

UNITED STATES OF AMERICA
Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

RECEIVED
Jan 27 3 05 PM '00
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 2000)

Docket No. R2000-1

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
(OCA/USPS 15-37)
January 27, 2000

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatories OCA/USPS-1-14 dated January 24, 2000, are hereby incorporated by reference.

Respectfully submitted,



TED P. GERARDEN
Director
Office of the Consumer Advocate

EMMETT RAND COSTICH
Attorney

1333 H Street, N.W.
Washington, D.C. 20268-0001
(202) 789-6830; Fax (202) 789-6819

OCA/USPS-15. Does the Postal Service have or know of an estimate of the number of households that are aware of the difference between the First-Class stamp rate and the First-Class additional-ounce rate?

(a) If so, please provide the estimate and all documents relating to the estimate.

(b) If not, please explain why no estimate is available.

OCA/USPS-16. Does the Postal Service have an estimate of the number of households that maintain two sets of stamps for the First-Class stamp rate and the additional-ounce rate?

(a) If so, please provide the estimate and all documents relating to the estimate.

(b) If not, please explain why no estimate is available.

OCA/USPS-17. Does the Postal Service have an estimate of the number of households that maintain two sets of stamps for the First-Class stamp rate and the nonstandard surcharge?

(a) If so, please provide the estimate and all documents relating to the estimate.

(b) If not, please explain why no estimate is available.

OCA/USPS-18. Does the Postal Service have or know of an estimate of the number of households that are aware of the difference between the First-Class stamp rate and the single-piece card rate?

(a) If so, please provide the estimate and all documents relating to the estimate.

(b) If not, please explain why no estimate is available.

OCA/USPS-19. Does the Postal Service have an estimate of the number of households that maintain two sets of stamps for the First-Class stamp rate and the single-piece card rate?

(a) If so, please provide the estimate and all documents relating to the estimate.

(b) If not, please explain why no estimate is available.

OCA/USPS-20. Please describe all efforts undertaken by the Postal Service within the last three years to educate households about differences among and qualifications for:

(a) The First-Class rate.

(b) The additional ounce rate.

(c) The nonstandard surcharge.

(d) The single-piece card rate.

OCA/USPS-21. For each of the past three years, please provide an estimate of the monies spent by the Postal Service to educate households about differences among the following:

(a) The First-Class rate.

(b) The additional ounce rate.

(c) The nonstandard surcharge rate.

(d) The single-piece card rate.

OCA/USPS-22. For each of the past three years, please describe all educational efforts undertaken by the Postal Service to educate Postal Service personnel about differences among and qualifications for:

- (a) The First-Class rate.
- (b) The additional ounce rate.
- (c) The nonstandard surcharge.
- (d) The single-piece card rate.

OCA/USPS-23. Please provide all information the Postal Service has on household underpayment or overpayment of postage for First-Class letters.

- (a) Submit all documents relating to the underpayment or overpayment of First-Class letter postage by households.
- (b) Describe the Postal Service's enforcement and auditing procedures for ensuring correct postage payment for First-Class letters.

OCA/USPS-24. Please provide all information the Postal Service has on household underpayment or overpayment of postage for the additional ounce rate for First-Class letter mail. Include any additional information the Postal Service has on the incidence of households affixing an additional 33-cent stamp to pay the additional ounce rate.

- (a) Submit all documents relating to the underpayment or overpayment of postage by households for the additional ounce rate for First-Class letter mail.

- (b) Describe the Postal Service's enforcement and auditing procedures seeking to ensure correct postage payment of the additional ounce rate for First-Class letters.

OCA/USPS-25. Please provide all information the Postal Service has on household underpayment or overpayment of postage for First-Class single-piece cards. Include any additional information the Postal Service has on the incidence of households affixing a 33-cent stamp to pay for single-piece card mailings.

- (a) Submit all documents relating to the underpayment or overpayment of postage by households for postage for First-Class single-piece cards.
- (b) Describe the Postal Service's enforcement and auditing procedures seeking to ensure correct postage payment for First-Class single-piece cards.

OCA/USPS-26. Please provide all information the Postal Service has on household underpayment or overpayment of postage for the nonstandard surcharge for First-Class letter mail.

- (a) Submit all documents relating to the underpayment or overpayment of postage by households for the nonstandard surcharge for First-Class letter mail.
- (b) Describe the Postal Service's enforcement and auditing procedures seeking to ensure correct postage payment for the First-Class letter nonstandard surcharge.

OCA/USPS-27. Please separately quantify revenues lost and revenues gained by underpayment or overpayment of First-Class postage for household mail during the most recent fiscal year for which such data is available. If no information is available, please explain why not.

OCA/USPS-28. Does the Postal Service have or know of an estimate of the average level of education held by the those households that maintain separate sets of First-Class stamps for: the first ounce rate, the additional ounce rate, the single-piece card rate and the nonstandard surcharge rate?

- (a) If so, please provide the estimate and all documents relating to household maintenance of separate sets of First-Class stamps for the first ounce rate, the additional ounce rate, the single-piece card rate and the nonstandard surcharge rate.
- (b) If not, please explain why no estimate is available.

OCA/USPS-29. Please refer to the Decision of the Governors of the United States Postal Service on the Recommended Decisions of the Postal Rate Commission for Docket No. R97-1. Please confirm that the Postal Service adheres entirely to the reasoning expressed in the CEM decision. If not confirmed, please explain.

OCA/USPS-30. Does the Postal Service have any estimates or other information regarding the volume of courtesy reply mail supplied by businesses to households for each of the past three years?

- (a) If so, please provide the estimate and all documents relating to the estimate.

(b) If not, please explain why no estimate is available.

OCA/USPS-31. Please refer to the OCA's Courtesy Envelope Mail ('CEM') Proposal in Docket No. R97-1, Tr. 21 at 10679.

(a) Please list all documents (whether or not in final form) relating to a courtesy envelope mail (CEM) proposal, or to any proposal substantially similar to the CEM proposal.

(b) Please supply all documents relating to part 'a' of this interrogatory.

(c) Please list all pending proposals for reports, studies, and surveys (whether or not in final form) relating to a CEM proposal, or to any proposal substantially similar to the CEM proposal.

OCA/USPS-32. Does the Postal Service believe that household mailers are dishonest and deliberately apply incorrect postage to their First-Class mail? If so, please provide all documents relating to the basis for that opinion.

OCA/USPS-33. Does the Postal Service have any information on the volume of First-Class letter mail submitted by households that has an incorrect postage payment? If so, please provide all relevant documents relating to incorrect postage payment of First-Class letter mail.

OCA/USPS-34. Is the Postal Service aware of any address verifications performed by vendors supplying electronic postage? If so, please provide all documents relating to address verification procedures performed.

OCA/USPS-35. Do the reply envelopes of mailers who supply courtesy reply envelopes and take automation discounts meet automation compatibility requirements?

- (a) If not, please explain why the reply envelopes do not meet automation compatibility requirements.
- (b) Over the past year, please provide the volume of courtesy reply envelopes provided by mailers described in this interrogatory that do not meet the requirements. Provide all source documents relating to the courtesy reply envelope volume.
- (c) What specific steps has the Postal Service put in place to ensure future automation compatibility compliance?

OCA/USPS-36. The Postal Service filed as USPS-LR-I-116, the USPS FY 98 Household Diary Study on January 12, 2000. Please provide a copy of the USPS FY 99 Household Diary Study.

OCA/USPS-37. In Docket No. MC95-1, the Postal Service filed USPS Library Reference MCR-82, a Reply Mail Study, prepared December 4, 1992.

- (a) Has the Postal Service updated this study or performed a similar study? If so, please provide copies of all documents related to such updates or new studies.
- (b) The report indicated:

A small percentage of reply mailers contribute the majority of processing problems. This means that most of these problems could be eliminated by working with the few mailers with the worst problems at each destinating GMF or nationally. However, this would require development of a formal mechanism to identify these mailers and their problems, and then to forward this information to the appropriate people for action. (Emphasis in the original)

Docket MC95-1, USPS library reference MCR-82 at 1.

Has a formal mechanism to identify these mailers and their problems been established? If so, please explain how the formal mechanism operates. If not, please explain why one has not been developed.

(c) USPS library reference MCR-82 at 1 also notes that

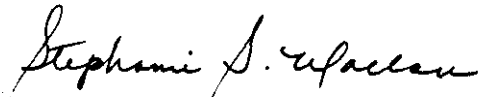
20% of analyzed reject mailpieces had problems to which the Postal Service contributed. For example:

- 13% of rejected mailpieces had FIM interference caused by the postage, mainly meter strips or wide stamps.
- of rejected postcards, most of which met DMM thickness specifications, were too flimsy.
- 16% of legitimately-placed address-block barcodes had interference caused by the cancellation mark.

Do these problems still cause mailpieces to be rejected? If so, what steps is the Postal Service taking to resolve the problems? If these reject problems no longer occur, please explain how the problems were resolved.

CERTIFICATE OF SERVICE

I hereby certify that I have this date 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 black ink, appearing to read "Stephanie S. Wallace". The signature is written in a cursive style with a large initial 'S'.

Stephanie S. Wallace

Washington, D.C. 20268-0001
January 27, 2000

OCA/USPS-22. For each of the past three years, please describe all educational efforts undertaken by the Postal Service to educate Postal Service personnel about differences among and qualifications for:

- (a) The First-Class rate.
- (b) The additional ounce rate.
- (c) The nonstandard surcharge.
- (d) The single-piece card rate.

OCA/USPS-23. Please provide all information the Postal Service has on household underpayment or overpayment of postage for First-Class letters.

- (a) Submit all documents relating to the underpayment or overpayment of First-Class letter postage by households.
- (b) Describe the Postal Service's enforcement and auditing procedures for ensuring correct postage payment for First-Class letters.

OCA/USPS-24. Please provide all information the Postal Service has on household underpayment or overpayment of postage for the additional ounce rate for First-Class letter mail. Include any additional information the Postal Service has on the incidence of households affixing an additional 33-cent stamp to pay the additional ounce rate.

- (a) Submit all documents relating to the underpayment or overpayment of postage by households for the additional ounce rate for First-Class letter mail.

- (b) Describe the Postal Service's enforcement and auditing procedures seeking to ensure correct postage payment of the additional ounce rate for First-Class letters.

OCA/USPS-25. Please provide all information the Postal Service has on household underpayment or overpayment of postage for First-Class single-piece cards. Include any additional information the Postal Service has on the incidence of households affixing a 33-cent stamp to pay for single-piece card mailings.

- (a) Submit all documents relating to the underpayment or overpayment of postage by households for postage for First-Class single-piece cards.
- (b) Describe the Postal Service's enforcement and auditing procedures seeking to ensure correct postage payment for First-Class single-piece cards.

OCA/USPS-26. Please provide all information the Postal Service has on household underpayment or overpayment of postage for the nonstandard surcharge for First-Class letter mail.

- (a) Submit all documents relating to the underpayment or overpayment of postage by households for the nonstandard surcharge for First-Class letter mail.
- (b) Describe the Postal Service's enforcement and auditing procedures seeking to ensure correct postage payment for the First-Class letter nonstandard surcharge.

OCA/USPS-27. Please separately quantify revenues lost and revenues gained by underpayment or overpayment of First-Class postage for household mail during the most recent fiscal year for which such data is available. If no information is available, please explain why not.

OCA/USPS-28. Does the Postal Service have or know of an estimate of the average level of education held by the those households that maintain separate sets of First-Class stamps for: the first ounce rate, the additional ounce rate, the single-piece card rate and the nonstandard surcharge rate?

- (a) If so, please provide the estimate and all documents relating to household maintenance of separate sets of First-Class stamps for the first ounce rate, the additional ounce rate, the single-piece card rate and the nonstandard surcharge rate.
- (b) If not, please explain why no estimate is available.

OCA/USPS-29. Please refer to the Decision of the Governors of the United States Postal Service on the Recommended Decisions of the Postal Rate Commission for Docket No. R97-1. Please confirm that the Postal Service adheres entirely to the reasoning expressed in the CEM decision. If not confirmed, please explain.

OCA/USPS-30. Does the Postal Service have any estimates or other information regarding the volume of courtesy reply mail supplied by businesses to households for each of the past three years?

- (a) If so, please provide the estimate and all documents relating to the estimate.

(b) If not, please explain why no estimate is available.

OCA/USPS-31. Please refer to the OCA's Courtesy Envelope Mail ('CEM') Proposal in Docket No. R97-1, Tr. 21 at 10679.

(a) Please list all documents (whether or not in final form) relating to a courtesy envelope mail (CEM) proposal, or to any proposal substantially similar to the CEM proposal.

(b) Please supply all documents relating to part 'a' of this interrogatory.

(c) Please list all pending proposals for reports, studies, and surveys (whether or not in final form) relating to a CEM proposal, or to any proposal substantially similar to the CEM proposal.

OCA/USPS-32. Does the Postal Service believe that household mailers are dishonest and deliberately apply incorrect postage to their First-Class mail? If so, please provide all documents relating to the basis for that opinion.

OCA/USPS-33. Does the Postal Service have any information on the volume of First-Class letter mail submitted by households that has an incorrect postage payment? If so, please provide all relevant documents relating to incorrect postage payment of First-Class letter mail.

OCA/USPS-34. Is the Postal Service aware of any address verifications performed by vendors supplying electronic postage? If so, please provide all documents relating to address verification procedures performed.

OCA/USPS-35. Do the reply envelopes of mailers who supply courtesy reply envelopes and take automation discounts meet automation compatibility requirements?

- (a) If not, please explain why the reply envelopes do not meet automation compatibility requirements.
- (b) Over the past year, please provide the volume of courtesy reply envelopes provided by mailers described in this interrogatory that do not meet the requirements. Provide all source documents relating to the courtesy reply envelope volume.
- (c) What specific steps has the Postal Service put in place to ensure future automation compatibility compliance?

OCA/USPS-36. The Postal Service filed as USPS-LR-I-116, the USPS FY 98 Household Diary Study on January 12, 2000. Please provide a copy of the USPS FY 99 Household Diary Study.

OCA/USPS-37. In Docket No. MC95-1, the Postal Service filed USPS Library Reference MCR-82, a Reply Mail Study, prepared December 4, 1992.

- (a) Has the Postal Service updated this study or performed a similar study? If so, please provide copies of all documents related to such updates or new studies.
- (b) The report indicated:

A small percentage of reply mailers contribute the majority of processing problems. This means that most of these problems could be eliminated by working with the few mailers with the worst problems at each destinating GMF or nationally. However, this would require development of a formal mechanism to identify these mailers and their problems, and then to forward this information to the appropriate people for action. (Emphasis in the original)

Docket MC95-1, USPS library reference MCR-82 at 1.

Has a formal mechanism to identify these mailers and their problems been established? If so, please explain how the formal mechanism operates. If not, please explain why one has not been developed.

(c) USPS library reference MCR-82 at 1 also notes that

20% of analyzed reject mailpieces had problems to which the Postal Service contributed. For example:

- 13% of rejected mailpieces had FIM interference caused by the postage, mainly meter strips or wide stamps.
- of rejected postcards, most of which met DMM thickness specifications, were too flimsy.
- 16% of legitimately-placed address-block barcodes had interference caused by the cancellation mark.

Do these problems still cause mailpieces to be rejected? If so, what steps is the Postal Service taking to resolve the problems? If these reject problems no longer occur, please explain how the problems were resolved.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.

Stephanie S. Wallace

Washington, D.C. 20268-0001
January 27, 2000