

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 DAVID B. POPKIN
(DBP/USPS-3, 6, 9, 11(A), 14, AND 16)

The United States Postal Service hereby provides its responses to the following interrogatories of David B. Popkin: DBP/USPS-3, 6, 9, 11(A), 14, and 16, filed on March 3, 2000. Interrogatories DBP/USPS-1, 2, 12, and 15 have been redirected to witness Mayo, interrogatories DBP/USPS-4, 5, and 10 have been redirected to witness Robinson, and interrogatories DBP/USPS-7 and 8 have been redirected to witness Kaneer. An objection to interrogatory DBP/USPS-13 was filed on March 16, 2000, an objection to interrogatory DBP/USPS-11(b-m) is being filed on March 17, 2000, and a partial objection to interrogatory DBP/USPS-7 was filed on March 13, 2000.

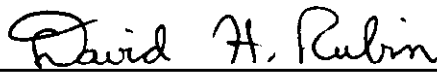
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
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March 17, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE TO
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DBP/USPS-3.

- a) Confirm that the Postal Service has a manual and automated system for processing First-Class Mail.
- b) Explain the types of mail that are handled in each of the systems.
- c) What are the average costs per 1000 letters for handling in each of the systems?
- d) Does the Postal Service make any effort on a regional (as small as a single P&DC area) or on a national basis to remove Certified Mail articles (prior to arrival at the delivery office) from an automated system to a manual system.
- e) Confirm that the PS Form 3800 has a tagging applied to the sticker that is affixed to the article.
- f) What purpose does this tagging serve?
- g) Confirm that in order for the Postal Service to properly provide the Certified Mail service, it is necessary for the article to either arrive at the delivery office separated from the normal mail stream or for the delivery office to perform such separation.
- h) Describe the various methods that are utilized to perform this separation (include in your response, in addition to the normal mail flow, the methods that are utilized for those addresses that have a unique 5-digit ZIP Code and for those government agencies that receive large volume of Certified Mail).
- i) For any of the automated systems that are used to "trap" Certified Mail, advise the number of units that have been installed as of this time, the number of processing machines that do not have this unit installed, the percentage of overall mail which is processed through machines which have this device, and an estimation of the effectiveness of these machines in trapping Certified Mail.
- j) If there are processing machines which do not have these devices installed on them, outline the plans for installing the device on all remaining processing machines and the date when 100% of the mail will be processed in this manner.
- k) If the completion date for installation of these devices in all processing machines has changed from that which was advised in Docket No. R97-1, explain why it was necessary to change the date.

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l) Explain and discuss any subparts you are not able to confirm.

DBP/USPS-3 Response:

- a) Confirmed.
- b) Explained by equipment type in witness Kingsley's testimony ((USPS-T-10).
Machinability requirements for automation compatible letters are in DMM C810 and for flats in DMM C820.
- c) Average cost per 1000 as of AP 13 FY1999 for automated letters, automated/mechanized flats and manual letters and flats are in Witness Kingsley's testimony (USPS-T-10) at page 32. Separate values by machine or presort level are not available. However, productivity comparisons are in Witness Miller's (USPS-T-24) testimony for various letter productivities and LR-I-90, Flats Mail Processing Cost Model, for various flat productivities.
- d) Yes.
- e) Confirmed for the Form 3800 (July, 1999 version).
- f) The "tagging" on Form 3800 (July, 1999 version) allows the Certified Mail detector on most BCSs to identify a letter with the property applied label and sort it to a specific bin if so designated by the sort plan.
- g) Confirmed in most situations. However, some carriers may bring USPS Form 3812 along with them on the route in the event they find a Certified Mail piece that had not been accounted for in the office prior to them leaving for the

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street. This form allows them to account for and deliver a Certified Mail piece if it had not already been accounted for.

- h) Certifieds are either pulled out manually by a clerk or a carrier, or pulled out on a BCS if a Certified Mail detector is on, the July version of the Form 3800 is properly applied, and a dedicated bin is designated in the sort plan.
- i) For the equipment to "trap" Certified Mail, please see response to DFC/USPS-T10-8. The percent of mail processed through these machines and the effectiveness of the process are not tracked. OCRs and FSMs currently do not have the capability to automatically trap Certified Mail.
- j) Please see response to DFC/USPS-T10-8.
- k) Please see response to DFC/USPS-T10-8.
- l) See the responses to subparts (a) - (k) above.

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DBP/USPS-6.

[a] Confirm that under the present rates, PO to Addressee Express Mail would have the following rates:

<u>Weight</u>	<u>Flat-rate Envelope</u>	<u>Other type of enclosure</u>
Under eight ounces	\$15.75	\$11.75
Eight to 32 ounces	\$15.75	\$15.75
Over two pounds	\$15.75	\$18.50 or more

[b] Confirm that under these rates, a mailer will have to pay \$4 more for mailing an article under 8 ounces in a flat-rate envelope rather than in a non-flat-rate envelope.

[c] Confirm that under the proposed rates, that difference would be \$3.75 for mailing an article under 8 ounces in a flat-rate envelope rather than in a non-flat-rate envelope.

[d] Explain and discuss any subparts you are not able to confirm.

RESPONSE:

a) Confirmed.

b) Confirmed.

c) Confirmed.

d) N/A.

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DBP/USPS-T40-9.

- a. Confirm that many facilities with Post Office Boxes are located in government-owned buildings.
- b. Confirm that the Englewood, NJ 07631 post office is located in a government owned building.
- c. What percentage of postal facilities with Post Office Box Service are located in government owned buildings?
- d. Please provide, in detail, the procedure that will be utilized to determine the equivalent rental fee for space located in government owned buildings.
- e. Please provide the calculations with specific numbers that will be used to determine the Fee Group for Englewood, NJ 07631.
- f. Explain and discuss any subparts you are not able to confirm.

RESPONSE:

Post office boxes are located in buildings owned by the Postal Service, other government agencies (GSA, Department of Defense, etc.), and the private sector. Except for those privately owned, all are "government-owned."

Consideration of their ownership status, however, was immaterial to the development of new post office box fee groups; accordingly, percentage breakdowns by ownership type was not collected for use in the analysis. The new fee groups proposed by the Postal Service are based upon imputation of a rental value for all facilities that contain post office boxes; this is true both of government owned and privately owned facilities.

This interrogatory seems to query how rental values are determined for owned facilities, since there would be no lease. Unlike the limited fee group changes for 29 facilities that occurred on January 10, 1999 (see the response to DPB/USPS-7) which required the existence of lease data, the wholesale restructuring of fee groups in this docket depends simply upon a calculation of market based rental value for all postal facilities that provide post office box

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service. This is accomplished by witness Yezer, USPS-T-31, who starts with a data set that includes all Postal Service facilities. USPS-T-31 at 9. He then considers a variety of variables, which he groups into eight general categories (*id.* at 4-7), to impute market based rental values for each facility with post office boxes, including owned offices like the main office in Englewood. He does this for leased facilities as well, thereby accounting for the age of the lease, the type of facility, etc. Witness Kaneer, USPS-T-40, then uses witness Yezer's results as a distribution key for the Postal Service's book space provision costs; this distribution is then used with other factors to develop the proposed groups.

Witness Yezer's data set does include a lease for an Englewood, New Jersey facility; it is for a parcel post annex and not the main office. However, details of his calculations are not being made publicly available for the reasons specified in the Motion of United States Postal Service for Waiver and for Protective Conditions for Analysis of Witness Yezer, filed on January 12, 2000 together with the Postal Service Request and related materials. Further information was provided in the Response of United States Postal Service to Presiding Officers Ruling No. R2000-1/3 (February 24, 2000).

On March 10, 2000 Presiding Officer's Ruling R2000-1/11 determined the protective conditions applicable to witness Yezer's material. It will soon be available. See Notice of United States Postal Service Regarding Provision of Witness Yezer's and Witness Kaneer's Materials under Protective Conditions (March 14, 2000).

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Witness Yezer's results are based on separate rental equations estimated statistically for different geographic regions. His work can be conceptualized as developing a standard rental value for each of several geographic areas. Using these estimated rental equations, specific facility rental values are then imputed by adding to or subtracting from the standard value to account for each of various facility attributes. Thus, the presence of parking, location in an office park, the size of the facility, the age of the lease, and the host of other variables he relies upon inform facility specific results.

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DBP/USPS-11.

[a] Confirm that a number of post offices throughout the country are in the format of a Postal Retail Store.

RESPONSE:

[a] Confirmed.

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DBP/USPS-14. [a] In those post offices that have City Delivery service, is it required to deliver mail six days a week [Monday through Saturday except legal holidays] at the following types of addresses: [1] City Delivery Route [2] Post Office Box [3] General Delivery [4] Rural Route [5] Highway Contract Route? Provide a regulatory reference which permits any negative responses.

[b] Provide a similar response for post offices that do not have City Delivery service [Except, no response is needed for City Delivery routes]. Provide a regulatory reference which permits any negative responses.

[c] If exceptions may be made to the level of service, advise the level of management required for approval.

RESPONSE:

(a-c) Generally, six days a week delivery is provided for all categories.

1) City Delivery Routes - There are seasonal city delivery routes and situations where business customers may be closed on Saturdays and have requested no delivery for that day. It is conceivable that in high density business districts, there may be five-day service, based on these customers' service requirements. Delivery frequencies are subject to Area Manager approval (POM 621.3).

2) PO Boxes - Delivery is generally provided when the post office is open and the post office box area is accessible to customers. The District Manger can delegate authority for the level of service. Postmasters may have some limited authority as well.

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3) General Delivery - Generally available when the post office lobby is open. The District Manager can delegate authority for the level of service. Postmasters may have some limited authority as well.

4) Rural routes - Again, there are seasonal rural routes (POM 651.3) and instances of less than six days a week delivery (POM 651.4). District Manger can delegate authority for the level of service. Postmasters may have some limited authority as well.

5) Highway Contract Route - There are instances of less than six days a week delivery. The Distribution Networks Manager can make these approvals (POM 662.2).

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DBP/USPS-16.

[a] Please explain how a retail window clerk will determine whether an Express Mail article will be overnight or second day.

[b] If a customer is waiting in line prior to the facility's cut-off time but does not have the article processed until shortly after the cut-off time [due to waiting on line or clerks diversion or other reason beyond their control] does the retail terminal automatically default the guaranteed time of delivery.

RESPONSE:

a) The clerk will look up the service standard for Express Mail between the origin and destination.

b) Yes, the retail terminal does automatically default. However, the clerk has the option of resetting the clock.

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.

David H. Rubin
David H. Rubin

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March 17, 2000