

DOCKET SECTION

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

RECEIVED

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POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

**NOTICE OF THE UNITED STATES POSTAL SERVICE
CONCERNING ERRATA
TO THE REBUTTAL TESTIMONY OF WITNESS SCHENK (USPS-RT-22)**

The United States Postal Service hereby files these errata to the rebuttal testimony of witness Schenk (USPS-RT-22).

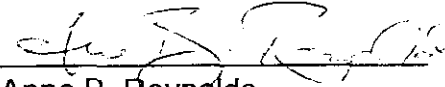
Page 26 of USPS-RT-22 references a letter and survey materials which should have been attached to Appendix B of the testimony. These attachments were inadvertently omitted, and should be inserted as pages 29a - 29f.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Anne B. Reynolds

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202)268-2970/FAX: -5402
March 16, 1998



Laurits R. Christensen Associates, Inc.
4610 University Avenue, Suite 700
Madison, Wisconsin 53705-2164

Voice 608.231.2266 Fax 608.231.2108

TO: SELECTED MANAGERS, BUSINESS MAIL ENTRY

As explained in the enclosed letter from Anita Bizzotto, Christensen Associates is conducting a study for the Postal Service on the frequency with which mail not qualifying for Nonprofit Standard (A) rates is accepted with nonprofit endorsements, and what accounting procedures are used when nonprofit transactions are ruled ineligible for nonprofit rates. This information is vital for the current rate case. In order to inform headquarters in a timely fashion, we need to obtain this information as soon as possible.

We have enclosed a list of questions on nonprofit mailing and accounting practices. These questions outline the information needed. Please determine who at your facility can provide us this information, and fax back the enclosed contact sheet by 4:00 p.m. today (Wednesday, March 4). The contact should be the person who is most knowledgeable of acceptance procedures used at your site. It is anticipated that we may need to talk with more than one person at your site, since we also need information on the procedures used in accounting for postage deficiencies when nonprofit mailings are ruled ineligible - if this is the case, the designated contact person should be someone who can direct us to the knowledgeable personnel for these issues, or who could coordinate a time when we could talk with all relevant personnel at the same time. We will call the designated person(s) at the time noted on the sheet, to discuss the information requested. Note that you do not need to return the questionnaire at this time.

We appreciate your assistance in this matter. This information will help the Postal Service respond to questions arising in the current rate case concerning nonprofit mailing practices. If you have any questions concerning this request, please do not hesitate to call us at (608)231-2266.

Sincerely,

Leslie M. Schenk
Senior Economist

Paul Loetscher
Economist

Encl.



February 18, 1998

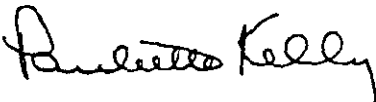
MANAGERS, BUSINESS MAIL ENTRY

SUBJECT: Christensen Associates

The Postal Service has contracted with Christensen Associates to study the frequency with which mail not qualifying for Standard (A), Nonprofit rates is accepted with nonprofit endorsements. This issue has come up in a current rate case. If you are contacted by representatives of Christensen Associates for information regarding our acceptance procedures or any information you may have relating to this issue, please give them your full cooperation.

If you have questions, please contact John Reynolds at (202) 268-2653.

Thank you for your assistance.


for Anita J. Bizzotto
Manager

Contact for Nonprofit Standard (A) Study

Fax to: Leslie Schenk
Christensen Associates
(608)231-2108

Contact Name: _____

Facility Name: _____

Finance Number: _____

Contact Phone Number: _____

Best time to call: _____

QUESTIONS ON NONPROFIT MAILINGS

I. General Information on Nonprofit Mailings

- A. Consider the most recent AP. Is this a representative AP for Nonprofit Standard (A) Mail accepted through your office? If not, why? What AP is representative?
- B. Has the volume of Nonprofit Standard (A) mail that your office accepts changed since FY95? If so, how? (That is to say, has there been an increase or decrease in either the number of nonprofit mailers or the volume of individual nonprofit mailers?)
- C. How many nonprofit mailings were accepted at your office during the most recent AP (or most recent representative period? What was the total volume and revenue for these transactions?
- D. What documentation is kept on rejected nonprofit mailings (are logs kept, or notes/memos kept in customers' files)? Is this documentation available for FY96, FY97, FY98 (to date)? What information is usually recorded in the documentation? Permit number? Reason for rejection? Action taken? Revenue, volume or weight?
- E. Were enforcement practices concerning eligibility for nonprofit mailing (in terms of advertising content or other characteristics that would make the piece ineligible for nonprofit rates) any different in FY96 compared with FY95? With FY97? If so, how?
- F. Was mailer compliance behavior different in FY96 compared with FY95 and with FY97, with regard to characteristics of the mailpiece that determine eligibility for nonprofit rates? If so, how?

II. Nonprofit Mailings Rejected or Ruled Ineligible During Acceptance Process

- A. In the most recent AP (or most recent representative period), how many nonprofit mailings were rejected or ruled ineligible for nonprofit rates?
- B. Of these, how many were rejected or ruled ineligible because of poor preparation (for example, not presorted correctly)? How many because no Form 3624 was on file? How many because of insufficient funds in the trust account? How many because their content made them ineligible for nonprofit rates?
- C. For the most recent AP (or most recent representative period), of those rejected or ruled ineligible because of content:
 - a. How many had Permit imprint indicia? Precanceled stamps? Metered indicia?
 - b. How many were accepted under or subsequently required to pay regular rates?
 - c. For those accepted under regular rates:
 1. What regular rate was paid (Standard (A), First-Class, etc.)

QUESTIONS ON NONPROFIT MAILINGS

2. How was the additional postage accounted for? How were these transactions entered into the PERMIT system? Were they ever entered as Nonprofit then reversed to regular rate?
 3. What were the volumes of each of these transactions?
 4. (If actual volumes unknown: How many accepted under regular rates had volumes < 500 pieces., 500-1,000 pieces., 1,000-5,000, 5,000-10,000, 10,000-50,000, 50,000-100,000 , and > 100,000 pieces).
 5. How were these pieces endorsed?
 6. Did the customer ever correct the endorsement before re-entering the mail?
- d. After a mailing is required to pay regular rates, what procedures do you use when the same mailer brings in another nonprofit mailing that you determine has to pay regular rates because of content problems?

[If the logs are available and have enough information, we will ask the sites to provide the logs or to get the information directly from the logs. If they logs do not have enough information or are not available, we will ask them to make informed estimates.]

- D. Do you have records of rejected mailings for FY96 available?

[If FY96 is not available, we will ask them if FY97 is available (so that we can get a complete year of data, if possible).]

- E. In FY96 (or, if not available, for FY97), how many mailings were rejected because of content?
- F. Of those rejected in FY96 (or, if not available, in FY97) because of content:
- a. How many had Permit imprint indicia? Precanceled stamps? Metered indicia?
 - b. How many were accepted under or subsequently required to pay regular rates?
 - c. For those accepted under regular rates:
 1. What regular rate was paid (Standard (A), First-Class, etc.)
 2. How was the additional postage accounted for? How were these transactions entered into the PERMIT system? Were they ever entered as Nonprofit then reversed to regular rate?
 3. What were the volumes of each of these transactions?
 4. (If actual volumes unknown: How many accepted under regular rates had volumes < 500 pieces, 500-1,000

QUESTIONS ON NONPROFIT MAILINGS

pieces, 1,000-5,000, 5,000-10,000, 10,000-50,000, 50,000-100,000 , and > 100,000 pieces).

5. How were these pieces endorsed ?
6. Did the customer ever correct the endorsement before re-entering the mail ?

[If the logs are available and have enough information, we will ask the sites to provide the logs or to get the information directly from the logs. If the logs do not have enough information or are not available, we will ask them to make informed estimates.]

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.


Anne B. Reynolds

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
March 16, 1998