

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

RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE  
(OCA/USPS-46 THROUGH 50)

The United States Postal Service hereby provides its responses to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-46 through 50, filed on January 28, 2000.

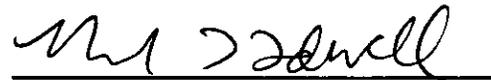
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



Michael T. Tidwell

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February 14, 2000

**RESPONSE OF US POSTAL SERVICE INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE**

**OCA/USPS-46.** Please refer to Docket No. R97-1, Postal Service exhibits, USPS-RT-11B in Tr. 35 at 18595, USPS-RT-11C in Tr. 35 at 18592, USPS-RT-11E at 18598, USPS-RT-11F (Final Adjustments) and USPS-RT-11G in Tr. 35 at 18600. Please provide all changes that would be necessary to reflect actual FY 99 Postal Service results. Include in your response, the changes needed to complete the roll forward for FY 2000 and FY 2001.

**RESPONSE:**

Please note that USPS-RT-11F relates to Highway Transportation Expense, not final adjustments.

The information you are requesting, which relates to the use of actual FY 99 change factors, has already been provided. Change factors based on actual Cola's, pay increases, and health benefit premium changes effective during FY 99 are already reflected in the revenue requirement calculations. Actual FY 99 inflation indices are reflected in non-personnel costs (the November 1999 DRI forecast was used). As indicated on page 11 of USPS T-9, estimated expenses for FY 99 were \$62.400 billion. This is only \$8 million or .01% more than actual expenses of \$62.392 billion. This minor difference is immaterial and it is unlikely that further attempts to refine the FY 99 expense factors used will produce an FY 99 expense estimate any closer to actual results than the one that has been filed.

It is important to note that the use of actual change factors for FY 1999 is not the same as the use of actual FY 99 data as the expense base.

RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-47. For each of the following stamps please provide (1) the number of stamps printed and distributed for sale; (2) the cost of printing the stamps; (3) the cost of distributing the stamps; and (4) the number of stamps sold:

- (a) F rate make-up stamp,
- (b) G rate make-up stamp, and
- (c) H rate make-up stamp.

**RESPONSE:**

- (a) The Postal Service has not located responsive data on the F rate make-up stamp (associated with the February 1991 rate change). Should the Postal Service locate responsive data, it will amend this response.
- (b) (1) 2.184 billion  
(2) \$2.6 million  
(3) The requested data are not available.  
(4) The requested data are not available. The Postal Service distributed the make-up stamps for use, but did not keep records distinguishing between how many were sold to the public and how many were destroyed as unneeded inventory.
- (c) (1) 2.5 billion  
(2) \$5.0 million  
(3) Please see response to (b)(3) above.  
(4) The Postal Service estimates that approximately 80 percent of the H-rate make-up stamps that were manufactured were sold.

RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-48. Does the Postal Service have any studies, reviews, estimates, approximations, or other data or information about the number or value of make-up stamps (F rate, G rate, and/or H rate) purchased by the public that were actually used for postage? If not, why not? Provide all related documents.

RESPONSE: No. While the Postal Service estimates postage in the hands of the public in the aggregate, it does not distinguish among denominations of postage nor isolate the portion of such postage associated with a rate change. Also, please see response to OCA/USPS-47(b)(4) and (c)(4).

RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-49. Does the Postal Service have any studies, reviews, estimates, approximations, or other data or information about the number or value of stamps left unused in the hands of the public as a result of the change in the First-Class Mail rates in January 1999 (i.e., 32 cent stamps, 23 cent stamps, etc.)? If not, why not? Provide all related documents.

RESPONSE: Please see response to OCA/USPS-48.

RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-50. Please identify all USPS incremental costs associated with the change in the single piece First Class Mail rates in January 1999, such as advertising, public information, stamp production and distribution, window time, overtime, customer call center expense, collection of postage due, etc. Provide all related documents.

RESPONSE: In general, implementation of the last rate case was not separated by class of mail. Public information material and tools provided by Pricing and Classification Implementation to the field covered all changes to rates and fees as a whole. An advertising agency was awarded a \$3 million contract to produce and distribute the materials. The materials were packaged in Implementation Kits. The kits included lobby posters, operations posters, rate overview brochures, rate flyers, sales sheets by class of mail, and presentation materials. The kits were distributed to Postmasters, Stations and Branches, Postal Operations, Sales, Postal Customer Councils, select Commercial Mail Associations, and Field Implementation Coordinators (see Attachment). In addition, the materials were posted on the USPS website ([www.usps.com](http://www.usps.com)).

The customer call center uses a computerized support system which contains a rate table updated elsewhere in the organization as an institutional expense. For the call center, the costs associated with a rate change are not tracked separately. Similarly, window time or collection of postage due costs associated only with the change in First-Class Mail single-piece rates cannot be isolated.

Stamp production costs for both the H rate make-up stamp and the H stamp itself were \$39.8 million, which included \$5.0 million for the make-up stamp alone as indicated in the response to OCA/USPS-47(c)(2).

Attachment to Response  
to OCA/USPS-50.

(Attachment itself consists  
of 9 pages.)

Fly Like an Eagle.™



# ***JUST ENOUGH...***

HERE'S HOW WE'RE DELIVERING  
THE RATE CASE TO OUR EMPLOYEES AND CUSTOMERS

COMMUNICATIONS  
MERCHANDISER



*We deliver.*

RATE CASE  
COMMUNICATIONS MERCHANDISER

These fact-filled kits were designed to bring Postal employees and our customers up to speed on the new rate changes.

Look for the kit that is designed for you. See how it contains the Rate Case facts you need to know yourself – plus key

### *Table of Contents*

<i>Operations Kit .....</i>	<i>1</i>
<i>Postmaster Kits:</i>	
<i>Office Levels 18-27.....</i>	<i>2</i>
<i>Office Levels 11-17, 51-55,     6, 9 &amp; Misc.....</i>	<i>3</i>
<i>Sales Kit.....</i>	<i>4</i>
<i>Customer &amp; Associations Kit ...</i>	<i>5</i>
<i>PCC Mailing .....</i>	<i>6</i>
<i>R97-1 Project Manager Kit ....</i>	<i>7</i>

information to pass on to Postal employees and customers. It will help make a smooth transition for all of us.

# OPERATIONS KIT

To: Plant Managers  
 BMC Managers  
 AMC Managers  
 BME Managers

Shipping: November 12, 1998

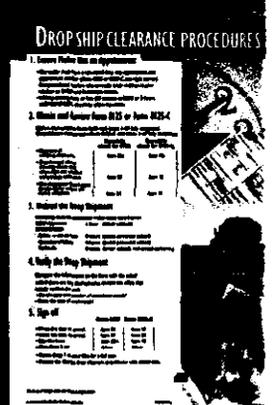
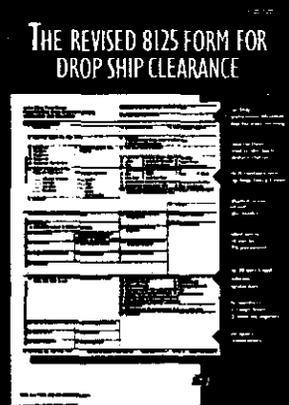
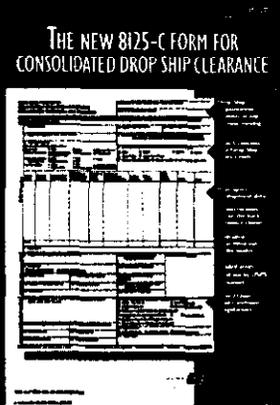
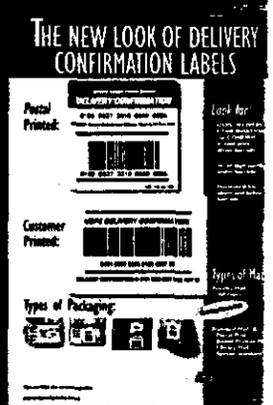
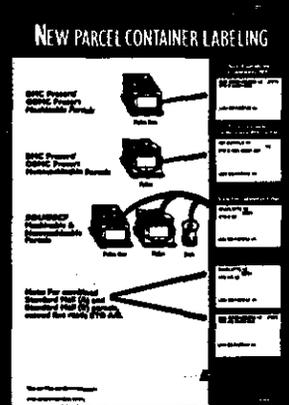
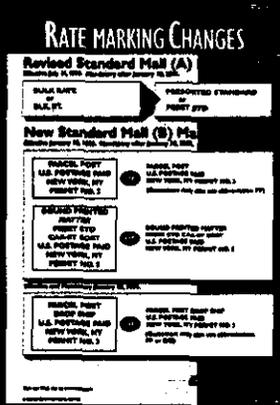
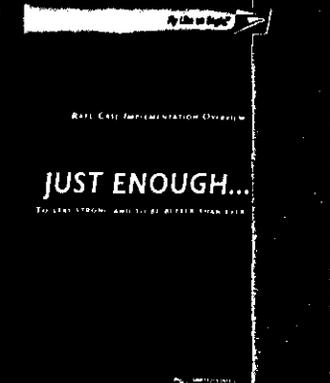
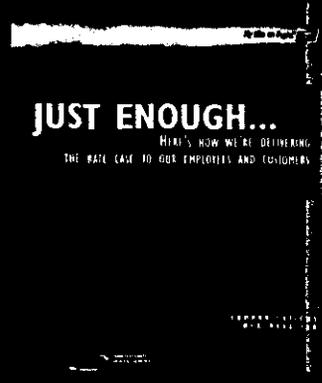
Brochures:  
 Communications  
 Merchandising  
 Rate Case Overview

Posters:  
 Rate Marking Changes  
 Parcel Container Labeling  
 New 8125-C Form  
 Revised 8125 Form  
 Drop Ship Clearance  
 Delivery Confirmation\*

Order No.  
 RCBRO002  
 RCBRO003

RCPOST026  
 RCPOST030  
 RCPOST035  
 RCPOST002  
 RCPOST003  
 RCPOST036

\* Distributed in earlier fulfillment.



# POSTMASTER KIT

Office Levels 18-27

To: Postmasters of Office Levels 18-27  
Classified Station/Branch Managers  
Postmasters of Hispanic Communities

Shipping: November 12, 1998

**Brochures:** **Order No.**  
Communications RCBRO002  
Merchandising RCBRO003  
Rate Case Overview RCBRO003

**Letter & Form Templates on Diskette:**  
(Postmasters only)  
Seminar Support RCDSKL003  
P.O. Box Fee Changes RCDSKL001

**Lobby Flyers:**  
Rate Introduction (English)\* RCFLY017  
Rate Introduction (Spanish)\*† RCFLY031

**Posters:**  
(Postmasters & Classified Station/Branch Managers)  
Rate Introduction (English 24x36)\* RCPOST013  
Rate Introduction (Spanish 24x36)\*† RCPOST012  
Rate Introduction (Spanish 18x24)\*† RCPOST004

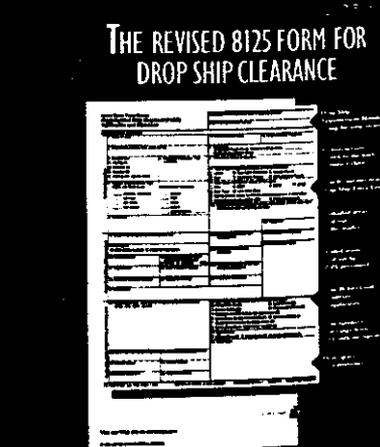
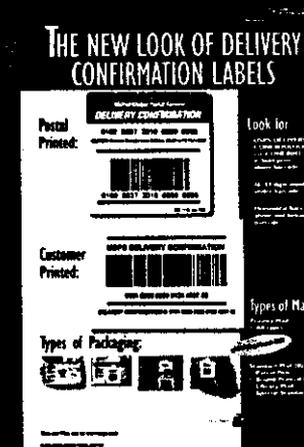
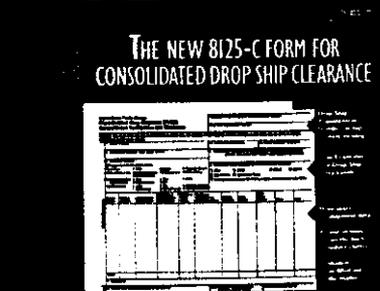
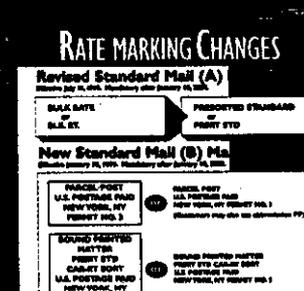
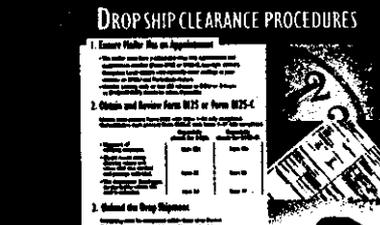
(Postmasters & Classified Station/Branch Managers)  
Parcel Container Labeling RCPOST030  
New 8125-C Form RCPOST035  
Revised 8125 Form RCPOST002  
Rate Marking Changes RCPOST026  
Drop Ship Clearance RCPOST003  
Delivery Confirmation RCPOST036

**Sell Sheets:**  
(Postmasters & Classified Station/Branch Managers)  
First-Class Mail® RCSHT011  
Priority Mail® RCSHT014  
Express Mail® RCSHT013  
Standard Mail (A) RCSHT015  
Standard Mail (B) RCSHT016

**Customer Support:**  
(Postmasters & Classified Station/Branch Managers)  
Retail & Carrier Pocket Card RCCARD001  
Telemarketing Script RCTELE001

\* Distributed in earlier fulfillment.

† Distributed earlier to Postmasters and Postal Store Managers of Hispanic Communities.



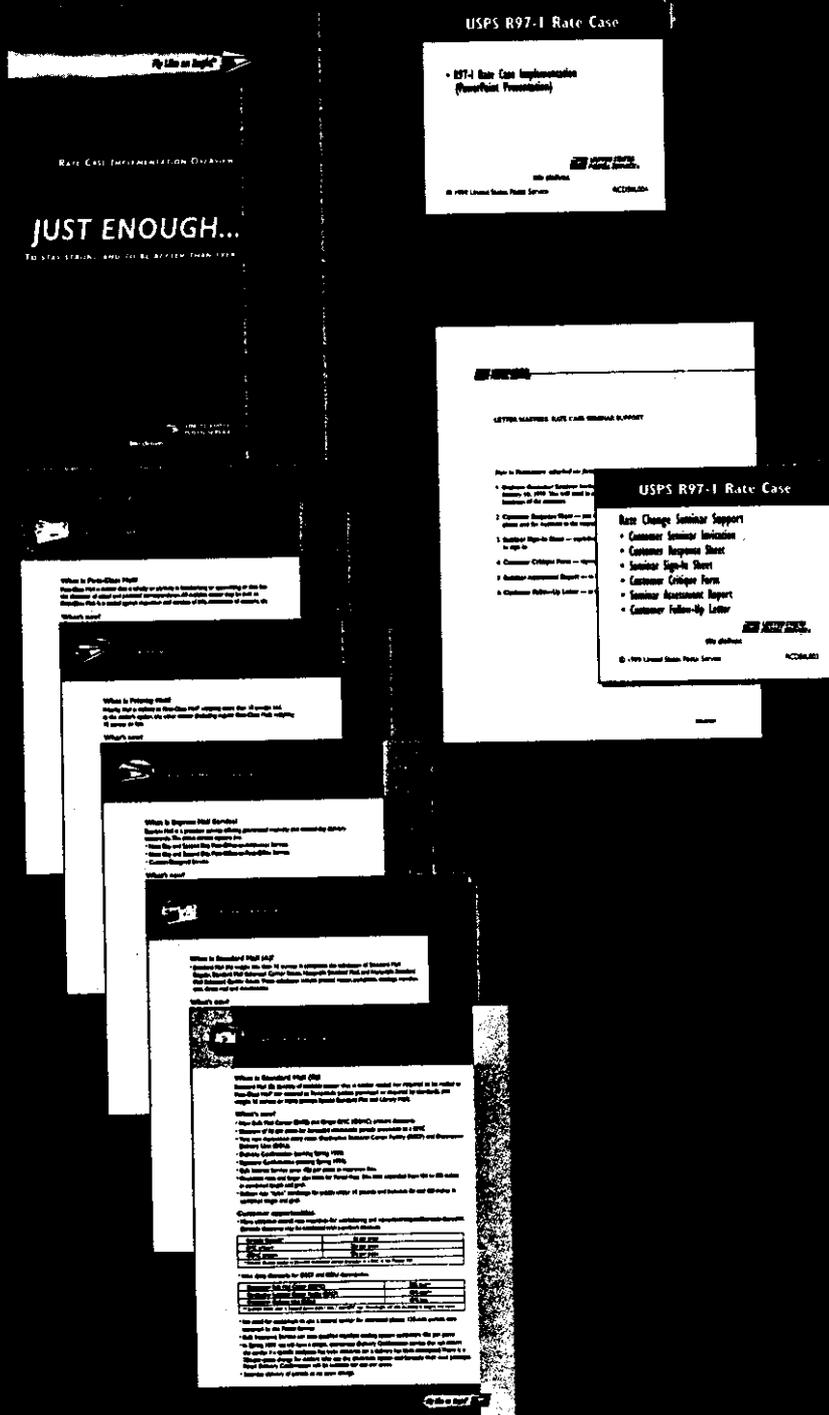


# SALES KIT

**To: National Account Managers  
Account Representatives  
Business Center Managers  
Business Customer Relations  
Managers  
Area Marketing Managers  
District Marketing Managers  
Advertising Specialists  
Managed Account Specialists  
Tactical Marketing & Sales  
Managers of Marketing Support**

**Shipping: November 12, 1998**

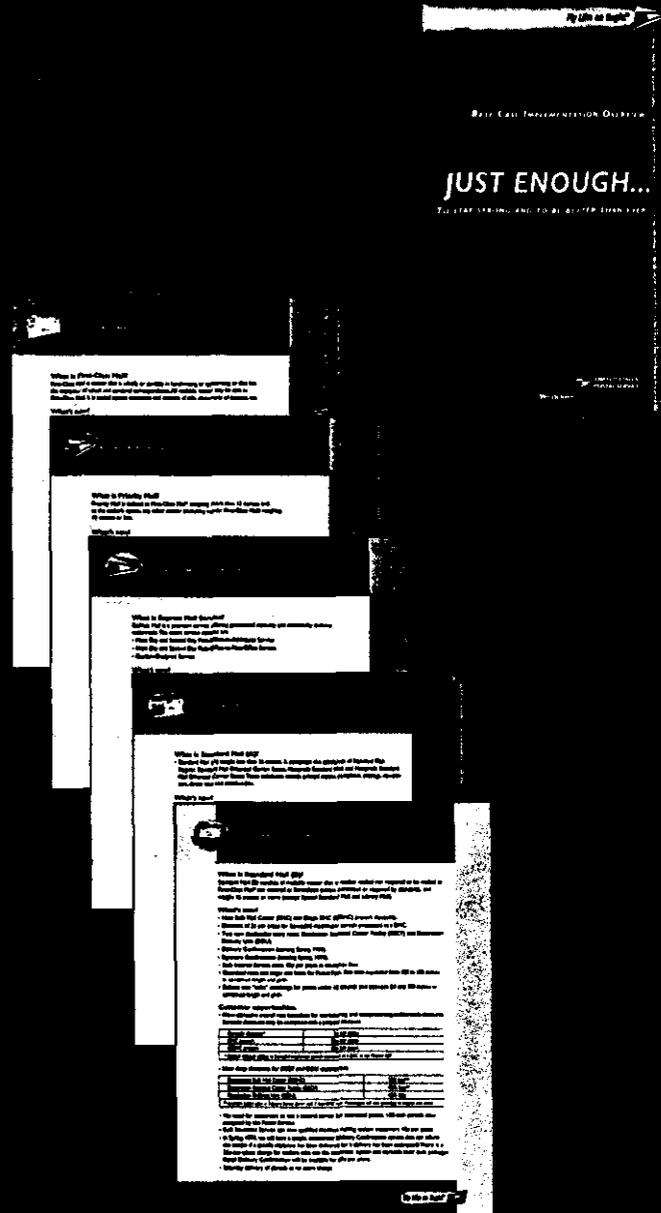
<b>Brochure:</b>	<b>Order No.</b>
Rate Case Overview	RCBRO003
<b>Letter &amp; Form Templates on Diskette:</b>	
Seminar Support	RCDSKL003
<b>Letter Masters for Copying:</b>	
Seminar Support	RCLET001
<b>PowerPoint® Presentation Diskette:</b>	
Rate Case Overview	RCDSKL004
<b>Sell Sheets:</b>	
First-Class Mail®	RCSHT011
Priority Mail®	RCSHT014
Express Mail®	RCSHT013
Standard Mail (A)	RCSHT015
Standard Mail (B)	RCSHT016



**To: National Account Managers  
 Account Representatives  
 Business Center Managers  
 Postmasters of Office Levels 18-27  
 Business Customer Relations  
 Managers  
 Area Marketing Managers  
 District Marketing Managers  
 Advertising Specialists  
 Managed Account Specialists  
 Managers of Marketing Support  
 Tactical Marketing & Sales  
 Chairperson, Mailers Technical  
 Advisory Council (MTAC)  
 Chairperson, Mail Advertising  
 Service Association (MASA)  
 Chairperson, Advertising Mail  
 Marketing Association (AMMA)  
 Chairperson, Direct Marketing  
 Association (DMA)**

**Shipping: November 12, 1998**

<b>Brochure:</b>	<b>Order No.</b>
Rate Case Overview	RCBRO003
<b>Sell Sheets:</b>	
First-Class Mail®	RCSHT011
Priority® Mail	RCSHT014
Express® Mail	RCSHT013
Standard Mail (A)	RCSHT015
Standard Mail (B)	RCSHT016

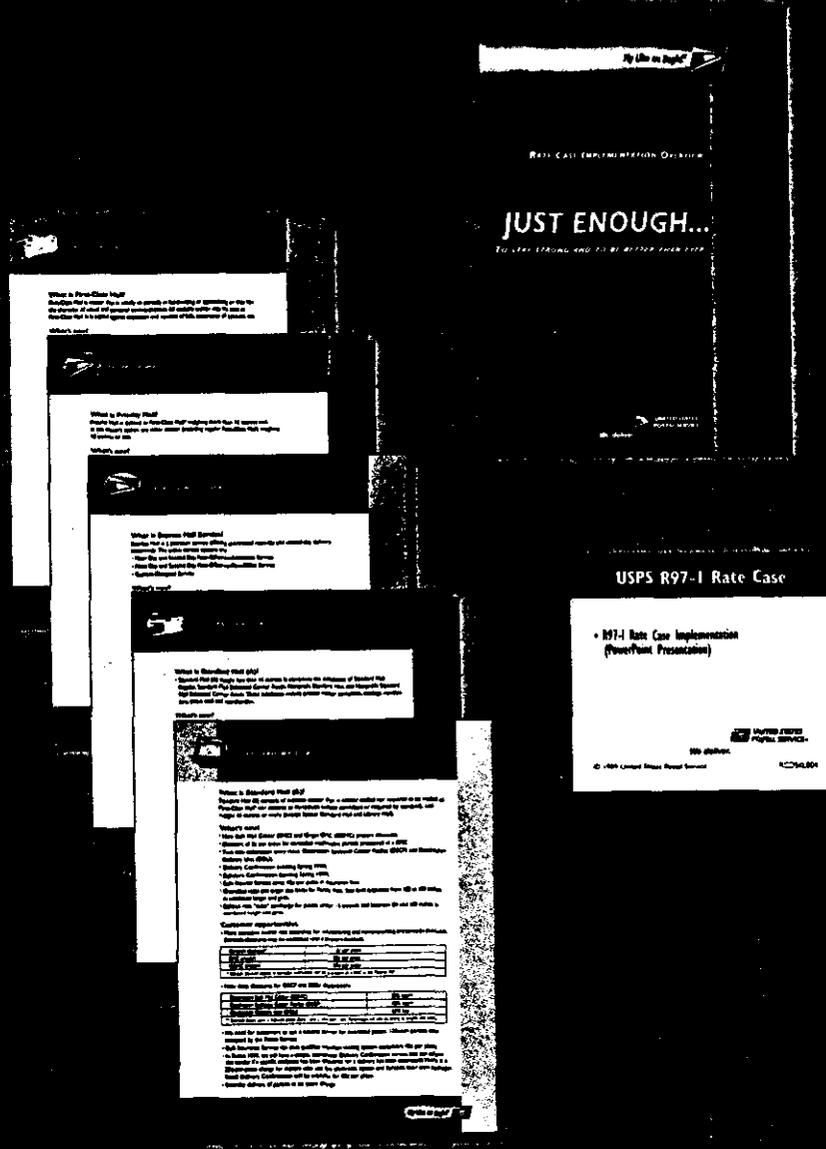


# PCC MAILING

To: Chairperson, Postal Customer Council

Shipping: November 12, 1998

<b>Brochure:</b>	<b>Order No.</b>
Rate Case Overview	RCBRO003
<b>PowerPoint® Presentation Diskette:</b>	
Rate Case Overview	RCDSKL004
<b>Sell Sheets:</b>	
First-Class Mail®	RCSHT011
Priority Mail®	RCSHT014
Express Mail®	RCSHT013
Standard Mail (A)	RCSHT015
Standard Mail (B)	RCSHT016

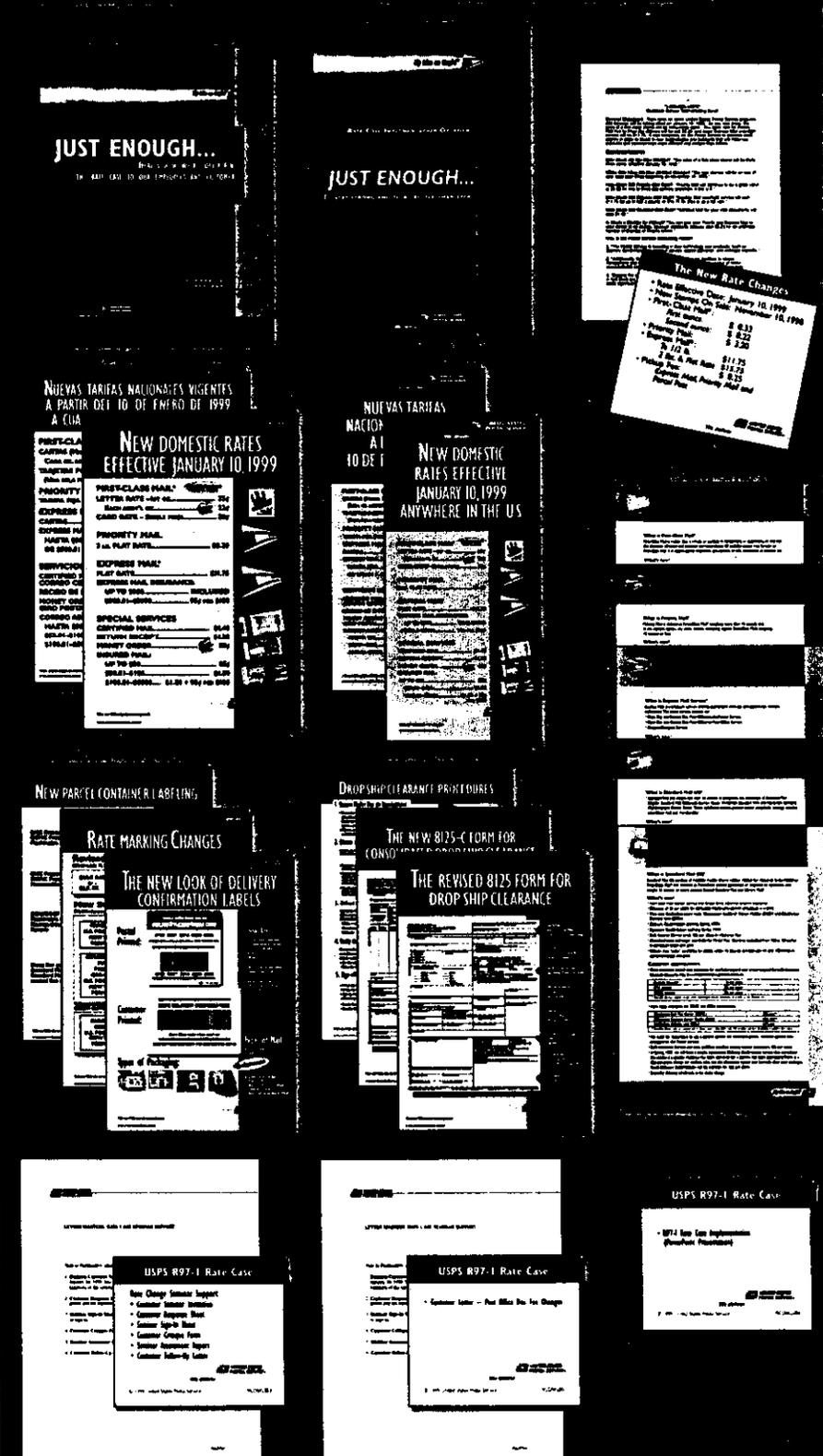


# R97-1 IMPLEMENTATION PROJECT MANAGER "BIG BOX" KIT

To: R97-1 Implementation Project Managers

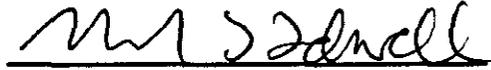
Shipping: November 12, 1998

<b>Brochure:</b>	<b>Order No.</b>
Communications	RCBRO002
Merchandising	RCBRO003
Rate Case Overview	RCBRO003
<b>Customer Support:</b>	
Retail & Carrier Pocket Card	RCCARD001
Telemarketing Script	RCLELE001
<b>Letter &amp; Form Templates on Diskette:</b>	
Seminar Support	RCDSKL003
P.O. Box Fee Changes	RCDSKL001
<b>Letter Masters for Copying:</b>	
Seminar Support	RCLETO01
P.O. Box Fee Change	RCLETO02
<b>Lobby Flyers:</b>	
Rate Introduction (English)	RCFLY017
Rate Introduction (Spanish)	RCFLY031
<b>Posters:</b>	
Rate Introduction (English)	RCPOST013
Rate Introduction (Spanish)	RCPOST012
Rate Marking Changes	RCPOST026
Parcel Container Labeling	RCPOST030
Revised 8125 Form	RCPOST002
New 8125-C Form	RCPOST035
Drop Ship Clearance	RCPOST003
Delivery Confirmation	RCPOST036
<b>PowerPoint® Presentation Diskette:</b>	
Rate Case Overview	RCDSKL004
<b>Sell Sheets:</b>	
First-Class Mail®	RCSHT011
Priority Mail®	RCSHT014
Express Mail®	RCSHT013
Standard Mail (A)	RCSHT015
Standard Mail (B)	RCSHT016



## 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 black ink, appearing to read "M. Tidwell", written over a horizontal line.

Michael T. Tidwell

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February 14, 2000