

OCA-T-8
Docket No. R2000-1

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

DIRECT TESTIMONY
OF
SHERYDA C. COLLINS
ON BEHALF OF
THE OFFICE OF THE CONSUMER ADVOCATE

MAY 22, 2000

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UNITED STATES OF AMERICA
Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Postal Rate and Fee Changes, 2000

)

Docket No. R2000-1

DIRECT TESTIMONY
OF
SHERYDA C. COLLINS

1 I. STATEMENT OF QUALIFICATIONS

2 My name is Sheryda C. Collins. I have been employed by the Postal Rate
3 Commission since January 1972. I was first assigned to the Office of the Special
4 Assistant, and later to the Office of the Technical Staff, Officer of the Commission
5 (Litigation Staff), and the Office of Technical Analysis and Planning. As a Rate Analyst
6 and a Rate and Classification Analyst on the Commission's advisory staff, I prepared
7 technical analyses and designed rates and classifications. My work product was
8 incorporated within the Commission's Decisions in Docket Nos. R74-1, R87-1, R90-1
9 and R94-1, and in numerous classification dockets.

10 As a Rate and Classification Analyst on the Litigation Staff, I assisted in
11 preparing testimony and exhibits on pricing and rate design in Docket Nos. R76-1 and
12 R77-1. I performed technical analyses in connection with Docket Nos. MC76-5 and
13 R78-1. I was a witness in Docket Nos. MC98-1, MC76-4 and MC79-2. In Docket No.
14 R80-1, as a major rate design witness, I proposed rates for First-Class Mail, Priority
15 Mail, Express Mail, fourth-class mail and special services. I also proposed a new rate

1 category for First-Class Mail. In Docket No. MC95-1, I testified about pricing and
2 relative cost coverage levels. In the Special Services Classification case, Docket No.
3 MC96-3, I testified about and made proposals regarding Certified Mail, Return Receipts,
4 Insured Mail and Express Mail Insurance, and Postal Cards. As an Office of the
5 Consumer Advocate (OCA) witness in Docket No. R97-1, my testimony supported a
6 different level of rates for Standard B Library Rate mail than those proposed by the
7 Postal Service.

8 I am a graduate of the University of Massachusetts and have taken credits
9 toward an MBA degree at George Washington University. I have taken courses in
10 economics, public utility regulation, statistics, accounting, data processing, and
11 programming.

12 II. PURPOSE OF TESTIMONY

13 The purpose of this testimony is to demonstrate why the fee for money orders
14 should not be increased but, in fact, should be decreased by five cents from the current
15 fees. The testimony also proposes that the Postal Service investigate providing online
16 electronic money orders. The testimony demonstrates a total lack of support for the
17 incremental fee for insured mail. Finally, I propose that the Postal Service provide
18 electronic delivery confirmation service (over the Internet), to individual mailers, at no
19 charge.

1 III. MONEY ORDERS

2 A. Money Order Fees Should Be Decreased Not Increased

3 In this docket, Postal Service witness Mayo proposes a 13 percent increase in
4 the domestic money order fee. The current fee is \$0.80; the proposed fee is \$0.90.
5 She also proposes to increase the inquiry fee to \$3.00 from \$2.75. The volume variable
6 cost coverage is 198 percent based on total money order revenue, which includes both
7 fee and non-fee revenue.¹ USPS-T-39 at 73. If the Postal Service's calculated
8 incremental costs are included with the volume variable costs, the cost coverage ratio is
9 142 percent. *Id.*

10 Historically, the Commission has sought to mitigate fee increases for money
11 orders since a large proportion of users of money orders are people with lower
12 incomes, who lack a bank account, and/or live in rural areas. Also, the Commission
13 has generally considered total money order revenue when setting fees and cost
14 coverages.² In Docket No. R90-1, the Commission recommended that money order
15 fees not be increased from the current 75 cent fee, stating:

16 Retention of the 75 cents fee is proposed because the Service has been
17 able to control costs and because substantial revenue is generated from
18 the investment of the float from money orders and unredeemed money
19 orders.

20 PRC Op. R90-1, ¶ 6570.

¹ Non-fee revenue consists of the float from money orders until they are redeemed, revenue from money orders not redeemed and the commission on international money orders.

² The Postal Service also has used this methodology.

1 The recommended cost coverage in that proceeding, including non-fee revenue, was
2 104.8 percent. Appendix G, Schedule 1.

3 In Docket No. R94-1, the Commission recommended a fee increase to 85 cents.
4 However, the recommended cost coverage, again including non-fee revenue, was only
5 111.3 percent. PRC Op. R94-1, Appendix G. In the last rate case, Docket No. R97-1,
6 the Commission actually recommended a decrease in the money order fee to 80 cents.
7 Even with this decrease, the recommended cost coverage was 147 percent. The
8 Commission explained this result by stating, "Due to a change in costing methodology,
9 cost attributed to money orders has declined substantially leading to a higher cost
10 coverage." PRC Op. R97-1, ¶ 6007. In that docket, the Commission calculated the
11 cost coverage for money orders in a slightly different manner than in the past. Money
12 order "float" was excluded from the calculation. However, other non-fee revenue was
13 included in the calculation.

14 In this docket, there is still no need for an increase in the fees for money orders.
15 Indeed, the fee should be reduced by at least five cents again. As noted above, in
16 Docket No. R97-1, the Commission recommended a five cent decrease in the money
17 order fee to \$0.80, stating that, "At the current [then \$0.85] fees, cost coverage for
18 money orders is 203 percent, which includes revenue earned by 'float.'" *Id.*³

19 The Postal Service's proposed volume variable cost coverage in this docket is
20 198 percent. This figure includes the float and other non-fee revenue also. It is very

³ The 203 percent cost coverage cited is calculated using total money order revenue, including non-fee revenue. See Exhibit USPS-30C.

1 close to the 203 percent cost coverage that the Commission found unacceptable in
2 Docket No. R97-1.

3 The Commission also stated in Docket No. R97-1 that "A low cost coverage is
4 appropriate for a service relied upon by consumers with modest incomes." *Id.* In this
5 docket, Witness Mayo seems to concur, at least in part. She testifies that money orders
6 can be purchased at any post office and from rural carriers and that "[p]ostal money
7 orders are popular in rural areas where other money orders are generally not readily
8 available." USPS-T-39 at 74.

9 However, in discussing the criteria in section 3622(b) of the Postal
10 Reorganization Act, she seems to use Criterion 5 (available alternatives) to justify
11 increasing the fees. Witness Mayo says that "[c]onsidering the fact that the domestic
12 money order fee was decreased as a result of Docket No. R97-1, and was last
13 increased in Docket No. R94-1, the effect of the proposed fees on money order
14 customers should be negligible (Criterion 4). There are many widely available
15 alternatives to postal money orders (Criterion 5)." USPS-T-39 at 78.

16 In discussing her awareness of competitors, witness Mayo states "[c]ompetitors
17 offer money orders for various fees, and it is my understanding that these fees are
18 based on the dollar value of the money order." Tr. 14/5599 (witness Mayo's response
19 to interrogatory OCA/USPS-T39-13). Also, in answer to interrogatory OCA/USPS-T39-
20 23 (Tr. 14/5610-11) she states:

21 [T]he fees for the alternatives to postal money orders vary widely, with
22 some priced higher and some priced lower than postal money orders. I
23 believe that the proposed fees will not hurt the Postal Service's ability to
24 attract Internet users to postal money orders. . . . The Postal Service

1 faces competition from many companies that charge lower fees and rates
2 than we do.

3 However, she is not aware of competitors who charge fees less than one-half of the
4 current fee, let alone the proposed fee. Tr. 14/5608-09 (witness Mayo's response to
5 interrogatories OCA/USPS-T39-21-22).

6 The upper denomination limit for postal money orders is \$700. Many
7 competitors' money orders have a \$500 limit. When queried whether a person could
8 purchase two of a competitor's money orders totaling \$700 for less than a postal money
9 order, Witness Mayo indicated that customers might not be willing to spend extra time
10 buying two money orders for one payment over \$500, even if it saved them quite a bit
11 of money. Tr. 14/5609 (witness Mayo's response to interrogatory OCA/USPS-T39-22).
12 She states that she has "found competitors charging prices of from \$0.50 to \$6.00 for
13 \$700 in money orders." Tr. 14/5608 (witness Mayo's response to interrogatory
14 OCA/USPS-T39-21). However, data she supplied in answer to interrogatory
15 OCA/USPS-T39-24 (Tr. 14/5613) shows that 96.5 percent of money orders sold in 1999
16 were in denominations \$500 and under. She also states that the average face value for
17 a domestic money order in 1999 was \$129.05. Thus, competitors who restrict their
18 money orders to \$500 are not at a competitive disadvantage.

19 In order to view the Postal Service's proposed money order fees with the
20 perspective of the fees charged by some of its competitors, the OCA conducted a
21 limited survey of retail money order outlets in the Washington, D.C. area. As witness
22 Mayo testified, there are some competitors with fees higher than those she proposes.

1 However, money orders are available at many outlets for much less than the fee
2 charged, or the fee proposed by the Postal Service.⁴ Some examples are shown below.

<u>Outlet</u>	<u>Denomination Available</u>	<u>Fee</u>
CVS Drugstore	\$0.01-\$500	39¢
Western Union	\$0.01-\$500	59¢
7-11	\$0.01-\$500	\$1.00
American Cash Express	\$0.01-\$200 \$200.01-\$500	49¢ 69¢
Paradise Liquor Store	\$0.01-\$500	29¢
13 th St. Variety	\$0.01-\$500	28¢
Penn Mar Liquors	\$0.01-\$500	59¢

3 USPS-LR-I-254 gives examples of the types of advertising that the Postal
4 Service is using to promote postal money order availability in general. The Postal
5 Service spent \$8.9 million for advertising money orders in FY 1998. Tr. 21/9245-46
6 (Postal Service response to interrogatory OCA/USPS-T39-10). The Postal Service vies
7 with formidable competitors, such as Travelers Express and Western Union. Tr.
8 14/5598 (witness Mayo's response to interrogatory OCA/USPS-T39-12). In light of the
9 competition, if the Postal Service wants to be a major competitor in the future for money
10 orders, it should be aware of the challenges the competitors pose.

11 In this docket, the Postal Service has proposed refinements in its approach to
12 incremental costing. The testimony of witness Kay, USPS-T-23, demonstrates that the

⁴ Exhibit OCA-T-8D consists of photocopies of three money orders purchased in the course of this research.

1 Postal Service's concept of incremental costs has a large effect on money order costs.

2 At page 17 of her testimony, she states:

3 This section will highlight the two special services that show a large
4 difference between volume variable and incremental cost—Certified and
5 Money Orders. Incremental cost for Certified mail is 18.9% higher than
6 volume variable cost, while incremental cost for Money Orders is 41.2%
7 *higher than volume variable cost.* (Emphasis added.)

8 For the purpose of this testimony, the assumption has been made that witness Kay's
9 costs are the attributable costs for money orders.

10 As discussed above, the Postal Service's proposed fees will yield a volume
11 variable cost coverage of 198%—a level of cost coverage the Commission found to be
12 unreasonable in the last docket. With incremental costs—the Postal Service's product-
13 specific costs added to the volume variable costs—the Postal Service's proposed
14 money order cost coverage is 142 percent. Witness Mayo's testimony contains a
15 footnote in which she discusses the level of cost coverage using only the fee revenue.
16 USPS-T-39 at 73. However, it is more reasonable to use total money order revenue for
17 determining cost coverage. If it is appropriate to use incremental costs in determining
18 the markup for money orders, it should also be appropriate to add incremental
19 revenues (*i.e.*, the non-fee revenues that would disappear if money orders ceased to be
20 a special service).

21 The Commission, in the past, has tried to mitigate increases in fees for money
22 orders to the extent possible while still covering costs. Clearly, the current fees
23 adequately cover costs. See Exhibit OCA-T-8A attached. Other than in Docket No.
24 R97-1, where even after recommending a reduced fee there still was a robust cost
25 coverage, the Commission has consistently recommended fees for money orders that

1 have much lower than average cost coverages, calculated on the basis of fee and of
2 non-fee revenue.

3 I believe that the Postal Service's proposed fee level and resulting cost coverage
4 is too high in relation to past cases. I recommend that the Commission again lower the
5 fee by five cents. The resulting cost coverage at a 75 cents fee level (total revenues
6 divided by volume variable and incremental costs) would be approximately 123 percent.
7 See Exhibit OCA T-8B attached. Additionally, money orders that are subsequently
8 mailed will help provide contribution to institutional costs through the application of First-
9 Class postage.

10 My proposed cost coverage, while still high by past Commission decisions,
11 comports with the pricing criteria of the Act much more closely than that proposed by
12 the Postal Service. The money order fees I propose adequately cover costs and
13 provide a contribution to the institutional costs of the Postal Service, thereby satisfying
14 Criterion 3. Lowering the fee should make this special service more attractive to
15 customers, especially low income customers. The fee is still higher than money orders
16 of many competitors, so a fee reduction would not adversely affect private sector
17 competitors (Criterion 4). As shown above, there are numerous alternatives available
18 at reasonable prices (Criterion 5). The proposed fees are simple and easy to
19 understand (Criterion 7).

20 B. Military Money Orders

21 The Postal Service also offers a military money order. This service provides
22 money orders for military personnel at APOs and FPOs at nominal fees. The history of

1 money orders shows that this service was instituted to benefit soldiers in the Civil War
2 by allowing them to send their families money without the risk of mailing cash. USPS-
3 T-39 at 74. They continue to serve this function today. Witness Mayo proposes to
4 increase this fee by 17%, from 30 cents to 35 cents.

5 Under no circumstances should this fee be increased in this docket. Rather, a
6 reduction of the current 30-cent fee to 25 cents is warranted. APO/FPO money order
7 sales are made by military personnel. Money orders redeemed at APO/FPOs are
8 handled by military personnel. OCA/USPS-T-39-16. Therefore, the retail transaction
9 costs associated with these money orders are borne by the military, not the Postal
10 Service.

11 Men and women in service to their country should pay the lowest possible fee for
12 money orders. This is especially important because access to normal banking may be
13 limited and other options unavailable when military personnel are serving at duty
14 stations outside of the United States.

15 C. Electronic Money Orders

16 The Postal Service should consider offering a new service that would be
17 valuable to consumers and small businesses—electronic money orders. The Postal
18 Service is well placed to become a major player in the new market for money orders
19 driven by Internet sales activities. As witness Mayo notes at page 78 of her testimony,
20 Internet activity is a source of potential increased demand for money orders. Total
21 sales over the Internet are increasing rapidly. The Postal Service should aggressively
22 seek these new customers.

1 An electronic money order could be offered in a number of different ways. One
2 possibility is for the Postal Service to partner with Internet firms to provide a special link
3 to a Postal Service Money Order site. An example of such a link to the Postal Service
4 from eBay is attached. See Exhibit OCA-T-8C. Another option could be to go to a post
5 office, pay for the money order, give the clerk the recipient's email address and have
6 the Postal Service transmit the money order via the Internet. People who use money
7 orders frequently could establish advance deposit accounts so that money orders could
8 be purchased and sent electronically without use of credit cards.

9 The availability of secure websites, secure transmission of data, and two
10 dimensional barcodes should make an electronic money order quite feasible. Indeed,
11 technology today permits mailers and consumers to purchase and print postage from
12 the Web with a standard color inkjet printer—secure, traceable, and unique to the
13 envelope it is printed upon. One vendor of such technology has noted the potential to
14 extend the technology to money orders:

15 In addition to postage, the indicia technology can be applied to a variety of
16 value-bearing documents, including *money orders*, passports, tax
17 documents, bill payment validation and tickets. (Emphasis added.)⁵

18 In fact, a method of payment such as this might be preferable to merchants, auction
19 and other sellers, as well as buyers. Merchants and sellers would have ready and
20 convenient access to cash from any post office or bank. Some type of key or coding
21 could be devised so that a physical money order might not be needed to redeem the

⁵ Escher Group In the News, December 16, 1999. <http://www.eschergroup.com/press/Dec1699.HTML>

1 cash. Also, buyers could ensure that credit card numbers and other personal
2 information were not subject to theft by unscrupulous people on the Internet.

3 Trade press reports indicate that the Postal Service is investigating the potential
4 for extending money orders to ATM, the Internet, and non-postal locations. I encourage
5 the Postal Service to pursue ways of making money orders more flexible and more
6 readily available to the public.

7 IV. INSURED MAIL

8 The Postal Service proposes to increase the current \$0.95 incremental (per
9 \$100) fee for insurance to \$1.00. No credible justification has been provided for this
10 proposed increase.

11 As a result of Docket No. MC96-3, Special Services, the indemnity limit for
12 insurance was increased from \$600 to \$5,000. This was amply supported by market
13 surveys and participants' testimony. However, the application of the per \$100
14 incremental fee was not:

15 The \$.90 incremental fee for each \$100 value level was chosen because it
16 merely extends the current incremental insured mail fee of \$.90 per \$100
17 in value recommended by the Commission in Docket No. R94-1. No
18 indemnity analyses were performed to arrive at this fee. No other fees
19 were considered. . . .

20 Docket No. MC96-3, Tr. 4/1107 (witness Needham's response to interrogatory
21 OCA/USPS-T8-30).

22 The principal interest of the participants (including the OCA) was that the Postal
23 Service be required to collect data to support future adjustments in the incremental fee.
24 PRC Op. MC96-3 at 119. The Commission agreed that the lack of support for the

1 incremental fee was a concern but that the \$.90 fee would be appropriate for purposes
2 of the MC96-3 decision. The Commission recommended that the Postal Service
3 attempt to accurately determine all cost changes that were related to the change in
4 indemnity limits. PRC Op. MC96-3 at 122.

5 In Docket No. R97-1, in order to moderate the impact on consumers, the
6 Commission recommended a 10 percent increase for insurance instead of the 17
7 percent increase proposed by the Postal Service. The Commission stated:

8 With registry receiving a 25 percent increase, the smaller increase for
9 insurance reduces the discrepancy between insurance and registry fees
10 when items are insured for more than \$1000. At these higher values,
11 insurance costs more than registry even though registered mail receives a
12 higher level of service.

13 PRC Op. R97-1 at 573.

14 Thus, the Commission was cognizant of the problem of high insurance fees for higher-
15 value items, due to the extension of the per \$100 incremental fee, and attempted to
16 mitigate it.

17 The Postal Service provided no cost justification in Docket No. MC96-3; neither
18 was there cost justification in Docket No. R97-1; and there is no cost justification in
19 Docket No. R2000-1. When asked for the justification, witness Mayo's interrogatory
20 OCA/USPS-T39-18(a) was redirected to witness Davis. The question was specific.
21 The answer was not.

22 QUESTION:

23 Has the Postal Service studied the costs as they relate to the incremental
24 fee as instructed by the Commission? If so, provide the studies and
25 describe how the studies were utilized in this case. If not, explain in detail
26 why not.

1 RESPONSE:

2 a. While I am not aware of cost studies regarding the processing of
3 claims, the Postal Service has collected data on insurance indemnity
4 costs by value increment. The analysis from FY 1998 was provided by
5 witness Mayo in response to OCA/USPS-T39-5. I understand that
6 witness Mayo used this analysis to aid in the setting of insurance fees.

7 Evidently the real answer is "no" and the Postal Service will not explain why. In answer
8 to part (b) of the same interrogatory (which asked witness Mayo to explain exactly what
9 the cost basis is absent any studies on the issue), witness Mayo explains why the
10 indemnity cost analysis (which witness Davis refers to in answer to part (a)) cannot be
11 used "as the sole basis for the proposed incremental fee." She never explains how it is
12 used even on a partial basis.⁶

13 Witness Davis replied to OCA/USPS-T39-4 (redirected from witness Mayo). He
14 said that one explanation for the large increase in costs for insurance might "be that the
15 decentralization of claims processing has resulted in higher volume variable costs for
16 insurance." When queried again about how decentralization causes higher costs,
17 witness Davis responded that "I do not have specific information on the cost impact of
18 decentralization of claims processing and am not aware that such information exists."
19 OCA/USPS-T30-5 (b). Also, the cost of processing claims should be more similar than
20 dissimilar for items of different value. Keeping the fee the same per \$100 as the value
21 climbs over \$1000 does not seem reasonable. Perhaps the increments over \$1000
22 should be for every \$250 or \$500 of insurance.

⁶ The per transaction indemnity cost analysis does vary considerably across value increments. However, the average indemnity per transaction across the total of all value increments is 42 cents.

1 In answer to OCA/USPS-T39-18(c), witness Mayo states that she does not “have
2 costs for each incremental value level. . .” and proceeds to emphasize the low overall
3 cost coverage for insurance compared to the systemwide average. None of these
4 discussions provides the Commission with a proper basis to set insurance fees. I
5 recommend that there be no increase in the per \$100 increment fee, and that there be
6 a modification of the interval to \$250 or \$500 for insured value over \$100, with a
7 corresponding adjustment in the per increment fee.

8 V. DELIVERY CONFIRMATION

9 Delivery confirmation is a new special service that was proposed by the Postal
10 Service and recommended by the Commission in Docket No. R97-1. It provides the
11 sender with confirmation of delivery of Priority Mail and Standard Mail (B)
12 pieces/parcels.

13 Individual customers may purchase delivery confirmation at a post office window.
14 Delivery is confirmed by telephone or on the Internet. Bulk mailers, who meet certain
15 requirements, upload information about the mailing, including delivery confirmation
16 numbers, but may only receive delivery information electronically over the Internet.
17 Bulk mailers of Priority Mail receive electronic delivery confirmation at no additional
18 charge. Individual Priority Mail users pay a 35 cent fee. Individual and bulk mailers of
19 Standard Mail (B) mail pay larger fees. Priority Mail fees are lower because certain
20 costs related to delivery scanning are included in the Priority Mail rate.

21 In Docket No. R97-1, the OCA argued on brief that individual mailers should also
22 be able to use delivery confirmation service at no additional charge if they only use the

1 Internet to access delivery information. This was not recommended to the Governors,
2 in part because the service was new. Data needed to be gathered about the service
3 and its use. Also, use of the Internet was believed not to be widespread among
4 members of the general public.

5 Internet use, including sales in e-commerce, has exploded since the
6 Commission's Decision in Docket No. R97-1. Delivery confirmation service apparently
7 has been successful and is well-regarded by the public. The Postal Service has
8 entered into partnerships with a number of Internet companies that are providing the
9 public with various packaging, mailing and rate comparison services. Among these are
10 approximately 20 participants in a beta test of a web-based application
11 program interface (API). This API allows individuals and small volume
12 shippers with Internet access to generate a Delivery Confirmation
13 barcoded label for Priority Mail and Standard Mail (B) shipments, and
14 qualify for electronic Delivery Confirmation service.⁷

15
16 A number of these Internet companies are offering electronic delivery
17 confirmation service through their web sites to individual shippers at no charge. One of
18 these is SmartShip.com. By logging on to the Smartship Internet site, individuals may
19 form an address book, compare shipping prices and services, choose a service and
20 download a label. Delivery confirmation from the U.S. Postal Service is one of these
21 service options.

22 An example of a label downloaded and printed is attached to this testimony as
23 Exhibits OCA-T-8E. This consists of a shipping label that contains a delivery
24 confirmation barcode and number and a shipment receipt. The label provides a clear

⁷ Response of witness Mayo to Hearing Question 3 of the OCA at Tr. 14/5707, filed May 5, 2000.

1 and barcoded address as well as necessary information for the Postal Service to scan
2 and capture confirmation of delivery. It is superior to a handwritten address.

3 Once an individual has mailed a Priority Mail letter or package, the individual can
4 obtain confirmation of delivery, together with any intervening scan in transit, by visiting
5 the Postal Service's website or the website from which the label was downloaded.

6 Electronic delivery confirmation service has matured sufficiently to be effectively
7 provided over the Internet. The OCA recommends that the Postal Service join its
8 Internet partners in offering electronic delivery confirmation service for Priority Mail to
9 individuals on the Postal Service website at no charge.

10 VI. CONCLUSION

11 I conclude my testimony by summarizing the set of proposals I make.

- 12 • The current money order fee of 80 cents should be decreased to 75 cents,
13 which makes this service more affordable for the low-income and rural
14 customers who depend upon it.
- 15 • Likewise, military money order fees should be reduced by 5 cents, from 30
16 cents to 25 cents. Sales of military money orders are effected by military
17 personnel, thereby saving the Postal Service the retail costs normally
18 associated with this service.
- 19 • I propose that the Postal Service initiate an electronic money order service
20 that will dovetail with the explosive increase in sales of goods over the
21 Internet. Electronic money orders can provide a convenient, secure means of
22 payment by individuals and businesses.
- 23 • Owing to the Postal Service's failure to provide documentary and analytical
24 evidence justifying even the current 95-cents per \$100 incremental insurance
25 fee, I urge the Commission not to increase this fee as proposed by witness
26 Mayo.
- 27 • My final proposal is that the Commission recommend that the no-charge
28 status for provision of electronic delivery confirmation service to bulk Priority
29 Mail users be extended to individuals.
- 30
- 31
- 32
- 33

**CURRENT FEES
MONEY ORDERS
TEST YEAR 2001**

VALUE	TRANSACTIONS (000s)			FEES (\$)		REVENUES (000)
	FY 1998	TEST YEAR BEFORE RATES		CURRENT	BEFORE RATES VOLUME CURRENT FEE (Col. 2 x Col. 3) (4)	
APO-FPO	(1)	(2)		(3)		
\$ 0 - 700	860	969		\$0.30	\$291	
DOMESTIC						
\$ 0 - 700	205,353	231,338		\$0.80	\$185,071	
INTERNATIONAL						
\$ 0 - 700	2,383	2,685		\$3.00	\$8,055	
TOTAL (APO, DOM, INT)	208,597	234,992			\$193,417	
INQUIRY FEE	780	878		\$2.75	\$2,415	
MO COMM REDEEM INTERNATIONAL FOR ISSUE					\$618	
MONEY ORDER FLOAT					\$56,893	
OUTSTANDING MONEY ORDERS TAKEN INTO REVENUE					\$35,123	
GRAND TOTAL					\$288,465	
SOURCE: USPS-T-39, WP-16, LR-I-168						
		193,417 + 618			\$194,034	
		193,417 + 618 + 35,123			\$229,157	
Vol. Var. cost TYBR USPS-T23 p.22, l.45 = 15		193,417 / 159,605	Cost Coverage		121.2	
		194,034 / 159,605	Cost Coverage		121.6	
		229,157 / 159,605	Cost Coverage		143.6	
		288,465 / 159,605	Cost Coverage		180.7	
Vol. Var. cost TYBR USPS-T23 p.22, l.45 = 15		288,465 / 224,831	Cost Coverage		128.3	

**OCA PROPOSED
MONEY ORDERS
TEST YEAR 2001**

OCA-T-8B

VALUE	TRANSACTIONS (000s)		FEES (\$)		REVENUES (000)		PERCENT CHANGE 1/ (Col. 4 - Col. 3) / Col.
	FY 1998	TEST YEAR BEFORE RATES	CURRENT	PROPOSED	BEFORE RATES	BEFORE RATES	
					VOLUME CURRENT FEE	VOLUME PROPOSED FEE	
	(1)	(2)	(3)	(4)	Col. 2 x Col. 3	Col. 2 x Col. 4	(7)
APO-FPO	(1)	(2)	(3)	(4)	(5)	(6)	(7)
\$ 0 - 700	860	969	\$0.30	\$0.25	\$291	\$242	-16.7%
DOMESTIC							
\$ 0 - 700	205,353	231,338	\$0.80	\$0.75	\$185,071	\$173,504	-6.3%
INTERNATIONAL							
\$ 0 - 700	2,383	2,685	\$3.00	\$3.00	\$8,055	\$8,055	0.0%
TOTAL (APO, DOM, INT)	208,597	234,992			\$193,417	\$181,801	
INQUIRY FEE	780	878	\$2.75	\$2.75	\$2,415	\$2,415	0.0%
MO COMM REDEEM INTERNATIONAL FOR ISSUE					\$618	\$618	
MONEY ORDER FLOAT					\$56,893	\$56,893	
OUTSTANDING MONEY ORDERS TAKEN INTO REVENUE					\$35,123	\$35,123	
GRAND TOTAL					\$288,465	\$276,849	
SOURCE: USPS-T-39, WP-16, LR-I-168.							
			181,801 + 618			\$182,419	
			181,801 + 618 + 35,123			\$217,541	
Vol. Var. cost TYBR USPS-T23 p.22, l. 45 = 159,605			181,801 / 159,605		Cost Coverage	113.9	
			182,419 / 159,605		Cost Coverage	114.3	
			217,541 / 159,605		Cost Coverage	136.3	
			276,849 / 159,605		Cost Coverage	173.5	
Incremental cost TYBR USPS-T23, p. 22, l. 45 = 224,831			276,849 / 224,831		Cost Coverage	123.1	

EXHIBIT OCA-8C

EXHIBIT OCA-8C, page 1 of 2



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Shipping

USPS Postage

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Shipping Estimates

iShip.com — Do your prospective buyers constantly inquire what the shipping charges will be if they buy your item? If you want to save time and give your prospective buyers a FREE shipping estimate, give this new service a try!

Looking for Packaging and Shipping Help?

If you've sold your item on eBay and need to pack, ship and trace your item, considering using one of the following services and get fast, reliable service!

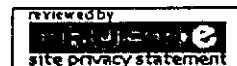
United States Postal Service — Visit the eBay/USPS page!

Mail Boxes Etc. — Take advantage of special MBE discounts for eBay users!

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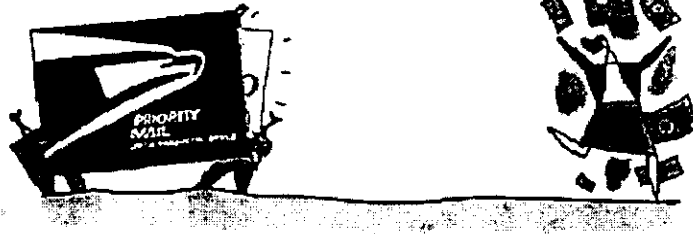
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*Savings based on rates for Priority Mail™ starting at \$3.20 for up to 2 lbs. vs. 2-lb. published rates for FedEx2Day® from \$7.50 to \$11.00 and UPS 2nd Day Air® from \$7.50 to \$11.50. Priority Mail™ average delivery of 2-3 days. ©1999 United States Postal Service®

EXHIBIT OCA-8D

THE BACK OF THIS DOCUMENT CONTAINS AN ARTIFICIAL WATER MARK. HOLD AT AN ANGLE TO VIEW

MONEY ORDER

CheckChangers (ISSUING AGENT) *ONLY* 02-203740420 82-4071021

AGENT NO 05180 DATE 050500
 TIME 1:00
 02203 404205 LOCATION 000000 18 ****

PAY EXACTLY ONE DOLLAR AND NO CENTS *****

PAY EXACTLY NOT GOOD OVER \$500

PAY TO THE ORDER OF *\$*

PURCHASER'S ADDRESS

101023

AUTHORIZED REPRESENTATIVE

[Signature]

Issued by Integrated Payment Systems Inc. / Payable at Norwest Bank Grand Junction • Downtown, N.A. Grand Junction, Colorado

1:102100400: 40020374042051*

LOAD THIS DIRECTION, THIS SIDE UP →

MONEY ORDER RECEIPT - NON NEGOTIABLE

NONNEGOTIABLE INTERNATIONAL RATES

DIAL 10-10-340911+ THE NUMBER TO CALL!

AGT 255180 DT 050500 41.00 **DOLLAR AND NO CENTS

Payable by purchaser's copy. It must be included with all refund requests. Be sure to read important information below and on back.
PURCHASER'S AGREEMENT: You the purchaser agree that Integrated Payment Systems Inc. will not be liable for any loss of or damage to the money order if you do not (1) report the loss of the money order to the issuing agent immediately, (2) report the loss of the money order at the time of purchase, and (3) you report the loss of the money order to Integrated Payment Systems Inc. in writing immediately after the time of purchase.
 Issued by Integrated Payment Systems Inc., Englewood, Colorado

* 0 2 2 0 3 7 4 0 4 2 0 *



LOAD THIS DIRECTION, THIS SIDE UP →

NOTICE Do not cash this Money Order for any person from whom you are not able to recover your payment. Should this item bear any unauthorized signature, be stolen, improperly completed, or altered, issuer will either stop payment hereon or charge back against any endorsement.

WARNING - DO NOT CASH CHECK WITHOUT NOTING SECURITY MARK ON BACK. HOLD AT ANGLE TO LIGHT TO VERIFY MARK. THE CHECK NUMBER SHOULD APPEAR RED FROM THIS SIDE.

ENDORSE ABOVE THIS LINE

SERVICE CHARGE

If this Money Order is not used or cashed (presented for payment) within three (3) years of the purchase date, there will be a non-refundable service charge where permitted by law. The service charge will be deducted from the amount shown on the Money Order. The service charge is twenty-five (25) cents per month from the date of purchase, but not more than twenty-one (21) dollars.

Integrated Payment Systems Inc. Money Order, Tracking/Refund Request

Instructions:

- This request is to be completed by the purchaser only. A stop payment is placed on the original Money Order when refund is made to purchaser.
- The original of the Purchaser's Copy must accompany each request. If the original of the Purchaser's Copy is not enclosed, your request will be delayed.
- Enclose an \$8.00 non-refundable processing fee for each photocopy or refund request.
- A photocopy will not be processed until the \$8.00 is received. **NOTICE:** At its discretion Integrated Payment Systems Inc. may deduct this fee from your refund if it is not received within 30 days of processing.
- Please allow 30 days for processing. All requests for refunds and photocopies must be in writing.

PURCHASER SIGN HERE (IN INK): _____ **DATE:** _____

BEFORE MAILING, BE SURE THAT THIS FORM HAS BEEN SIGNED IN INK.

Purchaser's Name First		Last (Please Print)		MONEY ORDER AMOUNT		DATE PURCHASED	
Mailing Address (Please Print)				Money Order was purchased at (Name & address)			
City				Reason for Request:			
State				SEND REQUEST TO:			
Zip Code				Integrated Payment Systems Inc.			
				PO Box 7030			
				Englewood, CO 80155-7030			
				Money Order was Payable to:			

PLEASE SEE TERMS ON REVERSE SIDE

610 (299) 500/500

DATE/AMOUNT	
7306049130	05/09/00
103 NN	\$1.00
27249133491334	07

KEEP THIS STUB FOR YOUR RECORDS

73060491306

EMPLOYEE

DETACH HERE

M 94453-G

REMOVE THIS STUB BEFORE CASHING

75-53 519		05/09/00	7306049130 MONEY ORDER	73060491306
CVS pharmacy For the location nearest you 1-800-Shop CVS		ONE DOLLAR ***** 00 CENTS *****	27249133491334 1324507130103130	73060491306
PAY TO THE ORDER OF		NOT GOOD OVER	TRAVELERS EXPRESS CO., INC.	ISSUER/DRAWER
PURCHASER SIGNER FOR DRAWER <small>PURCHASER BY SIGNING YOU AGREE TO THE TERMS ON REVERSE SIDE</small>		<small>MONEY ORDER ADDRESS / GIFT CERTIFICATE: RECIPIENT</small>	730 60491306	90
<small>Payable thru nearest Bank Min. \$5. N.A. Funds only.</small>		<small>1-800-Shop CVS</small>	730 60491306	90

LIMITED RECOURSE

This instrument, whether a Money Order or a Gift Certificate, is governed by the following terms, which apply to the Purchaser and all others who later take an interest in it. This item will not be paid if it has been forged, altered or stolen, and recourse is only against your presenter. Purchaser agrees to immediately complete this instrument by signing and filling in the blanks on the front side. If this is a Gift Certificate, the named Payee agrees to exchange it for merchandise only.

LOAD THIS DIRECTION ↑



LOAD THIS DIRECTION ↑

Payee's Endorsement

CUSTOMER SERVICE

Gift Certificates: Merchant on the
PAY TO THE ORDER
line

Money Orders: Travelers Express Co., Inc.
P.O. Box 9476
Minneapolis, MN 55480
1-800-542-3590

DO NOT CASH UNLESS THE MACHINE
PRINTED DOLLARS LOOK LIKE THIS ↓



EXAMPLE ONLY. YOUR DOLLAR
AMOUNT MAY DIFFER.

LOAD THIS DIRECTION ↑



SERVICE CHARGE:

If this is a Money Order and it is not used or cashed within three (3) years of the purchase date, there will be a non-refundable service charge where permitted by law. The service charge will be deducted from the amount of payment shown on the Money Order. The service charge is twenty-five (25) cents per month from the date of purchase, but not more than twenty-one (21) dollars.

OTHER RESTRICTIONS ON USE:

The business or person selling this instrument cannot use it to pay personal or business obligations.

LOAD THIS DIRECTION ↑

CUSTOMER SERVICE

Gift Certificates: Merchant on the
PAY TO THE ORDER
line

Money Orders: Travelers Express Co., Inc.
P.O. Box 9476
Minneapolis, MN 55480
1-800-542-3590

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IF THIS MONEY ORDER IS CASHED FOR A REFUND

IF THIS MONEY ORDER IS CASHED FOR A REFUND

IF THIS MONEY ORDER IS CASHED FOR A REFUND... THE PURCHASER, EACH ENDORSER AND THEIR SUCCESSORS AGREE... SERVICE CHARGE TO THE EXTENT PERMITTED BY LAW... NOT WITHSTANDING THE FOREGOING FOR ALL MONEY ORDERS GOVERNED BY MARYLAND LAW...

FOR INFORMATION CONTACT
GLOBAL EXPRESS MONEY ORDERS, INC.
P.O. BOX 8608
SILVER SPRING, MARYLAND 20907

LIMITED RECOURSE

THIS IS NOT A TRAVELERS CHEQUE OR PRESIGNED DRAFT AND SHOULD NOT BE CASHED FOR STRANGERS. GLOBAL EXPRESS MONEY ORDERS, INC. RESERVES THE RIGHT TO REFUSE PAYMENT OR CHARGE BACK THIS MONEY ORDER IF THE ORIGINAL PURCHASER'S SIGNATURE IS OMITTED OR FORGED OR IF THE MONEY ORDER IS RAISED, ALTERED, STOLEN, INVALIDLY ISSUED OR FRAUDULENTLY NEGOTIATED THEREFORE, YOU SHOULD DEAL ONLY WITH PERSONS KNOWN TO YOU AND AGAINST WHOM YOU HAVE EFFECTIVE RECOURSE.

PAYEE'S ENDORSEMENT

PURCHASER'S AGREEMENT

YOU, THE PURCHASER, AGREE TO IMMEDIATELY COMPLETE THIS MONEY ORDER BY FILLING IN THE FRONT OF THE MONEY ORDER, SIGNING AND ADDRESSING IT, THE TERMS OF THIS MONEY ORDER BIND YOU, YOUR HEIRS OR OTHERS WHO RECEIVE THIS MONEY ORDER FROM YOU.

RESTRICTIONS ON USE:

THE BUSINESS OR PERSON SELLING THIS MONEY ORDER CANNOT USE IT TO PAY PERSONAL OR BUSINESS OBLIGATIONS.

SERVICE CHARGE

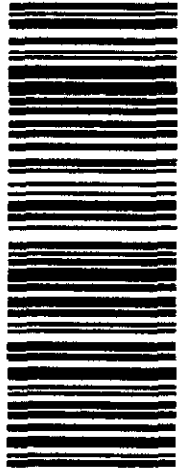
THE PURCHASER, EACH ENDORSER AND THEIR SUCCESSORS AGREE THAT IF THIS MONEY ORDER IS NOT USED OR CASHED (PRESENTED FOR PAYMENT) WITHIN ONE (1) YEAR OF ITS PURCHASE DATE, THERE SHALL BE A NON-REFUNDABLE SERVICE CHARGE TO THE EXTENT PERMITTED BY LAW. THE SERVICE CHARGE IS TWO DOLLARS AND FIFTY CENTS (\$2.50) PER MONTH FROM THE DATE OF PURCHASE OR SUCH LESSER AMOUNT AS MAY BE PERMITTED BY APPLICABLE LAW. NOT WITHSTANDING THE FOREGOING, FOR ALL MONEY ORDERS GOVERNED BY MARYLAND LAW, UPON THE EXPIRATION OF ONE (1) YEAR FROM ITS DATE OF PURCHASE, THE SERVICE CHARGES SHALL BE \$5.00 (FOR MONEY ORDERS WITH A FACE AMOUNT OF LESS THAN \$50.00) OR \$10.00 (FOR MONEY ORDERS WITH A FACE AMOUNT OF \$50.00 OR MORE) PER ANNUM, CHARGED RETROACTIVELY AND UNTIL ESCHEATED UPON PRESENTMENT AFTER 1 YEAR (AS PERMITTED BY LAW), THIS MONEY ORDER WILL BE STOPPED TO ASSESS THE CHARGE.

EXHIBIT OCA-8E

EXHIBIT OCA-8E

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PRIORITY MAIL	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Affix \$3.20 Postage here</div>
SHERYDA COLLINS 5603 SUTHERLAND CT. BURKE VA 22015	
TO : SHERYDA C. COLLINS POSTAL RATE COMMISSION 1333 H ST. N.W. STE 300 WASHINGTON DC 20268	
USPS DELIVERY CONFIRMATION	
	
0180 5213 9070 2134 0189	
<small>Authorized for Delivery Confirmation Electronic option. Electronic file transmitted via USPS shipping online.</small>	
<small>SmartShip.com</small>	

Fold and Cut here

Instructions:

- 1) Print this airbill by pressing your browser's "Print" button.
- 2) Fold airbill in half or cut along above line.
- 3) Securely affix airbill to package with tape or other adhesive.
- 4) Affix the indicated postage in the space provided.
- 5) Drop off the package at any USPS drop box or Post office.
- 6) Press the "Continue" button on the bottom of this page.

Thank you for using SmartShip.com!

DO NOT PHOTOCOPY

Continue