

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

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POSTAL RATE COMMISSION
OFFICE OF THE CLERK

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

ERRATA AND SUPPLEMENT TO RESPONSES OF
UNITED STATES POSTAL SERVICE WITNESS TAYMAN
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T9-15-17)

The United States Postal Service hereby provides a supplement and errata to the responses of witness Tayman filed yesterday to interrogatories OCA/USPS-T9-15, 16, and 17. In interrogatory 15, an additional sentence is added at the end of part (a). In addition, the attachment to that interrogatory is corrected to show that it is referred to in the response to 15(b)(2), and not 15(b)(3) as it was originally labeled. Interrogatories 16 and 17 are revised to correct the testimony number, an error carried over from the incoming questions. Revised pages are attached and are followed by a declaration.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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March 1, 2000

**RESPONSE OF WITNESS TAYMAN TO INTERROGATORIES OF
OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-T9-15. The following refers to USPS-LR-I-126, page 19 to 20, "Customer Address Awareness." The library reference indicates that city carrier hours increased 41,000 hours as a result of the customer address awareness.

- (a) Please explain why city carriers hours increased as a result of a campaign to improve customer use of apartment/suite numbers designed to increase the speed of mail delivery.
- (b) Are city carriers being used to educate the public on address hygiene?
 - (1) If your response to part "b" of this interrogatory is affirmative, please provide all data indicating the success/failure rate city carriers had in going "door to door."
 - (2) Please provide all documents, scripts or other educational tools used by the city carriers during the "customer awareness campaign."
 - (3) Did the Postal Service perform a cost/benefit analysis evaluating the costs of using various forms of advertising versus using city carriers? If so, please provide a copy of the analysis and cite all source documents used. If not, please explain why one was not performed.
- (c) If your response to part "b" of this interrogatory is negative, please explain what caused the estimated increase in city carrier hours for FY99.
- (d) What is the cost impact of including the estimated 41,000 hours of increased city carrier costs on the individual mail class and subclass cost categories for FY00 and FY01 as opposed to increasing USPS advertising costs?

RESPONSE:

- (a) City carrier hours increased because carriers will be required to deliver a mail piece to every address in high rise buildings to notify them of their complete, correct address and the importance of using their correct address including the apartment or suite number. Normally a small percentage of addresses do not require delivery on any given day. In addition, the carriers are required to verify the delivery address prior to delivery.
- (b) See my response to (a).

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OCA/USPS-T9-15. continued

- (1) I do not have precise numbers. However, indications are that improvements in addressing have resulted when customers are notified of their correct address and the importance of using it.
 - (2) See the attachment to this response.
 - (3) No. The cost of using city carriers was considered the most efficient since they would be delivering mail to most of the addresses anyway.
- (c) See my response to (b).
- (d) It is my understanding that the distribution of the costs of the 41,000 workhours in the rollforward can be seen on pages 245-246, 257-258 and 269-270 of Volume 1 of 2 of WP-B. This distribution utilizes all the City Carrier components: 43, 44, 45, 46, 48, 49, 50, 52 and 54. Alternatively, to distribute the costs on Advertising (component 246), please see WP-B, Volume 2 of 2, pages 605-606. In words, the costs associated with Customer Address Awareness would be distributed on the Advertising distribution key rather than a distribution key comprised of all the City Carrier components. As this is for FY99, the impact on FY00 and FY01 would be to rollforward the City Carrier components and the Advertising component after the alternative distribution was incorporated.



101 S SANTA FE AVE
FOUNTAIN CO 80817-9998

Dear Postal Customer:

The correct and complete address for this location, according to official postal records, appears below. This may be different from or contain more details than the address you are accustomed to using. For example, you may not be using a suite or apartment number, or you may omit a directional like "SE" or a suffix such as ST, AVE, PLACE or the ZIP+4 Code.



POSTAL CUSTOMER
5180 FONTAINE BLVD
FOUNTAIN CO 80817-1049

The United States Postal Service handles and delivers 198 billion pieces of mail a year - over 600 million per day. To provide accurate and timely postal service, high-speed electronic scanning equipment has become a necessity. This makes using your correct and complete address extremely important. Each item provides information. Most importantly, the final four digits of the ZIP+4 Code indicate which block, building or floor you are on. Including all address elements is vital to accurate processing and delivery,

To ensure accurate and timely delivery, it is very important to make sure all the mail sent to you displays the EXACT address as it appears here. Make sure you are using this address now, so all your mail can reflect your complete address.

Be sure to use the ZIP+4 Code and include all other elements of the above address every time you place your return address on an envelope.

If you have any questions concerning your address as shown above, please contact DANNY CRUZ at (719) 382-4625

Thank you for your cooperation.

Your Postmaster

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OCA/USPS-T9-16. Please refer to USPS-LR-I-126, page 26, "Stamp Manufacturing." The costs for various supplies and services were estimated to increase by \$40 million for FY01. Please provide a detailed breakout of the \$40 million increase. Identify in your breakout, the cost of producing the "designed non-denominated" and "makeup stamp," as well as an estimate of the volume of First-Class makeup stamps to be printed. If a stamp usage factor other than 100 percent was assumed, please provide the estimated usage factor. For purposes of answering this interrogatory, assume that the Postal Service is granted the one-cent increase in the First-Class letter rate.

RESPONSE:

The \$40 million increase to support the anticipated rate change in FY01 was based on the actual costs of producing rate change stamps in support of the rate increase of 1999. In 1997 and 1998, the Postal Service produced over 15 billion stamps at a cost of \$39.76 million to prepare for the January 1999 rate increase. This volume represents approximately a four-month supply of stamps to allow the Postal Service enough time to produce and distribute a large enough volume of denominated stamps to replace the non-denominated rate change stamps. The volume and cost for the 1999 rate change included:

- a) 12.29 billion prime rate (33-cents) stamps at a cost of \$33,391,290
- b) 2.5 billion make-up rate (1-cent) stamps at a cost of \$4,978,635
- c) 500 million post card rate (21-cents) stamps at a cost of \$1,395,000.

The post card rate stamps were not issued due to the rate not being increased.

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OCA/USPS-T9-17. For the First-Class letter "makeup stamp" that was most recently printed, please provide the following: (1) the production costs, (2) the volume of makeup stamps printed, (3) the quantity sold in the calendar year immediately following its release, and (4) the actual quantity used.

RESPONSE:

- (1) The cost of the make-up rate (1-cent) stamps was \$4,978,635.
- (2) 2.5 billion make-up stamps were printed
- (3) Sales of individual stamps are not currently tracked. The Postal Service distributed all 2.5 billion of the make-up stamps for use, and estimates that approximately 80% were sold
- (4) Use of individual stamps is not currently tracked.

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.



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