

# DOCKET SECTION

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

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OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF  
NIAGARA TELEPHONE COMPANY  
(NTC/USPS-T6-2-5)

The United States Postal Service hereby provides responses to the following interrogatories of Niagara Telephone Company: NTC/USPS-T6-2-5, filed on October 1, 1997.

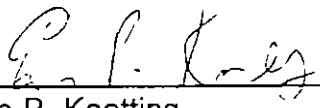
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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October 15, 1997

RESPONSE OF THE UNITED STATES POSTAL SERVICE  
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NTC/USPS-T6-2

The response to NTC/USPS-T6-1 was an institutional response. Please identify the person or persons responsible for preparation of the response to NTC/USPS-T6-1. Moreover, please identify the person or persons responsible for preparing the responses to the interrogatories contained in the instant follow-up interrogatory response.

RESPONSE:

The initial interrogatory crossed functional lines, and therefore could not be answered by any one individual. Personnel from Operations prepared the response, but had to consult with the Law Department and Marketing with regard to what may or may not have been considered for inclusion in the rate case. The date requested in number 3 will be provided by Operations. Number 4 calls for a legal conclusion, and the response will therefore come from the Law Department. Number 5 has been assigned to the Marketing Department, as the only clue given in the question as to how the Postal Service could begin to respond leads in that direction.

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NTC/USPS-T6-3: The USPS's response to NTC/USPS-T6-1 indicates that "All Post Offices are required to have a lobby drop for local mail. The specific rules concerning the establishment of these drops, as well as their purpose, are located in section 312 of the Postal Operations Manual which was filed in Docket No. MC 96-3 as USPS LR-SSR-161." In the USPS's November 6, 1995 Initial Brief of the United States Postal Service in Docket No. 95-1, at 415, the USPS argued that Niagara Telephone Company "did not define how the term "local" should be defined for purposes of administering the discount."

Please indicate when "all Post Offices" were required to implement "a lobby drop for local mail." That is, on what date did the USPS adopt section 312, or a predecessor regulation, which defined, described and required "a lobby drop for local mail."

**RESPONSE**

As indicated in the Postal Service's response to NTC/USPS-T6-1, the specific reference in section 312 of the Postal Operations Manual concerns provisions for a local postmark. Specifically, section 312.2 states: "At every post office, including classified stations and branches, a lobby drop must be provided for the deposit of mail for which the local postmark is desired. These lobby drops must be specifically identified for that purpose." This provision does not specify that the mail must be addressed for delivery within the delivery area of the office in which the drop is located, but only that a local postmark be provided. Provisions for a local postmark have been in existence since the Postal Service began to consolidate outgoing (and incoming) processing and distribution responsibilities under the Area Mail Processing (AMP) concept which was implemented in the early 1970's. The earliest reference found was in a Postal Service Manual transmittal letter TL-8, dated December 31, 1976, Issue 116 (attached).

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The earliest reference to local delivery collection boxes was found in a Postal Service Manual transmittal letter TL-2, dated November 18, 1974, Issue 90 (attached).

## .52 TYPE OF COLLECTION AND BOXES

## .521 Local Delivery

- a. *Identification.* These boxes must be clearly marked *LOCAL DELIVERY* (Label 162) and must show sufficient information so that customers will know what constitutes local delivery in the particular area where that box is located. This normally means all ZIP Code areas delivered by the origin post office.
- b. *Location.* Separate designated boxes will be provided at city delivery offices where the collections are taken to an area mail processing center for distribution. The minimum requirement for the location of these boxes is at the main office, classified stations and branches and SSPCs.
- c. *Number of Boxes.* Local management must decide where there is a need for this type service in addition to those boxes located at the main office, classified stations, classified branches and SSPCs.
- d. *Collection Schedules.* Since these boxes will be located in clusters with other type collection boxes, the schedule times should be as shown on the adjacent boxes. These collection times should be augmented as necessary to assure that local mail deposited in these boxes will receive next day delivery service.

## .522 Airmail (White Top)

- a. *Location.* Where published service commitments require, or volume warrants, these boxes should be located in front of main offices, classified stations, classified branches, SSPCs, business areas and or main thoroughfares, and should be in a cluster with other type boxes.
- b. *Number of Boxes.* Local management must decide where the volume of airmail justifies the placement of this type box. The purpose of these boxes is to divert mail from the general mail stream to assure that national service standards designated by the origin office are met.
- c. *Collection Schedules*
  - (1) *Monday through Saturday.* Schedule at least one collection at 4 p.m. or later (5 p.m. or later at those offices in the 5 p.m. Airmail Improvement Program) ; however, scheduled collections should be made whenever a box adjacent thereto is collected.
  - (2) *Sunday and National Holidays.* Schedule at least once a day as late as possible to assure that the mail will connect with dispatches of value to meet established standards.

## .523 Two Star

- a. *Location.* They will be located at those offices where processing, either incoming or outgoing, is scheduled at the central processing plant during these evening hours or where the office has a late evening dispatch to the area processing plant. These boxes will be located in front of main offices, classified stations, classified branches, SSPCs, and may be located where needed in business areas or main thoroughfares.
- b. *Number of Boxes.* Local management must decide where the volume of mail justifies the placement of this type box in addition to those located at postal units.
- c. *Collection Schedules*
  - (1) *Monday through Friday.* Schedule as many collections as necessary with one collection shortly after 5:00 p.m. and the last collection scheduled between 6:30 p.m. and 8:00 p.m. Schedules should provide a late evening deposit point for interested customers to assure next day delivery within the local area service plan.

orders, daily reports, etc., is also a prime factor. In residential areas, if collection boxes are about  $\frac{1}{2}$  to 1 mile apart the density of these boxes is generally considered adequate. In business section, install boxes where greatest mail volume will be generated and where it will be convenient to greatest number of business places.

**.538 Boxes at Postal Units**

Provide a regulation collection box at all first-, second-, and third-class post offices and at all classified stations, branches and self service postal centers. Boxes should also be provided at contract stations and branches. At fourth-class offices where a letter box is not supplied, provide a slot in the outer post office door. See 243.2.

**.539 Small Offices and Airports**

At small offices not having Saturday afternoon, holiday, or Sunday collection service, the Regional Postmaster General may authorize service from nearby offices. Consider star route contractors or mail messengers for making collections from the box in front of small offices or at airports not provided collection service. When a holiday falls on a Monday, a collection must be made from all collection boxes on either Sunday or the Monday holiday. See 352.525 c(2).

**.54 LOCAL POSTMARKS**

At every post office, including classified stations and branches, a lobby drop must be provided for the deposit of mail for which the local postmark is desired. These lobby drops must be specifically identified for that purpose. The local postmark must be made available in every community having a post office. There will be no exceptions to this policy.

**.55 COLLECTION TESTS**

Conduct tests at least once each quarter at all city delivery offices. Use plastic collection test card (Label 161) and Form 3702, *Record of Test Mailing* (collections and special test mailings). Administer collection tests in accordance with procedures outlined in Chapter 1, Methods Handbook M-39, *Management of Delivery Services*.

**352.6 CARRIER DUTIES**

Employees will perform duties as outlined in Methods Handbook, Series M-41, *City Delivery Carrier's Duties and Responsibilities*.

**352.7 SUPERVISION**

Procedures covering supervision of city delivery service are outlined in Methods Handbook, M-39. Supervisors must arrange for carriers to receive and account daily for registered, COD, certified, postage-due, and customs mail. Make these transactions at the carriers' cases, if practicable, but if not make them at a window conveniently located for the carriers.

**352.8 ANNUAL REPORT**

Prepare Form 4028, *City Delivery Statistics*, at end of the postal fiscal year and submit to the Regional Postmaster General.

**352.9 CHANGE OF ADDRESS ORDERS**

Encourage customers to file a change of address order prior to a temporary absence or permanent removal. If removal is permanent, furnish them Notice 8A, *Change of Address Kit*, which contains the necessary forms for normal needs. Obtain the completed Form 3575 at that time, whenever practicable.

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NTC/USPS-T6-4. The USPS responded that "the primary reason that local offices implement these kind of 'local drops' is service as opposed to cost savings and/or gains in efficiencies."

Please discuss the rationale which supports the USPS' position that the USPS may provide services without consideration of the underlying costs and, more precisely, cost avoidance of the local drop service.

RESPONSE:

It is the position of the Postal Service that it may provide domestic postal services consistent with the rates and classifications recommended by the Commission and approved by the Governors, or, in limited circumstances, as modified by the Governors. The status quo is that neither rates nor classifications have been recommended by the Commission and approved by the Governors relating to "local drop service" for First-Class Mail. Any rationale to justify a departure from the status quo would have to be provided by the proponent of such a change.

**UNITED STATES POSTAL SERVICE RESPONSE TO INTERROGATORIES  
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**NTC/USPS-T6-5**

The USPS' response to NTC/USPS-T6-1 states that "the Postal Service has not conducted any studies or experiments concerning cost savings or efficiencies realized through the implementation of 'Local Only' mail depositories." After speaking with a person in the USPS' marketing department, it is Niagara Telephone Company's understanding that the USPS is currently implementing an experimental program in the Philadelphia, PA area called "Neighborhood Mail," the "Southeast Pennsylvania Marketing Test," or something similar. It is Niagara Telephone Company's understanding that "Neighborhood Mail" is a local mail service priced at \$0.18 for the first ounce.

- a) Please indicate whether there is a discounted local mail service currently being marketed in the Philadelphia area or whether a discounted local mail service was previously utilized in Philadelphia area.
- b) If the USPS is utilizing, or has utilized a discounted local mail service in the Philadelphia area, please describe whether discounted local mail service provided in Philadelphia is, or was, an evaluation program to test the service. Otherwise, indicate that the discounted local mail service is, or was, a permanent mail service which is, or was, peculiar to the Philadelphia, PA area because Philadelphia is the only city in the United States which qualifies to receive such service. Please describe the circumstances which caused the Philadelphia area to be entitled to this service while other communities are not entitled to such service.
- c) Please explain the mailing procedures involved in the "Neighborhood Mail" program, that is, please describe such things as the prices and classes of mail utilized for the service, where the mailer deposits the mail, any mailing procedures which differ from First-Class mailing procedures, the USPS' processing routine for the mail, and where the mail is delivered. Please identify whether this experiment has resulted in any reports and provide us with copies of any such reports.
- d) Please explain the methodology, and identify the associated cost factors, underlying the determination of the prices associated with the "Neighborhood Mail."
- e) Please explain why this experimental program was not disclosed in the USPS's response to NTC/USPS-T6-1.



**UNITED STATES POSTAL SERVICE RESPONSE TO INTERROGATORIES  
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**RESPONSE:**

(a), (b), and (e): After querying both headquarters and field marketing managers in southeastern Pennsylvania, the Postal Service has not been able to identify any program that corresponds to that described in this interrogatory, neither a discounted local rate, nor an experimental program in the Philadelphia area, nor anything called the "Southeast Pennsylvania Marketing Test." The only \$0.18 rate identified is that for presorted First-Class post cards; this is a national rate.

(c)-(d) Neighborhood Mail, which was announced in the fall of 1995 but never actually tested, would have used existing rates for third-class destination delivery-unit-entered, saturation walk-sequenced mail.

# 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.

  
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475 L'Enfant Plaza West, S.W.  
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October 15, 1997