

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MITCHUM  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE  
(OCA/USPS-T40-64-72 and 75-87)

The United States Postal Service hereby provides the responses of witness Mitchum to the above-listed interrogatories of the Office of the Consumer Advocate, filed on July 14, 2006. Responses to interrogatories OCA/USPS-T40-73 and 74 are still being prepared.

Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSE OF POSTAL SERVICE WITNESS MITCHUM  
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/USPS-T40-64.** As recently as March 23, 2004, Postmaster General Potter testified (Testimony of John E. Potter Before a Joint Hearing of the Committee on Government Reform, U.S. House of Representatives, and the Committee on Governmental affairs, U.S. Senate) that:

To increase use of our traditional products, we are using technology to add value to the mail through the development of new features and services. Our Confirm service – one of the first of our Intelligent Mail initiatives – provides the Postal Service and mailers with a rich stream of information about mail as it moves through our system. It helps the Postal Service improve processing efficiency and helps mailers better achieve their business objectives.

- a. Do you agree with General Potter's testimony that Confirm provides the Postal Service with a rich stream of information? If not, explain fully.
- b. Do you agree with General Potter's testimony that Confirm helps the Postal Service improve processing efficiency? If not, explain fully.
- c. Doesn't the proposal to abandon the requirement to provide prior electronic notice of entering the mail (USPS-T-40 at 21) make the "stream of information" less rich in that it will not be possible to determine delivery times for Confirm pieces that have not provided "start the clock" information? Please explain fully any response other than an unqualified "yes."
- d. Doesn't the proposal to abandon the requirement to provide prior electronic notice of entering the mail (USPS-T-40 at 21) diminish the Postal Service's ability to assess and improve processing efficiency in that it will not be possible to determine delivery times for Confirm pieces that have not provided "start the clock" information? Please explain fully any response other than an unqualified "yes."
- e. Please refer to your response to interrogatory MMA/USPS-T40-1. Don't price changes ranging up to nearly 2000% undermine the goals outlined in General Potter's testimony with respect to using Confirm to develop a rich stream of information and to improve processing efficiency? Please explain fully any response other than an unqualified "yes."

**RESPONSE:**

a-b. I agree that when the Postal Service seeds the mail with PLANET Codes, the data generated can be classified as a rich stream of information, and that the information helps the Postal Service improve processing efficiency.

c-d. No, as noted in my response to OCA/USPS-T40-20, the Postal Service does not use customer scan data for its purposes and as such does not utilize the information provided in the pre-shipment notification.

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e. See my response to parts c and d. As noted in my response to MMA/USPS-T40-1(d-e), no Confirm user has used even 1 billion scans, which would only be a 142 percent increase in fees, which I do not consider to be nearly 2,000 percent. As my response to MMA/USPS-T40-2 states, the total revenue increase resulting from my proposed pricing is 49 percent, which I also do not consider to be nearly 2,000 percent. Additionally, in my response to OCA/USPS-T40-57 I note that 29 of the 45 Platinum level Confirm Subscribers would be paying less under my proposal than they are paying under the existing pricing structure, not a price increase of 2,000 percent.

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**OCA/USPS-T40-65.** In the August 30, 2001, issue of *USPS Newslink Online*, the following statement is made:

Confirm is made possible with PLANET Code technology. PLANET Codes identify the sender of a mailpiece and allow for the storage of other information on barcodes that are placed directly onto the mailpiece.

\* \* \* \* \*

The fact that USPS gets a service performance measurement tool is a bonus that will help USPS improve service and grow revenue.

- a. Do you agree with the statement that Confirm is a service performance measurement tool? If not, explain fully.
- b. Do you agree that Confirm can help USPS improve service? If not, explain fully.
- c. Doesn't the proposal to abandon the requirement to provide prior electronic notice of entering the mail (USPS-T-40 at 21) undermine the use of Confirm as a service performance measurement tool in that it will not be possible to determine delivery times for Confirm pieces that have not provided "start the clock" information? Please explain fully any response other than an unqualified "yes."
- d. Doesn't the proposal to abandon the requirement to provide prior electronic notice of entering the mail (USPS-T-40 at 21) diminish the Postal Service's ability to improve service in that it will not be possible to determine delivery times for Confirm pieces that have not provided "start the clock" information? Please explain fully any response other than an unqualified "yes."

**RESPONSE:**

- a. No, see my response to OCA/USPS-T40-20.
- b. Data received from the use of PLANET Codes in the seeding program can be used to improve processing efficiency by allowing the Postal Service to identify problem areas.
- c-d. See my response to OCA/USPS-T40-64(c-d).

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**OCA/USPS-T40-66.** In the Postal Service's *Strategic Transformation Plan 2006-2010*, issued less than a year ago (i.e., September 2005), at 56, the benefits of Confirm are touted:

Much of the success in end-to-end service performance resulted from the Postal Services' ability to make the most of advances in information technology. In addition to independent measurement systems, data from the passive scanning of mail containing Delivery Confirmation, CONFIRM, and Indicia Based Information (IBI), helped to pinpoint quality problems and improve service across all product lines.

- a. Do you agree with these statements? If not, explain fully.
- b. If you agree that Confirm in its present form had a role in improving end-to-end service performance, pinpointing quality problems, and improving service across product lines, then what is the rationale for abandoning preshipment notification and proposing scan-fee increases of nearly 2000%?

**RESPONSE:**

- a. Yes.
- b. See my responses to OCA/USPS-T40-64(c-d and e).

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**OCA/USPS-T40-67.** *Postal Bulletin* Issue No. 22119, January 8, 2004, at 4, contains the following announcement:

**CONFIRM ON SCHEDULE: Internal “seeding” begins Jan. 10**

If you can measure something, you can find a way to make it better. The “something” in this case is mail processing performance. And the measuring device is Confirm. Confirm allows business mailers to track their mailings through each stage of processing. USPS also can use it as a tool to measure and improve performance.

\* \* \* \* \*

Mandatory internal seeding of Confirm pieces begins Jan. 10.

- a. Do you agree with the notion that when service performance is measured, it is likely to lead to improvements? If not, explain fully.
- b. Isn't it correct, as is stated in the quote above, that Confirm can be used as a tool to measure and improve performance? Please explain fully any answer other than an unqualified “yes.”
- c. Please provide complete results from the mandatory internal seeding of Confirm that began on January 10, 2004 (as stated above).
- d. Please explain the purpose of the mandatory internal seeding program and how it is operated and administered.
- e. Who views the results of the seeding program? (Name all positions)
- f. How are the results of the seeding program used?

**RESPONSE:**

- a. I do not disagree with the general concept express in the Postal Bulletin.
- b. Yes, Confirm can be used to measure processing efficiency, and the resulting data can be used to improve performance.
- c. We are unable to give complete results from the mandatory internal seeding that began on January 10, 2004 because each site performed tests designed to meet its specific needs. As a result, only the person conducting the test would know how to interpret the test results.
- d. The purpose of the mandatory internal seeding program is to provide diagnostic information on First-Class Mail operational performance. Each Plant identifies a set of 3-digit destinations that it wishes to subject to analysis. Mail pieces are selected from certain points in mail processing operations, PLANET code labels are applied to those

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mailpieces, and they are re-introduced into the mail stream, where scanning takes place. Scan results are then reviewed.

e. The data are viewed by those people that are responsible for conducting, designing and evaluating the data. As such the positions that would be involved would vary greatly among the various test locations.

f. The seeding results are used by postal operations to identify points in the mail flow that are experiencing delays that could impact service performance. For letter mail, scan data are available up to the last automated mail processing operation prior to delivery. By analyzing the sequence of operations that a piece travels through and the elapsed time between operations, the Postal Service is able to identify potential sources of delays in mail performance. If further analysis is able to confirm the root cause of a delay, operational changes are instituted to correct the problems.

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**OCA/USPS-T40-68.** *Postal Bulletin* Issue No. 22094, January 23, 2003, at 22, describes the Friend-to-Friend (FTF) program. According to the *Bulletin*, commercial customers mail FTF pieces as First-Class Mail. Customers are required to apply PLANET codes to each piece, which is then scanned under the Confirm system. Please provide performance delivery times for all FTF pieces since inauguration of the program.

**RESPONSE:**

In this instance, the PLANET code was used to determine usage and volumes during the operations test; it was not used to measure "performance delivery times" and no such measures exist.

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**OCA/USPS-T40-69.** *Postal Bulletin* Issue No. 22084, September 5, 2002, at 9, describes the USPS Micropayment Service. According to the Bulletin, customers mail First-Class Mail courtesy reply cards. Customers are required to apply PLANET codes to each piece. Please provide performance delivery times for all Micropayment cards since inauguration of the program.

**RESPONSE:**

In this instance, the PLANET code was used to determine who the test customer was, and to measure usage and volume; it was not used to measure "performance delivery times" and no such measures exist.

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**OCA/USPS-T40-70.** Please refer to your testimony at page 28. You state that “[t]he value of service for insurance customers is very high.”

- a. Do you agree that ease/difficulty of filing a claim is an important element of the value of service? If you do not agree, explain in full.
- b. Please describe all steps performed by postal employees in submitting an insurance claim, starting with (1) the activities that take place at a retail office, (2) continuing through the transmission of the insurance claim form to the St. Louis Accounting Service Center (ASC), (3) through the actions taken at the ASC, (4) through communication with the claimant who filed the claim.
- c. Is it correct that insurance claim forms are generally filled out at a retail window by a clerk? If this is not correct, then please provide an accurate description.
- d. Is it correct that the claim form is sent to the ASC for processing and a decision on whether to pay the claim? If this is not correct, then please provide an accurate description.
- e. Is it fair to say that most claimants are not trained on how forms should be filled out correctly and, therefore, depend on a clerk to fill out the form correctly? If you disagree, explain fully.
- f. Is it correct that claimants depend on clerks to send the claim form to the ASC with correct postage, an accurate address, and in a timely manner? If this is not correct, then please provide an accurate description.
- g. Please describe the Postal Service’s system for making sure that clerks fill out the forms correctly, address them accurately, and dispatch them in a timely manner.
- h. How many appeals are permitted on a Postal Service decision to deny a claim or reduce the insured amount in indemnifying the claimant?
- i. How much information are claimants given on the reasons for denying the claim or reducing the amount claimed?
- j. What channels are available to claimants to contact the ASC agent who is processing the claim to determine (1) status, (2) provide additional information, or (3) challenge inaccurate statements in the letter deciding the claim? As part of this answer, specifically address whether an agent can be reached by telephone and provide the telephone number.

**RESPONSE:**

a. Yes.

b.

(1) Activities at a retail office:

Customer – Retrieve Form 1000 from web page or the local Post Office. Complete section A and give the form to the Sales and Service Associate (SSA). The SSA reviews section A for completeness and verifies the supporting documentation for

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insurance coverage, value of the item, etc. If the claim is for damage, the SSA examines the article and container for evidence of damage, Once everything is verified, the SSA completes section B filling in all pertinent information, including the reason for the claim, service category, loss or damage, etc. Once the form is completed a copy is given to the customer.

(2) Claims forms are mailed daily to the Accounting Service Center (ASC) for processing.

(3) The claim is received by the ACS, reviewed for completeness, and sent to contractor for data entry. The contractor keys the information from the form and uploads the data to the CCRS system for processing. The system evaluates the claim and if the claim is determined to be valid, payment of the claim is initiated. If the claim form is incomplete, correspondence is sent requesting additional information from the customer or the local Post Office. If the system was incapable of determining the validity of the claim, it is reviewed more completely by the ASC.

(4) A letter will be sent if any documentation is needed or the claim is denied. Checks are mailed if the claim is paid with a statement describing the payment.

c. Yes, section A is completed by the customer, and section B is completed by the SSA.

d. Yes, except for unnumbered insurance.

e. Yes, but the Form 1000 took into consideration many concerns identified through feedback received from customers, so customers can easily respond to the questions on the form without assistance.

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- f. Yes, the acceptance clerk is tasked with the responsibility of verifying the customer's entries for accuracy in Section A against the information presented (for example, the mailing receipt if the article is lost or the wrapper information if the claim is damage). The Postal Service instructions sheet specifically state all claim forms should be sent to the ASC daily.
- g. Instructions to complete claim form 1000 are printed on the reverse side of the form. These instructions are written to assist clerks in the performance of this task.
- h. Two. The first appeal is conducted at the ASC, and the second appeal is conducted at Headquarters.
- i. Claimants are given specific information as to why the claim was denied, including their appeal rights.
- j. Claimants may inquire through the Accounting Help Desk (AHD) or in writing on the status of a claim. If the AHD cannot provide an answer, the call is escalated to the Claims section to assist the customer. If the customer is unavailable at the time of the return call, the customer is left a name and phone number to contact the person handling the call.

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**OCA/USPS-T40-71.** What targets or performance objectives (including metric measures) has the Postal Service established for Insurance for the following:

- a. Time for processing an insurance claim, as measured from the time an insurance claim form is submitted until the time that a decision letter is issued and sent to the claimant?
- b. Time for issuing a decision on an appeal from the St. Louis Accounting Service Center (ASC), as measured from the time the appeal is submitted until the time that a decision letter is issued and sent to the claimant?
- c. Time for issuing a decision from the USPS Consumer Advocate, as measured from the time an appeal is submitted until the time that a decision letter is issued and sent to the claimant?
- d. Time that an insurance claim form is held at the retail office where the claim is filed, as measured from the time the form is completed at the window until the time that the form is sent to the ASC?
- e. Number of complaints per number of Insurance claims?
- f. Any other objectives (including revenue objectives) for Insurance?
- g. For parts a. – f. above, provide any data on how well the Postal Service is meeting its established targets and objectives? If data are unavailable, provide a verbal statement on how well the Postal Service is doing on meeting its targets and objectives.

**RESPONSE:**

- a. Since the ASC relies on the local Post Office, a proper completed form should be processed within 10 working days once it has been entered into the CCRS system.
- b. The customer should expect to receive a response within 30 days of receipt of the appeal.
- c. 2<sup>nd</sup> level appeals – measurement of cycle time - target for FY2006 is an average of 19 days.
- d. The claims are sent to the ASC on a daily basis.
- e. See the Postal Service's response to OCA/USPS-16.
- f. I am not aware of any other targets or performance objectives with regard to insurance.

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- g. a. The average time for processing a properly completed claim as measured from the time a claim is submitted at the retail window until a claim decision is issued is 10 days.
- b. Decisions on appeals: 30 days
- c. 2<sup>nd</sup> level appeals - the Postal Service is currently meeting the target.
- d-f. The Postal Service is making incremental improvements to improve the Insurance product and the Insurance claims process.

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**OCA/USPS-T40-72.** What class of mail is used to send an insurance claim form from the facility where the claim is submitted to the St. Louis Accounting Service Center (ASC)? Must postage be applied to such a mailpiece?

**RESPONSE:**

The Postal Service submits the claim via First-Class Mail.

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**OCA/USPS-T40-75.** For FY 2005, how many insurance transactions were made?

- a. How many insurance claims were made?
- b. How many claims were paid in full?
- c. How many claims were paid in part?
- d. How many claims were denied?
- e. How many claims were denied in the St. Louis Accounting Service Center's (ASC) first decision?
- f. How many claims were denied on an appeal to the ASC?
- g. How many claims were denied on an appeal to the USPS Consumer Advocate?
- h. How many claims were left unresolved?
- i. What was the average length of time for the issuance of the ASC's first decisions? For all first decisions, provide the distribution of the number of decisions by length of time for issuance. Use 2-week time periods for the distribution.
- j. What was the average length of time for the issuance of ASC appeal decisions? For all ASC appeal decisions, provide the distribution of the number of decisions by length of time for issuance. Use 2-week time periods for the distribution.
- k. What was the average length of time for the issuance of USPS Consumer Advocate appeal decisions? For all Consumer Advocate decisions, provide the distribution of the number of decisions by length of time for issuance. Use 2-week time periods for the distribution.
- l. Provide the 15 most numerous reasons for denying insurance claims, in order of frequency.
- m. Provide the 15 most numerous types of complaints, in order of frequency.

**RESPONSE:**

There were 51,565,327 insurance transactions in FY 2005.

- a. 198,933 claims were filed.
- b-c. There are no statistics distinguishing fully paid claims from partially paid claims.
- d. 31,169 claims were denied.
- e. 29,886 claims were denied by the ASC.
- f. 1,085 1<sup>st</sup> appeals were denied by the ASC.
- g. The Consumer Advocate denied 199 2<sup>nd</sup> appeals.
- h. Due to the manner in which the data are stored it is not possible to identify the number of unresolved claims.

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- i. See the response to OCA/USPS-T40-71(g). Due to the manner in which the data are stored it is not possible to provide the distribution of the number of first decisions by length of time for issuance.
- j. See the response to OCA/USPS-T40-71(g). Due to the manner in which the data are stored it is not possible to provide the distribution of the number of appeal decisions by length of time for issuance.
- k. Data are available in monthly rather than two week time periods. Second level appeals have an average cycle time of 17 days.

Oct	13
Nov	7
Dec	14
Jan	16
Feb	14
Mar	19
Apr	24
May	21
Jun	24
Jul	23
Aug	18
Sep	15
Avg	17

- l. Reasons for denying claim:
  - 1. Proof of delivery provided
  - 2. Exceeded maximum filing tolerance
  - 3. Locally Adjudicated
  - 4. Damage not caused by Post Office
  - 5. Article purchase dates are after mailing date
  - 6. Delivery confirmation indicates no insurance for the article
  - 7. Online insurance fee refunded

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8. Article not mailable according to USPS guidelines
  9. Package resides at MRC
  10. First appeal denied
  11. Second appeal denied
  12. Response tolerance exceeded
  13. Denied for delivery delayed
  14. Article not shown to local Post Office
  15. No insurance purchased
- m. See the Postal Service's response to OCA/USPS-16.

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**OCA/USPS-T40-76.** For FY 2006 (Q1, Q2, and Q3), how many insurance transactions were made?

- a. How many insurance claims were made?
- b. How many claims were paid in full?
- c. How many claims were paid in part?
- d. How many claims were denied?
- e. How many claims were denied in the St. Louis Accounting Service Center's (ASC) first decision?
- f. How many claims were denied on an appeal to the ASC?
- g. How many claims were denied on an appeal to the USPS Consumer Advocate?
- h. How many claims were left unresolved?
- i. What was the average length of time for the issuance of the ASC's first decisions? For all first decisions, provide the distribution of the number of decisions by length of time for issuance. Use 2-week time periods for the distribution.
- j. What was the average length of time for the issuance of the ASC appeal decisions? For all ASC appeal decisions, provide the distribution of the number of decisions by length of time for issuance. Use 2-week time periods for the distribution.
- k. What was the average length of time for the issuance of USPS Consumer Advocate appeal decisions? For all Consumer Advocate decisions, provide the distribution of the number of decisions by length of time for issuance. Use 2-week time periods for the distribution.
- l. Provide the 15 most numerous reasons for denying insurance claims, in order of frequency.
- m. Provide the 15 most numerous types of complaints, in order of frequency.

**RESPONSE:**

At this time the data are only available for the first 2 quarters:

Q1 16,154,000

Q2 12,361,000

- a. 129,249 claims were filed.
- b-c. There are no statistics distinguishing fully paid claims from partially paid claims.
- d. 28,500 claims were denied.
- e. 28,416 claims were denied by the ASC.
- f. 858 1<sup>st</sup> appeals were denied by the ASC.
- g. The Consumer Advocate denied 84 second appeals.

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- h. Due to the manner in which the data are stored it is not possible to identify the number of unresolved claims.
- i. See the response to OCA/USPS-T40-71(g). Due to the manner in which the data are stored it is not possible to provide the distribution of the number of first decisions by length of time for issuance.
- j. See the response to OCA/USPS-T40-71(g). Due to the manner in which the data are stored it is not possible to provide the distribution of the number of appeal decisions by length of time for issuance.
- k. Data are available in monthly rather than two week time periods. Second level appeals have an average cycle time of 19.5 days.

Oct	21
Nov	21
Dec	21
Jan	19
Feb	20
Mar	21
Apr	18
May	19
Jun	17
Avg	20

- l. Reasons for denying claim:
  - 1. Proof of delivery provided
  - 2. Exceeded maximum filing tolerance
  - 3. Locally Adjudicated
  - 4. Damage not caused by Post Office
  - 5. Article purchase dates are after mailing date
  - 6. Delivery confirmation indicates no insurance for the article

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7. Online insurance fee refunded
  8. Article not mailable according to USPS guidelines
  9. Package resides at MRC
  10. First appeal denied
  11. Second appeal denied
  12. Response tolerance exceeded
  13. Denied for delivery delayed
  14. Article not shown to local Post Office
  15. No insurance purchased
- m. See the Postal Service's response to OCA/USPS-16.

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**OCA/USPS-T40-77.** Please provide as a library reference the 500 most recent Insurance complaints submitted to the Postal Service, in any format available.

**RESPONSE:**

This information is not available, because records of complaints are not identified by special service.

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- OCA/USPS-T40-78.** a. What percentage of insurance revenues were paid as indemnification in FY2005? (Show all calculations).
- b. What percentage of insurance revenues were paid as indemnification in FY2006 (Q1, Q2, and Q3)? (Show all calculations).

**RESPONSE:**

a. In FY 2005, 15.5 percent of all insurance revenue was paid out as indemnities (total indemnities of \$19,079,000 divided by total revenues of \$122,878,158). Total indemnity payout for a fiscal year does not represent the claims filed in the fiscal year; it represents the amount of the claims paid during the fiscal year. Under the Commission's established fee design approach, insurance fees are set not just to cover indemnity costs but also to cover all other costs associated with the Insurance product, such as window and delivery costs. Given that only 17 percent of all costs are associated with the indemnity, a payout rate of 15.5 percent of total *revenue* shows that the Postal Service is not attempting to garner excess contribution from the indemnity portion of the service, especially considering that this product had a very low cost coverage of 112 percent in FY 2005.

Additionally, as noted in my testimony this is a labor intensive product:

I would note that the insurance product offered by the Postal Service is very labor intensive, including both window clerk and carrier costs. Most items mailed with insurance are presented at the window and require the clerk to interact with the customer. The indemnity portion of the costs is often less than the costs associated with the clerk or the carrier.

b. In the first 2 quarters of FY 2006, 15.6 percent of all insurance revenue was paid out as indemnities (total indemnities of \$11,086,000 were divided by total revenues of \$71,065,000). Total indemnity payout for a fiscal year does not represent the claims filed in the fiscal year; it represents the amount of the claims paid during the fiscal year.

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**OCA/USPS-T40-79.** *Postal Bulletin* Issue No. 22127, April 29, 2004, at 36, sets forth new rules and procedures for filing and processing Indemnity Claims. They were made effective May 1, 2004.

- a. Please provide the total number of complaints about Insurance for the following 1-year periods: May 1, 2002 – April 30, 2003; May 1, 2003 – April 30, 2004; May 1, 2004 – April 30, 2005; and May 1, 2005 – April 30, 2006.
  - b. For the same time periods as in part a., provide the total number of claims filed.
- Note: Information sought in parts a. and b. is for the purpose of seeing whether the May 1, 2004, procedures improved the processing of Insurance claims.

**RESPONSE:**

a. See the Postal Service's response to OCA/USPS-16.

b. Claims filed:

May 1, 02 – April 30, 03 – The claims system was implemented in September of 2003, so data for this period are incomplete.

May 1, 03 – April 30, 04 – The claims system was implemented in September of 2003, so data for this period are incomplete.

May 1, 04 – April 30, 05 – 205,038

May 1, 05 – April 30, 06 – 167,863

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**OCA/USPS-T40-80.** What printed information is given to potential purchasers of Insurance at retail counters that informs them of the documents they should retain to furnish proof of Insurance and proof of value in the event a claim must be filed?

- a. Is this a requirement for every inquiry about the purchase of insurance?
- b. Or is it at the discretion of the clerk? Explain in full.

**RESPONSE:**

If printed information about insurance were requested by a customer, Notice 122,

*Domestic Insurance Claims – Customer Quick Reference Guide* or Publication 122

*Customer Guide to Filing Domestic Insurance Claims or Registered Mail Inquiries* would

be offered. Additionally, the back of the Form 3813-P, which is readily available,

provides the time limits and procedures for filing a claim.

a-b. If a customer asks how much it will cost to mail a package with insurance, the Postal Service does not automatically provide them with a copy of Notice 122.

However, if a customer were to ask for additional information about insurance and a clerk were unable to assist the customer or the customer were to ask for something to take away, it is likely that a copy of Notice 122 or Publication 122 would be offered.

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**OCA/USPS-T40-81.** What printed information is given to potential purchasers of Insurance at retail counters that informs them of the limitations and exclusions of Insurance coverage?

- a. Is this a requirement for every inquiry about the purchase of insurance?
- b. Or is it at the discretion of the clerk? Explain in full.

**RESPONSE:**

If printed information about insurance were requested by a customer, Notice 122, *Domestic Insurance Claims – Customer Quick Reference Guide* or Publication 122 *Customer Guide to Filing Domestic Insurance Claims or Registered Mail Inquiries* would be offered. Additionally, the back of the Form 3813-P, which is readily available, provides the time limits and procedures for filing a claim.

a-b. If a customer asks how much it will cost to mail a package with insurance, the Postal Service does not automatically provide them with a copy of Notice 122.

However, if a customer were to ask for additional information about insurance and a clerk were unable to assist the customer or the customer were to ask for something to take away, it is likely that a copy of Notice 122 or Publication 122 would be offered.

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**OCA/USPS-T40-82.** What printed information is given to potential purchasers of Insurance at retail counters that informs them of the time limits and procedures for filing claims?

- a. Is this a requirement for every inquiry about the purchase of insurance?
- b. Or is it at the discretion of the clerk? Explain in full.

**RESPONSE:**

If printed information about insurance were requested by a customer, Notice 122,

*Domestic Insurance Claims – Customer Quick Reference Guide* or Publication 122

*Customer Guide to Filing Domestic Insurance Claims or Registered Mail Inquiries* would

be offered. Additionally, the back of the Form 3813-P, which is readily available,

provides the time limits and procedures for filing a claim.

a-b. If a customer asks how much it will cost to mail a package with insurance, the Postal Service does not automatically provide them with a copy of Notice 122.

However, if a customer were to ask for additional information about insurance and a clerk were unable to assist the customer or the customer were to ask for something to take away, it is likely that a copy of Notice 122 or Publication 122 would be offered.

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**OCA/USPS-T40-83.** What printed information is given to potential purchasers of Insurance at retail counters that informs them of the average length of time to resolve a claim?

- a. Is this a requirement for every inquiry about the purchase of insurance?
- b. Or is it at the discretion of the clerk? Explain in full.

**RESPONSE:**

No printed information on the average length of time to resolve a claim is provided at the retail counter.

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**OCA/USPS-T40-84.** What printed information is given to potential purchasers of Insurance at retail counters that informs them of the percentage of Insurance claims that are paid in full; the percentage of Insurance claims that are paid in part; and the percentage of Insurance claims that are denied?

- a. Is this a requirement for every inquiry about the purchase of insurance?
- b. Or is it at the discretion of the clerk? Explain in full.

**RESPONSE:**

No printed information on the percentage of Insurance claims that are paid in full; the percentage of Insurance claims that are paid in part; or the percentage of Insurance claims that are denied is provided at the retail counter.

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**OCA/USPS-85.** Please refer to Domestic Mail Manual (DMM) §609.4.3, “Nonpayable Claims.”

- a. Under §609.4.3.l., how can a potential mailer/purchaser of Insurance obtain a binding approval or certification from the Postal Service that an item is “properly wrapped?”
- b. Under §609.4.3.m., how can a potential mailer/purchaser of Insurance obtain a binding approval or certification from the Postal Service that an item is not too fragile to be carried safely in the mail, regardless of packaging?
- c. Under §609.4.3.p., how can a potential mailer/purchaser of Insurance obtain a binding approval or certification from the Postal Service that an item has been packaged so as to withstand “shock, transportation environment, or x-ray” without being damaged?
- d. What prior notice is given to potential purchasers of Insurance that items must be sturdy enough, or packaged well enough, to satisfy the requirements of §§609.4.3.l., m., and p.?
- e. Do you agree that, without binding approval or certification with respect to §§609.4.3.l., m., and p., a mailer will never have a high degree of certainty whether an Insurance claim will be paid or not? If you do not agree, then explain in full.
- f. Do you agree that, without binding approval or certification with respect to §§609.4.3.l., m., and p., a mailer may be wasting his/her money to insure an item for which a claim will not be paid at a later time? If you do not agree, then explain in full.

**RESPONSE:**

a-c. We do not provide binding approval or certification at the time Insurance is purchased. However, the Sales and Service Associate (SSA) will usually check out the package quickly to make sure there are no obvious problems with the packaging. If needed, the SSA will instruct the customer to repackage the item.

d. I am not aware of any attempt by the Postal Service to notify all potential purchasers of Insurance that items must be sturdy enough, or packaged well enough, to satisfy the requirements of §§609.4.3.l, m, and p. However the DMM is available online and the customer could ask a retail clerk about the restrictions regarding insurance.

e-f. No. The Postal Service believes that a customer ready to insure an item has a strong interest in making sure that item safely reaches the recipient. Therefore, the

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customer would be sure to properly package the item, choose an alternative means than the mail to send an item that is so fragile that it could not travel through the mailstream, and cooperate in filling out the required forms necessary to file a claim, should that be necessary. As such, I believe that such a customer would have a high likelihood of having a claim paid and would not be wasting money by buying insurance.

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**OCA/USPS-T40-86.** This interrogatory seeks information on Confirm service revenues. Please refer to USPS-LR-L-124, the spreadsheet "REV-USPS-LR-L-124\_7-3-06.XLS," worksheet tab "W-P 4 Confirm."

- a. Refer to cell G14, which shows "Gold Revenue" of \$530,750. Please confirm that the revenue figure should be \$535,500 (\$4,500 Fee \* 119 Gold Subscribers). If you do not confirm, please explain, show all calculations, and provide citations to all sources used.
- b. Refer to cell G23, which shows "Total Revenue" of \$1,159,500. Please confirm that the revenue figure should be \$1,164,250 (\$32,000 Total Silver Fees + \$535,500 Total Gold Fees + \$750 Additional Scan Fees + \$450,000 Total Platinum Fees + \$146,000 Additional IDs, Quarter). If you do not confirm, please explain, show all calculations, and provide citations to all sources used.
- c. Refer to cell W37, which shows "Total Before Rates Revenue" of \$1,018,250. Please confirm that the Before Rates revenue figure should be \$1,164,250 (\$32,000 Total Silver Fees + \$535,500 Total Gold Fees + \$750 Additional Scan Fees + \$450,000 Total Platinum Fees + \$146,000 Additional IDs, Quarter). If you do not confirm, please explain, show all calculations, and provide citations to all sources used.

**RESPONSE:**

a-b. Not confirmed. There are two separate sources of data, one for Revenue and another for Subscribers. The numbers presented in the billing determinants reflect the data that were available. The discrepancy is likely the result of Gold level subscribers buying up to the Platinum level during their subscription period.

c. Not confirmed. Please note that the total volume for additional IDs for the before rates is zero. As such the \$146,000 that you cite does not exist. See response to MMA/USPS-T40-2(e).

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**OCA/USPS-T40-87.** This interrogatory seeks information on Confirm service volumes. Please refer to USPS-LR-L-124, the spreadsheet "REV-USPS-LR-L-124\_7-3-06.XLS," worksheet tab "W-P 4 Confirm." Refer to the table entitled Special Services, Confirm, Fiscal Year 2005. Please provide the number of additional scans

- a. Please provide the number of "Additional Scans (block of 2 million)" provided to Silver Subscribers at \$500 per additional scan in Fiscal Year 2005.
- b. Please provide the number of "Additional Scans (block of 6 million)" provided to Gold Subscribers at \$750 per additional scan in Fiscal Year 2005.

**RESPONSE:**

- a. As reflected in cell M16 of the worksheet cited in the lead in to this interrogatory, there were 0 additional blocks of scans provided to Silver subscribers.
- b. As reflected in cell M19 of the worksheet cited in the lead in to this interrogatory, there was 1 additional block of scans provided to Gold subscribers.