

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

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF  
THE NATIONAL NEWSPAPER ASSOCIATION  
(NNA/USPS-1-14)  
(March 8, 2000)

The United States Postal Service hereby provides its responses to the following interrogatories of the National Newspaper Association: NNA/USPS-1-14, filed on February 23, 2000.

This interrogatory set was filed with an extraneous "T" in the alphanumeric designation for each question. The format of the questions, and the responses, has been corrected to reflect the norm for institutional interrogatories.

The interrogatory set, while labeled institutional, was prefaced with a request that respective interrogatories be redirected to a witness who would be available to stand oral cross-examination on the responses. Many of the questions, however, bear no apparent relationship to the testimony of any current witness. This is generally true of the questions focused upon circulation audits for periodicals. The Postal Service has chosen not to object to those interrogatories notwithstanding their irrelevance, since the burden of providing institutional responses was not severe. Moreover, it appears that the proponent of the interrogatories expected to have confirmed the existence of a link between the PERMIT System -- upon which the testimony of witness Hunter, USPS-T-5, relies -- and circulation audits. As the answers show, that link is very tenuous. While the Postal Service reserves the right to object to any follow up questions that probe

irrelevant matters, the Postal Service will respond affirmatively to follow up of other more relevant responses for which no current witness is competent to stand oral cross-examination.

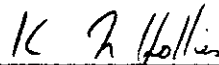
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



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Kenneth N. Hollies

**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.



\_\_\_\_\_  
Kenneth N. Hollies

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March 8, 2000

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**NNA/USPS-1.** Please confirm that the PERMIT system allows post offices to track the audit history of a periodical.

**RESPONSE.** Unable to confirm. The PERMIT System is not intended to track circulation audits of periodicals. Although it is possible to store related information in a text field, such use is believed to be rare.

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**NNA/USPS-2.** Please respond with respect to audits.

- a. If your response is to NNA/USPS-1 is yes, please state whether USPS policy requires a specific audit frequency, or if there is not a required frequency, the maximum time permitted to pass without an audit?
- b. Which Postal Service personnel have responsibility to examine audit list [sic] and to determine whether the audit schedule is being kept?

**RESPONSE.**

Postmasters or business mail entry unit personnel are responsible for the frequency, scheduling and conduct of circulation audits. Publications that report paid/requested circulation of 60 percent or less, as shown on Form 3526, *Statement of Ownership, Management, and Circulation*, are targeted specifically for circulation audits.

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**NNA/USPS-3. What is the likelihood that a periodical would be mailed continuously without an audit?**

- a.  or 18 months[?]
- b.  or two years[?]
- c.  or three years?

**RESPONSE.**

a-c. No specific information is available to answer this interrogatory. See also the institutional response to NNA/USPS-2.

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**NNA/USPS-4.** Please respond to the following questions with respect to the PERMIT system.

- a. When was the PERMIT system first deployed in post offices?
- b. Please state an approximate annual rate of conversion of non[-]automated offices to PERMIT.
- c. How many post offices were on PERMIT in the base year[?]
- d. How many have been added since FY96?
- e. Have any offices been removed from PERMIT since FY96? If so, why?
- f. Are the PERMIT system data generally considered more reliable than data submitted by non[-]automated offices?
- g. In your experience, do the data submitted by a non[-]automated office sometimes display material errors that are identified when the conversion to PERMIT is accomplished?
- h. If your response to g. is yes, has the Postal Service conducted studies or made adjustments to any of its measurement systems to allow for such errors[?]

**RESPONSE.**

- a. The PERMIT System was first deployed around 1985.
- b. This can be approximated from the responses to parts (a), (c) and (d).
- c. There were approximately 2,200 post offices in the PERMIT System in FY 1998.
- d. Approximately 500 PERMIT System sites have been added since FY 1996.
- e. A minimal number of sites left the PERMIT System by local or district decision to reallocate resources.
- f. Electronic data reporting systems are generally considered to be more reliable in terms of the timeliness of reporting.

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**g-h. There is no evidence that this occurs beyond the testing period for the  
office prior to start-up.**

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**NNA/USPS-5.** Please provide [a] tabulated total of the number of offices on PERMIT by Cost Ascertainment Group.

**RESPONSE.** The table below provides these counts as can best be determined for the FY 1998 period. See also the response to NNA/USPS-T5-2.

<b>CAG</b>	<b>Count</b>
<b>A</b>	<b>97</b>
<b>B</b>	<b>173</b>
<b>C</b>	<b>674</b>
<b>D</b>	<b>458</b>
<b>E</b>	<b>443</b>
<b>F</b>	<b>132</b>
<b>G</b>	<b>42</b>
<b>H-L</b>	<b>6</b>



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**NNA/USPS-6.** Please provide a tabulated total of the number of Non[-]automated offices by Cost Ascertainment Group.

**RESPONSE.** The table below provides these counts as can best be determined for the FY 1998 period. See also the response to NNA/USPS-T5-2.

<b>CAG</b>	<b>Count</b>
<b>A</b>	<b>488</b>
<b>B</b>	<b>22</b>
<b>C</b>	<b>56</b>
<b>D</b>	<b>159</b>
<b>E</b>	<b>1059</b>
<b>F</b>	<b>1833</b>
<b>G</b>	<b>2977</b>
<b>H-L</b>	<b>19590</b>

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**NNA/USPS-7. Does the Postal Service plan to introduce PERMIT into every office at some point in the identifiable future?**

**RESPONSE. No.**

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**NNA/USPS-8.** If yes, please state when the total conversion is expected to be completed. If no, please explain in detail why PERMIT would not be used in every post office where [P]eriodicals mail is entered.

**RESPONSE.** To respond to this question, one must assume that it refers to the preceding interrogatory, NNA/USPS-7. Use of PERMIT in all offices is not cost justified.

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**NNA/USPS-9.** Please confirm that non-PERMIT offices tend to be small in numbers of personnel or volumes.

**RESPONSE.** See the response to NNA/USPS-T-8.

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**NNA/USPS-10.** Please respond with respect to offices operated for the Postal Service by independent contractors:

- a. How many contract offices are there?
- b. Does the contract generally require the postmaster to use PERMIT if USPS deems it necessary?
- c. Can an independent contractor postmaster refuse its usage?
- d. How are contract offices trained to use PERMIT?
- e. Are contract offices generally smaller or more rural than USPS owned offices?

**RESPONSE.**

- a. The 1999 Annual Report of the Postal Service indicates the Postal Service has 4,488 contract offices, including contract stations and branches, and community post offices.
- b-d. Contract offices do not use the PERMIT System.
- e. This question appears to misapprehend what constitutes a contract office. A contract office is operated by a contractor rather than by Postal Service employees. Facilities housing contract offices may or may not be owned by the Postal Service; the same is true of those operated by Postal Service employees. Many contract offices are located in more rural areas, but many are also located in more urban areas. One can safely state that the largest offices tend to be Postal Service operated.

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**NNA/USPS-11.** Please confirm that [P]eriodicals entered into additional entry offices and exceptional dispatch offices are handled identically with respect to mail processing and delivery.

**RESPONSE.** Assuming the respective mailings are similar in mail preparation, makeup, size, volume, presort levels and are locally destinating, mail processing and delivery activities would be similar. Differences would exist for mail entry, verification, postage payments, and perhaps available postage discounts.

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**NNA/USPS-12.** Please confirm that the only differences to postal operations between additional entry periodicals and exceptional dispatch periodicals are the payment by the former of an additional entry fee and possible use of additional trust accounts. If your response is no, please explain in detail any differences.

**RESPONSE.** Not confirmed. See the response to NNA/USPS-11.

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**NNA/USPS-13.** Does the Postal Service know the percentage of [I]n-[C]ounty mail volume constituted by:

- a. Newspapers[?]
- b. Magazines[?]
- c. Newsletters[?]
- d. Other matter?

**RESPONSE.**

a-d. No.



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**NNA/USPS-14.** Has the Postal Service or any other party to your knowledge conducted a study of the content of [I]n-[C]ounty mail since 1986? If so, please provide a reference to the study.

**RESPONSE.**

No.