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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

USPS-T-36

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

DIRECT TESTIMONY
OF
SUSAN W. MAYO
ON BEHALF OF
UNITED STATES POSTAL SERVICE

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AUTOBIOGRAPHICAL SKETCH

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My name is Susan W. Mayo. I am currently an economist in Pricing at Postal Service Headquarters. I began working for the Postal Service in 1981 as a letter carrier at the McLean, Virginia post office. From 1983 to 1986, I worked at the Research and Development Laboratories, the National Test Administration Center, and the Headquarters Personnel Division before joining the Pricing Office in 1986.

I provided substantial technical support for Dockets No. R87-1, R90-1, and R94-1. I provided two direct testimonies and one rebuttal testimony in Docket No. MC96-3, appearing as witness Susan W. Needham. I also provided both direct and rebuttal testimonies in both Dockets R97-1 (appearing as witness Susan W. Needham) and R2000-1. Additionally I testified in a Bulk Parcel Return Service complaint case, Docket No. C99-4. In this current Docket, I am also appearing separately as the Express Mail pricing witness. Thus, this is my tenth appearance before the Commission.

Since 1991, I have been the special services pricing expert and in 1996 became the project manager for special services pricing and classification issues. Earlier this year I also became the project manager for Express Mail pricing and classification issues.

1 Prior to joining the Postal Service, I was a financial analyst for SYSCON
2 Corporation of America. My responsibilities there included financial database
3 maintenance for a shipbuilding project, and development and preparation of
4 Department of Defense budgets.

5

6 I received a bachelor's degrees in business administration and economics
7 from Catawba College, Salisbury, North Carolina. I worked on a master's degree
8 in business administration at Marymount University, Arlington, Virginia.

9

1 I. PURPOSE AND SCOPE

2

3 The purpose of my testimony is fivefold. First, I present pricing proposals
4 for many of the Postal Service's special services. Second, my testimony outlines
5 proposals for enhancements to existing special services. Third, my testimony
6 introduces some proposed classification changes. Fourth, I propose a
7 fundamental changes to the Domestic Mail Classification Schedule (DMCS)
8 regarding a special services categorization issue that surfaced in Docket No.
9 R2000-1. Finally, I address the Postal Service's actions and plans relative to
10 issues raised in the Concurring Opinion of Docket No. R2000-1.

11

12 The scope of my testimony includes proposed pricing for the following
13 special services: Bulk Parcel Return Service (BPRS) accounting fee, Business
14 Reply Mail (BRM), certified mail, Delivery Confirmation, insurance, merchandise
15 return accounting fee, return receipts, Shipper-Paid Forwarding accounting fee,
16 Signature Confirmation, stamped cards, and stamped envelopes.

17

18 My testimony discusses enhancements of certified mail and return receipts.
19 These enhancements involve, but are not limited to, increased use of technology
20 to provide electronic access to delivery information.

21

22 My testimony includes proposed classification changes for the following
23 special services: BRM, certified mail, Delivery Confirmation, merchandise return,

1 return receipts, Shipper-Paid Forwarding, Signature Confirmation, stamped cards
2 and stamped envelopes. The proposed BRM classification changes clarify the
3 fee category name for the smallest volume BRM customers and the fee category
4 name for those higher volume BRM customers. The proposed certified mail
5 classification change is to make delivery information available for certified mail
6 users without the need to purchase return receipt service.

7

8 The proposed classification changes for Delivery Confirmation entail
9 extending the electronic and manual options to First-Class Mail parcels within the
10 Letters and Sealed Parcels subclass. Witness Kiefer (USPS-T-33) discusses the
11 inclusion of electronic Delivery Confirmation as part of the base price for Parcel
12 Select, so this change is not addressed by the classification and fee proposals in
13 my testimony. I also propose to limit Delivery Confirmation to parcel-shaped
14 pieces only in Package Services. For operational reasons, Delivery Confirmation
15 (along with Signature Confirmation, discussed below) is proposed to apply to
16 parcels only, except for the Priority Mail mailstream.

17

18 The proposed classification for merchandise return service is to remove
19 Standard Mail from the list of available mail classes. The first proposed
20 classification change for return receipts is to establish a new fee category for
21 electronic return receipts. I am also proposing to update the classification
22 language to clarify that return receipt service includes either an original or copy of
23 the recipient's signature.

1

2 The proposed classification changes for Signature Confirmation are similar
3 to those proposed for Delivery Confirmation. Specifically, the manual and
4 electronic options are proposed to be extended to First-Class Mail parcels within
5 the Letters and Sealed Parcels subclass, and Signature Confirmation for
6 Package Services is proposed to be limited to parcels only. The classification
7 change I am proposing for stamped cards is a simple change to the
8 requirements-of-customer section in the DMCS to make the words "Stamped
9 Cards" lower case. Finally, I am proposing a classification change to stamped
10 envelopes to eliminate the "special" classification which includes four fee
11 categories.

12

1 **II. GUIDE TO TESTIMONY AND SUPPORTING DOCUMENTATION**

2

3 In addition to my testimony, I provide supporting spreadsheets, in hard copy
4 and electronic format, in Library Reference J-109. I also prepared the special
5 services fee history in Library Reference J-93, and the special service portion of
6 the FY 2000 billing determinants in Library Reference J-98. Finally, I prepared
7 the special services revenue and volume history in Library Reference J-92.

1 **III. PRICING AND CLASSIFICATION CRITERIA**

2

3 Proposed fee changes presented in this testimony were designed using the
4 following pricing criteria from Section 3622(b) of Title 39, United States Code:

- 5 1. the establishment and maintenance of a fair and equitable schedule;
- 6 2. the value of the mail service actually provided each class or type of
7 mail service to both the sender and the recipient, including but not
8 limited to, the collection, mode of transportation, and priority of
9 delivery;
- 10 3. the requirement that each class of mail or type of mail service bear the
11 direct and indirect postal costs attributable to that class or type plus
12 that portion of all other costs of the Postal Service reasonably
13 assignable to such class or type;
- 14 4. the effect of rate increases upon the general public, business mail
15 users, and enterprises in the private sector of the economy engaged in
16 the delivery of mail matter other than letters;
- 17 5. the available alternative means of sending and receiving letters and
18 other mail matter at reasonable costs;
- 19 6. the degree of preparation of mail for delivery into the postal system
20 performed by the mailer and its effect upon reducing costs to the
21 Postal Service;
- 22 7. simplicity of structure for the entire schedule and simple, identifiable
23 relationships between the rates or fees charged the various classes of
24 mail for postal services;
- 25 8. the educational, cultural, scientific, and informational value to the
26 recipient of mail matter; and
- 27 9. such other factors as the Commission deems appropriate.
- 28
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1

2

Proposed classification changes presented in this testimony were

3

developed using the following classification criteria from Section 3623(c) of Title

4

39, United States Code:

5

6

1. the establishment and maintenance of a fair and equitable classification system for all mail;

7

8

9

2. the relative value to the people of the kinds of mail matter entered into the postal system and the desirability and justification for special classifications and services of mail;

10

11

12

13

3. the importance of providing classifications with extremely high degrees of reliability and speed of delivery;

14

15

16

4. the importance of providing classifications which do not require an extremely high degree of reliability and speed of delivery;

17

18

19

5. the desirability of special classifications from the point of view of both the user and the Postal Service; and

20

21

22

6. such factors as the Commission may deem appropriate.

23

1 IV. PROPOSALS

2

3 A. Bulk Parcel Return Service Accounting Service

4

5 1. Proposal

6

7 The Postal Service is proposing to increase the current Bulk Parcel
 8 Return Service (BPRS) accounting fee from \$375 to \$475, representing an
 9 increase of 27 percent. The proposed cost coverage for the accounting fee is
 10 122 percent. Table 1 below presents the current and proposed fees and the
 11 percentage change.

12

13

14

Table 1 – Bulk Parcel Return Service Accounting Service Fee

<u>Description</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Percentage Change From Current to Proposed Fee</u>
Accounting Fee	\$375.00	\$475.00	27%

15

16

17

18

2. Description

19

20

21

22

BPRS mailers pay a per-piece fee for each returned parcel. This per-
 piece fee is deducted from an advance deposit account. Maintaining this
 account can be called the advance deposit accounting service. Costs for the

1 maintenance of the trust fund account are covered by a separate annual fee
2 charged in addition to the per-piece fee.

3

4 3. Fee History

5

6 As a result of Docket No. R2000-1, an accounting fee for BPRS was
7 established. The fee history for the BPRS accounting fee is presented in Library
8 Reference J-93.

9

10 4. Fee Design

11

12 The proposed BPRS annual accounting fee was designed by marking up
13 the annual accounting fee cost of \$390.92¹ by 21 percent, resulting in a 122
14 percent cost coverage. A five-dollar rounding constraint was applied.

15

16 5. Pricing Criteria

17

18 BPRS provides a significant value of service to both BPRS mailers and
19 BPRS recipients (Criterion 2). BPRS allows recipients to mail back merchandise
20 packages, even packages the recipients have already opened, thus promoting a
21 good business relationship between the mailers and the recipients. Witness
22 Koroma discusses the merits of BPRS in his testimony (USPS-T-37), and those

¹ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

1 merits apply to the pricing criteria for the accounting service, which is an integral
2 part of the overall service.

3

4 The proposed fee covers the cost of the service and provides a modest
5 contribution to other costs (Criterion 3) as the result of the proposed 122 percent
6 cost coverage. This accounting service could easily justify a larger cost
7 coverage, based on the value of service alone. However, the effect of a higher
8 fee increase was considered (Criterion 4) and mitigated. Having a uniform
9 annual accounting service fee for BPRS, Business Reply Mail, Merchandise
10 Return Service and Shipper-Paid Forwarding promotes fee simplicity and an
11 identifiable relationship between the advance deposit features of these services
12 (Criterion 7). Based on the criteria already discussed, the proposed accounting
13 service fee is fair and equitable (Criterion 1).

1 **B. Business Reply Mail**

2
3 1. Proposal
4

5 I am proposing two classification changes and several fee changes for
6 BRM. With respect to the proposed classification changes, I am proposing to
7 clarify two fee category definitions in Fee Schedule 931. Currently, the highest
8 BRM per piece fee is labeled "Payment of postage due charges if active business
9 reply mail advance deposit account not used." However, as shown in witness
10 Miller's cost study², most customers in this category pay charges out of a postage
11 due account. To reflect this fact, I propose to change the label to "Payment of
12 postage due charges if annual deposit account fee not paid." This is a more
13 accurate description of how this fee applies, and is not intended to change the
14 current application of the fee. Conversely, the other proposed classification
15 change is to change the language defining the fee category where an advance
16 deposit account is used. Specifically, I am proposing to change the words
17 "Active business reply advance deposit account:" to "Payment of postage due
18 charges if annual accounting fee paid:"
19

20 The per piece fee for the QBRM category with the optional quarterly fee,
21 currently one cent, is proposed to decrease by 20 percent to \$0.008, resulting in
22 a 201 percent implicit cost coverage. The QBRM per piece fee for the category
23 without the optional quarterly fee, currently five cents, is proposed to increase 20
24 percent to six cents, producing a 148 percent implicit cost coverage. The QBRM

1 per piece categories would continue to qualify for the proposed QRBM postage
2 discount.³ The QRBM quarterly fee is proposed to remain at \$1,800, resulting in
3 a 228 percent implicit cost coverage.

4
5 The current BRM fee of 10 cents per piece for regular BRM with an
6 advance deposit account is proposed to remain at 10 cents, with a resulting 184
7 percent implicit cost coverage. The current per piece fee for non-advance
8 deposit account BRM of 35 cents is proposed to increase by 71 percent to 60
9 cents. This proposed increase produces a 104 percent implicit cost coverage.

10
11 The weight averaging nonletter-size BRM per piece fee of one cent is
12 proposed to remain at one cent. The implicit cost coverage is 166 percent. The
13 weight averaging nonletter-size BRM monthly fee of \$600 is proposed to
14 increase to \$750, resulting in a 25 percent increase and a 136 percent implicit
15 cost coverage.

16
17 The annual advance deposit accounting fee for BRM is proposed to
18 increase from \$375 to \$475, a 27 percent increase. The resulting implicit cost
19 coverage is 122 percent. The annual permit fee for BRM is proposed to increase
20 from \$125 to \$150, a 20 percent increase. The resulting implicit cost coverage is

² See USPS-T-22, page 40.

³ Since mail paying this fee will also receive a 2.5-cent discount (See USPS-T-29) off the First-Class Mail first ounce letter rate and basic postcard rate, the actual proposed increase in per piece postage and fees combined is 10 percent for letters and 12 percent for cards for QRBM with the quarterly fee. The actual proposed increase in per piece postage and fees combined is 12.5 percent for letters and 15 percent for cards for QRBM without the quarterly fee.

1 122 percent. This proposed fee for the annual permit reflects the proposed
2 permit fee discussed in witness Koroma's testimony (USPS-T-37).

3

4 The overall proposed cost coverage for BRM is 131 percent. The overall
5 proposed percentage increase for BRM is 24 percent. Table 2 presents the
6 current and proposed BRM fees.

Table 2 - Business Reply Mail (BRM) Fees1
2

<u>Description</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Percentage Change From Current to Proposed Fee</u>
Qualified BRM (without quarterly fee) per piece fee	\$ 0.05	\$ 0.06	20%
Qualified BRM (with quarterly fee):			
Quarterly fee	\$1,800.00	\$1,800.00	0%
Per piece fee	\$ 0.01	\$ 0.008	-20%
Regular BRM with an annual accounting fee (per piece)	\$ 0.10	\$ 0.10	0%
Regular BRM without an annual accounting fee (per piece)	\$ 0.35	\$ 0.60	71%
Weight Averaged Nonletter-Size BRM:			
Monthly fee	\$ 600.00	\$ 750.00	25%
Per piece fee	\$ 0.01	\$ 0.01	0%
Annual Accounting Fee	\$ 375.00	\$ 475.00	27%
Annual Permit Fee	\$ 125.00	\$ 150.00	20%

3

1 2. Description

2

3 Business Reply Mail (BRM) is a special service that allows recipients to
4 mail First-Class Mail and Priority Mail back to the companies originally initiating
5 the mail correspondence at no cost to the recipient. The BRM mailers (permit
6 holders) pay a per-piece fee plus applicable First-Class Mail or Priority Mail
7 postage only on the mail returned to them. BRM can come in the form of cards,
8 envelopes, self-mailers, cartons, and labels distributed by valid BRM permit
9 holders. BRM is not eligible to receive any other special services.

10

11 There are four types of BRM: Qualified BRM (QBRM), advance deposit
12 account BRM, non-advance deposit account BRM, and non-letter size weight
13 averaged BRM. Within QBRM, there are two types of mail: 1) QBRM that pays
14 a quarterly fee and suggests a high return volume, and 2) QBRM that does not
15 pay a quarterly fee and suggests a lower return volume. QBRM is First-Class
16 Mail that is letter-size, automated, and bears a unique ZIP+4 barcode. A per-
17 piece postage discount is given to QBRM⁴, regardless of whether or not it pays
18 the quarterly fee. A lower per-piece fee is paid for QBRM that pays a quarterly
19 fee.

20

21 BRM (with and without an advanced deposit account) pays the full
22 First-Class Mail or Priority Mail postage, plus the applicable BRM fee. Likewise,

⁴ See witness Robinson's testimony, USPS-T-29.

1 non-letter size weight averaged BRM pays the full applicable postage and per-
2 piece fee.

3

4 In addition to the applicable postage and BRM per-piece fees, BRM
5 mailers pay an annual permit fee, and those mailers paying all but the highest
6 per-piece fee also pay an annual accounting fee. An advance deposit account
7 affords mailers the opportunity to have the postage and fees automatically
8 deducted from their accounts as mailpieces are delivered, and consequently,
9 allows these mailers to take advantage of lower BRM fees.

10

11 3. Volume Trends

12

13 BRM volume has increased very modestly overall since Postal
14 Reorganization with many fluctuations along the way. The volumes have been
15 so sporadic, it is not possible to identify any trends or point to any obvious
16 reasons (such as the U.S. Census every 10 years) for these volume swings.
17 BRM volume decreased 3 percent over the past 10 years and 22 percent over
18 the past 5 years. From 1999 to 2000, BRM volume actually increased 5 percent.
19 A detailed volume history for BRM is presented in Library Reference J-92.

20

1 4. Revenue Trends

2

3 BRM revenue has had far fewer fluctuations than its corresponding
4 volume. Although, as with BRM volume, no trend can be easily determined for
5 BRM revenue, overall revenue has increased more steadily than volume since
6 Postal Reorganization. BRM revenue increased 5 percent over the past 10 years
7 and decreased 1 percent over the past 5 years. From 1999 to 2000, BRM
8 revenue increased 8 percent. A detailed revenue history for BRM is presented in
9 Library Reference J-92.

10

11 5. Fee History

12

13 Since BRM's introduction in August 1958, fees have changed ten times.
14 The original fee structure for BRM included a per piece fee for pieces weighing
15 two ounces or less and a per piece fee for pieces weighing over two ounces.

16

17 In 1976, the BRM fee structure was redesigned due to the introduction of
18 advance deposit, with the fee no longer based on the weight of the piece but
19 rather on whether or not the mailer had established a BRM trust fund. In 1976,
20 the annual accounting and permit fees were introduced to accommodate the
21 advance deposit accounts. In 1988, a pre-barcoded (BRMAS) per piece fee was
22 introduced for mailers using advance deposit; the regular advance deposit per
23 piece fee increased 14 percent; and the non-advance deposit per piece fee

1 increased 74 percent. Also in 1988, the accounting and permit fees were
2 combined to form one fee with an implicit fee increase of 24 percent. In 1991,
3 the regular advance deposit per piece fee increased 13 percent, the pre-
4 barcoded advance deposit per piece fee decreased 60 percent, and the
5 accounting and permit fees were split into two fees again with no fee increase. In
6 1995, the regular advance deposit per piece fee increased 11 percent, the non-
7 advance deposit per piece fee increased 10 percent, the accounting fee
8 increased 11 percent, and the permit fee increased 13 percent. In 1999, the per
9 piece fee for regular BRM with an advance deposit decreased 20 percent, the
10 per piece fee for regular BRM without an advance deposit decreased 32 percent,
11 a QBRM category with reduced postage was introduced, the per piece fee for
12 QBRM increased 150 percent compared to the old BRMAS fee, the non-letter
13 size per piece fee was made a permanent classification, the accounting fee
14 increased 46 percent, and the annual permit fee increased 18 percent. As a
15 result of R2000-1, in 2001 the QBRM per piece fee was replaced by two fees,
16 depending upon whether or not a quarterly fee was paid. The QBRM per piece
17 fee without the quarterly fee paid is 5 cents and the QBRM per piece fee with a
18 quarterly fee paid is one cent. The non-QBRM advanced deposit piece fee
19 increased 25 percent, as did the permit and accounting fees. The requirement
20 that a separate advance deposit account be used only for BRM was eliminated.
21 The non-advance deposit per piece fee increased 17 percent. Additionally, the
22 QBRM quarterly fee of \$1,800 per quarter was established. A detailed fee
23 history for BRM is presented in Library Reference J-93.

1

2

6. Fee Design

3

4

With four exceptions, the fees for BRM were designed with an eye towards producing cost coverages ranging from moderate to higher than the systemwide average. The QBRM high volume per piece fee was designed by marking up the per-piece cost of \$0.00399⁵ by 100 percent and resulting in \$0.008, using a one-tenth of a cent rounding constraint. This proposed fractional-cent fee represents a significant departure from the whole-cent rounding constraint for BRM fees in specific, and all other special services in general. However, administering a fractional-cent fee should be feasible, given the level of technical sophistication of both the high volume QBRM customers and the postal facilities involved. The QBRM low volume per piece proposed fee was designed by marking up the per piece cost of \$0.04047⁶ by 48 percent and applying a whole-cent rounding constraint to arrive at six cents, one cent higher than the current fee of five cents. The BRM advance deposit per piece fee cost of \$0.0543⁷ was marked up by 84 percent to arrive at the current fee of 10 cents. The nonletter-size per piece cost of \$0.00604⁸ was marked up by 65 percent to arrive at the current fee of one cent. The annual account maintenance cost of \$390.92⁹ was increased by 21 percent to arrive at a proposed annual fee of \$475, using a five-dollar rounding constraint. The proposed nonletter-size

21

⁵ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

⁶ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

⁷ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

⁸ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

1 monthly fee of \$750 was developed by marking up the cost of \$553.50¹⁰ by 35
2 percent and applying a ten-dollar rounding constraint. The quarterly fee cost of
3 \$790.43¹¹ was marked up by 128 percent to arrive at the current fee of \$1,800.
4 The nonadvance deposit per piece cost of 58 cents¹² was rounded up to the
5 proposed fee of 60 cents, using a nickel rounding constraint. No real markup
6 was applied in this instance, in order to mitigate the impact of the increase for
7 this fee suggested by the cost. Witness Koroma discusses the fee design for
8 permits, which also applies to the BRM annual permit, in his testimony, USPS-T-
9 37.

10

11 7. Pricing Criteria

12

13 All categories of BRM enjoy a very high value of service (Criterion 2).
14 Due to the very nature of the service, both BRM mailers and recipients are
15 beneficiaries of this high value. BRM mailers can disseminate an unlimited
16 amount of BRM, yet only pay for those pieces of mail returned to them. This
17 ensures that BRM mailers only receive mail from customers interested in their
18 products or services and allows these mailers to solicit a broad range of potential
19 customers. BRM demonstrates to the customer the BRM mailer's goodwill in
20 providing free postage for bill payments, order fulfillments, information about
21 products and services, and the like.

⁹ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

¹⁰ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

¹¹ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

¹² Cost from USPS-LR-J-109, USPS-T-36, WP-12.

1

2 The fees proposed for BRM in this testimony cover the implicit costs of
3 each category and result in an overall cost coverage of 131 percent (Criterion 3).
4 While this overall cost coverage is low for a high value service, the implicit cost
5 coverages reflect reasonableness with respect to the specific fee categories.

6

7 Only five of the nine fee categories for BRM have proposed fee
8 increases. Three of the fee categories are proposed to remain unchanged, and
9 one fee category is proposed to decrease, thus reflecting significant
10 consideration the effect of a fee increase on the users of the service (Criterion 4).
11 As described earlier, the highest proposed fee increase of 71 percent for the non-
12 advance deposit piece was mitigated to the greatest extent possible by setting
13 the fee at the closest nickel increment over the cost.

14

15 With the exception of the proposed QBRM with the quarterly fee per
16 piece category, the proposed fees for BRM in this testimony promote simplicity
17 (Criterion 7). As discussed earlier, the Postal Service's belief is that both the
18 customers and postal facilities can administer the complexity of a fractional-cent
19 fee in this instance. The proposed accounting and permit fees provide
20 identifiable relationships with those proposed accounting and permit fees for the
21 other applicable special services.

22

1 Available alternatives to BRM are plentiful (Criterion 5). When BRM is
2 used to remit bill payments, obvious alternatives would be First-Class Mail, on-
3 line Internet payments, payments by phone using credit cards and payments in
4 person. Alternatives to BRM used by customers soliciting information from a
5 company include toll-free phone numbers, the Internet, and envelopes provided
6 by companies with live postage pre-affixed or with no postage affixed.

7

8 The BRM fees that are not proposed to change maintain the fair and
9 equitable schedule already established (Criterion 1). Additionally, the BRM fees
10 that are proposed to change are also fair and equitable, based upon the criteria
11 discussed above.

12

13 8. Classification Criteria

14

15 I am proposing two classification changes to Fee Schedule 931 for BRM
16 to provide more accurate description of the non-advance deposit per piece fee
17 category and the advance deposit per piece category. The specific language
18 change in the first proposed classification change is from "Payment of postage
19 due charges if active business reply mail advance deposit account not used" to
20 "Payment of postage due charges if annual advance deposit account fee not
21 paid". The specific language change in the second proposed classification
22 change is from "Active business reply advance deposit account:" to "Payment of
23 postage due charges if annual accounting fee paid:". These proposed changes

1 are fair and equitable because they better describe how the fees are applied
2 (Criterion 1). BRM in general is a high value special service. Specifically, the
3 small volume users benefit from not paying an annual accounting fee, but instead
4 just paying the postage and per-piece fee (Criterion 2). On the other hand,
5 higher volume BRM customers benefit from paying the annual accounting fee to
6 take advantage of lower per-piece fees, and in the case of QBRM, a postage
7 discount and an even lower per-piece fee if the quarterly fee is paid.

8

1 **C. Certified Mail**

2
3 1. Proposal

4
5 I am proposing to increase the current certified mail fee by 9.5 percent,
6 from \$2.10 to \$2.30. The proposed increase results in a 147 percent cost
7 coverage. I am also proposing three classification changes to certified mail to
8 clarify DMCS language to allow delivery information to be made available without
9 the purchase of return receipt service. Table 3 below presents the current and
10 proposed certified mail fee.

11
12 **Table 3 - Certified Mail Fee**

<u>Description</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Percentage Change From Current to Proposed Fee</u>
Certified Mail	\$2.10	\$2.30	9.5%

13
14
15 2. Description

16
17 Certified mail is a special service available for use with First-Class Mail
18 and Priority Mail. Certified mail requires a signature upon delivery, and the
19 delivery record is kept on file. A mailing receipt is also provided with certified

1 mail. Return receipts and restricted delivery are the ancillary special services
2 that can be used in conjunction with certified mail.

3

4 Certified mail is an ideal vehicle for customers wishing to send mail with
5 where a record of mailing and delivery is needed. It is used frequently by law
6 firms, tax municipalities, police departments, banks, mortgage institutions and
7 real estate companies for important documents. For some types of
8 correspondence, it can be a legal requirement.

9

10 Return receipts are a very important ancillary service for certified mail.
11 The majority of current certified mail customers choose return receipt service as
12 an adjunct service, since return receipt service automatically provides delivery
13 information and the recipient's signature. In 2000, 84 percent of all certified mail
14 articles had return receipts attached to them.

15

16 3. Volume Trends

17

18 Certified mail volume has increased almost every year since Postal
19 Reorganization. Certified mail volume increased 41 percent over the past 10
20 years and 1 percent over the past 5 years. From 1999 to 2000, certified mail
21 volume increased 1 percent. A detailed volume history for certified mail is
22 presented in Library Reference J-92.

23

1 4. Revenue Trends

2

3 With the exception of four years, certified mail revenue has increased
4 every year since Postal Reorganization. Certified mail revenue increased 132
5 percent over the past 10 years, and 32 percent over the past 5 years. From
6 1999 to 2000, certified mail revenue increased 2 percent. A detailed revenue
7 history for certified mail is presented in Library Reference J-92.

8

9 5. Fee History

10

11 Since Postal Reorganization, the fee for certified mail has been
12 increased nine times: in 1976, 1978, 1988, 1991, 1995, 1997, 1999 and twice in
13 2001. The certified mail fee was decreased once in 1981. As a result of Docket
14 No. R2000-1, the certified mail fee increased 36 percent. As a result of the
15 subsequent modification, the certified mail fee increased an additional 10
16 percent. A detailed fee history for certified mail is presented in Library
17 Reference J-93.

18

19 6. Enhancement to Certified Mail

20

21 I am proposing a significant feature enhancement to certified mail.
22 Specifically, this enhancement is providing both Internet access and call center
23 access to delivery time and date for certified mail. This opportunity is possible by

1 using the electronically-captured delivery data now held by the Postal Service.
2 Access to delivery date and time information for certified mail will offer certified
3 mail customers a new way to verify delivery of a mailpiece. By adding Internet
4 access to delivery data for certified mail, customers will be able to apply one
5 certified mail label to a mailpiece and access delivery data via the USPS.com
6 website shortly after delivery. For those customers without easy access to the
7 Internet, or those customers preferring the telephone, a toll-free phone number to
8 a call center will be available for use in obtaining the delivery data.

9

10 This enhancement is expected to increase customer use of certified
11 mail. On the other hand, in some instances the availability of delivery data will
12 obviate the need for an ancillary return receipt normally purchased with certified
13 mail. This is appropriate in those instances where customers do not always need
14 a hard-copy proof of delivery. At the same time, there are revenue and
15 contribution losses associated with the volume loss of some return receipts.
16 Estimates of certified mail and return receipt volume are addressed in witness
17 Nieto's testimony¹³ and the corresponding revenue impacts are addressed in my
18 workpapers¹⁴.

19

¹³ See USPS-T-26.

¹⁴ See USPS-T-36, WP-3.

1 7. Fee Design

2

3 The proposed fee for certified mail was designed to bring the product's
4 cost coverage closer to the systemwide average while mitigating the impact of
5 the fee increase. The current fee was increased by 20 cents resulting in a 147
6 percent proposed cost coverage over volume variable costs. The cost coverage
7 over incremental costs is just 138 percent.

8

9 8. Pricing Criteria

10

11 Certified mail provides a high value of service (Criterion 2). The
12 proposed enhancement of Internet access and call center access will provide an
13 even higher value of service to certified mail. The enhancement would provide
14 delivery information currently available only by purchasing return receipt service,
15 although without the recipient's signature. Internet and call center access to
16 delivery date and time information for certified mail will increase the value of
17 certified mail by offering a new way to confirm delivery for certified mail
18 customers. This would eliminate the need for some of the 84 percent¹⁵ of current
19 certified mail users to purchase a return receipt. For those customers, the price
20 would go down from the current combined fee of \$3.60 (for certified mail and
21 return receipt service) to the \$2.30 proposed fee (for certified mail with delivery
22 information), a 36 percent decrease. For those mailers not currently using a
23 return receipt, it would also provide an added value to their existing product.

1 Another factor that would increase the value of certified mail would be the
2 availability of the newly-proposed electronic return receipts as an ancillary
3 service to certified mail.

4

5 In developing the certified mail fee, heavy consideration was given to the
6 impact on the customers (Criterion 4), particularly when considering the 50
7 percent increase in the fee resulting from the two increases this year. Had it not
8 been for the last two increases for certified mail coming so closely together, a
9 higher cost coverage to reflect the increased value of the service would have
10 been sought.

11

12 The proposed fee for certified mail covers its costs, both total volume
13 variable and total incremental (Criterion 3), and results in a moderate cost
14 coverage when comparing revenue to both types of costs. Even with the two
15 recent fee increases, for the most part, available alternatives to certified mail
16 (Criterion 5) are still more expensive, especially for letters and flats. Postal
17 products, such as Delivery Confirmation and Signature Confirmation services,
18 can be considered lower-priced alternatives, yet are not available for First-Class
19 Mail¹⁶ unless Priority Mail postage is paid. The proposed fee is simple on its own
20 and when combined with the applicable ancillary services (Criterion 7). When

¹⁵ See certified mail "Description" section of this testimony.

¹⁶ Although this testimony proposes to extend both Delivery and Signature Confirmation to First-Class Mail Letters and Sealed Parcels parcels, these services would still not be an alternative to certified letter mail.

1 balancing the criteria discussed above, the proposed fee for certified mail
2 promotes a fair and equitable schedule (Criterion 1).

3

4 9. Classification Criteria

5

6 I am proposing three classification changes to DMCS language, all
7 related to the enhancement described in Section 6 above. The first proposed
8 classification change is to add a provision in the DMCS to allow certified mail to
9 provide delivery information. The specific revision is as follows: change DMCS
10 Section 941.11 from "Certified Mail service provides a mailer with evidence of
11 mailing, and guarantees retention of a record of delivery by the Postal Service for
12 a period specified by the Postal Service." to "Certified Mail service provides a
13 mailer with evidence of mailing and electronic confirmation that an article was
14 delivered or that a delivery attempt was made, and guarantees retention of a
15 record of delivery by the Postal Service for a period specified by the Postal
16 Service."

17

18 The second proposed classification change is to change DMCS Section
19 941.32 from "If the initial attempt to deliver the mail is not successful, a notice of
20 attempted delivery is left at the mailing address." to "If the initial attempt to deliver
21 the mail is not successful, a notice of attempted delivery is left at the mailing
22 address, and the date and time of the attempted delivery is made available to the
23 mailer."

1

2 The third proposed classification change is two-fold: move DMCS
3 Section 941.33 to the end of Section 941.31 and replace 941.33 with "The date
4 and time of delivery is made available to the mailer electronically."

5

6 The value of this classification (Criterion 2) to certified mail users should
7 prove to be substantial, particularly when taking into consideration the current
8 offering. Internet access and call center access to delivery time and date for
9 certified mail should negate the need for an ancillary return receipt normally
10 purchased with certified mail in a number of instances. In those cases,
11 customers would see a significant fee decrease compared to the current
12 combined certified mail and return receipt fees. This proposed enhancement
13 should be desirable to potential users (Criterion 5), as it would provide delivery
14 information, at no extra cost. The proposed enhancement is also desirable from
15 the standpoint of the Postal Service, as it provides a better product for our
16 customers and can be provided at little extra cost because of the use of the latest
17 technology.

1 **D. Delivery Confirmation**

2
3 **1. Proposal**

4
5 I am proposing three fee increases and two new fees for Delivery
6 Confirmation. Specifically, for the Letters and Sealed Parcels subclass of First-
7 Class Mail, I am proposing a new fee of 13 cents for electronic Delivery
8 Confirmation and a new fee of 55 cents for manual Delivery Confirmation. The
9 resulting implicit cost coverages are 140 percent and 130 percent, respectively.
10 The current 40-cent manual Delivery Confirmation fee for Priority Mail is
11 proposed to increase by 13 percent to 45 cents. The implicit cost coverage is
12 137 percent. The current 12-cent fee for Standard Mail electronic Delivery
13 Confirmation is proposed to increase to 13 cents, an 8 percent increase. This
14 proposed fee produces an implicit cost coverage of 140 percent. The current 50-
15 cent manual Delivery Confirmation fee for Package Services mail is proposed to
16 increase by 10 percent to 55 cents. This proposed fee yields a 130 percent
17 implicit cost coverage. The current fee of 12 cents for Package Services
18 electronic Delivery Confirmation is proposed to increase by 8 percent to 13 cents,
19 resulting in a 140 percent implicit cost coverage. The proposed overall cost
20 coverage for Delivery Confirmation is 136 percent. Table 4 presents the current
21 and proposed fees for Delivery Confirmation.

22

1 I am also proposing three classification changes to Delivery
 2 Confirmation. The first classification change is to extend manual Delivery
 3 Confirmation to First-Class Mail parcels in the Letters and Sealed Parcels
 4 subclass. The second classification change is to extend electronic Delivery
 5 Confirmation to First-Class Mail parcels in the Letters and Sealed Parcels
 6 subclass. The third proposed classification change is to limit Delivery
 7 Confirmation to parcels in the Package Services mail class.

8

9

Table 4 – Delivery Confirmation Fees

<u>Description</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Percentage Change From Current to Proposed Fee</u>
First-Class Letters and Sealed Parcels:			
Electronic	N/A	\$0.13	N/A
Manual	N/A	\$0.55	N/A
Priority Mail Manual	\$0.40	\$0.45	13%
Standard Mail			
Electronic	\$0.12	\$0.13	8%
Package Services:			
Electronic	\$0.12	\$0.13	8%
Manual	\$0.50	\$0.55	10%

10

11

1 2. Description

2

3 Delivery Confirmation provides customers with the date and time of
4 delivery or attempted delivery. The delivery data are available via the Internet for
5 both electronic and manual users, and via a toll-free telephone number for
6 manual users only. Delivery Confirmation is available for Priority Mail and
7 Package Services, either manually or electronically, and Standard Mail (subject
8 to the residual shape surcharge) electronically.

9

10 Manual Delivery Confirmation provides a mailing receipt, and delivery
11 information is kept on file. With electronic Delivery Confirmation, a mailing
12 receipt is not provided, but delivery information is kept on file. Delivery
13 Confirmation may be used in conjunction with certificates of mailing, Collect-on-
14 Delivery, insurance, registered mail, return receipts¹⁷, return receipts for
15 merchandise, restricted delivery¹⁸, and special handling.

16

17 3. Volume Trends

18

19 Delivery Confirmation was introduced mid-year in 1999. No meaningful
20 volume comparison can be made from 1999 to 2000, as 1999 was the first year

¹⁷ The return receipt must be purchased with either numbered insurance, Collect-on-Delivery or registered mail.

¹⁸ The restricted delivery must be purchased with either numbered insurance, Collect-on-Delivery or registered mail.

1 of the service. The volume history for Delivery Confirmation is presented in
2 Library Reference J-92.

3

4 4. Revenue Trends

5

6 Delivery Confirmation was introduced mid-year in 1999. No meaningful
7 revenue comparison can be made from 1999 to 2000, as 1999 was the first year
8 of the service. The revenue history for Delivery Confirmation is presented in
9 Library Reference J-92.

10

11 5. Fee History

12

13 Delivery Confirmation began in 1999 with a fee for Priority Mail manual
14 of 35 cents, a fee for Package Services manual of 60 cents, and a fee for
15 Package Services electronic of 25 cents. As a result of Docket No. R2000-1, the
16 Priority Mail manual fee increased 14 percent, the Package Services manual fee
17 decreased 17 percent and the Package Services electronic fee decreased 52
18 percent. Additionally, the fee for Standard Mail electronic of 12 cents was
19 established. The fee history for Delivery Confirmation is presented in Library
20 Reference J-93.

21

6. Fee Design

All proposed Delivery Confirmation fees were designed with implicit cost coverages in the modest to moderate range (130 to 140 percent) in mind. The Delivery Confirmation fees for First-Class Mail Letters and Sealed Parcels parcels manual and Package Services manual were designed by marking up the \$0.42¹⁹ per piece cost by 31 percent and applying a nickel rounding constraint. The Delivery Confirmation fees for First-Class Mail Letters and Sealed Parcels parcels electronic, Standard Mail electronic and Package Services electronic were developed by marking up the \$0.09²⁰ per piece cost by 44 percent and applying a penny rounding constraint. The Delivery Confirmation fee for Priority Mail manual was developed by marking up the .33-cent²¹ per piece cost by 36 percent and applying a nickel rounding constraint.

7. Pricing Criteria

Delivery Confirmation provides a high value of service (Criterion 2). Delivery information may be accessed conveniently, either via the Internet (for electronic and manual options) or a toll-free telephone number (manual option only). In the short time since its inception, Delivery Confirmation has proven to be a popular service, growing significantly in terms of volume.

¹⁹ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

²⁰ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

1 Postal service alternatives to Delivery Confirmation are costly (Criterion
2 5). Such offerings include the current certified mail for Priority Mail with a return
3 receipt²², return receipts for merchandise, and Signature Confirmation. These
4 offerings, however, provide feature enhancements over that of Delivery
5 Confirmation, particularly with respect to a signature which is more valuable than
6 the delivery data alone. Postal Service competitors offer alternatives to Delivery
7 Confirmation, many of which are built into the base price of their package service
8 offerings.

9
10 The proposed fees for Delivery Confirmation cover the costs of the
11 service and contribute modestly to covering other costs (Criterion 3). The implicit
12 cost coverages for Delivery Confirmation are higher than they have been to date,
13 because the service has had some time to prove itself as a successful product
14 worthy of higher cost coverages. The proposed Delivery Confirmation fee
15 schedule is simple (Criterion 7), and there are identifiable relationships between
16 all of the proposed electronic categories and the proposed First-Class Mail
17 Letters and Sealed Parcels parcels and Package Service manual categories.
18 The fee increases (five cents for manual categories and one cent for the
19 electronic categories) should not have an adverse impact on users of this service
20 (Criterion 4). While these early volume increases are promising, and the value of
21 service is relatively high, the Postal Service believes it is appropriate to foster the

²¹ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

²² Certified mail and registered mail are proposed to have the enhancement of delivery data provided at no additional fee, so these services (without return receipt service) would be alternatives to Delivery Confirmation in the future.

1 continued growth and acceptance of this service to all users, both business and
2 individuals, alike. As such, a relatively modest overall cost coverage seems
3 appropriate at this time. Based on the above criteria, the proposed fees and cost
4 coverages are fair and promote an equitable schedule (Criterion 1).

5

6 8. Classification Criteria

7

8 The first two classification changes proposed in this testimony for
9 Delivery Confirmation involve First-Class Mail Letters and Sealed Parcels
10 parcels. The first proposed classification change is to extend manual Delivery
11 Confirmation to these parcels. The second proposed classification change is to
12 extend electronic Delivery Confirmation to these parcels. The third proposed
13 classification change is to limit the availability of Delivery Confirmation for
14 Package Services to parcels only. The first two proposed classification changes
15 are addressed together in the discussion below.

16

17 Offering Delivery Confirmation to First-Class Mail Letters and Sealed
18 Parcels parcels would establish fairness and equity for this subclass of mail
19 (Criterion 1). Currently, these parcel customers need to buy either certified mail
20 or registered mail with a return receipt²³ to receive the delivery data provided by
21 Delivery Confirmation or pay Priority Mail postage. Being able to receive this
22 delivery data at a much lower fee with Delivery Confirmation would increase the

²³ Certified mail and registered mail are proposed to have the enhancement of delivery data provided at no additional fee, so these services (without return receipt service) would be

1 value of this service to First-Class Mail Letters and Sealed Parcels parcel
2 customers (Criterion 2). This proposed classification would provide an option for
3 these parcel customers with a high degree of reliability (Criterion 3). Finally, it is
4 desirable from the viewpoint of the Postal Service and should be desirable from
5 the viewpoint of the First-Class Mail Letters and Sealed Parcels parcel customers
6 (Criterion 5) to have a special classification to provide these parcel customers
7 with the same Delivery Confirmation option currently afforded other parcel
8 customers.

9

10 The third proposed classification change is to limit Delivery Confirmation
11 to parcels only within the Package Services mail class. This proposed change
12 involves a special service with a high value of service (Criterion 2). It is a fair and
13 equitable proposal, because it ensures that the service will be provided for all
14 parcel customers (Criterion 1). This proposed change reflects the operational
15 concerns discussed by witness Kingsley. USPS-T-39, at 8-9, 36.

16

1 The proposed DMCS revision to reflect the proposed classification
2 changes is as follows:

3 Change Section 948.21 which currently states:

4 "Delivery Confirmation service is available for Priority Mail and Package
5 Services mail, as well as mail subject to the residual shape surcharge in the
6 Regular and Nonprofit subclasses of Standard Mail."

7 to state:

8 "Delivery Confirmation service is available for First-Class Mail, in the
9 Letters and Sealed Parcels subclass, that is parcel-shaped, as specified by the
10 Postal Service, all Priority Mail, Standard Mail, in the Regular and Nonprofit
11 subclasses, that is subject to the residual shape surcharge, and Package
12 Services mail that is parcel-shaped, as specified by the Postal Service."

1 **E. Insurance**

2
3 1. Proposal

4
5 The fee changes proposed in this testimony include fee increases for
6 unnumbered and all numbered insurance pieces. The current unnumbered fee
7 of \$1.10 is proposed to increase by 18 percent to \$1.30. The current numbered
8 fee up to \$100 is proposed to increase by 10 percent to \$2.20. Percentage
9 increases for the proposed fees over the current fees range from less than one
10 percent to seven percent for numbered insurance value levels above \$100. The
11 current incremental fee of \$1.00 between value levels is proposed to remain at
12 \$1.00. This proposed incremental fee also applies to Express Mail insurance
13 \$100 value levels above \$100. (See my other testimony, USPS-T-35, for the
14 proposed classification change for Express Mail insurance.) The bulk discounts
15 are proposed to remain the same at \$0.60 for unnumbered and \$0.80 for
16 numbered. The proposed implicit cost coverage is 139 percent for unnumbered
17 insurance, and the overall cost coverage for insurance is 126 percent. The
18 overall proposed cost coverage over incremental costs is also 126 percent.
19 Table 5 presents the current and proposed insurance fees and the percentage
20 changes.

Table 5 – Insurance Fees1
2

<u>Description</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Percentage Change From Current to Proposed Fee</u>
Unnumbered to \$50	\$1.10	\$1.30	18%
\$50.01 to \$100	\$2.00	\$2.20	10%
\$100.01 to \$5,000	\$2.00 plus \$1.00 per \$100 or fraction thereof over \$100	\$2.20 plus \$1.00 per \$100 or fraction thereof over \$100	10% 0%
Express Mail \$100.01 to \$5,000	\$1.00 per \$100 or fraction thereof over \$500	\$1.00 per \$100 or fraction thereof over \$100	0%
Bulk Discount: Unnumbered	\$0.60	\$0.60	0%
Numbered	\$0.80	\$0.80	0%

3
45 **2. Description**

6

7 Insurance is a special service that provides indemnity coverage for lost,

8 rified or damaged articles. The fees for insurance are based on the value of the

9 article (from \$0.01 to \$5,000). Insurance is available for Express Mail, Package

10 Services, Standard Mail parcels (bulk insurance only), First-Class Mail (including

11 Priority Mail containing matter mailable as Standard Mail or Package Services)

1 and government mail. Currently, Express Mail provides for \$500 of indemnity
2 coverage free-of-charge. Above \$500, insurance fees for Express Mail are
3 charged based on each \$100 increment, or fraction thereof, in value over \$500.
4 For Package Services, Standard Mail parcels (bulk insurance only), and First-
5 Class Mail (including Priority Mail containing Standard Mail or Package Services
6 matter), no automatic insurance is provided; hence, any level of indemnity
7 coverage from \$.01 to \$5,000 is assessed a fee. A per-piece discount is
8 available for bulk mailers who mail a minimum of 10,000 insured mail pieces
9 annually.

10

11 Insurance for up to \$50 in value is unnumbered, and no delivery record
12 is obtained. Insurance for over \$50 in value is numbered, and a delivery record
13 is obtained. Certificates of mailing, Delivery Confirmation, parcel airlift, return
14 receipts (for numbered insurance), return receipts for merchandise (for
15 unnumbered insurance), restricted delivery (for numbered insurance), Signature
16 Confirmation, and special handling can be used in conjunction with insurance.

17

18 3. Volume Trends

19

20 Insurance volumes declined fairly steadily from Postal Reorganization
21 until 1998, the first full year after the indemnity level increased to \$5,000. Since
22 1997, total insurance volume increased 21 percent in 1998, 15 percent in 1999

1 and 20 percent in 2000 over the past year, respectively. A detailed volume
2 history for insurance is presented in Library Reference J-92.

3

4 4. Revenue Trends

5

6 From 1977 to 1996, insurance revenue remained virtually unchanged.
7 Beginning in 1997, revenues increased significantly, as a result of the increased
8 volume, some from the indemnity level increase from \$600 to \$5,000. Since
9 1997, total insurance revenue increased 20 percent in 1998, 26 percent in 1999
10 and 19 percent in 2000 over the past year, respectively. A detailed revenue
11 history for insurance is presented in Library Reference J-92.

12

13 5. Fee History

14

15 Insurance fees have changed 11 times since Postal Reorganization:
16 twice in 1976, 1978, 1981, 1985, 1988 (the only decrease), 1991, 1995, and
17 1999. The indemnity limit was raised in 1978, 1985, 1991, and 1997 (the largest
18 increase - from \$600 to \$5000). As a result of Docket No. R2000-1, in 2001
19 insurance fees increased by an average of 13 percent, and the bulk insurance
20 discount was expanded to separate discounts for unnumbered and numbered
21 pieces. A detailed fee history for insurance is presented in Library Reference J-
22 93.

1 6. Fee Design

2

3 The proposed fee of \$1.30 for unnumbered insurance was developed by
4 *increasing the per-piece cost of 94 cents²⁴ by 40 percent and rounding to the*
5 *nearest nickel. The fee for numbered insurance up to \$100 was developed by*
6 *marking up the \$1.80²⁵ per piece cost by 22 percent and applying a five-cent*
7 *rounding constraint.*

8

9 7. Pricing Criteria

10

11 Insurance provides a very high value of service to customers, as these
12 *customers can receive reimbursement for lost, stolen, or damaged articles*
13 *(Criterion 2). Further, the high indemnity limit of \$5,000 also adds to the value.*
14 *Additionally, if approved, the proposal to make electronic return receipts available*
15 *with insurance would also make the service more desirable.*

16

17 Insurance covers its own volume variable and incremental costs and
18 *makes a modest contribution to other costs (Criterion 3). The implicit cost*
19 *coverage for unnumbered insurance is moderate at 139 percent and higher than*
20 *the total proposed cost coverage of 126 percent. This higher cost coverage for*
21 *unnumbered reflects its convenience, with easy local adjudication of claims.*

22

²⁴ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

²⁵ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

1 The proposed fee increases for insurance range from less than one
2 percent to ten percent for numbered insurance, and eighteen percent for
3 unnumbered insurance. Large volume customers have the option of the bulk
4 insurance discounts to more than offset the proposed fee increases. The
5 proposed insurance fees are modest in nature and should not have a negative
6 impact on the users of this service (Criterion 4).

7

8 Postal Service competitors and private insurance companies offer
9 alternatives to insurance (Criterion 5). These alternatives are not only abundant,
10 but are frequently priced lower than postal insurance.

11

12 The proposed \$1.00 fee increment per \$100 value level promotes
13 simplicity and an identifiable fee relationship, as it mirrors the current fee
14 (Criterion 7). The indemnity analysis, included in Exhibit A, provides cost support
15 for my proposal to retain the \$1.00 incremental fee. Table 6 presents the implicit
16 cost coverages for \$500 value fee level increments over \$100. The average
17 implicit cost coverage of 135 percent is reasonable, especially given the implicit
18 cost coverage fluctuations for the \$500 value levels. The average implicit cost
19 coverage falls within the range of the total cost coverage for insurance and the
20 implicit cost coverage for unnumbered insurance (Criterion 3). The proposed
21 insurance fees are fair and equitable (Criterion 1), especially when considering
22 the aforementioned pricing criteria.

23

1

Table 6 – Insurance Incremental Fee Cost Coverages

<u>Fee Increments</u>	<u>Implicit Cost Coverage 1/</u>
\$100.01 to \$600	139%
\$600.01 to \$1,100	150%
\$1,100.01 to \$1,600	147%
\$1,600.01 to \$2,100	200%
\$2,100.01 to \$2,600	186%
\$2,600.01 to \$3,100	124%
\$3,100.01 to \$3,600	118%
\$3,600.01 to \$4,100	76%
\$4,100.01 to \$4,600	70%
\$4,600.01 to \$5,000	135%
 Average for Incremental Fees	 135%

2

3

1/ Source: Exhibit A

1 **F. Merchandise Return Accounting Service**

2
3 1. Proposal

4
5 I am proposing to increase the merchandise return annual accounting
6 fee by 27 percent, from \$375 to \$475. The proposed cost coverage is 122
7 percent. I am also proposing a classification change to merchandise return
8 service to remove Standard Mail as an available mail class as listed in the
9 DMCS. Table 7 below presents the current and proposed accounting fees for
10 merchandise return.

11
12 **Table 7 – Merchandise Return Accounting Service Fee**

<u>Description</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Percentage Change from Current to Proposed Fee</u>
Accounting Fee	\$375	\$475	27%

13
14
15 2. Description

16
17 Merchandise return service permits a merchandise return permit holder
18 to receive parcels from a mailer without the mailer having to pay the postage at
19 the time of mailing. This service is available for parcels mailed at the First-Class
20 Mail, Priority Mail, and Package Services rates. Registry service, insurance,

1 Delivery Confirmation, certificates of mailing, return receipts for merchandise,
2 and special handling may be used in conjunction with merchandise return.

3
4 There is no merchandise return per piece fee, but the applicable postage
5 is paid by the permit holder prior to delivery from an advance deposit account.

6 The annual accounting fee, introduced in 2001, covers the administrative costs of
7 providing the trust fund activities incurred with merchandise return service.

8 Merchandise return mailers are also required to pay an annual permit fee.

9 Witness Koroma discusses the annual permit for merchandise return service in
10 his testimony, USPS-T-37.

11

12 3. Fee Design

13

14 The proposed merchandise return service annual accounting fee was
15 designed by increasing the \$390.92²⁶ annual advance deposit account cost by 21
16 percent and applying a five-dollar rounding constraint.

17

18 4. Pricing Criteria

19

20 Merchandise return provides a significant value of service to its
21 customers (Criterion 2). Merchandise return allows recipients to mail back
22 merchandise, thus promoting good business relationships between the mailers

²⁶ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

1 and the recipients. The accounting service is an integral part of the overall
2 service, and thus has a high value of service.

3

4 The proposed fee covers the cost of the service and provides a modest
5 contribution to other costs (Criterion 3) with a proposed 122 percent cost
6 coverage. This accounting service could easily justify a larger cost coverage,
7 based on the value of service alone, but the effect of a higher fee increase was
8 considered (Criterion 4) and mitigated. Having a uniform annual accounting
9 service fee for BPRS, Business Reply Mail, Merchandise Return Service and
10 Shipper-Paid Forwarding promotes fee simplicity and identifiable relationships
11 between the advance deposit features of these services (Criterion 7). Finally,
12 based on the criteria already discussed, the proposed accounting service fee is
13 fair and equitable (Criterion 1).

14

15 5. Classification Criteria

16

17 I am proposing a classification change to DMCS Section 932.22 from
18 "Merchandise Return service is available for the return of any parcel under the
19 following classification schedules: a. First-Class Mail b. Standard Mail c.
20 Package Services" to "Merchandise Return service is available for the return of
21 any parcel under the following classification schedules: a. First-Class Mail b.
22 Package Services". Since merchandise return service is no longer available for
23 Standard Mail since the elimination of single piece Standard Mail, this proposed

- 1 **classification change maintains a fair and equitable classification system**
- 2 **(Criterion 1).**
- 3

1 **G. Return Receipts**

2
3 **1. Proposal**

4
5 I am proposing four classification changes to return receipts. The first
6 proposed classification change is to add a new category of return receipts, herein
7 referred to as an electronic return receipt. The second proposed classification
8 change to return receipt service is to change the definition of the service in the
9 DMCS. The third proposed classification change is to define a new fee schedule
10 for return receipts. The fourth proposed classification change is to establish a
11 separate classification for return receipts for merchandise.

12
13 I am also proposing two fee increases and one fee decrease for the
14 existing return receipts fees and a new fee for electronic return receipts. The
15 regular return receipt fee is proposed to increase by 17 percent, from \$1.50 to
16 \$1.75. The implicit cost coverage for regular return receipts is 125 percent. The
17 new electronic return receipt fee is proposed to be \$1.30 with a resulting implicit
18 cost coverage of 143 percent. This represents a substantial reduction from the
19 current \$1.50 fee for a basic return receipt. Moreover, the 45-cent differential
20 between the proposed paper-based receipt fee and the proposed electronic
21 receipt fee should provide substantial incentive for many customers to opt for the
22 less-costly electronic alternative. The return receipt for merchandise fee is
23 proposed to increase 28 percent, from \$2.35 to \$3.00. The proposed return
24 receipt for merchandise implicit cost coverage is 130 percent. Finally, the return

1 receipt after mailing fee is proposed to decrease seven percent, from \$3.50 to
 2 \$3.25. The return receipt after mailing implicit cost coverage is 190 percent. The
 3 overall cost coverage for return receipts is 128 percent. Table 8 presents the
 4 current and proposed return receipt fees.

5

6

Table 8 - Return Receipt Fees

<u>Description</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Percentage Change from Current to Proposed Fee</u>
Requested at time of mailing:			
Non-Merchandise	\$1.50	\$1.75	17%
Electronic	N/A	\$1.30	N/A
Merchandise (no other special service required)	\$2.35	\$3.00	28%
Requested after mailing	\$3.50	\$3.25	(7%)

7

8

9

2. Description

10

11

12

13

14

15

Return receipt service provides evidence of delivery in that the return receipt customer receives the signature of the recipient, the delivery date, and the address where the mailpiece was delivered, if it differs from the address on the mailpiece. A box is provided on the return receipt to indicate if the delivery address is the same as the address on the mailpiece.

1

2 There are currently three types of return receipt service. The first type is
3 basic return receipt service which can be used with First-Class Mail, Priority Mail,
4 Express Mail, Standard Mail parcels (for bulk insurance only) and Package
5 Services. Certified mail, C.O.D., numbered insurance or registered mail are
6 prerequisites, except for Express Mail. Additional services that may be used in
7 conjunction with basic return receipt service are Delivery Confirmation, parcel
8 airlift, restricted delivery, Signature Confirmation and special handling. The
9 second type of return receipt is return receipt for merchandise service that can be
10 used with Priority Mail, Standard Mail pieces subject to the residual shape
11 surcharge, and Package Services. No other special service is required when
12 using return receipt for merchandise service, although it can be used in
13 conjunction with certificates of mailing, Delivery Confirmation, unnumbered
14 insurance, parcel airlift and special handling. The third type of return receipt
15 service is a return receipt after mailing, which provides the mailer with the name
16 of the person who signed for the mailpiece, a copy of the signature, and the date
17 the mailpiece was delivered.

18

19 Return receipts are predominantly used with certified mail. As an
20 example, in 2000, 96.6 percent of all return receipts were attached to certified
21 mail, 1.0 percent were attached to registered mail, 0.7 percent were merchandise
22 and 0.7 percent were attached to insured mail. The remainder were return
23 receipts for merchandise, and return receipts after mailing.

1

2 **3. Volume Trends**

3

4 For the most part, return receipt volumes have risen fairly steadily since
5 Postal Reorganization, with a trend towards leveling off during the past few years
6 at approximately 230 million pieces. Return receipt volume increased 47 percent
7 over the past 10 years and 8 percent over the past 5 years. From 1999 to 2000,
8 volume increased two percent. A detailed volume history for return receipts is
9 presented in Library Reference J-92.

10

11 **4. Revenue Trends**

12

13 Similar to return receipt volume, return receipt revenue has increased
14 steadily, with few exceptions, since Postal Reorganization. Return receipt
15 revenue increased 103 percent over the past 10 years and 11 percent over the
16 past 5 years. From 1999 to 2000, return receipt revenue increased eight
17 percent. A detailed revenue history for return receipts is presented in Library
18 Reference J-92.

19

20 **5. Fee History**

21

22 The fees for return receipts have increased 10 times since Postal
23 Reorganization: in 1976 (twice), 1978, 1981, 1985, 1988, 1991, 1995, 1999 and

1 2001. As a result of Docket No. MC96-3, in 1997, the return receipt showing to
2 whom and when delivered was merged with the return receipt showing to whom,
3 when, and address where delivered, for the same fee as the return receipt
4 showing to whom and when delivered. In 2001, as a result of Docket No. R2000-
5 1, the return receipt fees increased 20 percent. A detailed fee history for return
6 receipts is presented in Library Reference J-93.

7

8 6. Fee Design

9

10 The proposed fee for a basic return receipt was developed by increasing
11 the per piece cost of \$1.40²⁷ by 25 percent to arrive at a fee that produces a
12 modest implicit cost coverage. A five-cent rounding constraint was applied. The
13 proposed fee for a return receipt for merchandise was developed by increasing
14 the per piece cost of \$2.31²⁸ by 30 percent to arrive at a modest cost coverage.
15 A five-cent rounding constraint was applied. The proposed fee for a return
16 receipt after mailing was developed by increasing the per piece cost of \$1.71²⁹ by
17 90 percent to arrive at a fee that produces a cost coverage slightly above the
18 systemwide average. A five-cent rounding constraint was applied. The
19 proposed fee for the new electronic return receipt was designed by applying a
20 moderate markup by 43 percent to the \$0.91³⁰ per piece cost. A five-cent
21 rounding constraint was used.

²⁷ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

²⁸ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

²⁹ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

³⁰ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

1

2 7. Pricing Criteria

3

4 Return receipts continue to be a potentially high value service, yet
5 concerns about unreliable service imply a lower cost coverage (Criterion 2).
6 Basic return receipt service provides an important function in providing the mailer
7 with delivery information plus the original signature. The newly proposed
8 electronic return receipt provides a copy of the signature and delivery information
9 by secure email, and should prove to be a highly valuable and reliable service.
10 Unlike basic return receipt service, which obtains a second signature on a green
11 postcard for return to the customer, the electronic return receipt (like return
12 receipt after mailing) simply provides information collected during the underlying
13 certified mail, C.O.D., insurance, or registered mail delivery. The proposed total
14 cost coverage of 128 percent is modest and covers the costs of the service
15 (Criterion 3).

16

17 The effect of the individual fee increases on the users of the service was
18 considered (Criterion 4). The basic fee increase of 17 percent should not be
19 detrimental, considering the relatively low past increases and the option of the
20 lower-priced electronic return receipt. The return receipt for merchandise
21 increase of 28 percent is needed to reach a moderate implicit cost coverage, and
22 should not have too adverse an impact when taking into account the alternative
23 of lower-priced Signature Confirmation and the fact that no other special service

1 needs to be purchased to use return receipt for merchandise. The proposed
2 seven percent reduction in the return receipt after mailing fee would have nothing
3 but a positive impact on its users.

4

5 The proposed return receipt fee schedule is simple (Criterion 7). Based
6 on the aforementioned criteria, the proposed fees for return receipt service are
7 fair and equitable (Criterion 1). This is especially true when considering the
8 proposed fee for the new electronic return receipt product. At the proposed fee,
9 customers would have an option for certified mail combined with an electronic
10 return receipt that costs the same as the current price for certified mail and basic
11 return receipt service combined.

12

13 8. Classification Criteria

14

15 The first proposed classification change is to add a new fee category for
16 electronic return receipts. Electronic return receipts would provide a customer
17 the opportunity to automatically receive an electronic message with delivery
18 information and a copy of the recipient's signature for mail sent by certified mail,
19 numbered insurance, Collect-on-Delivery and registered mail. The electronic
20 return receipt customer would provide an email address at the point of purchase
21 or through pre-registration on the Internet. The delivery date, time, ZIP Code and
22 a digitized image of the recipient's signature would be sent by secure email to the
23 sender automatically after delivery of the mail. Unlike the basic return receipt,

1 the electronic return receipt would not provide a different address, if other than
2 the original address. The electronic return receipt would, however, provide the
3 five-digit ZIP Code of delivery.

4

5 Electronic return receipts should represent a high value of service to
6 those customers able to take advantage of the service (Criterion 2). This fee
7 category would provide a high degree of reliability (Criterion 3) and is desirable
8 from the viewpoints of the Postal Service and, most assuredly, the potential
9 users of the service (Criterion 5). Based on these criteria, the proposed
10 classification would be fair and equitable (Criterion 1).

11

1 The second proposed classification for return receipts is to redefine the
2 DMCS so as to include the features of the newly proposed electronic return
3 receipt. Specifically, I am proposing to change Section 945.11. This section
4 currently states:

5 "Return Receipt service provides evidence to the mailer that an article
6 has been received at the delivery address. Mailers requesting Return Receipt
7 service at the time of mailing will be provided, as appropriate, the signature of the
8 addressee or addressee's agent, the date delivered, and the address of delivery,
9 if different from the address on the mailpiece. Mailers requesting Return Receipt
10 service after mailing will be provided the date of delivery and the name of the
11 person who signed for the article."
12

13 I am proposing to change this section to read:
14

15 "Return Receipt service provides evidence to the mailer that an article
16 has been received at the delivery address, including an original or copy of the
17 recipient's signature. Mailers requesting Return Receipt service at the time of
18 mailing will be provided, as appropriate, an original or copy of the signature of the
19 recipient, the date delivered, and the address of delivery, if different from the
20 address on the mailpiece. Mailers requesting Return Receipt service after
21 mailing will be provided a copy of the recipient's signature, the date of delivery,
22 and the name of the person who signed for the article. "
23

24 The proposed change to the language reflects a more accurate definition
25 of return receipt service and clarifies that a copy of the recipient's signature will
26 be provided, as is the case with the proposed electronic return receipt. The
27 proposed classification change promotes a fair and equitable classification
28 system (Criterion 1).

1 The third classification change is a proposal to revise Fee Schedule 945.

2 The current schedule is as follows:

3 **FEE SCHEDULE 945**

4 **RETURN RECEIPT**

5	Description	Fee (in addition to postage)
6		
7		
8	Receipt requested at time at mailing	
9		
10	Items other than merchandise	\$1.50
11		
12	Merchandise (without another special service)	\$2.35
13		
14		
15	Receipt requested after mailing	\$3.50
16		
17		
18		

1 The proposed schedule is as follows:

2

3 **FEE SCHEDULE 945**

4 **RETURN RECEIPT**

5 **Return Receipt**

6 Description	7 Fee (in addition to postage)
8	
9 Receipt requested at time at mailing	
10	
11 Original signature	\$1.75
12	
13 Copy of signature (electronic)	\$1.30
14	
15 Receipt requested after mailing	\$3.25
16	

17

18

Return Receipt for Merchandise

19 Description	20 Fee (in addition to postage)
21	
22 Receipt requested at time at mailing	\$3.00
23	
24 Delivery Record	\$3.25
25	
26	
27	
28	

29

The current notes to Fee Schedule 945 are covered by the changes I am proposing to DMCS 945. Therefore, I propose to delete the Fee Schedule notes.

31

32

This proposed classification change, like the proposed definition change above, more accurately defines return receipt service and clarifies that a copy of the recipient's signature will be provided, as is the case with the proposed

34

1 electronic return receipt. The proposed classification change promotes a fair and
2 equitable classification system (Criterion 1).

3

4 The fourth proposed classification change to return receipts is a
5 proposal to make return receipts for merchandise a separate classification from
6 return receipts. The specific proposal is to divide DMCS Section 945 into two
7 sections, 945.1 for return receipts and 945.2 for return receipts for merchandise.

1 The proposed new section 945.2 reads as follows:

2

3 **“945.2 Return Receipt for Merchandise**

4 **945.21 Definition**

5 945.211 Return receipt for merchandise service provides evidence to the mailer
6 that an article has been received at the delivery address. A return
7 receipt for merchandise also supplies the recipient’s actual delivery
8 address if it is different from the address used by the sender. A return
9 receipt for merchandise may not be requested after mailing.

10

11 **945.22 Availability**

12

13 945.221 Return receipt for merchandise is available for merchandise sent under
14 the following sections or classification schedules:

15

16 a. Priority Mail

16

17 b. Standard Mail pieces subject to the residual shape surcharge

17

18 c. Package Services

18

19 **945.23 Mailer Requirements**

20

21 945.231 Return receipt for merchandise must be deposited in a manner
22 specified by the Postal Service.

23

24 945.232 Return receipt for merchandise mail may be addressed for delivery only
25 in the United States and its territories and possession, through Army/Air
26 Force (APO) and Navy (FPO) post offices, or through the United
27 Nations Post Office, New York.

28

29 **945.24 Other Services**

30

31 945.241 Other services may be available in conjunction with Return Receipt for
32 Merchandise, as specified by the Postal Service.”

33

1 Return receipt for merchandise service is distinctly different from return
2 receipt service. Essentially, return receipt service is an ancillary service to a host
3 special service, whereas return receipt for merchandise service does not require
4 another special service. In order to emphasize that these are two distinct
5 classifications, it is prudent to split them apart. This proposed classification
6 change promotes the maintenance of a fair and equitable classification system
7 (Criterion 1).

1 **H. Shipper-Paid Forwarding Accounting Service**

2
3 1. Proposal

4
5 I am proposing to increase the Shipper-Paid Forwarding service
6 accounting fee from \$375 to \$475, a 27 percent increase. The proposed cost
7 coverage is 122 percent. I am also proposing a classification change to Shipper-
8 Paid Forwarding service to change the DMCS to delete Package Services as an
9 option for determining postage when forwarding packages. Table 9 below
10 presents the proposed accounting fee for Shipper-Paid Forwarding service.

11
12 **Table 9 – Shipper-Paid Forwarding Accounting Service Fee**

<u>Description</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Percentage Change From Current to Proposed Fee</u>
Accounting Fee	\$375.00	\$475.00	27%

13
14 2. Description

15
16 Shipper-Paid Forwarding (SPF) operates in conjunction with the address
17 change service and is available only to participating Address Change Service
18 (ACS) mailers. SPF allows mailers of Standard Mail machinable parcels and
19 most Package Services parcels to obtain forwarding services for up to one year
20 from the date that the recipient filed a change of address. For Standard Mail, the
21 service provides the mailer with the option of paying forwarding postage at the

1 single-piece First-Class Mail or Priority Mail rates, as applicable for the weight of
2 the piece. For Package Services, the mailer pays forwarding postage at the
3 single-piece rate as applicable for the weight.

4 5 3. Fee Design

6
7 The proposed SPF service annual accounting fee was designed by
8 increasing the \$390.92³¹ annual advance deposit account cost by 21 percent to
9 produce a modest cost overage. A five-dollar rounding constraint was applied.

10 11 4. Pricing Criteria

12
13 The proposed annual advance deposit accounting fee for SPF service
14 covers the cost of the service and provides a modest contribution to other costs
15 (Criterion 3) with a proposed 122 percent cost coverage. This accounting service
16 could easily justify a larger cost coverage, based on the value of service alone,
17 but the effect of a higher fee increase was considered (Criterion 4) and mitigated.
18 Having a uniform annual accounting service fee for BPRS, Business Reply Mail,
19 Merchandise Return Service and Shipper-Paid Forwarding promotes fee
20 simplicity and an identifiable relationship between the advance deposit features
21 of these services (Criterion 7). Finally, based on the criteria already discussed,
22 the proposed accounting service fee is fair and equitable (Criterion 1).

1 5. Classification Criteria

2

3 I am proposing a classification change to revise DMCS Section 936.11
4 from:

5 “Shipper-Paid Forwarding enables mailers to have undeliverable-as-
6 addressed machinable Standard Mail parcels forwarded at applicable First-Class
7 Mail or Package Service mail rates for up to one year from the date that the
8 addressee filed a change-of-address order. If Shipper-Paid Forwarding is
9 elected for a parcel that is returned, the mailer will pay the applicable First-Class
10 Mail or Package Service mail rate, or the Bulk Parcel Return Service fee, if that
11 service was elected.”

12 to

13 “Shipper-Paid Forwarding enables mailers to have undeliverable-as-
14 addressed machinable Standard Mail parcels forwarded at applicable First-Class
15 Mail rates for up to one year from the date that the addressee filed a change-of-
16 address order. If Shipper-Paid Forwarding is elected for a parcel that is returned,
17 the mailer will pay the applicable First-Class Mail rate, or the Bulk Parcel Return
18 Service fee, if that service was elected.” Since Shipper-Paid Forwarding is only
19 forwarded by First-Class Mail (including Priority Mail), the term Package Services
20 is not accurate. This proposed classification change maintains a fair and
21 equitable classification system (Criterion 1).

³¹ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

1 **I. Signature Confirmation**

2
3 **1. Proposal**

4
5 I am proposing three classification changes and two fee increases for
6 Signature Confirmation. The first proposed classification change is to extend
7 electronic Signature Confirmation to First-Class Mail Letters and Sealed Parcels
8 parcels. The second proposed classification change is to extend manual
9 Signature Confirmation to First-Class Mail Letter and Sealed Parcels parcels.
10 The third proposed classification change is to limit the availability of Signature
11 Confirmation to parcels only in Package Services.

12
13 The new fee for First-Class Mail Letters and Sealed Parcels parcel
14 electronic Signature Confirmation is proposed to be \$1.30, resulting in an implicit
15 cost coverage of 101 percent. The new fee for First-Class Mail Letters and
16 Sealed Parcels parcel manual Signature Confirmation is proposed to be \$1.80,
17 resulting in a 116 percent implicit cost coverage. The current fee of \$1.25 for
18 Priority Mail and Package Services electronic Signature Confirmation is proposed
19 to increase by 4 percent to \$1.30, with an implicit cost coverage of 118 percent.
20 The current fee of \$1.75 for Priority Mail and Package Services manual Signature
21 Confirmation is proposed to increase 3 percent to \$1.80. The implicit cost
22 coverage is 132 percent. The overall cost coverage for Signature Confirmation is

1 130 percent. Table 10 presents the current and proposed Signature Confirmation
 2 fees.

3

4

Table 10 – Signature Confirmation Fees

<u>Description</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Percentage Change from Current to Proposed Fee</u>
First-Class Letters and Sealed Parcels:			
Electronic	N/A	\$1.30	N/A
Manual	N/A	\$1.80	N/A
Priority Mail and Package Services:			
Electronic	\$1.25	\$1.30	4%
Manual	\$1.75	\$1.80	3%

5

6 2. Description

7

8 Signature Confirmation is a special service that provides electronic
 9 Delivery Confirmation data and access to the recipient's signature image. It is
 10 available only at the time of mailing for Priority Mail and Package Services, either
 11 electronic option or manual option. When using the manual service the customer
 12 receives a receipt with the Signature Confirmation number that allows them to
 13 access the delivery information from either the call center or the Internet.

14

1 Electronic Signature Confirmation is used by mailers who apply their
2 own barcodes and provide electronic manifests of their Signature Confirmation
3 pieces at the time of mailing. Signature Confirmation electronic customers
4 receive delivery information through a data file or the Internet. Both manual and
5 electronic customers have the option of using a call center to request a hard copy
6 of the signature. The hard copies are generated from the central database and
7 received via facsimile or First-Class Mail.

8

9 Several special services may be used in conjunction with Signature
10 Confirmation. These services include certificates of mailing, Collect-on-Delivery,
11 insurance, registered mail, restricted delivery and special handling.

12

13 3. Fee Design

14

15 The proposed fee for First-Class Mail electronic Signature Confirmation
16 was developed by taking the per piece cost of \$1.29³² and rounding it to the
17 nearest nickel increment to arrive at an implicit cost coverage just covering the
18 costs of the service. The proposed fee for First-Class Mail manual Signature
19 Confirmation was developed by taking the per piece cost of \$1.56³³ and marking
20 it up by 15 percent to arrive at a relatively low implicit cost coverage. The
21 proposed fee for Priority Mail and Package Services electronic Signature

³² Cost from USPS-LR-J-109, USPS-T-36, WP-12.

³³ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

1 Confirmation was developed by taking the per piece cost of \$1.10³⁴ and marking
2 it up by 18 percent to arrive at an implicit cost coverage in the modest range.

3 The proposed fee for Priority Mail and Package Services manual Signature
4 Confirmation was developed by taking the per piece cost of \$1.36³⁵ and marking
5 it up by 32 percent to arrive at an implicit cost coverage in the moderate range.
6 Among other things, as discussed in the following section, in the interest of fee
7 simplicity, the same fees were designed for both manual and electronic options
8 of Signature Confirmation regardless of the mail class.

9

10 4. Pricing Criteria

11

12 Signature Confirmation offers a high value of service to its customers
13 (Criterion 2) for a relatively low price. Signature Confirmation provides a
14 signature image on demand and can be very useful for those mailers who can
15 substitute it for higher priced certified mail with return receipt. The value of
16 Signature Confirmation would be enhanced, if the proposal to extend the service
17 to First-Class Mail Letters and Sealed Parcels parcels is approved.

18

19 Overall, Signature Confirmation covers its own costs and makes a
20 modest contribution to other costs with a 130 percent proposed cost coverage.
21 Individually, the implicit cost coverages are reasonable when considering
22 individual circumstances. For example, the low proposed cost coverages for

³⁴ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

³⁵ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

1 both First-Class Mail Letters and Sealed Parcels parcel electronic and manual
2 Signature Confirmation are justifiable for a service extension to a new subclass,
3 particularly when considering the fact that Signature Confirmation is relatively un-
4 established at this point. On the other hand, higher implicit cost coverages are
5 reasonable for Signature Confirmation for the current mail classes, as the service
6 becomes more seasoned. The implicit cost coverages are also justified by the
7 desire for fee simplicity, especially for retail customers.

8

9 The effect of the proposed minimal increases to the Signature
10 Confirmation fees should not represent any hardship on the users of the service
11 (Criterion 4). For new First-Class Mail Letters and Sealed Parcels parcel mailers
12 this is particularly true when considering that Signature Confirmation will still be
13 less expensive than the alternatives of return receipt for merchandise or certified
14 mail with a return receipt.

15

16 Postal alternatives to Signature Confirmation, such as certified mail with
17 a return receipt and return receipt for merchandise, are more costly than
18 Signature Confirmation (Criterion 5). These alternatives do provide the original
19 signature, which may be more valuable than the signature image. Conversely,
20 Signature Confirmation would not be an alternative to certified mail with return
21 receipt or return receipt for merchandise in instances where the actual signature
22 is desired, or a legal requirement to use certified mail exists.

23

1 The proposed fees for Signature Confirmation are simple and represent
2 identifiable fee relationships, as there is only one manual fee and one electronic
3 fee (Criterion 7). The proposed Signature Confirmation fees strive to maintain a
4 fair and equitable fee schedule (Criterion 1).

5

6 5. Classification Criteria

7

8 The first two classification changes proposed in this testimony for
9 Signature Confirmation involve First-Class Mail Letters and Sealed Parcels
10 parcels. The first proposed classification change is to extend electronic
11 Signature Confirmation to these parcels. The second proposed classification
12 change is to extend manual Signature Confirmation to these parcels. The third
13 proposed classification change is to limit the use of Signature Confirmation for
14 Package Services to parcels only. The first two proposed classification changes
15 are addressed together in the discussion below.

16

17 Offering Signature Confirmation to First-Class Mail Letters and Sealed
18 Parcels parcels would establish fairness and equity for this subclass of mail
19 (Criterion 1). Currently, First-Class Mail Letters and Sealed Parcels parcel
20 customers need to buy either certified mail or registered mail with a return
21 receipt³⁶ to receive the delivery data provided by Signature Confirmation or pay
22 the Priority Mail postage. Being able to receive this delivery data at a much

³⁶ Certified mail and registered mail are proposed to have the enhancement of delivery data provided at no additional fee, so these services (without return receipt service) would be an

1 lower fee with Signature Confirmation would increase the value of this service to
2 these parcel customers (Criterion 2). This proposed classification would provide
3 an option for these parcel customers with a high degree of reliability (Criterion 3).
4 Finally, it is desirable from the viewpoint of the Postal Service and should be
5 desirable from the viewpoint of the First-Class Mail Letters and Sealed Parcels
6 parcel customers (Criterion 5) to have a special classification to allow another
7 special service option for First-Class Mail Letters and Sealed Parcels parcels.

8

9 The third proposed classification change is to limit Signature
10 Confirmation to parcels only within the Package Services mail class. This
11 proposed change involves a special service with a high value of service (Criterion
12 2). It is a fair and equitable proposal, because it ensures that the service will be
13 provided in a manner that is consistent with the proposal for First-Class Mail
14 Letters and Sealed Parcels parcels and the existing requirement for Standard
15 Mail (Criterion 1). The proposal also reflects the operational concerns discussed
16 by witness Kingsley. USPS-T-39 at 8-9, 36.

17

alternative.

1 The proposed DMCS revision to reflect the proposed classification
2 changes is as follows:

3 Change Section 949.21 which currently states:

4 "Signature Confirmation is available for Priority Mail and Package
5 Services mail."

6 to state:

7 "Signature Confirmation service is available for First-Class Mail, in the
8 Letters and Sealed Parcels subclass, that is parcel-shaped, as specified by the
9 Postal Service, all Priority Mail, and Package Services mail that is parcel-shaped,
10 as specified by the Postal Service."

11

1 **J. Stamped Cards**

2

3 **1. Proposal**

4

5 I am proposing to retain the current stamped card fee at two cents. The
6 proposed cost coverage for all stamped cards - single cards, double reply cards
7 and sheets of 40 cards is 118 percent using volume variable costs. I am also
8 proposing a classification change to Section 912.33 of the DMCS to revise the
9 term stamped cards to lower case. Table 11 below presents the current and
10 proposed fees for stamped cards.

11

12

Table 11 - Stamped Card Fees

<u>Description</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Percentage Change from Current to Proposed Fee</u>
Stamped Card	\$0.02	\$0.02	0%
Double Stamped Card	\$0.04	\$0.04	0%
Sheet of 40 Stamped Cards	\$0.80	\$0.80	0%

13

14

15 **2. Description**

16

17 Stamped cards are postcards sold at postal retail units and vending
18 machines for the price of a First-Class Mail postcard rate, currently 21 cents, plus

1 the stamped card fee, currently two cents. The postage is pre-affixed to the card,
2 so the mailer does not have to purchase a stamp separately from the postcard.

3

4 Both individuals and businesses use stamped cards. For individual
5 users, stamped cards provide stationery for quick and easy correspondence.
6 After purchase of a stamped card, an individual can prepare the correspondence
7 and immediately enter the stamped card for mailing, if purchased from a postal
8 facility providing collection. Businesses use stamped cards for many activities
9 such as advertisements, service reminders, and billing. When used in bulk,
10 stamped cards serve as an economical means of business mailings, as the
11 labor-intensive procedure of postage affixation is avoided.

12

13 Stamped cards are available in single units for 23 cents. Double
14 stamped cards, with one card for mailing and another card with postage affixed
15 to be returned to the mailer, are available for 46 cents. Also, sheets of 40 postal
16 cards can be purchased for \$9.20.

17

18 3. Volume Trends

19

20 In 2000, the reported volume for stamped cards reflected a more
21 conservative Government Printing Office (GPO) estimate, as opposed to the
22 previously used sampling estimate. As a result, the volume dropped 54 percent

1 from 1999 (the first year a fee was charged for stamped cards) to 2000. The
2 volume history for stamped cards is presented in Library Reference J-92.

3

4 4. Revenue Trends

5

6 Identical to the volume decrease from 1999 to 2000, the stamped card
7 revenue decreased 54 percent. The revenue history for stamped cards is
8 presented in Library Reference J-92.

9

10 5. Fee History

11

12 The per card fee for stamped cards of one cent was introduced in 1999.
13 The corresponding fees for a double card and a sheet of 40 cards were two cents
14 and 40 cents, respectively. As a result of Docket No. R2000-1, the per card fee
15 for stamped cards and the fees for a double card and a sheet of 40 cards
16 increased 100 percent. The fee history for stamped cards is presented in Library
17 Reference J-93.

18

19 6. Fee Design

20

21 The two-cent per piece proposed stamped card fee was designed by
22 marking up the cost, consistent with a penny rounding constraint. A substantial
23 markup is appropriate because the Postal Service pays for all cards produced,

1 even though some are not sold. The resulting overall cost coverage is just 118
2 percent using total volume variable costs. Without the penny rounding
3 constraint, a higher cost coverage is appropriate. However, the penny rounding
4 constraint is important for a product that is purchased individually by consumers.
5 A proposed three-cent fee would produce a nearly 180 percent cost coverage
6 which is not necessary in this instance. Moreover, a one-cent fee increase on
7 top of the two-cent increase proposed in the basic card rate resulted in a 13
8 percent combined fee and postage increase for those using this alternative. It is
9 prudent to mitigate the combined fee and postage increase in this proceeding.
10 However, the low cost coverage suggests that the stamped card fee may need to
11 be increased in further rate case proceedings.

12

13 7. Classification Criteria

14

15 I am proposing to change DMCS Section 912.33 from "Gummed labels,
16 wrappers, envelopes, Stamped Cards, or postcards indicative of one-time use
17 will not be accepted as mailing lists." to "Gummed labels, wrappers, envelopes,
18 stamped cards, or postcards indicative of one-time use will not be accepted as
19 mailing lists." The term stamped cards does not need to be upper case, since
20 the term is referring to stamped cards in the generic sense. This proposed
21 change is consistent with maintaining a fair and equitable classification system
22 (Criterion 1).

23

K. Stamped Envelopes

1. Proposal

I am proposing to retain the current fees for all non-special categories of stamped envelopes. I am also proposing a classification change to eliminate the special fee categories. Bulk printed 6 ¾ inch envelopes are proposed to remain at \$17.00, with a resulting implicit cost coverage of 131 percent. Bulk printed 10 inch envelopes are proposed to remain at \$20.00, with a resulting implicit cost coverage of 141 percent. A pack of 50 printed household envelopes is proposed to remain at \$3.50, with a resulting implicit cost coverage of 142 percent. The bulk fee for plain 6 ¾ inch envelopes is proposed to remain at \$12.00, with an implicit cost coverage of 165 percent. The bulk fee for plain 10 inch envelopes is proposed to remain at \$14.00, with an implicit cost coverage of 158 percent. The fee for a single envelope is proposed to remain at 8 cents, resulting in a 111 percent implicit cost coverage. The implicit cost coverages were calculated using the average unit cost in each fee category weighted by volume. The proposed total cost coverage for stamped envelopes is 124 percent. All fees cover the costs of the highest unit costs in each fee category. Table 12 presents the current fees, the proposed fees and the fee percentage changes for stamped envelopes.

1 I am proposing a classification change to the stamped envelope special
2 service to eliminate the four "special" fee categories, as there are no plans to
3 manufacture any more special stamped envelopes. The affected categories
4 include single sale, household packs of 50 and bulk plain and printed packs of
5 500.

6

Table 12 - Stamped Envelope Fees*

<u>Description</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Percentage Change from Current to Proposed Fee</u>
Single Sale:			
Basic	.08	.08	0%
Special	.09	N/A	N/A
Printed Household:			
Basic (50)	3.50	3.50	0%
Special (50)	4.50	N/A	N/A
Plain 6 ¾: Basic (500)	12.00	12.00	0%
Plain 10 Basic (500)	14.00	14.00	0%
Plain 10 Special (500)	19.00	N/A	N/A
Printed 6 ¾: Basic (500)	17.00	17.00	0%
Printed 10 Basic (500)	20.00	20.00	0%
Printed 10 Special (500)	25.00	N/A	N/A

*Basic envelopes include regular, window, pre-canceled regular, and pre-canceled window. The special envelopes are those with holograms or patched-in stamps.

1 2. Description

2

3 Stamped envelopes are provided as a convenience to customers and
4 may be purchased individually at windows or ordered in box lots. Box lots of 50
5 (household) and 500 (bulk) are available. Stamped envelopes come in a variety
6 of pre-affixed postage amounts, including some presort and nonprofit rates, for
7 use by both individual and business customers.

8

9 Sizes for stamped envelopes are six and three-quarters, nine, and ten
10 inches in length. Window and pre-cancelled envelopes are available. For an
11 additional fee, stamped envelopes can be pre-printed with a return address, title,
12 company name, telephone number or advertising slogan.

13

14 As a result of the last two rate cases, many of the stamped envelopes
15 categories were consolidated to simplify the fee structure. The printed and plain
16 bulk categories for both 6 ¾ inch and 10 inch envelopes have been merged into
17 four categories to include all applicable regular, window, precancelled regular
18 and precancelled window bulk envelopes. Window and regular household 6 ¾
19 inch and 10 inch classifications have been combined into two household
20 categories. A special classification was created for hologram and patched-in
21 stamped envelopes.

22

1 3. Volume Trends

2

3 Aside from a few volume blips, stamped envelope volume has declined
4 slowly and steadily since Postal Reorganization. Stamped envelope volume
5 decreased 46 percent over the past 10 years and 38 percent over the past 5
6 years. From 1999 to 2000, stamped envelope volume decreased 32 percent to
7 its all-time low of 417 million. A detailed volume history for stamped envelopes is
8 presented in Library Reference J-92.

9

10 4. Revenue Trends

11

12 With few exceptions, stamped envelope revenue has remained relatively
13 constant since Postal Reorganization. From 1999 to 2000, stamped envelope
14 revenue decreased 32 percent, due to a large volume decrease. A detailed
15 revenue history for stamped envelopes is presented in Library Reference J-92.

16

17 5. Fee History

18

19 The fees for stamped envelopes have changed eight times since Postal
20 Reorganization, typically resulting in fee increases. In 1978, the fees increased
21 35 percent; in 1981, 31 percent; in 1985, 21 percent; in 1988, 8 percent; in 1991,
22 11 percent; and, in 1995, 12 percent. In 1999, the fees decreased, on average,
23 one percent. Also, in 1999, new fee categories were added to reflect the higher

1 costs of "special" (then hologram) stamped envelopes. As a result of Docket No.
2 R2000-1, in 2001 fees increased 28 percent. A detailed fee history for stamped
3 envelopes is presented in Library Reference J-93.

4

5 6. Fee Design

6

7 The proposed stamped envelope fees were developed with a
8 consideration of attaining a modest total cost coverage and reasonable implicit
9 cost coverages for the individual categories. The single sale envelope cost of
10 \$.0723³⁷ was marked up by 11 percent to arrive at the current fee of \$.08. The
11 household box lot cost of \$2.46³⁸ was marked up by 42 percent to arrive at the
12 current fee of \$3.50. The bulk plain 6 ¾ inch box lot cost of \$7.26³⁹ was marked
13 up by 65 percent to arrive at the current fee of \$12.00. The bulk plain 10 inch
14 box lot cost of \$8.88 was marked up by 58 percent to arrive at the current fee of
15 \$14.00. The bulk printed 6 ¾ inch box lot cost of \$12.96⁴⁰ was marked up by 31
16 percent to arrive at the current fee of \$17.00. The bulk printed 10 inch box lot
17 cost of \$14.18⁴¹ was marked up by 41 percent to arrive at the current fee of
18 \$20.00.

19

³⁷ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

³⁸ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

³⁹ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

⁴⁰ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

⁴¹ Cost from USPS-LR-J-109, USPS-T-36, WP-12.

1 **7. Classification Criteria**

2

3 I am proposing a classification change to eliminate the "special" fee
4 categories for stamped envelopes. The fee categories affected are single sale,
5 household, printed 6 ¾ inch and printed 10 inch. This classification change
6 stems from a decision not to produce any of these types of envelopes in the
7 future. It is desirable from the viewpoint of the Postal Service to simplify the fee
8 structure by removing those product classifications that are no longer used
9 (Criterion 5).

10

11

12

1 **V. PROPOSED DMCS REVISIONS TO SPECIAL SERVICES**

2

3 In Docket No. R2000-1, the Postal Service proposed the elimination of the
4 listings of combinations under each special service. The Postal Service further
5 proposed to replace those listings with general language that left the
6 combinations up to the discretion of the Postal Service. Docket No. R2000-1,
7 USPS-T-39, at 165-166. The allowable combinations would then have resided in
8 the special services section of the Domestic Mail Manual and could have been
9 revised through the usual procedures (notice to mailers and employees in the
10 Federal Register and the Postal Bulletin). The Commission rejected this
11 proposed DMCS change and retained the old DMCS language⁴². As it stands,
12 the current DMCS does not reflect the special services combinations allowed by
13 the Postal Service. The Domestic Mail Manual, however, has been updated and
14 therefore reflects the allowable combinations. Thus, the DMM provides the
15 public with complete information about special service combinations.

16

17 Via this testimony, the Postal Service is again proposing to eliminate from
18 the DMCS the specific listings of allowable combinations of special services. The
19 Postal Service further proposes to replace those listings with general language
20 that leaves the combinations up to the discretion of the Postal Service.

21

22 When the Special Services Reform case was litigated in Docket No.
23 MC96-3, the Postal Service could not predict the rapid development of

1 electronically-enhanced special services. Since Docket No. MC96-3, the Postal
2 Service has implemented electronic special services, such as Delivery
3 Confirmation and Signature Confirmation, and has applied new technology to its
4 accountable products, using scanners and barcoded labels. Also, the Postal
5 Service will soon introduce electronic return receipt service, as proposed in this
6 testimony. All of these special services are evolving rapidly, and the Postal
7 Service needs the flexibility and discretion to make changes quickly to the special
8 services combinations.

9

10 In addition, as customers gain experience with the Postal Service's
11 electronic special service offerings, they are recognizing opportunities to use
12 other special services in new and unique ways. The Postal Service needs the
13 flexibility to react quickly to these customer needs, particularly as they relate to
14 new combinations of special services. If the combinations were contained in the
15 DMCS language, the only way to accommodate new customer needs would be
16 through omnibus rate cases or through special filings, which are time-consuming.
17 Obviously, the Postal Service and its customers would prefer to quickly
18 implement new special services combinations that customers request. In fact,
19 customers may not wait around for months to gain access to new service
20 combinations.

21

22 A possible concern with leaving the special services combinations up to
23 the discretion of the Postal Service would be that fewer, more limited options for

⁴² PRC Op., pp. V-598-599.

1 customers would result. In fact, just the opposite is true. There are more
2 combinations available to retail customers and business mailers than ever
3 before. The Postal Service is committed to providing new and ingenious
4 solutions to customers to enhance the value of their mail. The Postal Service
5 has agreed internally that, if given the discretion over the special services
6 combinations, it will evaluate and measure each request for new combinations in
7 a systematic way through internal consensus-building and requests for public
8 input (such as publishing notice in the Federal Register).

9

10 It is recognized that many of our special services need to be re-evaluated
11 for redundancy. To this point, a major concern is eliminating older services that
12 may meet customer needs not provided by newer service offerings. An overhaul
13 of the special services is planned as part of an upcoming rate filing. This
14 overhaul is to include broader, more customer-focused definitions of the special
15 services.

16

17 Again, giving the Postal Service discretion over the special service
18 combinations would provide the flexibility to respond to the rapidly-changing
19 electronic environment and to react quickly to customer needs. This would
20 further promote a fair and equitable classification system.

21

1 Based on this reasoning, I propose the following DMCS revisions:

2

3 1. Change 932.41 from "The following services may be purchased in conjunction
4 with Merchandise Return Service:

5	Service	Fee Schedule
6	a. Certificate of Mailing	947
7	b. Insurance	943
8	c. Registered Mail	942
9	d. Special Handling	952"

10 to "Other services may be available in conjunction with Merchandise Return
11 Service, as specified by the Postal Service."

12

13 2. Change 935.41 from "The following services may be purchased in conjunction
14 with Bulk Parcel Return Service:

15	Service	Fee Schedule
16	a. Address Correction Service	911
17	b. Certificate of Mailing	947
18	c. Shipper-Paid Forwarding	936"

19 to "Other services may be available in conjunction with Bulk Parcel Return
20 Service, as specified by the Postal Service."

21

1 3. Change 936.41 from "The following services may be purchased in conjunction
2 with Shipper-Paid Forwarding:

3	Service	Fee Schedule
4	a. Certificate of Mailing	947
5	b. Bulk Parcel Return Service	935"

6 to "Other services may be available in conjunction with Shipper-Paid Forwarding,
7 as specified by the Postal Service."

8

9 4. Change 941.51 from "The following services may be obtained in conjunction
10 with mail sent under this section upon payment of the applicable fees:

11	Service	Fee Schedule
12	a. Restricted Delivery	946
13	b. Return Receipt	945"

14 to "Other services may be available in conjunction with Certified Mail, as
15 specified by the Postal Service."

16

17 5. Change 942.51 from "The following services may be obtained in conjunction
18 with mail sent under this section upon payment of the applicable fees:

19	Service	Fee Schedule
20	a. Collect on Delivery	944
21	b. Restricted Delivery	946
22	c. Return Receipt	945
23	d. Merchandise Return (shippers only)	932"

24 to "Other services may be available in conjunction with Registered Mail, as
25 specified by the Postal Service."

1 6. Change 943.251 from "The following services, if applicable to the subclass of
 2 mail, may be obtained in conjunction with mail sent under this section upon
 3 payment of the applicable fees:

4	Service	Fee Schedule
5	a. Parcel Airlift	951
6	b. Restricted Delivery (for items insured	946
7	for more than \$50)	
8	c. Return Receipt (for items insured for	945
9	more than \$50)	
10	d. Special Handling	952
11	d. Merchandise Return (shippers only)	932"

12 to "Other services may be available in conjunction with general insurance, as
 13 specified by the Postal Service."

14

15 7. Change 944.51 from "The following services, if applicable to the subclass of
 16 mail, may be obtained in conjunction with mail sent under this section upon
 17 payment of the applicable fees:

18	Service	Fee Schedule
19	a. Registered Mail, if sent as First-Class	942
20	b. Restricted Delivery	946
21	c. Special Handling	952"
22		

23 to "Other services may be available in conjunction with Collect on Delivery, as
 24 specified by the Postal Service."

25

1 8. Change 945.4 from "Reserved" to "945.14 Other services may be available in
2 conjunction with Return Receipt, as specified by the Postal Service."

3

4 9. Change 946.21 from "This service is available for mail sent under the
5 following sections:

6	Service	Fee Schedule
7	a. Certified Mail	941
8	b. COD Mail	944
9	c. Insurance (if insured for more than \$50)	943
10	d. Registered Mail	942"

11

12 to "Other services may be available in conjunction with Restricted Delivery, as
13 specified by the Postal Service."

1 10. Change 947.51 from "The following services, if applicable to the subclass of
 2 mail, may be obtained in conjunction with mail sent under this classification
 3 schedule upon payment of the applicable fees:

4	Service	Fee Schedule
---	----------------	---------------------

5	a. Parcel Airlift	951
6	b. Special Handling	952"

7

8 to "Other services may be available in conjunction with Certificate of Mailing, as
 9 specified by the Postal Service."

10

11 11. Change 951.51 from "The following services, if applicable to the subclass of
 12 mail, may be obtained in conjunction with mail sent under this section upon
 13 payment of the applicable fees:

14	Service	Fee Schedule
----	----------------	---------------------

15	a. Certificate of Mailing	947
16	b. Insurance	943
17	c. Restricted Delivery (if insured for more	946
18	than \$50)	
19	d. Return Receipt (if insured for more than \$50)	945
20	e. Special Handling	952"

21

22 to "Other services may be available in conjunction with Parcel Airlift (PAL), as
 23 specified by the Postal Service."

24

1 12. Change 952.51 from "The following services, if applicable to the subclass of
2 mail, may be obtained in conjunction with mail sent under this section upon
3 payment of the applicable fees:

4	Service	Fee Schedule
5	a. COD Mail	944
6	b. Insurance	943
7	c. Parcel Airlift	951
8	d. Merchandise Return (shippers only)	932"
9		

10 to "Other services may be available in conjunction with Special Handling, as
11 specified by the Postal Service."

12

13

1 Other miscellaneous proposed DMCS revisions in this section of my
2 testimony, but not directly related to fee or classification proposals in my
3 testimony are as follows:

4

5 1. Change 945.21 to "945.121 Return Receipt service is available for mail sent
6 under the following sections or classification schedules:

7	<u>Service</u>	<u>Fee Schedule</u>
8		
9	a. Certified Mail	941
10	b. C.O.D. Mail	944
11	c. Insurance (if insured for more than \$50)	943
12	d. Registered Mail	942
13	e. Express Mail	948"
14		

15 2. In Section 981 change the name "Mailing Online" everywhere it appears to
16 "NetPost Mailing Online".

1 VI. ACCOUNTABLE SERVICES OVERVIEW

2

3 In Docket No. R2000-1, the Chairman and two commissioners provided a
4 Concurring Opinion regarding the special service offerings. The purpose of this
5 section of my testimony is to address each of the applicable points in the
6 Concurring Opinion and provide the Postal Service's action or plan for action
7 where necessary.

8

9 The special services specifically targeted in the Concurring Opinion were
10 certified mail, return receipts, Delivery Confirmation, Signature Confirmation and
11 certificates of mailing. With respect to these services the concurring opinion
12 stated:

13 "Each service comes with a separate menu of
14 attributes, but many of these services share some of
15 the same attributes. Each also comes with a
16 separate set of usage restrictions, e.g. delivery
17 confirmation and signature confirmation cannot be
18 used for First-Class letters, while basic return receipt
19 can only be purchased with another service, such as
20 certified."⁴³
21

22 In an effort to provide this information in a concise manner in one place, I
23 am presenting Exhibit B to my testimony. Exhibit B is a matrix that lists the
24 current and proposed special services and denotes the eligible mail classes and
25 which special services may be used in conjunction with another special service.
26 Only two changes are being proposed, and they are the inclusion of First-Class

⁴³ PRC Op., R2000-1, Vol. 1, Concurring Opinion, p. 1.

1 Mail Letters and Sealed Parcels parcels as an eligible mail subclass for Delivery
2 and Signature Confirmation.

3

4 The matrix presented as Exhibit C provides information on the current and
5 proposed availabilities of eligible mail classes/subclasses, requirements for use
6 of the specific service, service features and the type(s) of delivery information
7 offered, if applicable. In addition to the special services named in the Concurring
8 Opinion, I have added registered mail, because it is a verification-type special
9 service similar to the other services.

10

11 There are several things I wish to note about Exhibit C. First, it is obvious
12 that there are overlapping features from one service to another. However, since
13 these services run the whole spectrum of mail classes, it is not surprising that the
14 same feature would apply to several services. Second, it is easy to decipher the
15 marked improvement over the current features for both certified mail and
16 registered mail in the proposed rows. In fact, Exhibit C illustrates the proposed
17 improvements to each of the special services listed, with the exception of
18 certificates of mailing. Certificates of mailing is a special service performed
19 during acceptance of the mailpiece and thus is geared to a specific customer not
20 wishing delivery information or a recipient's signature. The movement of the
21 Postal Service in the general direction envisioned in the Concurring Opinion can
22 be seen in the proposed rows in Exhibit C.

23

1 The Concurring Opinion went on further to state:

2
3 "Return receipt and certified, which are based on
4 costly manual operations, have high fees and a
5 history of poor service quality. See Carlson Brief at
6 10-16; Popkin Brief at 2-4; PRC Op. R97-1, para.
7 5951. The Commission has been concerned with this
8 quality of service issue since R90-1. See PRC Op.
9 R90-1 paras. 6576-77, fn. 110. Apparently, the
10 Inspection Service audit report reveals nationwide
11 problems with certified and return-receipt mail., e.g.,
12 failure to maintain proper control over the return
13 receipts, especially with regard to mail sent to the IRS
14 and the state tax agencies, and mail delays. USPS-
15 LR-I-200 at 18-20. Because return receipt and
16 certified are often used in high volume situations (e.g.,
17 mailers sending in tax returns, where volume tends to
18 peak around filing deadlines) improvements to these
19 manual-based systems may be difficult. Indeed, the
20 Service admits 'obtaining signatures of each return
21 receipt before delivery is not always practical when
22 many return receipts are delivered at one time.'
23 Postal Service Reply Brief at V11-16. It argues that
24 employing more personnel to solve the problem would
25 increase fees. *Ibid.* It concludes that allowing large
26 organizations to sign for receipt of all certified mail at
27 the time of delivery, and then complete the return
28 receipt cards later 'may at least be temporarily
29 necessary in order to avoid even more problematic
30 delivery delays.' *Id.* at V11-17."⁴⁴

31
32 A letter was sent out in March 2001 to in-plant support area managers as a
33 reminder of the proper procedures for handling special services used with tax
34 returns. This is just one example of the continued efforts of the Postal Service to
35 correct problematic situations operationally. Efforts to correct certified mail/return
36 receipt deficiencies stemmed, in part, from the Commission's concern about
37 service quality in the Docket No. R97-1 Decision where it stated:

1
2 “The Commission recognizes that the cost coverage
3 for return receipt is below the system-wide average
4 cost coverage. Witness Plunkett attempts to justify
5 the increase by relying on overall demand for the
6 service. However, the Service’s testimony that
7 available alternatives are priced considerably higher
8 may explain the high demand for the service; overall
9 demand may be unrelated to the quality of the
10 service. There is no reliable evidence that this
11 service is consistently meeting customer
12 expectations, and the Service admits that its handling
13 of return receipts delivered to high volume recipients
14 does not comply with its own DMM. This, in addition
15 to other intervenor testimony asserting service
16 problems, indicates that there may be problems with
17 the reliability of this service. The Commission is
18 concerned about the quality of return receipt service,
19 as it has been since R90-1. See PRC Op. R90-1,
20 para. 6575, n.110”.⁴⁵
21

22 The Concurring Opinion further stated:

23
24 “We have constrained fees for return receipt and
25 certified because of the quality of service issue.....
26 customers receiving poor service should not also pay
27 premium rates.”⁴⁶
28

29 The Postal Service has made great strides in improving the overall service
30 of both certified mail and return receipts. The enhancement proposed in this
31 testimony for delivery information capability for certified mail, and the proposal for
32 a new electronic return receipt, should relieve at least some of the operational
33 concerns about proper service. Some current certified mail with return receipt
34 users would be able to purchase certified mail service only at a lower fee than

⁴⁴ PRC Op., R2000-1, Vol. 1, Concurring Opinion, p. 1.

⁴⁵ PRC Op., R97-1, para 5951.

1 the combined service, if the delivery data, rather than a signature, were what
2 they were really seeking. For those current certified mail with return receipt
3 users still wishing to get a return receipt, the new electronic option could prove to
4 be valuable and more reliable. For the rest of the current certified mail with
5 return receipt users still wanting the same service, there have been actions taken
6 to improve overall service. Specifically, peel-off article numbers are now used on
7 certified, insurance, and recorded delivery forms to be used on corresponding
8 return receipts. Not only does this save time in completing the forms, it also
9 reduces the potential for error in recording an article number on the return
10 receipt. It is planned to have these peel-off numbers available on all applicable
11 forms in the near future. Additionally, taggant detectors have been refurbished
12 and are routinely maintained which has aided in extracting a higher percentage
13 of certified mailpieces from the regular mailstream.

14

15 The Concurring Opinion went on to further state:

16

17 "We suggest that extending the more electronically-
18 based delivery and signature confirmation services to
19 First-Class letter mail would have a mitigating effect
20 on or, perhaps, even obviate the need to address
21 many problems associated with the manual
22 accountable services. Electronic confirmation
23 services do not require the extensive interaction
24 between postal employees and the sender and
25 recipient of First-Class Mail, as do the currently
26 available manual services. They are, therefore, less
27 costly to the Postal Service. For example, the
28 Service's cost for each of its roughly 275 million
29 Certified Mail transactions is on the order of \$1.60 per

⁴⁶ PRC Op., R2000-1, Vol. 1, Concurring Opinion, pp. 1-2.

1 piece, compared to approximately \$0.40 for a Delivery
2 Confirmation transaction."⁴⁷
3

4 Although the Postal Service is not proposing to extend Delivery
5 Confirmation and Signature Confirmation to First-Class Mail letters, I am
6 proposing to extend these services to First-Class Mail Letters and Sealed
7 Parcels parcels. As it is not pragmatic for the Postal Service to offer Delivery
8 Confirmation and Signature Confirmation to First-Class Mail letters (as discussed
9 in witness Kingsley's testimony, USPS-T-39, page 30), offering these services to
10 First-Class Mail Letters and Sealed Parcels parcels is a substantial improvement.
11

12 The Concurring Opinion further stated:
13

14 "An opportunity to extend one highly regarded existing
15 service as a substitute for another poorly perceived
16 service should not be ignored. This is especially so
17 when the potential exists to drive more than \$300
18 million in costs out of the system and to offer
19 customers a high-tech, lower price option. These
20 possibilities suggest a bottoms-up review of the
21 panoply of delivery-related services, with an eye
22 toward offering a narrower, but more reliable array of
23 electronically-based services. Providing customers
24 with better choices at lower prices is appropriate and
25 desirable."⁴⁸
26

27 Delivery Confirmation is less costly than certified mail, not because of a
28 difference in technology use, but because certified mail obtains the recipient's

⁴⁷ PRC Op., R2000-1, Vol. 1, Concurring Opinion, p. 2.

⁴⁸ PRC Op., R2000-1, Vol. 1, Concurring Opinion, p. 2.

1 signature. Delivery Confirmation cannot eliminate certified mail's cost because in
2 many cases customers need to obtain the recipient's signature.

3

4 The Postal Service has made significant strides in the last few months
5 towards employing technology to provide lower price options. Specifically, with
6 the proposals in this testimony for enhanced certified mail and electronic return
7 receipt service, customers will have opportunities to obtain much of the same
8 information currently provided by a basic return receipt for either no additional
9 cost above the host service or a substantially lower fee.

10

1 **CONCLUSION**

2

3 This testimony has demonstrated the need for the proposed fee and
4 classification changes by showing how each of the proposals meets or exceeds
5 the respective criteria, where applicable. This testimony has also demonstrated
6 how many of the special services add a high value of service, either by
7 themselves or to the various mail classes, yet are frequently proposed with fees
8 producing lower than systemwide average cost coverages. I have also proposed
9 changes to the DMCS to both clarify and simplify the various combinations of
10 special services and their applicable usage. Further, this testimony has
11 addressed past concerns of the Commission with respect to the direction of the
12 accountable services and the number of services offered with features that
13 overlap each other.

14

Insurance Cost and Indemnity Analysis

Value Up To (A)	FY 2000 Claims				TYAR Claims			Revenue					
	TYAR Insurance Transactions 1/ (B)	Volume 2/ (C)	Cost 2/ (D)	Average Cost (E)	Volume 3/ (F)	Claims Cost (G)	TYBR Volume Variable Cost per Piece 4/ (H)	Volume Variable Insured Cost 5/ (I)	Proposed Fee Per Piece 6/ (J) \$1.00	TYAR Revenue (K)	Average Revenue per Piece (L)	Average Cost per Piece (M)	Cost Coverage (N)
			(D/C)	(E)	(F)	(G)	(H)			(B*J)	(L/B)	(M/B)	(N/D)
50	90,437,011	82,546	\$2,799,021	\$34	90,431	\$3,066,392	\$0.94	\$28,610,790	\$1.30	\$39,568,114	\$1.30	\$0.94	138%
100	16,140,076	36,746	\$2,853,715	\$78	40,256	\$3,126,310	\$1.80	\$29,052,137	\$2.20	\$35,508,167	\$2.20	\$1.80	122%
200	7,845,236	37,272	\$5,000,983	\$134	40,832	\$5,478,692	\$1.80	\$18,034,991	\$3.20	\$25,104,754			
300	2,579,273	15,170	\$3,589,066	\$235	16,619	\$3,909,993	\$1.80	\$8,038,120	\$4.20	\$10,832,948			
400	1,140,138	7,279	\$2,434,228	\$334	7,974	\$2,666,753	\$1.80	\$4,491,544	\$5.20	\$5,928,720			
500	1,003,982	3,943	\$1,733,069	\$440	4,320	\$1,898,617	\$1.80	\$3,505,490	\$6.20	\$6,224,686			
600	366,366	2,991	\$1,581,234	\$529	3,277	\$1,732,278	\$1.80	\$2,318,648	\$7.20	\$2,637,838			
700	12,934,996	66,655	\$14,318,580	\$215	73,022	\$15,886,333		\$36,388,764		\$50,728,947	\$3.92	\$2.81	139%
700	176,593	1,351	\$854,930	\$633	1,480	\$936,595	\$1.80	\$936,595	\$8.20	\$1,448,065			
800	210,771	827	\$613,333	\$742	906	\$671,920	\$1.80	\$1,009,260	\$9.20	\$1,939,097			
900	77,635	658	\$549,962	\$836	721	\$602,497	\$1.80	\$726,751	\$10.20	\$791,876			
1000	238,433	514	\$490,499	\$954	563	\$537,353	\$1.80	\$918,964	\$11.20	\$2,670,446			
1100	18,032	733	\$749,811	\$1,023	803	\$821,435	\$1.80	\$850,295	\$12.20	\$219,990			
1200	721,464	4,083	\$3,258,535	\$798	4,473	\$3,569,799		\$4,724,503		\$7,069,473	\$9.80	\$6.55	150%
1200	38,119	170	\$195,419	\$1,150	186	\$214,086	\$1.80	\$275,095	\$13.20	\$503,171			
1300	17,711	191	\$236,199	\$1,237	209	\$258,761	\$1.80	\$287,107	\$14.20	\$251,493			
1400	11,934	102	\$137,176	\$1,345	112	\$150,280	\$1.80	\$169,381	\$15.20	\$181,401			
1500	62,175	143	\$207,444	\$1,451	157	\$227,280	\$1.80	\$326,771	\$16.20	\$1,007,230			
1600	9,630	215	\$327,596	\$1,524	236	\$358,889	\$1.80	\$374,622	\$17.20	\$169,080			
1700	139,769	821	\$1,103,834	\$1,344	899	\$1,209,276		\$1,432,976		\$2,112,375	\$15.11	\$10.25	147%
1700	4,766	85	\$139,667	\$1,643	93	\$153,009	\$1.80	\$160,637	\$18.20	\$88,746			
1800	4,262	66	\$115,277	\$1,747	72	\$126,288	\$1.80	\$133,110	\$19.20	\$81,834			
1900	2,775	63	\$115,939	\$1,840	69	\$127,013	\$1.80	\$131,455	\$20.20	\$58,052			
2000	87,063	92	\$176,375	\$1,917	101	\$193,223	\$1.80	\$332,566	\$21.20	\$1,845,725			
2100	4,862	146	\$295,251	\$2,022	160	\$323,455	\$1.80	\$331,237	\$22.20	\$107,947			
2200	103,728	452	\$842,508	\$1,864	495	\$922,987		\$1,089,004		\$2,178,304	\$21.00	\$10.50	200%
2200	2,463	26	\$53,850	\$2,071	28	\$58,994	\$1.80	\$62,935	\$23.20	\$57,136			
2300	3,415	29	\$64,938	\$2,239	32	\$71,141	\$1.80	\$76,606	\$24.20	\$82,639			
2400	8,731	23	\$53,714	\$2,335	25	\$58,845	\$1.80	\$72,819	\$25.20	\$220,029			
2500	16,680	27	\$66,200	\$2,452	30	\$72,523	\$1.80	\$99,220	\$26.20	\$437,015			
2600	425	44	\$111,338	\$2,530	48	\$121,973	\$1.80	\$122,853	\$27.20	\$11,551			
2700	31,714	149	\$350,039	\$2,349	163	\$383,476		\$434,233		\$808,370	\$25.49	\$13.69	186%
2700	915	8	\$21,144	\$2,643	9	\$23,184	\$1.80	\$24,628	\$28.20	\$25,791			
2800	1,485	18	\$49,177	\$2,732	20	\$53,874	\$1.80	\$56,251	\$29.20	\$43,367			
2900	1,067	18	\$51,014	\$2,834	20	\$55,887	\$1.80	\$57,595	\$30.20	\$32,226			
3000	11,983	28	\$75,972	\$2,713	31	\$83,229	\$1.80	\$102,408	\$31.20	\$373,872			
3100	852	49	\$147,821	\$3,017	54	\$161,941	\$1.80	\$163,305	\$32.20	\$27,434			
3200	16,302	121	\$345,128	\$2,852	133	\$378,095		\$404,186		\$502,690	\$30.84	\$24.79	124%
3200	1,437	6	\$18,980	\$3,163	7	\$20,793	\$1.80	\$23,082	\$33.20	\$47,706			
3300	578	10	\$32,364	\$3,236	11	\$35,455	\$1.80	\$36,380	\$34.20	\$19,787			
3400	2,157	7	\$21,223	\$3,032	8	\$23,250	\$1.80	\$26,702	\$35.20	\$75,931			
3500	2,689	12	\$41,385	\$3,447	13	\$45,317	\$1.80	\$49,820	\$36.20	\$97,325			
3600	27	18	\$63,580	\$3,531	20	\$69,632	\$1.80	\$69,675	\$37.20	\$1,022			
	6,888	53	\$177,491	\$3,349	58	\$194,446		\$205,470		\$241,750	\$35.10	\$29.83	118%

Insurance Cost and Indemnity Analysis

Value Up To (A)	FY 2000 Claims				TYAR Claims			Revenue					
	TYAR insurance Transactions 1/ (B)	Volume 2/ (C)	Cost 2/ (D)	Average Cost (E)	Volume 3/ (F)	Claims Cost (G)	TYBR Volume Variable Cost per Piece 4/ (H)	Volume Variable Insured Cost 5/ (I)	Proposed Fee Per Piece 6/ (J) \$1.00	TYAR Revenue (K)	Average Revenue per Piece (L)	Average Cost per Piece (M)	Cost Coverage (N)
			(D/C)	(E)	(F)	(G/F)				(B*J)	(L/B)	(M/B)	(N/O)
3700	637	5	\$23,956	\$4,791	5	\$26,244	\$1.80	\$27,264	\$38.20	\$24,327			
3800	-	8	\$30,085	\$3,761	9	\$32,959	\$1.80	\$32,959	\$38.20	\$0			
3900	1,533	8	\$30,683	\$3,836	9	\$33,813	\$1.80	\$36,067	\$40.20	\$61,620			
4000	1,755	11	\$41,194	\$3,745	12	\$45,129	\$1.80	\$47,938	\$41.20	\$72,324			
4100	288	18	\$72,517	\$4,029	20	\$79,444	\$1.80	\$79,902	\$42.20	\$12,071			
	4,211	50	\$198,434	\$3,969	55	\$217,389		\$224,129		\$170,342	\$40.45	\$59.22	76%
4200	680	7	\$29,013	\$4,145	8	\$31,785	\$1.80	\$32,873	\$43.20	\$29,386			
4300	319	11	\$46,850	\$4,259	12	\$51,325	\$1.80	\$51,836	\$44.20	\$14,116			
4400	-	7	\$30,587	\$4,370	8	\$33,509	\$1.80	\$33,509	\$45.20	\$0			
4500	1,571	4	\$17,800	\$4,450	4	\$19,500	\$1.80	\$22,015	\$46.20	\$72,595			
4600	-	5	\$22,672	\$4,534	5	\$24,838	\$1.80	\$24,838	\$47.20	\$0			
	2,571	34	\$146,922	\$4,321	37	\$160,957		\$165,072		\$116,099	\$45.16	\$64.21	70%
4700	1,128	3	\$13,921	\$4,640	3	\$15,251	\$1.80	\$17,057	\$48.20	\$54,385			
4800	-	4	\$19,045	\$4,781	4	\$20,864	\$1.80	\$20,864	\$49.20	\$0			
4900	-	6	\$29,051	\$4,842	7	\$31,826	\$1.80	\$31,826	\$50.20	\$0			
5000	8,593	52	\$257,210	\$4,946	57	\$281,780	\$1.80	\$295,533	\$51.20	\$439,967			
	9,721	65	\$319,227	\$4,911	71	\$349,721		\$365,280		\$494,352	\$50.85	\$37.57	135%
Total	60,548,451	191,775	26,713,435	\$139	210,094	29,265,181		103,086,574		198,498,989	\$2.30	\$1.70	135%

1/ TYAR insured transactions obtained from USPS-T-36, WP-5.

2/ FY 2000 claims volume and costs obtained from Insurance Indemnity Claims Report produced by the St. Louis Accounting Service Center.

3/ TYAR insured claims determined by increasing the FY 2000 claims volume by the ratio of TYAR domestic insured volume divided by Base Year domestic insured transaction volume (USPS-T-36, WP-5).

4/ Volume Variable cost with contingency obtained from USPS-T-36, WP-12.
variable cost is
determined as

6/ USPS-T-36, WP-5.

SPECIAL SERVICES ELIGIBILITY AND OPTIONS

Special Service	ELIGIBLE MAIL CLASSES										SPECIAL SERVICES USED IN CONJUNCTION									
	First Class Letters	First Class Parcels	Priority	Express Mail	Periodicals	Standard Packages	Another Special Service Required	Certificates of Mailing	Collect on Delivery	Delivery Confirmation	Insured	Parcel Airlift	Registered	Return Receipts for Merchandise	Return Receipts	Restricted Delivery	Signature Confirmation	Special Handling		
Address Correction	X	X	X	X	X	X														
Bulk Parcel Return Service						X														
Business Reply Mail	X	X	X																	
Certificates of Mailing	X	X	X			X														
Certified Mail	X	X	X																	
Collect on Delivery	X	X	X	X		X			X			X	X	X	X	X	X	X		
Delivery Confirmation		P	X			X			X	X		X	X	X	X	X	X	X		
Insurance		X	X			X			X		X		X	X	X	X	X	X		
Merchandise Return		X	X			X			X	X		X	X	X	X	X	X	X		
Parcel Airlift						X									X			X		
Registered Mail	X	X	X						X					X	X	X				
Restricted Delivery 1/	X	X	X			X														
Return Receipts 2/	X	X	X	X		X														
Return Receipts for Merchandise			X			X			X	X	X							X		
Signature Confirmation		P	X			X		X		X		X			X			X		
Special Handling	X	X	X			X		X	X	X	X	X	X	X	X	X	X	X		

X = Current and Proposed
P = Newly Proposed

1/ Required special service includes certified, COD, numbered insurance or registered. Additional ancillary services that can be used in combination with restricted delivery include Delivery Confirmation, parcel airlift, Signature Confirmation, return receipts and special handling.

2/ Required special service includes certified, COD, numbered insurance or registered. Additional ancillary services that can be used in combination with return receipts include Delivery Confirmation, parcel airlift, Signature Confirmation, restricted delivery and special handling.

Comparison of Selected Special Services

Service	Price	Eligible Mail				Requirements				Service Features										Delivery Information				
		First Class Letters	First Class Parcels	Express Mail	Priority	Standard	Package Services	Another Special Service Required	Available Only After Mailing	Electronic Purchase Interface	Mailing Receipt	Confirmation of Delivery	Automatic Notification of Delivery	Hardcopy Delivery Info Provided	Internet Access to Delivery Information	Call Center Access to Delivery Information	Signature Waiver Allowed	Signature Required	Actual Signature Provided	Signature Image Provided	Delivery Information on File	Signature Record on File	Delivery Address II Same as Address I	Delivery Address II Different from Address I
Certified	Current	X	X		X						X							X			X			
	Proposed	X	X		X						X							X			X			
Certificates of Mailing	Current and Proposed	X	X		X						X													
		\$25 - \$350	\$30 - \$450		X						X													
Return Receipts	Return Receipt Basic (Current green card) 1/	\$1.50	X	X	X	X	X	X			X	X	X				X	X					X	
	Electronic Return Receipt (proposed) 1/	\$1.30	X	X	X	X	X	X			X	X	X				X	X					X	
	Return Receipt after Mailing 1/	\$3.50	X	X	X	X	X	X	X			X	X				X	X					X	
	Internet Return Receipt after Mailing 1/	\$3.25	X	X	X	X	X	X	X			X	X				X	X					X	
Delivery Confirmation	Return Receipt for Merchandise	\$2.35-\$3.50			X	X	X	X			X	X	X				X	X						
	Manual (current)	\$0.40-\$0.50			X	X	X	X			X	X	X				X	X			X			
	Manual (proposed)	\$0.45-\$0.55			X	X	X	X			X	X	X				X	X			X			
	Electronic (current)	\$0.00-\$0.12			X	X	X	X			X	X	X				X	X			X			
Signature Confirmation	Electronic (proposed)	\$0.00-\$0.13			X	X	X	X			X	X	X				X	X			X			
	Manual (current)	\$1.75			X	X	X	X			X	X	X				X	X			X			
	Manual (proposed)	\$1.80			X	X	X	X			X	X	X				X	X			X			
	Electronic (current)	\$1.25			X	X	X	X			X	X	X				X	X			X			
Registered Mail	Electronic (proposed)	\$1.30			X	X	X	X			X	X	X				X	X			X			
	Current	\$7.25 - \$27.00	X	X							X											X	X	
	Proposed	\$7.50 - \$30.10	X	X							X											X	X	

1/ Most services of either certified mail, insured mail, or registered mail required.

