

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 ALEXANDROVICH
TO INTERROGATORIES OF DOUGLAS F. CARLSON
(DFC/USPS-T5-4-10)

The United States Postal Service hereby provides responses of witness Alexandrovich to the following interrogatories of Douglas F. Carlson: DFC/USPS-T5-4-10, filed on September 18, 1997.

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 30, 1997

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of DFC

DFC/USPS-T5-4. Please confirm that the attributable cost for postal cards in Attachment 1 to Response to DFC/USPS-T5-2(b) includes the manufacturing costs. If you do not confirm, please explain.

Response to DFC/USPS-T5-4

Confirmed.

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of DFC

DFC/USPS-T5-5.

- a. Please describe the training process (including number of hours of training) for IOCS data collectors.
- b. Please confirm that the Postal Service currently offers for sale seven different designs of 20-cent stamped cards. If you do not confirm, please explain.
- c. Please explain why IOCS data collectors are not or cannot be trained sufficiently well to allow them to recognize a stamped card.
- d. Please provide all documents discussing or otherwise relating to the difficulty that IOCS data collectors have experienced differentiating between stamped cards and private post cards.
- e. Please explain and provide all documents relating to the Postal Service's attempts to improve the ability of IOCS data collectors to differentiate between stamped cards and private post cards.
- f. Please identify all points in the mail-processing system in which IOCS data collectors would have been required, under the old procedures, to differentiate between stamped cards and private post cards.
- g. Please explain why a stamped card, with its colorful postage indicia, would be difficult to differentiate from a private post card for which postage had been paid by meter imprint or permit imprint.
- h. Please provide an example of a 20-cent postage stamp that is as large as the postage indicia on a 20-cent stamped card that is currently offered for sale.

Response to DFC/USPS-T5-5

- a. The formal training consists of the Statistical Programs IOCS course. Other training consists of Postal Satellite Television Network (PSTN) sessions, on-the-job (OJT) training sessions, and sessions designed and/or delivered by the statistical programs coordinators. All statistical programs data collectors, including IOCS data collectors, are required to receive one day of training per

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of DFC

Response to DFC/USPS-T5-5 continued:

quarter. At the discretion of local offices, data collectors may receive more than the required minimum.

b. Not confirmed. The Fall 1997 issue of *USA Philatelic: The Official Source for Stamp Enthusiasts* features eight types of postal cards. In addition, collectors can purchase a 20-cent Official Mail card, although their use by the general public is prohibited. See Attachment 1.

c. Prior to the change in data collection procedures implemented on July 1, 1996, IOCS Question 22 required data collectors encountering a postcard to choose among one of three categories: postal card, private mailing card, or other agency card. In contrast, only one selection exists for a letter- or flat-sized mailpiece. Given the obvious similarities among the three types of cards, some coding errors were inevitable. In light of the fact that the Postal Service planned to make the treatment of postal cards consistent with that of stamped envelopes, the distinction between the types of cards became irrelevant.

d. The Postal Service has been unable to locate any such documents. It is my understanding that the possibility of misidentification of stamped cards and private post cards was based more on deductive reasoning, given the multiple choices facing the data collector, than on any studies or analyses.

e. The Postal Service has been unable to locate any such documents.

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of DFC

Response to DFC/USPS-T5-5 continued:

- f. IOCS data collectors have the opportunity to sample mail at any point in the mail processing system, as well as in city delivery carrier in-office functions.
- g. See (c) above. Additionally, although stamped card postage indicia may be colorful, the indicia is printed directly on the card. Likewise, postage applied by meter imprint or permit imprint is also printed directly on the card. Examples, such as the one you suggest in which no postage stamp is used on the card, further expose the problem of identifying the distinctions between the former postal cards and private cards.
- h. I am unaware of any 20-cent postage stamp that has dimensions identical to the postage indicia on a 20-cent stamped card.

DUCK STAMPS



A **B** **C**

NOTE: Migratory Bird Hunting and Conservation Stamps (commonly known as Duck Stamps) are issued by the United States Department of the Interior. They are sold as bird hunting permits and are not usable for postage. All Duck Stamps are shown at 65%.

A. Canada Goose \$15.00
 DATE OF ISSUE: 6/30/97 at Washington DC, Pane of 30

Pane of 30 w/plate no.	\$450.00	33284
Block of 4 w/plate no.	60.00	33282
Single Stamp	15.00	332810

B. Surf Scoter \$15.00
 ISSUED 1996, Pane of 30

Pane of 30 w/plate no.	\$450.00	33274
Block of 4 w/plate no.	60.00	33272
Single Stamp	15.00	332710

C. Mallards \$15.00
 ISSUED 1995, Pane of 30

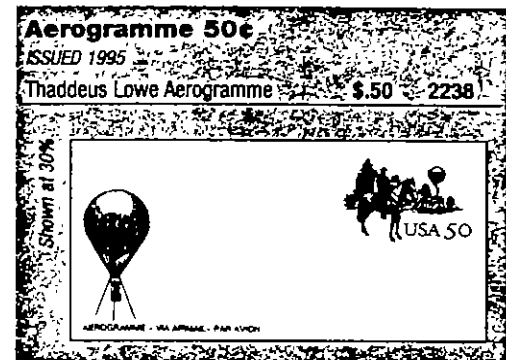
Pane of 30 w/plate no.	\$450.00	33264
Block of 4 w/plate no.	60.00	33262
Single Stamp	15.00	332610

POSTAL CARDS

NOTE: All Postal Card designs are shown at 40%.

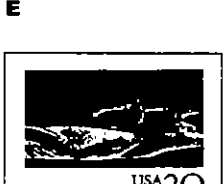
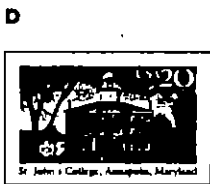


A **B** **C**



A. NEW ISSUE! Fort McHenry Postal Card 20c
 DATE OF ISSUE: 9/7/97 at Baltimore MD 21233

Single Card	\$0.20	228600
Single Card with Cancellation	.30	228661

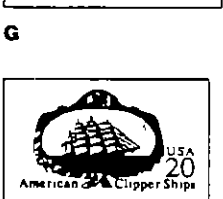
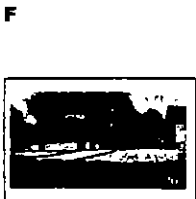


B. Golden Gate Bridge Postal Card (Sunset) 50c
 DATE OF ISSUE: 6/2/97 at San Francisco CA 94188

Single Card	\$0.50	228800
Single Card with Cancellation	.60	228861

F. St. John's College Postal Card 20c
 ISSUED 6/1/96 at Annapolis MD

Single Card	\$0.20	2283
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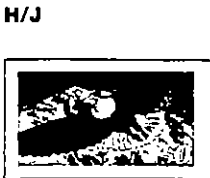


C. Golden Gate Bridge Postal Card (Daylight) 20c
 DATE OF ISSUE: 6/2/97 at San Francisco CA 94188

Single Card	\$0.20	228700
Single Card with Cancellation	.30	228761

G. Winter Scene Postal Card 20c
 ISSUED 1996

Single Card	\$0.20	2276
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D. City College of NY Postal Card 20c
 DATE OF ISSUE: 5/7/97 at New York NY

Single Card	\$0.20	228900
Single Card with Cancellation	.30	228961

H. Red Barn Postal Card 20c
 ISSUED 1995

Single Card	\$0.20	2262
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L

M

E. Princeton University Postal Card 20c
 ISSUED 9/20/96 at Princeton NJ

Single Card	\$0.20	2278
Single Card with Cancellation	.30	2278

J. Message Reply Postal Card 40c
 ISSUED 1995

Double Card (20c + 20c)	\$0.40	2275
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K. American Clipper Ship Postal Card 20c
 ISSUED 1995

Single Card	\$0.20	2267
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L. Soaring Eagle Postal Card 50c
 ISSUED 1995

Single Card	\$0.50	2266
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M. Yankee Clipper Postal Card 40c
 ISSUED 1991

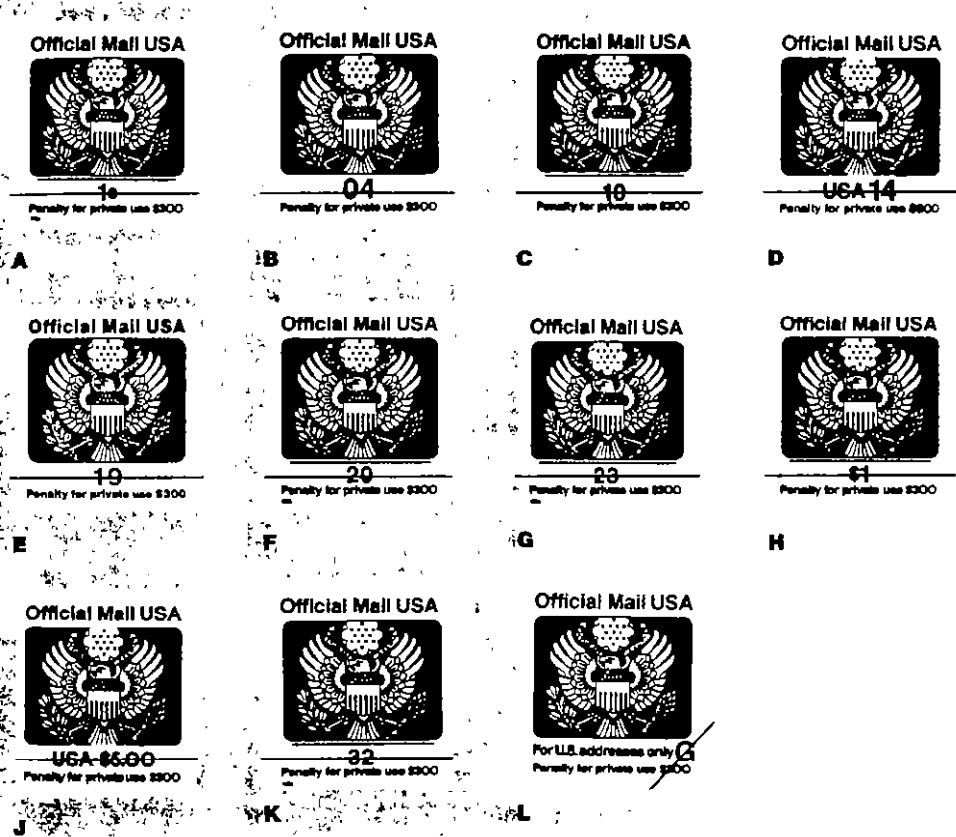
Single Card	\$0.40	2259
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Attachment 1

OFFICIAL MAIL

LAST CHANCE TO BUY THESE OFFICIAL MAIL ITEMS THROUGH USA PHILATEL

Although these Official Mail stamps are being removed from sale, any new issues or varieties will be offered in future catalogs.



A. Great Seal 1c (1995)
 REISSUE
 Pane of 100 \$1.00 556

B. Great Seal 4c (1991)
 Pane of 100 \$4.00 556

C. Great Seal 10c (1993)
 Pane of 100 \$10.00 556

D. Great Seal 14c (1985)
 Pane of 100 \$14.00 556

E. Great Seal 19c (1991)
 Pane of 100 \$19.00 556

F. Great Seal 20c (1995)
 Pane of 100 \$20.00 556

G. Great Seal 23c (1995)
 REISSUE
 Pane of 100 \$23.00 560

H. Great Seal \$1 (1993)
 Pane of 100 \$100.00 556

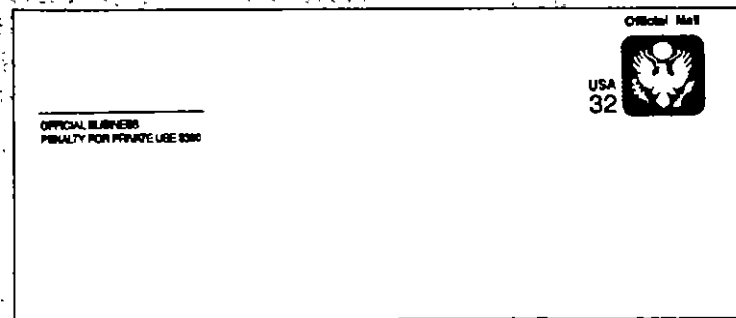
J. Great Seal \$5 (1983)
 Lower left plate position
 Pane of 100 \$500.00 055

K. Great Seal 32c (1995)
 Coll of 100 \$32.00 774

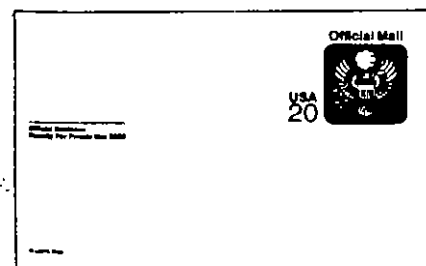
L. Great Seal "G" (1994)
 Coll of 100 \$32.00 775

M. Stamped Envelope 32c
 32c #10 Regular Envelope \$.38 217
 Box of 500 172.00 217
 32c #10 Window Envelope .38 217
 Box of 500 173.00 217

N. Great Seal Postal Card 20c
 Single Card \$.20 226



M Shown at 40%



NOTE: Official Mail stamps and envelopes (penalty mail) are authorized for use only by official branches of the United States Government. They are offered for sale here for stamp collecting purposes only; unauthorized use on mail is strictly prohibited, is a criminal violation of United States Code, and carries a possible fine of \$300. No plate numbers are available, except as noted.

These items will not be offered through the catalog after November 2, 1997. Quantities may be limited. Available only while supplies last.

All official mail items will be charged the custom order rate.

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of DFC

DFC/USPS-T5-6. Please refer to item 2 on page 4 of Attachment I to Response to DFC/USPS-T5-2(c) and your response to DFC/USPS-T5-2(c). In your response, you listed two "primary" reasons why the Postal Service stopped collecting separate cost data for stamped cards and private post cards. However, item 2 of the attachment lists another rationale: "We no longer have a need to identify postal cards separately."

a. Did the Postal Service ever have a need to collect the data separately? Please explain fully and provide all documents relating to this need.

b. Please explain and provide documents relating to the reasons why the Postal Service had ceased by January 12, 1996, to need to collect these data separately.

c. Is this presently nonexistent need to collect the data separately also a "primary" reason for this change in the data-collection procedures?

Response to DFC/USPS-T5-6

a. The need to collect separate cost data for stamped cards and private post cards was driven by separate reporting of costs for these two items in the Cost and Revenue Analysis report.

b. The Postal Service's need to separately collect data for stamped cards and private post cards ceased because a decision was reached to combine the reporting of these two items into a single category. To the best of my knowledge, the attachments to my earlier responses contain all documents pertaining to this change.

c. In a manner of speaking, yes, although the question is somewhat tautological. There is no need to collect the data separately since we do not report the data separately. Hence, the data collection procedures were changed to reflect this fact.

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of DFC

DFC/USPS-T5-7. Please refer to page 6 of Attachment 1 to Response to DFC/USPS-T5-2(c).

a. Please confirm that item 6 indicates or implies that IOCS data collectors must examine Express Mail items to determine whether an Express Mail corporate account was used to pay the postage. If you do not confirm, please explain.

b. Please explain why the Postal Service can train an IOCS data collector to examine or otherwise review an Express Mail label to determine whether an Express Mail corporate account was used to pay the postage but cannot train an IOCS data collector to distinguish between stamped cards and private post cards. Please provide all available documents.

Response to DFC/USPS-T5-7

- a. Not confirmed. The statement merely states the need to describe Express Mail corporate accounts.
- b. The passage in reference discusses changes to IOCS question 23A, in which the data collector is asked to record the type of postage or indicia on the piece. In the latest IOCS software release, a category has been added for Express Mail corporate accounts and the data collector selects this option if the postage for an Express Mail piece was paid via a corporate account. This can be easily ascertained by the data collector if (a) the piece in question bears no postage stamps or meter strip, and (b) the box on the Express Mail label stating "METHOD OF PAYMENT: Express Mail Corporate Acct. No." contains a corporate account ID number. See Attachment 1.

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of DFC

Response to DFC/USPS-T5-7 continued:

In contrast, IOCS question 22 asks data collectors to record the shape of the mailpiece. Prior to the July 1, 1996 change in reporting requirements, this entailed selecting one of three choices for a standard sized card. This decision was much less straightforward than simply determining the type of postage or indicia on a mailpiece. To the point, your assertion that the Postal Service "cannot train an IOCS data collector to distinguish between stamped cards and private post cards" is hyperbole. As noted in the response to 5(c) above, given the multiple choices for identification of cards, and the response to 5(g) above, given the problems of postage printed directly on the card, some coding errors were inevitable.

E6622584384US



POST OFFICE TO ADDRESSEE

ORIGIN (POSTAL USE ONLY)

DELIVERY (POSTAL USE ONLY)

INTERNATIONAL SHIPMENTS ONLY

Merchandise
 Business Papers

Customer forms and commercial invoices may be required. See Pub 273 and International Mail Manual.

P.O. ZIP _____

Day of Delivery Next Second

Date in Mo. Day Yr. 12 Noon 3 PM

Time in Military AM PM

Weight lbs oz _____

No Delivery Weekly Monthly

Acceptance Clerk Initials _____

Postage \$ _____

Flat Rate Envelope

Return Receipt

C.O.D. 2nd Day 3rd Day

Total Postage & Fees \$ _____

DELIVERY (POSTAL USE ONLY)

Employee Signature	Mo. Day	Time	Day of Delivery	Mo. Day	Time
Employee Signature	AM PM		AM PM		
Employee Signature	AM PM		AM PM		
Employee Signature	AM PM		AM PM		

Signature of Addressee or Agent _____

Name - Please Print _____

CUSTOMER USE ONLY

METHOD OF PAYMENT:

Express Mail Corporate Acct. No. _____

Federal Agency Acct. No. _____

Postal Service Acct. No. _____

WAIVER OF SIGNATURE (Domestic Only) I wish delivery to be made without obtaining the signature of the addressee or the addressee's agent (if in the judgment of the delivery employee, the article can be left in a secure location) and I authorize the delivery employee to sign that the shipment was delivered and understand that the signature of the delivery employee will constitute valid proof of delivery.

NO DELIVERY

WEEKEND HOLIDAY

Customer Signature _____

FROM: (PLEASE PRINT) _____

PHONE _____

TO: (PLEASE PRINT) _____

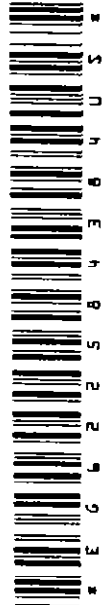
PHONE _____

PLEASE PRESS HARD

YOU ARE MAKING 3 COPIES

LABEL 11-B-594

For Pickup or Tracking Call 1-800-222-1811



MAILING COPY

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of DFC

DFC/USPS-T5-8. Please refer to Attachment II to Response to DFC/USPS-T5-2(c).

a. Please refer to item 4 and confirm that IOCS data collectors previously were required to analyze whether a piece of mail was automation compatible, whether a piece of mail was bar-coded, the print type, and the bar-code location.

b. Please explain why the Postal Service could more easily or successfully train an IOCS data collector to conduct the analysis or make the distinctions that would be necessary to collect the data listed in item 4 than to train an IOCS data collector to differentiate between stamped cards and private post cards.

Response to DFC/USPS-T5-8

- a. Confirmed.
- b. The item in reference discusses changes to IOCS questions 22 and 22C, in which the data collector is asked to record information on some of the physical characteristics of the mailpiece. If the data collector indicates that the piece of mail being sampled is either a card or letter, then the piece is tested for automation compatibility using the *Automation Compatibility & Mail Dimensions Standards Template - IOCS/RPW*. Using this template, the data collector checks for the characteristics that determine whether a piece is automation compatible, such as length and width, thickness, the presence of a barcode or barcode clear zone, whether it is machine printed, etc. Question 22C asks if the piece is barcoded, and if so, the data collector records how the barcode was applied (print type) and the location of the barcode. This is a relatively

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of DFC

Response to DFC/USPS-T5-8 continued:

straightforward process, since the standards for determining the responses are the same for all letters and cards. The Postal Service has no data to indicate whether data collectors were more easily or successfully trained to perform these tests than they were to make the distinction between stamped cards and private post cards.

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of DFC

DFC/USPS-T5-9. Please refer to your response to DFC/USPS-T5-3(d).

a. Please explain and provide all documents relating to Postal Service policy or procedures in determining whether to stop collecting data separately for two types of mail or services.

b. Please explain and provide all documents relating to the role that the significant cost differential between stamped cards and private post cards played in the decision to eliminate the distinction between stamped cards and private post cards.

c. If your answer to part (b) indicates that the cost differential played a small, insignificant, or nonexistent role, please explain why the masking of this cost differential that the change in data-collection methods will cause is in the public interest.

Response to DFC/USPS-T5-9

a. To my knowledge, no such policies or procedures exist.

b. I am unaware of any role that the cost differential between stamped cards and private post cards, in and of itself, played in the decision to eliminate the separate reporting of these two categories. The cost differential, to a certain extent, however, may reflect coding errors. The Postal Service has been unable to locate documents responsive to this request.

c. I am unable to answer this question since I do not know the criteria you would use to define the public interest.

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of DFC

DFC/USPS-T5-10. Suppose that 1,000 customers who currently receive carrier delivery switch to post-office-box delivery. They notify the senders of their new address, and all their mail thereafter is addressed to their post-office box. If all else is equal, please confirm that the mail-processing cost of delivering this mail to the post-office boxes will be lower than the mail-processing cost that would have been incurred if this mail had been delivered to these customers' street address.

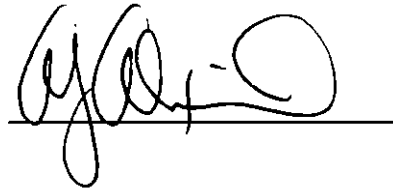
Response to DFC/USPS-T5-10

Not confirmed. The Postal Service makes a distinction between mail processing costs and delivery costs. Mail processing functions are those related to the sortation and distribution of mail by clerks and mailhandlers. Delivery functions are those performed by city and rural carriers, both in the office and on the street. The mail you refer to in your example would receive virtually the same mail processing at the processing and distribution center regardless of whether it was destined to a carrier route or a box section. Upon dispatch from the plant, however, box section mail incurs further mail processing costs as clerks are used to distribute the mail to post office boxes. Mail destinating on a carrier route, on the other hand, receives little or no mail processing costs once it leaves the plant. Therefore, the mail processing costs for box section mail tends to be higher than that of mail receiving carrier delivery. Combined mail processing and delivery costs, however, would be lower for box section mail.

See USPS LR-H-274.

DECLARATION

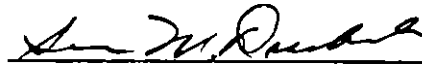
I, Joe Alexandrovich, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

A handwritten signature in black ink, appearing to read "Joe Alexandrovich", is written over a horizontal line.

Dated: 9/30/97

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.



Susan M. Duchek

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September 30, 1997