

DOCKET SECTION

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

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POSTAL RATE AND FEE CHANGES, 1997

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY
Docket No. R97-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF DAVID POPKIN (November 14, 1997)

In accordance with Presiding Officer's Ruling No. R97-1/53 (October 30, 1997), the United States Postal Service hereby provides its responses to the following interrogatories of David Popkin, filed on September 10, 1997:

DBP/USPS-6 -- n, p, q, r, s, t, u
DBP/USPS-7 -- l, m, n, o
DBP/USPS-8 -- e, f, g h, l, j, k, l, m, n, o p, q
DBP/USPS-9 -- a, b, c, d, e, f, g
DBP/USPS-13 -- l, j, k, l
DBP/USPS-52 -- a, g, l, m, n, o, p
DBP/USPS-58 -- a, b, c, d, e, f, g, h, l, j, k, l, m, n, o, p, q, r, s, t
DBP/USPS-59 -- h, l, j, k, l
DBP/USPS-67 -- a, b

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

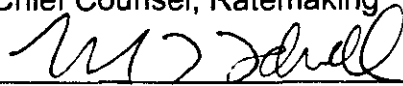
Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.

Chief Counsel, Ratemaking

A handwritten signature in black ink, appearing to read "M. Tidwell", written over a horizontal line.

Michael T. Tidwell

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November 14, 1997

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DBP/USPS-6

With respect to the performance goals which have been established for the delivery of mail as noted in response to Rule 54[n], . . .

- [n] Are there instances where the time shown on the collection box label is deliberately made well before the actual collection time [such as the box being marked at 9 AM even though the box is collected in the afternoon] so as to reduce the likelihood of the collection box being collected early?
- [p] Do Sections 313.2 and 313.3 of the POM require that all motorized collections be made between the time shown on the label and 20 minutes after that time and all letter carrier collections of residential boxes be made after the time shown on the label and to the extent practicable no later than 20 minutes after the time shown on the label?
- [q] If not, explain.
- [r] Would the conditions described in subpart n meet the requirements of POM Sections 313.2 and 313.3?
- [s] If so, explain.
- [t] Confirm that the "extent practicable" in Section 313.3 relates to the fact that start of the 20 minute collection time window starting at the label time should be the time that the letter carrier will normally be in the area to collect the box and that it will never be collected early and that there may be some instances where the carrier may be delayed in covering the route so as to arrive more than 20 minutes after the label time.
- [u] If not, why not?

RESPONSE:

- [n] It would take a comprehensive examination of each decision concerning each current collection box pick-up time in order to determine whether any time shown on any collection box label was "deliberately made well before the actual collection time so as to reduce the likelihood of the collection box being collected early." In the absence of such a survey, it is

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impossible to say, one way or the other, whether such a situation currently exists.

[p] Those are the general requirements.

[q] N/A

[r] They might not. Any particular instance, should it exist, would have to be judged on its own merits and in light of all relevant information.

[s] N/A

[t] Not confirmed.

[u] There may be exigent circumstances which may motivate a local decision to collect mail early; for instance, in anticipation of disruptive adverse winter weather conditions.

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- DBP/USPS-7 In regard to the Service Commitments/performance goals for First-Class Mail, with regard to the delivery standards realignment that took place as a result of Docket N89-1 along with the experimental [which became permanent on September 23, 1989] realignment that took place prior to that in the Metropolitan New York City area,
-
- [l] Have there been any changes in delivery standards since this experiment/docket?
 - [m] If so, enumerate them.
 - [n] Is there a specific request to the mailing public at regular intervals to inquire about potential changes desired in delivery standards?
 - [o] If so, explain and provide details. If not, explain why not.

RESPONSE:

- [l-m] No changes of national significance have taken place.
- [n-o] No. There has been no determination that the Postal Service needs to establish special procedures to solicit such suggestions from a general public which routinely communicates with the Postal Service concerning the full range of delivery issues.

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DBP/USPS-8. . . .

- [e] Explain the significance between the use of the word "mailing" in DMCS Section 223.1[b] and the word "handling" in DMCS Section 252 as they are modified by the word "expeditious".
- [f] Explain the appropriateness of the wording of the DMCS where "expeditious handling" applies to all three subclasses while "expeditious mailing" applies to only one of the three subclasses.
- [g] Confirm that if I have a one-ounce envelope to mail that it will presently cost 32-cents to mail via the Letters or Sealed Parcels subclass and cost \$3.00 to mail under the Priority Mail subclass.
- [h] If not, explain.
- [i] Enumerate and explain the level of service that I would receive for each of the two articles referenced in subpart g if they are destined to an overnight delivery area.
- [j] Same as subpart i except destined to the two-day delivery area.
- [k] Same as subpart i except destined to the three-day delivery area.
- [l] Explain the differences in handling between the two articles when they are destined to the overnight delivery area.
- [m] Explain the differences in handling between the two articles when they are destined to the two-day delivery area.
- [n] Explain the differences in handling between the two articles when they are destined to the three-day delivery area.
- [o] Confirm that the mail processing system for the Letters and Sealed Parcels and the Cards subclass is the same.
- [p] If not, explain and provide details on the two systems and the differences between them.
- [q] Is there a separate mail processing system for Priority Mail [as opposed to that used for the other two subclasses]?

RESPONSE:

- [e] There is none.
- [f] Since the words effectively communicate the concepts, they seem appropriate. They are not, however, the only appropriate words.
- [g&h] Confirmed.

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- [i-k] The First-Class Mail piece would be processed in the First-Class Mail stream; the Priority Mail piece would be processed via the Priority Mail stream.
- [l-n] Depending on the applicable First-Class Mail or Priority Mail delivery standards, it is expected that each mail piece would be processed and transported in a manner which best ensures that the applicable delivery standards are met. Differences in handling are difficult to describe in the absence of information about the origins and destinations of the hypothetical pieces, locations and times and methods of acceptance or entry, relevant variations in local processing operations, and available transportation alternatives.
- [o-p] Generally, yes.
- [q] Yes.

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DBP/USPS-9 In regard to the Service Commitments/performance goals for First-Class Mail,

- [a] Do the delivery standards apply to all types of First-Class Mail regardless of whether it is a letter, card, parcel, flat, or other shape or type?
- [b] Do the delivery standards apply regardless of the method by which the article is addressed such as printed vs. handwritten?
- [c] Do the delivery standards apply regardless of whether the article has no ZIP Code or a 5- or 9- digit ZIP Code?
- [d] Do the delivery standards apply regardless of whether or not the article contains a 5-, 9-, or 11-digit barcode applied by the mailer?
- [e] Do the delivery standards apply regardless of any other services that are utilized such as Certified Mail, Registered Mail, COD, Insured Mail?
- [f] Do the delivery standards apply whether or not the postage is paid by stamps which require cancellation or by some other means, such as a postage meter, which does not require cancellation.
- [g] Elaborate and explain any negative answers.

RESPONSE:

[a-g] Confirmed.

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- DBP/USPS-13 [i] Was any consideration given to changing the [First-Class Mail\Priority Mail] "break point" from 11 ounces to either 12 or 13 ounces?
- [j] If so, provide details and the reasons for not adopting such a change.
- [k] If not, explain why not?
- [l] Explain why it is believed that such a high difference between the 11 and 12 ounce rates being proposed is fair and equitable.

RESPONSE:

- [i-l] No consideration was given to changing the breakpoint. The Postal Service considers the current breakpoint, which was recommended by the Commission and approved by the Governors, to be consistent with the rate and classification policies of the Postal Reorganization Act. The Postal Service believes that these policies allow for less than absolutely perfect symmetry between the standard additional-ounce rate and the final ounce-increment rate which bridges First-Class Mail and Priority Mail.

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- DBP/USPS-52 For this interrogatory, assume that a mailer has a number of identical articles to mail and these are cards which meet the physical requirements for mailing as post cards and which contain an advertising message which would permit mailing as Standard Mail.
- [a] Confirm, or explain if you are unable to do so, that if I mail these cards as First-Class Mail post cards, the service level [speed of delivery, free forwarding and return, etc.] will be equal to or better than that afforded to mailing them as Standard Mail bulk rate.
 - [g] Confirm, or explain if you are unable to do so, that for each of the various presort and automation categories that the preparation requirements are the same for the corresponding category in both the First-Class Mail post card rate and the Standard Mail regular subclass rate [i.e., a mailing of 3-digit automation presort First-Class Mail post cards at a proposed rate of 17.0 cents will meet the same requirements of the 3-digit automation category regular subclass Standard Mail rate of 17.8 cents].
 - [l] In those instances where the First-Class Mail post card rate is equal to or less than the corresponding Standard Mail regular subclass rate, explain why a knowledgeable mailer would choose the Standard Mail rate.
 - [m] Confirm, or explain if you are unable to do so, that the costs for handling a mailing piece in the format of a post card will be less than that of an envelope.
 - [n] Has the Postal Service considered having a rate for Standard Mail regular subclass for mailing pieces in the format of a post card?
 - [o] If so, why was it not adopted in this docket? If not, why not?
 - [p] How can a higher rate for a lower level of service be perceived as being fair and equitable?

RESPONSE:

- [a] That is what one generally would expect to be the case.
- [g] Confirmed.

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- [l] The Postal Service does not presume to know why all knowledgeable mailers who would make that choice would make that choice.
- [m] Not necessarily. A single piece postcard can cost more than an automated letter to process.
- [n-o] Not in connection with this or other recent omnibus cases.
- [p] When all of the statutory pricing factors are taken into consideration, such a conclusion may not necessarily be unreasonable.

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DBP/USPS-58

A recent article in the San Francisco Chronicle indicated that they conducted a test which showed that out of 72 letters which were mailed with 10, 20, and 23 cent stamps, 70 of them were delivered normally without any additional postage due being required.

- [a] Confirm, or explain if you are unable to do so, that the normal method utilized by the Postal Service to determine whether a regular sized letter has the proper postage on it is a completely automated one based on the recognition of phosphor ink on the stamp.
- [b] Confirm, or explain if you are unable to do so, that this method is not capable of determining the amount of postage on the letter, only that there is one or more postage stamps containing phosphor ink on them.
- [c] Confirm, or explain if you are unable to do so, that all postage stamps issued in the past 20+ years have phosphor ink on them except for recently issued stamps with a face value of less than 10 cents.
- [d] At what point did the Postal Service eliminate the addition of phosphor ink on stamps with a value of less than 10 cents?
- [e] Confirm, or explain if you are unable to do so, that any normal, letter-sized envelope which is less than one-quarter inch thick will be processed automatically and will be properly faced and canceled in the automated system so long as there is phosphor ink in the proper upper right corner of the envelope.
- [f] Confirm, or explain if you are unable to do so, that if the address is capable of being machine-read and ends up at a facility that uses delivery point sequencing in the final delivery stage that this individual letter will never be looked at by an employee until the letter is fanned through at the time of delivery by the letter carrier.
- [g] Confirm, or explain if you are unable to do so, that with a letter sized envelope, regardless of its weight, which is less than 6-1/8 inches high, 11-1/2 inches long, 1/4 inch thick, has an aspect ratio of between 1.3 and 2.5, has an address that can be machine read and phosphor ink in the upper right corner, will be handled on a completely automated system and will be processed by the Postal Service in return for whatever value stamp may have been utilized.
- [h] Confirm, or explain if you are unable to do so, that all postage meter indicia contains phosphor ink regardless of the value of postage being utilized.
- [i] Confirm, or explain if you are unable to do so, that mailers who fail

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- to pay the proper postage represent a loss of revenue to the Postal Service.
- [j] Has the Postal Service conducted any tests to determine the extent to which mail is short paid?
 - [k] If so, provide copies of any tests conducted in the past five years.
 - [l] If not, explain why not?
 - [m] Has the Postal Service evaluated the ability and associated costs to implement a change to its automated systems to determine that mail is properly paid?
 - [n] If so, provide copies of any tests conducted in the past five years.
 - [o] If not, explain why not.
 - [p] Advise the action that the Postal Service will take if a letter is observed without any postage.
 - [q] Advise the action that the Postal Service will take if a one ounce letter is observed with 1 cent to 31 cents postage on it.
 - [r] Advise the action that the Postal Service will take if a two ounce letter is observed with 1 cent to 54 cents postage.
 - [s] Advise the action that the Postal Service will take if any mail is observed with less than the required postage affixed.
 - [t] Advise the action that the Postal Service will take if any mail is observed with more than the required postage affixed.

RESPONSE:

- [a] Not confirmed.
- [b] Confirmed.
- [c] Confirmed.
- [d] *Further research is necessary to determine a precise answer.*
- [e] Such a letter would generally be expected to experience that manner of processing.
- [f] Not confirmed. Quality checks are performed on randomly selected trays of DPS mail to ensure that the sort of the DPS mail meets the minimum quality requirements. The quality checks involve comparing individual pieces of mail against an address sequence report.

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- [g] It cannot be confirmed that such a letter always will be handled by automation.
- [h] All postage meter indicia are supposed to contain phosphor ink. The Postal Service cannot confirm that all do.
- [i] Confirmed.
- [j-l] No nationally representative tests have been conducted. Through its ongoing data collection systems, the Postal Service develops estimates of revenue losses resulting from single piece First-Class Mail. For FY 96, the Postal Service estimates losses of \$124,221,000 (letters) and \$1,059,000 (cards). For FY 95 the figures are \$121,292,000 and \$1,205,000.
- [m-n] The Postal Service has not evaluated the costs associated with changing its automated equipment to some level beyond the state of the art so that it might detect if postage is properly paid.
- [o] There are limits to what can be evaluated.
- [p-s] Generally, in the absence of a contrary arrangement with the recipient, mail without postage is supposed to be returned to sender or sent to a mail recovery center. Generally, shortpaid mail is tendered for delivery postage due. If the postage is not collected, the piece is returned to sender or to a mail recovery center.
- [t] Based upon the presumption that the sender of such a mail piece would prefer this course, the Postal Service will deliver the piece in accordance with the service level requested or implied by the markings on the mail piece, rather than return it to sender for a postage correction.

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DBP/USPS-59

- [h] Confirm, or explain if you are unable to do so, that the single-piece machinable Standard Mail [A] parcel would under the proposed rates be required to be sent by First-Class Mail at a rate of \$1.71 to \$3.20 based on weight.
- [i] What will the rate be for a BPRM 6 to 16 ounce parcel under the proposed rates?
- [j] Confirm, or explain if you are unable to do so, that the BPRM service will only be available for use by a very limited number of mailers.
- [k] Why is it proposed that an individual mailer be required to utilize First-Class Mail for such a parcel while a limited number of specific mailers will be able to utilize a much cheaper service?
- [l] Explain why this is not a discriminatory service.

RESPONSE:

- [h] Confirmed.
- [i] The flat fee for all BPRS parcels is \$1.75.
- [j] BPRS is available to all mailers who qualify. BPRS will be utilized by a subset of those who qualify. It is too early to tell whether the users of BPRS will represent a "very limited number" of qualified mailers.
- [k] The proposed elimination of the single-piece Standard Mail (A) subclass, if adopted will require "individual" and "other" mailers who

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currently use that subclass to seek to qualify that mail under the terms of other postal services which may have different entry qualifications and/or rates and fees. Some mailers will qualify for certain alternative services for which others may not qualify.

- [1] All postal services which have qualifying requirements are, in the broadest sense, discriminatory services.**

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DBP/USPS-67

With respect to undeliverable-as-addressed First-Class Mail,

- [a] Are there any service standards for the time taken to makeup and return the mail to sender?
- [b] If so, what are they?

RESPONSE:

- [a-b] No.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
November 14, 1997

Michael T. Tidwell

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



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