

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

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POSTAL RATE AND FEE CHANGES, 1997

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY
Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS NEEDHAM TO INTERROGATORIES OF
DOUGLAS F. CARLSON (DFC/USPS-T39-5-13
AND DFC/USPS-T40-10-12 REDIRECTED FROM WITNESS PLUNKETT),
AND MOTION FOR LATE ACCEPTANCE

The United States Postal Service hereby provides responses of witness Needham to the following interrogatories of Douglas F. Carlson: DFC/USPS-T39-5-13, filed on August 29, 1997; and DFC/USPS-T40-10-12, filed on August 29, 1997, and redirected from witness Plunkett. While these responses are being filed within 14 days of receipt by the Postal Service, and filing at the Postal Rate Commission, they were mailed to the Postal Service on August 25, 1997, more than 14 days ago. If these responses are therefore late, the Postal Service moves for late acceptance. The Postal Service is sending these responses by Express Mail to Douglas F. Carlson.

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


Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

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September 11, 1997


David H. Rubin

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T39-5.

- a. Please refer to your response to DFC/USPS-T39-1. Please explain the significance of your statement that "the cost coverages at the proposed fees were calculated using the before rates per box costs." Does the use of before-rates costs somehow reduce the usefulness or reliability of the cost coverages that you provided?
- b. Please confirm that the chart in Attachment to Response to DFC/USPS-T39-1 indicates that Postal Service costs for providing box service have not increased since Docket No. R94-1. If you do not confirm, please provide the costs and cost coverages that were the basis for the box fees that were approved in Docket No. R94-1.

RESPONSE:

- a) The statement "the cost coverages at the proposed fees were calculated using the before rates per box costs" clarifies the bases of the cost coverage calculations. After rates per box costs are not available. The overall test year after rates cost coverage of 114.7 percent for post office box, caller service, and reserve call numbers is calculated using total after rates box and caller service costs. If after rates per box costs had been available, I expect they would have been higher than the before rates costs, resulting in lower cost coverages for the proposed fees.
- b) Not confirmed. The chart presents only Docket No. R97-1 test year before rates costs. In its Recommended Decision in Docket No. R94-1, the Postal

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DFC/USPS-T39-5.

b) Continued

Rate Commission presented total post office box, caller service, and reserve call number costs of \$488,827,000 and a cost coverage of 115.4 percent (see PRC Op., R94-1, Appendix G, Schedule 1). Per box costs were not developed, or used as the basis for box fees, in Docket No. R94-1. In the current docket, the Postal Service has presented total post office box, caller service, and reserve call number costs of \$595.9 million (see Exhibit USPS-15J, page 24, as revised 8/22/97).

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T39-6. Please provide all evidence in support of your testimony at p. 66, lines 2-4, that post-office-box service provides an "extremely high value[] of service." In your answer, please explain in detail the implications for ratemaking of the difference between a "high value of service" and an "extremely high value of service."

RESPONSE:

Please see my testimony at page 61, lines 1-17, and page 66, lines 4-7. Also please see pages 26 to 30 of my Docket No. MC96-3 USPS-T-7 testimony (copy attached). Additionally, witness Carlson in Docket No. MC96-3 presented several benefits of post office box service that demonstrate its high value of service (Docket No. MC96-3, Tr. 2/2538-39, copy attached). Finally, see my response to DFC/USPS-T39-7.

With the exception of those boxholders ineligible for carrier delivery, the basic concept of paying for delivery when that service can be generically obtained for free denotes an extremely high value of service. When utilizing the pricing criteria in the post office box fee design, I determined that post office boxes, caller service and reserve call numbers are extremely high value services in the

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO
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DFC/USPS-T39-6 Continued

context of Criterion 2. The same statement could be made if it had been determined that these services provide a high value of service, as opposed to an extremely high value of service.

1 Vanity addresses are addresses within certain towns, cities, and ZIP
2 Code areas, associated with affluence, prestige, and celebrity residences.
3 Any one or a combination of these characteristics may prompt customers to
4 seek post office box service in vanity address areas.

5
6 According to articles in USA Today and The Washington Post on the
7 demand for vanity addresses, one of the most desirable locations for a post
8 office box address is Beverly Hills. The 90210 ZIP Code, made famous by the
9 television show of the same name, is used strictly for residential delivery within
10 that ZIP Code and does not provide post office box service. However, all post
11 office boxes in the other ZIP Code areas within Beverly Hills are in high
12 demand. In fact, the average number of customers on a waiting list for post
13 office box service in Beverly Hills is 400.¹⁷

14
15 Another place where post office box service has recently gained
16 national media attention is the town of Middleburg, Virginia. Originally named
17 "Middle Burg" to represent its location as a rest stop between Alexandria,
18 Virginia, and Winchester, Virginia, over 200 years ago, the town began to earn
19 status as a fox hunting area for wealthy men at the beginning of this century.
20 When John F. Kennedy and his family leased an estate near Middleburg
21 during his presidency, the sleepy Virginia town became known nationwide.¹⁸

¹⁷ LR-SSR-105 at 6.

¹⁸ *Id.* at 4.

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Business customers from neighboring towns that use post office box service in Middleburg find that the Middleburg address enlarges their client base. These non-resident business and individual customers from cities and towns outside of Middleburg obtain post office box service in Middleburg for the financial and/or status benefits which this box address confers. These non-resident customers use nearly half of the almost 2,000 post office boxes, while some local Middleburg residents are waiting for post office box service. Middleburg residents have become concerned about the percentage of post office boxes allocated to non-residents, and the resulting unavailability of boxes for residents.¹⁹

Rancho Santa Fe, California, home to several celebrities, is another sought-after box address for customers who cannot afford to reside or do business within the post office's ZIP Code service area. Since no boxes are available, non-resident boxholders in Rancho Santa Fe preclude new residents from obtaining post office box service. Moreover, since Rancho Santa Fe offers no carrier delivery service, all residents must receive their mail through post office box service. Therefore, the new residents have no choice but to obtain general delivery service at their post office, or post office box service at neighboring towns.²⁰

¹⁹ *Id.* at 3-5.

²⁰ *Id.* at 6.

1 Another vanity address area is Palm Beach, Florida, where the waiting
2 period for a post office box of any size averages four months. In Winnetka,
3 Illinois, an area of million-dollar lakeside estates, up to 40 percent of the post
4 office box service is obtained by non-residents.²¹

5
6 As demonstrated by the post offices mentioned above, vanity
7 addresses attract large numbers of non-residents seeking post office box
8 service. Towns bordering Canada and Mexico also attract large numbers of
9 non-residents seeking post office box service. A recent article in the Arizona
10 Republic discusses the post office box service demand of non-residents in an
11 Arizona border town.²²

12
13 Mexican residents desire U.S. Postal Service post office box service for a
14 variety of reasons. Mail service in Mexico is purported to be inferior to mail
15 service in the United States. Therefore, U.S. retirees living in Mexico may prefer
16 to collect their annuity checks at post office boxes in the U.S. Mexicans who
17 work in the U.S. but do not reside here need to file taxes in the U.S., and may
18 prefer to receive any income tax refunds at post office boxes in the U.S.
19 Employment in the U.S. may eventually lead to government benefits, which may
20 also be collected at U.S. post office boxes.²³

²¹ *Id.*

²² *Id.* at 7-8.

²³ *Id.*

1 The value of post office box service to customers is noted in two other
2 newspaper articles in the Modesto Bee and The Oregonian. In Modesto,
3 California, post office box customers prefer the anonymity box service provides.
4 Modesto post office box service customers feel comfortable leaving for vacations
5 without the concern of returning to an overflowing mail box, or making
6 arrangements to have their mail picked up by a neighbor. Additionally, box
7 service provides these customers protection for their mail during the day when
8 no one is home.²⁴

9
10 In West Linn, Oregon, and neighboring towns, customers similarly
11 desire post office box service for its privacy features. Post office box service
12 is also rapidly becoming popular among individuals who run businesses from
13 home.²⁵

14
15 I know first-hand how valuable the privacy aspect of post office box
16 service can be to a business. When I worked at the Postal Service's National
17 Test Administration Center (NTAC), I obtained post office box service for the
18 center so that our street address would not be disclosed to the thousands of
19 applicants for Postal Service entrance examinations. As no testing was
20 conducted in the facility, NTAC preferred not to disclose its street address to
21 the general public. It is conceivable that the facility could have been

²⁴ *Id.* at 9.

²⁵ *Id.* at 10-11.

1 overwhelmed by applicants desiring permission to take entrance
2 examinations, or by individuals who were dissatisfied with their test results.
3 (Examinations could be re-scored only if a written request was submitted by
4 mail.)
5

6 In another newspaper article from the Charlotte Observer, the effect of
7 development on the demand for post office box service is demonstrated. The
8 post office in Davidson, North Carolina, has seen a surge in the demand for post
9 office box service due to recent growth in the local population. Although some
10 post office boxes become available when post office box customers request and
11 receive carrier delivery, the supply of post office boxes still does not match the
12 demand for this service.²⁶
13

14 The Davidson postmaster discussed the impact if city carrier delivery
15 service were to begin in Davidson. Becoming a city carrier delivery office
16 would result in higher fees for box customers, who would become responsible
17 for paying the current Subgroup IC fee for their box service. "They [size 1
18 post office boxes] are \$8 a year now," said the Davidson postmaster. "If the
19 people of Davidson had to start paying \$30 a year, it would come as a shock
20 to some people. But it would be a good deal."²⁷ As a point of reference, the
21 proposed annual resident fee for size 1 post office box service in a proposed

²⁶ *Id.* at 12-14.

²⁷ *Id.* at 13.

DOUGLAS F. CARLSON
RESPONSE TO INTERROGATORIES
THE UNITED STATES POSTAL SERVICE

USPS/DFC-1. Please refer to your testimony at pages 2 and 3.

(a) Why did you obtain post office box service, rather than carrier delivery, in Walnut Creek?

(b) Why did you obtain post office box service, rather than carrier delivery, in Davis?

(c) Was the only reason you obtained a post office box in Emeryville to test the delivery service there? If not, please explain fully.

(d) Why did you obtain post office box service, rather than carrier delivery, in Berkeley?

(e) Have you obtained post office box service in any other post office? If so, please list each post office, and explain why you obtained post office box service.

(f) What size boxes have you used at each of the locations where you have used post office box service? If you have used other than size 1 boxes, please explain the circumstances that led to your use of larger boxes.

RESPONSE:

(a) I obtained box service in Walnut Creek because:

(i) The Postal Service is one of my hobbies, and I enjoy going to the post office every day to pick up my mail;

(ii) A post-office box provides better security for my mail than carrier delivery. When large articles arrive at my post-office box, the articles are held for pickup at the window (or, at some offices, placed in a secure locker). In contrast, large articles that arrive at cluster mailboxes in apartments typically are left out in the open near the mailboxes, increasing the risk of theft. Also, occasionally thieves burglarize postal vehicles that are parked on city streets. My mail probably is safer from theft when it is delivered to a post-office box;

(iii) By using a post-office box, I can avoid revealing my street address to my correspondents. Thus, I can more effectively protect my privacy;

DOUGLAS F. CARLSON
RESPONSE TO INTERROGATORIES
THE UNITED STATES POSTAL SERVICE

USPS/DFC-1. Please refer to your testimony at pages 2 and 3.

(a) Why did you obtain post office box service, rather than carrier delivery, in Walnut Creek?

(b) Why did you obtain post office box service, rather than carrier delivery, in Davis?

(c) Was the only reason you obtained a post office box in Emeryville to test the delivery service there? If not, please explain fully.

(d) Why did you obtain post office box service, rather than carrier delivery, in Berkeley?

(e) Have you obtained post office box service in any other post office? If so, please list each post office, and explain why you obtained post office box service.

(f) What size boxes have you used at each of the locations where you have used post office box service? If you have used other than size 1 boxes, please explain the circumstances that led to your use of larger boxes.

RESPONSE:

(a) I obtained box service in Walnut Creek because:

(i) The Postal Service is one of my hobbies, and I enjoy going to the post office every day to pick up my mail;

(ii) A post-office box provides better security for my mail than carrier delivery. When large articles arrive at my post-office box, the articles are held for pickup at the window (or, at some offices, placed in a secure locker). In contrast, large articles that arrive at cluster mailboxes in apartments typically are left out in the open near the mailboxes, increasing the risk of theft. Also, occasionally thieves burglarize postal vehicles that are parked on city streets. My mail probably is safer from theft when it is delivered to a post-office box;

(iii) By using a post-office box, I can avoid revealing my street address to my correspondents. Thus, I can more effectively protect my privacy;

**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T39-7. Please explain the significance of your testimony at p. 66, lines 19-21, that CMRA fees are considerably higher than the Postal Service's box fees.

RESPONSE:

Post office box fees are a bargain when compared to the fees of Commercial Mail Receiving Agents (CMRAs). Aside from free carrier delivery which is offered by the Postal Service, CMRA box service is an available alternative to the Postal Service's box service for those individuals willing to pay more. The fact that commercial services charge much more is a further indication of extremely high value placed by the market on post office box and similar services. Further, the higher CMRA fees help show that the proposed post office box fees are still low for such a valuable service.

**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO
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DFC/USPS-T39-8. Please refer to your testimony at p. 66, lines 21-23, and p. 67, lines 1-2.

- a. Does your testimony reflect a general principle or attitude toward postal ratemaking whenever customers may decline a service that they perceive as being overpriced if some alternative exists?
- b. Please explain why this approach to ratemaking is in the public interest.

RESPONSE:

a and b) My testimony reflects the general principle that special services are services provided above and beyond basic services and should be priced accordingly. With respect to box service, free carrier delivery or general delivery (with some exceptions) exists for those boxholders who feel that Postal Service and CMRA fees are too high. The fact that these free available alternatives exist indicate that special consideration due to the lack of available alternatives under Criterion 5 is not needed.

Proposing special service fees that result in cost coverages closer to the systemwide average, as opposed to 100 percent cost coverages, is in the public

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DFC/USPS-T39-8

a and b) Continued

interest as it begins to reflect the extremely high value characteristics of these services. Otherwise relatively lower value items must pay more. However, as mentioned previously, a cost coverage of 115 percent for the proposed post office box fees is still very low for a premium special service and is proposed in order to mitigate the impact on customers, consistent with Criterion 4.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T39-9. Please refer to your response to DFC/USPS-T39-4.

- a. Do customers expect the Postal Service to compensate them for loss or damage to uninsured, nonregistered (i) First-Class Mail, (ii) Priority Mail, or (iii) Parcel Post? If your answer for any of these three classes is no, please explain the basis for your answer and for your statement in DFC/USPS-T39-4 that customers expect the Postal Service to compensate them for loss or damage to uninsured registered mail.
- b. Why doesn't the Postal Service require customers to purchase insurance for all items of value?
- c. Under the current rate structure, why might a customer who elected to purchase registered mail without postal insurance reasonably expect to be compensated for loss or damage?
- d. If satisfying expectations of customers to be compensated for loss or damage of registered mail is a motivation for requiring all customers to purchase insurance for registered mail of declared value greater than \$0, why should all customers be required to purchase insurance just to avoid disappointing customers who mail was lost or damaged and who specifically chose not to purchase insurance?
- e. Your response to DFC/USPS-T39-4 explains a benefit to the private insurer and suggests that the customer may benefit as well because the insurance company will be reimbursed for the claim. Why is the Postal Service unwilling to give the customer the option of declining postal insurance and taking responsibility for an increase in his insurance premium that may or may not occur if a claim is paid?

RESPONSE:

- a) My understanding is that the Postal Service receives lawsuits for loss or damage to uninsured mail, so I would say presumably yes. With respect to

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO
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DFC/USPS-T39-9 (Continued)

a) Continued

registered mail however, claims filed for lost or damaged registered mail articles have demonstrated customer expectations of compensation for uninsured registered mail, when the customers erroneously believed they had insured the mail simply by purchasing registered mail service.

b) Whether or not to purchase postal insurance is strictly a customer choice.

The fee for insurance for non-registered mail is much greater than the marginal price difference between uninsured and insured registered mail.

c) Under the current fee structure, customers can purchase registered mail without postal insurance for items with a declared value up to \$100. A portion of these customers may be among those past customers who are under the assumption that registering an article automatically includes insurance coverage.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO
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DFC/USPS-T39-9 (Continued)

- d) As the registered mail fee histories in LR-H-187 reflect, the price differences for registered mail with postal insurance versus uninsured registered mail were nominal. The decision to propose the elimination of the vast majority of uninsured registered mail offerings in Docket No. MC96-3 was based on a thorough analysis of the marginal price difference between insured and uninsured registered mail, the usage patterns, and the results of market research to gauge customer reaction.
- e) My registered mail proposal in this docket enhances product image and serves the goal of administrative simplicity. Please see my testimony, pages 77-78.

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DFC/USPS-T39-10.

- a. Please confirm that a customer will be required to pay 23 cents to purchase a stamped card if your proposed two-cent fee for stamped cards is approved.
- b. Please refer to your testimony at p. 89. Suppose the cost of manufacturing a stamped card were (i) 1.15 cents, (ii) 1.30 cents, or (iii) 1.50 cents. For each case, would the Postal Service still have proposed a two-cent stamped-card fee? Please explain your answer.
- c. Please provide all studies that have been conducted to support the conclusion that stamped cards have a value sufficiently high to justify a 200-percent cost coverage.
- d. Please provide copies of all documents or directives that have been issued to inform postal employees that postal cards are now called stamped cards.
- e. Please offer an explanation as to why window clerks in Richmond, Virginia, and Emeryville, California, had no idea what I was talking about when I asked to buy a stamped card in August 1997.

RESPONSE:

- a) Confirmed if the rate for a First-Class non-presort postcard is increased from the current 20 cents to the proposed 21 cents.
- b) I do not know. My proposal was based partially upon the cost information available. It is important to bear in mind that the unit cost is not the only factor affecting price. Other considerations, such as the impact on customers and whole-cent rounding constraints are taken into account when developing the fee proposal.

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DFC/USPS-T39-10 Continued

e) continued

difficult for some individuals to get used to the new name for the same product. Some postal employees may not have yet seen notification of the name change.

Domestic Mail

DMM NOTICE

Special Services Reform: Implementation Standards

Effective June 8, 1997, *Domestic Mail Manual* (DMM) D910, D920, D930.1.0, R000.3.0, R900, S010.2.0, S500.1.0, S500.3.0, and S930 are amended to present the standards and fees adopted by the Postal Service to implement the Decision of the Governors of the United States Postal Service on the Recommended Decision of the Postal Rate Commission on Special Services Fees and Classifications, Docket No. MC96-3. These changes take effect at 12:01 a.m., Sunday, June 8, 1997. The final rule announcing these changes was published in the *Federal Register* on May 12, 1997 (62 FR 26086-26098).

Minor conforming amendments, also effective June 8, 1997, are made to DMM A010.1.2, A910.1.5, A910.3.2, A910.5.2, C022.3.0, C031.3.2, C031.5.6, C100.2.0, C600.2.2, E020.2.3, E030.2.6, E060.9.0, E110.3.0, E612.4.1, E620.2.0, E630.3.1, F010.3.0, F010.4.5, F010.5.1, F020.3.0, F030.5.3, G011.1.5, G013.2.1, P014.1.0, P014.2.0, P021.3.1, P021.4.0, P022.2.2, P023.1.0, P023.3.1, P030.4.0, P030.5.4, P100.2.1, R100.1.1, S070.1.0, S911.1.1, S911.2.0, S912.1.2, S912.2.5, S913.1.0, S915.1.0, S917.1.0, and S917.2.2. All these amendments will appear in DMM Issue 52 (scheduled for release on July 1, 1997).

These amendments affect only the fees for, and certain attributes of, the following special services:

- Post office box service.
- Caller service.
- Certified mail.
- Insurance (insured mail and Express Mail).
- Parcel airlift.
- Postal cards.
- Registered mail.
- Return receipt.
- Return receipt for merchandise.
- Special delivery.

Regulatory History

On June 7, 1996, pursuant to its authority under 39 U.S.C. 3621, *et seq.*, the Postal Service filed with the Postal Rate Commission (PRC) a request for a recommended decision on several special service reform proposals. The PRC designated the filing as Docket No. MC96-3. The PRC published a notice of the filing, with a description of the Postal Service's proposals, on June 21, 1996, in the *Federal Register* (61 FR 31968-31979).

Pursuant to 39 U.S.C. 3624, on April 2, 1997, the PRC issued its Recommended Decision on the Postal Service's Request to the Governors of the Postal Service. The PRC's Recommended Decision made revisions to some of the restructuring of the post office box fees requested by the Postal Service.

In other areas, the PRC's Recommended Decision generally followed the requests made by the Postal Service to increase the fee for certified mail, merge the two options for return receipt service, merge the two options for return receipt for merchandise, increase the maximum available indemnity for insured mail to \$5,000, add optional insurance for Express Mail and refine the current available indemnity structure, simplify the fee schedule for registered mail, and eliminate special delivery.

Although the PRC did not recommend a fee for postal cards (renamed stamped cards), it did suggest that the Postal Service remove costs unique to stamped cards from total postal and postcard subclass costs to support any proposed fee in addition to the face value of the cards.

Based on extensive analysis of the PRC's Recommended Decision and deliberation as to its consequences to the Postal Service and its customers, and pursuant to 39 U.S.C. 3625, the Governors acted on the PRC's recommendations on May 5, 1997.

The Governors determined to approve the PRC's recommendations, and the Board of Governors set an implementation date of June 8, 1997, for those rate and classification changes to take effect.

Using new data and analysis obtained since the last omnibus rate case, the Postal Service, with its filing, sought the reform of several special services to improve customer satisfaction and to account for cost and customer demand.

Special Delivery Service

The Postal Service eliminates domestic special delivery service because the demand for it has virtually disappeared. Consumers who request expedited delivery service most frequently use Priority Mail or Express Mail.

A 2-pound Priority Mail package costs only \$3, compared with \$12.95 for the same Priority Mail package sent as special delivery (\$3 postage plus \$9.95 special delivery fee). A 2-pound Express Mail Post Office to Addressee package costs \$15.00. Express Mail, unlike special delivery service and Priority Mail, includes a delivery guarantee and insurance at no additional charge.

Stamped Cards

The Postal Service renames postal cards as *stamped cards*. Unlike stamped envelopes, stamped cards will continue to be sold at no additional charge above their face value of postage. The designation *stamped cards* emphasizes the similar nature of this stationery item with stamped envelopes.

Domestic Mail Manual (DMM)**A Addressing****A000 Basic Addressing****A010 General Addressing Standards**

[In 1.2d, replace "postal cards" with "stamped cards"; no other change to text.]

* * * *

A900 Customer Support**A910 Mailing List Services**

[In 1.5, 3.2, and 5.2, replace "postal card[s]" with "stamped card[s]"; no other change to text.]

* * * *

C Characteristics and Content**C000 General Information**

* * * *

C020 Restricted or Nonmailable Articles and Substances

* * * *

C022 Perishables

[In 3.1f, remove "special delivery or"; in 3.7, remove "special delivery or"; no other change to text.]

* * * *

C030 Nonmailable Written, Printed, and Graphic Matter**C031 Written, Printed, and Graphic Matter Generally**

[In 3.2 and 5.6, replace "postal card" with "stamped card or postcard"; no other change to text.]

* * * *

C100 First-Class Mail

[In 2.1, 2.3, and 2.9, replace "postal card[s]" with "stamped card[s]"; no other change to text.]

* * * *

C600 Standard Mail

[In 2.2, remove "special delivery or"; no other change to text.]

* * * *

D Deposit, Collection, and Delivery

* * * *

D900 Other Delivery Services**D910 Post Office Box Service****1.0 BASIC INFORMATION**

[Amend 1.0 by revising 1.1; by removing current 1.7; by redesignating current 1.6 as 1.7; and by adding new 1.6 to read as follows:]

1.1 Purpose

Post office box service is a premium service offered for a fee to any customer requiring more than free carrier delivery or general delivery and for no fee to certain customers who are not eligible for carrier delivery. The service allows a customer to obtain mail during the hours the box lobby is open. Post office box service does not include alternate means of delivery established to replace, simplify, or extend carrier delivery service. A postmaster and a box customer may not make any agreement that contravenes the regulations on post office box service or its fees.

* * * *

1.6 Box Availability

When no box of the appropriate size is available, an application for box service may be handled, at the postmaster's discretion, in any one or more of the following ways: by referring the customer to another postal facility with available capacity; by placing the customer's name on a waiting list for box service; by providing general delivery service until an appropriate size box becomes available; by offering a smaller or larger box at its fee; or by offering caller service.

* * * *

P020 Postage Stamps and Stationery**P021 Stamped Stationery**

[In 3.1, revise the heading to read "Stamped Card" and replace "P[p]ostal cards" with "S[s]tamped cards"; in 4.0, replace "postal cards" with "stamped cards (formerly called postal cards)"; no other change to text.]

P022 Adhesive Stamps

[In 2.2d, replace "postal cards" with "stamped cards"; no other change to text.]

P023 Precanceled Stamps

[In 1.1 and 1.3, replace "P[p]ostal cards" with "S[s]tamped cards"; in 3.1, replace "postal cards" with "stamped cards"; no other change to text.]

P030 Postage Meters and Meter Stamps

[In 4.8, remove "special delivery, "; in 4.10, remove "or special delivery mail, "; in 5.4b, remove "special delivery mail or"; no other change to text.]

* * * *

P100 First-Class Mail

[In 2.1, replace "postal cards" with "stamped cards"; no other change to text.]

* * * *

R Rates and Fees**R000 Stamps and Stationery**

* * * *

[Revise the heading and text of 3.0 to read as follows:]

3.0 STAMPED CARDS

Stamped cards are priced as follows:

| Configuration | Postage | Fee | Total Price |
|------------------------|---------|--------|-------------|
| Cut single card | \$0.20 | \$0.00 | \$0.20 |
| Sheet of 40 cards | 8.00 | 0.00 | 8.00 |
| Double reply-paid card | 0.40 | 0.00 | 0.40 |

* * * *

R100 First-Class Mail

[In 1.1 and in the Summary of First-Class Rates, replace "postal cards" with "stamped cards"; no other change to text.]

* * * *

R900 Services

[Remove current 19.0; renumber current 7.0 through 18.0 as 8.0 through 19.0, respectively; add new 7.0; and revise other sections to read as follows:]

* * * *

[Revise 3.0 to read as follows:]

3.0 CALLER SERVICE

Fees are charged as follows:

- a. For service provided, per semiannual period:

| Fee Group | Fee |
|-----------|----------|
| A | \$250.00 |
| B | 240.00 |
| C | 225.00 |
| D | 225.00 |

- b. For each reserved call number, per calendar year (all post offices): \$30.00.

* * * *

[Revise 5.0 to read as follows:]

5.0 CERTIFIED MAIL

Fee, in addition to postage and other fees, per mailpiece: \$1.35.

* * * *

[Add new 7.0 to read as follows:]

7.0 EXPRESS MAIL INSURANCE

Fee, in addition to postage and other fees, for additional Express Mail insurance:

- a. For amount of merchandise insurance liability:

| Insurance Coverage Desired | Fee |
|--|--|
| \$0.01 to \$500.00 | none |
| 500.01 to 5,000.00 | \$0.90 for each \$100 or fraction thereof over \$500 in insurance coverage desired |
| Merchandise maximum liability: \$5,000.00. | |

- b. Document reconstruction maximum liability: \$500.00.

[Revise redesignated 8.0 to read as follows:]

8.0 INSURED MAIL

Fee, in addition to postage and other fees, for merchandise insurance liability:

| Insurance Coverage Desired | Fee |
|---|--|
| \$0.01 to \$50.00 | \$0.75 |
| 50.01 to 100.00 | 1.60 |
| 100.01 to 5,000.00 | 1.60 plus \$0.90 for each \$100 or fraction thereof over first \$100 in insurance coverage desired |
| Insured mail maximum liability: \$5,000.00. | |

9.0 MAILING LIST SERVICE

[No change to redesignated 9.0.]

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T39-11. Please provide the percentage of certified-mail volume for which the sender did not request or receive proof of mailing (see 2 on the reverse side of PS Form 3800 (April 1995); see also DMM S912.2.5(d)).

RESPONSE:

It is my understanding that the Postal Service does not collect this type of information.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T39-12. Please provide the cost of each element or activity related to certified mail (I am seeking information that is similar to the information that witness Plunkett provided in Attachment to DFC/USPS-T40-5).

RESPONSE:

This information is not available. Certified mail costs are collected using Postal Service data systems, so no special study providing the requested detail has been done.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T39-13. Please provide all studies, reports, or other information that would allow for a comparison of the delivery performance (measured in days) for the first delivery attempt to certified First-Class Mail versus noncertified First-Class Mail.

RESPONSE:

The Postal Service does not maintain separate records for the delivery performance of certified First-Class Mail.

**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DOUGLAS F. CARLSON
(REDIRECTED FROM WITNESS PLUNKETT)**

DFC/USPS-T40-10. Please refer to DMM S912.1.1, which describes certified mail, and DMM S917.1.1, which describes return receipt for merchandise. For the purpose of this question, please focus on only these two DMM sections. Please confirm that every substantive element, aspect, or characteristic of the description of certified mail also appears in the description of return receipt for merchandise. If you do not confirm, please explain which elements, aspects, or characteristics of certified mail are not shared by return receipt for merchandise.

RESPONSE:

Not confirmed. A return receipt requested after mailing is available with certified mail service. Furthermore, as evident in DMM S912.1.1, restricted delivery is available with certified mail service, and not with return receipt for merchandise.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DOUGLAS F. CARLSON
(REDIRECTED FROM WITNESS PLUNKETT)

DFC/USPS-T40-11. Please refer to DMM S912.2.1 and DMM 917.2.1. Why may a mailer of certified mail deposit articles in collection boxes (thus exercising his DMM S912.2.5(d) option to forgo proof of mailing) while a mailer using return receipt for merchandise cannot deposit articles in street collection boxes? (Assume that these articles are metered.) Please explain the rationale for these differing requirements.

RESPONSE:

Certified mail is available only for First-Class Mail and Priority Mail, both of which may be deposited in street collection boxes (if the Priority Mail weighs less than 16 ounces). Return receipt for merchandise service may be used with Priority Mail and various Standard Mail subclasses, some of which may not be entered into the mailstream through street collection boxes. Since certified mail does not require a return receipt, it can be deposited in a street collection box. Return receipt for merchandise service does require a return receipt. Moreover, if an article with return receipt for merchandise service was not entered into the mailstream through a window, the Postal Service could not provide a duplicate return receipt, if needed, because of the lack of a round dated stamped receipt to verify that the service was even requested.

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF DOUGLAS F. CARLSON
(REDIRECTED FROM WITNESS PLUNKETT)

DFC/USPS-T40-12.

- a. Please refer to DMM S912.2.5(b), which requires a user of certified mail, return receipt requested, to place a complete return address on the mail piece. Please explain the rationale for this requirement.
- b. Please refer to DMM S912.2.5(b), which applies to certified mail, return receipt requested. This section states, in part, that "The name and delivery address entered on the reverse of the return receipt do not have to match the sender's name and return address on the mailpiece." Please refer also to DMM S917.2.2(c), which applies to return receipt for merchandise. This section states, in part, that "The name of the person to whom the return receipt is to be returned must be the same as that of the sender." Please explain the rationale for these different requirements.

RESPONSE:

- a) The complete return address ideally should be placed on all First-Class Mail and Priority Mail pieces. Regardless, for certified mail with a return receipt requested, in the event the sender did not put a return address on the return receipt card and/or the certified mailpiece cannot be forwarded, the Postal Service will have an address to which the mailpiece or signed return receipt can be returned.
- b) I know of no rationale.

DECLARATION

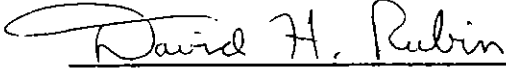
I, Susan W. Needham, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Susan W Needham

Dated: September 11, 1997

CERTIFICATE OF SERVICE

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



David H. Rubin

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
September 11, 1997