

DOCKET SECTION

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PLUNKETT TO INTERROGATORIES OF
DAVID B. POPKIN
REDIRECTED FROM THE POSTAL SERVICE
(DBP/USPS-24, 25(A, C-G, K-U), 26(C-D), 27, 28(C-V), 29, 30(C-J), 31-32,
33(A-E, M-S), 34, 36, 38(C-D), 50(C-E), 51,
53(A-E, H, J-N, P-S, U-W, BB-FF), 62(H-K), AND 64)

The United States Postal Service hereby provides responses of witness Plunkett to the following interrogatories of David B. Popkin: DBP/USPS-T24, 25(a, c-g, k-u), 26(c-d), 27, 28(c-v), 29, 30(c-j), 31-32, 33(a-e, m-s), 34, 36, 38(c-d), 50(c-e), 51, 53(a-e, h, j-n, p-s, u-w, bb-ff), 62(h-k), and 64, filed on September 10, 1997, and redirected from the Postal Service. Objections were filed on September 25, 1997 to DBP/USPS-28(a-b), 33(f-l), 50(a-b), and 53(t, x, and y).

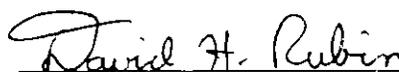
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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September 29, 1997

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DBP/USPS-24 [a] Confirm, or explain if you are unable to do so, that Return Receipt for Merchandise service will provide the following four services to a mailer: 1. Proof that the article was mailed [namely, the mailing receipt may be postmarked at the office of mailing], 2. The ability to utilize Restricted Delivery will be permitted, 3. The article will be signed for by the addressee and the record of delivery will be maintained by the office of delivery, and 4. The ability to receive proof of delivery will be available [namely, the Return Receipt PS Form 3811]. [b] Enumerate any other services that are available to the user of this service or indicate that there are none. This only includes those services that one would obtain by utilizing the specific Return Receipt for Merchandise and not other services that may be utilized for the parcel such as insurance, COD, etc. [c] Confirm, or explain if you are unable to do so, that an article which is sent by Certified Mail - Return Receipt Requested will provide to the mailer the same identical services available as noted for Return Receipt for Merchandise in subparts a and b above. This assumes that I am able to utilize the service either by the contents of the parcel, the level of service that I desire, or the rate at which I send the article. [d] Confirm, or explain if you are unable to do so, that if I have a 1-1/2 pound domestic parcel containing merchandise which I desire to send by Priority Mail, the postage will be \$3.00. [e] Confirm, or explain if you are unable to do so, that if I wish to utilize the Return Receipt for Merchandise service in connection with this parcel, I will pay an additional \$1.20 or a total of \$4.20 for the service. [f] Confirm, or explain if you are unable to do so, that if I wish to utilize the Certified Mail - Return Receipt Requested service in connection with this parcel, I will pay an additional \$2.45 [\$1.35 Certified Mail fee and \$1.10 Return Receipt fee] or a total of \$5.45 for the service. [g] List and explain any reasons why a knowledgeable mailer should utilize the more expensive Certified Mail - Return Receipt Requested service over the less expensive Return Receipt for Merchandise service when the service received will be identical. [h] Confirm that Priority Mail is a subclass of First-Class Mail and is sealed against Postal Inspection. [i] Confirm, or explain if you are unable to do so, that the Postal Service will not be able to determine whether a Priority Mail parcel contains merchandise and therefore may utilize the Return Receipt for Merchandise service or contains non-merchandise and therefore may not utilize the service. [j] What penalty, if any, is there for a mailer who is already utilizing Priority Mail service [either because of the weight and/or desire for the delivery standards] and who wants some form of mailing receipt / proof of delivery service utilizing the Return Receipt of Merchandise service [as opposed to Certified Mail - Return Receipt Requested] regardless of whether or not the parcel contains merchandise? [k] Confirm, or explain if you are unable to do so, that the proposed rate for Return Receipt for Merchandise is \$1.70 and the total fee for Certified Mail - Return Receipt Requested is \$1.55 plus \$1.45 or \$3.00. [l] Explain why in both the present and proposed rate schedules, the fee for Certified Mail - Return Receipt Requested is between 176% and 204% of the fee for Return Receipt for Merchandise when both services provide identical benefits to the mailer.

DBP/USPS-24 Response:

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- a. Not confirmed. Restricted delivery service is not available to customers who purchase return receipt for merchandise service.
- b. There are no other services available.
- c. Not confirmed. See response to subparts (a) and (g).
- d. Confirmed.
- e. Confirmed.
- f. Confirmed.
- g. Customers purchasing certified mail and return receipt service are also able to purchase restricted delivery, and are able to request return receipts after mailing; services which are unavailable to customers purchasing return receipt for merchandise service. Furthermore, customers using certified mail and return receipt may deposit their mail in street letterboxes, post office maildrops, or any other receptacle for First-Class Mail subject to DMM § 912.2.5. Return receipt for merchandise customers must mail articles at a post office, branch, or station or give them to a rural carrier (DMM § 917.2.1).
- h. Confirmed.
- i. Not confirmed. As indicated in my response to subpart (g), customers must present these articles to USPS employees for acceptance. The physical characteristics of the mailpiece (if it is flat for example) may indicate that the article does not contain merchandise.
- j. I am unaware of any attempt to impose penalties on mailers who attempt to circumvent DMM provisions as described. Typically, when an employee becomes aware that a customer is using a service for which they are not eligible, the practice is to inform the customer of the appropriate regulation. However, as is pointed out in subpart (h), Priority Mail is sealed against inspection, making detection of such pieces difficult. To some extent, the Postal Service relies on the integrity of its customers not to send non-merchandise using a product called return receipt for merchandise.

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- k. Confirmed.
- l. Costs for return receipt for merchandise are less than the combined costs for certified mail and return receipts. See LR-H-107, and USPS-T-39, WP-17, page 1. Moreover, the services are not identical. See response to subpart (g).

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DBP/USPS-25 [a] Confirm, or explain if you are unable to do so, that the proposed fee for Certified Mail will be \$1.55, for Return Receipt for Merchandise will be \$1.75, and for individual Certificate of Mailing will be \$0.60. [b] Confirm, or explain if you are unable to do so, that the cost coverage Certified Mail will be 133%. [c] What will the cost coverage be for Return Receipt for Merchandise? [d] What will the cost coverage be for an individual Certificate of Mailing? [e] Based on the fees shown in subpart a and the cost coverage values shown in subparts b through d, what will the costs be for each of the three services listed in subpart a. [f] Is the cost value determined by dividing the proposed rate by the decimal value of the cost coverage percent [for example, a fee of \$2.00 with a cost coverage of 164% would have a cost of \$2.00 divided by 1.64 or \$1.22] [g] If not, explain how it is calculated. [h] Is there any interaction between the rates and costs for Certified Mail vs. those for Return Receipt service or have the two rates been evaluated independently of each other? [i] Fully explain any interaction. [j] What percentage of Certified Mail articles utilize Return Receipt Service? [k] With respect to these three services, confirm, or explain if you are unable to do so, that there is no added service or costs associated with the processing or handling of the article from the time of the completion of its acceptance into the mail stream at the acceptance postal facility to the time at which it becomes necessary to "trap" the article at the delivery office so that it may be properly handled for the type of service being requested. [l] Confirm, or explain if you are unable to do so, that there are no costs associated at the delivery office with respect to articles for which a Certificate of Mailing had been issued and therefore there will be no costs associated with this service once the completion of its acceptance into the mail stream at the acceptance postal facility has been completed. [m] For each of the three services, list each of the specific cost elements which relate to and are charged to that service and the costs associated with that element for the time up until dispatch of the article from the acceptance postal facility. These cost elements should include the following [if the costs for any of these elements are not charged to the service, so indicate. If any additional items apply, so indicate them and provide the data]: 1. Cost of advertising the service, 2. Cost of training employees regarding the service, 3. Cost for designing and printing the necessary forms, 4. Cost for shipping, storing, and distributing the forms, 5. Cost for window services to explain the service, and 6. Cost for the acceptance of the article by the acceptance office, including, but not limited to, observing the article, postmarking the receipt, discussion with the customer, and possible record keeping. [n] For Certified Mail and Return Receipt for Merchandise services, list each of the specific cost elements which relate to and are charged to that service and the costs associated with that element for the time starting at the point at which the article is "trapped" at the delivery office. These cost elements should include the following [if the costs for any of these elements are not charged to the service, so indicate. If any additional items apply, so indicate them and provide the data]: 1. Cost of "trapping the article" at the delivery office, 2. Cost of any special handling that may be required to process these at the delivery office, 3. Cost of turning accountability for the articles over from the processing employee[s] to the delivery employee, 4. Cost associated with the delivery of the article by the delivery employee to the addressee, 5. Cost for "clearing" the delivery employee of the accountability after the return to the office, 6. Cost for subsequent delivery attempts for articles returned after the first

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attempt, 7. Cost for returning undeliverable articles, 8. Cost for filing delivery receipts, 9. Cost for handling inquiries received for the article, 10. Cost for processing the PS Form 3811 for Return Receipt for Merchandise service at the delivery office before it is entered into the mail stream, and 11. Cost for transmission of the PS Form 3811 from the delivery office back to the original sender of the parcel. [o] If subparts k and l result in any added cost elements, provide the data requested in subparts m and n for them. [p] With respect to the three separate costs that you provide for each of the three services in your response to subpart m, if the value is different between the three services for the same cost element, fully explain the difference for each separate cost element. [q] Same as subpart p except for the two services and your responses to subpart n. [r] Same as subpart p for any responses to subpart o. [s] If all of the costs enumerated in subparts m through o do not add up to the corresponding total cost provided in subpart e, explain the reasons for the difference. [t] Do the costs specified in subpart n item 11 match the cost of processing and delivery of a post card or stamped card? [u] If not, explain why not.

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DBP/USPS-25 Response:

- a. Confirmed for certificates of mailing. Not confirmed for return receipt for merchandise, which has a proposed fee of \$1.70.
- b. Answered by witness Needham.
- c. Cost coverages are normally calculated for subclasses or special services, not for individual components of a particular special service. However, the implied cost coverage for return receipts for merchandise is 147 percent.
- d. Cost coverages are normally calculated for subclasses or special services, not for individual components of a particular special service. However, the implied cost coverage for an individual certificate of mailing is 122 percent.
- e. See LR-H-107. Unit costs for return receipt for merchandise and individual certificates of mailing are \$1.16 and \$0.49 respectively. Note that these costs are not based on fees and implicit cost coverages.
- f. No. Cost coverages are derived by dividing the total revenues of a service by the volume variable costs of that service. Implied cost coverages for specific components of a service can be calculated by dividing the fee by the unit cost of a particular component.
- g. See response to subpart (f)
- h. Answered by witness Needham.

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i. Answered by witness Needham.

j. Answered by witness Needham.

k. Confirmed for return receipt for merchandise and certificates of mailing.

l. Confirmed.

m-s. For the Postal Service's cost analysis of return receipt for merchandise, see response to DFC/USPS-T40-9, and for Certificates of Mailing see LR-H-107 page 18.

t-u. The cost study supporting return receipts uses the processing and delivery cost of single piece cards as a proxy for the actual cost of returning a return receipt. See LR-H-107, p. 39.

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DBP/USPS-26 [c] Confirm, or explain if you are unable to do so, that when delivering a Return Receipt for Merchandise article, that the delivery employee must obtain two separate signatures from the addressee, one on the Postal Service delivery record [irrespective of whether there is a single article to deliver this way or multiple articles for delivery on some form of manifest] and the second on the Return Receipt card PS Form 3811. [d] Confirm, or explain if you are unable to do so, that the time and therefore costs for obtaining both signatures for Return Receipt for Merchandise service are charged to that service since there is a single fee.

DBP/USPS-26 Response:

- c. Confirmed.
- d. Please see my response to DFC/USPS-T40-20.

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DBP/USPS-27 [a] Confirm, or explain if you are unable to do so, that effective June 8, 1997, the service for return receipts changed requiring the delivery employee to indicate the address of delivery if different from the address on the mailpiece. [b] Confirm, or explain if you are unable to do so, that the service available on June 8th represents a difference in the service that was provided at the basic fee on June 7th. [c] Other than the mention on Page 9 of the May 22, 1997 Postal Bulletin, provide references and copies of all directives issued by Headquarters notifying the field of this change. [d] Has the Postal Service conducted any tests to determine the level to which the field is complying with the requirements to provide an updated address when appropriate? [e] If so, provide details and results of the tests. [f] If not, explain why not including reasons why one would consider Return Receipt service to be a quality service, particularly with respect to providing customers with updated addresses.

DBP/USPS-27 Response:

- a. Confirmed.
- b. Confirmed.
- c. Materials will filed as LR-H-286.
- d. I am not aware of any tests that have been conducted thus far.
- e. NA
- f. As barely three months have passed since implementation a test at this time would be premature. Moreover, any of the headquarters offices that would typically perform such tests have been devoting the bulk of their resources to the preparation and litigation of R97-1.

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DBP/USPS-28 [a] Confirm, or explain if you are unable to do so, that Section 822.111 of the Postal Operations Manual [POM] requires that the delivering carrier or window clerk will obtain the signature or authorized signature stamp of the recipient of an article utilizing the Return Receipt Service. [b] Confirm, or explain if you are unable to do so, that POM Section 822.111 also requires the delivery employee must complete the date of delivery if the addressee has not already done so. [c] Would it be reasonable to expect the delivery employee to check to ensure that the Return Receipt has been properly signed? [d] Would it be reasonable to expect the delivery employee to check to ensure that the Return Receipt has the name of the addressee printed in addition to the signature? [e] Would it be reasonable to expect the delivery employee to check to ensure that the Return Receipt has the correct date of delivery entered on it? [f] Would it be reasonable to expect the delivery employee to check to ensure that the Return Receipt has been properly completed? [g] Would it be reasonable to expect the delivery employee to make any necessary corrections to the information provided on the return receipt? [h] Explain any negative answers to subparts c through g. [h] Will the delivery employee referenced in POM Section 822.111 always be an employee of the United States Postal Service? [i] If your response to subpart h is not an unqualified yes, list all examples and instances in which the delivery employee will not be a USPS employee. [j] Do the requirements of POM Section 822.111 apply to the necessity of having the delivery employee ensure that the Return Receipt is completed at the time of delivery [the time at which the custody of the mail is transferred from the control of the United States Postal Service to the control of the addressee]? [k] If not, explain any instances in which it is not required. [l] Do the requirements of POM Section 822.111 apply to the necessity of having the delivery employee ensure that the Return Receipt is completed at the time of delivery with respect to all agencies, departments, or organizations of the federal government? [m] Same as subpart l except with respect to those of any state or local government. [n] Same as subpart l except with respect to delivery to any non-government addressee. [o] Do the requirements of POM Section 822.111 apply to the necessity of having the delivery employee ensure that the Return Receipt is completed at the time of delivery regardless of the number of return receipts that are involved in the delivery? [p] Explain and list any instances with respect to any negative answers to subparts l through o. [q] Confirm, or explain if you are unable to do so, that the delivering employee will be required in all instances to determine if the delivery address differs from the original address shown on the article and if so to provide the new address on the Return Receipt card. [r] Confirm, or explain if you are unable to do so, that the delivering employee will be required in all instances to determine if the delivery address differs from the original address shown on the article and if not to check the box on the return receipt card to indicate that the article was delivered to the same address as originally addressed. [s] Confirm, or explain if you are unable to do so, that the requirements specified in subparts q and r will apply to all types of addressees including, but not limited to, those types mentioned in subparts l through o. [t] Confirm, or explain if you are unable to do so, that the delivering employee will be required in all instances to give all return receipts to the clearing clerk daily. [u] Confirm, or explain if you are unable to do so, that subpart t means that for all return receipts which are being requested for mail which is delivered on a given day will be turned over to the clearing

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clerk that same day. [v] Confirm, or explain if you are unable to do so, that the requirements specified in subpart t will apply to all types of addressees including, but not limited to, those types mentioned in subparts l through o.

DBP/USPS-28 Response:

a-b Objection filed September 25, 1997.

c-h. POM § 822.111 states that the delivering employee must examine the card for completeness and make any necessary corrections. What is reasonable depends on the circumstances.

h. No.

i. The delivering employee may be a highway contract route driver.

j-p. POM § 822.111 does not appear to require completion at the time of delivery.

q. Confirmed.

r. Confirmed.

s. Confirmed.

t. Confirmed.

u. Confirmed, when practicable. POM § 822.112 gives the clearing employee until the next workday to mail the completed return receipt to the customer.

v. Confirmed.

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DBP/USPS-29 [a] Confirm, or explain if you are unable to do so, that Section 822.112 of the Postal Operations Manual requires that the clearing clerk must evaluate all return receipts that have been turned in to ensure that they are properly completed. [b] Would it be reasonable to expect the clearing clerk to check to ensure that the Return Receipt has been properly signed? [c] Would it be reasonable to expect the clearing clerk to check to ensure that the Return Receipt has the name of the addressee printed in addition to the signature? [d] Would it be reasonable to expect the clearing clerk to check to ensure that the Return Receipt has the correct date of delivery entered on it? [e] If there are any instances where the return receipt is not given to the clearing clerk on the date of delivery, explain how the clearing clerk would be aware of the date of delivery? [f] Would it be reasonable to expect the clearing clerk to check to ensure that any requirements for restricted delivery have been complied with? [g] Would it be reasonable to expect the clearing clerk to check to ensure that any requirements for notifying the sender of a new address have been complied with? [h] Would it be reasonable to expect the clearing clerk to check to ensure that any requirements for notifying the sender that there is no new address [namely, the box has been checked to show this] have been complied with? [i] What corrective action should the clearing clerk take if in evaluating a return receipt it is noticed that 1. the card is not properly signed, 2. the name of the person signing has not been properly printed, 3. the correct date of delivery has not been shown, 4. the restricted delivery requirements have not been complied with, 5. a new address has not been provided when there is one, or 6. the box has not been checked when there is no new address. [j] Confirm, or explain if you are unable to do so, that all return receipts must be mailed [namely, placed into the mail stream for processing and transporting and delivery to the sender] no later than the first workday after delivery. [k] Explain why POM Section 822.112 does not require that the clearing clerk mail the return receipt card on the date of delivery rather than allowing it to be held until the next workday. [l] Confirm, or explain if you are unable to do so, that the requirements specified in subparts b through j will apply in all instances regardless of the type of addressee or the number of return receipts involved. [m] Confirm, or explain if you are unable to do so, that the clearing clerk referenced in POM Section 822.11 is an employee of the United States Postal Service.

DBP/USPS-29 Response:

- a. Not confirmed. POM § 822.112 states: "The clearing clerk must check all return receipts to make sure that they are properly signed and dated."
- b. In general, yes.
- c. This checking would go beyond what's required by POM § 822.112.
- d. In general, yes.

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- e. The clearing employee could be informed by the delivering employee in such cases.
- f. In general, yes.
- g. In general, this checking would go beyond what's required by POM § 822.112.
- h. In general, this checking would go beyond what's required by POM § 822.112.
- i. For subparts 1,2,3, and 5, clearing clerk should notify delivering employee. For subpart 4, as indicated in POM § 822.112, a corrected return receipt should be obtained from the addressee.
- j. Confirmed, based on POM § 822.112.
- k. In some cases, carriers may be cleared of their accountable items after the final dispatch of outgoing mail has left the delivery unit. In addition, the return receipt might require corrective action.
- l. Not confirmed. Please see my responses to parts b through j. The POM does not provide any special procedures for different types of addresses or different numbers of return receipts.
- m. Confirmed, to the best of my knowledge.

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DBP/USPS-30 With respect to the utilization of other than a signature by hand on the return receipt card, confirm or explain if you are unable to do so, that POM Section 822.2 requires that, [a] In those cases where the article is addressed to a federal or state official or agency, a rubber stamp showing the name of the agency or organization may be utilized. [b] This rubber stamp must show the name of the agency or organization and not just the name of an individual. [c] The ability to utilize a printed rubber stamp or other automated means [as opposed to one which has a facsimile of a written signature of an individual] may only be used by a federal or state agency. [d] A federal agency is one in which the employees of the agency are employees of the United States Government. [e] A state agency is one in which the employees of the agency are employees of one of the 50 states of the United States of America. [f] This provision does not apply to other governmental agencies such as, multi-state agencies, counties, municipalities, school districts. [g] This provision does not apply to companies or other non-governmental agencies. [h] For all addressees other than federal and state agencies, the rubber stamp or other automated means must include a facsimile, hand-written signature of the individual who is authorized to accept accountable mail. [i] The type of addressee noted in subpart h may not utilize a rubber stamp or other automated means which contains printed information only [such as the name of the agency]. [j] Explain any non-confirmations.

DBP/USPS-30 Response:

- a. Objection filed.
- b. Objection filed.
- c. Confirmed.
- d. I can not confirm that this precise interpretation is implied by the POM.
- e. I can not confirm that this precise interpretation is implied by the POM.
- f. The POM specifies only state and federal government agencies.
- g. Not confirmed. POM § 822.22 applies to other large well-known organizations with approval from the local postmaster.
- h. That appears to be what POM § 822.22 says.
- i. That appears to be what POM § 822.22 says.
- j. See parts d-i.

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DBP/USPS-31 [a] Confirm that on August 1, 1996, Sandra D. Curran, Acting Manager, Delivery, sent a letter to all District Managers - Subject: Failure to Obtain Signature on PS Form 3811 Domestic Return Receipt. [b] Confirm, or explain if you are unable to do so, that this letter indicates that all District Managers are to take a proactive approach with all of their delivery offices to ensure that return receipts are not being signed for at a "later", more convenient time and therefore this would require that the return receipt be signed for at the time of delivery. [c] Confirm, or explain if you are unable to do so, that this letter indicates that any long standing, unofficial arrangements that promote or provide for exceptions to the state procedures for "convenience" should be voided if they exist. [d] Confirm, or explain if you are unable to do so, that this letter indicates that a lack of realization by some employees that the customer has paid for this service and any arrangement that makes it easier for the addressee at the expense of that service should not be tolerated. [e] Is this letter still in force? [f] If not, provide a copy of the letter which superseded or modified it. [g] Provide copies and references of any directives that have been issued since August 2, 1996 which relate to the provision of return receipt service.

a. Confirmed.

b. Not confirmed. The letter asks managers to review current practices and void where necessary, those that are inconsistent with official procedures.

c-d. Confirmed.

e. I am not aware of any subsequent letters which would have countermanded or superseded it.

f. Not applicable.

g. Not applicable.

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DBP/USPS-32 [a] Bottom line, is it a requirement of the United States Postal Service that all accountable mail, including any return receipts that are associated with the mail piece, be signed [this includes the use of a signature stamp under the provisions of POM Section 822.2] for by the addressee at the time of delivery [namely, when the control of the mail piece transfers from the United States Postal Service to that of the addressee] and that the requirements for the completion of the return receipt also be completed at the time of delivery in accordance with the provisions of POM Section 822 and that this applies to any and all addressees throughout the United States who might receive accountable mail and also applies regardless of the quantity of mail involved. [b] If your response to subpart a is not an unqualified yes, provide a complete listing of all exceptions to the requirement and the authority authorizing that exception. [c] Confirm, or explain if you are unable to do so, that the cost for a return receipt is presently \$1.10 and that this charge will apply for each separate accountable mail piece for which return receipt service is desired. [d] Confirm, or explain if you are unable to do so, that should there be 10,000 accountable mail pieces requesting return receipt service being delivered to a single addressee on a given day that each of the senders paid a fee of \$1.10 for the return receipt and that the total revenue received by the Postal Service for processing all ten thousand return receipts will be \$11,000. [e] Confirm, or explain if you are unable to do so, that, on average when there is more than one return receipt involved for a given addressee, the average cost for processing each single return receipt will be less than the cost that would be entailed if the addressee only received a single mail piece requesting return receipt service. In other words, if the cost for handling a single return receipt on average was fifty cents, then the total cost for handling 100 return receipts for a single addressee at one time would be less than fifty dollars [resulting in an average cost of less than fifty cents each]. [f] Do the cost figure for return receipt service take into account the potential savings in delivering multiple pieces at the same time?

- a. This is the goal.
- b. As there is no requirement, there can be no exceptions. In some cases it is possible that the signature takes place after delivery.
- c. Confirmed, assuming a regular return receipt rather than a return receipt for merchandise or return receipt after mailing.
- d. Your multiplication appears to be correct, and the fee for each return receipt would be \$1.10.
- e. Having no available study to support this conclusion, I can not confirm. However, your assumption appears reasonable insofar as it suggests that some costs can be avoided when a carrier delivers multiple pieces with return receipts. I would note

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however, that the nature of return receipt service suggests that multiple pieces requesting return receipts addressed to a single recipient are relatively rare.

- f. I would expect that the cost figure does reflect these savings. It is my understanding that the original return receipt cost study, which is updated in LR-H-107, collected data on the time and volume for return receipts at 26 CAG A,B, and C post offices. These data most likely include some return receipts for multiple pieces delivered at one time.

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DBP/USPS-33 In order to determine that the Return Receipt service provides a value to the mailer, [a] Enumerate and provide details of all studies and tests that have been performed or conducted by the Postal Service in the past seven years [since Docket R90-1] to determine the mailing public's needs and desires for return receipt service. [b] Same as subpart a except to determine the quality of service being received by return receipt users. [c] Same as subpart a except to determine the extent to which the return receipt service is being provided as mandated in the regulations. [d] Explain why the responses to subparts a through c indicate that the Postal Service is making a concerted effort to provide a quality service. [e] Confirm, or explain if you are unable to do so, that one of the purposes of the return receipt is to provide evidence of delivery to the sender and that this evidence is being provided by an independent third party, namely the Postal Service. [f] Confirm, or explain if you are unable to do so, that the Postal Service used to apply the red validating stamp to return receipts and that this procedure was terminated. [g] When and why was the use of this procedure terminated and provide copies of the directive doing so? [h] Wouldn't the date on the red validating stamp be more likely to be correct than a date that was handwritten? [i] Wouldn't the presence of the red validating stamp on the return receipt provide a greater level of authenticity of the return receipt than one without it? [j] Explain any negative responses to subparts h and i particularly in light of the desire to provide a quality product. [k] Confirm, or explain if you are unable to do so, that the application of a red validation stamp impression on a return receipt by other than an authorized Postal Service employee would be a violation of the law. [l] Are there any plans to resume the use of the red validating stamp? [m] When will the new form be available for return receipts which includes the box for indicating that the article was delivered as addressed? [n] Will the instructions for the implementation of these new forms call for the immediate removal from service of the existing forms to ensure maximum use of the new form? [o] Confirm, or explain if you are unable to do so, that there are times when the actual date of delivery is significant to the mailer utilizing return receipt service. [p] Confirm, or explain if you are unable to do so, that there are times when name of the recipient is significant to the mailer utilizing return receipt service. [q] Confirm, or explain if you are unable to do so, that there are times when prompt notification of delivery is significant to the mailer utilizing return receipt service. [r] Confirm, or explain if you are unable to do so, that provision of the return receipt as proof of delivery and proof of delivery date having been furnished by an independent, disinterested third party, such as the Postal Service, is significant to the mailer at times. [s] Confirm or explain if you are unable to do so, that failure of the Postal Service to process return receipts in the manner specified in the regulations may increase the likelihood of a decrease in value to the mailer who is expecting one of the services noted in subparts o through r.

- a. Witness Needham discussed one study showing that most certified mail customers desire return receipt service. See Docket No. MC96-3, USPS-T-8 at 66-67; LR-SSR-110.

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- b. I am not aware of any such studies.
- c. I am not aware of any such studies.
- d. The Postal Service utilizes many methods to ensure that employees and managers provide the services customers expect. The fact that studies have not been performed at a national level to determine the level to which the Postal Service has been able to meet this goal vis à vis return receipts should not be construed as meaning that there has been no concerted effort toward this end. Local managers have access to customer feedback via consumer service cards and other means. They are expected to utilize these data to improve their performance not only as regards return receipts, but for all products and services.
- e. Confirmed.
- f-l. Objection filed September 25, 1997.
- m. This has not yet been determined.
- n. Typically, destruction of existing forms is called for only when a change in the nature of the service requires. For instance, when a block for the name of the addressee was added to return receipts, offices were instructed to destroy the old return receipts upon receipt of the new version. In this case, the nature of the service is not changing; the new receipt will provide an enhanced method for providing the same service. Consequently it is unlikely that the old forms will be destroyed, though that decision has not yet been made.
- o. Confirmed.
- p. Confirmed.
- q. Confirmed.
- r. Confirmed.
- s. Confirmed.

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DBP/USPS-34 DMM Section S915.1.6 states, Return receipt fees are refunded only if the USPS fails to furnish a return receipt. May a refund be claimed for the following: [a] The return receipt which is received back is not signed. [b] The return receipt which is received back does not have the printed name of the recipient. [c] The return receipt which is received back does not show a date of delivery. [d] The return receipt which is received back shows an incorrect date of delivery. [e] The return receipt which is received back does not show a new address where delivered when there is one. [f] The return receipt which is received back does not have the box checked to show that there was no change of delivery address. [g] The return receipt which is received back was mailed by the delivery office later than the next business day following delivery. [h] The return receipt which was received back utilizes a rubber stamp or other automated signature which does not meet the requirements of POM Section 822.2. [i] There is evidence that the accountable mail was delivered to the addressee to complete the return receipt at a later, more convenient time and therefore the return receipt was not obtained by the Postal Service at the time of delivery. [j] The return receipt is not received. [k] A duplicate return receipt indicates that the article was not delivered. [l] The article is returned by the Postal Service without delivery. [m] Confirm, and explain if you are unable to do so, that the referenced DMM section also implies that the return receipt which is furnished meets the requirements of the Postal Service. [n] Explain any of the items for which a refund of the return receipt fee would not be authorized. [o] Confirm, or explain if you are unable to do so, that the necessity of a sender to request a duplicate return receipt just to fix a problem caused by the improper completion of the original return receipt will reduce the value of the service to the mailer.

- a. Customer would not be entitled to a refund in this case; however, the mailer may request a duplicate return receipt under DMM § S915.4.2.
- b. Customer would not be entitled to a refund in this case; however, the mailer may request a duplicate return receipt under DMM § S915.4.2.
- c. Customer would not be entitled to a refund in this case; however, the mailer may request a duplicate return receipt under DMM § S915.4.2.
- d. Customer would not be entitled to a refund in this case; however, the mailer may request a duplicate return receipt under DMM § S915.4.2.
- e. Customer would not be entitled to a refund in this case; however, the mailer may request a duplicate return receipt under DMM § S915.4.2.

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- f. Customer would not be entitled to a refund in this case; however, the mailer may request a duplicate return receipt under DMM § S915.4.2.
- g. Customer would not be entitled to a refund in this case.
- h. Customer would not be entitled to a refund in this case; however, the mailer may request a duplicate return receipt under DMM § S915.4.2.
- i. It is unclear how this would be known by the sender; however the customer would not be entitled to a refund in this case.
- j. The customer would be entitled to a refund.
- k. The customer would be entitled to a refund.
- l. The customer would be entitled to a refund.
- m. The DMM speaks for itself. The inference you draw does not appear to be consistent with the wording of DMM S915.1.6.
- n. See responses to subparts a-i, and DMM S915.1.6.
- o. Such a necessity certainly may reduce the value of service if the customer had expectation of a refund.

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DBP/USPS-36 [a] Confirm, or explain if you are unable to do so, that when accountable mail is delivered, the addressee will be required to sign for the receipt of the mail utilizing either a single receipt form, manifest delivery form, or other computerized listing of the type and number of each accountable mail article. [b] Confirm, or explain if you are unable to do so, that this signature will always be a hand signature. [c] If not, provide the authority [and furnish a copy] which authorizes the delivery without a hand signature. [d] Confirm, or explain if you are unable to do so, that this record of delivery will be maintained in the post office of delivery. [e] Confirm, or explain if you are unable to do so, that these records will be discarded after a period of time. [f] What is the authorized time after which these records may be discarded? [g] Confirm, or explain if you are unable to do so, that a mailer who has a return receipt may receive confirmation of its validity by having the delivery office utilize the delivery record and provide this confirmation. [h] How would such confirmation be accomplished? [i] Confirm, or explain if you are unable to do so, that once the delivery records have been discarded, there will be no record of delivery maintained in the Postal Service. [j] Confirm, or explain if you are unable to do so, that once the delivery record retention period has passed and the records discarded, the mailer may no longer obtain confirmation of the validity of the return receipt. [k] Confirm, or explain if you are unable to do so, that the inability of a mailer to obtain confirmation of the validity of the return receipt could potentially reduce the value of the service to the mailer. [l] Confirm, or explain if you are unable to do so, that the use of the red validating stamp on the return receipt could mitigate or eliminate this potential loss of the value of the service.

DBP/USPS-36 Response:

- a. Not confirmed. See DMM § D042.2.0.
- b. Not confirmed. See DMM § D042.1.7.g.
- c. See response to subpart (b).
- d. Confirmed. A record of delivery will be maintained in the post office of delivery.
- e. Delivery records are retained for two years.
- f. See response to subpart (e).
- g. Confirmed. A duplicate return receipt is not available more than one year after the date of mailing. DMM § S915.4.1.
- h. See DMM § S915.4.0.
- i. Confirmed.

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- j. Confirmed. However, a duplicate return receipt would already not have been available. See DMM § S915.4.1.
- k. Though there has been no study to quantify the value customers would place on confirming the validity of return receipts that are more than two years old, it is reasonable to assume that such value is negligible.
- l. See response to subpart (k).

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DBP/USPS-38 [c] Confirm, or explain if you are unable to do so, that a mailer who is utilizing Insured Mail is not required to declare the full value and may purchase whatever value insurance is desired [although a claim may not be filed for more than the value of the article]. [d] Confirm, or explain if you are unable to do so, that the purchase of insurance is not required by a mailer of any class of mail, regardless of the value of the article.

DBP/USPS-38 Response:

c. Confirmed.

d. Confirmed, though Express Mail rates include limited insurance coverage.

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DBP/USPS-50 [a] Confirm, or explain if you are unable to do so, that the proposed fee for Delivery Confirmation on a manual basis will be 35 or 60 cents and that the fee for Certificate of Mailing is proposed to be 60 cents. [b] Confirm, or explain if you are unable to do so, that the proposed fee for Delivery Confirmation on an electronic basis will be 0 or 25 cents. [c] Confirm, or explain if you are unable to do so, that a customer will be given a receipt for the parcel. [d] What added information or proof, if any, will the Certificate of Mailing provide to the mailer of a parcel for the added fee of up to 60 cents over the cost of using the Delivery Confirmation Service? [e] If there is none, what is the justification of the higher rate for the Certificate of Mailing?

- a. Objection filed September 25, 1997.
- b. Objection filed September 25, 1997.
- c. Not confirmed. See my response to DFC/USPS-T40-21b.
- d. The only instance where a 60 cent difference occurs is if one compares the fee for an individual certificate of mailing with the fee for electronic delivery confirmation used in conjunction with Priority Mail. I believe there are few, if any, customers interested in both services. Indeed individual certificates of mailing are most likely to be used by the customers that would use non-electronic delivery confirmation at fees of 25 cents and 60 cents for Priority and Standard (B) mail respectively. Furthermore, the two services are entirely different. Certificates provide confirmation of mailing, while delivery confirmation provides proof of delivery. Also see my response to part c. To suggest that fees ought to be comparable misunderstands the purposes served by these two products.
- e. Individual certificates of mailing have a unit cost of 49 cents. See my testimony (USPS-T-40, p. 3), and LR-H-107, p. 18.

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DBP/USPS-51 [a] Confirm, or explain if you are unable to do so, that bulk insurance will only pay for the lesser of the actual value or the wholesale cost of the contents. [b] Will this provision also apply to individual insurance? [c] If so, explain why?

DBP/USPS-51 Response:

- a. Confirmed, assuming you refer to the Postal Service proposal.
- b. No, individual insurance allows customers to claim the actual value of the contents up to the amount covered by the fee paid.
- c. Not applicable.

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DBP/USPS-53 [a] Confirm, or explain if you are not able to do so, that under the proposed regulations if I have merchandise weighing under eleven ounces that I may either utilize First-Class Mail or Priority Mail. [b] Confirm, or explain if you are not able to do so, that under the proposed regulations if I have merchandise weighing between eleven and sixteen ounces that I must utilize Priority Mail. [c] Confirm, or explain if you are not able to do so, that under the proposed regulations if I have merchandise weighing over sixteen ounces that I may either utilize Standard Mail [B] or Priority Mail. [d] Confirm, or explain if you are not able to do so, that a comparison of all of the characteristics of Standard Mail [B] vs. Priority Mail, will show that, neglecting the price, Priority Mail will always be equal to or better than Standard Mail [B], i.e., the delivery standard for Priority Mail is faster, any parcel between 1 and 70 pounds may be sent by either service with the same level of preparation, the place of mailing is either the same or better for Priority Mail, Priority Mail will have free forwarding and return, etc. [e] Confirm, or explain if you are unable to do so, that a parcel containing merchandise may be insured regardless of whether the postage is paid at the First-Class Mail, Priority Mail, or Standard Mail [B] rate. [f] Confirm, or explain if you are unable to do so, that a parcel containing merchandise may be registered regardless of whether the postage is paid at the First-Class Mail, or Priority Mail rate. [g] Confirm, or explain if you are unable to do so, that when Registered Mail is utilized, there is an accounting for each individual mailpiece between the accountable mail section of the delivering post office and the delivering employee. [h] Confirm, or explain if you are unable to do so, that when Insured Mail is utilized, there is no accounting for each individual mailpiece nor even for the total number of insured parcels between the accountable mail section of the delivering post office and the delivering employee. [i] Confirm, or explain if you are unable to do so, that when Registered Mail is utilized there is an accounting for the mail as it progresses through the mail system from the acceptance to the delivery. [j] Confirm, or explain if you are unable to do so, that when Insured Mail is utilized, there is no accounting for the parcel at any time other than when the acceptance employee provides the mailer with a receipt and when the delivering employee obtains a receipt from the addressee. [k] Confirm, or explain if you are unable to do so, that for the acceptance of the article and the delivery of the article, the security and accountability between Registered Mail and Insured Mail is either identical or better for Registered Mail. [l] Confirm, or explain if you are unable to do so, that for the time between the acceptance of the article and its ultimate delivery, the accountability and security provided to Registered Mail will be greater than that provided to Insured Mail. [m] Confirm, or explain if you are unable to do so, that, ignoring any price differential, a knowledgeable mailer with a merchandise parcel weighing over one pound will always choose Priority Mail - Registered Mail over Standard Mail [B] - Insured Mail. [n] If you provide any examples where the knowledgeable mailer referred to in subpart m would choose Standard Mail [B] - Insured Mail over Priority Mail - Registered Mail, provide an estimation of the percentage of parcels out of the total number of parcels handled would fall into that category. Remember, that any price differential must be ignored. [o] Confirm, or explain if you are unable to do so, that the fee for Registered Mail for an article with a value of \$5,000 insurance would be \$11.65. [p] Confirm, or explain if you are unable to do so, that the fee for Insured Mail for an article with a value of \$5,000 insurance would be \$50.90. [q] Confirm, or explain if you are unable to do so, that a

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mailer having a parcel for which \$5,000 insurance is desired would pay \$39.25 more for Insured Mail compared to Registered Mail. [r] Based on the above, confirm, or explain if you are unable to do so, that a knowledgeable mailer with a parcel containing merchandise and weighing under one pound and for which \$5,000 insurance coverage is desired will always choose Registered Mail over Insured Mail. [s] Based on the above, confirm, or explain if you are unable to do so, that a knowledgeable mailer with a parcel containing merchandise and weighing over one pound and for which \$5,000 insurance coverage is desired will always choose Registered Mail over Insured Mail in those rate cells where the Priority Mail rate is \$39.25 or less compared to the Standard Mail rate for the same zone and weight. [t] Provide a listing of all Standard Mail rate cells where the Priority Mail rate for the same zone and weight is \$39.26 or more greater than the Standard Mail rate for the same zone and weight. [u] What percentage of all parcels sent by Standard Mail or Priority Mail fall into those rate cells provided in response to subpart t? [v] What would United Parcel Service charge an individual shipper for \$5,000 insurance? [w] Based on the above, how could a knowledgeable mailer perceive the rates for insurance as being fair and equitable? [x] Confirm, or explain if you are unable to do so, that the rate for Express Mail insurance is \$45.00 for \$5,000 coverage. [y] Confirm, or explain if you are unable to do so, that a mailer having a parcel for which \$5,000 insurance is desired would pay \$33.35 more for Express Mail Insured Mail compared to Registered Mail. [z] Confirm, or explain if you are unable to do so, that Express Mail may not be registered. [aa] If so, provide a rationale for such a regulation. [bb] Confirm, or explain if you are unable to do so, that the rate for Express Mail will always be greater than that for Priority Mail. [cc] Confirm, or explain if you are unable to do so, that the level of service for Express Mail will always be greater than or equal to that for Priority Mail. [dd] What do United Parcel Service, Federal Express, and other major carriers charge their individual overnight shippers for \$5,000 insurance? [ee] Based on the above, how could a knowledgeable mailer perceive the rates for Express Mail insurance as being fair and equitable. [ff] Confirm, or explain if you are unable to do so, that a mailer with a parcel for which \$5,000 coverage may decide to accept the slower Priority Mail compared to the faster Express Mail because of the added \$33.35 difference in insurance rates between Registered Mail and Express Mail insurance rates.

DBP/USPS-53 Response:

- a. Confirmed. Though you would not be limited to those two choices.
- b. Not confirmed. For example, you may use Express Mail.
- c. Confirmed. Though you would not be limited to those two choices.
- d. Confirmed.
- e. Confirmed.
- f. Answered by witness Needham.
- g. Answered by witness Needham.

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- h. Confirmed.
- i. Answered by witness Needham.
- j. Confirmed.
- k. Confirmed.
- l. Confirmed.
- m. Not confirmed. I can not assert that all mailers value the same service attributes equally.
- n. I am unaware of any available volume data that would provide the requested information.
- o. Answered by witness Needham.
- p. That would be the fee under the proposed schedule.
- q. Confirmed.
- r. Not confirmed. See response to subpart (m).
- s. Not confirmed. See response to subpart (m).
- t. Objection filed September 25, 1997.
- u. Volume data are contained in USPS-LR-H-145.
- v. The UPS published rate for insurance is \$0.35 for each \$100 in value greater than \$100.
- w. Please refer to my testimony USPS-T40, pp. 3-9.
- x. Objection filed September 25, 1997.
- y. Objection filed September 25, 1997.
- z. Answered by witness Needham.
- aa. Answered by witness Needham.
- bb. Not confirmed. I can not predict what may happen to rates in the future.
- cc. Not confirmed. I can not predict what may happen to rates in the future.
- dd. Published price schedules for these carriers can be obtained through their web sites.
- ee. Please refer to my testimony USPS-T-40, pp. 3-9.
- ff. Confirmed.

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DBP/USPS-62 Provide a listing for each of the following services indicate, 1. the rate being proposed; 2. the cost for providing the service for the proposed rate, 3. the cost coverage percentage for the proposed rate, 4. the present rate, 5. the cost of provided the service for the present rate, and 6. the cost coverage percentage related to the existing rate: [a] Fee Group C - PO Box size 1, [b] size 2, [c] size 3, [d] size 4, [e] size 5, [f] Fee Group C - Caller Service, [g] Certified Mail [also provide data for pre-MC96-3 rate], [h] Return Receipt, [i] Return Receipt for Merchandise, [j] Return Receipt issued after mailing, [k] individual Certificate of Mailing, [l] Special Handling, [m] Single Stamped Envelope, [n] Single Hologram Stamped Envelope, [o] Plain box of 500 stamped 6-3/4 size envelopes, [p] size 10 envelope, [q] processing and handling a stamped card, [r] processing and handling a post card, and [s] fee for the stamped card itself.

DBP/USPS-62

h.1. \$1.45

h.2. \$0.97 excluding contingency

h.3. Cost coverage is normally calculated on a subclass or special service basis. The implied cost coverage is $(1.45/0.97 = 149\%)$.

h.4. \$1.10

h.5. \$0.97 excluding contingency

h.6. Cost coverage is normally calculated on a subclass or special service basis. The implied cost coverage is $(1.10/0.97 = 113\%)$.

i.1. \$1.70

i.2. \$1.16 excluding contingency

i.3. Cost coverage is normally calculated on a subclass or special service basis. The implied cost coverage is $(1.70/1.16 = 147\%)$.

i.4. \$1.20

i.5. \$1.16 excluding contingency

i.6. Cost coverage is normally calculated on a subclass or special service basis. The implied cost coverage is $(1.20/1.16 = 103\%)$.

j.1. \$7.00.

j.2. \$6.61 excluding contingency

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j.3. Cost coverage is normally calculated on a subclass or special service basis. The implied cost coverage is $(7.00/6.61 = 106\%)$.

j.4. \$6.60

j.5. \$6.61 excluding contingency

j.6. Cost coverage is normally calculated on a subclass or special service basis. The implied cost coverage is $(6.60/6.61 = 99.8\%)$.

k.1. \$0.60

k.2. \$0.49 excluding contingency

k.3. Cost coverage is normally calculated on a subclass or special service basis. The implied cost coverage is $(0.60/0.49 = 122\%)$.

k.4. \$0.55

k.5. \$0.49 excluding contingency

k.6. Cost coverage is normally calculated on a subclass or special service basis. The implied cost coverage is $(0.55/0.49 = 112\%)$.

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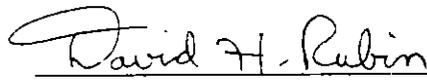
DBP/USPS-64 Refer to interrogatory DBP/USPS-27. [a] With respect to the new Return Receipt service showing the new address of delivery, has Headquarters or any Area prepared a training course or other training material to explain the new service? [b] If so, provide copies of the training material. [c] If not, add that reason into your response to subpart f of DBP/USPS-27.

DBP/USPS-64 Response:

- a. Yes.
- b. Materials will be filed as LR-H-286.
- c. Not applicable.

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 29, 1997

DECLARATION

I, Michael K. Plunkett, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



MICHAEL K. PLUNKETT

Dated: 9/29/97