

OFFICIAL TRANSCRIPT OF PROCEEDINGS BEFORE THE POSTAL RATE COMMISSION

In the Matter of:)
) Docket No.: R2006-1
POSTAL RATE AND FEE CHANGES, 2006)
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VOLUME #18D

Designated Written Cross Examination of United States Postal
Service Institutional

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**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO OFFICE OF THE CONSUMER ADVOCATE INTERROGATORY**

OCA/USPS-1 Please confirm that the letter attached to this interrogatory was sent to Shelley Dreifuss, Office of the Consumer Advocate, by the Postal Service's General Counsel, Mary Anne Gibbons, on June 19, 2006. Also confirm that, in the letter, (1) Ms. Gibbons describes the steps taken by the Postal Service to post Express Mail, Priority Mail, First-Class Mail, and Parcel Post service performance data at the Postal Service's website; (2) Ms. Gibbons explains that Priority Mail 3-day service comprises only three percent of retail Priority Mail and that the service standard performance reports from the Product Tracking System are not currently designed to provide such information; and (3) Ms. Gibbons indicates that the cost of reprogramming the data reporting system has been a deterrent to developing information on 3-day service. If any of these statements are not confirmed, then please explain.

RESPONSE

All four requested confirmations are hereby provided.

MARY ANNE GIBBONS
SENIOR VICE PRESIDENT, GENERAL COUNSEL



June 19, 2006

Ms. Shelley S. Dreifuss
Director
Office of the Consumer Advocate
901 New York Avenue NW, Suite 200
Washington, DC 20268-0001

Dear Ms. Dreifuss:

This concerns the status of measures being taken by the Postal Service to make available service performance data on the Postal Service's public internet web site. During Docket No. R2005-1, the Postal Service agreed to post national performance data at www.usps.com, pursuant to a partial settlement agreement with the Office of the Consumer Advocate (OCA). The letter from Postmaster General Potter to you dated July 22, 2005, specified the data that would be posted.

Thank you for meeting with me, the Postal Service's Consumer Advocate, Delores Killete, Dan Foucheaux and Michael Tidwell on April 26 to review the Postal Service's plans to implement the agreement. We were pleased to inform you that retail performance statistics would be publicly available, beginning April 28, 2006. As Mr. Potter indicated, the Postal Service is posting, for the first time, quarterly national on-time percentage data by service standard day, to the extent available, for retail First-Class Mail, Express Mail, Priority Mail, and Parcel Post. We also informed you that the Postal Service would be placing a hard-copy notice in its facilities informing the public that the performance data would be available on the internet. The information was made available as of April 28.

During our discussion, we also clarified the status of retail performance data for Priority Mail. The July 22 letter indicated that Priority Mail performance statistics would be developed from the Priority Mail End-to-End (PETE) measurement system, and would provide the percentage of Priority Mail test pieces scheduled to receive overnight service that was actually delivered overnight, and the percentage of Priority Mail test pieces scheduled to receive two-day service that was actually delivered in two days. As you know, since the agreement, the PETE measurement system has been terminated. Consistent with our understanding at the time of the settlement, we have agreed to substitute statistics developed from the Product Tracking System (PTS), which relies on data developed from the Delivery Confirmation service. Since Priority Mail is a two/three-day product, until now, we have not estimated and provided the percentage delivered overnight internally.

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We also clarified that, under PETE, only data representing performance for the first two days of Priority Mail delivery would have been available. Currently, the PTS system itself only compiles retail statistics for the first two days. Programming could be undertaken, at considerable effort and expense, to develop retail statistics for the third day. Such information, however, would have relatively limited value for operations.

Management responsible for the PTS system is currently working to evaluate whether additional volumes can be added and measured, such as parcels entered through Carrier Pick-up. If these efforts are successful, down the road, this information could potentially provide more comprehensive and useful tools for improving operations and service and in turn help the consumer. In this regard, we note that Priority Mail that is purchased at retail and has a three-day service standard represents only three percent of Priority Mail volume. The Postal Service, therefore, intends to continue with system enhancements that will provide greater access to service performance and not divert resources to develop retail Priority Mail three-day statistics from PTS. Given the circumstances, we are optimistic that this course will ultimately be most beneficial to all postal customers interested in improving service and in meaningful and useful information concerning the performance of Priority Mail generally.

If you have any questions, please do not hesitate to contact me. Again, thank you for meeting with us to discuss the implementation of this agreement.



Mary Anne Gibbons

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-2. This interrogatory seeks information on the service standards and achieved service performance for Express Mail. Please refer to the Postal Service's Request, Attachment G, page 37, quoting Commission rule 54(n), which requires identification of any "performance goals" (herein "service standards") and "achieved levels of service" (herein "achieved service performance") for the classes and subclasses of mail.

Please answer subparts a.–d., below, for 1) Express Mail as a whole; 2) the following Express Mail services (herein "services"): Custom Designed (Rate Schedule (herein "RS") 122), Next Day and 2d Day-PO to PO (RS 123), and, Next Day and 2d Day-PO to Addressee (RS 123); and, 3) any rate category, or any subset of mail or type of mail service of any of the services. Where applicable, please define any subset of mail or type of mail service of any of the services.

a. For FY 2005 and FY 2006, by quarter, please provide data from all measuring systems showing the achieved service performance. If achieved service performance data is available from more than one information system, statistical report or other data source, please provide it. Where applicable, please indicate "Not Measured" if achieved service performance data is not measured for Express Mail as a whole, any of the services, or any rate category, or any subset of mail or type of Express Mail service.

b. Please identify the information system(s), statistical report(s), or other data source(s) from which the achieved service performance data provided in response to subpart a., above, is obtained.

c. Please provide a citation to the Domestic Mail Manual (herein "DMM") for the service standard(s) applicable to the achieved service performance data provided in response subpart a., above. If no citation to the DMM is applicable, state the applicable service standard, provide a citation to the relevant source for the stated service standard, and characterize the authority of the source (i.e., regulation, Board-approved policy, press release, executive letter directive, etc.). Where applicable, for Express Mail as a whole, any of the services, or any rate category, or any subset of mail or type of Express Mail service, if there is no achieved service performance data provided in response to subpart a., above, and if there is no applicable service standard, please indicate "No Service Standard."

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

RESPONSE TO OCA/USPS-2 (continued)

d. Please explain how the achieved service performance data provided in response to subpart a., above, is statistically representative for each of the service standards being measured, as cited in subpart c., above. If the achieved service performance data provided in response to subpart a., above, is not statistically representative, please 1) explain and rank order the most important reasons why the data is not statistically representative; 2) describe any existing plans by the Postal Service, and their likely implementation in the next 1, 3 or 5 years, to develop statistically representative data on achieved service performance; and, 3) indicate "No Plans" if there are no existing plans to develop statistically representative data on achieved service performance.

e. For Express Mail as a whole, or any of the services listed above, where no achieved service performance data is provided in response to subpart a., above, please describe any existing plans by the Postal Service, and their likely implementation in the next 1, 3, or 5 years, to provide achieved service performance data responsive to Commission rule 54(n). Please indicate "No Plans" if there are no existing plans to provide achieved service performance data responsive to Commission rule 54(n).

RESPONSE:

(a) For Fiscal Year 2005, overall service performance for Express Mail, as measured by the Product Tracking System (PTS), broke down by quarters as follows:

pq1	92.50
pq2	95.40
pq3	97.07
pq4	96.45

For the first two quarters of Fiscal Year 2006, the measurements of overall service performance for Express Mail were as follows:

pq1	94.00
pq2	95.42

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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RESPONSE TO OCA/USPS-2 (continued)

- (b) The service performance data are from the Product Tracking System (PTS).
- (c) DMM section 113
- (d) PTS data are derived through the scanning of mail pieces.
- (e) The Postal Service has not finalized any such plans.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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OCA/USPS-3. This interrogatory seeks information on the service standards and achieved service performance for First-Class Mail. Please refer to the Postal Service's Request, Attachment G, page 37, quoting Commission rule 54(n), which requires identification of any "performance goals" (herein "service standards") and "achieved levels of service" (herein "achieved service performance") for the classes and subclasses of mail.

Please answer subparts a.–d., below, for 1) for First-Class Mail as a whole; 2) the following First-Class Mail subclasses (herein "subclasses"): Letters and Sealed Parcels (Rate Schedule (herein "RS") 221), Cards (RS 222), and Priority Mail (RS 223); and , 3) any rate category, or a subset of mail or type of mail service of any of the subclasses. Where applicable, please define any subset of mail or type of mail service of any of the subclasses.

a. For FY 2005 and FY 2006, by quarter, please provide data from all measuring systems showing the achieved service performance. If achieved service performance data is available from more than one information system, statistical report or other data source, please provide it. Where applicable, please indicate "Not Measured" if achieved service performance data is not measured for First-Class Mail as a whole, any of the subclasses, or any rate category, or any subset of mail or type of First-Class Mail service.

b. Please identify the information system(s), statistical report(s), or other data source(s) from which the achieved service performance data provided in response to subpart a., above, is obtained.

c. Please provide a citation to the Domestic Mail Manual (herein "DMM") for the service standard(s) applicable to the achieved service performance data provided in response subpart a., above. If no citation to the DMM is applicable, state the applicable service standard, provide a citation to the relevant source for the stated service standard, and characterize the authority of the source (i.e., regulation, Board-approved policy, press release, executive letter directive, etc.). Where applicable, for First-Class Mail as a whole, any of the subclasses, or any rate category, or any subset of mail or type of First-Class Mail service, if there is no achieved service performance data provided in response to subpart a., above, and if there is no applicable service standard, please indicate "No Service Standard."

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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RESPONSE TO OCA/USPS-3 (continued)

d. Please explain how the achieved service performance data provided in response to subpart a., above, is statistically representative for each of the service standards being measured, as cited in subpart c., above. If the achieved service performance data provided in response to subpart a., above, is not statistically representative, please 1) explain and rank order the most important reasons why the data is not statistically representative; 2) describe any existing plans by the Postal Service, and their likely implementation in the next 1, 3 or 5 years, to develop statistically representative data on achieved service performance; and, 3) indicate "No Plans" if there are no existing plans to develop statistically representative data on achieved service performance.

e. For First-Class Mail as a whole, or any of the subclasses listed above, where no achieved service performance data is provided in response to subpart a., above, please describe any existing plans by the Postal Service, and their likely implementation in the next 1, 3, or 5 years, to provide achieved service performance data responsive to Commission rule 54(n). Please indicate "No Plans" if there are no existing plans to provide achieved service performance data responsive to Commission rule 54(n).

RESPONSE:

- (a) For Fiscal Year 2005, and the first two quarters of Fiscal Year 2006, service performance for First-Class Mail, as measured by the External First-Class (EXFC) system, broke down by quarters as follows:

	Overnight	Two Day	Three Day	Total (within 2 days)
05 pq1	94.93	90.07	85.53	90.57
05 pq2	95.09	89.77	83.17	89.57
05 pq3	95.57	91.95	90.15	92.75
05 pq4	95.21	91.49	89.90	92.36
06 pq1	94.29	87.90	82.89	88.41
06 pq2	94.91	89.31	86.25	90.25

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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RESPONSE TO OCA/USPS-3 (continued)

For Fiscal Year 2005, service performance for Priority Mail, as measured by the Priority End-to-End (PETE) system, broke down by quarters as follows:

	Overnight	Within 2-Days	Total
pq1	90.20	81.46	83.25
pq2	90.51	87.07	88.02
pq3	93.35	91.45	92.10
pq4	92.30	90.78	91.42

For the first two quarters of Fiscal Year 2006, the measurements of service performance for Priority Mail, as measured by the Product Tracking System (PTS), were as follows:

	Overnight	Within 2-Days	Total
pq1	83	74	74
pq2	87	87	87

- (b) The service performance data for First-Class Mail are from the External First-Class (EXFC) system, an external measurement system of collection box to mailbox delivery performance. For FY 2005, the service performance data for Priority Mail are from the Priority End-to-End (PETE) System. For the first two quarters of FY 2006, the data for 2006 are from the Product Tracking System (PTS).
- (c) The First-Class Mail service standards appear in DMM section 133.2.1. The service standards for Priority Mail appear in DMM section 123.2.2.

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RESPONSE TO OCA/USPS-3 (continued)

- (d) EXFC is designed to provide quarterly estimates of First-Class Mail service performance for 80 Performance Clusters, encompassing 463 3-digit ZIP codes, from their overnight, two-day, and three-day service standard areas. This network represents approximately 80% of the nation's destinating First-Class stamped and metered mail volume. The PETE system no longer is used to measure Priority Mail service performance. PTS data are derived through scanning of mail pieces.
- (e) The Postal Service has not finalized any such plans.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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OCA/USPS-4. This interrogatory seeks information on the service standards and achieved service performance for Standard Mail. Please refer to the Postal Service's Request, Attachment G, page 37, quoting Commission rule 54(n), which requires identification of any "performance goals" (herein "service standards") and "achieved levels of service" (herein "achieved service performance") for the classes and subclasses of mail.

Please answer subparts a.–d., below, for 1) Standard Mail; 2) the following Standard Mail subclasses (herein "subclasses"): Regular (Rate Schedule (herein "RS") 321), Enhanced Carrier Route (RS 322), Nonprofit (RS 323), and Nonprofit-Enhanced Carrier Route (RS 324) ; and, 3) any rate category, or any subset of mail or type of mail service of any of the subclasses. Where applicable, please define any subset of mail or type of mail service of any of the subclasses.

a. For FY 2005 and FY 2006, by quarter, please provide data from all measuring systems showing the achieved service performance. If achieved service performance data is available from more than one information system, statistical report or other data source, please provide it. Where applicable, please indicate "Not Measured" if achieved service performance data is not measured for Standard Mail as a whole, any of the subclasses, or any rate category, or any subset of mail or type of Standard Mail service.

b. Please identify the information system(s), statistical report(s), or other data source(s) from which the achieved service performance data provided in response to subpart a., above, is obtained.

c. Please provide a citation to the Domestic Mail Manual (herein "DMM") for the service standard(s) applicable to the achieved service performance data provided in response subpart a., above. If no citation to the DMM is applicable, state the applicable service standard, provide a citation to the relevant source for the stated service standard, and characterize the authority of the source (i.e., regulation, Board-approved policy, press release, executive letter directive, etc.). Where applicable, for Standard Mail as a whole, any of the subclasses, or any rate category, or any subset of mail or type of Standard Mail service, if there is no achieved service performance data provided in response to subpart a., above, and if there is no applicable service standard, please indicate "No Service Standard."

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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RESPONSE TO OCA/USPS-4 (continued)

d. Please explain how the achieved service performance data provided in response to subpart a., above, is statistically representative for each of the service standards being measured, as cited in subpart c., above. If the achieved service performance data provided in response to subpart a., above, is not statistically representative, please 1) explain and rank order the most important reasons why the data is not statistically representative; 2) describe any existing plans by the Postal Service, and their likely implementation in the next 1, 3 or 5 years, to develop statistically representative data on achieved service performance; and, 3) indicate "No Plans" if there are no existing plans to develop statistically representative data on achieved service performance.

e. For Standard Mail as a whole, or any of the subclasses listed above, where no achieved service performance data is provided in response to subpart a., above, please describe any existing plans by the Postal Service, and their likely implementation in the next 1, 3, or 5 years, to provide achieved service performance data responsive to Commission rule 54(n). Please indicate "No Plans" if there are no existing plans to provide achieved service performance data responsive to Commission rule 54(n).

RESPONSE:

- (a) Not measured.
- (b) Not measured.
- (c) Service standards for Standard Mail appear in Attachment G of the Request, Compliance Statement, response to Rule 54(n). There is no measurement system in place to measure against these standards.
- (d) Not measured.
- (e) The Postal Service has not finalized any such plans.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-5. This interrogatory seeks information on the service standards and achieved service performance for Periodicals. Please refer to the Postal Service's Request, Attachment G, page 37, quoting Commission rule 54(n), which requires identification of any "performance goals" (herein "service standards") and "achieved levels of service" (herein "achieved service performance") for the classes and subclasses of mail.

Please answer subparts a.-d., below, for 1) Periodicals as a whole; 2) the following Periodicals subclasses (herein "subclasses"): Outside County (Rate Schedule (herein "RS") 421), and Within County (RS 423) ; and, 3) any rate category, or any subset of mail or type of mail service of any of the subclasses. Where applicable, please define any subset of mail or type of mail service of any of the subclasses.

a. For FY 2005 and FY 2006, by quarter, please provide data from all measuring systems showing the achieved service performance. If achieved service performance data is available from more than one information system, statistical report or other data source, please provide it. Where applicable, please indicate "Not Measured" if achieved service performance data is not measured for Periodicals as a whole, any of the subclasses, or any rate category, or any subset of mail or type of Periodicals service.

b. Please identify the information system(s), statistical report(s), or other data source(s) from which the achieved service performance data provided in response to subpart a., above, is obtained.

c. Please provide a citation to the Domestic Mail Manual (herein "DMM") for the service standard(s) applicable to the achieved service performance data provided in response subpart a., above. If no citation to the DMM is applicable, state the applicable service standard, provide a citation to the relevant source for the stated service standard, and characterize the authority of the source (i.e., regulation, Board-approved policy, press release, executive letter directive, etc.). Where applicable, for Periodicals as a whole, any of the subclasses, or any rate category, or any subset of mail or type of Periodicals service, if there is no achieved service performance data provided in response to subpart a., above, and if there is no applicable service standard, please indicate "No Service Standard."

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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RESPONSE TO OCA/USPS-5 (continued)

d. Please explain how the achieved service performance data provided in response to subpart a., above, is statistically representative for each of the service standards being measured, as cited in subpart c., above. If the achieved service performance data provided in response to subpart a., above, is not statistically representative, please 1) explain and rank order the most important reasons why the data is not statistically representative; 2) describe any existing plans by the Postal Service, and their likely implementation in the next 1, 3 or 5 years, to develop statistically representative data on achieved service performance; and, 3) indicate "No Plans" if there are no existing plans to develop statistically representative data on achieved service performance.

e. For Periodicals as a whole, or any of the subclasses listed above, where no achieved service performance data is provided in response to subpart a., above, please describe any existing plans by the Postal Service, and their likely implementation in the next 1, 3, or 5 years, to provide achieved service performance data responsive to Commission rule 54(n). Please indicate "No Plans" if there are no existing plans to provide achieved service performance data responsive to Commission rule 54(n).

RESPONSE:

- (a) Not measured.
- (b) Not measured.
- (c) Service standards for Periodicals Mail appear in Attachment G of the Request, Compliance Statement, response to Rule 54(n). There is no measurement system in place to measure against these standards.
- (d) Not measured.
- (e) The Postal Service has not finalized any such plans.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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OCA/USPS-6. This interrogatory seeks information on the service standards and achieved service performance for Package Services. Please refer to the Postal Service's Request, Attachment G, page 37, quoting Commission rule 54(n), which requires identification of any "performance goals" (herein "service standards") and "achieved levels of service" (herein "achieved service performance") for the classes and subclasses of mail.

Please answer subparts a.-d., below, for 1) Package Services as a whole; 2) the following Package Services subclasses (herein "subclasses"): Parcel Post (Rate Schedule (herein "RS") 521), Bound Printed Matter (RS 522), Media Mail (RS 523), and Library Mail (RS 524) ; and, 3) any rate category, or any subset of mail or type of mail service of any of the subclasses. Where applicable, please define any subset of mail or type of mail service of any of the subclasses.

a. For FY 2005 and FY 2006, by quarter, please provide data from all measuring systems showing the achieved service performance. If achieved service performance data is available from more than one information system, statistical report or other data source, please provide it. Where applicable, please indicate "Not Measured" if achieved service performance data is not measured for Package Services as a whole, any of the subclasses, or any rate category, or any subset of Package Services mail or type of service.

b. Please identify the information system(s), statistical report(s), or other data source(s) from which the achieved service performance data provided in response to subpart a., above, is obtained.

c. Please provide a citation to the Domestic Mail Manual (herein "DMM") for the service standard(s) applicable to the achieved service performance data provided in response subpart a., above. If no citation to the DMM is applicable, state the applicable service standard, provide a citation to the relevant source for the stated service standard, and characterize the authority of the source (i.e., regulation, Board-approved policy, press release, executive letter directive, etc.). Where applicable, for Package Services as a whole, any of the subclasses, or any rate category, or any subset of Package Services mail or type of service, if there is no achieved service performance data provided in response to subpart a., above, and if there is no applicable service standard, please indicate "No Service Standard."

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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RESPONSE TO OCA/USPS-6 (continued)

d. Please explain how the achieved service performance data provided in response to subpart a., above, is statistically representative for each of the service standards being measured, as cited in subpart c., above. If the achieved service performance data provided in response to subpart a., above, is not statistically representative, please 1) explain and rank order the most important reasons why the data is not statistically representative; 2) describe any existing plans by the Postal Service, and their likely implementation in the next 1, 3 or 5 years, to develop statistically representative data on achieved service performance; and, 3) indicate "No Plans" if there are no existing plans to develop statistically representative data on achieved service performance.

e. For Package Services as a whole, or any of the subclasses listed above, where no achieved service performance data is provided in response to subpart a., above, please describe any existing plans by the Postal Service, and their likely implementation in the next 1, 3, or 5 years, to provide achieved service performance data responsive to Commission rule 54(n). Please indicate "No Plans" if there are no existing plans to provide achieved service performance data responsive to Commission rule 54(n).

RESPONSE:

- (a) Data for all Package Services sold at retail, including Parcel Post, Bound Printed Matter, Media Mail and Library Mail with Delivery Confirmation, is attached.
- (b) The source of the data is the Product Tracking System (PTS).
- (c) Service standards for Standard Mail appear in Attachment G of the Request, Compliance Statement, response to Rule 54(n).
- (d) PTS data are derived through scanning mail pieces.
- (e) The Postal Service has not finalized any such plans.

Cumulative Days to Deliver (Customer Data)->Service Standard
 PACKAGE SERVICES - RETAIL

NATIONAL - QUARTER 1 FY06

Service Standard	Count of all Delivered	Volume Within Service	% of Volume within Service	% Delivered on Same Day	% Delivered by Day 1	% Delivered by Day 2	% Delivered by Day 3	% Delivered by Day 4	% Delivered by Day 5	% Delivered by Day 6	% Delivered by Day 7	% Delivered by Day 8 or more
1 Day	25	4	16.00%	0.00%	16.00%	28.00%	44.00%	48.00%	68.00%	72.00%	84.00%	100.00%
2 Day	323,651	193,890	59.91%	0.14%	12.96%	59.91%	77.59%	87.90%	93.30%	95.90%	97.53%	100.00%
3 Day	480,132	179,698	37.43%	0.03%	2.53%	8.66%	37.43%	56.97%	72.88%	84.01%	90.97%	100.00%
4 Day	938,079	394,032	42.00%	0.01%	0.25%	2.47%	12.47%	42.00%	59.59%	74.36%	86.15%	100.00%
5 Day	643,178	335,409	52.15%	0.01%	0.07%	1.61%	7.99%	20.87%	52.15%	66.83%	80.42%	100.00%
6 Day	496,868	242,947	48.90%	0.01%	0.04%	1.55%	4.35%	12.88%	23.06%	48.90%	64.81%	100.00%
7 Day	500,107	254,329	50.85%	0.01%	0.02%	1.62%	3.27%	6.93%	15.51%	27.28%	50.85%	100.00%
8 Day	167,886	87,993	52.41%	0.01%	0.03%	1.49%	2.98%	4.51%	9.78%	19.62%	34.72%	100.00%
9 Day	24,150	12,929	53.54%	0.00%	0.01%	2.57%	3.88%	4.69%	7.99%	16.92%	29.66%	100.00%
10 Day	2,448	1,704	69.61%	0.00%	0.00%	1.43%	4.78%	5.39%	10.17%	20.06%	31.74%	100.00%
Total	5,573,524	1,702,515	30.55%	0.02%	1.50%	8.05%	17.59%	33.38%	49.13%	63.14%	76.05%	100.00%

Cumulative Days to Deliver (Customer Data)->Service Standard
 PACKAGE SERVICES - RETAIL

NATIONAL - QUARTER 2 FY06

Service Standard	Count of all Delivered Mail Pieces	Volume Within Service Standard	% of Volume within Service Standard	% Delivered on Same Day	% Delivered by Day 1	% Delivered by Day 2	% Delivered by Day 3	% Delivered by Day 4	% Delivered by Day 5	% Delivered by Day 6	% Delivered by Day 7	% Delivered by Day 8 or more
1 Day	18	8	44.44%	0.00%	44.44%	61.11%	72.22%	72.22%	77.78%	77.78%	88.89%	100.00%
2 Day	393,648	247,884	62.97%	0.13%	13.25%	62.97%	77.13%	87.05%	92.72%	95.73%	97.39%	100.00%
3 Day	529,273	206,932	39.10%	0.02%	1.15%	8.00%	39.10%	56.80%	73.01%	84.58%	91.15%	100.00%
4 Day	1,028,643	476,208	46.29%	0.01%	0.09%	2.25%	13.12%	46.29%	60.02%	75.10%	86.28%	100.00%
5 Day	584,201	301,271	51.57%	0.01%	0.05%	1.82%	6.60%	22.65%	51.57%	62.31%	75.31%	100.00%
6 Day	485,544	219,705	45.25%	0.01%	0.03%	1.94%	3.62%	9.31%	21.22%	45.25%	59.14%	100.00%
7 Day	417,595	208,102	49.83%	0.01%	0.03%	1.76%	3.16%	5.17%	11.92%	27.89%	49.83%	100.00%
8 Day	161,385	86,458	53.57%	0.01%	0.02%	1.79%	3.05%	3.77%	8.32%	20.42%	38.25%	100.00%
9 Day	9,081	5,255	57.87%	0.02%	0.04%	3.26%	6.10%	7.37%	8.59%	16.13%	31.05%	100.00%
10 Day	4	1	25.00%	0.00%	0.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	100.00%
Total	3,609,392	1,751,824	48.54%	0.02%	3.66%	9.53%	19.96%	36.72%	50.90%	64.60%	76.28%	100.00%

Cumulative Days to Deliver (Customer Data)->Service Standard
 PACKAGE SERVICES - RETAIL

NATIONAL - FY 2005

Service Standard	Count of all Delivered Mail Pieces	Volume Within Service Standard	% of Volume within Service Standard	% Delivered on Same Day	% Delivered by Day 1	% Delivered by Day 2	% Delivered by Day 3	% Delivered by Day 4	% Delivered by Day 5	% Delivered by Day 6	% Delivered by Day 7	% Delivered by Day 8 or more
1 Day	3	2	66.67%	33.33%	66.67%	66.67%	66.67%	100.00%	100.00%	100.00%	100.00%	100.00%
2 Day	1,145,503	728,774	63.62%	0.16%	15.15%	63.62%	80.67%	89.48%	94.28%	96.65%	98.01%	100.00%
3 Day	1,748,807	788,631	45.10%	0.04%	3.00%	10.55%	45.10%	66.09%	79.57%	88.63%	93.85%	100.00%
4 Day	3,313,889	1,637,869	49.42%	0.01%	0.43%	2.88%	15.61%	49.42%	67.51%	80.65%	90.09%	100.00%
5 Day	2,344,935	1,347,438	57.46%	0.01%	0.11%	1.92%	9.07%	23.81%	57.46%	73.46%	85.09%	100.00%
6 Day	1,958,142	1,054,155	53.83%	0.01%	0.05%	1.60%	5.05%	14.42%	25.74%	53.83%	71.06%	100.00%
7 Day	1,989,595	1,105,026	55.54%	0.01%	0.03%	1.55%	3.11%	7.58%	17.25%	31.00%	55.54%	100.00%
8 Day	670,278	360,090	53.72%	0.01%	0.03%	1.40%	2.52%	4.12%	10.75%	21.09%	35.34%	100.00%
9 Day	81,455	48,894	60.03%	0.02%	0.02%	1.92%	2.96%	3.72%	8.27%	18.60%	30.71%	100.00%
10 Day	15,471	10,450	67.55%	0.01%	0.01%	0.79%	2.52%	3.37%	7.42%	20.48%	34.19%	100.00%
Total	13,268,078	7,081,329	53.37%	0.03%	1.84%	3.49%	19.77%	36.49%	52.63%	66.95%	79.20%	100.00%

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OCA/USPS-7. This interrogatory seeks information on the service standards and achieved service performance for Special Services. Please refer to the Postal Service's Request, Attachment G, page 37, quoting Commission rule 54(n), which requires identification of any "performance goals" (herein "service standards") and "achieved levels of service" (herein "achieved service performance") for the classes and subclasses of mail.

Please answer subparts a.–d., below, for 1) Special Services as a whole; 2) the following Special Services: Address Corrections (Rate Schedule (herein "RS") 911), Mailing Lists (RS 912), Post Office Box and Caller Service (RS 921), Business Reply Mail (RS 931), Merchandise Return Service (RS 932), On-Site Meter Service (RS 933), Bulk Parcel Return Service (RS 935), Shipper Paid Forwarding (RS 936), Certified Mail (RS 941), Registered mail (RS 942), Insurance (RS 943), COD (RS 944), Return Receipts (RS 945), Restricted Delivery (RS 946), Certificated of Mailing (RS 947), Delivery Confirmation (RS 948), Signature Confirmation (RS 949), Parcel Air Lift (RS 951), Special Handling (RS 952), Stamped Envelopes (RS 961), Stamped Cards (RS 962), Money Orders (RS 971), and Confirm (RS 991); and, 3) any rate category, or any subset of mail or type of mail service of any of the Special Services. Where applicable, please define any subset of mail or type of mail service of any of the Special Services.

a. For FY 2005 and FY 2006, by quarter, please provide data from all measuring systems showing the achieved service performance. If achieved service performance data is available from more than one information system, statistical report or other data source, please provide it. Where applicable, please indicate "Not Measured" if achieved service performance data is not measured for Special Services as a whole, any of the individual Special Services, or any rate category, or any subset of mail or type of mail service of any of the Special Services.

b. Please identify the information system(s), statistical report(s), or other data source(s) from which the achieved service performance data provided in response to subpart a., above, is obtained.

c. Please provide a citation to the Domestic Mail Manual (herein "DMM") for the service standard(s) applicable to the achieved service performance data provided in response subpart a., above. If no citation to the DMM is applicable, state the applicable service standard, provide a citation to the relevant source for the stated service standard, and characterize the authority of the source (i.e., regulation, Board-approved policy, press release, executive letter directive, etc.). Where applicable, for Special Services as a whole, any of the individual Special Services, or any rate category, or any subset of mail or type of mail service of

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any of the Special Services, if there is no achieved service performance data provided in response to subpart a., above, and if there is no applicable service standard, please indicate "No Service Standard."

d. Please explain how the achieved service performance data provided in response to subpart a., above, is statistically representative for each of the service standards being measured, as cited in subpart c., above. If the achieved service performance data provided in response to subpart a., above, is not statistically representative, please 1) explain and rank order the most important reasons why the data is not statistically representative; 2) describe any existing plans by the Postal Service, and their likely implementation in the next 1, 3 or 5 years, to develop statistically representative data on achieved service performance; and, 3) indicate "No Plans" if there are no existing plans to develop statistically representative data on achieved service performance.

e. For Special Services as a whole, or any of the individual Special Services or their subclasses listed above, where no achieved service performance data is provided in response to subpart a., above, please describe any existing plans by the Postal Service, and their likely implementation in the next 1, 3, or 5 years, to provide achieved service performance data responsive to Commission rule 54(n). Please indicate "No Plans" if there are no existing plans to provide achieved service performance data responsive to Commission rule 54(n).

RESPONSE:

- (a) Delivery Confirmation and Signature Confirmation are measured with a combined scan performance. The indicator measures the percent of the combined totals of Priority Mail Delivery Confirmation and Signature Confirmation destinating pieces scanned to the number of pieces accepted at retail or in an electronic file provided by the mailer. The figures for the four quarters of FY 2005 and the first two quarters of FY 2006 are as follows.

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2005	Q1	97.47
	Q2	97.80
	Q3	97.86
	Q4	97.64
2006	Q1	97.46
	Q2	97.68

- (b) The source of the data is the Product Tracking System (PTS).
- (c) Special services generally are ancillary to the mail classes, which have their own service standards. There are no service or performance goals, objectives, or directives for the listed special services, except for the following:
- Publication 122 states that a properly completed and supported claim is usually paid within 10 to 15 days after the St. Louis Accounting Service Center receives the claim from the Post Office where filed.
 - The goal for Delivery Confirmation and Signature Confirmation combined scan rate is 99.1 percent.
 - DMM § 507.6.3.6 states that, with the exception of the period between November 16 and January 1, the Postal Service corrects and returns a mailing list within 15 workdays, with respect to Address Changes for Election Boards, Correction of Mailing Lists, and ZIP Coding of Mailing Lists services.
- (d) PTS data are derived through the scanning of mail pieces.
- (e) The Postal Service has not finalized any such plans.

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OCA/USPS-8. This interrogatory concerns the ability of the Postal Service to determine the number of pieces of mail that is entered into the postal system versus the number that is delivered.

- a. Does the Postal Service track the number of pieces of mail that come into its system versus the number that is delivered?
 - i. If a precise number is known, please provide it, and state the source of the figure provided.
 - ii. If a precise number is not known, then please provide a ball park estimate of the number of pieces entered into the postal system and the number of pieces delivered.
- b. Please answer questions a., a.i. and a.ii., separately, for the following classes/subclasses of mail. Include a description of the sources of information used to answer these questions.
 - i. First Class
 - ii. Priority Mail
 - iii. Express Mail
 - iv. Package Services
 - v. Periodicals
 - vi. Standard Mail

RESPONSE:

No data system compares the number of mail pieces that enter the postal system with the number of pieces that are delivered.

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OCA/USPS-9. What percent of mail is not delivered to the recipient NOR returned to the sender? Also, provide an answer to this question, separately, for the following classes/subclasses of mail:

- a. First Class
- b. Priority Mail
- c. Express Mail
- d. Package Services
- e. Periodicals
- f. Standard Mail

State the source(s) for all answers provided above.

RESPONSE:

No estimates of these percentages are available.

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OCA/USPS-11. List the types, and locations, of all facilities where missing/undeliverable mail is held/processed/disposed of. Specially identify those facilities whose primary function is to hold/process/dispose of missing/undeliverable mail. Include the addresses of the latter facilities.

RESPONSE:

Mail Recovery Centers are responsible for final disposition of undeliverable First-Class Mail, Priority Mail, Express Mail, Package Services mail, and loose-in-the-mail articles of value.

These facilities are located at:

5345 Fulton Industrial Boulevard SW, Atlanta, GA 30378-2400

443 Fillmore Avenue E, St. Paul, MN 55107-1206

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OCA/USPS-12. Does the Postal Service track WHY mail is not delivered?

- a. If so, list the 15 top reasons (by frequency) that mail is not delivered.
- b. Please break down these reasons by percentage of total.
- c. List the 5 leading reasons mail is not delivered, separately, by class of mail for each of the following classes:
 - i. First Class
 - ii. Priority Mail
 - iii. Express Mail
 - iv. Package Services
 - v. Periodicals
 - vi. Standard Mail

State the source(s) for all answers provided.

RESPONSE:

No.

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OCA/USPS-13. How many pieces of undeliverable mail does the Postal Service sell each year in total? Also, how many pieces of undeliverable mail does the Postal Service sell each year by class/subclass of mail for the following classes:

- a. First Class
- b. Priority Mail
- c. Express Mail
- d. Package Services
- e. Periodicals
- f. Standard Mail

State the source(s) for all answers provided.

RESPONSE:

During FY 2005, 73,442,170 undeliverable letters and flats were shredded and recycled.

according to the Mail Condition Reporting System. Undeliverable items that are made available for public auction are sold in large lots rather than individual pieces. Volumes are not tracked by class of mail.

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OCA/USPS-14. This interrogatory concerns the disposal of undeliverable mail.

- a. How much revenue does the Postal Service realize by selling undeliverable mail each year? State the source(s) of the answer.
- b. What kinds of entities does the Postal Service sell undeliverable mail to? (E.g.: Private companies? The public? Government agencies?) State the 10 primary types of purchasers in descending order by number of pieces of undeliverable mail sold.
- c. How does the Postal Service arrange the sale of undelivered mail? For instance, via existing contacts? Auction? Public notice? Please list the 10 primary types of arrangements in descending order by number of pieces sold.
- d. Please list the total amount of revenue realized from the sale of undeliverable items, separately, by class of mail for the following classes/subclasses:
 - i. First Class
 - ii. Priority Mail
 - iii. Express Mail
 - iv. Package Services
 - v. Periodicals
 - vi. Standard Mail
- e. For the monies listed in answer to part d. of this interrogatory, are they credited separately to the relevant classes of mail? Explain in full. State the source(s) for all answers provided above.

RESPONSE:

The source for all of the following responses is the Corporate Customer Contact Reports Module.

- a. For FY-05, the Postal Service realized \$6,065,352 through public auction and recycling.
- b. The Postal Service conducts public auctions of unclaimed undeliverable items, open to everyone except postal employees. Items are sold to the public in large lots and not by individual pieces.
- c. Please see the response to subpart b. Public auction is the only arrangement for the sale of undelivered mail. Items are sold to the public in large lots, and not by individual pieces.

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d. Volumes are not tracked by class of mail. For FY-05, the Postal Service realized \$6,065,352 through public auction and recycling.

e. Not applicable, because volumes are not tracked by class of mail.

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OCA/USPS-15. How does the Postal Service dispose of undeliverable mail that it does NOT sell? Explain fully. If disposal of mail varies by class of mail, then state separately for each class/subclass of mail (i.e., First Class, Priority Mail, Express Mail, Package Services, Periodicals, and Standard Mail) how disposal is effected.

RESPONSE: Unclaimed undeliverable mail that is not sold through public auction or recycled is donated or disposed of as waste. Volumes are not tracked by class of mail.

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OCA/USPS-16. This interrogatory concerns consumer complaints about the Postal Service and records that are kept of these complaints.

- a. When U.S. consumers have a complaint about USPS service, is there a form or forms they fill out to complain? What is the name of the form(s)? Is it available in hard copy and electronically? Explain fully all answers.
- b. How many consumer complaints did the Postal Service receive in each of the following years? 2000, 2001, 2002, 2003, 2004, 2005.
- c. What is the percentage breakdown of all consumer complaint categories? (Provide these figures for each of FY2004 and FY2005, and all available quarters in FY2006).
- d. What is the actual number of complaints for each category? (Provide these figures for each of FY2004 and FY2005, and all available quarters in FY2006).
- e. What is the actual number of complaints about undelivered mail? Provide the total figure for all mail and, separately, figures for the following classes/subclasses of mail: First Class, Priority Mail, Express Mail, Package Services, Periodicals, and Standard Mail. (Provide these figures for each of FY2004 and FY2005, and all available quarters in FY2006).
- f. What is the actual number of complaints about mis-delivered mail? Provide the total figure for all mail and, separately, figures for the following classes/subclasses of mail: First Class, Priority Mail, Express Mail, Package Services, Periodicals, and Standard Mail. (Provide these figures for each of FY2004 and FY2005, and all available quarters in FY2006).
- g. What is the actual number of complaints about mail that was not forwarded properly? Provide the total figure for all mail and, separately, figures for the following classes/subclasses of mail: First Class, Priority Mail, Express Mail, Package Services, Periodicals, and Standard Mail. (Provide these figures for each of FY2004 and FY2005, and all available quarters in FY2006).
- h. What is the actual number of complaints about Express Mail that did not arrive in the guaranteed time frame? (Provide this figure for each of FY2004 and FY2005, and all available quarters in FY2006).
- i. What is the actual number of complaints about mailed items that were lost? Provide the total figure for all mail and, separately, figures for the following classes/subclasses of mail: First Class, Priority Mail, Express Mail, Package Services, Periodicals, and Standard Mail. (Provide these figures for each of FY2004 and FY2005, and all available quarters in FY2006).
- j. What is the actual number of complaints about mailed items that were damaged? Provide the total figure for all mail and, separately, figures for the following classes/subclasses of mail: First Class, Priority Mail, Express Mail, Package Services, Periodicals, and Standard Mail. (Provide these figures for each of FY2004 and FY2005, and all available quarters in FY2006).
- k. What is the actual number of complaints about postal insurance not paying for loss or damage? (Provide this figure for each of FY2004 and FY2005, and all available quarters in FY2006).

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RESPONSE:

The source for all of the following responses is the Corporate Customer Contact Reports Module.

a. Complaint forms were discontinued several years ago (approximately 2000/2001). Customers have four avenues for lodging complaints: (1) visit/call their local Post Office - where they are resolved, but not documented; (2) call 1-800-ASK-USPS - where agents document the issue; (3) visit www.usps.com, 'Contact Us' - where customer completes generic templates with information about their issue; (4) send a letter to Postal Service Consumer Affairs.

Documented complaints are immediately made available to the appropriate local Post Office for action and resolution. Local Post Offices have 48 hours to resolve each issue.

b. In FY 2000, the Postal Service received 1,980,536 complaints; in FY 2001, the number was 1,945,969; in FY 2002, the number was 2,007,919; in FY 2003, the number was 1,983,092; in FY 2004, the number was 2,654,066; and in FY 2005, the number was 2,421,413.

c. For FY 2004 and FY 2005, please see the response to DFC/USPS-20. For FY 2006 Quarter 1, about 90 percent of the complaints were about delivery and/or mail pick-up; 7 percent were about personnel, one percent concerned post offices and/or equipment, and one percent concerned retail. Less than one percent concerned the behavior or knowledge of 1-800-ASK-USPS agents, or the USPS website. For FY 2006, Quarter 2, about 89 percent of complaints concerned delivery and/or mail pick-up, 7 percent concerned personnel, 2

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percent concerned post offices and/or equipment, 2 percent concerned retail, and less than one percent concerned the behavior or knowledge of 1-800-ASK-USPS agents, or the USPS website. For FY 2006, Quarter 3, about 89 percent of the complaints concerned delivery and/or mail pick-up, 7 percent concerned personnel, 2 percent concerned post offices and/or equipment, 1 percent concerned retail, and less than 1 percent concerned the behavior or knowledge of 1-800-ASK-USPS agents, or the USPS website.

d. In FY 2004, the Postal Service received 2,331,357 complaints about delivery and/or mail pick-up, 219,689 complaints about personnel, 68,096 complaints about post offices and/or equipment, 26,913 complaints about retail, and 8,911 complaints about the behavior or knowledge of 1-800-ASK-USPS agents, or the USPS website. In FY 2005, the Postal Service received 2,194,455 complaints about delivery and/or mail pick-up, 166,367 complaints about personnel, 36,844 complaints about post offices and/or equipment, 18,631 complaints about retail, and 5,116 complaints about the behavior or knowledge of 1-800-ASK-USPS agents, or the USPS website.

In FY 2006, Quarter 1, the Postal Service received 540,070 complaints about delivery and/or mail pick-up, 43,763 complaints about personnel, 8,560 complaints about post offices and/or equipment, 6,001 complaints about retail, and 1,623 complaints about the behavior or knowledge of 1-800-ASK-USPS agents, or the USPS website. In FY 2006, Quarter 2, the Postal Service received 529,876 complaints about delivery and/or mail pick-up, 41,995 complaints about personnel, 10,261 complaints about post offices and/or equipment, 9,551

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complaints about retail, and 1,463 complaints about the behavior or knowledge of 1-800-ASK-USPS agents, or the USPS website.

In FY 2006 Quarter 3, the Postal Service received 446,879 complaints about delivery and/or mail pick-up, 37,215 complaints about personnel, 8,473 complaints about post offices and/or equipment, 5,797 complaints about retail, and 1,081 complaints about the behavior or knowledge of 1-800-ASK-USPS agents, or the USPS website.

e. In FY 2004, FY 2005, and FY 2006 Quarters 1, 2 and 3, the Postal Service received 314,121 complaints, 364,425 complaints, 74,418 complaints, 65,800 complaints, and 58,261 complaints about undelivered mail, respectively.

Complaint volumes are not tracked by specific class of mail, so such data is not available.

f. In FY 2004, FY 2005, and FY 2006 Quarters 1, 2 and 3, the Postal Service received 262,444 complaints, 269,661 complaints, 64,584 complaints, 67,955 complaints, and 56,188 complaints about misdelivered mail, respectively.

Complaint volumes are not tracked by specific class of mail, so such data is not available.

g. In FY 2004, FY 2005, and FY 2006 Quarters 1, 2 and 3, the Postal Service received 718,465 complaints, 570,637 complaints, 117,417 complaints, 100,039 complaints, and 86,141 complaints about mail that was not forwarded properly, respectively. Complaint volumes are not tracked by specific class of mail, so such data is not available.

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h. Complaint data is not available regarding complaints about Express Mail not arriving within the guaranteed time.

i. In FY 2004, FY 2005, and FY 2006 Quarters 1, 2 and 3, the Postal Service received 528,407 complaints, 514,614 complaints, 161,588 complaints, 168,879 complaints, and 135,921 complaints, respectively, about lost mail. Complaint volumes are not tracked by specific class of mail, so such data is not available.

j. In FY 2004, FY 2005, and FY 2006 Quarters 1, 2 and 3, the Postal Service received 70,466 complaints, 56,596 complaints, 16,647 complaints, 19,313 complaints, and 15,794 complaints, respectively, about damaged mail.

Complaint volumes are not tracked by specific class of mail, so such data is not available.

k. Complaint data is not available regarding complaints about postal insurance not paying for loss or damage.

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OCA/USPS-18. This interrogatory seeks information on Decision Analysis Reports (DAR) presented to the Board of Governors.

- a. For DARs presented to the Board of Governors during Fiscal Years 2003, 2004, and 2005, please provide a table categorizing investments by type and the target rate of return (e.g., "hurdle" rate), or range of rates of return, for each type of investment.
- b. For DARs presented to the Board of Governors during Fiscal Years 2003, 2004, and 2005, please provide the total number of DARs on which the table requested in part a., above, is based.

RESPONSE:

- a. There are no targets by type of investment. Each DAR is evaluated individually.

Consolidated ROIs for each category cannot be calculated since the projects have different operating/analysis periods, and service lives.

- b. The total number of DARs and the type of investment approved by the Board of Governors were as follows:

FY03: 18 (13 Equipment, 2 Facility, 3 Other)

FY04: 21 (11 Equipment, 8 Facility, 2 Other)

FY05: 12 (8 Equipment, 4 Facility)

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OCA/USPS-19. Does the Postal Service have a policy (as opposed to legal) position with respect to the value of the Private Express Statutes (see 39 C.F.R. § 310.2) to the Postal Service and/or the general public? If so, please describe that policy and explain its rationale. If not, please explain why the Postal Service would be indifferent to, or in favor of, repeal of the Private Express Statutes.

RESPONSE:

The Postal Service has no policy on the value of the law. That does not mean that the Postal Service would be indifferent to, or in favor of, the law's hypothetical repeal. The Postal Service cannot speculate on what its position would be on legislation without knowing the specific provisions and circumstances of a proposed legislative change.

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OCA/USPS-20. Does the Postal Service have a policy (as opposed to legal) position with respect to the value of its Universal Service Obligation (see 39 U.S.C. §§ 101(a), 403) to the Postal Service and/or the general public? If so, please describe that policy and explain its rationale. If not, please explain why the Postal Service would be indifferent to, or in favor of, repeal of its Universal Service Obligation.

RESPONSE:

Please see the response to OCA/USPS-19.

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OCA/USPS-21. Does the Postal Service have a policy (as opposed to legal) position with respect to the value of Uniform First-Class rates (with respect to distance; see 39 U.S.C. §3623(d)) to the Postal Service and/or the general public? If so, please describe that policy and explain its rationale. If not, please explain why the Postal Service would be indifferent to, or in favor of, repeal of Uniform First-Class rates.

RESPONSE:

Please see the response to OCA/USPS-19.

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OCA/USPS-23. Please provide the following FY 2005 volume information.

a. Total First-Class Volumes for:

	0-4 oz.	4-8 oz.	8-12 oz	Total
Machinable Letter-shape				
Non-Machinable Letter-shape				
Flat shaped mail				
Parcel shaped mail				
Total Volumes				

b. Single-Piece First-Class Volumes for:

	0-4 oz.	4-8 oz.	8-12 oz	Total
Machinable Letter-shape				
Non-Machinable Letter-shape				
Flat shaped mail				
Parcel shaped mail				
Total Single-Piece Volumes				

c. First-Class Presort Volumes for:

	0-4 oz.	4-8 oz.	8-12 oz	Total
Machinable Letter-shape				
Non-Machinable Letter-shape				
Flat shaped mail				
Parcel shaped mail				
Total Presort Volumes				

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RESPONSE:

Letter-shape data cannot be separated between machinable and non-machinable mail. All volumes are in thousands of pieces.

a. Total FY 2005 First-Class Volumes

	0 - 4 oz	4 - 8 oz	8 - 12 oz	12-13 oz	Total
Letter-shaped mail	87,434,513	27,271	2,597	183	87,464,564
Flat-shaped mail	3,384,229	828,843	239,489	29,260	4,481,821
Parcel-shaped mail	238,155	157,646	86,270	13,084	495,156
Total Volume	91,056,897	1,013,760	328,357	42,527	92,441,540

b. FY 2005 First-Class Single-Piece Volumes

	0 - 4 oz	4 - 8 oz	8 - 12 oz	12-13 oz	Total
Letter-shaped mail	39,287,861	26,496	2,495	179	39,317,031
Flat-shaped mail	2,545,774	770,755	227,912	27,753	3,572,195
Parcel-shaped mail	230,985	156,959	85,771	13,047	486,762
Total Single Piece Volume	42,064,621	954,210	316,178	40,979	43,375,988

c. FY 2005 First-Class Presort Volumes

	0 - 4 oz	4 - 8 oz	8 - 12 oz	12-13 oz	Total
Letter-shaped mail	48,146,652	775	102	4	48,147,533
Flat-shaped mail	838,455	58,088	11,577	1,506	909,626
Parcel-shaped mail	7,170	687	500	37	8,394
Total Presort Volume	48,992,276	59,550	12,179	1,548	49,065,552

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-24. Please provide the following Test Year After Rate volume information.

a. Total First-Class Volumes for:

	0-4 oz.	4-8 oz.	8-12 oz.	Total
Machinable Letter-shape				
Non-Machinable Letter-shape				
Flat shaped mail				
Parcel shaped mail				
Total Volumes				

b. Single-Piece First-Class Volumes for:

	0-4 oz.	4-8 oz.	8-12 oz.	Total
Machinable Letter-shape				
Non-Machinable Letter-shape				
Flat shaped mail				
Parcel shaped mail				
Total Single-Piece Volumes				

c. First-Class Presort Volumes for:

	0-4 oz.	4-8 oz.	8-12 oz.	Total
Machinable Letter-shape				
Non-Machinable Letter-shape				
Flat shaped mail				
Parcel shaped mail				
Total Presort Volumes				

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**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE**

RESPONSE TO OCA/USPS-24 (continued):

RESPONSE:

Letter-shape data cannot be separated between machinable and non-machinable mail, and the available volumes by ounce increment are before rates.

All volumes are in thousands of pieces.

a. Total TY 2008 First-Class Volumes

	0 - 4 oz	4 - 8 oz	8 - 12 oz	12-13 oz	Total
Letter-shaped mail	82,120,148	23,708	2,247	159	82,146,262
Flat-shaped mail	3,004,054	730,314	210,912	25,789	3,971,069
Parcel-shaped mail	206,886	138,442	75,716	11,498	432,541
Total Volume	85,331,087	892,464	288,875	37,446	86,549,872

b. TY 2008 First-Class Single-Piece Volumes

	0 - 4 oz	4 - 8 oz	8 - 12 oz	12-13 oz	Total
Letter-shaped mail	34,564,978	23,311	2,195	157	34,590,641
Flat-shaped mail	2,239,741	678,101	200,514	24,417	3,142,774
Parcel-shaped mail	203,218	138,091	75,460	11,478	428,247
Total Single Piece Volume	37,007,937	839,503	278,169	36,053	38,161,662

c. TY 2008 First-Class Presort Volumes

	0 - 4 oz	4 - 8 oz	8 - 12 oz	12-13 oz	Total
Letter-shaped mail	47,555,170	396	52	2	47,555,620
Flat-shaped mail	764,313	52,213	10,398	1,372	828,296
Parcel-shaped mail	3,668	351	256	19	4,294
Total Presort Volume	48,323,150	52,961	10,705	1,393	48,388,210

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RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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OCA/USPS-25. Please provide the FY 2005 unit costs for the following:

a. Total First-Class Unit Costs for:

	0-4 oz.	4-8 oz.	8-12 oz	Total
Machinable Letter-shape				
Non-Machinable Letter-shape				
Flat shaped mail				
Parcel shaped mail				
Total Unit Cost				

b. Single-Piece FY 2005 First-Class Unit Costs for:

	0-4 oz.	4-8 oz.	8-12 oz	Total
Machinable Letter-shape				
Non-Machinable Letter-shape				
Flat shaped mail				
Parcel shaped mail				
Total Unit Cost				

c. FY 2005 Presort Unit Costs for:

	0-4 oz.	4-8 oz.	8-12 oz	Total
Machinable Letter-shape				
Non-Machinable Letter-shape				
Flat shaped mail				
Parcel shaped mail				
Total Unit Cost				

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

RESPONSE TO OCA/USPS-25 (continued):

Response:

Letter-shape data cannot be separated between machinable and non-machinable mail. Note that individual weight increments' unit costs may be subject to substantial sampling variability, particularly for higher weight increments in the letter shape category and for all presorted First-Class IPPs and parcels. For additional discussion of the appropriate use of the data, please see Docket No. R2000-1, USPS-T-28 at 3-5; Tr. 44/19470-19474; Tr. 44/19481-19482. All unit costs are in cents per piece.

a. Total FY 2005 First-Class Unit Costs

	0 - 4 oz	4 - 8 oz	8 - 12 oz	12-13 oz	Total
Letter-shaped mail	14.7	109.5	145.6	36.2	147.0
Flat-shaped mail	57.9	67.4	89.6	83.0	61.6
Parcel-shaped mail	146.2	165.2	200.9	195.1	162.8
Total Unit Cost	16.6	83.7	119.3	117.3	17.8

b. FY 2005 First-Class Single-Piece Unit Costs

	0 - 4 oz	4 - 8 oz	8 - 12 oz	12-13 oz	Total
Letter-shaped mail	21.0	90.2	117.3	36.4	21.1
Flat-shaped mail	64.8	65.9	88.2	83.8	66.7
Parcel-shaped mail	145.3	160.1	193.7	191.6	159.9
Total Single Piece Unit Cost	24.4	82.1	117.0	117.9	26.4

c. FY 2005 First-Class Presort Unit Costs

	0 - 4 oz	4 - 8 oz	8 - 12 oz	12-13 oz	Total
Letter-shaped mail	9.5	769.9	840.4	28.4	9.5
Flat-shaped mail	37.2	86.0	117.1	68.9	41.5
Parcel-shaped mail	172.4	1,329.0	1,441.9	1,413.8	335.0
Total Presort Unit Cost	10.0	109.3	177.5	101.2	10.1

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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OCA/USPS-26. Please provide the Test Year After Rate unit costs for the following:

a. Total First-Class Unit Costs for:

	0-4 oz.	4-8 oz.	8-12 oz.	Total
Machinable Letter-shape				
Non-Machinable Letter-shape				
Flat shaped mail				
Parcel shaped mail				
Total Unit Cost				

b. Single-Piece First-Class Unit Costs for:

	0-4 oz.	4-8 oz.	8-12 oz.	Total
Machinable Letter-shape				
Non-Machinable Letter-shape				
Flat shaped mail				
Parcel shaped mail				
Total Unit Cost				

c. First-Class Presort Unit Costs for:

	0-4 oz.	4-8 oz.	8-12 oz.	Total
Machinable Letter-shape				
Non-Machinable Letter-shape				
Flat shaped mail				
Parcel shaped mail				
Total Unit Cost				

Revised August 9, 2006

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE**

RESPONSE TO OCA/USPS-26 (continued):

RESPONSE:

Letter-shape data cannot be separated between machinable and non-machinable mail. The available test year costs are before rates. Note that individual weight increments' unit costs may be subject to substantial sampling variability, particularly for higher weight increments in the letter shape category and for all presorted First-Class IPPs and parcels.

All unit costs are in cents per piece.

a. Total TY 2008 First-Class Unit Costs

	0 - 4 oz	4 - 8 oz	8 - 12 oz	12-13 oz	Total
Letter-shaped mail	15.2	116.9	158.5	39.2	15.2
Flat-shaped mail	60.8	70.5	93.7	87.9	64.5
Parcel-shaped mail	154.9	175.3	214.1	209.0	173.2
Total Unit Cost	17.1	88.0	125.8	124.8	18.2

b. TY 2008 First-Class Single-Piece Unit Costs

	0 - 4 oz	4 - 8 oz	8 - 12 oz	12-13 oz	Total
Letter-shaped mail	22.2	93.0	120.6	38.9	22.2
Flat-shaped mail	67.0	68.4	91.6	88.4	69.1
Parcel-shaped mail	151.8	169.3	205.1	204.3	168.2
Total Single Piece Unit Cost	25.6	85.7	122.6	125.1	27.7

c. TY 2008 First-Class Presort Unit Costs

	0 - 4 oz	4 - 8 oz	8 - 12 oz	12-13 oz	Total
Letter-shaped mail	10.1	1,524.7	1,756.5	56.8	10.1
Flat-shaped mail	42.4	97.6	134.7	78.9	47.1
Parcel-shaped mail	327.6	2,539.6	2,864.8	3,031.4	671.7
Total Presort Unit Cost	10.6	125.0	207.6	119.2	10.8

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REVISED RESPONSE OF THE UNITED STATES POSTAL SERVICE
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OCA/USPS-27. Please refer to USPS-T-38 at 6, n. 2. Witness Yeh states that: "the Postal Service intends to amend its regulations to require that Bound Printed Matter be paid either by customer generated postage meter or by permit imprint."

- a. Does this mean that the Postal Service will deny consumers and small businesses the right to use adhesive stamps to pay for Bound Printed Matter (BPM) mail? Explain in full.
- b. Please confirm that §541 of the Domestic Mail Classification Schedule (DMCS) provides that: "Postage must be paid as set forth in section 3000." If this is not confirmed, then explain in full.
- c. Please confirm that §3040 of the DMCS provides that: "All mail may be prepaid with postage meter indicia, adhesive stamps, permit imprint, or other payment methods specified by the Postal Service." If this is not confirmed, then explain in full.
- d. Please confirm that denying stamp-using mailers of BPM the opportunity to pay postage by means of stamps is a violation of §3040. If this is not confirmed, then explain in full.
- e. Please refer to witness Yeh's response to interrogatory DBP/USPS-T38-9 that "ancillary services such as, but not limited to, Certificate of Mailing, Delivery Confirmation, Signature Confirmation, Insurance, and COD" will be denied to retail customers of BPM. Confirm that such a denial violates §560 of the DMCS which explicitly allows BPM mailers the right to add these ancillary services to a BPM mailing. If this is not confirmed, then explain in full.

RESPONSE:

- a. Not confirmed. The change will require that ALL mailers use customer-generated postage meter, PC postage, or permit imprint to mail Bound Printed Matter. No mailers will be permitted to use postage stamps. No distinction is made as to the status of the customer. The permissible postage payment methods include methods that are available to consumers and small businesses.
- b. Confirmed.
- c. Confirmed.
- d. Not confirmed. DMCS § 3040 lists postage payment options. It cannot be read to require that all methods listed be available for all categories of mail. Doing so would be inconsistent with longstanding interpretation and accepted practice. Please see, for

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TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

example, DMM § 707.16.4, which states: "Postage for Periodicals may not be paid with permit imprint, meter stamp, postage stamp, or precanceled stamps." Please see also DMM § 444.1.1, which does not allow the use of regular postage stamps for Standard Mail: "Postage for Standard Mail must be paid with meter (604.4.0), permit imprint (604.5.0), or precanceled stamps (604.3.0)."

e. Not confirmed. These services remain available to BPM mailers. It would be contrary to longstanding interpretation and accepted practice to interpret DMCS provisions regarding the general availability of services to foreclose the Postal Service from setting standards for the preparation of mail and the manner, place, and time of its entry.

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OCA/USPS-28. Please provide ODIS quarterly reports for FY 2006.

RESPONSE :

The requested reports are already posted on the Postal Rate Commission's website.

The most recent reports, for example, were filed on July 11, 2006. For future reference, note that the ODIS-RPW Quarterly Statistics Reports are also available at

<http://www.usps.com/financials/qsr/welcome.htm>

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INSTITUTIONAL
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OCA/USPS-29. Please provide volume estimates of single-piece First-Class Mail broken down into the three service standards for First-Class Mail, i.e., volume of mail with an Overnight service standard; volume of mail with a 2-day standard; and volume of mail with a 3-day standard. The three volume figures should sum to the total volume of single-piece First-Class Mail. If precise figures are unavailable, then ball park estimates are acceptable. Please cite the sources used to answer this interrogatory.

RESPONSE:

First-Class Single Piece Volume Under the Given Service Standard
for FY05

1	19,433,457,100
2	11,423,092,440
3	12,519,438,460

These data were constructed by deriving the FY 05 ODIS-RPW sample volume of First-Class under the given standards and applying the distribution of this mail to the FY 05 RPW Summary Report estimate of First-Class Single-Piece volume.

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OCA/USPS-30. For FY 2005, please provide an aggregate Table 4 from ODIS that shows the 4 quarters (i.e., Q1, Q2, Q3, and Q4) combined into annual figures.

- a. Also provide the volumes (for each cell) underlying the percentage figures.
- b. For each row of Table 4, provide the total volume figure that is used to compute the percentage set forth in each cell.

RESPONSE:

For the FY 05 Table 4 Delivery Days and Percentage Days to Delivery see the attached EXCEL workbook titled "fy05all days_del.xls". For parts (a) and (b) of this interrogatory, all relevant volume figures used in the calculations can be found in the attached EXCEL workbook titled "fy05all num-den.xls".

PERCENTAGE OF MAIL DELIVERED WITHIN	SPECIFIED NUMBER OF KNOWN ALL OF	DAYS FOR POSTMARK FY-2005	STAMP AND DATE	METER	MAIL	AVG											
						GROUP	DAYS TO DELIVERY	1 DAY	2 DAYS	3 DAYS	4 DAYS	5 DAYS	6 DAYS	7 DAYS	8 DAYS	9 DAYS	10 DAYS
						All First-class Single Piece	1.7	56.0	82.4	95.1	97.7	98.8	99.3	99.5	99.7	99.8	99.8
						Letters	1.7	57.1	83.5	95.9	98.1	99.0	99.4	99.6	99.7	99.8	99.9
						Cards	1.5	71.1	87.3	94.9	97.4	98.5	99.0	99.3	99.5	99.7	99.7
						Flats	2.2	37.3	68.3	87.1	93.9	96.7	98.1	98.8	99.2	99.5	99.6
						Parcels/IPPS	2.6	22.9	57.9	79.9	90.2	94.8	97.1	98.2	98.9	99.3	99.5
						All First-class Presort/Auto	2.3	24.8	62.7	87.7	95.5	98.1	99.0	99.5	99.7	99.8	99.9
						Letters	2.3	24.9	62.9	87.9	95.6	98.1	99.1	99.5	99.7	99.8	99.9
						Cards	2.2	35.8	68.1	89.3	94.5	96.7	97.8	98.8	99.2	99.5	99.6
						Flats	2.8	17.3	49.9	77.8	89.9	95.1	97.3	98.5	99.2	99.5	99.6
						Parcels/IPPS	2.5	22.8	58.3	83.4	92.1	96.0	98.1	98.9	99.6	99.8	99.9
						All First-class Combined	1.9	45.1	75.5	92.5	97.0	98.5	99.2	99.5	99.7	99.8	99.8
						Letters	1.9	45.0	75.8	92.9	97.2	98.7	99.3	99.6	99.7	99.8	99.9
						Cards	1.6	70.2	86.8	94.8	97.3	98.4	99.0	99.3	99.5	99.7	99.7
						Flats	2.3	35.1	66.3	86.0	93.5	96.6	98.0	98.7	99.2	99.5	99.6
						Parcels/IPPS	2.6	22.9	57.9	80.0	90.2	94.8	97.1	98.2	98.9	99.3	99.5
						All Priority	2.2	24.4	78.2	91.6	96.1	98.0	98.8	99.3	99.5	99.7	99.8
						Identified	2.2	21.4	78.9	92.3	96.5	98.2	99.0	99.4	99.6	99.7	99.8
						Nonidentified	2.2	37.8	74.8	88.5	94.2	96.7	98.0	98.7	99.1	99.4	99.5
						All Package Services	4.8	9.1	24.7	39.4	55.4	68.5	78.1	84.2	89.4	93.0	95.0
						Parcel Post	4.6	9.2	25.6	40.2	57.0	70.5	80.0	85.9	91.1	94.3	96.0
						Bound Printed Matter	4.2	16.4	39.1	55.9	67.5	76.1	82.0	86.4	89.9	92.7	94.4
						Media Mail	5.1	6.8	20.1	34.6	50.9	64.9	75.5	82.0	87.8	92.0	94.3
						Library	4.0	18.8	40.6	55.7	68.9	77.8	84.2	88.6	91.8	94.2	95.7

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INSTITUTIONAL
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OCA/USPS-31. For FY 2006 please provide an aggregate Table 4 from ODIS that shows all quarters available (i.e., Q1, Q2, and Q3) combined into total year-to-date figures.

- a. Also provide the volumes (for each cell) underlying the percentage figures.
- b. For each row of Table 4, provide the total volume figure that is used to compute the percentage set forth in each cell.

RESPONSE:

For the Q3 FY 06 Table 4 Delivery Days and Percentage Days to Delivery see the attached EXCEL workbook titled "pq123f06 days_del.xls". For parts (a) and (b) of this interrogatory, all relevant volume figures used in the calculations can be found in the attached EXCEL workbook titled "pq123f06 num_den.xls".

PERCENTAGE OF MAIL DELIVERED WITHIN SPECIFIED NUMBER OF DAYS FOR STAMP AND METER MAIL
 KNOWN POSTMARK DATE
 QTR-1/2/3 FY-2006

AVG GROUP	DAYS TO DELIVERY	DAYS FOR STAMP AND METER MAIL									
		1 DAY	2 DAYS	3 DAYS	4 DAYS	5 DAYS	6 DAYS	7 DAYS	8 DAYS	9 DAYS	10 DAYS
All First-class Single Piece	1.7	55.4	82.0	94.7	97.5	98.7	99.2	99.5	99.7	99.8	99.8
Letters	1.7	56.5	83.2	95.6	98.0	99.0	99.4	99.6	99.7	99.8	99.9
Cards	1.6	70.5	87.3	94.7	97.2	98.4	99.0	99.3	99.5	99.6	99.7
Flats	2.3	35.9	66.2	85.4	92.8	96.0	97.6	98.4	98.9	99.3	99.4
Parcels/IPPS	2.7	21.7	56.6	78.1	88.6	93.8	96.3	97.6	98.5	99.0	99.3
All First-class Presort/Auto	2.4	23.3	61.5	87.1	95.1	97.9	99.0	99.4	99.7	99.8	99.8
Letters	2.4	23.4	61.8	87.3	95.3	97.9	99.0	99.5	99.7	99.8	99.8
Cards	2.3	32.7	63.6	85.2	93.6	96.9	98.2	98.9	99.1	99.4	99.5
Flats	2.9	15.6	45.4	74.0	87.4	93.5	96.4	97.9	98.7	99.2	99.5
Parcels/IPPS	2.4	21.7	63.0	86.8	95.2	97.5	98.5	98.9	99.2	99.4	99.5
All First-class Combined	2.0	44.3	74.9	92.1	96.7	98.4	99.1	99.5	99.7	99.8	99.8
Letters	1.9	44.3	75.3	92.5	97.0	98.6	99.3	99.5	99.7	99.8	99.8
Cards	1.6	69.6	86.8	94.5	97.1	98.4	99.0	99.3	99.5	99.6	99.7
Flats	2.4	33.5	63.7	84.1	92.2	95.7	97.5	98.4	98.9	99.3	99.4
Parcels/IPPS	2.7	21.7	56.8	78.3	88.8	93.8	96.4	97.6	98.5	99.0	99.3
All Priority	2.3	22.0	72.5	88.4	94.5	97.2	98.4	99.0	99.3	99.6	99.7
Identified	2.3	19.5	72.7	88.9	94.9	97.5	98.6	99.1	99.4	99.6	99.7
Nonidentified	2.3	35.1	71.3	86.0	92.5	95.8	97.5	98.3	98.9	99.2	99.3
All Package Services	5.0	8.2	23.4	37.2	52.7	66.1	76.3	82.8	88.3	92.1	94.3
Parcel Post	4.8	8.6	24.4	38.2	54.3	67.9	78.3	84.6	90.2	93.4	95.4
Bound Printed Matter	4.3	15.0	37.8	53.8	66.4	75.2	81.4	85.7	89.0	91.9	93.8
Media Mail	5.3	5.7	18.7	32.0	47.7	62.1	72.9	80.2	86.1	90.7	93.3
Library	4.0	18.4	39.5	55.6	67.1	76.4	84.1	88.9	92.4	94.5	95.8

GROUP OF MAIL	VOLUME OF MAIL DELIVERED WITHIN SPECIFIED NUMBER OF DELIVERY DAYS FOR STAMP AND METERED MAIL - KNOWN POSTMARK DATE											
	NUMERATOR VOLUME DELIV-DAYS	DENOMINATOR TOTAL VOLUME	NUMERATOR 1 DAY DELIVERY	NUMERATOR 2 DAY DELIVERY	NUMERATOR 3 DAY DELIVERY	NUMERATOR 4 DAY DELIVERY	NUMERATOR 5 DAY DELIVERY	NUMERATOR 6 DAY DELIVERY	NUMERATOR 7 DAY DELIVERY	NUMERATOR 8 DAY DELIVERY	NUMERATOR 9 DAY DELIVERY	NUMERATOR 10 DAY DELIVERY
All First-class Single Piece	56,126,286,262	32,242,411,962	17,852,426,612	26,423,266,656	30,533,553,930	31,430,882,741	31,819,812,221	31,995,544,597	32,074,074,436	32,130,925,215	32,163,060,769	32,181,305,534
Letters	48,131,190,997	28,411,873,796	16,065,554,119	23,638,166,032	27,158,173,612	27,828,435,483	28,116,690,877	28,241,508,579	28,294,705,301	28,335,201,869	28,356,361,190	28,369,342,241
Cards	1,986,801,570	1,278,988,050	898,953,335	1,115,258,420	1,209,521,235	1,240,953,415	1,256,796,103	1,264,500,934	1,267,781,889	1,270,390,204	1,272,135,442	1,273,093,309
Flats	5,419,551,702	2,337,720,674	840,168,668	1,547,583,225	1,997,203,795	2,169,212,724	2,243,969,329	2,281,821,981	2,300,912,446	2,312,764,612	2,320,865,035	2,324,603,142
Parcels/PPS	586,741,993	215,829,442	46,752,690	122,236,979	168,855,288	191,281,119	202,355,912	207,913,103	210,694,610	212,568,730	213,699,102	214,266,842
All First-class Presort/Auto	40,414,064,400	17,003,743,632	3,958,739,522	10,461,768,054	14,804,811,985	16,177,580,306	16,639,898,683	16,879,142,825	16,908,834,122	16,948,850,788	16,968,155,458	16,976,742,402
Letters	39,407,003,962	16,654,039,665	3,898,394,398	10,296,402,662	14,541,997,393	15,869,737,317	16,311,593,751	16,401,517,697	16,567,075,342	16,603,286,833	16,621,039,059	16,628,638,494
Cards	73,838,038	31,486,533	10,308,092	20,026,791	26,817,688	28,459,489	30,513,233	30,923,024	31,138,661	31,188,916	31,284,498	31,324,559
Flats	922,383,960	313,733,786	49,065,456	142,514,894	232,103,913	274,115,697	293,422,179	302,283,420	307,176,357	309,727,640	311,373,723	312,017,073
Parcels/PPS	10,838,440	4,483,648	973,576	2,823,707	3,892,791	4,287,803	4,369,520	4,418,484	4,433,762	4,447,399	4,458,178	4,462,276
All First-class Combined	96,540,350,682	49,246,155,594	21,811,168,334	36,885,034,710	45,338,365,915	47,608,463,047	48,459,710,904	48,624,687,222	48,983,898,558	49,078,576,003	49,131,216,227	49,158,047,938
Letters	67,538,194,959	46,085,913,481	19,983,948,517	33,934,588,694	41,700,171,005	43,699,172,900	44,428,284,828	44,733,026,276	44,861,780,733	44,938,488,502	44,977,400,249	44,998,280,735
Cards	2,060,639,608	1,308,474,583	910,259,427	1,135,285,211	1,236,339,123	1,270,412,904	1,287,309,336	1,295,423,958	1,298,900,650	1,301,579,120	1,303,419,940	1,304,417,868
Flats	6,341,935,662	2,651,454,460	889,232,124	1,690,098,119	2,229,307,708	2,443,328,421	2,537,391,508	2,583,905,401	2,608,088,603	2,622,482,252	2,632,238,758	2,638,620,215
Parcels/PPS	589,500,433	220,313,090	47,726,266	125,062,686	172,548,079	195,548,922	206,725,432	212,331,587	215,128,372	217,016,129	218,729,118	219,729,118
All Priority	1,347,875,203	584,330,144	128,455,982	423,852,902	518,823,013	552,200,506	568,248,271	575,071,395	578,321,734	580,499,660	581,739,441	582,307,394
Identified	1,132,267,251	490,182,103	95,436,468	356,502,843	435,837,937	465,157,895	478,015,278	483,291,113	485,798,991	487,430,093	488,801,646	489,801,646
Nonidentified	215,607,952	94,148,041	33,019,514	67,150,059	80,985,076	87,042,611	90,233,993	91,780,282	92,522,743	93,069,767	93,400,305	93,505,748
All Package Services	850,917,870	171,212,058	13,997,591	40,083,647	63,758,855	90,277,010	113,210,073	130,607,789	141,782,729	151,099,099	157,659,558	161,450,901
Parcel Post	332,828,774	89,580,567	5,984,698	16,973,178	26,588,452	37,784,517	47,233,601	54,461,794	58,848,787	62,726,040	65,001,709	66,369,481
Bound Printed Matter	57,384,654	13,265,481	1,993,823	5,011,328	7,137,865	8,809,140	9,972,589	10,794,967	11,365,639	11,803,254	12,188,966	12,446,069
Media Mail	429,714,134	60,746,204	4,516,387	15,080,859	25,802,649	36,556,142	50,167,610	58,896,106	64,775,322	69,511,086	73,254,285	75,313,443
Library	30,932,308	7,639,806	1,402,683	3,018,281	4,249,669	5,127,211	5,838,273	6,424,692	6,793,001	7,058,719	7,216,598	7,321,906

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INSTITUTIONAL
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-32. For FY 2005:

- a. What is the percent of First-Class Mail volume that is single-piece?
- b. What is the volume of First-Class Mail that is single-piece?
- c. What is the percent of First-Class Mail volume that is paid by stamps?
- d. What is the volume of First-Class Mail that is paid by stamps?
- e. What is the percent of First-Class Mail volume that is paid by meters?
- f. What is the volume of First-Class Mail that is paid by meters?
- g. What is the percent of First-Class Mail volume that is paid by permit?
- h. What is the volume of First-Class Mail that is paid by permit?
- i. For parts a. – h. above, cite the source for the figures provided.

RESPONSE:

- a. 44 percent.
- b. 45,877,745,000 pieces
- c. 26.9 percent
- d. 26,372,351,000 pieces.
- e. 39.5 percent
- f. 40,512,004,000 pieces
- g. 41.3 percent
- h. 31,174,904,000 pieces.
- i. Items (a) and (c) through (h) are from the FY 05 RPW by Indicia reports found at the internet URL noted in the response to OCA/USPS-28. Item (b) is from the RPW Summary Report. Note that due to methodology constraints items (g) and (h) include small amounts of mail with non-permit imprint indicia such as Absentee Ballots, Forwarded and Returned, No Indicia Present, Unknown Indicia, and Free Mail for the Military.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INSTITUTIONAL
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-33. For FY 2006, year-to-date:

- a. What is the percent of First-Class Mail volume that is single-piece?
- b. What is the volume of First-Class Mail that is single-piece?
- c. What is the percent of First-Class Mail volume that is paid by stamps?
- d. What is the volume of First-Class Mail that is paid by stamps?
- e. What is the percent of First-Class Mail volume that is paid by meters?
- f. What is the volume of First-Class Mail that is paid by meters?
- g. What is the percent of First-Class Mail volume that is paid by permit?
- h. What is the volume of First-Class Mail that is paid by permit?
- i. For parts a. – h. above, cite the source for the figures provided.
- j.

RESPONSE:

- a. 44 percent.
- b. 23,402,107,000 pieces
- c. 27.1 percent
- d. 13,650,456,000 pieces.
- e. 39.5 percent
- f. 19,892,370,000 pieces
- g. 39.4 percent
- h. 16,890,000,000 pieces.
- i. Items (a) and (c) through (h) are from the specific RPW by Indicia reports noted in the above response to OCA/USPS-28. Item (b) is from the RPW Summary Report. Note that due to methodology constraints items (g) and (h) include small amounts of mail with non-permit imprint indicia such as Absentee Ballots, Forwarded and Returned, No Indicia Present, Unknown Indicia, and Free Mail for the Military.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INSTITUTIONAL
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-34. For FY 2005, please provide an aggregate Table 6 from ODIS that shows the 4 quarters (i.e., Q1, Q2, Q3, and Q4) combined into annual figures.

- a. Also provide the volumes (for each cell) underlying the percentage figures.
- b. For each row of Table 6, provide the total volume figure that is used to compute the percentage set forth in each cell.

RESPONSE:

Please see the attached EXCEL workbook titled "fy05 all servstd2.xls".

- a-b. Please see the attached EXCEL workbook titled "f05f06ss num-den.xls".

ODIS-RPW
ALL 4 QTRS OF

QUARTERLY
FY-2005

STATISTICS

TABLE 6 -

FIRST-CLASS
COMMITMENT

SINGLE PIECE
ACHIEVEMENT

SERVICE
SERVICE

STAMPED

MAIL

EACH AREA AS

ORIGIN

EACH AREA AS

DESTINATION

PERCENT
DELIVERED
WITHIN
OVERNIGHT
COMMITMENT

PERCENT
DELIVERED
WITHIN
TWO-DAY
COMMITMENT

PERCENT
DELIVERED
WITHIN
THREE-DAY
COMMITMENT

PERCENT
DELIVERED
WITHIN
OVERNIGHT
COMMITMENT

PERCENT
DELIVERED
WITHIN
TWO-DAY
COMMITMENT

PERCENT
DELIVERED
WITHIN
THREE-DAY
COMMITMENT

NEW YORK METRO	97	95	92	97	95	85
NORTHEAST AREA	97	95	92	97	94	84
EASTERN AREA	97	93	92	97	95	92
WESTERN AREA	97	92	88	97	92	90
PACIFIC AREA	97	94	88	97	94	91
SOUTHWEST AREA	97	94	91	97	94	92
SOUTHEAST AREA	96	94	93	96	93	90
GREAT LAKES	96	94	91	96	94	92
CAPITAL METRO	97	95	94	97	93	90
NATIONAL	97	94	91	97	94	91

ODIS-RPW QUARTERLY STATISTICS
ALL 4 QTRS OF FY-2005

TABLE 7 - FIRST-CLASS SINGLE PIECE SERVICE
COMMITMENT ACHIEVEMENT SERVICE SERVICE
METERED MAIL

	EACH AREA AS	ORIGIN	EACH AREA AS	DESTINATION	
	-----	-----	-----	-----	-----
PERCENT DELIVERED WITHIN OVERNIGHT COMMITMENT	PERCENT DELIVERED WITHIN TWO-DAY COMMITMENT	PERCENT DELIVERED WITHIN THREE-DAY COMMITMENT	PERCENT DELIVERED WITHIN OVERNIGHT COMMITMENT	PERCENT DELIVERED WITHIN TWO-DAY COMMITMENT	PERCENT DELIVERED WITHIN THREE-DAY COMMITMENT
-----	-----	-----	-----	-----	-----
NEW YORK METRO	84	80	75	84	77
NORTHEAST AREA	87	85	80	87	76
EASTERN AREA	84	80	79	84	80
WESTERN AREA	89	86	79	89	81
PACIFIC AREA	86	85	77	86	78
SOUTHWEST AREA	85	84	79	85	78
SOUTHEAST AREA	84	81	81	84	79
GREAT LAKES	85	84	79	85	80
CAPITAL METRO	81	81	82	82	80
NATIONAL	85	83	79	85	79

ODIS-RPW QUARTERLY STATISTICS
ALL 4 QTRS OF FY-2005

TABLE 8 - FIRST-CLASS SINGLE PIECE SERVICE
COMMITMENT ACHIEVEMENT SERVICE

STAMPED AND METERED MAIL

	EACH AREA AS	ORIGIN	EACH AREA AS	DESTINATION	
PERCENT DELIVERED WITHIN OVERNIGHT COMMITMENT	PERCENT DELIVERED WITHIN TWO-DAY COMMITMENT	PERCENT DELIVERED WITHIN THREE-DAY COMMITMENT	PERCENT DELIVERED WITHIN OVERNIGHT COMMITMENT	PERCENT DELIVERED WITHIN TWO-DAY COMMITMENT	PERCENT DELIVERED WITHIN THREE-DAY COMMITMENT
NEW YORK METRO	91	89	83	91	89
NORTHEAST AREA	92	91	86	92	80
EASTERN AREA	92	88	86	92	88
WESTERN AREA	93	89	85	93	86
PACIFIC AREA	92	91	84	92	86
SOUTHWEST AREA	92	30	87	92	87
SOUTHEAST AREA	91	88	89	91	85
GREAT LAKES	92	90	86	92	87
CAPITAL METRO	90	89	88	90	86
NATIONAL	92	89	86	92	86

	ODIS-RPW ALL 4 QTRS OF		QUARTERLY FY-2005		STATISTICS	
	TABLE 9 -		FIRST-CLASS COMMITMENT	METERED	PRESORT ACHIEVEMENT	SERVICE SERVICE
	EACH AREA AS		ORIGIN		EACH AREA AS	DESTINATION
	PERCENT DELIVERED WITHIN OVERNIGHT COMMITMENT	PERCENT DELIVERED WITHIN TWO-DAY COMMITMENT	PERCENT DELIVERED WITHIN THREE-DAY COMMITMENT		PERCENT DELIVERED WITHIN OVERNIGHT COMMITMENT	PERCENT DELIVERED WITHIN TWO-DAY COMMITMENT
NEW YORK METRO	64	65	61	64	76	75
NORTHEAST AREA	81	80	74	81	77	73
EASTERN AREA	68	75	78	68	75	74
WESTERN AREA	86	86	79	86	84	78
PACIFIC AREA	78	77	66	78	78	79
SOUTHWEST AREA	82	85	79	82	85	76
SOUTHEAST AREA	80	85	85	80	78	74
GREAT LAKES	74	74	77	74	78	77
CAPITAL METRO	75	74	78	75	71	79
NATIONAL	77	78	76	77	78	76

FY	TAB	LE	AREA	ORIGIN OVERNIGHT NUMERATOR	ORIGIN OVERNIGHT DENOMINATOR	ORIGIN TWO DAY NUMERATOR	ORIGIN TWO DAY DENOMINATOR	ORIGIN THREE DAY NUMERATOR	ORIGIN THREE DAY DENOMINATOR	DESTINATING OVERNIGHT NUMERATOR	DESTINATING OVERNIGHT DENOMINATOR	DESTINATING TWO DAY NUMERATOR	DESTINATING TWO DAY DENOMINATOR	DESTINATING THREE DAY NUMERATOR	DESTINATING THREE DAY DENOMINATOR
2005	6		NEW YORK METRO	936,149,145	963,969,861	512,159,370	536,373,245	300,944,159	326,292,736	950,212,635	978,167,780	433,976,614	455,628,887	291,794,824	342,078,317
2005	6		NORTHEAST AREA	1,047,705,826	1,078,597,223	498,630,740	521,715,157	331,874,758	362,633,880	1,047,130,384	1,078,436,558	368,752,808	390,282,928	206,817,720	245,513,878
2005	6		EASTERN AREA	2,431,673,599	2,514,881,566	1,071,986,802	1,146,819,615	598,577,304	652,123,422	2,419,054,591	2,502,055,880	1,354,788,839	1,433,309,943	934,716,764	1,011,032,776
2005	6		WESTERN AREA	1,728,269,840	1,785,601,658	515,536,507	559,339,379	943,107,371	1,065,701,719	1,730,349,685	1,787,802,674	487,209,241	527,587,590	869,709,006	963,903,102
2005	6		PACIFIC AREA	1,816,140,605	1,875,812,150	691,322,876	734,018,756	833,120,451	943,714,267	1,816,085,905	1,875,726,132	708,862,933	750,135,874	889,432,274	972,486,428
2005	6		SOUTHWEST AREA	1,237,095,777	1,278,391,476	489,476,887	520,272,109	623,342,794	684,313,855	1,237,171,348	1,278,200,500	485,531,154	516,110,882	633,391,548	685,297,086
2005	6		SOUTHEAST AREA	1,345,930,991	1,397,638,521	621,810,549	664,190,733	915,609,324	984,000,382	1,345,703,154	1,398,188,285	559,455,537	599,183,197	675,780,547	748,597,406
2005	6		GREAT LAKES	1,565,884,580	1,632,690,844	861,717,184	919,688,872	593,129,368	650,171,538	1,568,002,652	1,632,855,450	860,059,421	918,448,013	655,510,004	708,721,708
2005	6		CAPITAL METRO	528,249,831	547,163,321	291,961,785	308,286,380	200,433,079	212,797,873	525,389,835	543,333,362	295,946,155	318,039,134	182,986,119	202,118,829
2005	6		NATIONAL	12,637,100,194	13,074,748,619	5,552,582,703	5,910,704,247	5,340,138,606	5,881,749,470	12,637,100,194	13,074,748,619	5,552,582,703	5,910,704,247	5,340,138,606	5,881,749,470
2005	7		NEW YORK METRO	735,941,346	879,444,917	382,822,641	452,155,027	275,582,485	366,841,577	734,840,568	877,722,057	371,218,019	444,145,536	196,831,807	255,071,609
2005	7		NORTHEAST AREA	785,711,282	905,868,096	344,058,455	402,846,457	245,693,791	308,491,124	785,683,457	906,362,612	306,758,874	368,830,536	169,955,607	224,316,529
2005	7		EASTERN AREA	1,447,719,489	1,721,587,412	617,573,615	768,587,240	410,068,493	520,335,218	1,447,842,630	1,722,155,885	676,126,080	837,419,552	427,862,803	536,289,313
2005	7		WESTERN AREA	1,202,232,914	1,353,579,327	346,901,354	405,492,223	532,206,954	674,750,650	1,205,153,539	1,356,812,115	346,591,142	403,448,788	515,288,220	638,380,183
2005	7		PACIFIC AREA	1,282,926,714	1,486,812,841	367,584,789	434,873,995	431,336,254	558,144,231	1,282,901,001	1,486,784,704	368,912,294	435,720,232	533,834,598	687,858,418
2005	7		SOUTHWEST AREA	823,184,474	964,382,194	296,220,951	354,188,989	318,094,421	401,662,596	823,431,346	964,277,199	301,479,896	361,240,505	384,983,532	490,437,208
2005	7		SOUTHEAST AREA	962,396,533	1,150,089,811	450,830,845	559,050,679	450,998,129	557,809,805	963,694,978	1,152,383,810	436,392,735	541,160,733	468,784,039	594,192,086
2005	7		GREAT LAKES	971,095,070	1,136,348,061	504,163,103	602,855,672	359,076,362	452,759,407	970,015,414	1,135,440,074	501,795,860	604,969,544	375,983,600	472,520,117
2005	7		CAPITAL METRO	352,242,290	432,215,612	174,843,895	216,337,061	156,139,518	190,790,081	349,887,184	428,389,813	155,724,748	199,451,914	105,752,402	131,618,158
2005	7		NATIONAL	8,563,450,114	10,030,308,272	3,464,999,652	4,196,387,343	3,179,196,411	4,031,584,691	8,563,450,114	10,030,308,272	3,464,999,652	4,196,387,343	3,179,196,411	4,031,584,691
2005	8		NEW YORK METRO	1,672,090,490	1,843,414,778	874,982,011	988,526,272	578,526,644	693,134,312	1,685,053,203	1,855,889,837	805,194,833	899,774,425	488,626,232	598,050,016
2005	8		NORTHEAST AREA	1,833,417,108	1,984,465,320	840,689,195	924,561,614	577,568,547	671,125,003	1,832,813,841	1,984,799,170	675,511,882	759,093,465	376,773,327	469,830,347
2005	8		EASTERN AREA	3,879,393,089	4,238,468,977	1,689,540,419	1,915,406,855	1,008,645,798	1,172,458,640	3,866,897,220	4,224,211,765	2,030,914,919	2,270,729,495	1,362,579,586	1,547,322,089
2005	8		WESTERN AREA	2,930,502,754	3,139,180,984	862,437,862	964,831,603	1,475,314,326	1,740,452,369	2,935,503,224	3,144,614,788	833,800,383	931,036,377	1,384,977,227	1,602,283,284
2005	8		PACIFIC AREA	3,099,067,319	3,362,624,991	1,058,907,665	1,168,892,750	1,264,456,704	1,501,858,498	3,098,988,906	3,362,490,837	1,075,775,226	1,185,856,105	1,423,266,873	1,660,344,842
2005	8		SOUTHWEST AREA	2,080,280,251	2,242,773,668	785,697,839	874,461,097	941,437,215	1,085,976,451	2,060,602,894	2,242,477,700	787,011,051	877,351,187	1,018,355,080	1,175,734,295
2005	8		SOUTHEAST AREA	2,308,327,525	2,547,708,331	1,072,641,395	1,223,241,412	1,368,807,454	1,541,810,187	2,309,398,132	2,550,552,097	995,848,271	1,140,343,932	1,144,544,587	1,343,790,473
2005	8		GREAT LAKES	2,538,979,849	2,789,038,905	1,365,880,288	1,522,544,544	952,205,731	1,102,930,943	2,538,018,068	2,788,295,524	1,381,855,286	1,524,415,557	1,031,473,604	1,181,241,824
2005	8		CAPITAL METRO	880,492,120	979,378,934	468,805,681	524,823,442	356,572,600	403,587,755	875,277,019	971,723,175	451,670,902	518,491,047	288,738,521	334,736,987
2005	8		NATIONAL	21,200,550,309	23,105,054,892	9,017,582,354	10,107,091,590	8,519,335,017	9,913,334,162	21,200,550,309	23,105,054,892	9,017,582,354	10,107,091,590	8,519,335,017	9,913,334,162
2005	9		NEW YORK METRO	218,988,091	344,070,174	351,845,905	542,668,389	353,610,083	577,444,569	218,222,844	342,969,172	513,648,029	677,023,409	435,179,473	581,759,530
2005	9		NORTHEAST AREA	401,297,522	483,747,954	616,202,305	770,603,181	480,882,923	652,918,167	401,741,005	494,880,937	482,537,373	628,364,233	392,707,920	540,619,842
2005	9		EASTERN AREA	665,099,776	980,310,605	1,288,230,705	1,712,134,189	1,183,542,028	1,510,101,667	666,714,826	969,291,104	1,169,248,449	1,563,533,166	840,304,188	1,128,579,958
2005	9		WESTERN AREA	864,234,041	1,004,434,475	652,573,955	780,722,924	1,338,743,059	1,703,718,314	867,385,531	1,009,765,397	610,787,553	798,031,761	1,127,698,706	1,444,335,896
2005	9		PACIFIC AREA	859,549,252	1,099,584,470	661,795,944	858,205,813	645,441,518	971,966,390	859,549,252	1,099,584,470	674,668,566	870,100,676	1,295,188,472	1,643,745,105
2005	9		SOUTHWEST AREA	492,681,211	589,426,543	529,834,938	624,011,977	942,329,406	1,186,798,820	492,650,411	599,425,221	482,103,553	569,895,928	937,418,170	1,233,250,725
2005	9		SOUTHEAST AREA	394,295,693	494,016,623	626,432,500	740,743,912	680,577,875	802,019,716	401,476,610	502,282,958	690,063,545	884,973,560	1,077,458,447	1,452,490,596
2005	9		GREAT LAKES	638,850,824	860,959,959	866,066,066	1,168,198,486	1,132,432,626	1,466,697,244	638,362,192	856,591,587	884,650,951	1,137,226,080	692,980,106	950,598,749
2005	9		CAPITAL METRO	150,688,296	200,113,133	237,527,530	323,272,829	272,447,783	350,021,190	149,552,236	198,853,088	264,801,830	371,412,284	231,071,800	291,355,936
2005	9		NATIONAL	4,685,684,704	6,076,663,934	5,832,509,849	7,500,561,699	7,030,007,284	9,221,736,155	4,685,684,704	6,076,663,934	5,832,509,849	7,500,561,699	7,030,007,284	9,221,736,155
2006	6		NEW YORK METRO	704,781,751	727,872,106	346,388,580	387,599,922	230,660,437	248,973,811	717,923,527	741,396,257	284,948,633	305,254,615	191,101,656	228,425,775
2006	6		NORTHEAST AREA	785,106,272	811,774,892	328,273,122	352,186,593	258,677,939	281,791,532	784,840,735	811,680,892	255,170,815	275,104,772	153,107,795	177,441,319
2006	6		EASTERN AREA	1,873,146,521	1,942,009,668	809,994,267	873,139,004	430,198,820	477,523,610	1,859,221,987	1,927,980,123	1,006,396,937	1,075,433,124	664,605,827	719,593,778
2006	6		WESTERN AREA	1,331,316,802	1,376,562,900	412,567,178	450,776,078	450,776,078	815,401,903	1,331,871,993	1,377,243,359	389,827,609	423,321,697	624,697,804	692,592,102
2006	6		PACIFIC AREA	1,308,740,506	1,355,792,809	480,316,519	516,936,833	605,686,823	680,992,238	1,308,654,761	1,355,701,861	484,532,408	522,054,716	613,650,732	686,545,056

2006	6	SOUTHWEST AREA	912,949,767	974,732,386	360,070,899	393,438,498	444,088,064	493,806,824	913,129,180	974,185,105	371,079,708	405,322,597	529,715,547	577,873,488
2006	6	SOUTHEAST AREA	1,009,446,043	1,052,173,436	488,970,913	528,799,639	684,839,551	737,596,520	1,008,793,903	1,052,293,482	437,936,761	474,260,278	496,127,175	556,769,291
2006	6	GREAT LAKES	1,157,386,837	1,204,151,625	661,046,827	707,153,138	421,239,811	468,575,998	1,158,990,777	1,205,739,762	712,400,004	762,557,849	543,528,136	592,200,762
2006	6	CAPITAL METRO	383,867,476	397,902,513	220,640,577	237,561,210	138,101,177	152,540,922	383,315,114	396,551,495	185,976,009	204,281,129	113,093,820	125,381,785
2006	6	NATIONAL	9,464,741,977	9,842,972,333	4,108,268,884	4,427,590,877	3,929,628,492	4,356,803,355	9,464,741,977	9,842,972,333	4,108,268,884	4,427,590,977	3,929,628,492	4,356,803,355
2006	7	NEW YORK METRO	529,816,111	644,473,278	255,380,977	331,810,341	192,859,368	264,295,920	528,415,180	642,550,612	262,401,277	321,039,217	145,499,594	189,204,407
2006	7	NORTHEAST AREA	575,101,535	685,513,403	239,470,678	281,564,554	170,486,661	217,496,108	575,372,310	668,061,898	218,482,748	284,526,777	125,233,788	163,228,456
2006	7	EASTERN AREA	1,057,627,198	1,271,443,851	455,673,503	581,642,926	292,728,225	384,050,652	1,055,431,937	1,270,304,329	491,442,215	620,872,090	298,627,874	379,615,829
2006	7	WESTERN AREA	878,684,475	1,004,054,218	255,106,124	303,310,808	380,592,948	491,336,246	879,177,464	1,004,601,787	253,465,742	299,435,920	379,784,105	473,513,667
2006	7	PACIFIC AREA	907,155,101	1,076,948,232	263,338,126	319,021,341	313,025,880	404,905,892	907,152,156	1,076,879,515	263,692,835	319,470,193	374,645,988	495,821,075
2006	7	SOUTHWEST AREA	564,555,334	694,705,583	203,750,500	258,654,273	225,591,124	295,111,425	564,892,223	694,738,354	208,817,950	267,384,753	281,470,864	370,981,636
2006	7	SOUTHEAST AREA	680,853,385	825,644,220	309,795,326	395,835,835	308,395,797	381,114,079	682,291,816	827,576,121	299,724,588	364,510,964	320,863,278	422,863,135
2006	7	GREAT LAKES	719,416,744	838,937,020	363,447,163	437,591,004	256,247,676	327,626,008	720,766,343	840,736,575	366,916,517	447,214,972	258,978,381	331,839,399
2006	7	CAPITAL METRO	252,553,541	305,940,511	124,989,708	156,166,508	110,681,885	137,171,039	252,253,894	304,213,325	107,908,432	141,342,702	89,525,711	86,141,963
2006	7	NATIONAL	6,185,743,425	7,327,660,318	2,470,952,106	3,065,597,589	2,250,809,565	2,913,107,369	6,185,743,425	7,327,660,318	2,470,952,106	3,065,597,589	2,250,809,565	2,913,107,369
2006	8	NEW YORK METRO	1,234,597,861	1,372,345,384	601,769,558	699,410,333	423,519,808	513,269,732	1,246,338,707	1,384,146,869	547,349,910	626,294,032	336,601,520	417,630,182
2006	8	NORTHEAST AREA	1,360,207,807	1,477,288,295	567,743,798	633,751,137	429,164,600	498,887,637	1,360,213,045	1,477,742,590	471,653,564	539,831,548	278,341,583	340,667,776
2006	8	EASTERN AREA	2,930,773,720	3,213,453,519	1,265,667,770	1,454,781,930	722,927,045	861,574,263	2,914,653,926	3,198,284,451	1,497,839,152	1,696,105,215	961,233,702	1,099,209,408
2006	8	WESTERN AREA	2,209,981,277	2,380,617,119	687,673,303	754,086,885	1,096,728,816	1,308,738,150	2,211,049,457	2,381,845,146	623,293,351	702,757,817	1,004,481,909	1,168,105,769
2006	8	PACIFIC AREA	2,213,895,609	2,432,741,040	743,654,646	835,958,172	918,712,704	1,085,898,129	2,213,806,917	2,432,581,375	748,225,042	841,524,910	988,296,699	1,182,486,131
2006	8	SOUTHWEST AREA	1,477,505,102	1,869,437,969	563,821,399	652,092,771	669,679,188	788,918,249	1,478,011,402	1,868,921,460	579,997,657	672,707,350	811,186,412	948,855,124
2006	8	SOUTHEAST AREA	1,690,299,428	1,877,817,655	798,766,241	924,635,473	993,235,348	1,128,710,600	1,691,085,820	1,879,869,603	737,661,349	858,771,244	818,990,454	979,632,424
2006	8	GREAT LAKES	1,876,803,581	2,043,088,646	1,024,493,990	1,144,744,141	677,487,487	796,202,003	1,879,757,120	2,046,478,337	1,079,316,520	1,209,772,821	800,506,517	923,840,181
2006	8	CAPITAL METRO	636,421,018	703,843,024	345,630,284	393,727,720	248,783,063	289,711,961	635,569,009	700,764,821	293,884,442	345,623,830	182,619,530	211,503,748
2006	8	NATIONAL	15,630,485,402	17,170,632,652	6,579,220,989	7,493,188,565	6,180,238,058	7,269,910,725	15,630,485,402	17,170,632,652	6,579,220,989	7,493,188,565	6,180,238,058	7,269,910,725
2006	9	NEW YORK METRO	167,082,995	267,435,257	265,926,417	399,787,529	259,042,185	426,103,745	166,474,234	265,328,079	371,451,850	471,804,592	326,102,333	433,507,027
2006	9	NORTHEAST AREA	269,431,285	348,018,875	470,740,739	568,022,845	354,823,440	483,783,040	269,229,547	347,569,914	337,599,195	428,845,512	282,792,617	369,750,886
2006	9	EASTERN AREA	430,363,568	710,773,884	850,208,557	1,198,596,776	803,173,133	1,073,688,684	427,093,077	697,391,831	817,304,802	1,125,367,016	617,190,853	816,650,861
2006	9	WESTERN AREA	625,831,720	726,707,337	449,412,099	552,988,550	970,397,781	1,236,474,411	625,987,025	726,441,516	471,014,400	584,701,049	542,303,982	1,075,139,455
2006	9	PACIFIC AREA	573,459,998	799,925,042	513,274,160	649,319,968	508,679,704	735,967,893	573,459,998	799,870,179	516,678,224	651,758,681	924,964,962	1,191,610,962
2006	9	SOUTHWEST AREA	300,454,172	406,340,325	347,516,412	449,042,178	701,718,326	893,266,811	300,479,239	406,408,727	317,822,951	413,284,344	630,283,011	878,614,345
2006	9	SOUTHEAST AREA	264,498,868	344,142,004	437,112,099	533,976,419	489,253,744	579,254,754	267,896,712	359,442,790	479,633,690	643,322,678	761,379,400	1,040,275,763
2006	9	GREAT LAKES	462,689,953	646,887,767	615,127,228	845,686,000	820,578,542	1,060,870,135	464,129,718	646,984,362	599,043,335	810,243,771	500,130,839	662,844,615
2006	9	CAPITAL METRO	112,835,180	136,479,522	162,145,428	208,463,410	169,963,883	216,103,760	111,878,192	135,251,413	200,914,694	276,756,028	182,482,940	217,119,339
2006	9	NATIONAL	3,206,627,743	4,386,689,813	4,111,463,143	5,405,883,674	5,077,630,738	6,705,513,235	3,206,627,743	4,386,689,813	4,111,463,143	5,405,883,674	5,077,630,738	6,705,513,235

TABLE 6 = FIRST-CLASS SINGLE PIECE STAMPED MAIL

TABLE 7 = FIRST-CLASS SINGLE PIECE METERED MAIL

TABLE 8 = FIRST-CLASS SINGLE PIECE STAMPED AND METERED MAIL

TABLE 9 = FIRST-CLASS PRESORT METERED MAIL

RESPONSE OF UNITED STATES POSTAL SERVICE TO INSTITUTIONAL
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OCA/USPS-35. For FY 2006 please provide an aggregate Table 6 from ODIS that shows all quarters available (i.e., Q1, Q2, and Q3) combined into total year-to-date figures.

- a. Also provide the volumes (for each cell) underlying the percentage figures.
- b. For each row of Table 6, provide the total volume figure that is used to compute the percentage set forth in each cell.

RESPONSE:

Please see the attached Excel workbook titled "pq123f06 servstd2.xls".

- a-b. Please see the response to OCA/USPS-34(a-b)

	ODIS-RPW QUARTER 1/2/3		QUARTERLY FY-2006		STATISTICS	
	TABLE 6 -		FIRST-CLASS COMMITMENT	SINGLE PIECE ACHIEVEMENT	SERVICE SERVICE	
			STAMPED	MAIL		
	EACH AREA AS	ORIGIN	EACH AREA AS	DESTINATION		
PERCENT DELIVERED WITHIN OVERNIGHT COMMITMENT	PERCENT DELIVERED WITHIN TWO-DAY COMMITMENT	PERCENT DELIVERED WITHIN THREE-DAY COMMITMENT	PERCENT DELIVERED WITHIN OVERNIGHT COMMITMENT	PERCENT DELIVERED WITHIN TWO-DAY COMMITMENT	PERCENT DELIVERED WITHIN THREE-DAY COMMITMENT	
NEW YORK METRO	97	94	93	97	93	84
NORTHEAST AREA	97	93	92	97	93	86
EASTERN AREA	96	93	90	96	94	92
WESTERN AREA	97	92	88	97	92	90
PACIFIC AREA	96	93	89	96	93	89
SOUTHWEST AREA	94	92	90	94	92	92
SOUTHEAST AREA	96	92	93	96	92	89
GREAT LAKES	96	93	90	96	93	92
CAPITAL METRO	96	93	91	97	93	91
NATIONAL	96	93	90	96	93	91

	ODIS-RPW QUARTER 1/2/3		QUARTERLY FY-2006		STATISTICS	
	TABLE 7 -		FIRST-CLASS COMMITMENT	SINGLE PIECE ACHIEVEMENT	SERVICE SERVICE	
			METERED	MAIL		
	EACH AREA AS	ORIGIN	EACH AREA AS	DESTINATION		
PERCENT DELIVERED WITHIN OVERNIGHT COMMITMENT	PERCENT DELIVERED WITHIN TWO-DAY COMMITMENT	PERCENT DELIVERED WITHIN THREE-DAY COMMITMENT	PERCENT DELIVERED WITHIN OVERNIGHT COMMITMENT	PERCENT DELIVERED WITHIN TWO-DAY COMMITMENT	PERCENT DELIVERED WITHIN THREE DAY COMMITMENT	
NEW YORK METRO	82	77	73	82	82	77
NORTHEAST AREA	86	85	78	86	82	77
EASTERN AREA	83	78	76	83	79	78
WESTERN AREA	88	84	77	88	85	80
PACIFIC AREA	84	83	77	84	83	76
SOUTHWEST AREA	81	79	76	81	78	76
SOUTHEAST AREA	82	78	79	82	78	76
GREAT LAKES	86	83	78	86	82	77
CAPITAL METRO	83	80	81	83	76	81
NATIONAL	84	81	77	84	81	77

ODIS-RPW QUARTERLY STATISTICS
QUARTER 1/2/3 FY-2006

TABLE 8 - FIRST-CLASS SINGLE PIECE SERVICE
COMMITMENT ACHIEVEMENT SERVICE

STAMPED AND METEDED MAIL

	EACH AREA AS	ORIGIN	EACH AREA AS	DESTINATION		
	PERCENT DELIVERED WITHIN OVERNIGHT COMMITMENT	PERCENT DELIVERED WITHIN TWO-DAY COMMITMENT	PERCENT DELIVERED WITHIN THREE DAY COMMITMENT	PERCENT DELIVERED WITHIN OVERNIGHT COMMITMENT	PERCENT DELIVERED WITHIN TWO-DAY COMMITMENT	PERCENT DELIVERED WITHIN THREE DAY COMMITMENT
NEW YORK METRO	90	86	83	90	87	81
NORTHEAST AREA	92	90	86	92	87	82
EASTERN AREA	91	87	84	91	88	87
WESTERN AREA	93	89	84	93	89	86
PACIFIC AREA	91	89	85	91	89	84
SOUTHWEST AREA	89	86	85	89	86	85
SOUTHEAST AREA	90	86	88	90	86	84
GREAT LAKES	92	89	85	92	88	87
CAPITAL METRO	90	88	86	91	88	87
NATIONAL	91	88	85	91	88	87

ODIS-RPW QUARTERLY STATISTICS
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TABLE 9 - FIRST CLASS PRESORT SERVICE
COMMITMENT ACHIEVEMENT SERVICE

METERED MAIL

	EACH AREA AS	ORIGIN	EACH AREA AS	DESTINATION		
	PERCENT DELIVERED WITHIN OVERNIGHT COMMITMENT	PERCENT DELIVERED WITHIN TWO-DAY COMMITMENT	PERCENT DELIVERED WITHIN THREE-DAY COMMITMENT	PERCENT DELIVERED WITHIN OVERNIGHT COMMITMENT	PERCENT DELIVERED WITHIN TWO-DAY COMMITMENT	PERCENT DELIVERED WITHIN THREE-DAY COMMITMENT
NEW YORK METRO	62	67	61	63	79	75
NORTHEAST AREA	77	83	73	77	79	75
EASTERN AREA	61	71	75	61	73	76
WESTERN AREA	86	81	78	86	81	78
PACIFIC AREA	72	79	69	72	79	78
SOUTHWEST AREA	74	77	79	74	77	72
SOUTHEAST AREA	77	82	84	75	75	73
GREAT LAKES	72	73	77	72	74	75
CAPITAL METRO	83	78	79	83	73	84
NATIONAL	73	76	76	73	76	76

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OCA/USPS-36. For FY 2005, please provide an aggregate Table 7 from ODIS that shows the 4 quarters (i.e., Q1, Q2, Q3, and Q4) combined into annual figures.

- a. Also provide the volumes (for each cell) underlying the percentage figures.
- b. For each row of Table 7, provide the total volume figure that is used to compute the percentage set forth in each cell.

RESPONSE:

Please see response to OCA/USPS-34.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INSTITUTIONAL
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-37. For FY 2006 please provide an aggregate Table 7 from ODIS that shows all quarters available (i.e., Q1, Q2, and Q3) combined into total year-to-date figures.

- a. Also provide the volumes (for each cell) underlying the percentage figures.
- b. For each row of Table 7, provide the total volume figure that is used to compute the percentage set forth in each cell.

RESPONSE:

Please see the responses to OCA/USPS-34 and OCA/USPS-35.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INSTITUTIONAL
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OCA/USPS-38. For FY 2005, please provide an aggregate Table 8 from ODIS that shows the 4 quarters (i.e., Q1, Q2, Q3, and Q4) combined into annual figures.

- a. Also provide the volumes (for each cell) underlying the percentage figures.
- b. For each row of Table 8, provide the total volume figure that is used to compute the percentage set forth in each cell.

RESPONSE:

Please see the response to OCA/USPS-34.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INSTITUTIONAL
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OCA/USPS-39. For FY 2006 please provide an aggregate Table 8 from ODIS that shows all quarters available (i.e., Q1, Q2, and Q3) combined into total year-to-date figures.

- a. Also provide the volumes (for each cell) underlying the percentage figures.
- b. For each row of Table 8, provide the total volume figure that is used to compute the percentage set forth in each cell.

RESPONSE:

Please see the responses to OCA/USPS-34 and OCA/USPS-35.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INSTITUTIONAL
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OCA/USPS-40. For FY 2005, please provide an aggregate Table 9 from ODIS that shows the 4 quarters (i.e., Q1, Q2, Q3, and Q4) combined into annual figures.

- a. Also provide the volumes (for each cell) underlying the percentage figures.
- b. For each row of Table 9, provide the total volume figure that is used to compute the percentage set forth in each cell.

RESPONSE:

Please see the response to OCA/USPS-34.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INSTITUTIONAL
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OCA/USPS-41. For FY 2006 please provide an aggregate Table 9 from ODIS that shows all quarters available (i.e., Q1, Q2, and Q3) combined into total year-to-date figures.

- a. Also provide the volumes (for each cell) underlying the percentage figures.
- b. For each row of Table 9, provide the total volume figure that is used to compute the percentage set forth in each cell.

RESPONSE:

Please see the responses to OCA/USPS-34 and OCA/USPS-35.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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OCA/USPS-42. With respect to ODIS sampling, what percentage of total Priority Mail volume is of a type that is eligible to be sampled by ODIS? Also, please describe the types of Priority Mail that may be sampled by ODIS, as contrasted with types of Priority Mail that would not be included in the ODIS sample.

RESPONSE:

100 percent of Priority Mail is of the type eligible to be sampled in ODIS-RPW.

As such, no Priority Mail is excluded from ODIS-RPW sampling.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-43. What percentage of Priority Mail has Product Tracking System ancillary services added to it? List all of the types of Product Tracking System ancillary services that may be added to Priority Mail.

- a. With respect to the service performance scores presented at <http://www.usps.com/serviceperformance/welcome.htm> for Priority Mail, what ancillary service types are included for the purpose of calculating the performance scores?
- b. What is the number of Priority Mail pieces that was used to develop the Overnight performance score of 87% on time? What total piece figure was used to calculate this score?
- c. What is the number of Priority Mail pieces that was used to develop the 2-day performance score of 87% on time? What total piece figure was used to calculate this score?
- d. What is the number of 3-day Priority Mail pieces (3%) for which service performance could not be reported?

RESPONSE:

- a. Delivery confirmation barcode.
- b. Out of 876,464 Total Pieces, 763,432 were On-Time, for a percentage of 87%.
- c. Out of 6,387,464 Total Pieces, 5,533,818 were On-Time, for a percentage of 87%.
- d. Data are not readily available.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-44. For FY 2005, please provide volume estimates of Priority Mail broken down into the three service standards for Priority Mail, i.e., volume of mail with an Overnight service standard; volume of mail with a 2-day standard; and volume of mail with a 3-day standard. The three volume figures should sum to the total volume of Priority Mail. If precise figures are unavailable, then ball park estimates are acceptable. Please cite the sources used to answer this interrogatory.

RESPONSE:

Priority Single Piece Volume Under the Given Service Standard
for FY05

1	174,390,769
2	672,716,960
3	40,369,272

These volume estimates were constructed by deriving the FY 05 ODIS-RPW sample volume of Priority Mail under the given standards and applying the distribution of this mail to the FY 05 RPW Summary Report estimate of Priority volume.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-45. For FY 2006, year-to-date, please provide volume estimates of Priority Mail broken down into the three service standards for Priority Mail, i.e., volume of mail with an Overnight service standard; volume of mail with a 2-day standard; and volume of mail with a 3-day standard. Give the dates for the period of time used to answer the question. The three volume figures should sum to the total volume of Priority Mail for the specified period. If precise figures are unavailable, then ball park estimates are acceptable. Please cite the sources used to answer this interrogatory.

RESPONSE:

Priority Single Piece Volume Under the Given Service Standard
for Q2 FY 06 Year-To-Date

1	90,105,039
2	378,223,147
3	22,093,814

These volume estimates were constructed by deriving the Quarter 2 FY 06 Year-To-Date ODIS-RPW sample volume of Priority under the given standards and applying the distribution of this mail to the Quarter 2 FY 06 Year-To-Date RPW Summary Report estimate of Priority volume.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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OCA/USPS-46. For FY 2005, please provide volume estimates of Express Mail broken down into the following categories: (1) Overnight, (2) Second Day with a 2-day commitment, (3) Second Day with a 3-day commitment, (4) Second Day with a 4-day commitment, and (5) Second Day with a 5-day commitment. The 5 volume figures should sum to the total volume of Express Mail. If precise figures are unavailable, then ball park estimates are acceptable. Please cite the sources used to answer this interrogatory.

RESPONSE:

Please see the response to DBP/USPS-26(b), which provides FY2005 volume data from the Product Tracking System by standard.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-47 - For FY 2006, year-to-date, please provide volume estimates of Express Mail broken down into the following categories: (1) Overnight, (2) Second Day with a 2-day commitment, (3) Second Day with a 3-day commitment, (4) Second Day with a 4-day commitment, and (5) Second Day with a 5-day commitment. The 5 volume figures should sum to the total volume of Express Mail for the specified period. If precise figures are unavailable, then ball park estimates are acceptable. Please cite the sources used to answer this interrogatory.

RESPONSE:

The following data comes from the Product Tracking System, and is from the first three Quarters of FY 2006:

Overnight	29,195,952
2-Day	7,596,520
3-Day	2,244,316
4-Day	2,068,809

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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OCA/USPS-48. With respect to the performance scores presented at <http://www.usps.com/serviceperformance/welcome.htm> for Express Mail, provide the volume figures used to calculate the Overnight on-time score of 95%. Also provide the volume figures used to calculate the combined Overnight and 2-day score of 96% on time.

RESPONSE:

Out of 7,605,131 Total Pieces, 7,308,974 were On Time, for a percentage of 96% for combined overnight and two-day score.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-49. Please provide annual on-time scores for Express Mail for FY2005, separately, for the following categories:

- a. Overnight
- b. 2-day commitment

Cite the source(s) for the figures provided. Also, give the volume figures used to calculate each score.

RESPONSE:

Please see response to OCA/USPS-T34-1 (c)-(d).

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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OCA/USPS-50. Please provide year-to-date on-time scores for Express Mail for FY2006, separately, for the following categories:

- a. Overnight
- b. 2-day commitment

Cite the source(s) for the figures provided. Please state the time period involved. Also, give the volume figures used to calculate each score.

RESPONSE:

a. & b. These data are from the Product Tracking System (PTS).

FY 2006 Express Mail Volume Postal Quarter III Year-to-Date	<u>Volume Accepted</u>	<u>Volume On Time</u>	<u>% On Time</u>
Next Day Commitment	29,195,952	27,762,675	95%
2-Day Commitment	7,596,520	7,259,666	96%

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OCA/USPS-51. At <http://www.usps.com/serviceperformance/welcome.htm>, it is stated that, "Parcels entered at retail represent 8% of the total surface package volume." What proportion of the 8% (i.e., retail volume) carries a Product Tracking System ancillary service that permits the service score to be computed?

- a. Please give all volume figures used to calculate the percentage figures.
- b. Please list all ancillary services that may be added to package services that can be used to compute on time scores.
- c. At <http://www.usps.com/serviceperformance/retailpackage.htm>, please provide the volume figures that underlie each performance score (i.e., for 2-day, 3-day, 4-day, 5-day, 6-day, 7-day, 8-day, and 9-day) package services mail.

RESPONSE:

- a. The figures that underlie the data posted on usps.com are as follows:

Product/Class	Total Vol	On Time Vol	On Time %
PSSP	22714341	21761149	96%
Retail Pack Serv	7218708	3503616	49%
PSSP & Retail Pack Serv Combined	29933049	25264765	84%
Package Services - Retail - All - 2 Day	787,292	495,766	63%
Package Services - Retail - All - 3 Day	1,058,544	413,862	39%
Package Services - Retail - All - 4 Day	2,057,280	952,414	46%
Package Services - Retail - All - 5 Day	1,168,398	602,540	52%
Package Services - Retail - All - 6 Day	971,084	439,410	45%
Package Services - Retail - All - 7 Day	835,180	416,198	50%
Package Services - Retail - All - 8 Day	322,768	172,916	54%
Package Services - Retail - All - 9 Day	18,162	10,510	58%

- b. Delivery/Signature Confirmation are the services that allow the volumes to be measured.
- c. Please see response to subpart (a).

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OCA/USPS-52. For FY 2005, please provide:

- a. Total package services volumes
- b. Retail package services volumes
- c. Non-retail package services volumes
- d. Parcel select volumes

Please cite the source(s) used to answer this interrogatory.

RESPONSE:

- a. 1,165,534,000. From FY 05 RPW Summary Report
- b. 223,833,000. From FY 05 RPW extract.
- c. 941,701,000. From FY 05 RPW extract.
- d. 269,931,000. From FY 05 RPW extract.

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OCA/USPS-53. For FY 2006, year-to-date, please provide:

- a. Total package services volumes
- b. Retail package services volumes
- c. Non-retail package services volumes
- d. Parcel select volumes

Please cite the source(s) used to answer this interrogatory. Please specify the time period used to answer the interrogatory.

RESPONSE:

- a. 624,761,000. From Quarter 2 Year-to-Date FY 06 RPW Summary Report
- b. 513,681,000. From Quarter 1 and Quarter 2 FY 06 RPW RPW extract.
- c. 111,080,000. From Quarter 1 and Quarter 2 FY 06 RPW RPW extract.
- d. 142,332,000. From Quarter 1 and Quarter 2 FY 06 RPW RPW extract.

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OCA/USPS-54. Please provide annual on-time scores for Package Services mail for FY2005, separately, for the following categories:

- a. 2-day
- b. 3-day
- c. 4-day
- d. 5-day
- e. 6-day
- f. 7-day
- g. 8-day
- h. 9-day

Cite the source(s) for the figures provided. Also, give the volume figures used to calculate each score.

RESPONSE:

The data in the chart below are from the Product Tracking System (PTS), and reflect FY05 Retail Packaging Services.

Service Standard	Volume	Volume Within Service Standard	% of Volume within Service Standard
2 Day	1,145,503	728,774	64%
3 Day	1,748,807	788,631	45%
4 Day	3,313,889	1,637,869	49%
5 Day	2,344,935	1,347,438	57%
6 Day	1,958,142	1,054,155	54%
7 Day	1,989,595	1,105,026	56%
8 Day	670,278	360,090	54%
9 Day	81,455	48,894	60%
Total	13,252,604	7,070,877	53%

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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OCA/USPS-55. Please provide year-to-date on-time scores for Package Services mail for FY2006, separately, for the following categories:

- a. 2-day
- b. 3-day
- c. 4-day
- d. 5-day
- e. 6-day
- f. 7-day
- g. 8-day
- h. 9-day

Cite the source(s) for the figures provided. Please state the time period involved. Also, give the volume figures used to calculate each score.

RESPONSE:

The data in the chart below are from the Product Tracking System (PTS), and reflect Retail Packaging Services for the first two quarters of FY2006.

Service Standard	Volume	Volume Within Service Standard	% Volume Within Service Standard
2 Day	717,299	441,774	62%
3 Day	1,009,405	386,630	38%
4 Day	1,966,722	870,240	44%
5 Day	1,227,379	636,680	52%
6 Day	982,412	462,652	47%
7 Day	917,702	462,431	50%
8 Day	329,271	174,451	53%
9 Day	33,231	18,184	55%
Total	7,183,421	3,453,042	48%

**RESPONSE OF THE POSTAL SERVICE TO INTERROGATORIES
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OCA/USPS-56. Please refer to Tr. 8D/4715-19 (Interrogatory OCA/USPS-43), Docket No. R2005-1. Please file a complete update for all questions posed (and answered, including the "expanded response") beginning with the period immediately following the period covered by the R2005-1 answer through and including today's date. Please state the dates covered by the answer provided to the instant (Docket No. R2006-1) interrogatory.

RESPONSE:

No new domestic retail services have been initiated since the period covered by the responses filed in the last case. With respect to updates on existing programs, please see the response to OCA/USPS-58.

**RESPONSE OF THE POSTAL SERVICE TO INTERROGATORIES
OF THE OCA**

OCA/USPS-57. Please refer to Tr. 8D/4720-24 (Interrogatory OCA/USPS-46), Docket No. R2005-1. Please file a complete update for all questions posed (and answered) beginning with the period immediately following the period covered by the R2005-1 answer through and including today's date. Please state the dates covered by the answer provided to the instant (Docket No. R2006-1) interrogatory.

RESPONSE:

No new pilot tests have been initiated since the period covered by the responses filed in the last case. With respect to updates on existing programs, please see the response to OCA/USPS-58.

**RESPONSE OF THE POSTAL SERVICE TO INTERROGATORIES
OF THE OCA**

OCA/USPS-58. Please refer to Tr. 8D/4730-42 (Interrogatory OCA/USPS-53), Docket No. R2005-1. Please file a complete update for all questions posed (and answered) beginning with the period immediately following the period covered by the R2005-1 answer through and including today's date. Please state the dates covered by the answer provided to the instant (Docket No. R2006-1) interrogatory.

RESPONSE:

Updating the information provided in Docket No. R2005-1 in response to part a. of OCA/USPS-53, to produce cost data for nonpostal and other services involving window clerk activity, these are the questions asked in the FY05 IOCS.

Q18G6 Other Product Type

What type of retail product does the work involve?

- A Domestic Money Orders
- B International Money Orders
- C Dinero Seguro / Sure Money
- D First-Class Phonocard
- E Other Products/Services (Specify)

Q18G9 Mailing Supplies

Which best describes the type of mailing supplies?

- A Priority Mail Packaging Supplies
- B Express Mail Packaging Supplies
- C International Product Packaging Supplies
- D Other Mailing Supplies

Q18G10 Money Order Activity

What is the specific activity being performed?

- A Selling
- B Cashing
- C Other (Specify)

Q18G11 Service for Other Government Agencies

What type of service is being performed?

- A US Passport Application
- B Migratory Bird Stamp
- C Alien Address Reporting
- D Selective Service Registration
- E Other (Specify)

The rest of the response to OCA/USPS-53.a remains unchanged.

**RESPONSE OF THE POSTAL SERVICE TO INTERROGATORIES
OF THE OCA**

Updating the information provided in Docket No. R2005-1 in response to part k. of OCA/USPS-53, in this case Test Year revenue for nonpostal products is included in Other Income on line 13 of Witness Loutsch's Exhibit USPS-6D. The explanation of how Other Income is forecasted is provided in Chapter X.e at pages 469-71 (as revised) of USPS-LR-L-50. As review of those pages shows, forecasts for nonpostal products are not made on a product-level basis, except for FedEx boxes, which are the only item included in the "Retail Alliances" line under Other Income. Essentially, in the aggregate, these revenues are forecasted as an average of previous aggregate revenues.

In terms of an update to Attachment One to the Response to OCA/USPS-53 in Docket No. R2005-1, the latest information (for FY05) has already been provided in this docket on page 17 of Attachment G to the Request.

In terms of an update to Attachment Two to the Response to OCA/USPS-53 in Docket No. R2005-1, the latest information was provided on June 1, 2006, in response to Order No. 1449 in Docket No. RM2004-1. It is reproduced as an attachment to this response for convenience.

PROGRAM DESCRIPTIONS**ATTACHMENT TO RESPONSE
OCA/USPS-58**

The following list of programs corresponds to the programs for which the Postal Service has reported FY 2005 revenues and expenses as part of its filing in Docket No. R2006-1, in response to Commission Rule 54(h)(1). As indicated below, not all of these programs are necessarily active in FY 2006. Also included is information about two programs which have been terminated, but for which there was reported activity in FY 2005. In the opinion of the Postal Service, all of these programs fall outside the scope of the definition adopted by Order No. 1449. It is worth noting that while these programs fall outside that definition, they do either support the basic mail delivery function of the Postal Service, utilize assets developed by the Postal Service used for providing mail services, or support its role in providing fundamental governmental services.

Inter-Agency Agreement Programs:

These programs support the Postal Service's role as a provider of government services.

MIGRATORY BIRD STAMPS

An agreement with the United States Fish and Wildlife service provides for the distribution and sale of the Migratory Bird Hunting and Conservation (Duck) Stamp to the general public through Postal Service retail outlets.

PASSPORTS

The Postal Service receives a fee for processing Passport Applications. Currently, the Postal Service handles about two-thirds of all passport applications. A passport application is completed by a postal customer, the form is reviewed for completeness, an ID is verified, and then the completed application is sent to the State Department. In some retail locations, the Postal Service also offers customers the ability to obtain passport photos for an additional fee.

PROGRAM DESCRIPTIONS**ATTACHMENT TO RESPONSE
OCA/USPS-58****SELECTIVE SERVICE**

The Postal Service has agreed with the Selective Service to make its brochures available in postal retail lobbies. Brochures are completed by the individual registering and presented to the retail associate for verification of identification. The brochure is then mailed to the Selective Service agency. There is no fee associated with this program.

Use of the Mails:

These programs support the use of the mails.

PHOTOCOPY SERVICE

The Postal Service permits the installation of coin-operated photocopying machines in the lobbies of offices for customer use in many areas. These machines facilitate the copying of written documents that may need to be mailed, and are maintained by commercial firms. A portion of the proceeds from these copiers is paid to the Postal Service, with its share based on the local agreement.

READYPOST®

ReadyPost® is a USPS-branded line of shipping supplies designed for sale in postal retail locations to support mailing needs of our customers. The program is based on a contract with Hallmark Custom Marketing, Inc.

IMAGITAS (MoverSource)

In 1995, the Postal Service and Imagitas formed a strategic alliance to improve the accessibility and convenience of change of address service, and to help defray the Postal Service's costs of annually processing 44 million change of address orders. The following programs are provided under the strategic alliance:

The Mover's Guide – A package that includes PS Form 3575, Change of Address Order, and PS Form 3576, Change of Address Request for Correspondents, Publishers, and Businesses; move-related tips; and advertisements for move-related products and services.

PROGRAM DESCRIPTIONS**ATTACHMENT TO RESPONSE
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Welcome Kit – An envelope sent to movers that contains the official USPS Confirmation Notification Letter (CNL) sent to the new address of COA filers, along with information about the mover's new community and move-related advertising.

MoversGuide Online (MGO) - This site, located on www.usps.com, allows a mover to file an electronic COA order online. Similar to the hardcopy Mover's Guide, the online version provides move-related savings, tips and information.

HYBRID MAIL PROGRAMS

Hybrid mail programs offer alternate channels for the entry of mail that starts as an electronic file or an electronic order, but is converted to a hard-copy version for postal delivery. Service is not provided by the Postal Service, but is accessed through www.usps.com. Currently, there are three entities that provide hybrid mail programs. The services include:

NetPost Mailing Online is an electronic-to-hardcopy printing and mailing service. Services are provided by PosteDigital. Customers are able to create, print and access First-Class, Standard, Non-profit, and G-10 mailings.

NetPost Card Store allows customers to create personalized greeting cards that are printed and mailed the next business day. Customers may also choose to insert a retail gift card inside their greeting card and schedule the date and time they would like it to be printed and mailed. Services are provided by Touchpoint Inc.

Premium Post Cards are full-color glossy cards that can feature images selected from an available gallery of images, or digital images provided by the customer. Both sides of the card can be personalized with digital images. The service is provided by Amazing Mail.

Utilization of Postal Assets

These programs more fully utilize assets developed for providing mail services.

OFFICIALLY LICENSED RETAIL PRODUCTS (OLRP)

This program provides for the sale of licensed retail merchandise in post offices. Licensees utilize postal trademarks and stamp images to develop products that can be sold in post offices. Postmasters/station managers select OLRP products

PROGRAM DESCRIPTIONS**ATTACHMENT TO RESPONSE
OCA/USPS-58**

for resale in their offices. They are usually gift items that represent convenience purchases.

DINERO SEGURO®/SURE MONEY™

Sure Money™ or Dinero Seguro® is the Postal Service's international funds transfer program offered through 2,800 postal retail units with high concentration of Hispanic immigrants. The program, which provides service to 10 countries in Latin America and the Caribbean, operates through a strategic alliance with Bancomer Transfer Service. The Postal Service collects the name of the recipient and sender, the amount of funds to be sent; the funds and service fee (shared between the Postal Service and Bancomer); and provides the data to Bancomer to complete the transaction.

FEDEX DROPBOXES

As part of a non-exclusive contract between FedEx and the Postal Service, FedEx pays fees to the Postal Service to allow it to locate its express drop boxes outside or in proximity to post offices. The Postal Service provides no services in connection with these drop boxes, currently installed at about 5,000 post offices. All responsibilities related to installation, maintenance, collection, and removal are FedEx's.

METER MANUFACTURERS MARKETING PROGRAM

Pitney Bowes and the Postal Service entered into a non-exclusive test-marketing relationship whereby the Postal Service would make space available in selected retail lobbies for exhibits promoting the use of PB postage meters and scales. The purpose of the test is to determine the economic and practical feasibility of a longer term marketing relationship for the marketing of PB products in Post Office retail lobbies.

AFFILIATES

Affiliate relationships are generally established for the purposes of generating visitor traffic, making purchases, or completing transactions between two websites. The revenue-generating agreements are usually based on a pay-for-performance model, which is measured by number of clicks, registrations, sales or any combination of the above. Affiliates that do not generate revenue are referred to as linking agreements. The Postal Service has numerous linking agreements with companies, such as the PC Postage Vendors and other government agencies.

PROGRAM DESCRIPTIONS**ATTACHMENT TO RESPONSE
OCA/USPS-58****PHONE CARDS**

Pre-paid phone cards bearing philatelic images are sold at post office retail counters. They enable users to place domestic and international phone calls up to the value of the card. The Postal Service and its long-distance telephone service alliance partner (AT&T) share revenue.

COLLOBORATIVE LOGISTICS

Under a program called Collaborative Logistics, the Postal Service has sold underutilized longhaul space on purchased highway transportation to shippers desiring to move non-mail items (i.e., items which will not subsequently enter the mailstream) on specific lanes in direct trips over 4 hours. There are currently no lanes being sold, no active agreements, and no strategic alliances.

ELECTRONIC POSTMARK (EPM)

The USPS Electronic Postmark (EPM) is currently an out-sourced all-electronic service giving customers a way to time-stamp electronic files. The EPM provides evidence that a document or file existed at a specific time and date and detects changes made to the postmarked document. Since January of 2003, the service has been performed as a strategic alliance with an outside vendor, Authentidate, under postal direction, policies, and branding. The Postal Service shares a portion of the EPM fees collected. The service is sold over the internet via online sales, or via a hardcopy sales agreement.

LICENSING PROGRAMS

This program licenses use of intellectual property either wholly or jointly owned by the Postal Service, including stamp images, copyrighted material, the Postal Service corporate signature, other trademarks, service marks and trade dress. Licensees can pay specific fees for usage, but in most cases pay a royalty for each item that contains Postal Service intellectual property. The licensed items are sold in various marketplaces and territories, including post offices and through the Postal Store on www.usps.com. In most cases, the Postal Service receives a royalty payment regardless of where or how the product is sold, and separately receives compensation for products sold through the OLRP program at Postal Service retail locations.

PROGRAM DESCRIPTIONS**ATTACHMENT TO RESPONSE
OCA/USPS-58**Programs Terminated (After Activity in FY05):**AOL CD PROGRAM**

Until March, 2006, the Postal Service allowed America Online (AOL) to place one take-one CD display in up to 13,842 lobbies. In exchange for marketing through postal retail outlets, AOL paid the Postal Service a fixed fee for retail space, and provided the Postal Service with up to 100MB of space on the registration CDs distributed through post offices. The AOL agreement expired under its own terms on February 28, 2006.

MAGAZINE SUBSCRIPTIONS

This was a program provided by Affiliate Agreement with Magazine Mall. Through it, consumers and small to medium sized businesses are able to access and order magazine subscriptions at a discount. Service were sold and accessed through www.usps.com. The program was terminated in early FY05.

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OCA/USPS-59. What was the total volume of mail collected from mail collection boxes in FY 2005?

- a. Please break down this total into separate volume figures for the classes and subclasses of mail collected.
- b. If a precise answer cannot be provided, then a ballpark estimate will suffice. Please state the source(s) for the answer provided.

RESPONSE:

The Postal Service has no actual data on the volume of mail collected from mail collection boxes, in total or by subclass, and no reasonable means to provide a ballpark estimate of such volume.

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OF THE OCA**

OCA/USPS-60. What is the total volume of mail collected from mail collection boxes in FY 2006, year-to-date?

- a. Please break down this total into separate volume figures for the classes and subclasses of mail collected.
- b. If a precise answer cannot be provided, then a ballpark estimate will suffice. Please state the source(s) for the answer provided. Also state the time period used in the answer.

RESPONSE:

The Postal Service has no actual data on the volume of mail collected from mail collection boxes, in total or by subclass, and no reasonable means to provide a ballpark estimate of such volume.

**RESPONSE OF THE POSTAL SERVICE TO INTERROGATORIES
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OCA/USPS-61. Please refer to Tr. 10C/3455 (Interrogatory OCA/USPS-225), Docket No. R2001-1. Please provide equivalent figures for the years FY2002, FY 2003, FY2004, FY2005, and FY2006 (year-to-date).

RESPONSE:

Comparable collection box figures for 2002-2004 were provided in response to DBP/USPS-1 in Docket No. R2005-1, Tr. 8C/3945. Figures for 2005 and 2006 were already provided in this case in response to DFC/USPS-18, except that the 2006 figure provided in that response excludes Express Mail boxes. The corresponding 2006 figure with Express Mail boxes included is 273,117.

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OCA/USPS-62. This interrogatory seeks information on the service standards and achieved service performance for Express Mail. Please refer to your response to OCA/USPS-2(a) and (d).

a. Refer to your response to part a. Please confirm that the Postal Service collects Product Tracking System (herein "PTS") data on achieved service performance separately for Custom Designed (Rate Schedule (herein "RS") 122), Next Day and 2d Day PO to PO (RS 123), and, Next Day and 2d Day PO to Addressee (RS 123). If you do not confirm, please explain. If you do confirm, please provide the achieved service performance data requested in OCA/USPS-2(a).

b. Refer to your response to part a. Please confirm that the Postal Service collects PTS data on achieved service performance for one or more rate categories, or one or more subsets of mail or type of Express Mail service. If you do not confirm, please explain. If you do confirm, please provide the achieved service performance data requested in OCA/USPS-2(a), and define any subset of mail or type of mail service.

c. Refer to your response to part a., which requests "data from all measuring systems showing the achieved service performance." Please confirm that the Postal Service measures achieved service performance for Express Mail using measuring systems other than PTS. If you do not confirm, please explain. If you do confirm, please provide the achieved service performance data requested in OCA/USPS-2(a) for those measuring systems, and define any subset of mail or type of Express Mail service measured, where applicable.

d. Refer to your response to part d. Please confirm that the PTS data is a statistically representative measure of the service standard cited (i.e., DMM section 113) for Custom Designed (RS 122), Next Day and 2d Day PO to PO (RS 123), and, Next Day and 2d Day PO to Addressee (RS 123); and, any subset of mail or type of Express Mail services. If you do not confirm, please 1) explain and rank order the most important reasons why the data is not statistically representative; 2) describe any existing plans by the Postal Service, and their likely implementation in the next 1, 3 or 5 years, to develop statistically representative data on achieved service performance; and, 3) indicate "No Plans" if there are no existing plans to develop statistically representative data on achieved service performance.

RESPONSE:

(a)-(b). Not confirmed. Next Day and 2d Day PO to PO (RS 123), and, Next Day and 2d Day PO to Addressee (RS 123) are the bases for the Express Mail service

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performance measurement. PO to PO, and PO to Addressee, PTS data are available in the form presented in the response to OCA/USPS-T34-1(c)-(d).

(c) Not confirmed. The Postal Service does not measure achieved service performance for Express Mail using any measuring systems other than PTS.

(d) Confirmed that PTS is a statistically representative measure of the service standards for Express Mail that it measures. Express Mail service measurement is a virtual census of all Next Day and 2d Day PO to PO (RS 123), and, Next Day and 2d Day PO to Addressee (RS 123) pieces for the NPA time-measurement period, omitting only identified data errors.

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OCA/USPS-63. This interrogatory seeks information on the service standards and achieved service performance for First-Class Mail. Please refer to your response to OCA/USPS-3(a), (b), and (d).

- a. Refer to your response to part a. Please confirm that the External First-Class (herein "EXFC") system does not provide achieved service performance data for First-Class Mail as a whole, or the following First-Class Mail subclasses, as a whole: Letters and Sealed Parcels (Rate Schedule (herein "RS") 221), or Cards (RS 222). If you do not confirm, please explain.
- b. Refer to your response to part a., which requests "data from all measuring systems showing the achieved service performance." Please confirm that the Postal Service measures achieved service performance using measuring systems other than the EXFC system for First-Class Mail as a whole, and the following First-Class Mail subclasses, as a whole: Letters and Sealed Parcels (RS 221), and Cards (RS 222). If you do not confirm, please explain. If you do confirm, please provide the achieved service performance data requested in OCA/USPS-3(a) for those measuring systems.
- c. Refer to your response to part a., which requests "data from all measuring systems showing the achieved service performance." Please confirm that the Postal Service measures achieved service performance using measuring systems other than EXFC system for one or more rate categories, or one or more subsets of mail or type of First-Class Mail service. If you do not confirm, please explain. If you do confirm, please provide the achieved service performance data requested in OCA/USPS-3(a) for those measuring systems, and define any rate category, subset of mail or type of First-Class Mail service measured, where applicable.
- d. Refer to your response to part b. Please confirm that the EXFC system measures achieved service performance for a subset of mail or type of First-Class Mail service, namely, seeded letter-shaped mailpieces entered at collection boxes as single-piece First-Class Mail in the Letters and Sealed Parcels subclass. If you do not confirm, please explain.
- e. Refer to your response to part b. Please confirm that the EXFC system does not measure achieved service performance for the following rate categories or subsets of mail or type of First-Class Mail service: 1) flat-shaped or parcelshaped mailpieces entered as single-piece First-Class Mail in the Letters and Sealed Parcels subclass; and, 2) letter-shaped, flat-shaped, or parcel-shaped mailpieces entered as presort or automation presort First-Class Mail in the Letters and Sealed Parcels subclass. If you do not confirm, please explain.

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f. Refer to your response to part d. Please confirm that the EXFC system data is a statistically representative measure of the service standard cited (i.e., DMM section 133.2.1) for the subset of First-Class Mail measured. If you do not confirm, please 1) explain and rank order the most important reasons why the data is not statistically representative; 2) describe any existing plans by the Postal Service, and their likely implementation in the next 1, 3 or 5 years, to develop statistically representative data on achieved service performance; and, 3) indicate "No Plans" if there are no existing plans to develop statistically representative data on achieved service performance.

g. Refer to your response to part d. Please confirm that the PTS data is a statistically representative measure of the service standard cited (i.e., DMM section 123.2.2) for Priority Mail. If you do not confirm, please 1) explain and rank order the most important reasons why the data is not statistically representative; 2) describe any existing plans by the Postal Service, and their likely implementation in the next 1, 3 or 5 years, to develop statistically representative data on achieved service performance; and, 3) indicate "No Plans" if there are no existing plans to develop statistically representative data on achieved service performance.

RESPONSE:

(a) Not confirmed. The External First-Class (EXFC) system is an external measurement system of collection box to mailbox delivery performance. EXFC continuously tests a panel of 463 ZIP Code areas selected on the basis of geographic and volume density from which 90 percent of First-Class volume originates and 80 percent destines.

(b) Not confirmed. The Postal Service does not measure achieved service performance using measuring systems other than the EXFC system for First-Class Mail as a whole, or the following First-Class Mail subclasses, as a whole: Letters and Sealed Parcels (RS 221), and Cards (RS 222).

(c) Not confirmed. The Postal Service does not use the measure achieved service performance using measuring systems other than EXFC system for one or more

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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rate categories, or one or more subsets of mail or type of First-Class Mail service.

(d) Not confirmed. The EXFC system measures achieved service performance for letter-shaped mailpieces entered at collection boxes as single-piece First-Class Mail in the Letters and Sealed Parcels subclass.

(e) Confirmed that the EXFC system does not provide an achieved service performance measurement for the listed rate categories or subsets of mail or type of First-Class Mail service.

(f) The Postal Service believes that EXFC is statistically representative for what it measures.

(g) The Postal Service believes that PTS is statistically representative for what it measures.

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OCA/USPS-64. This interrogatory seeks information on the service standards and achieved service performance for Package Services. Please refer to your response to OCA/USPS-6(a), (b), and (d).

- a. Refer to your response to part a. Please confirm that the Product Tracking System (herein "PTS") does not provide achieved service performance data for Package Services as a whole, or the following Package Services subclasses, as a whole: Parcel Post (Rate Schedule (herein "RS") 521), Bound Printed Matter (RS 522), Media Mail (RS 523), and Library Mail (RS 524). If you do not confirm, please explain.
- b. Refer to your response to part a., which requests "data from all measuring systems showing the achieved service performance." Please confirm that the Postal Service measures achieved service performance using measuring systems other than PTS for Package Services as a whole, and the following Package Services subclasses, as a whole: Parcel Post (RS 521), Bound Printed Matter (RS 522), Media Mail (RS 523), and Library Mail (RS 524). If you do not confirm, please explain. If you do confirm, please provide the achieved service performance data requested in OCA/USPS-6(a) for those measuring systems.
- c. Refer to your response to part a., which requests "data from all measuring systems showing the achieved service performance." Please confirm that the Postal Service measures achieved service performance using measuring systems other than PTS for one or more rate categories, or one or more subsets of mail or type of Package Services. If you do not confirm, please explain. If you do confirm, please provide the achieved service performance data requested in OCA/USPS-6(a) for those measuring systems, and define any rate category, subset of mail or type of Package Services measured, where applicable.
- d. Refer to your response to part b. Please confirm that the PTS measures achieved service performance for a subset of mail or type of Package Services, namely, Parcel Post, Bound Printed Matter, Media Mail and Library Mail sold at retail windows with Delivery Confirmation. If you do not confirm, please explain.
- e. Refer to your response to part b. Please confirm that the PTS does not measure achieved service performance for the following rate categories or subsets of mail or type of Package Services: 1) Parcel Post Intra-BMC Rates (RS 521.2B); 2) Parcel Post Parcel Select Destination Bulk Mail Center Rates (RS 521.2C); 3) Parcel Post Parcel Select Destination Sectional Center Facility Rates (RS 521.2D); 4) Parcel Post Parcel Select Destination Delivery Unit Rates (RS 521.2E); 5) Parcel Post Parcel Select Return Services Return Delivery Unit Rate Category (RS 521.2F); 6) Parcel Post Parcel Select Return Services Return BMC Rate Category Machinable Pieces and Nonmachinable Pieces (RS 521.2G); 7)

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Bound Printed Matter Presorted and Carrier Route Rates Flats, Parcels, and Irregular Parcels (RS 522B); 8) Bound Printed matter Presorted Rates, Destination Entry Flats, Parcels, and Irregular Parcels (RS 522C); 9) Bound Printed Matter Carrier Route Rates, Destination Entry Flats, Parcels, and Irregular Parcels (RS 522D); 10) Bound Printed Matter BPM Return Service Return BMC Rate Category (RS 522E); 11) Media Mail mailpieces that are presort entered; or, 12) Library Rate mailpieces that are presort entered. If you do not confirm, please explain.

f. Refer to your response to part d. Please confirm that the PTS data is a statistically representative measure of the service standard cited (i.e., Attachment G of the Request, Compliance Statement, response to Rule 54(n)) for Parcel Post, Bound Printed Matter, Media Mail and Library Mail sold at retail with Delivery Confirmation. If you do not confirm, please 1) explain and rank order the most important reasons why the data is not statistically representative; 2) describe any existing plans by the Postal Service, and their likely implementation in the next 1, 3 or 5 years, to develop statistically representative data on achieved service performance; and, 3) indicate "No Plans" if there are no existing plans to develop statistically representative data on achieved service performance.

RESPONSE:

(a) Confirmed.

(b) Not confirmed. The Postal Service does not measure achieved service performance using measuring systems other than PTS for Package Services as a whole, or any of the listed Package Services subclasses as a whole.

(c) Not confirmed. While the Postal Service does not measure achieved service performance using measuring systems other than PTS for one or more rate categories, or one or more subsets of mail or type of Package Services, please see response to OCA/USPS-51 for available data.

(d) Not confirmed. PTS does not report achieved service performance for a subset of mail or type of Package Services, such as Parcel Post, Bound Printed Matter,

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Media Mail and Library Mail sold at retail windows with Delivery Confirmation.

(e) (1)-(12) All confirmed.

(f) Not confirmed. PTS data is not used as a measurement of the service standards cited in Attachment G of the Request, Compliance Statement, response to Rule 54(n)) for Parcel Post, Bound Printed Matter, Media Mail and Library Mail sold at retail with Delivery Confirmation. At the present time, there are no specific plans to report in further response to this question.

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OCA/USPS-65. This interrogatory seeks information on the service standards and achieved service performance for Special Services. Please refer to your response to OCA/USPS-7(a), (c), and (d).

- a. Refer to your response to part a. Please confirm that in Docket No. 2005-1, the Postal Service provided the same "indicator [that] measures the percent of combined totals of Priority Mail Delivery Confirmation and Signature Confirmation destinating pieces scanned to the number of pieces accepted at retail or in an electronic file provided by the mailer." If you do not confirm, please provide the same indicator for Fiscal Years 2003 and 2004. If you do confirm, please provide a citation to the record in Docket No. 2005-1.
- b. Refer to your response to part c. With respect to the bullet 2, please provide a citation to the relevant source for the stated "goal" or service standard, and characterize the authority of the source (i.e., regulation, Board-approved policy, press release, executive letter directive, etc.).
- c. Refer to your response to part c. Please confirm that the Postal Service does not measure achieved service performance for the service standards cited in part c., bullet 1 (i.e., Publication 122, concerning the payment of claims within 10 to 15 days) and part c., bullet 3 (i.e., DMM section 507.6.3.6, concerning Address Changes for Election Boards, Correction of Mailing List, and ZIP Coding of Mailing Lists). If you do not confirm, please explain and provide the achieved service performance.
- d. Refer to your response to parts c. and d. Please confirm that the PTS data is a statistically representative measure of the "goal" or service standard cited in part c., bullet 2 (i.e., a Delivery Confirmation and Signature Confirmation combined scan rate of 99.1 percent). If you do not confirm, please 1) explain and rank order the most important reasons why the data is not statistically representative; 2) describe any existing plans by the Postal Service, and their likely implementation in the next 1, 3 or 5 years, to develop statistically representative data on achieved service performance; and, 3) indicate "No Plans" if there are no existing plans to develop statistically representative data on achieved service performance.

RESPONSE:

- (a) Confirmed. The Postal Service provided data using similar methods in Docket 2005-1, Response to OCA/USPS-171.
- (b) The scan rate goal is not contained in a published regulation of the Postal

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Service, but was set up by a committee of Postal Service executives

(c) Confirmed.

(d) Confirmed that PTS data contains a statistically representative measure of
the scan rate goal.

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OCA/USPS-67. Please provide national EXFC scores for FY2005 (both quarterly and annual) and FY2006 year-to-date (Q1, Q2, and Q3).

RESPONSE:

FY 2006	Overnight	Two-Day	Three-Day
Quarter 1	94.29	87.90	82.89
Quarter 2	94.91	89.31	86.25
Quarter 3	95.31	91.37	90.77

FY 2005	Overnight	Two-Day	Three-Day
Quarter 1	94.93	90.07	85.53
Quarter 2	95.09	89.77	83.17
Quarter 3	95.57	91.95	90.15
Quarter 4	95.21	91.49	89.80
Annual	95.20	90.84	87.25

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OCA/USPS-68. The following statement appears in the 2005 USPS Annual Report, at 2:

The External First-Class Mail measurement system (EXFC) measures collection box to mailbox delivery performance. EXFC continually tests a panel of 463 ZIP Code areas selected on the basis of geographic and volume density from which 90% of First-Class Mail volume originates and 80% destines. EXFC is not a system-wide measurement of all First-Class Mail performance.

a. Does EXFC attempt to sample the following in a manner proportional to their occurrence in First-Class volume totals?

- i. Letters
- ii. Machinable letters
- iii. Flats
- iv. Machinable flats
- v. Parcels
- vi. Machinable parcels
- vii. Weight
- viii. Payment by means of stamps
- ix. Payment by means of metered postage
- x. Payment by permit
- xi. Location
- xii. Density of population
- xiii. Income level
- xiv. Age
- xv. Level of education
- xvi. Number of businesses
- xvii. Size of businesses

Please discuss each of these factors. Also please list and discuss any other mail, geographic, and demographic characteristics that are specifically targeted in the EXFC sample but which are not listed above.

b. Are the 463 ZIP code areas noted in the quote above 5-digit areas? Or 3-digit areas? Please explain.

c. How often is the 463-ZIP-code panel selected (and re-selected)?

d. When was the 463-ZIP-code panel last selected? What was the selection date immediately prior to the most recent selection date?

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- e. For the 10% of ZIP codes excluded from eligibility to be selected as an originating ZIP code, what are the reasons for excluding them? Please explain fully all reasons for including certain ZIP codes and excluding others.
- f. For the 20% of ZIP codes excluded from eligibility to be selected as a destinating ZIP code, what are the reasons for excluding them? Please explain fully all reasons for including certain ZIP codes and excluding others.
- g. Does the Postal Service consider EXFC to provide statistically valid measures of First-Class delivery times? Why/why not?
- h. Are EXFC scores used in any way to determine the pay or bonuses for postal managers or supervisors? If so, please explain in full how the scores are used.
- i. For managers whose facilities are in the 10% or 20% of ZIP codes excluded from eligibility, are their pay/bonuses determined differently? If so, how?
- j. DO EXFC scores affect in any way the pay or bonuses for postal laborers (e.g., clerks, mailhandlers, city carriers, or rural carriers)? If so, please explain in full how the scores are used.
- k. For laborers whose facilities are in the 10% or 20% of ZIP codes excluded from eligibility, are their pay/bonuses determined differently? If so, how?

RESPONSE:

- (a) i. Letters -- Yes, the mail characteristics used for the EXFC test mail have been established so that the proportion of letters is proportional to the overall proportion of letters in all First-Class Mail.
- ii. Machinable letters -- No, there is not a distinction between machinable and nonmachinable letters in the establishment of EXFC test mail characteristics.
- iii. Flats -- Yes, the mail characteristics used for the EXFC test have been established so that the proportion of flats is proportional to the overall proportion of flats in all First-Class Mail.
- iv. Machinable flats -- No, there is no distinction between machinable flats and

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nonmachinable flats in the establishment of EXFC test mail characteristics.

v. Parcels – No parcels are tested among the EXFC test mail characteristics. The Postal Service made a decision at the outset of EXFC to focus on postcards, letters, and flats within EXFC.

vi. Machinable parcels – No parcels are tested among the EXFC test mail characteristics.

vii. Weight – EXFC attempts to sample weight, using categories of “Less than or equal to one ounce” and “Greater than one ounce,” proportional to the occurrence in all First-Class Mail.

viii. Payment by means of stamps – Yes, EXFC test mail characteristics have been established so that the proportion of stamped mail is proportion to the overall proportion of total stamped First-Class Mail.

ix. Payment by means of metered postage – Yes, EXFC test mail characteristics have been established so that the proportion of metered mail is proportional to the overall proportion of total metered First-Class Mail.

x. Payment by permit – Permit paid mail is not among the EXFC test mail characteristics. The primary reason for excluding permit mail is that EXFC tests mail sent only from collection boxes. There is also a concern that it would be difficult to protect the confidentiality of EXFC participants if permit accounts were used, since the establishment and funding of such an account requires a high level of interaction with USPS personnel.

xi. Location – The EXFC sample is designed so that each destination

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Performance Cluster receives approximately the same test mail volume each quarter – approximately 4,800 overnight pieces, 1,500 two-day pieces, and 1,500 three-day pieces. These numbers represent the pieces with a destination within the Performance Cluster. The reason for equal sample sizes for each destination is to achieve the same level of statistical precision for each of the destination performance cluster-level and service standard-level on time rates. The origin volumes vary significantly from performance cluster to cluster, based on the proportion of all First-Class Mail the Performance Cluster sends.

xii. Density of population – Population density is not a specific factor used to develop the EXFC sample. However, the proportion of residential and business postal delivery points within each 5-digit ZIP Code is used to determine the proportion of EXFC reporters (test mail receivers) that should be in the ZIP Code. Because there are more 5-digit ZIP Codes than the number of reporters needed, a set of rules have been developed to group 5-digit ZIP Codes together into low, medium, and high delivery point density. Approximately one-third of the reporters are located in each of these three groupings of 5-digit ZIP Codes.

xiii. Income level – Income level is not a factor in the formation of the EXFC sample design. The information is not collected from participants because of the sensitivity of the data and because there was no reason to believe that a participant's income level would be a factor in the transit-time of mail.

xiv. Age – Age is not a factor in the formation of the EXFC sample design. This information is not collected from participants because of the sensitivity of the data and

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because there was no reason to believe that a participant's age would be a factor in the transit-time of mail.

xv. Level of education – Level of education is not a factor in the formation of the EXFC sample design. The information is not collected because there was no reason to believe that the level of education of a participant would impact the transit-time of their mail.

xvi. Number of businesses – The number of business delivery points is included in the process described in xii above, and EXFC business reporters would more likely be located within the ZIP Codes with the highest number of businesses. However, the proportion of test mail going to business reporters within EXFC may be much lower than the proportion of all First-Class mail sent to businesses, primarily due to the exclusion of medium and large businesses as EXFC reporters.

xvii. Size of businesses – EXFC includes only small businesses, typically with fewer than 20 employees, such that there is no mail room involved and the process for receiving mail does not involve any third party or additional handling of mail between postal delivery and the EXFC reporter.

The EXFC test mail characteristics are also established such that the ratio of hand-written addresses to machine-printed addresses is proportional to the ratio of the same among all First-Class Mail. There is an annual process to review the EXFC kit characteristics and to make adjustments to reflect changes in the actual First-Class Mail.

(b) The 463 ZIP Code areas are 3-digit ZIP Code areas, comprised of all the

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5-digit areas within.

(c) There is no established time period for re-selecting the ZIP Code panel.

(d) The current panel of 463 ZIP Code areas measured in EXFC was set in July 2000 when two ZIP Code areas were removed from the selected panel. The selection date immediately prior to the most recent selection date was in the summer of 1998 for EXFC testing beginning at the start of FY 1999. This selection process increased the selected ZIP Code sample from 302 ZIP Code areas to 465 ZIP Code areas.

(e) There are actually more than 400 3-Digit ZIP Code areas that are not included in the panel of selected ZIP Codes. Collectively, these ZIP Code areas represented only about 10% of the originating First-Class mail volume. The ZIP Code selection process used for the expansion for FY1999 focused on including ZIP Code areas to represent every major mail processing and distribution center, every state, and ZIP Codes such that the highest and mid-size volume origin/destination pairs were included. ZIP Codes which were not selected typically had less mail volume than selected ZIP Codes (compared with ZIP Codes in the same Performance Cluster) and had mail processed within the same mail processing and distribution center of an already selected ZIP Code.

The Postal Service had both business as well as operational reasons for the ZIP Codes selected and not selected. The cost to include every ZIP Code area was evaluated and deemed too high when considered in 1998, and a selection approach was developed to expand the geographic and volume coverage to the present level. The Postal Service

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desired a stable set of selected ZIP Code areas in EXFC, as opposed to a rotating system or random sample, in order to track performance over time.

(f) As on the origin side, there are more than 400 3-Digit ZIP Code areas excluded from testing as destinations. A decision was made by the Postal Service to have the origin ZIP Code areas be the same as the destination ZIP Code areas. The selection process used in 1998 reviewed both originating and destinating mail volumes to make the selections.

(g) Yes. EXFC is an external measurement system of collection box to mailbox delivery performance. EXFC continuously tests a panel of 463 ZIP Code areas selected on the basis of geographic and volume density from which 90 percent of First-Class volume originates and 80 percent destinate.

The system uses probabilistic methods in order to provide statistically valid measures of collection box to mail box delivery times for First-Class Mail. As a result, the Postal Service considers EXFC to provide statistically valid measures of First-Class delivery times for the ZIP Code areas measured and for mail sent from collection boxes to residences and small businesses.

(h) Yes. EXFC scores are a factor in determining pay raises or bonuses. Every field EAS and PCES employee is measured on EXFC scores for Overnight, 2-Day, and 3-Day. The EXFC scores make a contribution to the final NPA rating. The final NPA rating for all units is transferred to the Performance Evaluation System (PES) at the end of the year where PES applies core requirement results.

(i) No, they are not determined differently. All managers receive EXFC

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service score measurements at either the Performance Cluster level or area level. The number of ZIP Codes excluded is a small portion of any one cluster so these ZIP Codes have no impact on the overall Cluster or Area ratings.

(j)-(k) No, craft employees are not part of the pay for performance system. NPA and PES measures EAS and PCES positions only.

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OCA/USPS-69. Please provide Priority Mail Product Tracking System (PTS) scores for FY2005 (both quarterly and annual) and for FY2006 year-to-date (Q1, Q2, and Q3).

- a. Please explain what services ancillary to Priority Mail (e.g., Delivery Confirmation, Certified Mail, and Insurance) are used in PTS to determine days for delivery.
- b. Also address how PTS handles multiple ancillary services applied to individual Priority Mail mailpieces (e.g., Certified Mail and Insurance purchased for the same piece).
- c. In order to "start the clock" on a piece that will contribute to the PTS delivery score, must there be an entry scan by a Postal Service employee (e.g., at a retail window or BMEU)? Please explain. Are Priority Mail pieces that have been dropped into a collection box given an entry scan at the first (or subsequent) facilities to which they are brought in order to "start the clock?" Please explain.
- d. In order to "stop the clock" on a piece that will contribute to the PTS delivery score, must there be a delivery (or attempted delivery) scan at the recipient's mail receptacle? Please explain.

RESPONSE:

The Postal Service did not start measuring Priority Mail service performance using Delivery Confirmation until FY 2006, so it does not have any available FY 2005 data that could be comparable to FY 2006 data. PTS data are available for the first two quarters of FY 2006.

2006 PQ1	Service	Pieces	On-time	OT%
	O/N	843,660	701,744	83.18%
	Within 2-Days	6,955,766	5,146,684	73.99%
2006 PQ2	Service	Pieces	On-time	OT%
	O/N	876,464	763,432	87.10%
	Within 2-Days	6,387,464	5,533,818	86.64%

- (a) The PTS will calculate a scheduled delivery date on Priority Mail where purchased with one or more of the following special services provided other dependent criteria are met:

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Certified Mail
Numbered Insured Mail
Delivery Confirmation
Signature Confirmation

(b) The PTS uses a combination of pre-defined service types and mail class data elements to identify the class and special services purchased with a mail piece. Further, the PTS generates summary data for specific product/services. Where a mail piece record meets the criteria to be included in a specific summary data file, the PTS includes the mail piece in the file.

(c) Pieces included in Delivery Confirmation Priority Mail Reporting must have a Package Identification Code, whose service type code corresponds with retail Priority Mail service, and a retail "Acceptance," which generally takes place at a retail unit.

(d) No. While Delivered and Attempted are both considered "Stop the Clock" scan events, there are other events that are also considered "Stop the Clock" events.

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OCA/USPS-70. Please provide Priority End-to-End (PETE) scores for FY2005 (both quarterly and annual) and for FY2006 year-to-date (Q1, Q2, and Q3).

- a. Has the Postal Service made a decision to stop using PETE entirely?
- b. Will PETE continue to be used as an internal measurement tool? Please explain.
- c. If all PETE data collection is going to be terminated, when will this occur?
- d. If a decision has been made to discontinue PETE, what are the reasons for doing so?

RESPONSE:

- a. Yes.
- b. No. It has been replaced with Delivery Confirmation Priority Mail - Retail (DCPM-R).
- c. Data collection for PETE terminated on September 30, 2005.
- d. Priority Mail service measurements were enhanced in FY 2006 by changing from Priority End-To-End (PETE), a test piece sample method, to an actual piece measurement system using customer-purchased Priority Mail Delivery Confirmation at postal retail units nationwide. As a result, the sample size increased dramatically. The unique Delivery Confirmation number provides accurate acceptance and delivery dates and times, and measures the actual customer experience. Results of the change are that this new method provides a more representative mail mix and provides the actual service seen by the customer on their individual mail pieces.

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OCA/USPS-71. Please provide Express Mail Product Tracking System (PTS) scores for FY2005 (both quarterly and annual) and for FY2006 (Q1, Q2, and Q3).

a. What barcode(s) are used to "start the clock" for purposes of developing PTS delivery scores – the Express Mail envelope, ancillary services? Please explain.

b. What barcode(s) are used to "stop the clock" for purposes of developing PTS delivery scores – the Express Mail envelope, ancillary services? Please explain.

c. Also address how PTS handles multiple ancillary services applied to individual Express Mail pieces (e.g., Certified Mail or Insurance purchased for the Express Mail piece).

RESPONSE:

The requested quarterly scores were provided in the response to OCA/USPS-2 and the annual score for FY 2005 was provided in response to OCA/USPS-T34-1(c).

- (a) Express Mail "A" or "B" label
- (b) Express Mail "A" or "B" label
- (c) See response to OCA/USPS-69.

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OCA/USPS-72. Please provide Electronic Marketing Reporting System (EMRS) scores for FY2005 (both quarterly and annual) and for FY2006 year-to-date (Q1, Q2, and Q3).

- a. Has the Postal Service made a decision to stop using EMRS?
- b. Will EMRS continue to be used for any purpose, including as an internal measurement tool? Please explain.
- c. If EMRS data collection is going to be terminated, when will this occur?
- d. If a decision has been made to discontinue EMRS, what are the reasons for doing so?

RESPONSE:

The Postal Service does not use EMRS as an on-time performance reporting system.

(a) No. However, many of the previous functions provided by EMRS have been migrated to other data systems

(b) Yes, EMRS will be used for other purposes regarding Express Mail; however, internal measurement is not one of those purposes.

(c)-(d) The postal has not made a final decision on termination of EMRS.

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OCA/USPS-73. Please provide Package Services Product Tracking System (PTS) scores for FY2005 (both quarterly and annual) and for FY2006 year-to-date (Q1, Q2, and Q3).

a. Please explain what services ancillary to Package Services mail (e.g., Delivery Confirmation and Insurance) are used in PTS to determine days for delivery.

b. Also address how PTS handles multiple ancillary services applied to individual Package Services pieces (e.g., Delivery Confirmation and Insurance purchased for the same piece).

c. In order to "start the clock" on a piece that will contribute to the PTS delivery score, must there be an entry scan by a Postal Service employee (e.g., at a retail window or BMEU)? Please explain. Are Package Services pieces that have been dropped into a collection box given an entry scan at the first (or subsequent) facilities to which they are brought in order to "start the clock"? Please explain.

d. In order to "stop the clock" on a piece that will contribute to the PTS delivery score, must there be a delivery (or attempted delivery) scan at the recipient's mail receptacle? Please explain.

RESPONSE:

Please see response to OCA/USPS-7(a) for available data on Package Services.

a. The PTS will calculate a scheduled delivery date on Package Services

Mail where purchased with one or more of the following special services, provided other dependent criteria are met:

Numbered Insured Mail

Delivery Confirmation

Signature Confirmation

b. The PTS uses a combination of pre-defined service types and mail class data elements to identify the class and special services purchased with a mail piece.

Further, the PTS generates summary data for specific product/services. Where a mail

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piece record meets the criteria to be included in a specific summary data file, the PTS includes the mail piece in the file.

c. Pieces included in Package Services service performance must have a Package Identification Code that includes a Package Services service type. They also must have an "Acceptance" event appended to the mail piece Package Identification Code.

d. No. While Delivered and Attempted are both considered "Stop the Clock" scan events, there are other events that are also considered "Stop the Clock" events.

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OCA/USPS-74. The media have reported recently that the Postal Service has entered into a contract with United Parcel Service (UPS) to transport mail.

- a. Please explain the nature of the contract, i.e., (1) what classes of mail will be transported, (2) whether the "timeliness" of transport is spelled out in the contract, and (3) the volume of mail to be transported.
- b. Please discuss whether there is an expectation for the Test Year that service performance will improve as a result of the contract. Explain fully the impact on service performance for any classes of mail affected.
- c. Please state whether any costs estimated in the initial filing on May 3, 2006, will be revised to reflect the new contract. Please file all such revisions. If no revisions are to be filed, please explain why not.

RESPONSE:

(a) (1) First-Class Mail and Priority Mail will be transported under the contract; (2) The contract does contain service standard requirements; and (3) The contract does not guarantee that a specific volume will be transported.

(b) It is expected, generally, that service performance for First-Class Mail will improve. The Postal Service is not, however, able to provide an estimate of such improvement.

(c) It is not possible, at this time, to provide an estimate of cost reductions that may result from the new contract. Therefore, there will not be any revisions to cost estimates to reflect the new contract.

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OCA/USPS-76. In response to interrogatory AUTH/DS-T1-11 (Docket No. C2004-2), DigiStamp witness Rick Borgers identified a flaw in the Postal Service's Electronic Postmark (EPM) product that allows an EPM user "to create [a] false certified receipt." It is reasonable to expect that a flaw of this type could expose the Postal Service to claims for damages for financial loss, e.g., foreclosure on one's home, penalties on taxes owed, etc. Please cite to evidence filed in Docket No. R2006-1 showing that the Postal Service has estimated such potential losses for the test year.

- a. What are these estimated amounts? How are they calculated?
- b. Also show estimates for litigation expenses that might occur in defending against potential lawsuits related to EPM claims. How are these estimates calculated?
- c. For FY2005 and FY2006 (Q1, Q2, and Q3), have any users or recipients of EPM communications made claims against the Postal Service for flaws or malfunctions of EPM? If so, how many? Have any sums been paid by the Postal Service to claimants? If so, what are the sums for each of FY2005 and FY2006 (Q1, Q2, and Q3)?

RESPONSE:

The Postal Service does not agree with the premise of this question regarding reasonable expectations of damage claims. The Postal Service does not anticipate any potential losses from this source in the test year.

- a. Not applicable.
- b. Not applicable.
- c. No.

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

OCA/USPS-77. Please confirm that the following announcement was made in the Federal Register on June 17, 2003:

[Federal Register: June 17, 2003 (Volume 68, Number 116)]
[Notices]
[Page 35922-35923]
From the Federal Register Online via GPO Access [wais.access.gpo.gov]
[DOCID:fr17jn03-100]

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POSTAL SERVICE

In-Person Proofing at Post Offices (IPP) Program

AGENCY: U.S. Postal Service.

ACTION: Notice.

SUMMARY: The USPS is announcing the availability of an In-Person Proofing at Post Offices (IPP) Program to support the activities of U.S. Certificate Authorities and government organizations.

EFFECTIVE DATE: June 9, 2003.

FOR FURTHER INFORMATION CONTACT: Chuck Chamberlain at 703-292-4172, or Brad Reck at 703-292-3530

SUPPLEMENTARY INFORMATION: In recent years, a number of new federal statutes have sought to preserve the ability of the public and private sectors to use the efficiency of the internet to rapidly exchange time sensitive communications while assuring that people receiving and sending messages are in fact who they say they are. A number of top quality private sector businesses have mastered the technology around the use of secure digital signatures, yielding a greater demand for improved identity verification for individuals seeking to use digital signatures.

This need for improved "online identity" creates a unique service opportunity for the Postal Service to provide value to the public, leverage our retail network and enable internet communications to enjoy a new level of security and reliability. Numerous organizations have approached the U.S. Postal Service to conduct In-Person Proofing (IPP) of customers nationwide for physically authenticating an individual's identification at a post office before the organization issues a digital signature certificate to the individual.

IPP supports efficient, affordable, trusted communications through the use of identification verification at Post Offices, incorporation of process enhancements required by the Postal Service, active management of the IPP program by the USPS, and use of a First Class U.S. Mail piece to verify physical addresses of applicants. We believe that IPP conducted at local post offices will create a new broad based capability for the Nation that promotes improved public trust and greater efficiency in the electronic delivery of a wide range of services. These efforts support achieving the goals of the Government Paperwork Elimination Act of 1998, Electronic Signature in Global and National Commerce Act of 2000, Health Insurance Portability and Accountability Act of 1996, Sarbanes-Oxley Act of 2002, and Gramm-

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE OCA

Leach-Bliley Act of 1999 and numerous Presidential Directives on eGovernment.

The following is a brief description of how IPP would work. An organization can establish a relationship with a qualified U.S. Certificate Authority to integrate digital signing with improved identity verification into an online application. Any individual desiring to use digital certificates that include USPS IPP will complete an application online. The online system will verify the individual's identity via commercial data base checking. The system will then produce a standard Postal Service form to be printed out at the ``applicant's`` personal computer. The individual requesting the service will present this form to a participating post office where the ``In Person Proofing`` process is conducted. After successful completion of the IPP event, the CA will notify the applicant to download their digital certificate. For clarity, the steps in the IPP process are outlined below.

1.0 DESCRIPTION

1.1 Purpose

IPP is a postal program to improve the public key infrastructure of the Nation. The public key infrastructure has emerged as an accepted infrastructure component for protecting and facilitating the electronic communications of the Nation.

2.0 BASIC STANDARDS

2.1 Eligibility

For a Certificate Authority (CA) to use IPP, the CA must incorporate the U.S. Postal Service In-Person Proofing Policy into their Certificate Policy. Conformance to the Postal policy includes:

1. Use of a Patriot Act compliant database vetting process to gain initial assurance of an applicant's identity before sending the applicant to the Postal Office for IPP.
2. Perform a verification of the applicant's physical residential address via First Class U.S. Mail with an ``Address Correction Requested`` and ``Do Not Forward`` endorsement.
3. Restrict the expiration date of an IPP based Digital Certificate such that it does not surpass the expiration of the 4 year validity period of an IPP verification event. A new IPP event will be required every 4 years.
4. Facilitate IPP processing by using standard forms and barcodes as directed by the USPS and exchanging of information as necessary for the efficient operation of IPP. This includes:
 - A. Using the standard ID Verification Form (IDVF),
 - B. Maintaining a secure repository of IDVF forms,
 - C. Providing access to IDVF forms and customer account information as necessary for investigative purposes by USPS Inspection Service and the USPS Office of Inspector General,
 - D. Submitting the processes and operations of the CA to security audits and compliance reviews as required by the USPS, and
 - E. Restricting the generation of unique barcodes for each IPP event to those expressly permitted by the USPS.
5. Operate the CA to enable the broadest practical use of IPP based digital certificates. This includes:
 - A. Issuing, at a minimum, a daily Certificate Revocation List to better allow users to rely upon the certificates,

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE OCA

B. Passing an external CA audit in accordance with industry best practices such as "AICPA/CICA WebTrust Program for Certificate Authorities",

C. Achieving interoperability with the Federal Bridge for Certificate Authorities, and

D. Incorporating a new common object identifier (USPS registered OID) for IPP based digital certificates.

6. Successfully enter into an agreement with the USPS that includes standard pricing, service level commitments, IPP Policy compliance, liability and service termination provisions, as well as such other terms and conditions as may be included.

2.2 Minimum Volume

IPP transactions are to be purchased in pre-paid blocks of 10,000 transactions by either the CA or a government customer on behalf of the CA.

2.3 Labeling

Each digital certificate must contain the statement "ID Verified by the U.S. Postal Service" within the certificate profile to let any user or relying party know that:

[sbull] The issuer of the digital certificate authority operates in compliance with IPP Policy, and

[sbull] The holder of the credential did physically appear before a postal employee and had their hardcopy identification successfully verified.

Applications should interrogate the digital certificate presented during an

[[Page 35923]]

electronic process to confirm the presence of a new common object identifier (USPS registered OID) for IPP based digital certificates.

3.0 AVAILABILITY

IPP is available at an initial level of up to 200 post offices promptly following the execution of the first activation agreement. Market demand for IPP, in conjunction with operational assessments, will determine the expansion schedule beyond initial deployment locations.

Stanley F. Mires,

Chief Counsel, Legislative.

[FR Doc. 03-15211 Filed 6-16-03; 8:45 am]

BILLING CODE 7710-12-P

- a. In how many post offices is IPP currently being offered?
- b. In how many post offices will IPP be offered in the test year?
- c. Please provide the monthly revenues of IPP since inception.
- d. Please provide the monthly expenses of IPP since inception. State the source(s) for the figures used.
- e. Please provide the monthly volumes of IPP since inception.
- f. What fees are charged for IPP?

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

- g. Describe in detail any contractual (or less formal) arrangements the Postal Service has with other private or governmental entities to provide this service.
- h. Describe in detail activities performed by Postal Service personnel to provide this service, including the positions held by those who provide the service and the amount of time involved in each activity.
- i. Why was IPP left out of the "Response of the United States Postal Service to Order No. 1449," filed June 1, 2006, when Order No. 1449 explicitly required the Postal Service to

file, not later than June 1, 2006, a list identifying and providing a brief description of each current unreviewed service that, in its opinion, falls outside the meaning of the final rule.

RESPONSE:

Confirmed.

- a. None.
- b. None.
- c. None.
- d. Objection filed.
- e. None.
- f. None.
- g. None.
- h. None.
- i. Because IPP is not a current service.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES POSED BY THE OCA

OCA/USPS-79. For FY 2005 and separately for FY2006 (Q1, Q2, and Q3), please provide the breakdown of total window service costs (not limited to labor) by subclasses of mail (a separate figure for each subclass), special services (a separate figure for each special service), products (a separate figure for each product), stamp sales, "nonpostal" services (a separate figure for each discrete "nonpostal" service), and any other discrete categories. State the source(s) for the figures used.

RESPONSE:

The requested information does not exist.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES POSED BY THE OCA

OCA/USPS-80. For FY 2005 and separately for FY2006 (Q1, Q2, and Q3), please provide the total number of transactions at retail windows. Break this figure down by subclasses of mail (a separate figure for each subclass), special services (a separate figure for each special service), products (a separate figure for each product), stamp sales, "nonpostal" services (a separate figure for each discrete "nonpostal" service), and any other discrete categories. State the source(s) for the figures used.

RESPONSE:

The requested information does not exist.

**Response of the United States Postal Service
To Interrogatories of the Office of the Consumer Advocate.**

OCA/USPS-83. In USPS witness Taufique's testimony at 19, he states: "The Postal Service also proposes that a piece must weigh 3.5 ounces or less to be eligible for letter rates."

- a. Please provide the TY 08 volumes for First-Class letter-shaped machinable pieces in the range of 0 to 3.5 ounces.
- b. Please provide the TY 08 costs for First-Class letter-shaped machinable pieces in the range of 0 to 3.5 ounces.
- c. Please provide the BY 05 volumes for First-Class letter-shaped machinable pieces in the range of 0 to 3.5 ounces.
- d. Please provide the BY 05 costs for First-Class letter-shaped machinable pieces in the range of 0 to 3.5 ounces.

Response.

a.-d. Neither volume nor cost data are available for machinable letter-shaped pieces.

**Response of the United States Postal Service
To Interrogatories of the Office of the Consumer Advocate.**

OCA/USPS-84. The following interrogatory refers to OCA/USPS-23a – c, dated July 10, 2006. Please provide the same volume information requested in parts a – c for the 12-13 ounce weight increment.

Response.

Please see the response to OCA/USPS-23.

**Response of the United States Postal Service
To Interrogatories of the Office of the Consumer Advocate.**

OCA/USPS-85. The following interrogatory refers to OCA/USPS-24a-c, dated July 10, 2006. Please provide the same volume information requested in parts a – c for the 12-13 ounce weight increment.

Response.

Please see the response to OCA/USPS-24.

**Response of the United States Postal Service
To Interrogatories of the Office of the Consumer Advocate.**

OCA/USPS-86. The following interrogatory refers to OCA/USPS-25a-c, dated July 10, 2006. Please provide the same unit cost information requested in parts a – c for the 12-13 ounce weight increment.

Response.

Please see the response to OCA/USPS-25.

**Response of the United States Postal Service
To Interrogatories of the Office of the Consumer Advocate.**

OCA/USPS-87. The following interrogatory refers to OCA/USPS-26a-c, dated July 10, 2006. Please provide the same unit cost information requested in parts a – c for the 12-13 ounce weight increment.

Response.

Please see the response to OCA/USPS-26.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-88. Please provide the following BY 2005 volume information by rate category.

Total First-Class Presort Volumes for:

	0-4 oz.	4-8 oz.	8-13 oz	Total
Non-automation: Letters Flats Parcels				
Automation Flat-shaped mail pieces: Mixed AADC AADC 3-Digit 5-Digit				
Automation Parcel-shaped mail pieces: ADC 3-Digit 5-Digit				
Total Volumes				

Modified August 1, 2006

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

RESPONSE TO OCA/USPS-88 (continued)

RESPONSE:

OCA/USPS-88

Base Year 2005 First Class Volume by Ounce Increment

Source: USPS-LR-L-87 "Standard First Wgt Ind Tables.xls"

	0-4 ounces	4-8 ounces	8-13 ounces	Total
Non-automation				
Letters	1,738,435,479	775,084	106,086	1,739,316,649
Flats	160,904,824	12,637,634	2,827,622	176,370,079
Parcels	7,169,750	686,805	537,065	8,393,621
Automation Flat-shaped mail pieces:				
Mixed ADC	40,698,864	1,970,080	296,595	42,965,539
ADC	91,737,248	8,995,011	2,006,591	102,738,851
3-Digit	238,672,794	16,785,261	3,363,020	258,821,076
5-Digit	306,441,009	17,699,709	4,589,616	328,730,334
Automation Parcel-shaped mail pieces:				
Mixed ADC	0	0	0	0
ADC	0	0	0	0
3-Digit	0	0	0	0
5-Digit	0	0	0	0

Modified August 1, 2006

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-89. Please provide the following TY 2008 volume information.
Total First-Class Presort volumes for:

	0-4 oz.	4-8 oz.	8-13 oz	Total
Non-automation: Letters Flats Parcels				
Automation Flat-shaped mail pieces: Mixed AADC AADC 3-Digit 5-Digit				
Automation Parcel-shaped mail pieces: ADC 3-Digit 5-Digit				
Total Volumes				

RESPONSE:

The requested information is not available.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-90. Please provide the following BY 2005 volume information.
Total First-Class automation Presort letter-shaped volumes for:

	0-3.5 oz	3.5-8 oz	8-13 oz	Total
Automation Letter-shaped mail Mixed AADC				
AADC Rate				
3-Digit Rate				
5-Digit Rate				

RESPONSE:

Base Year 2005 First Class Volume by Ounce Increment
Source: USPS-LR-L-87 "Standard First Wgt Ind Tables.xls"

	0-3.5 ounces	3.5-8 ounces	8-13 ounces	Total
Automation Letter-shaped mail pieces:				
Mixed ADC	2,875,271,559	0	0	2,875,271,559
ADC	2,500,364,924	0	0	2,500,364,924
3-Digit	22,908,987,750	0	0	22,908,987,750
5-Digit	17,449,670,830	0	0	17,449,670,830

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-91. Please provide the following TY 2008 volume information.
Total First-Class automation Presort letter-shaped volumes for:

	0-3.5 oz	3.5-8 oz	8-13 oz	Total
Automation Letter-shaped mail Mixed AADC pieces:				
AADC Rate				
3-Digit Rate				
5-Digit Rate				

RESPONSE:

The requested information is not available.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-93. The following refers to the response to OCA/USPS-23, dated July 24, 2006.

a. Please provide a reconciliation of the Total FY 2005 First- Class volumes by shape and by weight increment provided in the response to OCA/USPS-23a with the volumes provided in USPS-LR-129 worksheets:

- (1) TYBR,
- (2) TYAR,
- (3) Base Year, and
- (4) Vol. FY08BR&FY08AR.

b. Please provide a reconciliation of the FY 2005 First-Class Presort volumes by shape and by weight increment provided in the response to OCA/USPS-23c with the volumes provided in USPS-LR-129 worksheets:

- (1) TYBR,
- (2) TYAR,
- (3) Base Year, and
- (4) Vol. FY08BR&FY08AR.

RESPONSE:

a-b The following table below provides a comparison of First-Class BY 05 volumes in LR-L-129 sheets "TYBR", "TYAR", "Base Year" and "Vol.

FY08BR&FY08AR" with the First-Class volumes provided in OCA/USPS-23a.

The volume estimates in the five sources are identical with the exception of the exclusion of Absentee Ballots in LR-L-129 sheets "Base Year" and "Vol.

FY08BR&FY08AR".

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

RESPONSE TO OCA/USPS-93 (continued)

OCA/USPS-93
Reconciliation of First-Class Volumes LR-L-129 - OCA/USPS-23

	LR-L-129				
	OCA/USPS-23a	1YBR	TYAR	Base Year	Vol. FY08BR&FY08AR
Total First Class Letter, Flats and Parcels	92,441,540	92,441,540	92,441,540	92,440,425	92,440,425
Single Piece Excluding Absentee Ballots	43,374,873	43,374,873	43,374,873	43,374,873	43,374,873
Single Piece Absentee Ballots	1,115	1,115	1,115	Not Included	Not Included
Single Piece Letters Excluding Absentee Ballots and QBRM	38,968,943				38,968,943
QBRM Pieces	346,973				346,973
Single Piece Letters Absentee Ballots	1,115				Not Included
Single Piece Flats	3,572,195				3,572,195
Single Piece Parcels	486,762				486,762
Total Single Piece	43,375,988	43,375,988	43,375,988	43,374,873	43,374,873
First Class Presort	49,065,552	49,065,552	49,065,552	49,065,552	49,065,552
First Class Presort Nonautomation Letters	1,739,317				
First Class Presort Nonautomation Flats	176,370				
First Class Presort Nonautomation Parcels	8,394				
First Class Nonautomation Total	1,924,080	1,924,080	1,924,080	1,924,080	1,924,080
First Class Automation Letters	46,408,216	46,408,216	46,408,216	46,408,216	46,408,216
First Class Automation Flats	733,256	733,256	733,256	733,256	733,256
First Class Automation Total	47,141,472	47,141,472	47,141,472	47,141,472	47,141,472

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-94. The following refers to the response to OCA/USPS-24, dated July 24, 2006.

a. Please provide a reconciliation of the Total FY 2008 First-Class volumes by shape and by weight increment provided in the response to OCA/USPS-24a with the volumes provided in USPS-LR-129 worksheets:

- (1) TYBR and
- (2) Vol. FY08BR&FY08AR.

b. Please provide a reconciliation of the First-Class Presort volumes by shape and by weight increment provided in the response to OCA/USPS-24c with the volumes provided in USPS-LR-129 worksheets:

- (1) TYBR and
- (2) Vol. FY08BR&FY08AR.

Response

a-b The table below provides a comparison of the Test Year Before Rates First-Class volume estimates from LR-L-129 sheets "TYBR" and "Vol. FY08BR&FY08AR" and the First-Class volume estimates from OCA/USPS-24. In the development of the LR-L-129 estimates witness Taufique (USPS-T-32) used the disaggregated TY 08 volumes provided by witness Thress for First-Class Automation letters, First-Class Automation flats and First-Class Nonautomation. In the development to the OCA/USPS-24 estimates the BY 05 distribution of First-Class Presort by shape and weight increment was used to distribute total TY 08 First-Class presort volume. Errata are being filed today to the Postal Service's response to OCA/USPS-24, using witness Taufique's methodology. In

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

RESPONSE TO OCA/USPS-94 (continued)

addition to the different levels of aggregation used in LR-L-129 and OCA/USPS-24, the parcel estimates differ as witness Taufique has assumed that all First-Class Nonautomation Parcels migrate and 36 percent of First-Class Single Piece parcels migrate to Business Parcels.

OCA/USPS-94
Reconciliation of First-Class Volumes LR-L-129 - OCA/USPS-23

	OCA/USPS-24	OCA/USPS-24 Revised	TYBR	LR-L-129 Vol FY08BR&FY08AR
	Total First Class Letter, Flats and Parcels	86,549,872	86,549,872	86,549,872
Single Piece Letters	34,590,641	34,590,641		34,590,641
Single Piece Flats	3,142,774	3,142,774		3,142,774
Single Piece Parcels	428,247	428,247		274,078
Total Single Piece	38,161,662	38,161,662	38,161,662	38,007,493
First Class Presort Total	48,388,210	48,388,210	48,388,210	48,542,379
First Class Presort Letters	47,482,864	47,555,620	NA	47,555,620
First Class Presort Flats	897,069	828,296	NA	828,296
First Class Presort Parcels	8,278	4,294	NA	158,463
First Class Presort Nonautomation Letters	NA	889,760	NA	889,760
First Class Presort Nonautomation Flats	NA	90,223	NA	90,223
First Class Presort Nonautomation Parcels	NA	4,294	NA	NA
First Class Nonautomation Total	NA	984,277	984,277	1,079,983
First Class Automation Letters	NA	46,665,861	46,665,861	46,665,861
First Class Automation Flats	NA	738,072	738,072	738,072
First Class Automation Total	NA	47,403,933	47,403,933	47,403,933
Business Parcels	NA	NA	NA	158,463

INSTITUTIONAL RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY FROM THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-95. Please refer to the response to interrogatory OCA/USPS-10. It appears from the answer that the Postal Service requires that OCA be more specific in formulating its question. Consequently, OCA restates its question as follows: Is there a term in common use by postal employees and management to refer to mail that has been entered into the postal system but which will never be delivered to the recipient (nor returned to the mailer)? Please explain. In the explanation, please distinguish between undeliverable as addressed (UAA) mail that has not been properly addressed and mail that *is* properly addressed. Are the terms "missing mail," "lost mail," or "undelivered mail" commonly used to refer to such mail?

RESPONSE:

Yes; the term is 'dead mail'. See *Postal Operations Manual (POM)*, Chapter 6, Section 69 (available as USPS-LR-L-149), which appears to address the areas of interest. See also the responses to OCA/USPS-11 and OCA/USPS-14-15 in this docket.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-97. This interrogatory seeks information on the service standards and achieved service performance for Express Mail. Please refer to your response to OCA/USPS-62.

- a. Refer to your response to part a. Please confirm that the Postal Service collects Product Tracking System (herein "PTS") data on achieved service performance separately for Custom Designed (Rate Schedule (herein "RS") 122) Express Mail service. If you do not confirm, please explain.
- b. Refer to your response to part a. In what ways (if any) does the Postal Service measure achieved service performance for Custom Designed (RS 122) Express Mail service. Please explain, and provide any achieved service performance data for Custom Designed (RS 122) Express Mail service.
- c. Refer to your response to part d., which includes the phrase "NPA time measurement period." Please define and explain.

RESPONSE:

a. Not confirmed. The Postal Service does not collect PTS data on achieved service performance separately for Custom Designed (Rate Schedule 122) Express Mail service, or use it as one of the bases for the Express Mail service performance measurement.

b. The Postal Service does not measure achieved service performance separately for Custom Designed (Rate Schedule 122) Express Mail service.

c. The NPA time measurement period does not include certain dates around the Holiday period in December (although service performance is still measured during that time period). The Postal Service was stating its view that PTS is a statistically representative measure of the service standards for Express Mail that it measures for the NPA time-measurement period.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-98. This interrogatory seeks information on the service standards and achieved service performance for First-Class Mail. Please refer to your response to OCA/USPS-63.

a. Refer to your response to part a., which asked the Postal Service to “confirm that the External First-Class (herein “EXFC”) system does not provide achieved service performance data for First-Class Mail as a whole, or the following First-Class Mail subclasses, as a whole: Letters and Sealed Parcels (Rate Schedule (herein “RS”) 221), or Cards (RS 222).” Does the response, “Not Confirmed,” mean that the EXFC system provides achieved service performance data for First-Class Mail as a whole, and the specified subclasses? Please explain the basis for the response “Not confirmed.”

b. Refer to your response to parts b. and c., which asked the Postal Service to confirm that it measures achieved service performance using measuring systems other than the EXFC system for First-Class Mail as a whole, the First-Class Mail subclasses Letters and Sealed Parcels (RS 221), and Cards (RS 222), and one or more rate categories, or one or more subsets of mail.

i) Please explain why the Postal Service did not confirm part b. inasmuch as the response also states that the Postal Service “does not measure achieved service performance using measuring systems other than the EXFC system for First-Class Mail” and the stated subclasses.

ii) Does the Postal Service use ODIS data in measuring achieved service performance for First-Class Mail as a whole, the specified subclasses, one or more rate categories, or one or more subsets of mail? Please explain.

c. Refer to your response to part d., which asked the Postal Service to “confirm that the EXFC system measures achieved service performance for a subset of mail or type of First-Class Mail service, namely, seeded letter-shaped mailpieces entered at collection boxes as single-piece First-Class Mail in the Letters and Sealed Parcels subclass.” Please explain the “Not confirmed” response inasmuch as the response appears to confirm the interrogatory. Does the response, “Not Confirmed,” mean that the EXFC system provides achieved service performance data for mailpieces other than letter-shaped mailpieces entered at collection boxes as single-piece First-Class Mail in the specified subclasses?

d. Refer to your response to part f. Please provide any documentation or analysis to support the basis for the claim that the “Postal Service *believes* that EXFC is statistically representative for what it measures” (Emphasis added)

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

RESPONSE TO OCA/USPS-98 (continued)

e. Refer to your response to part f. Please confirm that the 463 ZIP Code areas selected on the basis of geographic and volume density constitutes the "sample frame." If not, please confirm and provide the sample frame for the EXFC system.

f. Refer to your response to part f. Please provide the "sample selection" rules for the 463 ZIP Code areas selected on the basis of geographic and volume density.

g. Refer to your response to part g. Please provide any documentation or analysis to support the basis for the claim that the "Postal Service *believes* that PTS is statistically representative for what it measures" (Emphasis added)

h. Refer to your response to part g. Please provide the "sample frame" for PTS with respect to Priority Mail.

i. Refer to your response to part g. Please provide the "sample selection" rules for PTS with respect to Priority Mail.

RESPONSE:

a. The Postal Service was concerned that the wording of OCA/USPS-63 (a) could be interpreted differently by different people, and determined that the best approach to answering this subpart was to say "Not confirmed," followed by the Postal Service's position on what EXFC measures.

b. i. The Postal Service was concerned that the wording of OCA/USPS-63 (b) could be interpreted differently by different people, and determined that the best approach to answering this subpart was to say "Not confirmed," followed by a statement of what the Postal Service uses for performance measurement of First-Class Mail.

ii. No. ODIS/RPW data are not utilized in measuring achieved service performance.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

RESPONSE TO OCA/USPS-98 (continued)

c. The Postal Service could not confirm this subpart as written, and determined that the best approach to providing an answer was to state "Not confirmed," followed by a statement of how EXFC operates.

d. In answering this interrogatory, the Postal Service did not consult any specific documentation or analysis. It presented the positions of those individuals who are responsible for the EXFC system.

e. Confirmed that the EXFC system is an external measurement system of collection box to mailbox delivery performance that continuously tests a panel of 463 ZIP Code areas selected on the basis of geographic and volume density from which 90 percent of First-Class volume originates and 80 percent destines.

f. The phrase "sample selection rules" is ambiguous. The panel of 463 ZIP Code areas is selected on the basis of geographic and volume density from which 90 percent of First-Class volume originates and 80 percent destines.

g. In answering this interrogatory, the Postal Service did not consult any specific documentation or analysis. It presented the positions of those individuals who are responsible for the PTS system.

h. The use of the phrase "sample frame" is ambiguous. PTS is a virtual census of all Priority Mail pieces that are scanned.

i. The use of the phrase "sample selection rules" is ambiguous. PTS is a virtual census of all Priority Mail pieces that are scanned.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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OCA/USPS-99. This interrogatory seeks information on the service standards and achieved service performance for Package Services. Please refer to your response to OCA/USPS-6. Refer to your response to part f. Please explain why the Postal Service does not use PTS data as a measurement of compliance with the service standards cited in Attachment G of the Request, Compliance Statement, response to Rule 54(n) for Parcel Post, Bound Printed Matter, Media Mail and Library Mail sold at retail with Delivery Confirmation.

RESPONSE:

At the current time, the Postal Service, with the resources available to it, has not decided to dedicate those resources to measuring achieved service performance for Parcel Post, Bound Printed Matter, Media Mail and Library Mail sold at retail with Delivery Confirmation.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OCA, REDIRECTED FROM WITNESS BRADLEY**

OCA/USPS-T14-8. Please provide the following from DOIS data by ZIP/Route/Day of Week. All references to ZIP/Route/Day of Week regard all routes within the list of ZIP Codes provided in LR-K-152 in R2005-1 for the following time periods.

BETWEEN '02/10/2002' AND '02/23/2002'
BETWEEN '05/12/2002' AND '05/25/2002'
BETWEEN '08/18/2002' AND '08/31/2002'
BETWEEN '11/17/2002' AND '11/30/2002'
BETWEEN '02/09/2003' AND '02/22/2003'
BETWEEN '05/18/2003' AND '05/31/2003'
BETWEEN '08/17/2003' AND '08/30/2003'
BETWEEN '11/16/2003' AND '11/29/2003'
BETWEEN '02/15/2004' AND '02/28/2004'
BETWEEN '05/16/2004' AND '05/29/2004'
BETWEEN '08/15/2004' AND '08/28/2004'
BETWEEN '11/14/2004' AND '11/27/2004'
BETWEEN '02/13/2005' AND '02/26/2005'
BETWEEN '05/15/2005' AND '05/28/2005'
BETWEEN '08/14/2005' AND '08/27/2005'
BETWEEN '11/13/2005' AND '11/26/2005'

- (a) the volume delivered by the categories in LR-K-152 for each ZIP/Route/Day of Week combination
- (b) the number of sequenced mailings by ZIP/Route/Day of Week
- (c) the number of carriers who delivered mail (street time > 0 hrs) for each ZIP/Route/Day of Week
- (d) a Yes/No for each ZIP/Route/Day of Week that has an assigned carrier (Yes, if there an assigned carrier and No, if there is not an assigned carrier)
- (e) the number of BASE VEHICLE MILES by ZIP/Route/Day.
- (f) the MSP Scan data, as it was presented in LR-K-152 for the same list of ZIPs, for the following time periods.

BETWEEN '08/14/2005' AND '08/27/2005'
BETWEEN '11/13/2005' AND '11/26/2005'

RESPONSE:

The available DOIS data requested are being filed as USPS-LR-L-160.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF THE
OFFICE OF THE CONSUMER ADVOCATE, REDIRECTED FROM WITNESS TAUFIQUE

OCA/USPS-T32-2. Please provide the proposed Test Year After Rate unit costs for the following rate categories of First-Class Mail. Include in your response to the following interrogatory, the derivation of all calculated values, cite all sources, and provide copies of those source documents not previously filed.

- a. The First-Class Single Piece first-ounce letter,
- b. The First-Class Single Piece first-ounce flat,
- c. The First-Class Single Piece first-ounce parcel,
- d. The First-Class Automation Letter first-ounce cost for,
 - (i) Mixed AADC,
 - (ii) AADC,
 - (iii) 3-digit, and
 - (iv) 5-digit,
- e. The First-Class Automation Letter Additional ounce cost,
- f. The First-Class Automation Flat first-ounce cost for,
 - (i) Mixed AADC,
 - (ii) AADC,
 - (iii) 3-digit, and
 - (iv) 5-digit.
- g. The First-Class Automation Flat Additional ounce cost.

Response:

Please note that the Postal Service method for disaggregating costs by shape and ounce increment produces Test Year Before Rates unit costs.

a.-c. Please see the response to DBP/USPS-40.

d.-g. It is not possible to deaverage presorted First-Class Mail by both weight and rate category.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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REDIRECTED FROM WITNESS MITCHUM (USPS-T-40)

OCA/USPS-T40-1. The following group of interrogatories relates to the proposed rate increase in this docket averaging 50 percent for Registered Mail based upon Postal Service costs. In the previous rate case, Docket No. R2005-1, a large cost increase estimated by the Postal Service was reduced significantly when the Commission applied the PRC's costing methodology to Registered Mail. Thus, the rate increase recommended by the Commission for Registered Mail of 5.6 percent (Opinion at page 177), based upon the PRC costing methodology, was consistent with the increases for other classes of mail. The following interrogatories explore the reasons why again applying the PRC costing methodology to estimated Registered Mail costs to reduce the rate increase of Registered Mail may not be feasible in this docket because registry costs using the PRC methodology appear to be higher than the registry costs using the Postal Service methodology. The interrogatories also seek to determine why unusually large cost increases appear in the library reference for Registered Mail using the PRC costing methodology.

Please confirm the following regarding Registered Mail in Docket No. R2005-1. If you do not confirm, please explain.

- a. In Docket No. R2005-1, the Postal Service using its own methodology estimated TY2006BR Registered Mail attributable costs of \$66,657,000. (OCA/USPS-T10-7, Tr. 8D/5014)
- b. In Docket No. R2005-1, the Postal Service using the PRC methodology estimated TY2006BR Registered Mail attributable costs of \$42,070,000 (OCA/USPS-T10-7, Tr. 8D/5014)
- c. In Docket No. R2005-1, the attributable costs estimated by the Postal Service for Registered Mail using the PRC methodology were lower than the attributable costs using the Postal Service methodology in the amount of \$24,587,000 (\$66,657,000 less \$42,070,000).
- d. In the Opinion in Docket No. R2005-1, the Commission estimated test year 2006 attributable costs of \$41,382,000 and revenue of \$43,684,684 for a contribution to institutional cost of \$2,302,000 and a cost coverage of 105.6 percent as shown on Appendix G, Schedule 1 of the Opinion.

RESPONSE:

- a. Confirmed that in Docket No. R2005-1, the Postal Service, using its own methodology, estimated TY2006BR Registered Mail volume variable costs of

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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RESPONSE TO OCA/USPS-T40-1 (continued)

\$66,657,000 (after revision of an earlier number).

b. Confirmed (after revision of an earlier number).

c. Confirmed that in Docket No. R2005-1, the attributable costs estimated by the Postal Service for Registered Mail using the PRC methodology were lower than the volume variable costs using the Postal Service methodology in the amount of \$24,587,000 (\$66,657,000 less \$42,070,000).

d. Confirmed except for the fact that the revenue shown in Appendix G is \$43,688(000).

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REDIRECTED FROM WITNESS MITCHUM (USPS-T-40)

OCA/USPS-T40-2. Please confirm the following regarding Registered Mail in this docket. If you do not confirm, please explain.

- a. The estimated attributable cost using the Postal Service methodology for base year 2006 is \$75,108,000 in witness Waterbury's Exhibit USPS-T10E, page D-1.
- b. The estimated attributable cost using the PRC methodology for base year 2006 is \$88,188,000 in LR-L-96, Part 2, vol. A, "D" Report, page D-1.
- c. The attributable costs estimated for the base year 2006 by the Postal Service for Registered Mail using the PRC methodology are higher than the attributable costs using the Postal Service methodology by the amount of \$13,080,000 (\$88,188,000 less \$75,108,000).
- d. The estimated before rates attributable cost for test year 2008 using the Postal Service costing methodology is \$64,262,000 as determined by witness Waterbury (T-10), Exhibit USPS-T10K, page D-1.
- e. The estimated before rates attributable cost for test year 2008 using the PRC costing methodology is \$75,419,000 as determined in LR-L-96, Part 2, vol. D, "D" Report, at D-1.

RESPONSE:

- a. Confirmed that the estimated volume variable costs using the Postal Service methodology for fiscal year 2006 is \$75,108,000 in witness Waterbury's Exhibit USPS-10E, page D-1 (the Base Year in this case is 2005).
- b. Confirmed that the estimated attributable costs using the PRC methodology for fiscal year 2006 is \$88,188,000 in USPS-LR-L-96, Volume A, "D" Report, page D-1.
- c. Confirmed that the attributable costs estimated for fiscal year 2006 by the Postal Service for Registered Mail using the PRC methodology are higher than the volume variable costs using the Postal Service methodology by the amount of \$13,080,000 (\$88,188,000 less \$75,108,000).

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RESPONSE TO OCA/USPS-T40-2 (continued)

d. Confirmed that the estimated before rates volume variable costs for test year 2008 using the Postal Service costing methodology, including contingency, is \$64,262,000 as determined by witness Waterbury (USPS-T-10), Exhibit USPS-10K, page D-1.

e. Confirmed that the estimated before rates attributable costs for test year 2008 using the PRC costing methodology, including contingency, is \$75,419,000 as determined in USPS-LR-L-96, Volume D, "D" Report, page D-1.

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OCA/USPS-T40-3. Please explain why in this docket the base year 2006 costs using the PRC methodology are higher than the costs estimated using the Postal Service methodology whereas in Docket No. R 2005-1, the test year 2006 before rates costs using the PRC methodology were much lower than the costs estimated using the Postal Service methodology?

RESPONSE:

The roll forward model that generates interim year (and test year) costs uses base year costs as an initial input. Therefore, the direction of the differences between fiscal year 2006 costs using the PRC methodology and fiscal year 2006 costs using the Postal Service methodology in this docket, as compared to the direction of the differences between test year 2006 before rates costs using the PRC methodology and test year 2006 before rates costs using the Postal Service methodology in Docket No. R2005-1, is largely a function of the direction of the differences in cost methodologies for the Postal Service version versus the PRC version in the base year.

In this docket, the base year costs using the PRC methodology are higher than the base year costs using the Postal Service methodology, whereas in Docket No. R2005-1, the base year costs using the PRC methodology were lower than the base year costs using the Postal Service methodology. This apparent reversal is not due to a PRC method change, but rather a change in the data collection in the redesigned In-Office Cost System that affected the mail processing cost pools for Registered Mail.

Prior to FY 05, in mail processing, the MODS Registered Mail cost pools included Registry Services costs for both USPS Penalty Registered Mail and Commercial Registered Mail. To get the portion of the Commercial Registered Mail costs in the PRC

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RESPONSE TO OCA/USPS-T40-3 (continued)

version, the Registered Mail processing costs were apportioned between USPS Penalty Registered Mail and Commercial Registered Mail based on the RPW volume for Registry (see Docket No. R2005-1, USPS-LR-K-93, Cs03.xls, tab PRC 3.0.7 and tab 3.1.1). In the USPS version, the Commercial Registered Mail processing costs were obtained by excluding the IOCS tallies for USPS Penalty Registered Mail from the combined USPS and Commercial Registered Mail costs. Since the percentage of Commercial Registered Mail volume in RPW is much lower compared to the portion of Commercial Registered Mail tallies in IOCS, the apportionment resulted in considerably lower PRC Commercial Registered Mail costs relative to the USPS Commercial Registered Mail costs—\$12,674 versus \$39,207 in Docket No. R2005-1.

In FY 05, IOCS information on special services was not collected for USPS Penalty mail. Therefore, the Registered Mail costs did not include USPS Penalty Registered Mail, and all Registered Mail costs were apportioned to Commercial Registered Mail in the PRC version (see USPS-LR-L-93, Spreadsheets, CS03, tab PRC 3.0.7 and tab 3.1.1). This change in the IOCS data collection, which eliminated the need for the RPW volume split in the PRC version, resulted in much higher PRC costs in this docket—\$54,377 versus \$12,674 in Docket No. R2005-1. At the same time, the same reliance on the IOCS tally processing costs in both USPS and PRC versions considerably reduced the differences between the PRC and the USPS Domestic Registered Mail costs in this docket—\$54,377 versus \$44,451.

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RESPONSE TO OCA/USPS-T40-3 (continued)

Although both USPS and PRC methods are more comparable with the elimination of the RPW volume split in the PRC version, there may be one primary reason the PRC costs are higher than the USPS costs. The overhead costs such as 'on break' and 'clocking in and out' in the MODS 1&2 cost pools are all distributed to subclasses and none to the pool fixed costs in the PRC version. While for most cost pools the portion of the fixed costs is rather small in the PRC version, this is not the case for the MODS Registry cost pool. In the USPS version, only the volume-variable portion of the overhead costs is distributed to subclasses.

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OCA/USPS-T40-4. Please explain why in this docket the test year 2008 before rates costs using the PRC methodology are higher than the costs estimated using the Postal Service methodology whereas in Docket No. R 2005-1 the test year 2006 before rates costs using the PRC methodology were much lower than the costs estimated using the Postal Service methodology?

RESPONSE:

The roll forward model that generates test year costs uses base year costs as an initial input. Therefore, the direction of the differences between test year 2008 before rates costs using the PRC methodology and test year 2008 before rates costs using the Postal Service methodology is largely a function of the direction of the differences in cost methodologies for the Postal Service version versus the PRC version in the base year. In this docket, the base year costs using the PRC methodology are higher than the base year costs using the Postal Service methodology, whereas in Docket No. R2005-1, the base year costs using the PRC methodology were lower than the base year costs using the Postal Service methodology. Please refer to the response to OCA/USPS-T40-3 for differences in base year costs.

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OCA/USPS-T40-5. Please explain the basis for the large increase in the estimated before rates test year costs for registry using the PRC methodology between the test years 2006 to 2008 of from \$42,070,000 to \$75,419,000.

RESPONSE:

The increase in the estimated before rates test year costs for registry using the PRC methodology between this docket and Docket No. R2005-1, from \$42,070,000 in R2005-1 for TY2006BR to \$75,419,000 in R2006-1 for TY2008BR, is due primarily to the increase in base year costs between this docket and Docket No. R2005-1. Please refer to the response to OCA/USPS-T40-3 for differences in base year costs.

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OCA/USPS-T40-6. Please explain the basis for the decrease in before rates test year costs for registry using the Postal Service methodology between test years 2006 to 2008 from \$66,657,000 to \$64,262,000, or a reduction of \$2,395,000.

RESPONSE:

The decrease in before rates test year costs for registry using the Postal Service methodology between this docket and Docket No. R2005-1, from \$66,657,000 in R2005-1 for TY2006BR to \$64,262,000 in R2006-1 for TY2008BR, is due primarily to forecasted reductions in registry volume.

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OCA/USPS-T40-7. Please explain the apparent inconsistency between the large increase in the estimated before rates test year costs for registry using the PRC methodology between test years 2006 to 2008 of from \$42,070,000 to \$75,419,000 as compared to the decrease in before rates test year costs for registry using the Postal Service methodology for the same period from \$66,657,000 to \$64,262,000, or a reduction of \$2,395,000.

RESPONSE:

Please refer to the response to OCA/USPS-T40-3 for differences in PRC base year costs between this docket and Docket No. R2005-1.

RESPONSE OF THE POSTAL SERVICE
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REDIRECTED FROM WITNESS MITCHUM

OCA/USPS-T40-35. This interrogatory seeks information on the uses of Confirm information by the Postal Service. Please refer to your response to OCA/USPS-T40-20(a)-(b), which asked about Postal Service Publication 197, the Confirm User Guide, at page 29, where it states "Preshipment notification enables the Postal Service to use Confirm information to measure, diagnose, monitor, and improve mail processing and delivery service performance."

- f. Please explain how "seeding by the Postal Service of the mail with test pieces" serves "as an analytical tool today" to improve the utility of Confirm scans. For all instances involving seeding by the Postal Service, please provide a table that categorizes the issues identified by seeding, the frequency of the issues identified. Discuss actions taken (if any) by the Postal Service as a result of seeding to improve the utility of Confirm scans. Provide copies of any data, print-outs, spreadsheets, reports or other documents, electronic or otherwise, on seeding by the Postal Service used to improve the utility of Confirm scans.
- g. Where Confirm customers have presented the Postal Service with reports on system performance based upon the customers' scan data, how has the Postal Service used the customer's scan data, or data from its own seeding, to verify, monitor and improve system performance? Please explain.
- h. For Confirm customers that have presented the Postal Service with reports on system performance based upon the customers' scan data, please provide a table that categorizes the system performance issues identified, and the frequency of the issues identified since Confirm was made a permanent service. Please describe the issues identified.

RESPONSE:

- f. The Postal Service uses PLANET code seeding to help monitor the performance of the mail processing network. Since seeding activity is separate from the provision of Confirm service, it is not an effort to "improve the utility of Confirm scans."
- g. When Confirm customers have presented the Postal Service with reports on service performance based upon the customers' scan data, the Postal Service has reviewed several data sources to determine whether the alleged service problems are systemic. These sources include each customer's Confirm data, internal seeding data, and systems referenced in witness Mitchum's response to part e of OCA/USPS-T40-35. Specific issues with mail flows that can be identified such as delays between origin and destination sorting operations are referred to field operations for corrective action.

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Since these requests are made on an ad hoc basis they are not useful for ongoing monitoring of service performance.

h. The Postal Service does not maintain these data.

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OCA/USPS-T40-36. This interrogatory seeks information on the uses of Confirm information by the Postal Service. Please refer to your response to OCA/USPS-T40-20(a)-(b), which addressed Confirm preshipment notifications.

- a. Please describe the Electronic Verification System (eVS) currently used for bulk-entered parcels.
- b. Is eVS being evaluated as a possible alternative to preshipment notification for Confirm service? Please explain.
- c. Please describe the Surface Visibility project.

RESPONSE:

a. The Postal Service and the parcel shipping industry have worked together to develop the Electronic Verification System (eVS), launched in late 2003, as a new manifesting model that simplifies acceptance, verification, and induction of parcel mailings. Under this model, mailers or shippers barcode and manifest all parcels before transmitting an electronic manifest to the Postal Service. eVS is used only for parcel mail.

The eVS manifest lists all barcoded parcels in a mailing and includes pertinent information for each parcel to support postage and fee payment. Under eVS, parcel mailings are no longer verified by the Postal Service at a mailer's or shipper's plant, and the mailer or shipper is no longer required to create paper documentation for induction activities. Mailers or shippers manifest the parcels, transmit the electronic files to the Postal Service, schedule appointments through the Facility Access and Shipment Tracking (FAST) system, and present the parcels at the desired destination entry facilities according to the appointments.

The Postal Service draws random statistical samples of the mailings at the appropriate plants and delivery units, and electronically compares the sampling data against the transmitted electronic manifest to verify the accuracy of the mailing.

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Electronic reports provide information on the discrepancies noted. These reports are available via the eVS Web site and can facilitate an automated reconciliation process.

b. No, eVS is not used with Confirm service.

c. Surface Visability is an extension of our efforts to improve mail processing by providing information to plants about mail flow. A more detailed discussion is available on pages 37 and 41 of the Transformation Plan.

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OCA/USPS-T40-37. This interrogatory seeks information on the uses of Confirm information by the Postal Service. Please refer to your response to OCA/USPS-T40-22(b)-(d).

- a. Refer to your response to part a. of OCA/USPS-T40-22. Please provide a table that displays for PS Form 3152-A or PS Form 8125, the type of entry or facility for each mail class eligible to use Confirm service.
- b. Refer to your response to part b. of OCA/USPS-T40-22. Does the Entry Scan file, provided by First-Class Mail mailers who induct mail continuously throughout the week, serve to "start the clock" on Confirm mail and generate the entry scan data? Please explain. If so, does it result in a more accurate and reliable "start the clock" entry scan than PS Forms 3152-A or 8125? Please explain.
- c. For the Postal Service, is the Entry Scan file provided by continuous mailers of First-Class Mail preferable to PS Forms 3152-A or 8125? Please explain.
- d. Refer to your response to part d. of OCA/USPS-T40-22. Please provide for the Base Year the number of destination and origin Confirm mailpieces entered by mail class for each form type, and the number of scans provided.

RESPONSE:

- a. Typically, 3152-As are used at the point of mail entry at Business Mail Entry Units (BMEU) and Detached Mail Units (DMU), while 8125s are used for mail dropped at plants (e.g., Processing & Distribution Centers) and delivery units.
- b. The information can be used to represent a starting point for a new day's mail inducted at a specific location. This process increases the likelihood that entry scan data are generated, but does not necessarily increase accuracy, since the file does not actually reflect a scan event made by the Postal Service.
- c. No. The process is merely a method that enables continuous mailers to meet requirements they otherwise would be unable to meet.
- d. This information is not available.

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OCA/USPS-T40-38. This interrogatory seeks information on the uses of Confirm information by the Postal Service. Please refer to your response to OCA/USPS-T40-23(c)(i)-(v).

- a. To what extent do "inconsistent mail preparation and barcoding methods by Confirm mailers" prevent Confirm service from being a service performance measurement tool? Please explain.
- b. To what extent do "inconsistent induction procedures by Confirm mailers" prevent Confirm service from being a service performance measurement tool? Please explain.
- c. Please confirm that mailers that are certified to by the Postal Service do not have "inconsistent mail preparation and barcoding methods" or "inconsistent induction procedures" impacting the use of Confirm service as a service performance measurement tool. If you do not confirm, please explain.
- d. Please confirm that with the exception of inconsistent induction procedures by mailers, subparts (ii-v) of your response are problems internal to the Postal Service. If you do not confirm, please explain. If you do confirm, please describe and discuss the actions taken (if any) to correct the problems, and discuss the results achieved (if any). If no actions have been taken, please discuss the reasons.

RESPONSE:

a-b. See my response to OCA/USPS-T40-20.

c. Not confirmed. See the Postal Service's response to OCA/USPS-T40-39(c), redirected from witness Mitchum.

d. Confirmed. As noted in witness Mitchum's response to OCA/USPS-T40-20, the Postal Service utilizes internal seeding for its process improvement needs. Because of this internal seeding, along with the fact that Confirm service is not being used as a performance measurement tool, the Postal Service has not taken action to resolve these issues. As a result the costs for the service can be kept to a minimum, and it is more likely that the Postal Service can offer a contribution-positive Confirm product.

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OCA/USPS-T40-39. This interrogatory seeks information on the uses of Confirm information by the Postal Service. Please refer to your response to OCA/USPS-T40-23(b) and (c)(i)-(v).

- a. Please describe the certification program for Confirm subscribers, and the process Confirm subscribers must follow to become certified. Is the Postal Service continuing the certification program in its current form? Please explain, and provide all manuals, guidelines, and instructions on how to become certified.
- b. How many Confirm subscribers have been certified by the Postal Service? How many Confirm subscribers have applied to become certified? Please explain the reasons any applications for certification have not been granted.
- c. For Confirm subscribers that are certified, please confirm that the Postal Service is able to evaluate whether claims of error in mailpiece scan records, including "start the clock" entry scans, are valid for purposes of resolving service performance measurement issues. If you do not confirm, please explain. In your explanation, specifically address the purpose of the certification program.
- d. If two or more Confirm subscribers are certified, in what ways could the Postal Service combine their scan data so as to mask the identity of such subscribers? If you do not confirm, please explain.
- e. Without revealing the identify of Confirm subscribers that are certified, please provide a table based upon scan data from the certified subscribers showing the entry scan rate for active versus passive scans, the entry scan rate by facility (without identifying the facility), the number of Confirm mailpieces, the dates for entry scans provided by the subscribers compared to entry scan dates in the mailing records.
- f. Provide the time for delivery of First-Class Mail letters for each certified mailer.
- g. Provide the time for delivery of Standard Mail letters for each certified mailer.
- h. Provide the time for delivery of First-Class Mail flats for each certified mailer.
- i. Provide the time for delivery of Standard Mail flats for each certified mailer.

RESPONSE:

a. Certification was established as a voluntary process that helps to ensure accuracy of Confirm mailing performance reports available to customers. By meeting certification requirements, a Confirm customer has demonstrated the ability to generate Confirm-compatible barcodes, prepare and submit properly formatted preshipment files that adhere to Confirm business rules, and induct mail in accordance with Confirm requirements in a way that increases the likelihood of accurate web-based reports.

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b. Six subscribers have applied for certification: two subscribers have been certified; four subscribers have been denied certification. All subscribers were informed about certification and invited to apply.

c. Not confirmed. Certification only requires that the mailer is capable of accurately providing all of the information to the Postal Service, it does not mean that they do.

d-i. Even if the requested data were available, given that there are only two certified subscribers it would not be possible to mask the information so that one certified subscriber is not identifiable by the other certified subscriber, or possibly other mailers that are aware of who is certified and generally know how many scans a specific subscriber might be using.

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OCA/USPS-T40-40. This interrogatory seeks information on the uses of Confirm information by the Postal Service. Please refer to your response to OCA/USPS-T40-24(b)-(c).

- a. Please explain the Postal Service's data retention rules for scan and other data generated from mail entered by Confirm subscribers. Please provide the date this data retention policy became effective.
- b. Please describe the type and volume of scan and other data generated from mail entered by Confirm subscribers currently retained by the Postal Service, and how long the Postal Service has retained this data.

RESPONSE:

a. The Postal Service retains CONFIRM mail piece scan data for 15 days on the EPO Servers. Shipment (ASN) scan data are retained for 30 days. Preshipment (EMD) information is retained for 30 days from the planned drop date, or 30 days from the entry scan date if later. This has been the data retention policy since approximately 2000.

b. The Postal Service assumes that an average of 2.5 individual mail processing are generated per piece. For reporting purposes, the Postal Service maintains data relative to CONFIRM mailings for approximately 120 days. However, these data are transformed and retained in a manner that does not replicate the records collected via the CONFIRM infrastructure.

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OCA/USPS-T40-41. This interrogatory seeks information on the uses of Confirm information by the Postal Service. Please refer to your response to OCA/USPS-T40-25.

- a. Please confirm that the preshipment notification submission file contains the number of mailpieces with a PLANET code. If you do not confirm, please explain. If you do confirm, please provide separately for the Base Year the number of destination and origin Confirm mailpieces displaying a PLANET code from preshipment notification files. If records are not maintained for a full year, provide records for a shorter period of time, and specify the time period.
- b. For destination Confirm mailpieces displaying a PLANET code included in the preshipment notification submission files in the Base Year, please provide the number of destination Confirm mailpieces that did not receive one or more scans.
- c. For destination Confirm mailpieces displaying a PLANET code, please identify 1) the mail processing equipment that has the capability to scan such a mailpiece, and 2) the mail processing equipment that does not have the capability to scan such a mailpiece. For mail processing equipment identified in subpart 2., above, that does not have the capability to scan a mailpiece, please provide the percentage of destination Confirm letters and flats separately that are processed on such equipment, provide the probability that destination Confirm letters and flats separately displaying a PLANET code will be processed on such equipment, and identify and describe the mail processing facilities in which such equipment is found.

RESPONSE:

- a. Confirmed, assuming preshipment notification accurately reflects the actual mail it is supposed to represent. In some cases, preshipment notification may provide a sampling of the total number of PLANET Codes, due to file size limitations of the preshipment notification. Information on piece counts represented in the system cannot be obtained and are not available.
- b. These data are not available.
- c.
 1. All barcode sorting equipment has capability to read PLANET Codes, if the equipment is running in modes that scan barcodes on the mailpiece.
 2. Non-sorting machines (e.g., Facer Cancelers) do not have this capability. As mailpieces bearing PLANET Codes are not necessarily representative of all mailpieces in the mailstream, it is not possible to accurately estimate the number

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of PLANET-Coded mailpieces that are processed on machines that do not have scanning ability.

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OCA/USPS-T40-42. This interrogatory seeks information on the uses of Confirm information by the Postal Service. Please refer to your response to OCA/USPS-T40-26.

- a. Refer to your response to part b. Please confirm that when the Postal Service has seeded the mail with test pieces, it has found mailpiece scan records that lack a facility ZIP Code, or have an inaccurate facility ZIP Code. If you do not confirm, please explain. If you do confirm, please describe and discuss the source of the problem, the actions taken (if any) to correct the problem, and discuss the results achieved (if any). If no actions have been taken, please discuss the reasons.
- b. Refer to your response to part c. In the absence of specific mailer or mail industry organizations reporting instances of scans that they believe contains invalid information, is it the Postal Service's response that it has no ongoing quality assurance programs to determine the source of scans that contain invalid information? Please explain and discuss the ongoing programs.
- c. Refer to your response to part d. Please confirm that when the Postal Service has seeded the mail with test pieces, it has found mailpiece scan records that have dates that pre-date when a mailing was entered, or dates for scans that span more than three days. If you do not confirm, please explain. If you do confirm, please describe and discuss the source of the problem, the actions taken (if any) to correct the problem, and discuss the results achieved (if any). If no actions have been taken, please discuss the reasons.
- d. Refer to your response to part d. Is the Postal Service aware of mailpiece scan records that have dates for scans that are "future dates;" for example, the entry scan for a Confirm shipment occurs on June 26th, but a mailpiece scan record dated June 27th shows processing scans on June 29th or beyond? Please explain.
- e. Refer to your response to part f. Please confirm that when the Postal Service has seeded the mail with test pieces, it has found mailpiece scan records that have no operations codes, or inaccurate operations codes. If you do not confirm, please explain. If you do confirm, please describe and discuss the source of the problem, the actions taken (if any) to correct the problem, and discuss the results achieved (if any). If no actions have been taken, please discuss the reasons.
- f. Refer to your response to part h. Please confirm that when the Postal Service has seeded the mail with test pieces, it has found mailpiece scan records that have missing POSTNET barcodes, or PLANET codes. If you do not confirm, please explain. If you do confirm, please describe and discuss the source of the problem, the actions taken (if any) to correct the problem, and discuss the results achieved (if any). If no actions have been taken, please discuss the reasons.
- g. For parts a., c., e., and f., above, please provide the Postal Service's acceptable and actual error rate for missing or inaccurate data in mailpiece scan records.

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RESPONSE:

- a. The Postal Service has found mailpiece scan records that have the wrong facility identification. This problem usually occurs when Maintenance loads software and leaves the "default ZIP" in the site set up file, or if Maintenance enters the wrong facility ID code. Each week Engineering reviews reports from Mail Processing Equipment and issues a list of sites where the site ID entered in the Mail Processing Equipment (MPE) does not match the correct site ZIP of the facility. The list is sent to the Area Software Specialists, who contact the sites to request correction. Local maintenance then updates the information on the MPE.
- b. The Postal Service uses a variety of sources to identify the source of scans that contain invalid information. If local plants discover that the seeded mail is producing deficient data, the area is notified and corrections are made.
- c. The Postal Service occasionally observes scan records that pre-date when a piece was seeded. This can occur if the incorrect date and time are entered on the MPE. Current versions of MPE computer software synchronize date and time with the local integrated data server (IDS) so these discrepancies should be minimized. Although MPE computer systems have been changed to synchronize time with the IDS system, on some MPE this is done on initial startup, and the date can be changed afterwards. Software changes/enhancements are being put into effect on equipment being deployed, as well as existing equipment. These enhancements will synchronize time at the start of a mail processing run, thereby eliminating the possibility of invalid dates propagating into the run. As part of the internal processes, errors will be found on the

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end-of-run report and corrected. The Postal Service has also observed dates for scans that are more than three days apart. This can occur if a mailpiece was mis-sorted or mis-sent or otherwise mishandled. The Postal Service follows up on these when there is data that indicate there is a recurring problem in mail flowing between operations.

d. As described in the response above (part c), this problem can arise if an incorrect date/time is entered into the MPE computer. Current versions of MPE computer software synchronize date and time with the local integrated data server (IDS) so these discrepancies should be minimized. These errors will be found on the end-of-run report and corrected.

e. Previous versions of the software used the operation codes entered by the machine operators to send with the PLANET Code data. For example, operators would enter 800 as the operation code to pull up a list of sort plan names within the 800 series. The operator could elect to use the default 800 code instead of the specific sort plan for that run, such as 891, 892, or 893. This would cause the operation code in the PLANET Code file to be 800, instead of the correct operation number. This has been corrected through recent software changes that force the operation mapping to the correct operation for the sort plan name. Additionally, significant effort has been placed on integrating the Operation Numbers into sort programs used by MPE to completely eliminate the need for any "mapping" on the systems that could lead to errors.

f. There are missing POSTNET barcode data, but not missing PLANET Code data. Missing POSTNET results are due to the machines' inability to read the POSTNET Code, or the lack of a POSTNET barcode. This could be due to: unreadable barcodes

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or running the mail on an OSS before the ZIP Code of the mailpiece has been resolved.

The Postal Service has investigated instances of lack of PLANET Code scans of customer mailings and found basic barcode errors (missing or incorrect checksum data, missing frame bars, etc). This is one explanation as to how missing PLANET Code scans can occur. However, there is no way to have a PLANET Code Scan without a proper PLANET Code.

g. The Postal Service has not defined an acceptable error rate for missing or inaccurate data in mailpiece scan records.

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OCA/USPS-T40-45. Please provide a report that sets forth the delivery times for First-Class letters (i.e. from date of entry to date of last DPS scan), by quarter, from the inception of Confirm to date. If the data are available only for a shorter period of time, then provide the delivery times, by quarter, for the available periods.

- a. Please specify the quarters involved and the number of scans used to develop the delivery time figures.
- b. If data are unavailable as requested above for less than the full set of quarters specified in the predicate of the question, explain why they are unavailable.
- c. OCA is not seeking any information that will lead to specific-mailer identification.

RESPONSE:

a-b. As noted in witness Mitchum's responses to OCA/USPS-T40-23, 25, and 26, the preshipment notification scan is not reliable, so no reliable measure of days to delivery is available.

c. Not applicable.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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OCA/USPS-T40-46. Please provide a report that sets forth the delivery times for First-Class flats (i.e. from date of entry to date of last DPS scan), by quarter, from the inception of Confirm to date. If the data are available only for a shorter period of time, then provide the delivery times, by quarter, for the available periods.

- a. Please specify the quarters involved and the number of scans used to develop the delivery time figures.
- b. If data are unavailable as requested above for less than the full set of quarters specified in the predicate of the question, explain why they are unavailable.
- c. OCA is not seeking any information that will lead to specific-mailer identification.

RESPONSE:

a-b. As noted in witness Mitchum's responses to OCA/JSPS-T40-23, 25, and 26, the preshipment notification scan is not reliable, so no reliable measure of days to delivery is available.

c. Not applicable.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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OCA/USPS-T40-47. Please provide a report that sets forth the delivery times for Standard Mail letters (i.e. from date of entry to date of last DPS scan), by quarter, from the inception of Confirm to date. If the data are available only for a shorter period of time, then provide the delivery times, by quarter, for the available periods.

- a. Please specify the quarters involved and the number of scans used to develop the delivery time figures.
- b. If data are unavailable as requested above for less than the full set of quarters specified in the predicate of the question, explain why they are unavailable.
- c. OCA is not seeking any information that will lead to specific-mailer identification.

RESPONSE:

a-b. As noted in witness Mitchum's responses to OCA/USPS-T40-23, 25, and 26, the preshipment notification scan is not reliable, so no reliable measure of days to delivery is available.

c. Not applicable.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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OCA/USPS-T40-48. Please provide a report that sets forth the delivery times for Standard Mail flats (i.e. from date of entry to date of last DPS scan), by quarter, from the inception of Confirm to date. If the data are available only for a shorter period of time, then provide the delivery times, by quarter, for the available periods.

- a. Please specify the quarters involved and the number of scans used to develop the delivery time figures.
- b. If data are unavailable as requested above for less than the full set of quarters specified in the predicate of the question, explain why they are unavailable.
- c. OCA is not seeking any information that will lead to specific-mailer identification.

RESPONSE:

a-b. As noted in witness Mitchum's responses to OCA/USPS-T40-23, 25, and 26, the preshipment notification scan is not reliable, so no reliable measure of days to delivery is available.

c. Not applicable.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE,
REDIRECTED FROM WITNESS MITCHUM

OCA/USPS-T40-52. This interrogatory seeks to clarify the value of Confirm service to the Postal Service. Please refer to your testimony at page 14, lines 22-23.

- a. Please confirm that the data generated by mailpieces entered with PLANET Codes also has important information value to the Postal Service. If you do not confirm, please explain.
- b. Please confirm that the data generated by mailpieces entered with PLANET Codes provides the Postal Service with information on mail flows during processing, permitting evaluation and improvements of its mail processing operations. If you do not confirm, please explain.
- c. Please confirm that on balance, the larger the number of mailpieces entered with PLANET Codes, the greater the information value to the Postal Service on the performance of its mail processing operations. If you do not confirm, please explain.

RESPONSE:

a-c. Not confirmed. See the response to OCA/USPS-T40-35(f-h), redirected to the Postal Service.

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OCA/USPS-T40-53. This interrogatory seeks to clarify the value of Confirm service to the Postal Service. Please refer to your testimony at page 14, lines 22-23. Please confirm that mailpieces entered with PLANET Codes are essential for future Postal Service programs, including seamless verification, postage accountability, and validation and improvement of address quality. If you do not confirm, please explain.

RESPONSE:

It is my understanding that many of the cited programs will be dependent on mailers providing information embedded in barcodes. I believe it is the 4-state barcode, more so than the PLANET code, that will enable these future developments.

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OCA/USPS-T40-59. This interrogatory seeks information about the use of Confirm service in association with vote-by-mail programs and absentee ballots.

- a. Has the Postal Service used PLANET Codes to evaluate service performance for vote by mail programs or absentee ballots for elections to state or local office? Please explain, and identify the elections where PLANET Codes were used, and discuss the service performance achieved.
- b. Is the Postal Service aware of state or local governments that have used Confirm service to evaluate service performance for vote-by-mail programs or absentee ballots for elections to state or local office? Please explain, and identify the elections where Confirm service was used, and discuss the service performance achieved.
- c. In the mayoral election for New Orleans on April 22, 2006, to measure recovery of service performance after a disaster, did the Postal Service use Confirm service to evaluate service performance for absentee ballots in that mayoral election? Please explain, and discuss the service performance achieved.

RESPONSE:

- a. The Postal Service has not used PLANET Codes to evaluate service performance for vote by mail programs or absentee ballots.
- b. The Postal Service is not aware of state or local governments that have used Confirm service to evaluate service performance for vote-by-mail programs or absentee ballots for elections of state or local office. Election boards have been advised of the potential to use Confirm service to enable the election boards to track the status of ballots being mailed to and returned by voters.
- c. No, the Postal Service did not use Confirm for the purpose of measuring or evaluating service performance after a disaster. The purpose for the use of Confirm on outgoing absentee ballots sent to voters was to provide the Secretary of State's office an indication that the voter was likely to have received the requested ballot. The purpose for the use of Confirm on the incoming absentee

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ballots returned by the voter to the Secretary of State's office was to validate that all ballots returned via the mail were received at the Secretary of State's office.

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OCA/USPS-T40-60. This interrogatory seeks information on the use of PLANET Codes to evaluate service performance. Please refer to the Office of Inspector General (OIG) Report No. DR-MA 06-001, concerning allegations of delayed mail in Las Cruces, New Mexico, and the Appendix to that report, which contains "Management's Comments." Bullet five of Management's Comments states, "Planet code testing began on December 28, 2005 to provide an analysis and to track failures, trends and problem areas."

- a. Please describe and explain the PLANET Code testing that began on December 28, 2005.
- b. Please explain the results of the PLANET Code testing to date "to track failures, trends and problem areas."

RESPONSE:

a. The PLANET code testing was locally initiated. Las Cruces seeded 30 pieces with 5 pieces destined to Las Cruces and the remainder to other ZIP Codes across the nation.

b. The Postal Service used Planet Codes to review their operations and identify opportunities to improve service. The Southwest Area (SWA) monitored the service performance of Las Cruces and sent in a service team to Las Cruces in December 2005 after the initial OIG review. Progress on mail processing issues, such as meeting the originating processing demands daily, reviewing work schedules of employees, and routing incoming mail through the El Paso Area Distribution Center, has been monitored to help improve service.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INSTITUTIONAL INTERROGATORY OF PITNEY BOWES

PB/USPS-1. Please refer to your response to MMA/USPS-6 in R2005-1. Please confirm that your response to that interrogatory in this case would be the same. If you do not confirm, please provide a full explanation of how your response would differ.

RESPONSE:

Confirmed.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INSTITUTIONAL INTERROGATORY OF PITNEY BOWES

PB/USPS-2. Please refer to your response to MMA/USPS-7 in R2005-1. Please confirm that your response to that interrogatory in this case would be the same. If you do not confirm, please provide a full explanation of how your response would differ.

RESPONSE:

Confirmed.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PITNEY BOWES INTERROGATORY,
REDIRECTED FROM WITNESS ABDIRAHMAN

PB/USPS-T22-11. Please refer to your response to MMA/USPS -T21-33 in R2005-1. Please confirm that your response to that interrogatory in this case would be the same. If you do not confirm, please provide a full explanation of how your response would differ.

RESPONSE:

Confirmed.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-1. Please list all methods of payment evidencing that can be used for single-piece First-Class Mail in the Base Year.

RESPONSE

The methods of postage payment evidencing that are eligible for single-piece First-Class Mail in the base year are outlined in DMM 134.1.1, under Payment Method.

Postage for single-piece rate First-Class Mail must be paid with affixed postage (604.1.0 for stamps or 604.4.0 for metered postage including PC Postage) or permit imprint (604.5.0) as specified in 1.0. A permit imprint may be used for mailings of nonidentical-weight pieces only if authorized by Business Mailer Support at USPS Headquarters.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
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PB/USPS-T32-2. Please list all methods of payment evidencing (e.g., stamps, PCPostage, meters indicia, permit, etc.) that could be used for single-piece First-Class Mail in the Test Year.

RESPONSE

The methods of postage payment evidencing that are eligible for single-piece First-Class Mail in the test year are outlined in DMM 134.1.1, under Payment Method.

DMM 134.1.1 Postage for single-piece rate First-Class Mail must be paid with affixed postage (604.1.0 for stamps or 604.4.0 for metered postage including PC Postage) or permit imprint (604.5.0) as specified in 1.0. A permit imprint may be used for mailings of nonidentical-weight pieces only if authorized by Business Mailer Support at USPS Headquarters.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
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PB/USPS-T32-3. For each of the payment evidencing methods identified in your responses to 1 and 2 above, please list all channels (e.g., counter sales, PC Postage, meter indicia, Automated Teller Machines (ATMs), Automated Postage Centers (vending machines or APCs), Stamps By Mail, etc.) that the Postal Service uses to sell postage that can be used for single-piece First-Class Mail postage.

RESPONSE

Information about use of meters and PC Postage is available in DMM 604.4.

Information for use of Permit Imprint postage evidencing to pay First-Class Mail single piece postage is available in DMM 604.5. Information about using postage

stamps is available in DMM 604.1. Stamps are available through the following

channels:

Post Offices

Stamps Online

APCs

Vending Machines

Contract Post Offices

Stamps by Mail

Stamps by Phone

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
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PB/USPS-T32-4. For each channel identified in your response to 3, please provide the Postal Service's Base Year and Test Year attributable unit cost (using USPS costing methods) for selling postage for single-piece First-Class Mail letters. Please provide all of your supporting data, calculations, and data sources.

RESPONSE

USPS computed unit costs associated with postage sales for First Class Single Piece at the retail window for the Base Year are shown below. The denominator to compute the per-unit cost is from the response to PB/USPS-T32-6, below.

	Window Postage Sales Cost for FC Single Piece ¹	Total First-Class Single Piece Stamps Sold ²	Unit Costs ³
USPS	221,779	19,757,069	0.011

1: WS3.2.2 in B Workpapers, USPS-LR-L-5

2: From the response to USPS-T32-6, below.

3: Divide window stamp sales cost by total First-Class Stamp Sales in Base Year.

These costs are not projected for the test year. Also, the costs for other retail channels are not available.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
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PB/USPS-T32-5. For each channel identified in your response to 3, please provide the Postal Service's Base Year and Test Year attributable unit cost (using PRC costing methods) for selling postage for single-piece First-Class Mail letters. Please provide all of your supporting data, calculations, and data sources.

RESPONSE

PRC computed unit costs associated with postage sales for First Class Single Piece at the retail window for the Base Year are shown below. The denominator for computing the per-unit cost is from the response to PB/USPS-T32-6, below.

	Window Postage Sales Cost for FC Single Piece ¹	Total First-Class Single Piece Stamps Sold ²	Unit Costs ³
PRC	226,627	19,757,069	0.011

1: WS3.2.2 in LR-L-93, Spreadsheets, CS03.xls

2: From the response to USPS-T32-6, below.

3: Divide window stamp sales cost by total First-Class Stamp Sales in Base Year.

These costs are not projected for the test year. Also, the costs for other retail channels are not available.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
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PB/USPS-T32-6. How many single-piece First-Class Mail letter stamp sales took place at retail windows (or post office counters) in USPS owned or leased facilities in the Base Year? Please also provide the number for each of the previous five years.

RESPONSE

	POS TOTAL REPORTED PIECES	POS UNITS	PIECES PER UNIT	POS TOTAL ADJUSTED PIECES	%CHG	ADJUSTMENT FOR NON POS UNITS
						118%
FY 2005	16,743,278,453	17,589	951,918	16,743,278,453	11.4%	19,757,068,575
FY 2004	16,362,015,226	15,224	1,074,751	18,903,802,273	-5.7%	22,306,486,683
FY 2003				20,050,000,000	-2.8%	23,659,000,000
FY 2002				20,630,000,000	-1.4%	24,343,400,000
FY 2001				20,930,000,000	-1.9%	24,697,400,000
FY 2000				21,340,000,001		25,181,200,001

POSTAL ONE total pieces per-unit is extrapolated back to the previous years (prior to 2004) with declining annual percent change due to fewer alternate channels available. The POS data is not available for years prior to FY 2004, therefore the data prior to FY 2004 is an estimate.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-7. How many single-piece First-Class Mail letter stamp sales are expected to take place at retail windows (or post office counters) in the Test Year? Please provide all underlying calculations and explain fully any changes from the Base Year.

RESPONSE

	POS TOTAL REPORTED PIECES	POS UNITS	PIECES PER UNIT	POS TOTAL ADJUSTED PIECES	%CHG	ADJUSTMENT FOR NON POS UNITS
FY 2008	11,645,058,259	17,589	662,065	11,645,058,259	11.4%	13,741,168,745
FY 2007	13,143,406,612	17,589	747,251	13,143,406,612	11.4%	15,509,219,803
FY 2006	14,834,544,709	17,589	843,399	14,834,544,709	11.4%	17,504,762,757

FY 2008 Test Year is projected based on the application of observed growth rate between FY 2004 and 2005.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-8. Please refer to Section 2, Section 2.1.1 of the *Transformation Plan Progress Report* of November 2004:

- a. Please confirm that this section is captioned "RETAIL: EXPAND ACCESS TO POSTAL SERVICES." If you do not confirm, please provide the correct caption.
- b. Please confirm that the first sentence of this section states: "In the *Transformation Plan* the Postal Service promised to provide customers more options and better access to its products and services in order to make more efficient use of its extensive retail network." If you do not confirm, please provide the correct text.
- c. Please confirm that the second sentence of text in this section states: "The shifting demographics of postal customers, the changes in customer lifestyles and behaviors, and the rise of new technology all affect how the Postal Service should provide access to its products and services." If you do not confirm, please provide the correct text.

RESPONSE

- a. That is how the section is captioned.
- b. That is how the first sentence reads.
- c. And that is how the second sentence reads.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-9. Please refer to Section 2, Section 2.1.1 of the *Transformation Plan Progress Report* of November 2004:

- a. Please confirm that there is a heading "Move Simple Transactions Away from the Retail Counter." If you do not confirm, please provide the correct heading.
- b. Please confirm that the first sentence of text following this caption reads "Many customers are unaware that there are convenient alternatives for buying stamps other than at a Post Office retail counter." If you do not confirm, please provide the correct text.
- c. Please list and describe each of these convenient alternatives.
- d. Please provide any data addressing the issue of customer awareness of convenient alternatives for buying stamps other than at a Post Office Retail Counter.

RESPONSE

- a. The heading has been accurately reproduced in the question.
- b. The first sentence also has been accurately reproduced in the question.
- c. Convenient alternatives include consignment locations such as supermarkets, contract postal units, automated postal centers (APCs), traditional stamp vending machines, Stamps by Mail, Stamps by Phone, Stamps by Internet, rural carriers, and PC postage.
- d. There is no data available that addresses the issue of customer awareness of convenient alternatives for buying stamps other than at a Postal Service retail counter.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-10. Please refer to Section 2, Section 2.1.1 of the *Transformation Plan Progress Report* of November 2004:

- a. Please confirm that the second and third sentences of text following the heading "Move Simple Transactions Away from the Retail Counter" state "Last year the Postal Service completed an advertising campaign that promoted alternative access to postal products and services, such as those mentioned above. This campaign included television and print ads, in addition to new logos and postal product signs displayed at the 60,000 locations selling stamps." If you do not confirm, then please provide the correct text.
- b. Who conducted the campaign?
- c. How much did it cost?
- d. Did the Postal Service evaluate the campaign's effectiveness and if so, how?
- e. If the Postal Service did not evaluate the effectiveness, why not?
- f. Did the Postal Service attempt to study or to quantify how many transactions switched from the retail counter to more convenient alternatives as a result of the campaign? If so, please provide the study or the quantification.
- g. Did the Postal Service attempt to study or quantify how the campaign affected the awareness of its customers with respect to convenient alternatives for buying stamps?
- h. If so, please provide the studies or quantifications. If not, why not?
- i. Please provide copies of the cited print ads.

RESPONSE

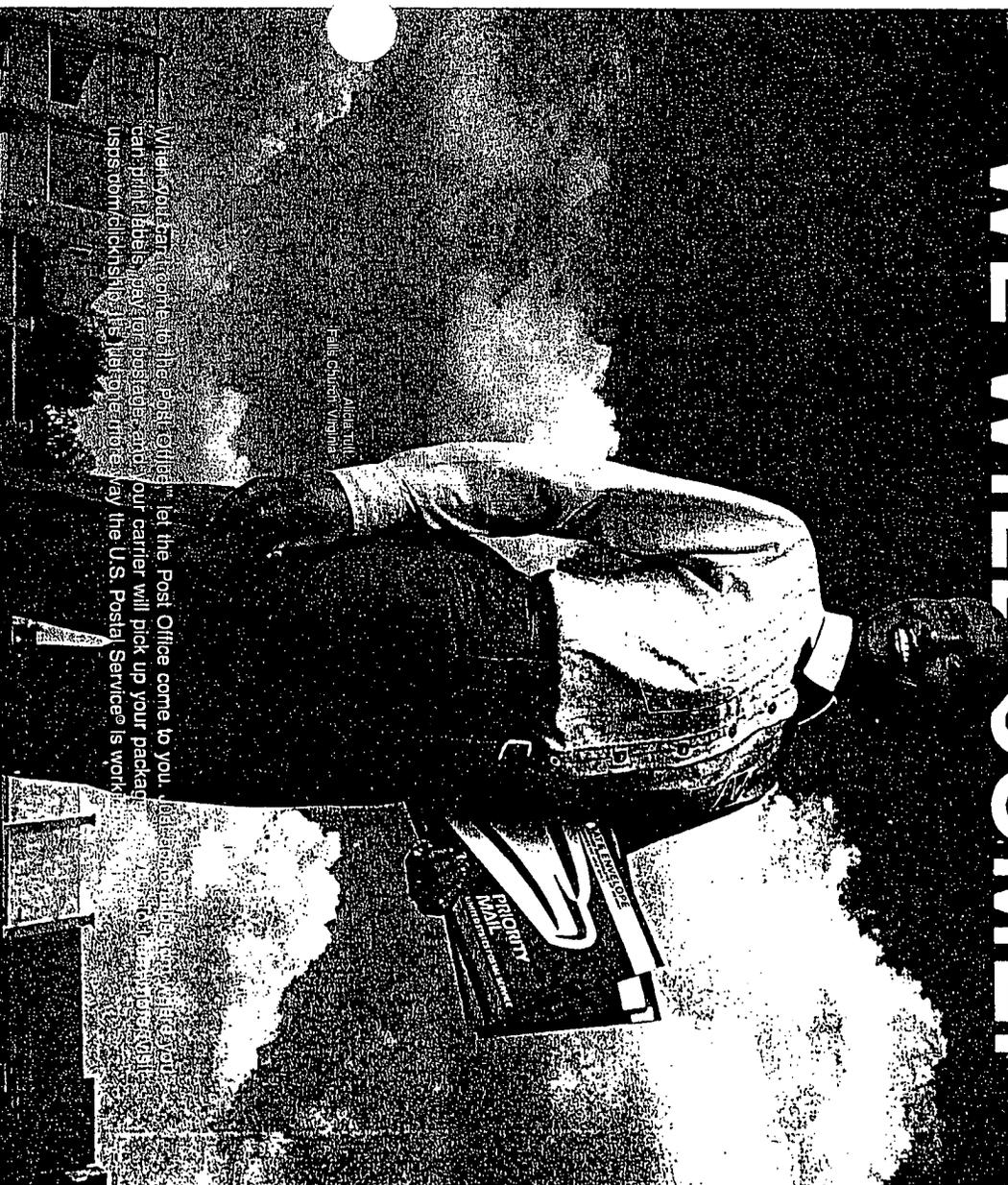
- a. Confirmed.
- b. Campbell-Ewald and Draft Worldwide (Draft is used for Point of Sale advertising in Post Offices only) currently produce all advertising for "Access" messaging.
- c. To put a precise number against what was reported in the Transformation Plan Progress Report is not possible. However, it is accurate to say that the campaign began in September 2004 and that approximately 30 percent of the annual budget was placed against messages related to "Access" between September and November.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

RESPONSE to PB/USPS-T32-10 (continued):

- d. There are many subjects that make up the overall "Access" strategy. They include: use of USPS.com (specific sites receiving messaging are, but not limited to Click-N-Ship, Free Carrier Pickup, Delivery Confirmation, Forwarding Services, Stamp Locator and Stamps On-line), APCs, Extended Hours, Contract Postal Units and Stamps By Mail. Growth in awareness and usage of each of these services is measured independently.
- e. N/A.
- f. No.
- g. Yes. The Postal Service Advertising Office tracks awareness and attitude changes on a number of the messages being communicated through its advertising. Because the degree of ease with which customers can access its services (most notably its package services) is an important competitive issue, the Postal Service considers the results of its tracking studies to be proprietary.
- h. Attached are samples of the print ads that ran in this time period.

IF YOU CLICK IT, WE WILL COME.



Alissa Tull
Falls Church, Virginia

When you click on the Post Office™, let the Post Office come to you. You can print labels, pay for postage, and your carrier will pick up your package. Visit usps.com/clicknship for the full on details. Pay the U.S. Postal Service® is worth it.

 UNITED STATES
POSTAL SERVICE

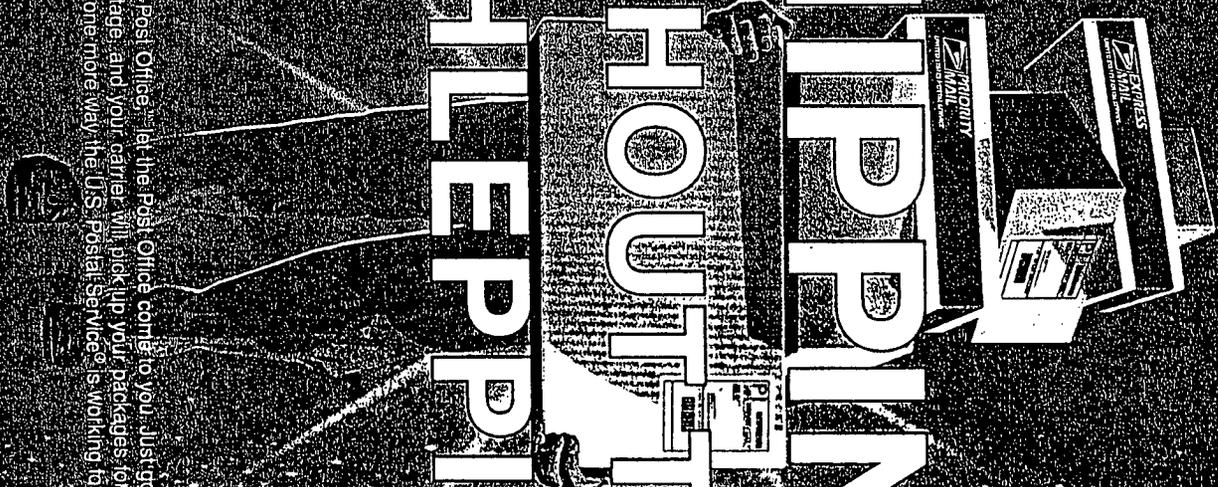
SHIPPING WITHOUT THE SCHLEPPING.

When you can't come to the Post Office™, let the Post Office come to you. Just go to usps.com, where you can print labels, pay for postage, and your carrier will pick up your packages for you. To learn more, visit usps.com/clicknship. It's just one more way the U.S. Postal Service® is working for you.

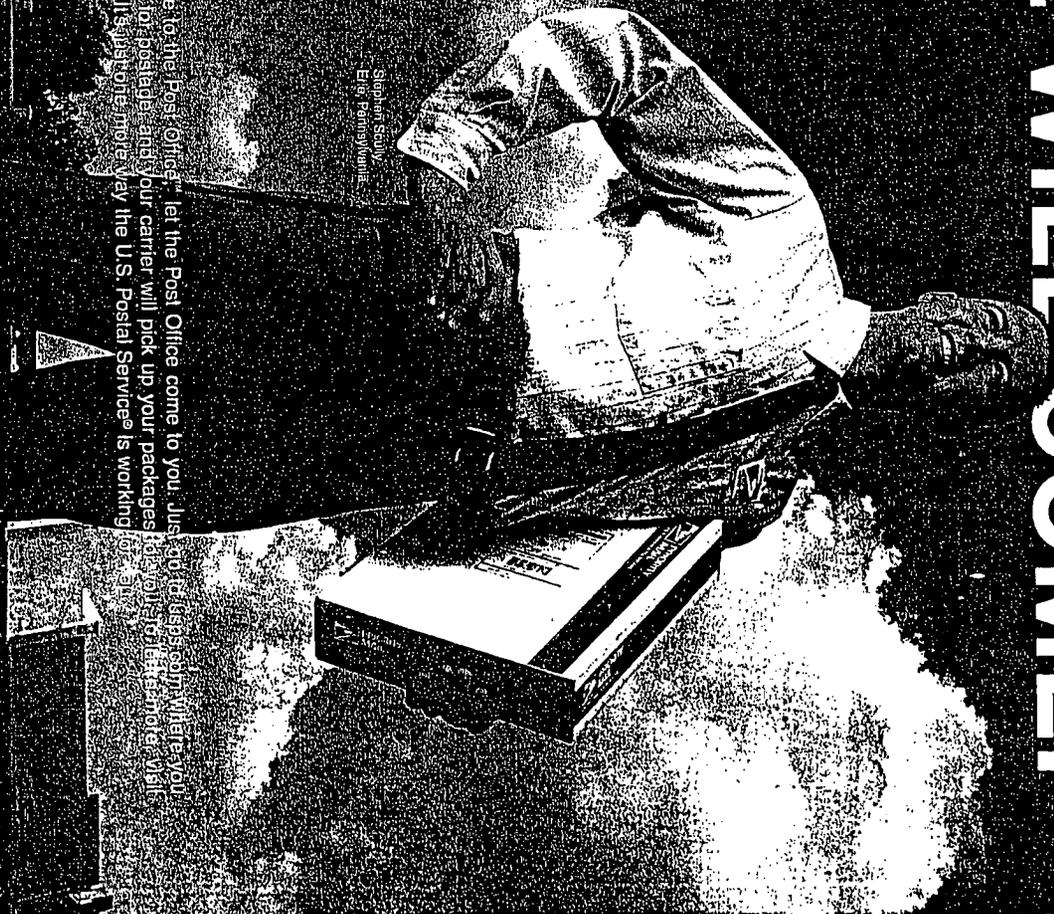


©2011 United States Postal Service. From small to personal, we have the tools, skills and know-how to get you there. usps.com

usps.com



● IF YOU CLICK IT, WE WILL COME.!



When you click come to the Post Office™, let the Post Office come to you. Just go to usps.com. Where you can't make it, we can. We'll pick up your packages for you. Just click. Call usps.com/clicknship. It's just one more way the U.S. Postal Service® is working for you.

 UNITED STATES
POSTAL SERVICE

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-11. Please refer to Section 2, Section 2.1.1 of the *Transformation Plan Progress Report* of November 2004:

- a. Please confirm that the fourth sentence of text under the heading "Move Simple Transactions Away from the Retail Counter" states "Increasing awareness of retail alternatives to move simple transactions away from the retail counter is an ongoing effort that has been incorporated into normal business processes." If you do not confirm, then please provide the correct text.
- b. Please explain in detail how the Postal Service has incorporated "increasing awareness . . . into normal business processes."
- c. Has the Postal Service considered financial incentives as a way to move simple transactions away from the window? Please discuss your response.

RESPONSE

- a. That is what the sentence says.
- b. The Postal Service has incorporated information about alternate access locations into signage and advertising. Signage and post cards about Automated Postal Centers, post cards about alternate access (Cathy and Dilbert), signage regarding nearby consignment locations and Contract Postal Units, and signage/advertising about usps.com services are examples.
- c. The Postal Service pays Contract Postal Unit owners a percentage based on performance; pays American Bank Note (ABN) for the services they provide for the Consignment program. If your question deals with incentives for the customers, the only thing that may be considered an incentive is offering Delivery Confirmation free with Priority Mail via usps.com.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-12. Please refer to Section 2, Section 2.1.1 of the *Transformation Plan Progress Report* of November 2004:

- a. Please confirm that there is a heading "Create New, Low-Cost Retail Alternatives." If you do not confirm, then please provide the correct caption.
- b. Please confirm that the text following this caption reads "As part of an ongoing effort to provide Quick, Easy and Convenient service to customers, the Postal Service will complete deployment of 2,500 APC units to high-traffic Post Office locations by late November 2004. APC units are customer-friendly self-service kiosks that allow individuals to conduct 80 percent of postal transactions available at window service. In many locations units will be accessible 24 hours a day, 7 days a week." If you do not confirm, then please provide the correct text.
- c. At the beginning of the Base Year, how many Automated Postal Centers ("APCs") had been deployed? At the end of the Base Year, how many APCs had been deployed?
- d. At the beginning of the Test Year, how many APCs are expected to be deployed? At the end of the Test Year, how many APCs are expected to be deployed?
- e. Please provide the deployment schedule for the APCs.
- f. Please provide all decision analysis reports ("DARs") for APCs.
- g. What return-on-investment ("ROI") did the decision analysis report ("DAR") estimate for the APCs?
- h. Please confirm that calculating an ROI requires an estimate, among other inputs, of stamp sales through APCs. If you do not confirm, then please explain. If you do confirm, how many first-ounce single-piece First-Class Mail letter stamps did the DAR assume would be sold through APCs?
- i. Are the APCs selling as many single-piece First-Class Mail letter stamps as they were estimated to sell in the ROI calculation in the DAR?
- j. How many single-piece First-Class Mail letter stamps were sold through APCs in the Base Year?
- k. How many single-piece First-Class Mail letter stamps are expected to be sold through APCs in the fiscal year following the Base Year?
- l. How many single-piece First-Class Mail letter stamps were sold through APCs in each of the five years before the Base Year?
- m. How many single-piece First-Class Mail letter stamps are expected to be sold through APCs in the Test Year?

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

RESPONSE to PB/USPS-12:

- a. There is such a heading there.
- b. That is what it says.
- c. All 2,500 APCs were deployed by November 19, 2004.
- d. Unknown at this time. The budget for FY'07 has not been approved.
- e. Not applicable; no deployment schedule has been developed at this time for additional APCs.
- f. See USPS LR-L-170.
- g. 30 percent.
- h. Confirmed. Calculating ROI requires an estimate, among other inputs, of stamps sales through APCs. The DAR made no specific assumptions with regard to how many first-ounce single-piece First-Class Mail letter stamps would be sold.
- i. The ROI calculation did not include an estimate of single-piece First-Class Mail letter stamps specifically.
- j. 2,253,495 sheetlets of APC stamps were sold in FY 04 (base year). Each sheetlet contains 18 basic rate First-Class Mail stamps.
- k. The ROI calculation did not include an estimate of single-piece First-Class Mail letter stamps specifically.
- l. No First-Class Mail letter stamps were sold through the APC prior to the base year as the APCs were not deployed.
- m. An estimate has not been made.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-13. Please refer to Section I.B.3 of the *Strategic Transformation Plan 2006-2010* dated September 2005:

- a. Please confirm that the fifth sentence of the last paragraph on page 17 reads, "Similarly, PC Postage partners offer customers the capability to print postage at home or the office, along with providing other value-added services." If you do not confirm, then please provide the correct text.
- b. When did the Postal Service first offer postage through PC Postage partners?
- c. How many single-piece First-Class Mail letter stamps were sold through PC Postage partners in the Base Year?
- d. How many single-piece First-Class Mail letter payment indicia (postage units) were sold through PC Postage partners in each of the five years before the Base Year?
- e. How many single-piece First-Class Mail letter postage units will be sold through PC Postage partners in the Test Year?

RESPONSE

- a. The fifth sentence uses those words in that sequence.
- b. The first PC Postage providers were approved to offer their products to customers in August 1999. Prior to that date, PC Postage products were undergoing test and evaluation and were offered to customers who chose to participate in the tests.
- c. This information is not available.
- d. This information is not available.
- e. This information is not available.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-14. Please refer to Section I.B.3 of the *Strategic Transformation Plan 2006-2010* dated September 2005:

- a. Please confirm that the last sentence of the last paragraph on page 17 reads, "The Postal Service will also continue to expand its partnerships with retailers, making postage stamps available at more places than the 60,000 supermarkets, drug stores, and convenience stores where they are now sold." If you do not confirm, then please provide the correct text.
- b. Please provide data indicating how many retailers within each of the three categories identified currently sell postage stamps.
- c. How many retailers described in b. are located within one mile of a USPS owned or leased facility?
- d. Please explain how, in what ways, and in what locations the Postal Service plans to make postage stamps available at more places. How many more retail locations does the Postal Service wish to add to this partnership network?

RESPONSE

- a. That is how the sentence reads. However, the actual number of Stamps on Consignment locations is not 60,000. The actual number of Stamps on Consignment locations as of the end of June 2006 is 48,168.
- b. As of the end of June 2006, there were 303 retailers representing the aforementioned categories. Following is a breakdown for each category:
 - supermarkets/grocery stores – 203 participating retailers, representing 11,572 consignment locations where stamps are sold.
 - drug stores – 53 participating retailers, representing 9,631 consignment locations where stamps are sold.
 - convenience stores – 47 participating retailers, representing 1,811 consignment locations where stamps are sold.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

RESPONSE to PB/USPS-14 (continued):

- c. The Postal Service has not conducted the measurements necessary to respond to this question.

- d. The Postal Service plans to increase customer access to stamp purchases through expanding our presence in numerous nationwide retail channels. Currently the Stamps on Consignment program has representation in the following channels: supermarkets/grocery stores, drug stores, banks/credit unions (ATMs), convenience stores, mass market retailers, office supply retailers, military retailers and prisons. The Postal Service will continue to grow the number of participating retailers and retail channels through on-going market analysis and research of consumer behavior and purchasing patterns. The Postal Service has not established a set number of participating retailers or a set number of locations for the program.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-15. In the Base Year, how many USPS vending machines were deployed?

RESPONSE

There were no new vending machines deployed during FY '05; machines were maintained in sales locations.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-16. How many USPS vending machines will be deployed in the Test Year?

RESPONSE

Not applicable at this time. Funding has not been approved for FY 2008.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-17. Please provide the deployment schedule and all DARs for USPS vending machines.

RESPONSE

Not applicable at this time. Funding has not been approved for FY 2007.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-18. How many single-piece First-Class Mail letter stamps were sold through USPS vending machines in the Base Year?

RESPONSE

There were approximately 1.297 billion single-piece First-Class Mail letter stamps sold through USPS vending machines in FY 05.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-19. How many single-piece First-Class Mail letter stamps are expected to be sold through USPS vending machines in the fiscal year following the Base Year?

RESPONSE

It is estimated that 1.166 billion single-piece First-Class Mail letter stamps will be sold through USPS vending machines in FY 06.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-20. How many single-piece First-Class Mail letter stamps were sold through USPS vending machines in each of the five years before the Base Year?

RESPONSE

FY 2004 --- 1.57 billion

FY 2003 --- 1.548 billion

Data are not available for fiscal years 2000 through 2002.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-21. How many single-piece First-Class Mail letter stamps are expected to be sold through USPS vending machines in the Test Year?

RESPONSE

It is estimated that there will be approximately 580 million single-piece First-Class

Mail letter stamps sold through USPS vending machines in FY '08.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-22. When did the Postal Service first offer Stamps by Mail?

RESPONSE

The earliest reference to (Management Instructions) to Stamps by Mail that could be located was dated 5/1/1989.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-23. How many single-piece First-Class Mail letter stamps were sold by Stamps by Mail in the Base Year?

RESPONSE

This number is not available. Stamps by Mail offers several items at varying prices. The total revenue from Stamps by Mail in FY 2005 was \$244,268,376. A significant portion of this revenue is probably from the sale of basic First-Class Mail letter stamps.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-24. How many single-piece First-Class Mail letter stamps were sold by Stamps by Mail in each of the five years before the Base Year?

RESPONSE

Please see the response to PB/USPS-T23, above. The total revenue from Stamps by Mail for FY 2003 and FY 2005 are \$201,602,096 and \$264,523,078, respectively. This information is not available for other years.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-25. How many single-piece First-Class Mail letter stamps will be sold by Stamps by Mail in the Test Year?

RESPONSE

The Postal Service has not projected the sale of First-Class Stamps through the Stamps by Mail program for the test year.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-26. When did the Postal Service first offer Stamps Online?

RESPONSE

December 1998.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-27. How many single-piece First-Class Mail letter stamps were sold by Stamps Online in the Base Year?

RESPONSE

During the period between October 1, 2004 and September 30, 2005,

8,699,314 First-Class Mail Letter Stamps were sold by Stamps Online.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-28. How many single-piece First-Class Mail letter stamps were sold by Stamps Online in each of the five years before the Base Year?

RESPONSE

For the period between January 1, 2000 and September 30, 2004, 5,208,780

(please note this figure is for the time period that is less than five years) stamps were sold by Stamps Online.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-29. How many single-piece First-Class Mail letter stamps will be sold by Stamps Online in the Test Year?

RESPONSE

Assuming a 20 percent increase over 2005, the Postal Service expects to sell 10.4 million stamps by Stamps Online in the FY 2008.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-30. When did the Postal Service first offer Stamps on Consignment?

RESPONSE

The Stamps on Consignment program has been in existence since approximately 1986.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-31. How many single-piece First-Class Mail letter stamps were sold by Stamps on Consignment in the Base Year?

RESPONSE

FY 2005 -- approximately 2,236,716,000.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-32. How many single-piece First-Class Mail letter stamps were sold by Stamps on Consignment in each of the five years before the Base Year?

RESPONSE

FY 2004 -- approximately 1,912,420,000.

FY 2003 -- approximately 1,974,808,000.

FY 2002 -- approximately 1,937,192,000.

FY 2001 -- approximately 1,019,910,000. This information reflects approximate sales amounts for the final seven months of the FY. A program supplier change occurred during this FY. Stamp sales information for the first five months is not available.

FY 2000 -- a different program supplier held the contract during this time period. Stamp sales information is not available.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-33. How many single-piece First-Class Mail letter stamps will be sold by Stamps on Consignment in the Test Year?

RESPONSE

No forecast has been developed.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-34. When did the Postal Service first offer stamps through Automated Teller Machines?

RESPONSE

ATM stamp sheets were first produced and made available for use in ATMs in 1989.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-35. How many single-piece First-Class Mail letter stamps were sold through ATMs in the Base Year?

RESPONSE

FY 2005 -- approximately 180,738,000.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-36. How many single-piece First-Class Mail letter stamps were sold through ATMs in each of the five years before the Base Year?

RESPONSE

FY 2004 -- approximately 217,838,000.

FY 2003 -- approximately 215,161,000.

FY 2002 -- approximately 201,898,000.

FY 2001 -- approximately 33,657,052. This information reflects approximate sales amounts for the final seven months of the FY. A program supplier change occurred during this FY. Stamp sales information for the first five months is not available.

FY 2000 -- a different program supplier held the contract during this time period. Stamp sales information is not available.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-37. How many single-piece First-Class Mail letter stamps will be sold through ATMs in the Test Year?

RESPONSE

No forecast has been developed.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-38. When did the Postal Service first offer stamps through contract postal units?

RESPONSE

Actual numbers of CPUs are first mentioned in the Annual reports of the USPS beginning in 1971. It is believed that the CPU program has existed for over 100 years.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-39. How many single-piece First-Class Mail letter stamps were sold through contract postal units in the Base Year?

RESPONSE

There is no way of determining this number because Contract Postal Units report stamp sales in a unique Account Identifier Code (AIC). This includes stamps of all denominations, including First-Class Mail letter stamps.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-40. How many single-piece First-Class Mail letter stamps will be sold through contract postal units in each of the five years before the Base Year?

RESPONSE

Please see the response to PB/USPS-T32-39.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-41. How many single-piece First-Class Mail letter stamps will be sold through contract postal units in the Test Year?

RESPONSE

No forecast has been developed.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-42. Please refer to Section IV.B.2 of the *Strategic Transformation Plan 2006-2010* dated September 2005:

- a. Please confirm that the final sentence in the section entitled "Build Customer Awareness of New Forms of Access, states," (on page 61) states that the Postal Service "will continue to place special emphasis on enhancing online and self-service capabilities to further reach out to customers where they live, work, and shop." If you do not confirm, please provide the correct text.
- b. Beyond the activities and strategies referenced in the preceding questions, in what ways and through what channels does the Postal Service plan to expand access to postage stamps?
- c. What additional business volume will be created or shift away from Post Offices as a result? Please provide any supporting plans, analysis, or business case data.

RESPONSE

- a. This is an accurate transcription of the sentence.
- b. Through the test year, no other strategies and channels are being contemplated.
- c. No analysis has been performed that would project quantifiable results.

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-43. Please refer to Section IV.B.2 of the *Strategic Transformation Plan 2006-2010* dated September 2005:

- a. Please confirm that the final sentence of the first paragraph on page 61, in the section entitled Build Customer Awareness of New Forms of Access, states, "The Postal Service's goal is to double the percent of retail transactions via alternate access channels to 40 percent by 2010." If you do not confirm, please provide the correct text.
- b. Please provide any business or marketing plans, year-by-year projections, specific awareness-raising activities, planned promotions or advertising, budgets, or other information describing how the Postal Service will achieve its stated goal.

RESPONSE

- a. That is what the sentence says.
- b. Any such plans are either still being developed or are still to be developed.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-45. Please confirm that in 1967, Congress abolished "drop letters." For your convenience, you may wish to refer to the testimony of Richard B. Kielbowicz in MC 95-1.

RESPONSE

The Opinion and Recommended Decision in Docket No. MC95-1 on page II-16, states : "A 1967 act both abolished the drop letters category, and further classified all 'bills and statements of account' as First-Class, thereby preventing banks and other financial institutions access to much cheaper third class."

The Postal Service accepts this as an accurate statement.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-46. Please confirm that between 1933 and 1934, the rate for drop letters delivered by the carrier embodied a one cent discount as compared to the rate for other first-class letters. For your convenience, you may wish to refer to the testimony of Richard B. Kielbowicz in MC 95-1.

RESPONSE

That may be confirmed by reference to the 1933 Guide cited in response to

PB/USPS-T32-44.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-47. Please provide a list of the classes and subclasses for which incentives are provided for entering the mail closer to or at the facility where the mail receives its final sort prior to delivery.

RESPONSE

There are various incentives provided to mailers in various subclasses for efficiency and policy reasons. Please see the Domestic Mail Classification Schedule posted on the Postal Rate Commission's website. Any class or subclass that has a rate schedule that includes zoned rates or destination entry discounts can be viewed as providing incentives "for entering the mail closer to or at the facility where the mail receives its final sort prior to delivery."

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-48. Please provide a list of the classes and subclasses for which incentives are not provided for entering the mail closer to or at the facility where the mail receives its final sort prior to delivery.

RESPONSE

Please see the response to PB/USPS-T32-47. Those classes and subclasses that do not have zoned rates or destination entry discounts can be viewed as not providing incentives "for entering the mail closer to or at the facility where the mail receives its final sort prior to delivery."

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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PB/USPS-T32-49. Please provide your best estimate of average haul (average distance transported) on purchased transportation in FY 2005 for:

- a. First-Class Mail Single Piece Letters.
- b. First-Class Mail Presort Letters.
- c. Priority Mail.
- d. Express Mail.
- e. Periodicals Within County.
- f. Periodicals Outside County.
- g. Standard Mail Enhanced Carrier Route.
- h. Standard Mail Regular.
- i. Package Services Parcel Post.
- j. Package Services Bound Printed Matter.
- k. Package Service Media Mail.

RESPONSE

These data are available only for Priority Mail average haul on purchased air transportation (does not include ground transportation) and have been provided in USPS Library Reference L-37. Average haul data are also available for Parcel Post in LR-L-47. Bound Printed Matter data are available in USPS-LR-L-89, Attachment A, and LR-L-126 (Periodicals' rate design spreadsheet, Outside-County.xls, worksheet 'Pound Data_Adv') provides the average haul data for Outside County Periodicals. Except for the Priority Mail data in LR-L-37 (on purchased air transportation), the average haul data is not specifically for purchased transportation. In addition, for some categories of mail, such as Parcel Post, the average haul is related to the distance between origin and destination and may not reflect the actual distance traveled on postal transportation in order to provide service between the origin and destination. For instance, if a Parcel Post package must travel from an origin AO to the OSCF to a BMC, then to a DSCF and delivery unit,

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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RESPONSE to PB/IUSPS-T32-49 (continued):

that distance traveled may be further than the distance "as the crow flies" between the OAO and DDU. Also, most of these data have not been updated in recent years. Base year average haul estimates are also used for the test year before and after rates.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-50. Please provide the source of each of the estimates provided in response to PB/USPS-T32-49 above.

RESPONSE

Please see the response to PB/USPS-T32-49.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-51. Please provide your best estimate of average haul (average distance transported) on purchased transportation in TY 2008 for:

- a. First-Class Mail Single Piece Letters.
- b. First-Class Mail Presort Letters.
- c. Priority Mail.
- d. Express Mail.
- e. Periodicals Within County.
- f. Periodicals Outside County.
- g. Standard Mail Enhanced Carrier Route.
- h. Standard Mail Regular.
- i. Package Services Parcel Post.
- j. Package Services Bound Printed Matter.
- k. Package Service Media Mail.

RESPONSE

Please see the response to PB/USPS-T32-49.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-52. Please provide the source of each of the estimates provided in response to PB/USPS-T32-51 above.

RESPONSE

Please see the response to PB/USPS-T32-49.

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PB/USPS-T32-59. Please refer to page 6 of Witness Mayes' (USPS-T-25) testimony in this docket, where she states "[p]eriodicals that are entered by mailers at origin SCFs or intermediate facilities upstream from the destination SCF must undergo mail processing operations of a bulk transfer type, such as crossdocking, at the non-destination facilities. By entering their Periodicals at destination facilities, mailers save the Postal Service the cost of these bulk transfer operations."

- a. Please confirm that it is also true that First-Class Presort Letters entered by mailers at origin SCFs or intermediate facilities upstream from the destination SCF must undergo mail processing operations of a bulk transfer type, such as crossdocking, at the non-destination facilities. If you cannot confirm, please explain fully.
- b. Please confirm that it is also true that were mailers to enter First-Class Presort Letters at destination facilities, the mailers could save the Postal Service the cost of these bulk transfer operations. If you cannot confirm, please explain fully.

RESPONSE

- a. First-Class Mail Presort Letter container movements have not been studied, but to the extent that the containers remain intact from their point of entry at an upstream facility to a downstream facility, there would be container movement costs.
- b. To the extent that a First-Class Mail Presort letters mailer is not currently entering mailings at the destinating SCF, some bulk transfer savings could be incurred if that mailer began entering mailings at the destinating SCF. It is worth noting that for First-Class Mail Presort already entered within the DSCF service area, there would be no change in costs.

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REDIRECTED FROM WITNESS TAUFIQUE

- PB/USPS-T32-61.** Please refer to Labeling List L005 in the Domestic Mail Manual:
- a. Please confirm that L005 describes service areas by individual 3-digit ZIP Code prefix for mail destined to sectional center facilities. If you cannot confirm, please explain fully.
 - b. For FY 2005 and Test Year After Rates ("TYAR") please provide your best estimate of (1) the number of First-Class Mail Presort Letter pieces, and (2) the total First-Class Mail Presort Letter postage ounces that were entered in the service areas of the Destination Sectional Center Facilities ("SCFs"). Please explain your sources and provide your underlying calculations.
 - c. Please state what percentage of the pieces and postage ounces specified in your response to PB/USPS-T32-45(b) above, were entered at the SCF specified in Column B of Labeling List L005. Please explain your sources and provide your underlying calculations.

RESPONSE:

- a. Confirmed.
- b. The following table provides the requested information:

	Automation Letters Pieces (000)	Automation Letters Addl. Ounces (000)
FY 2005	45,734,295	1,545,441
	16.15%	16.15%
	7,386,089	249,589
TYAR	46,715,355	1,582,851
	16.15%	16.15%
	7,544,530	255,630

These results were derived by taking the average FY 2005 percent of First-Class presort mail that is Intra-PDC (16.15 percent) as shown in the Postal Service Quarterly Statistics Report and multiplying by the automation letters volume and additional ounces for both FY 2005 and TYAR. Quarterly Statistics number is derived from mail pieces where both the origin and destination of the piece can be determined; the majority of these are metered and stamped mail. For a significant

INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES INC.,
REDIRECTED FROM WITNESS TAUFIQUE

portion of the automation letters, usually permit imprint pieces, the origin of the mailpiece cannot be determined. If the proportion of Intra-PDC is correlated with the absence of origin information then the Intra-PDC estimate of 16.15 percent will be erroneous. As no origin information is available for these pieces, the Postal Service does not have the ability to quantify either the magnitude or direction of this possible error.

c. 100% by construction. The average FY 05 percent of First-Class presort mail that is intra-PDC is a national figure, as are the FY 2005 and TYAR volume and postage ounces estimates. Therefore the answer in T32-45(b) pertains to all the SCFs in Column B of Labeling List L005.

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TO INTERROGATORY OF PITNEY BOWES INC.,
REDIRECTED FROM WITNESS TAUFIQUE

- PB/USPS-T32-62.** Please refer to Labeling List L004 in the Domestic Mail Manual:
- a. Please confirm that Labeling List L004 describes the service area by individual 3-digit ZIP Code prefix for mail destined to an area distribution center. If you cannot confirm, please explain fully.
 - b. For FY 2005 and TYAR please provide your best estimate of (1) the number of First-Class Mail Presort Letter pieces, and (2) the total First-Class Mail Presort Letter postage ounces that were entered in the service areas of the Destination Area Distribution Centers ("ADCs"). Please explain your sources and provide your underlying calculations.
 - c. Please state what percentage of the pieces and postage ounces specified in your response to PB/USPS-T32-46(b) above, were entered at the ADC specified in Column B of Labeling List L004. Please explain your sources and provide your underlying calculations.

RESPONSE:

- a. Confirmed.
- b. No data exist that allow this to be done for ADCs.
- c. No data exist that allow this to be done for ADCs.

INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES INC.,
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- PB/USPS-T32-63.** Please refer to Labeling List L201 in the Domestic Mail Manual:
- a. Please confirm that Labeling List L201 describes the First-Class Mail surface transportation reach of an origin facility for use in preparation of bundles and sacks of Periodicals mail (including News).
 - b. Please confirm that for Periodicals addressed to destinations within the First-Class Mail surface reach of the origin facility, Labeling List L201 can optionally be used to prepare mixed origin ADC bundles and sacks to enable the integration of this volume into the First-Class Mail mailstream at the origin facility. If you cannot confirm, please explain fully.
 - c. Please confirm that Labeling List L201 may be used to describe the reach of the First-Class Mail surface transportation network from each origin facility. If you cannot confirm, please explain fully.
 - d. For FY 2005 and TYAR please provide your best estimate of (1) the number of First-Class Mail Presort Letter pieces, and (2) the total First-Class Mail Presort Letter postage ounces that were entered within the First-Class Mail surface transportation reach of origin facilities. Please explain your sources and provide your underlying calculations.
 - e. Please confirm that the pieces and postage ounces provided in your response to PB/USPS-T32-45(b) are a subset of the pieces and postage ounces provided in your response to PB/USPS-T32-46(b). If you cannot confirm, please explain fully.
 - f. Please confirm that the pieces and postage ounces provide in your response to PB/USPS-T32-46(b) are a subset of the pieces and postage ounces provided in your response to PB/USPS-T32-47(d). If you cannot confirm, please explain fully.
 - g. Please provide your best estimate of the FY 2005 and TYAR First-Class Mail Presort Letters pieces and postage ounces that were entered outside of the First-Class Mail surface transportation reach of the origin facility. Please explain your sources and provide your underlying calculations.

RESPONSE:

- a. Confirmed.
- b. Partially confirmed since as of July 6, 2006 the list/preparation will no longer be optional.
- c. Confirmed.
- d. No data exist that allow us to determine the percentage of mail entered within the surface transportation reach of the origin facilities. The L201 list was not an option until FY 2006. There is no basis for formulating an estimate.
- e. Cannot confirm. Please see the response to subpart d, above.
- f. Cannot confirm. See subpart d, above.

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- g. No data exist that allow us to determine the percentage of mail entered outside the surface transportation reach of the origin facilities.

INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES INC.,
REDIRECTED FROM WITNESS TAUFIQUE

PB/USPS-T32-64. Has the Postal Service undertaken any studies to assess the cost savings or cost avoidances to the Postal Service, potential rates or rate designs, or the impacts to mailers including any changes in their behavior from providing destination entry discounts or zoned rates for Presorted First-Class Mail. If it has, please provide any documents or studies created or undertaken on behalf of the Postal Service regarding destination entry discounts or zoned rates for Presorted First-Class Mail.

RESPONSE:

Only of one such study exists: "First-Class Mail Destination-Entry Quantitative Market Research Study" for which only a Draft Final Report was prepared in November 1999. The purpose of the study was to determine mail depositor reaction to two possible worksharing discounts for discounted First-Class Mail entered at its Destination Sectional Center Facility (DSCF). The study asked mailers for their expected 1999 volume, and the percentage that would be DSCF entered assuming either of two discounts. The complete Draft Final Report is being filed as library reference USPS-LR-L-157, together with summaries of qualitative interviews with twenty respondents. The qualitative study entailed interviews in which mailer-specific reactions to the proposed discounts, including level of interest, impact upon entry time, volume impact, impact on mail production, perceived benefits to customers, billing practices, and other topics. Consideration of the sensitivity of the qualitative summaries of interviews delayed the filing of these responses, especially since respondents were specifically promised confidentiality and there was some question whether respondent identities could be discerned from the material. Postal Service review of the quantitative and qualitative information, however, led to the conclusion that no competitive harm will result from providing access to the Draft Final Report or Interview Summaries; accordingly, all responsive material is being provided.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF PITNEY BOWES INC.

PB/USPS-T42-10. Please refer to USPS-LR-L-110, page 3, column H headed "Fixed (Cents)" showing total fixed costs of 1.766 cents. Please provide any operational studies or information you have supporting the premise that these costs actually are fixed with respect to presort level.

Response: The Postal Service is not aware of any studies that relate to the cost pool classifications. Witness Van-Ty-Smith (USPS-T-11) documents the mechanics by which the Postal Service proposes to create cost pools for mail processing operations. The cost pool classifications are based on the operations/tasks mapped to given cost pool, as described in USPS-LR-L-100. The "proportional" cost pools contain the costs for tasks that were actually modeled. The "fixed" cost pools represent tasks that were not modeled.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE ASSOCIATION FOR POSTAL COMMERCE
AND THE MAILING AND FULFILLMENT SERVICE ASSOCIATION

POSTCOM/USPS-1. Please provide any studies or analyses that the Postal Service has performed comparing or evaluating the reliability of CRA costs by shape within a particular subclass with regard to a shape that comprises only a small portion of the total volume in that subclass, including any studies or analyses concerning the extent of sampling or non-sampling error associated with any such studies.

RESPONSE:

The Postal Service has not performed studies or analyses to evaluate the reliability of CRA costs by shape.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF THE
ASSOCIATION FOR POSTAL COMMERCE AND THE MAILING AND FULFILLMENT
SERVICE ASSOCIATION REDIRECTED FROM WITNESS CUTTING

POSTCOM/USPS-T26-1

In your testimony at p. 11, line 9 you state that unit cost differences in the processing of electronic notices "are primarily driven by shape." Witness McCrery states in USPS-T-42 at 18 that PARS will be implemented for flats at all processing plants that handle flat mail and the delivery units they service beginning in February 2008.

- a. How will the implementation of PARS for flats affect the unit-cost differences by class for Address Correction Service notices in the test year?
- b. Please provide any and all studies and data related to the implementation of PARS for flats and its effects on the test year costs of Address Correction Service.

RESPONSE:

- b. No such studies or data exist.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

11. Please provide the electronic version of the spreadsheets used to forecast international mail volume and revenue for FY 2006, FY 2007 BR, FY 2007 AR, FY 2008 (test year before rates) and FY 2008 (test year after rates). Exhibits USPS-31A, USPS-31B and USPS-31C. Please show international mail revenue from postage and fees separately. Please show the quarterly volume forecasts of international mail for 2006GQ1-2009GQ4 in the same manner witness Thress (USPS-T-7) has presented before- and after- rates quarterly volume forecasts of domestic mail on pages 1-16, Attachment A of his testimony. For quarters 2006Q2 and 2007Q3, please decompose the international mail volume forecasts into before and after rates in the same way witness Thress has decomposed domestic mail volume forecasts on page 16 of his Attachment A.

RESPONSE:

The requested materials are being filed as USPS-LR-L-121.

REVISED: 5/25/06

RESPONSE OF UNITED STATES POSTAL SERVICE
TO POIR NO. 10, QUESTION 1

1. Please refer to witness Van-Ty-Smith Tables 5.1, 5.2, and 5.3 provided in USPS.T.11.Rule.53.Tables.xls showing volume variable costs by subgroup of cost pools for Plants, Post Offices, Stations and Branches, and BMCs. Examining the growth rate in total mail processing costs by subclasses between FY 2005 and FY 2004 shows that certain subclass cost increases appear disproportionate to their volume changes for the same period. For example, Outside County Periodicals volumes declined by .8% while its mail processing costs increased by 5%. Similarly, Standard ECR volume increased by 6% while its corresponding costs went up by 53%.
 - a. Identify the cost drivers including any operational or cost methodological changes that may have led to such increases in Periodicals, Standard ECR, etc.
 - b. Please provide an explanation in those instances where the cost pool has increased or decreased more than 10 percent in FY 2005 compared to FY 2004.

RESPONSE:

Please see the response of witness Bozzo, USPS-T-46, to POIR no. 9, question 6.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO POIR NO. 10, QUESTION 7

7. The FORTRAN programs provided in USPS-LR-L-83, USPS-LR-L-106, USPS-LR-L-84, USPS-LR-L-107, USPS-LR-L-86, and USPS-LR-L-109 when run with the IOCS data set provided in USPS-LR-L-9 produce results different than reported in CADOC05_REP.out. The IOCS dataset referenced by the Postal Service in program CADOC05_REP.f seems to be different than the one submitted in USPS-LR-L-9. For instance, the format statement in CADOC05_REP.f of the above library references identifies more fields than the one used in the CADOC05_PMPC.f program in USPS-LR-L-128 that uses the dataset from USPS-LR-L-9. Please supply a new dataset that will produce the results given in CADOC05_REP.out or revise the aforementioned program to match the IOCS dataset in USPS-LR-L-9. Please make appropriate revisions to other programs in the affected library references if necessary. Also, please identify the exact source of all input data files such as COSTPOOL05.PRN.

RESPONSE:

The IOCS dataset used in USPS-LR-L-83, USPS-LR-L-106, USPS-LR-L-84, USPS-LR-L-107, USPS-LR-L-86, and USPS-LR-L-109 is contained in the file 'iocpdata.2005.dat' found in USPS-LR-L-171. This file differs from file 'prcflat05.dat' in USPS-LR-L-9 only by the inclusion of two data fields that are not used for any purpose. See also the response of the Postal Service to POIR No. 2, Question 4.

All files that contain mail processing cost pool dollars and variabilities (costpools05.prn, costpools05_intl.prn, etc.) are derived from USPS-LR-L-55. Cost pool dollars come from R2006 lr-l-55_pt1.xls, worksheet 'Table I-1'; variabilities from R2006 lr-l-55_pt6.xls, worksheet 'CS3 cost pools'; and IOCS weighted tallies by cost pool from file 'DOLWGT.rtf'. All maps containing activity codes or subclasses of mail are derived from USPS-LR-L-9, Appendix F. This appendix lists all activity codes used in IOCS as well as the subclass of mail or

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO POIR NO. 10, QUESTION 7

activity each activity code represents. This appendix is used to map a specific direct activity code to a subclass of mail, or a mixed-mail activity code to its corresponding direct activity codes. One exception occurs in USPS-LR-L-84 and USPS-LR-L-107 which contain several activity codes created to represent Standard ECR Mail by rate category that are not found in Appendix F. These activity codes are created in the FORTRAN programs cadoc05_rep.f (USPS-LR-L-84) and cadoc05_prc.f (USPS-LR-L-107) by the subroutine 'reassign' found at the end of each program. Finally, the map of MODS finance numbers 'mods_fins05.srt' comes from USPS-LR-L-55, file 'MODSFIN.rtf'; the files cs34dk04.dat and cs34dk04.ecr come from USPS-LR-L-55, file 'CS34DK.rtf'; and the file 'fincag.05' is created from IOCS fields F263 and F264.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

1. In response to the Commission's request in docket R2005-1, the Postal Service provided a volume variability factor for registry which was based on an IOCS SAS tally analysis. In USPS-LR-L-100, the registry variability factor has been deleted from SAS programs MODMODEL, NMDMODEL, AND BMCMODEL. Please explain why the registry factor has been deleted. If this is an oversight, please provide an updated registry factor including revised copies of the aforementioned SAS programs

RESPONSE:

The 61 percent registry volume-variability factor is deleted from the SAS programs MODMODEL, NMDMODEL, and BMCMODEL because it is no longer applicable in Docket No. R2006-1, as is reflected by the 100 percent variability factor for activity code 0060 in the PRC 3.0.2 spreadsheet, Fixed Mail Processing Costs, of the PRC C/S 3 worksheets.

In Docket No. R2005-1, the SAS tally analysis program provided in response to question 2 of POIR No.7 showed that, for the IOCS mail processing operations (as captured in IOCS variable F260), the registry volume-variability factor from the PRC 3.0.2 spreadsheet was based on the proportion of handling tallies for all tallies assigned to activity code 0060, registered special service: the 0060 handling tally costs represented the 100 percent volume-variable costs and the 0060 not-handling tally costs represented the fixed or 0 percent volume-variable costs. The SAS tally analysis program also indicated that the tally handling/not-handling status for activity code 0060 was determined from options A-C of IOCS question 20 (see USPS-LR-I-14, Handbook F-45 in Docket No.R2001-1) with the responses to question 20 being stored in IOCS variable F129. In particular, option C of Question 20 identified when the employee was not-handling mail but was involved in a special service activity; option D in the follow-up IOCS question 25 would have determined if the special service was registry-related, in which case the tally would have been assigned to activity code 0060.

In Docket No. R2006-1, activity code 0060 for the IOCS mail processing operations applies only to the handling tallies reported in the redesigned IOCS Question 20, options A-F. Question 20, option G, indicates that the employee is "not handling mail, forms or containers" but no longer differentiates between special service-related not-handling and other types of not-handling. Therefore, none of the not-handling tallies are

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

assigned to activity code 0060, resulting in no fixed costs for activity code 0060 and in a 100 percent volume-variability factor for activity code 0060 in the PRC 3.0.2 spreadsheet. Instead, all not-handling tally costs associated with the Registry section/cage reported in IOCS question Q18H01-option B (including those that in the past would have been given the activity code 0060) are now assigned to activity code 6230 where they continue to be treated as Registry fixed costs in the PRC 3.0.2 spreadsheet. This procedure is consistent with treating not-handling tally Registry costs as fixed costs, irrespective of whether they are assigned to 0060 or to 6230 as in previous dockets, or only to 6230 as in the current docket.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

2. The Postal Service has supplied the Commission with files that are not PC executable. Library References LR-L-55 and LR-L-100 contain programs that are in text formats and have to be converted to PC SAS. The PRC version of these programs, as submitted in USPS-LR-L-100 is incomplete. While a number of missing programs in the PRC version reside in USPS-LR-L-55 and require no modification, others such as MBC and ROLLFRWD programs need to be modified to accommodate the changes in the PRC version.

- a) Please provide the PRC version of MBC and ROLLFRWD programs.
- b) Please identify the remaining SAS programs used in the PRC version but not included in USPS-LR-L-100.

RESPONSE:

a) The same MBC SAS program has always been used for both the USPS and the PRC versions: the MBC SAS program assigns the IOCS clerk and mailhandler tallies into three tally files, BMCs, MODS, or non-MODS, based on the tally finance number. The three tally files are the start for executing both the USPS and the PRC SAS programs. In this docket, as in Docket No.2005-1, the MBC program is located in the USPS library reference LR-L-55 (also see in POIR No.2, question 4 below, the PRC SAS log which executes the MBC program from USPS-LR-55).

The ROLLFRWD SAS program was inadvertently omitted from USPS-LR-L-100 and is provided in the attached file, "*Response to POIR No.2 #2a -ROLLFRWD rtf*"

```
*****;
* PROGRAM ROLLFRWD; * FY 05;
*****;

DATA LDC15VVC;
  SET OUT1.LDC15VVC;
  PRCCOSTS=DOLLAR;

*.....distribute 5340 costs.....;
  IF '10'<=SUBSTR(MAIL,1,2)<='11'
    AND POOL='LD15AFSM'
    THEN PRCCOSTS=PRCCOSTS*(4635.6+118.5+52.61)/(4635.6+118.5);
  IF MAIL='5340' THEN DELETE;
  COSTPOOL='MODS 15 '||POOL;

DATA PLANTS F4 LD49;
  SET OUT3.MODSPRC LDC15VVC;
  IF SUBSTR(MAIL,1,2) GT '27' THEN DELETE;
  IF POOL='LD49' THEN OUTPUT LD49;
  IF '41'<=V<='44' OR V='48' OR POOL='LD49' THEN OUTPUT F4;
  IF V='18' OR '41'<=V<='44' OR V='48'
    OR POOL='LD49' OR POOL='LD79' OR POOL='LD15'
```

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

```

    or pool='INTL ISC' or pool='PMPC' then delete;
  IF V='11' OR POOL='LD15 OTH' OR POOL='MANL'
    THEN OPPORT='LETTER  ';
  ELSE IF V='12' OR POOL='MANF' OR POOL='LD15AFPM'
    OR (POOL='PRIORITY' AND '1'<-SUBSTR(ACTV1,1,1)=' ');
    THEN OPPORT='FLAT  ';
  ELSE IF V='13'
    THEN OPPORT='MECH.OTH';
  ELSE IF POOL='MANP' OR POOL='PRIORITY'
    THEN OPPORT='IPP/PARC';
  ELSE IF V='17'
    THEN OPPORT='17ALLIED';
  OUTPUT PLANTS;

DATA BMCS  ;
  SET OUT3.BMCSPRC;
  IF SUBSTR(MAIL,1,2) GT '27' THEN DELETE;
  OPPORT='BMCS  ';
  CPOOL='BMCS  '||POOL;
  %INCLUDE 'H21880.RC06PRC.SASLR(DOLWGTCM)' /SOURCE2;
  PRCCOSTS=PRCCOSTS*OVH6522;

DATA ALLOPP;
  SET PLANTS BMCS;
  IF SUBSTR(MAIL,1,2)='20' THEN MAIL='20-- INTL MAIL';
  PROC FREQ FORMCHAR(1,2,7)='  ';
  TABLES MAIL*OPPORT/NOROW NOCOL NOPERCENT MISSING;
  WEIGHT PRCCOSTS;
TITLE 'BPI FUNCTION DK';

DATA CFS;
  SET LD49;
  SHAPEN =SUBSTR(ACTV1,1,1);
  IF SHAPEN='1' THEN SHAPE='LETTER  ';
  IF SHAPEN='2' THEN SHAPE='FLAT  ';
  IF SHAPEN='3' THEN SHAPE='IPP/PARC';
  IF SHAPEN='4' THEN SHAPE='IPP/PARC';
  IF SUBSTR(MAIL,1,2)='20' THEN MAIL='20-- INTL MAIL';
  PROC FREQ FORMCHAR(1,2,7)='  ';
  TABLES MAIL*SHAPE/NOROW NOCOL NOPERCENT MISSING;
  WEIGHT PRCCOSTS;
  TITLE 'CFS BY SHAPE - PRC';

```

b) There appear to be no other SAS programs used in the PRC version which are not included in USPS-LR-L-100. The SAS programs used to run the PRC version are listed in the *jcltest.rtf* file and can be verified against all other *rtf* files included in the *MODS*, *BMCS*, *NONMODS*, *OTHER* sub-directories of the *SAS PROGRAMS* directory (see USPS-LR-100 CD-ROM). The *jcltest.rtf* file can be found in the *OTHER* sub-directory referred above.

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3. Please explain why the encirclement rules are not applied in USPS-LR-L-100 and the SAS program used to apply these rules is removed from MOD1POOL. If this is an oversight, please provide a revised USPS-LR-L-100 and its related spreadsheets and supporting documentation.

RESPONSE:

In previous dockets, the ENCIRCLE program in the PRC version was used to apply the IOCS encirclement rules to tallies in the MODS facilities on the basis of MODS-defined cost pools instead of IOCS-defined activities. The encirclement rules examined the mail processing cost pool and the mail subclass to determine when it was appropriate to assign a special service cost to the piece of mail with paid special services being processed. The ENCIRCLE program stored the 'encircled' activity code from IOCS variable F9806 in the ACTV variable. If the tally MODS cost pool was not one of those specified by the encirclement rules, the ENCIRCLE program removed the F9806 special service code stored in ACTV, substituting for it the parent mail piece subclass code stored in IOCS variable F9805. It should be noted that the ENCIRCLE program affected only the F9806 special service codes for mail processing tallies at MODS offices and not those for tallies at nonMODS and BMC facilities where MODS operations were not used to form the cost pools. The ENCIRCLE program also does not affect the F9806 special service codes for administrative and window service tallies.

In Docket No. R2006-1, neither the ENCIRCLE program in the PRC version nor the corresponding portion of the ENCIRCLE program in the USPS version is used. In the PRC version, the special service codes stored in the ACTV variable correspond to those in the IOCS variable F9806. A preliminary analysis has shown that the impact of the ENCIRCLE program on the PRC mail processing special service costs for all facilities combined (BMCs, MODS, and NONMODS) to be less than one standard deviation when approximating the CVs for Special Services with those reported in Table 1 of USPS-T-1. For example, the impact is well below 1 percent difference for the mail processing costs of Registry, about 2 percent for Other Special Services, and about 4 percent for Certified Mail. For special services based on small sample sizes, such as Insurance, Special Handling and COD, the impact is within one standard deviation; CVs

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for these categories exceed 20 percent. In the context of total costs, the impact of not using the ENCIRCLE program is further lessened if window service costs (which contribute the majority of the costs for Insurance and almost half of those for Certified Mail in C/S 3) and other segment costs such as city and rural carriers are added to the mail processing costs.

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4. The SAS Log for MBC program in USPS-LR-L-55 shows that the IOCS dataset has 385 variables. However, the following results from executing MBC program using the IOCS dataset in USPS-LR-L-9 show that there are only 383 variables. Please explain why the submitted SAS log shows a different result. Was there a different version of IOCS dataset used when executing USPS-LR-L-55 or USPS-LR-L-100 programs?

```

4400 libname in 'c:\r2006-1\vantysmith\prc v1\';
NOTE: Libref IN was successfully assigned as follows:
      Engine:          V9
      Physical Name:  c:\r2006-1\vantysmith\prc v1
4401          run;
4402 filename mod 'c:\r2006-1\vantysmith\prc v1\modfin05.sas';
4403 libname out1 'c:\r2006-1\vantysmith\prc v1\out1';
NOTE: Libref OUT1 was successfully assigned as follows:
      Engine:          V9
      Physical Name:  c:\r2006-1\vantysmith\prc v1\out1
4404 libname out2 'c:\r2006-1\vantysmith\prc v1\out2';
NOTE: Libref OUT2 was successfully assigned as follows:
      Engine:          V9
      Physical Name:  c:\r2006-1\vantysmith\prc v1\out2
4405 libname out3 'c:\r2006-1\vantysmith\prc v1\out3';
NOTE: Libref OUT3 was successfully assigned as follows:
      Engine:          V9
      Physical Name:  c:\r2006-1\vantysmith\prc v1\out3
4406
4407          DATA IOCS ;
4408          SET IN.PRCASAS05;
4409          if substr(f257,2,1) = '1'
4410             or substr(f257,2,1) = '2' ;
4411          if f261 ne '4';
4412          if f264 ne 'K';
4413          iocwgt = f9250/100000;
4414
NOTE: Character values have been converted to numeric values at the places given by:
      (Line):(Column).
      4413:17
NOTE: There were 726475 observations read from the data set IN.PRCASAS05.
NOTE: The data set WORK.IOCS has 215379 observations and 383 variables.
NOTE: DATA statement used (Total process time):
      real time          26.15 seconds
      cpu time           2.23 seconds

4415          data mods12 ;
4416          infile mod ;
4417          input
4418          @1 f2 $ 6.;

NOTE: The infile MOD is:
      File Name=c:\r2006-1\vantysmith\prc-v1\modfin05.sas,
      RECFM=V,LRECL=256

NOTE: 2676 records were read from the infile MOD.
      The minimum record length was 0.
      The maximum record length was 6.
NOTE: SAS went to a new line when INPUT statement reached past the end of a line.

```

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NOTE: The data set WORK.MODS12 has 2675 observations and 1 variables.
NOTE: DATA statement used (Total process time):
real time 0.03 seconds
cpu time 0.03 seconds

```
4419      proc sort ;
4420          by F2;
4421
4422      *-----Step 1: Separate BMCs from nonBMCs-----;
4423
```

NOTE: There were 2675 observations read from the data set WORK.MODS12.
NOTE: The data set WORK.MODS12 has 2675 observations and 1 variables.
NOTE: PROCEDURE SORT used (Total process time):
real time 0.03 seconds
cpu time 0.03 seconds

```
4424      DATA temp out2.bmc ;
4425          SET iocs;
4426
4427      * ..... create the file for the 21 BMC finance numbers .....;
4428      * ..... create a temporary file for MODS and NONMODS tallies .....;
4429
4430      *.....encrypted BMC numbers.....;
4431      If f2 = '259504' or f2 = '875506' or f2 = '537702' or f2 = '831114'
4432      or f2 = '349210' or f2 = '451611' or f2 = '143812' or f2 = '564914'
4433      or f2 = '842327' or f2 = '282427' or f2 = '941522' or f2 = '631626'
4434      or f2 = '411827' or f2 = '689333' or f2 = '913633' or f2 = '064831'
4435      or f2 = '455146' or f2 = '067146' or f2 = '665745' or f2 = '629842'
4436      or f2 = '167457' or f2 = '286427'
4437      THEN OUTPUT OUT2.BMC ;
4438      else output temp;
```

NOTE: There were 215379 observations read from the data set WORK.IOCS.
NOTE: The data set WORK.TEMP has 204249 observations and 383 variables.
NOTE: The data set OUT2.BMC has 11130 observations and 383 variables.
NOTE: DATA statement used (Total process time):
real time 3.71 seconds
cpu time 1.37 seconds

```
4439      proc sort data=temp;
4440          by f2;
4441
```

NOTE: There were 204249 observations read from the data set WORK.TEMP.
NOTE: The data set WORK.TEMP has 204249 observations and 383 variables.
NOTE: PROCEDURE SORT used (Total process time):
real time 7.71 seconds
cpu time 3.56 seconds

```
4442      data out1.mod out3.nmod ;
4443          merge temp(in=a) mods12(in=b);
4444          by f2;
4445          IF A=1 AND B=1 THEN OUTPUT OUT1.MOD;
4446          ELSE OUTPUT OUT3.NMOD;
4447
4448
4449      run;
```

NOTE: There were 204249 observations read from the data set WORK.TEMP.
NOTE: There were 2675 observations read from the data set WORK.MODS12.
NOTE: The data set OUT1.MOD has 171343 observations and 383 variables.
NOTE: The data set OUT3.NMOD has 32906 observations and 383 variables.

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NOTE: DATA statement used (Total process time):
real time 7.03 seconds
cpu time 1.86 seconds

RESPONSE:

A different version was used than was submitted in LR-L-9. The only difference between versions was that two variables that were not used for any BY2005 processing were deleted from the submitted dataset. No other variables were changed in any way.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S INFORMATION REQUEST (POIR) NO. 5, Question 4

4. The instant proposal incorporates changes in the methodology used to estimate Standard Regular mail worksharing-related cost avoidances from the methodology approved by the Commission in Docket No. R2000-1 when these issues were last fully litigated. The changes include, but are not limited to:
- the use of a single CRA-derived mail processing unit cost estimate for presort letters and flats;
 - the elimination of the distinction between worksharing-related fixed and nonworksharing-related fixed cost pools; and
 - the absence of rate category-specific unit delivery costs, estimated using the DPS percentages from the engineering models.

In order for the Commission and the participants to understand the impact that these proposed methodological changes would have on estimates of avoided costs, please provide a complete set of cost avoidances for Standard Regular mail based on the methodology incorporated in USPS-LR-K-102 and 110 in Docket No. R2005-1, including all underlying calculations. Also calculate the resulting passthroughs implied by the proposed rates. Please make reasonable assumptions as necessary, and provide explanations for any assumptions made.

RESPONSE:

Cost Avoidances

In order to develop the cards / letters cost avoidance estimates, it is first necessary to calculate the delivery unit cost estimates by rate category and estimate separate nonautomation and automation mail processing unit costs by shape. These data are contained in USPS-LR-L-147. As stated in the response to Presiding Officer's Information Request (POIR) No. 1, question 1(a) in Docket No. R2005-1, the Postal Service does not feel that the In Office Cost System (IOCS) can be used to accurately estimate separate mail processing unit costs by shape for nonautomation presort cards and letters and automation presort cards and letters. As an alternative in the instant proceeding, the Postal Service has relied on only one mail processing unit cost by shape estimate (nonautomation and automation combined) for both cards and letters.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO PRESIDING OFFICER'S INFORMATION REQUEST (POIR) NO. 5, Question 4

This is discussed at length below. The revised cards/letters cost models are contained in USPS-LR-L-141 and rely on the Docket No. R2005-1 methodology.

The revised flats cost models are contained in USPS-LR-L-142. The flats cost models from Docket No. R2005-1 (USPS-LR-K-102) were based on a single CRA-derived mail processing unit cost estimate, not multiple CRA-derived mail processing unit cost estimates as the question implies. The only change that has been made to the cost models, when compared to the most recent version of USPS-LR-L-102 filed on 6/28/06, is that three cost pool classifications are used: worksharing related proportional, worksharing related fixed, and non-worksharing related fixed. This change has no impact on the mail processing unit cost estimates by rate category. Although it has not been requested in either question 4 or 5 of this POIR, the cost model for Periodicals Outside County flats has also been provided in USPS-LR-L-142.

The CRA-derived automation and nonautomation costs are being provided in response to Questions 4 and 5 of POIR 5, as requested, but the Commission should be aware of problems with such costs. In the PRC costs provided with the filing, we do not provide the CRA-derived automation and non-automation letter costs for this docket because we did not believe there was an accurate way of distinguishing auto costs from non-auto costs. This was foreshadowed in Docket No. R2005-1 in Witness Abdirahman's response to POIR no. 1, Part A where he indicated the presence of flaws in the methods used to obtain CRA-derived automation and non-automation rate letter costs and suggested a possible alternative approach as meriting exploration. His response described the flaw in the CRA-based methods as: "Based solely on the

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO PRESIDING
OFFICER'S INFORMATION REQUEST (POIR) NO. 5, Question 4**

physical examination of mail piece characteristics (e.g., barcodes), it is not always possible for data collectors to determine whether the revenue of a given mail piece, and the piece itself, was recorded at the nonautomation rates or automation rates." This observation suggested the significant likelihood for inaccurate determination of automation and non-automation costs based on IOCS data.

In this docket, Witnesses Abdirahman, USPS-T-22 (pages 5-6), and Smith, USPS-T-13 (pages 35-36) indicate that the Postal Service has concluded that the mail piece markings are not sufficient to allow IOCS data collectors to accurately identify automation and non-automation rate pieces, and thus IOCS can not be used as a basis for separate CRA-derived costs. Below, we are providing further explanation of the reasons for this conclusion that the previous use of IOCS to obtain separate CRA based automation and non-automation costs was not valid.

Under current mail preparation standards, a letter mailing can qualify for automation rates even if, during acceptance and verification, it is determined that less than 100 percent of the mail pieces have legitimate 11-digit barcodes. Verification procedures will allow up to a 10% tolerance on the 11-digit barcodes for mailings claiming the automation rates before the Postal Service applies an additional postage factor. If the tests on the automation pieces indicate that 90% or more have legitimate 11-digit barcodes, the mailing is allowed the auto rate. For error rates above 10%, the auto rates are either adjusted based on the actual error rate or the mailing is not eligible

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO PRESIDING
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for the auto rates at all, depending on the percent of barcodes that are not acceptable.¹ In principle, up to 10 percent of letters accepted at the automation presort letter rates may therefore have 9-digit barcodes, 5-digit barcodes, or no barcodes at all. Classifying mail pieces (for IOCS tallies) as automation presort letters based solely on the presence of a specific barcode may therefore not be valid.²

Identifying non-automation presort letters purely on the basis of the barcode present also is problematic. If a given automation mailing fails to meet the standard described above at the time of acceptance, the mailer may choose to be assessed the non-automation presort letters rate, rather than rework the mail. This means that some non-automation presort letters mailings could contain a significant number of mail pieces with legitimate 11-digit barcodes and appear to have qualified for automation rates. As a result, it is not always possible for IOCS data collectors to determine whether the piece was nonautomation rate or an automation rate based solely on the physical examination of mail piece characteristics (e.g., barcodes, revenue).

¹ See the USPS publication *Mailers Companion*, May/June 2006, page 12. Also see <http://www.usps.com/merlin/appealingmerlin.htm>.

² The mail piece characteristics that lead IOCS data collectors to identify a First-Class presort letter as Automation rate is as follows. For a letter identified as a First-Class presort letter, Automation rate is identified in the following possible ways:

1. pieces with "AUTO" markings, MMS codes indicating Automation rate, or barcodes in the barcode clear zone which are preceded by Axxxxxx to Lxxxxxx indicating Automation rate.
2. (If none of the above marking are present) pieces must have an 11-digit Postnet barcode in address block, or one showing through a window (either in the address block, or elsewhere) or a barcode in the postage area.

IOCS data for First-Class presort and Standard Regular show a majority of automation rate tallies do not have the markings indicated in item one above. Thus the presence of an 11-digit barcode commonly is needed to identify the rate category.

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Thus there is great potential for error, particularly for measuring non-automation costs and the cost differential with automation costs. In addition, the potential for erroneously overstating the non-automation letter costs has grown as the non-automation rate letter share of presort volumes has declined. For instance with the share of First-Class non-automation rate having declined to 4 percent in FY 2004, the possible amount of misidentification of Automation rate letters as non-automation rate looms very large. Erroneously shifting a small percentage of automation costs to non-automation, raises the latter's costs a great deal. The error of misidentifying non-automation rate letters as Automation rate likely has a small offsetting impact. This could well be behind the rise or could contribute materially to the rise in the non-Automation rate unit costs that has occurred from FY 1999 to FY 2004 as shown below.

**PRC Letter Non-Automation Rate Unit Costs (in Cents/Piece)
And Non-Automation Rate Volume Shares of Presort Letters**

FY	First-Class		Standard Regular	
	Unit Cost	Volume Share	Unit Cost	Volume Share
1999	15.35	10%	12.60	18%
2004	22.00	4%	16.90	7%

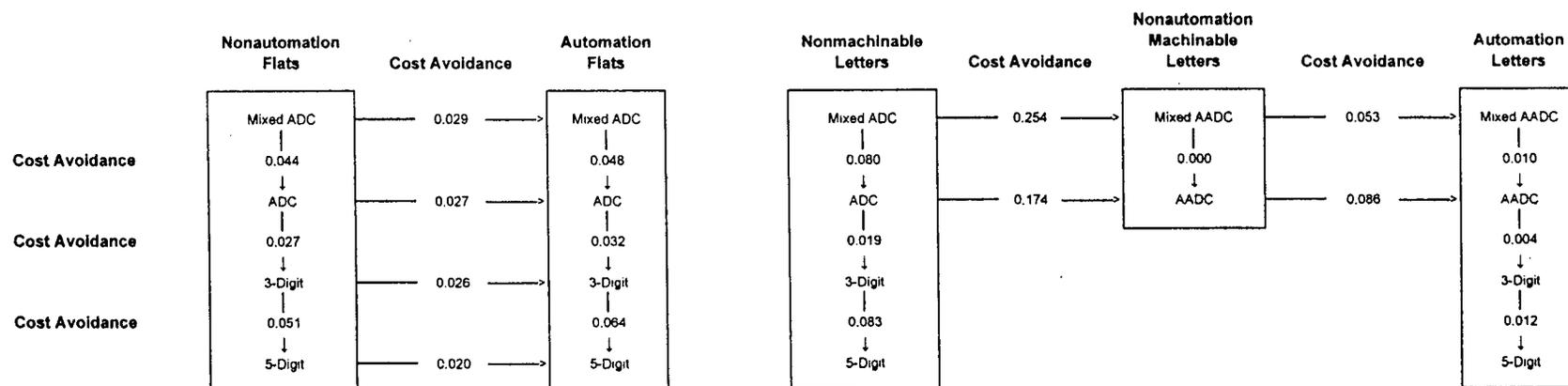
See Docket No. R2000-1, USPS LR-I-466 and Docket No. R2005-1, USPS LR-K-99.

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Passthroughs

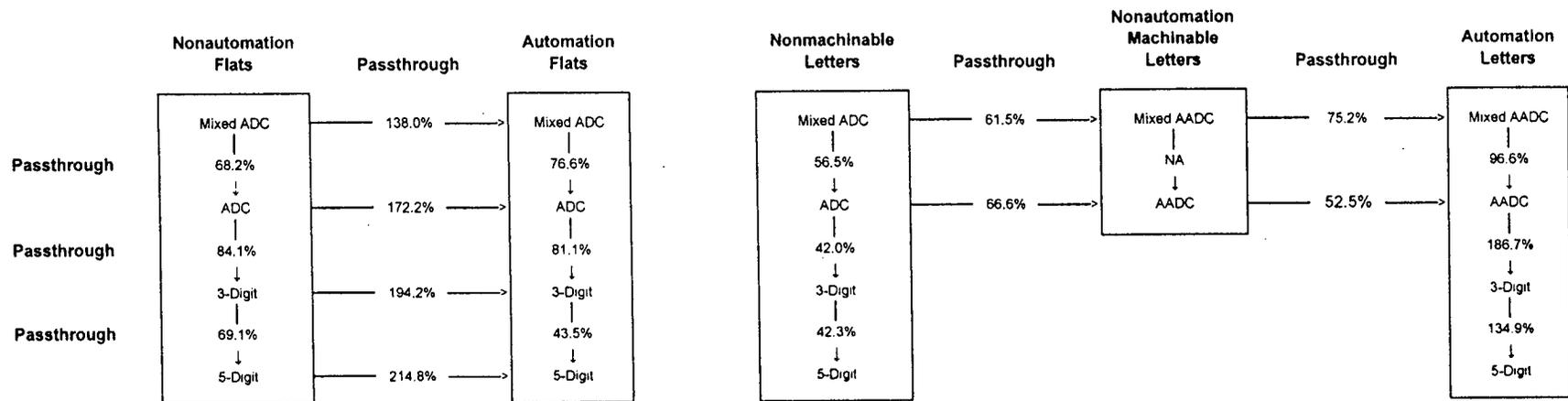
The letter and flat cost avoidances contained in USPS-LR-L-141 and USPS-LR-L-142, when compared to the proposed prices in USPS-LR-L-36, imply the passthroughs shown in the attached charts.

Standard Mail Regular POIR4, Question 4 Cost Avoidances



Sources:
 Letters: Unit cost data from USPS-LR-L-141
 Flats: Unit cost data from USPS-LR-L-142

Standard Mail Regular POIR5, Question 4 Cost Passthroughs



Source: Calculation using cost avoidances from Cost Avoidances sheet and proposed rates from USPS-LR-L-36

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO PRESIDING
OFFICER'S INFORMATION REQUEST (POIR) NO. 5, Question 5**

5. The instant proposal incorporates several major changes in the methodology used to estimate First-Class Mail worksharing-related cost avoidances from the methodology incorporated in USPS-LR-K-102 and 110 in Docket No. R2005-1. The changes include, but are not limited to:

- the elimination of the Bulk Metered Mail (BMM) benchmark
 - the use of a single CRA-derived mail processing unit cost estimate for presort letters (as opposed to separate CRA-derived estimates for nonautomation presort and automation presort)
 - the elimination of the distinction between worksharing-related fixed and nonworksharing-related fixed cost pools;
 - the absence of an estimated worksharing-related unit cost of 5-digit (CSBCS/manual) automation presort letters; and
 - the absence of rate category-specific unit delivery costs, estimated using the DPS percentages from the engineering models.
- a. In order for the Commission and the participants to understand the impact that these proposed methodological changes would have on estimates of avoided costs, please provide a complete set of cost avoidances for First-Class Mail based on the methodology incorporated in USPS-LR-K-102 and 110 in Docket No. R2005-1, including all underlying calculations. Also calculate the resulting passthroughs implied by the proposed rates. Please make reasonable assumptions as necessary, and provide explanations for any assumptions made.
- b. Please refer to USPS-T-22, page 6, lines 10-21. Witness Abdirahman explains the rationale for eliminating the distinction between worksharing-related and nonworksharing-related cost pools: "All analysis of workshare-related activities are constrained within the self-contained CRA set of costs associated with Presort Letters." Please confirm that the distinction between worksharing-related and nonworksharing-related cost pools is eliminated solely because the use of a single CRA set of costs makes any such distinction moot in the computation of cost avoidances. If not confirmed, please identify and fully explain all other rationales.

RESPONSE:

(a)

Cost Avoidances

Please see the response to POIR No. 5, question 4.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO PRESIDING
OFFICER'S INFORMATION REQUEST (POIR) NO. 5**

Passthroughs

As requested, the following two tables provide the estimated passthroughs for First-Class Mail Automation Letter and Flat shaped pieces based on cost avoidance estimates provided in Library References LR-L-141 and LR-L-142. The passthrough for nonautomation letters has not been produced because of the issues with cost estimates that are discussed elsewhere in the response to this POIR. Also, the passthroughs for automation flat shaped pieces are calculated from the benchmark of the proposed Mixed ADC presort rate for automation flats. In the past dockets going back to at least Docket No. R97-1, the automation flat presort rates were proposed by the Postal Service and recommended by the Commission to maintain the rate relationships between automation letter and flat shaped pieces. Mail processing and delivery cost avoidance for flat shaped pieces were developed but not directly used to derive the automation flat presort rates. The following excerpt from Docket R2000-1 Opinion and Recommended Decision highlights this point.

[5099] Witness Fronk states that bulk automation flats rates are designed to preserve the appropriate rate relationships between automated letters and flats, and between the automation flats and the non-automation presort rate that applies to both letters and flats. With the proposed rates, barcoded flats pay less postage than non-automation presort flats, and more postage than barcoded letters at all automation tiers. In his testimony, witness Fronk demonstrates the consistent rate relationships for two-ounce letters and flats. He states that the rate proposal is consistent with the ratemaking criterion of simple, identifiable relationships among rates. Opinion and Recommended Decision, Docket No. R2000-1, pages 244 and 245. footnote omitted.

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Automation Letters

	Mail Processing	Delivery	Total				
	Worksharing Related Unit Costs	Worksharing Related Unit Costs	Worksharing Related Unit Costs	Unit Cost Savings	Proposed Rates	Discounts	Pass- throughs
BMM Letters	0.114	0.040	0.155		0.420		
Mixed AADC Letters	0.054	0.042	0.096	0.058	0.346	0.074	128%
AADC Letters	0.044	0.040	0.084	0.012	0.335	0.011	92%
3-Digit Letters	0.040	0.040	0.080	0.004	0.331	0.004	100%
5-Digit Letters	0.028	0.037	0.065	0.015	0.312	0.019	127%

Automation Flats

	Mail Processing	Delivery	Total				
	Worksharing Related Unit Costs	Worksharing Related Unit Costs	Worksharing Related Unit Costs	Unit Cost Savings	Proposed Rates	Discounts	Passthroughs
Mixed ADC Flats	0.417	0.116	0.533		0.465		
ADC Flats	0.329	0.116	0.445	0.088	0.433	0.032	36%
3-Digit Flats	0.269	0.116	0.385	0.060	0.423	0.010	17%
5-Digit Flats	0.195	0.116	0.312	0.074	0.398	0.025	34%

Note:

Mail Processing and Delivery Cost for letter shaped pieces - PRC LR-141

Mail Processing Costs for flat shaped pieces - PRC LR-142

Delivery cost for flat shaped pieces do not change due to presort levels, Source:
LR-L-101

(b) Confirmed.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO POIR NO. 8, QUESTION 12

12. On its web site, the Postal Service identifies significant changes to Bound Printed Matter (BPM) stating that "to simplify retail transactions, [Single-Piece] BPM would no longer be available at retail." See http://www.usps.com/ratecase/ps_faqs.htm). In her testimony, witness Yeh indicates that "the Postal Service intends to amend its regulations to require that [Single-Piece BPM, which the witness proposes to rename Nonpresort] be paid either by customer-generated postage meter or permit imprint." USPS-T-38 at 6, n.2. Witness Yeh states that this change is designed "to reduce the complexity of retail transactions for customers and to simplify window service operations[.]" *Ibid.* With respect to the proposal to restrict eligibility to Single-Piece (Nonpresort) BPM, please answer the following questions. In response, please provide the underlying data that support the answer, including identifying the relevant witness(es) who addresses the issue in his/her testimony.
- a. Identify the TYAR cost savings associated with this proposal.
 - b. Identify TYAR volume effects of this proposal for each affected subclass, i.e., BPM, Parcel Post, Media Mail, and Priority Mail.
 - c. Identify TYAR revenue effects of this proposal for each affected subclass, i.e., BPM, Parcel Post, Media Mail, and Priority Mail.

RESPONSE:

Given the volume involved, the Postal Service estimates that any savings, volume, and revenue effects would be minimal and would have no material effect. No studies were conducted, in light of the minimal volume involved and the difficulty of forecasting to what extent that minimal volume would be entered as other types of mail.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF
PARCEL SHIPPERS ASSOCIATION

PSA/USPS-1. Please refer to the table provided in the institutional response to DBP/USPS-40, which shows unit costs by shape and weight increment.

- (a) Please confirm that the TY08 unit cost for 0-1 ounce parcels is statistically significantly higher than the TY08 unit cost for 1-2 ounce parcels. Please provide all of your underlying calculations.
- (b) Please confirm that the TY08 unit cost for 0-1 ounce parcels is statistically significantly higher than the TY08 unit cost for 1-13 ounce parcels. Please provide all of your underlying calculations.
- (c) Please explain (in terms of mailpiece characteristics and any other relevant factors) why the unit cost for 0-1 ounce parcels is statistically significantly higher than the TY08 unit cost for 1-2 ounce parcels.
- (d) Please explain (in terms of mailpiece characteristics and any other relevant factors) why the unit cost for 0-1 ounce parcels is statistically significantly higher than the TY 08 unit cost for 1-13 ounce parcels.

Response:

- a.-b. The Postal Service is unable to confirm. Both the costs and the volumes are subject to sampling variation. The Postal Service does not have CV estimates for the non-IOCS based costs, piggyback factors, roll-forward factors (i.e., estimating Test Year costs from Base Year costs), or volumes. Given the small size of the 0-1 ounce IPP category, the sampling variability of the unit cost is likely to be substantial.
- c.-d. The main operational factor explaining higher costs for 0-1 ounce IPPs is that 0-1 ounce IPPs are non-machinable. As the minimum weight for APPS processing is 1.6 oz., at least some pieces in all other weight increments will be machinable.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY POSED BY THE PARCEL SHIPPERS ASSOCIATION
REDIRECTED FROM POSTAL SERVICE WITNESS MARC D. MCCRERY

Revised May 31, 2006

PSA/USPS-T42-1. Please refer to page 34 of your testimony where you discuss future network considerations including "shifting much of the allied activities (e.g., bundle sorting, parcel distribution, container breakdown) to Regional Distribution Centers (RDCs) when efficiencies can be realized."

- (a) Please confirm that in the future network parcel distribution will occur at RDCs, not at the 21 bulk mail centers (BMCs) and 7 Auxiliary Service Facilities (ASFs). (Note: For simplicity, I use BMC to refer to BMCs and ASFs in the following subparts of this interrogatory.) If not confirmed, please explain fully.
- (b) Please provide your best estimate of the number of RDCs there will be in the future network once the transition to the future network is complete.
- (c) Please confirm that during the transition period from the current network to the future network, parcel distribution will occur in a combination of BMCs and RDCs. If not confirmed, please explain fully.
- (d) To qualify for DBMC rates, please confirm that, as the Postal Service transition to the future network, shippers will be required to enter their parcels at the destination facility where distribution of the parcel will occur (whether it be a DBMC or a DRDC). If not confirmed, please explain fully.
- (ii) How many of these destination facilities (i.e., no. of BMCs plus no. of RDCs) will there be by the end of FY 2006?
- (ii) How many of these destination facilities will there be by the end of FY 2007?
- (iii) How many of these destination facilities will there be by the end of FY 2008?
- (e) Has the Postal Service developed a list of facilities that will serve as Regional Distribution Centers? If so, please provide it. Also, please provide a schedule of when each facility will begin performing the function of an RDC.
- (f) Will all BMCs be retrofitted to serve as RDCs? If not, which BMCs will be retrofitted for this purpose?
- (g) Please provide a schedule for retrofitting BMCs to serve as RDCs.
- (h) Do you expect that parcel shippers will be allowed to enter bedloaded parcels at RDCs? Please explain your response fully. If not, how do you expect parcels will have to be containerized to be entered at RDCs?
- (i) Do you agree that presorting parcels to and entering parcels at a larger number of destination facilities increases parcel preparation and transportation costs for parcel shippers? If not, please explain fully.
- (j) Do you agree that not allowing shippers to bedload parcels will increase transportation costs for parcel shippers? If not, please explain fully.
- (k) Do you agree that parcel shippers presorting parcels to and entering parcels at additional destination facilities and containerizing parcels (as opposed to bedloading them) to qualify for DBMC rates will reduce Postal Service costs for DBMC parcels? Please explain fully.
- (l) If your response to subpart (k) of this interrogatory is yes, has the Postal Service reflected these savings in its revenue requirement? Please explain fully.
- (m) If your response to subpart (k) of this interrogatory is yes, has the Postal Service reflected these additional savings in its dropship cost avoidance models for parcels? Please explain fully.

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RESPONSE:

(a)-(c), (d)(ii)-(g) The United States Postal Service, over the course of nearly 35 years, has incrementally developed a product-specific distribution network. For example, a nation-wide network of 21 Bulk Mail Centers [BMC] was constructed in the 1970's with the intent of processing parcels and bundles. Another, more limited, example in the 1990's a regional network of Priority Mail Processing Centers [PMPC] was implemented. Both of these distribution networks employ basic material handling technology.

This incremental network development took place around product classifications, such as priority, parcels, and standard mail. Over this same period of time, significant technology improvements were taking place with the equipment utilized for individual mail piece distribution. The key components of this technology improvement were Optical Character Recognition [OCR], utilization of a variety of Barcode formats, and improvements in mechanical transport systems for letters, flats and packages. The result was a distribution network designed around mail product classifications, while technology improvements were shaped-based.

The disconnect, between the distribution network and the available distribution technology, results in a less than optimal system. There are redundancies in both individual mail piece and container handlings, as well as overlapping transportation networks. There are multiple points of entry into this

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distribution network, combined with multiple distribution facilities and supporting transportation to move among these facilities. At the end of the distribution network is the final point of distribution prior to the City or Rural Carrier being presented the mail for delivery on their route. This end-node in the network reaches the approximately 145 million delivery points served by the Postal Service each day.

The last point of distribution, prior to presenting to mail carrier for delivery, will always be required. The revised network will minimize the number of facilities required to distribute mail and process containers, prior to the last point of distribution. In turn, the redundant transportation required among product-specific facilities, can be reduced.

The intent of network optimization is to move to shaped-based distribution that makes best use of available technology. This effort will minimize the number of distribution handlings required for individual mail pieces. As these mail pieces are distributed, they will be placed in containers (trays, tubs and sacks), in turn these containers are aggregated and placed into larger/mobile containers (General Purpose Mail Containers, Pallets, etc), and finally the aggregate of containers are transported by truck, train and plane. An optimized network reduces the number of material handlings for these containers and reduces the transportation redundancies caused by product-based networks.

Two basic types of facilities will exist in this network:

- 1) Processing Centers that will perform
 - a. individual mail piece distribution

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- b. Mail destined for ZIP Codes within that facility service area will be processed for carrier delivery
 - c. Mail destined for ZIP Codes serviced by other facilities will be processed and containerized
- 2) Regional Distribution Centers [RDC] that will perform
- a. Material handling distribution of containers
 - b. Virtually no individual mail piece distribution, other than some parcels

Some small number of facilities will handle both sets of responsibilities.

The RDCs will be larger facilities, typically 200,000 square feet or more. Beyond just space, the RDC will require a significant number of dock doors to handle the constant flow of inbound and outbound transportation. An RDC will need to be in locations with available access to major highways and airports. The technology employed in RDCs will be focused upon material handling; the movement of individual containers such as trays, tubs and sacks. To the extent possible, this material handling technology will employ barcodes for distribution. When financially viable, Radio Frequency Identification [RFID] tags could also be employed.

Given the general criteria for an RDC, the existing network of 21 BMCs and 7 Auxiliary Service Facilities (ASF) serves as excellent candidates for conversion. The conversion process of a BMC/ASF to an RDC begins with the removal of legacy material handling technology. Once this outdated / oversized fixed mechanization is removed, it can be replaced with faster OCR/BCR capable material handling systems. The conversion of a BMC/ASF is complicated by the need to continue to process mail in that facility during the renovation. The

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renovation must be done in a manner to minimize the cost of off-loading to other less efficient manual operations. The Postal Service literally must "change the wings, while the plane is still flying". Given the complexity of this conversion of BMC/ASF to RDC, combined with limited capital expenditures, the exact schedule of conversion is still to be determined.

There is a need for RDCs beyond the potential conversion of 21 BMCs and 7 ASFs. The exact number of RDCs has not been determined and will continue to change over time. In general terms, at the end of the conversion process, there may be roughly 28 - 100 RDCs. The number of RDCs and locations are impacted by a number of factors:

- 1) Mail volumes by product
- 2) Mailer adoption of pricing discounts
- 3) Method of containerization utilized by mailers
- 4) Service requirements by product
- 5) Availability of transportation to support service requirements
- 6) Proximity of facility to highways and airports
- 7) Space in existing USPS facilities
- 8) Future distribution and material handling technology
- 9) Future mail preparation alternatives resulting from technology advances
- 10) If appropriate USPS facilities are not available, then the need to determine the availability of suitable properties in the market
- 11) Provisions of pending postal reform

In addition, to all of these factors, the Postal Service must continue to examine the pace at which this capital investment in the infrastructure can be accomplished. Even if an exact number and specific location for each RDC could be determined, the implementation of such a change would spread over

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many years. It is likely that during that time further variation in the factors considered would cause continuing updates to the plan.

(d) Confirmed. However, the Postal Service is reviewing the current dropship rate structure to determine if it appropriately supports the mailer entry in the future network environment.

(h) No. When a facility is activated as or converted to an RDC, it is expected that DBMC parcels be prepared on a pallet or in a pallet box.

(i)-(j) The USPS does not have enough information to draw such conclusions. It is possible that additional transportation costs could be offset by lower containerization costs. Without looking at the full range of costs -- the customers' own costs to prepare and transport the mail as well as their postage costs -- there is not sufficient information to respond to this question. The USPS does not have knowledge of customers' costs and practices, nor does the USPS have the wherewithal at this point to predict how those practices would change as the RDUs are implemented. It is possible that the result depends on the individual customer. For instance, is the customer in question preparing and transporting only mail that is generated by that customer's production processes, or is the customer in question a consolidator handling mail generated by several different customers? With regard to the question of increasing costs relative to bedloading, again it would be necessary to understand the customers' cost structures including the processes, equipment and wage rates paid for labor, as well as what the relative costs of the alternative to bedloading would be in order

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to fully understand the cost implications. These questions would be better answered by customers who could testify to their cost structures.

(k) A complete analysis of the impact of required containerization has yet to be conducted, so it is unknown at this time. Since bedloaded dropshipments that are not scheduled as a "drop and pick" must be unloaded by the driver while palletized vehicles are unloaded by USPS personnel, in some cases the USPS costs may increase.

(l) No specific savings for presorting parcels to and entering parcels at additional destination facilities and containerizing parcels have been factored into the revenue requirement. If savings related to any network realignment activities are achieved by the test year (FY08), the savings are accounted for in the Breakthrough Productivity Initiative (see USPS-T-42, pages 33 and 34).

(m) Not applicable.

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PSA/USPS-T42-2. Please refer to page 34 of your testimony where you discuss future network considerations including "shifting much of the allied activities (e.g., bundle sorting, parcel distribution, container breakdown) to Regional Distribution Centers (RDCs) when efficiencies can be realized." Please also refer to Labeling List L601 and L606.

(a) Please confirm that the service area for the Dallas BMC includes Destination ZIP Codes 706, 710-712, 718, 730, 731, 733-738, 740, 741, 743-799, 880, and 885. If not confirmed, please provide a corrected list of 3-Digit ZIP Codes in the Dallas BMC service area.

(b) Once transition to an RDC network is complete, please list the RDC that will service each of the Destination 3-Digit ZIP Codes listed in subpart (a) of this interrogatory.

(c) Do you believe that the transition to an RDC network in particular or the Postal Service's Evolutionary Network Development (END) initiative in general will have any effect on the 5-Digit ZIP Codes included in the L606 5-Digit Scheme labeling list? Please explain your response fully.

(d) In the future END network, will parcel shippers be allowed to enter 5-Digit Scheme pallets at Destination Delivery Units? Please explain your response fully.

RESPONSE:

(a) Confirmed.

(b) No final determination has yet been made regarding the location of specific RDCs, including any that might serve the ZIP Code areas in question.

(c) No. The END effort will not have a direct effect on delivery operations, and delivery units that serve multiple 5-digit ZIP Codes are the listings that comprise L606.

(d) Yes. There are no plans to remove delivery unit entry eligibility for parcels, including pieces prepared on 5-digit scheme (L606) pallets, in the future.

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TW/USPS-1 In response to interrogatories TW/USPS-T27-7-8, redirected from witness Talmo, the Postal Service indicates that it has no information regarding either industrial engineering based or empirically based productivity rates for manual sack sorting performed at SCF's.

- a. Please confirm that MODS number 235 is used by employees engaged in manual sorting of sacks and outsides at MODS facilities. If not confirmed, please describe how this MODS number is used.
- b. According to witness Bozzo's response to TW/USPS-T13-11b, redirected from witness Van-Ty-Smith, MODS number 235 had TPH equal to 393,787,584 sacks/outsides and a total of 3,606,561 recorded workhours in FY2005. Dividing the two gives approximately 109 sacks/outsides per workhour. Please confirm that this is an empirically based measure of the productivity rate at MODS operation 235.
- c. Are there any other MODS numbers that are designated for employees engaged primarily in manual sorting of sacks and/or outside parcels? If yes, please list them and describe further the particular function associated with each such MODS number.
- d. Is there any MODS number designated for employees at a sawtooth type operation? If yes, what is it?
- e. If the Postal Service knows any reason why the MODS productivity rate at MODS operation 235 might not be suitable for the purpose of estimating the costs associated with manual sack sorting at SCF's, please explain those reasons

Response:

- a. Operation 235 is used to manually separate sacks, pouches, or outsides on saw tooth platforms, slides, chutes, conveyors, multislides, and in bullpen operations. Workload credit is optional for this operation.
- b. Confirmed that the calculation is empirical. Not confirmed that the resulting calculation is meaningful.
- c. Yes, the operations are:
 - Operation 320 O/G Primary Parcels (Priority) – Outsides
 - Operation 325 I/C Primary Parcels (Priority) – Outsides
 - Operation 348 Manual Sack and Outside Scrtng – International
 - Operation 100 Parcel Post Distribution – Outgoing

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Operation 102 Manual Parcel Distribution - International Export
Operation 103 Manual Parcel Distribution - International Import
Operation 130 Parcel Post Distribution - SCF
Operation 200 Parcel Post Distribution - Incoming

- d. Yes, operations 235 and 348.
- e. The Postal Service does not recommend the empirical computation of productivity shown above because volume recording is neither required nor performed on a common basis for this operation, and because the computational results for a number of offices range from statistically improbable to physically impossible.

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TW/USPS-2 Please provide a copy of the most recent version of the MODS manual. Please indicate also whether a revised version of the manual is expected in the near future, and whether substantial changes have been made since publication of the current version. If there is more than one type of MODS manual, please state what they are and provide copies of each.

RESPONSE:

Please see library reference USPS-LR-L-150, Management Operating Data System (MODS) Manual. A new version is anticipated in approximately six months. Changes in the new version might be characterized as significant, but not substantial. The new version will feature more precise definitions of the MODS operations.

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TW/USPS-3 This and the following interrogatory seek further clarification regarding the Postal Service's answer to MPA/USPS-T25-2b, redirected from witness Mayes to the Postal Service. Along with that answer the Postal Service provided a pdf display of a spreadsheet that estimates the "average number of facilities a non-dropshipped sack/pallet of Outside County Periodicals goes through." Two sources are referred to in the above mentioned response:

1. table 13 of the response to TW/USPS-T28-7; and 2. estimates developed from a web-based survey of the number of facilities through which sacks and pallets at various presort levels and types of entry points pass. Tables presenting the results, for sacks and pallets, of the web-based survey are presented at the top of the spreadsheet referred to above. The following questions concern the contents of those tables.

a. Please confirm that if a container is entered by the mailer at facility A and opened at the same facility, then you count the "number of facilities passed through" as zero, whereas if the container is entered at A, transported directly to B and opened at B, then you count the "number of facilities passed through" as one.

b. When the entry point is OSCF (originating SCF) do your estimates include the possibility that a container may be entered at the OAO (originating associate office, station or branch), then transported to the OSCF from which it is sent further? Or do you simply assume that OSCF containers start at the OSCF after being brought there by the mailers?

c. The table for pallets refers to OBMC (originating BMC) as an entry point, while the table for sacks refers to OTH (originating transfer hub). Please confirm that you in fact are using the terms OBMC and OTH (as well as the terms DBMC and DTH) interchangeably. If not, what is the difference?

d. The "average number of facilities passed through" appears fairly similar for sacks and pallets with corresponding presort levels when the entry point is either OSCF or OADC. But when the entry point is -2- OBMC/OTH, they are shown in your tables as being very different. For example, your table indicates that a 3-digit sack entered at an OTH goes through an average of 2.895 facilities, but a 3-digit pallet entered at an OBMC goes through an average of only 1.155 facilities. Please shed any light possible on this counter-intuitive result and, if necessary, provide corrected values.

e. Your sack table indicates that MADC sacks entered at the OADC pass through zero facilities, i.e., they are also opened at the OADC. Please confirm that this reflects the standard operating procedures for Periodicals that were in effect until recently, namely that MADC sacks would be opened at the originating ADC. If not confirmed, please explain.

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Response to TW/USPS-3:

- a. Confirmed.
- b. In the LR-L-91 study less than 0.01 percent of the sampled containers were determined to be entered at OAO's where the mail was destined outside the service territory of the parent SCF. For this reason these containers are assumed to originate at the OSCF in the response to MPA/USPS-T25-2b.
- c. Confirmed. For this purpose the OBMC and OTH terms are used interchangeably.
- d. In general very few Periodicals 3-Digit and SCF pallets are entered at OBMC's (see table 3 of TW/USPS-T28-7). The small sample of OBMC entered 3-digit and SCF pallets used to generate the cross-dock estimates included origin and destination pairs where the destination SCF was co-located with a BMC, or the OBMC provided direct transportation to the DSCF which was not in its service territory. These observations imply one facility passed through.
- e. Confirmed.

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TW/USPS-4 Please refer, as in the preceding interrogatory, to the Postal Service's response to MPA/USPS-T25-2b.

- a. Please confirm that, under the operating procedures being established under the Periodicals cost reduction initiative, Periodicals MADC sacks will not be opened at the OADC, unless they are marked as containing only flats destined to facilities where First Class mail travels by surface, or the OADC happens to be a L009 facility.
- b. Consider a Periodicals MADC sack that is entered at an OSCF which is not an ADC, and that is marked as containing only flats to facilities where First Class mail travels by surface. Will such a sack, under the new operating procedures, be opened at the OSCF, or will it, as in the past, be sent to the OADC?
- c. Does the Postal Service expect that there will be direct ground transportation from each OSCF to its corresponding outgoing L009 facility, so that Periodicals whose outgoing processing is being consolidated at the L009 facilities can be brought there directly without any transshipment?
- d. Approximately what percent of outgoing Periodicals volume is expected to be entered at the L009 facilities?

Response:

- a. Partially confirmed, however, the sacks marked as containing only flats destined to facilities where First-Class Mail travels by surface will not be retained at only OADCs but at all origin plants that process outgoing First-Class Mail. For a listing of these facilities refer to DMM L201, Column C (<http://pe.usps.com/text/dmm300/L201.htm>).
- b. See response to part (a). Assuming the OSCF is listed in L201, it will be opened at the OSCF.
- c. With very limited exceptions, yes.
- d. Approximately 40%.

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TW/USPS-5 Please refer to the Postal Service's response to TW/USPS-T32-3, redirected from witness Taufique, in which it is indicated that the Postal Service has not measured the extent of any lower delivery costs of QBRM that might be due to such things as the use of post office boxes, caller service, firm holdouts, bulk delivery, or customer pick-up arrangements.

- a. Aside from those listed in the question above, does the Postal Service know of any other characteristics that QBRM tends to have that would cause it to have lower-than-average costs? If it does, please explain what those characteristics are.
- b. Short of having information on costs, does the Postal Service have any measure or other ways of quantifying the extent to which, relative to other pieces with which it is averaged, QBRM destinations in post office boxes, is received by addresses using caller service, is handled as a firm holdout, is delivered in bulk, or is otherwise picked up by the addressee? If it does, please provide that quantification. If no quantification is available, please provide the Postal Service's best institutional insight on the extent to which these occur.
- c. To the extent that it is not covered in the response to part a of this question, does the Postal Service agree that QBRM quite often does not receive an incoming secondary sort? If so, please provide quantification of the extent to which this is the case.

Response:

- a. QBRM pieces are clean, machine printed and prebarcoded mail pieces.
- b. No. Relative to a *handwritten reply mail* piece, which is the proper benchmark, there really would be no delivery cost savings associated with QBRM. The *average handwritten* mail piece is not the benchmark. This is the reason the Postal Service reverted to a more narrowly defined cost avoidance approach in R2001-1. If a given company chose not to supply QBRM mail pieces to its customers, those customers would likely use handwritten reply mail pieces to communicate back to that company. Unless there were payment alternatives, the volume of pieces sent back to the company would likely be the same whether they

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were QBRM or handwritten pieces. If the volume is high, the mail is likely to be held out in "upstream" operations and the major mail processing cost difference consists of the RBCS-related costs required to apply a barcode to a handwritten reply mail piece. Also, if the volume is high, a company is more likely to use caller service, whether or not the mail pieces were QBRM or contained a handwritten address. There should be no major delivery cost difference. Likewise, if the volume is low, the delivery channel is likely the same whether QBRM or handwritten reply mail pieces are relied upon by customers and the delivery cost difference would be minimal.

- c. Yes. However, for the QBRM mail piece, the incoming secondary operation will often be in the form of a Business Reply Mail Accounting System (BRMAS) operation that is performed on either an MPBCS or a DBCS. The term "BRMAS" actually refers to the software that is used. Although the BRMAS operations are not technically incoming secondaries, they perform similar functions in that they separate mail pieces below the ZIP Code level.

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TW/USPS-6 Please refer to the Postal Service's response to TW/USPS-T32-2(b), redirected from witness Taufique, which states that the cost avoidance for QBRM "implied by the 'method last approved by the Commission' is 3.980 cents."

- a. Please outline the relevant characteristics of the study supporting the result of 3.980 cents and compare them with the characteristics of the study contained in USPS-LR-L-104.
- b. Please provide a copy of the study supporting the result of 3.980 cents.

Response:

- a. TW/USPS-T32-2 had requested the Postal Service to provide the test year cost avoidance that would be implied by the "method last approved by the Commission". The correct number is 4.140. After reviewing PRC-LR-12B from Docket No. R2000-1, the attached model is provided and it includes the following:
 - 1-In the Miscellaneous factor page, it is assumed that 100% of incoming secondary QBRM is processed in a 2-pass operation.
 - 2- The BMM letters CRA adjustment factor from USPS-LR-141 was used instead of the nonautomation presort CRA adjustment factor. Please to refer to the responses provided to POIR 5, Questions 4 and 5 concerning nonautomation costs.
 - 3- The QBRM density table from PRC-LR-12 part B is used. For the incoming MMP operation, this table flows 100% of the mail to the incoming SCF/PRIM operation.
 - 4- The mail accepted in the incoming SCF/PRIM operation is flowed to postage due for further processing (If required), which is covered by QBRM fees.

The analysis contained in the USPS-LR-L-104 does not venture beyond the outgoing primary. As stated above, volume dictates when BRM would be held out as BRM. If we're dealing with a high volume account or accounts, the mail will likely be held out on the outgoing primary. If we're dealing with lower volume accounts, then the mail could make it to the incoming primary before it is held out as BRM. Whether

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it's a QBRM or handwritten mail piece, however, the point at which the mail is isolated would be the same because the volume for a given customer or customers would likely be the same. The major mail processing cost difference is therefore the RBCS-related costs required to apply a barcode on the handwritten mail piece.

- b. Please see the attached study supporting the 4.140 cost figure.

Cost Avoidance Calculation for QBRM Discount

TY08 Docket No. R2006-1

BMM CRA Proportional Adjustment 1.564 [1]

	Model Cost		Total Worksharing Related Unit Cost	
HANDWRITTEN	6.768	[2]	10.589	[3]
QBRM	4.122	[4]	6.449	[5]
Cost Avoidance			4.140	[6]

- [1] USPS-LR-L-141 REV BMM Letters CRA proportional adjustment factor
- [2] See "HAND COST" sheet
- [3] [1] * [2]
- [4] See "QBRM COST" sheet
- [5] [1] * [4]
- [6] [3] - [5]

**QUALIFIED BUSINESS REPLY MAIL (QBRM)
COST SHEET**

Total Pieces 10,000

	TPH [1]	Pieces Per Hour [2]	Wage Rate [3]	Direct Cents Per Piece [4]	Premium Pay Adjust [5]	Piggyback Factor [6]	Total Cents Per Piece [7]	Weighted Cents Per Piece [8]
Entry Activities								
Bundle Sorting								
Outgoing RBCS								
ISS	0	6,856	\$37 992	0 554	0 008	2 070	1 156	0 000
RCR	0						0 094	0 000
REC	0	787	\$21 974	2 792	0 042	1 369	3 864	0 000
OSS	0	9,370	\$37 992	0 405	0 006	1 756	0 718	0 000
LMLM	0	3,111	\$37 992	1 221	0 018	2 911	3 573	0 000
Outgoing Primary								
Automation	10,005	8,461	\$37 992	0 449	0 007	1 744	0 790	0 790
Manual	424	408	\$37 992	9 323	0 140	1 281	12 083	0 512
Outgoing Secondary								
Automation	720	9,157	\$37 992	0 415	0 006	1 754	0 734	0 053
Manual	107	650	\$37 992	5 845	0 088	1 281	7 576	0 081
Incoming RBCS								
ISS	0	4,441	\$37 992	0 856	0 013	2 070	1 784	0 000
RCR	0						0 094	0 000
REC	0	787	\$21 974	2 792	0 042	1 369	3 864	0 000
OSS	0	8,510	\$37 992	0 446	0 007	1 807	0 813	0 000
LMLM	0	3,111	\$37 992	1 221	0 018	2 911	3 573	0 000
Incoming MMP								
Automation AADC	3,768	6,879	\$37 992	0 552	0 008	1 757	0 979	0 369
Manual ADC	306	583	\$37 992	6 520	0 098	1 281	8 450	0 258
Incoming SCF/Primary								
Automation	8,735	7,085	\$37 992	0 536	0 008	1 771	0 958	0 837
Manual	462	627	\$37 992	6 064	0 091	1 281	7 859	0 363
Incoming Secondaries								
Auto Carrier Route	0	7,560	\$37 992	0 503	0 008	1 774	0 899	0 000
Auto 3-Pass DPS	0	14,830	\$37 992	0 256	0 004	1 723	0 445	0 000
Auto 2-Pass DPS	1,312	9,401	\$37 992	0 404	0 006	1 742	0 710	0 093
Man Inc Sec Final At Plant	681	575	\$37 992	6 612	0 099	1 281	8 570	0 584
Man Inc Sec Final At DU	242	928	\$37 992	4 094	0 062	1 281	5 305	0 128
Box Section Sort, DPS	57	2,015	\$37 992	1 886	0 028	1 281	2 414	0 014
Box Section Sort, Other	82	1,007	\$37 992	3 771	0 057	1 281	4 888	0 040

Model Cost 1/	4 122
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DPS % 2/	6.39%
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Sources

- [1]: From appropriate rate category Model spreadsheet.
 [2]: Productivity Spreadsheet, Page 45.
 [3]: Wage Rate and Piggyback Spreadsheet, Page 48.
 [4]: [3] x [2] / 100.
 [5]: [4] x [premium pay factor (Wage Rate and Piggyback, Page 48) - 1]
 [6]: Wage Rate and Piggyback, Page 48.
 [7]: [4] x [6] + [5].
 [8]: [1] * ([7] / 10,000).

1/: Sum of [8].

**HANDWRITTEN REPLY MAIL
COST SHEET**

Total Pieces 10,000

	TPH [1]	Pieces Per Hour [2]	Wage Rate [3]	Direct Cents Per Piece [4]	Premium Pay Adjust [5]	Piggyback Factor [6]	Total Cents Per Piece [7]	Weighted Cents Per Piece [8]
Entry Activities								
Bundle Sorting								
Outgoing RBCS								
ISS	551	6,856	\$37 992	0 554	0 008	2 070	1 156	0 064
RCR	10,073	--		--	--	--	0 094	0 095
REC	2,177	787	\$21 974	2 792	0 042	1 369	3 864	0 841
OSS	10,219	9,370	\$37 992	0 405	0 006	1 756	0 718	0 734
LMLM	206	3,111	\$37 992	1 221	0 018	2 911	3 573	0 074
Outgoing Primary								
Automation	205	8,461	\$37 992	0 449	0 007	1 744	0 790	0 016
Manual	603	408	\$37 992	9 323	0 140	1 281	12 083	0 729
Outgoing Secondary								
Automation	1,652	9,157	\$37 992	0 415	0 006	1 754	0 734	0 121
Manual	175	650	\$37 992	5 845	0 088	1 281	7 576	0 133
Incoming RBCS								
ISS	0	4,441	\$37 992	0 856	0 013	2 070	1 784	0 000
RCR	0	--		--	--	--	0 094	0 000
REC	0	787	\$21 974	2 792	0 042	1 369	3 864	0 000
OSS	0	8,510	\$37 992	0 446	0 007	1 807	0 813	0 000
LMLM	0	3,111	\$37 992	1 221	0 018	2 911	3 573	0 000
Incoming MMP								
Automation AADC	1,787	6,879	\$37 992	0 552	0 008	1 757	0 979	0 175
Manual ADC	315	583	\$37 992	6 520	0 098	1 281	8 450	0 266
Incoming SCF/Primary								
Automation	6,014	7,085	\$37 992	0 536	0 008	1 771	0 958	0 576
Manual	433	627	\$37 992	6 064	0 091	1 281	7 859	0 340
Incoming Secondaries								
Auto Carrier Route	1,905	7,560	\$37 992	0 503	0 008	1 774	0 899	0 171
Auto 3-Pass DPS	2,980	14,830	\$37 992	0 256	0 004	1 723	0 445	0 133
Auto 2-Pass DPS	14,138	9,401	\$37 992	0 404	0 006	1 742	0 710	1 004
Man Inc Sec Final At Plant	988	575	\$37 992	6 612	0 099	1 281	8 570	0 847
Man Inc Sec Final At DU	351	928	\$37 992	4 094	0 062	1 281	5 305	0 186
Box Section Sort, DPS	698	2,015	\$37 992	1 886	0 028	1 281	2 444	0 171
Box Section Sort, Other	192	1,007	\$37 992	3 771	0 057	1 281	4 888	0 094

Model Cost 1/	6.768
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DPS % 2/	78.45%
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Sources

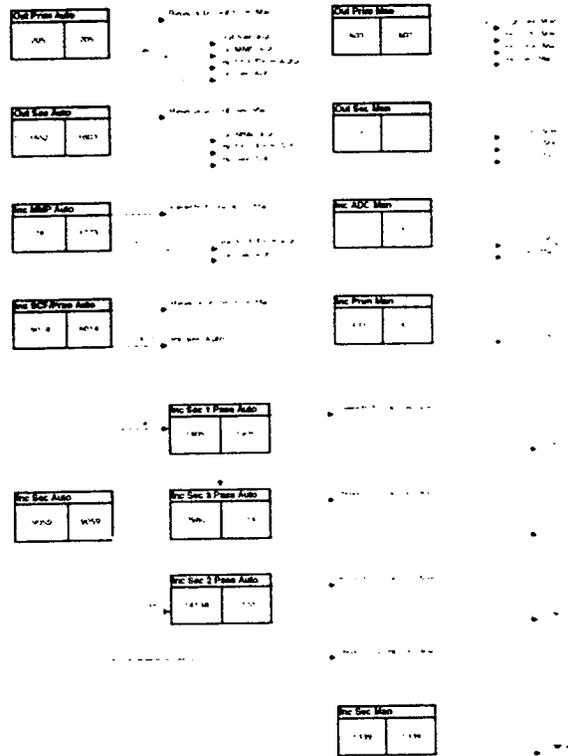
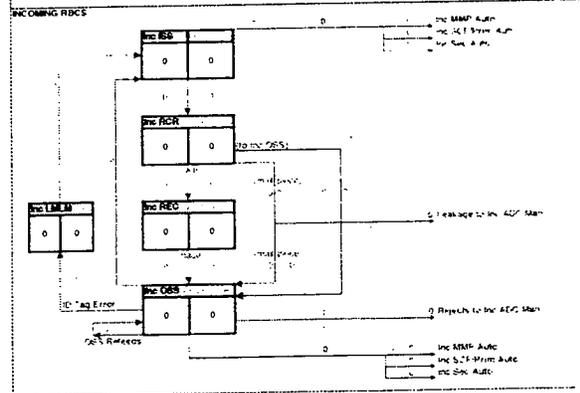
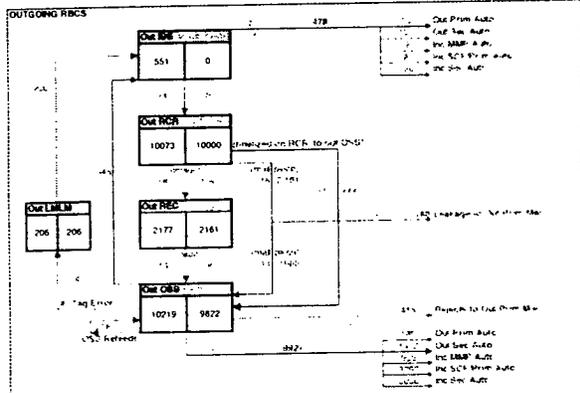
- [1]: From appropriate rate category Model spreadsheet.
 [2]: Productivity Spreadsheet, Page 45.
 [3]: Wage Rate and Piggyback Spreadsheet, Page 48.
 [4]: [3] x [2] / 100.
 [5]: [4] x [premium pay factor (Wage Rate and Piggyback, Page 48) - 1]
 [6]: Wage Rate and Piggyback, Page 48.
 [7]: [4] x [6] + [5].
 [8]: [1] * ([7] / 10,000).

1/: Sum of [8].

**HANDWRITTEN REPLY MAIL
MAIL FLOW MODEL**

PCS IN = 10000 PCS OUT = 10000

ENTRY POINTS:			
Out BS	0	In: BS	0
Out RCR	10000	In: MMP Auto	0
Out Prim Auto	0	In: SCF/Prim Auto	0
Out Sec Auto	0	In: Sec Auto	0
Out Prim Man	0		
Out Sec Man	0		
		In: ADC Man	0
		In: SCF/Prim Man	0
		In: Sec Man	0



ACCEPTANCE RATE SUMMARY

<u>Operation</u>	<u>Percent</u>	
MLOCR-ISS Accept Rate	86.79%	1/
MLOCR-ISS/RCR Machine Printed	96.40%	1/
OSS		
Finalized	87.36%	2/
ISS Refeeds	3.51%	2/
OSS Refeeds	3.32%	2/
LMLM	2.10%	2/
Manual	3.71%	2/
Out Prim Auto	95.76%	2/
Out Sec Auto	96.16%	2/
Inc MMP Auto	95.98%	2/
Inc SCF/Prim Auto	96.60%	2/
Inc Sec 1 Pass Auto	96.10%	2/
Inc Sec 2 Pass Auto - Pass 1	97.61%	2/
Inc Sec 2 Pass Auto - Pass 2	98.56%	2/
Inc Sec 3 Pass Auto - Pass 1	97.61%	2/
Inc Sec 3 Pass Auto - Passes 2,3	98.56%	2/

Sources

1/: Docket No. R2001-1, USPS LR-J-60

2/: Docket No. R2005-1, USPS LR-K-68

BY 2005 MODS VOLUMES

Oper No.	Description	[1] MODS Volume	[2] % Volume	
OUTGOING OSS				
971	Outgoing Primary OSS - MPBCS	2,409,649,300	10.26%	} 10.65%
972	Outgoing Secondary OSS - MPBCS	91,516,500	0.39%	
271	Outgoing Primary OSS - DBCS	20,440,306,100	87.07%	} 89.35%
272	Outgoing Secondary OSS - DBCS	533,047,300	2.27%	
	Total	23,474,519,200	100.00%	
OUTGOING PRIMARY BCS				
871	Outgoing Primary - MPBCS	270,105,000	1.93%	
891	Outgoing Primary - DBCS	13,736,625,600	98.07%	
	Total	14,006,730,600	100.00%	
OUTGOING SECONDARY BCS				
872	Outgoing Secondary - MPBCS	916,249,300	9.62%	
892	Outgoing Secondary - DBCS	8,606,422,700	90.38%	
	Total	9,522,672,000	100.00%	
INCOMING OSS				
973	Incoming MMP OSS - MPBCS	283,254,300	16.35%	} 50.39%
974	Incoming SCF OSS - MPBCS	396,695,800	22.90%	
975	Incoming Primary OSS - MPBCS	193,056,500	11.14%	} 49.61%
273	Incoming MMP OSS - DBCS	374,193,100	21.60%	
274	Incoming SCF OSS - DBCS	390,798,700	22.56%	
275	Incoming Primary OSS - DBCS	94,546,200	5.46%	
	Total	1,732,544,600	100.00%	
INCOMING MMP BCS				
873	Incoming MMP - MPBCS	3,694,657,000	11.62%	
893	Incoming MMP - DBCS	28,088,739,100	88.38%	
	Total	31,783,396,100	100.00%	
INCOMING BCS				
874	Incoming SCF - MPBCS	7,959,430,900	17.12%	} 22.94%
875	Incoming Primary - MPBCS	2,707,479,200	5.82%	
894	Incoming SCF - DBCS	24,842,143,200	53.42%	} 77.06%
895	Incoming Primary DBCS	10,991,103,900	23.64%	
	Total	46,500,157,200	100.00%	
INCOMING SECONDARY CARRIER ROUTE				
876	Incoming Secondary Carrier Route - MPBCS	4,704,638,300	25.07%	
896	Incoming Secondary Carrier Route - DBCS	14,058,285,500	74.93%	
	Total	18,762,923,800	100.00%	

Sources

[1]: GFY 2005 MODS Volumes

[2]: Volume in row divided by total volume

Productivities

<u>Description</u>	[1] Average Productivity	[2] Variability Factor	[3] Margin: Productiv
Outgoing ISS	6762 [1a]	0.986	6.856
Incoming ISS	4380 [1a]	0.986	4.441
REC	787 [1a]	1.000	787
LMLM	3111 [1a]	1.000	3.111
Outgoing OSS	9256 [1a]	0.988	9.370
Incoming OSS	8406 [1a]	0.988	8.510
Outgoing BCS Primary	8358 [1a]	0.988	8.461
Outgoing BCS Secondary	9045 [1a]	0.988	9.157
Incoming BCS MMP	6795 [1a]	0.988	6.879
Incoming BCS SCF/Primary	6999 [1a]	0.988	7.085
Incoming BCS Secondary Carrier Route(1 Pass)	7468 [1a]	0.988	7.560
Incoming BCS Secondary DPS (2 Pass)	9286 [1a]	0.988	9.401
Incoming CSBCS Secondary DPS (3 Pass)	14,649 [1a]	0.988	14 830
Manual Outgoing Primary	400 [1a]	0.982	408
Manual Outgoing Secondary	638 [1a]	0.982	650
Manual ADC(in MMP)	572 [1a]	0.982	583
Manual Incoming SCF/Primary	615 [1a]	0.982	627
Manual Incoming Secondary, MODS Site	564 [1a]	0.982	575
Manual Incoming Secondary Non MODS Sites	911 [1b]	0.982	928
P.O. Box Sort DPS	1,920 [1c]	0.953	2 015
P.O. Box Sort Other	960 [1c]	0.953	1 007
Tray Opening Unit Bundle Sorting	119 [1d]	0.988	120

	[4] Variability	
BCS/ (BCS - Other than CBCS/DBCS)	0.988	(Average of BCS/DBCS cost poc
CBCS/DBCS	0.988	(Average of BCS/DBCS cost poc
OCR	0.986	
MANL	0.982	
LDC 15 - RBCS	1.000	
1OPBULK Opening Unit - BBM	0.988	
LDC 44 (Post Office Box Distribution)	0.953	

Sources

[1]: Data Source for Average Productivities

[1a]: USPS-LR-L-56

[1b]: Docket No. MC95-1, Exhibit USPS-T-10F, page 1, manual non-automated sites

[1c]: Docket No. MC95-1, Exhibit USPS-T-10J, page 2

[1d]: Docket No. MC95-1, Exhibit USPS-T-10B, page 1, column 1

[2]: From [4] below. Some are weighted averages.

[3]: [2] / [1]

[4]: USPS LR-L-100, Table 1

MISCELLANEOUS FACTORS

<u>Description</u>	<u>Value</u>
RBCS leakage rate	8.26% 1/
RCR finalization rate	78.39% 1/
RCR cost per image (cents)	0.094 2/
Auto carrier route presort % to CSBCS site	55.40% 3/
Finalized at least to carrier route at plant	73.81% 4/
Post Office Box destination	8.90% 5/
Nonmachinable single-piece letters % accept	75.00% 6/

Automation Incoming Secondaries	Percent 7/
Delivery Unit (ZIP Code)	0.00%
Carrier Route	9.38%
3-Pass DPS (CSBCS)	11.65%
2-Pass DPS (DBCS)	78.97%
Total	100.00%

QBRM Incoming Secondaries	Percent 8/
Delivery Unit (ZIP Code)	0.00%
Carrier Route	0.00%
3-Pass DPS (CSBCS)	0.00%
2-Pass DPS (DBCS)	100.00%
Total	100.00%

Sources

- 1/: FY 05 RBCS Data
- 2/: RCR Costs from USPS-LR-L-98 / FY05 RCR images processed
- 3/ CBCIS percent / total non-DBCS incoming secondary percentages
- 4/: Docket No. R2000-1, USPS-T-24A
- 5/: Docket No. MC95-1, USPS-T-10I
- 6/: Docket No. R2000-1, Tr. 22/10162 at 16
- 7/: FY 05 F.A.S.T. Data
- 8/: Docket No. R2000-1, PRC-LR-12

QBRM Densities

From Operation	Refeeds	Outgoing		Incoming			Total
		Primary	Secondary	Mgd Mail Program	SCF/ Primary	Inc Sec	
Out ISS Auto		3.22%	28.61%	3.86%	37.94%	26.36%	100.00%
Out OSS Auto		2.12%	16.26%	10.74%	36.88%	34.00%	100.00%
Out Prim Auto	0.05%		7.29%	35.74%	50.38%	6.59%	100.00%
Out Sec Auto	3.08%			47.12%	48.01%	4.87%	100.00%
Inc ISS Auto				2.41%	32.39%	65.19%	100.00%
Inc OSS Auto				0.92%	20.28%	78.81%	100.00%
Inc MMP Auto	0.79%				100.00%	0.00%	100.00%
Out Prim Man			18.86%	12.81%	33.18%	35.15%	100.00%
Out Sec Man				94.94%	5.06%	0.00%	100.00%
Inc ADC Man					6.18%	93.82%	100.00%

Source

Docket No. R2000-1, PRC-LR-12

Wage Rates and Piggyback Factors

<u>WAGE RATES</u>	<u>VALUE</u>	
Remote Encoding Centers (REC)	\$21.974	1/
Other Mail Processing	\$37.992	1/
Premium Pay Adjustment Factor (presort)	1.015	2/
Premium Pay Adjustment Factor (single-piece)	1.012	2/

<u>EQUIPMENT DESCRIPTION</u>	<u>VALUE</u>	
MLOCR	2.070	3/
REC	1.369	3/
LMLM	2.911	3/
MPBCS	1.870	3/
DBCS	1.742	3/
CSBCS	1.723	3/
Manual	1.281	3/
Manual P.O. Box	1.281	3/
Tray Opening Unit Bundle Sorting	1.324	3/

<u>OPERATION DESCRIPTION</u>	<u>VALUE</u>	
Outgoing ISS	2.070	5/
Outgoing REC	1.369	5/
Outgoing OSS	1.756	4/
Outgoing LMLM	2.911	5/
Outgoing Prim Auto	1.744	4/
Outgoing Prim Man	1.281	5/
Outgoing Sec Auto	1.754	4/
Outgoing Sec Man	1.281	5/
Incoming ISS	2.070	5/
Incoming REC	1.369	5/
Incoming OSS	1.807	4/
Incoming LMLM	2.911	5/
Incoming MMP Auto	1.757	4/
Incoming ADC Man	1.281	5/
Incoming SCF/Prim Auto	1.771	4/
Incoming SCF/Prim Man	1.281	5/
Incoming 5-Digit Barcode Sort	1.771	5/
Incoming Sec Auto Carrier Route	1.774	4/
Incoming Sec Auto 3-Pass DPS	1.723	5/
Incoming Sec Auto 2-Pass DPS	1.742	5/
Man Inc Sec Final At Plant	1.281	5/
Man Inc Sec Final At DU	1.281	5/
Box Section Sort, DPS	1.281	5/
Box Section Sort, Other	1.281	5/
Tray Opening Unit Bundle Sorting	1.324	5/

Sources

1/: USPS LR-L-55

2/: USPS LR-L-100

3/: USPS LR-L-98

4/: These factor are the the weighted average of MPBCS and DBCS piggyback factors using volume percentages in "BY 05 MODS" spreadsheet.

5/: Linked to appropriate machine piggyback factor above

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF TIME WARNER INC., REDIRECTED
FROM WITNESS TALMO (USPS-T-27)

TW/USPS-T27-7. Please provide an estimate, consistent with Postal Service industrial engineering methodology, of the productivity rate (sacks per man-hour) in manual sack sorting operations performed at SCFs. Please provide all relevant source references and documentation.

RESPONSE:

The Postal Service lacks the data necessary to respond to this request.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF TIME WARNER INC., REDIRECTED
FROM WITNESS TALMO (USPS-T-27)

TW/USPS-T27-8. Please state whether the Postal Service has any empirically derived estimate of the productivity rate (sacks per man-hour) of manual sack sorting operations performed at SCFs. If such an estimate exists, please provide it along with all relevant documentation.

RESPONSE:

The Postal Service has no information responsive to this request.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF TIME WARNER INC., REDIRECTED
FROM WITNESS TALMO (USPS-T-27)

TW/USPS-T27-9. LR-L-85 indicates nine different mail processing productivity rates. It cites the PGL (planning guidelines) as the source for two and Postal Service testimonies in docket No. R2000-1 as sources for the other seven. Please note that the following questions are not about which Postal Service witnesses may have used the same data in the past, but rather about the way in which each productivity rate estimate was originally obtained.

- (a) Please state which of the cited productivity rates originate from the application of industrial engineering methodology, and for each such rate explain specifically which movements and actions on the part of postal employees were assumed in order to arrive at the cited rates.
- (b) Please state which of the cited productivity rates originate from Postal Service surveys. For each rate that originated from a survey please state the year in which the survey was conducted and provide references and all relevant documentation.

RESPONSE:

The "Empty Pallet Handling," "Dump Sacks at Bundle Sort," and "Empty Sack Handling" productivities originate in Planning Guidelines (PGLs). As explained by witness Eggleston in Docket No. R2001-1, "all the productivities in the PGLs were produced using MTM analysis. In MTM analysis, standards are set for lengths of time of certain activities." See Docket No. R2001-1, Tr. 11A/3994 (response of witness Eggleston to UPS/USPS-T25-15). The Postal Service has been unable to locate documentation underlying these productivities.

The "Move OWC to Bundle Sort Operation" and "Empty OWC Handling" productivities originate in Docket No. R84-1, USPS-T-14P (specifically, the "Container Move" productivity on USPS-T-14P). In that docket, witness Byrne conducted a study of the Buffalo ASF during PFY 1982. As explained by witness Byrne in an interrogatory response to the OCA, the "Container Move" productivity was one of several productivities "regularly used by the ASF staff in their

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF TIME WARNER INC., REDIRECTED
FROM WITNESS TALMO (USPS-T-27)

analyses of ASF operations.” See Docket No. R84-1, Tr. 13/7268-70 (response of witness Byrne to interrogatory OCA/USPS-T14-13(b)). As also discussed by witness Byrne in that response, he lacked “any data underlying the derivation of [those] productivities.”

The “Move Pallet to Bundle Sort Operation” productivity originates in Docket No. R84-1, USPS-T-14KK (specifically, the “Move Pallet to Outbound Dock” productivity on USPS-T-14KK). In that docket, witness Byrne conducted a study of the Philadelphia and San Francisco BMCs and the Buffalo ASF during PFY 1982. As explained by witness Byrne in an interrogatory response to Time, Inc., he derived the “Move Pallet to Outbound Dock” productivity by averaging the individual facility productivities he measured for that operation. See Docket No. R84-1, Tr. 13/7352-53 (response of witness Byrne to interrogatory Time/USPS-T14-12(a)); see also page 59 of witness Byrne’s testimony. The BMC productivities were derived from production records from each sampled BMC during Postal Quarter 3 of PFY 1982, as explained at page 15 of witness Byrne’s testimony and in his response to interrogatory OCA/USPS-T14-7(a) (see Docket No. R84-1, Tr. 13/7242).

The “Unload Pallet,” “Dump Pallet,” and “Unload OWC” productivities originate in Docket No. R97-1, USPS-LR-H-132, which was an update to witness Byrne’s Docket No. R84-1 study. The productivity data presented in that library reference is based on volume and workhour reports provided by six BMCs during FY 1996.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF TIME WARNER INC., REDIRECTED
FROM WITNESS TALMO (USPS-T-27)

Please see USPS-LR-H-132 for further information on the derivation of these productivities.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF TIME
WARNER, INC., REDIRECTED FROM WITNES TAUFIQUE

TW/USPS-T32-2 Please refer to page 24, line 20, of your testimony, where you reference a cost avoidance for QBRM of 1.52 cents, and to the following observation of the Commission in Docket No. R2005-1 (PRC Op. 2005-1, pp. 121-22, ¶ 6028):

The model used to estimate the mail processing costs avoided by Qualified Business Reply Mail (QBRM) in the current and previous rate cases differs from the method last approved by the Commission. ... [Two differences are discussed.] The validity of these changes should be tested.

- a. Please provide a discussion of all Postal Service reasons for deviating from the cost analysis "last approved by the Commission."
- b. Please provide the test year cost avoidance that would be implied by the "method last approved by the Commission."

RESPONSE:

- a. Redirected to witness Abdirahman (USPS-T-22).
- b. The test year cost avoidance that would be implied by the "method last approved by the Commission" is 3.980 cents.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF TIME
WARNER, INC., REDIRECTED FROM WITNES TAUFIQUE

TW/USPS-T32-3. Please refer to the Commission's statement in Docket No. R97-1 that its recommendation was "based on a finding that there is evidence of some savings in both mail processing and delivery" (PRC Op. R97-1, p. 318, 5166) and to Postal Service witness Schenk's testimony in that docket "showing that only 25 percent of BRM, as opposed to 66 percent of First-Class Mail, requires rural or city delivery" (Docket No. R97-1, Tr. 15001 [citing response to MPA/USPS-T27-7 (Tr. 830)]).

Please provide an estimate of the extent to which QBRM mail has lower delivery costs than other First-Class Mail due to such things as the use of post office boxes, caller service, being handled as firm holdouts, other customer pickup arrangements, bulk delivery, or any other factors that you are aware of, providing quantification where possible.

RESPONSE:

Postal Service has not measured any QBRM costs in these areas. QBRM probably is not the only mail with these characteristics.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF TIME WARNER
REDIRECTED FROM POSTAL SERVICE WITNESS TAUFIQUE**

TW/USPS-T32-4. Please refer to pages 12-17 of your testimony, where you discuss recognizing the "full range of differences between" (p. 14, ll. 9-10) single piece and presorted letters, including, among other factors, "the readability of the mail, the proportions of the mail that are undeliverable-as-addressed, the utilization of retail facilities for entry, etc." (*id.* at ll. 15-17).

- a. Do you agree that virtually all QBRM pieces have highly readable addresses and barcodes, as well as accurate addresses? Please explain if you do not agree.
- b. Do you agree that QBRM pieces are almost never undeliverable as addressed and are almost never forwarded or returned? Please explain if you do not agree.
- c. Are any Postal Service constraints placed on the return addresses on QBRM pieces? If yes, please explain.
- d. Does QBRM have any countervailing characteristics which you believe would make recognizing its low-cost characteristics ill advised? If it does, explain what they are.

Response:

- a. Presuming the print quality is maintained, agreed.
- b. Generally agree, however the pieces could become undeliverable or forwarded if the firm using QBRM moves or goes out of business. In this regard, customers may retain a BRM envelope for a long period, and then use it after the address has become outdated.
- c. Assuming this refers to the information located in the upper left corner of the envelope or card, no.
- d. Retained by witness Taufique.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF TIME WARNER
REDIRECTED FROM POSTAL SERVICE WITNESS TAUFIQUE**

TW/USPS-T32-5. Please refer to pages 12-17 of your testimony, where you discuss QBRM rates, and to the Commission's observation in Docket No. R97-1 (PRC Op. R97-1, p. 303, fn. 21) that QBRM pieces are "pre-address[ed] to a Postal Service-designated ZIP Code." Please discuss the control and guidance functions performed by the Postal Service in designating these ZIP Codes, including the consideration given by the Postal Service to the equipment it has at the locations and the extent to which it will be able to handle projected volumes efficiently and at a low cost.

Response:

The footnote in PRC Op. R97-1, p 303, is not completely correct. All available literature about the QBRM program, including the application and DMM, refer to a unique ZIP+4 Code assigned to each rate category (card, one ounce or less letter, and letters over one ounce). ZIP+4 codes are assigned based on the address being used on the mail piece, and samples are checked to ensure that the appropriate ZIP+4 code is on the appropriate category. There is little consideration given to equipment at a location since automated programs used to count and calculate the postage due are typically used only in the cases of high-volume QBRM customers.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF UNITED PARCEL SERVICE

UPS/USPS-1. The Postal Service indicates that there are several tiers of discounted rates available under its contract with FedEx that are dependent on the amount of volume tendered, and that the Postal Service contracts for capacity above the FedEx contract minimums approximately every 12 to 18 months via addenda to the FedEx contract.

(a) Are the discounted rates locked in when the Postal Service contracts for capacity above the minimums through contract addenda?

(b) If the answer to (a) is no, provide a detailed description of the periods of time over which volume is measured for purposes of establishing the Postal Service's eligibility for discounts.

RESPONSE:

(a) While the Postal Service and Federal Express are in the process of negotiating an addendum, discounted rates are part of the negotiations, and would not be considered to be "locked in" until the addendum is finalized. Once an addendum has been finalized, the Postal Service and Federal Express have agreed to a specific discount rate structure. During the time period when that addendum is in effect, the Postal Service might contract for additional capacity with Federal Express and the discounted rate structure set forth in the addendum could be considered to be "locked in."

(b) The Postal Service calculates volumes over a "schedule period" time interval, which is typically one month in length and is a subset of a "schedule block."

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF UNITED PARCEL SERVICE

UPS/USPS-2. Indicate whether, over the course of its contract with the Postal Service, FedEx has ever had to do any of the following in order to accommodate changes in the volume of mail tendered by the Postal Service:

(a) alter (either increase or decrease) the number of flights scheduled along a specific route;

(b) alter (either increase or decrease) the carrying capacity of the aircraft scheduled along a specific route; or

(c) make any other adjustments to its network.

(d) For any of the answers to (a), (b), or (c) that are yes, provide data indicating the frequency with which such changes have occurred since the final quarter of FY2001.

RESPONSE:

(a)-(c) FedEx does not share this information with the Postal Service.

(d) N/A

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF UNITED PARCEL SERVICE

UPS/USPS-3. Do capacity constraints ever limit the amount of mail that the Postal Service can load onto a specific Day Turn network flight? If so, provide data indicating the frequency with which such capacity constraints are binding, and describe in detail how decisions are made regarding which mail will be loaded onto the capacity constrained flight, and which mail will be held for later transport. In particular, state whether Priority Mail will be loaded before First Class Mail.

RESPONSE:

The Postal Service and FedEx agree, in advance, to a specific capacity that will apply to mail carried on a specific route on a specific day. If the Postal Service tenders a greater amount of capacity on that day, the FedEx contract provides that FedEx will accept mail up to a certain percentage above the agreed upon specific capacity. If FedEx has the ability to handle even more mail on that route on that day, it might agree to accept even more mail.

There have been occasions when the Postal Service has had an unexpectedly high amount of mail on a given day, and was not able to load all of it onto a specific FedEx flight. When this situation has occurred, containers of mail that were mixed usually were routed along another mode of transportation (sometimes ground transportation to a FedEx hub that allowed the mail to arrive in time to catch the expected outgoing flight from the hub).

Because the mail containers are mixed, there is no preference for Priority Mail or First-Class Mail when this situation occurs. Usually, the situation is comparable to LIFO (Last container In - First container Out). The Postal Service has not collected data as to the number of times this situation has occurred.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF
UNITED PARCEL SERVICE, REDIRECTED FROM WITNESS KELLEY (USPS-T-15)

UPS/USPS-T15-3. Do you expect that the composition by class of mail, measured in terms of pieces, pounds, or cubic feet carried under the FedEx contract will vary significantly in the Test Year from that carried under the contract in the Base Year? If so, provide separately for each class of mail your best estimate of the total amount of (a) pieces, (b) pounds, and (c) cubic feet of mail expected to be carried under the FedEx contract in the Test Year.

RESPONSE:

The Postal Service has no reason to believe that the relative composition by class of mail, whether measured by pieces, pounds, or cubic feet, will vary significantly between the Base Year and the Test Year. The Postal Service cannot, at this time, provide an estimate of the overall volume of mail that will be carried under the FedEx in the Test Year.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF UNITED PARCEL SERVICE,
REDIRECTED FROM WITNESS KELLEY (USPS-T-15)

UPS/USPS-T15-4. Refer to USPS-T-15, page 2, where you indicate that the Postal Service substantially increased the volume of mail flow on the FedEx Day Turn network in the Fall of 2001. You also indicate that, subsequent to this change, the contract has been altered to incorporate a declining block rate structure.

- (a) When was the declining block rate structure incorporated?
- (b) Was the declining block rate structure incorporated at the request of the Postal Service or at the request of FedEx?
- (c) Describe in detail the economic and/or operational rationale for incorporating the declining block rate structure.

RESPONSE:

- (a) January 1, 2002.
- (b)-(c) Because the Postal Service anticipated providing substantially increased volume, it sought and negotiated a declining block rate structure to minimize its costs.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF UNITED PARCEL SERVICE
REDIRECTED FROM WITNESS MILLER

UPS/USPS-T21-19. Refer to your response to UPS/USPS-T21-9(d).

- (d) Confirm that the non-machinable shares that are calculated in USPS-LR-L-47 should be used in place of the non-machinable shares in the billing determinants in Section H-1, USPS-LR-L-77. If not confirmed, explain in detail.

RESPONSE:

- d. Confirmed that the method for estimating nonmachinable parcel volumes used in USPS-LR-L-47 (the "LR-47 methodology") appears to be preferable to the method used in developing the underlying data used in the RPW reports, which were subsequently relied on to develop billing determinants. The Postal Service expects that the LR-47 methodology, or a similar estimation technique, will likely be used to estimate nonmachinable parcel volumes for RPW purposes in the future. Therefore, future versions of the billing determinants will likely incorporate nonmachinable parcel volume estimates derived using the LR-L-47 methodology, or a similar methodology.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF UNITED PARCEL SERVICE,
REDIRECTED FROM WITNESS PAGE

UPS/USPS-T23-5. Refer to your response to UPS/USPS-T23-3.

(c) Refer to Docket No. MC2006-1 USPS-T-2, page 2 and Appendix B, page 3.

iii. Provide a version of Attachment B, page 3 updated to the Test Year in this docket, including updating the wage rate, variability and piggyback factor.

RESPONSE:

Please see the attachment, which is also being filed electronically.

PRS Retail Transactions
Cost Per "Acceptance" Transaction

Transaction Time (in seconds)		22.650	1/
Transaction Time (in minutes)		0.378	2/
TY 08 Wage Rate (per hour)		\$38.850	3/
TY 08 Wage Rate (per minute)		\$0.648	4/
Direct Cost per transaction		\$0.244	5/
Misc. Volume Variable Window Costs	11.80% x \$0.244 =	\$0.029	6/
		+ <u>\$0.244</u>	
		\$0.273	
Waiting Time Adjustment	24.39% x \$0.244 =	\$0.060	7/
		+ <u>\$0.273</u>	
		\$0.333	
Variability	75.90% x \$0.333 =	\$0.253	8/
Piggyback Factor	1.392 x \$0.253 =	0.352	9/
Cost per minute for Retail Transaction	=	\$0.352	10/

Sources

- 1/: Docket No. R97-1, LR-H-167 (Transaction Time Study), Table 3.1, page 160, "accepta
2/: (1) / 60.
3/: USPS-LR-L-55
4/: Row (3) / 60.
5/: (2) x (4).
6/: USPS-LR-L-5, file "CS03.XLS," Worksheet 3.2.1, cell F37 divided by cell E37
(break time, clocking in and out, moving equip.).
7/: USPS-LR-L-5, file "CS03.XLS," Worksheet 3.2.1, cell G37 divided by cell E37
8/: USPS-LR-L-5, file "CS03.XLS," Worksheet 3.2.1, cell N37
9/: USPS-LR-L-52
10/: Product from (9).

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF
UNITED PARCEL SERVICE, REDIRECTED FROM WITNESS MAYES

UPS/USPS-T25-11. Refer to your response to UPS/USPS-T25-10(c). Provide a revised Attachment B for USPS-LR-L-113 (the PRC Version).

Response:

Please see USPS-LR-L-113, revised August 2, 2006 and August 7, 2006.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF
UNITED PARCEL SERVICE REDIRECTED FROM WITNESS KIEFER

UPS/USPS-T36-1.

- (a) Please confirm that, under the rates you have proposed, a Standard Mail Regular nonmachinable parcel that has been presorted to 3-digit ZIP Codes will receive a lower rate than a comparable machinable parcel sorted to BMCs.
- (b) If the rate relationship described in subpart (a) is confirmed, please indicate whether the Postal Service intends to adopt rules to prevent machinable parcels from being made nonmachinable in order to benefit from the lower rates.

RESPONSE:

- b. Certainly, the Postal Service would not want to encourage machinable pieces to be reconfigured as nonmachinable, nor does it want machinable pieces to be prepared according to nonmachinable standards just for the sake of qualifying for a lower price. While rules may be able to prevent machinable pieces from being prepared as nonmachinable parcels, they could not prevent reconfiguring machinable pieces to become nonmachinable parcels. Perhaps the most effective way to achieve the goal of encouraging machinability would be the establishment of rate relationships where the rates for 3-digit presorted nonmachinable parcels were equal to or greater than the proposed rates for BMC presorted machinable parcels.

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

VP/USPS-1.

Please refer to the response of the Postal Service to VP/USPS-11, Tr. 8D/5150, Docket No. R2005-1, which provided rural carrier allowances in minutes for several categories of letters.

- a. Please provide similar, most recent time figures for all categories of mail and special services delivered by rural carriers.
- b. For the base year or a recent year, please provide an estimate of the total number of minutes allowed nationally for mail falling within each category.
- c. Please indicate the category into which each of the following fall:
 - (i) Addressed and simplified-address non-DPS'd DALs;
 - (ii) Addressed saturation flats;
 - (iii) Unaddressed (separate DAL presented) saturation flats;
 - (iv) Addressed and simplified-address non-saturation flats;
 - (v) Addressed and simplified-address non-saturation non-DPS'd letters;
 - (vi) DPS'd letters and DALs.

RESPONSE:

- a. Rural carrier allowances have not changed since BY 2004. These are the time allowances for all categories of mail and special services delivered by rural carriers:

EVALUATION CATEGORY	TIME ALLOWANCE IN MINUTES
LETTERS DELIVERED	0 0699
FLATS DELIVERED	0 1143
PARCELS DELIVERED	0 5000
BOXHOLDERS DELIVERED	0 0400
COD DELIVERED	5 9670
ACCOUNTABLES DELIVERED	4 4670
DPS	0 0333
SECTOR SEGMENT	0 0587
POSTAGE DUE	0 2000
RETURN RECEIPTS	0 2500

- b. Please note that rural carrier routes are evaluated each year during a specific time period, lasting from 2 to 4 weeks. Rural carrier pay for a route is determined by the most recent evaluation for that route, and is based on the weekly time allowances for all evaluation categories, *during the time of the rural mail count*. Therefore, there is no national yearly number of the allowed minutes for each evaluation factor. It is possible, however, to calculate a national average weekly time allowance using the most recent rural

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

evaluations. These averages can be found in Workpaper B of Witness Milanovic, CS10.xls, worksheet 10.1.1 for evaluated routes and 10.2.1 for other routes.

c.

- i. Addressed non-DPS'd DALs receive the Letters Delivered time allowance.
Simplified addressed non-DPS DALs receive the Boxholder time allowance.
- ii. Addressed saturation flats receive the Flats Delivered time allowance.
- iii. Unaddressed saturation flats receive the Boxholder time allowance.
- iv. Address non-saturation flats receive the Flats Delivered time allowance.
Simplified address non-saturation flats receive the Boxholder time allowance.
- v. Addressed non-saturation non-DPS'd letters receive the Letters Delivered time allowance. Simplified address non-saturation non-DPS'd letters receive the Boxholders time allowance.
- vi. DPS letters and DALs receive the DPS time allowance.

REVISED RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INSTITUTIONAL
INTERROGATORY OF VALPAK DIRECT MARKETING SYSTEMS, INC. AND VALPAK
DEALERS' ASSOCIATION, INC.

VP/USPS-2.

Please refer to the response to VP/USPS-T3-4, redirected to the Postal Service from witness Pafford.

- a. Regarding the data on DALs for March and April 2006 that were extracted by an analysis of PostalOne, what percentage of the total volume of ECR mail was represented by the facilities that reported the DAL volume through PostalOne in that special analysis?
- b. Will the DAL data collection process described by witness Kiefer in his rebuttal testimony (USPS-RT-1, p. 32, ll. 11-15) in Docket No. R2005-1 be completed by the end of FY 2006? If not, by what date does the Postal Service expect to finish the process?
- c. Please provide an estimate of the volume of DALs for the five months from May 2006 through September 2006, as soon as it can be made available.
- d. If analysis of the volume of DALs during any of the months within the period May 2006 through September 2006 can be generated prior to the hearings on the Postal Service case-in-chief (currently scheduled to begin August 2, 2006), please provide that analysis by such date.

RESPONSE

- a. In April and May of 2006 97.1 percent of Standard ECR Mail is was represented by the facilities that reported DAL volume through PostalOne! in the special analysis.
- b. The current expectation is, "yes."
- c. The requested data are not available.
- d. Adding PostalOne data on DALs from the months of May and June to that previously summarized in the Postal Service's response to VP/USPS-T30-3 yields the following results from the four-month period of March-June 2006. For that period, the commercial Standard Mail categories with an arguably material proportion of RPW pieces indicating DAL usage are:

ECR Saturation Non-Letter DBMC	3.8 percent
ECR Saturation Non-Letter DDU	40.1 percent
ECR Saturation Non-Letter DSCF	20.5 percent
ECR Saturation Non-Letter	2.7 percent
ECR High Density Non-Letter DDU	7.7 percent

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ECR High Density Non-Letter DSCF	2.2 percent
ECR High Density Non-Letter	2.6 percent

(For purposes of the proportions above, all pound-rated pieces are grouped with non-letters. Thus, for example, the universe from which the 40.1 percent is calculated is all Saturation DDU pieces, except for piece-rated Saturation DDU letters.) Comparing these March-June results with the March-April results reported earlier shows only minor variation. For the four-month period, the number of total Standard Mail pieces indicating DAL usage was 1,235.769 million.

REVISED 8/X/06

**Response of the United States Postal Service to Interrogatories Posed by
Valpak Direct Marketing Systems, Inc Association, Inc. and Valpak Dealers'
Association, Inc.**

VP/USPS-3.

Please refer to the Postal Service response to VP/USPS-T14-6 (redirected from witness Bradley). This interrogatory seeks clarification of part b of that response. For simplicity, please assume that a participating ZIP code area has only three routes (Route Nos. 1, 2, and 3), and that the carriers deliver letters (L), flats (F), parcels (P), and sequenced mail (S).

a. Would it be correct that, at the end of day 1, this ZIP code area would generate three observations, one for each route, with each observation containing the volume of each type of mail delivered on each route that day, along with time on the route? If this is not essentially correct, please explain what the initial, basic data entries consist of.

b. Assuming that each carrier delivered his/her own route on day 1 (*i.e.*, there were no pivots), and V stands for volume, the observations for each route might be recorded as follows, with the sum of the day's activity in the ZIP area on the bottom line.

Route No.	Letters	Flats	Parcels	Sequenced Mail	Time
1	V1L	V1F	V1P	V1S	T1
2	V2L	V2F	V2P	V2S	T2
3	V3L	V3F	V3P	V3S	T3
Sum: Zip-Day	VL	VF	VP	VS	T1 +T2 +T3

Is this what is meant by the response that "data ... are ... aggregated first at the route level, and ultimately (for purposes of estimating regressions) at the ZIP level" as set forth in the response to VP/USPS-T14-6(b)? If this is not a reasonable (simplified) depiction of the way that data for one day's activities in a ZIP code area are recorded and aggregated, please explain how the basic volume data (V_{ij}) would be grouped and aggregated.

c. Does one day's activity for all carriers in the ZIP code area represent one observation that is used in the regressions, or are data over several days of carrier activity in the ZIP code area (*e.g.*, one week) first aggregated before running the regressions?

d. Were any regressions run using the basic data — *i.e.*, the daily observations — for individual (unaggregated) routes? If so, please indicate the model or models described in the testimony of witness Bradley, USPS-T-14, in Docket No. R2005-1, for which such regressions were run, and provide summary results similar to those reported in USPS-T-14.

**Response of the United States Postal Service to Interrogatories Posed by
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Association, Inc.**

Response

a and b. Given this interrogatory's assumption that street times and volumes are combined into single time variable and into the variables letters, flats, parcels, and sequenced mail, the table presented in part b does accurately represent the aggregation of these times and volumes over all carriers within each route in a ZIP, and then across all routes in the ZIP to the ZIP code level.

c. Each record in the regression dataset consists of the sums of delivery times, volumes by type (delivered letters, delivered flats, delivered parcels, all collection mail, etc.), and possible delivery points over all routes within the given ZIP code on a single day.

d. Please see the testimony of witness Bradley, R2005-1 USPS-T-14, at pages 46-47 for a presentation of the results of the route-level regular-delivery regression he estimated on the 2002 CCSTS data. The SAS run that produced this regression is presented in Section G.2 of the attachment to witness Bradley's response to R2005-1 OCA/USPS-T14-11. No regressions were run based on any dataset below the route-day level. For example, regressions were not run on any dataset containing a separate record for each individual carrier listing the times and volumes that carrier may have recorded for any given route on any day.

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INTERROGATORY OF VALPAK,
REDIRECTED FROM WITNESS PAFFORD**

VP/USPS-T3-2.

- a. Is your organizational unit, Revenue and Volume Reporting, Finance (USPS-T-3, p. ii, l. 7), responsible for compiling data on the volume of DALs that mailers enter with the Postal Service? If not, what organizational unit is responsible for compiling data on the volume of DALs that mailers enter with the Postal Service?
- b. Does any Postal Service witness in this case come from an organizational unit that has more responsibility for compiling data on the volume of DALs that mailers enter with the Postal Service than your organizational unit? If so, who would that witness be?

RESPONSE:

a.-b. Under the current rate structure, in which the presence or absence of a DAL has no effect on the rate charged, there is no organizational unit charged with the responsibility to produce an estimate of the volume of DALs on a routine basis. Current efforts to incorporate more information regarding DALs into the Postal Service's data systems are described in the Postal Service's response to VP/USPS-T30-3.b – d., redirected from witness Kelley

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INTERROGATORY OF VALPAK,
REDIRECTED FROM WITNESS PAFFORD**

VP/USPS-T3-4. Please refer to the response of the Postal Service to VP/USPS-T30-3(b)-(d), redirected from witness Kelley.

- a. Did the Postal Service in fact require mailers using DALs to use new postage statements, effective April 3, 2005?
- b. If your answer to preceding part a is negative, please (i) explain why not, and (ii) state when mailers of DALs in fact did start using the new postage statements.
- c. If your answer to preceding part a is affirmative, or if mailers started using the new postage statements before March 2006, please explain what happened to data on DALs since mailers started using the new postage statements. That is:
 - i. Were the data compiled and, if so, where are they recorded?
 - ii. If the data were not compiled, why not?

RESPONSE:

- a. Yes, as indicated by Postal Service Kiefer on page 32 of his rebuttal testimony (USPS-RT-1) in Docket No. R2005-1
- b. Not applicable.
- c. As explained by Postal Service Kiefer on page 32 of his rebuttal testimony (USPS-RT-1) in Docket No. R2005-1:

I am informed that the Postal Service's data systems personnel are proceeding through the steps necessary to capture the new DAL information from the postage statements for data system reporting purposes. It is my understanding that completion of that process is anticipated sometime after the start of FY 2006.

The process that witness Kiefer described was occurring within the general time frame he indicated (i.e., after the start of FY 2006). The most recent step which occurred was that which allowed generation of the DAL information from March and April 2006 reported in the Postal Service's response to VP/USPS-T30-3b.-d.

As also noted in the Postal Service's response:

The information from PostalOne provided in response to part (b) was extracted by an analysis conducted specifically to respond to

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this question. No further analysis has yet been conducted regarding its reliability. No decisions have yet been made regarding when or how such information might be incorporated into routinely-generated reports. It is now clear, however, that no full-year fiscal year information, from PostalOne, CCCS, or RCCS, will be available before the end of FY 2007. At that time, the Postal Service should have a better understanding of the quality of the DAL information collected by PostalOne, CCCS and RCCS.

VP/USPS-T-11-4(a)

- a. For letter-shaped pieces that are DPS'd on Delivery Bar Code Sorter ("DBCS") equipment, please describe how the Postal Service determines the volumes of each subclass that are run through the DBCS.

RESPONSE

- a. DPS volume data by rate category are not available. Please see the response to POIR 5 Question 2 (c).

VP/USPS-T14-2

For your answer to this question, please assume that: (i) a city delivery route included in the most recent City Carrier Cost System ("CCCS") survey had 500 residential addresses; (ii) on some particular day, the mail for delivery had 500 flat host pieces and 500 DALs; and (iii) the carrier elected to take both the flats and DALs directly to the street as two extra bundles of sequenced mail (i.e., the DALs were not cased).

- a. In the CCCS, under the above-described circumstances, should the volume of sequenced mail taken directly to the street have been recorded as 1,000 pieces, or as 500 pieces?
- b. Did those recording volume in the CCCS receive any explicit instruction with respect to how mail volume should be recorded when both DALs and their host pieces were taken directly to the street as extra bundles? If so, please describe the instructions given. If not, please explain why not, and whether this failure to be explicit with respect to the way that DALs were counted could create ambiguity in the volume data recorded for sequenced mail.

RESPONSE:

- a. If the question refers to the City Carrier Street Time Survey (CCSTS), the volume recorded is 1,000 pieces.
- b. Yes. The local study coordinators were instructed to record piece counts for each of the mail categories using end of run reports, machine counts, and/or manifests wherever possible. For letters or flats that required casing that did not have an accompanying machine count or manifest, coordinators were instructed to employ conversion factors. Therefore, if a DAL was cased, it was included in the cased letter count and the host piece was included in the sequenced mail count. If neither piece was cased, then both the DAL and the host piece counts were included in the sequenced mail count.

VP/USPS-T14-3

- a. For city routes included in the CCCS survey, was the volume of mail for delivery counted (i) before any mail was cased, or (ii) after all mail was ready to be taken to the street? Please explain your answer.
- b. If mail volume was counted before any mail was cased, and if, on some particular day, carriers had a mailing of saturation flats for delivery that included DALs, were the DALs (i) recorded as cased pieces, (ii) recorded as sequenced pieces, or (iii) not recorded at all? Inasmuch as DALs sometimes are cased and sometimes are taken directly to the street as an extra bundle (i.e., as sequenced mail), please indicate how the person recording the volume was able to determine whether to record the DALs as either cased or sequenced mail before the carrier decided which procedure to employ on that day.
- c. For pieces that are cased in a vertical flats case, when are they counted — after casing, or before casing? If counting occurs prior to casing, is mail measured by linear feet and converted to pieces, or is each piece counted separately?
- d. (i) How is the volume of DPS'd mail counted in the CCCS?
(ii) Is each post card and DAL (if DPS'd) counted as a separate piece?

RESPONSE:

- a. If the question refers to the City Carrier Street Time Survey (CCSTS), the delivered mail counts typically were made before casing.
- b. CCSTS utilized delivery supervisors or postmasters from the selected facilities as study coordinators specifically to address this type of issue. During the course of their normal responsibilities, the delivery supervisors must shift mail from routes with heavy volumes to routes with low volume, defer mail when appropriate, and determine when and if overtime is necessary to handle the day's work load. This process occurs before casing at the beginning of the shift. In their dual role as study coordinator, they would also record the mail counts. If additional mail would come in after the initial allocation had occurred, before the additional mail is cased, the delivery supervisor/study coordinator would allocate and record those

**Response of the United States Postal Service to Interrogatories of Valpak,
Redirected from Witness Bradley (USPS-T14)**

volumes into the appropriate route both for operational purposes and as required by the CCSTS.

- c. Please see the response to VP/USPS-T14-2 b, redirected to the United States Postal Service. Counting occurs before casing using machine counts and manifests, where available, and conversion factors from linear feet, if not.
- d. (i.) Machine counts from end of run reports are used for DPS volumes. (ii.) Yes.

VP/USPS-T14-4

Please confirm that during the period when data for the CCCS were gathered, it was common practice for city carriers in those DDUs that participated in the CCCS to "pivot" when (i) some carriers had significantly more mail than they could sort and deliver within 8 hours, and (ii) other carriers in the same delivery unit could sort and deliver the mail for their routes in less than 8 hours. (See Docket No. R2005-1, response of Postal Service witness Stevens to POIR No. 6, Question 4(c)-(d).) If you do not confirm, please explain fully how mail was delivered on those routes where carriers had significantly more mail than they could sort and deliver within 8 hours.

RESPONSE:

It depends on whether by "common practice" you mean one among several approaches commonly used, or the automatic default approach commonly used. Although pivoting is commonplace in all postal DDUs, it is not the only technique available to postal managers. Overtime and mail deferment are also used.

VP/USPS-T14-6.

For your response to this question, please assume that the carrier for route A returns to the DDU early, then pivots to deliver mail on a portion of route B, and follows the instructions described in the response to POIR No. 6, Question 4(d) in Docket No. R2005-1. Please assume also that carriers A and B are included in the CCCS survey.

- a. Please confirm that, when scanners for the carriers on routes A and B are uploaded at the end of the day, there will be two entries for time spent on route B. If you do not confirm, please explain.
- b. Assuming that the response to preceding part a is positive, please explain whether the two entries for time on route B are summed so as to result in a single entry for the time spent delivering mail that day on route B, or whether they appeared as separate entries in the data base supplied by the Postal Service.

RESPONSE:

- a. Confirmed
- b. The data for each scan pair representing time for a distinct carrier activity are grouped with like pairs and aggregated first at the route level, and ultimately (for purposes of estimating the regressions) at the ZIP level.

VP/USPS-T14-7

- a. Were the carriers in the DDUs and ZIP codes which were included in the CCCS given any special instructions with respect to overtime and pivoting?
- b. If some carriers had significantly more mail than they could deliver within their allotted 8 hours, were they (i) authorized and instructed to use overtime, and (ii) instructed not to pivot, or divert some of their mail to other carriers with undertime? Please explain. If not, and if pivoting was a practice commonly used during the period of the CCCS survey, please so state.
- c. (i) If a carrier could complete delivery of the route with only 15 to 20 minutes of overtime, would pivoting be a practical alternative?
(ii) Assuming that some carriers in a delivery unit have undertime, please explain in detail when pivoting is a practical alternative to overtime.

RESPONSE:

- a. No. To the degree that carriers were given any instruction with respect to overtime and pivoting, that would be part of regular management practice, not part of the instructions for the City Carrier Street Time Survey (CCSTS).
- b. No, not as part of the City Carrier Street Time Survey (CCSTS). The managers and carriers were explicitly instructed to follow their established operational procedures and not modify their actions because of the survey. Thus any decisions that were made to pivot, use overtime, or divert mail were at the discretion of the local managers and were consistent with their directives and service requirements.
- c. (i.) and (ii.) The CCSTS did not track, nor was it concerned with undertime, overtime, or the use of pivoting to level work load.

VP/USPS-T27-1. Please refer to LR-L-107.xls in USPS-LR-L-107 in the instant docket and LR-K-107.xls in USPS-LR-K-107 in Docket No. R2005-1, tab 'Table 1' in both references.

- (a) Please identify all factors accounting for the result that the dropship-adjusted unit mail processing cost, PRC version, of Auto Basic letters in ECR was 44.4 percent of the corresponding cost for Basic letters (non-Auto) in Docket No. R2005-1, but is 116.3 percent of the corresponding cost for Basic letters (non-Auto) in the instant docket.
- (b) Please state whether you believe it is reasonable to expect that subject costs for Auto Basic letters would be higher than the corresponding costs for Basic letters (non-Auto), and discuss why.

RESPONSE:

(a) Please see the response of witness Bozzo (USPS-T-46) to MMA/USPS-T22-2(d).

(b) The unit costs presented in USPS-LR-L-107 are limited to mail processing costs. The relevant comparison between automation and nonautomation ECR costs would be the sum of mail processing and delivery costs. The DPS percentage for basic letters may be sufficiently low to cause their mail processing unit costs to be lower than that of automation letters.

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INTERROGATORIES OF VALPAK, REDIRECTED FROM WITNESS KELLEY**

VP/USPS-T30-3.

Footnote 8 of your testimony (USPS-T-30, p. 11) states: "The Postal Service permit system started compiling data on the volume of DAL mailings in February 2006." In his rebuttal testimony in Docket No. R2005-1, Postal Service witness Kiefer (USPS-RT-1, p. 32, ll. 7-10) said: "As indicated on page 11 of the Postal Bulletin, the new postage statements became available effective April 3, 2005, and mailers using DALs were among the few not allowed to continue to use the previous postage statements." On page 13 of your testimony, you explain that you did not use any actual data regarding the number of DALs.

- a. Please explain why you were unable to use any actual data on the volume of DALs. Please include in your explanation why a proportion from some relevant period could not be applied to a base year.
- b. In the form of a proportion of an established and relevant category, for whatever periods of time are available, please provide the number of DALs as compiled thus far by the permit system.
- c. Please explain the coverage of the permit system and whether information on the number of DALs is being compiled, or otherwise developed, in any other system.
- d. If no information on the actual number of DALs is currently available, or even if a limited amount is currently available, please explain the schedule over the remainder of CY 2006 for additional information becoming available, giving both the dates and the nature of the information. Also, please explain what is expected to be the normal frequency for compiling DAL data and making results available.

Response:

- a. Answered by witness Kelley.
- b. The only data on DALs now available for analysis from PostalOne

are from the two-month period of March-April 2006. For that period, the commercial Standard Mail categories with an arguably material proportion of

RPW pieces indicating DAL usage are:

ECR Saturation Non-Letter DBMC	5.4 percent
ECR Saturation Non-Letter DDU	41.0 percent
ECR Saturation Non-Letter DSCF	19.6 percent
ECR Saturation Non-Letter	2.6 percent

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF VALPAK, REDIRECTED FROM WITNESS KELLEY**

ECR High Density Non-Letter DDU	7.0 percent
ECR High Density Non-Letter DSCF	2.7 percent
ECR High Density Non-Letter	2.7 percent

(For purposes of the above proportions, all pound-rated pieces are grouped with non-letters. Thus, for example, the universe from which the 41.0 percent is calculated is all Saturation DDU pieces, except for piece-rated Saturation DDU letters.) For the two-month period, the total Standard Mail pieces indicating DAL usage were 616.624 million.

c. The PostalOne system covered 98.12 percent of Standard Regular permit imprint revenue and 93.96 percent of Standard Nonprofit permit Imprint revenue in FY 2005. With respect to other systems, beginning part way into Quarter One of FY06, on a pilot basis, the City and Rural Carrier Cost Systems began collecting information on DALs as part of their samples. The new information in CCCS and RCCS is now being collected in all districts.

d. The information from PostalOne provided in response to part (b) was extracted by an analysis conducted specifically to respond to this question. No further analysis has yet been conducted regarding its reliability. No decisions have yet been made regarding when or how such information might be incorporated into routinely-generated reports. It is now clear, however, that no full-year fiscal year information, from PostalOne, CCCS, or RCCS, will be available before the end of FY 2007. At that time, the Postal Service should have a better understanding of the quality of the DAL information collected by PostalOne, CCCS and RCCS.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF
VALPAK DIRECT MARKETING SYSTEMS, INC. AND VALPAK DEALERS'
ASSOCIATION, INC. REDIRECTED FROM WITNESS KIEFER

6683

VP/USPS-T36-12. Please refer to the discussion in your testimony concerning flats that will use the proposed NFM rate in Regular Standard, including page 5, beginning on line 13, page 15, beginning on line 17, and the section beginning on page 21, line 17.

- b. In view of your statement on page 5, line 13, that the "definitions of flats will be changed," please outline the requirements for a flat to use the proposed rates for the new non-automation flats category.

RESPONSE:

- b. The Postal Service is currently developing the rules for Standard Mail nonautomation flats and will publish them for public comment when the draft rules are finished.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF VALPAK, REDIRECTED FROM WITNESS COOMBS

6684

VP/USPS-T44-34.

An article "Mail Goes Where the Money Is," by Marshall Kolin and Edward J. Smith, in *Emerging Competition in Postal and Delivery Services* (Kulwer Academic Publishers, 1999), pages 159-179, indicates that higher volumes of mail, on a per capita basis, are delivered in areas where residents have higher-than-average incomes. The FY2005 Billing Determinants (USPS-LR-L-77) indicate that the total volume of saturation mail was 13.8 billion pieces (both letters and flats).

- a. Does the Postal Service maintain records that indicate the concentration of mail by Zip code? If so, please provide.
- b. Does the Postal Service maintain any records that indicate the concentration of ECR saturation mail by Zip code area? If so, please provide.

RESPONSE:

a.-b. No, the Postal Service does not have Billing Determinant volumes broken out by ZIP Code.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF VALPAK (REDIRECTED FROM WITNESS DAVIS)**

VP/USPS-T47-1.

Please refer to USPS-T-47, Attachment 1, page 8, Table 6, R2006-1 USPS Library References.

- a. Please identify the authors, as well as others who have materially contributed to substantive aspects of the preparation or development, of Appendix H (Calculating Postal Product Costs: Marginal Costs) and Appendix I (Calculating Postal Product Costs: Incremental Costs) of USPS-LR-L-1, Summary Description of USPS Development of Costs by Segments and Components, Fiscal Year 2005.
- b. Please identify any witness or witnesses sponsoring Appendix H (Calculating Postal Product Costs: Marginal Costs) and Appendix I (Calculating Postal Product Costs: Incremental Costs) of USPS-LR-L-1, Summary Description of USPS Development of Costs by Segments and Components, Fiscal Year 2005.
- c. If your response to preceding part b identifies more than one witness as sponsoring Appendix H (Calculating Postal Product Costs: Marginal Costs) and Appendix I (Calculating Postal Product Costs: Incremental Costs) of USPS-LR-L-1, please indicate the part sponsored by each witness.
- d. Please identify each witness who relies on any part of Appendix H (Calculating Postal Product Costs: Marginal Costs) and Appendix I (Calculating Postal Product Costs: Incremental Costs) of USPS-LR-L-1, Summary Description of USPS Development of Costs by Segments and Components, Fiscal Year 2005.

RESPONSE:

Information regarding the Master List of Library References included within Attachment 1 to USPS-T-47 is reproduced there solely for the convenience of the reader, in order to make the roadmap document a more useful reference tool.

- a. USPS-LR-L-1 is a Category 1 library reference, relating to the Postal Service's ongoing data collection and reporting systems. One reason why that category was created was for documents, such as the Summary Description (which has been LR-1 in a long list of rate cases), which contain information that may be created at one point in time and may remain unchanged (in successive editions) over many years, or may be continually evolving over many years, with input from a wide variety of sources. Either way, the nature of that process and the fact that the original versions of these documents were created many years

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF VALPAK (REDIRECTED FROM WITNESS DAVIS)**

ago make the identification of specific authors untenable. With respect to the particular Appendices addressed in this question, however, the fundamental source documents upon which these presentations are grounded are clearly set forth in the footnotes, as are the authors of those documents.

b. As a Category 1 library reference, there are no witnesses that will be sponsoring these materials.

c. Not applicable.

d. These appendices provide background for the costing process employed by the Postal Service, both in years in which omnibus rate cases are filed, and in years in which they are not. Therefore, while these appendices may provide useful background for a variety of costing witnesses in this case, there are no witnesses who rely, per se, on those appendices.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF VALPAK (REDIRECTED FROM WITNESS DAVIS)**

VP/USPS-T47-2.

Please refer to USPS-T-47, Attachment 1, page 9, Table 6, R2006-1 USPS Library References.

- a. Please identify the authors, as well as others who have materially contributed to substantive aspects of the preparation or development, of USPS-LR-L-77, FY2005 Billing Determinants.
- b. Please identify any witness or witnesses sponsoring USPS-LR-L-77, FY2005 Billing Determinants.
- c. If your response to preceding part b identifies more than one witness as sponsoring USPS-LR-L-77, please indicate the part sponsored by each witness.
- d. Please identify each witness who relies on any part of USPS-LR-L-77, FY2005 Billing Determinants.

RESPONSE:

Information regarding the Master List of Library References included within Attachment 1 to USPS-T-47 is reproduced there solely for the convenience of the reader, in order to make the roadmap document a more useful reference tool.

- a. USPS-LR-L-77 is a Category 1 library reference, relating to the Postal Service's ongoing data collection and reporting systems. One reason why that category was created for documents such as the Billing Determinants is that they can reflect the work product of personnel throughout the organization who collect the raw data that are the primary inputs into statistical reporting systems, other personnel who process that data through a variety of intermediate steps, as well as those who organize the presentation of the material appearing in the finished document. As indicated within LR-L-77, it is ultimately compiled for presentation by the Pricing organization within the Marketing Department, which is done on an annual basis (i.e., with or without a rate case). In practical terms, when there is a rate case, most of the final work on base year billing determinants relating to individual classes and services is performed by the same individuals who conduct and present the rate design for those classes and services.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF VALPAK (REDIRECTED FROM WITNESS DAVIS)**

- b. As a Category 1 library reference, there are no witnesses that will be sponsoring these materials.
- c. Not applicable.
- d. The primary users of the Billing Determinants are the rate policy and design witnesses, and witness Thress (for use in volume forecasting). The types of information contained with the Billing Determinants have so many applications, however, there could be small parts or individual data elements used by almost any quantitative witness. Among the more likely candidates are the cost study witnesses (e.g. witnesses Mayes, Miller, Abdirahman, Page, etc.). Where a witness relies on material from USPS-LR-L-77, the source citations of that witness should so indicate.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO QUESTION POSED AT HEARINGS

Mr. Olson, counsel for Amazon.com, Inc., asked whether the Postal Service has data other than the Household Diary study that show the percentage of Bound Printed Matter that contains books. Mr. Olson cited the Postal Service's reply brief in Docket No. R2000-1 as providing some indication that this was the case. Tr, 8/1997.

RESPONSE:

The data cited in the Postal Service's reply brief was derived from information on postage statements. That information was not collected for years after 1997. See Docket No. R2000-1, Tr. 11/4466. There is no other source that would provide the percentage of Bound Printed Matter that contains books.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO QUESTION POSED AT HEARINGS

During hearings on the direct testimony of witness Loutsch on August 3, Commissioner Goldway asked:

Do you think it will happen within this test year, this increase [in passport revenues]? That there will be an increase above what's in your general forecast within the test year? ... Could the Commission get a response, perhaps an institutional response, on how we can expect revenues from passport sales to change in the years covered by this rate case?

Tr, 2/231, 232.

RESPONSE:

As discussed by witness Loutsch at his appearance before the Commission, the Postal Service does not separately forecast passport revenues. Rather, passport revenues are pooled with other miscellaneous revenue items.

The U.S. Department of State publishes the number of passports issued each fiscal year. These data are displayed in the table below with comparable USPS passport-related revenues.

Fiscal Year	Passports Issued	USPS Passport Photo Services Revenue	USPS Passport Application Fee Revenue	Total Passport- related Revenue
1996	5,547,693			
1997	6,295,003			
1998	6,539,864			
1999	6,722,198			
2000	7,292,182		\$57,738,395	\$57,738,395
2001	7,119,506		\$48,725,431	\$48,725,431
2002	7,001,482		\$48,864,519	\$48,864,519
2003	7,300,667		\$91,104,741	\$91,104,741
2004	8,825,410	\$13,528,963	\$111,149,000	\$124,677,963
2005	10,123,424	\$26,449,233	\$140,746,662	\$167,195,895
2006 (YTD Q3)	Not available	\$29,581,914	\$136,735,376	\$166,317,290

According to the U.S. Department of State website:

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO QUESTION POSED AT HEARINGS

The Intelligence Reform and Terrorism Prevention Act of 2004 requires that by January 1, 2008, travelers to and from the Caribbean, Bermuda, Panama, Mexico and Canada have a passport or other secure, accepted document to enter or re-enter the United States. In order to facilitate the implementation of this requirement, the Administration is proposing to complete it in phases following a proposed timeline, which will be published in the Federal Register in the near future.

In the proposed implementation plan, which is subject to a period of initial public comment, the Initiative will be rolled out in phases, providing as much advance notice as possible to the affected public to enable them to meet the terms of the new guidelines. The proposed timeline will be as follows:

- January 8, 2007 - Requirement applied to all air and sea travel to or from Canada, Mexico, Central and South America, the Caribbean, and Bermuda.
- December 31, 2007 - Requirement extended to all land border crossings as well as air and sea travel.

http://travel.state.gov/travel/cbpmc/cbpmc_2223.html.

The forecasting relevance of the data prior to FY 2004 is somewhat dubious, in light of the fact that the law regarding travel to nearby countries has been in effect only since that time. Although there has been a recent surge in passport revenues, the Postal Service has no way of predicting whether and to what extent the upcoming deadlines could bring about a further surge in passport applications in the current year or by the time the law is fully effective at the end of the first quarter of FY 2008. It is possible, given the timing of these deadlines, that passport applications will level off in the test year (FY 2008). It is also possible that the deadlines and the passport requirement itself could be changed as a result of the public comment process, the results of which will not be known until later this year, as noted by the State Department website:

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO QUESTION POSED AT HEARINGS

The Departments of Homeland Security (DHS), and State (DOS) are issuing an Advance Notice of Proposed Rulemaking (ANPRM) in the Federal Register to provide vital information on the plan to the public and to request input and/or comment on the suggested documents *and possible alternative documents that can meet the statutory requirements*. DHS and DOS expect to issue a more formal rule later this year following review of those comments to implement the first phase of the Initiative.

http://travel.state.gov/travel/cbpmc/cbpmc_2225.html (emphasis added).

For these reasons, there is insufficient information to develop a separate, reliable forecast of passport revenue.

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
REQUEST RAISED BY THE COMMISSION DURING ORAL TESTIMONY OF
WITNESS JOHN P. KELLEY (USPS-T-15)
(August 14, 2006)

The United States Postal Service hereby provides its response to a request raised by the Commission during the oral testimony of witness John P. Kelley (USPS-T-15) on August 7, 2006.

The Chairman asked Mr. Kelley if he could "tell us exactly how the Postal Service's payments on the extended contract [with Federal Express] will be computed in our test year for the fiscal year 2008?" Tr. Vol. 4 at 454:25 - 455:3. Mr. Kelley testified that he was "not familiar at all with the terms of the new contract." *Id.* at 455:4-5. The Chairman then requested that Mr. Kelley "please provide the contract terms that establish the Postal Service's obligation for our record," and indicated that the "material will be subject to protective conditions established in the Presiding Officer's Ruling No. 5 in this case." *Id.* at 455:6-12.

The Postal Service is able to provide the following response without seeking protective conditions, and believes that it will address the concerns expressed by the Commission.

The new transportation agreement between the Postal Service and FedEx is a new contract set to expire in August 2013, and it replaces the 2001 agreement, which

had been set to expire in August 2008. Regarding the Day-turn costs, for which Mr Kelley calculated variabilities in USPS-LR-L-35, the new agreement will charge the Postal Service by cubic feet, as did the 2001 agreement. It will include a declining block rate structure for the Day-turn, as did the addenda to the 2001 agreement.

The Postal Service and FedEx are engaged in the process of redacting the new transportation agreement, and the Postal Service intends to file the final redacted version of the new FedEx contract as a Library Reference, once the task of redaction has been completed. This is the same procedure the Postal Service followed in regard to the original 2001 agreement, see Docket No. R2001-1, USPS-LR-J-97, and the addenda to that agreement, see Docket No. R2005-1, USPS-LR-K-123, and Docket No. R2006-1, USPS-LR-L-133.

When it filed its original request in this Docket on May 3, 2006, the Postal Service included, in the revenue requirement, a Transportation Reductions Initiative See USPS-LR-L-49 at 21-22. One component of this initiative included anticipated savings in air transportation of \$207 million dollars in FY 2008 (the Test Year), and those \$207 million savings were incorporated into the roll-forward. See USPS-T-10 at Exhibit 10-A, p. 9, Cost Segment 14, Domestic Air Cost Reductions for FY 2008 After Rates.

Any anticipated savings resulting from the new transportation agreement between the Postal Service and FedEx are part of this Transportation Reductions Initiative, and do not cause the Postal Service to adjust its estimate of \$207 million savings in air transportation in the Test Year, or the distribution of those savings in the roll-forward.

Accordingly, the Postal Service, having fully accounted for any savings anticipated under the new FedEx agreement, does not believe that it is necessary to adjust any of its Test Year estimates in this docket.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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