

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, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE  
(OCA/USPS-308-310)

The United States Postal Service hereby provides the responses to the following interrogatories of Office of the Consumer Advocate: OCA/USPS-308-310, filed on December 14, 2001. Interrogatories OCA/USPS-307 and 311 will be filed separately.

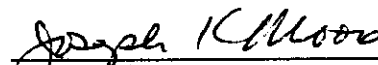
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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Chief Counsel, Ratemaking

  
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December 28, 2001

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**OCA/USPS-308.** Please refer to the answer given in response to interrogatory OCA/USPS-254. In the cited response, the Postal Service informed OCA that Electronic Marketing Reporting System data are only maintained for two years. Thus, data requested for FY1990 and FY1995 were not available. Please provide the data requested in interrogatory OCA/USPS-254 for whatever years are currently available.

**RESPONSE:**

See attachment.

**Domestic Express Mail - FYs 1999-2001**

	<b>FY 1999 Ttl</b>	<b>FY %</b>	<b>FY 2000 Ttl</b>	<b>FY %</b>	<b>FY 2001 Ttl</b>	<b>FY %</b>
<b>Next Day AM</b>	31,972,411	48.1%	33,049,852	48.2%	32,822,004	48.4%
<b>Next Day PM</b>	20,113,120	30.3%	20,717,663	30.2%	20,394,265	30.1%
<b>Next Day Total</b>	<b>52,085,531</b>	<b>78.3%</b>	<b>53,767,515</b>	<b>78.4%</b>	<b>53,216,269</b>	<b>78.5%</b>
<b>2-Day</b>	14,408,734	21.7%	14,816,175	21.6%	14,769,955	21.5%
<b>TOTAL</b>	<b>66,494,265</b>		<b>68,583,690</b>		<b>67,986,224</b>	

Source: Electronic Marketing Reporting System (EMRS) - Volume in pieces.

Note: Custom Design is omitted from this measurement as some are overnight and some are 2-day and EMRS does not distinguish between commitments on Custom Design - it is either on-time or late.

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**OCA/USPS-309** Please refer to the response to interrogatory OCA/USPS-286(a). This response indicates that the Postal Service does not offer Delivery Confirmation service for First-Class letters. The page (81) attached from Postal Bulletin 22043 (dated 2-8-01) indicates that Delivery Confirmation should be suggested by retail associates to mailers of Valentine's Day cards. The "Retail Coaches' Corner" reminds retail associates that cards are sent in many colors and sizes. Delivery Confirmation should be suggested as an added value. If the card sent does not meet requirements, a surcharge must be applied.

- (a) Please confirm that Valentine's cards (and other greeting cards) are typically sent as First-Class letters. If this statement is not confirmed, then explain fully.
- (b) Please confirm that there is no size-related surcharge for Priority Mail pieces. If this statement is not confirmed, then explain fully.
- (c) Please confirm that the only reasonable conclusion that can be drawn from the cited paragraph is that retail associates should suggest Delivery Confirmation for Valentine's Day cards mailed as First-Class letters, and that the associate should determine whether the letter is subject to a nonstandard surcharge based on the size of the letter. If this statement is not confirmed, then explain fully.

**RESPONSE:**

- (a) Confirmed.
- (b) Confirmed.
- (c) Not confirmed. The card could be mailed using Priority Mail by either placing the card in a Priority Mail envelope or by identifying the letter with Priority Mail stickers. Consequently, the card would be eligible for the Delivery Confirmation service and would be processed in the Priority Mail stream. The attached Retail Coaches' Corner is separately pointing out that if mailed using First-Class Mail the piece should be verified as to whether the nonstandard surcharge applies; this is often the case with Valentine's Day cards.

## What's in Store



**Welcome to the February Corner!**

**This Month's Questions:**

1. Signature Confirmation will be available for what class(es) of mail?
2. Does nonstandard surcharge apply for International Letter-Post mail?

(Answers are at the end of this page.)

**Last Month's Questions:**

Let's review the questions and answers from January's article (*Postal Bulletin* 22041, 1-11-01).

1. Can currently inventoried stamped paper stationery be sold after the rate increase? *Yes, they must be revalued and proper postage affixed.*
2. Did any Express Mail rates decrease? *Half-pound PO to PO.*
3. Will there be different nonmachinable surcharges for Parcel Post depending on the rate? *Intra is now included.*
4. Is it true that if a customer's package weighs less than a pound, Parcel Post rates can be offered? *Yes.*
5. What is Media Mail? *The new name for Special Standard Mail.*
6. Did the fees for Delivery Confirmation service change? *Priority Mail fee is \$.40. Package Services fee is \$.50.*

**Valentine's Day Suggestions for Retail Associates:**

Remember, cards sent to that special person are sent in many colors and in different sizes. Suggest Delivery Confirmation as an added value. Verify that the size meets requirements; if not, a surcharge is applied.

**Retail Calendar:**

Post your new Retail Calendar by February 6<sup>th</sup>. Review the information with retail associates.

**Retail Coaches Web Site:**

Our goal is to achieve 100% listing of all certified retail coaches by Accounting Period 11. The site can be found at <http://rpsweb.usps.gov/coaches/home.asp>.

**Answers to questions:**

1. Signature Confirmation is available for Priority Mail and Package Services.
2. The rules for nonstandard surcharge also apply to international mail.

Submit questions or comments via cc:Mail to *Retail Coaches Corner*.

**RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF OFFICE OF CONSUMER ADVOCATE**

**OCA/USPS-310** Please refer to the response to interrogatory OCA/USPS-286. In this response, the alleged drawbacks of offering Delivery Confirmation with First-Class letters are described and contrasted with the processing and handling of Certified Mail First-Class letters.

(a) The response to part (c) states that Certified Mail Detectors on BCSs can not read Delivery Confirmation labels because the Delivery Confirmation labels lack fluorescent taggant. Please confirm that Delivery Confirmation labels could be manufactured (for sale by the Postal Service) with fluorescent taggant just as Certified Mail labels are at the present time. If this statement is not confirmed, then explain fully.

(b) In the response to part (c), OCA's attention is directed to witness Kingsley's response to AMZ/USPS-T36-4e, 6-8. In response to AMZ/USPS-T36-6b, it is stated that mailers who print their own Delivery Confirmation labels generally do not include special tagging or fluorescence. Isn't it correct that retail Delivery Confirmation for First-Class letters could be limited to labels printed by the Postal Service, containing the taggant or fluorescence necessary to separate them from the remainder of First-Class letters during Delivery Point Sortation? If this question is not answered affirmatively, then explain fully.

(c) OCA's attention is also directed to USPS-T-39, page 8, lines 17-30. There witness Kingsley states that during Delivery Point Sortation (Certified Mail labels with taggant or fluorescence) are separated from other letters, but that it is impractical to obtain delivery scans for non-Certified Mail letters since they are not tagged. Isn't it correct that if Delivery Confirmation labels were to be manufactured with taggant and sold by the Postal Service as a retail product, they could then be separated from other First-Class letters just as Certified Mail letters are (during the bar code sortation for DPS) and that they could be scanned for delivery just as Certified Mail letters are at the present time? If this question is not answered affirmatively, then explain fully.

(d) The OCA's attention is also directed to AMZ/USPS-T36-6b in which the statement is made that Delivery Confirmation is being limited in connection with the original intent, i.e., to offer it with expedited and package services. Isn't it correct that the Postal Service could adopt a broader policy that would extend Delivery Confirmation to pieces different than those originally intended? If this question is not answered affirmatively, then explain fully.

(e) Another difference noted in witness Kingsley's testimony is that in February 2002, multiple stackers will be held out for Certified Mail letters during outgoing and incoming bar code sortation. If Delivery Confirmation-labeled First-Class letters contained the same taggant contained in a Certified Mail label, then couldn't Delivery Confirmation letters be held out with Certified Mail letters? If this question is not answered affirmatively, then explain fully.

(f) In response to interrogatory OCA/USPS-286(c), it is stated that fitting the entire

**RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF OFFICE OF CONSUMER ADVOCATE**

Delivery Confirmation label, destination address, return address and postage payment on the front of the mailpiece could be an issue. If Delivery Confirmation labels were manufactured with the same dimensions as Certified Mail labels, then isn't it correct that the size of a Delivery Confirmation label for First-Class letters would pose no greater a problem than the size of a Certified Mail label currently presents? If this question is not answered affirmatively, then explain fully.

(g) It is also stated in response to part (c) that placement of the Delivery Confirmation label on the front of the letter could "interfere with and reduce OCR readability due to the additional 'noise' and would increase the image size, which negatively affects RBCS image transmission and storage." Isn't it correct that a Delivery Confirmation label manufactured with the same physical characteristics as a Certified Mail label would present no greater OCR and RBCS problems than Certified Mail-labeled letters do today? If this question is not answered affirmatively, then explain fully.

(h) In response to part (d), it is stated that significant training and productivity costs would be incurred. Couldn't these costs be recovered in the fee established for Delivery Confirmation for First-Class letters? If this question is not answered affirmatively, then explain fully.

**RESPONSE:**

- (a) The Postal Service could provide fluorescent taggant and brightly colored Delivery Confirmation (DC) labels for some customers, many of the largest DC customers print their own labels. Additionally, it is my understanding that the current fluorescent green color of the retail DC label may cause taggant recognition errors in processing. The problem of OCR readability, cannibalization, and other obstacles (noted in responses to OCA/USPS-T36-13, OCA/USPS-286, and AMZ/USPS-T36-4) would still need to be extensively studied, researched, and analyzed before knowing all of the impacts.
- (b) It is possible to require all First-Class Mail letter DC customers to use Postal Service labels, but that would be contrary to the preference of many customers to provide their own labels. Moreover, if the same process is used for Delivery Confirmation with fluorescence as with certified mail, the OCR/RCR readability

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and image size problems with DC labels would still exist. Another significant consideration is that the current certified mail extraction process removes mail from the very efficient DPS process to a more expensive manual sort to carrier and a manual sort to delivery point by the carrier. Delivery Confirmation costs currently do *not* support such segregation or accountability.

If DC were available for letters, it would most likely cannibalize volume and contribution from Priority Mail and certified mail/return receipts. Market research would be needed to know the volume, cost, and revenue implications. DC on letters would also increase the amount of mail bypassing DPS processing and increase the amount of carrier scanning. In theory, instead of a carrier having a scan on average every 10-15 delivery points, he/she could have one or more scans at most delivery points. Today, carriers know that if they have only letters and/or non-Priority flats, other than accountable mail, for the delivery point, there will generally be no scanning required. Part of the intent of limiting DC to parcels and Priority Mail is to limit the number of scans and the potential to change the carrier's routine. These all have significant cost and revenue impacts.

- (c) See subpart (b).
- (d) The Postal Service could adopt a broader policy than the original intent of Delivery Confirmation. However, before Delivery Confirmation is expanded beyond its original intent, all of the issues need to be fully researched and addressed with technology, costing, and processes for retail, mail processing, and delivery personnel.



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- (e) This is possible. Again, many other issues, such as label design, would need to be addressed. See responses to subparts (b), (d), and (f).
- (f) The format of the Delivery Confirmation label is one of the keys to success of the program. The horizontal bars framing the barcode, the spacing, and the numbering on the label are all critical components that cannot be removed for both readability by the scanners and employee recognition. Significant efforts have been made to get to the current standards. These standards would need to be change to meet the dimensions of the Certified Mail label. Any change to these standards would have to go through similar extensive scrutiny.
- (g) The problem would be redesigning the DC label to match the characteristics of the Certified Mail label. Certified Mail labels are smaller than DC labels (hence less image space) and are placed at the top of the envelope, which does not interfere with OCR readability. See subparts (a) and (f) above.
- (h) A higher fee might recover the costs, but would not address the other issues raised by extending DC to First-Class Mail letters. See responses to subparts (b) and (d).

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

  
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December 28, 2001