

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSES OF POSTAL SERVICE WITNESS BERKELEY
TO INTERROGATORIES OF GROWING FAMILY, INC.
(GF/USPS-T39--20-48)

The United States Postal Service hereby files the responses of Witness Berkeley to the above listed interrogatories, filed on June 29, 2006.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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July 13, 2006

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-20. In response to GF/USPS-T39-2, you refer to the increased indemnity limit and to Postal Bulletin 22127 as outlining the changes in policy with respect to the payment of COD claims.

(a) Please confirm the authenticity of the attached letter, dated March 10, 2005, from Delores Killelte, the Postal Service's Vice President and Consumer Advocate, to counsel for Growing Family concerning COD claims paid to Growing Family.

(b) Please confirm that Growing Family is the Postal Service's largest COD customer.

(c) Please confirm that for at least several years before February, 2005, the Postal Service paid all valid COD claims by Growing Family in an amount equal to the amount to be collected from the recipient.

(d) Please confirm that, beginning on February, 2005, the Postal Service began paying some valid COD claims by Growing Family in an amount significantly lower than the amount to be collected from the recipient.

(e) Please confirm that, beginning in approximately May, 2005, the Postal Service began paying all valid claims by Growing Family in an amount significantly below the amount to be collected from the recipient.

(f) Please confirm that beginning approximately December, 2005, and through the present, the Postal Service is paying all of Growing Family's valid COD claims at approximately \$15.00 per package, plus postage.

(g) Please confirm that Growing Family files claims on approximately 3% of its COD packages.

(h) Please confirm that the amount to be collected from the recipient for Growing Family's COD packages generally falls within the \$25 to \$89 range, although it is sometimes higher.

RESPONSE:

- (a) Confirmed for the letter attached to the interrogatory, dated March 10, 2006.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

Response to GF/USPS-T39-20 (Continued)

- (b) It is my understanding that Growing Family is also fully known as Hasco International. I can confirm that of those COD customers entering their COD mail via mailing statements, Hasco International was the Postal Service's largest COD customer in terms of both volume and revenue for Fiscal Years 2003, 2004, and 2005.
- (c) Confirmed.
- (d) – (f) I have been informed that Growing Family was reimbursed for the amount deemed appropriate for the claims which fall into any one of these three referenced situations.
- (g) As there is not a claims report produced by customer name, I am not able to confirm or deny how many claims are filed by Growing Family or any other COD customer.
- (h) I do not have data for each COD mailpiece entered into the mailstream by Growing Family and, therefore, am unable to confirm or deny the range given in the interrogatory. However, it seems reasonable, based on the goods sold by Growing Family, that the range of \$25 to \$89 is probably a general range.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)

GF/USPS-T39-21. In response to GF/USPS-T39-3, you refer to your answer to GF/USPS-T39-2 when asked whether the Postal Service has changed its "practice" with respect to the payment of COD claims in the past five years.

(a) Do you consider the reduced payments to Growing Family to be a change in practice?

(b) Are there other COD mailers as to which the Postal Service has within the past five years changed from paying claims on the basis of the amount to be collected to paying claims on the basis of some lesser amount? If so, please quantify the number of COD claims per year so affected.

(c) Does the Postal Service apply the policy and standards set forth in the March 10th letter to all COD claims?

(d) If your answer to part (c) is anything other than an unqualified "yes," please explain if the policy applies to only Growing Family or to a subset of COD mailers and explain the reason for the less than 100% application of the policy.

RESPONSE:

(a) No. Any changes to claims payments made to Growing Family or any other COD mailers would be due to a clarification of the Postal Service's policy.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

Response to GF/USPS-T39-21 (Continued)

(b) The Postal Service treats all COD customers equally . That said, it is my understanding that there is at least one other COD mailer to which the Postal Service has within the past five years changed from paying claims on the basis of the amount to be collected to paying claims on the basis of some lesser amount due to clarification of the claims payment policy. I am unable to provide the number of claims affected for this customer or any other customers I am not aware of who have experienced this same situation due to the clarification of the policy.

(c) In addition to policies and standards outlined elsewhere, the Postal Service applies the policy and standards outlined in the Domestic Mail Manual sections referenced in the March 10 letter to all COD claims.

(d) Not applicable.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-22. In GF/USPS-T39-4, Growing Family asked for volume and number of claims information for the five largest COD customers. You provided the volumes but not the claims, contending that the Postal Service does not produce such a report.

(a) Does the Postal Service have the data necessary to respond to this request?

(b) If your answer to part (a) is anything other than an unqualified "yes," please see the March 10th letter, which states that "[t]he delivery system established by the Postal Service provides scans to record events for COD deliveries, such as, Acceptance, Arrival at Unit, Notice Left, Refused, Unclaimed, and Delivered" and state why, in addition to the listed information with respect to COD parcels, the Postal Service does not associate claims data with this other information.

RESPONSE:

To clarify with respect to the interrogatory, I believe it was GF/USPS-T39-5 which asked for volume and claims information.

(a) & (b) Yes, the data exist; however, a report with this information has never been produced and to do so would be extremely burdensome.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-23. In response to GF/USPS-T39-5, you show that the second listed COD customer mailed roughly 80,000 COD pieces in each year FY2003, 2004, and 2005, but only 1,162 COD pieces through May of FY2006. Please state the reason for this reduction

RESPONSE:

Unless the customer referenced is contacted directly, there is really no way of knowing exactly why the volume through May of this fiscal year is what it is. There could be any number of reasons, such as (1) this customer has a seasonal business and has not mailed the bulk of their COD packages for the fiscal year; (2) this customer no longer tenders their COD packages using a mailing statement; or (3) this customer no longer uses COD service from the Postal Service. It appears prudent to wait until the end of FY 2006 to see what the total year's volume will be before presuming any number of scenarios for what might not be an appropriate projection of volume.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-24. In response to GF/USPS-T39-6, you provided a chart showing the basis for COD claims for FY2004 and 2005.

(a) Please explain fully the terms “damage,” “loss,” and “no remit” as used in your response.

(b) Please list and explain each of the circumstances under which a COD claim can be based on “no remit.”

(c) Please confirm that, of the 21,950 claims for FY2004, more than 20,000 were for “loss” and only 219 for “damage.”

(d) Please explain the reason(s) why the Postal Service apparently lost more than 20,000 COD packages in FY2004, given the scans and the manner in which such packages are handled.

(e) Please provide the Postal Service’s best estimate of the percentage of all mail that is “lost,” as that term is used in your chart.

(f) Please confirm that there were more than 10,000 “no remit” claims in FY2005, compared with only 1,697 in FY2004, and explain the reason(s) for this increase, even though total COD claims in 2005 dropped by 24% from the FY2004 level.

(g) Please confirm that, in FY2005, there were 9,111 claims where the amount paid was \$100 or less and that, of these, 5474, or 60%, were for “no remit.”

RESPONSE:

(a) The term damage means that the article was damaged in part or in full or the mail receptacle was empty. The term loss means there is no record of delivery – the article (including receptacle) is missing. The term no remit means that the mailer did not receive a payment for the CODarticle .

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

Response to GF/USPS-T39-24 (Continued):

(b) A claim can be considered “no remit” when an article was delivered and no funds were transmitted to the mailer or the mailer does not know if the article was delivered and no funds were transmitted to the mailer.

(c) Confirmed.

(d) There could be a number of possibilities as to why 1.05 percent of the total COD packages were lost in FY 2004, and probably most of these possibilities would be attributed to human error. Even with the scanning and signature requirements of accountable mailpieces such as COD, on occasion mailpieces are not scanned, mailpieces are stolen, mailpieces are lost, etc.

(e) It is not possible to provide a meaningful estimate of the percentage of all mail that is “lost” because most of the mail delivered by the Postal Service is not accountable (requiring a signature or scan). Also, a certain number of “lost” mailpieces would not ever be known to be lost if they were never anticipated in the first place.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

Response to GF/USPS-T39-24 (Continued):

(f) Confirmed that there were more than 10,000 “no remit” claims in FY 2005 and 1,697 “no remit” claims in FY 2004. The Postal Service does not have any explanation for this increase, given an overall decrease in the number of claims during the same period.

(g) Confirmed.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-25. In GF/USPS-T39-7, Growing Family asked you for a breakdown of the number, or approximate number (or percentage), of claims paid that fall into the following categories: (1) the article is delivered, but the funds are not collected from the recipient, (2) the article is lost or destroyed before delivery, (3) the article is refused or unclaimed by the recipient and lost or destroyed prior to its return, (4) the article is delivered and the funds collected, but the payment is not provided to the sender (5) other. You responded that the Postal Service collects data only in terms of "damage, loss, or no remittance."

(a) If the Postal Service's records are unable to distinguish between, for example, a package lost on the way to a recipient from a package lost during the return to the sender, is it possible for the mailer to know when it was "lost"?

(b) If so, how?

RESPONSE:

(a) & (b) The Postal Service can use event codes from scanners to distinguish between these articles, on an individual basis, provided that scanning was done and the appropriate event was recorded. To clarify my response to GF/USPS-T39-7, we do not collect this type of information in a report – this information can be researched for individual transactions.

With respect to mailers knowing when a COD article was lost, if the mailer purchases (along with the COD service) a special service which would provide access to scanning information, the customer may be able to determine at which point the article was lost. Otherwise, the mailer will not know when the article was lost at the time the claim is filed. If the claim is paid, the mailer could determine whether the article was lost on the way to the recipient or during the return to the sender based on the amount paid on the claim.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-26. Assume that a mailer mails 1,000 COD packages and that, sixty days later, that mailer has received payment for 500 packages and the return of 300 packages, and the mailer wishes to submit a claim with respect to the remaining 200 packages. Please state whether the mailer will know the cause of the failure by the Postal Service to provide either the payment or a return of the package, and if so how.

RESPONSE:

The mailer won't know at the time of the claim filing why payment was not provided or the article was not returned. After adjudication of the claim, the mailer may be able to ascertain the reason, based on either information contained in the denial letter if the claim is denied, or by the amount of the payment if the claim is paid.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-27. Specifically, assume that a mailer mails 1,000 COD packages and that, sixty days later, that mailer has received payment for 500 packages and the return of 300 packages, and the mailer wishes to submit a claim with respect to the remaining 200 packages.

(a) Please explain whether the mailer will know the breakdown of those 200 claims into the following categories: (1) the article was delivered, but the funds were not collected from the recipient, (2) the article was lost or destroyed before delivery, (3) the article was refused or unclaimed by the recipient and lost or destroyed prior to its return, (4) the article was delivered and the funds collected, but the payment was not provided to the sender (5) other, and if so how.

(b) Please explain whether the Postal Service will know the breakdown of those 200 claims into the following categories: (1) the article was delivered, but the funds are not collected from the recipient, (2) the article was lost or destroyed before delivery, (3) the article was refused or unclaimed by the recipient and lost or destroyed prior to its return, (4) the article was delivered and the funds collected, but the payment is not provided to the sender (5) other, and if so how.

RESPONSE:

(a) & (b) Please see my responses to GF/USPS-T39-25 and 26.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-28. Please confirm that the March 10th letter establishes different levels of claims payment for Growing Family depending upon whether (1) the article was delivered, but the funds were not collected from the recipient, (2) the article was lost or destroyed before delivery, (3) the article was refused or unclaimed by the recipient and lost or destroyed prior to its return, (4) the article was delivered and the funds collected, but the payment was not provided to the sender.

RESPONSE:

I can confirm that the March 10th letter clarifies the Postal Service's claims policy, which includes different levels of payments for all COD customers, depending upon the individual situation.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-29. In interrogatories GF/USPS-T39-8 through 11, Growing Family asked how various claims would be paid by the Postal Service and, in part (b) to each of those interrogatories, Growing Family asked how the Postal Service determines which of the four scenarios is applicable and whether the Postal Service undertakes the burden of determining the reason for the claim. A response to the various parts (a) was provided, but not, specifically, to the parts (b). Please provide a response to part (b) for each of the interrogatories identified.

RESPONSE:

I believe that the responses to subpart (a) in GF/USPS-T39-8 through 11 provide the answers to subpart (b) as well. There are different scenarios and the payment is not the same in every scenario. Therefore, the circumstances determine “which scenario is applicable.” The Postal Service does not determine the reason why the customer filed the claim as the customer is the one filing the claim and would identify the reason why they are filing.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-30. You state in response to the parts (a) of interrogatories GF/USPS-T39-8 through 11 that the amount there stated will be paid provided that the required documentation is presented and the regulations are met.

(a) Please identify the regulations that explain the different claim level payments in the four scenarios set forth in the March 10th letter and state with specificity how they inform the mailer that the payment levels in your responses are appropriate.

(b) Is the mailer expected, as part of providing "all required documentation," to provide information demonstrating whether (1) the article was delivered, but the funds were not collected from the recipient, (2) the article was lost or destroyed before delivery, (3) the article was refused or unclaimed by the recipient and lost or destroyed prior to its return, (4) the article was delivered and the funds collected, but the payment was not provided to the sender?

(c) If the answer to part (b) is anything but an unqualified "yes," please state whether, for all claims, the Postal Service will determine the reason for the claim and advise the mailer accordingly, so that the mailer will understand the reason for the amount paid on the claim?

(d) If the answer to part (b) is in the affirmative, please explain how the mailer is supposed to have or obtain that information.

RESPONSE:

(a) Please see my response to GF/USPS-T39-2 for cites to the regulations.

Mailers may be able to use the policies, procedures, and regulatory materials referenced in that interrogatory response to get information on payment levels for claims.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

Response to GF/USPS-T39-30 (Continued)

(b) No.

(c) No. As stated in the response to GF/USPS-T39-29, the customer would determine the reason for the claim. Further, as stated in response to GF/USPS-T39-26, the mailer could determine, by the amount paid, the reason the claim was paid.

(d) Not applicable.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-31. In response to GF/USPS-T39-8(a)(2), you state that if the hypothetical coin “worth \$400” is lost or destroyed before delivery, the amount paid would be the “fair market value, up to \$400.”

- (a) How would the Postal Service determine the fair market value?
- (b) If it appeared that the standard retail price of the coin was \$400 and that the dealer could obtain another, identical coin for a wholesale cost of \$300, would the reimbursement be \$400 or \$300? Please explain.
- (c) If it appeared that the standard retail price of the coin was \$400 and that the usual wholesale cost of the coin is \$300, but there are none available at the time of the claim, so that the sale cannot be consummated with a substitute, would the reimbursement be \$400 or \$300? Please explain.

RESPONSE:

- (a) Claims adjudicators evaluate the evidence of fair market value provided by the customer and use their experience and judgment to determine the fair market value.
- (b) & (c) The reimbursement would be for \$300 because, based on the terms of the question, this is the amount that evidence of value at the time of mailing would show.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-32. In response to GF/USPS-T39-8(a)(3), you state that if the coin "worth \$400" is lost or destroyed prior to its return to the dealer, the amount paid would be the "fair market value, up to \$400."

(a) If it appeared that the standard retail price of the coin was \$400 and that the dealer could obtain another, identical coin for a wholesale cost of \$300, would the reimbursement be \$400 or \$300?

(b) In answering part (a), would the Postal Service have to determine whether the dealer could readily sell the coin to another collector, and earn the expected \$100 profit, or whether the dealer had no other ready customer and, for example, returned the coin to its wholesale supplier for a \$300 credit? Please explain.

RESPONSE:

(a) The reimbursement would be for \$300.

(b) No. The payment is based on the evidence of value at the time of mailing.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-33. In interrogatories GF/USPS-T39-8 through 11, Growing Family asked how various claims would be paid by the Postal Service and, in part (a)(4) to each of those interrogatories, Growing Family asked for the amount of claim to be paid if the funds are collected from the recipient but not provided to the mailer. In response, you state that if the payment was made by money order, the Postal Service will provide a replacement, but if the payment was made by personal check, the Postal Service expects the sender to obtain a replacement check from the recipient.

(a) In this situation, how does the Postal Service determine whether the payment was by personal check or money order?

(b) Is there any way for the mailer to know, or to determine, whether the missing payment was made by check or by money order, and if so, how?

(c) If the mailer is unable to obtain a replacement check for any reason, such as the recipient cannot be located, simply refuses or claims that she did not receive the package, will the Postal Service replace the missing payment?

(d) If so, what type of proof does it require that the effort was unsuccessful?

(e) If not, why not?

(f) Please confirm that, on some occasions, payment is tendered and accepted in the form of cash.

(g) If payment is tendered and accepted in the form of cash, how does the Postal Service handle payment of the claim if funds are received from the recipient but not transmitted to the mailer?

RESPONSE:

- (a) A determination of whether the payment was by personal check or money order can be obtained from either the delivery tracking system or records from the delivery office.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
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Response to GF/USPS-T39-33 (Continued)

(b) The mailer is advised via a letter from the Postal Service.

(c) No.

(d) Not applicable.

(e) It is up to the claims customers to seek payment from their own customers.

(f) Confirmed.

(g) The Postal Service converts cash received to a postal money order payable to the mailer and mails the money order to the mailer. If the mailer claims that payment was not received, the Postal Service provides the mailer with the postal money order serial number, date of money order, and amount of money order, along with instructions for requesting reimbursement for a missing money order.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-34. In response to GF/USPS-T39-10(a)(2), you state that the claim on a hypothetical painting with a claimed retail value of \$500 and a raw materials cost of \$5 will be based on the "fair market value" of the painting "at the time and place of mailing" if it is lost or destroyed before delivery.

(a) How would the fair market value be determined?

(b) Would your answer be the same, that is, would the claim be paid at the "fair market value" if, instead of a painting, the lost article was a fine photograph by a well-known photographer, with a claimed value of \$500 and a raw materials cost of \$5. If not, why not?

RESPONSE:

(a) Please see my response to GF/USPS-T39-31(a).

(b) Yes. The customer must provide the evidence of value at the time of mailing, and the Postal Service would make the determination as to the amount to be paid.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-35. In response to GF/USPS-T39-10(a)(3), you state that the claim on a hypothetical painting with a claimed retail value of \$500 and a raw materials cost of \$5 will be based on the "fair market value" at the time and place of mailing of the painting if it is refused or unclaimed and is lost or destroyed prior to its return.

(a) Would your answer be different if the painting was a commissioned portrait of the recipient?

(b) If so, please state why and whether the Postal Service would investigate the ability of the seller to sell the painting to someone else? If not, why not?

RESPONSE:

(a) No. The payment would be based on the Postal Service's consideration of the evidence of value at the time of mailing.

(b) Not applicable.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-36.

(a) Why in response to GF/USPS-T39-11(a)(2) does a photographer receive only reproduction cost (plus postage) but in response to GF/USPS-T39-11(a)(2) a painter receives fair market value, rather than the cost of materials?

(b) Would your answer vary depending upon whether the artist took 5 minutes or five days to produce the painting **(sic)**?

RESPONSE:

I believe the second interrogatory response referenced should be GF/USPS-T39-10(a)(2).

(a) Both claims would be adjudicated based on the Postal Service's consideration of the evidence of value at the time of mailing.

(b) No.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-37. In response to GF/USPS-T39-11(a)(3), you distinguish between the situation in which the photographs are "personal" and the situation in which they "would be purchased by the general public." How does the Postal Service determine which factual situation applies?

RESPONSE:

Determination of "personal" versus "purchased by the general public" would be based on the description of the photograph and any other applicable documentation.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-38. Please refer to your response to GF/USPS-T39-12(a), which asked, among other things, whether the Postal Service determines the validity and the reason for every claim. If your answer should be understood as anything other than an unqualified "no," please provide a more detailed answer, including how the Postal Service determines the reason for the claim.

RESPONSE:

Interrogatory GF/USPS-T39-12(a) asked: "(a) When a COD claim is received by the Postal Service, does it in every case seek to determine the validity of the claim and, if valid, the reason that it did not return either the funds to be collected or the merchandise?" It did not ask whether the Postal Service determines "the reason for every claim."

To clarify my response to GF/USPS-T-39-12(a), the Postal Service accepts and reviews all claims and ultimately determines validity.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-39. Please refer to the March 10th letter referred to in GF/USPS-T39-20.

- (a) Please state who made the first decision, appealed by Growing Family, to reduce the amount paid on Growing Family's claims, when that decision was made, and why it was made.
- (b) Please state whether the Postal Service has undertaken the task of determining into which scenario set forth in that letter Growing Family's claims since the date of the original decision or the date of that letter fall?
- (c) Please state whether the Postal Service expects Growing Family to undertake the task of determining into which scenario set forth in that letter its claims fall and, if so, please state in detail how Growing Family is supposed to know the exact reason why the Postal Service failed to return either the funds to be collected or the photographs.

RESPONSE:

- (a) Information about the first decision, including who made it, when it was made, and why it was made is contained in the August 16, 2005 letter referenced in the March 10, 2006 letter.
- (b) Yes.
- (c) No.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-40. In response to GF/USPS-T39-14, you state that the Postal Service does not take steps to determine whether the payment was in fact delivered to the mailer in the situation where a claim is filed but Postal Service records show that payment was tendered by the recipient.

(a) In this situation, is the claim paid? Why?

(b) In this situation, is the claim denied? Why?

(c) Does it ever occur that the Postal Service records show that payment was tendered by the recipient but that, for some reason, it is later firmly established that payment was not made to the mailer?

RESPONSE:

(a) No. The Postal Service determines if a payment was tendered on the mailing and the mailer is provided with either the money order or check information to pursue the situation further with the mailer's customer.

(b) Yes, because the Postal Service tendered payment to the mailer.

(c) Yes.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-41. In response to GF/USPS-T39-15(a), you state that the Postal Service provides the mailer with "the check or money order number, date, and amount collected" if its records show that payment was received from the recipient but not delivered to the mailer.

- (a) In this response, are you saying that the "number, date and amount" are provided for both checks and money orders, or just for money orders?
- (b) If the information is provided for checks as well as money orders, please explain how and when the Postal Service records such information.
- (c) Do the Postal Service records always show the form in which payment was received?
- (d) What form of payment is reflected in the records when the payment is in the form of cash?

RESPONSE:

- (a) Number, date, and amount are provided for both.
- (b) After collection of the payment and delivery of the COD article, the payment information is recorded on Postal Service Form 3816.
- (c) No.
- (d) A postal money order serial number is reflected in the records when a payment is received in cash.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-42. In response to GF/USPS-T39-15(c), you state a Postal Service assumption that “people are reasonable about paying for goods and services” to support the position that the mailer should try to and will be able to obtain a substitute payment when a payment received by the Postal Service is not transmitted to the mailer.

(a) Would the Postal Service save window service costs if it placed containers of stamps in its retail facilities and an “honor box” into which patrons would make payment for stamps taken?

(b) If so, why doesn't it adopt such a method of selling stamps?

RESPONSE:

(a) & (b) I am not a cost witness and, as such, am unable to posit any answer on behalf of the Postal Service. With respect to my response, I was referring to customers who already had demonstrated a willingness to pay.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-43. In response to GF/USPS-T39-15(d), you state that if Postal Service records show that payment was received by the Postal Service and not delivered to the mailer, and the mailer is unable to obtain a substitute payment from the recipient, the Postal Service will not pay the claim.

(a) Please explain in detail why the Postal Service believes that it is permitted to deny a claim in these circumstances, when it has collected a fee from the mailer based upon the amount to be collected, collects the funds due to the mailer, and fails to transmit the money to the mailer.

(b) Does the Postal Service believe that it has a contract with or an obligation to a COD mailer to provide that mailer with either the funds to be collected or a return of the mailed object? If not, why not?

RESPONSE:

In the response to GF/USPS-T39-15(d), I stated that the Postal Service would not pay in an amount equal to the funds that were to be collected, not that the Postal Service would not pay the claim, as this interrogatory suggests.

(a) Postal Service records show that payment was tendered to the mailer.

(b) Consistent with our regulations and procedures for this special service, the Postal Service either tenders the payment to the mailer or returns the article to the mailer.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-44. In response to GF/USPS-T39-16(a), you agree that it sometimes occurs that a COD package is left with the recipient, but no payment is collected.

- (a) Is it a violation of Postal Service regulations for this to occur?
- (b) When it does occur, is the carrier disciplined?
- (c) Can the Postal Service always tell from its records whether a carrier loses a piece before delivery, whether the carrier loses it after it has been refused by the recipient, or whether the carrier left the piece but failed to collect the COD charges?
- (d) Is it possible that a carrier would claim that an article is lost if, in fact, it is left without the collection of the COD charges, and a later effort by the carrier to collect those charges, if undertaken, is unsuccessful?
- (e) Would a carrier have an incentive to do so?

RESPONSE:

- (a) It is inconsistent with the procedures for handling COD mail for this to occur.
- (b) Depending upon the circumstances, disciplinary action may or may not be taken against a delivery employee.
- (c) Not necessarily. If the delivery employee delivers the article, but does not scan the article or collect the funds, it would not be possible to distinguish this situation from the situation of the article being lost prior to delivery.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

Response to GF/USPS-T39-44 (Continued)

(d) I believe the situation posited is possible.

(e) It doesn't seem likely to me that a delivery employee would have this type of incentive. I believe the risks associated in getting caught would far outweigh any type of perceived benefit.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-45. In response to GF/USPS-T39-17, you agree that the DMCS states that the COD fee is based upon the amount to be collected, but that it does not say that the fee is based "only upon" the amount to be collected.

- (a) Does the DMCS state any alternative or additional basis?
- (b) Is the Postal Service free to adopt a regulation that COD fees are to be based in part upon the postal zone of the mailing?
- (c) On what authority can the Postal Service depart from the fee basis stated in the DMCS?
- (d) Please confirm that the DMM, to which you refer in response to part (b), states that the fee is to be based upon "the amount to be collected or the amount of insurance coverage desired, whichever is higher."
- (e) Is the Postal Service free to charge a COD fee that is not in accordance with the DMM?
- (f) Please confirm that neither the DMM nor the DMCS, nor any other official Postal Service document, states that the COD fee may be based upon the "monetary value of the merchandise," the term used in your testimony.
- (g) Please confirm that there is no way under present policy for the mailer to pay a fee based on any amount lower than the amount to be collected.
- (h) **(sic)** If the monetary value of merchandise mailed COD is \$1,000, but the amount to be collected from the recipient is \$500, on what is the fee based?

RESPONSE:

(a) DMCS Section 944, Collect on Delivery, does not provide any detail on COD fees. Fee Schedule 944 specifies "Amount to be Collected" only, but, as I stated in my response to GF/USPS-T39-17, this appears to have resulted from an inadvertent deletion of the phrase "or Insurance Coverage Desired" in Docket No. R2001-1. The inadvertent deletion only came to the Postal Service's attention as a result of the discovery from Growing Family in this rate proceeding. Since Docket No. R2001-1, the Postal Service has ignored the inadvertent deletion and all COD fees are based on the amount to be collected or the insurance coverage desired.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

Response to GF/USPS-T39-45 (Continued)

- (b) No. The postage used for a COD article could be zoned, based on the mail class used, but no special service fees are zoned.
- (c) Please see my response to subpart (a).
- (d) Confirmed.
- (e) I am not an attorney; however, I understand that generally the DMM does limit the Postal Service's discretion.
- (f) Confirmed that neither the DMM nor the Fee Schedule uses the term "monetary value of the merchandise" as used in my testimony.
- (g) Confirmed.
- (h) Either \$500 or the amount for which the customer chooses to insure the article, if higher than \$500.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-46. In GF/USPS-T39-18, you were asked: Assuming that a mailer sends 1,000 COD parcels a year and pays a fee based upon the amount to be collected from the customer, and assuming that the mailer submits 100 valid claims per year, will that mailer's claims always be reimbursed at the amount to be collected from the recipient? If not, why not. You responded that you cannot provide a definitive answer because information is lacking. Assume that the reasons for the claims are in the same proportion as the reasons shown for FY2005 in the chart provided in response to GF/USPS-T39-6.

- (a) In this situation, will the claims all be paid at the amount to be collected from the recipient? If not, why not. If additional assumptions are needed to respond, please provide any additional, reasonable assumptions that are necessary.
- (b) Would your answer be the same if the question applied to FY2000 or to FY2006? If not, why not?

RESPONSE:

- (a) & (b) There is still not enough information to provide an answer, even with additional assumptions.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)

GF/USPS-T39-47. In GF/USPS-T39-19, you were asked: For each year (or fiscal year) 2003 through the present, including a partial fiscal year in order to include the latest data, please state what percentage of valid claims filed were paid at a level lower than the amount to be collected from the recipient, and break down that percentage further to separate (a) those claims paid at less than the amount to be collected because the mailed product was damaged and had residual value and (b) those that were paid at less than the amount claimed for other reasons, such as but not limited to the Postal Service's view that even though the product was lost, the reproduction cost to the mailer was lower than the amount to be collected. You responded that the Postal Service does not "currently report COD claims information" to the level of detail requested.

- (a) Does the Postal Service have the data that are necessary in order to provide a response?
- (b) Please explain how the Postal Service can pay claims on the bases contained in the March 10th letter if it does not obtain information on the reasons for the claim to this level of detail.

RESPONSE:

- (a) No.
- (b) Claims are evaluated on a claim-by-claim basis. Historical data on previously-adjudicated claims have nothing to do with the adjudication of a claim. Therefore, it is not necessary to report COD claims information to the level of detail requested in the initial interrogatory.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

GF/USPS-T39-48. Please confirm that, in FY2005, Growing Family accounted for approximately 10% of the total COD volume. Growing Family hereby waives any confidentiality concerns that might otherwise be associated with the release of customer-specific volume data.

RESPONSE:

It is my understanding that Growing Family is also fully known as Hasco International. I can confirm that Hasco International's COD volume accounted for approximately 10 percent of the Postal Service's total COD volume in FY 2005.