

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

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

Docket No. R2005-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN
(DBP/USPS-108-109, 111-116, 118-120, 122(a)-(b), 123-125)
(June 17, 2005)

The United States Postal Service hereby provides its institutional responses to interrogatories DBP/USPS-108-109, 111-116, 118-120, 122(a)-(b), 123-125, submitted on June 3, 2005. Responses to interrogatories DBP/USPS-110, 117, 121, 122(c)-(d), and 126 are forthcoming.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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DBP/USPS-108. Please refer to your response to DFC/USPS-45. Since the weight of an empty Priority Mail flat-rate envelope is approximately 1.36 ounces¹, please explain how you could have 9.5% of the total volume weighing one ounce or less.

RESPONSE:

The Postal Service acknowledges that the minimum assessment for a Priority Mail flat-rate envelope should be approximately 1.4 ounces. Our best guess as to why POS ONE is registering a certain number of flat-rate envelopes as weighing less than 1.4 ounces is that window clerks are in some cases incorrectly selecting the flat-rate-envelope button for transactions – involving both flats and letters – that should be rated at one pound instead. Fortunately, this has no revenue implications because both the flat-rate-envelope rate and the one-pound rate are \$3.85. Indeed, some clerks may not be making the distinction because it does not affect the rate assessed.

This could be happening, in particular, for transactions involving the 5" x 10" EP-14H Priority Mail window envelope which, like the flat-rate envelope, is available at post offices for no fee. We note that POS ONE Priority Mail flat-rate envelopes weighing less than 1.4 ounces are concentrated in the range of 0.7 to 0.9 ounces. The 0.7, 0.8 and 0.9 tenth-of-an-ounce increments accounted for 58 percent of all POS ONE Priority Mail flat-rate-envelope volume in the tenth-of-an-ounce increments up to 1.3 ounces from November 20, 2004 to May 31, 2005 (per the scope of DFC/USPS-45). This is consistent with recording EP-14H envelope transactions incorrectly in POS ONE. The EP-14H envelope weighs 0.6 ounces when empty. When filled with one sheet of paper, it weighs 0.7 ounces. When filled with a (nested) 9 1/2" x 4" envelope containing one sheet of paper, it weighs 0.9 ounces. The latter is important because the EP-14H

¹ Ten of them weighed 13.6 ounces.

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envelope is actually tailored to pre-addressed envelopes: instructions for such use are given on the back side of the envelope.

We can think of two other possible explanations for the Priority Mail flat-rate envelopes registering one ounce or less. The first is that perhaps some old 6" x 10" EP-14B "Flat Rate Small Envelopes" are still being used. Distribution of this envelope ceased sometime prior to June 30, 2002 when, pursuant to Docket No. R2001-1, the flat-rate-envelope rate was moved to the one-pound rate. The envelope bore a reference to the then-unzoned 2-pound rate, applicable to flat-rate envelopes prior to June 30, 2002. Per page 4 of the May 9, 2002 Postal Bulletin, all such envelopes were to have been taken out of post office stock and recycled after June 30. However, this was not to prevent some customers from possibly keeping the envelope in stock and attempting to use it. If so, it is quite possible that it is in some instances being accorded the flat-rate-envelope rate. Such flat-rate-envelope mailings could conceivably register one ounce or less because the envelope weighs 0.9 ounces when empty and 1.0 ounces when filled with one sheet of paper.

The second is that in some cases, customers may be approaching the retail counter with an urgent letter/remittance to mail, and deciding on the spot to insert and mail the letter in a Priority Mail flat-rate envelope. Such a flat-rate-envelope mailing would be likely to register less than one ounce if, for example, weight is recorded from the original letter lying on the scale while the customer takes the time to address the flat-rate envelope.

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DBP/USPS-109. Please refer to your response to DFC/USPS-57 subpart f. Please advise the percentage of overnight Express Mail that is mailed on a Saturday and delivered on a Sunday or is mailed on the day before a holiday and is delivered on the holiday that is transported by each of the following methods: [1] FedEx network [2] Commercial airplanes [3] Surface transportation.

RESPONSE:

The Postal Service does not track this information.

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DBP/USPS-111. Please refer to your response to DFC/USPS-58.

- (a) Please advise the frequency that hard copy Express Mail directories are issued.
- (b) Are all of the continually changing parameters and schedules that you indicate exist made between versions of printed directories so that the printed directories will be obsolete in some to many to most offices?
- (c) If so, how are users of the printed directories knowledgeable in the level of available service?
- (d) How frequently and by what means are local post offices made aware of these continually changing parameters and schedules?
- (e) How frequently and by what means is the USPS website updated to show these continually changing parameters and schedules?

RESPONSE:

- (a) The frequency may vary. In FY 2005, the Express Mail directories will be updated 5 times.
- (b) The service guarantees contained in the official directory are valid until the directory is updated. At the time each new acceptance directory is implemented, the previous one is rendered obsolete.
- (c) As noted in the response to part (b), the service guarantees that a customer receives for a particular Express Mail piece are based on the official directory applicable on the day of mailing.
- (d) Acceptance units using POS One and IRT acceptance terminals are updated each time a new acceptance directory is developed. In FY 2005, the Express Mail directories will be updated 5 times.
- (e) USPS.com is updated each time a new acceptance directory is developed. In FY 2005, the Express Mail directories will be updated 5 times.

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DBP/USPS-112. Please refer to Section 311[b] of the DMCS. [a] Please confirm , or explain if you are not able to do so, that this restriction applies only to copies that are mailed by the publisher of the referenced Periodicals publication that are not sample copies. [b] What is the rationale behind this restriction?

RESPONSE:

[a] DMCS 311b is not intended to apply to individuals who have no connection to the publisher other than as subscriber, but it applies to more than just the publisher, such as news agents who sell copies of Periodicals publications and are independently authorized to mail such copies at Periodicals rates.

[b] DMCS 311b follows legislative requirements, such as former 39 U.S.C. § 4451(a)(3), which exempts matter entered as second-class mail from being entered as third-class mail, and former 39 U.S.C. § 4362, which concerns the transient rate. Legislative research would be required to understand the rationale for those statutory sections.

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DBP/USPS-113. Please refer to your response to DBP/USPS-75 subparts i and k. [a] Please provide a definition and explanation of CON-CON. [b] Provide a definition of rotary locks and keys.

RESPONSE:

- a. A CON-CON is a lockable container used to hold and transport accountable mail, such as Registry Mail.
- b. Rotary Lock and Keys -- These locks and keys are used to lock pouches for Registry Mail or other accountables.

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DBP/USPS-114. Please refer to your response to DBP/USPS-75 subparts a and c. [a] Please confirm, or explain if you are unable to do so, that there are costs associated with the construction and maintenance of registry cages, purchase and distribution of rotary locks and keys, purchase and distribution of pouches, and purchase and distribution of forms and labels associated with Registered Mail. [b] Why aren't these costs considered fixed costs? [c] How are these costs allocated?

RESPONSE:

a. Confirmed.

b. The costs for the items listed in part a are treated as “volume variable” or as “other costs” (see witness Meehan, USPS-T-9, pages 3-4). The volume variable costs for these items are distributed to classes and subclasses as indicated in part c. “Other costs” or non-volume variable costs are institutional costs which cannot be distributed to classes and subclasses.

Non-volume variable costs are incrementally related to classes and subclasses, if they are “product specific costs.” Product specific costs are non-volume variable costs caused by the provision of a product. (see witness Kay, USPS-T-18, page 10). The costs of the items listed in part a are not product specific for Registry as indicated in the response to DBP/USPS-75, part a.

c. Much of the Registry cage construction and maintenance costs are distributed to Registry and other types of mail (such as USPS, COD, insured, Express Mail) occupying space in this area, using the labor costs associated with the types of mail found in the Registry operations. The proportion of these costs going to Registry will equal Registry’s proportion of labor costs in the Registry

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operation (or cost pool). Similarly, the share of these costs going to other classes of mail or special services will equal their share of labor costs in the Registry operation (or cost pool). These costs are mostly a part of facility depreciation and general facility maintenance costs contained in cost segments 20.3 and 11.3. (The variability and distribution for such costs are discussed in the testimony of witness Smith, USPS-T-13, pages 41-46; also see LR-K-1, pages 15-1 to 15-5.)

The purchase costs for pouches are included in the mail processing equipment cost pool, for parts and supplies, for mail transport equipment. These costs for pouches used for Registry are treated in the same way as all pouch and other mail transport equipment costs. These costs take on the variability and distribution of all mail processing labor. (See witness Smith, USPS-T-13, page 40 and Attachment 4; also see LR-K-1, pages 11-3 and 16-5.)

The purchase cost of Registry forms and labels that are supplied directly by vendors are included in cost segment 16.3.4, Other Miscellaneous costs. As indicated in LR-K-1, page 16-5, these costs have the same variability and distribution as all Postal Service labor costs.

The remainder of the costs listed in part a are institutional and are not distributed to classes and subclasses.

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DBP/USPS-115. Please refer to your response to DBP/USPS-84. Please advise the specific steps that are taken by the EXFC Contractor to ensure that the mailpieces that a given dropper claims were mailed at a specific time and specific collection box were in fact actually mailed as stated.

RESPONSE:

Please see USPS-LR-K-127, Section III.B.3.

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DBP/USPS-116. Please refer to your response to DBP/USPS-84. Please advise the specific steps that are taken by the EXFC Contractor to ensure that the mailpieces that a given reporter claims were received on a specific date were in fact actually received as stated.

RESPONSE:

Please see USPS-LR-K-127, Section III.C.3.

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DBP/USPS-118. Please refer to your response to DBP/USPS-70. Please advise if there are any policy decisions or directives [and provide copies] with respect to the delivery of Express Mail as follows: An article arrives at a post office on Wednesday afternoon with a guaranteed time of delivery of noon on Thursday. Should the article be delivered on Wednesday afternoon or held for delivery on Thursday morning? Please explain the rationale behind your response.

RESPONSE:

There are no policy directives dealing with the specific situation outlined in this interrogatory. As noted in the response to DBP/USPS-70, the policy of the Postal Service with respect to Express Mail is to deliver the Express Mail piece within the guaranteed time and as early as practicable. Generally speaking, whether such a piece would be delivered on Wednesday would depend on whether the carrier had left on his route. This is consistent with the Postal Service's service commitment.

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DBP/USPS-119. Please refer to your response to DBP/USPS-70. Please advise if there are any policy decisions or directives [and provide copies] with respect to the delivery of Express Mail as follows: An article arrives at a post office on Thursday morning with a guaranteed time of delivery of noon or 3 PM on Thursday. Should the city delivery, rural carrier, and/or HCR carrier deviate from the route to achieve the earliest possible delivery time on Thursday or should they deliver it at the normal time for that particular address [so long as delivery will be prior to the required delivery time]? Please explain the rationale behind your response.

RESPONSE:

Please see the response to DBP/USPS-118. Generally speaking, the carrier would not deviate from their route in such a circumstance. This is consistent with the Postal Service's service commitment.

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DBP/USPS-120. Please refer to your response to DBP/USPS-70. Please advise if there are any policy decisions or directives [and provide copies] with respect to the delivery of Express Mail as follows: An article arrives at a post office on Thursday morning with a guaranteed time of delivery of noon or 3 PM on Thursday. Should the rural carrier and/or HCR carrier deviate from the route to achieve delivery prior to the guaranteed time if the normal time for delivery for the particular address would be after the required delivery time? Please explain the rationale behind your response.

RESPONSE:

Please see the response to DBP/USPS-118. Generally speaking, the carrier should deviate from their route if such deviation is necessary to achieve delivery prior to the guaranteed delivery time. This is consistent with the Postal Service's service commitment.

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DBP/USPS-122. Please refer to your response to DBP/USPS-71 subpart e.

- (a) Must provisions be made for a customer to be able to claim a Post Office-to-Post Office Express Mail article on a Saturday at a post office that does not have normal retail window hours on Saturday?
- (b) Must provisions be made for a customer to be able to claim a Post Office-to-Addressee Express Mail article addressed to a post office box on a Saturday at a post office that does not have normal retail window hours on Saturday?
- (c) Must provisions be made for a post office box customer to be able to claim accountable or articles too large for the box on a Saturday at a post office that does not have normal retail window hours on Saturday?
- (d) Must provisions be made for a street delivery customer to be able to claim accountable articles on a Saturday at a post office that does not have normal retail window hours on Saturday?
- (e) Please explain and provide the rationale for any negative responses.

RESPONSE:

(a)-(b) As noted in the responses to DBP/USPS-71(e) and DBP/USPS-124, the closing time of the destination facility is taken into account when the expected date of delivery is provided. Thus, if a post office does not have retail window hours on a Saturday, there would not be a guarantee of delivery on that day.

(c) Response forthcoming.

(d) Response forthcoming.

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DBP/USPS-123. Please refer to your response to DBP/USPS-71 subparts e through g.

- (a) Please confirm, or explain if you are unable to do so, that the Postal Service provides a listing of those offices that will deliver Express Mail on a Sunday or holiday to a street address and that this data is also incorporated in the POS terminal so the retail window clerk will be able to advise the customer the expected date of delivery.
- (b) Please provide a copy of the latest listing of these offices.

RESPONSE:

(a) Not confirmed. The POS ONE terminals are supplied a list of ZIP Codes where street deliveries are not made on Sundays and holidays. The system itself provides the expected date of delivery, which takes into account the presence or absence of the destination ZIP Code on the no-delivery list.

(b) As noted in the response to part (a), no such listing exists.

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- DBP/USPS-124.** Please refer to your response to DBP/USPS-71 subparts e through g.
- (a) Please confirm, or explain if you are unable to do so, that the Postal Service provides a listing of those offices that will deliver Express Mail to a post office box on a Sunday or holiday and that this data is also incorporated in the POS terminal so the retail window clerk will be able to advise the customer the expected date of delivery.
 - (b) Please provide a copy of the latest listing of these offices.

RESPONSE:

- (a) Not confirmed. The POS ONE terminals do not receive a list of offices that deliver Express Mail to post office boxes on Sundays and holidays. Instead, they receive the closing times of all postal facilities. The expected delivery date and time are checked against the closing time at the destination to determine whether the facility will be open; if the destination facility closes before the time delivery would be made or is not open at all on that day, the scheduled date of delivery is advanced to the next day that the unit will be open. The system itself provides the scheduled date of delivery, which takes into account the closing time at the destination.

- (b) As noted in the response to part (a), no such listing exists.

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- DBP/USPS-125.** Please refer to your response to DBP/USPS-71 subparts e through g.
- (a) Please advise why a similar listing to those noted in DBP/USPS-123 and 124 is not available in hard copy for mailers to utilize.
 - (b) Please advise why this information is not incorporated in the POS terminal.

RESPONSE:

(a) Information on Express Mail service delivery commitments is maintained in the POS terminals and is provided to the customer by the retail associate accepting the mailpiece. The customer can request and obtain information about the service commitments for any Express Mail Service in hardcopy form.

(b) The information noted in DBP/USPS-123(a) and 124(a) is incorporated in the POS terminal.