

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

NOTICE OF UNITED STATES POSTAL SERVICE OF FILING OF ERRATA TO
TESTIMONY OF WITNESS MAYO (USPS-T-39)
(January 28, 2000)

The United States Postal Service hereby provides notice of the filing of errata to the testimony of witness Mayo (USPS-T-39). The errata primarily correct minor production errors. Inadvertently omitted text is added on page 86, and page 140 is corrected to reflect the fact that currently shipper paid forwarding customers do not use advance deposit accounts.

A summary of the changes is attached, along with the revised pages.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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Summary of revisions to USPS-T-39 (witness Mayo)

Page 16 – footnote 6: change “pages 41-44” to “page 40”

Page 17 – line 5: insert “the” after “at” and before “inception”

Page 26 – footnote 16: change “16” to “15”

Page 40 – line 12: insert “inclusion in” after “for”

Page 40 – line 13: replace “certified” with “centralized”

Page 43 – line 21: insert two blank spaces after “.” and before “When”

Page 50 – line 5: change “correction” to “address submitted”

Page 50 – line 16: change “correction” to “address submitted”

Page 51 – revised to accommodate shift of words from corrections to page 50

Page 54 – line 16: insert “electronic” after “extend” and before “Delivery”

Page 66 – line 8: insert “insurance” after “purchasing” and before “.”

Page 73 – footnote 37: delete “if”

Page 86 – line 8: insert “. This proposed change is fair and equitable because it more accurately describes the true nature of the special service (Criterion 1). On-site meter setting involves more than just meter settings, and the new name better reflects all of the real services provided. Meter service is valuable to users in terms of convenience (Criterion 2). Meter service is also a classification requiring a high degree of reliability (Criterion 3). The Postal Service sees the proposed name change of this classification as desirable (Criterion 5).” After “service”

Page 87 – revised to accommodate shift of words from corrections to page 86

Page 96 – line 14: replace “not” with “no”

Page 98 – line 13: delete “makes it”

Page 114 – line 15: replace “it” with “is”

Page 115 – lines 9-10: delete “Also, these competitors charge higher deposits, so the total cash outlay is even greater.”

Summary of revisions to USPS-T-39 (witness Mayo) (continued)

Page 136 – line 3: insert “,” after “detrimental”, and delete “when”, and replace “considered” with “considering”

Page 140 – line 10: insert “using advance deposit accounts” after “recipients” and before “would”, and replace “returned” with “forwarded”

Page 140 – line 13: replace “returned” with “forwarded”

Page 140 – line 16: replace “integral” with “potentially one way” and insert “pay for” after “to”

Page 140 – line 17: replace “applied” with “applies

Page 141 – line 13: delete “current” and “of \$1.25”

Page 144 – line 11: delete “fee”

Page 146 – line 19: delete “is”

Page 154 – Table 28, Proposed Description column: under Printed Household delete “6 ¾” and “10”

1 Regular or Nonprofit Standard Mail parcel mailers to pick up their undeliverable
2 or refused parcels at a postal facility or have the Postal Service return the parcels
3 in bulk. In any event, the Postal Service makes the determination of how often
4 the bulk parcels are delivered or how often the mailer may pick up the bulk
5 parcels. In addition to an annual permit fee, mailers pay a per-piece fee for the
6 returned parcels. This per-piece fee is deducted from a centralized advance
7 deposit account. BPRS is restricted to those mailers who can demonstrate they
8 either have a high probability of receiving, or do, in fact, receive 10,000 returned
9 machinable parcels per year. BPRS can be used in conjunction with shipper
10 paid forwarding service.

11

12 3. Fee Design

13

14 The proposed BPRS fee was designed by marking up the \$1.13⁶ per
15 piece cost to arrive at a fee with a resulting cost coverage close to, yet below, the
16 systemwide average. A nickel rounding constraint was applied.

17

18 The proposed BPRS annual advance deposit account fee was designed
19 by marking up the BRM annual advance deposit account fee cost of \$323.06⁷ to
20 produce a modest cost coverage. The BRM annual advance deposit account fee
21 cost was used as a proxy. A five-dollar rounding constraint was applied.

22

⁶ Cost from USPS-T-26, page 40 plus contingency.

⁷ Cost from USPS-T-29, page 21 plus contingency.

1 **4. Pricing Criteria**

2

3 **Although other factors were considered, the major consideration in**
4 **developing the proposed BPRS per piece fee was maintaining a cost coverage**
5 **close to the systemwide average (Criterion 3), similar to the intention at the**
6 **inception of the service. BPRS provides a fairly high value of service to the**
7 **companies receiving the returned parcels (Criterion 2). The proposed reduction**
8 **in the fee would be favorable for the users of this service by allowing shippers**
9 **and receivers of parcels a lower cost means to conduct business (Criterion 4).**
10 **The proposed fee is simple (Criterion 7). Taking into consideration the criteria**
11 **discussed above and the fact that I am proposing a reduction, the proposed fee**
12 **is fair and equitable (Criterion 1).**

13

14 **The proposed BPRS annual advance deposit account fee bears the cost**
15 **of the accounting service and contributes modestly to covering other costs**
16 **(Criterion 3). Having a uniform accounting fee for the applicable special services**
17 **using advance deposit accounts (BRM, BPRS, merchandise return and shipper**
18 **paid forwarding) promotes not only simplicity of the entire special services fee**
19 **schedule, but also promotes simple, identifiable relationships between the**
20 **special services fees (Criterion 7). The effect of the new fee was considered**
21 **carefully and was mitigated (Criterion 4). In fact, when combining the accounting**
22 **fee (on a per-piece basis) with the piece fee, customers will see an absolute**
23 **reduction in the total charges they pay. The BPRS accounting function is a high**

1 cost of \$510.86¹⁵ was increased \$89 and the QBRM quarterly fee cost of
2 \$237.93¹⁶ was increased \$45. A ten-dollar rounding constraint was applied to
3 both. The fee for a permit was designed with a resultant minimal cost coverage
4 in mind. The unit cost of \$106.65¹⁷ was marked up \$18 and a five-dollar rounding
5 constraint was applied.

6

7 7. Pricing Criteria

8

9 BRM (including QBRM) is a high value special service (Criterion 2).
10 BRM offers advantages over return envelopes and cards due to the accounting,
11 billing and automation services. The major advantage of BRM to fund-raising
12 organizations, utilities, magazine subscription and renewal services, and other
13 users is the mailer only incurs the cost of postage for mailpieces that are
14 returned. This is advantageous to organizations that are unsure of the response
15 rate to a mailing. BRM also makes a good impression on potential or existing
16 customers since it demonstrates a company is willing to pick up the tab for the
17 postage.

18

19 The proposed BRM fees individually and as a whole cover their costs
20 and contribute to other costs, modestly to moderately (Criterion 3). In fact, with
21 the exception of the proposed nonletter-size piece fee, none of the individual

¹⁵ Cost from LR-I-160, Section K, page 1 plus contingency.

¹⁶ Cost from USPS-T-29, page 15 plus contingency.

¹⁷ Cost from USPS-T-29, page 30 plus contingency.

G. Certified Mail

1. Proposal

I am proposing to increase the current certified mail fee by 50 percent, from \$1.40 to \$2.10. The proposed increase provides revenue adequate to cover incremental costs and results in a 125 percent cost coverage using volume variable costs. I also propose a classification change to certified mail. DMCS references to keeping delivery records at the "office of delivery" are proposed to be deleted or changed to "retention of delivery records by the Postal Service". This reflects the change to electronic signature capture for accountable mail services, whereby the Postal Service will be scanning signatures for inclusion in a centralized database, rather than storing hard copy signatures at each office of delivery. Table 7 below presents the current and proposed certified mail fee.

Table 7 - Certified Mail

<u>Description</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Percentage Change From Current to Proposed Fee</u>
Certified Mail	\$1.40	\$2.10	50%

1

2

6. Fee Design

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4

5

The proposed fee for certified mail was designed to cover the incremental cost. A nickel rounding constraint was applied.

6

7

7. Pricing Criteria

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In developing the certified mail fee all applicable pricing criteria were reviewed, yet primary consideration was given to covering the incremental cost for the service (Criterion 3). There is no question that a fee increase of this magnitude will have an adverse impact on users (Criterion 4). However, an increase of this size was necessary to meet the constraints of Criterion 3. Although certified mail is a high value of service product (Criterion 2), the effect of the fee increase on users was minimized to the degree possible (Criterion 4) by setting the proposed fee just above the incremental per piece cost²⁵. Available alternatives to certified mail (Criterion 5) are still more expensive, with the exception of Delivery Confirmation and Signature Confirmation services, which accompany frequently higher priced items. These services, in some respects, provide similar services to certified mail. The proposed fee is simple (Criterion 7). When considering the criteria discussed above, it is demonstrated that the proposed fee for certified mail is fair and equitable (Criterion 1).

²⁵ The incremental per piece cost of \$2.00 was calculated by taking the test year incremental cost (USPS-T-23, page 22) divided by the test year volumes (Library Reference I-168, WP-32).

1 **I. Correction of Mailing Lists**
2

3 1. Proposal
4

5 I am proposing to increase the current fee of 20 cents per address
6 submitted to 25 cents per address submitted, with a minimum of \$7.50 per list.
7 This proposal results in 25 percent increase to the current fee. The proposed
8 cost coverage is 108 percent. Table 9 below presents the current and proposed
9 fee for correction of mailing lists.
10

11 **Table 9 - Correction of Mailing Lists²⁶**

<u>Description</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Percentage Change from Current to Proposed Fee</u>
Per submitted address	\$0.20	\$0.25	25%

12

13

14 2. Description
15

16 For a fee per address submitted with a minimum fee per list, mailers can
17 submit a mailing list to be corrected and updated in a number of ways. The
18 corrections and updates include crossing out names of people to whom the mail
19 can neither be delivered nor forwarded, providing new addresses when a
20 permanent forwarding order is on file, correcting misspelled addressee names

²⁶ The current fee structure requires a minimum charge per list of 35 addresses. The proposal in this testimony is to reduce the number required for a minimum charge from 35 to 30 addresses.

1 and street names, correcting ZIP Codes and post office box or rural box
2 numbers, and, if known, providing the name of the head of the household when
3 two or more names with the same address appear on the list. When an occupant
4 list is submitted, the corrections and updates include deleting invalid addresses,
5 providing the number of units in multiple unit dwellings, correcting ZIP Codes,
6 ZIP Coding business and rural addresses, correcting street names, and placing
7 directional signals to indicate carrier route information.

8

9 3. Revenue Trends

10

11 The revenue for correction of mailing lists (combined with the revenue
12 for ZIP Coding of mailing lists) rose fairly steadily from 1980 to the mid-1990's
13 before experiencing a sharp decline over the last few years. The lowest
14 recorded revenue of \$343,000 occurred in 1998 and was almost \$3 million less
15 than the highest recorded revenue of \$3.3 million in 1993. Over the past 10
16 years, revenue decreased 85 percent, and over the past 5 years revenue
17 decreased 90 percent. From 1997 to 1998, revenue decreased one percent. A
18 detailed revenue history for correction of mailing lists and ZIP Coding of mailing
19 lists is presented in Library Reference I-117.

20

J. Delivery Confirmation

1. Proposal

I am proposing two fee increases for Delivery Confirmation. Specifically, the current 35-cent Delivery Confirmation fee for Priority manual is proposed to be increased by 14 percent to 40 cents. The proposed implicit cost coverage is 112 percent. The current 60-cent Delivery Confirmation fee for Standard Mail (B) manual is proposed to be increased by 8 percent to 65 cents. This proposed fee yields a 122 percent implicit cost coverage. The current fee of 25 cents for Standard Mail (B) electronic Delivery Confirmation is proposed to remain the same. The 25-cent fee produces an implicit cost coverage of 147 percent. The proposed overall cost coverage for Delivery Confirmation is 112 percent. Table 10 presents the current and proposed fees for Delivery Confirmation.

I am also proposing a classification to extend electronic Delivery Confirmation to the Regular and Nonprofit subclasses of Standard Mail. Delivery Confirmation service for these subclasses will be limited to parcels subject to the residual shape surcharge. The proposed fee would be the same 25-cent proposed fee for Standard Mail (B) electronic Delivery Confirmation.

1 **L. Merchandise Return**

2

3 **1. Proposal**

4

5 I am proposing three classification changes to merchandise return. The
6 first proposed classification change is to eliminate the prohibition on customers
7 who return a parcel to the shipper using merchandise return service from
8 purchasing insurance. The second proposed classification change is to eliminate
9 the current per piece fee category for merchandise returns.³³ This proposal is
10 based on witness Eggleston's cost study³⁴ that demonstrates that merchandise
11 return items do not incur additional processing costs. The third proposed
12 classification change is to establish an annual advance deposit account fee
13 similar to the one for Business Reply Mail. Table 12 below presents the
14 proposed accounting fee for merchandise return.

15

16 **Table 12 – Merchandise Return Annual Accounting Fee**

<u>Description</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Percentage Change from Current to Proposed Fee</u>
Accounting Fee	N/A	\$375	N/A

17

³³ The annual permit fee would still be charged to mailers with merchandise return permits, along with the proposed annual accounting fee.

³⁴ USPS-T-26, pages 41-44.

1 **M. Money Orders**

2 1. Proposal

3 I am proposing increases to the current money order fees. The
4 APO/FPO fee of 30 cents is proposed to increase by 17 percent to 35 cents. The
5 domestic money order fee of 80 cents is proposed to increase by 13 percent to
6 90 cents. The inquiry fee of \$2.75 is proposed to increase by 9 percent to \$3.00.
7 While the volume variable cost coverage is 198 percent, calculated using non-fee
8 revenue in addition to fee revenue, the ratio of this revenue to incremental costs
9 is only 142 percent.³⁷ Table 13 presents the current and proposed money order
10 fees.

11

12

Table 13 - Money Orders

<u>Description</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Percentage Change From Current to Proposed Fee</u>
APO/FPO	\$0.30	\$0.35	17%
Domestic	\$0.80	\$0.90	13%
Inquiry Fee	\$2.75	\$3.00	9%

³⁷ The ratio of revenue to incremental costs is calculated by dividing total revenue of \$305,488,000 (USPS-LR-I-168, WP-32) by incremental costs of \$214,999,000 (USPS-T-23, page 22). However, the ratio of just fee revenue to volume variable costs is 136 percent, and to incremental costs is only 97 percent.

1 Postal Service. The proposed fee schedule is a further attempt to encourage the
2 use of this service.

3
4 7. Classification Criteria

5
6 I am proposing three classification changes to on-site meter service.

7 The first proposed classification change is to change the name of the service
8 from on-site meter settings to on-site meter service. This proposed change is fair
9 and equitable because it more accurately describes the true nature of the special
10 service (Criterion 1). On-site meter setting involves more than just meter
11 settings, and the new name better reflects all of the real services provided.

12 Meter service is valuable to users in terms of convenience (Criterion 2). Meter
13 service is also a classification requiring a high degree of reliability (Criterion 3).

14 The Postal Service sees the proposed name change of this classification as
15 desirable (Criterion 5).

16
17 The second proposed classification change is to replace the single meter
18 and unscheduled appointment categories with a new meter service category. As
19 has already been mentioned, on-site meter service provides a high value of
20 service (Criterion 2). Currently, postal employees may be called to a site and if
21 they do not set any meters, there is no fee charged even though costs are
22 incurred. Under this proposal, the meter service fee would be assessed for going
23 to the business site, with additional fees for servicing meters charged as

1 necessary. This represents a more fair and equitable way of doing business
2 (Criterion 1).

3

4 The third proposed classification change is to replace the additional
5 meter category with a meter reset and/or examined category. The fee would be
6 charged for each meter reset or examined, including the first meter. Like the
7 proposal for the name on-site meter service, it reflects more accurately the
8 nature of the service performed (Criterion 1). Having a meter reset and/or
9 examined on-site is a high value of service (Criterion 2). From the perspective of
10 both meter customers and the Postal Service, one category for resetting and/or
11 examining meters would be easy to understand in terms of fee assessment and
12 what service would be provided and enhance its desirability (Criterion 5).

13

1 **Q. Permit Fees**

2

3 **1. Proposal**

4

5 I am proposing a fee change and two classification changes to permits.

6 The proposed fee change is to increase the \$100 fee for annual permits by 25
7 percent. The proposed fee of \$125 yields a 117 percent cost coverage. This
8 proposal applies to the following permits: Business Reply Mail (BRM); bulk parcel
9 return service; First-Class presort; merchandise return; permit imprints;
10 destination entry Standard Mail (B); Standard Mail (A) bulk; and Standard Mail
11 (B) special and library presort. The first proposed classification change is a
12 proposal to change DMCS 280, 380 and 581 through 584 regarding annual
13 mailing fees to make the language consistent among the classes and
14 subclasses. This proposed change would have no effect on the current
15 administration of the payment of these fees. The second proposed classification
16 change is a proposal to list the annual presort fees for Special Standard and
17 Library mail on separate lines in Schedule 1000. This proposed change would
18 clarify the intent that separate fees be charged for each individual subclass.
19 Table 17 presents the current and proposed annual permit fee.

1 increased 13 percent. As a result of Docket No. R97-1, in 1999 the fee
2 increased 18 percent. Detailed fee histories for permits are presented in Library
3 Reference I-124.

4 5 4. Fee Design

6
7 The fee for permits was designed with a resultant modest cost coverage
8 in mind. A five-dollar rounding constraint was applied.

9 10 5. Pricing Criteria

11
12 Although the permit is not the worksharing that provides the lower rates,
13 the permit provides access for the mailers to get lower rates and therefore is a
14 relatively high value service (Criterion 2). The proposed fee covers the cost of
15 the service and makes a modest contribution to other costs (Criterion 3). The
16 effect of the fee increase on the permit users was carefully considered by
17 mitigating the fee increase rather than seeking a higher cost coverage (Criterion
18 4). The proposed fee is simple and maintains an identifiable fee relationship for
19 all permits (Criterion 7). Based on the aforementioned criteria, the proposed
20 permit fee is fair and equitable (Criterion 1).

1 previously been provided free-of-charge. A refundable deposit is collected for
2 each key provided, and would continue to be collected.

3

4 There are many competitors that provide additional or replacement keys
5 – many at prices much higher than being proposed (Criterion 5). Also, these
6 competitors charge higher deposits, so the total cash outlay is even greater.

7

8 The effect of this proposed fee should not present an undue hardship on
9 the customers (Criterion 4). This fee would only be charged when necessary,
10 and it is likely that most customers will probably never even be in the situation
11 where they would ever have to pay this fee.

12

13 The proposed fee is simple (Criterion 7). Based on the aforementioned
14 criteria, the proposed additional or replacement key fee is fair and equitable
15 (Criterion 1) as the cost incurred is recovered from those who caused it.

16

17 c. Customer Initiated Post Office Box Lock Change Fee

18

19 The ability to get a post office box lock changed is a highly valuable
20 service (Criterion 2). There are many different reasons a customer could have
21 for requesting a lock change. The ability to get this service adds greatly to the
22 total value of the customer's box service.

23

1 The proposed post office box lock change fee covers the cost of the
2 service and makes a reasonable contribution to other costs (Criterion 3). The
3 proposed 143 percent implicit cost coverage⁵⁵ is particularly reasonable when
4 taking into consideration that this highly valuable service has always been
5 provided free-of-charge.

6
7 There are many competitors that provide customer initiated post office
8 box lock changes – many at prices much higher than the proposed fee (Criterion
9 5).

10
11 The effect of this proposed fee should not present an undue hardship on
12 the customers (Criterion 4). This fee would only be charged when necessary,
13 and it is likely that most customers will probably never even be in the situation
14 where they would ever have to pay this fee.

15
16 The proposed fee is simple (Criterion 7). Based on the aforementioned
17 criteria, the customer initiated post office box lock change fee is fair and
18 equitable (Criterion 1) as the cost incurred is recovered by those who caused it.
19

⁵⁵ Calculated using cost from USPS-T-30, page 20 with contingency added.

1 **The effect of the individual fee increases on the users of the service was**
2 **considered (Criterion 4). The basic fee increase of 20 percent should not be**
3 **detrimental, considering the relatively low past increases. The return receipt for**
4 **merchandise increase of 68 percent, although quite high, should still not have too**
5 **adverse an impact when taking into account two factors. First, there is an**
6 **alternative of lower-priced Delivery Confirmation (when applicable) and, second,**
7 **if using return receipt for merchandise, no other special service needs to be**
8 **purchased. The proposal to reduce the return receipt after mailing fee by 50**
9 **percent should be welcome by users of this service, providing a cost effective**
10 **option for mailers who do not need a signature for every accountable mailpiece**
11 **they send.**

12
13 **The proposed return receipt fee schedule is simple, and there is an**
14 **identifiable relationship between the basic return receipt and the return receipt**
15 **after mailing proposed fees (Criterion 7). Based on the aforementioned criteria,**
16 **the proposed fees for return receipt service are fair and equitable (Criterion 1).**

17
18 **8. Classification Criteria**
19

20 **I am proposing to extend return receipt for merchandise service to**
21 **Standard Mail Regular and Nonprofit parcels that pay the residual shape**
22 **surcharge. The intent is to meet the needs of more Standard Mail parcel mailers**
23 **for return receipt for merchandise service. An unintended consequence of the**

1 (Criterion 4). Based on a full consideration of the criteria, the proposed shipper
2 paid forwarding service annual advance deposit account fee is fair and equitable
3 (Criterion 1).

4

5 5. Classification Criteria

6

7 I am proposing a classification change to create an annual advance
8 deposit account fee classification for shipper paid forwarding service, similar to
9 the accounting fee classification for BRM. Like BRM recipients, shipper paid
10 forwarding recipients using advance deposit accounts would have the postage
11 and fees for forwarded parcels automatically deducted from their accounts.
12 Maintaining the advance deposit account entails certain costs that are not directly
13 related to the number of pieces forwarded and these costs can be appropriately
14 recovered in an annual fee. The overall shipper paid forwarding classification
15 meets the needs of mailers and is desirable from the point of view of both the
16 Postal Service and these mailers (Criterion 5). Since maintaining the advance
17 deposit account is potentially one way to pay for shipper paid forwarding,
18 Criterion 5 applies to the accounting fee classification as well. Also, fairness and
19 equity (Criterion 1) is served by treating all services that involve an advance
20 deposit account similarly in the use of an annual fee to recover the costs of
21 maintaining the account.

⁶⁰ Calculated using cost from USPS-T-29 page 21 with contingency added.

1 **W. Signature Confirmation**

2

3 **1. Proposal**

4

5 ~~I am proposing one classification change and one fee change for~~
6 **Signature Confirmation. The proposed classification change is to establish a**
7 **specific classification and fee schedule for Signature Confirmation, as it is**
8 **currently part of the return receipt classification and fee schedule. The proposed**
9 **fee of \$1.25 for Priority Mail Signature Confirmation and Standard Mail (B)**
10 **electronic Signature Confirmation is proposed to remain the same as the current**
11 **return receipt fee, with a proposed implicit cost coverage of 120 percent for**
12 **Priority Mail electronic and 103 percent for Standard Mail (B) electronic. The fee**
13 **for Priority Mail Signature Confirmation and Standard Mail (B) manual Signature**
14 **Confirmation is proposed to increase 40% from the current return receipt fee, to**
15 **\$1.75. The proposed implicit cost coverages are 125 percent for Priority Mail**
16 **manual and 111 percent for Standard Mail (B) manual. The overall cost**
17 **coverage for Signature Confirmation is 122 percent. Table 25 presents the**
18 **current and proposed Signature Confirmation fees.**

19

1 **\$1.57⁶² by 18 cents. With the Delivery Confirmation base cost removed from the**
2 **Priority Mail manual cost an implicit cost coverage of 125 percent is produced. In**
3 **the interest of fee simplicity (as discussed in the following section) since both**
4 **Priority Mail Signature Confirmation and Standard Mail (B) manual Signature**
5 **Confirmation have matching total costs, the same fee was designed for both.**

6

7 **4. Pricing Criteria**

8

9 **The proposed fees for Signature Confirmation cover the costs of the**
10 **service and contribute modestly to other costs in the form of a total cost coverage**
11 **of 122 percent (Criterion 3). The effect of the proposed increase of the Signature**
12 **Confirmation manual fees, although 40 percent, should not represent any undue**
13 **hardship on the users of the service (Criterion 4). This is particularly true when**
14 **considering that Signature Confirmation will still be less expensive than an**
15 **alternative of another special service, such as certified mail with a return receipt**
16 **(Criterion 5). The proposed fees for Signature Confirmation are simple and**
17 **represent identifiable fee relationships (Criterion 7). Based on the**
18 **aforementioned criteria, the proposed Signature Confirmation fees are fair and**
19 **equitable (Criterion 1).**

20

⁶² Calculated using cost from USPS-T-30, page 11 with contingency added.

X. Special Handling

1. Proposal

I am proposing to maintain the current special handling fees of \$5.40 for up to 10 pounds and \$7.50 for over 10 pounds. Based on CRA costs, the proposed cost coverage is 9 percent. However, as discussed by witness Daniel, the CRA costs may overstate special handling costs. The Postal Service has not been able to gather data for a special handling special cost study. (USPS-T-28, pp. 30-31) Therefore, in light of the Commission's analysis in Docket No. R97-1, the Postal Service will not seek any change to the current special handling fees since no new study was completed. Table 26 below presents the current and proposed special handling fees.

Table 26 - Special Handling

<u>Description</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Percentage Change From Current to Proposed Fee</u>
Up to 10 pounds	\$5.40	\$5.40	0%
Over 10 pounds	\$7.50	\$7.50	0%

2. Description

Special handling provides expedited handling during processing and transportation. It is required for Standard Mail (B) subclasses containing live

1 recyclable. I am requesting that the provision for patched in stamps be included
2 in the special designation in the event that future envelopes with patched in
3 stamps are manufactured.

4
5 **Table 28 - Stamped Envelopes***

6

<u>Current Description</u>	<u>Proposed Description</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Percentage Change from Current to Proposed Fee</u>
Single Sale:	Single Sale:			
Basic	Basic	.07	.08	14%
Hologram	Special	.08	.09	13%
Printed Household:	Printed Household:			
6 ¼ Basic (50)	Basic (50)	3.00	3.50	17%
10 Basic (50)	Basic (50)	3.25	3.50	8%
Hologram (50)	Special (50)	3.50	4.50	29%
Plain 6 ¼: Banded (500)	N/A	9.50	N/A	N/A
Plain 10: Banded (500)	N/A	12.00	N/A	N/A
Plain 6 ¼: Basic (500)	Plain 6 ¼ Basic (500)	8.50	12.00	41%
Plain 10 Basic (500)	Plain 10 Basic (500)	11.50	14.00	22%
Plain 10 Hologram (500)	Plain 10 Special (500)	15.50	19.00	23%
Printed 6 ¼: Basic (500)	Printed 6 ¼ Basic (500)	14.00	17.00	21%
Printed 10 Basic (500)	Printed 10 Basic (500)	15.00	20.00	33%
Printed 10 Hologram (500)	Printed 10 Special (500)	19.00	25.00	32%

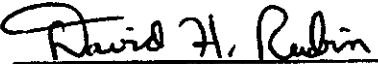
*Basic envelopes include regular, window, pre-canceled regular, and pre-canceled window. The special envelopes are those with patched in stamps.

7
8 **2. Description**

9
10 Stamped envelopes are available to customers as a convenience and
11 may be purchased individually at windows or ordered in box lots. Box lots of 50
12 (household) and 500 (bulk) are available. Stamped envelopes come in a variety

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
January 28, 2000