

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

RECEIVED  
FEB 8 9 55 AM '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-53-56)  
February 8, 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-53. Please confirm that during calendar year 2000 the Postal Service plans to produce at least two issues of stamps containing different denominations on the same pane. Please confirm that one issue (U.S. Navy Submarines) will include a 22-cent stamp and a 33-cent stamp on the same pane.

OCA/USPS-54. Please provide copies of all documents, surveys, survey data, summaries, and/or tabulations created since December 31, 1990, relating to the views of consumers and small business mailers with respect to

- (a) the frequency of changes in the First-Class letters first-ounce postage rate or
- (b) the need for less frequent changes in, and therefore longer periods of stability for, the First-Class letters first-ounce postage rate.

OCA/USPS-55.

- (a) Please confirm that larger mailers have expressed a desire to Postal Service management and to the Board of Governors that rate increases, when necessary, be implemented more frequently so as to permit smaller rate increases, thus avoiding sharp increases in mailers' costs. If you do not confirm, please explain. Please provide copies of all documents from mailers relating to the frequency or size of postal rate changes.
- (b) Please explain how Postal Service management and the Board of Governors have responded to the expressed desires of larger mailers for smaller and more frequent rate increases.
- (c) Please confirm that it is the intent of Postal Service management to limit the period during which new postal rates will be in effect to approximately two years.

If you do not confirm, please explain. Please provide all documents relating to the Postal Service's policy with respect to frequency and timing of rate changes.

- (d) Please confirm that it is a policy of the Board of Governors, or that the Board of Governors has considered a policy, to limit the period during which new postal rates will be in effect to approximately two years. If you do not confirm, please explain. Please provide minutes and a transcript of any Board of Governors meeting since January 1, 1995, in which the Board discussed or considered the frequency of rate changes. If a resolution or other memorialization of such a policy has been adopted by the Board, please provide a copy.

OCA/USPS-56. Please refer to the following Web page:

<http://www.linns.com/print/archives/20000207/news5.asp>

This page contains an article by Bill McAllister from the February 7, 2000, issue of *Linn's Stamp News*. The article contains the following statements.

The United States Postal Service lost nearly \$3.9 million in its three-year effort to sell foreign postage stamps to U.S. collectors, according to an internal audit.

Don Smeraldi, a Postal Service spokesman, confirmed on Jan. 24 that the USPS had stopped selling foreign stamps. He said he believed the decision predated the critical audit.

James C. Tolbert Jr., manager of stamp services for the USPS, did not contest any of the findings by the Postal Service's inspector general, which were made in a report issued Dec. 3, 1999. . . .

In a Nov. 30, 1999, memo to Sylvia L. Owens, assistant inspector general for revenue cost containment, Tolbert stated, "For the record, we want to reiterate that, beyond revenue generation, the primary objective of the program was to create awareness and invest in the future of the hobby of stamp collecting."

The audit, which was sent to Deborah K. Willhite, senior postal vice president in charge of government relations and the stamp program, criticized stamp services for not properly accounting for costs of the

program. The auditors said they found that *98 percent of all marketing and administrative costs of selling the stamps had not been properly charged under the Postal Service's accounting system.* [Emphasis added.]

. . .  
[James A. Helzer] said he was stunned by some of the findings of the inspector general. "When I read the report, I was struck by several facts in addition to the loss: . . . .

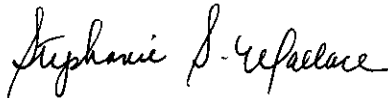
". . . Fourth, the lack of budgetary and cost controls over the program (which the Inspector General criticized). Just as striking were internal USPS marketing documents which came to light which demonstrate a lack of transparency -- a 'smoke-and-mirrors' approach -- that was used to justify this activity."

- (a) Please provide a copy of the document referred to in the McAllister article as "the critical audit."
- (b) Please provide a copy of the document referred to in the McAllister article as "a report issued Dec. 3, 1999 . . . ."
- (c) Please provide a copy of the document referred to in the McAllister article as "a Nov. 30, 1999, memo to Sylvia L. Owens, assistant inspector general . . . ."
- (d) Please provide a copy of the document referred to in the McAllister article as "[t]he audit, which was sent to Deborah K. Willhite, senior postal vice president . . . ."
- (e) Please provide copies of all documents prepared by USPSOIG relating to lack of budgetary or cost controls within the Postal Service or any of its organizational subdivisions.
- (f) Please provide copies of all documents prepared by the Inspection Service since September 30, 1996, relating to lack of budgetary or cost controls within the Postal Service or any of its organizational subdivisions.

- (g) Please provide copies of all documents prepared by USPSOIG relating to costs or expenses not properly charged under the Postal Service's accounting system.
- (h) Please provide copies of all documents prepared by the Inspection Service since September 30, 1996, relating to costs or expenses not properly charged under the Postal Service's accounting system.

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  
February 8, 2000