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

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OFFICE OF THE SECRETARY

SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

SECOND STATUS REPORT OF UNITED STATES
POSTAL SERVICE ON IMPLEMENTATION OF
SPECIAL SERVICE REFORM PROPOSALS
(December 13, 1996)

On October 23, 1996, the Postal Service filed its First Status Report, Tr. 8/3217-21, which addressed implementation of the proposed box fee schedule. Today, the Postal Service files its Second Status Report, which summarizes issues raised at various implementation team meetings. The purpose of this report is to advise the Commission and participants regarding progress towards implementation assuming the Request is recommended and accepted. The meetings involved various groupings of Headquarters, Area, and District representatives, as well as a separate group of postmasters who are focused primarily upon the box fee proposal.

The First Status Report addressed eight areas in which tentative decisions had been reached; witness Raymond thereafter appeared on the stand for oral cross-examination on that Report. Tr. 8/3210-3321. As the First Report itself stated, the matters described were of necessity not final decisions since acts that constitute prerequisites, including a recommended decision from the Commission and Governors' action, had yet to occur. Tr. 8/3218, ¶ 1. However, while still tentative, the matters reported in the First Report are expected to be implemented if the box fee proposal is both recommended and adopted.

The Second Status Report, unlike the First Status Report, should not be viewed as presenting tentative decisions. Instead, it provides summary descriptions of issues

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raised in respective meetings, the dates and locations of meetings, and the planning for the internal education effort that must necessarily accompany any implementation. As such, the Postal Service has no expectation of relying upon the Second Status Report in its initial or reply briefs and there is no need to make it part of the record in this case.¹

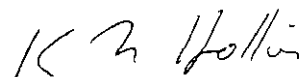
Attached is the Second Status Report: Preparations For Implementation of Special Services Reform.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



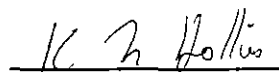
Kenneth N. Hollies

¹ In this regard, the Postal Service has no intention of waiving its deliberative process and other privileges with respect to any decisions underlying or based upon implementation of the Second Status Report. Furthermore, any suggestion that the Postal Service is changing its proposal through the filing of the Second Status Report would be unwarranted. See, e.g., OCA Motion To Require The Postal Service To Provide Draft Implementation Rules For The Proposed Nonresident Box Fee And A Witness To Stand Cross-Examination On Such Draft Rules (November 26, 1996) at 2 (USPS acknowledgment of discussion regarding alternative name for nonresident fee characterized by OCA as example of "alarming inconsistencies with the ... [R]equest"). The Request has not been modified and no agency decisions -- even tentative ones -- are reflected in the Second Status Report.

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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.



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December 12, 1996

Second Status Report: Preparations For Implementation of Special Services Reform (December 13, 1996)

This Second Status Report includes summaries of four sets of meetings involving: 1) the Headquarters Special Services Reform Implementation Committee; 2) the Area Special Services Reform Implementation Program Managers; 3) the National Area and District Special Services Reform Implementation Program Managers Conference; and 4) the Special Services Postmaster Task Force. Substantive proposals from a group are just that, and have not as yet been validated, adopted, or rejected by other groups, with the limited exception of certain matters in Section IV that appear in the First Status Report.

I. Headquarters Special Services Reform Implementation Committee

October 10, 1996

Introductions were made and the implementation process for Special Service Reform was outlined. This was followed by a presentation on the elements of the Special Services Reform filing. The importance of this implementation committee, the field team and postmaster task force was explained.

November 20, 1996

The committee was provided an in-depth presentation on the activities of the postmaster task force and an outline of the roles, responsibilities and expectations of the Area and District Special Services Reform Implementation Program Managers.

II. Area Special Services Reform Implementation Program Managers

Denver, CO, October 15-17, 1996

The first meeting of the Area Special Services Reform Implementation Program Managers was conducted in Denver, CO on October 15-17, 1996.

The group was provided three presentations: an overview of the elements of the Special Services Reform

filing, an analysis of the components of the PO Box fee proposal, and a review of the retail forms redesign. It was also announced that we are assembling a task force of postmasters to concentrate specifically on the PO Box fee portion of the case.

The roles, responsibilities and expectations of the Area and District Program Managers were identified and discussed. Criteria for the selection of district representatives were identified and each area representative was asked to assist the field in the selection process for the districts.

Topics and concerns were identified for placement on the agenda for the national conference.

III. National Area and District Special Services Reform Implementation Program Managers Conference

Orlando, FL, November 13-15, 1996

The first national conference for the field Special Services Reform Implementation Program Managers was conducted in Orlando, FL, on November 13-15, 1996. Representatives from all area offices and eighty-two of the eighty-three district offices were present.

To provide a full understanding of the development and implementation of a rate or reform case, the attendees were provided an overview of the rate making process. This presentation was followed by an overview of the components of the Special Services Reform case.

The post office box fee proposal is by far the most complex element of this case. A more detailed presentation on this aspect of the case was provided. Due to its complexity a task force of Postmasters has been assembled to assist us in this portion of the case.

In conjunction with the Special Services Reform case, we are also in the process of redesigning certain retail forms. Although not an actual element of the case, we anticipate the new form designs (if accepted) will be available for implementation of Special Services reform.

At the end of November of this year we are launching a sixty-day post office box awareness campaign. Information announcing and materials supporting the program will be distributed to the field.

The process of successfully implementing a rate or classification case was addressed. This was followed by a detailed review of the role of the field Special Services Reform Implementation manager and expectations appropriate to that position.

The ten areas and their field representatives assembled into five groups for breakout sessions. Each group analyzed a specific task and then presented implementation recommendations for that issue.

[Redacted company name] provided a four-hour "presentation skills" presentation on the final day of the conference.

IV. Special Services Postmaster Task Force

Meetings on November 5-7 and November 20-21, 1996

DEFINITION OF A RESIDENT:

The group proposes that the following basic assumptions be used to identify a resident for the purpose of post office box rental (this does not include all potential scenarios or anomalies):

"Residency" is based on the post office finance number. Therefore, a person or business which "resides" within a community with more than one postal facility (post office, station or branch, contract postal unit, etc.) sharing the same finance number and who receives delivery from any of these facilities is considered a "resident".

All customers of a proposed Group E office will be considered a "resident" of that office.

Snowbirds, seasonal residents, students or others who own property or reside for a proposed period of more than 30 consecutive days will be eligible as "residents".

Under a proposed "proximity rule", if a customer's residence or business is closer to a post office than the office that provides their carrier delivery, they would be considered "residents" at both offices.

SIMPLIFIED ADMINISTRATION:

The group proposes to simplify post office box administration by redesigning the PS Form 1093, *Post Office Box Application*, to reflect residency status and other modifications. The customer signature block will include a residency certification statement, and will indicate that customers bear the burden of proof for establishing "resident" status.

Additionally, the group recommends that PS Forms 1091A, *Post Office Box Fee Register Card*, and 1538, *Receipt for Post Office Box/Caller Service Fees*, be redesigned. Consideration should also be given to 1) combining forms 1093, 1091A, and 1538 into one form; 2) reevaluation of key fees; 3) establishment of a universal fee schedule for all boxes; 4) elimination of post office box refunds entirely (or limit entitlements to the first 30 days of use); 5) limiting box usage to one family only; 6) establishing new procedures to close overflow or abandoned

boxes; and 7) reexamination of the general delivery policy.