

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

UNITED STATES POSTAL SERVICE  
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO  
OFFICE OF THE CONSUMER ADVOCATE WITNESS GERARDEN  
(USPS/OCA-T1-1-12)

Pursuant to rules 25 and 26 of the Rules of Practice and Procedure, the United States Postal Service directs the following interrogatories and requests for production of documents to OCA witness Gerarden: USPS/OCA-T1-1-12.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



Michael T. Tidwell

**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.



Michael T. Tidwell

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June 8, 2000

**USPS/OCA-T1-1.**

- (a) Has the OCA conducted any market research, studies or surveys to determine the number of unused basic rate First-Class Mail postage stamps a typical postal customer has on-hand when the Postal Service implements a change in the basic First-Class Mail rate? If so, please provide all documents related to such research, studies and surveys.
- (b) Has the OCA conducted any market research, studies or surveys to determine whether the number of unused basic rate First-Class Mail postage stamps a typical postal customer has on-hand when the Postal Service implements a change in the basic First-Class Mail rate varies depending on the time of year the rate change occurs? If so, please provide all documents related to such research, studies and surveys.

**USPS/OCA-T1-2.**

In your testimony at page 7, lines 14-16, you assert that “[p]ost offices experience long lines and frustrated customers as consumers purchase stamps in the new denomination and make-up stamps to go with their existing supplies of stamps.”

- (a) Please estimate or indicate the duration of time (in days) during which this phenomenon occurs. Provide copies of all documentation which supports that estimate or indication.
- (b) Please estimate or indicate the percentage of customers in these lines who are there solely to purchase make-up stamps. Provide copies of all documentation which supports that estimate or indication.
- (c) Please estimate or indicate the percentage of customers in these lines who are there primarily to purchase make-up stamps. Provide copies of all documentation which supports that estimate or indication.
- (d) Please estimate or indicate the percentage of customers in these lines who are there solely to purchase new (higher rate) basic First-Class Mail stamps. Provide copies of all documentation which supports that estimate or indication.
- (e) Please estimate or indicate the percentage of customers in these lines who are there primarily to purchase new (higher rate) basic First-Class Mail stamps. Provide copies of all documentation which supports that estimate or indication.
- (f) Please estimate or indicate the percentage of customers in these lines

who are there solely to conduct postal transactions in the ordinary course of business, irrespective of a pending or recent rate change. Provide copies of all documentation which supports that estimate or indication.

- (g) Please estimate or indicate the percentage of customers in these lines who are there primarily to conduct postal transactions in the ordinary course of business, irrespective of a pending or recent rate change, but who seize the opportunity to either purchase new (higher-rate) basic postage stamps or make-up stamps. Provide copies of all documentation which supports that estimate or indication.

#### USPS/OCA-T1-3.

Please refer to your testimony at page 9, lines 21-23, where you state that savings from a reduction in the number of window transactions would tend to offset the costs of your free make-up stamp proposal.

- (a) On page 17, lines 8-9, of your testimony, you state that the Postal Service will avoid \$17.9 million in retail transaction costs with the free make-up stamp proposal. Is this \$17.9 million the savings you refer to at page 9, lines 21-23, of your testimony? If not, please explain.
- (b) The \$17.9 million in savings is premised on avoiding the "need for just 30% of the 130,000,000 households and businesses to conduct an additional window transaction." Explain the basis for this estimate and provide all documentation and supporting information.

#### USPS/OCA-T1-4.

At page 7, lines 6-17, you testify that "[r]egardless of the efforts made by the Postal Service, many consumers are inconvenienced" during implementation of new postage rates.

- (a) Has the OCA conducted any market research or surveys which quantify or otherwise measure the nature and magnitude of inconvenience to which you refer? In particular, does any such research or survey indicate how much of the inconvenience is associated with transactions involving new (higher rate) basic First-Class Mail stamps as distinct from those involving the purchase of make-up stamps? Please provide all documents related to such research and surveys.
- (b) Do you agree that different individuals have different levels of tolerance for the same inconvenience, irrespective of a generally-accepted measure of that inconvenience as either "great" or "small"?

- (c) Is it possible that, short of distributing free make-up stamps, the Postal Service could implement measures (considered reasonable by the OCA) to improve the general mailing public's transition to a higher basic First-Class Mail rate and still be faced with (fewer than before, but still) "many" complaints by customers (uninterested in free make-up stamps) who considered that they still experienced too much inconvenience related to the transition?

USPS/OCA-T1-5.

To what degree is your free make-up stamp proposal driven by the fact that the basic First-Class Mail rate increase sought by the Postal Service is only one cent? In a case where a three-cent or nickel increase were proposed, would your make-up stamp proposal be the same? If not, how might it change?

USPS/OCA-T1-6.

In implementing your free make-up stamp proposal, what measures should the Postal Service take to ensure that the stamps are used for their intended purpose, to supplement 33-cent basic rate stamps whose denomination was superseded upon implementation of a 34-cent rate?

USPS/OCA-T1-7.

At page 8, lines 3-4, you propose that ten free make-ups stamps be distributed "to every delivery address."

- (a) Please confirm that this includes every business address.
- (b) Please confirm that this includes every post office box.
- (c) Please confirm that this includes every Federal, state and local government address.
- (d) Please confirm that this includes every prison or other correctional facility.
- (e) Please confirm that this includes every university or college.
- (f) Please confirm that this includes every charitable or nonprofit institution.

**USPS/OCA-T1-8.**

**Assume that your free make-up stamp proposal is implemented and the Postal Service has taken steps to reasonably assure itself that it has delivered the stamps to every address. Describe the procedures and policies which should be employed to resolve claims that make-up stamps were not delivered to a particular address.**

**USPS/OCA-T1-9.**

**In your testimony at page 8, lines 5-7, you assert that the inclusion of ten free make-up stamps would transform "ordinary public education efforts into meaningful outreach to consumers . . . ."**

- (a) Is it your testimony that a public education effort that did not include distribution of 10 free 1-cent postage stamps to every address would be a meaningless outreach to consumers?**
- (b) Is it your testimony that postal customers would not perceive as meaningful an improved rate implementation program that did not include distribution of ten free 1-cent postage stamps to every address?**

**USPS/OCA-T1-10.**

**Please review the list of eight objectives that you, at the top of page 9 of your testimony, assert that the Postal Service can achieve by delivering an informational mail piece and free make-up stamps to all delivery addresses.**

- (a) Please identify which ones can be achieved without the provision of free make-up stamps.**
- (b) Please identify which ones cannot be achieved without the provision of free make-up stamps.**

USPS/OCA-T1-11.

On page 6 of your testimony at lines 14-16 you state that, "Moreover, as proposed by the OCA, there would be a 'safety valve' that would permit the SPFC rate to be increased in two consecutive rate cases if a failure to do so would create a severe shortfall in the reserve account, or cause excessive shifting of First-Class Mail between single-piece and workshare categories."

- (a) Please define "severe shortfall" as used in this sentence.
- (b) Please define "excessive shifting" as used in this sentence.
- (c) Who would decide when circumstances justified using the "safety valve"?
- (d) On page 6 at lines 2-4 of your testimony, you state, "The Postal Service would continue to decide when to file rate cases and what rates to propose for each rate class and category." On page 6 at lines 1-2 of your testimony, you state, "It [reserve account proposal] is designed to safeguard the prerogatives of the Postal Service. . . ." Does this mean that, under your proposal, the Postal Service would decide when it is necessary to use the "safety valve"? Please explain.

USPS/OCA-T1-12.

In the initial implementation of the proposed reserve account, is the intention of the OCA to build up a surplus in the early years that would then be drawn down in the later years as the second rate case period ends?

- (a) If so, have you evaluated, either quantitatively or qualitatively, how consumers feel about the tradeoff between essentially overpaying postage for approximately two years in return for possible rate stability in later years? Please explain and provide any documentation and supporting information.
- (b) Do you see any conflict between this proposal and the statutory requirements under which the Postal Service operates, for example, that it breakeven and cover its costs?