Official Transcript of Proceedings

Before the

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POSTAL RATE COMMISSION

DOCKET SECTION

In the Matter of:

Postal Rate and Fee Changes

Docket No. R2001-1

VOLUME 10-C

Designation of Institutional Responses filed In Response to P.O. Ruling R2001-1/23

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INTERROGATORY RESPONSES OF UNITED STATES POSTAL SERVICE DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory

Designating Parties

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Designating Parties

OCA, UPS OCA OCA OCA **OCA** OCA OCA **OCA** OCA, UPS OCA OCA **OCA** UPS OCA **OCA** OCA OCA UPS **OCA** OCA OCA OCA **OCA** OCA NAA, OCA NAA, OCA OCA NAA, OCA, UPS OCA OCA, UPS **OCA** OCA

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Designating Parties OCA OCA OCA **OCA** OCA OCA OCA OCA OCA OCA OCA OCA OCA OCA, UPS OCA, UPS OCA, UPS OCA, UPS OCA OCA OCA OCA OCA OCA, UPS OCA OCA OCA OCA OCA OCA OCA OCA, UPS OCA NAA, OCA OCA OCA OCA NAA, OCA NAA, OCA NAA, OCA NAA, OCA OCA

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Designating Parties

OCA OCA OCA, UPS OCA OCA OCA OCA, UPS **OCA OCA** OCA NAA, OCA, PRC, UPS PostCom MPA **PSA PSA PSA** PSA PSA UPS UPS UPS UPS UPS NAA, UPS NAA, UPS UPS UPS UPS NAA NAA UPS UPS UPS UPS NAA, UPS PSA UPS UPS UPS UPS

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Designating Parties

Val-Pak Val-Pak NAA, OCA, Val-Pak NAA, OCA, Val-Pak NAA, OCA, Val-Pak NAA, Val-Pak OCA, Val-Pak Val-Pak NAA, Val-Pak NAA, Val-Pak NAA, Val-Pak NAA, Val-Pak NAA, Val-Pak Val-Pak Val-Pak Val-Pak Val-Pak Val-Pak NAA, Val-Pak NAA, Val-Pak NAA, Val-Pak Val-Pak NAA, Val-Pak Val-Pak Val-Pak Advo, NAA, Val-Pak NAA, Val-Pak NAA, Val-Pak Advo, NAA, Val-Pak NAA, Val-Pak Val-Pak Advo, NAA, Val-Pak NAA, Val-Pak

VP/USPS-T39-27 redirected to USPS VP/USPS-T39-28 redirected to USPS VP/USPS-T39-29 redirected to USPS VP/USPS-T39-30 redirected to USPS VP/USPS-T39-32 redirected to USPS VP/USPS-T39-33 redirected to USPS VP/USPS-T39-34 redirected to USPS VP/USPS-T39-35 redirected to USPS VP/USPS-T39-36 redirected to USPS VP/USPS-T39-37 redirected to USPS VP/USPS-T39-39 redirected to USPS VP/USPS-T39-40 redirected to USPS VP/USPS-T39-41 redirected to USPS VP/USPS-T39-42 redirected to USPS VP/USPS-T39-43 redirected to USPS VP/USPS-T39-44 redirected to USPS VP/USPS-T39-45 redirected to USPS VP/USPS-T39-54 redirected to USPS VP/USPS-T39-55 redirected to USPS VP/USPS-T39-56 redirected to USPS VP/USPS-T39-57 redirected to USPS VP/USPS-T39-58 redirected to USPS VP/USPS-T39-59 redirected to USPS VP/USPS-T39-60 redirected to USPS VP/USPS-T39-61 redirected to USPS VP/USPS-T39-62 redirected to USPS VP/USPS-T39-64 redirected to USPS VP/USPS-T39-65 redirected to USPS VP/USPS-T39-66 redirected to USPS VP/USPS-T39-67 redirected to USPS VP/USPS-T39-68 redirected to USPS VP/USPS-T43-14a redirected to USPS VP/USPS-T43-14b redirected to USPS VP/USPS-T43-14c redirected to USPS VP/USPS-T43-18 redirected to USPS VP/USPS-T43-25 redirected to USPS POIR No. 2, Questions 5, 12 POIR No. 4, Questions 8, 9a POIR No. 6, Question 4 POIR No. 7, Questions 7 and 9

Designating Parties

Advo, NAA, Val-Pak NAA, Val-Pak Advo, NAA, Val-Pak NAA, Val-Pak Advo, NAA, Val-Pak NAA, Val-Pak Val-Pak Advo, NAA, Val-Pak NAA, Val-Pak NAA, Val-Pak NAA, Val-Pak Advo, NAA, Val-Pak NAA, Val-Pak Advo, NAA, Val-Pak Advo, Val-Pak NAA, Val-Pak Advo, Val-Pak Advo, NAA, Val-Pak Advo, NAA, Val-Pak NAA, Val-Pak NAA, Val-Pak Advo, NAA, Val-Pak Advo, NAA, Val-Pak NAA, Val-Pak Advo, Val-Pak Advo, Val-Pak Val-Pak NAA, Val-Pak Val-Pak NAA, Val-Pak PRC PRC UPS UPS

OCA/USPS-200. Please refer to interrogatory OCA/USPS-199.a. - b. above.

- a. Please describe all procedures and policies implemented by the Postal Service to rectify the complaints about Money Orders referenced in interrogatory OCA/USPS-199.a. b.
- b. State the years that the procedures and policies were implemented. Provide copies of all documents distributed to managers and employees to inform them of such policies and procedures.
- c. Please describe all methods implemented by the Postal Service to measure the success or failure of the procedures and policies described in response to part a. of this interrogatory. Provide copies of all documents demonstrating any measures of success or failure of such policies and procedures.

RESPONSE:

By answering this interrogatory, the Postal Service does not waive objections related to

relevancy, burden, or other grounds and reserves the right to object in the future.

See response to OCA/USPS-189.

OCA/USPS-201. Provide the following tabulations from the Consumer Service Card program:

- a. Total number of complaints about Post Office Boxes in FY1993, FY1999, FY2000, and FY2001.
- b. Subjects of the top 10 complaints (by number of complaints) for Post Office Boxes for FY1993, FY1999, FY2000, and FY2001. Please give the number of complaints for each of the 10 subjects.
- c. Number of complaints on price of Post Office Boxes for FY1993, FY1999, FY2000. FY2001.

RESPONSE:

By answering this interrogatory, the Postal Service does not waive objections related to

relevancy, burden, or other grounds and reserves the right to object in the future.

See response to DFC/USPS-3 and USPS-LR-J-139. The data from FY93 are not

available.

OCA/USPS-202. Please refer to interrogatory OCA/USPS-201.a. - b. above.

- a. Please describe all procedures and policies implemented by the Postal Service to rectify the complaints about Post Office Boxes referenced in interrogatory OCA/USPS-201.a. b.
- b. State the years that the procedures and policies were implemented. Provide copies of all documents distributed to managers and employees to inform them of such policies and procedures.
- c. Please describe all methods implemented by the Postal Service to measure the success or failure of the procedures and policies described in response to part a. of this interrogatory. Provide copies of all documents demonstrating any measures of success or failure of such policies and procedures.

RESPONSE:

By answering this interrogatory, the Postal Service does not waive objections related to

relevancy, burden, or other grounds and reserves the right to object in the future.

See response to OCA/USPS-189.

OCA/USPS-203. Provide the following tabulations from the Consumer Service Card program:

- a. Total number of complaints about Registered Mail in FY1993, FY1999, FY2000, and FY2001.
- b. Subjects of the top 10 complaints (by number of complaints) for Registered Mail for FY1993, FY1999, FY2000, and FY2001. Please give the number of complaints for each of the 10 subjects.
- c. Number of complaints on price of Registered Mail for FY1993, FY1999, FY2000. FY2001.

RESPONSE:

By answering this interrogatory, the Postal Service does not waive objections related to

relevancy, burden, or other grounds and reserves the right to object in the future.

See response to DFC/USPS-3 and USPS-LR-J-139. The data from FY93 are not

available.

OCA/USPS-204. Please refer to interrogatory OCA/USPS-203.a. - b. above.

- a. Please describe all procedures and policies implemented by the Postal Service to rectify the complaints about Registered Mail referenced in interrogatory OCA/USPS-203.a. b.
- b. State the years that the procedures and policies were implemented. Provide copies of all documents distributed to managers and employees to inform them of such policies and procedures.
- c. Please describe all methods implemented by the Postal Service to measure the success or failure of the procedures and policies described in response to part a. of this interrogatory. Provide copies of all documents demonstrating any measures of success or failure of such policies and procedures.

RESPONSE:

By answering this interrogatory, the Postal Service does not waive objections related to

relevancy, burden, or other grounds and reserves the right to object in the future.

See response to OCA/USPS-189.

OCA/USPS-205. Provide the following tabulations from the Consumer Service Card program:

- a. Total number of complaints about Insurance in FY1993, FY1999, FY2000, and FY2001.
- b. Subjects of the top 10 complaints (by number of complaints) for Insurance for FY1993, FY1999, FY2000, and FY2001. Please give the number of complaints for each of the 10 subjects.
- c. Number of complaints on price of Insurance for FY1993, FY1999, FY2000. FY2001.

RESPONSE:

By answering this interrogatory, the Postal Service does not waive objections related to

relevancy, burden, or other grounds and reserves the right to object in the future.

See response to DFC/USPS-3 and USPS-LR-J-139. The data from FY93 are not

available.

OCA/USPS-206. Please refer to interrogatory OCA/USPS-205.a. - b. above.

- a. Please describe all procedures and policies implemented by the Postal Service to rectify the complaints about Insurance referenced in interrogatory OCA/USPS-205.a.
 b.
- b. State the years that the procedures and policies were implemented. Provide copies of all documents distributed to managers and employees to inform them of such policies and procedures.
- c. Please describe all methods implemented by the Postal Service to measure the success or failure of the procedures and policies described in response to part a. of this interrogatory. Provide copies of all documents demonstrating any measures of success or failure of such policies and procedures.

RESPONSE:

By answering this interrogatory, the Postal Service does not waive objections related to

relevancy, burden, or other grounds and reserves the right to object in the future.

See response to OCA/USPS-189.

OCA/USPS-207. Provide the following tabulations from the Consumer Service Card program:

- a. Total number of complaints about Delivery Confirmation in FY1999, FY2000, and FY2001.
- Subjects of the top 10 complaints (by number of complaints) for Delivery Confirmation for FY1999, FY2000, and FY2001. Please give the number of complaints for each of the 10 subjects.
- c. Number of complaints on price of Delivery Confirmation for FY1999, FY2000. FY2001.

RESPONSE:

By answering this interrogatory, the Postal Service does not waive objections related to

relevancy, burden, or other grounds and reserves the right to object in the future.

See response to DFC/USPS-3 and USPS-LR-J-139. The data from FY93 are not

available.

OCA/USPS-208. Please refer to interrogatory OCA/USPS-207.a. - b. above.

- a. Please describe all procedures and policies implemented by the Postal Service to rectify the complaints about Delivery Confirmation referenced in interrogatory OCA/USPS-207.a. b.
- b. State the years that the procedures and policies were implemented. Provide copies of all documents distributed to managers and employees to inform them of such policies and procedures.
- c. Please describe all methods implemented by the Postal Service to measure the success or failure of the procedures and policies described in response to part a. of this interrogatory. Provide copies of all documents demonstrating any measures of success or failure of such policies and procedures.

RESPONSE:

By answering this interrogatory, the Postal Service does not waive objections related to

relevancy, burden, or other grounds and reserves the right to object in the future.

See response to OCA/USPS-189.

OCA/USPS-209. Provide the following tabulations from the Consumer Service Card program:

- a. Total number of complaints about Signature Confirmation since its inception (please specify the time period(s) covered).
- b. Subjects of the top 10 complaints (by number of complaints) for Signature Confirmation since its inception (please specify the time period(s) covered). Please give the number of complaints for each of the 10 subjects.
- c. Number of complaints on price of Signature Confirmation since its inception (please specify the time period(s) covered).

RESPONSE:

By answering this interrogatory, the Postal Service does not waive objections related to

relevancy, burden, or other grounds and reserves the right to object in the future.

See response to DFC/USPS-3 and USPS-LR-J-139. The data from FY93 are not

available.

OCA/USPS-210. Please refer to interrogatory OCA/USPS-209.a. - b. above.

- a. Please describe all procedures and policies implemented by the Postal Service to rectify the complaints about Signature Confirmation referenced in interrogatory OCA/USPS-209.a. b.
- b. Provide copies of all documents distributed to managers and employees to inform them of such policies and procedures.
- c. Please describe all methods implemented by the Postal Service to measure the success or failure of the procedures and policies described in response to part a. of this interrogatory. Provide copies of all documents demonstrating any measures of success or failure of such policies and procedures.

RESPONSE:

By answering this interrogatory, the Postal Service does not waive objections related to

relevancy, burden, or other grounds and reserves the right to object in the future.

See response to OCA/USPS-189.

OCA/USPS-211. At the Postal Service's website – usps.com – it is possible to e-mail or upload a comment to the Postal Service, e.g., at http://new.usps.com/cgi-

bin/uspsbv/scripts/content.jsp?B=contactform&C=Priority%20Mail&BB=null&TT=1&CC= null&DD=null&Comments=null>.

In this example, a visitor to the USPS website can submit a "Comment" classified as a "Problem" concerning Priority Mail.

- a. Does the Postal Service maintain a database of "Problem Comments" from its USPS website?
- b. If so, what reports are routinely generated from the "Problem Comments" database? If not, why not?
- c. How does the Postal Service use the "Problem Comments" submitted via e-mail or uploaded?
- d. How many "Problem Comments" or complaints were submitted via the USPS website in FY1999, FY2000, and FY2001? Please specify the time period for each figure given.
- e. What were the top 10 "Problem Comments" or complaints submitted via the USPS website in FY1999, FY2000, and FY2001? Please give the number of "Problem Comments" or complaints and corresponding time period for each of the 10 subject areas listed.
- f. Are "Problem Comments" or complaints submitted at the USPS website integrated into the Consumer Card Service program? If so, how is this accomplished?
- g. Please list all of the possible paths for submitting a "Problem Comment" or complaint at the USPS website, including Uniform Resource Locators (URLs).
- h. What are the Postal Service's procedures for responding to and/or rectifying "Problem Comments" or complaints submitted via the USPS website? Please provide copies of all written policies and procedures.

RESPONSE:

By answering this interrogatory, the Postal Service does not concede the relevancy of

this information and reserves the right to contest the relevancy in the future.

- a. Yes The database is called Rightnow Web.
- b. Reports about number and types of complaints are made available to Headquarters

managers. Another report generated is the Subject Filing Report, which lists the top

5 subjects that generated the most inquiries in a given time period.

- c. Consumer support specialists answer many of the questions online. Issues relating to services are referred to the pertinent District Consumer Affairs Offices for resolution.
- d. The total number of inquiries are as follow: FY2001, 159,804 inquiries; FY00 91,025; FY99 47,343. Until May of 2001, the data base did not distinguish between problems and other types of inquiries.
- e. The Postal Service only captures data on the top 5 subject areas for all inquiries, not just problems.

FY 1999: Service- 12,804; Policy - 5,344; Stamps - 4,257; Other - 3,980;

Inspection Service - 2,896

FY 2000: Service-Retail-Inquiry - 10,106; Information about USPS - 5,701; Service

Delivery - Did Not Deliver - 3,621; Service-Nonreceipt - Priority Mail/Delivery

Confirmation - 3,611; Service-Retail-Services - 3,388.

FY 2001: Stamp/Philatelic Issues - 17,044 (Breast Cancer stamp inquiries) Service-

Retail-Inquiry - 15,226; Information about USPS - 8,955; Service-Delay-Express Mail

(Domestic) - 4,182; Service-Retail - Loss Mail - 3,890

- f. No problems/complaints from the website are integrated into the Consumer Service Card program.
- g. The URL for Consumer Affairs is: <u>http://usps.custhelp.com</u>. From www.usps.com a customer can enter our website from either: "Contact us" or "FAQs" located at the bottom the page.
- h. See the answer to (c) above. Also see the Standard Operating Procedures Consumer Affairs Managers attached to the response for OCA/USPS-183.

OCA/USPS-212. At the Postal Service's website, under "Contact USPS," "Consumer Feedback," specifically at

< http://new.usps.com/cgi-

bin/uspsbv/scripts/content.jsp?B=contact&C=null&D=null&H=null&T=1&CC=null&DD=null>

consumers are encouraged to call "1-800-ASK-USPS" to "expedite any service related issues."

- a. When consumers call 1-800-ASK-USPS and relate a complaint, is a separate database maintained for such complaints?
- b. If so, what reports are routinely generated from this database? If not, why not?
- c. How many complaints were submitted via 1-800-ASK-USPS in FY1999, FY2000, and FY2001? Please specify the time period for each figure given.
- d. What were the top 10 "Problem Comments" or complaints submitted via 1-800-ASK-USPS in FY1999, FY2000, and FY2001? Please give the number of complaints and corresponding time period for each of the 10 subject areas listed.
- e. Are complaints submitted via 1-800-ASK-USPS integrated into the Consumer Card Service program? If so, how is this accomplished?
- f. What are the Postal Service's procedures for responding and/or rectifying complaints submitted via 1-800-ASK-USPS? Please provide copies of all written policies and procedures.

RESPONSE:

By answering this interrogatory, the Postal Service does not waive objections related to

relevancy, burden, or other grounds and reserves the right to object in the future.

a. The complaints from 1-800-ASK-USPS are put into a database called the Service

Issue Management System (SIMS). Every service issue generated in SIMS remains

in SIMS regardless of where the ultimately resolution is made. If the resolution will

be at the District Consumer Affairs Offices, the data is also entered into CATS.

- b. SIMS reports about number and types of service issues are made available to postal managers. See the response to OCA/USPS-184.
- c. For FY1999: 1,421,193; FY2000: 2,197,327; FY2001: 2,065,518
- d. For FY1999: Change of Address, 464,424; Damaged Mail 18,833; Delayed Mail 30,566; Other Delivery Issues, 249,372; Misdelivered Mail, 158,274; Non-Receipt

80,178; Other, 44,986; Personnel, 53,839; Mail Returned to Sender, 42,243; Time of Delivery, 23,338.

For FY 2000: COA, 586,031; Delayed Mail, 86,903; Other Delivery Issues, 338,604;

Misdelivered Mail, 219,499; Non-Receipt, 205,246; Other, 67,077; Personnel,

98,345; Mail Returned to Sender, 65,452 Mail Theft and Vandalism, 49,373; and

Time of Delivery, 38,584.

For FY2001: COA, 578,565; Delayed Mail, 96,556; Other Delivery Issues, 333,326;

Misdelivered Mail, 195,541; Non-Receipt, 76,358; Other, 48,398; Personnel,

91,646; Mail Returned to Sender, 63,403; Mail Theft and Vandalism; 53,447; Time of Delivery, 34,240.

- e. There is no longer a separate Consumer Service Card Program.
- f. See Standard Operating Procedures Consumer Affairs Managers, a copy of which is attached to the response to OCA/USPS-183.

OCA/USPS-213. This interrogatory addresses the training and reference materials for

1-800-ASK-USPS personnel.

- a. Is the 1-800-ASK-USPS call center staffed by USPS employees or private contractors?
- b. Are training procedures for 1-800-ASK-USPS employees uniform throughout the United States? If not, how do these procedures differ by location?
- c. Please provide all materials used to train 1-800-ASK-USPS employees, whether written, in video, audio, or graphic form. Also include all computer- or internet-based training materials.
- d. Please provide all materials that 1-800-ASK-USPS employees refer to in responding to consumer inquiries or complaints. Include these materials no matter what form they take: written, electronic, computer-based, internet-based, video, audio, or graphic.

RESPONSE:

By answering this interrogatory, the Postal Service does not waive objections related to

relevancy, burden, or other grounds and reserves the right to object in the future.

- a. Contractors, called agents, staff the1-800-ASK-USPS call centers.
- b. Yes.
- c. See USPS-LR-J-188, which is a compact disk with material used to train 1-800-ASK-USPS agents. The Postal Service also has one copy of a video and is seeking additional copies, which will be filed with this docket as soon as they are available. If a participant would like to view the video before then, its counsel may contact the undersigned attorney to arrange. When training, the Postal Service also uses terminals dedicated to 1-800-ASK-USPS material that cannot be downloaded and provided. The training disk contains some "screen shots" from the dedicated terminal, which the agents view while training.
- d. To answer inquiries, the Postal Service uses terminals dedicated to 1-800-ASK-USPS material that cannot be downloaded and provided. They also have access to

the International Mail Manual online. The training disk contains some "screen shots"

from the dedicated terminal, which the agents view while training.

Supplemented 12/14/01 SUPPLEMENTAL RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-214. Please revise USPS-LR-J-148 by providing disaggregated percentage information for all possible responses, i.e., in the same format as comparable information provided in USPS-LR-J-162.

RESPONSE:

1

The data is provided in USPS-LR-J-197.

OCA/USPS-214. Please revise USPS-LR-J-148 by providing disaggregated percentage information for all possible responses, i.e., in the same format as comparable information provided in USPS-LR-J-162.

RESPONSE:

The data in USPS-LR-J-148 relates to a handful of questions from the Business

Customer Survey for 2000 and 2001. The Postal Service has now been directed to

provide further information from those surveys and has moved for protective conditions.

See POR-2001-1/7 and response to OCA/USPS-183(b). To avoid a fragmented

response and the filing of multiple Library References, the Postal Service would like to

recommend that it provide this data once the discovery dispute has been resolved.

OCA/USPS-215. Please refer to USPS-LR-J-58, LR58ASP.xls.

- a. Refer to worksheets "SP Letters (detailed)" and "SP Letters (combined)." Please confirm that the volume for single-piece letters includes singlepiece cards. If you do not confirm, please explain.
- b. Please provide worksheets "SP Letters (detailed)" and "SP Letters (combined)" for letters only (excluding cards).
- c. Please provide worksheets "SP Letters (detailed)" and "SP Letters (combined)" for cards only (excluding letters).
- d. Refer to the worksheet "SP Letters (combined)." Please confirm that the volume Total should be 43,018,464,782. If you do not confirm, please explain.

RESPONSE:

a. Not confirmed. The volumes (and costs) for single-piece letters given in

LR58ASP.xls exclude single-piece cards.

b. See worksheets 'SP Letters (detailed)' and 'SP Letters (combined)' in

LR58ASP.xls.

c. This information will be filed in USPS-LR-J-187, workbook

LR187SPCds.xls. Since all single piece cards are assumed to have the same weight in RPW, there is no difference between the detailed and combined analysis.

d. Confirmed.

OCA/USPS-216. Please refer to USPS-LR-J-58, LR58PRE.xls.

- a. Refer to worksheets "Presort Letters (detailed)" and "Pre Letters (combined)." Please confirm that the volume for presort letters includes presort cards. If you do not confirm, please explain.
- b. Please provide worksheets "Presort Letters (detailed)" and "Pre Letters (combined)" for presort letters only (excluding presort cards).
- c. Please provide worksheets "Presort Letters (detailed)" and "Pre Letters (combined)" for presort cards only (excluding presort letters).

RESPONSE:

a. Not confirmed. The volumes (and costs) for presort letters given in

LR58ASP.xls exclude presort cards.

b. See worksheets 'Presort Letters (detailed)' and 'Pre Letters (combined)' in

LR58PRE.xls.

c. This information will be filed in USPS-LR-J-187, workbook

LR58PRE_cards.xls, sheets 'Pre Cards (detailed)' and 'Pre Cards

(detailed)', respectively.

OCA/USPS-217. Please refer to USPS-LR-J-58, LR58AREG.xls.

- a. Refer to worksheets "3CREG Letters (detailed)" and "3CREG Letters (combined)." Please confirm that the volume for Regular letters includes Regular cards. If you do not confirm, please explain.
- b. Please provide worksheets "3CREG Letters (detailed)" and "3CREG Letters (combined)" for Regular letters only (excluding Regular cards).
- c. Please provide worksheets "3CREG Letters (detailed)" and "3CREG Letters (combined)" for Regular cards only (excluding Regular letters).

RESPONSE:

- a. Confirmed.
- b. c. There is no distinction made in Standard Mail between letters and

cards as processing categories or rate elements. Therefore, volumes and

costs cannot be separately provided for Standard letters and cards.

OCA/USPS-218. Please refer to USPS-LR-J-60, pages 46 and 81, column 2, "MODS Productivity."

- a. What factors explain a MODS Productivity for the Incoming CSBCS [Carrier Sequencing Bar Code Sorter] Secondary DPS [Delivery Point Sequence] (3 Pass) that is more than 3 times the MODS Productivity for the Incoming BCS [Bar Code Sorter] Secondary DPS (2 Pass)?
- b. What factors explain a MODS Productivity for the Incoming BCS Secondary DPS (2 Pass) that is more than 3 times the MODS Productivity for the P.O. Box Sort DPS?

RESPONSE:

The Carrier Sequence Bar Code Sorter (CSBCS) can sort mail for one to six (a) carrier routes into Delivery Point Sequence (DPS) during a three-pass operation. The productivity for the CSBCS is likely higher than the productivities for other Bar Code Sorters (BCS) due to the design of the machine itself. The CSBCS has a smaller "footprint" and contains fewer bins (21 or 25) than either the Mail Processing Bar Code Sorter (MPBCS) or the Delivery Bar Code Sorter (DBCS). It is a one-sided, one-tiered machine that is constructed in a "U" shape design. One side of the machine consists of the feeder module and the opposite side contains the bins. Once processing has begun, the mail can be re-loaded directly from the bins to the feeder module for the second and third passes using a "mail bridge." The mail bridge allows processing to continue uninterrupted. In contrast, the MPBCS and DBCS require that mail be swept into trays. These trays must then be properly labeled, loaded back into containers, and transported back to the feed end of the machine for further processing. In addition, there is less sweeping time once the mail has been processed on the CSBCS because the mail is for a limited number of carriers.

Revised November 30, 2001

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-219 Please refer to the testimony of witness Kingsley (USPS-T-39) at page 10, lines 11-12.

- Please describe the types of damage referred to in the testimony that occur to machinable and nonmachinable letter-shaped pieces during automated mail processing.
- b. Please confirm that nonmachinable letter-shaped pieces that "impede the mail flow" may cause damage to subsequent machinable letter-shaped pieces during automated processing. If you do not confirm, please explain.
- c. Please confirm that nonmachinable letter-shaped pieces that "impede the mail flow" adversely affect the throughputs of automated mail processing equipment. If you do not confirm, please explain.
- d. Please confirm that nonmachinable letter-shaped pieces that "impede the mail flow" and cause damage to subsequent machinable letter-shaped pieces render such letter-shaped pieces nonmachinable. If you do not confirm, please explain.
- Please describe the types of damage referred to in the testimony that occur to automated mail processing equipment caused by nonmachinable letter-shaped pieces.

RESPONSE:

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- (a) The piece can be either torn, crushed, and/or soiled. Also see response to MMA/USPS-T-39-6.
- (b) Confirmed.
- (c) Confirmed. See response to OCA/USPS-44.

Revised November 30, 2001

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF OFFICE OF THE CONSUMER ADVOCATE

- (d) Not confirmed. Some subsequent pieces are only minimally bent or torn and can still be processed in automation.
- (e) Broken belts and rollers, in addition to general wear and tear on the equipment, shorten the life of replaceable parts.

OCA/USPS-220:

Please confirm that 99.7 percent of First-Class single-piece letter-shaped pieces weigh less than three ounces. If you do not confirm, please provide the correct percentage under three ounces and cite the source.

RESPONSE:

Confirmed.

OCA/USPS-221:

Please confirm that 100 percent of First-Class presort letter-shaped pieces weigh less than three ounces. If you do not confirm, please provide the correct percentage under three ounces and cite the source.

RESPONSE:

Not confirmed. There is a small proportion of First-Class presort letter-shaped pieces that weigh more than three ounces. The amount estimated to be less than three ounces is 99.55 percent for non-automation presort First-Class, 99.98 percent for automation presort First-Class and 99.99 percent for automation carrier route First-Class (LR-J-112, Table 12).

OCA/USPS-222 Please refer to the response to OCA/USPS-165(e-f), which states that "A piece at the maximum allowable [card] dimensions still weighs less than one ounce."

- a. Please confirm that a card at the maximum allowable dimensions weighs less than one-half ounce. If you do not confirm, please explain,
- b. Please provide the maximum weight for a card at the maximum allowable dimensions.

RESPONSE:

(a - b) There is no maximum weight for cards, and the exact weight of a card at the

maximum allowable dimensions has not been determined. However, cards are

estimated to weigh one-tenth of an ounce in the Domestic Probability Sampling

System.

OCA/USPS-223. For FYs 1993 through 2002, please provide a tabulation of

- a. inventory of mail processing equipment by witness Bozzo's site identification number; please include dates of purchase, installation, entry into regular service, and retirement
- b. volumes (TPF, TPH, and FHP) by witness Bozzo's site identification number by postal quarter (PQ) and accounting period (AP) by cost pool (as that term is used by witness Bozzo);
- c. workhours by witness Bozzo's site identification number by PQ and AP by cost pool (as that term is used by witness Bozzo); and
- d. PCN equipment categories for each of the capital indexes in the data set reg9300.xls in LR-J-56.

RESPONSE:

- a. Please see the response to OCA/USPS-172, part (a).
- b.-c. Please see the response to OCA/USPS-172, parts (b) and (c).
- d. Please see the attachment to this response for a list of the PCNs associated with

each equipment capital index in the reg9300.xls data set.

Attachment to United States Postal Service Response to OCA/USPS-223(d)

PCN	Category	PCN Description			
201000	PSE	POLISHER/SCRUBBER, FLOOR			
201010	PSE	POLISHER, FLOOR			
201020	PSE	SCRUBBING MACHINE			
201025	PSE	2 AXLE SCURBBER & SWEEPER (EMERY)			
202000	PSE	VACUUM CLEANER			
203010	PSE	SWEEPER, MANUAL			
203020	PSE	SWEEPER, POWERED			
204020	PSE	WASHER, CLOTHES			
204030	PSE	WASHING/CLEANING MACHINE			
205000	PSE	MOWER, LAWN			
205010	PSE	TRACTOR, LAWN & YARD TYPE			
205011	PSE	TRACTOR & MOWER ACCESSORIES			
205090	PSE	LAWN & YARD, MISCELLANEOUS EQPT			
206010	PSE	SPREADER, ICE & SNOW CONTROL			
206090	PSE	SNOW/ICE REMOVAL/CONTROL MISC EQPT			
208000	PSE	BALER, PAPER			
208010	PSE	CART/TRUCK, CUSTODIAL			
208020	PSE	CONTAINER TRASH, SCRAP, DISPOSAL			
208030	PSE	PACKER/COMPACTER, TRASH, DISPOSAL			
210002	PSE				
210006	PSE	TESTING/MEASURING EQPT, AIR			
210010	PSE	TESTING/MEASURING EQPT, DISTANCE			
210012	PSE	TESTING/MEASURING EQPT, ELECTRICAL			
210014	PSE	TESTING/MEASURING EQPT, FUEL			
210016	PSE	TESTING/MEASURING EQPT, LABORATORY			
210018	PSE	TESTING/MEASURING EQPT, LIGHT			
210020	PSE	TESTING/MEASURING EQPT, OPTICAL			
210022	PSE	TESTING/MEASURING EQ, OSCILLOSCOPE			
210024	PSE	TESTING/MEASURING EQPT, PHYSICAL			
210032	PSE	TESTING/MEASURING EQ, STANDARD SETS			
211004	PSE	DRILL			
211006	PSE	DRILL PRESS			
211008	PSE	FINISHING EQUIPMENT, METAL			
211020	PSE	LATHE			
211022	PSE	MILLING MACHINE			
211028	PSE	PIPE BENDING/CUTTING/THREADING EQPT			
211040	PSE	SAWS AND SAW EQUIPMENT			
212000	PSE	CHARGER, BATTERY			
212010	PSE	COMPRESSOR AIR			
212050	PSE	SOLDERING/DESOLDERING EQUIPMENT			
212060	PSE	STRAPPING MACHINE, STEEL			
212080	PSE	WELDING EQUIPMENT			
212090	PSE	MAINTENANCE, MISC TOOLS AND EQPT			
213000	PSE	CLEANER, AIR CONDITIONER			
213020	PSE	CLEANER, PARTS			
214000	PSE	CRANE			
214010	PSE	HOIST			
214020	PSE	LADDER, SAFETY PLATFORM			
214025	PSE	LIFT, BATTERY			

PCN	Category	PCN Description			
214030	PSE	LIFT, TABLE			
214040	PSE	LIFT PLATFORM, CLEANING/MAINTENANCE			
215000	PSE	CABINET, TOOL AND PARTS			
215010	PSE	RACK, MAINTENANCE			
216000	PSE	PAINT SHOP EQUIPMENT, MISCELLANEOUS			
220000	PSE	AIR CONDITIONER			
220010	PSE	COOLER, ROOM			
221010	PSE	GENERATOR			
221020	PSE	POWER SUPPLY			
222000	PSE	AIR CURTAIN, ENTRANCE/EXIT DOOR			
222030	PSE	CONSOLE, CONTROL			
222040	PSE	HEATER, PORTABLE			
222060	PSE	SIGN, INDOOR/OUTDOOR			
222090	PSE	BUILDING EQUIPMENT, MISCELLANEOUS			
230000	MHE	DOCKBOARD/DOCKRAMP, PORTABLE			
230010	MHE	PLATFORM ELEVATOR/LIFT, PORTABLE			
240000	PSE	MOBILE HOME/POST OFFICE			
240010	PSE	TRAILER, UTILITY/STORAGE BUILDING			
240020	PSE	SHED, STORAGE			
240030	PSE	SHELTER, DOCK OR YARD TYPE			
300010	PSE	BOOKCASE			
300020	PSE	CHAIR			
300045	PSE	OFFICE FUNITURE CREDENZA (EMERY)			
300050	PSE	DESK/WORKSTATION			
300055	PSE	OFFICE FURNITURE DESK (EMERY)			
300060	PSE	RACK, OFFICE MISCELLANEOUS			
300070	PSE	TABLE			
300090	PSE	OFFICE FURNITURE, MISCELLANEOUS			
310000	PSE	CABINET, FILE			
310004	PSE	CABINET, FILE CARD			
310008	PSE	CABINET, FILE CARD			
310016	PSE	CABINET, FILE LATERAL CABINET, FILE/STAND VISIBLE RECORDS			
310020	PSE	FILE, AUTOMATED SYSTEM UNIT			
310024	PSE	FILE, ROTARY			
310028	PSE	FILE, SHELVING			
310032	PSE	CABINET, ADP			
310040	PSE	CABINET, LABORATORY			
310044	PSE	CABINET, MICROFILM/MICROFICHE			
310048	PSE	CABINET, STORAGE			
321000	PSE	DICTATING/TRANSCRIBING EQUIPMENT			
325012	PSE	SEALER, ENVELOPE			
325016	PSE	SHREDDER			
325090	PSE	OFFICE MACHINES & EQUIPMENT, MISC			
340000	PSE	LETTERING EQUIPMENT & SYSTEMS			
340020	PSE	SIGN SHOP, MISCELLANEOUS EQUIPMENT			
350000	PSE	ADDRESSING MACHINE			
350008	PSE	COLLATOR BINDER			
350010	PSE	COPYING MACHINE			
350012	PSE	CUTTER, PAPER			
000012		IVUTED, FAFED			

Attachment to United States Postal Service Response to OCA/USPS-223(d)

PCN	Category	PCN Description				
350014	PSE	DRILL/PUNCH, PAPER				
350032	PSE	FEEDER, PHOTOCOPY EQUIPMENT				
350036	PSE	INSERTING EQUIPMENT				
350040	PSE	PERFORATOR				
350090	PSE	DUPLICATING/PRINTING, MISC EQPT				
360000	PSE	ANSWERING/RECORDING UNIT, TELE SYS				
360010	PSE	TELEPHONE SYSTEM				
360020	PSE	PHONE SYSTERM & LAN (EMERY)				
360090	PSE	TELEPHONE SYSTEM, MISC EQUIPMENT				
361000	PSE	RADIO, BASE STATION				
361020	PSE	RADIO, MOBILE TELEPHONE UNITS				
361028	PSE	RADIO, REMOTE CONTROL UNIT OR BASE				
361032	PSE	RADIO, REPEATER				
361036	PSE	RADIO, SIGNAL BOOSTER				
361040	PSE	RADIO, SYSTEM CONTROL CONSOLE				
361048	PSE	RADIO, TWO-WAY PORTABLE				
361052	PSE	RADIO, TWO-WAY VEHICLE				
361090	PSE	RADIO, OTHER MISCELLANEOUS TYPES				
362000	PSE	P/A - INTERCOM - MUSIC - SYSTEM				
363000	PSE	TELEVISION STATION EQUIPMENT				
370000	PSE	ACCESS CONTROL SYSTEM				
370002	PSE	SIGNALING SYS/DOCK DOORS (EMERY)				
370004	PSE	ACCESS CONTROL SYS BADGE READER				
370008	PSE	ACCESS/SECURITY/ALARM EQUIPMENT				
370012	PSE	INSP SERVICE CRIME LAB EQPT				
370020	PSE	MICROSCOPE				
370024	PSE	PHOTO IMAGE ID KIT				
370032	PSE	SCOPE, COVERT VEHICULAR				
370040	PSE	TRANSMITTER, SURVEILLANCE				
370044	PSE	SURVEILLANCE, MISCELLANEOUS EQPT				
370048	PSE	X RAY EQUIPMENT, MISCELLANEOUS				
390000	PSE	CHANNEL CONTROLLER				
390010	PSE	DISK PACK				
390020	PSE	DISK STORAGE DRIVE				
390030	PSE	MAGNETIC TAPE UNIT				
390034	PSE	MAGNETIC TAPE UNIT, AUTOMATED				
390040	PSE	MEMORY STORAGE UNIT				
390044	PSE	MEMORY STORAGE, CONTROLLER				
390050	PSE	PRINTER				
390054	PSE	PRINTING SYSTEM				
390060	PSE	PROCESSOR, MAINFRAME				
390064	PSE	PROCESSOR, MAINFRAME CONTROLLER				
390068	PSE	PROCESSOR, OPERATOR CONSOLE/STATION				
390070	PSE	SWITCHING UNIT				
390510	PSE	COOLING SYSTEM, ADP				
390516	PSE	POWER UNIT				
390518	PSE	POWER PROTECTION/ALARM UNIT				
390550	PSE	ADP CLEANING/MAINTENANCE EQPT				
390560	PSE	ADP TESTING/ANALZ/MONITORING EQPT				

Attachment to United States Postal Service Response to OCA/USPS-223(d)

PCN	Category	PCN Description			
391000	PSE	MODEM			
391010	PSE	MULTIPLEXOR			
391020	PSE	TELECOMMUNICATIONS UNIT			
392000	PSE	DATA ENTRY SYSTEM			
392010	PSE	MICR DATA ENTRY/CAPTURE SYS			
392500	PSE	SCANNER, CONTROLLER			
392510	PSE	SCANNER, FIXED UNIT			
392520	PSE	SCANNER, PORTABLE UNIT			
393010	PSE	TERMINAL, CRT/VDT			
393020	PSE	TERMINAL, TRANSACTION			
393060	PSE	TERMINAL, TELECOPIER			
394000	PSE	MINI COMPUTER SYSTEM			
394005	PSE	SERVER-WORKSTATION (EMERY)			
394010	PSE	MINI COMPUTER PROCESSOR			
394020	PSE	MINICOMPUTER SOFTWARE			
395000	PSE	MICRO COMPUTER SYSTEM			
395010	PSE	MICRO CONTROLLER			
395020	PSE	MICRO CONTROLLER			
395030	PSE	MICRO DISK DRIVE			
395050	PSE				
395060	PSE				
395070	PSE				
395080	PSE				
	PSE PSE				
395090 395400	PSE				
395400	PSE	TIME & ATTENDANCE SYS(TACS)			
395500	PSE PSE				
395510	PSE PSE	AOI/NETWORK-RTR, SPLS/SVCS, LAN WIRE			
395520	PSE PSE	AOI/NETWORK-RTR, SPLS/SVCS, LAN WIRE			
395530	PSE	AOI/USER-SERVER, MONTOR, PRINTER SRVR LAN WIRG & FBR OPTICS (EMERY)			
395530	PSE				
397020	PSE PSE	GRAPHICS SYSTEM, DISPLAY UNIT			
397030		GRAPHICS SYSTEM, PLOTTER			
398004	PSE				
398032	PSE				
399000	PSE	AIR CONTRACT DATA COLL SYS, ACDOS			
399010	PSE	DELIVERY RECEIPT SYSTEM, ADR			
399020	PSE	HVAC ENERGY MANAGEMENT SYSTEM			
399030	PSE	REGISTER DISPATCH SYS, ADSRM			
399040	PSE	COMPUTERIZED ON-SITE DATA ENTRY SYS			
399050	PSE	COMM.MANINT.OPER.MAN.SYS (CMIOM)			
399500	PSE	DUPLICATOR, MICROFILM/MICROFICHE			
400000	MHE	CULLING MACHINE			
400010	MHE	DUAL PASS ROUGH CULL SYSTEM (DPRCS)			
401020	MHE	CANCELLING/FACING MACHINE			
401030	MHE	CANCELLING MACHINE			
401040	MHE	CANCELLER FLAT			
402000	MHE	DIVERTER EDGER FEEDER ATTACHMENT			
402040	MHE	STACKER UNIT			

PCN	Category	PCN Description				
420000	MHE	CONVEYOR				
420005	MHE	CONVERYOR SYS & CONTROL (EMERY)				
420010	MHE	CONVEYOR, EXTENDIBLE				
420030	MHE	CONVEYOR, TRACTOR				
420050	MHE	DUMPER, HAMPER				
421000	MHE	RACK, TRAY STORAGE				
421020	MHE	ULD RACK-4-WAY & BALL (EMERY)				
422000	MHE	STRAPPING MACHINE, NON-METALLIC				
422005	MHE	STRAPPING MACHINE (EMERY)				
422010	MHE	STRAPPING SYSTEM				
422020	MHE	TYING MACHINE				
423000	MHE	TRACTOR, ATTACHMENTS & ACCESSORIES				
423005	MHE	BTRY BCKUP CHGR SYS FRKLFT (EMERY)				
423010	MHE	TRACTOR, INDUSTRIAL & FARM TYPE				
423020	MHE	TRACTOR, TOW/TUG/WAREHOUSE				
423025	MHE	2 AXLE TOW TUG (EMERY)				
423030	MHE	TRACTOR, W/AUTO GUIDANCE SYSTEM				
423040	MHE	TRUCK, FORK LIFT				
423045	MHE	ELECTRIC FORK LIFT (EMERY)				
423050	MHE	TRUCK, HAND LIFT/PALLET				
423055	MHE	HAND PALLET TRUCK (EMERY)				
423060	MHE	TRUCK, LIFT SPECIALIZED SYSTEM				
423065	MHE	HAND PALLET TRUCK 5000LBS (EMERY)				
440005	MHE	2 AXLE RIDER PALLET (EMERY)				
440010	MHE	CARRIER, PERSONNEL				
441000	MHE	LABEL PRINTING SYSTEM				
441010	MHE	PRINTER, ADDRESS LABEL				
442010	MHE	REWRAP OR PATCH-UP EQUIPMENT				
443000	MHE	SCALE, FLOOR OR PLATFORM				
443005	MHE	DECK SCALE, BALL RAM (EMERY)				
443015	MHE	ANGLE SCALE (EMERY)				
601000	PSE	ANALYZER, VEHICLE MAINTENANCE				
601010	PSE	ENGINE MAINTENANCE EQUIPMENT				
601040	PSE	TEST EQ, VEHICLE TUNE-UP/DIAGNOSIS				
601050	PSE	TEST EQ, VEHICLE EXHAUST				
602010	PSE	JACK				
602030	PSE	LIFT, VEHICLE				
602050	PSE	TRUCK, FORK LIFT/TOW, VEHICLE MAINT				
603000	PSE	PUMP, SERVICING/DISPENSING				
603010	PSE	SERVICING/DISPENSING EQUIPMENT				
603020	PSE	TANK, GAS				
604000	PSE	TIRE MAINTENANCE EQUIPMENT				
605000	PSE	CLEANING EQUIPMENT, VMF MAINTENANCE				
605010	PSE	WASHER, VEHICLE				
606000	PSE	WHEEL/SUSPENSION MAINTENANCE EQPT				
607000	PSE	BRAKE MAINTENANCE EQUIPMENT				
608000	PSE	CHARGER, BATTERY - VEHICLES				
hi	PSE	STARTER, VEHICLE				
609030		VMF MAINTENANCE EQ, MISCELLANEOUS				

PCN	Category	PCN Description				
731000	PSE	SAFE				
731010	PSE	SAFE, VAULT SHELL				
731020	PSE	SECURITY CONTAINER WITH CABINET				
731030	PSE	VAULT DOOR/ENTRANCE				
800000	PSE	CAFE EQ, CABINET				
800012	PSE	CAFE EQ, DINING TABLE				
800014	PSE	CAFE EQ, DISH WASHER				
800022	PSE	CAFE EQ, FREEZER				
800024	PSE	CAFE EQ, FRYER				
800032	PSE	CAFE EQ, ICE DISPENSER				
800034	PSE	CAFE EQ, ICE MAKER				
800044	PSE	CAFE EQ, MISC COOKING & HEATING				
800046	PSE	CAFE EQ, MISC FOOD PREPARATION EQPT				
800052	PSE	CAFE EQ, OVEN				
800056	PSE	CAFE EQ, RANGE				
800058	PSE	CAFE EQ, REFRIGERATOR				
801040	PSE	MEDICAL TREATMENT EQPT & DEVICES				
803036	PSE	TRAINER, MISC HVAC & BLDG SYSTEMS				
803052	PSE	TRAINING SYSTEM, AUDIO VISUAL				
804000	PSE	CAMERA, ID				
810000	PSE	CAMERA				
810050	PSE	CAMERA, VIDEO				
810060	PSE	CAMERA ACCESSORIES				
810070	PSE	LENS				
811000	PSE	CABINET/SPECIAL FURN, FILM PROCESS				
811030	PSE	PRINTER, FILM PROCESSING				
811090	PSE	FILM PROCESSING, MISCELLANEOUS EQPT				
820000	PSE	PROJECTOR, COMPUTER IMAGE				
820010	PSE	PROJECTOR, MOVIE				
820030	PSE	PROJECTOR, OVERHEAD				
820040	PSE	PROJECTOR, SLIDE				
820050	PSE	PROJECTOR, STRIP FILM				
820060	PSE	PROJECTOR, TELEVISION				
820070	PSE	SCREEN, PROJECTION				
820090	PSE	PROJECTOR ACCESSORIES & MISC EQPT				
821000	PSE	AMPLIFIER, POWER/SOUND				
821030	PSE	SPEAKER SYSTEM				
822000	PSE	AUDIO, PLAYER/RECORDER				
823000	PSE	AUDIO-VISUAL SPECIAL EFFECTS EQPT				
823020	PSE	LIGHTS & LIGHTING, SPECIALIZED				
823030	PSE	VISUAL PRESENTATION EQUIPMENT				
823090	PSE	AUDIO-VISUAL MISCELLANEOUS EQPT				
830000	PSE	CLOSED CIRCUIT TV SYSTEM				
830010	PSE	INTERCOM, CLOSED CIRCUIT TV				
830020	PSE	MONITOR, TV				
830030	PSE	TELEVISION				
830040	PSE	VIDEO, PLAYER/RECORDER				
830050	PSE	VIDEO SPECIAL EFFECTS EQUIPMENT				
851090	PSE	MAILBAG FACILITY MISCELLANEOUS EQPT				

PCN	Category	PCN Description			
900000	MHE	BULK CONVEYOR			
900010	MHE	FIXED MECH MEMORY CONT SYS			
900020	MHE	LOOSE MAIL CONVEYOR SYSTEM			
900030	MHE	MAIL PREPARATION SYSTEM			
900035	MHE	MONORAIL SORTING SYSTEM			
900040	MHE	MULTIBELT SORTING SYSTEM			
900060	MHE	PALLET UNLOADER			
900070	MHE	PP DISTRIBUTION RING			
900080	MHE	TRAY TRANSPORT SYSTEM			
900090	MHE	REMANUFACTURED MISC MAIL PROC EQPMT			
910000	MHE	LETTER SORTING MACHINE, MULTI POS			
910020	MHE	LSM TRAY CONVEYOR SYSTEM			
911000	MHE	LSM(AFCS-DBCS DIRECT CONNECT SYS)			
920000	MHE	FLAT SORTER MACHINE			
920040	MHE	FLAT SORTER FEED UNIT			
921010	MHE	FLATS FORWARDING TERMINAL			
921020	MHE	ALERT SPRKLR/RAPISTAN EQUIP (EMERY)			
921030	MHE	VOICE NETWKNG/RAPISTAN EQUIP(EMERY)			
921040	MHE	WOOD FLR SYS/ RAPISTAN EQUIP(EMERY)			
921050	MHE	CNTR BELT & CONVR RAPISTAN (EMERY)			
921060	MHE	SORTATION EQUIP RAPISTAN (EMERY)			
921070	MHE	CHUTE EQUPMENT RAPISTAN (EMERY)			
930000	MHE	PARCEL SORTING MACHINE			
930040	MHE	SMALL PARCEL/BUNDLE SORTER SYSTEM			
930050	MHE	SMALL PARCEL/ROLL SORTER SYSTEM			
940000	MHE	SACK SORTING MACHINE			
950000	AHE	BAR CODE READER			
950010	AHE	SMALL BAR CODE SORTER (SBCS)			
950020	AHE	DELIVERY BAR CODE SORTERS (DBCS)			
960000	AHE	READER, OPTICAL CHARACTER			
960010	AHE	READER, OPTICAL CHARACTER (OCR/CS)			
960020	AHE	REMOTE BAR CODING IMAGE PROCESS SYS			
970000	MHE	BMC CONTAINER LOADER/UNLOADER			
970020	MHE	BMC PARCEL SORTING INDUCTION UNIT			
970022	MHE	BMC PARCEL SORTING MACHINE			
970030	MHE	BMC PROCESS CONTROL SYSTEM			
970040	MHE	BMC SACK SHAKEOUT MACHINE			
970050	MHE	BMC SACK SORTER AND LOADER			
970060	MHE	BMC TOWVEYOR - INTERNAL TOW CONV			
980020	MHE	SAFETY IMPROVEMENT SYS, BULK MAIL CT			
999998	MHE	INSTALL COST, NON-FIXED MECHANIZATN			
999999	MHE	INSTALLATION COST FIXED MECHANIZATN			

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OCA/USPS-224. For FYs 1993 through 2002, please provide the planned and actual FHP volume by AP and the planned and actual workhours by AP by witness Bozzo's site identification number for each MODS cost pool used in the variability analysis. (See MODS handbook M-32, sections 432.2 and 432.4, December 1, 1987, for discussion of the planned variables.)

RESPONSE:

The requested data are not available from the Postal Service's MODS database.

Please note that entry of planned FHP and workhours is optional. See sections 432.21

and 432.41 of the cited M-32 handbook (Rev. 1987, USPS-LR-H-147 in Docket No.

R97-1); see also USPS-LR-J-165, section 4-10. For a list of available MODS variables,

please see the MODS data dictionary, provided in Docket No. R2000-1, USPS-LR-I-

201.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE OCA

OCA/USPS-225. This question addresses measures within the control of the Postal Service to stanch the decrease in mail volumes, particularly First Class. (Witness Tayman voiced this concern at USPS-T-6 at 52, I. 20-22).

- (a) How many collection boxes were in use on a nationwide basis for each of the following years 1995, 1996, 1997, 1998, 1999, and 2000?
- (b) How many collection boxes are in use on a nationwide basis today?
- () If the responses to parts (a) and (b) of this question establish that there has been a decrease in the number of collection boxes. What prompted this decision?
- (d) For those communities that have cluster boxes, is there any way for a mailer to leave outgoing mail safely for pick up by the carrier? Please explain.
- (e) Please confirm that, as the number of collection boxes decreases, mailing First-Class letters is less convenient for mailers.
- (f) Please confirm that the Postal Service now faces competition from e-mail and electronic bill paying.
- (g) What measures is the Postal Service adopting and planning to encourage consumers to continue to use the U.S. mail?

RESPONSE:

a. The applicable database is a working database that is constantly being updated.

As a consequence, historical information is available only for a limited number of

years – 1999, 2000, and 2001. The total nationwide number of collection boxes

(excluding storage boxes) in use at the end of each of those three postal fiscal

years were, respectively, 347,169, 342,223, and 333,243.

- b. As of 12/01/01, the nationwide total was 329,689.
- c. Determinations relating to the location, relocation, or removal of collection boxes are made at the local level. Local officials are guided by POM Chapter 3.

Therefore, changes in the nationwide number of collection boxes would be the

result of an unknown number of local decisions prompted by an unknown

number of local conditions, rather than any single national-level decision, as

implied by this question.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE OCA

- d. Some cluster boxes have a slot for outgoing mail that will be picked up by the carrier when making deliveries. For those cluster boxes that do not, customers have been known to leave outgoing mail in their delivery receptacle, and carriers have been known to pick up that mail, but there is no established procedure on that practice.
- e. Not confirmed. Since any given mailing can be deposited in only one collection box, convenience is not measured by individual customers in terms of the total number of collection boxes, but in terms of having at least one collection box located in a place that is convenient for the needs of that mailer. Even at any given point in time, it is entirely possible that one network of collection boxes at a set of particular locations could be convenient for the needs of more mailers than another network of collection boxes at another (even if substantially overlapping) set of locations, despite the fact that the first network has fewer total boxes than the second network. Moreover, if instead of doing this evaluation at a given point in time, we are comparing collection box networks over time, changing demographics and evolving lifestyles and employment patterns might very well lead to a condition in which a network adjusted to better meet the needs of the current population could require fewer collection boxes than the network that existed to meet the needs of an earlier generation.

Additionally, as implicitly suggested by subpart d. of your question, it is possible that increases in other locations for the deposit of mail (e.g., slots in cluster boxes) may offset any potential decrease in convenience associated with 3456

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE OCA

a decline in the total number of collection boxes, per se. The Postal Service has no quantitative information on alternative opportunities such as these for the deposit of letter mail.

f. Confirmed.

g. It is impossible to enumerate the measures taken and being taken by the Postal Service to encourage mailers to continue to use the postal system. At the most basic levels, postal employees for many years have been continually exhorted to strive to efficiently meet the needs of customers, on the grounds that if we do not meet their service needs, they will find someone else who will. This message is fundamental to the management policy of the organization, and is conveyed to employees by a wide variety of means. As another example, in response to recent events, the Postmaster General is urging the American public not to abandon the traditional exchange of holiday greeting cards. Most obviously, perhaps, much of the work of the Postal Service's entire marketing function could be characterized to fit within the scope of this question. 3457

OCA/USPS-226. How often is the Insured Mail form reprinted?

- (a) What are the set-up and reproduction costs for printing information on the back of the form?
- (b) How often is the information about filing a claim updated, i.e., the information that appears on the back of the Insured Mail form?
- (c) How many Insured Mail forms are in stock?
- (d) How long will it take to exhaust current stock of Insured Mail forms? E.g., 6 months? 1 year? 2 years? Other period of time (please specify).

RESPONSE:

The insured mail form (PS Form 3813P) is printed three to four times per year

depending on national usage.

- (a) The set-up and reproduction costs for printing one of the two sides of the form
 3813P is approximately \$287 to create negatives and approximately \$1,000 for
 additional ink for each production order
- (b) The claims filing information on the back of the form is updated as often as necessary to reflect changes in procedure, but usually in conjunction with a schedule print run needed to replenish stock.
- (c) On average, 15 to 20 million forms are kept in inventory.
- (d) The inventory will last three to four months.

OCA/USPS-227. At page 35 of USPS-T-36, witness Mayo discusses the popularity of Delivery Confirmation.

- (a) Does the Postal Service have any studies or information on the types of mailers who tend to use Delivery Confirmation regularly? If so, please provide them.
- (b) What types of statistics does the Postal Service keep on Delivery Confirmation?

RESPONSE:

(a) The Postal Service does not have these types of studies, although mail order

companies are among the regular users. Over 60 percent of the volume is

electronic option.

(b) The Postal Service tracks scan performance and volumes sold.

OCA/USPS-228. Recently a consumer contacted the OCA concerning a problem he experienced with Delivery Confirmation. On September 12, 2001 he sent an item back to the manufacturer for repair and there was no Delivery Confirmation record of the parcel reaching its destination. He regularly checked Delivery Confirmation for about a month and no record of delivery was noted (USPS website message, dated October 25, 2001, is attached). The item actually did reach its destination and was returned to the owner repaired. However, he never received the Delivery Confirmation service he paid for.

- (a) What are the leading reasons that failures such as this occur?
- (b) What steps has the Postal Service implemented or planned to ensure that such failures do not occur in the future?

RESPONSE:

- (a) Human error.
- (b) The Postal Service provides continual training and communications on proper

Delivery Confirmation procedures.

RESPONSE OF UNITED STATES POSTAL SERVICE TO OCA INTERROGATORIES

OCA/USPS-229. Some USPS competitors include tracking and insurance in the purchase price of their 2-3 day delivery service, e.g. (<u>http://www.ups.com/using/custserv/ups csp/tracking fag.html</u> and <u>http://ups.com/using/services/details/terms.html</u>). Why doesn't the Postal Service offer the same service for Priority Mail?

RESPONSE:

Tracking and insurance would add significant costs to Priority Mail. They are not included in the base product in order to keep Priority Mail as affordable as possible. However, insurance is optionally available for a fee as a special service. In addition, Delivery Confirmation is available to Priority Mail users as a special service option, with all the costs for electronic Delivery Confirmation, and some of the costs for retail Delivery Confirmation, included in the purchase price of Priority Mail.

OCA/USPS-230. Please refer to the response to OCA/USPS-83.

- (a) How can the mailer be assured that the mail piece was in fact delivered to the correct address?
- (b) How can the addressee establish that a mail piece with Delivery Confirmation has been delivered to the wrong address in such instances when that occurs?

RESPONSE:

- (a) Delivery Confirmation service does not provide delivery address information, so other special services (e.g., Signature Confirmation, return receipt, or restricted delivery) would be needed for assurance that the mail piece was delivered to the correct address.
- (b) While there is no established process for the addressee, the item may be returned by the incorrect recipient for further processing, or brought by the recipient to the addressee if at a nearby address. The addressee might also inquire of the sender to determine if the piece was correctly addressed, or of neighbors to determine if they received the piece by mistake.

Revised December 6, 2001

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-235. The following interrogatory refers to the USPS response to OCA/USPS-24. For each of the Post Offices that do not receive daily deliveries of Express Mail, please indicate the following: (a) the time(s) mail is delivered to the Post Offices, and (b) the time(s) mail is picked-up from the Post Offices.

RESPONSE:

(a) and (b) Express Mail is delivered to Angle Inlet on HCR route 56711 from Warroad, arriving at 11:00 a.m. and leaving at 1:30 p.m. Oak Island is served by the same HCR, arriving and dispatching at 11:55 a.m. For the remaining 18 Post Offices located in Alaska, see the attached spreadsheet.

3464

			TIME MAIL
	ZIP	AIR STOP	ARRIVES/DEPARTS
DESTINATION	CODE	CODE	POST OFFICES
Chicken	99732	CYX	1235pm
Chignik	99564	KCG	1230pm
			150pm
	00505		
Chignik Lagoon	99565	KCL	100pm
			130pm
Chitina	99566	TRUCK	1200pm
Ununa	33300	THOCK	1200pm
Eagle	99738	EAA	1010am
False Pass	99583	KFP	530pm
Hyder	99923	HYD	1215pm
King Cove	99612	KVC	520pm
Lake Minchumina	99757	LMA	0930am
			1200pm
Minto	99758	MNT	1210pm
	00100		1210011
Nikolski	99638	IKO	330pm
Nondalton	99640	NNL	1100am
Perryville	99648	KPV	310pm
			230pm
Point Baker	99927	KPB	1200pm
			1200pm
Port Alsworth	00652	PTA	1105.000
	99653		1125am
Seldovia	99663	SOV	1210pm
			1215pm
Skwentna	99667	SKW	1200pm
Tyonek	99682	TYE	1040am

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OCA/USPS-236. The following questions refer to USPS-LR-J-172, which is an audit report responding to media reports of delayed Certified Mail at several USPS postal locations.

- (a) On February 20, 2001, Mr. J. Potter then Cost Operating Officer, Executive Vice President, reported to Debra S. Ritt, Assistant Inspector General for Audit and Business Operations, that five actions would be taken in response to her summary of recommendations regarding Certified Mail processing and delivery functions.
 - (i) Were each of the five actions completed prior to April 2001? If so, please indicate when each of the actions were completed. If not, please explain when they will be completed.
 - (ii) Has the Postal Service monitored the effectiveness of the five actions? If so, please provide all documents reflecting the success/failure of the actions taken. If not, why not.
 - (iii) Please provide a copy of the written reports prepared by the Vice Presidents, Area Operations, regarding the verifications that all certified mail was delivered to state agencies and which should address the problems that were encountered and the steps that were taken to improve the processing and delivery of the mail.
- (b) On February 2, 2001, Mr. D. Jackson, VP, Great Lakes Operations, reported to Debra S. Ritt that he would correct Certified Mail processing and delivery function problems, at the Springfield, Illinois Post Office and the Springfield, Illinois Processing and Distribution Center.
- (c) Were the problems corrected in time to handle the increase in Certified Mail during the most recent tax-filing season?
 - (i) If so, please identify when corrective action for each of the ten points itemized in Mr. Jackson's letter was implemented.
 - (ii) If not, please indicate when corrective action will be completed.
 - (iii) Has the Postal Service monitored the effectiveness of the corrective actions taken?
 - (iv) If so, please provide all documents reflecting the success/failure of the actions taken.
 - (v) If not, why not.
- (d) On February 1, 2001, Mr. J.M. Steele, VP, Northeast Area Operations, reported to Debra S. Ritt that six actions would be taken or implemented in response to the draft audit report.
 - (i) Please provide a copy of the action plans developed for "all" facilities impacted by the seasonal increases of Certified Mail.
 - (ii) Does the Northeast Area continue to monitor Certified Mail processing and delivery functions?
 - (iii) If so, please provide explain what information on Certified Mail processing and delivery functions is monitored.
 - (iv) If not, please explain why the USPS does not continue to monitor Certified Mail processing and delivery functions.

OCA/USPS-236, Page 2 of 2

RESPONSE:

(a)(i) The five tasks were completed prior to April 2001, but no record of the time of completion has been kept.

(ii-iii) Yes. Please see the attached reports by the Vice Presidents, Area Operations. Also, the OIG monitored certified mail operations during April 2001, and is preparing an audit report on its findings.

- (b) No answer required.
- (c) Yes.
 - (i) All actions were achieved within the 2001 tax season from March 15 through April 2001.
 - (ii) Not applicable
 - (iii) Yes.
 - (iv) Please see Vice President Jackson's letter provided as page 3 of the attachment to response to part (a) above.
 - (v) Not applicable.
- (d) (i) See the attached materials for Albany, Middlesex, and Hartford.
 - (ii) Yes.
 - (iii) Certified mail awaiting delivery is monitored.
 - (iv) Not applicable.

GARY L. MCCURDY VICE PRESIDENT, AREA OPERATIONS ALLEGHENY AREA

ALTACHMENT TO RESPONSE TO OCA/USPS-236(a), Page 10+12

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Received Chief Operating Onicer Executive V.P.

April 25, 2001

MEMORANDUM FOR JOHN E. POTTER

SUBJECT: Certified Mail Processing and Delivery Functions (Report Number AC-AR-01-Draft)

-10-01 Port D

This is in response to your letter dated February 20, 2001. The standardized plans implemented within the Allegheny Area ensured appropriate management, processing and delivery of special service mail during the tax-filing period in fiscal year 2001.

Each District identified a coordinator responsible for planning and monitoring mail for processing and delivery services. We identified a point of contact in each state and government agency to work with the local District coordinator. Area-approved operating plans were implemented to ensure timely processing and delivery of targeted mail. District submission of daily and weekly mail condition reports to the Area were required detailing any problems along with steps taken to address identified issues. The following lists problems identified and the action taken:

Issues Identified:

- 1. Certified mail found in direct trays
- 2. Racial-related violence and curfew in the City of Cincinnati
- 3. Delayed mail at IRS sites

Solutions Implemented:

- 1. The Allegheny Area held a teleconference with all plants in the Allegheny, Great Lakes, and Mid-Atlantic Areas to implement the early capture, segregation and placarding of targeted mail, Implementation of manual methods and special sort plans reduced return receipt mail leakage.
- 2. The Cincinnati PC established a large tax-receiving location in a safe area of the city. This courtesy for customers not wishing to drive to the GMF to mail tax returns was advertised via public media.
- 3. The Philadelphia and Cincinnati PCs remained current in the processing of return receipt cards as the IRS worked through their backlogs.

All identified mail has been processed and delivered throughout the Allegheny Area. It is expected that the solutions implemented for problems identified will assist during future tax-filing periods.

Gary L. McCurdy Vice President, Area Operations Allegheny Area

 cc: Kenneth F. Winters, Manager, Operations Support Elizabeth A. Schaefer, Manager, Delivery Programs Support s:/dps/tax/coo

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ATTACHMENT TO RESPONSE TO

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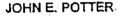
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MANAGER CAPITAL METRO OPERATIONS



May 1, 2001



SUBJECT: Certified Mail Processing

In accordance with your instructions, we have received verification from our District Offices that all certified mail for state agencies in the Capital Metro operational area have been delivered. Our largest impact was the State of Maryland, Tax Division in Annapolis MD. The District Manager, Baltimore cluster kept us apprised of their daily volumes and plans effected to process that mail timely.

Backlogs were noted at Annapolis on Tuesday and Wednesday, April 17 and 18. Three additional scanners were deployed on Monday, April 16, in anticipation of the additional volume. The state comptroller's office assigned more resources on Wednesday, Thursday and Friday to sign the return receipts that were backlogged in Annapolis. By close of business on Friday, April 20, the Annapolis post office was clear of certified mail.

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Physical Adoress: 8 Montgomery Village Avenue Suite 655 Gaithersburg MD 20879

MAILING ADDRESS: 18501 SHADY GROVE ROAD GAITHERSBURG MD 20898-0998 (30'1) 548-1410 FAX: (301) 548-1434 DANNY JACKSON Vice President, Great Lakes Area Operations



May 1, 2001

JOHN E. POTTER

SUBJECT: State Department of Revenue - Certified Mail Delivery

This letter responds to your February 20, 2001 request regarding the delivery of certified mail to the State Department of Revenue offices during this year's tax season. All certified mail, including certified tax returns for Department of Revenue offices within the Great Lakes Area were delivered without any significant delays.

There was one problem identified at the Springfield, Illinois facility. The caller service section at the Springfield Post Office was releasing certified mail to the Department of Revenue without first obtaining signatures on PS Form 3811. The state was taking the cards with the mail, stamping them 'received' at their facility and then returning the forms at a later date. Once identified, this was corrected. Specific instructions concerning this problem will be included in our written and verbal instructions for next year's tax season.

The following steps will be taken to improve our handling of certified mail for the 2002 tax season:

- We will instruct our retail acceptance units two weeks prior and one week following April 15 to isolate all identifiable certified tax returns from all other certified mail for the D.O.R.
- We will ask the originating plants to keep all certified tax returns separate from other certified mail for the D.O.R.
- We will consider using uniquely identifiable containers at originating and destinating plants to keep this mail from being commingled with other certified mail for the D.O.R.

In summary, there were no problems encountered with this year's Department of Revenue certified mail within the Great Lakes Area. The OIG's office was in the Springfield, Illinois plant and post office and acknowledged a job well done.

Please call me if you have any questions.

Danny Jackson

244 KNOLLWOOD DRIVE FLOOR 4 BLOOMINGDALE, IL 60117-1000 630/539-5858 FAX: 630/539-7171 ATTACHMENT TO RESPONSE TO OLA/USPS -236(4)- Page 3

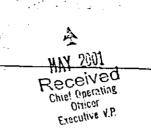
Officel VP.

Executive

HENRY A, PANKEY Vice President, Mid Atlantic Area Operations



April 27, 2001



ATTACHMENT TO RESPONSE TO OCA/USPS-236(a), Page 4

JOHN E. POTTER CHIEF OPERATING OFFICER EXECUTIVE VICE PRESIDENT

SUBJECT: Certified Mail Processing and Delivery Functions

During accounting period 8 of fiscal year 2001 (March 24 through April 20), the Mid-Atlantic Area did not experience any problems with certified mail processing and delivery function. All certified mail has been delivered to state agencies.

Henry A. Pankey

"What is comes in today gets sorted and dispatched today, and delivered tomorrow"

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0 C4/USPS-236(4), Page 5

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Difficer Executive V.P.

DEWITT O. HARRIS ACTING VICE PRESIDENT MOWEST AREA OPERATIONS



May 1, 2001

JOHN E. POTTER CHIEF OPERATING OFFICER EXECUTIVE VICE PRESIDENT

SUBJECT: Certified Mail Processing and Delivery Functions

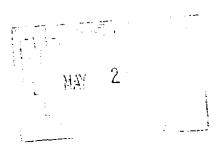
The Midwest Area processed and delivered all state/federal certified mail without delay during the 2001 tax season. Regular daily contact with established SOPs proved to be most successful and beneficial this tax season.

Communication with state/federal tax mail coordinators also allowed us an opportunity to ensure proper handling and delivery of all tax mail. All problems identified were addressed immediately and have been incorporated into the 2002 tax season action plans.

DeWitt O. Harris

cc: Area Manager, Operations Support

P. O. Box 66601 St. Louis, MO 63166-6601 314/692-5611 Fax: 314/692-5300



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ATTACHMENT TO RESPONSE TO OCA/USPS-236(4), Page 6

MANAGER, OPERATIONS SUPPORT NEW YORK METRO AREA

UNITED STATES POSTAL SERVICE

May 1, 2001

JOHN E. POTTER

SUBJECT: Certified Mail

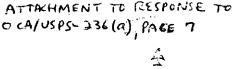
The delivery of all mail addressed to tax authorities within the New York Metro Area was accomplished in a timely manner. This includes all certified mail volumes.

On-site reviews of key locations have verified the mail condition. Holtsville (IRS), Trenton (NJ State), and Church Street Station (NYC) were reviewed by Area personnel during the past week. Print workstations and additional personnel were utilized where necessary. All Clusters reported normal operations throughout the specified time frame with no problems being encountered.

Raymond T. Murphy

cc: David L. Solomon Priscilla M. Maney

142-02 20TH AVENUE - RM 335 FLUSHING, NY 11351-0100 (718) 321-5750 Fax: (718) 321-7149 JON M. STEELE VICE PRESIDENT, NORTHEAST AREA OPERATIONS



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UNITED STATES

April 27, 2001

JOHN E. POTTER

SUBJECT: IRS/State Tax Certified Mail Follow-Up

This is in response to your February 20 correspondence requesting a written report on the Certified Mail Processing and delivery functions of Certified Mail to the IRS and State Tax agencies:

Northeast Area staff monitored the performance of every IRS and State Tax processing facility through on-site visits and daily communications.

On a daily basis, all Delivery Units and Mail Processing Operations were required to report delays or problems in processing mail to the Northeast Area Coordinator and included them in the Daily Mail Condition Report (DMCR) and the Customer Service Daily Reporting System (CSDRS). District and Plant Managers also gave daily status reports via telecons with the Area staff.

Additional equipment was set up in the appropriate processing facilities to accommodate the influx of mail including Firm Print workstations. Mobile Data Collection devices, and Delivery Confirmation equipment. Also, additional personnel were trained on the proper handling, identification, and usage of the equipment.

All mail was delivered within Service Standards, although 97 feet of letters and 38 feet of flats missed the scheduled box up time, but was processed and delivered by 1:00 p.m. the same day.

In conclusion, the 2001 tax filing season was a success and provided us with a great history of volume and workhours to be used in planning for future years to alleviate the problems stated above.

Jón M. Steele

cc: Robert D. Frisch Allen W. Lariviere Paul G. Shea Robert Koestner

6 Gairein Road Noeth Wildson CT 06006-7010 660-285-7040 Fab 860-285-1253

МАУ

AL INIGUEZ Acting Vice President Pacific Area Operations



April 27, 2001

JOHN E. POTTER

SUBJECT: Certified Mail Processing and Delivery Functions

As requested in your letter of February 20, 2001, I am providing written verification that all certified mail has been delivered to state agencies in the Pacific Area. The Sacramento P&DC had several problems handling the certified mail destined for the California Franchise Tax Board, which are summarized below:

ATTACHMENT TO RESPONSE

Page

TO OCA/USPS-236(a)

 At the outset there were problems with isolation of certified mails at originating plants, especially flat volumes.

 The separation of certifieds by originating plants was impacted by the FSM100 which does not recognize certified flats. In the past FSM special keycodes were used during tax season to isolate certified flats.

- 3811's were processed on the canceling machines which imprinted a special indicia containing a FTB signature acknowledging receipt of delivery. The removal of the 3811's was very time consuming, but increased in difficulty when the mailer applied cellophane tape to ensure the 3811 was not separated from the envelope in transit.
- Shortage of available scanners.

The following actions were taken, and require ongoing focus to ensure isolation of certifieds and timely delivery to state agencies:

- Initiated a full verification of all Franchise Tax Board mail at the Sacramento P&DC. This included isolation of certifieds, scanning, and removal of green return receipts.
- Continued enforcement of separation requirements of certifieds by originating plants, including riffling bins, stackers, and holdouts; creation of holdouts on all automated equipment and manual cases; and separate labeling and placarding of trays and containers.

400 OYSTER POINT BLVD. SOUTH SAN FRANCISCO CA 94099-0100 650-635-3001 Fax: 650-635-3002 ny 2001 ceived

Occusion Executive V.P.

ATTACHMENT TO RESPONSE TO OCA/USPS-236(R), Page 9

Certified Mail Processing and Delivery Functions Page 2

- Ensure that certified mail detectors on all mail processing equipment are properly used.
- Additional scanners were procured, and scanners normally used for Express Mail were reprogrammed.

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cc: Executive Board

WILLIAM J, BROWN VICE PRESIDENT, AREA OPERATIONS SOUTHEAST AREA



May 2, 2001

MEMEMORANDUM FOR:

John E. Potter Chief Operating Officer/Executive Vice President

SUBJECT:

Certified Mail Processing and Delivery Functions

Reference is made to your memorandum dated February 20, 2001, regarding Certified Mail Processing and Delivery Functions.

All sites in the Southeast Area have verified that all certified mail has been delivered to state agencies.

Listed below are problems that were identified:

- The problem is isolating certified mail, by having clerks go through each IRS tray by hand. We need to develop a hardware/software change on our OSS/DBCS's that will allow us a parameter setting to "turn on" a scanner for Certified Mail in particular situations, specifically at plants serving IRS Regional Service Centers.
- The IRS uses two-line addressing. The AFSM 100 platform requires the machine to look for a three-line address. When the AFSM 100 is unable to locate a three-line address, it scans the entire mailpiece, often finding the return address which satisfies the three-line requirement, sorts the mailpiece to the return address creating loop mail.

If you have any questions concerning my response, please contact **press for the second s**

William J.\Brown

255 N Humitine vs Blvd Memphis TN 38166-0100 901-747-7333 Fax: 901-747-7491

ATTACHMENT TO RESPONSE TO 3477 OCA/USPS-236(a) Page 11

MANAGER, OPERATIONS SUPPORT SOUTHWEST AREA



May 11, 2001

JOHN E. POTTER CHIEF OPERATING OFFICER

SUBJECT: Transmittal of Draft Audit Report – Certified Mail Processing and Delivery Functions (report Number AC-AR-01-DRAFT)

All certified mail has been delivered to state and federal tax receipt offices within the Southwest Area.

The Austin Plant reported delayed certified mail for IRS Austin on 3 days:

April 16	16,383
April 17	31,680
April 18	43,000

All delayed pieces were delivered the next day.

We have since developed a detailed operating plan for peak day operations that will allow the Austin Plant to avoid delays next year. The plan includes more structured auxiliary work centers and improved container placarding and staging.

Next year's operation should be somewhat easier because we will not have to process such a large volume of certified mail without barcoded special service labels.

n McCord

PO Box 224748 Dallas TX: 75222-4748 214-819-8600 Fax: 214-819-7220 CRAIG G. WADE VICE PRESIDENT, WESTERN AREA OPERATIONS ATTACHMENT TO RESPONSE 408 OCA/USPS-236(a), Page 12 OF 12

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POSTAL SERVICE

April 27, 2001

SUBJECT: Certified Mail Processing and Delivery Functions in Western Alea

MEMORANDUM FOR: John E. Potter

Chief Operating Officer and Executive Vice President

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This is in response to your request for a report verifying that all certified mail has been delivered to state tax agencies as expressed in your February 20, 2001 letter. I hereby certify to you that all certified mail has been delivered to each state tax agency within Western Area. The following outlines the only problem experienced in Western Area and the steps that will be taken to improve this processing during the 2002 tax season.

Portland Cluster

On April 17, 2001 Portland Cluster received approximately 7,500 pieces of certified mail for the state tax agency in Salem, OR. Approximately 5,000 pieces were provided to the agency by 7:00 AM in accordance with the Salem Plant internal cut-off time for firm customers. The remainder of the certified pieces (2,500 pieces) were delivered to the state agency by 10:30 AM.

Portland Cluster has outlined their plan to increase staffing at the point of delivery for next year's tax season.

All other Clusters experienced no delay in the delivery of tax certified mail to state agency.

RAIL C- MUL-

Craig G. Wade Vice President, Area Operations

Distr: Walt Olsen Dean Granholm District Managers

CGW:DJG:klj

1745 Stout Street, Suite 1000 DENVER, CO 80299-5000 303-313-5100 Fax 303-313-5102

CERTIFIED PROCEDURE FOR ALBANY P&DC

The certified unit upon receipt of certified pieces will break down letters and flats by zip. The breakdown will be made with city zones being passed on to stations for scanning. Mail to an Albany destination such as the state agencies ,business directs, official 12288, and Tax 12261 will be scanned in the Albany P&DC certified cage and a firm sheet created for that agency. The clerk will also attach a 3849 "butterfly" for the MVS driver to scan the firm sheet as delivered.

Due to the processing of Tax 12261 in Kingston, a separate scanner is required to forward the firm sheet to 12401. The forwarding to a different SCF would create an error, but by using this scanner the error is avoided.

Clerks in the Certified cage will acquire certified mail from a UC at the city rack, The FSM 100 feed section, the FSM 100 direct bins, and on the FSM 1000. Mail also will be found at letter sorting machines in bins and holdout trays and finally at the letter aisle.

When scanning has been completed tubs or bundles of certified mail with the corresponding firm sheet and butterfly are picked up by MVS drivers. These drivers deliver the certified mail and acquire a signature on the 3849 "butterfly."

The driver then scans the firm sheet and 3849 as delivered. At the end on his run the driver gives the paperwork to his supervisor who reviews the paperwork for accuracy and forwards the 3849 to CFS. The firm sheet is filed for rescanning if it necessary.

The forwarded Tax 12261 sent to Kingston is scanned as delivered at the delivery unit. The paperwork is input at Kingston's CFS unit.

Any questions please call **denotional** at **group**.

certified procedure/Infant/12/14/01

ACTION PLAN FOR HANDLING OF IRS MAIL

ATTACHMENT TO REPORTE 10480 0 c A/USPS - 336(d), Page 2 ANDOVER)

Originating:

- > 100% verification is required of Originating IRS mail.
- > Non-accountables MUST be separated from Certified IRS pieces.
- All IRS mail (letters/flats) off mech and automation are to flow to the verification area for verification and separation of certified mail pieces. All IRS containers will be appropriately placarded prior to dispatch to the IRS (see attached). Please note that this includes IRS trays taken directly from the BCS/OSSs or from the Dispatch Area (see attached).
- The sources of Originating IRS letter mail are BCS/OSS sortplan A03O, Operation 874 Stacker 46 (IRS 01812), Stacker 48 (IRS 05501) and Stacker 50 (IRS 01888-4001,-4082) and DBCS sortplan A04D, Operation 891 (FIM) Stacker 141 (IRS 05501). Please note that BCS/OSS sortplans MMP and A39 (Operation 873 and Operation 974) may generate some originating IRS mail. Therefore, IRS mail from these sortplans must be handled in a similar fashion to our Operation 874 IRS mail.
- The sources of Originating IRS Flats are FSM 881 sortplan 141, Operation 141 Bin 80 (IRS 05501) and FSM 1000 sortplan 441, Operation 441 Bin 45 (IRS 05501). A memory item keyhit was established to capture IRS Certified flats (keyhit 896). Originating IRS Certified flats are downflowed to our 144/444 Operations. As nformation, FSM 881 sortplans F43 and F44, Operations 143 and 144, separate IRS non-accountables to Bin 21 and IRS Certifieds to Bin 31. FSM 1000 sortplans 443 and 4441C, Operation 443 and 444, separate IRS non-accountables to Bin 28 and IRS Certifieds to Bin 45.
- Manual IRS Letters and Flats are also to be transported to the subject Verification Area for separation of nonaccountables from Certifieds.
- IRS mails originating from Operation 120 (sprs) and incoming SPBS operation will be verified and separated in those originating operations.
- Originating Priority Mails destined for IRS will be captured and delivery confirmation pieces will be scanned in our CFS Unit.
- IRS mails received from other Plants will be staged for dispatch across from Bay 32 for direct transportation, via MVS/IRS courier, to the IRS.

Express Mail:

- The first dispatch, via MVS, to IRS at 0430 will deliver all Express Mail pieces that have been received at the Plant up to 0415.
- Express Mail received off FedEx, Commercial Airlines and the HASP networks will be handed to the Andover Carrier at approximately 0930 for delivery. Any later receipts of Express Mail will be dispatched to the Andover Post Office at 1310, via HCR 018M5, Trip 9.

Accountable/Certified Mails:

- All originating certified IRS mail pieces will be brought to the CFS Unit for proper scanning. During Tax Season, IRS Certs will be scanned at the IRS Facility in Andover and at the Middlesex Plant.
- Identified certified IRS trays received from other facilities will be handled the same as above.

Distribution:

- Specific distribution and make-up requirements are issued annually from the NEA Office. (See attached NO-BULL 01-1) All NEA Plants are required to separate non-certifieds and certifieds and must be 100% verified prior to dispatch. During Tax Season, random audits are performed to ensure other NEA Plants are in compliance with the mandatory holdouts (see attached).
- During Tax Season, the Northern Hasp and overnight Plants will make dedicated Certified and Non-Certified containers for both letters and flats (see attached).

Transportation:

> All IRS transportation will originate from the Middlesex-Essex P & D C. Dispatch times are as follows:

0430 – MVS – (only trip that drops off IRS mail) 1300 – MVS – (pick-up at IRS only) 1500 – MVS – (pick-up at IRS only) 2300 – IRS Courier – (pick-up all available mails)

> During Tax Season extra MVS trips are scheduled to accommodate the additional volumes.

Equipment:

- > Four (4) hand-held scanners and one (1) manifest printer are assigned to the CFS Unit.
- > One (1) hand-held scanner and one (1) manifest printer are assigned to the IRS facility in Andover.

Miscellaneous Items:

- Scheduled meetings between IRS and Postal managers are held to determine each others needs and to ensure timely handling of IRS mails during Tax Season. (See attached 2001 Filing Season Memo and an attendance sheet with telephone numbers from a meeting held on October 10, 2001). Staffing, MTE requirements and other items are also discussed at these meetings.
- Temporary USPS employees are assigned to both the IRS and CFS Unit to assist with the IRS Certification process.
- Extended window hours at designated Post Offices are publicized and Tax Night Procedures are issued (see attached).

Attachment 1 -- Placards Attachment 2 - Mail Flow Attachment 3 - No-Bull 01-1 "tachment 4 - Quality Checklist hment 5 - IRS 2001 Filing Season Postal Needs ament 6 - Sign-In Sheet from 10/10 Meeting catachment 7 - Post Office Tax Night Procedures

ATTACIMENT TO OCA(238(2))2 Page 4

DATE:

DISPATCH TO: CFS UNIT MEP&DC

VERIFIED CERTIFIED IRS 05501

ONLY PLEASE SEND TO CFS PRIOR TO DISPATCH TO IRS ANDOVER

ORIGIN: Middlesex - Essex P &DC (VERIFICATION) Verified By:

2-14-00

ATTACHMENT TO OCAJUSTESSIA) Page 5

DATE: DISPATCH TO: IRS ANDOVER VERIFIED RS 05501**ONLY**

DISPATCH

2330 0445

Middlesex - Essex P &DC

(VERIFICATION)

Verified By:

2-14-00

ATTACHMENT TO RESPONSE 3484-OLA/USPS-236(d), Page 6

DATE: DISPATCH TO: IRS ANDOVER VERIFIED 25 **PO BOX** 01888 - 4001**ONLY DISPATCH** 2330 0445

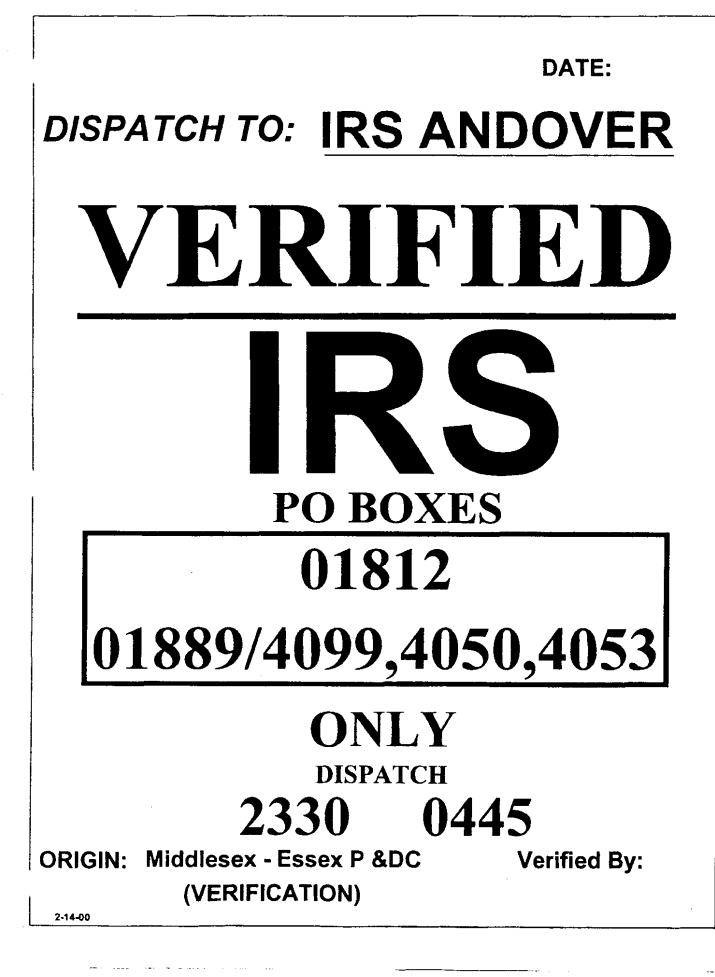
ORIGIN: Middlesex - Essex P &DC

(VERIFICATION)

Verified By:

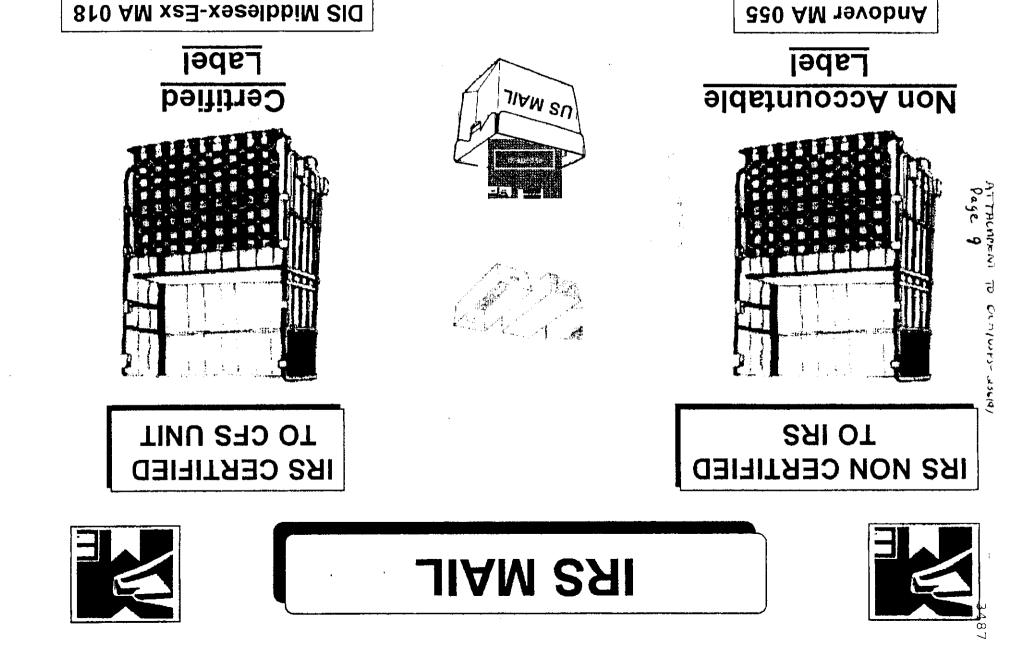
2-14-00

ATTACHMENT TO EXSTORSE TO 3485 OCAJUSPS- 236(0), Page 7



ATTACHMENT TO OCAJUSA 34 AC(d) Page &





IRS Mail 055

IRSCertified



January 4, 2001

MEMORANDUM FOR TANS MANAGERS, AMC/AMF MANAGERS, HASP MANAGERS -NORTHEAST AREA

SUBJECT: NO-BULL 01-1

***New York State Taxes ***

New York State is again using two 5-digit ZIP Codes for tax returns, as follows: 12227 - for business returns 12261 - for personal returns Envelopes included in the tax packages are prebarcoded, FIM A.

Effective January 16 through April 20, all NYS origins must provide separate holdouts for ZIP Codes 12227 and 12261 for all First-Class letters and flats, and label as follows:

ZIP Code	Non-Accountable	Certified
12227	Albany NY 12227 NYS Tax Returns	Albany NY 12227 NYS Tax Certified
12261	Albany NY 12261 NYS Tax Returns	Albany NY 12261 NYS Tax Certified

Please note the following:

*Certified returns must be kept separate from non-certifieds.

*100% verification is required.

*Use CIN 167.

Cautionary – Priority Tax Returns

As Delivery Confirmation becomes more prevalent, it is important that operations isolate all tax returns identified as Priority Mail. Ensure that they are sent to the PMPC or, if sorted locally after the DOV to the PMPC leaves (or as part of the Nashua offload plan), Priority tax returns must be kept in the Priority mailstream. Particular attention should be given to FSM operations, since all flat tubs labeled to an IRS or state tax return center are delivered directly to the tax agency without the opportunity to be scanned at delivery.

NORTHEAST AREA 6 GRIFFIN ROAD NORTH WINDSOR CT 06006-7070 (860) 285-7062 Fax: (860) 285-1205

ATTACHMENT TO OCA/USPS-236(d) Page 11

- 2 -

Federal Taxes

General Procedures:

- (1)With the exception of flats destinating ZIP Code 055 (Andover MA), all other IRS holdouts are effective from January 16 through April 20. This includes letters for ZIP Code 055 as well as letters and flats for ZIP Code 005 (Holtsville NY). Flats destinating ZIP 055 should be held out effective February 20 through April 20 (if volume warrants, origins should hold out 055 flats prior to February 20). Note also that offices with an overnight commitment to Middlesex-Essex should also provide flats holdouts for certified and non-accountable 055 flats.
- (2)The return envelopes included with the packages will be addressed to the appropriate IRS center, and will be prebarcoded, FIM A.
- (3)The IRS does not accept short-paid mail. Envelopes that are short-paid must be returned for additional postage.
- (4)100% verification is required at origin. Any missent mail will not only be delayed, but will probably be opened by the IRS's automated machines.

(5)Holdouts are required on all First-Class letter and flat operations (per the timelines in (1) above). Label as follows:

ZIP Code	Non-Accountable	<u>Certified</u>
05501	Andover MA 055 IRS Mail 055	Middlesex-Esx MA 018 IRS Certified
00501	Holtsville NY 005 IRS Mail 005	Holtsville NY 11742 IRS Certified

Reminder

All Christmas temporary holdouts (for automated letters and Priority Mail) should have been discontinued as of January 1, 2001.

Pitney Bowes Rate Prom Returns

In preparation for the new rates effective January 7th, Pitney Bowes mailed new software (called rate "Proms") to all PB meter holders. This amounted to 464,686 First-Class pieces and 72,948 Priority pieces. The mail was released on December 26th for delivery NLT January 4th. Included in the package containing the new Proms, customers were given BRM mailers to return the old Proms to ZIP Code 06913 for recycling. Per CT PC, Pitney Bowes experience in the past is that most customers do send the old Proms back (all returned pieces are via FCM, regardless of whether they are mailed out as FCM or Priority).

Attached is what the actual mailer for returning the old Proms looks like. Dimensions are $\frac{1}{2}$ " x 5" x 10" (approx). In addition, it is rigid. Per the message on the mailer, customers are expected to drop the old Proms into collection boxes. As such, they are likely to end up in over-the-rack or SPBS operations.

We are requesting that origins provide the following:

*a unique holdout for the rate Proms, as follows:

Label to: Stamford CT 06913 PB Rate Proms ZIP Range: 06913-0427

Use CIN 172.

*if volume doesn't warrant, we request the following (for SPRs):

Label to: SCF Stamford CT 068 FCM Parcels SCF ZIP Range: 068-069

Use CIN 294.

The above is requested on receipt through January 31. Most of the 400 K pieces will be returned in the first two weeks; most of the density is from larger cities that have a lot of companies with PB meters. Your cooperation is appreciated.

If questions regarding NO-BULL arise, please contact Rich Benson at (860) 285-7169. If questions regarding routings arise, please contact your facility's Networks Planning Specialist.

S/ John E. O'Neill, Jr. Manager, Distribution Networks Office

Attachment

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IRS 4-11-01

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			Date 4/11/01		
ORIGIN	ST	ZIP	Trays Sampled	Trays Containing Certs	Comments
ALBANY	NY	122	1	2	
BANGOR	ME	046	_		
BINGHAMTON	NT	137-139			
BOSTON	МА	02205	3	0	
BRIDGEPORT	ст	066			
BROCKTON	MA	023	5	19	Errors by Tray = 0,2,0,2,15
BUFFALO	NY	140			
BUFFALO "Post Sys"	NY	142,147			
BURLINGTON	vт	05401			
BUZZARDS BAY	MA	025			
CENTRAL CONN	СТ	064			
CENTRAL MASS	МА	01546		······	
EASTERN	ME	04444			
GLENS FALLS	NY	128			
ARTFORD	СТ	065	3	23	Errors by Tray = 14,7,2
MANCHESTER	NH	030			
MANCHESTER	NH	03103	5	5	
MID ISLAND	NY	117		· · · · · · · · · · · · · · · · · · ·	<u>, </u>
MID-HUDSON	NY	12555	1	25	
NEW HAVEN	СТ	06511			
NORTHWEST	MA	02451			
PLATTSBURG	NY	12901		· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·
PORTLAND	ME	04101			· · · · · · · · · · · · · · · · · · ·
PORTSMOUTH	NH	038-039			
PROVIDENCE	RI	029	5	0	17 pieces of Mass Tax included.
ROCHESTER	NY	144-146	2	46	Errors by Tray = 16,30
ROCKLAND	NY	109		· · · · · · · · · · · · · · · · · · ·	
SHREWSBURY	MA	01156		······································	
SPRINGFIELD	MA	01152			
STAMFORD	СТ	069			······
SYRACUSE	NY	132			

Page 1

-me2a0e.xls

Andover IRS Center 2001 Filing Season Postal Needs

The Andover IRS Center's Postal needs for the 2001 filing season are as follows:

Additional Mail Deliveries

3:00 am - Monday through Friday - Starting January 29, 2001 through April 20, 2001

6:00am and 11am – Sunday, April 8 6:00am and 11am – Saturday, April 14, and Sunday, April 15 3:00pm as needed – Monday, April 16, Tuesday, April 17, and Wednesday, April 18 contact Lisa Boulanger or Lynda Connell 11:00am - April 21

Additional Postal Workers for Certified Mail

1 to cover 11.00pm - 7:00am shift, need to start at 12:30am, January 29, through April 27, 2001

1 additional worker for each of our 11:00pm - 7:00am and 5:30am - 2:00pm shifts starting April 9, through April 21

1 worker to cover our 4:00pm - 12:30am shift starting April 16 through April 21

We will also be working overtime of the weekends of April 14 and 15 and April 21 and 22 and would need to have Postal workers in to cover around the clock if possible.

Receipt and Control Branch contacts

Lisa Boulanger, Supervisor, Mon -- Fn, 5:30am - 2:00pm, (978)474-9842 Lynda Connell, Section Chief, Mon -- Fri, 6:00am - 2:30pm, (978)474-5807 William Carroll, Branch Chief, Mon - Fri, 7:00am - 3:30pm, (978)474-9839

Brenda Plaistek, Asst. Branch Chief, Sun – Thur, 3:00pm – 11:30pm, (978)474-9839 Nancy Saulnier, Supervisor, Sun – Thur, 4:00pm – 12:30am, (978)474-5521

Roberta Carignan, Supervisor, Sun – Thur, 11:00pm – 7:00am, (978)474-5599

3492

VISDWD Trank をいすにむっい 774 SMUL WA + Cerution maj are house 5207 price in Price in Receiving SK24NO LAPH Sour my 2445 T7492 SIT WW Phone #15 reducted Names reducted 550 CHARMENT . SOM A Strates The 1800055 THE REAL PROPERTY OF <u>10</u>0 :emiT 001 :eteC 01 :gnifeeM Andover, Massachusetts SAI 🕲 Internal Revenue Service

REPARTMENT TO REFERENCE TO 3493

ATTACHMENT TO OCALUAR 336(d) Paye 16 F

MANAGER, TRANSPORTATION AND NETWORKS MIDDLESEX-ESSEX PROCESSING AND DISTRIBUTION CENTER

UNITED STATES POSTAL SERVICE

April 3, 2001

MEMORANDUM TO POSTMASTERS LAWRENCE LYNN WOBURN LYNNFIELD

RE: April 17, 2001 – Tax Night Procedures

On April 17, 2001, your office will have extended window hours to accommodate lastminute tax filers. When dispatching tax mail to the Plant, please:

- 1. Cancel or bullseye all letters and flats
- 2. Separate Mass Tax and IRS mails
- 3. Separate certified mail for IRS
- 4. Identify containers (placards attached)
- 5. Utilize your next regular scheduled transportation the Plant

Please contact the Transportation and Networks office if you should have any questions.

Thank you in advange for your assistance.

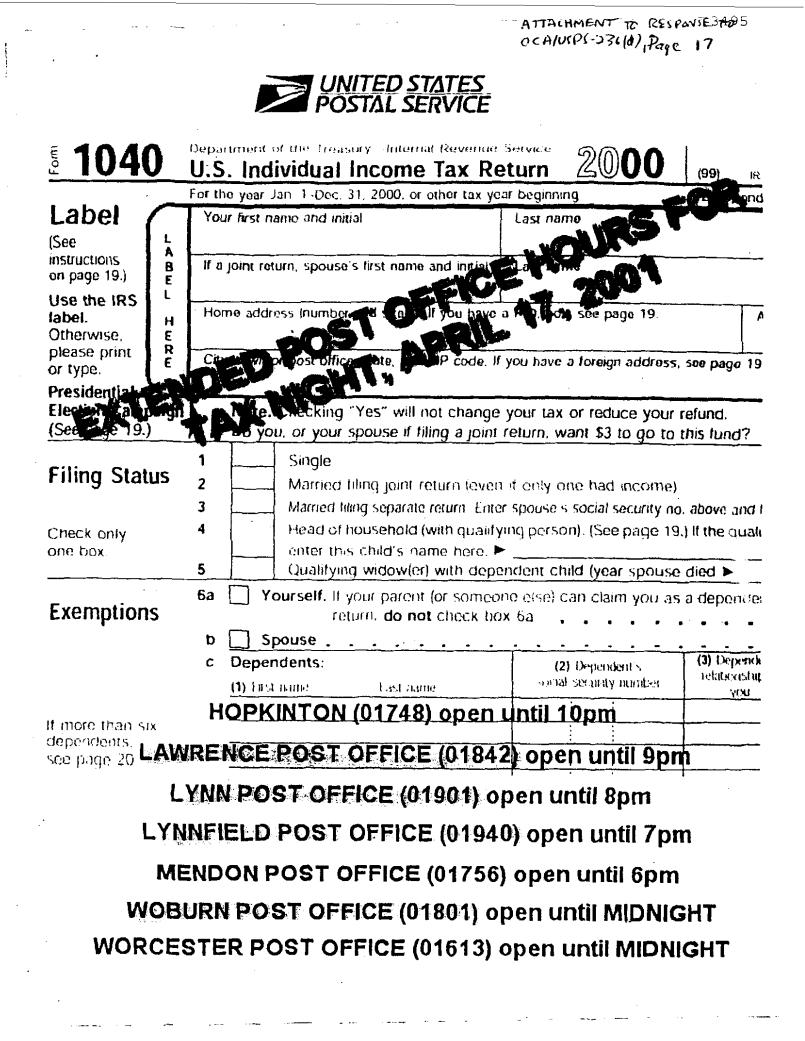
Michele F. Ovértoñ

Manager, Transportation and Networks

Attachments

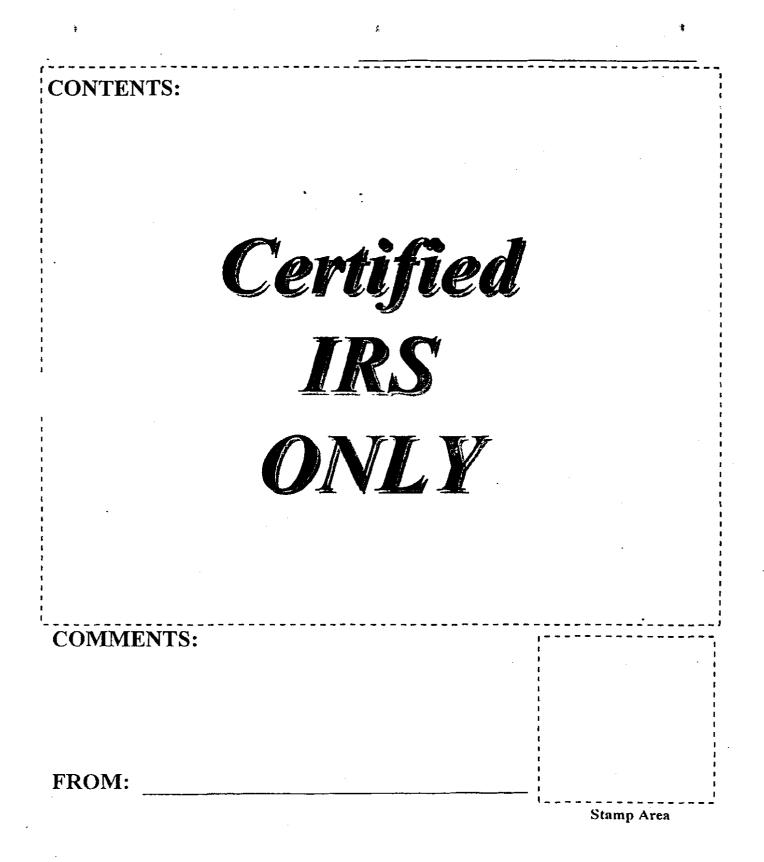
cc: Linda Ann Papa Joe Kusiak MDOs 1-2-3 Donna Gill Tom Murphy, Central Mass

76 MAIN STREET NORTH READING, MA 01889-7070 978-664-7077 FAX: 978-664-1875



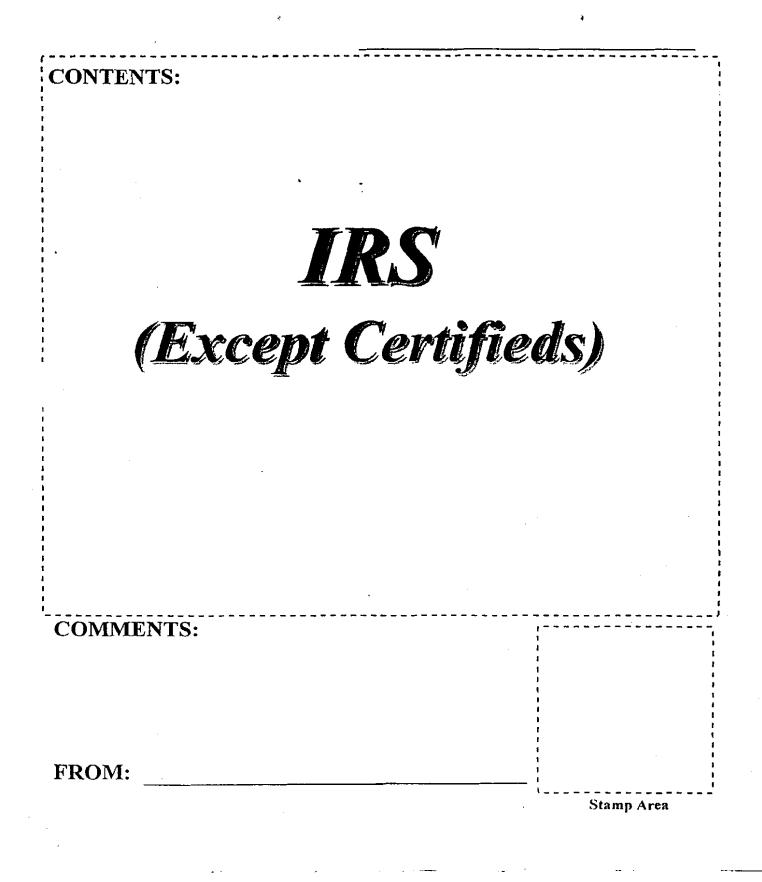
АТТАСНМЕЛТ ТО ОСА/USPS 3439(C)-Page 18

TO: Middlesex-Essex P & D



ATTACHMENT TO 3497 OCANUSPS-336(1), Page 14

TO: Middlesex-Essex P & D



ATTACHMENT TO OCA/USBARA

TO: MIDDLESEX -ESSEX 018

BRING TO M/E CFS UNIT

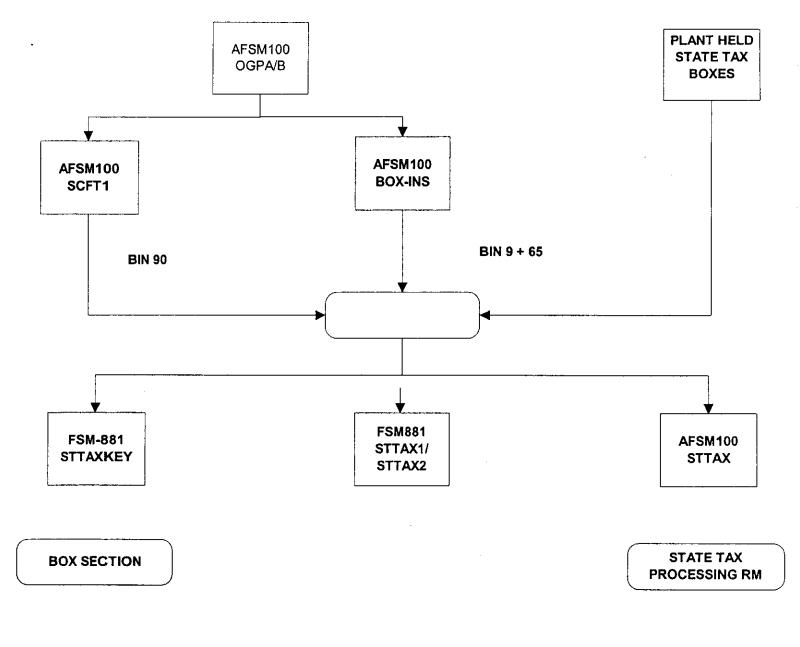
055 IRS CERTIFIED

FROM:

CONTENTS:

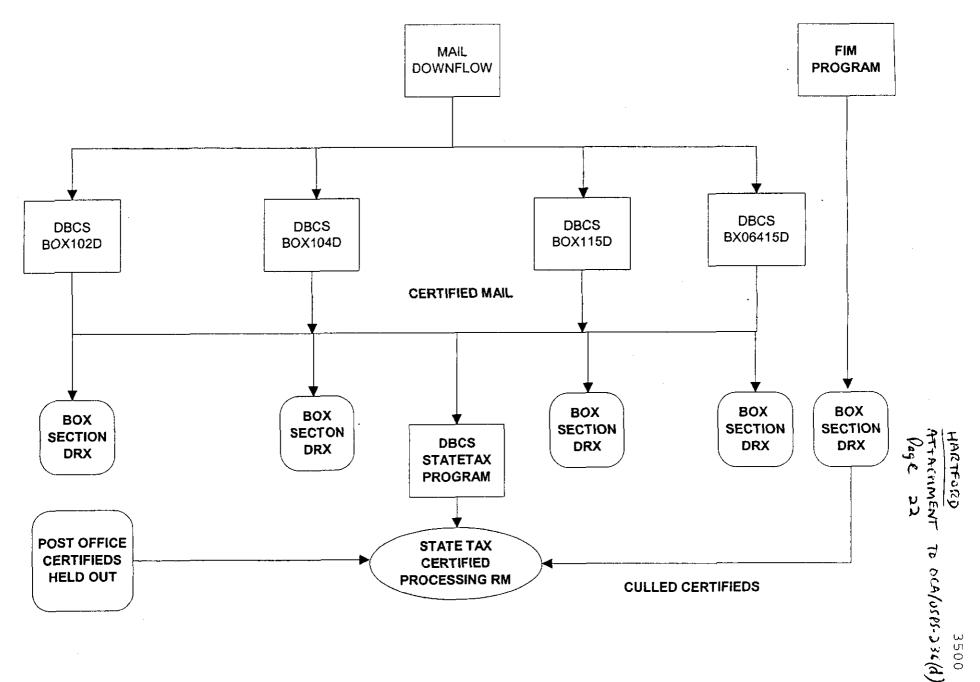
Effective date 03/29/01

FLAT MAIL FLOW



HARTFORD 3499 ATTACHMENT TO RÉSPONSE TO OLA/USPS-236(0) page 21

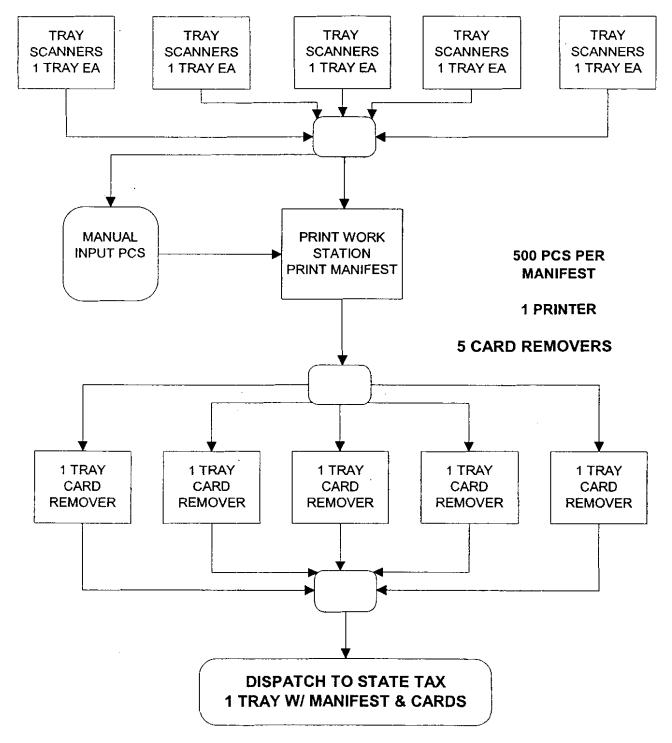
LETTER MAIL FLOW



HARTFORD 3501 ATTACHMENT TO OCA/USES-S3(#) Page 23

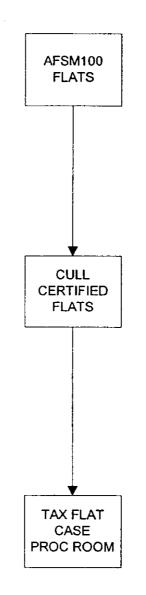
CERTIFIED PROCESSING FLOW

5 SCANNERS



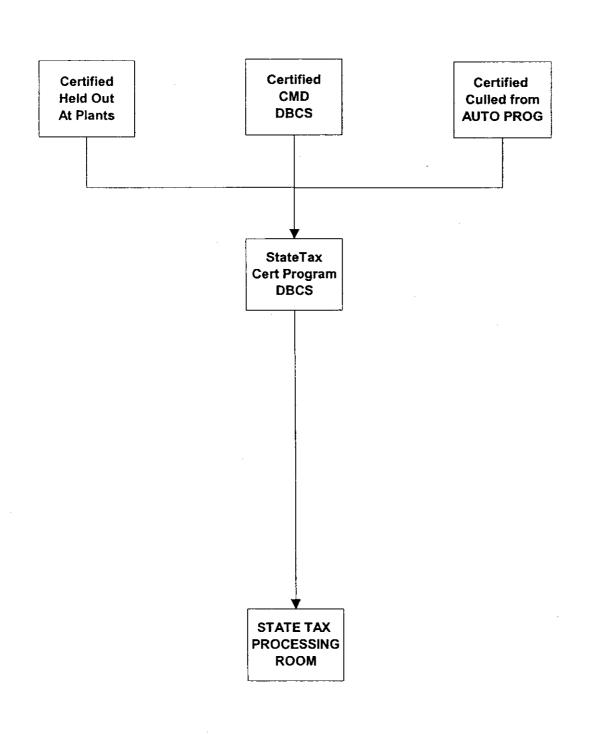
HARTFORD 3502 ATTACHMENT TO CANDSFS-036 Page 24

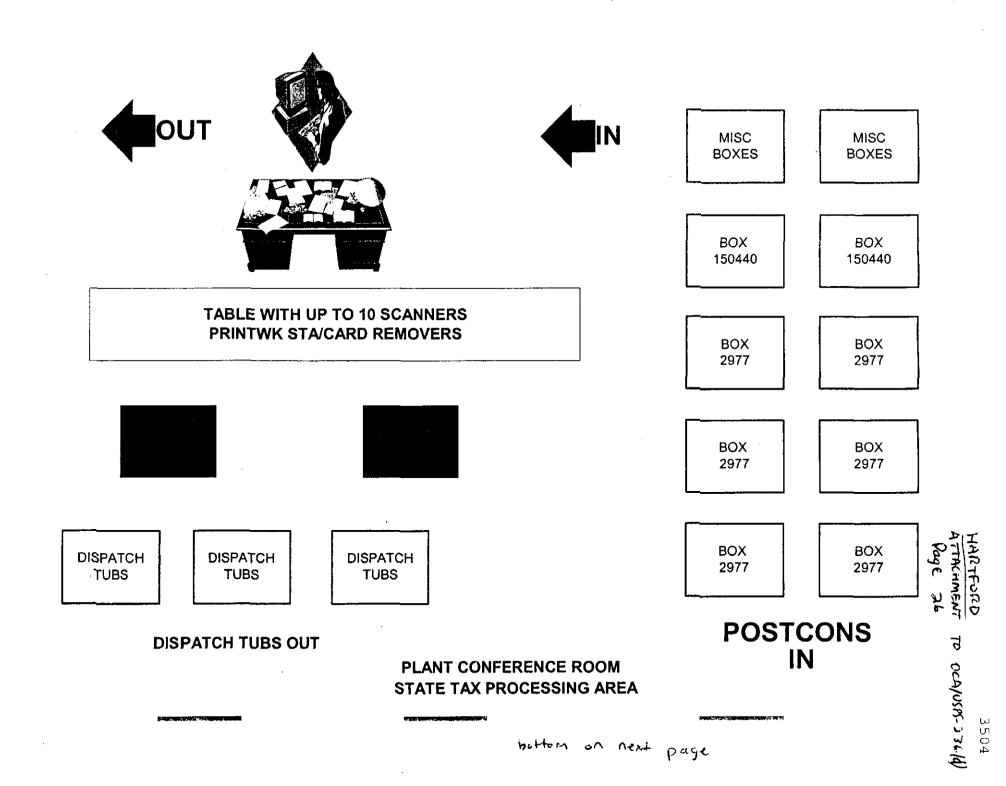
STATE TAX CERTIFIED PROCESSING FLATS



HARTFORD ATTACHMENT TO OCA/USPS-236(d) Page 25

STATE TAX CERTIFIED PROCESSING LETTERS





3505 HARTFORD ATTACHMENT TO OCA/USPS-2366 Page 27 of 27







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

OCA/USPS-237. In PRC Op. R97-1, para. 5951, the Commission states, There is no reliable evidence that [return receipt] service is consistently meeting customer expectations, and the Service admits that its handling of return receipts delivered to high volume recipients does not comply with its own DMM. This, in addition to other intervenor testimony asserting service problems, indicates that there may be problems with the reliability of this service. The Commission is concerned about the quality of return receipt service, as it has been since R90-1.

In PRC Op. R2000-1, para. 6105, the Commission states,

Return receipts are potentially a high value service, but persistent problems with the quality of service imply a lower cost coverage.

- (a) Has the Postal Service corrected the problems uncovered in Dockets R97-1 and Dockets R2000-1, regarding return receipts delivered to high volume recipients, so that Return Receipt does comply with the DMM requirements?
- (b) If your response to part (a) of the interrogatory is affirmative, then please explain what steps were taken to resolve the problems and provide specific dates when each problem was resolved.
- (c) If your response to part (a) of the interrogatory is other than affirmative, please explain (1) what problems continue to exist, (2) what measures are being put in place to resolve the problems, and (3) provide the date the USPS anticipates each problem will be resolved.

RESPONSE:

(a) To some extent.

(b-c) Monitoring of certified mail deliveries to high-volume destinations, and increased staffing at these locations, have improved the timeliness of return receipt processing. Greater use of certified mail detectors has prevented certified mail being delivered along with regular mail, without obtaining signatures. At least one location set up an operation to automate the completion of the PS Form 3811s, replacing the manual process of completing the Form 3811s. During the last tax season, several other high volume

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

OCA/USPS-237, Page 2 of 2

locations handed over the certified mail before obtaining signatures on the return receipts, but this practice was stopped, at least in one location. Extending the approach of automated printing of receipt information on return receipts will be considered to avoid this practice.

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

OCA/USPS-238. The following questions refer to Return Receipt service sold in FY 2000 and FY 2001.

- (a) For FY 2000 and FY 2001, of the total Return Receipts sold please, please identify the volume and proportion of total that are destined to an (1) an IRS facility, (2) a state taxing authority, (3) a local taxing authority. If exact figures are unavailable, then please provide estimates. If separate IRS, state, and local figures are unavailable, then please provide figures or estimates on an aggregated basis. Also state the source for the information provided.
- (b) For FY 2000 and FY 2001, please identify the volume and proportion of total Return Receipts that are delivered "in bulk," i.e., not delivered individually. Please state the source for the information provided.
- (c) Referring to part (a) of this interrogatory, please identify, for FY 2000 and FY 2001, the volume and proportion of total Return Receipts that are left with the destinating entity to sign and subsequently return to the USPS. For example, See Docket No. R97-1, DFC-LR-2, at page 1B. Provide estimates if exact figures are unavailable. Also state the source for the information provided.
- (d) Referring to part (b) of this interrogatory, please identify for, FY 2000 and FY 2001, the volume and proportion of total Return Receipts that are left with the destinating entity to sign and subsequently return to the USPS. Provide estimates if exact figures are unavailable. Also state the source for the information provided
- (e) Under what conditions are USPS carriers leaving USPS Return Receipt cards for a recipients' subsequent signatures and return?
- (f) For FY 2000 and FY 2001, what is the average length of time between the USPS's Postmark of Delivery Office date, as shown on PS Form 3811-A, and the date recorded on PS Form 3811, Domestic Return Receipt? Please state the source for the information provided.
- (g) What corrective actions are being taken to ensure that PS Form 3811 is being filled out properly and completely by the addressee and returned to the USPS representative at the time of delivery?

RESPONSE:

- (a-d) No such data are collected.
- (e) This practice can occur when high-volume deliveries make obtaining a manual

signature (or stamp) and other delivery information on each return receipt very time

consuming at the time of delivery. See response to interrogatory OCA/USPS-237(b-c).

OCA/USPS-238, Page 2 of 2

(f) No such data are collected.

(g) An employee reminder communication, explaining proper procedures for certified mail/return receipt mail, is being prepared for after the holiday rush. Also see response to interrogatory OCA/USPS-237(b-c).

OCA/USPS-241. At http://www.usps.com/payments/services/, one of the online payment services offered is USPS eBillPay[™] for Consumers.

- (a) What was the date of inception for this service?
- (b) Please describe the role of the Postal Service in offering this service.
 Provide all documents describing the role of the Postal Service in offering this service.
- (c) Is First-Class Mail ever used to pay bills on behalf of consumers?
- (d) If so, in what percentage of instances are bills paid by mail?
- (e) In what percentage of instances are bills paid by electronic funds transfer?
- (f) Are bills ever presented by means of First-Class Mail?
- (g) If so, in what percentage of instances are bills presented by mail?
- (h) In what percentage of instances are bills presented in electronic form? What form does such presentation take?
- (i) Please provide, by fiscal year, since inception, the revenues generated on behalf of the Postal Service by USPS eBillPay[™] for Consumers. For FY2002, please provide this information by AP. Please state the source for all information provided in response to this question.
- (j) For each fiscal year since inception, please state the revenue per bill payment generated by USPS eBillPay[™] for Consumers. For FY2002, please provide this information by AP. Please state the source for all information provided in response to this question.
- (k) Please provide, by fiscal year, since inception, the operating costs incurred by the Postal Service in providing USPS eBillPay[™] for Consumers. For FY2002, please provide this information by AP. Please state the source for all information provided in response to this question.
- (I) What are the total start-up costs since inception for USPS eBillPay[™] for Consumers?
- (m) Are the rates charged to consumers for USPS eBillPay[™] for Consumers set at a level high enough so that start-up costs for USPS eBillPay[™] for Consumers are recovered over a specific period of time? If so, what is the specific time period? If not, how are the start-up costs of USPS eBillPay[™] for Consumers being funded? Please state the source for all information provided in response to this question.
- (n) Are the rates charged to consumers for USPS eBillPay[™] for Consumers high enough to recover the operating costs of USPS eBillPay[™] for Consumers? Please provide, by fiscal year since inception, the revenues and the operating costs used to answer the question posed. Please state the source for information used in performing the calculation.
- (o) For each fiscal year since inception, please state the operating cost per bill payment generated by USPS eBillPay[™] for Consumers. For FY2002, please provide this information by AP. Please state the source for all information provided in response to this question.
- (p) For each fiscal year since inception, please state the total cost per bill payment generated by USPS eBillPay[™] for Consumers. (For purposes of this question, total cost is defined as operating cost plus start-up cost).

R2001-1

For FY2002, please provide this information by AP. Please state the source for all information provided in response to this question.

(q) In total, since inception, please provide the net surplus/loss generated by USPS eBillPay[™] for Consumers. State whether operating costs alone are used in providing this answer. State explicitly whether start-up costs are added to operating costs in providing this answer.

RESPONSE:

A partial objection to this interrogatory was filed on December 3, 2001.

The Postal Service's eBillPay™ was launched on April 5, 2000. The

service permits a user, via an electronic interface, to direct bill payments to firms

that have invoiced the user. Some payments are entered as First-Class Mail

while others are consummated electronically. A third party designed,

implemented, and operates the infrastructure that facilitates payments.

Revenues for eBillPay[™] are not measured separately; rather, they are

measured for USPS Online Payment Services, which also includes

Pay@Delivery and USPS Send Money. In Fiscal Year 2001, revenues for USPS

Online Payment Services totaled \$1.1 million and operating costs totaled \$11.5

million.

OCA/USPS-242. If First-Class Mail is involved in the operation of USPS eBillPay[™] for Consumers, then why hasn't the Postal Service come to the Postal Rate Commission for a recommended decision on a classification and rate for this service?

- (a) Is USPS eBillPay[™] for Consumers a service ancillary to the provision of First Class? Please explain.
- (b) Is First Class a service ancillary to USPS eBillPay[™] for Consumers? Please explain.

RESPONSE:

(a-b) A partial objection to this interrogatory was filed on December 3, 2001.

See the response to OCA/USPS-241.

OCA/USPS-244. At http://www.usps.com/payments/services/, one of the online payment services offered is USPS Send Money.

- (a) What was the date of inception for this service?
- (b) Please describe the role of the Postal Service in offering this service. Provide all documents describing the role of the Postal Service in offering this service.
- (c) Please provide, by fiscal year, since inception, the revenues generated on behalf of the Postal Service by USPS Send Money. For FY2002, please provide this information by AP. Please state the source for all information provided in response to this question.
- (d) Please provide, by fiscal year, since inception, the operating costs incurred by the Postal Service in providing USPS Send Money. For FY2002, please provide this information by AP. Please state the source for all information provided in response to this question.
- (e) What are the total start-up costs since inception for USPS Send Money for Consumers?
- (f) Are the rates charged to customers for USPS Send Money set at a level high enough so that start-up costs for USPS Send Money are recovered over a specific period of time? If so, what is the specific time period? If not, how are the start-up costs of USPS Send Money being funded? Please state the source for all information provided in response to this question.
- (g) Are the rates charged to consumers for USPS Send Money high enough to recover the operating costs of USPS Send Money? Please provide, by fiscal year since inception, the revenues and the operating costs used to answer the question posed. Please state the source for information used in performing the calculation.
- (h) In total, since inception, please provide the net surplus/loss generated by USPS Send Money. State whether operating costs alone are used in providing this answer. State explicitly whether start-up costs are added to operating costs in providing this answer.

RESPONSE:

A partial objection to this interrogatory was filed on December 3, 2001

USPS Send Money™ is a service offered as part of USPS Online

Payment Services. It was launched on August 28, 2001. USPS Send Money

allows a customer to send money electronically from her checking or money

market account to another person's checking or money market account. Both

sender and receiver must be enrolled in the service. The sender enters

electronically the recipient's email address, last name, and amount to be sent.

All transactions are protected by the USPS Electronic Postmark® verification.

The recipient's account is credited with the money while the recipient herself is

notified via email that funds have been received.

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Revenue and expense values for USPS Online Payment Services are provided in response to OCA/USPS-241.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY

OCA/USPS-248. At <http://www.usps.com/paymentservices/pspaymnt.htm> one of the online payment services offered is USPS Pay@Delivery™.

- a. Please describe the operation of this service in detail.
- b. Is this service offered in connection with Priority Mail? Please explain.
- c. Is this form of payment limited to Priority Mail? Please explain.
- d. Is this form of payment available to pay for items shipped by carriers other than the Postal Service, e.g., UPS or Fedex? Please explain.
- e. What was the date of inception for this service?
- f. Please describe the role of the Postal Service in offering this service. Provide all documents describing the role of the Postal Service in offering this service.
- g. Please provide, by fiscal year, since inception, the revenues generated on behalf of the Postal Service by USPS Pay@Delivery™. For FY2002, please provide this information by AP. Please state the source for all information provided in response to this question.
- h. Please provide, by fiscal year, since inception, the operating costs incurred by the Postal Service in providing USPS Pay@Delivery™. For FY2002, please provide this information by AP. Please state the source for all information provided in response to this question.
- i. What are the total start-up costs since inception for USPS Pay@Delivery™? Please state the source for this answer.
- j. Are the rates charged to customers for USPS Pay@Delivery[™] set at a level high enough so that start-up costs for USPS Pay@Delivery[™] are recovered over a specific period of time? If so, what is the specific time period? If not, how are the start-up costs of USPS Pay@Delivery[™] being funded? Please state the source for all information provided in response to this question.
- k. Are the rates charged to customers for Pay@Delivery[™] high enough to recover the operating costs of USPS Pay@Delivery[™]? Please provide, by fiscal year since inception, the revenues and the operating costs used to answer the question posed. Please state the source for information used in performing the calculation.
- I. In total, since inception, please provide the net surplus/loss generated by USPS Pay@Delivery[™]. State whether operating costs alone are used in providing this answer. State explicitly whether start-up costs are added to operating costs in providing this answer.

RESPONSE:

A partial objection to this interrogatory was filed on December 3, 2001.

Pay@Delivery™ was launched on August 28, 2001. It is offered as part of

USPS Online Payment Services, and is a feature of USPS Send Money.

Pay@Delivery can be explained in terms of Buyer, an auction purchaser

R2001-1

unknown to Seller, an auction seller who sends purchased goods to Buyer via Priority Mail with Delivery Confirmation. Buyer and Seller, both USPS Send Money customers, use Pay@Delivery to condition release of Buyer's payment to Seller upon the Delivery Confirmation scan confirming delivery of the Priority Mail package to Buyer. Buyer's funds are withdrawn from her funding account and held by Pay@Delivery until the Delivery Confirmation scan that confirms delivery, after which the funds are transferred electronically into Seller's account. In addition to postage and fees, the Postal Service receives a payment from Buyer – the sender of money via USPS Send Money.

Revenue and expense values for USPS Online Payment Services are provided in response to OCA/USPS-241.

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OCA/USPS-249. Does USPS Pay@Delivery™ function much like COD?

- a. Please list and describe all similarities.
- b. Please list and describe all differences.
- c. Is USPS Pay@Delivery[™] a service ancillary to the provision of Priority Mail? Please explain.
- d. If USPS Pay@Delivery[™] is offered primarily in connection with Priority Mail and functions much like COD, then why hasn't the Postal Service come to the Postal Rate Commission for a recommended decision on a classification and rate for this service?

RESPONSE:

(a-c) A partial objection to this interrogatory was filed on December 3, 2001.

See the response to OCA/USPS-248.

OCA/USPS-250. At <http://www.usps.com/netpost/cardstore/> one of the online services offered is NetPost™ CardStore.

- a. Please describe the operation of this service in detail.
- b. Are cards purchased through this service mailed as First-Class Mail? Please explain.
- c. Can a customer use NetPost[™] CardStore and have a card mailed in any other classes of mail than First Class, e.g., Priority Mail or Express Mail? Please explain.
- d. Is this service available if cards are shipped by carriers other than the Postal Service, e.g., UPS or Fedex? Please explain.
- e. What was the date of inception for this service?
- f. Please describe the role of the Postal Service in offering this service. Provide all documents describing the role of the Postal Service in offering this service.
- g. Please provide, by fiscal year, since inception, the revenues generated on behalf of the Postal Service by NetPost[™] CardStore. For FY2002, please provide this information by AP. Please state the source for all information provided in response to this question.
- h. Please provide, by fiscal year, since inception, the operating costs incurred by the Postal Service in providing NetPost™ CardStore For Fy2002, please provide this information by AP. Please state the source for all information provided in response to this question.
- i. What are the total start-up costs since inception for NetPost™ CardStore? Please state the source for this answer.
- j. Are the rates charged to customers for NetPost[™] CardStore set at a level high enough so that start-up costs for NetPost[™] CardStore are recovered over a specific period of time? If so, what is the specific time period? If not, how are the start-up costs of NetPost[™] CardStore being funded? Please state the source for all information provided in response to this question.
- k. Are the rates charged to customers for NetPost[™] CardStore high enough to recover the operating costs of NetPost[™] CardStore? Please provide, by fiscal year since inception, the revenues and the operating costs used to answer the question posed. Please state the source for information used in performing the calculation.
- I. In total, since inception, please provide the net surplus/loss generated by NetPost[™] CardStore. State whether operating costs alone are used in providing this answer. State explicitly whether start-up costs are added to operating costs in providing this answer.

RESPONSE:

A partial objection to this interrogatory was filed on December 3, 2001.

NetPost CardStore allows postal customers with access to a personal computer (PC) and an Internet connection to design greeting cards and postcards online and to submit these for subsequent printing and finishing. The service resides on a third party's web site; the third party prints the cards as specified and either places them in stamped, addressed envelopes and transports them to a local postal facility for acceptance, processing, and subsequent delivery by the Postal Service, or else ships the order directly to the customer. The entire transaction, including payment, can be completed during a single visit to the web site. A link to the service is available on the Postal Service web site (www.USPS.com) in return the Postal Service receives what amounts to a referral fee. Customers are charged a production fee determined by the third party. When the cards are prepared and entered directly as mail by the contractor, customers are charged the applicable single-piece First-Class Mail postage.

NetPost CardStore was launched during PQ 3 in FY2001. Operating revenue through that quarter was \$56,098; operating expense was \$74,755.

OCA/USPS-251. With respect to NetPost[™] CardStore:

- a. Is NetPost[™] CardStore ancillary to the provision of First-Class Mail? Please explain.
- b. Is First-Class Mail ancillary to the provision of NetPost™ CardStore? Please explain.
- c. If NetPost[™] CardStore cards are primarily (or mostly) mailed as First-Class Mail, then why hasn't the Postal Service come to the Postal Rate Commission for a recommended decision on a classification and rate for this service?

RESPONSE:

(a-b) A partial objection to this interrogatory was filed on December 3, 2001.

See the response to OCA/USPS-250.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY

OCA/USPS-252. At < http://www.usps.com/netpost/certifiedmail/> one of the online services offered is NetPost[™] Certified Mail.

a. Please confirm that the following statement is made to describe NetPost™ Certified Mail at the Uniform Resource Locator set forth above:

The U.S. Postal Service now offers traditional certified mail via the Internet. This new service verifies the address, adds the barcode, prints, folds, and completes the certification forms with just a few clicks of a mouse.

All you do is create a document, pay online and send.

- b. Please describe the operation of this service in detail.
- c. Please list the classes of postal service to which NetPost™ Certified Mail may be added.
- d. Is this service available for items shipped by carriers other than the Postal Service, e.g., UPS or Fedex? Please explain.
- e. Please confirm that the following statement is made at http://www.usps.com/netpost/certifiedmail/aboutcm.htm: Certified mail service is available for: First-Class Mail and Priority Mail. Certified Mail using Priority Mail is not yet available through this service.
- f. Please confirm that at
 - http://www.usps.com/netpost/certifiedmail/cmfaq.htm#usps: the FAQs for NetPost™ Certified Mail contain the following question and answer: "Is this authentic United States Postal Service Mail? Yes."
- g. Please confirm that Certified Mail offered under Fee Schedule 941 is subject to the jurisdiction of the Postal Rate Commission.
- h. Since the Postal Service vends NetPost[™] Certified Mail as "traditional certified mail" (see quote from part a. of this interrogatory) and "authentic United States Postal Service Mail" (see quote from part f. of this interrogatory), then should not NetPost[™] Certified Mail also be subject to the jurisdiction of the Postal Rate Commission? Please explain.
- i. What was the date of inception for this service?
- j. Please describe the role of the Postal Service in offering this service. Provide all documents describing the role of the Postal Service in offering this service.
- k. What are the rates for NetPost[™] Certified Mail? Give the full set of rates that may be paid by NetPost[™] Certified Mail customers.
- Please provide, by fiscal year, since inception, the revenues generated on behalf of the Postal Service by NetPost™ Certified Mail. For FY2002, please provide this information by AP. Please state the source for all information provided in response to this question.
- m. Please provide, by fiscal year, since inception, the operating costs incurred by the Postal Service in providing NetPost™ Certified Mail,

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please provide this information by AP. Please state the source for all information provided in response to this question.

- n. What are the total start-up costs since inception for NetPost[™] Certified Mail? Please state the source for this answer.
- o. Are the rates charged to customers for NetPost[™] Certified Mail set at a level high enough so that start-up costs for NetPost[™] Certified Mail are recovered over a specific period of time? If so, what is the specific time period? If not, how are the start-up costs of NetPost[™] Certified Mail being funded? Please state the source for all information provided in response to this question.
- p. Are the rates charged to customers for NetPost[™] Certified Mail high enough to recover the operating costs of NetPost[™] Certified Mail? Please provide, by fiscal year since inception, the revenues and the operating costs used to answer the question posed. Please state the source for information used in performing the calculation.
- q. In total, since inception, please provide the net surplus/loss generated by NetPost[™] Certified Mail. State whether operating costs alone are used in providing this answer. State explicitly whether start-up costs are added to operating costs in providing this answer.

RESPONSE:

A partial objection to this interrogatory was filed on December 3, 2001.

NetPost Certified Mail allows postal customers with access to a personal

computer (PC) and an Internet connection to enter or submit electronically information and payment that becomes traditional hard copy Certified Mail letters or flats. Customers conduct their transaction, including payment and uploading of content and address information, on a third party's web site. A link to this service is available from the Postal Service web site (www.USPS.com); in return the Postal Service receives what amounts to a referral fee. The operator of the third party web site enters mail on the same terms as any other mailer of Certified Mail as specified in the Domestic Mail Classification Schedule and the Domestic Mail Manual. Customers are charged the Certified Mail fee and applicable single piece First-Class Mail postage rate as well as any charges for

selected service options such as return receipt service or restricted delivery, in addition to a production fee set by the web site operator.

NetPost Certified Mail was launched during PQ3, FY2001. The most

recent available revenue and expense figures:

operating revenue \$837

operating expense \$569

OCA/USPS-253. With respect to NetPost[™] Certified Mail:

- a. Is NetPost™ Certified Mail offered in connection with Fee Schedule 941 Certified Mail? Please explain.
- b. Is NetPost™ Certified Mail offered in connection with First-Class Mail? Please explain.
- c. Is NetPost[™] Certified Mail ancillary to the provision of Fee Schedule 941 Certified Mail? Please explain.
- d. Is Fee Schedule 941 Certified Mail ancillary to the provision of NetPost™ Certified Mail ancillary to the provision of First-Class Mail? Please explain.
- e. Is NetPost[™] Certified Mail ancillary to the provision of First-Class Mail? Please explain.
- f. Is First-Class Mail ancillary to the provision of NetPost[™] Certified Mail? Please explain.

RESPONSE:

A partial objection to this interrogatory was filed on December 3, 2001.

See the response to OCA/USPS-252.

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OCA/USPS-254. Please refer to the response to interrogatory OCA/USPS-74. Percentage figures were provided for FY 2001 for Express Mail volume accepted for

- (1) overnight/noon delivery;
- (2) overnight/3:00 p.m. delivery, and
- (3) two-day delivery.

1

For the purpose of discerning a trend in Express Mail to offer speedier/slower service to more/fewer customers, please provide comparable percentage figures, broken down in the same three groupings as in the response to interrogatory 74, for FY1990 and FY1995.

RESPONSE:

The data requested are no longer available as Electronic Marketing Reporting

System data are only maintained for two years.

OCA/USPS-255. Please refer to the questionnaire form associated with the U.S. Postal Service Customer Satisfaction Survey, Attachment A to Partial Objection of the United States Postal Service to the Office of the Consumer Advocate's Interrogatory OCA/USPS-7 and Joint Motion for Protective Conditions.

- (a) Please explain how the Postal Service has determined that the Survey is statistically accurate. Please furnish copies of studies, memos, meetings, memoranda, or other documents that address the accuracy of the survey.
- (b) Given that the survey is administered to approximately 200,000 customers on a quarterly basis, please comment on whether the study is accurate on a regional basis, i.e., do levels of satisfaction vary by region of the country? If your answer is affirmative, please provide summary data.
- (c) Given that the survey is administered to approximately 200,000 customers on a quarterly basis, please comment on whether the study is accurate on a demographic basis, i.e., the population as a whole, including such ethnic divisions as Hispanic, African American, Pacific Islander, European origins, etc. If levels of satisfaction differ by ethnic origin, please provide summaries by ethnic origin if the summaries have been prepared.
- (d) Given that the survey is administered to approximately 200,000 customers on a quarterly basis, please comment on whether the study is accurate on an urban/rural/suburban basis. If levels of satisfaction differ on this basis, please provide summaries if the summaries have been prepared.
- (e) Please discuss what changes the Postal Service has considered as a result of responses from the Survey.
- (f) Please discuss what changes the Postal Service has implemented as a result of responses from the Survey.

RESPONSE:

(a) Statistical accuracy is primarily determined by the sampling methodology and

sample size. To ensure that the surveys are statistically accurate, we contract

with The Gallup Organization, a premier survey research firm. The Postal

Service requires The Gallup Organization to sample households across the

nation, giving every household a known probability of selection. In addition,

Gallup is required to obtain a minimum of 1,067 completed surveys per

Performance Cluster per postal quarter. Given a probability sample of this size,

the laws of probability say that we can be 95% confident that the quarterly Performance Cluster results are accurate within a margin of error of plus or minus three percentage points. Given that the sample is designed to provide statistically accurate results at the Performance Cluster level each quarter, national results have a much smaller margin of error of less than plus or minus one percentage point. See table attached as Attachment A hereto.

(b) Objection filed on December 6, 2001.

(c) Objection filed on December 6, 2001.

(d) Objection filed on December 6, 2001.

(e) Objection filed on December 6, 2001.

(f) Objection filed on December 6, 2001.

Attachment A to act/usps-255

Margin of Error Table CSM - Residential and Business Accounts (at a 95% confidence level)

SAMPLE SIZE	MARGIN OF ERROR
(n)	(+/- range)
	98.00%
5	43.83%
10	30.99%
15	25.30%
25	19.60%
50	13.86%
75	11.32%
125	8.77%
250	6.20%
500	4.38%
1,000	3.10%
1,067	3.00%
1,535	2.50%
2,400	2.00%
4,250	1.50%
9,550	1.00%
40,000	0.49%
60,000	0.40%
180,000	0.23%

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OCA/USPS-256. Please refer to the questionnaire form associated with the Business Customer Satisfaction Survey, Attachment B to Partial Objection of the United States Postal Service to the Office of the Consumer Advocate's Interrogatory OCA/USPS-7 and Joint Motion for Protective Conditions.

- (a) Please explain how the Postal Service has determined that the Survey is statistically accurate. Please furnish copies of studies, memos, meetings, memoranda, or other documents that address the accuracy of the Survey.
- (b) For each year for which data are provided, please provide the size of sample by type of business. Type of business may be defined in terms of function, e.g., association, light manufacturing, heavy manufacturing, governmental agency, services, etc.; or in terms of SIC code; or in terms of other meaningful disaggregation currently used by the Postal Service.
- (c) For each year for which data are provided, please provide the mean, standard deviation, and sample size for the value of postal services purchased by respondents on an aggregate basis.
- (d) For each year for which data are provided, please provide the mean, standard deviation, and sample size for the number of pieces of mail generated by respondents on an aggregate basis.
- (e) For each year for which data are provided, please describe the types of respondents, e.g. CEO, Senior Managerial, Managerial, Administrative, Mailroom management, mailroom employee, etc. If the Postal Service uses any other meaningful disaggregation, then data in the form used by the Postal Service would be acceptable.
- (f) Please discuss what changes the Postal Service has considered as a result of responses from the Survey.
- (g) Please discuss what changes the Postal Service has implemented as a result of responses from the Survey.

RESPONSE:

(a) Statistical accuracy is primarily determined by the sampling methodology

and sample size. To ensure that the surveys are statistically accurate, we

contract with The Gallup Organization, a premier survey research firm. The

Postal Service requires The Gallup Organization to sample businesses

across the nation, giving every business a known probability of selection. In

addition, Gallup is required to obtain a minimum of 1,067 completed surveys

per Performance Cluster per postal quarter. Given a probability sample of

this size, the laws of probability say that we can be 95% confident that the

quarterly Performance Cluster results are accurate within a margin of error of plus or minus three percentage points. Given that the sample is designed to provide statistically accurate results at the Performance Cluster level each quarter, national results have a much smaller margin of error of less than plus or minus one percentage point. See table attached as Attachment A to OCA/USPS-255.

- (b) Objection filed on December 6, 2001.
- (c) Objection filed on December 6, 2001.
- (d) Objection filed on December 6, 2001.
- (e) Objection filed on December 6, 2001.
- (f) Objection filed on December 6, 2001.
- (g) Objection filed on December 6, 2001

OCA/USPS-257. Please refer to the questionnaire form "National Account Survey" attached to the Objection of the United States Postal Service to the Office of the Consumer Advocate's Interrogatories OCA/USPS-51-57 and Joint Motion for Protective Conditions.

- (a) Please explain how the Postal Service has determined that the Survey is statistically accurate. Please furnish copies of studies, memos, meetings, memoranda, or other documents that address the accuracy of the Survey.
- (b) For each year for which data are provided, please provide the size of sample by type of business. Type of business may be defined in terms of function, e.g., association, light manufacturing, heavy manufacturing, governmental agency, services, etc.; or in terms of SIC code; or in terms of other meaningful disaggregation currently used by the Postal Service.
- (c) For each year for which data are provided, please provide the mean, standard deviation, and sample size for the value of postal services purchased by respondents on an aggregate basis.
- (d) For each year for which data are provided, please provide the mean, standard deviation, and sample size for the number of pieces of mail generated by respondents on an aggregate basis.
- (e) For each year for which data are provided, please describe the types of respondents, e.g. CEO, Senior Managerial, Managerial, Administrative, Mailroom management, mailroom employee, etc. If the Postal Service uses any other meaningful disaggregation, then data in the form used by the Postal Service would be acceptable.
- (f) Please discuss what changes the Postal Service has considered as a result of responses from the Survey.
- (g) Please discuss what changes the Postal Service has implemented as a result of responses from the Survey.

RESPONSE:

(a) Each quarter, all National accounts are offered the opportunity to participate

in the National Accounts interviews. In an average quarter, about 90% of

National Accounts complete the survey. Based on this census sampling and

a response rate of 90% of the roughly 220 National Accounts, results are

accurate within ±2% with 95% confidence. The Gallup Organization, a

premier survey organization, conducts the survey.

(b) Objection filed on December 6, 2001.

- (c) Objection filed on December 6, 2001.
- (d) Objection filed on December 6, 2001.
- (e) Objection filed on December 6, 2001.
- (f) Objection filed on December 6, 2001.
- (g) Objection filed on December 6, 2001.

OCA/USPS-258. Please refer to the questionnaire form "Premier Account Survey" attached to the Objection of the United States Postal Service to the Office of the Consumer Advocate's Interrogatories OCA/USPS-51-57 and Joint Motion for Protective Conditions.

- (a) Please explain how the Postal Service has determined that the Survey is statistically accurate. Please furnish copies of studies, memos, meetings, memoranda, or other documents that address the accuracy of the Survey.
- (b) For each year for which data are provided, please provide the size of sample by type of business. Type of business may be defined in terms of function, e.g., association, light manufacturing, heavy manufacturing, governmental agency, services, etc.; or in terms of SIC code; or in terms of other meaningful disaggregation currently used by the Postal Service.
- (c) For each year for which data are provided, please summarize the types of respondents, e.g. CEO, Senior Managerial, Managerial, Administrative, Mailroom management, mailroom employee, etc. If the Postal Service uses any other meaningful disaggregation, then data in the form used by the Postal Service would be acceptable.
- (d) For each year for which data are provided, please provide the mean, standard deviation, and sample size for the value of postal services purchased by respondents on an aggregate basis.
- (e) For each year for which data are provided, please provide the mean, standard deviation, and sample size for the number of pieces of mail generated by respondents on an aggregate basis.
- (f) Please discuss what changes the Postal Service has considered as a result of responses from the Survey.
- (g) Please discuss what changes the Postal Service has implemented as a result of responses from the Survey.

RESPONSE:

(a) Statistical accuracy is determined by the sampling methodology and sample

size. To ensure that the surveys are statistically accurate, we contract with

The Gallup Organization, a premier survey research firm. The Postal Service

requires The Gallup Organization to sample Premier Account sites across the

nation, giving every Premier Account a known probability of selection. In

addition, Gallup is required to obtain a minimum of 3,000 completed surveys

per postal quarter. Given a probability sample of this size, the laws of

probability say that we can be 95% confident that the quarterly results are

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accurate within a margin of error of less than plus or minus three percentage

points. . See table attached as Attachment A to OCA/USPS-255.

(b) Objection filed on December 6, 2001.

(c) Objection filed on December 6, 2001.

(d) Objection filed on December 6, 2001.

(e) Objection filed on December 6, 2001.

(f) Objection filed on December 6, 2001.

(g) Objection filed on December 6, 2001.

OCA/USPS-263. The Postal Service is proposing to lower the level of insurance (from \$500.00 to \$100.00) automatically included with an Express Mail purchase.

(a) Please indicate where the reduction in the "automatic" indemnity limit has been reflected as lower Express Mail product costs. Give specific citations (including title, page, and line numbers) to material filed in the instant docket.
(b) Please state the amount that Express Mail costs have been reduced as a result of the lowered indemnity level (from \$500.00 to \$100.00).

(a) The proposed classification change has not been reflected in Express Mail costs.

(b) Not applicable.

OCA/USPS-264. Please refer to the response to OCA/USPS-60.

a) Please provide the on-time percentage for Express Mail overnight pieces for FY 1997 and FY 1998. Please cite the source document(s) and provide a copy of each source document if one has not already been filed in this docket.
(b) Please provide the on-time percentage for Express Mail second-day pieces for FY 1997 and FY 1998.

The data requested is no longer available as the Electronic Marketing Reporting

System data are only maintained for two years.

RESPONSE OF UNITED STATES POSTAL SERVICE TO OCA INTERROGATORIES

OCA/USPS-265. Please provide the overall Priority Mail on-time percentage for FY 1997, FY 1998, FY 1999, FY 2000 and FY 2001. Please state the sources used and give citations to source documents.

RESPONSE:

Priority Mail service performance data from PETE are not available for FY 1997 because the measurement system was not established until FY 1997, AP 5. In FY 1998, the PETE on-time record was 87% for Priority Mail with an overnight service standard and 73% for Priority Mail with a two-day service standard. PETE does not test Priority Mail with a three-day service standard. For the FY 1999, 2000 and 2001 Priority Mail PETE scores, please see the Postal Service's response to DFC/USPS-6(a). **OCA/USPS-266.** Please provide the overall First-Class on-time percentage for FY 1997, FY 1998, FY 1999, FY 2000 and FY 2001. Please state the sources used and give citations to source documents.

RESPONSE:

First-Class Mail service performance is measured by the EXFC system. In FY 1997, the EXFC on-time record was 92% for First-Class Mail with an overnight service standard, 76% for First-Class Mail with a two-day service standard, and 77% for First-Class Mail with a three-day service standard. In FY 1998, the EXFC on-time record was 93% for First-Class Mail with an overnight service standard, 83% for First-Class Mail with a two-day service standard, and 81% for First-Class Mail with a three-day service standard, and 81% for First-Class Mail with a three-day service standard. For the FY 1999, 2000 and 2001 First-Class Mail EXFC scores, please see the Postal Service's response to DFC/USPS-5(a).

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OCA/USPS-267. Please provide the First-Class on-time failure rate for FY 1997, FY 1998, FY 1999, FY 2000 and FY 2001 for the year-to-date period immediately preceding the September 11, 2001 terrorist attack. Please state the sources used and give citations to source documents.

RESPONSE:

First-Class Mail on-time failure rates for FY 1997, FY 1998, FY 1999, FY

2000 and FY 2001 are equal to 100% minus the on-time success rates reported

in the response to OCA/USPS-266. All of these fiscal years, including FY 2001,

in their entirety predated September 11, 2001, which fell in the current FY 2002.

OCA/USPS-286 Has the Postal Service ever considered offering Delivery Confirmation for First-Class letters?

(a) If so, what was the outcome of such consideration?

(b) Are there any significant obstacles to offering Delivery Confirmation to First-Class letters?

(c) If so, what are such obstacles?

(d) How could such obstacles be overcome?

RESPONSE:

Yes.

- (a) The Postal Service decided not to propose extending Delivery Confirmation to First-Class Mail letters.
- (b) Yes, there are significant obstacles to offering Delivery Confirmation on First-Class Mail letters.
- (c) There are several obstacles. The intent of Delivery Confirmation is to provide delivery status for parcels and Priority Mail. Therefore, postal employees are not looking for Delivery Confirmation labels on letters and flats (other than Priority Mail) and the liklihood of the service being provided is greatly diminished. Also, the entire Delivery Confirmation label, destination address, return address and postage payment *all* must fit on the front of the mailpiece – which could be an issue for letters. Even if it fit, the Delivery Confirmation label on the front of the letter would 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.

The current Certified Mail Detectors on BCSs can not read Delivery Confirmation labels, because the labels lack fluorescent taggant. Requiring Delivery

Confirmation customers to use labels with fluorescent taggants would likely alienate our current Delivery Confirmation customer base and reduce ease of use. Delivery Confirmation is also inconsistent with DPS processing. See witness Kingsley's responses to AMZ/USPS-T36-4e, 6-8 and the testimony of witness Kingsley (USPS-T-39), page 8, lines 17-30.

(d) Significant training and costs in reduced productivity would be incurred as well as changes in non-trivial technological and/or customer requirements changes. See witness Kingsley's response to AMZ/USPS-T36-6.

OCA/USPS-287 Are certified mail letters separated from non-certified mail letters during Delivery Point sortation?

- (a) If so, describe how this separation is accomplished.
- (b) If not, then where and how is such a separation made?

RESPONSE:

Yes. See the testimony of witness Kingsley (USPS-T-39) page 8, lines 17-30.

OCA/USPS-288 Are registered letters separated from non-registered letters during Delivery Point sortation?

(a) If so, describe how this separation is accomplished.

(b) If not, then where and how is such a separation made?

RESPONSE:

Registered letters are accountable items which must always be in someone's control and are always kept separate from other mail. Separation is made at the point of origin when the registered letter is mailed. Registered mail is dispatched in a locked pouch which requires a signature from every person who assumes control of the registered mail. A registry or accountable clerk at destination will assign the registered letter to the route carrier upon signature before delivery to the customer. Therefore, registered letters are never put onto automation regardless of the sort level.

OCA/USPS-289 Would it be feasible to sell Delivery Confirmation service for First-Class letters involving application of a Delivery Confirmation bar-coded label and to separate such letters in the same manner that certified mail letters and registered letters are separated from the rest of the letter mailstream? Please explain fully. Include in this explanation any significant obstacles to providing such a service and how such obstacles could, be overcome.

RESPONSE:

Certified letters are not separated from the letter mailstream until processed in incoming secondary operations. This separation depends on a fluorescent taggant on the certified mail label. Registered mail must be accounted for at all times and is a very expensive and isolated process. Therefore, the answer is no unless a separate, much more costly mailstream was added or a much different technology was developed in order to capture these pieces. See the response to OCA/USPS-286 for the expansive list of obstacles to offering Delivery Confirmation on First-Class Mail letters and flats.

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OCA/USPS-292. Please compare end-of-the-day mailbox collection times for the following fiscal years: FY1995, FY 1997, FY1999, FY2000, and FY2001.

- (a) State separately for each of the five fiscal years listed, re weekday collections, the percentage of mailbox end-of the-day collection times occurring at earlier than 2 p.m., 2 p.m. 2:59 p.m., 3 p.m. 3:59 p.m., 4 p.m. 4:59 p.m., 5 p.m. 5:59 p.m., 6 p.m. 6:59 p.m., and 7 p.m. or later.
- (b) State separately for each of the five fiscal years listed, re Saturday collections, the percentage of mailbox end-of the-day collection times occurring at earlier than 10 a.m., 10 a.m. 10:59 a.m., 11 a.m. 11:59 a.m., 12 p.m. 12:59 p.m., 1 p.m. 1:59 p.m., 2 p.m. 2:59 p.m., 3 p.m. 3:59 p.m., 4 p.m. 4:59 p.m., 5 p.m. 5:59 p.m., and 6 p.m. or later.

RESPONSE:

As noted in response to OCA/USPS-225, the applicable database is a working

database that is constantly being updated. As a consequence, historical information is

available only for a limited number of years - 1999, 2000, and 2001. Totals may not

equal 100 due to rounding.

(a)		WEEKDAY								
		<2	2-3	3-4	4-5	5-6	6-7	>7		
1999		28%	6%	8%	25%	30%	3%	1%		
2000		27%	6%	9%	25%	30%	3%	1%		
2001		28%	6%	9%	25%	29%	2%	1%		
	(b)	SATURDAY								
	<10	10-11	11-12	12-1	1-2	2-3	3-4	4-5	5-6	>6
1999	8%	13%	10%	13%	15%	11%	11%	10%	7%	2%
2000	8%	13%	10%	13%	15%	11%	11%	10%	7%	2%
2001	8%	13%	10%	13%	15%	11%	11%	10%	7%	1%

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE OCA

OCA/USPS-293. What was the number of Sunday mail box collections for each of the following fiscal years: FY1995, FY 1997, FY1999, FY2000, and FY2001?

RESPONSE:

The Postal Service eliminated routine Sunday collection service from mailboxes in 1988. Obviously, however, collection boxes are still available for mail deposit on Sundays, and collection boxes at high-volume locations may overflow on Sunday if not swept. Therefore, while there probably would have been some Sunday mail box collections in each of the years listed as a consequence of protection against overflows, the Postal Service has no information on what the number of such collections might have been. **OCA/USPS-295.** Please refer to PRC Op. R2000-1, para. 5301. There the Commission stated:

While there appears to be some origin-destination pairs where Priority Mail has a higher standard of service than First-Class this is not the general rule. Customers presently can not easily determine from the Service's website or from information at post offices when different service standards exist. The Service should take steps to assure that customers are not misled into purchasing a more expensive product that will not provide added service.

- (a) What is the possible total number of origin-destination pairs?
- (b) Please give the number of origin-destination pairs for which the Priority Mail service standard is higher than that of First Class.
- (c) Please give the number of origin-destination pairs for which the First-Class service standard is higher than for Priority Mail.
- (d) Please list and describe fully all steps taken by the Postal Service since the issuance of the R2000-1 opinion that allow customers to "easily determine from the Service's website...when different service standards exist." Provide all memoranda, bulletins, policy statements, and any other written material or documentation addressing this issue.
- (e) Please list and describe fully all steps taken by the Postal Service since the issuance of the R2000-1 opinion that allow customers to "easily determine" from...information at post offices when different service standards exist." Provide all memoranda, bulletins, policy statements, and any other written material or documentation addressing this issue.
- (f) Please list and describe fully all steps taken by the Postal Service since the issuance of the R2000-1 opinion that allow customers to "assure that customers are not misled into purchasing a more expensive product that will not provide added service." Provide all memoranda, bulletins, policy statements, and any other written material or documentation addressing this issue. In addition to the material requested in the previous sentence, specifically state all measures put in place by the Postal Service to require clerks and ASK-USPS representatives to give potential customers of First Class and Priority Mail all of the information necessary to see whether the purchase of the much higher priced Priority Mail service will result in speedier delivery (based upon service standards) of the mailpiece.

RESPONSE:

- (a) There are a total of 849,106 three-digit origin-destination ZIP Code pairs.
- (b) The Postal Service interprets a "higher" service (delivery) standard to be a

"faster" one. With this in mind, the Priority Mail service standard is higher (faster)

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO OCA INTERROGATORIES

Response to OCA/USPS-295b (cont.)

than that of First-Class Mail for 597,526 out of the 849,106 three-digit ZIP Code pairs in the network.

(c) The First-Class Mail service (delivery) standard is higher (faster) than that of Priority Mail for 133 out of the 849,106 three-digit ZIP Code pairs in the network. One-hundred-and-eight (108) of these 133 pairs involve APO/FPO destinations for which the standard is tracked only from the point of delivery to the point of departure from the U.S. (the "gateway city"). The service standard for First-Class Mail can anomalously be higher than that of Priority Mail when the Priority Mail gateway is located apart from where APO/FPO First-Class Mail is processed. This is an anomaly because the Postal Service's intent is to never have higher service (delivery) standards for First-Class Mail than for Priority Mail.

The other 25 ZIP Code pairs with higher service standards for First-Class Mail than for Priority Mail are programming errors. They will be corrected in the future.

(d) Please see the Postal Service's response to OCA/USPS-T30-1.

(e) Please see the Postal Service's responses to OCA/USPS-T30-1 and DFC/USPS-9.

(f) Please see the Postal Service's responses to OCA/USPS-T30-1 and DFC/USPS-9.

OCA/USPS-296. Please refer to Tr. 7/2716, Docket No. R2000-1. Please provide comparable figures for unidentified Priority Mail that is handled as First Class for FYs 1999, 2000, and 2001. What is the source for this information? Please give citations to source documents and provide them if they are not already on file with the Commission.

RESPONSE:

From ODIS, the percentage of Priority Mail that was unidentified was

24.6% in FY 1999, 21.5% in FY 2000, and 20.6% in FY 2001. Contrary to the

assumption in the question in Tr. 7/2716, Docket No. R2000-1, no data are

available to indicate whether this mail received Priority Mail or First-Class Mail

handling.

OCA/USPS-297. Please describe the process used by the Postal Service to ensure that POS-1 [sic] terminals contain accurate information about First-Class delivery times.

RESPONSE:

The Postal Service downloads official First-Class Mail service standards to

all POS ONE sites when updated National Service Standard Files are generated.

This typically occurs on a quarterly basis. See also the responses to

DFC/USPS-9 and OCA/USPS-T30-1.

OCA/USPS-298. Please describe the process used by the Postal Service to ensure that POS-1 [sic] terminals contain accurate information about Priority Mail delivery times.

RESPONSE:

The Postal Service downloads official Priority Mail service standards to all

POS ONE sites when updated National Service Standard Files are generated.

This typically occurs on a quarterly basis. See also the responses to

DFC/USPS-9 and OCA/USPS-T30-1.

OCA/USPS-299. Please describe the process used by the Postal Service to ensure that POS-1 [sic] terminals contain accurate information about Express Mail delivery times.

RESPONSE:

The Postal Service downloads a site-specific Express Mail network to each POS ONE site within ten calendar days following receipt of updated transportation data. Historically, networks have been updated four times a year due to changes in transportation schedules.

The data files used to create the POS ONE network are the same ones used to calculate official Express Mail service commitments (as displayed on the Postal Service web site). Therefore, POS ONE generally provides accurate service commitments for Express Mail.

POS ONE does not currently contain data identifying the specific destinations where post office boxes are inaccessible or where Express Mail street delivery is not made on weekends and holidays. However, the NCR POS ONE system displays a warning message for articles addressed to post office boxes that are scheduled for delivery over the weekend: "Service commitment will be effective only if Post Office Box accessible on the weekend."

See also the responses to DFC/USPS-9 and OCA/USPS-T30-1.

R2001-1

OCA/USPS-300. Please describe the process used by the Postal Service to ensure that non-POS offices contain accurate information about First-Class delivery times. What materials are provided to non-POS offices for this purpose? What measures of accuracy are employed?

RESPONSE:

The Postal Service provides postmasters with information on service objectives, and retail associates regularly use these service objectives to provide estimates of delivery time frames in assisting customers with their decisions about which service would best meet the customer's needs. Domestic Mail Manual D100.1.0 states that while First-Class Mail receives expeditious handling and transportation and the Postal Service follows uniform guidelines for distributing and delivering mail, delivery within a specified time is not guaranteed. The "accuracy" of information provided to employees is not measured.

See also the responses to DFC/USPS-9 and OCA/USPS-T30-1.

OCA/USPS-301. Please describe the process used by the Postal Service to ensure that non-POS offices contain accurate information about Priority Mail delivery times. What materials are provided to non-POS offices for this purpose? What measures of accuracy are employed?

RESPONSE:

It is assumed that the reference to an office "containing" information means that employees in that office have access to information which can be shared with customers. For this purpose non-POS ONE sites can be divided into two categories: sites that have integrated retail terminals (IRTs) and sites that do not.

Due to the absence of a hard drive and limited floppy disk space, IRT software includes a Priority Mail 3-Day Exception File (an exception list of those destination ZIP Codes with three-day service standards) rather than the complete National Service Standard File downloaded to POS ONE sites. IRTs cannot distinguish between overnight and 2-day service standards, but on transactions to destinations with three-day service standards they display the message "3-day service area. Advise customer."

The Priority Mail 3-Day Exception File is updated as part of nearly every IRT software release. However, IRT software releases are less frequent than the quarterly updates to the exception file and do not necessarily coincide with them. Furthermore, software development, testing, and distribution time build in significant delays. The inability to download updated data files within days of receipt is one of the reasons the Postal Service is replacing IRTs with POS ONE systems.

The Postal Service provides postmasters with information on service objectives, and retail associates regularly use these service objectives to provide estimates of delivery time frames in assisting customers with their decisions about which service would best meet the customer's needs. Domestic Mail Manual section D100 states that while First-Class Mail (including Priority Mail) receives expeditious handling and transportation, and the Postal Service follows uniform guidelines for distributing and delivering mail, delivery within a specified time is not guaranteed. The "accuracy" of information provided to employees is not measured.

See also the responses to DFC/USPS-9 and OCA/USPS-T30-1.

OCA/USPS-302. Please describe the process used by the Postal Service to ensure that non-POS offices contain accurate information about Express Mail delivery times. What materials are provided to non-POS offices for this purpose? What measures of accuracy are employed?

RESPONSE:

It is assumed that the reference to an office "containing" information means that employees in that office have access to information which can be shared with customers. Non-POS ONE sites can be divided into two categories: sites that have integrated retail terminals (IRTs) and sites that do not.

Updated Express Mail networks are distributed to IRT sites by floppy disk within eighteen calendar days following receipt of updated transportation data. Historically, networks have been updated four times a year due to changes in transportation schedules.

The data files used to create the IRT networks are the same ones used to calculate official Express Mail service commitments (as displayed on the Postal Service web site). Therefore, IRTs generally provide accurate service commitments for Express Mail.

The Postal Service provides postmasters and retail associates with a listing of ZIP Codes that outlines service standards for any domestic delivery address. A retail customer using Express Mail will receive a copy of the Express Mail address label as a receipt, showing the service standard and delivery time guarantee. Refund procedures if the service guarantee is not met are printed on the reverse of the customer receipt. Domestic Mail Manual D500.1 describes

Express Mail service objectives and refund conditions. The "accuracy" of

information provided to employees is not measured.

See also the responses to DFC/USPS-9 and OCA/USPS-T30-1.

R2001-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO OCA INTERROGATORIES

OCA/USPS-304. In response to interrogatory OCA/USPS-80, it is stated:

[T]he 2-day service standard range is much wider for Priority Mail than for First-Class Mail. In fact, while the majority of Priority Mail's three-digit ZIP Code pairs have a 2-day service standard, the majority of First-Class Mail's three-digit ZIP Code pairs have a 3day service standard.

- (a) Give the total number of 3-digit ZIP Code pairs referred to in the response.
- (b) Give the number of ZIP Code pairs subject to a 2-day service standard separately for Priority Mail and First Class.
- (c) Give the number of ZIP Code pairs subject to a 3-day service standard separately for Priority Mail and First Class.
- (d) Also give the number of ZIP Code pairs subject to an overnight standard separately for Priority Mail and First Class.

RESPONSE:

(a) For both First-Class Mail and Priority Mail, 849,106.

(b)-(d)

No. of ZIP Code Pairs,	No. of ZIP Code Pairs,		
First-Class Mail	Priority Mail		
8,768	9,057		
184,601	781,387		
655,737	58,662		
849,106	849,106		
	First-Class Mail 8,768 184,601 655,737		

Response of United States Postal Service to Interrogatories of Office of the Consumer Advocate

OCA/USPS-306. The following refers to the USPS response to UPS/USPS-T11-7, dated November 23.2001.

(a) Are the call centers referenced in the USPS response referring to the "I-800-ASK-USPS" centers? If not, please explain the difference between the centers.
(b) If the "I-800-ASK-USPS" phones are answered by contractors, how is the performance of each phone operator evaluated? Also, what is the basis upon which each phone operator is compensated (e.g., Volume of calls, types of calls taken, etc.)?

(c) If the "I-800-ASK-USPS" service is contracted out, how is the contractor's performance evaluated?

(d) If the "I-800-ASK-USPS" service is contracted out, what is the basis for the contractor's compensation.

Response:

(a) The Corporate Contact Management program manages the call volume for 1-

800 ASK USPS and for 1-800-222-1811 - a USPS track/confirm and packaging

number.

(b) Objection filed December 10, 2001.

(c) Objection filed December 10, 2001.

(d) The Postal Service's Purchasing Department has negotiated a "signed on"

(i.e. the actual time an operator is prepared to answer a phone call) billing rate based on skill level for agent work performed and the demographic wage rate where the call center is located. Using signed on time, the Postal Service pays for the time agents spend servicing customers over the phone, rather than an hourly rate. In addition to the signed on invoice amounts, the staffing contractor can earn incentive dollars or be penalized in the form of a disincentive if target performance metrics are not met each accounting period.

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.

Attachment to Interrogary OCAli -- 308

Domestic Express Mail - FYs 1999-2001

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

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.

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.

Attachment to interrogatory OCA/USPS-309

POSTAL BULLETIN 22043 (2-8-01)

PAGE 81

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 Mall.

8. 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 6th. 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.esp.

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:Mall to Retail Coaches Corner.

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

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

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.

- (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).

3567

OCA/USPS-312. The following refers to the USPS response to OCA/USPS-236, dated December 19, 200I. In a May 2, 2001, memorandum to the then Chief Operating Officer/Executive Vice President, John E. Potter, from William J. Brown, two problems were identified: (1) the problem of isolating certified mail, by having clerks go through each IRS tray by hand; and (2) the IRS's two-line address which apparently causes problems with the AFSM 100 three-line address platform. Has the Postal Service taken steps to resolve the two problems identified by Mr. Brown? If so, please explain how each problem was resolved. If not, please explain why the problems have not been resolved.

RESPONSE:

The Postal Service has taken the following actions on the two problems identified by Vice President Brown.

(1) The problem of isolating certified mail in IRS mail trays will be resolved with the deployment of a software change for the Distribution Barcode Sorters (DBCSs). The software change will allow mail distribution plants in the service area of the IRS (or a state tax agency) to turn on a scanner for certified mail and isolate the certified mail destined to the IRS (or state tax office) ZIP Codes. Certified mail tax returns will arrive already separated from the other tax returns. While the software deployment was delayed due to anthrax-related priorities, it should be tested and deployed in many of the tax receiving locations before April 2002.

(2) Regarding the problem of AFSM 100 flat sorters reading a two-line address, postal operations staff met with IRS officials to request that they add another line to the IRS address format. Postal officials explained that the added third line could include any type of information and it would still keep the AFSMs from "looking" elsewhere (like the return address) for a complete address field. The

OCA/USPS-312, Page 2 of 2

IRS officials declined to change the address format. Postal plant managers in IRS service areas now make a special effort to capture IRS flat mail that may be misdirected when a two-line address is misread.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE Redirected from witness Moeller (USPS-T-28)

OCA/USPS-T28-1. Please refer to your testimony at page 17, lines 5-6. You state that for First-Class Mail letters, the value of service is high in terms of both intrinsic and economic measures.

(a) Please state the percentage of First-Class Mail that has traveled by air in each of the past 5 years.

(b) Please indicate the corresponding expected percentages of First-Class Mail projected to travel by air in each of the next three years.

RESPONSE:

(a) These data are not available. Accurate information regarding the total amount of First-Class Mail or any other class or subclass of mail that travels by all modes of transportation is not tracked by Postal Service information systems. The transportation cost system (TRACS) estimates the distribution of costs by mail class and subclass on various modes of transportation; however, it does not track the total, or even relative, amount of volume within modes and across modes.

(b) Please see response to OCA/USPS-T28-1(a). Because historic and current data are not available regarding the amount of First-Class Mail or any other class or subclass of mail that travels by air, the Postal Service cannot accurately project future volumes that will travel by air.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE Redirected from witness Moeller (USPS-T-28)

OCA/USPS-T28-2. Please refer to your testimony at page 22, lines 19-20. You indicate that Priority Mail "enjoys approximately the same priority of delivery as First-Class letters and makes use of air transportation."

(b) Please state the percentage of Priority Mail using air transportation over the past five years.

(c) Please state the percentage of Priority Mail projected to use air transportation over the next three years.

RESPONSE:

- (b) Please see response to OCA/USPS-T28-1(a).
- (c) Please see response to OCA/USPS-T28-1(b).

OCA/USPS-T30-1. In its Opinion in Docket No. R2000-1, the Commission said customers cannot easily determine either from the Postal Service's website or at post offices when different service standards exist as between Priority Mail and First-Class service.

(a) Please indicate what efforts the Postal Service has undertaken to permit consumers to more easily determine that different service standards exist as between Priority Mail service and First-Class service.

(b) Please indicate if, and how, customers can determine the relative service standards for a given ZIP Code pair for Priority Mail and First-Class Mail at both the Postal Service's website and at post offices.

(c) Please indicate whether the Postal Service is planning to undertake any further efforts to assure that customers at its website or its post offices can readily determine whether different service standards exist as between Priority Mail and First-Class mail. If so, please indicate the date on which the current plans are scheduled for implementation.

RESPONSE:

(a) Comparative delivery service standard information for Priority Mail and

First-Class Mail is available to consumers from the POS ONE terminals

deployed at some post offices. More limited information on Priority Mail

commitments alone is available from the integrated retail terminals (IRTs)

deployed at other post offices. (See also the Postal Service's response to

DFC/USPS-9.) All POS ONE terminals and IRTs at post offices are positioned at

the retail window and have dual monitors, one for the retail associate to view, the

other for the customer. Some recent developments in these systems have

improved the quality of comparative service standard information available to

customers.

In November 2000, when the Commission issued its Docket No. R2000-1 Recommended Decision, the NCR POS ONE system was still reliant for Priority

Mail service standard information on the quarterly-updated Priority Mail 3-Day Exception File, which only contains 3-digit origin-destination ZIP Code pairs for which the service standard is three days. This only permitted NCR POS ONE terminals to show "3 days" for 3-day service standards and, by default, "2 days" for 1- and 2-day service standards. For First-Class Mail, no service standard data were available to the NCR POS ONE system so the terminals defaulted in all cases to "3 days."

In January 2001, the NCR POS ONE system began using the moredetailed (and also quarterly-updated) National Service Standard File, which contains First-Class and Priority Mail service standard data for all origindestination pairs at the 3-digit ZIP Code level. As a result, NCR POS ONE terminals now show, for both First-Class and Priority Mail, "3 days" if the service standard is three days, "2 days" if the service standard is two days, and "1 day" if the service standard is one day. The terminals display the service standards for both First-Class and Priority Mail if the customer has not already decided on a mail class. Otherwise the service standard for the selected mail class is displayed.

Like the NCR POS ONE system prior to January 2001, the **IBM POS ONE** system is still reliant for service standard data on the Priority Mail 3-Day Exception File. Consequently, for Priority Mail, IBM POS ONE terminals only show "3 days" for 3-day service standards and, by default, "2 days" for 1- and 2day service standards. For First-Class Mail service standards, the system is

hard-coded to show, as a crude approximation, "1 day" if the destination ZIP Code is 0-1 zones away, "2 days" if the destination ZIP Code is 2 zones away, and "3 days" if the destination ZIP Code is 3-8 zones away.

However, IBM POS ONE software is in the process of being updated, with completion scheduled for mid-October 2001. After the update, the IBM POS ONE system will be able to use the National Service Standard File in place of the Priority Mail 3-Day Exception File. As a result, IBM POS ONE terminals will display the same First-Class and Priority Mail service standard data – i.e., for all origin-destination pairs at the 3-digit ZIP Code level – as NCR POS ONE terminals.

The Postal Service is in the process of replacing IRTs with POS ONE terminals. Accordingly, the number of NCR POS ONE terminals has increased since November 2000 from 17,632 deployed at 3,785 retail sites to currently 20,614 deployed at 4,523 retail sites. The number of IBM POS ONE terminals has increased since November 2000 from 17,549 deployed at 3,764 retail sites to currently 20,901 deployed at 4,724 retail sites.

Due to the absence of a hard drive and limited floppy disk space, **Unisys** IRTs – of which about 28,600 are in use today – must rely for service standard information on the Priority Mail 3-Day Exception File rather than the National Service Standard File. For Priority Mail, the terminals only display "3 days" if the service standard is three days. Unlike IBM POS ONE terminals until completion of the current software update, no information is displayed if the service standard

is one or two days. Service standard information is also not displayed for First-Class Mail.

The final type of retail terminal deployed at post offices is the MOS IRT, of which only an estimated 200 are in operation. Like Unisys IRTs, MOS IRTs are dependent for service standard information on the Priority Mail 3-Day Exception File, and only display a Priority Mail exception message for 3-day destinations. Unlike Unisys IRTs, the MOS software, due to technical difficulties, is not updated for quarterly changes to the Priority Mail 3-Day Exception File. Some of the 3-day exception messages are therefore incorrect. However, all MOS IRTs are being replaced by Unisys IRTs, with conversion targeted for completion by Thanksgiving 2001.

Unisys IRTs are themselves in the process of being replaced by POS ONE terminals. The IRT technology is considered outdated. The replacement schedule is subject to the availability of funding and budgetary considerations.

The "Domestic Postage Calculator" feature on the Postal Service web site, available since October 1996, is another convenient source of comparative First-Class and Priority Mail service standard data for consumers. The data derive from the National Service Standard File, which is updated quarterly. Service standard data are available in the Domestic Postage Calculator for over 800,000 5-digit ZIP Code pairs. Whenever the "Calculator" is used – even if only to determine the rate, not the service standard – comparative rate and service standard data are displayed for all applicable mail classes (e.g., including First-

Class Mail if the mail piece does not weigh more than 13 ounces), side by side. The Calculator is one of the most popular applications on the Postal Service web site. While no changes to the Calculator's service standard function have been made since the Commission issued its Docket No. R2000-1 Recommended Decision in November 2000, it can be noted that the number of visitors to the Calculator has increased from about 5 million in calendar year 1999 to 9 million in 2000 and a projected 16 million in 2001.

(b) Please see the response to part (a) above for comparative service
 standard information available on POS ONE terminals and IRTs at post offices.
 This information is available from retail associates.

As also explained in part (a), comparative service standard information is also available through the Domestic Postage Calculator feature of the Postal Service web site (<u>www.usps.com</u> or <u>www.usps.gov</u>). There are various paths to the Calculator on the web site. The most direct is to click on "Calculate Postage" on the home page and then to select a type of letter or package under "Domestic Calculator." Another common path is to click on "Services Guide" on the home page, then to click on "Household/Single-Piece," and then to select a type of letter or package under "Domestic Calculator." (Note: the "Household/Single-Piece" hyper-link reflects that the Calculator was designed for residential and small-business customers.) Links to the Calculator are also provided on many other pages including "Postage Rates and Fees," "Mail/Ship," and "Info."

After reaching the Calculator page, the customer simply enters the weight of the mail piece and the origin and destination 5-digit ZIP Codes. The Calculator will return comparative, side-by-side rate and service standard information for all applicable mail classes.

(c) As discussed in the response to part (a) above, IBM POS ONE software is currently being updated. As a result, starting in mid-October 2001, IBM POS ONE terminals will be able to display comparative First-Class and Priority Mail service standard data for all origin-destination pairs at the 3-digit ZIP Code level. Also improving the quality of service standard data available to customers at post offices will be the replacement of MOS IRTs by Unisys IRTs, targeted for completion by Thanksgiving 2001, and, more generally, the replacement of IRTs by POS ONE terminals. A Stage Three funding request for the latter replacement program is scheduled for the November Board of Governors meeting. Progress in this program is also subject to budgetary considerations.

With respect to the availability of comparative First-Class and Priority Mail service standard data at the Postal Service web site, the Postal Service will continue to publicize the web site in USPS publications, in post office lobbies, through the advertising print media, and by adding the web address to USPS vehicles.

OCA/USPS-T30-2. The Commission said in its Opinion in Docket No. R2000-1 in its analysis of Priority Mail meeting delivery standards that it "strongly recommends" the Postal Service review its policies with regards to consumer advertising, especially to household consumers in planning and managing the array of service offerings it provides the public.

(a) Please indicate what reviews of its policies, if any, the Postal Service has taken since the Commission issued the Opinion in accord with this recommendation of the Commission.

(b) As recommended by the Commission, what steps has the Postal Service taken to assure that customers are not misled into purchasing a more expensive product that will not provide the anticipated added service such as Priority Mail?

RESPONSE:

(a) In the time since the issuance of the Commission's Opinion, there have

been no significant policy reviews concerning Priority Mail advertising relating to

the Commission's comments. Priority Mail continues to be advertised as having

"2-3 day delivery," which is the average delivery time for the product. The "2-3

day delivery" attribute in the advertising message is intended to facilitate

comparison to competing private-sector expedited delivery services, not

comparison to First-Class Mail.

(b) In the event that substantial evidence of significant customer confusion

regarding appropriate product choices is demonstrated, the Postal Service will consider taking appropriate corrective action. Up until the present time, no such action has been deemed appropriate.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE OFFICE OF CONSUMER ADVOCATE REDIRECTED FROM WITNESS SCHERER

OCA/USPS-T30-17. Please provide estimates by the separations listed below (which reflect the rate structure of Priority Mail) for (1) the percentage of pieces in the test year that will travel only on surface transportation, and (2) the percentage of pieces in the test year that will travel on Fedex air. Percentages given for (1) and (2) should sum to 100 percent.

- (a) Zones L, 1, 2, and 3
- (b) Zone 4
- (c) Zone 5
- (d) Zone 6
- (e) Zone 7
- (f) Zone 8

RESPONSE:

(a) – (f) Please see the response to OCA/USPS-T28-2(c). As described in that

response, historic and current data are not available regarding the amount of Priority Mail or any other class or subclass of mail that travels by air or any other mode of transportation. Therefore, the Postal Service cannot accurately project future volumes that will travel by air or any other mode of transportation.

In addition, we disagree with the assertion that the percentages requested in (1) and (2) should sum to 100 percent. Although figures are not available, a portion of Priority Mail in the Test Year is planned to travel on passenger air transportation.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE OFFICE OF CONSUMER ADVOCATE REDIRECTED FROM WITNESS SCHERER

OCA/USPS-T30-18. Please refer to USPS-T-30 at 14, l. 14 - 18. Confirm that for Priority Mail pieces transported by Fedex air, the transportation costs underlying the rates for such pieces generally will be unrelated to distance. If you are not able to confirm, then explain fully.

RESPONSE:

Confirmed. As described in witness Scherer's response to OCA/USPS-T-30-19 (h), FedEx air transportation costs have been treated as non-distance related in the development of the distance-related air transportation factor (see USPS-T-17, page 3, lines 14-16).

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE OFFICE OF CONSUMER ADVOCATE REDIRECTED FROM WITNESS SCHERER

OCA/USPS-T30-19. Please refer to witness Spatola's response to POIR No. 5, Question 8. For each of the city pairs listed, give the:

- (a) number of air miles travelled.
- (b) the Priority Mail zone.
- (c) the number of miles between the originating facility and the destinating facility.

RESPONSE:

- (a) For purposes of this response, the air miles traveled is assumed to be the Great Circle Miles on each air transportation leg of the routings specified in witness Spatola's response to POIR No. 5, Question 8. The resulting air mile calculations are presented in the table below in the column labeled (a). The first number in each routing is the sum of the air miles for each of the individual air legs. The miles on each air leg are listed below the total.
- (b) For the purposes of this response, the Priority Mail zone has been determined by comparing the number of miles calculated in part (c) to the standard Postal Service zone distances. The results are presented in the table below in the column labeled (b).
- (c) For the purposes of this response, the number of miles between the originating facility and destinating facility is assumed to be the Great Circle Miles between those two facilities. The results are presented in the table below in the column labeled (c).

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE OFFICE OF CONSUMER ADVOCATE REDIRECTED FROM WITNESS SCHERER

Routings	(a)	(b)	(c)
Miami, Florida and Chicago, Illinois:	1,331	6	1,190
FedEx Miami to the FedEx Memphis Hub	866		
FedEx Memphis Hub to FedEx Chicago	465		
Houston, Texas and Des Moines, lowa:	979	5	816
FedEx Houston to the FedEx Memphis Hub	499		
FedEx Memphis Hub to FedEx Des Moines	480		
Los Angeles, California and Eureka, California:	3,400	4	575
FedEx Los Angeles to the FedEx Memphis Hub	1,633		
FedEx Memphis Hub to FedEx Sacramento	1,767		
Washington, DC and Bangor, Maine:	1,833	5	603
FedEx Dulles to the FedEx Memphis Hub	722		
FedEx Memphis Hub to FedEx Manchester	1,111		
Nashville, Tennessee and Wichita, Kansas:	457	5	607
FedEx Memphis Hub to FedEx Wichita	457		

Attachment to OCA/USPS-T30-19

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE OFFICE OF CONSUMER ADVOCATE REDIRECTED FROM WITNESS SCHERER

OCA/USPS-T30-20. Please refer to the testimony of another Postal Service witness in this proceeding – witness Kiefer. At page 22 of USPS-T-33 he describes intra-BMC transportation as having a "hub-and-spoke nature."

(a) Is this an apt description of the nature of the Fedex air transportation of Priority Mail? If not, explain fully.

RESPONSE:

(a) In general, witness Kiefer's description of intra-BMC transportation as having a

"hub-and-spoke nature" is consistent with the nature of FedEx air transportation

of Priority Mail; insofar as both networks generally utilize one or more centralized

sorting facilities to distribute items to/from multiple locations.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO OCA INTERROGATORY REDIRECTED FROM WITNESS SCHERER

OCA/USPS-T30-21. What methods are being planned to inform Priority Mail customers about the difference in price between the one-pound and flat-rate Priority Mail rates and the over-on-pound rates?

- (a) What methods are currently employed to inform Priority Mail customers about the difference in price between one-pound and flat-rate Priority Mail rates? Are these rates prominently displayed in retail facilities? Please explain.
- (b) What information, if any, is prominently displayed in retail facilities informing Priority Mail customers about the advantages to them of using one-pound and flat-rate envelopes? Explain fully.

RESPONSE:

Final plans have not been made, but the Postal Service expects to follow normal implementation procedures for rate and classification changes. During a transition period following public announcement of the implementation date (for rate and classification changes) up until the implementation date, all post offices, stations and branches will be supplied with wall and door posters and rate cards highlighting, among other proposed changes to mail classes and services frequently used by retail customers, the new equivalency of the flat rate and the one-pound rate. A more detailed outline of rate and classification changes will be printed in the *Postal Bulletin* and in postal newsletters aimed at business mailers. Postmasters and postal managers will also be provided with implementation kits that include service talks for the purpose of informing sales associates and other postal employees of rate and classification changes. Priority Mail changes are an important feature of these talks and in some cases are the subject of an entire talk. The implementation kits also include fact sheets highlighting rate and classification changes and resulting benefits to customers.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO OCA INTERROGATORY REDIRECTED FROM WITNESS SCHERER

Response to OCA/USPS-T30-21, Page 2

Following the transition period, retail lobbies will be supplied with permanent signage and posters reflecting new rates and the publication *Consumer's Guide to Postal Rates and Fees*, which will no doubt highlight the new application of the one-pound rate to the flat-rate envelope. The flat-rate envelope itself will indicate that the one-pound rate applies ("regardless of weight"). Finally, in addition to these printed materials, the Postal Service web site will be used as a communication tool to inform customers of rate and classification changes. The site will offer electronic versions of rate charts and summaries of rate and classification changes.

(a) While no side-by-side comparative information is displayed in retail lobbies to inform customers of the difference in price between the one-pound rate and the flat-rate-envelope rate, signage is prominently displayed in every retail lobby indicating that Priority Mail rates begin at \$3.50, which is the one-pound rate. In addition, the flat-rate envelope itself indicates that the two-pound rate applies ("regardless of weight"). This information can also be found in the publication *Consumer's Guide to Postal Rates and Fees*, which is available in all retail lobbies and includes a clear explanation of the difference in price between the one-pound rate and the flat rate.

Comparative rate information is also available at the Postal Service web site (<u>www.usps.com</u> or <u>www.usps.gov</u>). For example, from the home page, one can click

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO OCA INTERROGATORY REDIRECTED FROM WITNESS SCHERER

Response to OCA/USPS-T30-21, Page 3

on "Postage Rates & Fees/About Domestic Rates and Fees" and be clearly

informed that the one-pound rate is \$3.50 and the flat rate \$3.95.

(b) Other than information on comparative rates, as explained in part (a)

above, no information about the respective advantages of the one-pound rate

and the flat-rate envelope is prominently displayed at postal retail facilities.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE Redirected from Witness Mayo (USPS-T-35)

OCA/USPS-T35-1. In its Opinion in Docket No. R2000-1, the Commission said the Postal Service is not properly informing consumers about the limitations in its Express Mail delivery network (Opinion at 221) and suggested the Postal Service review its overall advertising and consumer information so that customers are made aware of potential limitations of the service; that is, so that they are notified that either the delivery standards cannot be met or revise the delivery standards so that they are more realistic.

- (a) Please explain the steps taken by the Postal Service since the Commission's Opinion to review the Postal Service's overall advertising and consumer information for Express Mail to make consumers aware of the potential limitations in the service's ability to meet the delivery standards for Express Mail.
- (b) Please indicate what specific steps the Postal Service has taken to make consumers aware of the potential limitations of the service's ability to meet the delivery standards for Express Mail.
- (c) Are there ZIP Code pair delivery standards for Express Mail for each ZIP Code to which Express Mail is delivered? If so, is each of those standards available to the consumer for each ZIP Code pair and how does the consumer access those standards for any particular ZIP Code pair?
- (d) Since the Commission's Opinion in Docket No. R2000-1, has the Postal Service adjusted downward any ZIP Code pair delivery standards for Express Mail because the prior service standard could not be met? If so, please provide a listing of those pairs for Express Mail which were changed and the proportion that the changed pairs are to the total number of all Express Mail ZIP Code pairs.

RESPONSE:

(a)-(b) The Postal Service has endeavored in its advertising to make clear that

overnight service does not apply to all destinations. For example, in current ads,

the Postal Service now states that overnight service applies in many locations,

rather than across the country. For example, some ads state, "Next day delivery

to many locations. See retail associate for guarantee details." Other ads state,

"Express Mail overnight delivery available to many major markets. Items must be

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE Redirected from Witness Mayo (USPS-T-35)

mailed by scheduled acceptance time. Restrictions apply. Call or visit your local Post Office or visit www.usps.com for service and guarantee details."

In addition to ads, consumers can learn of Express Mail guarantees in several ways. The most widely available opportunity to access service guarantee information occurs when a consumer approaches a retail window to tender an Express Mail package. The verbal exchange during the acceptance process establishes delivery capabilities by referring to a directory which has been developed based upon the individual operations and logistics parameters pertinent to that location and the time of day of the mailing. Also, consumers currently can access <u>www.usps.com</u>, then go to "Shipping," then "Webtools," then "Express Mail Service Commitment," where the Application Program Interface (API) description reads:

Receive our guaranteed commitment between any two 5-digit ZIP Codes. This API will tell you if delivery is guaranteed by noon the next day, by 3:00 p.m. or two-day including Saturday and Sunday commitments. All you need to do is mail by the scheduled acceptance time.

At present, customers must register to obtain this API. However, plans are underway to add the API to the "Shipping Solutions" website in the near future,

2

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE Redirected from Witness Mayo (USPS-T-35)

where the information will be accessible to consumers without the need to register to obtain the API.

(c) See responses to (a)-(b) above and (d) below.

(d) Since approximately the early 1980's, the Postal Service has maintained a national Express Mail directory. Currently, this directory lists the service guarantees for those ZIP Code pairs that receive overnight service of the approximately 4,096,000,000 total 3-digit origin/5-digit destination ZIP Code pairs. (Due to the massive data covered by each directory and in order to keep the most current information accessible, past directories are routinely overwritten.) The directory is generally updated on a quarterly basis, based upon submissions by Area Distribution Network Offices (DNOs) and customer service districts. On these submissions, the Area DNOs generally indicate the appropriate dispatch times for outgoing mail based upon available local transportation to the processing facilities. The Area DNOs also generally indicate the appropriate arrival times at the processing facilities for the incoming mail. A computer program run by the Postal Service's Information Technology group then matches these dispatch and receipt times with national transportation departures and arrivals for all available modes of transportation. If transportation

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE Redirected from Witness Mayo (USPS-T-35)

is available to effect overnight service, then the computer program generates the appropriate ZIP Codes supported by that transportation for an overnight serviceguarantee. Anything not assigned an overnight service standard automatically becomes a second day service guarantee. Before the directory is generated, Headquarters personnel may work with the particular area to resolve any issues,

with a view toward improving service guarantees, if possible. Once the directory generation process is complete, the directory information is either downloaded into Poinf-of-Service (POS-1), loaded from diskette into the integrated retail terminals (IRT) or referenced from a hardcopy format at each associate office, station and branch. The service guarantees normally will remain in place until the next quarterly update, although interim changes can be made for other reasons. For example, due to heightened security as a result of the tragic events of September 11 and some limitations on the availability of transportation, some service guarantees have temporarily been changed and others may be subject to change as events continue to evolve. Data from the most recent directory will be included in USPS-LR-J-142. Those data show that compared with the directory of Februrary, 2001, the service guarantees for 7,225,997 3-digt origin/5-digit destination pairs were downgraded and 4,145,253 were upgraded. This means that of the 4,096,000,000 3-digit origin/5-digit destination pairs, .18% percent

3590

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE Redirected from Witness Mayo (USPS-T-35)

were downgraded and .10% percent were upgraded. The Area DNOs are now in the process of reviewing the current directory and preparing submissions for a new directory, scheduled for completion around November 17, 2001. Therefore, some of the current service guarantees likely will change.

Revised November 7, 2001 RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA-USPS-T36-8. Please identify all studies, claims, legal issues or proceedings involving the Postal Service and another party or parties regarding mail delivered to either the IRS or other taxing authorities. Include in your response the type and volume of accountable mail impacted, and the nature of the study, claim, legal issue or other proceedings. If a study or report has been performed, please provide a copy. Provide specific cites to all source documents used in preparing your response and include a copy of each source document referenced if one has not been previously filed in this docket.

RESPONSE:

Information of this type is not collected by the Postal Service. Inquiries to the Postal Service Consumer Advocate and to Postal Service claims attorneys reveal that studies, claims, legal issues, or proceedings are rare. The Office of the Inspector General (OIG) has issued one responsive audit report, filed as library reference J-172. The article attached to Douglas Carlson's interrogatory DFC/USPS-118 in Docket No. R2000-1 also concerns a dispute about mail delivered to tax entities, but no claims were filed based on those episodes. A legislative hearing was held in Connecticut concerning that episode, but the Postal Service has no documents relating to that hearing. Field counsel reported one small claims case against the Postal Service filed by an individual who used Express Mail to meet a tax filing deadline. The Express Mail's delivery exceeded the service standard, but the case was dismissed because Express Mail liability does not extend to consequential damages, and the claimant would not have met the deadline even if the Express Mail had achieved its service standard.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE REDIRECTED FROM WITNESS COCHRANE

OCA/USPS-T40-1. In its Opinion in Docket No. R2000-1, the Commission concluded with respect to Priority Mail that the "mailing public's expectations [of delivery times] are frequently not met." (Opinion at 307).

- (a) Please provide the ODIS data and Delivery Confirmation Service data for FY 2000 and FY 2001 estimating the portion of Priority Mail volume that meets the Postal Service's overnight, two-day, and three-day delivery standards.
- (b) What proportion of origin-destination ZIP Code pairs for Priority Mail provide for a higher standard of service than the corresponding First-Class Mail origin-destination pairs?

RESPONSE:

(a) ODIS Data:

	<u>Overnight</u>	<u>Two-Day</u>	<u>Three-Day</u>
FY2000	84%	72%	70%
FY2001	82%	68%	67%

Delivery Confirmation Data:

	<u>Overnight</u>	<u>Two-Day</u>	<u>Three-Day</u>
FY2000	Data not av	ailable.	
FY2001	85%	70%	69%

(b) 70%

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTEROGATORIES OF ASSOCIATION OF POSTAL COMMERCE REDIRECTED FROM WITNESS KIEFER

POSTCOM/USPS-T33-12. Please refer to your response to POSTCOM/USPS-T33-1(c) where you state, "In the absence of a draft rule, the best current guidance on the eligibility requirements for the flats rate differential is contained in the testimony of witness Linda Kingsley (USPS-T-39). Please refer further to witness Loetscher's response to POSTCOM/USPS-T33-2(d), Section C050 of the Domestic Mail Manual (DMM), and page 19 of USPS-T-39.

(d) What percentage of total USPS mail volume that meet the DMM definition of a flat meet FSM 881 machinability requirements? Please explain your response fully.

RESPONSE:

The Postal Service does not collect any data that distinguish between flats that meet the

definition contained in the Domestic Mail Manual (DMM) section C050.3.1 and those

that meet the requirements for processing on the FSM 881 described in DMM section

C820.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE ASSOCIATION FOR POSTAL COMMERCE REDIRECTED FROM WITNESS KINGSLEY

POSTCOM/USPS-T39-4. Please provide the labor rates by level of clerk excluding service wide costs for FY 01 and for the Test Year. Please provide the labor rates by level of clerk, fully loaded with service wide costs, for FY 01 and for the Test Year.

Response:

National average labor rates were computed in February 2001 for use in financial

analysis. Estimated rates for FY 2001 are shown below. We understand that

these are the best rates available. Estimated rates for the test year (FY 2003)

	Salary and Fringe Rate	Salary and Fringe plus Service Wide
PS 04 clerk	\$26.89	\$29.23
PS 05 clerk (with or without scheme)	\$30.75	\$33.43
PS 06 clerk	\$32.14	\$34.93
Casual clerk	\$11.74	\$11.83

are not available.

Note that the inputs used to generate these disaggregated estimates do not necessarily correspond to the inputs ultimately employed to develop the aggregate estimates used in this proceeding. These estimates may, however, be appropriate for use in gauging the relative differences between pay levels.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF PARCEL SHIPPERS ASSOCIATION (REDIRECTED FROM WITNESS COCHRANE)

PSA/USPS-T40-3. Please refer to the following excerpt from USPS-LR-J-49 :

PMPC IN HOUSE – This program involves returning operations that had been previously contracted-out to the Postal Service. Additional operational expenses that will be incurred by the Postal Service include : clerk and mailhandler personnel, rent, equipment repair and maintenance, and air and highway transportation.

PMPC CONTRACT – This program is the savings to the Postal Service of not continuing its contract for the PMPC network. By bringing the PMPC operations in house, the Postal Service avoids the remaining costs contained in the original contract.

Please also refer to the rows in USPS-LR-J-49, Exhibits A and B that refer to PMPCs and page 10 of your testimony where you state, "One difference has been the introduction of other mail classifications to the PMPC network to prevent facility idle time."

- (a) In FY 2000, were all costs for the PMPC contract attributed to Priority Mail? If "no", please explain fully.
- (b) Did the Postal Service incur any costs in FY 2000 related to bringing the PMPC network in-house or canceling the PMPC contract? If so, how large were these costs and for what activities were these costs incurred?
- (c) In its rollforward, did the Postal Service attribute all FY 2003 costs for the In-House PMPC network to Priority mail? Please explain your answer fully.
- (d) Please confirm that in the Test Year the PMPC network will process mail other than Priority Mail. If not confirmed, please explain fully.
- (e) Why did the Postal Service decide to bring the PMPC network in-house?
- (f) Please confirm that the total cost of the PMPC in-house network will be more than \$650 million (the cumulative FY 2001 and FY 2002 PMPC In-House Other Program cost) in the Test Year. If not confirmed, please provide the correct figure and explain how you calculated it.
- (g) Please confirm that the cost savings from canceling the PMPC contract will be approximately \$590 million. If not confirmed, please provide the correct figure and explain how you calculated it.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF PARCEL SHIPPERS ASSOCIATION (REDIRECTED FROM WITNESS COCHRANE)

(h) Please confirm that, according to the Postal Service rollforward in this case, bringing the PMPC network in-house results in a net cost to the Postal Service of more than \$60 million. If not confirmed, please provide the correct figure and all underlying calculations. If confirmed, please explain why bringing the PMPC network in-house costs more than the PMPC contract.

Response:

- (a) Response provided by witness Meehan, USPS-T-11.
- (b) Response provided by witness Meehan, USPS-T-11.
- (c) Response provided by witness Patelunas, USPS-T-12.
- (d) Response provided by witness Cochrane, USPS-T-40.
- (e) Differences of opinion and disputes arose between Emery Worldwide

Airlines (EWA) and the Postal Service regarding the PMPC contract. A

number of contract claims were filed by EWA against the Postal Service.

The Postal Service concluded that terminating the contract would be in its best interests.

- (f) Response provided by witness Patelunas, USPS-T-12.
- (g) Response provided by witness Patelunas, USPS-T-12.
- (h) The arithmetic is confirmed. Please note however, that this result simply reflects the estimate of PMPC in-house costs minus the PMPC contract costs. As explained in part (e) of this response, Postal management concluded that terminating the contract would be in its best interests.

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PSA/USPS-T40-5. Please refer to pages 6, 8, and 10-11 of your testimony where you discuss the transportation of Priority Mail.

- (a) In FY 2000, what was the Postal Service's decision rule regarding when to transport Priority Mail using air transportation?
- (b) What is the Postal Service's current decision rule regarding when to transport Priority Mail using air transportation?
- (c) Taking into account your response to subpart (b) of this interrogatory, what do you expect the Postal Service's decision rule regarding when to transport Priority Mail using air transportation will be in FY 2003?
- (d) In FY 2000, what percentage of Priority Mail pounds were transported by air?
- (e) What percentage of Priority Mail pounds are currently being transported by air?
- (f) What percentage of Priority Mail pounds do you expect to be transported by air in FY 2003?
- (g) Please confirm that air transportation costs (expressed on a per-pound basis) are higher than ground transportation costs. If not confirmed, please explain fully.
- (h) In the roll forward, did the Postal Service project that the percentage of Priority Mail pounds that will be transported by air in FY 2003 will be the same as in FY 2000? If your response is not in the affirmative, please explain fully.
- (i) If the percentage of Priority Mail pounds transported by air is expected to be lower in FY 2003 than in FY 2000, please provide an estimate of the cost savings that will result from the reduction in the proportion of Priority Mail that will be transported by air. Please also provide all of your underlying calculations.

RESPONSE:

(a)-(c) The decision rule for all three years in question is provided in Section 222 of

Postal Service Handbook M-22, Dispatch and Routing Policy, which states,

"The transportation policy of the U.S. Postal Service is to route the mail within the specified service windows for each class of mail, using the mode of transportation that provides the best combination of service and cost."

- (d)-(f) Please see response to OCA/USPS-T28-1.
- (g) Confirmed, generally.
- (h) As stated in the response to OCA/USPS-T28-1, the percentage of Priority Mail that travels by air transportation is not known and has not been estimated for future years. This information is not explicitly required by the rollforward to develop Test Year costs. However, witness Hatfield (USPS-T-18) estimates total FY2003 air volume (measured in pounds) by ACT type in developing the FedEx rollforward adjustments. These estimates rely on the product volume forecasts developed by witness Tolley. Therefore, any change in the amount of Priority Mail volume requiring air transportation between the Base Year and the Test Year is due to changes in total product volumes.
- As described in response to PSA/USPS-T40-5h, this percentage is not known and has not been estimated for future years. Therefore, it is unknown whether the percentage of Priority Mail transported by air in FY2003 will be higher or lower than the percentage of Priority Mail transported by air in FY2000.

PSA/USPS-T40-6. Please refer to pages 5-10 of your testimony where you discuss the processing of Priority Mail and page 25 of USPS-T-18 where witness Hatfield states, "As discussed by witness Spatola, the Postal Service has engaged third-party ground handling services to load and unload Fed Ex air containers at the majority of airstops on the day turn network. The cost for these ground handlers is included in the rollforward adjustment. FY 2002 projected costs for ground handling associated with the FedEx day turn network were taken from the actual ground handling contract awards."

- (a) In FY 2000, did the Postal Service load and unload air containers? If so, who (e.g., USPS employees, Emery employees) performed this task? If not, please explain your response fully.
- (b) Will the ground handling contracts reduce the requirement for the workers identified in your response to subpart (a) of this interrogatory to load and unload air containers? Please explain your response fully.
- (c) Has the Postal Service included any adjustments to reflect the savings that will result from the lower workload for the employees identified in subpart (a) of this interrogatory? If so, please provide a citation to where these savings are included in the rollforward. If not, please provide an estimate of the savings that will result from the reduced workload and also provide all underlying calculations.

RESPONSE:

- (a) The question is unclear. In most instances in FY 2000, there was no requirement to load and unload containers for commercial air (i.e., ASYS) carriers. In general, on the dedicated networks, contractors loaded and unloaded air containers on behalf of the Postal Service. In some limited instances, Postal Service employees performed the loading and unloading of air containers
 (b) Yes, to a degree. In some instances, Postal Service employees will perform
- terminal handling services (THS) that previously had been contracted out. In some instances, a new THS contractor will perform work formerly done by the

Postal Service and/or its contractors. In other instances, the new THS contractor will perform work formerly performed by ASYS carriers.

(c) The FedEx rollforward adjustments developed by witness Hatfield (USPS-T-18) include the additional costs for the new THS contractors as well as the reduction in costs associated with the elimination of third-party ground handling services related to the dedicated air networks that existed in the Base Year. While the new THS costs are explicitly identified in Tables USPS-T-18E and F, the reduction in third-party ground handling services for the dedicated air networks are a component of the total dedicated air costs by cost pool shown in Tables USPS-T-18A and B. In addition, other adjustments are made in the rollforward by witness Patelunas (USPS-T-12) that eliminate the costs associated with the Emery PMPC contract which includes any costs incurred to load and unload air containers under that contract.

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PSA/USPS-T40-7. Please refer to page 6 of USPS-T-20 where it states, "Seventh, in order to use Fed Ex assets efficiently, the Postal Service will enhance its analytical planning capabilities. Forecasted volumes by origin are required to make sure that space is used efficiently, that minimum volumes are met, and that customers' needs are taken into account. This improved quantitative approach to logistics management is expected to have positive effects on other Postal Service transportation operations." Please refer further to pages 6, 8, and 10-11 of your testimony where you discuss the transportation of Priority Mail.

- (a) Do you expect the improved quantitative approach to logistics management discussed by witness Spatola will reduce "other" Postal Service transportation costs? Please explain your response fully, provide an estimate of any cost savings you expect will result from the improved quantitative approach, and provide all of your underlying calculations.
- (b) Has the Postal Service included savings from the improved quantitative approach in its roll forward? If so, please provide a citation to where the Postal Service included these savings in the Docket No. R2001-1 roll forward.

RESPONSE:

(a) The question asserts a proposition that Mr. Spatola did not make. He did not say that the quantitative approach to logistics management would reduce costs. The Postal Service believes it will help better manage logistics operations and provide more consistent and reliable service. Because the improved logistics management approach is linked to implementation of the FedEx transportation agreement, any cost savings associated with it are already included in the cost savings that result from implementation of the agreement. It is possible that this new approach will lead to additional cost savings in the future, but the Postal Service has no estimate of the likelihood or magnitude of that cost savings.

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(b) As described in response to PSA/USPS-T40-7a, any cost savings associated with the improved management approach are already included in the cost savings that result from implementation of the FedEx transportation agreement. These cost savings are included in the rollforward as part of the FedEx rollforward adjustment developed by witness Hatfield (USPS-T-18).

UPS/USPS-1. Refer to the Annual TFP Tables for GFY 1999, which were filed with the Postal Rate Commission on December 5, 2000.

(a) Confirm that total "Advertising and Market Research" expenditures for 1999 were \$1,322,800,000. If not confirmed, please explain.

(b) Describe in detail all of the types or categories of expenditures that are included in "Adventising and Market Research" and the expenses associated with each of those categories.

(c) Provide a cross-walk of where the expenditures within "Advertising and Market Research" are recorded in the annual Cost Segments and Components report, and in what amounts these expenditures are assigned to individual Postal Service products and services.

(d) What factors caused "Advertising and Market Research" costs to increase from just \$30.7 million in 1980 to \$1.322.8 million in 1999?

RESPONSE:

- a. Confirmed that the cited figure appears in the cited document.
- b. The title of the column appearing in Table III-4, "Current Dollar Expenditures on

Materials" of the cited document under the caption "Advertising and Market Research"

may be somewhat misleading. The particular accounts aggregated in this column of

the table are grouped solely for the purpose of calculating total factor productivity (TFP).

These grouped account balances are then deflated using a common price index in the

TFP calculation. Thus, the purpose of this aggregation for the TFP exercise was to

create a grouping for which the application of a common price index would be

appropriate, and the label subsequently applied to this grouping has no significance

other than it was intended to be descriptive at the time the grouping was created. This

account grouping does not directly correspond to the cost segments used in our rate

filing.

. The expense accounts summarized under the caption "Advertising and Market

Research" include 15 accounts used to record contractual services other than equipment repairs and maintenance. The specific accounts and the associated expenses are listed in the attachment to this response. Note that Advertising and Market Research appear to constitute less than one-quarter of the expenses reported in FY 1999, and that the majority of the expenses in that year related to Miscellaneous Professional Services, Outside Consultants, and ADP (in the year leading up to Y2K).

c. The listed accounts can be crosswalked into cost components using the information provided in USPS-LR-J-8, Reconciliation of FY 2000 Statement of Revenue and Expense to Audited Financial Statements and Reallocation of Expenses by Component, and the treatment of those cost components can be traced through the USPS-LR-J-1, the Summary Description, and the presentations of witnesses Meehan and Kay, although these materials would pertain to FY 2000, not FY 1999.

d. Between 1980 and 1999, total Postal Service expenses increased by \$42.8 billion, or 319 percent, so some of the expense growth was due to the natural growth of the business. Much more significant than that however, are the changes in the nature of the business and the competitive environment since that time. In 1980, the Postal Service still enjoyed a substantial public service appropriation, Express Mail was a relatively new product, competitors such as Federal Express were a fraction of their current size, and alternative messaging technologies such as fax and email did not widely exist. In short, the competitive landscape was vastly different. Because the business world has changed so extensively in the last two decades, the share of our expenses devoted to contractual services has increased. Moreover, the total annual

amounts reported for this particular set of accounts would also appear to be largely a function of management decisions regarding whether certain professional or technical functions should be performed by employees or by contractors. The reasons why those types of decisions might vary over a twenty-year period are well beyond the scope of this proceeding.

FY 1999		
Account Numbers	Account Name	Amount
52321	Contractual Services Other Than Equipment Repairs and Maintenance- Outside Consulting Fees	103,387,542.86
52322	Contractual Services Other Than Equipment Repairs and Maintenance- Outside Consulting Travel	19,349,571.77
52323	Contractual Services Other Than Equipment Repairs and Maintenance- Market Research Services	42,882,736.44
52324	Contractual Services Other Than Equipment Repairs and Maintenance-Priority Mail Processing Centers - Office Space Not provided	4,535.03
52325	Contractual Services Other Than Equipment Repairs and Maintenance- Advertising and Sales Promotion	241,426,326.98
52328	Contractual Services Other Than Equipment Repairs and Maintenance- Consint avcs-by indvi-office spc prov	4,858,224.19
52327	Contractual Services Other Than Equipment Repairs and Maintenance- Value-In-Kind Expense	22,177,698.17
52331	Contractual Services Other Than Equipment Repairs and Maintenance- ADP Services — Commercial	190,426,974.01
52338	Contractual Services Other Than Equipment Repairs and Maintenance- ADP Services Commercial Sitwr pckg maint pilot test	8,698,149.76
52339	Contractual Services Other Than Equipment Repairs and Maintenance- Personal Services — Individuals	2,036,957.57
52342	Contractual Services Other Than Equipment Repairs and Maintenance- Professional Services —Office Spc Prov	37,570,641.26
52357	Contractual Services Other Than Equipment Repairs and Mainlenance- Applicant Background Investigations	11,789,719.18
52359	Contractual Services Other Than Equipment Repairs and Maintenance- Professional and Other Miscellaneous Service	638,141,782.16
56611	Contractual Services Other Than Equipment Repairs and Maintenance-	•
52344	Contractual Services Other Than Equipment Repairs and Maintenance- Advertising and Sales Promotion- Development	-
	Total	1,322,750,859.38

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UPS/USPS-2. Refer to DFC/USPS-1, Response of United States Postal Service to Interrogatory of Douglas F. Carlson and the attachment thereto. Provide the following Final Reports referenced in that interrogatory response:

- Interim Audit Results of FedEx Transportation Agreement (1st letter), Issued 6/26/01, Final Report No. TR-LA-01-001, Project No. 01NR008TR000.
- (b) Interim Audit Results on Excise Taxes and Third Party Ground Handling Costs Under the FedEx Transportation Agreement (2nd letter), Issued 8/8/01, Final Report No. TR-MA-01-002, Project No. 01NR008TR001.

RESPONSE:

The above-mentioned reports are being provided in USPS-LR-J-208, produced under protective conditions pursuant to Presiding Officer's Ruling No. R2001-1/22. In providing the above-mentioned OIG audit reports, the Postal Service would like to provide a brief description of the process by which these reports were produced. Through a lengthy series of meetings beginning in the spring of 2001 and continuing into the fall, representatives from Network Operations Management, Finance, and outside consultants met with members of the Office of the Inspector General. These meetings were intended to produce recommendations to assist in Finance's validation of costs and savings associated with the FedEx transportation agreement. These meetings accomplished just this purpose; however, the interim OIG audit reports alone do not necessarily reflect this outcome.

The first interim OIG audit report dated June 26, 2001 raised valid concerns regarding service performance, cost estimates, availability of ground handling contractors, and density targets. Postal Service management

responded to these concerns and followed many of the OIG's recommendations as outlined in a June 7, 2001 memo from Patrick R. Donahoe, Senior Vice President, Operations. Subsequent to the first audit, both parties eventually reached agreement on all the items discussed in the report. At that time, the OIG determined the Postal Service's estimate of cost savings due to the FedEx transportation agreement were valid.

Third party ground handling costs and excise taxes were the subject of the second interim OIG audit report dated August 8, 2001. Postal Service management agreed with the OIG's findings that excise taxes had been incorrectly excluded from the calculations. In addition, as a result of operational changes with regard to the implementation of the FedEx transportation agreement, the full cost of third party ground handling services were not included in earlier estimates. Postal Service management responded to these findings by the OIG and implemented the above-mentioned changes to the cost estimates. Although consensus between the OIG and Postal Service management on third party ground handling costs and the overall cost savings associated with the FedEx transportation agreement was reached at one point, this is not evident in the second audit report.

Furthermore, the recommendations agreed upon by Postal Service management and the OIG prior to the filing of Docket no. R-2001-1 were incorporated into the FedEx rollforward adjustment developed by witness Hatfield (USPS 8). Thus, revisions to the transportation cost estimates under the

FedEx transportation agreement as a result of the OIG audit process arising from

these two reports have been included in the case.

Response of United States Postal Service to Interrogatories of United Parcel Service

UPS/USPS-3. Refer to (a) the PRC version of the FY 2000 CRA (tab "FY 2000 - PRC(3)" of the spreadsheet that can be found at <u>http://www.prc.gov/periodic/</u>cra. exe) and (b) the PRC version of the BY 2000 CRA (file "prccosts.xls" in USPS LR-J-74). Describe all methodological differences between these two reports.

Response:

Differences, although not necessarily limited to methodological

differences, between the FY 2000 and the BY 2000 PRC CRA are as follows.

- The general ledger, an input into the BY 2000 PRC CRA, was adjusted to move an inadvertent charge of \$5.85 million from postage printing costs to stamped envelope printing costs. Accordingly, this change is reflected in the BY 2000 PRC CRA.
- The density for International Other became available after the FY 2000
 USPS CRA audit was completed and was updated accordingly in the
 USPS and PRC Base Year in Workpaper B, 8.1.2, cell D57.
- RPW stamped and metered volumes inputs replaced ODIS inputs for window service distribution of costs (I-Forms stamped and metered percentages Cost Segment 3).
- In response to the PRC's request to separate the cost of special services from their ancillary services, elemental load calculations in Cost Segment 7 were updated to remove return receipt costs from the special service volume variable cost.
- The equipment variabilities in Component 575 were updated.

Response of United States Postal Service to Interrogatories of United Parcel Service

• The rural carrier yearly route evaluations were updated, affecting Cost Segment 10, Rural Carriers.

UPS/USPS-5. Refer to the Response of United States Postal Service to UPS Interrogatories Redirected from Witness Kay (UPS/USPS-T21-6(a)). Confirm that the estimated annualized cost of the Postal Service Sales Function is \$147.1 million. If not confirmed, provide the correct number.

RESPONSE:

Confirmed.

UPS/USPS-6. Refer to the Response of the United States Postal Service to UPS Interrogatories Redirected from Witness Kay (UPS/USPS-T21-6(b)), where the Postal Service states that "No known basis exists to identify the costs of sales-related or customer service activities associated with promoting individual products." Has the Postal Service studied Sales Function Costs? If so, has it determined whether it is possible to attribute these costs? Provide copies of all reports or analyses produced in this study.

RESPONSE:

No.

UPS/USPS-7. Refer to the Postal Service's response to Interrogatory UPS/USPS-1.
(a) Confirm that the total cost for Market Research Services in Fiscal Year
1999 was \$42,882,736. If not confirmed, provide the correct number.
(b) Confirm that the Fiscal Year 1999 cost for Market Research Services does not include the costs associated with internal Postal Service employees. If not confirmed, explain why not.

(c) In addition to the costs for Market Research Services, what were the internal Postal Service costs that were incurred in Fiscal Year 1999 to inform, support, or manage Market Research Services? Include the cost of all staff and staff-related costs in your answer.

(d) What is the cost of Market Research Services in Fiscal Year 2000?
Provide the exact source, including page numbers, for your answers.
(e) In addition to the costs for Market Research Services, what are the internal Postal Service costs for Fiscal Year 2000 to perform, support, or manage Market Research Services? Include the costs of all staff and staff-related costs in your answer.

(f) Describe how the total costs for market research, including contractual services and internal Postal Service costs, are assigned to Postal Service products. If the costs for market research, including contractual services and internal Postal Service costs, are not assigned to Postal Service products, describe the reasons for not attributing these costs and all efforts made by the Postal Service to determine that it is not possible to attribute these costs.

(g) Describe each individual market research project conducted in 1999.

Describe any questionnaires, discussion outlines, or other study instruments that were used in each project. Provide the cost of each project.

(h) Describe each individual market research project conducted in 2000.

Describe any questionnaires, discussion outlines, or other study instruments that were used in each project. Provide the cost of each project.

RESPONSE:

a. Confirmed that the FY 1999 amount reported for the account labeled "Market

Research Services" is the amount quoted. As discussed below in response to subparts

f.-h. of this question, however, that account may include expenses which would not

conform with everyone's expectations of what constitutes market research.

- b. Confirmed.
- c. The best available estimate of this amount for FY 1999 is \$1.58 million.

d. The amount shown in USPS-LR-J-8 (pg. 151) for that account for FY00 is \$40,414,755.

e. The best available estimate for this amount for FY 2000 is \$1.34 million.

f.-h. Regardless of whether they are actually market research costs, most of the costs identified above are allocated to products. Specifically, in FY 1999, \$17.71 million from the Market Research Services account were identified as specific to First-Class Mail, as those were the contractor costs of conducting the EXFC program. Similarly, in the same year, \$7.62 million were identified as specific to Priority Mail as the contractor costs of conducting the PETE program. The corresponding amounts associated with those programs and identified as specific to First-Class Mail and Priority Mail in FY 2000 were \$17.57 million and \$9.24 million. On the other hand, there were approximately \$8.2 million of costs in both FY 1999 and FY 2000 which appeared in the Market Research Account, but were actually expenses related to the Stamps on Consignment program. Those costs were not allocated to products, but, as they relate to the program which allows consumers to purchase stamps in non-postal locations such as grocery stores, do not constitute true market research costs.

The balance of costs in the Market Research Services account, and, by extension, the postal personnel costs identified in subparts c. and e., relate to a variety of activities. For example, there are programs to monitor particular market segments (e.g., the advertising industry). These do not necessarily relate to any specific postal products, although they may provide information that could be useful to those responsible for a variety of postal products. There are also funds used to purchase the

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF UNITED PARCEL SERVICE

results, such as on a subscription basis, of market research conducted by other entities. There are also research programs relating to products and services that the Postal Service currently offers, and some relating to products that the Postal Service does not currently offer but is considering offering.

None of these costs are identified as specific to particular products. In contrast with the EXFC and PETE costs, for example, they tend to be for considerably smaller amounts - very rarely over \$1 million, and quite often less than \$100,000. Given the nature of the research, it is in most instances almost impossible to relate the costs of market research to specific classes or subclass of mail. Without analysis in detail, it would be difficult even to relate many of these projects to groups of products. In those limited instances in which that could be done, the products in question might not be CRA-products, in which case the costs would only affect the costs reported in some type of a residual category (e.g., "Other"). Alternatively, even if costs relate to a group of products (such as advertising products), there would usually be no legitimate way to break the costs out at the CRA-product level. It is reasonable to treat the costs of these programs, unlike the costs of the EXFC and PETE programs, as institutional. Many of the Postal Service's customers routinely use a variety of postal products, and the Postal Service's market research often seeks to obtain knowledge simultaneously about a broad array of customer needs. Given the relatively small level of funds involved, and the fact that a service organization like the Postal Service has an institutional need to maintain contact with its customer base at a variety of levels, further efforts to link these costs to specific products on a purported causal basis would seem unlikely to be fruitful,

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF UNITED PARCEL SERVICE

and are not warranted.

Note that the Postal Service filed a partial objection regarding this portion of the

interrogatory on November 13, 2001.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF UNITED PARCEL SERVICE

UPS/USPS-8. Refer to the Postal Service's response to Interrogatory OCA/USPS-21A(a). Provide the distribution, by ounce increment, for the flat-rate Priority Mail envelope for GFY 2000.

Response:

GFY 2000 Flat Rate Priority Mail Volume by Ounce:

Ounce range	Flat Rate Envelope Volume	
Ounce range 0.001-1 1.001-2 2.001-3 3.001-4 4.001-5 5.001-6 6.001-7 7.001-8 8.001-9 9.001-10 10.001-11 11.001-12 12.001-13 13.001-14 14.001-15 15.001-16 16.001-17 17.001-18 18.001-19 19.001-20 20.001-21 21.001-22 22.001-23 23.001-24 24.001-25 25.001-26 26.001-27 27.001-28 28.001-29	•	
29.001-30	583,993	
30.001-31	636,298	
31.001-32	566,131	
Over 32	4,958,262	
Total	117,646,659	

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RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF UNITED PARCEL SERVICE

UPS/USPS-9. Refer to the Postal Service's response to Interrogatory OCA/USPS-21A(a). Provide the average weight of the flat-rate Priority Mail envelope for GFY 2000. Provide all assumptions used in estimating the average weight.

Response:

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The average weight of the flat rate Priority Mail envelope for GFY 2000 is 0.623

pounds. See response to UPS/USPS-8.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF UNITED PARCEL SERVICE

UPS/USPS-10. Provide the distribution, by ounce increment, for the flat-rate Express Mail envelope for GFY 2000.

RESPONSE:

Postal Service data systems do allow for the identification of the flat rate envelope;

however, there is no system that would provide the segmentation of Express Mail by the

ounce (weight) within the flat rate category.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF UNITED PARCEL SERVICE

UPS/USPS-13. Refer to the Postal Service's response to Interrogatory OCA/USPS-60(c) and (d).

(a) Are the legal costs of defending the Postal Service's Priority Mail advertisements caused by the provision of Priority Mail? If not, what product or group of products caused these costs to be incurred?

(b) If the legal costs of defendant (sic) the Postal Service's Priority Mail advertisements were caused by the provision of Priority Mail, explain the discrepancy between this and the statement that there is "no appropriate accounting or economic basis for attributing these costs to Priority Mail."

(c) Has the Postal Service studied the costs of defending the Postal Service's Priority Mail advertisements? If so, has the Postal Service made the determination based on such studies not to attribute them to Priority Mail? If the Postal Service has not studied these costs, explain what is meant by "the judgement of the Postal Service."

RESPONSE:

(a) Not necessarily. Please see the response to UPS/USPS-T30-8, redirected

to the Postal Service.

(b) Not applicable. For a general discussion on these matters, however, please

see the response to UPS/USPS-T30-8, redirected to the Postal Service.

(c) No. The exercise of judgment can be sufficient to conclude that more formal

analysis (e.g., a study) is not warranted. It is the judgment of the Postal Service,

given the nature of the legal services it employs, that its legal expenses are

fundamentally common fixed costs and institutional in nature.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF UNITED PARCEL SERVICE

UPS/USPS-15. Refer to the Postal Service's Response to Interrogatory UPS/USPS-1(d), which identifies changes in "the competitive environment" as one of the factors that caused "Advertising and Market Research" costs to increase from \$30.7 million in 1980 to \$1,332.8 million in 1999. What portion of that increase is a result of the competitive environment? What portion of the Postal Service's annual budget for "Advertising and Market Research" is dedicated to promotion of products and/or services which compete with private sector enterprises?

RESPONSE:

As stated in the response to UPS/USPS-1, the accounts aggregated for purposes of TFP calculations under the label "Advertising and Market Research" have no particular functional homogeneity. Moreover, those accounts are not grouped together in the budget process, either as "Advertising and Market Research," or under any other label. Consequently, attempting to treat this aggregation of accounts as a monolith, including, for example, for purposes of discussing trends over time, is unlikely to be constructive. The portion of the earlier response that mentioned changes in the competitive environment was intended to refer essentially to advertising expenditures, which, as also noted in the earlier response, constituted less than one-fourth of the aggregate total in FY 1999. To the extent that such advertising expenditures increased between 1980 and 1999, it is impossible to quantify how much of that increase might be due to changes in the competitive environment. The breakout of advertising expenses for FY 2000 to products is shown in LR-J-72. With very rare exceptions (e.g., "free-forthe-blind"), for virtually all of the Postal Service's products and/or services, there are private sector enterprises seeking to satisfy the needs of the Postal Service's customers by means outside of the nation's postal system.

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

Machine (LMLM), unless the barcode was unreadable and a barcode clear zone did not exist. Prebarcoded pieces entered at automation rates would likely avoid the tabbing equipment, since mailing standards require customers to tab, when appropriate. Finally, any automation 5-digit or carrier route presort for manual zones would not processed on any of this equipment.

- (b) Prebarcoded First-Class Mail and Standard Mail letter-shaped pieces are typically processed separately until they reach delivery point sequence processing. In DPS, usually Standard Mail is run first on the first pass of DPS during tours 2 and 3. First-Class Mail is usually run on the first DPS pass on tours 3 and 1. Regardless, all the First-Class Mail and Standard Mail letter and card volume becomes commingled on the second DPS pass.
- (c) In most instances, barcoded First-Class Mail and Standard Mail letter-shaped pieces do receive automated processing on equipment. Exceptions would be for equipment rejects as well as First-Class Mail and Standard Mail Enhanced Carrier Route (ECR) and 5-digit presorted automated letters for zones that do not receive incoming secondary processing on automated equipment. In these cases, the work sharing value is realized through the carrier route sort. Also see response to subpart (a).

(d) See response to subpart (b).

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RESPONSE OF THE UNITED STATES POSTAL SERVICE TO UPS INTERROGATORIES

UPS/USPS-18. Refer to the Postal Service's response to interrogatory DFC/USPS-5. For each accounting period for each of the past three years, and for each category or type of First-Class Mail (excluding Priority Mail) for which the Postal Service collects data, provide nationwide data from Priority End-To-End ("PETE"), Origin Destination Information System ("ODIS"), and any other applicable systems showing:

(a) The percentage of the time that mail is delivered within the number of days specified by the applicable service standard; and

(b) The average number of days to delivery.

RESPONSE:

(a) Statistically reliable accounting-period data showing the percentage of

the time that mail is delivered within the number of days specified by the

applicable service standard and the average number of days to delivery are not

available from ODIS and EXFC or any other system for First-Class Mail.

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(b) See response to part (a).

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO UPS INTERROGATORIES

UPS/USPS-19. Refer to the Postal Service's response to interrogatory DFC/USPS-6. For each accounting period for each of the past three years, provide nationwide data from Priority End-To-End ("PETE"), ODIS, and any other applicable systems showing for Priority Mail:

(a) The percentage of the time that mail is delivered within the number of days specified by the applicable service standard; and

(b) The average number of days to delivery.

RESPONSE:

(a) Statistically reliable accounting-period data showing the percentage of

the time that mail is delivered within the number of days specified by the

applicable service standard and the average number of days to delivery are not

available from ODIS and PETE or any other system for Priority Mail.

(b) See response to part (a).

UPS/USPS-25.

Refer to the Postal Service's response to interrogatory AMZ/USPS-T2-9 (redirected from witness Xie). For each zone, provide the average Great Circle Distance of the Parcel Post mail transported to that zone.

RESPONSE:

For Parcel Post, the average Greater Circle Distance (GCD) for all zones can be

developed using numbers contained in Library Reference USPS LR-J-67,

Attachment G. The following table shows the calculation.

Zone	Cubic Foot Miles (page 397 of LR-J-67)	Cubic Feet (Page 349 of LR-J-67)	Average GCD (cfm / cf)
Zone 1/2	8,408,046,563	162,651,627	52
Zone 3	6,694,188,027	31,823,160	210
Zone 4	5,327,231,205	12,576,676	424
Zone 5	4,114,571,164	5,053,484	814
Zone 6	3,398,685,692	2,867,278	1,185
Zone 7	3,074,877,844	1,916,650	1,604
Zone 8	8,387,071,795	3,328,782	2,520

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF UNITED PARCEL SERVICE

UPS/USPS-26.

Refer to the Postal Service's response to interrogatory AMZ/USPS-T2-9 (redirected from witness Xie).

- (a) For each zone, provide the average Great Circle Distance of the Priority Mall transported to that zone.
- (b) For unzoned Priority Mail, provide the average Great Circle Distance of the Priority Mail transported.

RESPONSE:

(a) and (b). There are no data available to answer these questions.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF UNITED PARCEL SERVICE (REDIRECTED FROM WITNESS SHAW)

UPS/USPS-T1-1: Refer to page 7 of your testimony where you discuss the replacement of the old City Carrier In-Office Cost Attributable ("LIOCATT") system reports with an In-Office Cost System ("IOCS")-based Carrier Mixed Mail ("CARMM") report for the purposes of distributing city carrier in-office labor costs associated with mixed mail to classes and subclasses of mail.

e. Has the Postal Service considered or is the Postal Service considering implementing the improved mixed mail cost distribution methodology now used for Cost Segment 3.1 for Cost Segment 6.1? If not, why not?

RESPONSE:

e. Implementation of an improved cost distribution methodology for Cost

Segment 6.1 would require serious study of the cost segment. Among other

things, the Postal Service would need to determine operationally meaningful

cost pools and to analyze the variability of costs with respect to volume. As of

yet, the Postal Service has not studied these complex issues.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY OF THE UNITED PARCEL SERVICE REDIRECTED FROM WITNESS TAYMAN

UPS/USPS-T6-7 How many Priority Mail Processing Centers were operated by Emery when the contract was cancelled?

- (a) How many of these Priority Mail Processing Centers are now operated by the Postal Service?
 - (i) Describe any operational differences between the Priority Mail Processing Centers as operated by Emery and the facilities as operated by the Postal Service.
 - (ii) Explain any differences between the number of facilities that were operated by Emery and the number operated by the Postal Service.

RESPONSE:

- (a) 10.
- (b) 10.
- (b)(i) The Postal Service has moved some other mail classes into the buildings.
- (b)(ii) Not Applicable.

Response of United States Postal Service to Interrogatories of United Parcel Service (Redirected from witness Meehan, USPS-T-11)

UPS/USPS-T11-7. Does the Postal Service measure or record any information on the activities that Postal Service call center personnel perform? If so, describe the nature of the information that is collected and how it is used.

Response:

Yes. The Postal Service collects information on the call types (e.g. ZIP Code, change of address, vacation holds, hours and locations, etc.), call lengths, call quality, call response time, staffing efficiency, number of abandoned calls, and number of calls per time period, etc. The information is used for a variety of purposes, such as to forecast required call center activity and support, to evaluate performance of the system and support contractor, to diagnose call types that can be most successfully automated, and to reconcile invoicing with the current staffing vendors.

Response of United States Postal Service to Interrogatories of United Parcel Service (Redirected from witness Meehan, USPS-T-11)

UPS/USPS-T11-10. Refer to your response to interrogatory UPS/USPS-T11-2(b), which discusses the position description for the Postal Service's Vice President of Sales. Has the Postal Service developed national sales policies and/or programs for First Class Single Piece mail? If so, state the portion of the annualized Sales Function cost for the Base Year used to develop national sales policies and/or programs for First Class Single Piece mail.

Response:

The Sales Function of the Postal Service has not developed national sales

policies and/or programs specifically for First Class Single Piece mail. The costs

within the Sales Function are not allocated by product or services.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF UNITED PARCEL SERVICE

UPS/USPS-T13-1. Refer to pages 3-4 of your testimony, where you discuss the updates and variations to the Docket No. R2000-1 procedures with respect to Special Delivery Messenger costs.

- (a) Why did the Postal Service decide to convert the "Special Delivery Messenger" craft, Cost Segment 9, to "Clerk Messenger," Cost Segment 3? Was this an operational change or only a change in the accounting treatment of this function?
- (b) Does the new treatment change the effective volume variability of accrued costs? If so, explain in detail the reason, methods, and effect of the change.
- (c) What was the effective volume variability of these costs for the most recent period before they were converted to Cost Segment 3?
- (d) Does the new treatment change the distribution of volume variable costs to classes and subclasses of mail? If so, explain in detail the reason, methods, and effect of the change.

Response:

(a) Because of its ability to deliver an increasing amount of expedited mail by regular city and rural carriers, the Postal Service decided that a dedicated workforce, "Special Delivery Messengers", was no longer needed. Consequently, the Postal Service contracted with its unions to shift the declining workloads of expedited delivery mail pieces from "Special Delivery Messengers" to a new category of worker called "Clerk Messengers". This change is only an interim step with the long-range plan that "Clerk Messengers" will also be abolished. Staffing of these positions was predicated on the postulate that in some cases expedited mail volume at an office was sufficient to justify at minimum one full-time employee dedicated to expedited delivery. All other non-justified "Special Delivery Messenger" jobs were abolished. The name and, more importantly, craft change allows the Postal Service to use the redefined employee as both a clerk and as a delivery messenger, as the workload warrants. While working as a clerk, the employee can sort and distribute all mail classes, including expedited products. The employee has an equal chance of being selected by IOCS as any other clerk. He or she clocks into LDC 24 only when performing delivery or street activities. Formerly, LDC 24 included both office and street activities. The accounting change of placing the costs in CS 3.4 and deleting CS 9 only reflects the craft change. The FY 1999 <u>Summary Description</u> first lists expedited delivery costs as one component that corresponds only to street costs to deliver expedited mail. In 1999, the conversion to "Clerk Messenger" was completed.

- Yes. Prior to FY 1999, IOCS was used to separate the in-office component CS 9.1 (FY98, \$11.533 million) from the street component CS 9.2 (FY 98, \$59.6 million). In FY 1999, CS 3.4 only reports the street portion of expedited delivery. The in-office portion is sampled along with all other clerk activities in IOCS and is reflected in CS 3.1, Mail Processing.
- (c) For FY 1998, expedited delivery in-office costs were 71.82% volume variable;
 street costs were 46% volume variable.
- Yes, for in-office costs only, to the extent that in-office clerk time to process expedited mail is reflected in CS 3.1 and its cost development explained in USPS-LR-J-1, §3.1, a separate distribution key for just expedited delivery activities is no longer generated, but is subsumed in the overall key for 3.1.
 Previously for expedited delivery, separate in-office costs and distribution were derived from IOCS. IOCS defined mail-handling and non-mail-handling costs;

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mail-handling costs were considered fully volume variable, while non-mailhandling costs were variable to the same degree as the composite of street delivery and in-office mail handling costs. Street costs treatment has not changed.

REPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF UNITED PARCEL SERVICE

UPS/USPS-T13-2. Refer to library reference USPS-LR-J-1, page 3-22, § 3.4.4, which discusses distribution of expedited delivery costs.

- (a) Has the Postal Service considered updating the study or studies presented in Docket No. R97-1 which established the basis for distributing these volume variable costs to classes and subclasses of mail? If not, why not?
- (b) Provide the actual data underlying the special study or studies presented in Docket No. R97-1 referenced in USPS-LR-J-1, page 3-22, § 3.4.4. Provide a specific reference to the "special study," the date the study was completed, and the time frame for the data upon which the study was based.

Response:

- Yes, the street costs distribution key, as part of a broader update of all 'special purpose route' distribution keys.
- (b) See in Docket R-97, USPS-T-19, USPS LR's H-158, H-153, H-154, H-159, PRC LR-4. Also, see Docket R-97 <u>Opinion and Recommended Decision Volume 1</u>, page 194. What the USPS-LR-J-1 calls the "special study" is referred to as the "new survey data" by the PRC.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF UNITED PARCEL SERVICE (REDIRECTED FROM WITNESS BOZZO)

UPS/USPS-T14-6. Refer to your testimony, USPS-T-14, page 13, lines 3-4, where you state that, "Furthermore, longer-term capital input decisions necessarily precede the staffing decisions they eventually affect." (a) Indicate the length of time that typically separates a decision to install a piece of equipment such as Small Parcel and Bundle Sorter ("SPBS") or FSM (Flat Sorting Machine)/1000 at a specific Management Operating Data System ("MODS") facility, and the actual installation of the piece of equipment. If the length of the interval varies, provide an upper and lower bound estimate of the length of the interval.

(b) Indicate when within the interval identified in part (a) a plant manager would typically be informed of the decision to install a new piece of equipment. If the point in time when the plant manager is informed of the decision varies, indicate the earliest point in time when he might be informed, and the latest point in time when he might be informed.

RESPONSE:

a - b. A delivery schedule is developed between the time the Board of

Governors approves the equipment purchase and the issuance of the

contract. Normally this is one to two weeks but may be longer if there is a

lengthy bidding process or extraordinary circumstances such as a capital

spending freeze. Affected plants are informed of the delivery schedule as

soon as the contract is awarded. Deliveries may be completed in as little

as 30 days (a software installation is the classic example), or as much as

three years if a large contract and a lengthy production process are

involved.

UPS/USPS-T21-1. Refer to Library Reference USPS-LR-J-72, LR-J-72.DOC page 8.

- (a) Confirm that the Postal Service spent \$148,552,492 on advertising expenses in FY2000. If not confirmed, explain.
- (b) What percentage of the total advertising expenses is assigned to individual products in the incremental cost model?

RESPONSE:

a. Confirmed that \$148,552,492 was the amount spent on advertising in

FY2000 for which information is available from the Advertising unit. The total amount

reported in the Cost Segments and Components is \$150,567,000. The difference could

be miscellaneous amounts spent for a variety of purposes including, for example, to

place "help wanted" classified ads to fill professional or technical positions.

b. Percentage amounts for individual line items are shown, for example, in

Witness Kay's workpapers, Volume II, Page IIIA-142, part of the sheet on Test Year

Product Specific Costs. The percentages shown on that page total to 58.3 percent.

Opinions may differ as to whether all of those line items (e.g., First-Class Mail, Standard Mail) should be considered "individual products."

UPS/USPS-T21-2. Refer to Library Reference USPS-LR-J-72, LR-J-72.DOC page 8. Assign the \$17,638,289 in advertising for Online Service to individual products. If this cannot be done, explain why not. Identify where the total revenue and total cost of these Online Services can be found.

RESPONSE:

The referenced amount for the line "Online Services" on page 8 is an aggregation of the amounts spent in FY 2000 for advertising relating to a variety of programs involving, to varying degrees, interactions with customers on the internet. Since none of these programs charge rates or fees which are proposed to be changed in the instant request for a recommended decision, and since none of these advertising costs are included within the incremental costs of any of the products and services for which rate or fee changes are requested, the disaggregated amounts are not relevant to this proceeding, and, in some instances, constitute sensitive commercial information. Two of the programs (USPS.com and Stamps on Line) are infrastructure programs which support a variety of Postal Service products and programs. Two of them (e-Bill Pay and PosteCS) are eCommerce nonpostal services. As such, their total costs and total revenues are included in the amounts reported for such services in the Compliance Statement relating to nonpostal services, filed in response to Rule 54(h)(1) as part of Attachment G to the Request. Lastly, Mailing Online is an experimental hybrid postal service which offers customers with access to the internet an alternative channel to enter material which will be delivered as hard-copy mail within a variety of mail categories. The costs and revenues of Mailing Online were explored most recently in Docket No. MC2000-2.

UPS/USPS-T21-3. Refer to Library Reference USPS-LR-J-72, LR-J-72.DOC, page 8. Describe the "image" advertising associated with the cost of \$14,263,606.

RESPONSE:

Image advertising in FY 2000 included efforts such as the integration of brand

messaging into advertising (e.g., the "Fly Like an Eagle" tagline), and efforts to promote

the brand through non-product specific ads such as those featuring Tour de France

champion Lance Armstrong and the USPS Cycling Team.

UPS/USPS-T21-5. Are expenses related to mail and parcel conferences included in 'advertising costs'? If not, where are they included?

(a) Identify all costs associated with promoting the Postal Service or Postal Service products at these events. Include in these cost calculations all labor costs, travel-related costs, conference fees, expenses related to preparing for these conferences, and the cost of exhibits.

(b) Identify all costs associated with promoting Priority Mail, Express Mail, Parcel Post, and International Mail at these events. Include in these cost calculations all labor costs, travel-related costs, and all other conference expenses.

RESPONSE:

Some costs relating to trade shows are included in advertising costs.

Specifically, the Postal Service may obtain a list of registrants before a show and send

out a direct mail piece inviting potential customers of specific products to visit our

exhibit and to inquire about the product or products in which we believe they might be

interested. In those instances, the cost of the direct mailing would be included in the

advertising costs reported for those specific products or group of products as shown on

page 8 of LR-J-72.

a. In addition to the advertising costs discussed above, the other costs of the Postal Service that can be identified as relating to participation in trade shows and promotion of the Postal Service and Postal Service products are the expenses of the Exhibits Marketing program within the Sales function. In FY 2000, the expenses of that program totaled approximately \$3.5 million. This figure includes the personnel costs of the Exhibits Marketing staff, the travel-related costs of attending personnel, the conference fees, and the costs of preparing and displaying the exhibits.

b. Other than the advertising costs discussed above, the Postal Service is

unable to identify the costs of promoting specific products at trade shows. In general, the trade shows at which the Postal Service appears involve the promotion of a wide array of postal products, including, but not limited to, those identified in this subpart of the question. Even at the one event attended by the Postal Service which focuses primarily on package mailers (the NCOF, National Conference on Operations & Fulfillment), no known basis exists to link the costs of participation (except the above-discussed advertising costs) to specific products.

UPS/USPS-T21-6. Are sales-related or customer service expenses assigned to individual products in either the Base Year model or the Incremental Cost model? If not, where are they assigned?

(a) Identify all costs associated with sales-related or customer service activities for all Postal Service products for FY2000.

(b) Identify all costs associated with sales-related or customer service activities for promoting Priority Mail, Express Mail, Parcel Pust and International Mail for FY2000.

RESPONSE:

No, they are treated as institutional.

a. Base year costs related to Sales Function staff were included with the cost

of Field Area and District Offices for six accounting periods during FY 2000 and cannot be separated from other Area and District costs. The Field portion of the Sales Function was transferred to Headquarters effective in accounting period 7 of FY 2000. The FY 2000 cost of Sales Function programs and activities reported under Headquarters finance numbers was \$96.0 million. The total base year cost of the Sales Function can be approximated by adding the \$96.0 million reported under Headquarters finance numbers to the \$51.1 million estimated to have been reported under Area and District finance numbers for accounting periods 1-6. Please refer to the response to UPS/USPS-T6-9 for an explanation of how the \$51.1 million was calculated.

b. No known basis exists to identify the costs of sales-related or customer service activities associated with promoting individual products.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF UPS (REDIRECTED FROM WITNESS KAY)

UPS/USPS-T21-7. Refer to your testimony, USPS-T-21, at 10.

(a) Describe in detail the method by which advertising costs for Base Year 2000 were determined to be product-specific or non-product-specific. How does this method compare to methods used in prior years?

(b) Describe in detail the criteria that were used to make the determination that costs are product-specific or not. If any estimates were used, provide the data upon which these estimates were based.

(c) From whom did you receive the information you present on productspecific and non-product-specific advertising costs?

(d) Who determined whether particular advertising costs were product-specific or not?

RESPONSE:

a.-d. Advertising costs were determined to be product specific if they were

identified as expended in support of a product for which the CRA reports costs.

Advertising costs were determined to be specific to a group of products if they were

identified as expended in support of a group of products for which incremental costs are

estimated. This approach is the same as that employed in prior years. Please see the

response to UPS/USPS-T21-8 for an explanation of the other information requested in

this question.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF UPS (REDIRECTED FROM WITNESS KAY)

UPS/USPS-T21-8. Refer to your testimony, USPS-T-21, at 10, regarding product-specific costs.

(a) Describe in detail the method by which product-specific advertising costs for Base Year 2000 were allocated among products.

(b) What criteria are used to allocate product-specific costs among products? If estimates are used, provide the data upon which these estimates are based.

(c) Who determines how product-specific costs are allocated among products?

RESPONSE:

a.-c. As in previous years, the information regarding identification of the products or groups of products for which advertising costs have been expended comes from the Postal Service's advertising unit within the Marketing function. In prior years, however, that determination included an examination of amounts spent by various product support groups and amounts spent within various advertising channels, and a subsequent breakout of costs to product . See from Docket No. R2000-1 the Postal Service's response to UPS/USPS-T23-2 (filed March 13, 2000), the Postal Service's response to NAA/USPS-3 (filed April 6, 2000), and the Postal Service's response to UPS/USPS-T34-9 (filed February 29, 2000).

In FY 2000, the advertising unit changed its operating procedures, so that authorization for the expenditure of budgeted amounts included the requirement to identify the "advertising product" that the advertising was intended to support. "Advertising products" are the categories of programs and products that are created to allow subsequent tracking of advertising costs. They are, essentially, the line items shown on page 8 of LR-J-72. (Page 8 does reflect aggregation of the lines for International mail products, as well as aggregation of the amounts for certain online services, as noted in response to UPS/USPS-T21-2.) Thus, for example, while "Grand

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF UPS (REDIRECTED FROM WITNESS KAY)

Opening" might be an "advertising product," intended to track the costs expended to announce the opening of new postal facilities, it clearly would not be thought of as a "postal product" in the same sense as First-Class Mail, Priority Mail, etc. Those more conventional products, however, are also included within the list of "advertising products" that appear on page 8 of LR-J-72. The most noteworthy change between FY2000 and prior years, however, was the elimination of the need in some instances to do *post hoc* allocation to products, by initiation of a new process to make the allocation uniformly contemporaneous with the expenditure of funds, by the personnel seeking approval of the expenditure.

After the end of the fiscal year, officials in the advertising unit provide the list of costs by "advertising product" to the Postal Service's costing personnel for use in the preparation for the CRA. The costing personnel, in turn, provide the relevant amounts to witness Kay for use as inputs into her incremental cost analysis.

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UPS/USPS-T21-10. Refer to the copies of screens found at the Postal Service's Internet site www.planesforpackages.com, attached as Exhibit A to this interrogatory.

(a) For the Base Year in this docket:

(i) Is the cost of this website and its content included in advertising costs?

(ii) What portion of the cost of this website and its content is attributed to Priority Mail?

(iii) What portion of the cost of this website and its content is attributed to Express Mail?

(iv) What portion of the cost of this website and its content is attributed to Global Express Guaranteed Service?

(v) What portion of the cost of this website and its content is attributed to Global Express Mail?

(vi) What portion of the cost of sponsoring the United States Postal Service Pro Cycling Team is attributed to specific products and services? To what products or services is that cost attributed, and in what amounts?

(b) For the Test Year in this Docket:

(i) Is the cost of this website and its content included in advertising costs?

(ii) What portion of the cost of this website and its content is attributed to Priority Mail?

(iii) What portion of the cost of this website and its content is attributed to Express Mail?

(iv) What portion of the cost of this website and its content is attributed to Global Express Guaranteed Service?

(v) What portion of the cost of this website and its content is attributed to Global Express Mail?

(vi) What portion of the cost of sponsoring the United States Postal Service's Pro Cycling Team is attributed to specific products and services? To what products or services is that cost attributed, and in what amounts?

(c) Define the meaning of the phrase "dedicated for packages" as it is used in these materials.

(i) For what types of packages are these airplanes "dedicated"?

(ii) Of the packages carried on these airplanes in the Base Year, what portion are Priority Mail? Express Mail?

(iii) Of the packages carried on these airplanes in the Test Year, what portion are Priority Mail? Express Mail?

(d) Define the term "more reliable delivery."

(i) How will delivery be made "more reliable"?

(ii) For what services will delivery be made "more reliable" and to what extent?

(iii) When does the Postal Service expect to see these improvements?

RESPONSE:

a. (i)-(v). The website did not exist in the base year, and therefore no costs of the website could have been reported for the base year, or allocated to products in the base year. If the website had existed in the base year, however, its costs presumably would have been included within advertising costs, and allocated to products in the same way as the advertising costs shown in USPS-LR-J-72.

(vi). The base year costs for the sponsorship of the United States Postal Service Pro Cycling Team were not, per se, identified as volume-variable or product specific to any product or set of products. Rather, in the base year, those costs were included within the costs of component 177, Cost Segment 16. The majority (57 percent) of the costs within that component were distributed to all classes of mail and special services, using the same distribution factors as component 525 (essentially, all labor costs). Within component 177, however, it is not possible to identify separately the treatment of costs of the different programs included within the component. Therefore, while it may not be unreasonable to think of the costs of the cycling sponsorship as distributed (in part) to all classes of mail and services, one cannot reasonably claim to know exactly how much was distributed to individual products in the base year.

b. (i)-(v). Advertising costs by program do not exist for the test year. As used by witness Kay in her incremental cost analysis, however, advertising costs by product are estimated in the test year using test year total advertising budget estimates, and base year product proportions. There are test year costs estimated by witness Kay for the domestic services mentioned in the question and for International Mail, and it is not

unreasonable to expect that the test year costs of the website (assuming that the same or a similar advertising program were to continue) would be among those included within the test year advertising costs by product already incorporated by witness Kay into her test year incremental cost estimates.

(vi). Costs of specific programs such as the cycling sponsorship are not explicitly rolled forward. Implicitly, they are treated in the roll-forward (and hence appear within the test year costs) as all of the other costs of component 177.

c. As used in these materials, the phrase "dedicated for packages" means that previously the Postat Service relied in part on commercial airlines, which were "dedicated" to passengers in that passengers took precedence over cargo.

Now, under the transportation agreement with FedEx, the Postal Service has access to a network that is "dedicated" to package and other cargo.

(i) Under the transportation agreement with FedEx, the Postal Service will ship Express Mail, International express products, Priority Mail and First-Class Mail.

(ii) The transportation agreement with FedEx was not entered until after Base Year 2000.

(iii) For the purpose of developing a cost distribution for the FedEx transportation agreement, witness Hatfield (USPS-T-18) projected volumes to be carried on FedEx in the Test Year by ACT Tag. See USPS-LR-J-94 (Table 305, line 9), produced under protective conditions.

d. "More reliable delivery" refers to the goal of the Postal Service to provide service that more consistently achieves the applicable delivery standards.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF UNITED PARCEL SERVICE

(Redirected from witness Kay, USPS-T-21)

(i)-(iii) A major goal of the Postal Service in entering into the FedEx transportation agreement is to provide more consistent and reliable service for the express products, Priority Mail and First-Class Mail. Under the transportation agreement with FedEx, the Postal Service has purchased space on a single-integrated air carrier and more cities are reached than was the case under the Postal Service's previous dedicated air networks. Also, the Postal Service will have access to FedEx's information technology. All of these factors should improve service performance for the products carried on the FedEx network. It should be noted, however, that even if service becomes more reliable, customers' perceptions of the service achievement also need to change before it can be said that service is "more reliable." Also, due to certain transportation disruptions caused by the aftermath of September 11, it is not possible to say with certainty when service for certain products becomes "more reliable."

UPS/USPS-T21-11. Refer to the publication "cargo facts UPDATE," Volume 21, Number 11B, November 8, 2001, attached as Exhibit A to this interrogatory.

- (a) On page 1, it is reported that "The U.S. Postal Service will award AIRBORNE, BAX GLOBAL, and DHL small (by comparison) Priority and Express Mail system contracts for tonnage not currently included in the USPS/Federal Express joint venture."
 - (i) Are these costs included in the Postal Service's filing in this docket?
 - (ii) What will be the additional costs to Express Mail and Priority Mail as a result of these contracts?
- (b) The paragraph goes on to state that the Postal Service may also establish a separate "truck and air system based in the Ohio River Valley."
 - (i) Does the Postal Service plan to establish a truck and air system based in the Ohio River Valley?
 - (ii) If so:
 - (a) Are the costs of this system included in the Postal Service's filing in this docket?
 - (b) What classes or subclasses of mail will be carried in this system and in what proportion?
 - (c) What will be the additional costs to Express Mail and Priority Mail as a result of these contracts?

RESPONSE:

(a)-(b) The Postal Service is approached from time to time by various vendors with unsolicited offers for transportation and other services. Such offers are evaluated on their individual merits. At present, there is no such agreement with any vendor to transport Express and Priority Mail not covered by the transportation agreement with FedEx, nor are there any commitments to establish a truck and air system based in the Ohio River Valley. The Postal

Service's filing in this case does not include costs for transportation contracts or

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commitments that do not currently exist.

Response of United States Postal Service to Interrogatory of United Parcel Service, Redirected from Witness Nieto

UPS/USPS-T26-1. Refer to "Minutes of the Mailers' Technical Advisory Committee, August 1-2, 2001" in the section labeled "Issue 61 – Service Assessment for DDU [Destination Delivery Unit] Drop Shipments" and the "MTAC/USPS DDU Drop Shipment Service Assessment for Parcels Workgroup, Minutes from April 25, 2001 Meeting," available at http://www.ribbs.usps.gov/mtac.htm.

(a) Confirm that the Service Assessment for DDU Drop Shipments measurement program is currently in place. If not confirmed, explain when the program will be put into place.

(b) How long will the measurement program be in place?

(c) Will the measurement program be in place at all DDUs that accept drop shipments?

(d) Confirm that this program applies only to Parcel Post DDU destination entry parcels. If not confirmed, explain in detail.

(e) Confirm that under this program "Delivery Confirmation pieces would receive an initial scan upon receipt and another upon delivery." If not confirmed, explain in detail.

(f) Confirm that all parcels scanned under this program will have had selected electronic delivery confirmation, and not manual delivery confirmation. If not confirmed, explain in detail.

(g) Explain the process used to perform "an initial scan upon receipt", including the employee type (e.g., city carrier) that performs the operation, the location at which this scan takes place, and the time at which the scan takes place (e.g., at the time the parcels are dropped at the DDU").

Response to UPS/USPS-T26-1.

- (a) Not confirmed. The estimated implementation date is March 2002.
- (b) No specific end date has been determined.
- (c) Yes.
- (d) Not confirmed. The program is designed to measure all dropshipped parcels,

regardless of subclass.

Response of United States Postal Service to Interrogatory of United Parcel Service, Redirected from Witness Nieto

UPS/USPS-T26-1(a-g), Page 2 of 2

- (e) Not confirmed. The individual pieces are not scanned; rather, a barcode on the dropship documentation (Form 8125) is scanned by a clerk upon arrival at the DDU. This information is transmitted to the tracking database and the pieces associated with that Form 8125 barcode are updated automatically in the system with an arrival record.
- (f) Confirmed. The DDU service measurement will be based on electronic option delivery confirmation pieces that have an appropriately barcoded Form 8125.
- (g) Please refer to the response in part (e).

Revised: December 27, 2001

UPS/USPS-T28-14. Provide recent national performance data from the Priority End-To-End ("PETE") measurement system for every category of mail available (e.g., flats, letters, Small Parcels and Rolls, handwritten, typewritten, bar-coded, etc.).

RESPONSE:

Since the system is not designed to derive data for these groupings, there are no data

available that are responsive to this request.

UPS/USPS-T28-32. Describe in detail any differences in the handling and delivery of Standard Mail ECR DDU destination entry letters and First Class letters arriving at the DDU with respect to, but not limited to, priority in processing and delivery. Include in your explanation the effect of relevant statutes and Postal Service regulations on the ability of a mailer to migrate a First Class letter to a Standard Mail ECR DDU destination entry piece as well as the additional mail preparation (e.g., sequencing) that would be required of the mailer.

(a) Describe in detail the mail that could be sent as First Class mail but not as Standard Mail ECR DDU destination entry (due to statutes or Postal Service regulations concerning content restrictions).

RESPONSE:

The main driver in the difference in "handling and delivery" between ECR DDU letters

and First-Class letters is the general preference given to First-Class Mail. A mailer's

"ability to migrate a First-Class letter to a Standard Mail ECR DDU" piece is constrained

by DMM E110.1.6, which lists materials that must be mailed at First-Class or Express

Mail rates. The requirements for mail entered at the ECR rates are in DMM E630. The

specific requirement for sequencing is in E630.1.5. Destination Entry eligibility

standards are in DMM E650.

a. See DMM E110.1.6 for examples of material that must be sent as First-Class Mail and, therefore, cannot be sent as ECR DDU.

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF UNITED PARCEL SERVICE

UPS/USPS-T28-34. Refer to the Postal Service's response to interrogatory DFC/USPS-6(a).

(a) Provide a breakdown of the PETE data, % On Time Overnight Commitment and % On Time 2-Day Commitment, separately for FY1998, FY1999, FY2000, and FY2001, for:

(i) Priority Mail flats; and

(ii) Priority Mail Parcels.

(b) Provide a breakdown of the ODIS data, % On Time Overnight Commitment and % On Time 2-Day Commitment, separately for FY1998, FY1999, FY2000, and FY2001, for:

(i) Priority Mail flats; and

(ii) Priority Mail Parcels.

RESPONSE:

a. Data are not available for this split. The system is not designed to derive

statistically reliable data for parcels at this level.

b. ORIGIN-DESTINATION INFORMATION SYSTEM PRIORITY MAIL SERVICE STANDARD REPORT FLATS & PARCELS, OVERNIGHT & TWO-DAY NATIONAL, FY1998 thru FY2001

FISCAL	SERVICE	** SSA SCORES **		
YEAR	STANDARD	SHAPE	One-Day	Two-Days
1998	OVERNIGHT	FLATS	84	
1998	OVERNIGHT	PARCELS	85	
1998	TWO-DAY	FLATS		70
1998	TWO-DAY	PARCELS		73
1999	OVERNIGHT	FLATS	85	
1999	OVERNIGHT	PARCELS	86	
1999	TWO-DAY	FLATS		72
1999	TWO-DAY	PARCELS		75
2000	OVERNIGHT	FLATS	83	
2000	OVERNIGHT	PARCELS	85	
2000	TWO-DAY	FLATS		70
2000	TWO-DAY	PARCELS		73
2001	OVERNIGHT	FLATS	81	
2001	OVERNIGHT	PARCELS	82	
2001	TWO-DAY	FLATS		66
2001	TWO-DAY	PARCELS		69

UPS/USPS-T28-35. Using PETE data, provide separately for FY1998, FY1999, FY2000, and FY2001 the number of Priority Mail pieces:

(a) That were sent to destinations within a one-day service standard;

(b) That were sent to destinations within a two-day service standard;

(c) That were sent to destinations within a three-day service standard.

RESPONSE:

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For all responses shown below, the term "Priority Mail pieces" is defined as the total Priority Mail volume that is represented by PETE, not the actual amount of test mail pieces that are used in the measurement system.

(a) - (c)

The PETE service performance measurement system does not test Priority Mail with a three-day service standard and only measures service performance for identified Priority Mail.

Priority Mail Volumes FY 1998

Service Standard	Priority Mail Volume
One Day	83, 576, 042
Two Day	439, 326, 418
Total	522, 902, 460

For FY 1999, refer to the Docket No. R2000-1, response to UPS/USPS-21. A copy is attached.

RESPONSE to UPS/USPS-T28-35 (continued):

Service StandardPriority Mail VolumeOne Day88, 797, 626Two Day462, 266, 876Total551, 064, 502

Priority Mail Volumes FY 2001

Priority Mail Volumes FY 2000

Service Standard	Priority Mail Volume
One Day	94, 981, 353
Two Day	502, 978, 571
Total	597, 959, 924

RESPONSE OF UNITED STATES POSTAL SERVICE

UPS/USPS-21. Using PETE data, provide the number of Priority Mail pieces for FY1999:

(a) that were sent to destinations within a one-day service standard;

(b) that were sent to destinations within a two-day service standard; and

(c) that were sent to destinations within a three-day service standard.

RESPONSE:

The PETE service performance measurement system does not test Priority Mail with a three-day service standard and only measures service performance for identified Priority Mail.

(a) - (c)

PETE Priority Mail Volumes FY 1999

Service Standard	Priority Mail Volume
One Day	86,609,090
Two Day	452,334,800
Total	538,943,890

Attachment to response to UPS/USPS-T28-35

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF UNITED PARCEL SERVICE

UPS/USPS-T28-42. Describe all factors which make Priority Mail more difficult to process and handle than First Class Mail, including Postal Service operations, content restrictions, available automation, machinability, weight and dimensional differences, and average cube size.

RESPONSE:

Mail of various sizes and service standards may travel through different mailflows (see, generally, witness Kingsley's testimony (USPS-T-39) for a description of mail processing). It is not clear what is meant by "more difficult." Obviously, flat and parcel sorting operations are more costly than letter sorting operations (due to factors such as automation availability, machinability, weight and dimensional differences, and cube), but that does not make them "more difficult" necessarily. The higher costs of certain processing types are reflected in the costs and the rates for the products processed through those operations.

UPS/USPS-T28-44. Refer to library reference USPS-LR-J-89, which compares markups and markup indices by subclass in the PRC's recommended decision in Docket No. R2000-1 with markups and markup indices resulting from the Postal Service's proposed rates in Docket No. R2001-1 under PRC costing and Postal Service costing methodologies. The markups and markup indices are provided separately for First Class Letters and First Class Cards. Provide the markup and markup indices for First-Class Mail in the aggregate.

RESPONSE:

Markup – USPS methodology	110.0 percent
Markup – PRC methodology	90.5 percent
Markup Index – USPS methodology	1.376
Markup Index – PRC methodology	1.390

UPS/USPS-T28-48. Refer to pages 22-26 of your testimony, USPS-T-28, where you apply the ratemaking criteria to Priority Mail. Confirm that flats are more difficult to process, transport, and deliver than letter-shaped pieces. If not confirmed, explain why not.

RESPONSE:

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Mail of various sizes and service standards may travel through different mailflows (see, generally, witness Kingsley's testimony (USPS-T-39) for a description of mail processing). It is not clear what is meant by "more difficult." Obviously, flat and parcel sorting operations are more costly than letter sorting operations (due to factors such as automation availability, machinability, weight and dimensional differences, and cube), but that does not make them "more difficult" necessarily. The higher costs of certain processing types are reflected in the costs and the rates for the products processed through those operations.

UPS/USPS-T28-49. Refer to pages 22-26 of your testimony, USPS-T-28, where you apply the ratemaking criteria to Priority Mail. Confirm that parcels are more difficult to process, transport, and deliver than flat-shaped pieces. If not confirmed, explain why not.

RESPONSE:

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Mail of various sizes and service standards may travel through different mailflows (see,

generally, witness Kingsley's testimony (USPS-T-39) for a description of mail

processing). It is not clear what is meant by "more difficult." Obviously, parcel sorting

operations are more costly than flat sorting operations (due to factors such as

automation availability, machinability, weight and dimensional differences, and cube),

but that does not make them "more difficult" necessarily. The higher costs of certain

processing types are reflected in the costs and the rates for the products processed

through those operations.

UPS/USPS-T30-1. Are there ZIP Code pair delivery standards for Priority Mail for each ZIP Code to which Priority Mail is delivered? If not, for what portion of ZIP Code pairs are there delivery standards?

RESPONSE:

Yes, there are Priority Mail service (delivery) standards for all 849,106

valid three-digit ZIP Code pairs.

UPS/USPS-T30-2. Since the Commission's Opinion in Docket No. R2000-1, has the Postal Service changed any ZIP Code pair delivery standards for Priority Mail? If so, provide the proportion of the changed pairs to the total number of all Priority Mail ZIP Code pairs for which delivery standards were upgraded (providing for a shorter delivery time) and for which delivery standards were downgraded (providing for a longer delivery time).

RESPONSE:

Yes. There are 849,106 3-digit ZIP Code pairs in the Priority Mail service

standard database. Since the Commission issued its Docket No. R2000-1

Opinion on November 13, 2000, 1,084 pairs (0.13%) have been upgraded

(providing for a shorter delivery time) and 104 pairs (0.02%) have been

downgraded (providing for a longer delivery time).

UPS/USPS-T30-3. Are the delivery standards for Priority Mail different under the FedEx transportation contract? If so, provide the proportion of the changed pairs to the total number of all Priority Mail ZIP Code pairs for which delivery standards have been or will be upgraded (providing for a shorter delivery time) and for which delivery standards have been or will be downgraded (providing for a longer delivery time).

RESPONSE:

No changes to Priority Mail service (delivery) standards have been made

as a result of the FedEx transportation contract.

UPS/USPS-T30-8. Refer to the Postal Service's answer to OCA/USPS-60(c) and (d) regarding the legal costs of defending Priority Mail advertisements, in which the Postal Service states that "these costs were not 'charged to Priority Mail' because...there was no appropriate accounting or economic basis for doing so."

- (a) Confirm that these legal costs would not have been incurred if the Postal Service did not offer the Priority Mail service. If not confirmed, explain fully and identify the other products that caused these legal costs to be incurred.
- (b) Explain fully how an "appropriate accounting...basis" for attributing costs is established.
- (c) Explain fully how an "appropriate...economic basis" for attributing costs is established.
- (d) If the legal costs were caused only by the existence of Priority Mail, is this not an "appropriate economic basis" for attributing these costs to Priority Mail? If your answer is anything other than an unqualified "yes," explain fully.

RESPONSE:

a. Not confirmed. The nature of the various legal services performed for the Postal Service do not suggest that individual particular products are the "drivers" of a significant portion of the Postal Service's legal expenses. Certainly, as a governmental entity with hundreds of thousand of employees and vehicles and tens of thousands of facilities supporting its nationwide retail, processing, *transportation, and delivery networks, the Postal Service would have legal costs* with or without offering any one particular product, including Priority Mail. There is no reason to believe that adding individual products would necessarily affect the total level of the Postal Service's legal costs. While the Postal Service has not engaged in any comprehensive analysis of what its legal costs would be in the absence of any of its individual products, including Priority Mail, in the judgment of the Postal Service, it is appropriate to consider legal costs in general as common fixed costs.

The instant question, however, inquires not about the overall effect of Priority Mail on the Postal Service's legal costs, but about the effect of particular litigation on the Postal Service's legal costs. In that case, the question is not whether the addition of a product (e.g., Priority Mail) causes changes in total legal costs, but whether the addition of a particular one-time legal activity necessarily causes changes in total legal costs. Given the fact that the Postal Service employs hundreds of lawyers who are FLSA-exempt and who are paid on an annual rather than hourly basis, it is entirely plausible that an additional piece of one-time litigation (or any other type of specific legal activity) could be absorbed with no increase in accrued legal costs. Therefore, even in instances in which a particular one-time legal activity appears to relate to a specific postal product, it does not follow that some particular amount of legal costs have been incurred that would not have been incurred if that activity had not taken place. There is no firm causal link between engagement in the activity and the necessary incurrence of costs. Moreover, in reality, across the entire panoply of postal legal activities, the proportion of legal activities that even arguably relate exclusively to one product is quite low. Taken in conjunction, these two factors explain why it is reasonable for the Postal Service not to take systematic efforts to identify all such litigation or projects and segregate their costs from all other legal costs.

The litigation specified in the OCA question is a good example of why the costs of so few legal activities can be assumed to relate exclusively to one

product. Even litigation initiated in the context of one specific product can involve broad issues of general applicability. Much of the focus of the litigation in question involved a very broad jurisdictional issue regarding the ability of parties to challenge postal advertising of any kind under a particular federal statute. The level of resources given to such litigation under such circumstances will be a *function of the Postal Service's overall institutional concerns, rather than* necessarily related to the individual product that gave rise to the litigation. Thus, it is impossible to link all or a specific portion of the total costs of this one-time litigation (even if they could be identified, which they cannot) to Priority Mail or any other product.

b. An appropriate accounting basis to attribute costs would have numerous dimensions, and cannot possibly be discussed in any comprehensive fashion in response to this interrogatory. In the context of the instant subject, however, the bare minimum requirement for an accounting system adequate to the task apparently intended by the line of questions would appear to be comprehensively tracking the expenses of each legal activity in which the Postal Service is engaged. No such accounting system exists, nor has any compelling reason to create one been identified. Consequently, in this instance, it is not possible to go back in time and segregate any measure of the total costs of the litigation in question from all other Postal Service legal expenses over that period of postal history.

- c. Please see the testimony of Prof. Panzar, USPS-T-11, in Docket No. R97-1, as well as the Summary Description (USPS-LR-J-1).
- d. Yes, but as discussed above, no firm basis to reach this conclusion has been established. Specifically, not only does no historical record exist to know the amount of time postal lawyers spent on this particular litigation and no basis exists to know what the effect of that time might have been on actual accrued legal expenses (i.e., "the legal costs" are not defined), but much of that time was devoted to the protection of institutional interests, rather than those specific to Priority Mail.

UPS/USPS-T33-4. Confirm that a worksharing discount is not offered for Priority Mail pieces that are entered at the Destination Delivery Unit ("DDU"). If not confirmed, explain in detail.

(a) Confirm that any piece that is migrated from Priority Mail to Parcel Post DDU destination entry will yield significantly less contribution per piece to institutional costs. If not confirmed, explain in detail.

(b) Assume there was a DDU destination entry discount for Priority Mail pieces. Confirm that a workshared Priority Mail DDU destination entry piece with 100% passthrough of worksharing savings would have a contribution to institutional costs of \$2.23 per piece. If not confirmed, explain in detail.

RESPONSE

No worksharing discounts are offered for Priority Mail pieces entered at the DDU.

- (a) Not confirmed. The Postal Service has no data that characterize what Priority Mail pieces might migrate to Parcel Post DDU entry. Further, even if such a piece could be characterized, no data exist that allow the Postal Service to determine the variable cost of a piece of mail that is eligible to migrate from Priority Mail to Parcel Post. Hence it is impossible to know what the actual contribution would be for a specific eligible piece, and the requested comparison cannot be made.
- (b) Not confirmed. The \$2.23 figure represents the contribution to institutional costs of an average Priority Mail piece (see the response to question UPS/USPS-T33-3(c) redirected to the Postal Service), not necessarily the contribution of a parcel that would be eligible to migrate from Priority Mail to Parcel Post. The Postal Service has no data that allow it to characterize what Priority Mail pieces might migrate to Parcel Post DDU entry. Moreover, no data exist that would allow the Postal Service to determine the variable cost of a piece of mail that is eligible to migrate from Priority Mail to Parcel Post. Hence it is impossible to know what the

actual contribution would be for a specific eligible piece, and the requested

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comparison cannot be made.

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UPS/USPS-T33-11. Confirm that there are no content restrictions that differ between non-letter Priority Mail and Parcel Post. If not confirmed, explain in detail.

(a) Identify and explain any Postal Service regulations that that would not permit a non-letter Priority Mail piece to be entered instead as a Parcel Post piece.

(b) Explain whether you have taken into account in your Parcel Post DDU destination entry rate design the lost contribution that results from a Priority Mail piece being migrated to Parcel Post DDU-entry. If such lost contribution has not been taken into account, explain why not.

RESPONSE

Not confirmed. See explanation under (a), below.

- (a) Postal Service regulations describing items mailable using Parcel Post rates are described in the DMM, Sections E710.1.0 and E711.1.0. These regulations limit Parcel Post to items that are "neither mailed or required to be mailed as First-Class Mail." DMM Section E110.1.0 describes those items that are required to be mailed as First-Class Mail (including Priority Mail). Priority Mail pieces whose content does not fall under the requirements of DMM Section E110.1.0 would be also eligible to be mailed as Parcel Post.
- (b) No such adjustment has been made. The Postal Service has no data that characterize what Priority Mail pieces might migrate to Parcel Post DDU entry. Furthermore, even if the characteristics of such pieces were known, as I have described in my response to UPS/USPS-T33-4, the Postal Service has no data that would enable it to disaggregate Priority Mail costs in a way that reasonable estimates of the actual costs and contributions for such pieces could be made. Finally, the Postal Service has no data or studies that indicate that a significant amount of Priority Mail pieces will migrate to Parcel Post DDU entry.

UPS/USPS-T33-12. Refer to the Mailer's Technical Advisory Committee Meeting Minutes for August 1-2, 2001 for "Issue 61 -- Service Assessment for DU Drop Shipments" under the category "Parcels" available at www.ribbs.usps.gov/mtac.htm.

(a) Confirm that there is an ongoing measurement program to assess delivery performance for Parcel Post DDU destination entry parcels. If not confirmed, explain.

(b) Provide any available results from this program.

(c) Explain why "Priority Mail customers are invited to participate in the assessment."

(d) Is a Priority Mail DDU destination entry rate being considered by the Postal Service? If not, why not.

RESPONSE

- (a) Not confirmed. The measurement program is currently being developed and so is not ongoing. In addition, the program is being designed to assess service performance for all dropshipped parcels, regardless of subclass.
- (b) No results are available. Please see the response to subpart (a).
- (c) The Postal Service does not know how this statement entered the minutes of the meeting, or that this statement accurately reflects an opinion expressed at the meeting. The program that is being implemented will only focus on dropshipped parcels (see response to subpart (a)). Moreover, the minutes of the April 25, 2001 "MTAC/USPS DDU Drop Shipment Service Assessment for Parcels Workgroup" meeting (available at http://www.ribbs.usps.gov/mtac.htm) clearly state as one of the objectives of the group, "[w]ork jointly with parcel shippers (Package Services and Standard Mail), including drop ship consolidators to assess DDU service performance." There is no mention of Priority Mail customers.
- (d) The Postal Service is currently not considering a Priority Mail DDU destination entry rate. Any such offering would have to account for the greatly diminished opportunity to provide expedited processing and transportation (though there could be some retained preferential treatment in delivery – see witness

Kingsley's response to UPS/USPS-T33-6), which are defining characteristics of Priority Mail.

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UPS/USPS-T33-25. Refer to your response to interrogatory UPS/USPS-T33-11(a). Confirm that mail which qualifies to be mailed as Bound Printed Matter, Media Mail, or Library Mail can also be mailed as Parcel Post. If not confirmed, explain.

RESPONSE

This can be generally confirmed, however, markings on Package Services mail (including Bound Printed Matter, Media Mail and Library Mail) that have the character of personal correspondence require, with certain exceptions, additional postage at First-Class rates. These exceptions are described in the DMM in Section E710.1.4.

UPS/USPS-T33-32. Refer to the Postal Service's response to interrogatory UPS/USPS-T33-12(c).

(a) Will Priority Mail customers be eligible to see the results of the program to assess DDU delivery performance for dropshipped parcels? If not, why not?

(b) Will the results of the program to assess DDU delivery performance for dropshipped parcels be made available to the Commission?

(c) Will the results of the program to assess DDU delivery performance for dropshipped parcels be made available to mailers?

(d) Will access to the results of the program to assess DDU delivery performance for dropshipped parcels be restricted in any way? If so, in what way, and why?

RESPONSE

(a) The purpose of the service measurement information is to help the Postal

Service provide appropriate quality service to Package Services customers.

Delivery Confirmation customers will each be provided with their company's data.

Other uses of the data have not been determined.

- (b) See response to subpart (a).
- (c) See response to subpart (a).
- (d) See response to subpart (a).

UPS/USPS-T39-60. Refer to library reference USPS-LR-J-161, file "equipment.xls," which maps Property Code Numbers ("PCN"s) to equipment name. The following questions pertain to letter sorting equipment found in that file.

(a) Confirm that the following represents a comprehensive list of all types of equipment that are used, either in isolation or in combination with others, for sorting mail in the Letter Sorting Machine ("LSM") Management Operating Data System ("MODS") operation.

PCN with	Equipment Name
910000	LETTER SORTING MACHINE, MULTI POS
910010	LETTER SORTING MACHINE, SINGLE
910020	LSM TRAY CONVEYOR SYSTEM
910030	LSM - ZIP MAIL TRANSLATOR
910034	LSM - ELECTRONIC SORT PROCESSOR
910091	LSM - EXPANDED ZIP RETROFIT
910092	LSM - EZR MAINTENANCE TERMINAL
910093	LSM MISC MODIFICATION COST
910094	LSM - VACUUM SYSTEM

(b) If you cannot confirm in part (a), is the list above over-inclusive or incomplete?

(i) If over-inclusive, explain which pieces of equipment are not used in the LSM MODS operation.

(ii) If incomplete, list and describe other equipment that can be used to sort mail in the LSM MODS operation. Provide an electronic spreadsheet indicating which of the facilities listed in library reference USPS-LR-J-56, file "reg9300-labels.xis," have such equipment.

(c) Using the PCNs listed above, provide the minimum configuration necessary for a plant to process letters in the LSM MODS operation.

RESPONSE:

a. Not confirmed.

b. The list is over-inclusive. The PCN 910020, for "LSM TRAY CONVEYOR

SYSTEM" is not necessarily part of the LSM. It is a tray transport system.

For instance, in the development of depreciation cost by equipment type, this

cost is categorized as Tray Transport and Staging, rather than as LSM. See

USPS LR-J-54, page 73.

(PAGE 2 OF RESPONSE TO UPS/USPS-T39-60)

c. The minimum configuration would be either the first or second items, the

Multi-Position LSM or the Single-Position LSM.

A. UPS/USPS-T39-61. Refer to library reference USPS-LR-J-161, file "equipment.xls," which maps Property Code Numbers ("PCN"s) to equipment name. The following questions pertain to flat sorting equipment found in that file.

(a) Confirm that the following represents a comprehensive list of all types of equipment that are used, either in isolation or in combination with others, for sorting mail in the Flat Sorter Machine ("FSM") Management Operating Data System ("MODS") operation.

PCN .	MEquipment Name
920000	FLAT SORTER MACHINE
920010	FLAT SORTER BIN UNIT
920020	FLAT SORTER CULL UNIT
920030	FLAT SORTER EXTRACTOR UNIT
920040	FLAT SORTER FEED UNIT

(b) If you cannot confirm part (a), is the list above over-inclusive or incomplete?
(i) If over-inclusive, explain which pieces of equipment are not used in the FSM MODS operation.

(ii) If incomplete, list and describe other equipment that can be used to sort mail in the FSM MODS operation. Provide an electronic spreadsheet indicating which of the facilities listed in library reference USPS-LR-J-56, file "reg9300.xls," have this other equipment.

(c) Is it possible to use the PCNs shown above to distinguish between FSM1000s and other flat sorting machines?

(i) If so, which PCNs indicate the presence of FSM1000s and which indicate the presence of other flat sorting machines in a facility?

(ii) If not, provide a more detailed equipment list that can be used to identify the number of FMS1000s and the number of FMS [sic] machines are located at each of the facilities listed in library reference USPS-LR-J-56 file "reg9300.xls."

(d) Using the PCNs listed above, provide the minimum configuration necessary for a plant to process flats in the FSM MODS operation.

RESPONSE:

a. Not confirmed.

b. The list is incomplete. The addition of barcode readers to FSMs is recorded

under PCN 950000. During the course of the mid-90s all FSM 881s were

modified to include barcode readers, so all facilities with FSM 881s would

have this equipment. Please note there are other types of equipment

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(PAGE 2 OF RESPONSE TO UPS/USPS-T39-61)

recorded under PCN 950000. To identify those PCN 950000 records which are for FSM equipment it is necessary to use the purchase contract number. (This information is not included in the equipment records in file PPAM.xls of USPS LR-J-161 and similar files in USPS LR-J-179.)

c. No, in addition to PCN, as is the case in part b, the purchase contract number is needed to distinguish between FSM 1000s and other FSMs. In any event, the equipment records contained in USPS LR-J-161 and USPS LR-J-179 can not readily be used to provide the number of FSM 1000s and other FSMs. As indicated in USPS LR-J-161, multiple records may exist for each piece of equipment because of upgrades and retrofits.

d. The minimum configuration is the first item, with the PCN 920000.

UPS/USPS-T39-62. Refer to library reference USPS-LR-J-161, file "equipment.xls," which maps Property Code Numbers ("PCN"s) to equipment name. The following questions pertain to Optical Character Reader ("OCR") equipment found in that file.

(a) Confirm that the following represents a comprehensive list of all types of equipment that are used, either in isolation or in combination with others, for sorting mail in the OCR Management Operating Data System ("MODS") operation.

PCN SMAR	Equipment Name	And a stand of the second states and
960000	READER, OPTICAL	CHARACTER
960010	READER, OPTICAL	CHARACTER (OCR/CS)
960020		DING IMAGE PROCESS SYS

(b) If you cannot confirm in part (a), is the list above over-inclusive or incomplete?

(i) If over-inclusive, explain which pieces of equipment are not used in the OCR MODS operation.

(ii) If incomplete, list and describe other equipment that can be used to sort mail in the OCR MODS operation. Provide an electronic spreadsheet indicating which of the facilities listed in library reference USPS-LR-J-56, file "reg9300.xls," have such equipment.

(c) Explain the difference between PCN 960000 (Optical Character Reader) and PCN 960010 (Optical Character Reader (OCR/CS)).

(d) Using the PCNs listed above, provide the minimum configuration necessary for a plant to process flats in the Flats Sorting Machine ("FSM") MODS operation.

RESPONSE:

- a. Not confirmed.
- b. PCN 960020 is not for OCRs, it is for Remote Bar Code System. Also, the

addition of the ISS component to multi-line OCRs is recorded under PCN

950000. As noted in response to part b of UPS/USPS-T39-61, there are

other types of equipment recorded under PCN 950000. To identify those

PCN 950000 records which are for OCR equipment it is necessary to use the

purchase contract number. (This information is not included in the equipment

(PAGE 2 OF RESPONSE TO UPS/USPS-T39-62)

records in file PPAM.xls of USPS LR-J-161 and similar files in USPS LR-J-179.) The ISS has been added to all Multi-line OCRs, so most all facilities with an OCR have this equipment.

- c. As true for PCN 950000, PCN 960000 is used to record the ISS component costs (as well as other equipment). To identify those PCN 960000 records which are for OCR equipment it is necessary to use the purchase contract number. (This information is not included in the equipment records in file PPAM.xls of USPS LR-J-161 and similar files in USPS LR-J-179.) PCN 960010 is for the OCRs themselves.
- d. The minimum configuration for OCR is PCN 960010.

UPS/USPS-T39-63. Refer to library reference USPS-LR-J-161, file "equipment.xls," which maps Property Code Numbers ("PCN"s) to equipment name. The following questions pertain to Bar Code sorting equipment found in that file.

(a) Confirm that the following represents a comprehensive list of all types of equipment that are used, either in isolation or in combination with others, for sorting mail in the Bar Code Sorter ("BCS") Management Operating Data System ("MODS") operation.

PCN	Anne ann ann ann ann ann ann ann ann ann
950000	BAR CODE READER
950010	SMALL BAR CODE SORTER (SBCS)
950020	DELIVERY BAR CODE SORTERS (DBCS)

(b) If you cannot confirm in part (a), is the list above over-inclusive or incomplete?

(i) If over-inclusive, which pieces of equipment are not used in the BCS MODS operation.

(ii) If incomplete, list and describe other equipment that can be used to sort mail in the BCS MODS operation. Provide an electronic spreadsheet indicating which of the facilities listed in reference UPS-LR-J-056, file "reg9300.xls," have such equipment.

(c) Describe in detail the capabilities and use of PCN 950000 (Bar Code Reader), including how it is used, what it is used for, and what type or types of mail the machine processes.

(d) Describe in detail the capabilities and use of PCN 950010 (Small Bar Code Sorter), including how it is used, what it is used for, and what type or types of mail the machine processes.

(e) Distinguish between the capabilities and uses of PCN 950000 and 950010 (Bar Code Reader and Small Bar Code Sorter, respectively).

(f) Using the PCNs listed above, provide the minimum configuration necessary for a plant to process mail in the BCS MODS operation.

RESPONSE:

a. Not confirmed.

b. The list is over-inclusive since only some of the equipment records in USPS

LR-J-161 with a PCN 950000 are for equipment used in combination with Bar

Code Sorters.

(PAGE 2 OF RESPONSE TO UPS/USPS-T39-63)

- c. The PCN 950000 records associated with Bar Code Sorters include two types of equipment. The first is the OSS component added to the Mail Processing Bar Code Sorters (MPBCS). The Output Sub System (OSS) is described by witness Kingsley, USPS-T-39, at page 5. The second is the DBCS, which is described by witness Kingsley, USPS-T-39, at page 6.
- d. The PCN 950010 records include two types of equipment: the MPBCS and Carrier Sequence Bar Code Sorter (CSBCS). Both of these Bar Code Sorters are discussed by witness Kingsley, USPS-T-39, at page 7.
- e. See the responses to parts c and d.
- f. The minimum configuration as reflected in equipment records by PCN for MPBCS, DBCS and CSBCS is PCN 950010, PCNs 950000 and 950020, and PCN 950010 respectively. For those PCNs which include more than one type of equipment, the purchase contract number is needed to distinguish the records further. (This information is not included in the equipment records in file PPAM.xls of USPS LR-J-161 and similar files in USPS LR-J-179.)

UPS/USPS-T39-64. Refer to library reference USPS-LR-J-161, file "equipment.xls," which maps Property Code Numbers ("PCN"s) to equipment name. The following questions pertain to parcel sorting equipment found in that file.

(a) Confirm that the following represents a comprehensive list of all types of equipment that are used, either in isolation or in combination with others, for sorting mail in the Small Parcel/Bundle Sorter ("SPBS") Management Operating Data System ("MODS") operation.

PCN	Requipment Name
930000	PARCEL SORTING MACHINE
930040	SMALL PARCEL/BUNDLE SORTER SYSTEM
930050	SMALL PARCEL/ROLL SORTER SYSTEM

(b) If you cannot confirm in part (a), is the list above over-inclusive or incomplete?

(i) If over-inclusive, which pieces of equipment are not used in the SPBS MODS operation?

(ii) If incomplete, list and describe other equipment that can be used to sort mail in the SPBS MODS operation. Provide an electronic spreadsheet indicating which of the facilities listed in library reference USPS-LR-J-56, file "reg9300.xls," have such equipment.

(c) Is the Parcel Sorting Machine (PCN 930000) present at a Bulk Mail Center (BMC), a Processing and Distribution Center (P&DC), or both?

(d) Is the Small Parcel/Bundle Sorter System (PCN 930040) present at a BMC, a P&DC, or both?

(e) Describe in detail the capabilities and use of a Parcel Sorting Machine (PCN 930000), including how it is used, what it is used for, and what type or types of mail the machine processes. Is PCN 930000 used at a BMC, a P&DC, or both?

(f) Describe in detail the capabilities and use of a Small Parcel/Bundle Sorter System (PCN 930040), including how it is used, what it is used for, and what type or types of mail the machine processes. Is PCN 930040 used at a BMC, a P&DC, or both?

(g) Describe in detail the capabilities and use of a Small Parcel/Roll Sorter System (PCN 930050), including how it is used, what it is used for, and what type or types of mail the machine processes. Is PCN 930050 used at a BMC, a P&DC, or both?

RESPONSE:

a. Not confirmed.

(PAGE 2 OF RESPONSE TO UPS/USPS-T39-64)

- b. This list is over-inclusive for two reasons. First, PCN 930050 is not used in SPBS operations. Second, some of the PCN 930000 records are not for SPBS. For this PCN which includes more than one type of equipment, the purchase contract number is needed to distinguish the records further. (This information is not included in the equipment records in file PPAM.xls of USPS LR-J-161 and similar files in USPS LR-J-179.)
- c. PCN 930000 records are present at both BMCs and P&DCs.
- d. SPBS are located at both P&DCs and BMCs. In addition, records for PCN
 930040 are present for both P&DCs and BMCs.
- e. PSM are described by witness Kingsley, USPS-T-39, page 21, lines 1-7.
- f. See USPS-T-39, page 22 line 26 through page 23, line 3 for a description of SPBS.
- g. We are not aware of any machine called a Small Parcel/Roll Sorter System.
 There are a small number of records under this PCN for both BMCs and P&DCs.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF UNITED PARCEL SERVICE REDIRECTED FROM WITNESS KINGSLEY

UPS/USPS-T39-65. Refer to library reference USPS-LR-J-161, file

"equipment.xls," which maps Property Code Numbers ("PCN"s) to equipment

name. For each of the following pieces of equipment listed in that file, explain

whether each is found only at a Bulk Mail Center ("BMC"), only at a

Processing and Distribution Center ("P&DC"), or both.

PCN ******	Equipment Name Manager Manager
970010	BMC INBOUND-OUTBOUND TOW CONVEYOR
970020	BMC PARCEL SORTING INDUCTION UNIT
970022	BMC PARCEL SORTING MACHINE
970029	BMC PARCEL SORTING MACH MOD COST
970030	BMC PROCESS CONTROL SYSTEM
970040	BMC SACK SHAKEOUT MACHINE
970050	BMC SACK SORTER AND LOADER
970060	BMC TOWVEYOR - INTERNAL TOW CONV
970062	BMC TOWVEYOR - WEARBAR LUBRICATOR

RESPONSE:

In FY 2000, PCNs 970040 and 970062 are found only at BMCs. A small number of records for the rest of the PCNs (except PCN 970029 which has no records) were found for P&DCs. Most of the records for these PCNs were for BMCs.

RESPONSE OF UNITED STATES POSTAL SERVICE

UPS/USPS-T-39-66 Refer to your response to interrogatory UPS/USPS-T33-6 (redirected from Witness Kiefer).

- (a) How many pieces of parcel-shaped volume does a carrier typically deliver in a day? Provide a breakdown by type of carrier route.
- (b) How many pieces of parcel-shaped volume can a carrier typically deliver in a day? Provide a breakdown by type of carrier route.
- (c) How often is a carrier unable to deliver all of the parcel-shaped volume for his or her route in a particular day? Provide a breakdown by type of carrier route.
- (d) Is the decision that a carrier will not deliver all parcels at the Destination Delivery Unit ("DDU") for his or her route in a given day made prior to the carrier leaving the DDU? If not, when is the decision made, and by whom?

Response:

- a. No reliable estimates at this level of disaggregation are available.
- b. There is no one number. Vehicle size is usually not an issue. Type of route usually

does not matter either. For example, if it were a foot route a separate parcel run

would deliver the volume.

- c. This information is not tracked.
- d. It is decided with the supervisor before the carrier leaves for the street whether

he/she needs and receives assistance.

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VP/USPS-1 Please refer to the Postal Service's response to VP/USPS-T-39-10(b), where the Postal Service describes the collation of flat pieces from multiple Detached Address Label ("DAL") mailings into trays for delivery on the same day. For purposes of responding to this interrogatory, please add the following assumptions to those in VP/USPS-T39-10: (i) each mailing has just enough DALs (specifically addressed to an individual customer or residence) to satisfy the minimum requirements necessary to qualify for the saturation rate, so that some of the stops on the route will not receive one of the pieces in each DAL mailing; (ii) many of the "omitted" stops are covered stops in the other DAL Saturation mailings; and (iii) in each mailing the number of DALs is exactly equal to the number of wraps in that mailing. To elaborate briefly, under this hypothetical, a number of the stops along the route may receive all of the different wraps being delivered that day, but some of the stops will not receive all of them. Please explain how a mounted carrier who has pre-collated all of the wraps and taken them on the route will handle delivery as the carrier proceeds from stop to stop; e.g., at stops where at least one of the wraps is not to be delivered, does the carrier set aside the "omitted" wrap(s) for delivery later? If not, what procedure does the carrier follow?

Response:

The carrier, upon reviewing the mail prior to delivery to the customer, would deliver the appropriate unaddressed mail piece for each DAL. The unaddressed piece for the second mailing where a DAL was not evident for the delivery would be retained for the appropriate delivery.

for the appropriate delivery.

VP/USPS-2 Please refer to the Postal Service's response to VP/USPS-T39-24.

- a. In the response to part d, the Postal Service states that "[t]he DAL and host mailpiece ... are considered two pieces for costing purposes." Please indicate specifically all instances where the DAL and host piece are considered as two pieces for costing purposes.
- b. In the response to part e (ii), the Postal Service states that "When volume exists to saturate a route, DALs facilitate the casing and delivery of some flats and parcels." (Emphasis added.) Please provide examples of instances where DALs do not facilitate the casing and delivery of (some) flats and parcels.

Response:

- a. In both the city carrier and rural carrier cost systems, the DAL and host mailpiece are counted as two mailpieces. The estimated volumes from those two systems are utilized to produce proportions of mail in each subclass in each shape. The proportions are then used to distribute volume variable costs to subclasses in Cost Segments 7 and 10.
- b. In the event that the accompanying unaddressed mail piece is large, *e.g.*, soap sampler, diaper sampler, or cereal samples, foot and park & loop routes would be limited as to the number of pieces that can be taken out on any one carry irrespective of the presence of a DAL. The accompanying DAL is still preferred over addressed parcels.

VP/USPS-3 Please refer to the Postal Service's response to VP/USPS-T39-28.

- a. For DAL mailings delivered on rural routes, please provide the Postal Service's best estimate of the share, or percentage, that have simplified addresses, and the share, or percentage that are specifically addressed to an individual customer or residence.
- b. In part b of that response, the Postal Service states that "[a]II DAL mailings count as two mail pieces on rural routes." For purposes of distributing rural delivery costs to letters versus flats, please explain whether DAL mailings count as (i) two flats, or (ii) one letter and one flat.
- c. In part b of that response, the Postal Service also provides the time value of DALs for sortation, depending on whether the DAL (i) is specifically addressed to a customer or (ii) uses a simplified address. Regardless of which address form is used, is the time value for sorting DALs, during the specified count period, treated as a cost of sorting letters or flats? Please explain.

Response:

- a. The USPS does not maintain records indicating this information. Rural carriers would have more simplified address mailings than city carriers, however, there is no way to determine a viable estimate.
- b. The rural carrier cost system would count the DAL as either an "other letter" or a boxholder, depending on the address format. The host piece would be counted under the applicable shape. The estimated volumes from the rural carrier cost system are utilized to produce proportions of mail in each subclass in each shape. The proportions are then used to distribute volume variable costs to subclasses in Cost Segment 10.
- c. The time value of sorting DALs during the count period does depend on whether the DAL is specifically addressed or has a simplified address. The time values

are provided in response to VP/USPS-T-39-28b. Since DALs, according to DMM A060.2.1, can only be letter shaped (up to 5 inches tall and 9 inches long), they would be counted as letters.

Revised 12/10/01 RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SCHENK TO AN INTERROGATORY OF VAL-PAK DIRECT MARKETING SYSTEMS, INC. AND VAL-PAK DEALERS' ASSOCIATION, INC.

VP/USPS-4.

Please refer to the table and graph in interrogatory OCA/USPS-106.

a. Please examine the Management Operating Data System ("MODS") operations and In-Office Cost System ("IOCS") tallies that underlie the mail processing unit costs for First-Class single piece and Standard Regular letter-shaped mail in the 0-1 and 2-3 ounce increments and explain which MODS operations are the major cause for mail processing unit costs of First-Class Single Piece Mail between 2-3 ounces to increase by 249 percent (0.4017/0.1151), while the unit cost for 2-3 ounce Standard Regular Mail increases by only 28 percent (0.0638/0.0497) over that of 0-1 ounce Standard Regular Mail. That is, in which particular MODS operations for letters did the tallies for First-Class single piece mail increase relative to those for Standard Regular, as weight increased to the 2-3 ounce range?

RESPONSE:

a. After analyzing the data in USPS-LR-J-58, it was determined that the cost pools

for letters that show the greatest relative increase in unit mail processing cost for

First-Class single piece mail compared to those for Standard Regular

(commercial and nonprofit) as weight increases from the 0-1 ounce range to the

2-3 ounce range were the manual sortation cost pools and the allied cost pools,

and to a lesser degree the mechanized sortation cost pools. The costs, unit

costs, and increases are shown in Attachment A. As shown in Attachment A, the

identified cost pools account for 80 percent of the 0.2866 cents unit cost

difference in First-Class single-piece letters from 0-1 ounces to 2-3 ounces

(0.1151 to 0.4017). For information on which MODS operations are included in

each cost pool, see USPS-LR-J-55, Table I-2B, pages I-12 to I-27. An electronic

version of Attachment A has been filed in USPS-LR-J-192.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SCHENK TO AN INTERROGATORY OF VAL-PAK DIRECT MARKETING SYSTEMS, INC. AND VAL-PAK DEALERS' ASSOCIATION, INC.

Attachment A to VP/USPS-4

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TY03 Volume Variable Mail Processing Costs (\$000) for Clerks and Mailhandlers - All Offices

	First-Class Single Piece Letters		First-Class Presort Letters			Standard Regular Letters			
Cost Pool	0-1 oz	1-2 oz	2-3 oz	0-1 oz	1-2 oz	2-3 oz	0-1 oz	1-2 oz	2-3 oz
BCS/	220,883	18,399	3,643	109,497	8,685	1,742	78,126	18,005	3,090
BCS/DBCS	691,871	49,304	6,379	441,789	40,671	4,532	305,702	58,851	14,342
OCR/	217,663	21,934	4,687	69,977	8,582	483	60,717	16,912	3,509
MANL	519,232	62,230	18,330	140,479	13,112	3,224	135,737	35,474	11,209
1CANCMPP	369,559	55,220	17,489	22,060	2,202	2,419	13,997	2,234	300
10PPREF	230,149	21,930	9,150	124,670	11,380	2,185	84,973	21,021	5,630
1PLATFRM	361,687	38,177	15,199	164,818	14,863	2,566	141,078	32,824	8,307
1POUCHNG	156,998	15,484	7,082	71,526	7,841	1,513	57,309	12,294	3,105
Allied*	1,092	380	0	214	0	0	44,346	7,141	5,209
Manual Letter	519,603	41,584	7,801	205,265	13,517	2,996	164,227	26,971	10,178
Other pools	1,409,927	113,849	28,568	735,691	51,400	6,35 9	555,956	97,425	31,082

TY 03 Unit Mail Processing Costs

	First-Class Single Piece Letters		First-Class Presort Letters			Standard Regular Letters			
Cost Pool	<u>0-1 oz</u>	1-2 oz	2-3 oz	0-1 oz	<u>1-2 oz</u>	2-3 oz	0-1 oz	1-2 oz	2-3 oz
BCS/	0.0054	0.0104	0.0124	0.0022	0.0072	0.0137	0.0024	0.0025	0.0021
BCS/DBCS	0.0169	0.0277	0.0217	0.0090	0.0338	0.0357	0.0093	0.0083	0.0095
OCR/	0.0053	0.0123	0.0159	0.0014	0.0071	0.0038	0.0018	0.0024	0.0023
MANL	0.0127	0.0350	0.0622	0.0029	0.0109	0.0254	0.0041	0.0050	0.0074
1CANCMPP	0.0091	0.0311	0.0594	0.0004	0.0018	0.0191	0.0004	0.0003	0.0002
10PPREF	0.0056	0.0123	0.0311	0.0025	0.0095	0.0172	0.0026	0.0030	0.0037
1PLATERM	0.0089	0.0215	0.0516	0.0034	0.0124	0.0202	0.0043	0.0046	0.0055
1POUCHNG	0.0038	0.0087	0.0240	0.0015	0.0065	0.0119	0.0017	0.0017	0.0021
Ailied*	0.0000	0.0002	0.0000	0.0000	0.0000	0.0000	0.0013	0.0010	0.0035
Manual Letter*	0.0127	0.0234	0.0265	0.0042	0.0112	0.0236	0.0050	0.0038	0.0068
Other pools	0.0345	0.0641	0.0970	0.0150	0.0427	0.0501	0.0168	0.0137	0.0207

Percent Difference 2-3 oz. to 0-1 oz.

	FC Single	FC	
Cost Pool	Piece	Presort	Standard
BCS/	129%	515%	-13%
BCS/DBCS	28%	297%	3%
OCR/	198%	167%	27%
MANL	389%	788%	81%
1CANCMPP	556%	4142%	-53%
10PPREF	451%	578%	45%
1PLATERM	482%	502%	29%
1POUCHNG	525%	718%	19%
Allied*	-100%	-100%	158%
Manual Letter*	108%	465%	36%
Other pools	181%	234%	23%

Source for cost and volume data: USPS-LR-J-58 *Non-MODS cost pools

Unit Cost Difference 2-3 oz. To 0-1 oz.

	FC Single	FC	
Cost Pool	Piece	Presort	Standard
BCS/	0.0070	0.0115	-0.0003
BCS/DBCS	0.0047	0.0267	0.0003
OCR/	0.0106	0.0024	0.0005
MANL	0.0495	0.0225	0.0033
1CANCMPP	0.0503	0.0186	-0.0002
10PPREF	0.0254	0.0147	0.0012
1PLATFRM	0.0427	0.0169	0.0012
1POUCHNG	0.0202	0.0105	0.0003
Allied*	0.0000	0.0000	0.0021
Manual Letter*	0.0138	0.0194	0.0018
Other pools	0.0624	0.0351	0.0038
All but 'Other'	0.2242	0.1431	0.0102
Total difference	0.2866	0.1782	0.0141
Percent of total	78%	80%	72%

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RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC. AND VAL-PAK DEALERS' ASSOCIATION, INC

VP/USPS-4.

Please refer to the table and graph in interrogatory OCA/USPS-106.

- a. Please examine the Management Operating Data System ("MODS") operations and In-Office Cost System ("IOCS") tallies that underlie the mail processing unit costs for First-Class single piece and Standard Regular letter-shaped mail in the 0-1 and 2-3 ounce increments and explain which MODS operations are the major cause for mail processing unit costs of First-Class Single Piece Mail between 2-3 ounces to increase by 249 percent (0.4017/0.1151), while the unit cost for 2-3 ounce Standard Regular Mail increases by only 28 percent (0.0638/0.0497) over that of 0-1 ounce Standard Regular Mail. That is, in which particular MODS operations for letters did the tallies for First-Class single piece mail increase relative to those for Standard Regular, as weight increased to the 2-3 ounce range?
- b. Please examine the Management Operating Data System ("MODS") operations and In-Office Cost System ("IOCS") tallies that underlie the mail processing unit costs for First-Class Presort and Standard Regular letter-shaped mail in the 0-1 and 2-3 ounce increments and explain which MODS operations are the major cause for mail processing unit costs of First-Class Presort between 2-3 ounces to increase by 419 percent (0.2207/0.0425), while the unit cost for 2-3 ounce Standard Regular Mail increases by only 28 percent (0.0638/0.0497) over that of 0-1 ounce Standard Regular Mail. That is, in which particular MODS operations for letters did the tallies for First-Class Presort increase relative to those for Standard Regular, as weight increased to the 2-3 ounce range?
- c. Since mail processing unit costs for all three categories in the above-referenced interrogatory are confined to letter-shaped mail, please explain why the mail processing unit costs for First-Class single piece and First-Class Presort letter mail increase so much more with weight than does the mail processing unit cost for Standard Regular letters.
- d. Please discuss whether, in the Postal Service's opinion, the weight-cost relationship for First-Class single piece letters is distinctly different from the weight-cost relationship for Standard Regular letters and, if so, why.

RESPONSE:

After analyzing the data in USPS-LR-J-58, it was determined that the cost pools

for letters that show the greatest relative increase in unit mail processing cost for

First-Class single piece mail compared to those for Standard Regular

(commercial and nonprofit) as weight increases from the 0-1 ounce range to the

2-3 ounce range were the manual sortation cost pools and the allied cost pools,

and to a lesser degree the mechanized sortation cost pools. The costs, unit

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC. AND VAL-PAK DEALERS' ASSOCIATION, INC

costs, and increases are shown in Attachment A. As shown in Attachment A, the identified cost pools account for 80 percent of the 0.2866 cents unit cost difference in First-Class single-piece letters from 0-1 ounces to 2-3 ounces (0.1151 to 0.4017). For information on which MODS operations are included in each cost pool, see USPS-LR-J-55, Table I-2B, pages I-12 to I-27.

- b. After analyzing the data in USPS-LR-J-58, it was determined that the cost pools for letters that show the greatest relative increase in unit mail processing cost for First-Class presort mail compared to those for Standard Regular (commercial and nonprofit) as weight increases from the 0-1 ounce range to the 2-3 ounce range were the manual sortation cost pools and the allied cost pools, and to a lesser degree the mechanized sortation cost pools. The costs, unit costs, and increases are shown in Attachment A. As shown in Attachment A, the identified cost pools account for 81 percent of the 0.1782 cents unit cost difference in First-Class presort letters from 0-1 ounces to 2-3 ounces (0.0425 to 0.2207).
- c. Weight is not the only factor driving the observed mail processing cost differences between 0-1 ounce and 2-3 ounce First-Class single piece, First-Class Presort, and Standard letters. In addition to subclass and shape, mail processing unit costs will be affected in part by the characteristics of the mail piece (e.g., automation compatibility) and the level of workshare. For example, heavier Standard letters tend to be more automation compatible than heavier First-Class Presort letters. (89 percent of 2-3 ounce Standard letters are automation compatible, but only 61 percent of 2-3 ounce First-Class Presort letters are automation compatible, according to data in Tables 12 and 17 in USPS-LR-J-112.) Heavier First-Class letters may need manual sortation more

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC. AND VAL-PAK DEALERS' ASSOCIATION, INC

frequently than Standard letters. First-Class single piece letters may also require hand-cancellation. If undeliverable-as-addressed, First-Class letters are subject to additional workload that Standard letters are not subject to. The effect of these factors will be that measured First-Class letter costs for higher ounce increments will be larger, relative to lower ounce increments, than Standard letter costs. Other mail piece characteristics not discussed here may also affect mail processing costs. The precise effects of these factors have not been quantified by the Postal Service, to my knowledge.

d. For the reasons discussed in part c above, there may be piece characteristics other than weight and workshare differences that may result in differences in the measured costs by weight increment for First-Class single piece and Standard Regular letters.

VP/USPS-5

Please refer to the Postal Service's response to VP/USPS-T-39-10(b), where it describes the collation of flat pieces from multiple Detached Address Label ("DAL") mailings into trays for delivery on the same day. For purposes of responding to this interrogatory, please add the following assumptions to those in VP/USPS-T39-10: (i) each mailing has just enough DALs (specifically addressed to an individual customer or residence) to satisfy the minimum requirements necessary to qualify for the saturation rate, so that each stop on the route will not receive one of the pieces in each DAL mailing; (ii) many of the "omitted" stops in each mailing do not coincide; and (iii) in each mailing the number of DALs is exactly equal to the number of wraps in that mailing. To elaborate briefly, a number of the stops along the route may receive all of the different wraps being delivered that day, but some of the stops will not receive all of them. Please explain how a mounted carrier who has pre-collated all of the wraps and taken them on the route will handle delivery as the carrier proceeds from stop to stop; e.g., at stops where at least one of the wraps is not to be delivered, does the carrier set aside the "omitted" wrap(s) for delivery later? If not, what procedure does the carrier follow?

Response:

If the carrier on a mounted route has collated the unaddressed pieces for two

separate mailings; and if some of the addresses only received a DAL for one of the

mailings; and if each mailing had exactly the same number of pieces as DAL's; and if

addresses in these mailings did not exactly coincide; the unaddressed piece not

intended for a given address, if necessary, would be set aside for subsequent

handling with an appropriate DAL.

VP/USPS-6

Please refer to the Postal Service's response to VP/USPS-T39-24.

- a. In the response to part d, it states that "[t]he DAL and host mailpiece are considered two pieces for costing purposes. " Please indicate specifically all instances where the DAL and host piece are considered as two pieces for costing purposes.
- b. In the response to part e (ii), it states that "When volume exists to saturate a route, DALs facilitate the casing and delivery of some flats and parcels."
 (Emphasis added.) Please provide examples of instances where DALs do not facilitate the casing and delivery of [some] flats and parcels.

Response:

- a. See response to VP/USPS-2a.
- b. In the vast majority of situations, DALs do facilitate casing and delivery of flats and parcels. An instance of when DALs do not facilitate delivery of unaddressed flats and parcels is when there is total saturation for every delivery point in an entire delivery unit. In this situation carriers know that every delivery point is to get a piece, therefore, a DAL is not necessary. However, given that addresses are required for mail destined for city routes and P.O. boxholders -- except for official matter per DMM A040 -- addresses on DALs are still preferred over addresses on flats and parcels.

VP/USPS-7 Please refer to the Postal Service's response to VP/USPS-T39-28.

- a. For DAL mailings delivered on rural routes, please provide-the best estimate of the share, or percentage, that have simplified addresses, and the share, or percentage, that are specifically addressed to an individual customer or residence.
- b. In part b of that response, it states that "[a]II DAL mailings count as two mail pieces on rural routes." For purposes of distributing rural delivery costs to letters versus flats, please explain whether DAL mailings count as (i) two flats, or (ii) one letter and one flat.
- c. In part b of that response, it also provides the time value of DALs for sortation, depending on whether the DAL (i) is specifically addressed to a customer or (ii) uses a simplified address. Regardless of which address form is used, during the specified count period, is the time value for sorting DALs treated as a cost of sorting letters or flats? Please explain.

Response:

- a. The USPS does not maintain a record of the frequency or percentage of specific types of mailings to rural routes such as "simplified address" or those that have the address affixed to the actual mail piece. Therefore, an estimate will not be possible.
- b. Again, how DAL mail pieces are classified depends on the addressing. If the DAL has a simplified address and the associated piece is unaddressed, both pieces are counted as boxholder mail. For purposes of distributing rural costs to letters or flats, specifically addressed DALs are counted as letters and the unaddressed associated pieces are normally counted as boxholders, regardless of their size.
- c. Again, how DAL mail pieces are classified depends on the addressing. If
 the DAL has a simplified address and the associated piece is
 unaddressed, both pieces are counted as boxholder mail. Neither is

considered as a letter or flat piece as boxholders have their own time value (0.04 minutes per piece handling rate). For purposes of distributing rural costs to letters of flats, specifically addressed DALs are normally counted as letters (unless they are oversized DALs). The time value for sorting these pieces is included with the letter rate for all pieces sorted. This letter rate is 0.0625 minutes per piece. The associated piece with this DAL is normally an unaddressed flat that is considered as boxholder because of its addressing.

VP/USPS-8 Please refer to the Postal Service's response to VP/USPS-T39-28, part a, which provides the time value for sorting and pulldown time of DALs while rural carriers are in the office.

- a. Do these time values for sorting and pulldown reflect the entire consideration that enters into a computation of volume variable rural carriers costs when handling DALs and the associated pieces, or do the carriers receive additional time value credits when handling such pieces along the route?
- b. If the answer to the preceding question is that additional time values apply to delivery of various types of items, please provide the time values applicable to ordinary letters, flats, DALs, and the mail pieces associated with DALs.
- c. When DALs are included in a National Rural Mail Count, please specify whether they are counted as letters or flats.
- d. If DALs are counted as letters, please indicate whether the cost of handling DALs by rural carriers is reflected in the aggregate cost of letters. If the cost of handling DALs is not included in the cost of letters, please specify where these costs would appear when costs are aggregated by shape of mail.

Response:

- a. How DAL mail pieces are addressed also effects the strapout or pulldown allowance. If the DAL is specifically addressed, then the DAL is counted as a letter and included in the strapout costs. However, if the piece is unaddressed or uses a simplified address, then the carrier has an option to case the piece or carry it directly to the street as a separate bundle. Routes are credited with 0.04 minutes per piece of simplified pieces handled. These pieces are not included in the strapout allowance.
- b. See response to VP/USPS-T-39-28 redirected to the Postal Service for letter, boxholder and strapout (or pulldown) times for rural carriers. The time value for flats is 0.125 minutes per piece. DALs could be classified as letters or boxholders depending on their addressing.

- c. If the DAL has a simplified address or no address, the piece is counted as a boxholder. If the DAL is specifically addressed, then it is counted as a letter.
- d. The rural carrier cost system would count the DAL as either an "other letter" or a boxholder, depending on the address format. Any boxholder count in the rural carrier system data could represent a letter shape, a flat shape, or a parcel shape. Estimated volumes from the rural carrier cost system are utilized to produce proportions of mail in each subclass in each evaluation factor (letter, flat, boxholder, parcel). The proportions are then used to distribute volume variable costs to subclasses of cost segment 10.

VP/USPS-9 Please refer to the Postal Service's responses to VP/USPS-T39-35 and 36 (redirected from witness Kingsley). Assume that a carrier on a park and loop route has a number of planned loops from each vehicle parking point, as indicated in the response to VP/USPS-T39-36.

- a. When a carrier uses a shoulder satchel to walk a loop, is the carrier limited to taking a maximum of 35 pounds of mail at any one time from the vehicle, the same as a carrier on a walk route? If not, what is the limit?
- b. What is the average weight (or range of weight) that a carrier would carry in the satchel on each loop on a "typical," or average, day?
- c. Could an increase in the weight of mail for a loop, whether caused by more- thanusual volume, heavier-than-usual pieces, or some combination of the two, necessitate the carrier's return to the vehicle to re-load the satchel before completing the usual loop?
- d. Could an increase in the weight of mail for a route, whether caused by morethan-usual volume, heavier-than-usual pieces, or some combination of the two, necessitate (i) more loops from one vehicle parking point, (ii) more parking points, (iii) more parking points and more loops on the entire route, or (iv) a realignment and shortening of the route? Please explain.

RESPONSE:

- a. Yes.
- b. Unknown.
- c. Yes. This may happen on occasion.
- d. (i) Not normally, but on occasion this would require returning to the vehicle as in

c. above. (ii) Not normally, but occasionally this may occur. (iii) Not normally, but

may possibly occur. (iv) No realignment but assistance may be given to the

regular carrier to enable the route to be completed within a certain time frame.

VP/USPS-10

6

- a. In Base Year 2000, for city carrier routes what was the average number of addresses or delivery points served?
- b. In Base Year 2000, for city carrier routes what was the average number of pieces of mail received by each address or delivery point?

RESPONSE:

- a. For FY 2000, the average number of addresses or delivery points served for city carrier routes was 496.
- b. For FY 2000, the average number of pieces of mail received by each address or delivery point for city carrier routes was 5.51 pieces per delivery day.

VP/USPS-11.

Please refer to the Postal Service's response to VP/USPS-T5-8e (redirected from witness Harahush), which states:

For those city carrier street time costs that are distributed on the basis of the relative proportions of volumes recorded in the city version of the Carrier Cost System, the relative proportions or "distribution keys" are by subclass of mail not by shape.

- a. Once those volume variable city carrier street time costs that are distributed to the subclass of mail on the basis of the relative proportions of volumes recorded in the city version of the carrier cost system, within a subclass such as Standard ECR, what procedure or basis is used when these particular costs are subsequently distributed by shape; e.g., to derive unit costs by shape and presort category, as shown in USPS-LR-J-131, WP1, page H, COST, column 2?
- b. Once those volume variable city carrier street time costs that are distributed to the subclasses of mail on the basis of the relative proportions of volumes recorded in the city version of the carrier cost system, within a subclass such as Standard ECR, what procedure or basis is used when these particular costs are subsequently distributed by weight increment; e.g., to derive unit costs by weight increment, as shown in USPS-LR-J-59?
- c. Please identify the Postal Service model, procedure, or system that is used to develop the unit cost for delivery, as discussed in preceding part a? Is it a subset of the Carrier Cost System, or something else?
- d. How does the Postal Service refer to the model, procedure, or system that is used to develop costs by weight increment, as discussed in the preceding part b? Is it a subset of the Carrier Cost System, or something else?

RESPONSE:

a. Volume variable city carrier street time costs within subclass are

distributed to shape in USPS-LR-J-58 and USPS-LR-J-117 by the

following methods: delivery route (Cost Segment 7.1) and delivery access

(CS 7.2) by volume (RPW number of pieces); elemental load (CS 7.3) by

city load distribution key (see City Delivery Carrier workpapers, USPS-LR-

J-57, CS06&7.xls); and delivery support (CS 7.4) by total carrier costs.

- b. Volume variable city carrier street time costs are distributed to weight increment within subclass and shape by volumes (RPW-pieces) for CS 7.1 and 7.2, by RPW weight for CS 7.3, and by total carrier costs for CS 7.4, as shown in LR58AECR_revised.xls, in USPS-LR-J-58.
- c. See part (a) above.
- d. To my knowledge, there is no specific name used to describe the methodology by which costs are distributed to weight increment, as done in USPS-LR-J-58. This methodology is not a "subset" of the Carrier Cost System.

VP/USPS-12.

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Please refer to the responses to VP/USPS-T5-7b, 8e, and 9d. Those responses note that the relative proportions or "distribution keys" for the city carrier cost system are by subclass of mail, not by shape.

- a. Please confirm that as between (i) a mailing of 1 million ordinary Standard ECR flats and (ii) a mailing of 1 million Standard ECR covers accompanied by 1 million DALs, the latter mailing would cause more costs to be distributed to Standard ECR than would the former mailing, assuming that both mailings were sampled proportionately by the city carrier costing system. If you do not confirm, please explain.
- b. The three responses note that "[e]lemental load time has separate cost pools for letter, flats, parcels, and accountables, however." Are these separate cost pools used to distribute all volume variable street costs that have been attributed to Standard ECR by shape, or only the elemental load costs? If only elemental load costs are distributed to shape on the basis of these separate cost pools, please explain how those city carrier street time costs other than elemental load (e.g., route, access and street support) that have been attributed to Standard ECR are then distributed within the subclass on the basis of shape.
- c. Once city carrier street time costs have been distributed to the subclasses of mail using the relative proportion of volumes, please explain how those city carrier street time costs that have been distributed to Standard ECR are then distributed within the subclass on the basis of weight. If some city carrier street time costs are not distributed on the basis of weight, please provide the amount that is not distributed (both the absolute amount and the percent of all city carrier street time costs), and explain why it is not distributed.

RESPONSE:

a. It is not possible to confirm this question in general terms. The inability arises because the 1 million Standard ECR flats may be delivered on different types of routes, to different types of stops, to different addresses, and along with different mixes of mail than the 1 million Standard ECR covers accompanied by the 1 million DAL's. These differences could make the cost of delivering the flats greater or lesser than the cost of delivering the covers and DALs. If, on the other, hand, the question were substantially narrowed to indicated that everything else about the two mailings were identical, (e.g., the types of routes on which they were delivered were the same, the types of stops to which they were delivered were the same, the mail with which they were delivered was the same) then the delivery cost for the covers and DALs would be greater than the delivery cost for the Standard ECR flats.

- b. As discussed in VP/USPS-11a, volume variable city carrier street time costs within subclass are distributed to shape in USPS-LR-J-58 and USPS-LR-J-117 by the following methods: delivery route (Cost Segment 7.1) and delivery access (CS 7.2) by volume (RPW number of pieces); elemental load (CS 7.3) by city load distribution key (see City Delivery Carrier workpapers, USPS-LR-J-57, CS06&7.xls); and delivery support (CS 7.4) by total carrier costs.
- c. See VP/USPS-T43-4a and VP/USPS-11b for an enumeration of the methods used to distribute costs to weight increments within subclass and shape. Only elemental load costs (cost segment 7.3) are distributed on the basis of weight. Street support costs (cost segment 7.4) are distributed based on the total costs for the other carrier street costs and city carrier in-office costs (cost segments 7.1, 7.2, 7.3, and 6.1), so a portion of the street support costs are indirectly distributed based on weight. City carrier street costs for route (cost segment 7.1) and access (cost segment 7.2) are distributed to weight increment based on volumes (RPW pieces). Therefore all volume-variable city carrier street costs are distributed.

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VP/USPS-13.

The Postal Service's response to VP/USPS-8(d) states:

Any boxholder count in the rural carrier system data could represent a letter shape, a flat shape, or a parcel shape. Estimated volumes from the rural carrier cost system are utilized to produce proportions of mail in each subclass in each evaluation factor (letter, flat, boxholder, parcel). The proportions are then used to distribute volume variable costs to subclasses if cost segment 10.

- a. Please define the term "boxholder," as you use it.
- b. When distributing "volume variable costs to subclasses of cost segment 10" in Base Year 2000, how many boxholders were characterized as:
 - (i) Letters?
 - (ii) Flats?
 - (iii) Parcels?
- c. What basis was used to distribute the volume variable costs incurred by boxholders to letters, flats, and parcels within each class or subclass for cost segment 10 in Base Year 2000?

RESPONSE:

a. Section A040 of the DMM defines boxholder mail:

The simplified address format (i.e., "Postal Customer") may be used on mail when general distribution is desired to each boxholder on a rural route or highway contract route, each family on a rural route or highway contract route (at any post office), or all post office boxholders at a post office without city carrier service. A more specific address such as "Rural Route Boxholder", followed by the name of the post office and state, may be used. The word "Local" is optional.

b. i-iii. As explained in the response to VP/USPS-8(d), boxholder mail can be either a

letter, a flat, or a parcel. The Rural Carrier Cost System (RCCS), which is used to

distribute boxholder cost to mail subclass, counts boxholder mail, but not the shape

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of each boxholder item. It is not possible to tell how many boxholder pieces are in each shape.

c. Costs for boxholder mail are distributed to subclasses using the proportions of volume in the RCCS distribution key, which does not distinguish between shape.
 Boxholder costs are not distributed to shape by witness Meehan (USPS-T-11, Workpaper B, or USPS-LR-J-57) in the CRA.

VP/USPS-14.

- a. In the Postal Service's response to VP/USPS-7(b), it states that "specifically addressed DALs are counted as letters and the unaddressed associated pieces are normally counted as boxholders, regardless of their size." Why aren't such mailpieces "counted" by shape, rather than by the nondescript designation "boxholder"?
- b. The Postal Service's response to VP/USPS-7(b) states that "[i]f the DAL has a simplified address and the associated piece is unaddressed, both pieces are counted as boxholder mail." How are (i) the letter shape of the DAL and (ii) the flat or parcel shape of the associated piece recaptured or recognized when boxholders are redesignated by shape for cost allocation purposes?
- c. Are the class and subclass of each boxholder recorded? If not, how are the costs incurred by boxholders distributed by class and subclass?

RESPONSE:

a. As explained in the response to VP/USPS-T29-28(b), rural carrier

compensation is based on a count of mail items received by the carrier during

a specified mail count period. Rural carriers receive the same allowance for

boxholder pieces, regardless of the shape of the mail piece. Therefore, it is

not necessary to record the shape of the mail piece, only that it is a boxholder.

This is further clarified in USPS-LR-J-193, "The National Count of Mail on

Rural Routes", section e, and the notes in sections a, c, and d.

- b. i and ii. Witness Meehan (USPS-T-11, Workpaper B, and USPS-LR-J-57) does not redesignate boxholder costs by shape in the CRA.
- c. VP/USPS-7(b) refers to VP/USPS-T29-28(b), which describes the National Count of Mail (also called the Rural Mail Count of RMC). The RMC does not record subclass

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of mail. Average weekly pieces from the RMC are used by witness Meehan to distribute total volume variable rural carrier cost to evaluation item (i.e. letter, flat, parcel, boxholder). The RCCS does record subclass information (see witness Harahush, USPS-T-5). The RCCS is used by witness Meehan to distribute total boxholder costs to subclass using proportions of RCCS boxholder volume in each subclass.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF VAL-PAK DIRECT MARKETING SYSTEMS, INC. , RE-DIRECTED FROM WITNESS SHAW

VP/USPS-T1-3: Has the Postal Service conducted or is it aware of any special cost studies or analyses on the cost of handling mail with DALs, using either IOCS data or data gathered by any other method? If so, please identify them and provide copies of such studies as a library reference.

RESPONSE:

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No responsive information has been identified.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, (REDIRECTED FROM WITNESS HARAHUSH)

VP/USPS-T5-4.

- a. On park and loop routes, do carriers sometimes have more mail to deliver than they can load into their satchel? That is, do they sometimes have to return to their vehicle to reload their satchel before delivering to all the points served from one parking spot?
- b. If the answer to preceding part a is anything other than an unqualified negative, is the time spent reloading the satchel captured by the city carrier route test? If so, how? If not, why not?

RESPONSE

- a. See response to VP/USPS-T39-36 part a, redirected to the Postal Service.
- b. The City Carrier Route Test counts volume of mail by subclass and does not

measure time spent by the carrier. In the established Postal Rate

Commission methodology, the Street Time Sampling system (STS) captures

the time spent by the carrier in the following activities: load, running time

(access and route), driving time, street support, and collection (See USPS-T-

11, workpaper B, worksheet 7.0.4.1). USPS-LR-J-1 defines street support as

For letter routes, street support costs include the costs for such activities as traveling to and from the route and carrier station, loading and unloading the vehicle at the office and on the street, on-route mail preparation, waiting for relay mail, unloading mail from relay boxes, training, and clocking in and out.

Therefore, time spent reloading the satchel would be categorized as

street support under the established methodology. The driving time

associated with the additional park point necessitated by the need to

reload a satchel, is included in the driving time analysis of routine

loops/dismounts. (See USPS-T-11, workpaper B, worksheet 7.0.4.4).

VP/USPS-T5-5.

- a. On city carrier curb routes, do carriers stop the vehicle and take time to rearrange the remaining mail in the vehicle for delivery to the rest of the route (e.g., refresh the letter and flat trays next to the driver)?
- b. If the answer to preceding part a is anything other than an unqualified negative, is the time spent rearranging the remaining mail for delivery captured by the city carrier route test? If so, how is it recorded? If not, why not?

RESPONSE

- a. See response to VP/USPS-T39-37, part a, redirected to the Postal Service.
- b. The City Carrier Route Test counts volume of mail by subclass, and does

not measure time spent by the carrier. In the established Postal Rate

Commission methodology, the Street Time Sampling system (STS)

captures the time spent by the carrier in the following activities: load,

running time (access and route), driving time, street support, and

collection (See USPS-T-11, workpaper B, worksheet 7.0.4.1). USPS-LR-

J-1 defines street support as

For letter routes, street support costs include the costs for such activities as traveling to and from the route and carrier station, loading and unloading the vehicle at the office and on the street, on-route mail preparation, waiting for relay mail, unloading mail from relay boxes, training, and clocking in and out.

Therefore, any time spent rearranging mail in the vehicle while on a curb

route is included in the street support activity in the established methodology.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, (REDIRECTED FROM WITNESS HARAHUSH)

VP/USPS-T5-6.

- a. On rural carrier routes, do carriers stop the vehicle and take time to rearrange the remaining mail in the vehicle for delivery to the rest of the route (e.g., refresh the letter and flat trays next to the driver)?
- b. If the answer to preceding part a is anything other than an unqualified negative, is the time spent rearranging the remaining mail for delivery captured by the rural carrier route test (see LR-J-14, Handbook F-65, the March 1999 Data Collection User's Guide for Cost Systems, Section 1.2)? If so, how? If not, why not?

RESPONSE

- a. Yes.
- b. The Rural Carrier Route Test counts volume of mail by compensation

category and subclass, and does not record the time spent by the rural

carrier. Rural carrier compensation is not directly based on time but is based

on workload as measured in the National Rural Mail Count (see USPS-LR-J-

71). The actual time spent by a rural carrier in handling this workload does

not serve as the basis for rural carrier compensation or the delivery cost.

Both compensation and cost are based upon the route specifications

determined in the National Rural Mail Count.

VP/USPS-T5-7.

Please refer to your response to VP/USPS-T5-1.

b. For those city carrier Segment 7 costs distributed on the basis of the number of pieces handled, would the cost of handling DALs accompanying a Standard ECR merchandise sample be distributed to letters, flats, or parcels?

RESPONSE:

b. For those city carrier street time costs that are distributed on the basis of the relative proportions of volumes recorded in the city version of the Carrier Cost System, the relative proportions or "distribution keys" are by subclass of mail not by shape. Elemental load time has separate cost pools for letter, flats, parcels, and accountables, however. Within each of these specific cost pools, the Carrier Cost System distribution key by subclass of mail is used to distribute volume variable costs to subclass. The DAL accompanying a Standard ECR merchandise sample would be included in the shape based elemental load time cost pool according to its shape as it is assigned in CCS.

VP/USPS-T5-8.

Please assume that a carrier has a Standard ECR Saturation mailing consisting of DALs and unaddressed flat-shaped "wraps."

e. For those city carrier Segment 7 costs distributed on the basis of the number of pieces handled, would the cost of handling DALs accompanying Standard ECR wraps be distributed to letters, flats, or parcels?

RESPONSE

e. For those city carrier street time costs that are distributed on the basis of the relative proportions of volumes recorded in the city version of the Carrier Cost System, the relative proportions or "distribution keys" are by subclass of mail not by shape. Elemental load time has separate cost pools for letter, flats, parcels, and accountables, however. Within each of these specific cost pools, the Carrier Cost System distribution key by subclass of mail is used to distribute volume variable costs to subclass. The DAL accompanying Standard ECR wraps would be included in the same shape based elemental load time cost pool as the piece to which it was assigned in CCS.

VP/USPS-T5-9

Please assume that a carrier has Bound Printed Matter ("BPM") items with an accompanying DAL.

d. For those city carrier Segment 7 costs distributed on the basis of the number of pieces handled, would the cost of handling DALs accompanying BPM items be distributed to BPM letter-shaped pieces, or to Standard ECR lettershaped pieces, or to some other category? Please explain.

RESPONSE

d. For those city carrier street time costs that are distributed on the basis of the relative proportions of volumes recorded in the city version of the Carrier Cost System, the relative proportions or "distribution keys" are by subclass of mail not by shape. Elemental load time has separate cost pools for letter, flats, parcels, and accountables, however. Within each of these specific cost pools, the Carrier Cost System distribution key by subclass of mail is used to distribute volume variable costs to subclass. The DALs accompanying BPM items would be included in the same shape based elemental load time cost pool as the piece to which it was assigned in CCS.

VP/USPS-T5-10.

The Summary Description of USPS Development of Costs by Segments and Components, FY 2000, USPS-LR-J-1, Section 7.2.4 states that the volume variable cost of access time is distributed to the pertinent classes and subclasses of mail on the basis of the class and subclass proportions of pieces constituting each aggregate in the FY 1999 CCS volume data.

- b. Are the CCS volume data used to estimate the volume variable access cost of city carrier delivery for First-Class letters, flats, and parcels separately? If volume variable access costs are not distributed as a separate component to First-Class letters, flats, and parcels, do the access costs that are distributed to First-Class Mail nevertheless form part of the aggregate delivery cost that is distributed to First-Class letters, flats, and parcels?
- c. Are the CCS volume data used to estimate the volume variable access cost of city carrier delivery for Standard Regular letters, flats, and parcels separately?
- d. Are the CCS volume data used to estimate the volume variable access cost of city carrier delivery for Standard ECR letters, flats, and parcels separately?

RESPONSE

b-d. No. In the established Postal Rate Commission methodology, accesses and access costs are caused by the class of mail, not by shape. (PRC Op., Docket No. R90-1, at III-37 – III-38). Consequently, the Postal Service calculates volume variable access costs on the basis of an equation that relates the number of accesses made by a carrier to the subclasses and subclass aggregates of mail the carrier delivers. (The subclass aggregates are total package mail, and the sum of First-Class Cards, Priority Mail, Express Mail, Penalty USPS Mail, Free Mail, and International Mail). The FY 1996 CCS data were use to estimate this "access" equation. (See Docket No. R97-1, USPS-LR-H-138).

Actually, Section 7.2.4 of USPS-LR-J-1 states that only the volumevariable costs of the subclass aggregates are "distributed to the pertinent classes and subclasses of mail on the basis of the class and subclass proportions of pieces constituting each aggregate...." In addition, these class and subclass proportions are "determined from the FY 2000 CCS volume data," not from the FY 1999 CCS volume data. Moreover, shape again is not a factor. The proportion of a subclass aggregate's total volume-variable cost distributed to each subclass depends strictly on that subclass' total CCS volume.

VP/USPS-T5-11.

The Summary Description of USPS Development of Costs by Segments and Components, FY 2000, USPS-LR-J-1, Section 7.5.4 states that the volume variable costs of street support time are distributed to the classes and subclasses of mail "in the same proportions as are the office and other street time component costs for letter routes and special purpose routes."

- a. Does the reference to "office costs" mean city carrier in-office costs recorded under Cost Segment 6? Please explain any negative answer.
- b. Do the city carrier Segment 7 volume variable costs (including volume variable street support costs) that are distributed to the classes and subclasses of mail form the basis for estimating delivery costs for letters, flats, and parcels separately within each class and subclass of mail?
- c. Please explain the rationale for including office costs as part of the basis for distributing the volume variable costs of street support time to the classes and subclasses of mail.
- d. Are volume variable street support costs distributed to letters, flats, and parcels separately within each class and subclass of mail? If volume variable street support costs are not distributed as a separate component to letters, flats, and parcels, do those costs nevertheless form part of the aggregate delivery cost that is distributed to letters, flats, and parcels within each subclass?
- e. Are street support costs identified as training and clocking in and out the only street support costs which are distributed based on In-Office Cost System ("IOCS") tallies?

RESPONSE

- a. Yes
- b. The Base year, as shown in USPS-T-11, Workpaper B does not contain

estimates of delivery costs for letters, flats, and parcels separately within each

class and subclass of mail.

c. See USPS-LR-J-1, section 7.4.1 on page 7-9, which states that

[s]treet support time is that part of street time that is variable to the same degree as the system as a whole. Because routes are normally adjusted by

delivery management to occupy an eight-hour day for a regular carrier, changes in volume or other factors affecting workloads necessarily lead to corresponding changes in the hours per day and total number of routes.

- d. See b.
- e. No

VP/USPS-T5-12.

The Summary Description of USPS Development of Costs by Segments and Components, FY 2000, USPS-LR-J-1, Section 7.3.4 states that the volume variable cost of load time is "distributed to the pertinent classes and subclasses of mail on the basis of proportions of pieces."

- a. Are the CCS volume data used to estimate the volume variable load costs of city carrier delivery for First-Class letters, flats, and parcels separately? If volume variable load costs are not distributed as a separate component to First-Class letters, flats, and parcels, do the load costs that are distributed to First-Class Mail nevertheless form part of the aggregate delivery cost that is distributed to First-Class letters, flats, and parcels?
- b. Are the CCS volume data used to estimate the volume variable load costs of city carrier delivery for Standard Regular letters, flats, and parcels separately? If volume variable load costs are not distributed as a separate component to Standard Regular letters, flats, and parcels, do the load costs that are distributed to Standard Regular Mail nevertheless form part of the aggregate delivery cost that is distributed to Standard Regular letters, flats, and parcels?
- c. Are the CCS volume data used to estimate the volume variable load cost of city carrier delivery for Standard ECR letters, flats, and parcels separately? If volume variable load costs are not distributed as a separate component to Standard ECR letters, flats, and parcels, do the load costs that are distributed to Standard ECR Mail nevertheless form part of the aggregate delivery cost that is distributed to Standard ECR letters, flats, and parcels?

RESPONSE

a-c. In the established methodology, volume variable elemental load costs for

First Class mail are estimated in two steps. First, cost pools are formed by

shape. This step is called the "attribution" step and applies the load time

variability equation which was estimated using the Load Time Variability

Study data. CCS data are used to evaluate the equation and thus contribute

indirectly to the calculation of the volume variable cost pools. Once the

volume variable cost pools are constructed for letters, flats, parcels,

accountables (and collections), the CCS data are used to form distribution

keys for each cost pool. For example, the proportion of First Class mail in the letter distribution key would determine what proportion of the letter cost pool that is distributed to First Class Mail. The overall volume variable elemental load time costs distributed to First Class Mail would be the sum of the volume variable elemental load time costs from each cost pool. The same would be true for Standard Regular Mail and Standard ECR mail.

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VP/USPS-T5-14

Tables I-4 in your testimony show the distribution of city carrier costs of each route type to the different classes and subclasses of mail, and, in a similar format, Tables 5-8 show the distribution of rural carrier costs for evaluated factors to the different classes and subclasses of mail.

a. In which library reference, or where else, do you show the costs for each city carrier route type or each evaluated rural route factor and the computation of the actual amount of carrier costs attributed to each class and subclass of mail? Please provide a specific reference; e.g., if to a spreadsheet, the cell or cells where the data sought can be found.

(a) Tables 1-4 and 5-8 in Witness Harahush's testimony (USPS-T-5) do not show city or rural carrier costs. The numbers shown in Tables 1-4 or in Tables 5-8 are not costs but are volumes projections. The CCS inputs from Witness Harahush that are used in the USPS-T-11 base year B workpapers are shown in the USPS-LR-J-57 file Cs06&7.xls, tab Input LR, lines 18-25 and 56-62; and tab Input DK, columns (3)–(5) and (7)-(12). The RCS inputs from Witness Harahush that are used in the base year B workpapers are shown in the file Cs10.xls, tab Input DK, columns (2)-(10).

VP/USPS-T5-15.

The Summary Description of USPS Development of Costs by Segments and Components, FY 2000, USPS-LR-J-I, Section 6.2.1 states that costs incurred by "checking or preparing a vehicle are transferred to street support, which is analyzed in Cost Segment 7 as an overhead of carrier activity."

- a. Is "checking or preparing a vehicle" the same as "obtaining and loading the vehicle and preparing mail at the vehicle and at relay boxes" identified in "Street support time" in Section 7.0.2? If they are not identical, please explain how they differ.
- b. Are the costs incurred in "checking or preparing a vehicle":
 - (i) entirely allocated between classes and subclasses based upon IOCS tallies?
 - (ii) partially allocated between classes and subclasses based upon IOCS tallies?
 - (iii) entirely allocated between classes and subclasses based upon CCS data?
 - (iv) partially allocated between classes and subclasses based upon CCS data?
- c. If the answer to part a is negative, are the costs incurred in "obtaining and loading the vehicle and preparing mail at the vehicle and at relay boxes":
 - (i) entirely allocated between classes and subclasses based upon IOCS tallies?
 - (ii) partially allocated between classes and subclasses based upon IOCS tallies?
 - (iii) entirely allocated between classes and subclasses based upon CCS data?
 - (iv) partially allocated between classes and subclasses based upon CCS data?

RESPONSE

a. No. "Checking and preparing a vehicle" refers looking over the vehicle and getting it ready for being driven to and on the route. "Obtaining and loading the vehicle" refers to going to get the vehicle and loading it with the mail to be delivered on the route. "Preparing mail at the vehicle" refers to work the

carrier does at the vehicle along the route to prepare the mail for subsequent delivery. "Preparing mail at the relay boxes" refers to work that a carrier would do at relay box to prepare mail for subsequent delivery. All of these activities are included as part of street support.

- b. Street support costs are allocated in the same proportion as all Segment 6 and 7 costs, and are not directly distributed based on IOCS tallies or CCS volume. Street support costs will be indirectly distributed on IOCS tallies or CCS volume to the same extent that all other Segment 6 and 7 costs are allocated on IOCS tallies or CCS volume.
- c. Street support costs are allocated in the same proportion as all Segment 6 and 7 costs, and are not directly distributed based on IOCS tallies or CCS volume. Street support costs will be indirectly distributed on IOCS tallies or CCS volume to the same extent that all other Segment 6 and 7 costs are allocated on IOCS tallies or CCS volume.

VP/USPS-T5-16.

The Summary Description of USPS Development of Costs by Segments and Components, FY 2000, USPS-LR-J-1, Section 6.0.1 states that "[t]he total city carrier costs are prorated between office activity and street activity on the basis of the proportion of carrier time spent in each activity. Proportions of time are determined from work measurement samples provided by the In-Office Cost System (IOCS)." Section 7.0.1 has similar language.

- a. Do IOCS tallies alone determine the allocation of city carrier costs between Cost Segment 6 and Cost Segment 7? If your answer is not an unqualified affirmative, please explain how this allocation is determined.
- Please identify which activities, if any, reflected in Cost Segment 7 are captured by IOCS tallies.

RESPONSE

- a. Yes
- b. IOCS tallies are used to measure total street costs, training, and clocking in

and out.

VP/USPS-T31-42 In your response to VP/USPS-T31-12c, you stated that the ECR parcel rate category "is shape-based, and thus is consistent with the way the Postal Service sorts and delivers mail. Parcels are a separate component of the mail stream; thus, a rate design that recognizes ECR parcels as a separate mail stream, with a distinct rate, is very reasonable and logical."

- a. Please describe all differences, and "the way the Postal Service sorts and delivers" ECR parcels, which are between "the way the Postal Service sorts and delivers" ECR flats accompanied by Please describe why ECR flats DALs always accompanied by DALs.
- c. Please describe why ECR flats accompanied by DALs would not also constitute a separate component of the mailstream, similar to ECR parcels, which are always accompanied by DALs.

RESPONSE:

- a. See responses to VP/USPS -T39-8-10, 12, 14, 16, 24, 27, 28, 30, 32, 40-42 redirected to the Postal Service and VP/USPS-2 and 10.
- c. First, it is important to consider the context of the response to VP/USPS-T31-12c, quoted above. In that question, witness Hope was asked whether it made more sense to have an ECR non-letter DAL category than an ECR parcel rate category. Her response thus explained the desirability of why parcels should be treated separately from flats in ECR. Her response does not indicate that flats accompanied by DALs would not also constitute a separate mailstream. To the contrary, her response simply indicates that shape can be a defining characteristic for mail processing and mail classification purposes.

VP/USPS-T39-4

a. To what extent and under what circumstances are DALs sorted with other lettershaped mail (i.e., whether cased manually or by automation equipment)?

b. Approximately what percentage of DALs would be sorted with letter-shaped mail?

c. To what extent and under what circumstances are DALs cased with flat-shaped mail?

d. Approximately what percentage of DALs would be sorted with flat-shaped mail?

e. When carriers receive their letter mail DPS'd by the P&DC, and case manually only their flat mail, do they case DALs in their flat cases along with other flat mail? If not, please describe how DALs are handled under these circumstances. Also explain how letter-shaped mail that must be manually into route sequence is handled.

Response:

(a) City carriers sort DALs on all non-curbline delivery portions of their routes. These

DALs would be sorted in with the letter-shaped mail on those routes not using

vertical flats casing in the DPS environment.

(b) Unknown, based on the fact that there could be curbline delivery portions on every

route.

(c) City carriers sort DALs on all non-curbline delivery portions of their routes. These

DALs would be sorted in with the flat-shaped mail on those routes using vertical flats

casing in the DPS environment.

- (d) Unknown, based on the fact that there could be curbline delivery portions on every route.
- (e) No. Non-DPS letters still exist and still must be cased by the carrier in the office into

delivery sequence.

VP/USPS-T39-5

Your testimony at page 12, lines 20-27, indicates that manual sortation has a cost consequence that the mailer currently does not directly bear. At page 33, lines 7-9, you indicate that a clerk standing at a case "will sort a letter every two to four seconds, but a good productivity is [only] about 600 pieces per hour, i.e., 6 seconds per piece."

a. Are your statements generally correct for all letter mail regardless of the level of presortation, and regardless of the scheme being worked (i.e., primary outgoing, secondary outgoing, etc.)? If not, please elaborate and clarify.

b. What is the best estimate of the rate at which carriers manually case ECR saturation letters presorted to carrier route sequence or LOT? If a single point estimate is not available (e.g., number of pieces per hour ("PPH")), please provide a range. If you do not have PPH data, please provide cost per thousand data comparable to that shown in the table at page 35 of your testimony.

c. What is the best estimate of the rate at which carriers case ECR saturation flats? If a single point estimate is not available (e.g., number of pieces per hour), please provide a range. If you do not have PPH data, please provide cost per thousand data comparable to that shown in the table at page 35 of your testimony.

d. What is the best estimate of the rate at which carriers manually case DALs? If a single point estimate is not available (e.g., number of pieces per hour), please provide a range. If you do not have PPH data, please provide cost per thousand data comparable to that shown in the table at page 35 of your testimony.

Response:

(a) No. Line of Travel (LOT) or walk sequence (as is required for ECR) would be cased

at a much faster rate.

(b) City Letter carriers have a base minimum casing rate of 18 pieces per minute for

letter mail. Witness Shipe in R90-1, USPS-T-10, exhibit F, page 1, presented a city

carrier casing rate for walk sequence letters of 41.2 pieces per minute.

(c) City Letter carriers have a base minimum casing rate of 8 pieces per minute for flat mail. Witness Shipe in R90-1, USPS-T-10, exhibit F, page 1, presented a city carrier casing rate for walk sequence flats of 27.4 pieces per minute.

> 5 . . .

(d) The minimum to case DALs is the same as for letters.

VP/USPS-T39-6

- a. Do carriers always leave the DDU with DALs sorted with either their letter mail or their flat mail?
- b. Unless your answer to preceding part a is an unqualified affirmative, under what circumstances would carriers take DALs to their route separately (i.e., along with the accompanying mailpieces), without any sortation whatsoever?

Response:

(a) As described in issue VP/USPS-T-39-4(a,c,and e), city carriers case or sort DALs on

all non-curbline delivery portions of their routes, either in with the letter-shaped or

flat-shaped mail. On mounted routes the carrier can take the tray of walk sequenced

DALs directly to the vehicle without casing.

(b) City carriers would take the DALs directly to the street on all curbline delivery

portions of their routes.

VP/USPS-T39-7

a. Regardless of whether DALs are sorted with other letter-shaped mail or other flatshaped mail, explain how carriers locate or identify the presence of a DAL after they arrive at a stop and before they load mail into the addressee's mailbox.

b. Are carriers supposed to position the DAL next to or with the accompanying mailpiece when they insert the two items into the addressee's mailbox?

Response:

(a) City carriers finger (validate) the mail prior to depositing it in the customers mailbox.

During this process the carrier identifies the DAL and retrieves the accompanying

piece for deposit in the customer's mailbox.

(b) No.

VP/USPS-T39-8

As a hypothetical, assume than on one particular day (e.g., Monday) a DDU receives from various mailers four saturation ECR mailings as follows: (i) letters; (ii) flats, (iii) catalogs, and (iv) flat-shaped unaddressed pieces with DALs. Assume further that none of these mailings has a requested date for delivery and that the volume of other classes of mail for delivery that day is normal.

a. What is the probability that one or more of the four saturation mailings will be deferred for a day?

b. If one or more of the above four saturation ECR mailings should need to be deferred in order to meet service standards, with respect to the decision as to which mailing(s) to defer, is the determination essentially random? I.e., do each of the four mailings have an equal chance of being deferred?

c. Unless the answer to preceding part b is an unqualified affirmative, please describe the procedure for determining which mailings will be delivered on the first delivery day after being received at the DDU, and which will be deferred.

d. Provide copies of all Postal Service orders, letters, directives, etc., that (i) supplement or supersede the Domestic Mail Manual ("DMM"), and (ii) pertain to the priority of delivery of all or any portion of Standard Mail when all such mail that is available for delivery on a particular day cannot be delivered on that day.

e. Which of the above mailing(s) is (are) most likely to be taken directly to the route as a third bundle? Please explain the rationale for the decision as to which mailings are to be taken as a third bundle where permitted.

f. As between four different saturation ECR mailings of the type described above, is the Postal Service indifferent as to which one is taken directly to the route as a third bundle? Please explain the basis for your answer.

Response:

(a) The response to this question would depend on local circumstances. A delivery unit

manager would check for anticipated next day volume before deciding to defer any of

these mailings or use available auxiliary assistance and/or overtime to deliver all four

mailings on day of arrival. This also assumes the mail arrives at the delivery unit in time

to be distributed to the carriers for delivery that day. It would also depend on the type of

routes in the delivery unit. Foot/Park and Loop routes are limited to carrying three bundles, so the time to case at least three of these mailings would have to be considered. Also, the DPS procedures that the carriers use would also be a consideration since they are limited to carrying three bundles and one of the bundles will always be DPS letters. In the two work methods described above, residual letters may be cased together with flats as one bundle or separately from the flats which would constitute two separate bundles. If carriers were casing letters with flats, then the enveloped flats and catalogs would be cased with residual letters along with the DAL cards, and the unaddressed flat pieces would be carried as a third bundle. ECR letters would also be cased along with other residual letters and flats. If carriers used the Composite bundle work method (casing residual letters separately from flats) then DPS letters would constitute one bundle, residual letters another and flats another. In this case the carrier would have to case either the unaddressed flat pieces or the DPS letters to avoid a fourth bundle. This is a local decision. There is no limitation on the number of bundles a mounted carrier can handle, therefore, at management's discretion, some or all of these mailings may be simply placed in a tray in the vehicle or they may be cased.

(b) and (c) Yes, however, prudent managers will send saturation ECR letters to the plant to be run on the DBCS and placed in DPS order for next day delivery avoiding carrier office time for this mailing.

(d) None.

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(e) and (f) The unaddressed flat piece bundle is most likely to be taken directly to the route. Since it has no address, the carrier does not have to look at an address on the piece to verify that it is the correct piece for delivery at each particular delivery, but simply pulls unaddressed flat piece from the back of the addressed flat or flat and letter bundle combined. Also see answer to a above.

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VP/USPS-T39-9

As a hypothetical, please assume that for five consecutive days a DDU received two mailings of saturation ECR unaddressed flats (consisting of host pieces with untabbed inserts) with DALs each day, Monday through Friday; i.e., a total of 10 saturation DAL mailings are received within five calendar days. Call these saturation DAL mailings SM,, SM,, SM,,, where SM, and SM, are the mailings that arrive on Monday, SM, and SM, are the mailings that arrive on Tuesday, etc. Assume further that (i) all mailings are entered at the DDU between the hours of 8:00 a.m. and 5:00 p.m., (ii) none of the mailings have any special requested day of delivery, and (iii) the total mail for delivery each day that week (including the saturation DAL mailings) is within the range that can be described as "moderate to normal." The two mailings entered on Monday will thus be for delivery the following day, Tuesday, or later (if deferred). Starting with Tuesday, please describe how these 10 DAL mailings likely would be handled, including (i) the likely day of delivery for each (i.e., the day after arrival or deferred for a day), and (ii) whether the flats in each mailing would be cased manually or taken on the route by the carrier as a third bundle. Please feel free to make whatever further assumptions are necessary to provide a responsive answer to this interrogatory, stating explicitly each such further assumption that you deem necessary and appropriate. If the response differs depending on route type, please so indicate.

Response:

Mounted route carriers are not limited to any specific number of bundles, therefore, both of these mailings would be simply placed in trays in the vehicle for delivery each day. The DAL for these mailings may be cased or handled separately at management's discretion. On foot/park and loop routes, the two unaddressed flat mailings would be collated and handled as a third bundle and the corresponding DALs would be cased with the residual letter mail. Also see answer to VP/USPS-39-8a. In this hypothetical scenario, both saturation ECR unaddressed flat mailings arriving on Monday would be delivered on Tuesday, Tuesdays arriving mail delivered on Wednesday and so on through Fridays arrival delivered on Saturday.

VP/USPS-T39-10

As a hypothetical, please assume that (i) four saturation mailings of Standard ECR unaddressed flats (consisting of host pieces with untabbed inserts) with DALs are entered at a DDU during the day on a Monday, (ii) none of these mailings have any requested day of delivery, and the volume of mail in tire DDU for delivery on the next day (Tuesday) is considered "light."

a. Will one of the DAL mailings be taken on Tuesday as a third bundle and the flatshaped pieces in the three other DAL mailings be cased manually and also delivered on Tuesday?

b. Unless the answer to preceding part a is an unqualified affirmative, please describe the most likely procedure for handling these four mailings in terms of (i) day of delivery, and (ii) whether the mailings will be cased manually or taken directly to the route as bundles without being cased. Please feel free to make whatever further assumptions are necessary to provide a responsive answer to this interrogatory, stating explicitly each such further assumption that you deem necessary and appropriate.

Response:

- (a) Most likely not.
- (b) The most likely scenario on mounted routes would be to case the DALs and collate

the unaddressed flat pieces and place these collated flat pieces into trays to be

placed in the vehicle for delivery on Tuesday. On foot/park and loop routes, two of

the four DALs would be cased and the two associated unaddressed flat pieces

would be collated and would be carried as a third bundle on Tuesday. The

remaining two unaddressed flat pieces would be deferred until Wednesday using the

same delivery process. Also see answer to VP/USPS-T39-8a.

VP/USPS-T39-11

a. For the purpose of answering this question, please assume that an unaddressed flat with an accompanying DAL consists of a host piece, sometimes referred to as an "outer piece," or "wrap," plus several accompanying loose inserts within the host piece. Assume further that in the process of handling the mailpiece e.g., loading it into a "vertical" mailbox, such as an apartment-house type of mailbox where the carrier opens an entire bank of boxes), some or all of the loose inserts fall out of the host piece. Is the carrier supposed to restore the integrity of the loose pieces and the host piece to their original condition, or can the carrier simply pick up the loose pieces and insert them into the mailbox in any sequence or order?

b. If any standard procedure is to be followed when the event described in part a occurs with a mailpiece, please provide a full description, or reference to where the description can be found.

Response:

(a) and (b) The answer to this question would be grounded in common sense and

institutional knowledge of the situation. Yes, the carrier would put the unaddressed flat

with inserts back together if he or she were to drop them. We can say this based on our

knowledge that apartment-house type mailboxes are in units of no more than ten boxes

and that would make the operation relatively simple and quick.

VP/USPS-T39-12

- a. Under what circumstances would carriers case unaddressed flats consisting of a host piece, sometime referred to as an "outer piece," or "wrap," plus several accompanying loose inserts within the host piece.
- b. If (or when) carriers were to case unaddressed flats, would they also case the accompanying DAL, or would that be redundant?

Response:

(a) Unaddressed flats are very rarely cased. On those rare occasions, when it does

happen, it usually involves park and loop and foot routes, and managing the third

bundle issue.

(b) Yes. Otherwise the carrier would not know what address is to receive the

unaddressed flat.

VP/USPS-T39-13

As a hypothetical, please assume that while still in the DDU a carrier drops on the floor a number of flat-shaped Standard ECR pieces that are to accompany DALs; e.g., a bundle breaks accidently. Specifically, assume that each flat-shaped piece in the bundle consists of a host piece with five inserts inside the host piece. Assume further that as a result of being dropped on the floor, some of the inserts become separated from their host pieces.

- a. When retrieving all the host pieces and inserts that have fallen on the floor, is the carrier supposed to try and reassemble each piece into its original condition? That is, should the carrier try to make certain that each host piece has within it the five inserts that were there prior to spilling onto the floor?
- b. If not, what is the proper procedure under conditions such as those described here?

Response:

According to section 691.44, Articles Separated From Envelopes, of the Postal

Operations Manual (POM), "The USPS tries to match articles found loose in the mail

with their envelopes or wrappers....* This may be a loose interpretation, but it is always

our policy to deliver a mailpiece in the same condition as it was given to us.

VP/USPS-T39-14

Please identify the current limitations on the number and type of saturation mailings that carriers can take on their routes without any casing or sortation; i.e., as "extra" or "third" bundles? If the limitations differ by type of route, please explain.

Response:

<u>City carriers on foot or Park & Loop routes</u> are limited to three working bundles. The content of the bundles is really immaterial, however normally one bundle consists of flats and residual letters combined; another bundle is the Delivery Point Sequence or

DPS letters; and the third bundle could consist of a saturation mailing.

On <u>Curbline city delivery routes</u>, there is no limitation on the number of bundles that can be taken on any one day.

In <u>rural delivery</u>, there is no limit to the number of bundles of mail, including saturation coverage mailings, that a rural carrier can carry in any one day.

VP/USPS-T39-16

a. Please describe all circumstances under which carriers would case Standard ECR "wraps," rather than (or in addition to) the accompanying DAL.

b. To your knowledge, how often does it occur that carriers actually case the "wraps" instead of (or in addition to) the DAL?

Response:

(a) The circumstances under which a <u>city carrier</u> would actually case the "wraps" would be very rare. Only in cases where there existed multiple saturation mailings for the same day delivery <u>and</u> where curtailing a saturation mailing would result in a delayed mail status would both the DAL and accompanying mail piece be cased together. In these cases, more often than not, the saturation mailing not involving a DAL would be cased instead of the shared mailing.

In rural delivery, it is the carrier choice to either case all pieces of a shared

mailing or to case the DAL and carry the accompanying piece as an extra bundle.

(b) In only the most extreme delayed mail situations would a city carrier be allowed or instructed to case the accompanying pieces along with the DAL.

In rural delivery, it is the carrier choice to either case all pieces of a shared mailing or to case the DAL and carry the accompanying piece as an extra bundle. This decision can be made by the carrier on a on day to day basis.

VP/USPS-T39-17

a. On average, at what rate per hour, or at what average cost per thousand, can carriers case "wraps"? If you provide cost per thousand data, please state whether such data are comparable to the data provided in the table at page 35 of your testimony.

b. Can carriers case "wraps" at the same rate, or the same average cost, as Standard ECR catalogs of the same weight and with the same maximum dimensions?

c. Can carriers case "wraps" at the same rate, or the same average cost, as Periodicals of the same weight and with the same maximum dimensions?

d. Can carriers case "wraps" at the same rate, or the same average cost, as Bound Printed Matter ("BPM") pieces of the same weight and with the same maximum dimensions?

Response:

(a) There is no average casing rate for "wraps", however the minimum casing rate for

'mail of all other sizes' (the operative category into which a "wrap" would fall) is 8 pieces

per minute.

(b) through (d) There is no apparent comparative analysis that lists the different casing

rates and or costs for casing of specific pieces of mail of the same type (mail of all other

sizes).

VP/USPS-T39-23

Please refer to your testimony at page 12, lines 14-17.

a. On average, what is the daily change in route assignments as between carriers (in terms of the amount of mail that needs to be re-routed to a different carrier)?

b. On average, what would be the change in route assignments every 90 days (in terms of the amount of mail that needs to be re-routed to a different carrier)?

Response:

- (a) Witness Kingsley's testimony is a reference to a change in delivery sequence and could, in some cases, involve the transfer of delivery territory, which is completed when necessary. By daily, it means that when changes do occur to the delivery sequence or territory is transferred, the delivery unit can temporarily change the sort plan in the automated processing to assure accuracy in the DPS process. There are no statistics on the number of delivery sequence or scheme changes occurring daily. The frequency of the scheme changes are circumstantial to each locale.
- (b) Since there are no national statistics kept on the number or frequency of daily scheme changes or territory transfer, it is not possible to compute the amount of mail relative to the changes.

VP/USPS-T-39-24 Detached Address Label ("DAL") mailings involve the delivery of two mailpieces (one being a flat or parcel, the other being the address card) for a single rate, as though they constituted a single mailpiece.

- a. Does the address card receive different handling by the carrier than the flat/parcel? Please explain how each constituent part of the DAL mailpiece is handled at a Destination Delivery Unit ("DDU").
- b. Does the address card receive different handling at the Destination Sectional Center Facility ("DSCF") than the flat/parcel? Please explain how each constituent part of the DAL mailpiece is handled at an DSCF.
- c. Does the address card receive different handling at a Destination Bulk Mail Center ("DBMC") than the flat/parcel? Please explain how each constituent part of the DAL mailpiece is handled at a DBMC.
- d. If your answers to parts a through c reflect any difference in handling, why does it make sense to treat the address card and flat/parcel as a single mailpiece?
- e. In Docket No. R2000-1, Postal Service witness Moeller (USPS-T-35) observed that "it seems illogical that the Postal Service would be that indifferent between processing and delivering two 4-ounce pieces and one 8-ounce piece." (USPS-T-35, p. 21 (Revised 4/3/2000), 1. 17 through p. 22,1. 1.)
- (i) Do you agree with his analysis? Please explain your answer.
- (ii) Does it strike you as illogical that the Postal Service would be indifferent between processing and delivering an addressed flat, and processing and delivering a flat with a DAL? Please explain your answer.

Response:

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(a) City carriers case or sort DALs on all non-mounted portions of their routes. DALs

would be sorted either in with the letter-shaped or flat-shaped mail in a DPS

environment. The accompanying flat or parcel is handled as an additional bundle at

time of delivery.

(b) No. They both are sent to the delivery unit.

- (c) Usually no. DALs and accompanying items may be containerized together in a carton or on a pallet and would be handled as one "unit". If the DALs are in letter trays and the accompanying piece is in a carton or sack, then they would be sorted separately.
- (d) The DAL and host mailpiece are considered a single piece for rate and delivery purposes but are considered two pieces for costing purposes. The DAL and host piece go together, and would be incomplete to have one without the other.
- (e) (i) Yes. We would prefer one 8-ounce piece over two otherwise identical (except for weight) 4-ounce pieces.

(ii) No. Addressed flats and flats with a DAL each has its own advantages.
 Addresses are necessary for processing and delivery when insufficient volume exists to saturate a carrier route. When volume exists to saturate a route, DALs facilitate the casing and delivery of some flats and parcels.

VP/USPS-T-39-26

- a. Does it ever happen that written notification of a DAL mailing is not received at least 10 days before the target delivery date? How is the mailing handled in such instances?
- b. Does it ever happen that the letter providing notice of a DAL mailing is missing some of the required information? How is the mailing handled in such instances?
- c. Does it ever happen that a DAL mailing is received and no copy of the letter has been enclosed with the DALs when presented for delivery, nor do the initial notice and the cartons used for the DALs and items bear a mailing identification number? How is the mailing handled in such instances?
- d. Does it ever happen that a carton of DALs lacks either a mailing identification number or a label showing the required information? How is the mailing handled in such instances?

Response:

(a) Yes. The appropriate information is noted when the mailing is received and the mail

is delivered.

(b) Yes. The appropriate information is noted when the mailing is received and the mail

is delivered.

- (c) Yes. The mailing is delivered within the postal color-coding schedule.
- (d) Yes. The mailing is delivered within the postal color-coding schedule.

VP/USPS-T-39-27

How are DALs and accompanying mailpieces delivered in each type of city carrier route:

- a. Curbline?
- b. Dismount?
- c. Park and loop with a composite DPS work method?
- d. Park and loop in a non-DPS environment?
- e. Foot with a composite DPS work method?
- f. Foot in a non-DPS environment?

Response:

(a) – (f) City carriers finger all the mail prior to depositing it into the mailbox. During this
process the carrier identifies the DAL and retrieves the accompanying piece for
deposit in the customer's mailbox. This process is the same for all types of routes.

Curbline and dismount type routes could have the DAL as an additional bundle separate from the letters or vertically cased flats, but would deliver the mail in the same manner as stated above.

VP/USPS-T-39-28

- a. How are DALs and associated mailpieces handled, cased, carried, and delivered on rural carrier routes?
- b. Please describe how rural carriers are compensated for handling and delivering DALs and accompanying flats and parcels. Are they compensated for one or two pieces?
- c. Please describe how rural carriers are compensated for handling and delivering ECR flats without DALs.
- d. Is the compensation that rural carriers receive for handling flats without DALs equal to the compensation they receive for handling flats with DALs? If not, please explain all differences.

Response:

- (a) The handling procedure for DAL mailings on rural routes depends on the addressing of the DAL. If the DAL has a simplified address, the rural carrier has an option as to whether to case the DAL and/or the associated piece. If the carrier cases the pieces, the pieces are delivered with all other mail pieces at the customer receptacle. If the carrier chooses to carry both the DALs and associated pieces separately as second and third bundles, then the carrier "marries" the pieces with the cased mail at the customer receptacle before placing all mail in the receptacle. If the DAL is specifically addressed, the DAL is considered an ordinary letter and it is cased with other ordinary letters. The associated piece is carried as a second bundle and "married" with the cased mail at the customer receptacle.
- (b) The value of each rural carrier route is determined based on a physical count of all mail items received by the carrier during a specified mail count period. All DAL mailings and associated pieces received during the specified period are counted and

assigned a time value that is included in the mail count. Changes in the number and frequency of DAL mailings outside the count period do not effect the route compensation until such time the route is recounted. All DAL mailings count as two mail pieces on rural routes.

The DAL can be counted as a letter or a boxholder depending on the addressing. If the DAL is specifically addressed to an individual customer or residence, the piece is given a time value of 0.0625 minutes. Also, this piece is given a pulldown or strapout time credit for withdrawing this mail from the carrier case. That time credit is 0.0166 minutes per piece. If the DAL uses a simplified address, then it is considered a boxholder and the time value for each piece is 0.04 minutes. The DAL associated piece is also considered a boxholder and a time credit of 0.04 minutes is assigned regardless of size. Pieces considered as boxholders receive no pulldown or strapout credit whether or not the carrier chooses to case them.

- (c) ECR flats without DALs are considered to be flat mailings and are compensated at 0.125 minutes per piece as determined through the specified mail count period.
 Each piece also receives a time credit of 0.0166 minutes for pulldown or strapout.
- (d) No. See responses to (b) and (c) above.

VP/USPS-T-39-29

- a. Do carriers count the address cards and accompanying mailpieces to ensure that there is a mailpiece for each accompanying card? If not, how do carriers ensure that they have the correct number of both parts of a DAL mailing?
- b. What happens if the carrier does not have enough accompanying mailpieces?
- c. What happens if the DDU does not have enough accompanying mailpieces?
- d. Is there a date after which a mailer's response to rectify a problem with a DAL mailing is no longer timely? What happens in such cases?

Response:

- (a) See response to Docket No. R2000-1, VP/USPS-T10-6a and b.
- (b) See response to Docket No. R2000-1, VP/USPS-T10-6c.
- (c) The DDU could contact the mailer to determine if more associated pieces were in

transit.

(d) There is no set date or number of days for rectifying a problem with a DAL mailing.

The parties based on the circumstances of the individual case determine what

happens.

VP/USPS-T-39-30

Would you agree that it is easier to distinguish a DAL mailing from other ECR mailings than it is to distinguish the average ECR flat mailing from the average ECR parcel mailing? Please explain your answer.

Response:

ECR parcel mailings can only be samples with DALs. Therefore, it would be difficult to

determine which scenario would be easier. DAL mailings are easy to identify regardless

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of whether the associated mail piece is a flat or a parcel.

VP/USPS-T-39-32 The following assumptions involve a hypothetical. First, assume that on some particular day a DDU has two Standard ECR Saturation flat mailings to deliver, along with the usual assortment of other mail. Second, the mail for delivery that day is normal, and carriers will have no problem delivering both of the two Saturation mailings. Third, carriers in this DDU can take one of the two Saturation mailings to the street as a third bundle. Fourth, the two mailings are catalogs having the same dimensions (length and height), but differing with respect to weight as follows: one of the two Saturation mailings is a catalog weighing 2.8 ounces, and the other is a catalog weighing 5.5 ounces.

- a. Of the two Saturation flat mailings, is either more likely to be taken to the route as a third bundle, or would each one have an equal probability of being taken?
- b. Has the Postal Service issued any written instructions establishing the order or priority for implementing the third bundle option? If so, please provide a copy of all applicable instructions (i) that were in effect during the Base Year and (ii) that are now in effect.
- c. If the Postal Service has not issued any written instructions establishing the order or priority for implementing the third bundle option, do DDUs have any general instructions or understanding concerning the priority? If so, please provide a copy.

Response:

(a) This would be purely a local management decision and each one would have an

equal probability of being taken as a third bundle.

(b) No.

(c) No.

VP/USPS-T-39-33

In Base Year 2000, what was the average number of households served by a city carrier (I) in areas where all of the carrier's automatable letter mail was Delivery Point Sequenced (DPS'd) and (ii) in areas where none of the carrier's letter mail was DPS'd; i.e., all mail had to be sequenced?

Response:

There are no data which differentiates routes where all automatable letter mail was

DPS'd from those routes where all letter mail was not DPS'd. The average number of

deliveries per city route in FY 2000 was 494. No data exists that isolates the number of

households per route.

VP/USPS-T-39-34

- a. In Base Year 2000, what was the average volume of mail per household served by a city carrier?
- b. In Base Year 2000, what was the average weight of mail per household served by a city carrier?

Response:

(a) The average mail pieces per possible city delivery in FY 2000 was 5.9. Delivery

Operations keeps no separate data on volume per household.

(b) Delivery Operations has no data on weight of mail per delivery or per household.

VP/USPS-T-39-35

- a. What is the maximum weight of mail that a carrier is permitted to carry in a shoulder satchel when walking a route?
- b. What is the maximum weight of mail that a carrier is permitted to load into a caddy when walking urban routes?

Response:

(a) Carriers are limited to 35 pounds of mail when carrying a shoulder satchel on a walk

route.

(b) There is no such piece of equipment known as a caddy. If the question refers to a

satchel cart, there is no weight limit.

VP/USPS-T-39-36

- a. On park and loop routes, do carriers sometimes have more mail to deliver on a foot loop than they can load into their satchels? That is, do they sometimes have to return to their vehicle to reload their satchels before delivering to all the points served from one parking spot?
- b. If the answer to preceding part a is anything other than an unqualified negative, please discuss the frequency with which time must be taken to return to the vehicle for reloading the satchel and then returning to the foot portion of the route.

Response:

- (a) Yes. In fact, park and loop routes are specifically and intentionally designed by local management to have more than one carry from a planned vehicle park point to maximize efficiency and minimize vehicle moves. In some cases, mail in excess of that which can be loaded into a satchel causes the carrier to make an additional parking stop.
- (b) There is no standard frequency at which carriers on park and loop routes return to their vehicles to reload the satchel. The frequency with which a carrier returns to the vehicle to reload the satchel on each park and loop route is route specific, locally designed and managed. Local determination of the number of vehicle park points is based upon mail volume and number of deliveries.

VP/USPS-T-39-37

- a. On city carrier curb routes, where carriers normally do not dismount except to deliver parcels and accountable mail, on average how often must a carrier stop the vehicle and take time to rearrange the remaining mail in the vehicle for delivery to the rest of the route (e.g., refresh the letter and flat trays next to the driver)?
- b. How would the time required to rearrange the remaining mail in the vehicle for delivery be classified under the existing system for classifying city carrier street time; i.e., as route time, or access time, or load time, etc.?
- c. Please provide a brief description of all recurring activities that take place on a city carrier's route that do not fit naturally into the existing system for classifying city carrier street time; i.e., as route time, or access time, or load time, etc.

Response:

(a) The number of times carriers on curbline delivery routes need to refresh the letter

and flat trays on the vehicle's holding tray next to the driver varies from route to route

and from day to day depending on the total daily mail volume. Statistics are not kept

on this activity.

(b) and (c) See response to VP/USPS-T5-5.

VP/USPS-T39-39

- a. Please provide the total number of city carrier routes in Base Year 2000.
- b. For Base Year 2000, please provide a breakdown of city carrier routes by route type (e.g., foot, park & loop, curb, mixed, etc.).
- c. Please provide the total number of city carrier routes projected for Test Year 2003.
- d. For Test Year 2003, please provide a projected breakdown of city carrier routes by route type (e.g., foot, park & loop, curb, mixed, etc.).

Response:

- a) 168,119 City Routes
- b) Foot 13,513 Park & Loop 89,781 Curb 39,237 Dismount 24,939 Other 649
- c) Routes have not been forecasted.
- d) Routes are not forecasted by type.

VP/USPS-T39-40

Please refer to the response to VP/USPS-T39-9. That response states that "two unaddressed flat mailings would be collated and handled as a third bundle." (The response to VP/USPS-T39-10 also discusses collation.)

- a. Please describe the collation process. That is, (i) would carriers intersperse the two bundles of unaddressed items on a table or other flat surface, (ii) would they intersperse them into an empty vertical flat case, or (iii) would they use some other procedure?
- b. How does the rate at which two unaddressed flat mailings can be collated compare with the rate at which addressed saturation flat mailings can be cased in vertical flat cases (as described in the response to VP/USPS-T39-5(c))?

Response:

a. Letter carriers on foot/park and loop routes would simply place an appropriate

number of unaddressed flats from both mailings on the case ledge in front of

them after casing all letters and flats for that days delivery. During the pull down

process, the letter carrier would place one unaddressed flat piece from a set that

was placed on the ledge behind one unaddressed flat piece from the other set

until the appropriate number of stops from that particular relay was completed.

This process would continue until the entire route was pulled down.

b. There is no collation rate.

VP/USPS-T39-41

The response to VP/USPS-T39-12 states that unaddressed flats are very rarely cased (by city carriers), but when such casing does occur the DAL is also cased with the flat. The response to VP/USPS-T39-16 states that in rural delivery the carrier can elect either to case all pieces of a shared mailing or to case the DAL and carry the accompanying piece as an extra bundle. The response to VP/USPS-T39-17 states that the only applicable standard for unaddressed wraps is 8 pieces per minute. Based on general experience, when city or rural carriers do case unaddressed flat "wraps," how does the rate at which such wraps are cased compare with the rate at which addressed saturation flat mailings can be cased in vertical flat cases (as described in the response to VP/USPS-T39-5(c))?

Response:

There are no formal or informal measurements on this activity. Any response given

would be totally anecdotal and based on the personal observation of a single

observer.

VP/USPS-T39-42

Refer to the response to VP/USPS-T39-16. The response to part a indicates that casing of "wraps" by a city carrier would be very rare, and the response to part b states that city carriers would be allowed or instructed to case "wraps" accompanying DALs only in the most extreme delayed mail situations.

- a. Is it reasonable to infer from this response that the Postal Service considers the casing of "wraps" to be a low priority, or less desirable, activity for city carriers? Please explain any negative answer.
- b. Please explain all reasons why the Postal Service considers the casing of "wraps" to be a low priority or less desirable activity for city carriers.

Response:

a. and b. The Postal Service considers the casing of unaddressed flats as wasteful and unnecessary. As far as priority of processing goes, the fact that the flats are unaddressed does not change their class of mail or order in the processing categories. The reasons the Postal Service does not promote casing unaddressed flats is because we have developed methods whereby any carrier, whether mounted, park and loop, or walking can take the unaddressed flats out on the street and only case the DALs. That being the case, there would be no justification to spend time on the casing of mail that will not aid in its ultimate delivery.

VP/USPS-T39-43

The response to VP/USPS-T39-6 states that on mounted routes carriers can take a tray of walk sequenced DALs directly to the vehicle without casing. The response to VP/USPS-T39-8 and 9 states that there is no limitation on the number of bundles a mounted carrier can handle.

- a. For city carriers on curbline routes, how many separate trays or "bundles" can the carrier accommodate within arm's reach in a typical Postal Service vehicle supplied to city carriers? That is, how many separate trays or bundles can a mounted carrier handle at a curbside stop without leaving the seat.
- b. For rural carriers that use their own vehicles, how many separate "bundles" can the carrier accommodate within arm's reach in a typical vehicle used by rural carriers?

Response:

a. The current Carrier Route Vehicles used on curbline routes in city delivery

have a holding tray that can accommodate three letter trays. A tray may hold

bundles of more than one sequenced mailing.

b. For rural carriers using a private vehicle, this is unknown. It depends upon the type and size of the vehicle.

VP/USPS-T39-44

As a hypothetical, assume that a city carrier on a curbline route had only one Standard ECR saturation mailing to deliver on a particular day (along with the normal volume of other mail), and that mailing consisted of letter-shaped mail presorted by line of travel ("LOT").

- a. Does the Postal Service have in place a standard policy or procedure that prescribes how city carrier should handle letter-shaped Standard ECR saturation mailings under such circumstances?
- b. If your answer to preceding part a is the affirmative, please provide copies of all relevant policies or procedures issued by headquarters.
- c. If your answer to preceding part b is anything other than an unqualified affirmative, what is the likelihood that the carrier would take letter-shaped Standard ECR mailing presorted to LOT directly to the carrier's vehicle and would treat the letters as a "third" bundle?

Response:

- a. No.
- b. Not Applicable
- c. Handling of this mail is locally determined based upon individual

circumstances.

VP/USPS-T39-45

As a hypothetical, assume that a city carrier on a mounted route had so many separate bundles and trays of saturation mailings that at each stop the carrier had to get up from the seat, go back into the vehicle to pick up items (for that stop) from those bundles and trays that are out of arm's reach, then return to the seat and load the mail into the recipient's mailbox. Assume further that the carrier's activities that day were being recorded in the city carrier costing system. How would the time required to go back into the vehicle to pick up those items that are out of arm's reach be recorded? As access time? Load time?

Response:

First of all, a situation that would require the carrier to get up and retrieve mail pieces

from saturation mailings at each delivery does not occur. If it did occur, the city

carrier costing procedures would pick it up as "street support."

VP/USPS-T39-54 Please assume that, on a particular day, a Destination Delivery Unit ("DDU") has no Standard ECR Saturation mailings of flats, but it has received one Standard ECR Saturation letter mailing, entered at the DDU, for delivery that day (or the next).

- a. If the DDU is not one that receives mail in delivery point sequence ("DPS") from the processing and distribution center ("P&DC"), and does not have a Carrier Sequence Bar Code Sorter ("CSBCS"), what is the likelihood that carriers on foot routes or park and loop routes will either (i) take the Saturation letter mailing directly to their routes as a "third" bundle, or (ii) sort the Saturation letters manually in the office?
- b. If the DDU is among those that receive DSP'd mail from the P&DC, what is the likelihood that carriers on foot routes or park and loop routes will either
 (i) take the Saturation letter mailing directly to their routes as a 'third" bundle;
 (ii) sort the Saturation letters manually in the office; or (iii) send the Saturation letter mailing back to the P&DC to be DPS'd?
- c. In explaining your answers to parts a and b, please state whether the Postal Service has a relevant policy or practice.

Response:

(a) (i) None. Technically they could, but in reality, this seldom happens. (ii) This is

what carriers on foot or park and loop routes are most likely to do.

(b) (i) and (ii) Same as (a). (iii) It is a local decision based on whether it could be

accomplished within the service standards and the mail's machinability.

(c) There is no established policy.

VP/USPS-T39-55 Please assume, on a particular day, a DDU has one Standard ECR Saturation mailing of addressed flats (e.g., catalogs), and it also has received one Standard ECR Saturation letter mailing, entered at the DDU, both for delivery that day. In answering the following questions, please explain the rationale for how such decisions are made, and state whether the Postal Service has a relevant policy or practice.

- a. If the DDU is not one that receives DPS'd mail from the P&DC, what is the likelihood that carriers on foot routes or park and loop routes will (i) take only the Saturation flat mailing directly to their routes as a "third" bundle, or (ii) take only the Saturation letter mailing directly to their routes as a "third" bundle, or (iii) take both Saturation mailings directly to the route as "extra" bundles?
- b. If the DDU is not one that receives DPS'd mail from the P&DC, what is the likelihood that carriers on mounted routes will (i) take only the Saturation flat mailing directly to their routes as a "third" bundle, or (ii) take only the Saturation letter mailing directly to their routes as a "third" bundle, or (iii) take both Saturation mailings directly to the route as "extra" bundles?
- c. If the DDU is among those that receive DPS'd mail from the P&DC, what is the likelihood that carriers on foot routes or park and loop routes will (i) take only the Saturation flat mailing directly to their routes as a "third" bundle, or (ii) take only the Saturation letter mailing directly to their routes as a "third" bundle, or (iii) take both Saturation mailings directly to the route as "extra" bundles, or (iv) defer the Saturation letter mailing until the next day and send it back to the P&DC to be DPS'd, or (v) do something else?
- d. If the DDU is among those that receive DPS'd mail from the P&DC, what is the likelihood that carriers on mounted routes will (i) take only the Saturation flat mailing directly to their routes as a "third" bundle, or (ii) take only the Saturation letter mailing directly to their routes as a "third" bundle, or (iii) take both Saturation mailings directly to the route as "extra" bundles, or (iv) defer the Saturation letter mailing until the next day and send it back to the P&DC to be DPS'd, or (v) do something else?

Response:

- (a) (i) Assuming letters are cased, the flats most likely would be taken as a third bundle.
 - (ii) Not likely to occur.
 - (iii) Would not be likely. There could be a few exceptions since this would be a local call.
- (b) (i) Most likely.
 - (ii) Very unlikely.
 - (iii) It is possible that both could be taken as extra bundles.
- (c) (i) Most prevelent.
 - (ii) Not at all.
 - (iii) Not likely.
 - (iv) Possible. See VP/USPS-T39-54, b, iii.
 - (v) Nothing else is possible.
- (d) (i) The carrier definitely would do assuming the letters are cased.
 - (ii) Would not occur.
 - (iii) Could do.
 - (iv) Same as in (c) iv.
 - (v) No.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF VAL-PAK REDIRECTED FROM WITNESS KINGSLEY

VP/USPS-T39-56.

- a. For city carriers, in Base Year 2000, what is the average hourly wage, including all benefits, but excluding indirect piggyback costs?
- b. For city carriers, in Test Year 2003, what is the average hourly wage, including all benefits, but excluding indirect piggyback costs?
- c. For city carriers, in Base Year 2000, what is the average hourly wage, including all benefits, and including all indirect piggyback costs?
- d. For city carriers, in Test Year 2003, what is the average hourly wage, including all benefits, and including all indirect piggyback costs?

RESPONSE:

- a. The average hourly wage for Base Year 2000 for city carriers is \$27.74 (see USPS LR-J-50). This is consistent with city carrier salary and benefits included in cost segments 6 and 7. This wage does not include service-wide benefits as discussed in response to part c.
- b. The average hourly wage for Test Year 2003 for city carriers is \$32.62 (see USPS LR-J-50). This is consistent with city carrier salary and benefits included in cost segments 6 and 7. This wage does not include service-wide benefits as discussed in response to part d.
- c. The FY2000 city carrier piggyback factor (for the volume variable cost for all classes) is 1.355 (see USPS LR-J-46, page 54). The calculation of piggyback factors is discussed by witness Smith, USPS-T-15, at pages 18-19. This piggyback factor includes service wide benefits which are: workers compensation, repriced annual leave, holiday leave, Civil Service Retirement, annuitant COLA/principal, annuitant life insurance, annuitant health benefits, unemployment compensation, and interest expense associated with Civil

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Service Retirement System in cost segments 18 and 20. Multiplying the wage from part a by this piggyback factor gives us \$37.59 per hour.

d. The FY2003 city carrier piggyback factor (for the volume variable cost for all classes) is 1.367 (see USPS LR-J-52, page 134). The calculation of piggyback factors is discussed by witness Smith, USPS-T-15, at pages 18-19. This piggyback factor includes service wide benefits which are: workers compensation, repriced annual leave, holiday leave, Civil Service Retirement, annuitant COLA/principal, annuitant life insurance, annuitant health benefits, unemployment compensation, and interest expense associated with Civil Service Retirement System in cost segments 18 and 20. Multiplying the wage from part b by this piggyback factor gives us \$44.59 per hour.

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VP/USPS-T39-56

VP/USPS-T39-57 Do city carriers sort all or some detached address labels ("DALs") on all non-curbline delivery portions of their routes under the following facts:

- a. If the portion of a carrier's route that is curbline is 75 percent, would the carrier not sort the DALs for that portion of the route?
- b. If the portion of a carrier's route that is curbline is 50 percent, would the carrier not sort the DALs for that portion of the route?
- c. If the portion of a carrier's route that is curbline is 25 percent, would the carrier not sort the DALs for that portion of the route?
- d. Please describe in detail all circumstances when carriers would not sort DALs in the office.

Response:

(a) The DALs would most often be cased. At times, only the non-curbline portion of

the DALs could be cased. This is a local management decision.

- (b) It is likely that the DALs would all be cased.
- (c) It is likely that the DALs would all be cased. It is a local management decision.
- (d) There is no one circumstance where DALs would not be sorted.

VP/USPS-T39-58

- a. How does the Postal Service describe whatever it is that the current Carrier Route Vehicles use to hold flats? As a "flat tray?" A flat "tub?" A holding tub? Something else?
- b. How many flat trays (or for flats whatever is equivalent to a holding letter tray) do the current Carrier Route Vehicles have?
- c. As a practical matter, what is the largest number of "extra bundles" of Saturation flats that a carrier can take directly to the route without in-office sortation? That is, since carriers do not get up from their seat and retrieve mail pieces from Saturation mailings at each delivery point, is there some point where the carrier at each stop would be extracting mail from so many different bundles that it would make more sense to sort some of the Saturation flats in the office rather than take them directly to the route as "extra bundles"?

Response:

- (a) As a "flat tray."
- (b) Whatever the daily volume warrants. It depends on daily mail volume.
- (c) Wording assumes a curbline or mounted route. Technically there is no limit, a

practical limit depends on the type of vehicle and the amount of centralized

deliveries.

VP/USPS-T39-59 Please describe how Standard ECR Saturation mailings of covers and DALs are handled on dismount routes and compare that with the way they are handled on (i) foot routes, (ii) park and loop routes, and (iii) curb routes. In responding to each question, please specify: (i) whether the DALs are sorted in the office, or are taken directly to the route unsorted, and (ii) whether there is any limit on the number of extra bundles of Saturation ECR Mail that the carrier can take to the route unsorted.

Response:

On dismount routes, there is no need for the carrier satchel and there is no bundle

limit.

- (i) and (ii) See responses to 54a, 55(a and c), and 57
- (iii) Same as on dismount routes.

VP/USPS-T39-60 Please assume that on some particular day the carriers at a DDU have two Standard ECR Saturation mailings of flats to be delivered that day. Assume further that many of the routes served by the DDU are foot routes or park and loop routes, and that carriers on those routes will need to case one of the two mailings of Saturation flats prior to leaving the office. Assume further that a typical route for this office has 480 delivery points. Finally, assume that the "first" Saturation mailing is approximately 3/32nds of an inch thick and the "second" is 5/32nds of an inch thick.

- a. Please confirm that 480 pieces of the first mailing, stacked one on top of another, will measure about 3.75 linear feet. If you do not confirm, please provide the correct amount.
- b. Please confirm that 480 pieces of the second mailing, stacked one on top of another, will measure about 6.25 linear feet. If you do not confirm, please provide the correct amount.
- c. For a standard vertical flat case used by city carriers, what is the interior width that is available for each residential delivery point on the route?
- d. When city carriers are using standard vertical flat cases, would thicker mailpieces tend to fill up the available space more quickly than thinner mailpieces?
- e. Of the two mailings described above, which would city carriers most likely take to their vehicles as a third bundle, and which would they most likely sort while in the office?

Response:

There are no rules or polices. Logic would dictate.

- (a) Confirmed. It is easier to case thinner pieces with existing mail.
- (b) It would be taken directly to the street since it takes up extra case space.
- (c) Recommend one-inch slot per address. It could be one-half inch or possibly

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more than one inch depending on the volume for that delivery point.

- (d) Yes.
- (e) See responses to subparts (a) and (b).

VP/USPS-T39-61

The established minimum rate for city carriers to case letters is 18 pieces per minute (ppm), and this minimum is applicable to detached address labels ("DALs"). At the same time, witness Shipe in Docket No. R90-1, USPS-T-10, exhibit F, page 1, cites a city carrier casing rate for walk-sequenced letters of 41.2 ppm. As between the established minimum rate of 18 ppm and the 41.2 ppm rate supplied by witness Shipe in Docket No. R90-1, please explain which rate would be most applicable to those DALs that carriers case manually, and explain why.

Response:

The minimum standard rate is 18 which is the base upon which carriers are measured

and routes are evaluated. In day to day operations, it is very likely that carriers could

case walk sequence DALs faster than the minimum.

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VP/USPS-T39-62

The established minimum rate for city carriers to case flats is 8 pieces per minute (ppm), and this minimum would be applicable to "wraps" or "covers" that accompany DALs. At the same time, witness Shipe in Docket No. R90-1, USPS-T-10, exhibit F, page 1, cites a city carrier casing rate for walk-sequenced flats of 27.4 ppm. As between the established minimum rate of 8 ppm and the 27.4 ppm rate supplied by witness Shipe in Docket No. R90-1, please explain which rate would be most applicable to those "wraps" or "covers" that carriers case manually, and explain why.

Response:

The minimum standard rate is 8 which is the base upon which carriers are measured

and routes are evaluated. In day to day operations, if the flats are cased it is very likely

that carriers could case walk sequence "wraps" or "covers" faster than the minimum.

VP/USPS-T39-64

The response to VP/USPS-T39-11 states that "apartment-house type mailboxes are in units of no more than ten boxes and that would make the operation relatively simple and quick."

- a. Does the Postal Service have a requirement that limits the number of individual boxes within one "unit" of a single apartment-house type mailbox? If so, what is the requirement and where is the requirement stated?
- b. Has that requirement always existed, or do apartment-house type mailboxes exist where one "unit" provides access to more than 10 individual boxes?

Response:

- a. No.
- b. There is no limit to the number of apartment type mailboxes in any one location.

VP/USPS-T39-65

The response to VP/USPS-T39-14 states that "[o]n Curbline citv deliverv routes, there is no limitation on the number of bundles that can be taken on any one day" (emphasis added).

- a. Is the intention of the response to say that only for Curbline city delivery routes the Postal Service has no contractual or arbitration limitations for carriers, such as the "third" bundle rule applied to carriers on foot and park and loop routes? Unless the response is an unqualified affirmative, please explain what the above-quoted statement is intended to convey.
- b. Notwithstanding the response to the preceding part a, what is the "real world" practical limitation as to the number of "extra" bundles of saturation mail that might be taken to a Curbline city delivery route on any given day? In other words, in terms of the number of "third" or "extra" bundles, at what point would a city carrier on a Curbline delivery route be forced to (i) perform some level of in-office casing or collation of Saturation ECR mail, or (ii) defer delivery of one or more Saturation ECR mailings within acceptable delivery standards, or (iii) delay one or more Saturation mailings beyond acceptable delivery standards?

Response:

- a. Yes. Also includes dismount portions of routes.
- b. This is determined by local circumstances and varies by office and route.

VP/USPS-T39-66

What is the "real world" practical limitation as to the number of "extra" bundles of Saturation mail that might be taken to a rural delivery route on any given day? In other words, at what point would a rural carrier be forced to (i) perform some level of in-office casing or collation of saturation ECR mail, or (ii) defer delivery of one or more of the saturation ECR mailings within acceptable delivery standards, or (iii) delay one or more of those saturation mailings beyond acceptable delivery standards? If your answer depends upon the type of vehicle that a rural carrier elects to use on the route, (i) please explain and indicate the difference for the two or three types of postal vehicles most commonly used by rural carriers, and (ii) please explain and indicate the difference for the two or three types most commonly used by rural carriers.

Response:

The number of extra bundles carried is a determination based on a number of elements such as the size of the mailings, the total route volume for the day, and the size of the carriers route. The size and type of vehicle could become a factor in deciding on the number of extra bundles a carrier might take on a given day. Those rural routes that have postal provided vehicles utilize Long Life Vehicles. Those routes that utilize privately owned vehicles tend to use intermediate or full size vehicles.

VP/USPS-T39-67

Please provide the following information with respect to the Postal Service's Delivery Point Sequence ("DPS") program. In addition, please provide as a library reference all data sets that show city carrier and rural route level statistics, either at the route level, zone level or in aggregate, and all available correlating data which detail those routes and/or zones that have been converted to a DPS process.

- a. At the start of Base Year 2000, how many routes were supported by DPS capability (i.e., how many routes had already been converted to DPS)?
- b. By the end of Base Year 2000, how many routes were supported by DPS capability (i.e., how many routes had already been converted to DPS)? Of those routes supported by DPS, what percentage used the vertical flats casing method?
- c. At the start of Base Year 2000, how many routes were not supported by DPS capability (i.e., how many routes had not already been converted to DPS)?
- d. By the end of Base Year 2000, how many routes were not supported by DPS capability (i.e., how many routes had not already been converted to DPS)?
- e. Relative to part a above, how many total possible delivery stops were serviced by the routes that were supported by DPS capability?
- f. Relative to part b above, how many total possible delivery stops were serviced by the routes that were supported by DPS capability?
- g. Relative to part c above, how many total possible delivery stops were serviced by the routes that were not supported by DPS capability?
- h. Relative to part d above, how many total possible delivery stops were serviced by the routes that were not supported by DPS capability?

Response:

- a. At the start of FY 2000, approximately 143,000 city routes and 31,900 rural routes were on DPS.
- b. The end of the year statistics were approximately equal to the beginning of the year data for city routes. The reporting system used to monitor the data is being

redesigned. Therefore, exact numbers are not available for city routes. There were approximately 37,700 rural routes on DPS at the end of FY 2000.

- c. At the beginning of FY 2000 there were approximately 24,000 city routes and 32,800 rural routes not on DPS.
- d. At the end of FY 2000 there were an estimated 25,000 city routes and 29,700 rural routes not on DPS.
- e. h. Possible delivery stops served by DPS are not available.

VP/USPS-T39-68

Please refer to the response to VP/USPS-T39-36(a), which states, inter alia, that "[i]n some cases, mail in excess of that which can be loaded into a satchel causes the carrier to make an additional parking stop." Please clarify by responding to the questions below. Assume that on some day (or days) a carrier has too much mail for a single satchel load to cover an entire "loop," herein defined as "one of several physical travel patterns that are carried out by a carrier, emanating from and returning to a vehicle or relay device(s)." Assume further that several "loops" would be performed from a single "park point" location.

- a. Do city carriers sometimes have to return to their vehicle to reload their satchels before delivering to all points on one loop?
- b. When such a condition exists, what is a carrier's process? That is, does the carrier travel the "loop" until running out of mail, then return to the vehicle to replenish the satchel for the remainder of that "loop"? If this is not the process, please describe in detail what the carrier does to service the route under these conditions.

Response:

- a. Yes.
- b. There is no prescribed process; it is a local decision. The carrier can decide to

return to the vehicle to replenish the satchel for the remainder of the loop.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SCHENK TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC. AND VAL-PAK DEALERS' ASSOCIATION, INC.

VP/USPS-T43-14.

- a. With respect to the National Mail Count for rural carriers, please provide the evaluated time for every class and subclass of items handled, both in the office and while delivering on the route.
- b. In the National Mail Count, would Standard ECR DALs be classified as letters, or would they be classified as flats or parcels in accordance with the shape of the accompanying mailpiece?
- c. If Standard ECR DALs are classified as letters in the National Mail Count for rural carriers, is the level of detail contained in that data base capable of distinguishing between ordinary Standard ECR enveloped letters and DALs? That is, if Standard ECR DALs are recorded as letters, or letter-shaped pieces, can the available data from the city carrier cost system be used to ascertain what percentage of Standard ECR "letters" were in fact DALs? If so, please provide this statistic for Base Year 2000.

RESPONSE

a. See witness Meehan's workpapers (USPS-T-11, Workpaper B), or the electronic

version filed in USPS-LR-J-57, CS10.xls, worksheet 10.1.1, column 2. These are

the times allotted to rural carriers to deliver or collect items of the specified

evaluation item (letter, flat, parcel, DPS, sector segment, boxholder, collected

letter or flat, etc.). The evaluation times for letters, flats, and sector segment

include .0166 minutes per piece for strapping out. The evaluation times apply to

all pieces of that type, regardless of mail class or subclass.

- b. See the response to VP/USPS-T39-28(b), which describes how DALs are classified during the National Mail Count.
- c. The National Mail Count contains counts of mail by evaluation type, but does not distinguish pieces by mail subclass or standard ECR "letters" from DALs. See the response to VP/USPS-T43-11(d) for the question on the city carrier cost system.

VP/USPS-T43-18.

- a. Please provide as library references (i) summary results of the latest national rural mail count, and (ii) instructions for conducting the national rural mail count, including the evaluated time credits for mail handled in the office and on the route.
- b. Please specify the evaluated time in the office and on the route for handling (i) letters, (ii) ordinary Standard ECR flats, (iii) Detached Address Labels ("DALs"), (iv) flat-shaped covers that accompany DALs, and (v) small parcels that can fit easily into a mailbox and that do not require dismount.

RESPONSE:

- a. Summary results from the FY 2001 national rural mail count, taken in September of 2000, will be filed in USPS-LR-J-193. Instructions for conducting the national rural mail count will also be filed in USPS-LR-J-193.
- b. Evaluated times for mail handled in the office and on the route will be filed in USPS-LR-J-193. The evaluated times listed in this library reference are applicable to all pieces of this category, regardless of mail class. Therefore, the evaluation factor for flats plus the strapping out allowance will apply to ordinary Standard ECR flats. The evaluation factors for letters, plus the strapping out allowance, will apply to fully addressed DALs. The evaluation factor for boxholders will apply to DALs that have simplified addresses. The mail piece accompanying a DAL will always be a boxholder, regardless of its shape. No strapping out allowance is given for boxholder mail. A small parcel will receive the allowance for parcels if it exceeds any of the following

dimensions: 5 inches high, 18 inches long, and 1 9/16 inches wide. If it does

not exceed any of these dimensions it will receive the allowance for flats.

VP/USPS-T43-25.

The city carrier system and the National Rural Mail Count both include and count DALs as letters, whereas the RPW system does not record DALs. Do any other significant differences exist between the way mail is counted and recorded in the RPW System on the one hand, and either city carrier mail count or the national rural mail count on the other? If so, please describe each, and indicate whether you think that the difference would be negligible or non-negligible quantitatively, where any difference greater than 1 percent would be considered as non-negligible.

Response:

Numerous differences exist between the ways mail is counted and recorded in the three systems. Most of these differences are non-negligible, inasmuch as they are definitional differences. Specific studies have not been conducted to quantify percent differences. The following are the major differences in ways mail is counted and recorded between the three systems.

- Weight RPW obtains the weight of the sampled mailpiece. Neither the city carrier cost system nor the National Rural Mail Count obtains the weight of the sampled mailpiece.
- Revenue RPW obtains the revenue on the sampled mailpiece. Neither the city carrier cost system nor the National Rural Mail Count obtains the revenue on the sampled mailpiece.
- 3. Shape/Type/Evaluation Factors The city carrier system uses letter, flat, and parcel as shape. City carrier shape is determined by the case in which a carrier places the mailpiece, or when a carrier uses only one case to sort all mail, by measurement. RPW uses Letter, Flat. IPP/Parcel, Stamped Card (Postal), Private/Penalty Card, and Keys and Identification Devices as type. RPW shape definitions are consistent

with DMM definitions. The National Rural Mail Count (NMRC) uses DPS, Sector Segment, and Other Letter; Papers, Magazines, and Catalogs, Parcels; and Boxholders as evaluation factors for delivered mail. NMRC utilizes measurements and/or processing methods to determine evaluation factor.

4. Rate Category – City carrier data collectors determine rate category by first determining class, and then subclass, and finally rate (an aggregation of rate categories). RPW utilizes the determined class and mail preparation marking, along with type, weight, and revenue information to determine rate category. The National Rural Mail Count does not collect data on subclass, rate, or rate category.

Within each class, the RPW system generally determines the rate category at a *much finer level of detail than does city carrier.* For example, in Package Services, city carrier has four subclasses: Parcel Post, Media Mail, Library Rate and Bound Printed Matter. RPW, however, collects data on Zone-Rated Parcel Post; Single Piece and Presorted Media Mail; Single Piece, Presorted, and Carrier Route Bound Printed Matter; and Single Piece and Presorted Library.

5. Accountables/Special Services, Evaluation Factors – The city carrier system records data for the following accountables: postage due, business reply, certified, COD, numbered Insured, registered, return receipt, express return receipt, delivery confirmation, signature confirmation, and other. RPW records special services based upon the class and shape/type of mail they are recording. While city carrier obtains accountable information for the sampled mailpieces, the accountable

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information is not linked with the mailpiece for which that accountable service is performed. RPW, however, links the special service to the mailpiece sampled. There are some differences between city carrier and RPW accountable/special services. While city carrier simply records BRM, RPW records BRM with and without accounting fee and QBRM. RPW records merchandise return service, city carrier does not. National Rural Mail Count records counts of registered, certified, insured, and Express Mail together, COD and Customers Dues, and Postage Dues. City carrier records Express Mail separately as a class.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

5. Please provide the electronic version of the spreadsheets used to forecast international mail volume and revenue for FY 2001, FY 2002, FY 2003 (test year before rates), and FY 2003 (test year after rates). Exhibits USPS-28A, USPS-28B and USPS-28C. Please show the quarterly volume forecasts of international mail for 2001Q4-2004Q4 in the same manner witnesses Tolley (USPS-T-7) and Musgrave (USPS-T-9) have presented before- and after- rates quarterly volume forecasts of domestic mail.

RESPONSE:

Please see USPS-LR-159.

RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

12. Witness Patelunas' Exhibit 12A at pages 15 through 18 shows the derivation of the mail volume cost effect factors which are input into the file RAT2FACT for use in the cost rollforward process. Column 2, labeled CRA Line, shows the CRA line number for each of the classes and subclasses of mail in the CRA cost matrix. These line numbers should correspond to the line numbers shown in the file AHEAD, in Library Reference J-6 at \Fy01h\control\AHEAD. Exhibit 12A shows the CRA line number for Insurance and Certified to be 164 and 165, respectively. However, the file \Fy01h\Control\AHEAD, shows the line numbers to be just the opposite, line 165 for Insurance and line 164 for Certified. An examination of the mail volume effect in the rollforward for FY 2001, 2002, and the Test Year Before Rates and After Rates shows that Certified costs are increased by the RAT2FACT factor apparently intended for Insurance and Insurance costs are increased by the RAT2FACT factor apparently intended for Certified. If necessary, please provide appropriate corrections. Include corrections to the cost rollforward workpapers and Exhibits of Witness Patelunas, and all corrections to Exhibits and/or Workpapers of any other witness who are affected by the correction to the rollforward. Additionally, please provide all corrections to the cost rollforward workpapers for the PRC version in Library Reference J-75.

Response:

The hypothesis posed in this Information Request is correct – for each of the rollforward years, Certified costs are increased by the RAT2FACT factor intended for Insurance and Insurance costs are increased by the RAT2FACT factor intended for Certified. In addition to the error identified in the Information Request, two other errors were found in the PRC version and the corrections are incorporated in the revisions. First, the test year contingency was calculated at one percent, and it should have been at three percent. Second, the Test Year Final Adjustment intended for Certified was applied to Insurance. These corrections have been made and the rollforward has been rerun. The results are shown in the errata filed separately today, 10/31/01, for the following document: USPS-LR-J-75 Volume H Table E PRC TY03AR with Mix D Report.

RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

Response continued:

Additionally, Attachment 1 that accompanies this response shows the test year impact on classes, subclasses and special services of, first, changing the contingency to three percent, and, second, correcting for the mail volume effect and final adjustments on Certified and Insurance. 1

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Attachment 1 POIR 2 Question 12 Response of US Postal Service

	TYAR at 1%	TYAR at 3%	Difference due to	USPS-LR-J-75	Difference due to	% Difference due to
	Contineency	Contingency	Contingency	Volume H	Certified/Insurance	Certified/Insurance
	USPS-LR-J-75	Column (1) costs	Column (1)	Table E. D Report	Column (4)	Column +41
	Vol. H. Table E	using a 2%	minue	Revised 10/31/01	minus	divided by
	D Report	Continguncy	Column (2)		Column (2)	Column (2)
	(1)	(2)	(3)	(4)	(5)	(5)
D						
First-Class Mail:						-0.01%
Single-Piece Lutters	13,429,294	13,806,211	285,928	13,004,415	(795)	•
Present Letters	5,870,988	5,987,245	118,257	5,986,916	(329)	-0.01%
Total Letters	19,300,272	19,682,455	382,184	19,661,332	(1.124)	-0.01%
Single-Place Cards	\$12,314	624,430	12,125	624,401	(37)	-0.01%
Presort Cards	157,750	100,063	3,124	160,863	•	0.00%
Total Cards	770,072	785,321	15,249	705,204	(37)	0.00%
Toigi First	20,070,344	20,467,777	397,433	20,466,816	(1,161)	-0.01%
Priority Mail	3,813,064	3,866,560	76,506	3,868,416	(144)	0.00%
Express Mail	602,459	814,380	11,930	614,341	(47)	-0.01%
Maligrams	793	809	16	808	(1)	-0.13%
Periodicala						
in-County	80,818	82,419	1,800	82,415	(3)	0.00%
Outside County	2,429,589	2,477,902	48,113	2,477,588	(114)	0.00%
Total Periodicals	2,510,508	2,560,221	49,713	2,580,103	(117)	0.00%
Standard Mail						
Enhericed Carrier Route	2,869,430	2,925,251	56.620	2,925,088	(163)	-0.01%
Regular	9.227.895	9.4 10.626	182,731	9.410,108	(617)	-0.01%
Total Standard Mail	12,007,326	12,336,877	239,551	12,336,196	(680)	-0.01%
Package Services						
Parcel Post	1.029.295	1.049.677	20,382	1.049.630	(47)	0.00%
Bound Printed Matter	550,242	561,135	10,896	561,111	(27)	0.00%
Media Mpil	287,136	282.822	6.686	292,805	(16)	-0.01%
Total Package Services	1,806,673	1,903,837	36,964	1,903,546	(B1)	0.00%
U S Postal Service	. 0	-	-	-	-	0.00%
Free Mail-Bind&Hndc&Serv	40,044	40,837	783	40,836	(1)	0.00%
Internation) Mail	1,674,528	1,707,687	\$3,159	1,707,832	(56)	0.00%
Total Mail	42.575.729	43,520,793	845,084	43,518,495	(2,298)	-0.01%
	-2,010,122			40,010,400	(2200)	
Special Services:						
Registry	57,155	58,287	1,132	58,268	(19)	-0.03%
Cartilled	453,864	462,851	8,967	507,715	44,864	9.68%
insurance	133,069	136,318	2,847	108,792	(27,825)	-20.19%
COD	13,174	13,435	261	13,427	(8)	-0.06%
Money Orders	183,016	186,640	3,624	186,821	(20)	-0.01%
Stemped Carde	2,828	2,894	54	2,884	*	0.00%
Stamped Envelopes	12,872	12,923	251	12,823	•	0.00%
Special Handling	2,170	2,213	43	2,215	1	0.05%
Post Office Box	637,267	849,005	12,819	648,827	(59)	-0.01%
Other	270,965	276,320	6,366	278,241	(70)	-0.03%
Total Spc Svca	1,786,771	1,801,756	34,965	1,818,812	17,156	0.95%
Volume Variable	44,442,500	48,322,548	880,086	45,337,407	14 ,86 7	0.03%
Other	28,201,016	28,758,452	668,438	28,754,382	(1,070)	0.00%
Total Casta	72,843,516	74,082,001	1,438,485	74,095,789	13,787	0.02%

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 4

Question 8 USPS LR-J-85 presents the worksharing related unit costs of First-Class ADC automaton presort flats and 3-digit automation presort flats as 25.721 cents and 25.749, respectively. Intuitively, ADC presort mail would be more, not less, costly than 3-digit presort mail. Please provide any operational, methodological, data collection or other explanation for this counterintuitive result.

RESPONSE:

In order to explain this issue, it is instructive to look at the model costs for First-Class Mail automation ADC presort flats (15.366 cents) and automation 3-digit presort flats (15.383 cents). The package and piece distribution costs for these two cost models are shown below.

Breakdown of Piece and Package Distribution Costs First-Class Automation ADC Presort Flats and 3-Digit Presort Flats

	Package	Piece	Totał
First-Class Rate Category	Cost (Cents)	Cost (Cents)	Cost (Cents)
Automation ADC presort flats	1.248	14.118	15.366
Automation 3-digit presort flats	2.276	13.107	15.383

As the data clearly show, automation 3-digit presort flats incur greater package sorting costs, but lesser piece distribution costs, when compared to automation ADC presort flats. The net result is that automation 3-digit presort flats incur slightly greater total costs.

The package sorting costs were based on mail characteristics data found in USPS LR-J-85 on page 29. The only data for the automation basic presort flats rate category consisted of ADC packages in mixed ADC containers. When deaveraging the automation basic presort flats rate category into two rate categories, the same package sorting costs were used for both the automation mixed ADC and automation ADC cost models. Consequently, the relationship between the automation ADC presort flats and automation 3-digit presort flats cost estimates may be due to limitations associated with the current mail characteristics data.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 4

Question 9 USPS LR-J-84 presents the difference in cost of machinable and nonmachinable First-Class nonautomation presort letter shape mail as 16.5 cents.

(a) Please provide the comparable difference in cost between machinable and nonmachinable single-piece letter shaped mail.

RESPONSE:

The 16.5-cent figure referenced in this question is now 16.362 cents (please see the revisions filed on 11/15/01).

(a) The cost models found in USPS LR-J-60 and USPS LR-J-84 have been revised to include pages 40A, 40B, 40C, and 40D (please see the revisions filed on 11/15/01). These pages include mail flow models and the corresponding cost sheets for a machinable single-piece letter (with a machine-printed address) and a nonmachinable single-piece letter. The costs are as follows:

	Nonmach Sing Pc Letter	Mach Sing Pc Letter	
Data Source:	<u>Cost (Cents)</u>	<u>Cost (Cents)</u>	Difference
LR-J-60 (USPS)	26.285	10.832	15.453
LR-J-84 (PRC)	38:780	12.207	26.573

The costs for the PRC version of this analysis are so much higher for the nonmachinable mail piece because of the difference between the volume variability factors for manual processing operations. The USPS volume variability factor is 0.580, while the PRC version of that factor is close to 0.995. Higher volume variability factors result in lower marginal productivities and, in turn, higher costs.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO PRESIDING OFFICERS INFORMATION REQUEST NO.6 QUESTION 4

Question 4 The following questions refer to USPS LR-J-84 (rev. 11/15/01).

- (a) In both fcmrev2.xls and stdrev.xls, the sheet labeled "PRODUCTIVITY" presents the MODS productivity of "Manual Incoming Secondary, MODS Site" as 468, and that of "Manual Incoming Secondary Non MODS Sites" as 1,143. Please describe any operational differences between these activities and explain why the non-MODS sites are more than twice as productive as the MODS sites.
- (b) In fcmrev2.xls and stdrev.xls the variability factors listed in column (1) of the sheet labeled "PRODUCTIVITY" are identical with the exception of "Tray Opening Unit Bundle Sorting." If this discrepancy is an error, please provide the correction. If it is not an error, please explain why this pool has different variability factors depending on the class of mail.

RESPONSE:

(a) Smaller, non-MODS sites tend to be closer to the delivery points where carriers reside and therefore have a greater wealth of "scheme" knowledge associated with specific ZIP Codes, when compared to the larger MODS facilities. Consequently, the manual productivities at non-MODS sites tend to be higher, compared to the manual productivities at MODS sites.

In addition, the volume estimation methods used in MODS and non-MODS facilities differ. MODS facilities use conversion factors based on weight. Non-MODS facilities typically use conversion factors based on "feet of mail." The difference in volume estimation methodologies could also impact the manual productivities.

 (b) Bundle sorting operations are often performed in operations that are mapped to either cost pool "10PPREF" or "10PBULK." The operation numbers mapped to "10PPREF" are for First-Class Mail processing. The operations mapped to "10PBULK" are for Standard Mail processing. These two cost pools have different volume variability factors. Consequently, different factors for each class were used, although the values of those factors are nearly identical.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO THE PRESIDING OFFICER'S INFORMATION REQUEST NO. 7, QUESTION 7

7. In response to Interrogatory OCA/USPS-304, the Postal Service provides a table that identifies the number of ZIP code pairs subject to one, two, and three day service standards for First-Class Mail and Priority Mail. Please provide estimates of the volume, or percentage of volume, that can be associated with each of the cells in the table for FY 2001, or some other recent period for which the data may be more readily available.

RESPONSE:

	First-Class Mail	
Service Standard	Volume	Priority Mail Volume
One Day (Overnight)	32,802,944,697 (43.5%)	169,022,767 (19.6%)
Two Days	20,413,800,809 (27.0%)	658,380,109 (76.3%)
Three Days	22,273,616,374 (29.5%)	35,815,357 (4.1%)
Total	75,490,361,880	863,218,233

First-Class Mail and Priority Mail ODIS Volumes, FY 2001

RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 7, QUESTION 9

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9. The recently awarded contract arbitration between the APWU and the Postal Service contained provisions for the upgrades of various position classifications. Please provide the number of positions and the corresponding number of workyears in the following APWU represented position classifications:

- a. Mail Processors (Level 4)
- b. Senior Mail Processors (Level 5)
- c. Motor Vehicle Operator (Level 5)
- d. Tractor Trailer Operator (Level 6)
- e. Building Equipment Mechanic (Level 7)
- f. Maintenance Mechanic MPE (Level 7)
- g. Electronic Technician (Level 9)
- h. Electronic Technician (Level 10)

RESPONSE:

The estimated number of positions that will be impacted is listed below.

Assuming all impacted positions are full time, this would translate into the same number of base workyears. Please note that the effective dates of the promotions will determine the number of base workyears applicable to each fiscal year.

a. Mail Processors (Level 4)	32,770
b. Senior Mail Processors (Level 5)	551
c. Motor Vehicle Operator (Level 5)	3,358
d. Tractor Trailer Operator (Level 6)	5,912
e. Building Equipment Mechanic (Level 7)	2,291
f. Maintenance Mechanic MPE (Level 7)	5,844
g. Electronic Technician (Level 9)	7,452
h. Electronics Technician (Level 10)	114

Total

58,292