

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 NEEDHAM TO INTERROGATORIES OF
DAVID B. POPKIN
REDIRECTED FROM THE POSTAL SERVICE
(DBP/USPS-21, 37, 54, AND 62)

The United States Postal Service hereby provides responses of witness Needham to the following interrogatories of David B. Popkin: DBP/USPS-21, 37, 54, and 62, filed on September 10, 1997, and redirected from the Postal Service. A motion for extension of time to file these responses was filed on September 29, 1997. An objection to DBP/USPS-21 (parts m-p, r, v, y-aa, and cc) was filed on September 25, 1997, and an objection to DBP/USPS-54 (parts bb, and kk-tt) was filed on September 29, 1997.

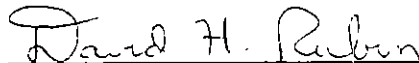
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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October 2, 1997

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DBP/USPS-21. With respect to Special Handling, (a) provide copies of all directives and instructions which indicate how this mail is to be handled and processed. (b) Are there any delivery service standards for Special Handling mail as opposed to Priority Mail and Standard Mail which have their standards shown in the chart accompanying the response to Rule 54(n)? (c) If so, what are they? (d) Assume for purposes of the following that I mail nine packages in the Englewood, NJ post office on Monday, July 14, 1997. Three packages are destined to New York, NY, another three to Marked Tree, AR, and the last three to Los Angeles, CA. For each of the destinations, one package is sent Standard Mail (B), the second is sent Standard Mail (B) - Special Handling, and the third is sent Priority Mail. Describe the handling of each of the nine packages including the facilities that they will transit through and the expected time at each of the facilities and the delivery time of each. If handling would be different for different weights, explain and provide information for each of the different weight groups. (e) Other than those instances where Special Handling must be used because of the nature of the contents of the parcel, what advantages may one expect by utilizing Special Handling with a Standard Mail (B) parcel? (f) Explain how and why one would utilize Special Handling with First-Class Mail as noted in DMCS Section 952.21(a). (g) DMCS Section 952.2 indicates that Special Handling is mandatory for certain mail matter. Is DMM Section S930.2.4 the only reference to the type of mail which must be sent Special Handling? (h) If not, provide any other type of mail and the appropriate reference. (i) May parcels containing honeybees or baby poultry or any other mail matter provided in your response to subpart h be mailed by Priority Mail without requiring the additional Special Handling fee? (j) If not, explain why not and provide the appropriate reference. (k) Disregarding the cost of mailing, are there any circumstances or conditions where a knowledgeable mailer would utilize Standard Mail (B) - Special Handling for a particular parcel rather than utilizing Priority Mail? (l) If so, explain and list the reasons. (m) Confirm, or explain if you are unable to do so, that the maximum proposed cost for a Priority Mail parcel weighing ten pounds or less will be \$14.85 and that the fee for Special Handling for parcels weighing ten pounds or less will be \$17.25. (n) Confirm, or explain if you are unable to do so, that a Priority Mail parcel weighing ten pounds or less will always cost less than the Special Handling parcel of the same characteristics and destination. (o) Confirm, or explain if you are unable to do so, that the fee for Special Handling for parcels over ten pounds will be \$24.00. (p) Confirm, or explain if you are unable to do so, that when the Special Handling fee is added to the Inter-BMC Standard Mail rates that Priority Mail will be less expensive than the Standard

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DBP/USPS-21. Continued

Mail rate for all but the following cells: Zones 1 and 2, over 63 pounds; Zone 3, none; Zone 4, over 48 pounds; Zone 5, over 49 pounds; Zone 6, over 44 pounds; Zone 7, over 46 pounds; and Zone 8, over 44 pounds. (q) What percentage of all Inter-BMC parcels fall into the cells noted in subpart p? (r) Confirm, or explain if you are unable to do so, that when the Special Handling fee is added to the Intra-BMC Standard Mail rates that Priority Mail will be less expensive than the Standard Mail rate for all but the following cells: Local, over 60 pounds; Zones 1 and 2, over 61 pounds; Zone 3, over 67 pounds; Zone 4, over 43 pounds; and Zone 5, over 46 pounds. (s) What percentage of all Intra-BMC parcels fall into the cells noted in subpart r? (t) May Special Handling be utilized with the various destination Standard Mail rates? (u) If so, confirm that because mailers who utilize the destination rates by transporting the parcel to the destination facility have already eliminated the practical reasons for utilizing Special Handling for other than those instances where it would be mandated for parcels containing honeybees or baby poultry. (v) If you are unable to confirm subpart u, provide those categories and weight cells where Special Handling would be less expensive than Priority Mail. (w) What percentage of all destination rate parcels would fall into the cells noted in subpart v. (x) What percentage of all parcels falling into the categories and cells specified in subpart v would be expected to utilize Special Handling? (y) Confirm, or explain if you are unable to do so, that the maximum weight for Bound Printed Matter will be 15 pounds and that the maximum postage for a 15 pound Priority Mail parcel will be \$21.05. (z) Confirm, or explain if you are unable to do so, that a Priority Mail parcel will always cost less than a Bound Printed Matter parcel sent by Special Handling. (aa) Confirm, or explain if you are unable to do so, that when the Special Handling fee is added to the Special Standard Mail rates that Priority Mail will be less expensive than the Standard Mail rate for all but the following cells: Zones Local, 1, 2, and 3, none; Zone 4, over 49 pounds; Zone 5, over 44 pounds; Zone 6, over 34 pounds; Zone 7, over 30 pounds; and Zone 8, over 23 pounds. (bb) What percentage of all Special Standard Mail parcels falls into the cells noted in subpart r? (cc) Confirm, or explain if you are unable to do so, that when the Special Handling fee is added to the Library rates that Priority Mail will be less expensive than the Standard Mail rate for all but the following cells: Zones Local, 1, 2, and 3, none; Zone 4, over 53 pounds; Zone 5, over 47 pounds; Zone 6, over 36 pounds; Zone 7, over 32 pounds; and Zone 8, over 25

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DBP/USPS-21. Continued

pounds. (dd) What percentage of all Library parcels fall into the cells noted in subpart r? (ee) What percentage of all standard mail parcels fall into the rate cells noted in response to subparts p, r, v, aa, and cc? (ff) Based on the above, will it be expected to have many parcels sent Special Handling by knowledgeable mailers? (gg) Is it the intention of the Postal Service to price Special Handling in a manner so that it will follow in the footsteps of Special Delivery and be discontinued in the next rate case or shortly thereafter? (hh) If not, explain. (ii) On page 6 of the 1997 booklet "Get More From Your Post Office" it indicates that, "Special handling mail travels in distinctive sacks and containers to set it apart from other mail." List the types of sacks and containers that are used. (jj) Confirm, or explain if you are unable to do so, that these sacks and containers are only used for Special Handling mail.

RESPONSE:

- a) See Postal Operations Manual 7 (August 1, 1996) at 137.453 and Domestic Mail Manual Issue 52 (July 1, 1997) S930.1.0.
- b) Special handling delivery standards are the same as those for the type of Standard Mail used. Due to the nature of those items shipped with special handling, postal employees may telephone recipients of special handling pieces to notify them that they can pick up their special handling mail if they do not wish to wait for later delivery by the letter carrier.
- c) See response to DBP/USPS-21 (b).

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DBP/USPS-21. Continued

- d) There is not enough information to answer your interrogatory accurately. For example, are the Standard Mail (B) parcels machineable or non-machineable? In any case, much of the information you request would require a special study.
- e) One may expect preferential handling in dispatch and transportation when purchasing special handling service.
- f) One would pay the special handling fee in addition to First-Class Mail postage to receive preferential handling in dispatch and transportation.
- g) DMM 52 Section S930.2.4 does not refer to special handling.
- h) See DMM 52, Sections S930.1.1 and S930.1.4.
- i) Yes.
- j) Not applicable.
- k) I am not aware of any research on this subject, however I presume there are knowledgeable mailers who would value the preferential handling in dispatch and transportation that special handling service provides over Priority Mail.
- l) See the response to DPB/USPS-21 (k).
- m) Objection filed.
- n) Objection filed.

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DBP/USPS-21. Continued

- o) Objection filed.
- p) Objection filed.
- q) See the parcel post billing determinants in USPS LR H-145.
- r) Objection filed.
- s) See response to DBP/USPS-21(q).
- t) Special handling is available for use with Standard Mail (A) single piece and all of the Standard Mail (B) subclasses.
- u) Not confirmed.
- v) Objection filed.
- w) See response to DBP/USPS-21(q).
- x) See the special handling billing determinants in USPS LR H-145.
- y) Objection filed.
- z) Objection filed.
- aa) Objection filed.
- bb) See response to DBP/USPS-21(q).
- cc) Objection filed.

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DBP/USPS-21. Continued

dd) See response to DBP/USPS-21(q).

ee) See response to DBP/USPS-21(q).

ff) Please see USPS-T-39 Workpaper 13 for the after rates special handling volumes.

gg) No.

hh) It is the intention of the Postal Service to price special handling to cover its costs and meet the other applicable statutory criteria of the Postal Reorganization Act. See USPS-T-39, pages 84 to 86, for an explanation of the proposed special handling fee development.

ii) The types of sacks and containers used would vary by individual post office

jj) I cannot confirm because as stated in my response to DBP/USPS-21(ii), any sacks and containers used would vary by office, and could theoretically be sacks and containers alternatively used by another type of mail.

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DBP/USPS-37 [a] Confirm, or explain if you are unable to do so, that prior to Docket MC96-3 a mailer desiring Registered Mail service for an article with a declared value of up to \$25,000 could mail the article both with or without postal insurance. [b] Confirm, or explain if you are unable to do so, that as a result of Docket MC96-3, the maximum value for making the choice of purchasing postal insurance or not was reduced to \$100. [c] Confirm, or explain if you are unable to do so, that in this Docket, it is proposed to reduce that amount to \$0, namely, for an article having a declared value of one cent or more, it is required to purchase postal insurance [I understand that the maximum insurance liability is limited to \$25,000]. [d] In the preparation for Docket MC96-3 was it the intention of dropping the limit from \$25,000 to \$100 only because the Postal Service wanted to eliminate non-postal insurance in two steps rather than doing it all at once? [e] Confirm, or explain if you are unable to do so, that with respect to the Registered Mail service that there are some costs which are independent of the value of the article, there are some costs which are only slightly related to the value of the article, and those costs which are directly related to the declared value. [f] Confirm, or explain if you are unable to do so as well as provide any other additional items, that the following costs are the same regardless of the declared value of the article: preparation, storage, and utilization of forms; training of employees, publicity of the service, acceptance of the article, and processing [not the payment of] any inquiries and claims. [g] Confirm, or explain if you are unable to do so as well as provide any other additional items, that the following costs are only slightly related to the declared value of the article: security and transportation of the article from the time it is accepted until it is delivered to the addressee. [h] Confirm, or explain if you are unable to do so as well as provide any other additional items, that the following costs are directly related to the declared value of the article: payment of any claims for damage or loss. [i] Provide the cost per article for all of the items that are listed in response to subpart f. [j] Provide the cost per article for all of the items that are listed in response to subpart g. This should be shown for each of the 27 or 28 rate categories. [k] Provide the cost per article for all of the items that are listed in response to subpart h. This should be shown for each of the 27 or 28 rate categories. [l] Provide a table over a period of a recent 12-month period showing the number of articles mailed in each of the 27 rate categories, the number of claims that were filed in each of the 27 rate categories, and the average value paid out per claim in each of the 27 categories. [m] Confirm, or explain if you are unable to do so, the requirement, and provide the appropriate reference, that a mailer must declare the full value of an article for which registration is desired. [n] Confirm, or explain if you are unable to do so, that

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DBP/USPS-37 Continued

the mailer will communicate the declared value to the acceptance clerk at the time of mailing the article. [o] Confirm, or explain if you are unable to do so, that for any other postal employee to know the declared value of an article, that information must be specifically communicated to them from the original acceptance clerk. [p] Confirm, or explain if you are unable to do so, that if this communication chain between any two postal employees is broken, it will not be possible to accurately determine the declared value of the article. [q] Confirm, or explain and provide specific information if you are unable to do so, that no record of the declared value is transmitted as a matter of course as the article moves through the mail system. [r] Confirm, or explain if you are unable to do so, that it is not possible to accurately determine the declared value of an article by just looking at the article. Note: This may be due to the overpayment of postage or part or all of the postage falling off. [s] Confirm, or explain if you are unable to do so, that the likelihood of any given postal employee looking at a registered mail article, determining the postage paid on the article, and calculating the registry fee by weighing the article and subtracting the postage for that weight along with the fees for any other services, such as Return Receipt or restricted delivery, and then converting that registry fee just to determine the declared value will be extremely small. [t] Confirm, or explain if you are unable to do so, that for articles with a declared value of \$25,000 or less that it will be unlikely that the value of the article will be specifically communicated from employee to employee. [u] If you are unable to confirm subpart t, are there any regulations or directives indicating a specific value for which the communication of the declared value of the article must be communicated between employees. If so, specify the value, provide copies of the directive or regulation, and enumerate the way the communication will take place. [v] If there are no regulations or directives in your response to subpart t, provide the values at which you believe 25%, 50%, 75%, and 100% of the employees will resort to communicating the declared value as the article moves through the system and the method that will be utilized to pass such information. [w] In light of your responses to subparts n through v, explain how it is possible to justify any higher costs for the transportation and security of articles with a declared value of \$25,000 or less and provide a breakdown between the costs for each of the 27 or 28 different value steps. [x] Confirm, or explain if you are unable to do so, that Registered Mail may only be utilized for First-Class Mail. [y] Confirm, or explain if you are unable to do so, that First-Class Mail is sealed against postal

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inspection. [z] If a mailer does not file a claim for loss or damage, how will it be possible for the Postal Service to know the contents or actual value of an article which is registered? [aa] If a mailer does not file a claim for loss or damage, what sanctions can be applied to the mailer for failing to declare the full value? [bb] How will it be possible for the Postal Service to determine the existence of such a condition? [cc] Isn't such a rule unenforceable with respect to articles for which the mailer is not interested in obtaining postal insurance. [dd] If not, explain. [ee] Because of the inability to enforce this rule, doesn't it fall into the same category as the Postal Service's change of the rule with respect to Return Receipt for Merchandise where the use of First-Class Mail under 11 ounces was no longer authorized as of Docket MC96-3 because of the inability of the Postal Service to determine that the article actually contained merchandise. [ff] If not, explain. [gg] Confirm, or explain if you are unable to do so, that there are customers who, for whatever reason they may have, do not want to purchase postal insurance for their registered articles. [hh] Confirm, or explain if you are unable to do so, that some of the reasons a mailer might not want to purchase postal insurance would be: they already have their own insurance, they are only interested in obtaining the secure handling that registered mail provides, or the cost vs. value ratio was low enough to assume the risk. [ii] Provide any other reasons in addition to those in subpart hh. [jj] What is the logic for requiring a mailer to purchase a service that do not want or need? [kk] Is postal insurance primary or secondary to any other insurance that a mailer may have? [ll] If it is secondary, then explain why a mailer should be required to purchase it. [mm] Confirm, or explain if you are unable to do so, that the only article for which no postal insurance is required is one which has a value of \$0.00 [as opposed to one which has a value of \$0.01 for which postal insurance must be purchased]. [nn] If a registered article is completely lost, may the claim include not only the value of the contents but any or all of the following: the value of the container or envelope that the contents were in, the postage paid for mailing the article [not including any fees], the registration fee, the postage paid for any other special services such as Return Receipt or restricted delivery? Indicate which, if any, of the items are covered and provide a copy of the regulation supporting your responses. [oo] If any of the items

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specified in subpart nn are covered, wouldn't that automatically provide a value, albeit only perhaps a penny, which would preclude declaring a value of \$0.00. [pp] If not, explain. [qq] Refer to POM Section 811.22 and confirm, or explain if you are unable to do so, that if I purchase stock at a cost of \$1,000 and at the time of mailing it has a market value of \$5,000, and if I mail the stock certificate endorsed in blank, I must pay for a declared value of \$5,000. [rr] Same as subpart qq, except that if I purchase jewelry for \$1,000 and it now has a market value of \$5,000, I would be permitted to pay for a declared value of only \$1,000. [ss] If you confirm both subparts qq and rr, explain why the two articles are treated differently. [tt] Refer to POM Section 811.22 and confirm, or explain if you are unable to do so, that if I mail a negotiable instrument, such as a bearer bond, I must declare a value which is the replacement value of that article, which just happens to be its market value. [uu] Same as subpart tt, except that if I mail a nonnegotiable instrument, I am given the option of whether or not I want to declare a value equal to its replacement cost or to declare no value even if there is a replacement cost. [vv] If you confirm both subparts tt and uu, explain why the two articles are treated differently. [ww] Refer to POM Section 811.22 and confirm, or explain if you are unable to do so, that any of the articles listed under nonnegotiable instruments or nonvaluables will, in fact, have at least a minimal intrinsic value, albeit perhaps only a penny for the intrinsic value for a sheet of paper. [xx] If you are able to confirm subpart ww, explain why these categories are treated differently than those under other categories which it is required to declare the market value or cost. [yy] Are there any articles which are normally being registered that have an intrinsic value of \$0.00 as opposed to \$0.01 or more? [zz] If so, specify examples. [aaa] Refer to POM Section 811.24 and explain where the authority comes from to inquire about the contents of First-Class Mail.

RESPONSE:

a) Confirmed

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DBP/USPS-37 Continued

- b) Confirmed that the maximum level for uninsured registered mail was decreased from \$25,000 to \$100 as a result of Docket No. MC96-3.
- c) Confirmed that the proposal in this docket is to reduce the maximum level for uninsured registered mail from \$100 to \$0.00.
- d) In the preparation of Docket No. MC96-3 the Postal Service only considered proposing the reduction of the maximum value level for uninsured registered mail from \$25,000 to \$100, and did not consider any further decrease.
- e) Not confirmed. There are costs both independent of the declared value and related to the declared value, but not necessary only slightly related to the declared value.
- f) Not confirmed. Registered items with very high declared values could require additional training of employees, particularly for those items requiring special circumstances to handle.
- g) Not confirmed. Registered items with extremely high declared values frequently require added security and alternative transportation, the costs of which are directly related to the declared value.
- h) Confirmed, to the best of my knowledge

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DBP/USPS-37. Continued

- i) This information is not available in the breakdown you request.
- j) See response to DBP/USPS-37(i).
- k) See response to DBP/USPS-37(i).
- l) See the registered mail billing determinants in USPS LR H-145 for the number of registered articles mailed in each of the 27 fee categories for 1997. Claims information will be provided later.
- m) See DMM S911.2.1 and my response to DBP/USPS-38(e).
- n) Confirmed.
- o) Not confirmed. A registered mail article's declared value can be determined by postal employees through calculating the postage and subtracting it and any ancillary service fees from the total amount paid to get the registered mail fee. Even if an exact calculation is not made, a general estimate of the item's value can be made from the total postage and fees.
- p) Not confirmed. See the response to DBP/USPS-37(o).
- q) Confirmed
- r) Not confirmed. In the majority of situations, postage has not fallen off or postage has been neither underpaid nor overpaid. Consequently, it would be

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r) Continued

very possible to accurately determine the declared value of an article by looking at the article.

s) Not confirmed. No data exists on the number of times postal employees would calculate or estimate the declared value of a registered article based on the affixed postage and fees.

t) Not confirmed. Postal employees are required to do what is necessary for the safe and secure transport of all registered mail; communicating the declared value of articles under \$25,000 can be one way of ensuring this safety and security.

u) I know of no regulations or directives, but I am aware that there may be certain circumstances in which communicating the declared value of articles under \$25,000 may be necessary for safety and security and that this would be done on an individual basis. See response to DBP/USPS-37(t).

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- v) Since communication of the declared value would be done on an individual basis depending upon the circumstances, I could not begin to hazard a guess as to the percentage of the total number of registered mailings it would be done.
- w) The higher the declared value of registered articles, the higher the costs for security and accountability. The requested breakdown of costs is not available.
- x) Confirmed that registered mail may only be used for articles paying First-Class Mail rates.
- y) Confirmed.
- z) The Postal Service relies upon the declared value given by the mailer to determine the amount of security during the dispatch, processing, and delivery functions of the registered mailpiece.
- aa)-dd) It generally would not be possible. I am unaware of any attempt to impose penalties on mailers in the circumstances you describe. The primary reasons for a mailer to declare full value are to enable the Postal Service to provide the proper level of security, and to protect himself or herself should the registered item be lost or damaged. To some extent, however, the Postal Service relies on the integrity of its customer^s to declare full value when

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uu) Yes.

vv) The issuer of a negotiable instrument probably would be reluctant to proffer a replacement, with the original remaining in circulation and subject to being cashed. Conversely, the issuer of a nonnegotiable instrument has no apparent risk in providing a replacement at minimal cost.

ww) Please refer to my responses to part ⁵oo) and pp) above.

xx) See ww

yy) Regulations require that a customer must truthfully declare only the full or actual value. An item's intrinsic value would come into play only in adjudication.

zz) See the response to DBP/USPS-37(yy).

aaa) It is my understanding that the fact that mail is sealed against inspection does not preclude asking the mailer about the contents.

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DBP/USPS-37. Continued

aa)-dd) requested to do so.

ee)-ff) No. See my testimony, USPS-T-8, in Docket No. MC96-3 for the reasons for the return receipt for merchandise classification change.

gg) Confirmed that some customers have chosen not to purchase insured registered mail.

hh) Not confirmed. The Postal Service does not have information as to why some registered mail customers would choose not to use postal insurance

ii) Not applicable.

jj) There is no logic in providing a service that is not frequently used, as was demonstrated in the Docket No. MC96-3 Recommended Decision which eliminated the service offerings and fee categories for uninsured registered mail from \$100.01 to \$25,000. Further, with respect to this docket, see my testimony at pages 77-78.

kk) Primary.

ll) Not applicable.

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DBP/USPS-37. Continued

mm) Not confirmed. A customer may choose uninsured registered mail up to \$100 in declared value.

nn) If a special or custom-made container were used (such as for shipping birds, etc), the Postal Service would *consider* its cost in processing a claim. We do not refund the registration fee itself. We do automatically include postage in a claims payment. Other fees are refunded as deemed appropriate. For example, if the customer actually received his return receipt, we would not refund that fee. If he did not receive his return receipt, we would make such a refund.

oo)-pp) No. The declared value is not the same as the actual or fair-market value used for determining claims, and declaring value does not automatically give an item actual value

qq) Yes.

rr) Yes.

ss) Unlike stock, a wholesaler would place one value on jewelry (wholesale cost), while his customer would place a higher value (retail price).

tt) No. Market value still applies. The replacement cost is not necessarily the market value of the bond.

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DBP/USPS-54 [a] A rate is being proposed 500 banded stamped envelopes which costs 50 cents to \$1.00 more than the rate for 500 plain stamped envelopes. What are banded stamped envelopes? [b] What value does a purchaser of banded stamped envelopes obtain for their added 50 cents to \$1.00 cost? [c] What is the added cost for the Postal Service to provide 500 banded stamped envelopes over 500 plain stamped envelopes? [d] Confirm, or explain if you are unable to do so, that plain hologram stamped envelopes will only be available in single sales. [e] Confirm, or explain if you are unable to do so, that printed hologram stamped envelopes will not be available in the 6-3/4 size. [f] Confirm, or explain if you are unable to do so, that for 500 stamped envelopes of the 6-3/4 size, the difference between the plain and printed versions is \$14.00 less \$8.50 or a difference of \$5.50 which represents the cost of printing. [g] Confirm, or explain if you are unable to do so, that for 500 stamped envelopes of greater than the 6-3/4 size, the difference between the plain and printed versions is \$15.00 less \$11.50 or a difference of \$3.50 which represents the cost of printing. [h] Provide the cost data for printing both the 6-3/4 size as well as the larger than 6-3/4 size envelopes. [i] Explain why the printing cost for the 6-3/4 size stamped envelopes is 57 percent more than the printing cost of the larger envelope. [j] Confirm, or explain if you are unable to do so, that the item in Fee Schedule 961, "Multi-Color Printing (500) " refers to price for those plain [as opposed to printed] stamped envelopes which are printed in two or more colors or which are precancelled for the regular or non-profit Standard Mail rates. [k] Confirm, or explain if you are unable to do so, that the stamped envelopes which meet the criteria specified in subpart j may not be purchased with a printed return address. [l] Confirm, or explain if you are unable to do so, that for 500 stamped envelopes of the 6-3/4 size, the difference between the plain one-color and plain multi-color versions is \$14.00 less \$8.50 or a difference of \$5.50 which represents the cost of the added color printing of the stamp design. [m] Confirm, or explain if you are unable to do so, that for 500 stamped envelopes of greater than the 6-3/4 size, the difference between the plain one color and plain multi-color versions is \$15.00 less \$11.50 or a difference of \$3.50 which represents the cost of the added color printing of the stamp design. [n] Provide the cost data for printing the multi-color designs, both the 6-3/4 size as well as the larger than 6-3/4 size envelopes. [o] Explain why the printing cost for the 6-3/4 size stamped envelopes is 57 percent more than the printing cost of the larger envelope since the stamp design is the same for both envelopes. [p] Confirm, or explain if you are unable to do so, that the current 32 cent stamped envelope which was issued for regular use [as opposed to a commemorative, limited issue] is printed in two colors [q] For each of the

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regular issue, First-Class Mail rate stamped envelopes that have been issued since 1971, provide a listing of the face value of the stamp, the description of the design, and the number of colors utilized in the printing. [r] Provide a similar listing for all precancelled stamped envelopes. [s] Provide a similar listing for all other stamped envelopes, such as commemorative and special issues. [t] If the proposed rate is implemented, will all post offices stock single color stamped envelopes for sale to the public? [u] If not, explain why the public will be forced to buy the multi-color version at the higher price. [v] What is the justification for charging the higher multi-color rate for precancelled envelopes automatically even if they should be printed in one color only? [w] Confirm, or explain if you are unable to do so, that savings bond stamped envelopes will only be available in the printed version and will not be available in the plain version. [x] Confirm, or explain if you are unable to do so, that the household (50) rates relate to printed stamped envelopes. [y] Confirm, or explain if you are unable to do so, that the added cost for a hologram stamped envelope as compared to a non-hologram stamped envelope will be one cent for a single sale, one-half cent for the household fifty purchase [\$3.50 vs. \$3.25 for 50 envelopes], and eight-tenths of a cent for the 500 printed envelopes [\$19.00 vs. \$15.00]. [z] Why is the added per envelope charge for fifty envelopes less than for 500 envelopes? [aa] Will the stamped envelope design which utilizes a multi-colored picture pasted on the inside of the envelope and showing through a square/rectangular cutout in the envelope, as has been utilized on a number of previous issues, be categorized as a multi-color version or as a hologram version? [bb] Confirm, or explain if you are unable to do so, that the single sale price of seven cents will apply to all plain stamped envelope sales of less than five hundred envelopes, including sales of precancelled envelopes for philatelic purposes, regardless of the type or design [other than those that have an actual hologram as part of the design for which the price will be eight cents]. [cc] Confirm, or explain if you are unable to do so, that the selling price for a single stamped envelope will be seven or eight cents per envelope when sold in lots of 1 to 499 stamped envelopes and will be only 1.7 cents to 2.3 cents when sold in a lot of 500 envelopes. [dd] What are the added costs that accrue when stamped envelopes are sold in lots of 1 to 499 envelopes? [ee] Are there any costs other than the apparent extra window sales time? [ff] If so, enumerate and quantify the cost. [gg] Confirm, or explain if you are unable to do so, that the cost for 32

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cent stamps is 32 cents each, whether a mailer purchases one stamp or a million stamps or any number in between. [hh] Explain the logic and justification behind selling single stamped envelopes at a price which is greater than the multiple price when the same is not justified for the sale of stamps. [ii] Is one reason, that 18 USC 1721 will permit it for stamped envelopes but not for stamps? [jj] Confirm, or explain if you are unable to do so, that a mailer desiring between 501 and 999 stamped envelopes would pay a fee of \$8.50 or \$11.50 for the first 500 envelopes and seven or eight cents for each of the envelopes above 500. [kk] Confirm, or explain if you are unable to do so, that printed stamped envelopes are available from one source only and that there is a charge by that single source over and above that which appears in the Fee Schedule. [ll] What is that single source for printed stamped envelopes? [mm] What is the added charge required in ordering printed stamped envelopes? [nn] What is the justification for charging this added fee when it does not appear in the Fee Schedule and has not been approved by the Postal Rate Commission? [oo] Will an added fee be required under the proposed rates? [pp] If so, quantify and explain. [qq] Are there any other services for which the United States Postal Service is proposing in this Docket which will not be available at the rate shown in the various rate and fee schedules? [rr] If so, quantify and explain. [ss] Are refunds available for those that have paid this added fee which was not approved by the Postal Rate Commission. [tt] If not, explain why not. [uu] Confirm, or explain if you are unable to do so, that if this docket is approved the price of a single First-Class Mail stamped envelope will go from 38 cents to 40 cents. [vv] Confirm, or explain if you are unable to do so, that the rate increase for both the First-Class Mail postage and the stamped envelope will go into effect at the same time. [ww] Confirm, or explain if you are unable to do so, that it has been the practice of the Postal Service to release the new valued stamped envelope prior to the effective date of the rate increase. [xx] Confirm, or explain if you are unable to do so, that if this policy is continued that the selling price for a 33 cent stamped envelope purchased between the issue date of it and the effective date of the new rates would be 39 cents [33 cents postage plus the 6 cent stamped envelope fee in effect at that time]. [yy] Confirm, or explain if you are unable to do so, that in a similar manner, the sale of stamped cards would be 21 cents during the period of time between the issue date and the effective date of the proposed 2 cent fee. [zz] Will post offices be advised of the requirement of subparts xx and yy so that the proper rate may be charged? [aaa] If not, why not? [bbb] One of the rates being proposed is for a fee of

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2 cents for a stamped card. Was any consideration given to having a bulk rate for them similar to the one in place and being proposed for stamped envelopes? [ccc] If so, why wasn't it implemented? [ddd] If not, why not?

RESPONSE:

- a) Banded stamped envelopes are stamped envelopes sold in packs of five with a band around them. Banded stamped envelopes can come in 6 ¾ and 10 inch sizes and are always regular (not window) plain stamped envelopes.
- b) The question is not entirely clear. Are you referring to the "cost" as exhibited in USPS LR H-107, page 55 or the proposed fees in USPS-T-39 WP-15? The cost for 500 6 ¾ inch banded stamped envelopes in USPS LR H-107 is \$10.27, while the cost for 500 6 ¾ inch aggregated stamped envelopes is \$8.97, for a difference of \$1.30. The cost for 500 10 inch banded stamped envelopes in USPS LR H-107 is \$12.26, while the cost for 500 10 inch aggregated stamped envelopes is \$11.41, for a difference of \$0.85. The proposed fee for 500 6 ¾ inch banded stamped envelopes is \$9.50, \$1.30 higher than the current fee, yet \$0.77 lower than the cost. The proposed fee for 500 10 inch banded stamped envelopes is \$12.00, \$1.00 lower than the

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b) Continued

current fee, and \$0.26 lower than the cost. For the higher fees, customers get stamped envelopes which are banded into packs, and which cost more to produce.

c) See the response to DBP/USPS-54 (b).

d) Not confirmed. See USPS-T-39, page 96, lines 4-13.

e) Confirmed. Hologram stamped envelopes have only been available in the 10 inch size since they were issued.

f) Confirmed only that the proposed fees for 6 3/4 inch stamped envelopes are \$5.50 higher than the plain for the printed envelopes. Not confirmed that this \$5.50 difference represents the printing cost.

g) Confirmed only that the proposed fees for 10 inch stamped envelopes are \$3.50 higher than the plain for the printed envelopes. Not confirmed that this \$3.50 difference represents the printing cost.

h) See USPS LR H-107, pages 45-50.

i) See my testimony at page 95, lines 6-21, and page 96, lines 1-13, for a discussion of the development of the stamped envelope fees.

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- j) Not confirmed. Multi-color printing refers to the envelope you describe in part
aa.
- k) Not confirmed. Printing is available for all stamped envelopes.
- l) Confirmed.
- m) Confirmed.
- n) See USPS LR H-107, pages 45-50.
- o) See response to DBP/USPS-54(i).
- p) Confirmed that the Liberty Bell is green and the "USA 32" is blue. However,
these envelopes are not considered 'multi-color' for purposes of the multi-
color fee. See my response to j.
- q) See attached list for all stamped envelopes available from the Stamped
Envelope Agency since 1965.
- r) See the response to DBP/USPS-54(q).
- s) See the response to DBP/USPS-54(q).
- t) All post offices that offer stamped envelopes will offer at least one type not
subject to multi-color fee.
- u) Not applicable.

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- v) Customers are not charged the multi-color fee for precancelled envelopes.
- w) Not confirmed. Savings bond stamped envelopes have been discontinued.
- x) Confirmed that the household stamped envelope fees are for printed stamped envelopes.
- y) Confirmed only that the proposed fee of a single hologram is one-cent more than the proposed fee for a single non-hologram stamped envelope, the proposed fee for household hologram envelopes is \$0.25 than the proposed fee for non-hologram household envelopes, and the proposed fee for hologram 500 box lots is \$4.00 higher than the proposed fee for the non-hologram 500 box lots.
- z) See response to DBP/USPS-54(i).
 - aa) Multi-color. The space station stamped envelope is the only hologram stamped envelope currently offered.
 - bb) Confirmed with respect to non-philatelic sales of stamped envelopes.
 - cc) Confirmed, although if a customer wished to purchase 999 stamped envelopes, for example, two box lots of 500 would be the wise choice, as opposed to one box of 500 and 499 single sale envelopes.

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- dd) See USPS LR H-107, pp 47-48, for the single sale costs versus the box lot costs.
- ee) No.
- ff) Not Applicable.
- gg) Confirmed, assuming by 'cost' you mean 'rate'.
- hh) In both cases the price of postage is the same regardless of the quantity purchased. Stamped envelopes, unlike stamps have a special service fee, which does vary based on the quantity purchased.
- ii) No.
- jj) See response to DBP/USPS-54(cc).
- kk-tt) Objection filed September 29, 1997.
- uu) Confirmed only for the total price of non-hologram stamped envelopes.
- vv) To the best of my knowledge all rates and fees would be implemented at the same time.
- ww) Not confirmed. Post offices may receive one of each type of advance stamped envelope with the new postage rate prior to the implementation date, for display purposes.

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xx) There is no such policy.

yy) Not confirmed. Post offices may receive one of each type of advance stamped card with the new postage rate prior to the implementation date, for display purposes.

zz) Not applicable.

aaa) Not applicable.

bbb) No.

ccc) Not applicable.

ddd) The Postal Service first needs to see if a fee for stamped cards will be approved before deciding whether bulk fees are appropriate.

	NAME	ITEM NUMBERS	DATE	LOCATION	DENOM.	INK COLOR/ PMS NUMBER
EMBOSSSED STAMPED ENVELOPES MANUFACTURED AT WILLIAMSBURG PA						
1	American Eagle 'Head'	151-152-651-652	1/5/65	Williamsburg PA	5	Purple (254)
2	Liberty Bell 'Auth Non-Profit'	113-613	1/6/65	Springfield MA	1.25	Brown (464)
3	Old Ironsides '3rd Class'	141-142-641-642	1/6/65	Springfield MA	4	Blue
4	Delta Wing Jet 'Airmail'	184-684	1/7/65	Chicago IL	8	Red
5	Statue of Liberty 'Head'	161-162-661-662	1/4/68	New York NY	6	Green
6	Delta Wing Jet 'Airmail'	104-604	1/8/68	Chicago IL	10	Red
7	Liberty Bell 'Auth Non-Profit'	123-623	3/26/68	Springfield MA	1.4	Brown
8	Liberty Bell 'Auth Non-Profit'	133-633	6/16/69	Washington DC	1.6	Orange
9	Herman Melville (Moby Dick) Commemorative	665	3/7/70	New Bedford MA	6	Blue
10	White House Conference on Youth Comm	666	2/24/71	Washington DC	6	Blue
11	Eagle	181-182-681-682	5/6/71	Williamsburg PA	8	Blue
12	Three Circles 'Airmail'	114-614	5/6/71	Williamsburg PA	11	Red, Blue
13	Liberty Bell 'Auth Non-Profit'	173-673	5/10/71	Baltimore MD	1.7	Purple (254)
14	White House Conf on Youth Revalued		5/16/71	Washington DC	8	Blue
15	Statue of Liberty 'Head' Revalued	181-182-681-682	5/16/71	Washington DC	8	Green
16	Bowling Commemorative	187-687	8/21/71	Milwaukee WI	8	Red
17	White House Conference on Aging Comm	688	11/15/71	Washington DC	8	Blue (299)
18	First US International Transportation Exposition - "Transpo '72" Commemorative	689	5/2/72	Washington DC	8	Red
19	Symbolic Bird in Flight 'Airmail'	134-634	12/1/73	Memphis TN	13	Red
20	Liberty Bell '1st Class'	101-102-601-602	12/5/73	Philadelphia PA	10	Green (354)
21	Volunteer Yourself 'Auth Non-Profit'	183-683	8/23/74	Cincinnati OH	1.8	Blue (326)
22	Tennis-100 Years-1874-1974 Commemorative	151-152-651-652	8/31/74	Forest Hills NY	10	Blue, Yellow
23	The Bicentennial Era: The Seafaring Tradition Commemorative	161-661	10/13/75	Minneapolis MN	10	Blue (300)
24	Liberty Tree	131-132-631-632	11/8/75	Memphis TN	13	Brown (471)
25	The Bicentennial Era: The American Homemaker Commemorative	171-671	2/2/76	Biloxi MS	13	Green (569)
26	The Bicentennial Era: The American Farmer Commemorative	181-681	3/16/76	New Orleans LA	13	Green (356)
27	The Bicentennial Era: The American Doctor Commemorative	191-691	6/30/76	Dallas TX	13	Orange (151)
28	The Bicentennial Era: The American Craftsman Commemorative	111-611	8/6/76	Hancock MA	13	Red (186)
29	Star 'Auth Non Profit'	123-643	9/10/76	Hempstead NY	2	Red (Warm)
30	The Centennial Commemorative	141-641	10/15/76	Los Angeles CA	13	Green (355)

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	NAME	ITEM NUMBERS	DATE	LOCATION	DENOM.	INK COLOR/ PMS NUMBER
31	Golf Commemorative	161-162-661-662	4/7/77	Augusta GA	13	Blue, Black, Green
32	Octagon 'Auth Non-Profit'	153-653	6/3/77	Houston TX	2.1	Green (369)
33	Energy Conservation (Special Issue) Comm	164-165-664-665	10/20/77	Ridley Park PA	13	Yellow, Black, Red(184)
34	Energy Development (Special Issue) Comm	174-175-674-675	10/20/77	Ridley Park PA	13	Yellow, Black, Red(184)
35	Eagle 'A'	1A1-1A2-6A1-6A2	5/22/78	Memphis TN	A(15)	Orange (151)
36	Uncle Sam	141-142-641-642	6/3/78	Williamsburg PA	15	Red (185)
37	'Auth Non-Profit' Rectangle	173-673	7/5/78	Raleigh NC	2.7	Green (348)
38	16 Cent USA Revalued	101-102-601-602	7/28/78	Williamsburg PA	15	Blue
39	Auto Racing Commemorative	194-694	9/2/78	Ontario CA	15	Black, Red(185), Blue(300)
40	Liberty Tree 13 Cent Revalued	1R1-1R2-6R1-6R2	11/28/78	Williamsburg PA	15	Brown
41	'Auth Non-Profit' Rectangle w/rounded corners	106-107-606-607	5/18/79	Denver CO	3.1	Blue (300)
42	Veterinary Medicine Commemorative	154-155-654-655	7/24/79	Seattle WA	15	Gray(404), Black, Brown(154)
43	Olympic - Soccer Commemorative	164-664	12/10/79	East Rutherford NJ	15	Red, Black, Green(361)
44	Bicycle Commemorative	174-674	5/16/80	Baltimore MD	15	Maroon (201) Blue (301)
45	Violin 'Auth Non-Profit'	156-157-656-657	6/23/80	Williamsburg PA	3.5	Purple (254)
46	America's Cup Commemorative	104-604	9/15/80	Newport RI	15	Red (199) Blue (301)
47	Honeybee Commemorative	114-614	10/10/80	Paris IL	15	Yellow(109)Gr(364)Brn (471)
48	Eagle 'B'	161-162-661-662	3/15/81	Memphis TN	B(18)	Purple (258)
49	New Star	171-172-671-672	4/2/81	Star City IN	18	Blue (301)
50	Blinded Veteran Commemorative	124-624	8/13/81	Arlington VA	18	Red (200), Blue (301)
51	Eagle 'C'	131-132-631-632	10/11/81	Memphis TN	C(20)	Brown (471)
52	Capitol Dome	101-102-601-602	11/13/81	Los Angeles CA	20	Purple (215)
53	'Auth Non-Profit'	166-167-666-667	2/17/82	Wheeling WV	5.9	Brown (470)
54	Great Seal Commemorative	134-634	6/15/82	Washington DC	20	Blue(293)Red(200)Black
55	Purple Heart Commemorative	154-654	8/6/82	Washington DC	20	Purple (266) Black
56	Official Mail	151-162	1/12/83	Washington DC	20	Blue (293)
57	'Auth Non-Profit'	176-177-676-677	3/21/83	Memphis TN	5.2	Orange (151)
58	Paralyzed Veterans Commemorative	104-604	8/3/83	Portland OR	20	Red(185)Blue(287)Black
59	Small Business Comm (not embossed)	174-674	5/7/84	Washington DC	20	Blue(286)Purple(265)Red(186)
60	Eagle 'D'	141-142-641-642	2/1/85	Los Angeles CA	D(22)	Green (334)
61	Bison	131-132-631-632	2/25/85	Bison SD	22	Brown (504)
62	Official Mail	111-122	2/26/85	Washington DC	22	Blue (293)
63	Old Ironsides 'Auth Non-Profit'	166-167-666-667	5/3/85	Boston MA	6	Aqua (320)
64	Precancelled Bison (Sub 20 Unwatermarked for Reader's Digest)	133	10/31/86	(No Ceremony)	22	Brown (504)
65	Mayflower 'Auth Non-Profit'	146-147-646-647	12/4/86	Plymouth MA	8.5	Process Black
66	Treasury Bond (Official Mail Stamp) (Sub 20 Unwatermarked - Not embossed)	115(Pln)116(Prtd)	3/21/87	Washington DC	22	Blue (293)
67	'E' Savings Bond (not embossed)	2117-2118	3/22/88	Washington DC	E(25)	Blue, Black
68	Thirteen Star - HH Thirteen Star - 500	2161-2162-2661-2662 2151-2152-2651-2652	3/26/88	Star MS	25	Blue, Red

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	NAME	ITEM NUMBERS	DATE	LOCATION	DENOM.	INK COLOR/ PMS NUMBER
69	Penalty Mail (Official Mail)	2110-2112	4/11/88	Washington DC	25	Blue, Black
70	Savings Bond (not embossed) plain top flap	2108(Pln)-2109(Prtid)	4/11/88	Washington DC	25	Blue, Black
71	Constellation 'Auth Non-Profit'	2166-2167-2666-2667	4/12/88	Baltimore MD	8.4	Dark Gray (825), Blue
72	Thirteen Star Double Window - Plain	2153	8/18/88	Star ID	25	Blue, Red
73	Holiday Snowflake	2171-HH2173	9/8/88	Snowflake AZ	25	Red (185), Green
74	Savings Bond(not embossed)prtd top flap	2108(Pln)-2109(Prtid)	11/28/88	Washington DC	25	Blue, Black
75	Inaugural Envelope(13Star)Set of 6	2651	1/20/89	(See Next Line)	25	Blue, Red
Postmarked with 1st Day Cities: Greenwich CT - Huntington IN - Indianapolis IN - Kennebunkport ME - Milton MA - Houston TX						
76	13 Star Philatelic Commemorative #9	2121-HH2120	3/10/89	Cleveland OH	25	Blue, Red
77	DOD 13 Star Envelope	2164(Pln)-2165(Prtid)	6/14/89	(No Ceremony)	25	Blue (288) Red(186)
78	13 Star Security #9	2154 HH2155 Reg	7/10/89	Washington DC	25	Blue, Red
79	Love #9	2168 HH2169	9/22/89	McLean VA	25	Blue, Red
80	VA State Lottery 13-Star 2nd Chance Drawing	(Used 2151)	S-10/13/89	(No Ceremony)	25	Blue, Red
(one-time manufacturing of 3,000,000 envelopes produced off-line)						
81	AZ Security #9 (special window)	2158	11/28/89	(Avail thru PFSC)	25	Blue (288)
82	Space Station Hologram #9	2156 HH2157	12/3/89	Washington DC	25	Blue (293)
83	13 Star Security #9	2159 Win	12/29/89	Washington DC	25	Blue, Red
84	Passport	2144	3/17/90	Washington DC	45	Blue (293) Black
85	Passport	2145	3/17/90	Washington DC	65	Blue (293) Black
86	Passport Peel & Seal	2148	7/4/90	Washington DC	45	Blue (293) Black
87	Passport Peel & Seal	2149	7/4/90	Washington DC	65	Blue (293) Black
88	Football Hologram (Lombardi Trophy)	2174 HH2172	9/9/90	Green Bay WI	25	Hologram Patch
89	Single Star/USA - HH	2141-2142-2641-2642				
	Single Star/USE - 500	2131-2132-2621-2622	1/22/91	Washington DC	29	Blue (293) Red (185)
90	F Savings Bond (not embossed)	2106 (Pln)2107(Prtid)	1/22/91	Washington DC	F(29)	Blue (293) Black (999)
91	Penalty Mail (Official Mail)	2111-2117	4/6/91	Oklahoma City OK	29	Blue (293) Black (999)
92	DOD Single Star (Regular)	2136(Pln)2137(Prtid)	4/6/91	(No Ceremony)	29	Blue (293) Red (185)
93	Savings Bond (not embossed)	2118(Pln) 2119(Prtid)	4/17/91	Washington DC	29	Blue (293) Black (999)
94	Birds On A Wire 'Auth Non-Profit'	2146-2147-2646-2647	5/3/91	Boxborough MA	11.1	Blue(300) Red (186)
95	Love - HH	2179-2699				CarmineRose(213)Purple(259)
	Love - 500	2178-2668	5/9/91	Honolulu HI	29	Env - Aqualope Blue
96	Single Star Security #9 - HH	2184-2185				
	Single Star Security #9 - 500	2181-2182	7/20/91	Washington DC	29	Blue(288)Red (186)
97	Arizona Security (Special window envelope)	2183	8/16/91	(Avail. thru PFSC)	29	Blue (288) Red (186)
98	DOD Single Star (Window)	2138 (Pln)2139(Prtid)	9/30/91	(No Ceremony)	29	Blue (293) Red (185)
99	Magazine Industry	2175 - HH2186	10/6/91	Naples FL	29	BlackYellowBlueRedGreen
100	Country Geese (#6-3/4)	2674 - HH2675	11/8/91	Virginia Beach VA	29	Blue(549)Yellow(122)
101	Country Geese (#10)	2192 - HH2193	1/21/92	Virginia Beach VA	29	Blue(549)Yellow(122)
102	Space Station Hologram	2176 - HH2177	1/21/92	Virginia Beach VA	29	Green (369-denom)
103	Western Americana	2123 - HH2124	4/10/92	Dodge City KS	29	Lettering(reddish Br)Patch
104	Protect the Environment(Hillebrandia flower-HI)	2189 - HH2188	4/22/92	Chicago IL	29	YellowMagentaCyanGrBlack

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(REDIRECTED FROM THE UNITED STATES POSTAL SERVICE)

DBP/USPS-62 Provide a listing for each of the following services indicate (sic), 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 providing 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.

RESPONSE:

In all but parts g, l, and s, I am providing information related to implicit cost coverages, rather than a cost coverage, which applies to an entire special service or subclass of mail.

- a) 1) See USPS-T-39, page 59.
- 2) See response to DFC/USPS-T39-1.
- 3) See response to DBP/USPS-62(a)(2).
- 4) See response to DBP/USPS-62(a)(1).
- 5) See response to DBP/USPS-62(a)(2).
- 6) See response to DBP/USPS-62(a)(2).
- b) 1) See response to DBP/USPS-62(a)(1).

RESPONSE OF WITNESS NEEDHAM TO
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DBP/USPS-62 Continued

b) Continued

- 2) See response to DBP/USPS-62(a)(2).
- 3) See response to DBP/USPS-62(a)(2).
- 4) See response to DBP/USPS-62(a)(1).
- 5) See response to DBP/USPS-62(a)(2).
- 6) See response to DBP/USPS-62(a)(2).

c) 1) See response to DBP/USPS-62(a)(1).

- 2) See response to DBP/USPS-62(a)(2).
- 3) See response to DBP/USPS-62(a)(2).
- 4) See response to DBP/USPS-62(a)(1).
- 5) See response to DBP/USPS-62(a)(2).
- 6) See response to DBP/USPS-62(a)(2).

d) 1) See response to DBP/USPS-62(a)(1).

- 2) See response to DBP/USPS-62(a)(2).
- 3) See response to DBP/USPS-62(a)(2).
- 4) See response to DBP/USPS-62(a)(1).
- 5) See response to DBP/USPS-62(a)(2).
- 6) See response to DBP/USPS-62(a)(2).

RESPONSE OF WITNESS NEEDHAM TO
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DBP/USPS-62 Continued

- e) 1) See response to DBP/USPS-62(a)(1).
- 2) See response to DBP/USPS-62(a)(2).
- 3) See response to DBP/USPS-62(a)(2).
- 4) See response to DBP/USPS-62(a)(1)
- 5) See response to DBP/USPS-62(a)(2).
- 6) See response to DBP/USPS-62(a)(2).
- f) 1) See USPS-T-39, page 59.
- 2) See LR H-107, page 11.
- 3) 181 percent
- 4) See response to DBP/USPS-62(f)(1).
- 5) Assuming the same cost from USPS LR H-107, the current cost would be \$304.50 per year.
- 6) Assuming the same cost from USPS LR H-107, the current cost coverage would be 148 percent
- g) For the pre-MC96-3 fee, see Docket No. MC96-3, USPS-T-8, p. 58
 - 1) See USPS-T-39, page 26, Table 5.

RESPONSE OF WITNESS NEEDHAM TO
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DBP/USPS-62 Continued

g) Continued

- 2) See USPS-T-39 WP-17 (revised August 22, 1997), page 1, column 3.
- 3) See USPS-T-39 WP-17 (revised August 22, 1997), page 1, column 5.
- 4) See response to DBP/USPS-62(g)(1).
- 5) For the Test Year Before Rates the cost is 338,734,000
- 6) For the Test Year Before Rates the cost coverage is 121 percent.

h-k) Answered by witness Plunkett.

l 1) See USPS-T-39, page 81, Table 14.

- 2) See USPS-T-39, WP-17, page 4, column 3.
- 3) See USPS-T-39, WP-17, page 4, column 5.
- 4) See response to DBP/USPS-62(l)(1).
- 5) For the Test Year Before Rates the cost is 1,272,000.
- 6) For the Test Year Before Rates the cost coverage is 34.7 percent.

m) 1) See USPS-T-39, page 92, Table 16.

- 2) See USPS LR H-107, page 55.
- 3) See response to DFC/USPS-T39-19.
- 4) See response to DBP/USPS-62(m)(1).

RESPONSE OF WITNESS NEEDHAM TO
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DBP/USPS-62 Continued

m) Continued

5) Assuming the same cost in USPS LR H-107, see response to DBP/USPS-62(m)(2).

6) Assuming the same cost in USPS LR H-107, see response to DBP/USPS-62(m)(3).

n) 1) See response to DBP/USPS-62(m)(1).

2) See response to DBP/USPS-62(m)(2).

3) See response to DBP/USPS-62(m)(3).

4) See response to DBP/USPS-62(m)(1).

5) Assuming the same cost in USPS LR H-107, see response to DBP/USPS-62(m)(2).

6) Assuming the same cost in USPS LR H-107, see response to DBP/USPS-62(m)(3).

o) 1) See response to DBP/USPS-62(m)(1).

2) See response to DBP/USPS-62(m)(2).

3) 95 percent

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DBP/USPS-62 Continued

o) Continued

4) See response to DBP/USPS-62(m)(1).

5) Assuming the same cost as presented in USPS LR H-107, see USPS LR H-107, page 55

6) Assuming the same cost as presented in USPS LR H-107, 91 percent.

p) The answers to these subparts were answered going under the assumption that you were referring to a plain box of 500 regular stamped 10 inch size envelopes:

1) See response to DBP/USPS-62(m)(1).

2) See response to DBP/USPS-62(m)(2).

3) 101 percent

4) See response to DBP/USPS-62(m)(1).

5) See response to DPB/USPS-62(o)(5)

6) Assuming the same cost as presented in USPS LR H-107, 105 percent.

q) 1) See USPS-T-32.

2) See Exhibits USPS-30A&B.

3) See response to DBP/USPS-62(q)(2).

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DBP/USPS-62 Continued

q) Continued

4) See response to DBP/USPS-62(q)(1).

5) See response to DBP/USPS-62(q)(2).

6) See response to DBP/USPS-62(q)(2).

r) 1) See response to DBP/USPS-62(q)(1).

2) See response to DBP/USPS-62(q)(2).

3) See response to DBP/USPS-62(q)(2).

4) See response to DBP/USPS-62(q)(1).

5) See response to DBP/USPS-62(q)(2).

6) See response to DBP/USPS-62(q)(2).

s) 1) See USPS-T-39, page 87, Table 15.

2) See USPS-T-39, WP-17, page 4, column 3.

3) See USPS-T-39, WP-17, page 4, column 5.

4) See response to DBP/USPS-62(s)(1).

5) Assuming the same cost as presented in USPS LR H-107, see response to DBP/USPS-62(s)(2).

6) Not applicable, since there is presently no fee revenue.

DECLARATION

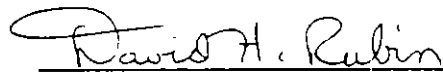
I, Susan W. Needham, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Susan W. Needham

Dated: OCTOBER 2, 1997

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
October 2, 1997