

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

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 1997)

Docket No. R97-1

OFFICE OF THE CONSUMER ADVOCATE  
INTERROGATORIES TO THE UNITED STATES POSTAL SERVICE  
(OCA/USPS-25-43)  
September 5, 1997

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatories 1-7 to the United States Postal Service dated July 16, 1997, are hereby incorporated by reference.

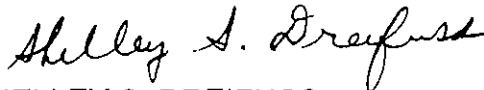
Respectfully submitted,



GAIL WILLETTE

Director

Office of the Consumer Advocate



SHELLEY S. DREIFUSS

Attorney

OCA/USPS-25. What procedures are currently followed by the Postal Service to ensure that the appropriate amount of postage is applied to First-Class letter mail originating at nonhouseholds? When compared to total First-Class letter mail, what proportion of First-Class letter mail originating at nonhouseholds is short paid?

OCA/USPS-26. What steps will the Postal Service take to ensure that a mailing meeting automation eligibility requirements actually carries accurate barcodes? Please provide any and all studies the Postal Service has undertaken to determine what percentage of mail receiving automation discounts actually carries accurate barcodes.

OCA/USPS-27. What procedures are currently followed by the Postal Service to ensure that the appropriate amount of postage is applied to First-Class letter mail found in the collection mailstream? When compared to total First-Class letter mail, what proportion of First-Class letter mail in the collection mailstream is short paid? What proportion of the First-Class letter mail in the collection mailstream is over paid?

OCA/USPS-28. What proportion of the total mail flowing through the Postal Service is short paid?

OCA/USPS-29. Does the Postal Service keep track of the revenue lost through short paid postage?

- a. If your response is affirmative, what was the revenue lost for FY 95 and FY 96 due to short paid postage? Of the total short payments for FY 95 and FY 96, what proportion represents First-Class single piece letter mail ?
- b. For FY 1997, has the Postal Service developed an estimate of the revenue lost through short paid postage?
- c. If your response to part b is affirmative, please provide the estimate, cite all sources and, if the number is derived, please show all calculations.
- d. If your response to part b is affirmative, please indicate how and where the loss is represented in the current Postal Service filing.
- e. If your response to part b is negative, please explain why there is no provision for short paid postage.
- f. If the amount for short paid postage is built into the Postal Service's filing, please provide the total unpaid and short-paid revenue projection for the base year, FY 97 and FY 98. Separately identify the amount of short-paid and unpaid revenue that is estimated to be attributed to First-Class letter mail. If you are unable to provide a total unpaid and short-paid revenue estimate attributed to First-Class letter mail, please explain.

OCA/USPS-30. What procedures are currently followed by the Postal Service to ensure that the appropriate amount of postage is applied to First-Class metered mail originating at nonhouseholds? When compared to total First-Class letter mail, what proportion of the First-Class metered mail originating at nonhouseholds is short paid?

OCA/USPS-31. Please provide the estimated cost to educate and notify households on the appropriate postage required if CEM as proposed by the OCA in Docket No. MC95-1 were implemented. If you are unable to provide an estimate, please explain why you cannot comply with this request.

OCA/USPS-32. Please explain how the Postal Service expects to educate all mailers on the usage of its proposed classifications and the ensuing postal rates. Please provide the estimated cost built into the Postal Service's filing for educating mailers on its proposed postal rates. Please identify where the education costs are reflected in the Postal Service's filing.

OCA/USPS-33. The following question refers to Nonhousehold to Nonhousehold mail.

- a. Has the Postal Service conducted any studies or performed an analysis on the volume of CRM and BRM that is supplied by Nonhouseholds to Nonhouseholds for FY 95 or FY 96? If your response is affirmative, please supply the results of the studies or analysis, cite all sources and if calculations are involved, please explain their derivation. If your response is negative, please explain why no analysis or study was performed.
- b. Has the Postal Service conducted any studies or performed an analysis on the volume of CRM and BRM that is supplied by Nonhouseholds to Nonhouseholds and is subsequently used by the recipient Nonhousehold? If your response is affirmative, please supply the results of the studies or analysis, cite all sources

and if calculations are involved, please explain their derivation. If your response is negative, please explain why no analysis or study was performed.

OCA/USPS-34. Has the Postal Service gathered information on when businesses are likely to provide courtesy reply (CR) envelopes?

- a. If your response is affirmative, please provide information on the volume of CR envelope[s] sent out in FY 95 and FY 96.
- b. Please provide all information available to the Postal Service on the conditions under which businesses provide CR envelopes.
- c. Under what specific conditions would usage of CR envelopes increase?
- d. Under what specific conditions would usage of CR envelopes decline?

OCA/USPS-35. Please provide for FY 95 and FY 96 the equivalent of the information provided by the Postal Service in Docket No. MC95-1, to OCA/USPS-32. Tr. 27/12795.

OCA/USPS-36. For FY 95 and FY 96, what proportion of single-piece nondiscounted First-Class mail is automation compatible? Please file a copy of your source documents if they have not been previously filed. If no information is available, please explain why not.

OCA/USPS-37. In Docket No. MC95-1, USPS witness Potter stated in his testimony that the CEM eligibility markings appearing on an envelope would likely be placed on the envelope by a printer. "Commercial printers would presumably have the ability to

print those markings available as a regular option, just as they now offer the ability to print FIMs. Given the high quality of reproduction available from PC printers, however, it would seem that the ability to produce such markings would not be limited to commercial printers. I am not aware of any way that the Postal Service could be sure that all envelopes bearing the required markings would have actually been certified. "

Tr. 36/16216.

- a. *In light of USPS witness Potter's concerns about potential counterfeit reply envelopes, did the Postal Service conduct surveys or perform an analysis on the likelihood of PC printers being used by "unscrupulous" individuals to counterfeit the type of Prepaid Reply Mail (PRM) and Qualified Business Reply Mail (QBRM) envelopes proposed in this docket? If no study or analysis was conducted, please explain why not.*
- b. *For FY 95 and FY 96, please provide Postal Service data on the volume of counterfeit First-Class BRM envelopes. If no data is available, please explain.*

OCA/USPS-38. In Docket No. MC95-1, USPS witness Potter stated, "In my experience, the possibilities for customers to become confused should not be underestimated. In an effort either to recycle or to save the cost of an envelope, I have observed that some customers try to send reply envelopes to parties other than the envelope provider by either scratching out the preprinted address, or placing a mailing label over it." Tr. 36/16218.

- a. *Given USPS witness Potter's stated concern, has the Postal Service conducted any studies on the number of PRM and QBRM envelopes that will have their*

addresses modified so that the envelope will be sent to parties other than the envelope provider? If so, please provide a copy of all such studies. If not, please explain why not.

- b. Given USPS witness Potter's stated concern, has the Postal Service conducted any studies on the number of currently existing courtesy reply envelopes that have their addresses modified so that the envelop will be sent to parties other than the envelope provider?
- c. Did the Postal Service consider the problem of potential misdeliveries of PRM and QBRM envelopes in its processing costs? If so, what is the Postal Service's volume and cost estimate for the test year? Where are the costs of misdeliveries provided for? If no estimated costs were prepared, please explain.
- d. Under the PRM and QBRM proposal, who will be responsible for the cost of the "recycled" and rerouted prepaid reply envelopes? What is the total estimated cost of this problem for First-Class single piece PRM and QBRM envelopes.
- e. Please provide all the processing steps a "recycled" envelope would go through if the assumption is made that the bar code was not "covered up" and the "recycled" envelope was consequently inappropriately routed. Identify at what step in the delivery process the envelope would be detected as misdelivered.

OCA/USPS-39. In Docket No. MC95-1, USPS witness Potter stated, "[I]t is my understanding that the Postal Service was recently losing tens of millions of dollars a year from mailers putting 2-cent and 6-cent stamps on their letters. [Footnote omitted] The need for the Postal Service to take steps to protect against potential revenue loss

from short-paid mail if a CEM discount were implemented cannot be seriously questioned." Tr. 36/16219. Please explain all the steps currently taken by the Postal Service to protect itself against revenue loss from short-paid mail.

OCA/USPS-40. In Docket No. MC95-1, the Postal Service filed library reference MCR-119 that described the processing of a FIMed mail piece where the FIM becomes obscured. Is this library reference still accurate? If not, please provide an updated version of library reference MCR-119.

OCA/USPS-41. In response to OCA/USPS-1 the Postal Service allowed the OCA to review Inspection Service audits of actual data collection for the major statistical sampling systems (RPW, IOCS, TRACS, etc.).

- a. Does the Inspection Service analyze these individual audits? If so, please describe the analytical process. If not, please describe the uses to which the individual audits are put.
- b. Does the Inspection Service prepare written reports summarizing or consolidating the results of the individual audits? If so, please provide copies of those reports. If not, please describe how information obtained in the individual audits is disseminated to postal management and provide copies of any documents used to disseminate information obtained in the individual audits to postal management (either at headquarters or in the field).



- c. Is there a formal mechanism for incorporating findings of Inspection Service audits of statistical sampling systems into the training programs for data collectors? If so, please explain. If not, please explain why not.
- d. Are the Inspection Service audits of statistical sampling systems part of the input to developing or updating data collection instruction manuals? If so, please explain. If not, please explain why not.
- e. Are the Inspection Service audits of statistical sampling systems part of the input to developing or updating the CODES data collection software? If so, please explain. If not, please explain why not.

OCA/USPS-42. Please refer to the description and development of the 519-percent ratio in interrogatory OCA/USPS-13. Explain why a ratio calculated in similar fashion from the following cost component varies so markedly from the overall 519-percent ratio.

C/S 7.1 (City Delivery Carriers, Street Activity, Route).

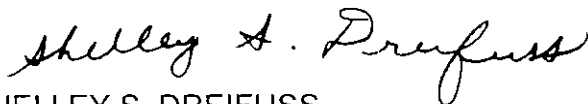
- a. SFCR cost difference from CRA to 5A of \$3.5 million, calculated as follows:  
 $\$3.5 \text{ million (5A)} - \$0 \text{ (CRA)} = 3.5$ ; this represents an *increase* for SFCR of \$3.5 million.
- b. LR cost difference from CRA to 5A to of \$1 million, calculated as follows:  
 $\$1 \text{ million (5A)} - \$0 \text{ (CRA)} = 1 \text{ million}$ ; this represents an *increase* for LR of \$1 million.
- c. ratio of SFCR to LR change:  $3.5 \div 1 = 350\%$

- d. explain why SFCR's component 7.1 cost increased so modestly compared to LR's increased cost; i.e., why isn't the ratio of increase close to 519% which is the overall cost change ratio? (Another way of putting it is to ask: Why didn't SFCR's component 7.1 costs increase roughly 5 times as much as LR's?)

OCA/USPS-43. Please refer to the response to OCA/USPS-T24-49a. Please confirm that the "TOTAL" for the column "1994" should be 160,812. If you do not confirm, please explain.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.

  
SHELLEY S. DREIFUSS  
Attorney

Washington, D.C. 20268-0001  
September 5, 1997