

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 THIRD
ERRATA TO TESTIMONY OF WITNESS MAYO (USPS-T-39) [ERRATUM]
(March 10, 2000)

The United States Postal Service hereby provides notice of the filing of a third set of errata to the testimony of witness Mayo (USPS-T-39). The main change is to add an omitted paragraph on the proposed new permit fee classification for destination entry Bound Printed Matter. A summary of the changes is attached, along with the revised pages.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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March 10, 2000

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

Page 1 – line 18: delete “parcel airlift,”

Page 96 – line 1: change “two” to “three”

Page 96 – line 16: insert “The third proposed classification change is to establish a permit fee for destination entry Bound Printed Matter (BPM).” after “subclass.”

Page 97 – replace with new page 97 due to text shift from changes on page 96

Page 98 – line 13: insert “6. Classification Criteria With respect to establishing a permit fee for destination entry BPM, there is a relatively high value of service associated with lower BPM rates made possible, in part, by the use of a permit (Criterion 2). Since BPM would have dropship discounts, similar in nature to parcel post discounts, it is fair and equitable that the same permit fee would apply to both, as they both would require a destination entry permit (Criterion 1). A permit for BPM that would allow BPM mailers to get lower rates would be a desirable classification from the point of view of both the user and the Postal Service (Criterion 5).” after “(Criterion 1)”.

Page 142 – line 12: replace “Delivery” with “Signature”

1 **I. PURPOSE AND SCOPE**

2

3 The purpose of my testimony is to propose fee changes, both increases and
4 decreases, and a substantial number of classification changes for the Postal
5 Service's special services. The special services covered in this testimony are
6 address changes for election boards, address correction, bulk parcel return
7 service (BPRS), business reply mail (BRM), carrier sequencing of address cards,
8 certificates of mailing, certified mail, collect-on-delivery (C.O.D.), correction of
9 mailing lists, delivery confirmation, insurance, merchandise return, money orders,
10 on-site meter settings, parcel airlift, periodicals application fees, permit fees, post
11 office boxes (including caller service and reserve call numbers), registered mail,
12 restricted delivery and return receipts, shipper paid forwarding service, signature
13 confirmation, special handling, stamped cards, stamped envelopes, and ZIP
14 Coding of mailing lists.

15

16 The classification changes proposed in my testimony affect BPRS, BRM,
17 certified mail, C.O.D., delivery confirmation, insurance, merchandise return, on-
18 site meter settings, permits, post office boxes, return receipts, shipper paid
19 forwarding service, signature confirmation and stamped envelopes. Finally, I am
20 proposing a general rewrite of the special services DMCS sections, including
21 some classification changes applicable to many of the special services.

22

Q. Permit Fees

1. Proposal

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

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

Table 17 - Annual Permits

<u>Description</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Percentage Change from Current to Proposed Fee</u>
Annual Permit	\$100	\$125	25%

1 2. Description

2

3 Permits allow mailers to mail pieces with indicia and a permit number in
4 the upper right-hand corner of the mailpiece, instead of having to affix stamps or
5 metered postage. The deposit time and place for permit mail is determined by
6 the post office allowing the permit as a means of verifying that the correct
7 postage is collected for the mailings. The fee for the permits is collected on an
8 annual basis. In addition to a class/subclass-specific permit, a permit imprint fee
9 is paid for mailings requiring permit indicia.

10

11 3. Fee History

12

13 Although there is a uniform fee for annual permits, not all permits have
14 been in existence since the basic permit imprint. The basic permit imprint fee
15 has increased eight times since Postal Reorganization. In 1976, the fee
16 increased 100 percent; in 1978, the fee increased 50 percent; in 1981, the fee
17 increased 33 percent; in 1985, the fee increased 25 percent; in 1988, the fee
18 increased 20 percent; in 1991, the fee increased 25 percent; and in 1995, the fee
19 increased 13 percent. As a result of Docket No. R97-1, in 1999 the fee
20 increased 18 percent. Detailed fee histories for permits are presented in Library
21 Reference I-124.

22

1 4. Fee Design

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

4 5. Pricing Criteria

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

14 6. Classification Criteria

15 With respect to establishing a permit fee for destination entry BPM, there
16 is a relatively high value of service associated with lower BPM rates made
17 possible, in part, by the use of a permit (Criterion 2). Since BPM would have
18 dropship discounts, similar in nature to parcel post discounts, it is fair and
19 equitable that the same permit fee would apply to both, as they both would
20 require a destination entry permit (Criterion 1). A permit for BPM that would
21 allow BPM mailers to get lower rates would be a desirable classification from the
22 point of view of both the user and the Postal Service (Criterion 5).

Table 25 – Signature Confirmation

<u>Description</u>	<u>Current Return Receipt Fee</u>	<u>Proposed Fee</u>	<u>Percentage Change from Current to Proposed Fee</u>
Priority Mail electronic	\$1.25	\$1.25	0%
Priority Mail manual	\$1.25	\$1.75	40%
Standard Mail (B) electronic	\$1.25	\$1.25	0%
Standard Mail (B) manual	\$1.25	\$1.75	40%

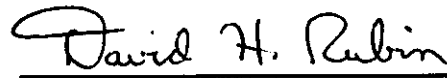
2.
Description

As proposed, Signature Confirmation will capture and provide access to both the electronic Delivery Confirmation data and an image of recipient signatures. Signature Confirmation will be available only at the time of mailing for Priority Mail or Standard Mail (B), and will be offered electronically or as a manual (retail) service. When using the manual service the customer will receive a receipt with the Signature Confirmation number that will allow them to access the delivery information from either the call center or the Internet. Manual Signature Confirmation is geared towards individual customers.

Electronic Signature Confirmation, on the other hand, will be geared towards high volume mailers who will apply their own barcodes and provide

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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