

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  
TO INTERROGATORIES OF  
DAVID B. POPKIN  
(DBP/USPS-6,8,14,20,23,45,55)

The United States Postal Service hereby provides responses to the following interrogatories of David B. Popkin: DBP/USPS-6,8,14,20,23,45,55, filed on September 10, 1997.

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-6            With respect to the performance goals which have been established for the delivery of mail as noted in response to Rule 54[n],
- [a] is ODIS still utilized by the Postal Service?
  - [b] If so, provide a copy of the last report.
  - [c] Confirm that Price Waterhouse conducts external measurements [EXFC] to evaluate delivery performance.
  - [d] What classes of mail does the EXFC program measure?
  - [e] Confirm that the EXFC measures performance in 96 areas in the country?
  - [f] What percentage of the country's mail do these 96 areas represent?
  - [g] What measurements are made of the delivery performance in areas which are outside the 96 EXFC areas?
  - [h] Are there any plans to extend the EXFC program beyond the existing 96 areas?
  - [i] If so, provide details. If not, why not?

[The responses to subparts (k) - (u) will be provided under separate cover]

- [v] Does Price Waterhouse mail more than one letter in any given collection box on any given day?
- [w] If so, elaborate and explain.
- [x] If more than one letter is mailed and there is a failure in the collection or processing of that box, how does that affect the results?
- [y] Is there any feedback provided by Price Waterhouse to the Postal Service with respect to the possible causes for delayed mail?
- [z] What percentage of the EXFC mail is non-letter size mail?
- [aa] What percentage of all First-Class Mail is non-letter size mail? Responses to subparts aa, cc, and ee should be made to provide the most appropriate calculation to attempt to confirm that the EXFC program is attempting to match the actual mail characteristics. Provide details on how each calculation was performed.
- [bb] What percentage of the EXFC mail is flat size?
- [cc] What percentage of all First-Class Mail is flat size?
- [dd] What percentage of the EXFC mail is hand addressed [as opposed to typed/printed]?
- [ee] What percentage of all First-Class Mail is hand addressed?
- [ff] Explain any differences between the responses to subparts aa, cc, and ee and their corresponding EXFC value.
- [gg] Are there any data which is developed in the EXFC program or other Postal Service data collection which relates specifically to the delivery performance of different shapes and categories of First-Class Mail including flats as well as hand-addressed mail?
- [hh] If so, provide the data for the past year.
- [ii] If not, explain why this data is not collected.
- [jj] Provide a full and complete listing of the methodology utilized for the EXFC program.

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RESPONSE:

- a. Yes.
- b. This information is filed periodically with the Postal Rate Commission.
- c. EXFC does not measure delivery performance, but end-to-end service performance. For the purpose of this interrogatory only, we will use the terms delivery performance and service performance interchangeably. Currently, Price Waterhouse is the responsible vendor.
- d. First-Class Mail.
- e. EXFC measures service performance for 96 cities and 301 3-digit Zip Code areas.
- f. These 96 cities and 301 3-digit Zip Code areas represent approximately 62% of the nation's destinating First-Class mail volume.
- g. None at this time.
- h. None at the time of this response.
- i. *The current system provides adequate coverage (62% of all destinating mail volume) and service performance information for Postal management. The actual costs for obtaining the additional measurement for the additional 38% of destinating volume has, to this point in time, been deemed too expensive for the perceived benefit.*

[responses to DBP/USPS-6(j)-(v) will be filed under separate cover]

- v. Yes.

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- w. Price Waterhouse deposits varying numbers of First-Class Mail pieces (letters, flats, postcards, double postcards) in collection boxes at one time but with a requirement to deposit no more than 40 singulated pieces in any one box.
- x. This question cannot be answered the way it is phrased. The impact depends upon the number of pieces seeded in the box and the number of failures from the box.
- y. Occasionally.
- z. About ten percent.
- aa. Our source for shape-based information is derived from the Origin-Destination Quarterly Statistics Report. The only source for approximating mail volume by shape is ODIS. EXFC is designed to loosely approximate the First-Class mailstream by shape. The structure of EXFC is based upon a static review of the mail's composition by shape. A review of its structure occurs at the time of contract renewal or when we feel a change has occurred. Further, since seeding occurs during the same time period when shape-based data is collected, it is highly unlikely that EXFC will match the actual mailstream. From a shape-based standpoint, EXFC excludes First-Class packages and parcels. The percentage of all First-Class mail that is not letter size according to the Origin-Destination Quarterly Statistics Report for Postal Quarter III, FY 1997 was 11.7% (excluding all foreign mail).
- bb. The percentage of EXFC pieces that are flat size is roughly 5 percent.

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cc. According to the Origin-Destination Quarterly Statistics Report for Postal Quarter III, FY 1997, 5.8 percent.

dd. 32.8% as of the end of FY 1997.

ee. Unknown.

ff. There are no significant differences.

gg. Please see response to subpart (hh), below.

hh. The numbers in the following table do not have the same statistical reliability nor value as the service performance numbers by service commitment. EXFC was not designed to provide reliable estimates by shape. The numbers below have been rounded for ease of understanding.

EXFC MEASUREMENT SYSTEM  
LETTERS VS FLATS VS CARDS

	OVERNIGHT SCORE	TWO-DAY SCORE	THREE-DAY SCORE
CARDS	90%	75%	75%
FLATS	83%	64%	64%
LETTERS	92%	77%	78%
TOTAL	92%	76%	77%

jj. Please see response to subpart (hh), above.

kk. An independent contractor hires individuals to seed, or, in system parlance, drop First-Class Mail in collection boxes and business chutes. The pieces are delivered to independent reporters unknown to the Postal Service. Results are telephoned to the contractor, who calculates the results and provides them to the Postal Service.

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**DBP/USPS-8.**

[x] Confirm in general that air transportation will be more costly than surface transportation.

[y] Confirm in general that air transportation will provide more expeditious service than surface transportation.

[z] If not, explain.

[aa] Is air transportation utilized in all instances where it would advance the delivery time for First-Class Mail by one of two days over that which may be obtained by utilizing surface transportation in whole or in part?

[bb] If not, why not and explain how the handling of this mail could be considered to be handled expeditiously.

[cc] Provide copies of any regulations, directives, or memoranda issued at Area or above level which specify when to utilize air transportation service.

[dd] Provide copies of any press releases, directives, or other memoranda issued at the Headquarters level to indicate the level of service that would be provided to First-Class Mail at the time that Air Mail was eliminated as a separate domestic service some twenty years ago.

[ee] Does the level to which air transportation is utilized today match the level that was stated when Air Mail was eliminated as a separate service?

[ff] If not, explain how and why it does not.

**Response to DBP/USPS-8.**

[x] Confirmed.

[y] Not confirmed.

[z] There are instances when surface transportation is both more consistent and more expeditious than air. This is a function of factors such as distance, air line schedules, air carrier capacity, etc.

[aa] No.

[bb] The Postal Service chooses its transportation based on service commitment and cost.

[cc] Objection filed on September 25, 1997.

[dd] Objection filed on September 25, 1997.

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[ee] Objection filed on September 25, 1997.

[ff] Objection filed on September 25, 1997.

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**DBP/USPS-14.**

Should the word schedule that appears in DMCS Section 222 before 962 in two places be changed to section since the definitions appear in section 962 rather than Fee Schedule 962?

**RESPONSE:**

Yes.



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**DBP/USPS-20.**

The Federal Register for August 14, 1996 indicates that the USPS is developing "Postal Electronic Commerce Services". [a] What is the status of this proposal? [b] Will rates for these services be under the jurisdiction of the Postal Rate Commission? [c] If not, explain and provide legal references. [d] Will the expenses and revenues for these services come from or go to those related in this Docket? [e] If not, explain and advise their disposition.

**RESPONSE:**

[a] The Postal Service is continuing to study the feasibility of offering such services.

[b]-[c] Objection filed September 25, 1997.

[d]-[e] Any base year or test year expenses related to Postal Electronic Commerce Services would be treated as "Other" costs, so none would be distributed to the classes and subclasses of mail or special services. No test year revenues are projected for Postal Electronic Commerce Services.

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DBP/USPS-23 Refer to Schedule 1000 on Attachment B at page 66. Should the last line "(see Fee Schedule 932)" either be changed to Section 931 or appear with Merchandise Return above it and an additional Section 931 entry appear with Business Reply Mail Permit?

RESPONSE:

The instruction in the last row of proposed Schedule 1000 should be read as follows: "see Fee Schedule 931"

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO DBP INTERROGATORIES

DBP/USPS-45.[a] Confirm, or explain if you are unable to do so, that the P&DC is utilized as the intermediate point between the post office and the BMC in this Docket. [b] Are there any instances in the country where two post offices which are in different three-digit prefixes as far as zone calculations are concerned [this would exclude examples such as 071 being the city of Newark NJ and 070, 072, and 073 being the associated offices] are served by the same P&DC? [c] If so, provide a listing and an explanation as to why the discussions are still valid.

Response:

[a] When an intermediate facility is necessary between the BMC and the post office (AO or DDU), the P&DC (also known as the SCF) would be the intermediate facility.

[b] Please refer to Labeling List L005 in the DMM for SCFs serving more than one 3-digit ZIP Code

[c] Please refer to Labeling List L005 in the DMM for SCFs serving more than one 3-digit ZIP Code. It is not clear what "discussions" are being questioned.

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DBP/USPS-55

- a. Confirm, or explain if you are unable to do so, that the official service standards for First-Class Mail are better than those for Standard Mail [A].
- b. Confirm, or explain if you are unable to do so, that in practice, the actual service standards for First-Class Mail are far better than those for Standard Mail [A].
- c. Provide documentation for the actual delivery results for both First-Class Mail and Standard Mail [A] for a recent period of time.
- d. Confirm, or explain if you are unable to do so, that at one point in time a number of years ago the rate for single piece Standard Mail [A], or its predecessor designation third-class mail, was always less than that for First-Class Mail of the same weight.
- e. Provide a listing showing the date and details of the weights involved at which each of the various successive changes were made to rate schedule to make the rate for First-Class Mail and Standard Mail [A] the same.
- f. Confirm, or explain if you are unable to do so, that at the present time there is rate parity between First-Class Mail and Standard Mail [A] for weights up to 11 ounces.
- g. Other than the ability to utilize Return Receipt for Merchandise, confirm, or explain if you are unable to do so, that there are no other reasons why a knowledgeable mailer would utilize Standard Mail [A] rather than First-Class Mail when mailing articles weighing less than 11 ounces.
- h. Confirm, or explain if you are unable to do so, that there are mailers that would, if the price wasn't the same, utilize Standard Mail [A] for their mailing of non-letter matter rather than First-Class Mail because they did not have the need for the additional service provided by First-Class Mail.
- i. Explain why the Postal Service has chosen over the years to remove that choice by increasing the weight at which rate parity existed and now taken the ultimate step of elimination the service.
- j. Provide a table showing the costs for First-Class Mail and Standard Mail [A] broken down into the following categories: Collection, Mail Processing, Transportation, and Delivery. Show the comparison between the two services for different shapes of mail and different weights. The actual comparisons should be between mail of identical characteristics.
- k. In those instances where the table provided in response to subpart j show a higher cost for Standard Mail [A] over First-Class Mail, provide an explanation of the reasons why a deferred service has higher costs than a premium service.

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DBP/USPS-55. (continued)  
RESPONSE:

- a. Please see response of witness Moeller to VP-CW/USPS-T36-6.
- b. See response to subpart a.
- c. See response of witness O'Hara to NAA/USPS-T30-16 and response of witness Moeller to VP-CW/USPS-T36-7, VP-CW/USPS-T36-9 and VP-CW/USPS-T36-10.
- d. The rate for a one-ounce Standard Mail (A) (or third-class) single piece has been equal to or greater than the rate for a one-ounce First-Class Mail piece since January 7, 1968. Prior to that time, the Single-Piece third-class rates were lower than First-Class Mail rates at each weight increment.
- e. See attachment.
- f. Rates for the Single-Piece subclass of Standard Mail (A) and the Letters and Sealed Parcels subclass of First-Class Mail are the same up to 11 ounces.
- g. See response of witness Moeller to NAA/USPS-T36-1.
- h. The Postal Service has no reason to doubt that some non-letter mailers would choose Standard Mail (A) Single-Piece rather than Letters and Sealed Parcels if the price of the former were lower than the price of the latter.
- i. Please see USPS-T-36 at page 4, line 11, through page 5, line 11.
- j. Such a table cannot be produced because costs are not available for the requested categories by shape and by weight.
- k. Not applicable; however, please see response of witness Moeller to UPS/USPS-T34-1, redirected from witness Taufique.

FIRST-CLASS MAIL  
Rate History

Effective Date	Nonpresorted Letters and Sealed Parcels					
	Per Ounce (cents)	First Ounce			Each Additional Ounce (cents)	Non- <u>1</u> / Standard Surcharge (cents)
		Regular (cents)	Prebarcoded Flats <u>6</u> / (cents)	ZIP+4 (cents)		
January 7, 1968	6 <u>2</u> / ---	---	---	---	---	---
May 16, 1971	8 <u>3</u> / ---	---	---	---	---	---
March 2, 1974	10 <u>3</u> / ---	---	---	---	---	---
September 14, 1975	---	10	---	---	9 <u>2</u> / ---	---
December 31, 1975	---	13	---	---	11 <u>2</u> / ---	---
May 29, 1978	---	15	---	---	13 <u>3</u> / ---	---
July 15, 1979	---	15	---	---	13 <u>3</u> / ---	7
March 22, 1981	---	18	---	---	17 <u>3</u> / ---	9
November 1, 1981	---	20	---	---	17 <u>3</u> / ---	9
October 9, 1983	---	20	---	19.1	17 <u>3</u> / ---	9 <u>5</u> / ---
February 17, 1985	---	22	---	21.1	17 <u>3</u> / ---	10 <u>5</u> / ---
April 3, 1988	---	25	---	24.1	20 <u>4</u> / ---	10 <u>5</u> / ---
February 3, 1991	---	29	---	27.6	23 <u>4</u> / ---	10 <u>5</u> / ---
September 20, 1992	---	29	26.7	27.6	23 <u>4</u> / ---	10 <u>5</u> / ---
January 1, 1995	---	32	29.5	30.5	23 <u>4</u> / ---	11 <u>5</u> / ---
July 1, 1996	---	32	29.0	---	23 <u>4</u> / ---	11 <u>5</u> / ---

- 1/ Effective July 15, 1979 a surcharge was applied to First-Class Mail weighing one ounce or less, if the following size standards are exceeded: length exceeds 11-1/2", or height exceeds 6-1/8", or thickness exceeds 1/4", a height to length aspect ratio not between 1 to 1.3 and 1 to 2.5 inclusive.
- 2/ Weight limit 13 ounces. Priority mail rates apply to heavier pieces.
- 3/ Weight limit 12 ounces. Priority mail rates apply to heavier pieces.
- 4/ Weight limit 11 ounces. Priority mail rates apply to heavier pieces.
- 5/ Not applicable to ZIP + 4 mail.
- 6/ Effective July 1, 1996 the prebarcoded flat rates require some presort and are referred to as basic automation rates.
- 7/ ZIP+4 Category was eliminated on July 1, 1996.

THIRD-CLASS MAIL  
SINGLE-PIECE RATE  
Rate History

Up to but Not Exceeding (ounces)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
--	---	---	---	---	---	---	---	---	---	----	----	----	----	----	----	----

Other than Keys and Identification Tags <sup>1/</sup>

January 7, 1968	\$.06	\$.06	\$.08	\$.10	\$.12	\$.14	\$.16	\$.18	\$.20	\$.22	\$.24	\$.26	\$.28	\$.30	\$.32	\$.34
May 16, 1971	.08	.08	.10	.12	.14	.16	.18	.20	.22	.24	.26	.28	.30	.32	.34	.36
March 12, 1972	.08	.08	.10	.13	.16	.18	.21	.24	.26	.29	.32	.34	.37	.40	.42	.45
July 6, 1972	.08	.08	.12	.16	.20	.24	.28	.32	.36	.40	.44	.48	.52	.56	.60	.64
March 2, 1974	.10	.10	.16	.16	.24	.24	.32	.32	.40	.40	.48	.48	.56	.56	.64	.64
September 14, 1975	.10	.10	.18	.18	.26	.26	.34	.34	.42	.42	.50	.50	.58	.58	.66	.66
December 31, 1975	.13	.13	.24	.24	.34	.34	.45	.45	.56	.56	.66	.66	.77	.77	.88	.88
July 18, 1976	.14	.14	.28	.28	.39	.39	.50	.50	.61	.61	.72	.72	.83	.83	.94	.94
May 29, 1978	.20	.20	.40	.40	.53	.53	.66	.66	.79	.79	.92	.92	1.05	1.05	1.18	1.18
March 22, 1981 <sup>2/</sup>	.18	.35	.52	.69	.70	.70	.92	.92	1.14	1.14	1.36	1.36	1.58	1.58	1.81	1.81
November 1, 1981	.20	.37	.54	.71	.85	.85	.95	.95	1.05	1.05	1.15	1.15	1.25	1.25	1.35	1.35
February 17, 1985 <sup>3/</sup>	.22	.39	.56	.73	.88	.88	.98	.98	1.08	1.08	1.18	1.18	1.28	1.28	1.38	1.38
April 3, 1988 <sup>3/</sup>	.25	.45	.65	.85	1.00	1.00	1.10	1.10	1.20	1.20	1.30	1.30	1.40	1.40	1.50	1.50
February 3, 1991 <sup>3/</sup>	.29	.52	.75	.98	1.21	1.21	1.33	1.33	1.44	1.44	1.56	1.56	1.67	1.67	1.79	1.79
January 1, 1995 <sup>4/</sup>	.32	.55	.78	1.01	1.24	1.47	1.70	1.93	2.16	2.39	2.62	2.90	2.90	2.95	2.95	2.95

Keys and Identification Devices

January 7, 1968	.14	.14	.21	.21	.28	.28	.35	.35	.42	.42	.49	.49	.56	.56	.63	.63
May 16, 1971	.14	.14	.22	.22	.30	.30	.38	.38	.46	.46	.54	.54	.62	.62	.70	.70
March 2, 1974	.16	.16	.25	.25	.34	.34	.43	.43	.52	.52	.61	.61	.70	.70	.79	.79
December 31, 1975	.19	.19	.33	.33	.45	.45	.57	.57	.69	.69	.81	.81	.93	.93	1.05	1.05
July 18, 1976	.19	.19	.33	.33	.47	.47	.61	.61	.75	.75	.89	.89	1.03	1.03	1.17	1.17
May 29, 1978	.32	.32	.50	.50	.68	.68	.86	.86	1.04	1.04	1.22	1.22	1.40	1.40	1.58	1.58
March 22, 1981	.53	.53	.83	.83	1.13	1.13	1.43	1.43	1.73	1.73	2.03	2.03	2.33	2.33	2.63	2.63
November 1, 1981	.55	.55	.85	.85	1.15	1.15	1.45	1.45	1.75	1.75	2.05	2.05	2.35	2.35	2.65	2.65
February 17, 1985	.62	.62	.96	.96	1.30	1.30	1.64	1.64	1.98	1.98	2.32	2.32	2.66	2.66	3.00	3.00
April 3, 1988	.85	.85	1.32	1.32	1.79	1.79	2.26	2.26	2.73	2.73	3.20	3.20	3.67	3.67	4.14	4.14
February 3, 1991	.92	.92	1.43	1.43	1.94	1.94	2.45	2.45	2.96	2.96	3.47	3.47	3.98	3.98	4.49	4.49
January 1, 1995	.99	.99	1.54	1.54	2.09	2.09	2.64	2.64	3.19	3.19	3.74	3.74	4.29	4.29	4.84	4.84

<sup>1/</sup> Effective July 15, 1979 a 7¢ surcharge was applied to single-piece rate third-class mail weighing two ounces or less, if the following size standards are exceeded: length exceeds 11-1/2", height exceeds 6-1/8", thickness exceeds 1/4", or height to length aspect ratio is not between 1 to 1.3 and 1 to 2.5 inclusive.

<sup>2/</sup> Nonstandard surcharge increased to 9¢ March 22, 1981.

<sup>3/</sup> Nonstandard surcharge increased to 10¢ February 17, 1985.

<sup>4/</sup> Nonstandard surcharge increased to 11¢ January 1, 1995.

## 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.



Anne B. Reynolds

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September 29, 1997