

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

RECEIVED  
DEC 29 4 02 PM '99  
POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

COMPLAINT OF THE CONTINUITY  
SHIPPERS ASSOCIATION

Docket No. C99-4

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE  
(OCA/USPS-6-31)

The United States Postal Service hereby provides its responses to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-1-5, filed on December 10, 1999.

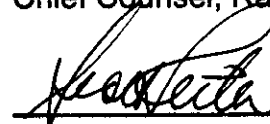
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



Scott L. Reiter

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2999 Fax -5402  
December 29, 1999

OCA/USPS-6. Please refer to the Revised Bulk Parcel Return Service Cost Study, Exhibit F (revised December 2, 1999), page 1. Mailer 1 is the only mailer that undertakes both a complex and simple postage due calculation.

- a. Please explain what is involved in (1) a complex postage due calculation and (2) a simple postage due calculation.
- b. Please identify what requirements of the Postal Service or features of Bulk Parcel Return Service cause a mailer to undertake (1) a complex postage due calculation or (2) a simple postage due calculation. Please explain your answer.

**RESPONSE:**

a. Postage due for all returns is calculated for Mailer 1 by using a "postage due cost factor." One day a month this postage due cost factor is calculated, and the remaining days of the month the postage due cost factor is used to calculate total postage due.

In the revised BPRS Cost Study, the "complex postage due calculation" refers to the one day a month the postage due cost factor is calculated. On this day, total postage due is calculated for all returns. Then a cost factor is calculated, to the third decimal point, by dividing the total postage due by total net weight of all returns. This cost factor is averaged with the nine most recent postage due and weight entries to derive the new average postage due cost factor. Then, the mailer is notified of the new postage due cost factor.

In the BPRS Cost study, the "simple postage due calculation" refers to the days the cost factor is used to calculate postage due. On these days, total postage due for returns is calculated by multiplying the postage due cost factor by the total net weight of returns each day.

b. What is referred to as a "complex" and a "simple" postage due calculation are both part of one postage due methodology. Therefore one cannot be used without the other.

OCA/USPS-7. Please refer to the Revised Bulk Parcel Return Service Cost Study, Exhibit F (revised December 2, 1999), page 1.

- a. At row 5, please explain the reason for the change from "10.0" to "1.0 Average days a month do elaborate postage due."
- b. At row 6, please confirm that the figure "3.0" represents average hours per month sorting mail. If you do not confirm, please explain.
- c. At row 24, please confirm that the figure "1.8" represents average hours per month spent on postage due and worksheets. If you do not confirm, please explain.
- d. At row 24, in the formula for the figure "1.8," please confirm that the number "7.14" represents the average number of containers weighed per day. If you do not confirm, please explain.
- e. At row 15, which shows the figure of "0.6647," please confirm that the "Average hours a day, on days do simple postage due" should be 0.49731024 ( $0.069651294 * 7.14$ ). If you do not confirm, please explain.

RESPONSE:

- a. The study was based on a misunderstanding that the complex postage due method was used the first 10 days of every month. In reality, the complex postage due method was only used for the first 10 days of the first month it was implemented. For all other months, the postage due cost factor would only be calculated one day a month. The revisions to the BPRS cost study make this correction.
- b. Not confirmed. The average hours a day it takes to sort mail using the complex postage due method (the day the postage due cost factor is calculated) is 3 hours. Since this method is only performed one day a month, the total hours used to sort the returns using the complex postage due methodology at the return facility is 3 hours.
- c. Not confirmed. This is the average hours a day it takes to complete paperwork on the days the complex postage due method is used. Since this occurs only one day a month, it can also be thought of as the average hours a month it takes to do paperwork for the complex postage due method.
- d. Confirmed.

Docket No. C99-4

e. Confirmed. Row 15 should read .49731024. With this change, the new estimated postage due unit cost of BPRS is 3.9 cents and the total estimated cost of BPRS is 103.7 cents.

OCA/USPS-8. Please refer to the Revised BPRS Cost Study, Exhibit F (revised December 2, 1999), page 1. In the "Sources:" to Exhibit F,

- a. At "Row 7/:", please confirm that the reference should be "(25)/(4)." If you do not confirm, please explain.
- b. At "Row 12/:", please confirm that the reference should be "(8)\*(9)\*(10)." If you do not confirm, please explain.
- c. At "Row 15/:", please confirm that the reference should be "0.069651294\*(14)." If you do not confirm, please explain.
- d. At "Row 22/:", please confirm that the reference should be "(19)\*(20)\*(21)." If you do not confirm, please explain.
- e. At "Row 23/:", please confirm that the reference should be "(9)+(22)." If you do not confirm, please explain.

RESPONSE:

- a. Confirmed.
- b. Not confirmed. The reference should read (8)\*(10)\*(11).
- c. Confirmed.
- d. Confirmed.
- e. Confirmed.

OCA/USPS-9. Please refer to the Revised BPRS Cost Study, Exhibit F (revised December 2, 1999), pages 2, 3, and 6. For Mailer 3, it is estimated that 26 (0.26) percent of all returns are BPRS, while 25 (0.25) percent of the time is devoted to sorting BPRS returns. By contrast, 50 (0.50) percent of all returns received by Mailers 2 and 6 are BPRS. However, only 25 (0.25) percent of the time is devoted to sorting BPRS returns. For Mailers 2 and 6, please explain why the time to sort BPRS parcels is not proportional to the volume of BPRS parcels.

RESPONSE:

"Proportion of returns" and "proportion of time spent on BPRS versus other types of returns" are two separate inputs. "Proportion of returns" is defined as the percent of total returns that are BPRS. "Proportion of time spent on BPRS versus other types of returns" is defined as the percent of time spent sorting a BPRS parcel compared to the time spent sorting a non-BPRS return. For Mailers 2, 3, and 6, sorting a BPRS parcel takes only 25 percent of the time it takes to sort a non-BPRS return. The reason it takes more time to sort other returns (for Mailers 2, 3, and 6) is that while BPRS returns were simply thrown into the appropriate container, other types of returns were weighed and rated. Since the "sort time" includes the weighing and rating of other parcels, it would be unfair to allocate sort time to BPRS strictly by the percent of returns that are BPRS. Therefore, in addition to the percent of returns that are BPRS, the time spent on BPRS versus other types of returns (25 percent) was used to allocate sort time.

OCA/USPS-10. Please refer to the Revised BPRS Cost Study, at page 5 and 6, where it states:

The second assumption is that none of the BPRS parcels are held out at the local AO. . . . Since it is not know what percent of BPRS parcels are held out at local AO's, this assumption was made in a manner that ensures that costs are not *overestimated*. (emphasis added)

However, the general approach taken in the Revised BPRS Cost Study is "to make assumptions that will avoid *underestimating* costs." Revised BPRS Cost Study at 4 (emphasis added); see also *Id.* at 5.

- a. Please explain why it is appropriate to ensure that costs are not overestimated with respect to this assumption.
- b. Please estimate the impact on the cost estimate of assuming none of the BPRS parcels are held out at the local AO.

RESPONSE:

- a. There is an error in the statement at page 5 and 6. The statement should read.

The second assumption is that none of the BPRS parcels are held out at the local AO. . . . Since it is not know what percent of BPRS parcels are held out at local AO's, this assumption was made in a manner that ensures that costs are not *underestimated*.

Holding out parcels at the local AO would save both transportation and mail processing costs.

- b. Since it is unknown what percent of BPRS parcels are entered at their destinating AO and it is unknown what percent of those parcels will be held out, it is not possible to estimate the impact on the cost estimate. However, since it is unlikely that a large percent of parcels will be entered at the destinating AO, it would be unlikely that this assumption has a large impact on the cost estimate.

OCA/USPS-11. Please refer to the Revised BPRS Cost Study, Exhibit D, page 2, Table 3.

- a. Please confirm that the "Number of Legs, Adjusted" for Local and Intermediate Intra BMC is calculated as follows:  $1.9366 (2 \text{ Intermediate Leg} * (1-0.0317))$ . If you do not confirm, please explain and show the correct calculation.
- b. Please show all calculations used to derive the figure "1.96," the "Number of Legs, Adjusted" for Local and Intermediate Inter-BMC.

RESPONSE:

- a. The exact equation is  $1.94 = 0 * (.0317) + 2 * (1-.0317)$ . In the Parcel Post transportation model in Docket No. R97-1, it is assumed that 3.17 percent of intra-BMC parcels are held out at the local AO. These parcels will incur zero legs of transportation. This is represented in the equation by " $0 * (.0317)$ ." The intra-BMC parcels that are NOT held out at the local AO will incur two legs of both local and intermediate transportation. This is represented in the equation by " $2 * (1 - .0317)$ ."
- b. The calculation is as follows:  $1.96 = 1 * (.0448) + 2 * (1-.0448)$ . In the Parcel Post transportation model in Docket No. R97-1, it is assumed that 4.48 percent of inter-BMC parcels are entered at the origin BMC. These parcels will only incur one leg of local and one leg of intermediate transportation. This is represented in the equation by " $1 * (.0448)$ ." The inter-BMC parcels that are NOT entered at the origin BMC will incur two legs of both local and intermediate transportation. This is represented in the equation by " $2 * (1 - .0448)$ ."



Docket No. C99-4

OCA/USPS-12. Please refer to the Revised BPRS Cost Study, Exhibit D, page 5.

- a. At row 5, please confirm that the "Total Cost (Distance Related)" should be \$88,580,000. If you do not confirm, please explain.
- b. At row 7, please confirm that the "Total Cost (Non-Distance Related)" should be \$2,185,000. If you do not confirm, please explain.
- c. In the "Sources:," at "Row 17:!", please confirm that the reference "page 7" should be "page 9." If you do not confirm, please explain.

RESPONSE:

- a. Confirmed. To be consistent with errata filed by witness Hatfield in Docket No. R97-1, this number should read \$88,580,000.
- b. Confirmed. To be consistent with errata filed by witness Hatfield in Docket No. R97-1, this number should read \$2,185,000.

After making these two changes to the BPRS cost study, the estimated transportation unit cost of BPRS is still 33.7 cents. Therefore, the total estimated unit cost of BPRS does not change.

- c. The source for row 17 on page 5 of Exhibit D does read "page 9." It should read page 7. The source for row 18 should also read "page 7."

Docket No. C99-4

OCA/USPS-13. Please refer to the Revised BPRS Cost Study, Exhibit C ("PRC Version"), pages 5 and 6. In column "[4] piggyback" for the Intra-BMC Model and Inter-BMC Model, all the piggyback factors are changed. Please explain why the Postal Service did not use the piggyback factors from Docket No. R97-1, USPS-LR-H-77, pages 231 and 232.

RESPONSE:

As requested, the cost study was changed to reflect "PRC-version" methodology.

Piggyback factors were changed to reflect the PRC-version piggyback factors used in

Docket No R97-1.

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-14. Please refer to USPS witness Adra's testimony in Docket No. MC97-4 (USPS-T-2), which OCA has moved to be admitted into this record, and the discussion at page 16 concerning the value of mail service of the then proposed BPRS service pursuant to criterion 2 of Section 3622(b) of the Postal Reorganization Act. The testimony states, "Value of service (criterion 2) for returned parcels would be similar to that of parcel post as described previously in terms of level of service. At the same time BPRS provides shippers of outbound parcels a convenient means of receiving returned parcels from customers, suggesting a higher value of service than the absolute level of service would indicate." Is this testimony still applicable to the BPRS service today?

RESPONSE:

Yes.

**RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-15. Please refer to USPS witness Adra's testimony in Docket No. MC97-4 (USPS-T-2), which OCA has moved to be admitted into this record, particularly pages 13-14 which discuss the characteristics of the BPRS pieces.

- a. Is it still true that, "The BPRS pieces tend to be fairly homogenous in terms of weight and dimensions, with the majority of the volume concentrating in the upper weight increments range?" If not, please explain.
- b. Witness Adra's testimony referring to a market survey stated that "there are no BPRS pieces weighing less than 7.5 ounces." Is this still true? If not, please indicate the proportion of current BPRS pieces that weigh less than 7.5 ounces.
- c. If there are more than a minimal number of BPRS pieces that weigh less than 7.5 ounces, please indicate the lightest weight of BPRS pieces and the proportion of the lightest BPRS pieces of the total number of BPRS pieces.

**RESPONSE:**

- a. It is still true that the majority of the BPRS volume is concentrated in the upper-weight increments range. Exhibit A, page 1 of 1, of the 1998 BPRS Cost Study, shows the average weight and average cube of BPRS parcels. The study covers the 8 mailers who were BPRS participants at the time of the study. The average weight ranges from 9 to 15.04 ounces. The average cube ranges from 0.02 to 0.14 cubic feet.
- b. We have no evidence that indicates that there are BPRS pieces weighing less than 7.5 ounces. Our evidence, as reflected by the BPRS Cost Study cited above, shows that the minimum average weight is 9.00 ounces.
- c. See response to b.

**RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-16. Please refer to the DMM, section F010.5.3g (forwarding and related services).

- a. Please confirm that if the Postal Service forwards a parcel endorsed "Address Service Requested—BPRS," and it is delivered (months 1 through 12), the fee charged the mailer in addition to the initial postage, is an "ACS address correction fee and postage at single-piece First-Class or Priority Mail rate as applicable for weight of piece charged via ACS participant code."
- b. If the piece described in a, above, is then returned by the addressee using a BPRS label, does the mailer pay the BPRS fee in addition to the single piece First-Class rate or does the mailer pay only the BPRS rate?
- c. In situation b, above, please confirm that the mailer using BPRS service avoids the weighted fee set out in Section F010.5.3f which would be the appropriate single-piece First-Class or Priority Mail rate, as applicable, multiplied by 2.472 and rounded up to the next whole cent.
- d. Please confirm that the weighted fee for a parcel with physical characteristic that would make it eligible for BPRS service and weighing 13 ounces, but returned First-Class pursuant to the weighted fee schedule referenced in c, above, would pay a charge of the First-Class rate of \$2.97 multiplied by 2.472 for a total fee of \$7.35. If not, please explain.

**RESPONSE:**

- a. Confirmed.
- b. For the return segment, the mailer pays only the BPRS rate.
- c. Confirmed.
- d. Confirmed.

**RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-17. Please refer to USPS witness Adra's testimony in Docket No. MC97-4, (USPS-T-2), which OCA has moved to be admitted into this record, discussing at pages 4-6 the reasons shippers needed a BPRS type service to relieve them from the high return postage costs.

- a. Is it still true that, "An effective and efficiently operating parcel return service is especially needed by mail order firms in general, and by continuity and negative option marketing firms in particular?" If not, please explain.
- b. Is it still true that, "With continuity marketing, refusals and cancellations are handled by return of the product?" If not, please explain.
- c. Is it still true that, "As described above [in the testimony], continuity and negative options mailers in particular, incur a relatively high parcel return rate as a normal course of business and their parcels tend to be concentrated mostly in the upper weight increments?" If not, please explain.

**RESPONSE:**

- a. Yes, to the best of our knowledge.
- b. Yes, to the best of our knowledge.
- c. Yes, to the best of our knowledge.

**RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-18. Please refer to witness Adra's testimony in Docket No. MC99-4 (USPS-T-1) in which he presented the Postal Service's classification proposal to amend the BPRS service to allow into BPRS parcels that have been opened, resealed and re-deposited into the mail for return to the mailer.

- a. At page 4, lines 5-6, of the testimony he noted that the deficiencies in the original BPRS service were such that "original mailers may experience delays or lapses in having their merchandise returned, and may be denied customer payments and information." Please confirm that the amendment to the BPRS service in Docket No. MC99-4 reduced these problems and thereby increased the value of the BPRS service.
  
- b. At page 4 of the testimony, witness Adra describes the following benefits of the amendment of the BPRS service to mailers: (a) "giving [original mailer's] an effective vehicle to retrieve (and pay for the return of) merchandise that their customers refuse after opening and inspection;" (b) "gives [original mailer's] direct control to minimize customer dissatisfaction;" and (c) "provides the mailer with both the merchandise and any customer payment and correspondence included in a resealed parcel." Please confirm that the above benefits to mailers were not present under the BPRS service initially approved and that these benefits increase the value of the BPRS service.

**RESPONSE:**

- a. Confirmed.
  
- b. Confirmed.

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-19. Should the Commission seek to establish a cost coverage for the BPRS service in this proceeding that is identical to the coverage for Standard Mail (A) service? Please explain your response.

RESPONSE:

The cost coverage for BPRS was originally set at the system-wide average coverage as BPRS was a new service being priced in isolation with some questions regarding the actual costs of providing the service. The current reconsideration of the cost coverage for BPRS, again in isolation, rests on no new information except for a slightly different cost figure and a recent amendment to the BPRS service which would increase its value. The appropriate context in which to reconsider the cost coverage would be in an omnibus rate case in which the nine pricing criteria may be used to balance considerations among all of the classes and subclasses of mail. In such a context, the cost coverages of all classes and subclasses of mail would be relevant and taken into consideration.

Had the Commission seen fit to establish a cost coverage for BPRS that was identical to that of Standard Mail (A), it could have done so when BPRS was established. As was noted in that proceeding, BPRS differs in service features and mail characteristics from Standard Mail (A). Standard Mail (A) contains advertising matter as well as merchandise, is highly presorted and otherwise prepared by the mailer prior to entry into the postal mail system. At the same time, were the Commission to apply the pricing criteria to Standard Mail (A) given additional information available since Docket



RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

No. R97-1, the Commission might very well change the cost coverage assigned to Standard Mail (A).

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-20. Is the cost coverage for Special Standard Mail (B) relevant to a determination of the coverage for the BPRS rate? If so, what is the reasonable range of difference between the two coverages assuming their current service characteristics?

Please refer to the response to OCA/USPS-19. As noted there with regard to Standard Mail (A), the Commission could have chosen to apply the Special Standard Mail (B) cost coverage to BPRS when it was established but did not do so. Also, application of the nine pricing criteria to Special Standard (B) at this time could very well result in a different cost coverage from that recommended by the Commission in Docket No. R97-1. At such time as the pricing criteria are applied to all classes and subclasses of mail, the implications for direction in cost coverage differ based upon the different criteria. For example, consideration of ECSI value for Special Standard (B), which is not of such relevance to BPRS in total, would, in isolation, recommend a lower cost coverage for Special Standard (B) than for BPRS, which contains material of a more diverse nature. Without consideration of all of the pricing criteria, it is not possible to arbitrarily establish a "reasonable range of difference" between the two coverages. Service characteristics are of concern in only one of the pricing criteria.

**RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-21. Is the system-wide coverage average relevant to a decision in this proceeding as to the appropriate BPRS coverage? If so, should the Commission recommend a coverage for the BPRS service that is higher or lower than the system-wide average? Please explain your response.

**RESPONSE:**

Please refer to the responses to OCA/USPS-19 and OCA/USPS-20.

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-22.

- a. If the Commission is to recommend a new BPRS rate in this proceeding, should inflation adjustments be made to the total unit cost determined in the BPRS cost study, as revised December 2, 1999?
- b. If inflation adjustments should be made, for what period of time should they be made?
- c. If inflation adjustments should be made, please provide the inflation adjustment factor or factors to be used.

RESPONSE:

Please refer to the responses to OCA/USPS-19 and OCA/USPS-20. Recommending a new rate in isolation makes it difficult to maintain the relationship between rates established in an omnibus case with a particular test year and set of cost forecasting assumptions. The rates for other categories of mail were established in Docket No. R97-1 with a test year of 1998. Implicit in the development of the rates recommended in that docket were a set of assumptions regarding costs, volumes and revenues. Arguably, any new BPRS rate recommended in isolation at this time could be set on the same basis as the rates currently in effect. On the other hand, if each of those rates currently in effect were re-examined at this time, the way that BPRS is now being re-examined, the Commission's rules point to the use of a test year no farther into the future than 24 months for purposes of forecasting costs and revenues to determine a breakeven position. As is apparent in omnibus rate cases, application of a simple inflation factor does not permit appropriate consideration of the portions of the postal system used by each category of mail. The costs for First-Class Mail, for example, rarely rise or fall in unison with those of Library Rate.

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-23.

- a. Please confirm that the Standard Mail (A) mailstream consists of letter shape, flat shape, and parcel shape mail. If you do not confirm, please explain.
- b. Please confirm that nearly all of Standard Mail (A) parcel shape mail consists of merchandise ordered by customers or product samples. If you do not confirm, please explain and provide any data to support your contrary assertions.
- c. Please confirm that nearly all Standard Mail (A) letter shape and flat shape mail consists of printed material. If you do not confirm, please explain and provide any data to support your contrary assertions.

RESPONSE:

- a. Confirmed
- b. Confirmed
- c. Confirmed that "nearly all" is printed material. Some merchandise samples, such as packets of shampoo, may meet the definition of a letter or a flat

**RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

**OCA/USPS-24.**

- a. Please confirm that the Postal Service proposed Bulk Parcel Return Service (BPRS) facilitates the return of Standard Mail (A) parcel shape mail. If you do not confirm, please explain.**
- b. Please confirm that neither the DMCS nor the DMM authorize a service specifically dedicated to the return of Standard Mail (A) letter shape or flat shape mail. If you do not confirm, please explain.**

**RESPONSE:**

- a. Confirmed.**
- b. Confirmed.**

**RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-25.

- a. Please confirm that the BPRS service offering effectively deaverages the Standard Mail (A) parcel shape mailstream for the return of merchandise. If you do not confirm, please explain.
- b. Please confirm that Standard Mail (A) parcel shape mail returned via BPRS consists of merchandise having an intrinsic value far in excess of the cost of postage. If you do not confirm, please explain.
- c. Please confirm that Standard Mail (A) parcel shape mail returned via BPRS consists of merchandise that may be proprietary to the mailer. If you do not confirm, please explain.
- d. Please confirm that Standard Mail (A) parcel shape mail returned via BPRS preserves the integrity of the merchandise. If you do not confirm, please explain and describe the preparation of Standard Mail (A) parcel shape mail for auction at Mail Recovery Centers (MRCs).
- e. Please confirm that Standard Mail (A) parcel shape mail returned via BPRS reduces the expense and effort of mailers billing and collecting from customers who have returned merchandise. If you do not confirm, please explain.
- f. Please confirm that Standard Mail (A) parcel shape mail returned via BPRS serves to protect mailers against false claims by consumers that merchandise was not received. If you do not confirm, please explain.

**RESPONSE:**

- a. Confirmed.
- b. Although the Postal Service has no basis to assess the intrinsic value of the contents of a BPRS parcel, it is reasonable to assume that a BPRS parcel would consist of merchandise having an intrinsic value in excess of the \$1.75 cost of return postage.
- c. Although the Postal Service has no basis to assess the nature of the contents of a BPRS parcel, it is reasonable to assume that a BPRS parcel would consist of merchandise that may be proprietary to the mailer.

Docket No. C99-4

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

- d. Confirmed.
- e. Although the Postal Service is not in a position to confirm regarding the internal business practices of mailers, it is reasonable to assume that mailers are using the best method available to them to return their parcels when they elect BPRS.
- f. Although the Postal Service is not in a position to confirm regarding the internal business practices of mailers, it is reasonable to assume that a mailer who has received merchandise by means of BPRS would be in a superior position to evaluate its customers' claims than if the parcel had not been returned quickly and efficiently.



**RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

**OCA/USPS-26.**

- a. Please confirm that Standard Mail (A) parcel shape mail bearing a BPRS endorsement cannot be returned via any subclass of Standard Mail (A). If you do not confirm, please explain.**
  
- b. Please confirm that a customer receiving a Standard Mail (A) parcel shape mail piece bearing a BPRS endorsement cannot re-enter the parcel into the mail for return to the mailer at any Standard Mail (A) rate. If you do not confirm, please explain.**

**RESPONSE:**

- a. Confirmed.**
  
- b. Confirmed.**

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-27.

- a. With respect to mail processing, does the Postal Service process both Special Standard (B) and Standard Mail (A) in the same manner. Please explain.
- b. With respect to transportation, does the Postal Service transport both Special Standard (B) and Standard Mail (A) in the same manner. Please explain.
- c. With respect to delivery, does the Postal Service deliver both Special Standard (B) and Standard Mail (A) in the same manner. Please explain.
- d. Please confirm that the Special Standard (B) subclass is preferred rate mail. If you do not confirm, please explain.

RESPONSE:

- a. Standard Mail (A) can be letter trays, sacks, packages of flats, machinable parcels or irregular parcels. With respect to parcel processing, the split is between machinable and non-machinable for all Standard Mail parcels. Machinable parcels are sorted at the BMCs on the parcel sorters to 3 or 5-digits based on origin-destination characteristic differences. Irregular Standard Mail (A) parcels may be processed to 3-digits on SPBSs or in manual operations with other non-machinable Standard Mail (B) at the BMCs for subsequent 5-digit sortation at the plant before going to the delivery unit.
- b. Not taking into account machinability or origin-destination characteristic differences, the manner of transportation would be the same where the volumes are worked together as described above in part (a).
- c. There may be differences between Standard Mail (A) and (B) with respect to delivery. Standard Mail (A), due to its lighter weight and smaller dimensions, tends more readily to fit into a mail receptacle. Occasionally, Standard Mail (A)

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

may also be sorted into the carrier case in the event of "horizontal" flats casing primarily for firms. Standard Mail (B), due to its heavier and larger characteristics, is more likely than Standard Mail (A) not to fit into the mail receptacle and require a "left notice" in the event there is no carrier release endorsement. Standard Mail (B) is rarely able to be cased into the carrier case and must be sorted into route sequence when loading the vehicle.

d. Confirmed.

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-28. Please confirm that BPRS may be used by mailers for the return of parcels in the case where the parcels were originally delivered to customers via a delivery service other than the Postal Service. If you do not confirm, please explain.

RESPONSE:

Not confirmed. In accordance with DMCS 935.21, BPRS is "available only for the return of machinable parcels, as defined by the Postal Service, initially mailed under the following Standard Mail subclasses: Regular and Nonprofit."

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-29. What is the service standard for BPRS?

RESPONSE:

There is no service standard for BPRS.

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-30. Is only ground transportation used to transport BPRS returns?

RESPONSE:

Yes.

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-31. Does the Postal Service have the option of requiring BPRS users to pick up the returns?

RESPONSE:

Mailers have the option of picking up the returns, but the Postal Service cannot require them to do so unless their return address is a PO Box or caller service.

**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.

A handwritten signature in cursive script, appearing to read "Scott L. Reiter", is written above a solid horizontal line.

Scott L. Reiter

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
December 29, 1999