Second, prior to creating FMSRTE.DAT, the October 28 program deleted those records that did not report cost per square foot values. These records were included in the earlier SAS programs, although those records were (correctly) ignored by the proc means operation in those programs.

- g. Two different runs were made last March, as part of our exploratory efforts to determine the best way to analyze costs. "FMS RECORDS" are taken directly from the Facility Management System (FMS), eliminating outliers as described in LR-SSR-99. "ESTIMATED RECORDS" are derived from the Address List Management System (ALMS). For these records, we estimated the rental costs per square foot for those records that had no such entry, using the values of neighboring facilities.
- i. Both measures are the average cost per square foot, but for somewhat different data sets.
  - ii. See above.
  - iii. The averages are different because the two data sets are different; each is therefore "correct" given that definition. The purpose of looking at two different ways was to decide which would be better. We ultimately used actual rather than estimated data, as reflected in USPS-T-4 and LR-SSR-99.

Response of Witness Lion to Interrogatory OCA/USPS-89, MC96-3

(iv) Yes.

1           COMMISSIONER QUICK: Regarding Mr. Carlson's  
2 question about the designation of responses, responses that  
3 he hopes to be receiving from the Postal Service, I suggest,  
4 Mr. Carlson, when you receive those responses, if you want  
5 them designated, inform us at that time in writing and we  
6 will do so.

7           MR. CARLSON: Okay. Thank you.

8           COMMISSIONER QUICK: Our next witness is appearing  
9 on behalf of the Postal Service to respond to questions  
10 concerning the implementation of its proposals in this case.

11           Mr. Hollies, will you identify your witness so I  
12 can swear him in?

13           MR. HOLLIES: The Postal Service calls Mr. Leo  
14 Raymond to the stand.

15 Whereupon,

16                           LEO RAYMOND,  
17 a witness, was called for examination by counsel for the  
18 Postal Service and, having been first duly sworn, was  
19 examined and testified as follows:

20           COMMISSIONER QUICK: Mr. Raymond does not have  
21 written prepared direct testimony.

22           Mr. Hollies, please conduct oral direct  
23 examination concerning Mr. Raymond's qualifications and  
24 expertise.

25                           DIRECT EXAMINATION

1 BY MR. HOLLIES:

2 Q Would you begin by spelling your name for the  
3 record and providing your business address?

4 A My last name is Raymond, R-A-Y-M-O-N-D. First  
5 name is Leo, L-E-O. I am at <sup>475</sup>~~457~~ L'Enfant Plaza, Southwest,  
6 Washington.

7 Q In what capacity do you work for the Postal  
8 Service?

9 A I'm currently the acting manager, pricing and  
10 classification and implementation.

11 Q Has your employment -- has the scope of your  
12 employment involved this Docket MC96-3?

13 A My primary involvement has been at the most recent  
14 phase of the docket, in figuring out the details of  
15 implementation of the results of the docket as they are  
16 perceived at this point.

17 Q Are you familiar with the implementation efforts  
18 of the Postal Service regarding this docket?

19 A Yes.

20 Q Could you tell us a little bit about what the  
21 implementation involves?

22 A Well, the implementation would involve taking the  
23 results of the proceeding and going through the steps of  
24 rulemaking, issuing rules, educating both our internal and  
25 external customers about the content of those rules.

1           Of course, prior to that point, developing  
2 proposals that would be contained in a rulemaking, figuring  
3 out the practicalities of what the rule would require,  
4 evaluating various methods of approaching the proposed rule  
5 that is consistent with the decision of the Commission and  
6 consistent with the wishes of the governors, consistent with  
7 Postal Service policy and the -- which is administrable by  
8 the Postal Service and its employees, as well as being  
9 understood by its customers. There are many things you have  
10 to do with -- prior to implementing a rule.

11           Q     Are there different groups involved with  
12 implementation?

13           A     Yes. There are several groups involved, the most  
14 notable being the implementation work groups that consist of  
15 internal headquarters employees as well as field employees  
16 and our postmaster work groups. All of them are involved in  
17 this process so we can identify the different types of  
18 activities that have to take place before the results of  
19 this proceeding are implemented.

20                 We coordinate, assign roles to those different  
21 groups, ensure that the ideas and principles contained in  
22 the proposed rule have some practicality. Those are bounced  
23 off the different members of the work groups; and, of  
24 course, they are all -- those work groups are all then  
25 tasked with certain things to do with -- in disseminating

1 the content of the rule and educating our employees and  
2 customers and, of course, feeding back the identified  
3 problems that may need resolution regarding implementation.

4 Q The Postal Service has filed in this docket a  
5 status report. The report is actually labeled The Status  
6 Report of United States Postal Service On Implementation of  
7 Special Services Reform Proposals.

8 A Uh-huh.

9 Q Are you familiar with that document?

10 A Yes, I am.

11 Q Does it present final decisions by postal  
12 officials regarding implementation?

13 A No, it does not.

14 Q Why would that be?

15 A Because, as I explained earlier, we are still in  
16 the process of preparing for implementation. Therefore,  
17 just by that circumstance, as well as the chronology of the  
18 case, it would be premature to have final decisions  
19 concerning what is going to be done or how we will implement  
20 something where we don't have something concrete to  
21 implement yet.

22 Q When, or perhaps if, final decisions are reached,  
23 in what form -- what form would they take?

24 A The Postal Service would issue a proposed rule  
25 which is published for public comment in the Federal



1 Register. That would contain both the actual rules that  
2 would be applied to implement this case as well as some  
3 argument to support those proposals.

4 Of course, that would be the product of the  
5 ongoing discussions that are taking place at this time. So  
6 if you wanted to look at a number of possible scenarios that  
7 would be developed, one of those would be the one that would  
8 finally succeed in being published in the proposed rule.

9 Q Would the proposed rules represent final  
10 decisions?

11 A In the context of that point in time.

12 Q Okay. And if it were finalized, it would then  
13 take what form?

14 A After the comments are received and evaluated by  
15 the Postal Service, a final rule is proposed that reflects  
16 the content and thrust of those comments, as they have been  
17 accepted or considered.

18 Q Ultimately, there would be a final rule that  
19 appears in the Federal Register?

20 A Yes.

21 Q Aside from the contingencies which you have  
22 identified in the implementation process, does the status  
23 report continue to reflect postal managers' thinking  
24 accurately?

25 A Yes.

1           Q     Are you prepared to face oral cross-examination on  
2     the contents of this status report?

3           A     Yes.

4           MR. HOLLIES: With that, I believe he can be  
5     cross-examined.

6           COMMISSIONER QUICK: Thank you, Mr. Hollies.

7           CHAIRMAN GLEIMAN: Mr. Presiding Officer, I just  
8     have a question I need to ask.

9           You identified this as a status report  
10    implementation of new post office box fee schedule? Should  
11    that be first status report? I just want to be sure I have  
12    the right document here.

13          MR. HOLLIES: We have copies of the document here  
14    on the table at the side. Would you like one?

15          CHAIRMAN GLEIMAN: I would like to know whether  
16    the title you read is the full and complete title or whether  
17    the title that I have here on this one that has the word  
18    "first" in front of it is the correct title?

19          MR. HOLLIES: What I read was the title on the  
20    pleadings, the front.

21          CHAIRMAN GLEIMAN: Okay.

22          MR. HOLLIES: I think you are right. The body of  
23    the report itself does label itself First Status Report:  
24    Implementation of New Box Fee Schedule.

25          CHAIRMAN GLEIMAN: I just want to be sure I have

1 the same song sheet you have.

2 Thank you. I am sorry, Mr. Presiding Officer. I  
3 like to know where I am occasionally.

4 COMMISSIONER QUICK: I appreciate these pertinent  
5 remarks.

6 At this point, I would like to include copies of  
7 this document in the record so that everybody will know what  
8 we are talking about.

9 I direct this be admitted into evidence and  
10 transcribed into the record at this point.

11 [Status Report of United States  
12 Postal Service on Implementation of  
13 Special Services Reform Proposals  
14 was received into evidence and  
15 transcribed into the record.]

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

RECEIVED

Oct 23 4 35 PM '96

POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

STATUS REPORT OF UNITED STATES POSTAL SERVICE  
ON IMPLEMENTATION OF SPECIAL SERVICES REFORM PROPOSALS  
(October 23, 1996)

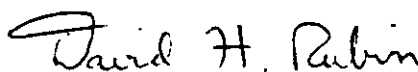
The United States Postal Service hereby provides its first status report on the implementation of the special services reform proposals under consideration in this docket. This status report reflects input from a cross-functional implementation team, including individuals with operations, delivery, retail, and field expertise. Should questions arise concerning this status report, the Postal Service is willing to make an additional witness available to respond to questions.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



David H. Rubin

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

## FIRST STATUS REPORT: IMPLEMENTATION OF NEW BOX FEE SCHEDULE

This reports on the ongoing development of plans to implement the new post office box fee schedule and classifications proposed in Docket No. MC96-3. Of necessity, matters reported herein are preliminary because the Commission has yet to render its Opinion and Recommended Decision, and the Governors have yet to act upon any such decision.

Finalization of appropriate proposed DMM regulations must await those events. Furthermore, the rulemaking process -- including public comments on proposed rules published in the *Federal Register* -- could affect the final rules.

The Postal Service has organized a multi-functional team involving participation by several parts of the organization to assist the implementation effort. In particular, input is being obtained from persons with detailed knowledge of operations, delivery, retail, and field conditions and expected customer reactions. The following can be reported at this time:

### Non-Resident Fee and Multi-ZIP Code Post Offices

The Postal Service has determined as part of its implementation effort that a boxholder who is eligible for delivery from one facility of a multi-ZIP Code post office will be treated as a resident at any facility assigned to that post office. This eliminates the possibility that many residents of multi-ZIP Code offices will find their choice of facilities at which to obtain box service severely limited if they wish to avoid the non-resident fee, and prevents the assignment of carriers among facilities of a post office from determining residency status.

In some cases, box service is available within one ZIP Code while carrier delivery is available only within a different one. When both are administered by a single post office, the customers who reside within the delivery ZIP Code area(s) served by that office would be eligible for box service as residents. Many larger post offices also have multiple facilities, and a resident of any one of them would not be subject to the non-resident fee if box service is obtained at other facilities administered by that post office.

### Overlapping Service Areas

Overlapping service areas create problems in determining residency status. In some more rural areas, for example, routes emanating from several offices may travel down a single roadway resulting in overlapping or commingled service areas. The implementation team has yet to identify and address all variations of this situation, but the general solution would be that each customer would be assigned to a single carrier route and thus to a single post office. Therefore they would be considered "residents" of the post office that actually provides delivery service. This general solution is animated by the interest in enhancing the efficiency of postal delivery operations.

### Residence Status at Non-Delivery Offices

The determination of residency status for box customers at non-delivery offices has also received preliminary consideration. The issue can be re-phrased as who is a resident of a non-existent delivery service area. Generally, because all customers are entitled to one form of free delivery, those customers who receive service from a Group E (non-delivery) office, and who are not offered carrier or free box service by the Postal Service from another office, would be offered free delivery via post office boxes at the Group E office. Thus, these customers form the *de facto* "residents" of this nondelivery office and are charged the Group E fee. The implementation group believes this approach may satisfy most situations.

### Non-Domestic Customers

Residents of Mexico and Canada are not eligible for any form of free delivery from the United States Postal Service. Exemptions from the non-resident fee would be available only for residents of the Postal Service's domestic service area.

### Box Fees at Contract-Operated Facilities

Under the existing fee schedule, contractor-operated facilities are treated inconsistently. Under DMM § D910.4.1, the general rule is that contract facilities apply the same fee schedule as their administering offices. This rule is only applied, however, when the administering office is a Group I office. If the administering office instead applies Group II fees, then contract facilities charge Group III fees under DMM §D910.4.5.

The implementation team has decided to rectify this inconsistency by having all contract facilities, including community post offices, charge the same fees as their administering post offices.<sup>1/</sup> Group E offices would thus include only postal-operated non-delivery offices. As discussed in the following paragraph, customers ineligible for carrier delivery by operation of the quarter-mile rule would not be entitled to a Group E box.

### The Quarter-Mile Rule

The Postal Service continues to consider the merits of eliminating the quarter-mile rule, which operates to make customers of non-city delivery post offices ineligible for carrier delivery if they live within .25 miles of the post office. No decision to alter the status quo has been reached; accordingly, there is no current decision to provide a Group E box to customers ineligible for carrier delivery because of this rule.

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<sup>1/</sup>This answers the question expressly reserved in the second paragraph of the Response to POIR No. 2, question 4.

### Multiple Fee Schedules at Single Offices

The Postal Service proposal in this case, if implemented, requires multiple fee schedules at Group E offices. Decisions reported in this Attachment would, by extending Group E fees to customers ineligible for delivery, also require other offices to apply multiple fee schedules. Thus a given office may have three fees: one each for residents and non-residents, plus a Group E fee. (As a practical matter, there may be no customers ineligible for carrier delivery at new Group A and B offices.) This decision extends the principle underlying DMM § D910.4.3a to all offices at the cost of administrative burdens that the implementation team will seek to minimize.

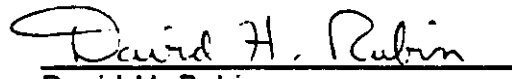
### Permanent General Delivery Service

Existing postal regulations provide customers of Group II offices the right to permanent general delivery which is free; this option is expected to be eliminated as a general entitlement thus eliminating an unwarranted distinction between the successors to Group I and II offices. If a free delivery option is to be available at the post office, the Postal Service would prefer that it be box service since it is administratively simpler to handle. However, the option of the Postal Service to provide service via general delivery may need to be retained at offices that have no available post office boxes.

- 2 -

**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.

  
David H. Rubin

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



1 COMMISSIONER QUICK: As Mr. Hollies said, there  
2 are additional copies available for anyone who needs them.

3 Only one participant, Douglas Carlson, filed a  
4 written request for oral cross-examination of this witness,  
5 although at the hearing on November 18, 1996 counsel for the  
6 Office of Consumer Advocate indicated he might have follow-  
7 up cross-examination.

8 Does any other participant intend to cross-examine  
9 the witness for anything?

10 [No response.]

11 COMMISSIONER QUICK: If not, Mr. Carlson, you may  
12 begin.

13 CROSS EXAMINATION

14 BY MR. CARLSON:

15 Q Good morning. If the Postal Service desires to  
16 determine whether two individuals who live within 5 to 10  
17 miles of each other are similarly situated to each other for  
18 purposes of setting fees, does the Postal Service believe  
19 that the city in which each person lives is a key factor in  
20 determining whether the two individuals are similarly  
21 situated to each other?

22 A I guess your question presumes the validity of  
23 "similarly situated" as a component in determining something  
24 of relevance to the Postal Service.

25 If that -- accepting your premise that that

1 similar situation were something we needed to figure out, we  
2 would have to develop a list of criteria by which similarly  
3 situated was defined. That might arguably include their  
4 physical location.

5 Q Is it an important factor? Is the city in which  
6 they live an important factor in determining whether two  
7 people are similarly situated to each other?

8 A Again, accepting that the -- the premise we are  
9 trying to decide this, and I'm not saying we need to for any  
10 given reason, then it might be important, sure.

11 Q Okay. Do you think there are other factors that  
12 would be more important?

13 A Well, not having had any occasion to try to figure  
14 out a definition of similar situation, I have not had a  
15 chance to develop any list of criteria.

16 Q Suppose two customers are similarly situated to  
17 each other. Suppose further that these two customers wish  
18 to obtain box service at the same postal facility. Does the  
19 Postal Service believe that either customer should pay a  
20 non-resident fee?

21 A In the context of your question, again, where  
22 "similar situation" seems to be a relevant factor, if you  
23 had identical people, identical situations. And I don't  
24 perceive in your question any reason to distinguish between  
25 those two people.

1           Q     Not identical, but similarly situated. Two people  
2     are similarly situated to each other. If it is determined  
3     that they are, and they both want box service at the same  
4     facility, does the Postal Service believe neither customer  
5     should pay a non-resident fee?

6           A     Within the context of your question, I don't see  
7     any difference between these two customers. Therefore, I  
8     would not see any reason upon which to make such a  
9     distinction.

10          Q     Therefore, charge one a fee and one not a fee?

11          A     Or anything else.

12          Q     I would like to clarify the implementation plans  
13     for multi-ZIP-code post offices.

14          A     Uh-huh.

15          Q     Suppose multiple ZIP codes are assigned to the  
16     city of Sacramento. Suppose further all the ZIP codes in  
17     Sacramento are under the jurisdiction of the Sacramento post  
18     office. Now I would like you to answer the following  
19     questions which are based on the set of facts I just  
20     described.

21                Question A: If a person lives in Sacramento and  
22     is eligible for carrier delivery from the facility under the  
23     jurisdiction of the Sacramento post office, may that person  
24     obtain box service without paying a non-resident fee from  
25     any station that is under the jurisdiction of the Sacramento

1 post office?

2 A At the present time, the Postal Service's thinking  
3 is inclined to agree with that premise. If you are a  
4 resident of Sacramento, in your example, you would have  
5 access to post office box service as a resident at a  
6 facility within the jurisdiction of the Sacramento post  
7 office.

8 Q Okay. You said the Postal Service is inclined at  
9 this point; that would be the proposed rule if you were  
10 proposing a rule at this point?

11 A As I explained, the Postal Service is discussing  
12 its -- the content of its proposed rule internally and is  
13 evaluating it by asking, for example, postmasters how they  
14 think it would work; and at this point, among those within  
15 that framework, we are considering what I just mentioned to  
16 you as our -- as how we would deal with multi-ZIP-coded post  
17 offices.

18 Q At the moment, what you describe is more likely  
19 than any other scenario?

20 A Yes.

21 Q Question B: If a person lives in Sacramento and  
22 is eligible for carrier delivery from a facility under the  
23 jurisdiction of the Sacramento post office, may that person  
24 obtain box service without paying a non-resident fee from  
25 any branch that is under the jurisdiction of the Sacramento

1 post office?

2 A Same answer.

3 Q Question C: If a person lives outside the city  
4 limits of Sacramento and is eligible for carrier delivery  
5 from a branch that is under the jurisdiction of the  
6 Sacramento post office, may that person obtain box service  
7 without paying a non-resident fee from any station located  
8 in the city of Sacramento that is under the jurisdiction of  
9 the Sacramento post office?

10 A At this point, we are attempting to define the  
11 resident/non-resident question based more on service than on  
12 political boundary. So at this point, we are considering  
13 the question of political boundaries versus postal  
14 boundaries in favor of the postal boundaries so that you are  
15 a customer of the Sacramento post office and, therefore, in  
16 that context, a "resident," even though you may have a  
17 political address which is somewhat different or an address  
18 which is different from a political standpoint.

19 Q So the customer who receives mail from a branch  
20 under the jurisdiction of the Sacramento post office could  
21 obtain box service without paying a resident fee from any  
22 station within the city of Sacramento.

23 A Your B question, yes.

24 Q Yes.

25 Okay. That's the end of that question and that

1 set of facts.

2 On page 1 of the status report on implementation  
3 plans, under the heading Non-Resident Fee and Multi-ZIP-  
4 code Post Offices?

5 A Uh-huh.

6 Q In the first paragraph, second sentence states in  
7 part, "This eliminates the possibility that many residents  
8 of multi-ZIP-code offices will find their choice of  
9 facilities at which to obtain box service severely limited  
10 if they wish to avoid the non-resident fee."

11 Why did the Postal Service desire to eliminate the  
12 possibility that many residents of multi-ZIP-code offices  
13 will find their choice of facilities at which to obtain box  
14 service severely limited if they wish to avoid the non-  
15 resident fee?

16 A Well, the Postal Service found that in a multi-  
17 ZIP-coded situation, multi-ZIP-coded post office situation,  
18 it is possible to have some facilities where you have no  
19 carrier service emanating from that facility.

20 So if you applied the very simple rule of a five-  
21 digit post office concept to a five-digit station or bank or  
22 whatever of a multi-ZIP-coded post office, you found  
23 yourself with an awkward circumstance that was not  
24 necessarily consistent with the ideas underlying the  
25 proposal for the non-resident surcharge or non-resident fee,

1     whatever your term of reference may be.

2           Q     The Postal Service was concerned that residents of  
3     multi-ZIP-code offices would find their choice of facilities  
4     at which to obtain box service limited to zero?

5           A     You did not -- we do not want to create a  
6     situation in which you have no choice. I'm thinking of a  
7     situation, for example, here in Washington, the L'Enfant  
8     Plaza station, which is a station very close to where our  
9     headquarters building is. To the best of my knowledge,  
10    there are no carriers who work out of that station; it has a  
11    box section, of course.

12                  To say that only persons who are served by that  
13    station in the carrier sense would be eligible for a box at  
14    "resident" rates would obviously have zero possible  
15    constituents.

16                  So that is -- it is for those kind of situations  
17    it was much more reasonable and administrable and practical  
18    to look at the post office as a whole. You had post offices  
19    to post offices, five-digit post offices to multi-ZIP-code  
20    post offices. That made the rule more administrable and  
21    sensible.

22           Q     Were you concerned some residents' multi-ZIP-code  
23    post offices might have only one facility from which to  
24    choose if the initial definition of non-resident were used?

25           A     It would create problems, that's true. That was

1     what we tried to avoid.

2           Q     So you were concerned that somebody who lived in a  
3     city such as Washington, D.C. could get box service at just  
4     one station or branch -- I guess station -- without paying  
5     the non-resident fee and that this revised proposal then  
6     allows that person to get a box at any station in  
7     Washington?

8           A     Or the reverse. If you apply the -- one of the  
9     earlier definitions of the rule to multi-ZIP-coded  
10    facilities, multi-ZIP-coded post offices, everybody would  
11    have a place to go.

12                In theory, all places that had carriers serving  
13    people's addresses would also have a corresponding post  
14    office box section at which they could obtain service for  
15    free or without paying the non-resident fee, I should say.

16                But by saying the inverse is a problem would be  
17    the example that I mentioned before. You would have some  
18    facilities where you have no carrier service, so that  
19    anybody who wanted to do business there would become, by  
20    definition, a non-resident. That was -- we perceived that  
21    as being problematic, something we could probably avoid by  
22    an easier administration of the rule.

23           Q     Would it be a problem if some people in  
24    Washington, D.C. were eligible for a box at exactly one post  
25    office without paying a non-resident fee? I'm sorry, one



1 station? Would it be a problem if some people had only one  
2 post office to choose from in Washington, D.C., one station  
3 to choose from?

4 A Would it be a problem for who?

5 Q Would the Postal Service consider that to be a  
6 problem or a situation that you wanted to avoid?

7 A It would not be as much a problem we wanted to  
8 avoid as having a situation where you could not get a box.

9 Q Okay.

10 A Or where your box service -- where box service at  
11 some facility was automatically at a non-resident rate.

12 Q But is it a problem in any sense if a person in  
13 Washington, D.C. has a choice of exactly one station at  
14 which to obtain box service without paying a non-resident  
15 fee?

16 A In what sense do you mean "problem"?

17 Q Does the Postal Service consider administrative  
18 problems, complaints from customers, unfairness, those would  
19 be examples that I could think of as being problems.

20 A Uh-huh. The Postal Service does not wish to  
21 create situations that conspicuously offer the opportunity  
22 for customer dissatisfaction. We don't want to create  
23 situations that, on their face, are going to cause customers  
24 to be disenfranchised.

25 We are trying to figure out a way to administer a

1 rule that is reasonable and that is, to the best of its  
2 ability, can be administered fairly and reasonably and  
3 easily by the persons who are charged with doing so.

4 Q So could there have been some customer  
5 dissatisfaction if some people had only one station in  
6 Washington, D.C. to choose from to obtain box service  
7 without paying a non-resident fee?

8 A That's possible.

9 Q Would the Postal Service have considered that a  
10 problem, something they would like to have avoided?

11 A If we have a reasonable alternative to that kind  
12 of situation, it would be preferable to choose that  
13 alternative.

14 Q How many choices of facilities would be available  
15 without a non-resident fee to a person who lives in a city  
16 that has one post office that has no subordinate stations or  
17 branches?

18 A And that person has the choice of having street  
19 delivery or going to that post office that serves them?

20 Q That's right.

21 A Their choice, in the context of the non-resident  
22 surcharge as it is now envisioned, go to -- the alternative  
23 would be going to a post office that offers carrier service.  
24 If they wanted to go someplace else, that would be at the  
25 non-resident rate.

1           Q     Is it possible that some people who live in a city  
2     that has one post office that has no subordinate stations or  
3     branches would be dissatisfied that he has only one facility  
4     from which to choose for obtaining box service without  
5     paying the non-resident fee?

6           A     It's possible.

7           Q     Why did the Postal Service not seek to avoid that  
8     kind of customer dissatisfaction?

9           A     The Postal Service tries to seek avoidance of  
10    customer dissatisfaction, but we did not let that solely  
11    guide our decisions. We have to try to balance reasonable  
12    administration of the rule, sensible interpretations, our  
13    own business interests, interests of other customers, a  
14    variety of things, and not solely be compelled to satisfy  
15    customers at all costs. I don't think any business, any  
16    entity can do that and still manage to perform in a  
17    reasonable fashion.

18          Q     Okay. So you decided that you need the non-  
19    resident fee for business reasons and you have decided that  
20    you will let the people in multi-coded cities not be  
21    dissatisfied by giving them more options, but the people who  
22    live in a one-post-office city will be dissatisfied and  
23    that's the judgment or trade-off that you have to make?

24          A     I don't think that's what I said. I don't agree  
25    with the characterization. I think I said until multi-ZIP-

1 coded post offices, we made certain decisions based on that  
2 situation, and that another post office, which has just one  
3 facility, your choices are singular. If you have two  
4 facilities, you have two choices.

5 If you have a station and a main post office, you  
6 have two choices. If you have 37 branches and the main post  
7 office, you have 38 choices. But by the same principle, you  
8 are able to be served, if you will, as a post office box  
9 customer by your post office.

10 Q You were saying in Washington, D.C., there might  
11 be some customer dissatisfaction that it would be nice to  
12 avoid, I think is a fair statement, by not limiting  
13 Washington, D.C. residents to obtaining box service at just  
14 one station, but you've decided that you will allow that  
15 dissatisfaction in the case of one -- a singular post  
16 office?

17 A Again, I don't agree with the notion that we are  
18 making this decision based upon a desire to please or to  
19 accept dissatisfaction.

20 The example I gave was that you have two  
21 situations, two post offices, one with several facilities  
22 and another one with just one facility. In each case, that  
23 post office, either through one of its many facilities or  
24 through its only <sup>Facility</sup> ~~facilities~~, serves a certain number of  
25 customers.

1           Those customers have access to post office box  
2 service at that post office without being charged the non-  
3 resident fee. In some cases, that may give them more  
4 physical locations. In other cases, it may not. But that  
5 -- in no way is that decision predicated upon a desire to  
6 please or displease.

7           Q     Suppose a person lives in a city that has one post  
8 office that has no subordinate stations or branches.

9                     Suppose further that this person's city is located  
10 adjacent to Los Angeles, California. When I say Los  
11 Angeles, California, I mean Los Angeles, California, with  
12 900 prefixes.

13          A     Uh-huh.

14          Q     What the Postal Service considers to be Los  
15 Angeles, California.

16                     Why is the Postal Service concerned on the one  
17 hand that a person who lives in Los Angeles not find his  
18 choice of facilities severely limited if he wants to avoid  
19 the non-resident fee while, on the other hand, the Postal  
20 Service is not concerned about the limited choices that are  
21 available to the residents of the adjacent small city?

22          A     If I can follow your question, our concern is to  
23 ensure that customers of the post office, of a post office,  
24 would have the opportunity to be served by that post office  
25 if they choose to have a post office box at that post

1 office.

2           Again, in some cases, it could be a post office  
3 that has many physical outlets. In other cases, it may be  
4 only one with a single physical outlet. The idea is to  
5 offer customers of that post office a chance to continue  
6 service by that post office through a post office box. It  
7 isn't meant to cause dissatisfaction -- or the words we used  
8 here -- or to severely limit someone. We are not trying to  
9 severely limit somebody, necessarily.

10           Q     So you don't see any problem with the proposal  
11 that gives a person who lives in Los Angeles perhaps 20 or  
12 more choices of facilities from which to obtain box service  
13 without paying a non-resident fee while the person who lives  
14 in the city right next to Los Angeles has exactly one  
15 choice? You don't see any problem?

16           A     I don't see that as an evil form of  
17 discrimination.

18           Q     Is it a nice form of discrimination?

19           A     I don't see it as a form of malicious  
20 discrimination. I think it is a situation where the  
21 customer happens to be living in a place where there is a  
22 single building serving them for the Postal Service.  
23 Somebody else happens to live somewhere else where there are  
24 many places under one postmaster serving them.

25           Q     Is it discrimination?

1           A     There's a difference. I don't like the  
2     connotation of the word "discrimination." I think it is  
3     negative. There is a difference between those two  
4     situations. I wouldn't want to characterize it as  
5     discrimination.

6           Q     So there is nothing negative about having one  
7     person who lives right outside of Los Angeles have one  
8     choice and his neighbors a half mile away in the city of Los  
9     Angeles having 25 or 30 choices, no problem?

10          A     As a practical matter, I don't know how many  
11     customers of Los Angeles are going to do anything other than  
12     seek their local postal facility, if there is a box  
13     available there for their service. So in practicality, I  
14     think most people will go to the local place. If I live in  
15     a post office -- place that has one post office building, I  
16     will go there. If I live in part of a greater Los Angeles  
17     post office service area, I will go to my local facility.

18                 So the fact there are 19 more places that lie  
19     across the city to me may not make a difference. So as an  
20     individual, I would not feel benefited or, if I lived in  
21     another town, I would not feel hurt.

22          Q     Isn't that another way, then, of saying that most  
23     people are not non-resident box holders and most people  
24     wouldn't be subject to a non-resident fee?

25          A     I don't think I said that. I was answering the

1 concern that you said people would feel discriminated  
2 against.

3 Q You said most people who live in a single-post-  
4 office city obtain box service at their local post office;  
5 is that correct?

6 A In following your example, I was using the example  
7 in the context of the conversation we were having. I don't  
8 know what the average person's behavior would be.

9 Q In my example where you have a city that is a  
10 direct suburb of Los Angeles with a single post office, you  
11 would think most people who live in that city would obtain  
12 box service at their local -- at that local post office?

13 A In the context of the question you asked, the  
14 conversation we were having, that was the premise of my  
15 assumption.

16 Q Okay. Still under this set of facts, the people  
17 who live in the city of Los Angeles are -- most of the  
18 people who live in the city of Los Angeles who want box  
19 service will get the box at their local station?

20 A I don't know if that's factually true. It was the  
21 context upon which we were basing our conversation that was  
22 an assumption of that context. I can't say it is  
23 statistically true. I don't know.

24 Q You thought -- said you thought it was true?

25 A It struck me as being reasonable. I don't think



1     there was anything on the record that says any place has a  
2     given percentage of people.

3           Q     Okay. Given those two things, then that's another  
4     way of saying that most of the people who live in my suburb  
5     and most of the people who live in Los Angeles in my example  
6     are not non-resident box holders?

7           A     That's probably true.

8           Q     Okay. Let focus on the people who are non-  
9     resident box holders.

10           The people who are in that suburban city that has  
11     one post office have one choice and their neighbors in Los  
12     Angeles have 20 choices. That difference doesn't bother  
13     you?

14           A     Again, I don't see that there is an effective  
15     problem created for the customer. The customer, again,  
16     within the context of our conversation, is probably going to  
17     seek service at the place that serves them -- would serve  
18     them as a street customer, as a delivery customer.

19           So I can't think of any place names to use here to  
20     make this a more realistic example. The fact that a  
21     customer on one side of Los Angeles who would be served by  
22     station B and get a box at station B may also travel across  
23     the city 20 miles and get box service at another station of  
24     the Los Angeles post office may -- maybe in your mind that  
25     is an advantage as compared to the circumstances of the

1 customer in a smaller town, but I don't think the average  
2 customer would really see a benefit there, nor do I think  
3 the customer in a smaller town would perceive any  
4 disadvantage as a result of that situation.

5 Q So you don't see any situation where a person who  
6 lives in that small city/suburb would want to travel a mile  
7 into Los Angeles, perhaps near where he works, to obtain a  
8 box at a station in Los Angeles -- first of all, is that  
9 possible?

10 Is it possible a person who lives in that suburban  
11 city would want a box a mile away from home in the city of  
12 Los Angeles because it is near where he works?

13 A It is possible.

14 Q Is it possible somebody who lives 20 miles away  
15 from that Los Angeles station on the other side of Los  
16 Angeles also would want a box at the farther-away station  
17 because it is near where he works?

18 A Sure.

19 Q Do you see any problem with charging one of those  
20 two people a non-resident fee but not the other? Is there  
21 any discrimination? Any justification for the difference in  
22 fees?

23 A Within the context of your question, again, I  
24 don't agree there is a discrimination. That would imply  
25 something negative that I don't agree there is anything evil

1 or malicious or negative associated with this.

2 We are trying to offer customers of a post office  
3 a chance to have post office box service at a place served  
4 by that post office; and the fact in some cases you may have  
5 multiple outlets through which that service may be obtained  
6 is not indicative of some attempt to discriminate against  
7 anybody. It is just the way it worked out.

8 Q Do you have any sense of why the customer who  
9 lives in the small suburban city would be satisfied if I  
10 told him that, well, you're going to pay a non-resident fee  
11 because you have a box in Los Angeles and that's a mile away  
12 from your home; but this other guy who has a box 20 miles  
13 from his home doesn't pay the non-resident fee because Los  
14 Angeles is Los Angeles, it is one post office. There are  
15 stations of the post office, but we consider it one post  
16 office.

17 Do you think he would be satisfied that that is  
18 why he has to pay a higher fee?

19 A I don't think people's satisfaction necessarily  
20 means they would not accept the reason for which something  
21 is done. Obviously, if I have to pay a fee for anything, I  
22 may not like it, but I could at least accept the reason for  
23 which it is being charged. If that reason is sensible and  
24 has some validity to it and I can understand where the  
25 charging party is basing that fee, then I can at least

1 accept that.

2 In the case of this fee -- and to be honest, the  
3 term resident has been found problematic. We prefer to call  
4 this -- we invented other terms. I can't think of them  
5 right now -- to base it upon customers, not where you happen  
6 to live but from which post office you are served as a  
7 customer.

8 So if you put it in that context, then I think  
9 most people would understand if they -- if a post office  
10 attempts to provide service to a -- to its customers, that  
11 there may be some reason to consider discouraging  
12 competition for those services by non-customers of that post  
13 office. In that context, people could understand the reason  
14 for which a fee could be a tool toward that end.

15 Q Is it possible that somebody could be dissatisfied  
16 with something because he thinks it is unfair?

17 A It is possible.

18 Q Okay.

19 MR. CARLSON: At this point, I would like to ask  
20 the Postal Service -- and I will step over there in a minute  
21 -- that this map I brought in of Oakland, Berkeley,  
22 Kensington and part of El Cerrito, all areas of California,  
23 is a reasonably accurate representation of the geopolitical  
24 boundaries of the above-named areas. This map was provided  
25 by the California State Automobile Association.

1           MR. HOLLIES: This was the first time the Postal  
2 Service has had the opportunity to review what I think may  
3 turn into a cross-examination exhibit. We are not prepared  
4 to stipulate to its authenticity or accuracy. We simply do  
5 not know.

6           I suspect Mr. Carlson has a basis for forming an  
7 independent opinion as to the accuracy of this and I do not  
8 have objections to his attempting to frame cross-examination  
9 questions based upon it. But I'm not in a position to  
10 stipulate as to its authenticity or accuracy.

11          MR. CARLSON: Thank you. This map is consistent  
12 with my knowledge of the East Bay, having lived there for  
13 six or seven years, with the political boundaries being  
14 fairly consistent with my experience. I would like to offer  
15 it as an exhibit and let the Commission consider it for  
16 whichever value is appropriate.

17          MR. HOLLIES: If Mr. Carlson is trying to make  
18 that a part of the record, because of his attestation, I  
19 don't think that is appropriate. If he is using it as a  
20 cross-examination exhibit, that's fine.

21          Maybe it should be marked as such and we will deal  
22 later with the question of whether it should or should not  
23 become part of the record.

24          MR. CARLSON: I do not mean for it to be part of  
25 the record. I meant for it to be just an exhibit.

1 COMMISSIONER QUICK: You want to give it a  
2 designation? We will make it an exhibit.

3 MR. CARLSON: I numbered a couple of other  
4 previous exhibits. Could we call this Exhibit 4, even  
5 though it goes out of order? Otherwise, I could quickly  
6 renumber a few others.

7 COMMISSIONER QUICK: Sure. Exhibit 4 will be  
8 marked.

9 [Exhibit No. DRC-4 was marked for  
10 identification.]

11 COMMISSIONER QUICK: Mr. Raymond, can you see that  
12 all right?

13 THE WITNESS: I can turn my head. May I turn the  
14 easel?

15 COMMISSIONER QUICK: Sure. Let's make it easy on  
16 the witness.

17 MR. CARLSON: I have for you Exhibit No. 1 which I  
18 will give the witness. Should I give the Bench one copy  
19 also?

20 COMMISSIONER QUICK: Sure. That would be fine.

21 BY MR. CARLSON:

22 Q Could you confirm that Exhibit No. 1 apparently  
23 was written by Dorothy L. Wilson, manager, Address  
24 Management Systems of the Postal Service's Oakland district?

25 A That appears to be so, yes.

1           Q     Could you just read the first two paragraphs of  
2     the letter?

3           A     It says, "For our phone conversation on November  
4     20, 1996, this letter confirms the status of the Piedmont  
5     postal facility and the Emeryville postal facility. The  
6     Piedmont facility is a station with the ability to use  
7     Piedmont in the city-state line of address. The Emeryville  
8     facility is a branch and can use Emeryville in the city-  
9     state line of address. Both facilities are administratively  
10    under the responsibility of the postmaster of Oakland."

11          Q     Thank you. Please direct your attention to the  
12    map. Notice that the city limits of Oakland are outlined  
13    red, stretching from the bottom of the map up to where the  
14    orange and blue occur, with the exception of the pink.

15          A     Uh-huh.

16          Q     The city of Piedmont is surrounded by Oakland and  
17    is outlined pink. Emeryville is a small city on the  
18    northern border of Oakland, outlined orange. To the north  
19    of Oakland and Emeryville is the city of Berkeley, which is  
20    outlined blue.

21                To the north and west of Berkeley is the city of  
22    Albany, outlined pink; above Albany is part of the city of  
23    El Cerrito, and on the eastern side is the small city of  
24    Kensington which I outlined with a thin blue line. If at  
25    any point you need me to remind you of which city is which,

1 please ask.

2 Assume, pending verification, which I will ask  
3 from the Postal Service later, that the Berkeley post office  
4 is not under the jurisdiction of the Oakland post office --  
5 we have already established that Emeryville's post office is  
6 a branch of the Oakland post office -- if a resident of  
7 Emeryville wished to obtain a box in Berkeley, would he be  
8 subject to the non-resident fee?

9 A If I understand the explanation correctly, you  
10 have two post offices, one, Oakland with subordinate parts  
11 and Berkeley, which is independent in this question.

12 Q Yes.

13 A Therefore, if a customer of one of those  
14 independent post offices sought post office box service at  
15 the facility at -- under the jurisdiction of another  
16 independent post office, they would be, in the context of  
17 our current understanding, not a resident.

18 Q If a resident of Emeryville wished to obtain a box  
19 at the South Berkeley station, which is marked with a yellow  
20 dot over those blue and red lines, instead of at the  
21 Emeryville post office, marked with a green dot, he would be  
22 subject to a non-resident fee; is that correct?

23 A Yes. It appears to be so.

24 Q If a resident of Emeryville wished to obtain a box  
25 in Oakland, would he be subject to the non-resident fee?



1           A     Emeryville and Oakland both being part of the same  
2 post office?

3           Q     Yes.

4           A     Then that customer of Emeryville is a customer of  
5 Oakland.

6           Q     Okay. So would you agree that the blue dot at the  
7 bottom of the map which represents the Oakland Airport  
8 station is at least five times farther away from the green  
9 dot than the yellow dot is from the green dot?

10                  So I'm starting at the green dot and saying, is it  
11 fair to say the blue dot down at the bottom of the map is at  
12 least five times as far from the green dot than the yellow  
13 dot?

14           A     It would appear so.

15           Q     Could you explain why it would be fair and  
16 equitable to impose a non-resident fee if a resident of  
17 Emeryville obtained a box at the nearby South Berkeley  
18 station but not to impose a non-resident fee if that  
19 resident obtained a box at the distant Oakland station?

20           A     If I were allowing customers of my post office to  
21 obtain service at my post office, then I would do so even  
22 though I may happen to have many facilities through which  
23 that may be obtained, they may be spread apart. That's the  
24 principle here.

25                  We are allowing customers at post offices to have

1 service without paying a non-resident fee if they choose to  
2 obtain post office box service at one of the outlets or at  
3 the outlet that is where they -- where their post office  
4 serves them.

5 If that means that they happen to be because of  
6 some geographical fluke located closer to somebody else's  
7 facility, then that is not intended to be a component of  
8 discrimination. That's just the way they happen to be  
9 sitting.

10 Q Is it a geographical fluke or a fluke of the  
11 design of the administrative structure of the Postal Service  
12 and the design of this fee proposal?

13 A I think anybody can be close to the boundary of  
14 any jurisdiction; and you can always find some sort of  
15 example of where juxtapositions of lines and customers  
16 appear to create anomalies. But we tend to not -- we prefer  
17 not to design rules that address anomalies but that address  
18 the norm. The norm is the example that I have been -- or  
19 has been the rule that I have been trying to explain to you  
20 about customers being served by their post offices.

21 Q Is it possible that the person who lives in  
22 Emeryville is more similarly situated to the people in South  
23 Berkeley than the people near Oakland Airport?

24 A That's not a term I have any context for. It is  
25 not one that we have used in defining any of the proposals

1 we have in this case.

2 Q Is it possible that the proximity to which two  
3 people are to each other is a way to measure whether two  
4 people are similarly situated to each other?

5 A If you wanted to attempt to define similarly  
6 situated for some purpose, I suppose you would have latitude  
7 to use whatever criteria you wanted to in defining it.  
8 Again, this is only if we wanted to define it. We don't.

9 Q Okay. Could you use city boundaries as a criteria  
10 for defining them?

11 A Again, you could use those or other criteria. But  
12 that's not what we are trying to do.

13 Q Can you think of anything that you could use as a  
14 criteria that might make those two people, the green dot and  
15 blue dot people, similarly situated to each other but not  
16 the green dot and yellow dot people?

17 A I would have no motive to do so. If I'm trying to  
18 provide service to my customers, my service is defined by  
19 the area in which those customers -- my service area,  
20 rather, is defined by the areas in which my resources serve  
21 those customers. At some point, they end and somebody  
22 else's begin.

23 Q Aren't you as the Postal Service trying to put  
24 forward a proposal to the Commission that is fair and  
25 equitable, not just providing service?

1           A     I don't think this is unfair or inequitable.

2           Q     So you don't see any problem with charging the  
3     Emeryville resident a non-resident fee for going the fairly  
4     short distance into Berkeley for a box but no non-resident  
5     fee for going at least five times as far into the southern  
6     part of Oakland for a box?

7           A     Is the resident of Emeryville a customer of the  
8     post office at which service is being obtained?

9           Q     Yes. I'm sorry. The Emeryville -- the person who  
10    lives in Emeryville -- he is thinking about getting a box  
11    either in -- at Oakland Airport or South Berkeley; or you  
12    have two people, one of them -- both live in Emeryville, one  
13    wants a box at Oakland Airport and one wants a box at South  
14    Berkeley.

15                You don't see any problem with charging one of  
16    them a non-resident fee and the other not?

17           A     The operation of the general rule that customers  
18    have the right to get box service at the post office that  
19    serves them, in this case on this map, looks odd. But there  
20    is no unfairness to it because the customers of Berkeley  
21    have the chance to go to Berkeley's post offices. Those who  
22    are customers of Oakland have the chance to go to Oakland's  
23    post offices.

24           Q     That's it. That's what you look at for  
25    determining fairness?

1           A     In the context of this example up here, the fact  
2     that you happen to have customers across the street from one  
3     another who are in different post office areas does not mean  
4     someone is being discriminated against.

5           Q     You don't have any interrogatory responses up  
6     there; so let me refer you and show you response to USPS-  
7     DFC-7, attachment 1.

8           MR. HOLLIES: I'm sorry. Could you identify that  
9     again, please?

10          MR. CARLSON: USPS-DFC-7, attachment 1.

11          THE WITNESS: Okay.

12          BY MR. CARLSON:

13          Q     If you could confirm for me -- it might take a  
14     moment -- that 15 facilities under the jurisdiction of the  
15     Oakland post office offer box service. I think if you look  
16     under the column Box Lobby Hours, that might be a good way.

17          A     There are 15 named facilities that have entries  
18     under the column "post office box lobby hours." I will  
19     assume that to be they have post office boxes, yes.

20          Q     Okay. Suppose the post office in El Cerrito, back  
21     to the map, offers box service at just one facility, the  
22     location of which is represented approximately by the green  
23     dot at the top of the map.

24                 If El Cerrito's post office is an independent post  
25     office with its own postmaster, would it be true, an El

1 Cerrito resident who wished to obtain service at a facility  
2 other than the El Cerrito post office would pay a non-  
3 resident fee?

4 A If they wanted to go to Oakland, for example, then  
5 they would be a non-resident of Oakland.

6 Q And the same is true in Albany, which is directly  
7 to the south and outlined in pink?

8 A And which is an independent post office?

9 Q If it is not a post office of El Cerrito, then  
10 they would be subject to the non-resident fee, right?

11 A Uh-huh.

12 Q That was a yes?

13 A Yes.

14 Q Is there any reason why it would be fair and  
15 equitable for an El Cerrito resident to have exactly one  
16 facility from which to choose to obtain box service without  
17 being charged a non-resident fee while a resident of Oakland  
18 not too far to the south would have 15 choices?

19 A In each case, the customer is being allowed to get  
20 box service at its post office, at his or her post office, I  
21 should say. That customer will in some cases, by force of  
22 geography, have a wider variety of choices than others, but  
23 that is not intended to be a negatively -- a -- not a  
24 negative discriminant.

25 Q In the Albany facility, which happens to be a

1 branch of Berkeley, same thing. If the El Cerrito went to  
2 Albany, there would be a non-resident fee?

3 A Uh-huh. That's true.

4 Q If the Albany person went to Berkeley, there would  
5 not be?

6 A Is Albany part of the Berkeley post office?

7 Q Yes.

8 A If Albany -- if the Albany facility is part of the  
9 Berkeley post office, then, for our purposes, it is the same  
10 place.

11 Q Okay. So Albany people can go to Berkeley, or  
12 Albany; but El Cerrito people can't go to Albany or Berkeley  
13 without paying a non-resident fee?

14 A In all situations, they have the choice to go to  
15 their own post offices.

16 Q Okay. Are you aware that the New York, New York  
17 Post office located in Manhattan is located in New York  
18 City?

19 A Yes.

20 Q No tricks there.

21 Are you aware the Staten Island post office is  
22 located in New York City?

23 A I'll take your word for it. I've never been to  
24 the Staten Island post office.

25 Q Are you aware the Bronx New York post office is

1 located in New York City?

2 A Yes.

3 Q Are you aware the Queens, New York post office is  
4 located in New York City?

5 A Yes.

6 Q Are you aware the Long Island City post office is  
7 located in New York City?

8 A Yes.

9 Q Are you aware the Brooklyn post office is located  
10 in New York City?

11 A Yes.

12 Q Are you aware the Jamaica post office is located  
13 in New York City?

14 A Yes.

15 Q Are you aware the Far Rockaway post office is  
16 located in New York City?

17 A Yes.

18 Q Assuming those post offices are in fact  
19 independent of each other, if a person lived in Manhattan  
20 and obtained a box in Brooklyn, would he be subject to a  
21 non-resident fee?

22 A What you have identified is the reason for which  
23 we are trying to avoid political boundaries and refer -- and  
24 residency in the political sense and instead focus on  
25 customers. You have two independent post offices, whether



1     it is Far Rockaway in Manhattan or Reno and Sparks, Nevada  
2     and you have customers who are served by each. If the  
3     customers of a post office choose to obtain post office box  
4     service at another independent post office instead, then in  
5     the context of our current proposal, they will be called  
6     non-residents.

7             Political boundaries are not at this point a  
8     determinant in that regard.

9             Q     And they are not really a significant factor in --  
10     at least in cases such as we have been discussing with  
11     Emeryville, Berkeley, Albany, El Cerrito, Oakland, New York  
12     City? The city boundaries are not a determining factor? It  
13     is really the postal administrative boundaries?

14            A     Yes.

15            Q     Okay. Regarding the cost justification for the  
16     non-resident fee, one justification for the non-resident fee  
17     that the Postal Service has given in this case is that non-  
18     resident box holders impose costs on the Postal Service that  
19     are greater than the costs that resident box holders impose  
20     on the Postal Service.

21            At the time these statements were being made when  
22     a non-resident was defined as a person who obtained box  
23     service at a postal facility other than the facility that  
24     served the five-digit ZIP code area in which that person  
25     lived, under the revised proposal people living in large

1 cities potentially can obtain boxes miles away from where  
2 they live without paying the non-resident fee.

3 What happened to the cost justification as it  
4 pertained to these people who have been redefined from non-  
5 resident to resident?

6 MR. HOLLIES: Objection. This is beyond the scope  
7 of what he's here to testify about.

8 He has not been briefed on everything that's gone  
9 on in the case. He's not been involved in the case other  
10 than for implementation purposes.

11 You are asking him about matters that have  
12 transpired earlier in the case. He is not here today to  
13 testify regarding those matters. He's here for a fairly  
14 narrow purpose, that is the implementation.

15 MR. CARLSON: In my notice of intent to conduct  
16 oral cross-examination concerning the status report, I  
17 indicated I expected to ask questions about fairness and  
18 equity, costs of known resident box holders, and the value  
19 non-resident box holders derive from their boxes. I made a  
20 similar indication in my motion to require a witness to be  
21 made available.

22 The Commission, in ruling MC96-3/25, stated in  
23 footnote 2 that Douglas F. Carlson filed a motion requesting  
24 that a witness be made available to clarify possible  
25 inconsistencies between the status report and the

1 assumptions relied on by Postal Service witnesses. That  
2 request was subsequently withdrawn, which was incorrect, and  
3 I have indicated that in another place.

4 Participants seeking clarification of this nature  
5 may include such a request.

6 So it seems as if this question is permissible at  
7 least of somebody from the Postal Service.

8 MR. HOLLIES: I would concede that it is a proper  
9 question in some sense. My objection pertains to the fact  
10 that it is not what this witness is here for. It is beyond  
11 the scope of what his direct testimony consists of, which,  
12 of course, is just the status report and the -- well, that's  
13 loosely speaking, and the brief oral examination I took him  
14 through.

15 You are not asking him questions about that which  
16 he is here to withstand questions on. You did indicate you  
17 had some interest in this. Maybe it is an appropriate  
18 question but not for this witness.

19 MR. CARLSON: There is another witness here today?

20 MR. HOLLIES: I'm not aware the Commission has  
21 scheduled the appearance of other witnesses at this time in  
22 this case.

23 MR. CARLSON: I'm not going to withdraw the  
24 objection, but I'm going to move on and consider whether we  
25 need to make further issue of it. I'm going to move on to a

1 separate area of questioning.

2 COMMISSIONER QUICK: You are going to let your  
3 question stand and move on?

4 MR. CARLSON: Yes. I'm not going to withdraw  
5 opposition to the objection but simply move on.

6 COMMISSIONER QUICK: Fine. Thank you.

7 BY MR. CARLSON:

8 Q If you can refer please to paragraph 2 -- excuse  
9 me, okay, page 1 of the status report, the paragraph  
10 regarding overlapping service areas.

11 A Uh-huh.

12 Q When routes emanate from -- sorry. When routes  
13 emanating from several post offices travel down a single  
14 roadway, is it always true the post office that provides the  
15 delivery service to a particular customer is the closest of  
16 those post offices to that customer?

17 A Repeat that question, please.

18 Q Certainly.

19 When routes emanating from several post offices  
20 travel down a single roadway, is it always true that the  
21 post office that provides the delivery service to a  
22 particular customer is the closest of those post offices to  
23 that customer?

24 A I don't know if that's always the case or not. I  
25 wouldn't want to guess. It may be so. Probably -- sounds

1 reasonable in most cases, but I wouldn't want to make a  
2 categorical statement.

3 Q Could you see any fairness and equity problems  
4 with charging a non-resident fee to a person who wished to  
5 obtain box service at the closest post office but whose  
6 delivery came from a more distant post office?

7 A I would have to look at the situation more closely  
8 and see from whose customer is it that we are talking about;  
9 and then that might make the answer clearer.

10 Q Can you confirm that the rules contained in  
11 Domestic Mail Manual, Transition Section 156.25 used to  
12 allow a rural customer to select the route that would  
13 provide him with the best service when more than one rural  
14 route passed that customer's location?

15 A Not having a copy of that document to refer to, I  
16 would have no way to confirm that.

17 Q Does that -- is that statement consistent with any  
18 recollection of yours?

19 A I don't have any particular recollection of that  
20 section either way.

21 MR. CARLSON: Do you happen to have that section  
22 here?

23 MR. HOLLIES: I do not have that with me, but I  
24 believe your characterization of it is largely correct.

25 MR. CARLSON: Okay. Similarly, with Postal

1 Operations Manual, Section 653.6, is it true that that  
2 section supersedes the DMMT section that I just referred to  
3 and states that the Postal Service will determine which  
4 route will provide service?

5 MR. HOLLIES: That I'm not able to confirm or  
6 disconfirm.

7 THE WITNESS: The DMMT was, by definition, a  
8 temporary document. Parts of it were being moved into other  
9 documents, including the POM. What you are saying may be  
10 correct if, in fact, that is what has happened here. Again,  
11 we don't have copies to use to confirm what you are saying.

12 MR. CARLSON: Okay.

13 BY MR. CARLSON:

14 Q Page 2 of the status report under the heading  
15 Resident Status At Non-Delivery Offices.

16 The Postal Service states, "Generally, because all  
17 customers are entitled to one form of free delivery, those  
18 customers who receive service from a group E non-delivery  
19 office and who are not offered carrier or free box service  
20 by the Postal Service from another office would be offered  
21 free delivery via post office boxes at the group E office."

22 According to this wording, is it true that a  
23 person who lives in New Jersey and who is not offered  
24 carrier delivery or free box service anywhere in New Jersey  
25 could receive free box service at a group E non-delivery

1 office such as San Luis, Arizona without paying the non-  
2 resident fee?

3 A No. That's not what this says at all. What this  
4 means, if you are living in a small town -- I guess you have  
5 to have a mental image here. You live in a mountain valley  
6 someplace, isolated from the rest of civilization. You have  
7 a little post office in your hamlet. All you do -- all you  
8 have there is one clerk and there's a bank of post offices<sup>boxes</sup>,  
9 that you are a customer of that post office.

10 The term resident -- again, that is one that is  
11 getting in our way here. That is a pretty clear image.  
12 That's the kind of thing we all are talking about here.  
13 Someone with no opportunity for carrier service would be  
14 provided the group E rate box at that little postal  
15 facility.

16 Q It seems like the problem with this sentence is  
17 that it says, because all customers are entitled to one form  
18 of free delivery, those customers who receive service from a  
19 group E non-delivery office, which could be San Luis,  
20 Arizona, and are not offered carrier or free box service by  
21 the Postal Service from another office would be offered free  
22 delivery via post office boxes test group E office.

23 This statement doesn't require the person live in  
24 this sort of nonexistent delivery service area of San Luis,  
25 Arizona. It seems like the statement doesn't really answer

1 the problem of who is a resident of a nonexistent delivery  
2 service area.

3 A Well, the next sentence says, "Thus, these  
4 customers form the de facto residents of this non-delivery  
5 office and are charged the group E fee."

6 So that paragraph or that entry in the report here  
7 is meant to describe a situation in which you have customers  
8 of an individual post office who have no other alternatives  
9 being offered the chance to have group E rate boxes at the  
10 post office that serves them.

11 Q The word "these" is referring to the people who  
12 have post office boxes at the group E office; is that  
13 correct?

14 A Uh-huh. Yes.

15 Q So if the person who lives in New Jersey had the  
16 box at San Luis, Arizona, then he would be considered a  
17 resident of the San Luis, Arizona non-delivery office?

18 All I'm trying to determine is how are you going  
19 to determine whose post office a person should obtain a box  
20 at if he lives in a -- in a nonexistent delivery service  
21 area?

22 A Well, clearly there is a difficult path between  
23 the simple concept and a practical implementation, but I  
24 don't think anybody would ever suggest if you live on an  
25 island in the middle of Long Island Sound that you are --



1 where you will be served by a group E post office that that  
2 fact allows you to take your group E opportunity to any  
3 group E post office.

4 It is meant to serve the customers of that  
5 facility; and the trick in doing the proposed rule, the  
6 final rule is to articulate that concept in some way that it  
7 will be understood by post office customers and postal  
8 employees alike and make sense, be easily implemented in  
9 real life.

10 Q I agree the person who lives in New Jersey  
11 seemingly wouldn't be a resident of Arizona. But I'm  
12 concerned when there are situations where people are fairly  
13 close to each other, how is that determination going to be  
14 made. Suppose in Emeryville and Piedmont up there with both  
15 non-delivery areas, and there weren't city boundaries, they  
16 were all rural, how would you determine whether somebody in  
17 one of those areas belongs in the area of one post office  
18 versus another area? Is it going to be distance or some  
19 other factor? I'm just trying to clarify how you plan to  
20 define this?

21 A At this point, we don't have a concrete  
22 definition. Clearly, any definition we could form would  
23 find some places where it didn't work. That's why we have  
24 work groups and postmasters helping us measure the reality  
25 of some of these proposals and figure out a way we will have

1 easily administrable, sensible rules.

2 Q I just have a couple for questions on  
3 clarification and then I will be finished.

4 On page 2, regarding non-domestic customers. Page  
5 2 of the status report.

6 A Yes.

7 Q It states residents of Mexico and Canada are not  
8 eligible for any form of free delivery from the United  
9 States Postal Service. Exemptions would be able only for  
10 residents of the Postal Service's domestic service area.

11 So under this rule or this language, could a  
12 resident of Mexico who merely owns a piece of property in  
13 Texas obtain a resident box at the post office that serves  
14 his property?

15 A At this point, I don't believe such a provision  
16 would be consistent with the idea of what we are trying to  
17 explain here. If you are a resident of a foreign country,  
18 you are not a customer of the Postal Service.

19 By definition, you would be subject to a non-  
20 resident surcharge. But if that customer -- if that person,  
21 rather, were to come to the United States and become a  
22 customer by opening a business, for example, then you might  
23 have to reconsider that position; and it is those types of  
24 what-ifs that we are now going through in an attempt to  
25 develop a reasonable rule.

1           Q     Is it possible for a resident of Mexico or a  
2     citizen of Mexico to obtain general delivery service in the  
3     United States?

4           A     I suspect that that is possible.

5           Q     So it is not necessarily true that a resident of  
6     another country, a resident by really all definitions, could  
7     not be a customer of the Postal Service? It is possible  
8     that that person could be a customer of the Postal Service?

9           A     Sure.

10          Q     So if that person wanted a box from the Postal  
11     Service, then that person would become a customer of the  
12     Postal Service?

13          A     That's true.

14          Q     So you are not certain yet whether a property  
15     holder in the U.S. -- a Mexican who has property in the U.S.  
16     but no other contacts with the U.S., would be considered a  
17     resident? You are not sure whether that person would be  
18     considered a resident for the purposes of the non-resident  
19     fee?

20          A     At this point, we have not defined an answer to  
21     that question.

22          Q     Finally, regarding the quarter-mile rule.

23                 How does a person who lives within a quarter mile  
24     of a non-city delivery post office obtain one form of free  
25     delivery since he is not able to obtain carrier or rural

1 delivery, nor can he obtain a free box because the post  
2 office would not qualify as a group E office?

3 A As it stands right now, that person cannot get one  
4 form of free delivery.

5 Q Is that why the quarter-mile rule is being  
6 reconsidered?

7 A That's one reason, yes.

8 MR. CARLSON: I don't have any further questions.

9 COMMISSIONER QUICK: Ms. Dreifuss.

10 MS. DREIFUSS: I do have a couple of follow-up  
11 questions.

12 CROSS EXAMINATION

13 BY MS. DREIFUSS:

14 Q One following up on --

15 COMMISSIONER QUICK: Following up --

16 MS. DREIFUSS: I want to follow up in two  
17 respects.

18 COMMISSIONER QUICK: Are they appropriate now?

19 MS. DREIFUSS: I want to follow up on something  
20 Mr. Carlson asked the witness. I also want to follow up on  
21 something the witness said during direct examination  
22 earlier. I thought I would start by following up on Mr.  
23 Carlson's cross-examination.

24 COMMISSIONER QUICK: Fine.

25 BY MS. DREIFUSS:

1           Q     In the status report, I'm turning my attention,  
2     and I'm asking you to turn yours, to the non-domestic  
3     customers section.

4                 You state there, or someone states there,  
5     residents of Mexico and Canada are not eligible for any form  
6     of free delivery from the United States Postal Service.

7                 If someone has -- someone is a resident of Mexico  
8     or Canada but has a vacation home, let's say, in the U.S.,  
9     would that person be entitled to receive mail by a carrier,  
10    if carrier service were available, would that person be  
11    entitled to receive carrier delivery to his or her vacation  
12    home?

13            A     This paragraph here was written under the premise  
14    that we are talking about people who are physically in a  
15    foreign country and who are residents and customers of that  
16    foreign administration.

17                 If that basic premise were changed by having that  
18    person come to the United States and establish themselves as  
19    a customer by building a summer home or winter home, opening  
20    a business, what-have-you, clearly that person is now a  
21    customer at that location of the U.S. Postal Service,  
22    notwithstanding their residency in the political sense of  
23    another country.

24            Q     Fully, such an individual could receive carrier  
25    delivery to their home, if that were available in the area;

1 is that correct?

2 A That is possible, yes.

3 Q Such a person would be considered a resident for  
4 purposes of the box fee, if he or she wanted to get it at  
5 the same office that provided carrier delivery; is that  
6 correct?

7 A Yes.

8 Q During your direct examination by Mr. Hollies, you  
9 described how the implementation rules were being  
10 formulated. I wonder whether customers of the Postal  
11 Service and members of the public at this stage are having  
12 input in the development of the implementation rules or will  
13 that come at a later time?

14 A It will come at a later time as part of the  
15 rulemaking process. Clearly, we are keeping our ears and  
16 eyes open to what is going on in the case and what is being  
17 discussed in testimony and in the interrogatories. That is  
18 a measure of public comment or public opinion, in a way.

19 But we would formally open our proceeding to  
20 public comment through rulemaking; and at that time, I  
21 expect we will be getting ample comments.

22 Q Do you informally solicit customer or public input  
23 during this phase of the development of the implementation  
24 rules?

25 A There is no general rule we would do that, no.

1     Because we have -- well, it might be inappropriate in some  
2     ways for to us do so, first of all.

3           Q     Did you say it might be inappropriate?

4           A     Inappropriate.

5           Q     So you would not be trying to seek informal input  
6     at this time?

7           A     That's correct.

8           Q     Thank you.

9           MS. DREIFUSS: I have no further questions.

10          COMMISSIONER QUICK: Time now for questions from  
11     the bench.

12          Mr. Chairman?

13          CHAIRMAN GLEIMAN: Mr. Hollies, in characterizing  
14     your status report, said it reflected the views of postal  
15     managers. Which postal managers does it reflect the views  
16     of?

17          THE WITNESS: It would reflect the views of the  
18     functional managers who are participating in the group.

19          CHAIRMAN GLEIMAN: Does it reflect the views of  
20     the postal managers managing this case when it was sent over  
21     here?

22          THE WITNESS: Indirectly.

23          CHAIRMAN GLEIMAN: The Postal Service case was  
24     premised in part on considerations about cost; it contained  
25     a revenue enhancement projection related to post office

1 boxes; and as you have heard from discussions earlier today,  
2 part of it had to do with capacity constraints on the  
3 system.

4 Does anything, any decision that is reflected in  
5 this first status report, have any impact on the cost basis,  
6 revenue projections, or capacity constraints that were  
7 presented to us previously by Postal Service witnesses?

8 THE WITNESS: Well, without having the opportunity  
9 to compare what was in this report to what they may have  
10 said, I really -- it wouldn't be fair of me to characterize  
11 that, to answer that either way.

12 CHAIRMAN GLEIMAN: Have any of your implementation  
13 decisions moved a postal customer from one category of post  
14 office box to another in terms of payment that that  
15 individual would have to make; for example, did somebody who  
16 was previously a non-resident become a resident or vice  
17 versa? Did somebody move from an A to a B to a C to a D to  
18 an E box as a result of any implementation decision you  
19 made?

20 THE WITNESS: Some of the proposals we have formed  
21 would have that result if they become the proposed rule.

22 CHAIRMAN GLEIMAN: So if the -- if any -- if some  
23 of the recommendations or provisions in your status report  
24 -- I just want to make sure I understand -- do become part  
25 of a final rule that is implemented, the underlying



1     assumptions upon which this portion of this special services  
2     case are based in terms of costs, in terms of revenue, in  
3     terms of capacity constraints could be different than our  
4     understanding of the case at this point?

5             THE WITNESS: I don't think I'm prepared to agree  
6     with that statement.

7             CHAIRMAN GLEIMAN: Let's just limit it to the  
8     revenue side.

9             I understand correctly -- or do I understand  
10    correctly from what you said a moment ago that there is at  
11    least an instance where a particular postal customer under  
12    the original proposal would have been perceived to have been  
13    charged one fee and now would be charged a fee that is  
14    different under this status report, if it is a final rule?

15            THE WITNESS: When I answered your question  
16    earlier, what I was thinking is that there may be customers  
17    who are today -- may be today charged a certain fee, under  
18    the operation of a final rule that we would put forward,  
19    might be facing a different fee, whether it is higher or  
20    lower.

21            CHAIRMAN GLEIMAN: You have no idea whether any of  
22    your implementation rules or any of your implementation  
23    proposals, excuse me, would result in a difference in the  
24    revenues that the Postal Service would realize?

25            THE WITNESS: It is entirely possible that by

1 adjusting something such as the non-resident definition, we  
2 could have an impact on the revenue result for the Postal  
3 Service, sure. That's possible.

4 CHAIRMAN GLEIMAN: By making decisions about  
5 multi-ZIP-code post offices, could that have a bearing?

6 THE WITNESS: Again not having the benefit of a  
7 comparison to the assumption made at the opening phase of  
8 this case, I can't say that for sure either way.

9 CHAIRMAN GLEIMAN: Before I get to the specifics  
10 of your report, as a general -- as a matter of general  
11 principle, are you implementing the case? Are you trying to  
12 implement the case that is before the Postal Rate Commission  
13 or are you trying to develop what you and your colleagues on  
14 the implementation task force consider to be a workable  
15 scheme -- and I don't use that in the pejorative sense -- a  
16 workable scheme for changing generally -- you are not  
17 constrained by what is in the case, are you?

18 THE WITNESS: Of course, we are. We have to have  
19 a final rule that is consistent with the outcome of the  
20 proceeding and what was part of the testimony in that  
21 proceeding. We can't wander too far off the reservation  
22 that way.

23 CHAIRMAN GLEIMAN: I'm having a difficult time  
24 understanding what I'm supposed to do with this status  
25 report. Does the status report, to the extent that it

1     answers questions and makes modifications, define terms,  
2     supersede the sworn testimony from Postal Service witnesses  
3     in this case?

4             Maybe we are -- what is your understanding of what  
5     you are doing?

6             THE WITNESS:  It is my understanding that the  
7     implementation process is meant to take the general concepts  
8     and general rules that are in the case and that will be  
9     eventually shown in the domestic classification schedule and  
10    turn those into standards that will be used in everyday life  
11    by Postal Service employees and customers.

12            During the process of implementing all of this, we  
13    will not do disservice or violence to what was part of the  
14    case or what was testimony by the Postal Service or the  
15    intention of the Commission.

16            CHAIRMAN GLEIMAN:  I hear the words.  Let me ask  
17    you some specific questions, for example.

18            On -- in response to a question from Ms. Dreifuss  
19    a moment ago -- I believe it was Ms. Dreifuss, although it  
20    runs together when I am listening to questions -- you  
21    indicated that with respect to the non-domestic customer  
22    section on page 2 of the status report, that if somebody  
23    from Canada built a vacation home in the United States and  
24    occupied that home for part of the year, that they would be  
25    a resident of the United States and if they had a post

1 office box, they -- that was in the serving area of the post  
2 office where their vacation home was, that they wouldn't  
3 have to pay a non-resident fee; is that correct?

4 Did I understand you correctly?

5 THE WITNESS: In the context of her question, my  
6 response to the question, if you -- not you, because you are  
7 a resident of the United States, if a person from Canada  
8 came down and opened up a vacation home and became a  
9 delivery customer of a post office, then that delivery  
10 customer would have the chance to obtain post office box  
11 service at that post office, if they chose to do so without  
12 paying a non-resident surcharge.

13 Residency in that context would not be a matter of  
14 citizenship, but more a matter of "customerness" of that  
15 post office. That, as I mentioned to Mr. Carlson earlier,  
16 was part of the problem we are having with that term  
17 "resident." It runs afoul of the context.

18 CHAIRMAN GLEIMAN: Are you familiar with the  
19 testimony of the postmaster who talked about, I believe it  
20 is Blaine, Washington?

21 THE WITNESS: No.

22 CHAIRMAN GLEIMAN: You are not familiar with that?

23 Are you familiar with any of the testimony by  
24 Postal Service witnesses other than the postmaster about the  
25 treatment of Canadians who have summer homes in Blaine,

1 Washington.

2 THE WITNESS: Not specifically.

3 CHAIRMAN GLEIMAN: If I told you that the answer  
4 that you gave was, to the best of my recollection, which is  
5 sometimes wrong, but maybe right on this point, that your  
6 answer was 180 degrees away from the answer that we have  
7 been given previously, would it surprise you?

8 THE WITNESS: In some ways. In some ways, not.  
9 It would depend upon the context in which the earlier  
10 question and answer were placed.

11 CHAIRMAN GLEIMAN: I have a whole bunch of  
12 questions I need to ask you about the report, per se. You  
13 were asked about the quarter-mile rule. Has the  
14 implementation team made any further decisions on whether or  
15 not to eliminate this rule?

16 THE WITNESS: At this time, the team is inclined  
17 to favor elimination of the rule, but it is not going to be  
18 eliminated, as we understand it right now as part of  
19 implementation, simply because there are too many practical  
20 issues to overcome first.

21 CHAIRMAN GLEIMAN: What type of practical issues?

22 THE WITNESS: For example, if you are going to  
23 stop prohibiting customers within a quarter mile of a non --  
24 of a non-city delivery post office from receiving delivery  
25 by that post office. If you are going to change that

1 policy, you clearly have to be prepared to provide them with  
2 delivery by a carrier. That is a rather substantial  
3 decision in its impact.

4 CHAIRMAN GLEIMAN: Do you have any sense as part  
5 of your implementation effort what the impact on revenues  
6 and/or costs of the service would be if you decide to  
7 eliminate the quarter-mile rule?

8 THE WITNESS: Well, I have not heard any figures,  
9 although the consensus is that it would be so substantial as  
10 to probably have an impact on what this case is all about.

11 CHAIRMAN GLEIMAN: So the decision does not rest  
12 with the implementation team; is that correct?

13 THE WITNESS: That's correct.

14 CHAIRMAN GLEIMAN: As an alternative, has the  
15 implementation team made any further decision on whether or  
16 not to offer free boxes to customers who are affected by  
17 this rule?

18 THE WITNESS: That is something which has been  
19 brought up as proposal, but which we are considering only  
20 insofar as it would not do violence to what has been  
21 advanced in the case as far as revenues and costs and  
22 whatnot.

23 CHAIRMAN GLEIMAN: Would doing away with the rule  
24 do more damage to the costs in whatever and what all than  
25 offering free boxes to the customers affected by the rule if

1     you keep it in place?

2             THE WITNESS: I couldn't tell you offhand.

3             CHAIRMAN GLEIMAN: Do I understand correctly, if  
4     you do not make a change in the quarter-mile rule and that  
5     if the Postal Service ultimately institutes a non-resident  
6     fee, that there will be citizens of these United States who  
7     will pay a non-resident fee because they don't live within  
8     the serving area of the particular post office where they  
9     rent a box and there will also be residents of these United  
10    States who will have to pay a non-resident fee for a box or  
11    will have to pay a fee if they want a box because they live  
12    too close to the post office that is their serving post  
13    office?

14            THE WITNESS: If the status quo continues,  
15    customers within a quarter mile of a non-city delivery  
16    office would continue to pay a post office box fee; but if  
17    -- unless I am missing something, they would not be  
18    considered non-residents.

19            CHAIRMAN GLEIMAN: So if you live too close to the  
20    post office, you pay a fee and if you live far away and are  
21    a non-resident, you pay a fee; is that correct?

22            THE WITNESS: If you live too close to an in-city  
23    office, you have to pay for a box. If you live too far  
24    outside the service area of the post office where you are  
25    seeking service, you are a non-resident and would pay a

1 different fee.

2 CHAIRMAN GLEIMAN: On page 2 of your status  
3 report, on the third line of the first paragraph, it says,  
4 generally because all customers entitled -- are entitled to  
5 one free form of delivery, and then it goes on.

6 THE WITNESS: Uh-huh.

7 CHAIRMAN GLEIMAN: I take it that unless you  
8 change the quarter-mile rule, that that would be an  
9 exception to the general rule?

10 THE WITNESS: That's true.

11 CHAIRMAN GLEIMAN: Are there other exceptions to  
12 the general rule that now exist as to who is entitled to  
13 free delivery of one form or another?

14 THE WITNESS: I'm trying to think off the top of  
15 my head if there are some. Not really, I don't think.  
16 General delivery customers, of course, that's a free  
17 service. But most people are served -- get street delivery,  
18 of course, if you have it available or are able to get --  
19 you obtain post office box service.

20 CHAIRMAN GLEIMAN: How many times last year, the  
21 last fiscal year, the last calendar year, you pick it, did  
22 the Postal Service change the ZIP code boundary of a five-  
23 digit ZIP code area?

24 THE WITNESS: I wouldn't know. I would imagine  
25 there were several times, yes.



1           CHAIRMAN GLEIMAN: Is several a one-digit, two-  
2     digit, three-digit, four-digit, five-digit figure? What's  
3     your guess?

4           THE WITNESS: I don't think I'm prepared to guess  
5     even what that number would be.

6           CHAIRMAN GLEIMAN: Would it be possible, Counsel,  
7     for the Postal Service to submit something for the record  
8     that shows us how many times in each of the last five years  
9     the Postal Service has changed a five-digit ZIP code  
10    boundary?

11          MR. HOLLIES: We did answer such a question.

12          CHAIRMAN GLEIMAN: Okay. I see that the Staff is  
13    telling me you did indeed do it. I will go back and see  
14    what interrogatory response I missed. And I will relieve  
15    you of the obligation.

16          MR. HOLLIES: I can briefly characterize that. We  
17    had some difficulty developing that kind of information; and  
18    what we did is we went back through *Postal Bulletins* and  
19    distilled from those two classes of changes that would  
20    impact box customers and we quantified those.

21                The two we were able to extract basically were  
22    post office closings where box customers were affected and  
23    also where new unique box section ZIPs were established. We  
24    do have some data on the record of that type.

25          CHAIRMAN GLEIMAN: Well, I will accept what you

1 just said, and also the indications from Staff that indeed  
2 there was an interrogatory response that I missed; but let  
3 me just say at this point I think there is a third category,  
4 because I am well aware of the Postal Service making  
5 adjustments in ZIP code boundaries for any number of other  
6 reasons; sometimes they make changes in ZIP code boundaries  
7 because some ZIP code areas become too heavily populated,  
8 for example.

9 In other cases, ZIP code boundaries are adjusted  
10 to reflect geopolitical boundaries and sometimes they are  
11 adjusted because geopolitical boundaries which they  
12 reflected don't make delivery sense in terms of the ebb and  
13 flow of a delivery vehicle going up and down the road and  
14 across a bridge and around a mountain.

15 So there are lots and lots of ZIP code changes  
16 that are made. I'm kind of curious to know how many people  
17 are going to be affected by ZIP code changes when it comes  
18 to resident and non-resident boxes. It is important for us  
19 to know, and it certainly is important for you all to know  
20 if you think there are costs involved and revenues involved  
21 in any of this.

22 But we don't know what the number is.

23 If I have had a post office box at a post office  
24 for these many years and continue to keep that post office  
25 box and the Postal Service comes along and makes a ZIP code

1 boundary change and suddenly I become a non-resident, is it  
2 fair and equitable for me to suddenly have to pay \$36 a year  
3 to retain that box that I have had lo these many years?

4 THE WITNESS: It depends, I guess, on where you  
5 are coming from. As the box holder, I guess I would agree  
6 that it would be something irritating. I would perceive it  
7 as unfair. But if you are trying to administer a rule  
8 nationally for all customers, there might be a different  
9 answer.

10 If the idea is to give customers of a post office  
11 or to give persons who are not customers of a post office a  
12 higher fee -- charge them a surcharge, then that would be  
13 the case, regardless of where or who, I guess. If you had a  
14 transition from -- because of a ZIP code change, for  
15 example, we haven't crossed that bridge yet, but we would  
16 have to figure out some way to deal with that reasonably.

17 CHAIRMAN GLEIMAN: We have national rules? We  
18 have rules that affect a nation?

19 THE WITNESS: Yes.

20 CHAIRMAN GLEIMAN: But we have post offices that  
21 have their customers; they are not customers of the U.S.  
22 Postal Service?

23 THE WITNESS: Well, they are customers of the U.S.  
24 Postal Service, but in the context we have been discussing  
25 today in attempting to figure out a reasonable way to

1 administer a non-resident surcharge, we looked at a lower  
2 level than just the national level. We are trying to have  
3 every post office deal with its customers in a manner that  
4 is consistent, compared to other post offices in other parts  
5 of the country.

6 CHAIRMAN GLEIMAN: And this is all premised on the  
7 perceived need to have for some reason or the other a non-  
8 resident surcharge?

9 THE WITNESS: What we are doing here is based on  
10 that premise.

11 CHAIRMAN GLEIMAN: On page 1 of your report, under  
12 the section entitled Non-Resident Fee in Multi-ZIP-code Post  
13 Offices, the first two lines of the second paragraph in that  
14 section read, "In some cases box service is available within  
15 one ZIP code, while carrier delivery is available only  
16 within a different one. When both are administered by a  
17 single post office, the customer who resides within the  
18 delivery ZIP code areas served by that office would be  
19 eligible for box services residence."

20 Are there any instance where both would not be  
21 administered by the same post office?

22 THE WITNESS: Not in this context here, I don't  
23 think so. If I understand the -- your question here, by  
24 definition, we are talking about multi-ZIP-coded post  
25 offices. So any subordinate parts of a multi-ZIP-coded post

1 office by definition are administered by that post office.

2 CHAIRMAN GLEIMAN: At the bottom of that page, in  
3 the section on overlapping service areas, it states that  
4 routes emanating from several offices may travel down a  
5 single roadway resulting in overlapping or comingling --  
6 comingled service areas. The suggested resolution of this  
7 perceived problem is to assign each customer to a single  
8 carrier route and a single post office.

9 Will assigning customers to a single carrier route  
10 require restructuring existing delivery routes?

11 THE WITNESS: At this point, of course, we can't  
12 say universally that that would be the result. We would not  
13 want to do something which requires a lot of additional  
14 shuffling of customers amongst post offices. That is at the  
15 present time, our hope, to be able to assign customers to a  
16 certain post office for delivery purposes but clearly we  
17 would have to rethink that if in some places it cause as  
18 serious problem.

19 CHAIRMAN GLEIMAN: Will you have to restructure  
20 existing delivery routes, yes or no?

21 THE WITNESS: I don't know. If you add a  
22 customer? The context of your question is adding a customer  
23 constitute a restructuring of the route, if you added 50  
24 customers or 75 customers, you may need to realign the  
25 routes at that post office, that's true.

1           CHAIRMAN GLEIMAN: Does the Postal Service  
2 determine the administrative costs for defining customers in  
3 overlapping service areas?

4           THE WITNESS: Not to my knowledge.

5           CHAIRMAN GLEIMAN: In the section entitled  
6 Resident Status at Non-Delivery Offices, page 2, line 4,  
7 there is a reference to customers who receive service from a  
8 non-delivery office.

9           Is every customer assigned to one and only one  
10 office for purposes of services?

11          THE WITNESS: As a general rule, you would have a  
12 post office that searches -- you would have one post office  
13 that serves you, sure.

14          CHAIRMAN GLEIMAN: In general, what is the  
15 difference between a delivery area and a service area?

16          THE WITNESS: It would -- in most situations, it  
17 would be the same thing, if in fact you had delivery offered  
18 by that post office.

19          CHAIRMAN GLEIMAN: In the section on non-domestic  
20 customers, the second line of the section reads, "Exemptions  
21 from non-resident fee would apply only for residents of the  
22 Postal Service's domestic service area."

23          Under what circumstances will exemptions be  
24 granted?

25          THE WITNESS: It would be for persons who live --

1     who are customers of the post office at which service is  
2     obtained, post office box service is obtained.

3             I think we have probably identified the fact that  
4     the context was missing in this paragraph and we seem to  
5     have confused each other about residents and customers,  
6     residency and countries and things.

7             CHAIRMAN GLEIMAN: In the section on box fees at  
8     contract-operated facilities on page 2, it states, "Group E  
9     offices would thus include only postal operated non-delivery  
10    offices."

11            This statement appears to be contrary to the  
12    Postal Service's initial testimony. Where group E offices  
13    included contract facilities -- contract facility non-  
14    delivery offices, is the Postal Service, to your knowledge,  
15    revising its initial proposal?

16            THE WITNESS: At this point, that is what we are  
17    proposing right here. If that constitutes somewhat of a  
18    change, I guess I'd let it stand at what it says. I'm not  
19    prepared to evaluate without having a copy of the prior  
20    testimony in front of me.

21            CHAIRMAN GLEIMAN: Well, it does appear to be a  
22    change. I guess that if you are not prepared to speak about  
23    it any further, you won't be able to tell me whether anybody  
24    is going to prepare and supply new volume and revenue  
25    estimates that reflect this change?

1 THE WITNESS: That's correct.

2 CHAIRMAN GLEIMAN: Permanent delivery services,  
3 page 3.

4 It states, "The right to permanent general  
5 delivery, which is free" -- and I will leave out a few words  
6 -- "is expected to be eliminated as a general entitlement,  
7 thus eliminating an unwarranted distinction between the  
8 successors to group 1 and 2 offices."

9 Could you explain what this means?

10 THE WITNESS: Sometime ago the Postal Service went  
11 through a rulemaking which granted greater latitude to  
12 postmasters in managing their general delivery resources, so  
13 that an individual post office, if it had limited resources  
14 and a lot of customers who wanted to use general delivery,  
15 they could say you have only a certain length of time during  
16 which you can use that service.

17 So that as -- so it isn't true you can have  
18 general delivery in perpetuity. Assuming you have the  
19 chance to get delivery somehow, street delivery, or in the  
20 context of our conversations here, a free box, your so-  
21 called free service would not first be general delivery.

22 CHAIRMAN GLEIMAN: Is general delivery being  
23 curtailed?

24 THE WITNESS: No.

25 CHAIRMAN GLEIMAN: Would general delivery for



1 transients and individuals with no permanent address be  
2 retained?

3 THE WITNESS: To the best of my knowledge.

4 CHAIRMAN GLEIMAN: What authority does the  
5 implementation team have in deciding how the DMM would be  
6 altered to reflect any changes? For example, how likely is  
7 it that the results of the implementation team will be  
8 adopted in the DMM?

9 THE WITNESS: Well, the implementation team is  
10 charged with developing the ideas and, in a sense,  
11 developing the words that are going to be in the DMM. Those  
12 receive formal concurrence by an internal process at postal  
13 headquarters so that they become accepted by the Postal  
14 Service and published as its proposal in the Federal  
15 Register.

16 So the implementation team would have a  
17 significant amount of influence on what the DMM words would  
18 say, at least in the initial proposal.

19 CHAIRMAN GLEIMAN: Can an individual be a resident  
20 of more than one place?

21 THE WITNESS: An individual -- you mean a resident  
22 -- non-resident/resident surcharge context or in the  
23 political sense?

24 CHAIRMAN GLEIMAN: In the practical sense of, "I  
25 live in Washington eight months of the year but am a snow

1 bird, and go to Florida for four months in the winter."

2 THE WITNESS: Yes, in that context, it is possible  
3 to be a resident of two places.

4 CHAIRMAN GLEIMAN: So I wouldn't have to pay a  
5 non-resident fee when I lived in Florida?

6 THE WITNESS: Our current proposal is not to  
7 charge the non-resident fee to snow birds.

8 CHAIRMAN GLEIMAN: Can a corporation be a resident  
9 of more than one place?

10 THE WITNESS: A corporation can be a resident --  
11 can have a lot of places of delivery. McDonald's has  
12 thousands.

13 CHAIRMAN GLEIMAN: Can an individual, for example,  
14 a doctor, obtain a box for his list address without paying a  
15 non-resident fee if his or her phone is in another Postal  
16 Service area?

17 THE WITNESS: In that sense the doctor is a  
18 resident of the place where the person is located for his  
19 business mail.

20 CHAIRMAN GLEIMAN: Would you mind if I drew you a  
21 picture and asked you one more question?

22 THE WITNESS: Not at all.

23 MR. CARLSON: Would you like me to take down the  
24 map?

25 CHAIRMAN GLEIMAN: Let's see if I can do it.

1           Let's just use Mr. Carlson's 900 --

2           COMMISSIONER QUICK: Excuse me, do you want to  
3 turn on that microphone?

4           CHAIRMAN GLEIMAN: Let's use Mr. Carlson's Los  
5 Angeles 900-something-something, and right here near the  
6 edge is a postal facility. Just across the street on this  
7 geopolitical border is my house.

8           I work over here in L.A. There's a post office  
9 five miles away. I have to cross major roads; I have to  
10 cross freeways, what-have-you, to get to this post office.  
11 It is my serving post office for my house.

12           For many years, I have had a post office box right  
13 there. I have had a post office box there because it is  
14 convenient to me on my way to work. Now all of a sudden,  
15 the Postal Service is going to tell me that I have to pay  
16 \$36 a year more for that box. The post office is in the  
17 same place. My house is in the same place. My business is  
18 in the same place. The serving post office is not in the  
19 same place.

20           Is my understanding correct under the Postal  
21 Service proposal?

22           THE WITNESS: Yes.

23           CHAIRMAN GLEIMAN: This is not evil?

24           THE WITNESS: No.

25           CHAIRMAN GLEIMAN: It is not malicious?

1 THE WITNESS: No.

2 CHAIRMAN GLEIMAN: Is it fair?

3 THE WITNESS: Yes.

4 CHAIRMAN GLEIMAN: Can you explain to me why it is  
5 fair, through no circumstances, no change in my life, I  
6 suddenly have to pay \$36 more to the United States Postal  
7 Service?

8 THE WITNESS: The Postal Service is offering you  
9 the opportunity for free delivery from your post office over  
10 here. As a matter of personal choice, because of  
11 convenience or perceived value or improved service  
12 opportunities, whatever, it is your judgment, you now want  
13 to take advantage of the post office box that is served by  
14 another post office. In this example here, it happens to be  
15 close. It could be any place.

16 Because of that, we feel it is fair to put a value  
17 on that choice; not to dissuade you from taking street  
18 delivery, but as a way to take advantage of these things you  
19 prefer to be able to do. That is the reason for which the  
20 fee has been assessed.

21 CHAIRMAN GLEIMAN: You are telling me that  
22 suddenly somebody decided that there's some substantial  
23 value to me that I ought to be paying for that I heretofore  
24 haven't had to pay for and have been getting a free ride lo  
25 these many years, is what you are telling me?

1           THE WITNESS: What we are doing is doing what you  
2 have already done. You have decided it is worth something  
3 to you. Otherwise, you wouldn't have done it. By your  
4 choice, you have demonstrated a willingness to define that  
5 other post office or that post office box service as having  
6 a value.

7           CHAIRMAN GLEIMAN: Another question.

8           This is the border for L.A. My house and the post  
9 office are both in the suburbs, close together. I have a  
10 post office box there. Under your scheme, I don't have to  
11 pay a non-resident fee?

12          THE WITNESS: Well, again, I'm not -- where is the  
13 line for the service area of that post office where your box  
14 is located?

15          CHAIRMAN GLEIMAN: This is the geopolitical  
16 boundary and the service area right here. Both the post  
17 office and my house are on the same side of the geopolitical  
18 boundary and I'm served out of this post office.

19          THE WITNESS: Uh-huh.

20          CHAIRMAN GLEIMAN: Do I have to pay a non-resident  
21 fee?

22          THE WITNESS: If it is the post office that serves  
23 you, no.

24          CHAIRMAN GLEIMAN: I'm getting street delivery and  
25 choose to have that box there because it is convenient on me

1 for my way to and from the office to pick things up.

2 THE WITNESS: You pay for the box. It wouldn't be  
3 a free box. You would not pay the non-resident surcharge.

4 CHAIRMAN GLEIMAN: When you move the line so the  
5 geopolitical and serving line is between me and the post  
6 office, suddenly, no other change in this example, but  
7 suddenly it is worth \$36 a year more to me in the opinion of  
8 the United States Postal Service than it was the day before  
9 when the line was over here and both of them were on the  
10 same side of the line?

11 THE WITNESS: I don't know if the line moves that  
12 often, but the basic principle is, if you choose to go to a  
13 post office other than the one that serves you, then there  
14 must be some reason for which you are doing this; and as a  
15 general rule, there is a value represented in that that is  
16 converted into the fee.

17 CHAIRMAN GLEIMAN: I hate to keep people from  
18 lunch, but we are going to be here for a while, I think.

19 Here is my house. There is the post office.  
20 There is the boundary. This is one serving area. This is  
21 another serving area. I rent a box there. We are both in  
22 the same serving area. It is convenient for me to have that  
23 box.

24 THE WITNESS: Uh-huh.

25 CHAIRMAN GLEIMAN: Okay. It is convenient for me

1 to have that box.

2 I get door delivery, but it is convenient for me  
3 to have a box.

4 THE WITNESS: Uh-huh.

5 CHAIRMAN GLEIMAN: What do I now have to pay for  
6 that box? A fee for rental?

7 THE WITNESS: The fee for obtaining service;  
8 that's correct.

9 CHAIRMAN GLEIMAN: If the Postal Service proposal  
10 is implemented, what would I then have to pay for that box?

11 THE WITNESS: Whatever the new fee would be. It  
12 would be based upon a category of the post office.

13 CHAIRMAN GLEIMAN: I would not have to pay a non-  
14 resident fee?

15 THE WITNESS: Because it is your serving post  
16 office; that's correct.

17 CHAIRMAN GLEIMAN: We are going to have the same  
18 house, the same post office, the same post office box. They  
19 are the same distance apart in both examples, but now the  
20 post office is on one side of the serving line and the house  
21 is on the other side.

22 Right now, what do I have to pay for my box?

23 THE WITNESS: Whatever the fee would be that is  
24 appropriate for that post office.

25 CHAIRMAN GLEIMAN: After implementation, I'll pay

1 the rental fee?

2 THE WITNESS: Yes.

3 CHAIRMAN GLEIMAN: And?

4 THE WITNESS: The non-resident surcharge that  
5 would apply unless, for some reason, you are a customer of  
6 that post office, despite the line you have drawn.

7 CHAIRMAN GLEIMAN: I don't want to be a customer  
8 of this post office. I want to be a customer of another  
9 post office.

10 Do I have freedom of choice in terms of what post  
11 office I want to be a customer of?

12 THE WITNESS: Sure.

13 CHAIRMAN GLEIMAN: I do? How can I arrange to be  
14 a customer of a different post office than the one that now  
15 serves me?

16 THE WITNESS: By obtaining post office box service  
17 there or for the temporary resident general delivery  
18 service. Or <sup>curb</sup> ~~call-in~~ service.

19 CHAIRMAN GLEIMAN: Then I can be a customer of two  
20 post offices, right? A customer of the one that serves me  
21 and one of one that -- one someplace else?

22 THE WITNESS: Mr. Carlson is a customer of six  
23 post offices. He is a customer of those places.

24 MR. HOLLIES: In view of the chairman's promise to  
25 continue this line of questioning for a while, could we



1 perhaps schedule a break for personal comfort reasons?

2 CHAIRMAN GLEIMAN: If the witness would like a  
3 break, he may have one. I won't go very much longer.

4 I guess I'm still confused. The Postal Service  
5 draws the lines for serving areas; is that correct?

6 THE WITNESS: In a sense, yes.

7 CHAIRMAN GLEIMAN: What do you mean "in a sense"?

8 THE WITNESS: I don't think we have lines in the  
9 same sense you have geopolitical boundaries. There are  
10 obviously service boundaries based on where the routes go  
11 from any given post office, sure.

12 CHAIRMAN GLEIMAN: And I have been doing something  
13 for many, many years. I make no change in the way I have  
14 been doing something. But the Postal Service suddenly  
15 decides that it wants to charge a non-resident fee. I'll  
16 cost them no more money than I cost them before and they  
17 decided they are going to impose a fee on me because of  
18 where I choose to have a post office box?

19 THE WITNESS: Yes.

20 CHAIRMAN GLEIMAN: Yes?

21 THE WITNESS: Going along with the premise of your  
22 question here that the Postal Service would be charging a  
23 non-resident fee for a customer -- customers who were  
24 obtaining post office box service.

25 CHAIRMAN GLEIMAN: One more time.

1 THE WITNESS: One more time.

2 CHAIRMAN GLEIMAN: This is the ZIP code now.

3 THE WITNESS: Uh-huh.

4 CHAIRMAN GLEIMAN: Let's be sure we didn't break  
5 any rules here. It is a trademark.

6 You own it. You can move it. Suddenly the Postal  
7 Service decides, because a post office closes or any of the  
8 other many reasons, some of which Mr. Hollies spoke to a  
9 moment ago, that this ZIP code line no longer exists. The  
10 ZIP code line just got moved to there.

11 I used to be in the same ZIP code area, house-  
12 wise and post office box-wise. Through no action of my own,  
13 I suddenly find myself on the other side of the service area  
14 five-digit ZIP code boundaries.

15 Do I have to pay a non-resident fee under your  
16 implementation rules?

17 THE WITNESS: If you are not a customer of the  
18 post office to which -- where your box is, you would have to  
19 pay it.

20 Whether you would have to pay it right away or at  
21 some point in the future would be a matter we would have to  
22 work out in the implementation rules because the point you  
23 are making is we should avoid disrupting service to our  
24 customers. I don't think anybody would argue with that.

25 CHAIRMAN GLEIMAN: I'm not suggesting you ought to

1     avoid disrupting service to your customers, although I think  
2     that that is a good general principle to operate by. I  
3     guess what I'm wondering is where the fairness and equity  
4     is. I agree with you, this is not malicious and it is not  
5     evil. It is just strange, perhaps unfair, and probably  
6     inequitable.

7             I have no further questions.

8             You can take the break now if the Presiding  
9     Officer wishes to let you have one.

10            COMMISSIONER QUICK: Does any participant have a  
11     follow-up as a result of cross-examination from the Bench?

12            MR. CARLSON: Maybe two minutes' worth.

13            COMMISSIONER QUICK: All right. I would like to  
14     -- do you have any, Ms. Dreifuss?

15            MS. DREIFUSS: No, sir.

16            COMMISSIONER QUICK: Let's take a -- do you want  
17     -- can we take 10 minutes and you can work on redirect if  
18     you have any, too, and we will finish up.

19            Is that all right?

20            MR. HOLLIES: I think that's an excellent plan.

21            COMMISSIONER QUICK: We will come back at 20  
22     minutes to the hour.

23            [Recess.]

24            COMMISSIONER QUICK: Mr. Carlson, you had follow-  
25     up cross-examination as a result of questions from the

1 Chairman, I believe?

2 MR. CARLSON: Yes.

3 CROSS EXAMINATION

4 BY MR. CARLSON:

5 Q I would like to get a sense of which aspects of  
6 the definition of non-resident could change during the  
7 implementation process and which ones you think probably  
8 wouldn't change.

9 If a person who lives in Emeryville wanted a box  
10 in Berkeley, do you think there's any chance that that  
11 person could get defined as a resident?

12 A If you are a customer of post office A and want to  
13 get a box at post office B, I would say it is unlikely you  
14 would be defined as a customer of post office B.

15 Q How about a person who lives in Emeryville and  
16 wants a box in Oakland? Is there any significant chance you  
17 see that that person could be defined as non-resident if he  
18 then went to Oakland?

19 A No. Not -- for the same reason I mentioned  
20 before. If you are a customer of post office A and want box  
21 service at post office A, you are probably going to stay a  
22 resident of that facility.

23 Q So the definition of resident as it pertains to  
24 multi-coded post offices is probably not going to change?  
25 If there are changes, they are likely to come in some of the

1 other problem areas?

2 A If I were making a personal speculation here, I'd  
3 say that that is correct.

4 Q Thank you.

5 MR. CARLSON: I have nothing further.

6 COMMISSIONER QUICK: Ms. Dreifuss? Nothing?  
7 Redirect?

8 Mr. Hollies, since you had your break, are you  
9 ready to go here?

10 MR. HOLLIES: Thank you for your kindness. Yes, I  
11 am. I have a few quick questions.

12 REDIRECT EXAMINATION

13 BY MR. HOLLIES:

14 Q Is there another name for the non-resident  
15 surcharge or fee that is being touted as a better term?

16 A I think the term was alternative service fee. It  
17 eliminated the use of the word "resident."

18 Q You were asked a couple of questions that related  
19 to the Blaine, Washington post office. Have you any idea  
20 whether that post office is in some sense represented in the  
21 implementation efforts?

22 A I believe the postmaster is a representative on  
23 one of our postmaster work groups.

24 Q With respect to, for example, Canadians who also  
25 own property in the Blaine vicinity, there's been some

1 discussion about whether they are residents or non-residents  
2 and whether there has been a change of direction by the  
3 Postal Service on that issue. Has there been a final  
4 decision, even final to the point of that which appears in  
5 the status report regarding how long, for example, somebody  
6 must stay at their second home in order to qualify as a  
7 resident?

8 A No. Such details have not been worked out as yet.  
9 The discussion has been at this point what I reported.

10 Q Do your comments today reflect the current  
11 thinking or the final thinking of the Postal Service on  
12 implementation?

13 A It is the current thinking of the Postal Service  
14 on implementation.

15 Q With respect to the examples of non-residents that  
16 were -- questions posed to you regarding non-residents, are  
17 the examples chosen typical or atypical?

18 A I would have to say that they are atypical. I  
19 think the Postal Service is trying to have a simple rule  
20 that, with all due respect to those who differ with us, is  
21 administrable and is reasonable. I think that that rule,  
22 like any other rule, can be subject to anomalies and you can  
23 find ways to apply the rule that look like they don't make  
24 sense. I think in the vast majority of situations with the  
25 rule applied, it would be reasonable, successful, and clear.

1           If in the course of our conversations the  
2       implementation folks can figure out a way to improve the  
3       rule to make it clearer, to make anomalies less conspicuous,  
4       to embrace more atypical circumstances and deal with them in  
5       a better way, we would certainly be happy to do so. But at  
6       this point, things are pretty much as they have been  
7       reported.

8           Q     Has the Postal Service considered as a general  
9       matter a class of problem to which the Chairman brought your  
10      attention, that is when somebody is very close to one office  
11      but served by another office?

12          A     There has been some discussion, but more in the  
13      context of non-city delivery or non-delivery offices and  
14      persons who are on a route that passes by their house when  
15      they are two blocks from some non-delivery office. In that  
16      context, there has been the notion of a proximity rule  
17      raised which would give you some way to eliminate this  
18      apparent strange nature of how the rule operates in those  
19      cases.

20               Clearly we are trying to find some way to  
21      administer this which is sensible and understandable and  
22      which our employees and postmasters can administer without  
23      having to have a law degree. They need to be able to do  
24      this in a way that makes sense to customers.

25               If a proximity factor will help to us do that,

1     then I think we need to consider it. Of course, again my  
2     comment is within the context of our current thinking and  
3     the viability of such a component in our proposed rule would  
4     be based upon whether it is possible under what happens  
5     after today in the case.

6             MR. HOLLIES: Thank you.

7             I have no further questions.

8             COMMISSIONER QUICK: Did the redirect generate any  
9     further recross-examination?

10            MR. CARLSON: Briefly.

11                         RECCROSS EXAMINATION

12            BY MR. CARLSON:

13            Q     Do you consider my map with Oakland, Berkeley,  
14     Emeryville, and so forth to be atypical?

15            A     I think if you find customers who are on opposite  
16     sides of a line sometimes, it is one of those worst-case  
17     scenarios. I think -- there are -- in any situation where  
18     you are discussing service from a post office, you will find  
19     somebody at the end of the line and probably somebody across  
20     the street from where they might prefer to have service.

21                         But most customers, I don't think, live in a  
22     situation where you are, I guess, in the example here, in  
23     the green dot and yellow dot or vice versa.

24            Q     Isn't it typical there are customers who live on  
25     either side of the line from each other?



1           A     Sure. Every line of every nature has people on  
2 both sides of it. And in some cases, you are going to find  
3 customers who are -- who are located as the examples that  
4 you offered and as the Chairman offered; but I would not  
5 think those are typical of where customers are often  
6 located.

7           Q     But it is typical that all over the country, there  
8 are going to be people who are on either side of the line  
9 from each other?

10          A     Sure. There are always people on opposite sides  
11 of the line. That's common. Most folks aren't that close  
12 to the line.

13          Q     Are you aware of the definition of a branch?

14          A     Yes.

15          Q     And is it true that a branch is defined as an  
16 office that's located outside the corporate limits or city  
17 delivery area of a city, town, or village in which the main  
18 post office is located and have their own community  
19 identities and defined ZIP code boundaries?

20          A     Yes.

21          Q     So then every time the Postal Service has a  
22 branch, then a customer who lives in a -- the city served by  
23 that branch is considered a customer of the post office of  
24 the main -- the city of the main post office?

25          A     If I followed the question, I think the answer is

1 yes.

2 Q So then every time you have a branch situation,  
3 it's possible that a customer who lives in a city that's  
4 separate from the city of the main post office will be able  
5 to get a box in the city of the main post office but not in  
6 another city that's under the jurisdiction of a different  
7 post office?

8 A Customers will have access to post office boxes at  
9 the post office that serves them. That would be the case  
10 based upon the service of the post office, not upon a  
11 political boundary.

12 Q So my situation up there where Emeryville, which  
13 is a branch, and -- an Emeryville person can get a box in  
14 Emeryville or Oakland but not Berkeley, that situation would  
15 be typical of a branch, the customer of a branch post  
16 office?

17 A I think that's safe to say, yes.

18 MR. CARLSON: Thank you.

19 I have nothing further.

20 COMMISSIONER QUICK: Ms. Dreifuss?

21 MS. DREIFUSS: I do have a few questions.

22 RECROSS EXAMINATION

23 BY MS. DREIFUSS:

24 Q At the beginning of your redirect examination, you  
25 spoke about calling this non-resident fee an alternative

1 service provision fee?

2 A Alternative service fee was a term we came up  
3 with. What we were trying to do, as I believe I mentioned  
4 earlier, was find some way to remove the stigma, if you  
5 will, the connotation that we all apply to the word  
6 "resident." In this case, we are trying to differentiate  
7 between customers of a post office and other customers who  
8 are not customers of that post office.

9 So you couldn't call it a customer/non-customer  
10 fee because everyone is a customer of the Postal Service in  
11 this country. We were trying to come up with a term, an  
12 alternative, because it was a form of service that was an  
13 alternative to the one to which you were otherwise entitled,  
14 that would ~~be~~ <sup>be</sup> often<sup>1</sup> delivery to your residence in this -- or  
15 through this other post office. That may not live to see  
16 the final -- the proposed rule, if there is a better term we  
17 can come up with here. I would be open to having it  
18 suggested. I think you see where we are trying to go with  
19 it.

20 Q I don't have the Postal Service's request before  
21 me, but if the request is framed in terms of a non-resident  
22 fee, are you suggesting the rules will not pick up the  
23 terminology of the request? That you are going to come up  
24 with still a different term, alternative service fee?

25 A I would have to obtain guidance from our -- my

1 legal associates here to see how constrained we are to  
2 implement words sometimes in that context. Obviously if the  
3 legal requirement is we use the exact term for this service,  
4 then I think we would have to do so. If not, we might want  
5 to find something which customers can find more  
6 understandable.

7 Q So the alternative service fee suggestion is  
8 something that's at the present time limited to the task  
9 force group?

10 A Yes.

11 Q It hasn't gone outside?

12 A No.

13 Q You spoke about a proximity rule also during your  
14 redirect examination.

15 A Uh-huh.

16 Q Would that then mean that at times if persons were  
17 -- that their delivery was affected by a particular office,  
18 a particular post office, yet they lived on the other side  
19 of the line, they might still be able to pay only a resident  
20 fee and avoid the non-resident fee; that is what you are  
21 suggesting?

22 A At the present time, the discussion of a proximity  
23 rule was in the context of persons who live, let's say, on a  
24 rural route but who lived two or three doors down from a  
25 non-delivery office. In that case -- well, removing the

1 proximity rule, you would say that you are a resident -- a  
2 customer of the post office from which that route  
3 originates.

4 You'd have a situation such as Mr. Carlson and the  
5 Chairman were pointing out to us where we had people living  
6 next door to the post office not able to be customers of  
7 that post office in the sense of a fee.

8 So the proximity rule came up as a way to perhaps  
9 mitigate this situation and find a more sensible approach in  
10 administering the rule. It was something that came up. We  
11 wouldn't want to suggest it has been adopted as a final  
12 position or accepted by the Postal Service, nor do I want to  
13 suggest it is either good or bad, in or out in being more  
14 broadly applied as in situations such as the Chairman  
15 brought up about living across the street from the post  
16 office boundary or whatever.

17 I think it is an idea which deserves exploration  
18 and it is something, obviously, we will have to continue to  
19 develop and then either accept or not accept in the proposed  
20 rule based upon, in no small part, its viability within the  
21 context of the case and larger issues.

22 Q During redirect examination, you revisited a  
23 question or two that I had for you concerning non-domestic  
24 customers. I think I'm going to need to ask you some of  
25 these same questions again.

1 I really don't know whether you have -- let me ask  
2 you, have you changed the answer you gave me before? Is  
3 that what happened during redirect examination?

4 A I'd have to have a playback of what I said before  
5 to be sure. In answering your question -- and I hope in  
6 answering all questions at that point -- I attempted to  
7 reflect current thinking on the implementation team, by no  
8 means prejudice the final outcome of our process by saying,  
9 "here is how it is going to be definitely or here is how it  
10 is not going to be."

11 Q Let me ask you again. I will ask you some of the  
12 same questions I asked you earlier. I don't know whether  
13 you changed your answer.

14 A Surely.

15 Q The status report states that residents of Mexico  
16 and Canada are not eligible for any form of free delivery  
17 from the United States Postal Service.

18 That's correct, isn't it? That's what the status  
19 report says?

20 A It's correct that it says that, yes.

21 Q And then I asked you if a resident of Canada, for  
22 example, owns a vacation home in the United States and  
23 generally in the area where that vacation home is located,  
24 carrier delivery is available to all U.S. citizens, would  
25 the Canadian citizen also be eligible for carrier delivery

1 to the vacation home?

2 A Of course.

3 Q And would that delivery be free?

4 A Of course.

5 Q For purposes of the non-resident fee, would this  
6 Canadian citizen who has a vacation home in the U.S. be  
7 regarded as a resident or a non-resident for purposes of  
8 obtaining a box in the office which provides the carrier  
9 service to his or her home?

10 A Applying our current thinking, again I will use  
11 the term customer because I think it removes that residency  
12 and citizenship notion, if the person who has a three-month  
13 occupation of a dwelling on a route which is served by post  
14 office A, chooses to obtain post office box service at post  
15 office A, then that person, under the current thinking,  
16 would be considered a customer and not be charged the non-  
17 resident fee.

18 Okay? Now that may not be the way it comes out.  
19 If upon subsequent review, we find our current thinking is  
20 at odds with something substantive in the case, we would  
21 have to change our position, but my answer was in the  
22 context of how we are now looking at implementing the rule.

23 Q So if a Canadian citizen had a home in the U.S.  
24 and lived there for three or more months per year, it is  
25 your expectation that that person would pay a resident fee

1 to the post office that affects delivery to the Canadian  
2 citizen's U.S. home?

3 A What I'm trying to explain is that we are offering  
4 rates as residents to customers who are served by the post  
5 office where post office box service is obtained.  
6 Obviously, you have to have some time period, we have to  
7 introduce some time period for not just Canadians but for  
8 snow birds or anybody else who is going to college.

9 There are all sorts of variations on this which  
10 will need to be defined so you have people who are  
11 legitimately, could be legitimately considered customers by  
12 the average layperson, if they were asked to explain the  
13 rule. You have to have a reasonable time period, whether it  
14 is three months, three weeks, six months, I don't know.

15 It would apply to a person who is a customer of  
16 that post office who is eligible for, who receives street  
17 delivery who chooses instead to get a post office box. They  
18 would be considered a customer and not charged a fee.

19 Q Going back to my hypothetical, let's say there  
20 were a Canadian citizen who owned a vacation home in the  
21 U.S. and used that home only one week out of the year, would  
22 that person be entitled to free delivery via carrier service  
23 to that person's home?

24 A If you have mail addressed to a box that is  
25 sitting on the street and we don't ask you how long you have



1 lived there before we deliver the mail.

2 Q I'm sorry. I wasn't talking about a post office  
3 box in my example. I was talking about delivery to a  
4 vacation home.

5 A Yes. I understand. In the scenario, you have --  
6 you have a bunch of post -- rural boxes lined up at the end  
7 of a little lane going down to the lake. Mail comes into  
8 that rural route 6, box 4. The carrier would -- if it is a  
9 valid address, would probably deliver to that address and do  
10 so without attempting to differentiate between persons who  
11 have been there for a week or who are residents of Canada.  
12 To the best of my knowledge, we don't seek to determine  
13 that.

14 Q Let's say the same Canadian citizen who occupies  
15 the vacation home only one week out of the year applied to  
16 the post office which provides the carrier delivery to the  
17 person's home, to the Canadian's home, wants a box there.

18 Would that Canadian citizen pay a resident fee or  
19 a non-resident fee for the post office box?

20 A As I explained, the fact that the person is only  
21 there for one week a year and is only a customer of that  
22 post office for that one week a year could be a factor. I  
23 don't know. We haven't decided at this point whether or not  
24 there will be a time component. There probably would be, or  
25 what that component would be if we do choose to have one.

1 Q When do you expect these rules will be finalized?

2 A We will have to publish a proposed rule, of  
3 course, subsequent to the Commission's rendering a  
4 recommended decision. We will have to make these decisions  
5 and form that between now and then. I couldn't give you an  
6 exact date.

7 Q How close are you to having a set of rules that  
8 can be published in the Federal Register at this point?

9 A You mean comparatively close, comparatively far?

10 Q Yes. Are you 75 percent of the way there? I'll  
11 give you possibilities there. 75 percent of the way there;  
12 95 percent of the way there; 30 percent of the way there?  
13 Ballpark?

14 A At this point -- oh, having written my share of  
15 rules, I'd say that the development of the written word is  
16 simple. In the concept of the -- getting the concept of the  
17 decisions done is the hard part. That is where we are.

18 In terms of the work load, the bulk of the work  
19 load is getting the ideas, the concepts defined, the  
20 decisions made. So the bulk of the work is where we are  
21 right now. The last 10 percent is writing the rules.

22 Q Is it your expectation the Postal Rate Commission  
23 won't really have a clear idea at the time it is preparing  
24 its recommended decision about what these final rules will  
25 be?

1           A     We would hope to be able to give the Commission as  
2     clear an idea as possible of what our thinking is, and  
3     therefore what the proposed rule would be if it were  
4     published at that time. We would hope to do so by similar  
5     vehicles such as this, documents such as this that would  
6     explain our position. We are in a chicken-and-an-egg  
7     situation here. We can't conclusively say what we are going  
8     to come out with for a rule because it presumes certain  
9     things that will occur.

10          Q     What would you say your target date is for having  
11     the wording finalized? In other words, having made  
12     decisions about the concepts and principles that will be  
13     implemented in the rule and the wording itself? What is  
14     your target date for having that available for publication  
15     in the Federal Register?

16          A     Generally we try to move toward an expected date  
17     on which the Commission issues a decision so that we can  
18     have something relatively finite to compare to the  
19     Commission's document and see how much has to be changed.

20                 So, for example, in the -- in earlier phases of  
21     classification reform we had, as you know, developed the  
22     idea through a series of proposed rules so when the  
23     Commission came back with its recommended decision we had  
24     something fairly stable and fairly well developed; that was  
25     then compared to the Commission's decision and produced what

1     you actually published at that point. There are mechanics  
2     to go through.

3             We would ideally like to have our thoughts and  
4     decisions fairly articulated in writing at the time the  
5     Commission comes back with its decision. Sometime after the  
6     first of the year, I guess.

7             Q     When you say thoughts and decisions fairly  
8     articulated, you mean a draft set of rules? Is that what  
9     you mean by that?

10            A     It would be the discussions that would be  
11     documented in minutes of different meetings, reports to the  
12     Commission. It would be in how those later become rules and  
13     how those are advanced or supported in the preamble portion  
14     of the Federal Register notice.

15            Q     Will the Commission have what you just described,  
16     let's say three or four weeks before the deadline for it to  
17     issue its decision?

18            A     I don't know. I don't know when it will issue its  
19     decision. I don't know how much time it will have before we  
20     do whatever we do.

21            Q     Whatever date that is, that the Commission has to  
22     issue its decision, do you see -- have you established a  
23     target date to have those rules available for the Commission  
24     to see several weeks before the decision is required -- I'm  
25     sorry, the Commission is required to issue its decision?

1           A     No. Our purpose was not to have a preview of our  
2 proposed rule. That's not -- that's not the practice,  
3 because we don't have -- we don't have a rule -- we don't  
4 have something about which to write a rule yet.

5                     The Commission's decision is the biggest single  
6 influence on what the rule says. So the proposed rule is  
7 published in the Federal Register only after the  
8 Commission's decision comes out. Then we, of course, make  
9 sure that it is consistent with that decision.

10          Q     Do you anticipate having a set of rules prepared  
11 that would reflect the Postal Service's set of proposals in  
12 this proceeding time in advance of the Commission's  
13 decision?

14          A     We may have workpapers produced; thought papers,  
15 draft rules, things that would eventually become the  
16 proposed rule. You have to do that so you don't have the  
17 work to do overnight.

18                     In principle, I think those would reflect what we  
19 would be sharing with the Commission in our filings; so if  
20 you are concerned that we would be, you know, holding  
21 something under our vests and not being open with it, I  
22 don't think that -- that is certainly not the intention I  
23 ever picked up with our group.

24          Q     Let me tell you what I am concerned about and  
25 let's see if you can assuage that concern. I am concerned

1 the Commission will have to issue a recommended decision  
2 with very little idea of how the DMCS language will be  
3 implemented in DMM without having a very good idea at all of  
4 how non-residency will be defined.

5 How can you assuage that concern of mine?

6 A I think the best way to answer that is to say stay  
7 tuned. I don't mean to be flip about that. What I am  
8 trying to say is that it is clear we are trying to figure  
9 out a way to administer this provision that is reasonable  
10 and understandable and, within the context of the rule, fair  
11 to customers. We are working toward that goal. You will  
12 see that progress. You will see where we are going. You  
13 will see that the proposed rule would not be something which  
14 would be at odds with what the schedule would contain.

15 MS. DREIFUSS: Commissioner Quick, this seems like  
16 it may be an appropriate time to make a motion. I have to  
17 admit it is not planned or well thought out, but it seems  
18 reasonable to me based on -- frankly, let me preface this  
19 motion by saying that I don't think you have gotten a very  
20 stable, to use the witness' term, a very stable picture of  
21 what implementation rules are going to look like at the time  
22 you are going to have to issue your decision.

23 I would suggest that the Postal Service prepare a  
24 draft set of implementation rules and have a witness present  
25 those as testimony during the rebuttal phase and I wouldn't

1 allow it to present it any later than that because I'm very  
2 concerned that participants will be unable to address these  
3 issues in their briefs if we don't see it at that time. I'm  
4 also concerned that the Commission won't have that material  
5 available in formulating its recommended decision.

6 So it is a motion to require the Postal Service,  
7 as I say, to have a draft set of implementation rules and a  
8 witness to attest to those rules during the rebuttal phase  
9 of the proceeding.

10 COMMISSIONER QUICK: Can you put that in writing?

11 MS. DREIFUSS: Yes, sir.

12 COMMISSIONER QUICK: As quickly as you can get it  
13 in, we will consider it.

14 MS. DREIFUSS: Yes, sir.

15 COMMISSIONER QUICK: Thank you.

16 MS. DREIFUSS: I have no further questions for the  
17 witness.

18 CHAIRMAN GLEIMAN: I do. I have some questions.

19 COMMISSIONER QUICK: Mr. Chairman?

20 CHAIRMAN GLEIMAN: Mr. Raymond, let me tell you, I  
21 appreciate your being here very much and the situation that  
22 you have been thrust into, it seems to me that perhaps it  
23 would have been useful had all the work you are doing now  
24 been done before the case was filed.

25 You talked about a chicken-and-an-egg situation

1 with respect to the regulations and having to await the  
2 PRC's recommended decision; and I would say that we have a  
3 comparable situation with respect to the Commission's  
4 decision. We have to see what the Postal Service's real  
5 case is, and I think that's what Ms. Dreifuss was just  
6 speaking about.

7 Quite frankly, you know, you have got to have  
8 something about which you can write a rule and we have to  
9 have something based on which we can make a recommended  
10 decision. I'm not sure that we have it now.

11 Separate and apart from the concern I have in that  
12 regard, let me ask you a couple of questions.

13 Alternative service fee. That is not -- the  
14 alternative service fee is what we have come to know up to  
15 this point as a non-resident fee; is that correct?

16 THE WITNESS: Yes.

17 CHAIRMAN GLEIMAN: It is not a fee that would be  
18 imposed on people who choose, in addition to receiving  
19 delivery to their house, to also -- or who receive delivery  
20 to their house to choose also to rent a box at their serving  
21 post office.

22 THE WITNESS: That's correct.

23 CHAIRMAN GLEIMAN: So it is really not an  
24 alternative service fee for everybody, it is an alternative  
25 service fee for some people?



1 THE WITNESS: That's correct.

2 CHAIRMAN GLEIMAN: I would suggest to you that you  
3 use the -- well, I would suggest to you that you -- that  
4 that is troublesome and could create more problems for you  
5 than it would some. I'm not sure what stigma you see  
6 associated with the terms "resident" and "non-resident." It  
7 is not a question of a stigma. The problem is that there is  
8 no rational proposal on the table. If there was a rational  
9 proposal that had a rational basis, then I don't think  
10 people would view those terms as having a stigma of some  
11 sort.

12 You suggested the example that I was using and  
13 that Mr. Carlson used about people being close to the line  
14 was probably not typical. Is that correct?

15 THE WITNESS: Yes.

16 CHAIRMAN GLEIMAN: Have you done any studies or do  
17 you know whether anybody has done any studies to determine  
18 how many people rent boxes where and what their relative  
19 distance is from the serving area and the like?

20 THE WITNESS: No. I don't think any such study  
21 has been made.

22 CHAIRMAN GLEIMAN: Do you have any idea of how  
23 many non-resident boxes there are? Do you know of any  
24 studies that have been done of the total number of non-  
25 resident boxes?

1           THE WITNESS: I'm not personally aware of it, but  
2 I wouldn't want my personal awareness of that to be  
3 considered an answer for the Postal Service to that  
4 question.

5           CHAIRMAN GLEIMAN: If there are studies about non-  
6 resident boxes, who the non-resident box holders are, you  
7 have not had them available to you in your task of coming up  
8 with some rules, the implementation rules and whatever; is  
9 that correct?

10          THE WITNESS: Correct.

11          CHAIRMAN GLEIMAN: Okay. Another example that I  
12 gave had to do with a number of individuals who might be  
13 affected by ZIP code boundary changes in a particular year.

14               Were you suggesting that that kind of situation is  
15 an exceptional situation, that it's not very frequent or  
16 that not many people would be affected?

17          THE WITNESS: No. I don't think I was trying to  
18 quantify it. My comment simply was that that was a  
19 circumstance that we had not yet evaluated and for which we  
20 had not yet prepared any kind of a proposal.

21               My comment also was that I would hope that we had  
22 a resolution to that question that causes as little negative  
23 impact on our customers as possible.

24          CHAIRMAN GLEIMAN: In the past five years, would  
25 it surprise you if I told you that 420,000 post office boxes

1       were affected by ZIP code boundary changes?

2               THE WITNESS:   I would take your word for it.

3               CHAIRMAN GLEIMAN:   And do I understand correctly  
4       that you think there's a possibility that you might resolve  
5       in some way or another, perhaps favorably, that these  
6       individuals would not be affected in a negative manner by  
7       alternative service fees?

8               THE WITNESS:   I think it would be my effort as  
9       part of implementation to figure out some way to mitigate  
10      the impact that the change would have on those customers.  
11      There are millions of post office box customers -- I can't  
12      think of the number off the top of my head -- but I am sure,  
13      regardless of the number affected every year that will be  
14      affected, we don't want them impacted more adversely than is  
15      necessary.

16              CHAIRMAN GLEIMAN:   You talked about a proximity  
17      factor before.   I think you are dealing with a proximity  
18      fuse with this, but that's my considered opinion.   I wish  
19      you well.

20              I wish I understood more about who was affected  
21      and how much and how many.   And you are only the  
22      implementation guy, so I guess you can't tell us.   You are  
23      not the guy who put the case together and sent it up here.  
24      I wish you had been involved in the front end a little bit  
25      more.

1 Thank you again for being here.

2 COMMISSIONER QUICK: Thank you, Mr. Raymond. We  
3 appreciate your appearance here today and your contributions  
4 to our record.

5 If there is nothing further, you are excused.

6 [Witness excused.]

7 COMMISSIONER QUICK: This concludes today's  
8 hearing. We will next convene during the week of December  
9 16 to receive the final rebuttal and surrebuttal testimony  
10 which is scheduled to be filed on or before December 6.

11 If there is nothing further, these hearings are  
12 adjourned.

13 [Whereupon, at 2:20 p.m., the hearing was  
14 recessed, to reconvene at 9:30 a.m., Monday, December 16,  
15 1996.]

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