

Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Postal Rate and Fee Changes, 2006)

Docket No. R2006-1

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS DREW MITCHUM (OCA/USPS-T40-29-51)
(June 30, 2006)

Pursuant to Rules 25 through 28 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatories OCA/USPS-T32-1-7, dated June 2, 2006, are hereby incorporated by reference.

Respectfully submitted,

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OCA/USPS-T40-29. This interrogatory seeks information about the number of scans for Confirm service. Please refer to your response to OCA/USPS-T23-3(g). Please show all calculations, and provide citations to all sources, used to derive the 357,143 average estimated number of scans in a typical block of one million units.

OCA/USPS-T40-30. This interrogatory seeks to clarify the proposed pricing of Confirm service for First-Class Mail and Standard Mail. Please refer to your response to OCA/USPS-T40-13(a)-(b), where it states, "First-Class Mail and Standard Mail letters have significantly different unit revenue, cost coverages, and service standards."

- a. For First-Class Mail and Standard Mail letters with "very similar mail piece characteristics (aside from markings and postage)," please confirm that differences in unit revenue, cost coverage and service standards for First-Class Mail and Standard Mail letters have no bearing on the passive *cost per scan* generated pursuant to the Confirm special service. If you do not confirm, please explain.
- b. Are there any circumstances under which the cost per scan to the Postal Service would be different for First-Class Mail and Standard Mail pieces with 1) very similar mailpiece characteristics (aside from markings and postage), and 2) different size, shape, weight, addressing quality, etc., characteristics (aside from markings and postage)? Please explain.

OCA/USPS-T40-31. This interrogatory seeks to clarify the proposed pricing of Confirm service for First-Class Mail and Standard Mail. Please refer to your response to OCA/USPS-T40-14(e), where it states, "First-Class Mail has features that are different

from Standard Mail, and it is my understanding that the pricing reflects these differences.”

- a. Please confirm that you are the “pricing” witness for Confirm service in this proceeding. If you do not confirm, please explain.
- b. Please provide quotes and page citations to your testimony that discuss and support your claim that the different service features of First-Class Mail and Standard Mail are reflected in the pricing of Confirm service.
- c. Please confirm that the different service features of First-Class Mail and Standard Mail, respectively, were not reflected in the pricing of Confirm service when the permanent mail classification for Confirm service was established pursuant to Docket No. MC2002-1. If you do not confirm, please provide quotes and page citations to the testimony of witness James F. Kiefer (USPS-T-5) in the above referenced docket that discusses and supports your claim that the different service features of First-Class Mail and Standard Mail are reflected in the pricing of Confirm service.
- d. With respect to your reference to the “long-standing practice of treating First-Class Mail and Standard Mail . . . differently,” (part e. of 14), please provide a complete set of examples where Special Services or ancillary services have been priced differently when they are associated with different classes or subclasses of mail. In this set of examples, state whether cost differences exist when providing the Special Service or ancillary service together with the underlying class of service.

OCA/USPS-T40-32. This interrogatory seeks to clarify the proposed pricing of Confirm service for First-Class Mail and Standard Mail. Please refer to your response to OCA/USPS-T40-14(e), where it states, “First-Class Mail has features that are different from Standard Mail, and it is my understanding that the pricing reflects these differences.”

- a. Please identify the service features of First-Class Mail and Standard Mail that should be reflected in the pricing of Confirm service, and explain your “understanding” as to how the different service features of First-Class Mail and Standard Mail should affect the pricing of Confirm service. Also, please explain and analyze the nine pricing criteria of section 3622(b) for Confirm service discussing the different service features of First-Class Mail and Standard Mail, respectively, that are relevant to the pricing of Confirm service.
- b. Please confirm that Confirm service is not a “bundled,” or included, service feature of First-Class Mail or Standard Mail. If you do not confirm, please explain.
- c. Please confirm that Confirm service is 1) a special service having a separate mail classification, 2) offered as an ancillary service to First-Class Mail and Standard Mail, and 3) separately priced based upon volume variable costs specific to Confirm service. If you do not confirm, please explain.

OCA/USPS-T40-33. This interrogatory seeks to clarify the proposed pricing of Confirm service for First-Class Mail and Standard Mail. Please refer to your response to OCA/USPS-T40-15(e). For purposes of these questions, please answer the following without regard to the statutory pricing criteria of section 3622(b):

- a. Please provide a definition for “value pricing,” and give a citation to the source for your definition.
- b. In the case of Confirm, where the cost per passivescan is the same for First - Class Mail and Standard Mail pieces, the average cost per block of one million units is \$42.66, and the price per block of one million units is \$70 (for the 1st to 9th block), yet a subscriber that obtains scans for Standard Mail receives only 200,000 scans with the purchase of a block of one million units while a subscriber that obtains scans for First-Class Mail receives 1,000,000 scans with the purchase of a block of one million units. Please discuss your understanding of “value pricing” with respect to the proposed pricing of Confirm service in the TYAR.

OCA/USPS-T40-34. This interrogatory seeks to determine the impact of the proposed fee schedule on Confirm subscribers. Please refer to your response to OCA/USPS-T40-16, where it states, “this pricing structure is more fair and equitable than the three-tier system, and is less complicated.”

- a. Please confirm that with elimination of the three-tier subscription fee system, you are imposing a three-tire pricing system based upon blocks of one million units. If you do not confirm, please explain.
- b. Please confirm that with elimination of the three-tier subscription fee system, you are imposing a “unit-based” pricing system, which varies in terms of the number of scans provided per unit, based upon whether the subscriber receives scans of First-Class Mail pieces or Standard Mail pieces. If you do not confirm, please explain.

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.”

- a. Please confirm that a fair reading of your response is as follows: The operational failure of the preshipment notification has converted the utility of Confirm scans from a means to improve system performance to an ad hoc method of addressing specific mailer-identified problems and resolving them. If you do not confirm, please explain.
- b. Please explain how the Postal Service “originally expected to rely upon preshipment notifications as a tool to improve the utility of Confirm scans” to improve system performance, and how that “expectation was not borne out operationally” to permit the use of Confirm scans to improve system performance.
- c. What plans (if any) does the Postal Service have to replace the current preshipment notification process with another process to provide for an accurate, reliable and consistent “start the clock” entry scan? Please explain.
- d. What factors caused the Postal Service to conclude “that Confirm is ill-suited to evaluation of system performance?”
- e. Since the Postal Service has concluded “that Confirm is ill-suited to evaluation of system performance,” what alternative to Confirm service does the Postal

Service intend to use to evaluate processing and delivery system performance?

Please explain.

- 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.

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.

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.

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.

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.

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.

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.

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.

OCA/USPS-T40-43. This interrogatory seeks information on the uses of Confirm information by the Postal Service. Please refer to your response to OCA/USPS-T40-27(a) and (b).

- a. Refer to your response to part a. In what ways has the Postal Service compensated Confirm subscribers with respect to the failure to provide Confirm service as promised? Please explain.
- b. Refer to your response to part b. Please confirm that Confirm service is a premium special service offering of the Postal Service. If you do not confirm, please explain.
- c. Refer to your response to part b. Please describe the Postal Service's service standard or commitment to provide mailpiece scan records to Confirm subscribers on a timely basis. Does the Postal Service have any plans to compensate Confirm subscribers where the service standard or commitment is not met? Please explain.

- d. Refer to your response to part b. Please show all calculations, and provide citations to all sources, used to derive the average price of a scan of 6.1 thousandths of a cent.

OCA/USPS-T40-44. This interrogatory seeks information on the value of Confirm service for single-piece First-Class Mail. Please refer to your response to OCA/USPS-T40-28(d). Also, please refer to PRC Op. MC2002-1, at page 11, where it states,

Paragraph 4 [of the Stipulation and Agreement] sets forth the Postal Service's undertaking to explore a consumer oriented product based on PLANET Code technology. As part of that undertaking, the Postal Service is to provide a status report to all participants within six to twelve months after implementation of confirm service concerning development of such a product and the likelihood it may be pursued.

Please provide a copy of the status report pursuant to the undertaking specified in Paragraph 4.

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.

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.

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.

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. OCA/USPS-T40-49. At page 19 of your testimony, you state that “demand for the product has not met the forecast used in MC2002-3.”

a. Please present your step-by-step analysis that demonstrates that, all other things equal, the fee design you propose will stimulate a greater demand for the product than the fee design currently in place. Show all computations and provide all resource materials relied upon.

b. Please confirm that the fee design currently in place could have been subject to subscription fee increases sufficient to generate the revenue that you set as a target in your current proposal. If you do not confirm, then explain fully.

OCA/USPS-T40-50. At page 21 of your testimony, you state that the requirement of prior electronic notice of entering mail was found burdensome by customers.

a. Please provide all documentation in the possession of the Postal Service to support this statement.

b. Please express the number of customers who complained about the burden as a percentage of the total number of customers. Show the calculation and provide the sources for the figures used.

OCA/USPS-T40-51. At page 21 of your testimony, you state that the proposed classification change for Confirm is “fair and equitable.”

a. Isn't it also true that the current fee design is fair and equitable? Explain in full any negative answer.

- b. Please confirm that in your testimony in Docket No. MC2002-1, USPS-T-5, at 16, you testified that with respect to the current fee design, “In sum, the proposal is fair and equitable (Criterion 1)?” If you do not confirm, then explain fully.
- c. Is it your testimony that the proposed fee design is more fair and equitable than the current fee design?
 - i. If so, why?
 - ii. If so, why have you changed your views so significantly since you testified in Docket No. MC2002-1?