

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

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POSTAL RATE AND FEE CHANGES  
PURSUANT TO PUBLIC LAW 108-18

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Docket No. R2005-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE  
[OCA/USPS-34, 35, 36(a-c), 38, 39, 42(a)]

The United States Postal Service hereby provides its responses to the above-listed interrogatories of the Office of the Consumer Advocate, filed on May 13, 2005.

The interrogatories are stated verbatim and are followed by the responses.

Responses to OCA/USPS-36(d), 37, 40, 41 and 42(b) are forthcoming.

UNITED STATES POSTAL SERVICE

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**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO OCA INTERROGATORY**

**OCA/USPS-34.**

Please refer to the Domestic Mail Manual (DMM) §604.1.1, January 6, 2005, and the table referencing First-Class Mail precanceled, nondenominated presorted rate postage stamps.

- a. Please state whether there are precanceled, nondenominated presorted rate postage stamp(s) for each First-Class Mail presorted rate category, and provide the rates of postage for each stamp.
- b. Please provide the date that the Postal Service first offered precanceled, nondenominated presorted rate postage stamps with respect to each First-Class Mail presorted rate category identified in subpart a. of this interrogatory.
- c. Please provide the date(s) that the Postal Service changed the design of the precanceled, nondenominated presorted rate postage stamps with respect to each First-Class Mail presorted rate category identified in subpart a. of this interrogatory.
- d. Please state whether there exists nondenominated postage stamps for any First-Class Mail subclass or rate category, other than nonautomation presort and automation presort rate categories, and provide the rates of postage for each stamp.

**RESPONSE**

- a. There are precanceled, nondenominated presorted rate postage stamps for only two First-Class Mail presorted rate categories: one for letter rate mail, and one for postcard rate mail. Neither is designed to cover a specific rate in its entirety; rather, they prepay only a portion of the rate, with the balance to be paid by the mailer along with the statement of mailing. Since their inception, the postcard-rate stamp has been valued at 15 cents, and the letter-rate stamp at 25 cents. It was intended that these rates would remain unchanged until such time as the Postal Service determined that the difference between the "face" value and the lowest possible presort rate for which the stamp could be used became too great to justify their continued sale at that price. It was further intended that the sale price would be kept at easily-calculated increments, such as 5 cents or 10 cents.

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**RESPONSE to OCA/USPS-34 (continued):**

- b. Letter rate, March 17, 1995, Jukebox design. Postcard rate, March 17, 1995, Auto Tail Fin design.
- c. Letter rate, June 5, 1998, Diner design; June 26, 2003, American Eagle design (10 designs which vary by color). Postcard rate, August 3, 2001, Woody Wagon design.
- d. Other than the two presort rates noted, only the rate-change nondenominated stamps would address this question in the broadest sense, all of which meet the basic First-Class Mail per piece letter rate. They are outlined and illustrated at DMM 604.1.2 with their postage values.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
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**OCA/USPS-35**

Please refer to the Domestic Mail Manual (DMM) §604.1.1, January 6, 2005, and the table referencing Standard Mail precanceled, nondenominated presorted rate postage stamps.

- a. Please state whether there are precanceled, nondenominated presorted rate postage stamp(s) for each Standard Mail subclass or rate category, and provide the rates of postage for each stamp.
- b. Please provide the date that the Postal Service first offered precanceled, nondenominated presorted rate postage stamps with respect to each Standard Mail subclass or rate category identified in subpart a. of this interrogatory.
- c. Please provide the date(s) that the Postal Service changed the design of the precanceled, nondenominated presorted rate postage stamps with respect to each Standard Mail subclass or rate category identified in subpart a. of this interrogatory.

**RESPONSE:**

- a. There is a single precanceled, nondenominated presort rate postage stamp for Standard Mail. It does not cover any specific rate in its entirety; rather, it prepays only a portion of the rate, with the balance to be paid by the mailer along with the statement of mailing. Since its inception, when it was inscribed "Bulk Rate," it has been valued at 10 cents. There is a single stamp for Nonprofit Standard Mail as well, valued since its inception at 5 cents.
- b. December 13, 1991, Eagle and Shield design, inscribed "Bulk Rate USA." Nonprofit: January 12, 1995, "G" Flag design.
- c. May 29, 1993, Eagle and Shield design, inscribed "USA Bulk Rate"; March 10, 1995, Auto Fender design, inscribed "Bulk Rate"; August 14, 1998, Bicycle design, inscribed "Presorted Std."; November 9, 2000, Library Lion design; June 29, 2001, Atlas design. Nonprofit: March 10, 1995, Butte

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**RESPONSE to OCA/USPS-35 (continued):**

design; March 16, 1996, Mountain design; June 5, 1998, Wetlands design;  
October 21, 2002, Seacoast design.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO OCA INTERROGATORY**

**OCA/USPS-36**

Please refer to the DMM §604.1.1, January 6, 2005, concerning precanceled, nondenominated presorted postage stamps for First-Class Mail and Standard Mail.

- a. Please identify and discuss the policies and other factors considered that resulted in the Postal Service's initial decision to issue precanceled, nondenominated presorted postage stamps for First-Class Mail and Standard Mail.
- b. Please provide any economic, marketing, or other research or documentation supporting the Postal Service's initial decision to issue precanceled, nondenominated presorted postage stamps for First-Class Mail and Standard Mail.
- c. Please provide any Postal Service economic, marketing, or other research or documentation prepared subsequent to the Postal Service's initial decision to issue precanceled, nondenominated presorted postage stamps for First-Class Mail and Standard Mail with respect to such postage stamps.
- d. Please provide any economic, marketing, or other research prepared by the Postal Service or any other entity concerning a nondenominated single-piece, first-ounce First-Class Mail postage stamp.

**RESPONSE:**

- a. As the number of rate categories and discounts multiplied, the Postal Service did not consider that it could issue denominated postage for each rate and classification. The fractional-rate and decimal-rate values also became too numerous to cover adequately. Attempts to identify the most-used rates also proved difficult, as mailers moved to deeper and deeper presort discounts on an ongoing basis. The "Bulk Mail" effort in 1991 was somewhat experimental, but very successful.

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**RESPONSE to OCA/USPS-36 (continued)**

- b-c. There was a great deal of anecdotal evidence suggesting that the idea would be responsive to the needs of bulk mailers, many of whom were of the view that mail with stamps elicited a greater response rate than metered mail.
- d. Please see USPS Library Reference K-134 which will be filed shortly.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
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**OCA/USPS-38**

Please refer to the DMM §604.1.2, January 6, 2005, which states, in part, "All nondenominated postage and makeup rate stamps, including official mail stamps, are valid at the original rates of issue."

- a. Please define the phrase "nondenominated postage . . . stamps." Are semipostal stamps defined as nondenominated postage stamps?
- b. Please define the phrase "makeup rate stamps." Are makeup rate stamps defined as nondenominated postage stamps?
- c. Please define the phrase "official mail stamps." Are official mail stamps defined as nondenominated postage stamps?

**RESPONSE:**

- a. "Nondenominated postage stamps" are those which do not bear a particular postage rate on their face but are generally intended for use in connection with a specific rate category or type of mail, such as the stamps issued in connection with First-Class Mail basic rate changes or the presort stamps described in response to OCA/USPS-34-36. It is fair to say that the term "nondenominated postage stamps" had a life of its own before the introduction of nondenominated semipostal stamps.
- b. "Makeup rate stamps" are nondenominated postage stamps that represent the value of the difference between the old basic First-Class Mail rate and the rate that succeeds it. The value of a particular makeup stamp could coincide with the value of an existing denominated stamp.
- c. "Official Mail stamps" are not necessarily nondenominated, but at rate changes, the Postal Service has occasionally issued a nondenominated Official Mail postage stamp for use in mailing basic rate First-Class Mail by government agencies.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
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**OCA/USPS-39**

Please refer to the DMM §604.1.2, January 6, 2005, which states, in part, "All nondenominated postage and makeup rate stamps, including official mail stamps, are valid at the original rates of issue."

- a. Please explain how postage revenue is protected by the Postal Service in the case where precanceled, nondenominated presorted postage stamps purchased in a period prior to a change in presort rates are used in periods subsequent to the change in presort rates?
- b. Please provide any reports by the Postal Service, the Postal Inspection Service, the Office of Inspector General, or Government Accountability Office concerning revenue protection by the Postal Service in the case where precanceled, nondenominated presorted postage stamps purchased in a period prior to a change in presort rates are used in periods subsequent to the change in presort rates?

**RESPONSE:**

- a. Except in the rare circumstance where misuse is involved, mail bearing these stamps is entered at Business Mail Entry Units. The mailing and its accompanying mailing statement are subject to review and verification at the BMEU as a condition of acceptance. As with any other shortpaid bulk mail, the mailer is required to pay additional postage to cover any difference between the value of an under-rate precanceled presort stamp on a mail piece and the applicable current rate for that piece as a condition of mailing.
- b. No such reports have been found.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO OCA INTERROGATORY**

**OCA/USPS-42**

Please refer to the DMM §604.3.2.1, January 6, 2005.

- a. Please provide a copy of Form 3615, authorization to use precanceled stamps.
- b. At the end of FY 2004, how many mailers were authorized to use precanceled stamps?

**RESPONSE:**

- a. A copy is attached.
- b. A response is forthcoming.

**Mailing Permit Application and Customer Profile**

(See instructions on reverse)

Two types of identification are required. One must contain a photograph of the addressee(s). Social Security cards, credit cards, and birth certificates are unacceptable as identification. The agent must write in identifying information. Subject to verification.

5a. Enter first ID number.

5b. Enter second ID number.

Acceptable identification includes: valid driver's license or state non-driver's identification card; armed forces, government, university or recognized corporate identification card; passport or alien registration card or certificate of naturalization; current lease, mortgage or Deed of Trust; voter or vehicle registration card; or a home or vehicle insurance policy. A photocopy of your identification may be retained by agent for verification.

A. Applicant Information (Please print or type)	
1. Individual or Company Name	2. Date
3. Applicant's Signature	4. Email Address
6. Address (Street and number, apt. or suite no., city, state, and ZIP + 4)	
7. Other Names Under Which Company Does Business (If applicable)	8. How can we Contact You? <input type="checkbox"/> Phone <input type="checkbox"/> Email <input type="checkbox"/> Mail
9. Federal Agency Cost Code (If applicable)	10. Will Present Plant Verified Drop Shipment (PVDS)? <input type="checkbox"/> Yes <input type="checkbox"/> No
11. Contact Person	12. Telephone (Include area code)

**B. Check Type of Permit/Authorization Requested For Postal Service Use**

	Permit Number	Date Issued	Date Fee Paid	Date Canceled	Sample Approved
1. <input type="checkbox"/> <b>Permit Imprint Authorization (Fee applies)</b> <input type="checkbox"/> First-Class® Mail <input type="checkbox"/> Std. Mail <input type="checkbox"/> Pkg. Svcs. <input type="checkbox"/> Company Permit					
2. <input type="checkbox"/> Precanceled Stamp or Government Precanceled Stamped Envelope Authorization (No fee) <b>Mailer Precanceled Postmark/Preprinted Rate Markings Authorizations (No fee)</b> <input type="checkbox"/> <b>Notification to Present Metered Mail in Bulk (No fee)</b> Class of Mail <input type="checkbox"/> First-Class® Mail <input type="checkbox"/> Std Mail <input type="checkbox"/> Pkg. Svcs.					
3. <input type="checkbox"/> <b>Business Reply Mail (BRM) Authorization (Fee applies)</b> a. Post Office where BRM will be received b. Post Office where BRM permit number was issued and annual fee was paid, if applicable <input type="checkbox"/> <b>BRM Advance Deposit Account (Fee applies)</b> <input type="checkbox"/> <b>QBRM Approved</b>					
4. <input type="checkbox"/> <b>Merchandise Return Service (MRS) Authorization (Fee applies)</b> a. Type of Application <input type="checkbox"/> Initial <input type="checkbox"/> Reapplication b. Return Location (See over) <input type="checkbox"/> Single <input type="checkbox"/> Multiple c. Advance Deposit Account <input type="checkbox"/> Each Location <input type="checkbox"/> Centralized d. Permit Applied For <input type="checkbox"/> First-Class® Mail/Priority Mail <input type="checkbox"/> Std. Mail <input type="checkbox"/> Media Mail <input type="checkbox"/> PP <input type="checkbox"/> BPM <input type="checkbox"/> Library Mail (LM)					

**Permit Imprint Authorization**

(See instructions on reverse)

Permit Number	Date Permit Issued
Fee Due \$	AIC 140

**Please Keep This Card for Your Records**

Postmaster or Designee Signature

Issuing Office

**Precanceled Stamps Authorization or Notification to Present Metered Mail in Bulk**

(See instructions on reverse)

Permit Number	Date Permit Issued
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**Please Keep This Card for Your Records**

Postmaster or Designee Signature

Issuing Office

**Business Reply Mail Authorization**

(See instructions on reverse)

Permit Number	Date Permit Issued
Fee Due \$	AIC 134
BRM w/Advance Deposit Account Fee Due \$	AIC 116

**Please Keep This Card for Your Records**

Postmaster or Designee Signature

Issuing Office

**Merchandise Return Service Authorization**

(See instructions on reverse)

Permit Number	Date Permit Issued
Fee Due \$	AIC 141

**Please Keep This Card for Your Records**

Postmaster or Designee Signature

Issuing Office

## Standards for Mailing Using Permit Imprints (DMM P040)

1. The content and format must meet the standards in *Domestic Mail Manual P023*.
2. Mail must be presented and accepted where the permit was issued unless permitted by other applicable standards.
3. Payment for each mailing must be made when the mailing is presented at the post office.
4. Mail must not be deposited in street collection boxes.
5. Minimum quantities apply and all pieces must be of identical weight, unless otherwise authorized.

**NOTE:** Annual fees apply to presort or bulk mail.

Detached from Form 3615, Dec. 2002

## Standards for Mailing With Precanceled Stamps or Metered Mail in Bulk (DMM P023)

Mail must:

1. Be presented for acceptance and verification where the permit is held.
2. Not be deposited in street collection boxes.
3. Bear markings and endorsements required for the rate claimed or service requested.
4. Have a complete return address.

**NOTE:** Annual fees apply to presort or bulk mailings.

Obtain appropriate meter slug from meter manufacturer.

Detached from Form 3615, Dec. 2002

## Standards for Business Reply Mail (BRM) (DMM S922)

1. Permit holder guarantees payment for proper First-Class postage, plus a per-piece fee.
2. No special services are permitted.
3. Mail may not be converted for any other purpose than that intended by the permit holder.
4. Format requirements apply.
5. Annual fees apply.

Detached from Form 3615, Dec. 2002

## Standards for Merchandise Return Service (MRS) (DMM S923)

1. Foreign services are unavailable.
2. Format samples must be approved before using MRS.
3. Special services are available.
4. Annual fees apply.

Detached from Form 3615, Dec. 2002

## Instructions

### General

This form replaces Form 3601, *Application to Mail Without Affixing Postage Stamps*; Form 3614, *Application for Business Reply Permit*; Form 3620, *Application/Permit to Use Precanceled Stamps or Government Precanceled Stamped Envelopes*; and Form 3625, *Merchandise Return Permit Application*.

This form creates a comprehensive file about customers who use these services, including a record of customers mailing in bulk with meter postage affixed and those who are presenting plant verified drop shipment (PVDS) or approved for Qualified Business Reply Mail (QBRM) rates. This form also documents when permits were issued or canceled, initial fees paid, and samples approved. You may use one form and update it as needed. If files are kept in separate locations, you may use a separate form for each service.

### How to Complete This Form

#### Section A, Applicant Information

1. Enter individual or company name under which mailings will be entered.
2. Enter the date application was submitted.
3. Signature of person completing form.
4. Applicant's email address
- 5a&b. Enter two types of identification.
6. Enter complete mailing address of individual or company.
7. Enter the other names under which company does business.
8. Enter method(s) of contact
9. Complete if applicant is a federal agency presenting mail under Official Mail Accounting System (OMAS).
10. Indicate whether mailer is or will be presenting plant verified drop shipments (PVDS). (For informational purposes only).
11. Enter the name of the contact person (a person with whom postal personnel can discuss discrepancies, etc.)
12. Enter the telephone number of contact person named in item 11.

#### Section B, Check Type of Permit/Authorization Requested

1. Complete if mailer will mail using a permit imprint (DMM P040). NOTE: Check "Company Permit" box if appropriate.
2. Complete if mailer will mail under DMM P023.
  - a. Complete if mailer is requesting authorization to use a precanceled postmark or to preprint rate markings under DMM P023.3.1.
  - b. Complete if mailer is licensed to meter mail under DMM P030 and presents metered mail in bulk.
3. Complete if mailer is requesting to receive mail under DMM S922.
  - a. Enter name of post office where mail will be received.
  - b. Complete if mailer is authorized and pays fees at another post office.
  - c. Check if mailer is requesting BRM advance deposit account.
  - d. Check if mailer is requesting the QBRM rate.
4. Complete if mailer is requesting approval to present mail under DMM S923.
  - a. Check "Initial" if a first-time applicant for MRS. NOTE: Check "Reapplication" if mailer has been denied under DMM S923 and wants to reapply.
  - b. Check kind of mail MRS applies to.

### What to Give the Customer

Complete and detach the coupon corresponding to the service(s) requested and give to the customer. Advise the customer to keep their coupon(s) to reference the account(s). Customers should keep the coupon(s) along with their copy(ies) of Form 3544, *Post Office Receipt for Money*, which they will receive after paying the required fee.

### How to File This Form

File the form alphabetically by customer's last name. Post offices where records are maintained manually must use Form 3609, *Record of Permit Imprint Mailings*, to establish a corresponding numerical record of permit holders. Use Form 25, *Trust Fund Account*, for all other services. Post offices with a mail classification automated system (such as the Bulk Revenue and Volume Information System (BRAVIS) or the Permit system) that provides computation and individual customer account recordkeeping need not maintain a separate manual record.

### Multiple Return Locations (See B4 on front)

1.	2.	3.	4.	5.	6.
7.	8.	9.	10.	11.	12.