

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 WITNESS MAYO
TO INTERROGATORIES OF DAVID B. POPKIN,
REDIRECTED FROM THE POSTAL SERVICE
(DBP/USPS-17, 24(D), 26(A-B, F), 27(A-O, S-U), AND 40)

The United States Postal Service hereby provides the responses of witness Mayo to the following interrogatories of David B. Popkin: DBP/USPS-17, 24(d), 26(a-b, f), 27(a-o, s-u), and 40, filed on March 10, 2000, and redirected from the Postal Service.


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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March 24, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO
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DBP/USPS-17 With respect to Delivery Confirmation service, [a] Confirm that both the date and the time of delivery is provided to the mailer. [b] Confirm that some mailers will be interested in both the date and time of delivery. [c] Confirm that some mailers will be interested in just know that the article was delivered. [d] Confirm that the Postal Service updates the database only one time per day. [e] What time[s] is the update made? [f] Is updating made on all delivery days? [g] Confirm that other delivery services update their delivery records more often and perhaps even continuously? [h] Confirm that, in general, mailers would find a greater value in having records updated more often than once a day. [i] Is a scan made of the article at the time of mailing under all circumstances, including but not limited to, mailing over a retail counter, mailing at a post office platform, depositing in a collection box, and through a city delivery/rural/HCR carrier? If not, explain when articles are scanned on mailing. [j] Confirm, that the service is primarily for the benefit of the sender of the article as opposed to the recipient. [k] For an article that is delivered by a city delivery carrier along his route, advise at what point in the process will the article be scanned. [l] If it will be scanned at the time of actual delivery, advise the percentage of city delivery carriers who carry scanning devices with them. [m] Same as [k] except for a rural or HCR delivery carrier. [n] Same as [l] except for a rural or HCR delivery carrier. [o] Confirm that there are instances where a carrier will take a Delivery Confirmation article with all intentions of delivering it but for whatever reason will not make delivery. [p] Confirm that the value to mailer may be less if the article is scanned prior to actual delivery both in not knowing that the article was really delivered and not knowing the time of delivery. [q] With respect to articles delivered to Post Office Boxes, advise at what point in the delivery process the article will be scanned. [r] Is it required before scanning to either place the article or the mail arrival notice in the Post Office Box? If not, explain why not [neglect the short time of a minute or so that it may take to scan the article and then physically place it in the box]. [s] If the article is placed into the box, must the box section be accessible to the boxholder at the time of scanning? If not, explain why not. [t] If the mail arrival notice is placed into the box, either because of size or requirement of interacting with the recipient for signature, postage due, etc., must the retail window be accessible to the boxholder at the time of scanning? If not, explain why not. [u] Confirm that Delivery Confirmation really should be called "Placed in the condition that the article is available for the addressee to obtain the mail" Service while Signature Confirmation and Return Receipt Services indicate actual delivery to and receipt by the addressee. In other words, the mailer will have no idea that the mail has been received only that it has been placed into the addressee's post office box or mail box. [v] Explain and discuss any items that you are unable to confirm.

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DBP/USPS-17 (CONTINUED)

RESPONSE:

- a. Confirmed.
- b. Confirmed.
- c. Confirmed.
- d. Not confirmed. I am informed the database is updated each time a scanner is returned to the transmission cradle and the communication window is open.
- e. Updates to the database are made continuously throughout the day as information is uploaded from the hand-held scanner to the database.
- f. Yes.
- g. Confirmed.
- h. In general, mailers would probably find a greater value in having records updated more frequently than once a day.
- i. No. When the Delivery Confirmation mailpiece is received over a retail counter, a scan is made at the time of mailing. See response to DFC/USPS-T30-11(d).
- j. Not confirmed. Delivery Confirmation service provides a value to both the sender and the recipient. The service could benefit the recipient by calling his or her attention to an important piece of mail, or helping him or her verify date and time of delivery.

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DBP/USPS-17 (CONTINUED)

RESPONSE:

- k. A city delivery carrier scans the Delivery Confirmation mailpiece at the time of delivery or attempted delivery.
- l. All city delivery carriers carry scanning devices with them.
- m. A rural or HCR delivery carrier scans the Delivery Confirmation mailpiece at the time of delivery or attempted delivery.
- n. Virtually all rural or HCR delivery carriers carry scanning devices with them.
- o. Confirmed. For example, if the mailpiece does not fit in the mail receptacle and no one is available to receive it, the item will be scanned as an attempted delivery.
- p. Not confirmed. If the sender is interested only in whether or not the package was delivered, the knowledge of delivery alone provides the value. The database will contain information relating to the delivery status and the time that the item was scanned as delivered.
- q-r. The Delivery Confirmation mailpiece will be scanned immediately before delivery to the post office box. However, if the mailpiece will not fit in the post office box, it will be scanned as an attempted delivery. When the customer picks up the mailpiece at the window it will be scanned as delivered. See my response to DFC/USPS-T39-14(a&b).

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DBP/USPS-17 (CONTINUED)

RESPONSE:

- s. The post office box section does not have to be accessible to the customer when a Delivery Confirmation mailpiece is delivered to a post office box. In those situations where customers do not have 24-hour a day access to a box section, delivery of a Delivery Confirmation mailpiece could occur before the post office box section is open.
- t. The retail window does not have to be accessible to the customer when a mail arrival notice is placed in a post office box and an attempted delivery scan is made.
- u. Not confirmed. The name of the service reflects the function of the service. Delivery commonly means made available to the addressee, rather than placed in the addressee's hands.
- v. See responses above.

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DBP/USPS-24 With respect to Shipping on Line, [a] Please confirm that customers whose credit card is billed to a Post Office Box address may not utilize the service. Please explain the reason for this requirement. [b] Please confirm the following notice appears in the shipping process, "Note: Insurance is provided by a non-USPS carrier". [c] Please confirm that the name of the insurance carrier is U-Pic. [d] Please advise the rates charged for this insurance and variations that exist between this service and that which is provided by the Postal Service. [e] Explain and discuss any items that you are unable to confirm.

RESPONSE:

a-c, e. Objection filed.

d. I do not know specifically about the insurance services associated with Shipping on Line.

Insurance services offered by companies other than the Postal Service generally are priced much lower than the Postal Service's insurance. See PRC Op., MC96-3, at 116.

Additionally, other insurance services are available over the Internet, unlike Postal Service insurance.

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DBP/USPS-26 With respect to the rates that are being proposed for printed stamped envelopes, [a] Confirm that customers are required to purchase their envelopes by shipment from a central location. [b] Confirm that the price shown in this Docket is for the cost of the envelopes only. [c] What is the shipping charge for purchasing various quantities of printed stamped envelopes? [d] Confirm that a purchaser of printed stamped envelopes must pay for shipping and handling of the order and that the actual price paid for the envelopes is greater than that which has been proposed [by the amount of the shipping and handling charge]. [e] Why isn't the shipping and handling charge included in the price so that it will be an approved total price and will be known to the customer? [f] Explain and discuss any items that you are unable to confirm.

RESPONSE:

- a. Confirmed.
- b. The stamped envelope fees listed in my testimony on page 154, both current and proposed, are for the envelopes only, and do not include shipping to the customer or the postage shown on the envelope.
- c. Objection filed.
- d. Objection filed.
- e. Objection filed.
- f. See responses above.

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DBP/USPS-27 With respect to Signature Confirmation service, [a] Confirm that when a recipient of accountable mail now signs for mail, it is possible to compare the number on the delivery receipt with the number on the article and once assured that they are the same can sign the delivery receipt knowing that the signature cannot be "transferred" to indicate that another article was received. [b] Explain the "security" features that will be in place to ensure that the signature that is captured electronically will be associated with the proper piece of mail. [c] Will the recipient be able to observe this procedure in order to ensure that they have signed for the proper piece of mail. [d] If the recipient receives two or more pieces of accountable mail at the same time, will it be necessary for them to sign for each individual article or can one signature be transferred electronically to cover multiple articles? [e] Same as [b] and [c] above if one signature may be transferred to two or more articles. [f] Is Signature Confirmation service available as a stand alone service or must it be purchased in conjunction with another service [if so, specify the services to which it will be available]? [g] Will the recipient be able to sign for both the Postal Service's delivery receipt [assuming another service such as Insured mail is utilized] and the Signature Confirmation service with only a single signature? [h] Will recipients who presently utilize a rubber stamp or other automated methods of completing return receipts be able to do so with this service or will it be restricted to manual hand signatures only? [i] Why was this service restricted to Priority Mail and Package Services only? [j] Are there any other classes of single piece mail, other than First-Class Mail, that will not be able to utilize this service? [k] Why was the service not proposed for use with First-Class Mail? [l] If that was an operational decision, please explain why the service would not work with First-Class Mail and yet work with Priority Mail or Package Services. [m] If it was cost related, provide details on the loss of revenue that would have resulted by the availability of this service with First-Class Mail. [n] Does the Postal Service believe that mailers of First-Class Mail may find this service to be of value to them? [o] Has any survey been completed to indicate the desire for this service? If not, why not? If so, please provide a copy. [s] Will Signature Confirmation provide all of the features of Delivery Confirmation? If not, please explain. [t] How will the time of actual delivery be recorded for access by the mailer? [u] Explain and discuss any items that you are unable to confirm.

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DBP/USPS-27 (CONTINUED)

RESPONSE:

- a. Confirmed that when a recipient of accountable mail signs for an item, the recipient can be assured that the signature cannot be transferred to indicate that another article was received.
- b. When delivering a Signature Confirmation mailpiece, the delivering employee will scan the mailpiece barcode identification and then scan the signed delivery receipt barcode identification. Through optical scanning, the delivery receipt will be linked with the associated signature. Therefore, in the database the signature will be linked to the correct mailpiece.
- c. Yes.
- d. One signature can be transferred electronically to cover multiple articles.
- e. See my responses to (b) and (c) above. The delivery employee will scan the article number of all of the mailpieces requiring a signature, then scan the signed delivery receipt barcode identification. The database will link each mailpiece barcode with the delivery receipt barcode. Through optical scanning, each delivery receipt will be linked with the associated signature. Therefore, in the database the signature will be linked to each correct mailpiece.

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DBP/USPS-27 (CONTINUED)

RESPONSE:

- f. See page 145 of my testimony where I discuss the current prerequisite for Signature Confirmation and a proposal to eliminate this prerequisite.
- g. Yes.
- h. It is my understanding that rubber stamps and other automated signature methods will be eligible for use with Signature Confirmation service.
- i. This service is not available for First-Class Mail (other than Priority Mail) for the same reason as Delivery Confirmation. See my response to DFC/USPS-T39-35 (a). For both Delivery Confirmation and Signature Confirmation the Postal Service wishes to limit the number and shape of articles so that it can ensure a high quality of service. Also, see PRC Op., R97-1, at 583-587, and witness Plunkett's Docket No. R97-1 response to DFC/USPS-T40-22 (c-f) attached.
- j. No.
- k. See my response to (i) above.
- l. See my response to (i) above.
- m. See witness Plunkett's response to DFC/USPS-T40-22(c-f), attached to part (i) which suggests that Delivery Confirmation for First-Class Mail letters might be more costly.

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DBP/USPS-27 (CONTINUED)

RESPONSE:

- n. I assume you are referring to First-Class Mail other than Priority Mail. The Postal Service designed both Delivery Confirmation and Signature Confirmation as a valuable service for Priority Mail and Standard Mail (B) customers. I have no information on whether or not First-Class Mail customers would view Signature Confirmation as a valuable service.
- o. No. See my response to (i) above.
- s. See my response to DFC/USPS-T39-29 (b).
- t. The time of actual delivery will be recorded in the scanner when the mailpiece barcode is scanned, and then transferred to a centralized database.
- u. See responses above.

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DFC/USPS-T40-22.

a. Please confirm that, under the Postal Service's proposal in Docket No. R97-1, a customer who sends a piece of mail via Priority Mail will have the option of purchasing manual delivery confirmation for \$0.35 as well as a return receipt for the proposed return-receipt fee of \$1.45. If you do not confirm, please explain.

b. Suppose a mailer desires only a return receipt showing to whom the mail piece was delivered, the date of delivery, and the address of delivery (if the address is different from the address on the mail piece). This mailer also desires only whatever proof of mailing that the delivery-confirmation service may or may not provide. Please confirm that a mailer who desires only the information described in this question will be able to obtain that information for \$1.80 if he sends his mail via Priority Mail (using delivery confirmation and return receipt) but will be required to pay \$3.00 to obtain this information if he sends his letter via First-Class Mail (since he will need to purchase certified mail and return receipt). Please explain your answer. (Note that this mailer places no value on the proof of mailing that certified mail provides.)

c. If you confirm in part (b), please explain why a customer who uses First-Class Mail should be required to pay \$1.20 more than if he used Priority Mail, just to obtain the same information.

d. Please explain why a customer who uses Priority Mail should have the option to forgo the services of certified mail and directly obtain delivery confirmation and a return receipt, while a customer who uses First-Class Mail must pay for the more-expensive certified mail even if he does not want to purchase certified mail.

e. Please explain why the proposed delivery-confirmation service should not be offered for customers who wish to use First-Class Mail and return receipt.

f. Please explain why a service that is identical in function to return receipt for merchandise should not be available for non-merchandise that is sent via First-Class Mail.

g. Please explain why the Postal Service would support or oppose a proposal to offer a new service called "Return Receipt Service" that would provide the same services as return receipt for merchandise and would be available for all First-Class Mail. In your answer, consider that this service might or might not be offered in conjunction with delivery-confirmation service.

h. Please explain why the services described in parts (e), (f), and (g), if they were available, would not provide a valuable service to customers.

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DFC/USPS-T40-22 Response:

- a. Confirmed.
- b. Confirmed, with the understanding that the \$1.80 provides the information in electronic form rather than the hard copy return receipt card provided for \$3.00, and assuming the Postal Service's proposals are recommended by the Commission and implemented by the Postal Service. I would also point out that in most cases the customer would pay an additional \$2.87 in postage given the rates proposed in R97-1.
- c-f. Delivery confirmation was developed in response to interest from Priority and Standard (B) customers. While this does not rule out later availability of delivery confirmation for letter mailers, there are a number of operational issues that need to be resolved before this could happen. For example, letters are sorted primarily through automated equipment, many into delivery point sequence. Moreover, some of these letters are bundled for direct delivery, for instance to large volume customers. Absent a method for capturing delivery confirmation pieces, there is some likelihood that carriers would fail to notice delivery confirmation letters. As parcels generally are distributed through mechanized means and are handled individually by the carriers, this is not an issue for parcels.

Another issue relates to acceptance. Single piece First-Class letters are accepted primarily through collection boxes, so window service costs are minimal. However, if delivery confirmation were available with First-Class

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- Mail, each such piece would result in an additional window service transaction. As parcels are accepted predominantly through window transactions, the incremental window cost of providing delivery confirmation is limited to the additional time required to process the delivery confirmation transaction, as shown in witness Treworgy's testimony (USPS-T-22, Appendix B). While the cost impact of these operational issues have not been studied, they suggest that the cost of providing delivery confirmation for First-Class Mail would be higher than the cost of providing the service with parcels. Moreover, while return receipt service with delivery confirmation service provides the same information as return receipt service with other special services, some customers might value the hard copy return receipt provided in the latter case more than the electronic version provided with delivery confirmation service, and may be willing to pay an additional \$1.20.
- g. I am not aware that a proposal such as this has been considered. Support or opposition would depend on numerous factors such as expected cost, customer demand, and the impact on other products and services, none of which has been studied. In addition, the operational issues discussed in response to parts c-f need to be addressed. Also, see witness Treworgy's response to OCA/USPS-T22-8.
- h. Presumably these services would be of value to some consumers. What is not known is how much customers would be willing to pay for these services, or what it would cost to provide them. For example, the operational issues discussed in response to parts c-f need to be addressed.

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DBP/USPS-40 [a] Are there plans to replace Return Receipt service by Signature Confirmation service or some other form of electronic scanning method or are plans to retain its current format of manual completion and processing? [b] Will it be possible for a customer utilizing Signature Confirmation service to request that they be furnished with the delivery data at the time of mailing the article or must they wait until it has actually been delivered?

RESPONSE:

- a. There are no current plans to replace return receipt (green card) service with Signature Confirmation service or any form of electronic scanning. The option of obtaining a traditional return receipt will continue into the foreseeable future. The new signature capture and electronic record management system provides an opportunity to improve existing services and create new options for customers to get signatures and delivery information. For example, the new system will be used to improve the value of existing return receipt after mailing service (PS Form 3811A) by reducing the cost and increasing the speed and reliability of providing delivery information to customers. These improvements are reflected in the lower fee proposed for return receipts after mailing.
- b. The customer will have to wait until the mailpiece has actually been delivered.

DECLARATION

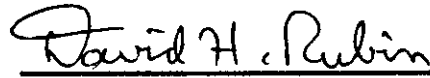
I, Susan W. Mayo, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Susan W Mayo

Dated: March 24, 2000

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

475 L'Enfant Plaza West, S.W.
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March 24, 2000