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C O N T E N T S

WITNESSES APPEARING:

KIRK T. KANEER (Not Present)
 SUSAN W. BERKELEY
 JAMES W. PAGE (No Present)
 ALTAF H. TAUFIQUE

<u>WITNESSES:</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>	<u>VOIR DIRE</u>
Susan W. Berkeley	4359	--	4652	--	--
by Mr. Straus	--	4534	--	--	--
Altaf H. Taufique	4751	--	--	--	--
by					

<u>DOCUMENTS TRANSCRIBED INTO THE RECORD</u>	<u>PAGE</u>
Corrected designated written cross-examination of Kirk T. Kaneer, USPS-T-41	4329
Corrected designated written cross-examination of Susan W. Berkeley, USPS-T-39	4364
Cross-examination exhibit of Growing Family, Inc., GF/USPS-XE-1	4543
Corrected designated written cross-examination of James W. Page, USPS-T-23	4655
Corrected designated written cross-examination of Altaf H. Taufique, USPS-T-48	4754

E X H I B I T S

<u>EXHIBITS AND/OR TESTIMONY</u>	<u>IDENTIFIED</u>	<u>RECEIVED</u>
Corrected direct testimony of Kirk T. Kaneer on behalf of the United States Postal Service, USPS-T-41	4328	4328
Corrected designated written cross-examination of Kirk T. Kaneer, USPS-T-41	4328	4328
Corrected direct testimony of Susan W. Berkeley, on behalf of the United States Postal Service, USPS-T-39	4359	4361
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Cross-examination exhibit of Growing Family, Inc., GF/USPS-XE-1	4542	4542
Direct testimony of James W. Page on behalf of the United States Postal Service, USPS-T-23	4654	4654
Corrected designated written cross-examination of James W. Page, USPS-T-23	4654	4654
Direct testimony of Altaf H. Taufique, on behalf of the United States Postal Service, USPS-T-48	4750	4750
Corrected designated written cross-examination of Altaf H. Taufique, USPS-T-48	4753	4753

P R O C E E D I N G S

(9:30 a.m.)

1
2
3 CHAIRMAN OMAS: Good morning. Today we
4 continue hearings to receive testimony of the Postal
5 Service witnesses in support of Docket No. R2006-1,
6 Request for Rate and Fee Changes.

7 I have a brief statement, however, before we
8 begin today. Last Friday, the Postal Service provided
9 an update on the status of its responses to
10 outstanding questions in Presiding Officer's
11 Information Request No. 4. The Commission first
12 requested that information on June 1, 2006.

13 The status report indicated we still should
14 get some answers by mid to late September. The answer
15 also stated that the schedule might change depending
16 on the subject matter and quantity of Intervenor
17 testimony.

18 I wanted to be clear that the Commission
19 does not expect answers to its questions to be
20 deferred any longer regardless of what testimony
21 Intervenors submit.

22 I think the Postal Service has had
23 sufficient time, and we have had a number of problems
24 with the Postal Service in this case wanting to put
25 off this, that and the other. I think we have been

1 very tolerant of that, as well as the other
2 intervenors.

3 I would like for the Postal Service to know
4 we do expect the city carrier study and other requests
5 that were made. We asked for that in June. We are
6 now approaching September.

7 Mr. Hollies, if you have a statement,
8 please?

9 MR. HOLLIES: Yes. Thank you, Mr. Chairman.
10 I was present in a meeting at which we discussed what
11 Friday's update would consist of, and I can tell you
12 that the individuals involved are working very hard on
13 this. They are focusing a great deal of their time
14 and energy on this.

15 They are aware that the Commission is
16 looking for it. Notwithstanding the methods, what you
17 received in writing on Friday was honest.

18 CHAIRMAN OMAS: I assumed it is. I'm being
19 honest when I tell you we have five cases pending.
20 We're getting them out. We're doing them. You're
21 sending them to us. We would expect nothing less from
22 the Postal Service. Thank you.

23 Does anyone have any procedural matters to
24 discuss at this point this morning?

25 (No response.)

1 CHAIRMAN OMAS: Four witnesses are scheduled
2 to appear today. They are Witnesses Kaneer, Berkeley,
3 Page and Taufique.

4 Our first witness is Witness Kaneer. There
5 are no requests for oral cross-examination of this
6 witness.

7 Mr. Rubin, would you please proceed and move
8 for admission of his testimony into the evidentiary
9 record?

10 MR. HOLLIES: Mr. Chairman, this is Ken
11 Hollies for the Postal Service. I'm going to take
12 Witness Kaneer at this point.

13 CHAIRMAN OMAS: Okay.

14 MR. HOLLIES: I have here two copies of his
15 testimony, and I have two copies of his designated
16 written cross-examination, and I have two original
17 declarations attesting to the accuracy and
18 authenticity of his testimony and written cross-
19 examination responses.

20 At this point the Postal Service moves that
21 these materials be admitted into the evidentiary
22 record and at least with the interrogatory responses
23 also transcribed into the transcript.

24 CHAIRMAN OMAS: Is there any objection?

25 (No response.)

1 CHAIRMAN OMAS: Hearing none, I will direct
2 counsel to provide the reporter with two copies of the
3 corrected direct testimony of Witness Kaneer.

4 That testimony is received into evidence.
5 However, as is our practice, it will not be
6 transcribed.

7 (The document referred to was
8 marked for identification as
9 Exhibit No. USPS-T-41 and was
10 received in evidence.)

11 CHAIRMAN OMAS: Mr. Hollies, have the
12 answers to the designated written cross-examination
13 been reviewed and corrected?

14 MR. HOLLIES: Yes, they have, Mr. Chairman.

15 CHAIRMAN OMAS: Please provide the reporter
16 with two copies of the written cross-examination of
17 Witness Kaneer.

18 That material is received into evidence and
19 is to be transcribed into the record.

20 (The document referred to was
21 marked for identification as
22 Exhibit No. USPS-T-41 and was
23 received in evidence.)

24 //

25 //

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

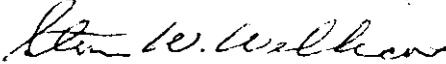
Postal Rate and Fee Changes, 2006

Docket No. R2006-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION
OF UNITED STATES POSTAL SERVICE
WITNESS KIRK T. KANEER
(USPS-T-41)

<u>Party</u>	<u>Interrogatories</u>
Douglas F. Carlson	DFC/USPS-T41-7, 10-11
Office of the Consumer Advocate	DBP/USPS-T41-1-10 DBP/USPS-24, 379 redirected to T41 DFC/USPS-T41-1-11
Postal Rate Commission	DFC/USPS-T41-11 PRC/USPS-POIR No.6 - Q4, POIR No.9 - Q4-5 redirected to T41

Respectfully submitted,


Steven W. Williams
Secretary

INTERROGATORY RESPONSES OF
 UNITED STATES POSTAL SERVICE
 WITNESS KIRK T. KANEER (T-41)
 DESIGNATED AS WRITTEN CROSS-EXAMINATION

<u>Interrogatory</u>	<u>Designating Parties</u>
DBP/USPS-T41-1	OCA
DBP/USPS-T41-2	OCA
DBP/USPS-T41-3	OCA
DBP/USPS-T41-4	OCA
DBP/USPS-T41-5	OCA
DBP/USPS-T41-6	OCA
DBP/USPS-T41-7	OCA
DBP/USPS-T41-8	OCA
DBP/USPS-T41-9	OCA
DBP/USPS-T41-10	OCA
DBP/USPS-24 redirected to T41	OCA
DBP/USPS-379 redirected to T41	OCA
DFC/USPS-T41-1	OCA
DFC/USPS-T41-2	OCA
DFC/USPS-T41-3	OCA
DFC/USPS-T41-4	OCA
DFC/USPS-T41-5	OCA
DFC/USPS-T41-6	OCA
DFC/USPS-T41-7	Carlson, OCA
DFC/USPS-T41-8	OCA
DFC/USPS-T41-9	OCA
DFC/USPS-T41-10	Carlson, OCA
DFC/USPS-T41-11	Carlson, OCA, PRC
PRC/USPS-POIR No.6 - Q4 redirected to T41	PRC
PRC/USPS-POIR No.9 - Q4 redirected to T41	PRC
PRC/USPS-POIR No.9 - Q5 redirected to T41	PRC

RESPONSE OF POSTAL SERVICE WITNESS KANEER
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-T41-1 Please provide a file similar to the file contained in Library Reference 125 Part C with two additional columns placed between columns D and E and showing the current Erent values and the percent change from current to proposed Erent values.

RESPONSE:

Please see the Excel spreadsheet filed with this response, which provides the two additional columns of requested data together with the first four columns of the existing Part C, in order to limit the file size.

RESPONSE OF POSTAL SERVICE WITNESS KANEER
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-T41-2 Please fully explain how Erent values are calculated and showing the specific criteria that are considered.

RESPONSE:

See USPS-LR-L-125, Part A (Estimating Rents (Erents) For Postal Facilities), page 1-9.

RESPONSE OF POSTAL SERVICE WITNESS KANEER
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-T41-3 Please refer to pages 15 and 16 of your testimony.

- [a] Please confirm, or explain if you are not able to confirm, that the greatest change in fee groups is limited to only one group, i.e. an existing Group 4 facility will either gain one group to Group 3, stay the same, or drop one group to Group 5.
- [b] With respect to the fee group specifications that are shown on the bottom of page 15 and the top of page 16, please confirm, or explain if you are unable to confirm, that these specifications are proposed for implementation in the current Docket.
- [c] Please provide a chart showing the fee group specifications that are being utilized currently.
- [d] If there was a change between the proposed information noted in subpart b above and in the current information noted in subpart c above, please discuss the rationale for making the changes that were made.

RESPONSE:

- [a] Confirmed that changes in fee group assignments for respective facilities are limited to a one level increase or decrease. See my testimony, page 15, lines 2-6.
- [b] Confirmed that the fee group specifications are planned to be implemented by the Postal Service.
- [c] See Docket No. R2001-1, USPS-T-38, page 10.
- [d] See USPS-T-41, page 2, lines 12-22. There has been no change in the general approach of basing fee group assignments on the Erent and the current fee group.

RESPONSE OF POSTAL SERVICE WITNESS KANEER
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-T41-4

- [a] Please confirm, or explain if you are unable to confirm, that the Erent for Englewood NJ 07631 is \$19.75; for Englewood Cliffs NJ 07632 is \$27.70, and for Tenafly NJ 07670 is \$23.50.
- [b] Please confirm, or explain if you are unable to confirm, that Englewood will change from Fee Group 2 to Fee Group 1, Englewood Cliffs will stay at Fee Group 1, and Tenafly will change from Fee Group 3 to Fee Group 2.
- [c] Please provide specific details with actual numbers showing how the Erents for these three offices was [sic] calculated.

RESPONSE:

[a-b] Confirmed; however, note minor rounding differences for Englewood and Englewood Cliffs.

[c] See Tables 1 through 3 below in conjunction with my response to DBP/USPS-T41-2.

Table 1.

FACILITY NAME	ENGLEWOOD		
ZIP5	07631		
Current Fee Group	2		
Equation	NYC		
<i>Erent</i>	19.75940067		
<i>constant</i>	=	45.5187388	
<i>Dbranch</i>	+	-4.020174 *	0
<i>Dload</i>	+	0.532282 *	1
<i>EastWest</i>	+	-0.1663608 *	1.457192982
<i>Gret</i>	+	6.683776 *	0
<i>Income</i>	+	0.0000132 *	35898
<i>LNSize</i>	+	-3.092533 *	9.612934697
<i>Masonry</i>	+	-2.237599 *	0
<i>Nopark</i>	+	-1.020844 *	0
<i>Northsou</i>	+	-0.0910814 *	15.57453145
<i>Othr</i>	+	1.466022 *	0
<i>PriceRM</i>	+	8.02E-06 *	26451.6129
<i>RentRM</i>	+	0.0204871 *	211.1428571
<i>Shop</i>	+	3.961431 *	0
<i>SomePark</i>	+	0.0859672 *	1
<i>Stor</i>	+	2.378496 *	0
<i>Wood</i>	•	-1.367893 *	0

RESPONSE OF POSTAL SERVICE WITNESS KANEER
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-T41-4, Page 2 of 2

Table 2.

FACILITY NAME	TENAFLY		
ZIP5	07670		
Current Fee Group	3		
Equation	NYC		
<i>Erent</i>	23.50232483		
<i>constant</i>	=	45.5187388	
<i>Dbranch</i>	+	-4.020174 *	0
<i>Dload</i>	+	0.532282 *	1
<i>EastWest</i>	+	-0.1663608 *	1.223795317
<i>Gret</i>	+	6.683776 *	0
<i>Income</i>	+	0.0000132 *	76050
<i>LNSize</i>	+	-3.092533 *	9.319284459
<i>Masonry</i>	+	-2.237599 *	0
<i>Nopark</i>	+	-1.020844 *	0
<i>Northsou</i>	+	-0.0910814 *	17.7017458
<i>Othr</i>	+	1.466022 *	0
<i>PriceRM</i>	+	8.02E-06 *	46478.26087
<i>RentRM</i>	+	0.0204871 *	327.5609756
<i>Shop</i>	+	3.961431 *	0
<i>SomePark</i>	+	0.0859672 *	0
<i>Stor</i>	+	2.378496 *	0
<i>Wood</i>	+	-1.367893 *	0

Table 3.

FACILITY NAME	ENGLEWOOD CLIFFS		
ZIP5	07632		
Current Fee Group	1		
Equation	NYC		
<i>Erent</i>	27.70619485		
<i>constant</i>	=	45.5187388	
<i>Dbranch</i>	+	-4.020174 *	1
<i>Dload</i>	+	0.532282 *	0
<i>EastWest</i>	+	-0.1663608 *	0.51565524
<i>Gret</i>	+	6.683776 *	0
<i>Income</i>	+	0.0000132 *	106478
<i>LNSize</i>	+	-3.092533 *	7.451822237
<i>Masonry</i>	+	-2.237599 *	1
<i>Nopark</i>	+	-1.020844 *	0
<i>Northsou</i>	+	-0.0910814 *	14.64083287
<i>Othr</i>	+	1.466022 *	0
<i>PriceRM</i>	+	8.02E-06 *	63387.5
<i>RentRM</i>	+	0.0204871 *	339.1525424
<i>Shop</i>	+	3.961431 *	1
<i>SomePark</i>	+	0.0859672 *	1
<i>Stor</i>	+	2.378496 *	0
<i>Wood</i>	+	-1.367893 *	0

RESPONSE OF POSTAL SERVICE WITNESS KANEER
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-T41-5

- [a] Please confirm, or explain if you are unable to confirm, that my Size 2 Post Office Box in Englewood NJ 07631 will experience a change in actual dollars than more than approximately 99.9% of the box holders in the country.
- [b] Please explain why Englewood was chosen for this large increase.

RESPONSE:

[a] Not confirmed. If my fee proposals are adopted, Englewood would experience a change in actual dollars greater than 98.936 percent of boxes in the country. See USPS-T-41, page 35, Table 21, and compare lines 74 to 75.

[b] Englewood, NJ 07631 was not 'chosen', per se. New planned fee group assignments, and concomitant post office box fees, are defined by Erents and current fee group assignments. As such, no office is 'chosen' for specific fee changes. ZIP Code 07631 moves from Group 2 to Group 1 because of the general post office box fee group re-specifications that improve the alignment of cost and post office box fees. In absolute terms, a size 2 box in Englewood, NJ would experience a price increase from \$47 to \$64 (36 percent) based on the Erent associated with this facility and its previous fee group. Please note that changes in the fee group assignments for respective offices have been limited to one step in this and prior cases. So it is possible that Englewood would receive a smaller increase now if its increase had not been limited in prior cases.

RESPONSE OF POSTAL SERVICE WITNESS KANEER
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-T41-6 Please provide data that shows the number of ZIP Codes that fall into each of the various scenarios of existing Fee Group to proposed Fee Group. This chart would show the number of ZIP Codes in each of the categories such as, Group 1>Group 1, Group 1>Group 2, Group 2>Group 1, Group 2>Group 2, Group 2>Group 3, etc. In addition to the number of ZIP Codes, please also show the number of boxes that are in each category.

RESPONSE:

The requested ZIP Code information, which was not needed for my testimony or fee development, can be compiled using common spreadsheet software and the data described and filed in USPS-LR-L-125, Part C. For the box counts in each category, see USPS-T-41, page 22, Table 11.

RESPONSE OF POSTAL SERVICE WITNESS KANEER
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-T41-7 *Since the proposed Fee Groups will be affected by the original Fee Group that a specific office had, please advise how each of these groups was determined and show the progression of fee group specifications that have evolved in each of the Dockets since then.*

RESPONSE:

The information has been provided in previous dockets, and is still available in records of those dockets. See Docket No. R2000-1, USPS-T-38, pages 7-15; and Docket No. R2001-1, USPS-T-38, pages 1-11.

RESPONSE OF POSTAL SERVICE WITNESS KANEER
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-T41-8 Are there plans in future Dockets to shift to a greater reliance on the econometrically calculated local real estate costs and away from the original or current fee group? Please fully explain your response.

RESPONSE:

There are no specific plans at this time; however, current fee groups would likely continue to play a role in planned fee group specifications for the foreseeable future.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KIRK KANEER
TO INTERROGATORY OF DAVID POPKIN

DBP/USPS-T41-9 Please refer to your responses to Interrogatories DBP/USPS-T41-2 and 4.

- [a] Please explain the meaning of each of the terms that are listed in the left column of Tables 1 through 3
- [b] Please provide a listing of each of the different levels, ranges, or categories that apply to each of the terms listed in the left-hand column of Tables 1 through 3.
- [c] Please advise how each of the numbers shown in the middle column of Tables 1 through 3 was derived.
- [d] Please advise how each of the numbers shown in the right-hand column of Tables 1 through 3 was derived.
- [e] Please provide an explanation showing what specific numbers were utilized in what specific calculation so as to arrive at the Events that were shown for the three referenced facilities.

RESPONSE:

- [a] My response to DBP/USPS-T41-2 cited the document that defines the terms listed in the left column, and explains the estimation process in detail.
- [b] The right-hand column provides the value for each term and see the response to part [a] above.
- [c-d] See the responses to parts [a-b], above.
- [e] Each table shows the equation that calculates the Events. Also see USPS-LR-L-125, Part A, page 2-9.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KIRK KANEER
TO INTERROGATORY FROM DAVID POPKIN

DBP/USPS-T41-10. Please refer to your responses to Interrogatory DBP/USPS-T41-9.

- [a] Please explain why the constant shown for the three offices is shown as 45.5187388 while the constant shown on page 102 of Part B of USPS-LR-L-125 for New York City is 35.74558. If this required [sic] a revised Erent value, please advise [sic] the new value.
- [b] It would appear that each facility should have an entry of 1 in either the Nopark or SomePark entries. Please explain why Tenafly[,] NJ has a 0 in both entries.

RESPONSE:

- [a] The difference between the values you cite reflects the impact of variables (time period and lease length) that take on specific values when calculating Erents for a particular equation. See USPS-LR-L-125, Part A, "Estimating Erents For Postal Facilities", pages 3-4. The Erents do not need revision. The table below illustrates how the larger value is derived from the smaller one.

Constant Validation, NYC Equation				
			Constant =	35.7455800
Factor	Coef.	*	Factor Value	
time37	-0.023356	*	47 =	-1.0977367
time40	0.072633	*	47 =	3.4137275
time44	0.106504	*	47 =	5.0056880
LseLeng	0.490296	*	5 =	2.4514800
			Subtotal	9.7731588
			Total	45.5187388

- [b] See USPS-LR-L-125, Part A, "Estimating Erents For Postal Facilities", page 5, paragraph 2, definitions for Nopark and SomePark variables. Being non-mutually exclusive, these variables may each take the value "0", thus avoiding the regression specification error known as the "Dummy Trap".¹

¹ See, Damodar Gujarati, Basic Econometrics, McGraw-Hill, 1978, pp. 289-291.

RESPONSE OF POSTAL SERVICE WITNESS KANEER
TO INTEROGATORY OF DAVID B. POPKIN,
REDIRECTED FROM THE POSTAL SERVICE

DBP/USPS-24. [a] Have any changes been made in the Post Office Box Fee Group levels since they were established under the present system for the individual offices throughout the country? [b] Have any changes been made {to} the conversion values from the ERENT values to the Fee Group Levels? [c] If so, please provide the specific details. [d] If not, are there any plans to reevaluate the levels? [e] If not, why not?

RESPONSE:

[a-c] Assuming that by "Fee Group levels" you refer to how ZIP Codes are assigned to the seven fee groups, the rules specified in my Docket No. R2001-1 testimony (pages 4 to 11) have applied since 2002. In the current docket, planned changes to fee group specifications are discussed in my testimony (pages 15 to 20). These parts of my testimonies show how the conversion from Erent values to fee group levels have changed, as well as the role of former group specifications.

[d] Not applicable.

[e] Not applicable.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KIRK KANEER
TO INTERROGATORY OF DAVID POPKIN,
REDIRECTED FROM THE POSTAL SERVICE

DBP/USPS-379. Please refer to your response to Interrogatory DBP/USPS-156. Your reference to the response to Interrogatory DFC/USPS-T41-8 does not appear to match my Interrogatory which relates to the comparison of post office box service vs. city delivery service at the same facility.

- [a] Please respond to the original Interrogatory.
- [b] Please explain how having public access to a box section can reduce the level of security to mail contained in individual locked boxes in the facility.
- [c] Please confirm, or explain if you are unable to confirm, that even if a boxholder normally picks up mail on Monday through Friday, that there may be an instance where a Saturday pick-up is desired.

RESPONSE:

- [a] The response to DFC/USPS-T41-8 discusses 5-day and 6-day delivery; it can be applied to a comparison of delivery to Post Office boxes, carrier delivery, or a mix of the two. However, because of the widely recognized distinctions between Post Office box delivery and carrier delivery, most customers likely would not find this last comparison to be helpful. Moreover, the quotation given in response to DBP/USPS-22 describes several post office box service attributes that support the assertion that post office box service is "a premium" form of delivery, as also noted in Domestic Mail Manual Section 508.4.2.1. See also my testimony, USPS-T-41 at 31-32.
- [b] A closed lobby area represents an additional layer of security beyond the post office box's lock.
- [c] Confirmed.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KIRK KANEER
TO INTERROGATORY FROM DOUGLAS CARLSON

DFC/USPS-T41-1. Please provide a list showing the fee group to which each PO box section nationwide currently is assigned and is proposed to be assigned.

RESPONSE:

The requested information is available in Part C of USPS-LR-L-125, tab WebBATS Data (beginning after the first page exemplar). Column 2 identifies box sections by the ZIP Code in which they exist. Columns 1 and 3 identify the planned and current fee group assignment for each, respectively. Please note that this list may not contain absolutely every ZIP Code containing post office boxes; the absence of counts of boxes in ZIP Codes, for example, can lead to the omission of some ZIP Codes. Resolution of such data anomalies is necessary for implementation of new post office box fees, as has been true in the last several rounds of fee increases. Assuming the Commission recommends the proposed fees and that the Board of Governors orders implementation of those fees, actual implementation will use the best information then available and will require that all data anomalies be fully resolved.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KIRK KANEER
TO INTERROGATORY FROM DOUGLAS CARLSON

DFC/USPS-T41-2. Please refer to your testimony at page 29, lines 16–17. Please confirm that the Postal Service will not permit a customer to choose the post office that will provide him/her Group E service. If you do not confirm, please explain.

RESPONSE:

Confirmed.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KIRK KANEER
TO INTERROGATORY FROM DOUGLAS CARLSON

DFC/USPS-T41-3. Please refer to your testimony at page 29, lines 14–16. Please explain how the Postal Service defines the post office responsible for delivery to a particular location and how a customer can obtain this information.

RESPONSE:

Each potential carrier delivery point (residence or business) lies in the physical delivery area of one ZIP Code and one Post Office. A customer can ask his or her carrier for this information or inquire at a nearby postal facility. As a practical matter, a new resident often learns this information from a neighbor or previous resident. The referenced lines of testimony in this interrogatory, and in DFC/USPS-T41-2, embody no changes to policy or operations.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KIRK KANEER
TO INTERROGATORY FROM DOUGLAS CARLSON

DFC/USPS-T41-4. Please provide the number of postal facilities that offer post-office-box service but that provide neither access to boxes on Saturdays nor delivery to the boxes on Saturday.

RESPONSE:

Determining the number of facilities that offer post-office-box service but that provide neither access to boxes on Saturdays nor delivery to those boxes on Saturdays requires a reliable source of service hours across all facilities matched to the availability of Post Office box service. The data sources relied upon in my testimony are unable to provide the needed information, and no other sources of data have been found that can answer the question posed. The facts that Post Office box fees vary by ZIP Code, and multiple facilities within a ZIP Code may each have unique hours of operation only complicate the situation.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KIRK KANEER
TO INTERROGATORY FROM DOUGLAS CARLSON

DFC/USPS-T41-5. Please provide the number of postal facilities that offer post-office-box service but that provide no means by which customers can obtain on Saturdays items that require a signature or than are too large to fit their box.

RESPONSE:

Such data have not been compiled. See the response to DFC/USPS-T41-4.

DFC/USPS-T41-6. Please confirm that the implementation of DPS for mail destined to post-office boxes has lead [sic] to later delivery cutoff times for delivery of this mail to customers' post-office boxes. If you do not confirm, please explain.

RESPONSE:

Not confirmed. DPS has not led to later delivery of mail to post office boxes. What can be said is that DPS mail is typically dispatched on the last morning truck from the processing plant to a local post office, while mail destinating in a box section may or may not go through DPS.

DPS may ultimately speed delivery to post office boxes. Cutoff times are based on a variety of factors, including volume, number of post office boxes, staffing, geography, retail hours, and dispatch schedules for sector/segment and DPS mail. Also, dispatch and delivery to all offices served by a plant must be coordinated together so that mail flows, types of mail worked, and dispatch accommodate the needs of all offices. DPS improves the overall efficiency of mail moving through the system and thus may enable earlier cutoff times and improve customer service.

RESPONSE OF POSTAL SERVICE WITNESS KANEER
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T41-7. Please refer to your testimony at page 29 and your response to DFC/USPS-T41-2. Please identify the words in the proposed change to the first footnote in Fee Schedule 921 that communicate the Postal Service's proposed intention not to permit a customer to choose the post office that will provide him/her Group E box service. Please do not merely provide a citation to your testimony.

RESPONSE:

There is no "proposed intention not to permit a customer to choose the post office."

With no proposal being made, one should not be surprised that no language in the footnote or my testimony addresses it. The proposed footnote's language is explained in section VII(G) of my testimony. Before the Request was filed, a Wyoming resident eligible for a Group E service could not choose to receive it in Chicago, and the same will be true whether the proposals in this docket are implemented or not.

RESPONSE OF POSTAL SERVICE WITNESS KANEER
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T41-8. Please confirm that, all else equal, a postal facility that delivers mail to post-office boxes six days a week provides the same value of service to customers as a postal facility that delivers mail to post-office boxes five days a week. If you do not confirm, please explain.

RESPONSE:

I am unaware of any reliable data that would permit one to confirm or disconfirm.

However, the Postal Service provides both five and six day service locations.

Customers are free to choose location and service combinations reflective of their evaluation, while resultant Postal Service revenues encourage additional service where there is unmet demand. Some customers likely prefer six delivery days per week, while others are likely just as satisfied with five delivery days per week. An example of the latter might be a post office box customer who obtains service near her workplace and who works a conventional Monday through Friday work week. Indeed, such a customer might even value five day service more highly than six day service based on a perception that the security of her mail is increased by the fact that the box section is inaccessible on Saturdays, when she will not be visiting her post office box. In any case, numerous factors are considered by management in service level decisions, similar to the process summarized in my response to DFC/USPS-T41-6 regarding post office box cutoff times.

RESPONSE OF POSTAL SERVICE WITNESS KANEER
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T41-9. Please confirm that, all else equal, a postal facility that provides a means six days a week by which post-office-box customers can pick up accountable mail and mail that is too large for their box provides the same value of service to customers as a postal facility that provides a means only five days a week by which post-office-box customers can pick up accountable mail and mail that is too large for their box. If you do not confirm, please explain.

Response:

See my response to DFC/USPS-T-41-8.

RESPONSE OF POSTAL SERVICE WITNESS KANEER
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T41-10. Please refer to your testimony at page 29 and your response to DFC/USPS-T41-2. Please identify the words in the proposed change to the first footnote in Fee Schedule 921 that communicate the Postal Service's intention not to permit a customer to choose the post office that will provide him/her Group E box service. Please do not merely provide a citation to your testimony.

RESPONSE:

See my responses to DFC/USPS-T41-7 and DFC/USPS-T41-11.

RESPONSE OF POSTAL SERVICE WITNESS KANEER
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T41-11. Please refer to your testimony at page 29, your response to DFC/USPS-T41-2, and your response to DFC/USPS-T41-7. Please provide at least one example of an option that is available to a customer now that would not be available if the Commission recommends, the Governors approve, and the Postal Service implements the proposed change to the first footnote in Fee Schedule 921 that you describe in your testimony.

RESPONSE:

As the section heading notes on page 29 of my testimony, this is a *clarification*, i.e. not a proposed change in service. The response to DFC/USPS-41-7 explained that no service change is being proposed. No examples of a service change are applicable.

RESPONSE OF POSTAL SERVICE WITNESS KANEER
TO POIR NO. 6, QUESTION 4

4. Please refer to worksheet "PO Boxes" in USPS-LR-L-123.
- a. Please provide TYBR box service revenue disaggregated by fee group. Confirm that these values sum to 773,381,719 as stated in cell W13.
 - b. Please provide TYAR box service revenue disaggregated by fee group. Confirm that these values sum to 849,874,435 as stated in cell Y13.

RESPONSE:

These values can be derived by summing by fee group "paths" shown in USPS-LR-L-125, pages 187 and 232 (see tables below).

row/col.	(a)	(b)	(c)	(d)	(e)	(f)	
	Current Fee Group	Size 1 Revenue	Size 2 Revenue	Size 3 Revenue	Size 4 Revenue	Size 5 Revenue	Total [2]
(1)	1	\$28,944,065	\$18,878,929	\$8,722,273	\$2,521,795	\$722,390	\$59,789,451
(2)	2	\$29,663,307	\$14,030,163	\$9,044,866	\$3,135,677	\$904,632	\$56,778,646
(3)	3	\$81,699,678	\$48,908,997	\$29,947,398	\$10,040,040	\$3,333,044	\$173,929,157
(4)	4	\$98,172,704	\$75,249,375	\$47,618,581	\$17,157,129	\$5,815,647	\$244,013,437
(5)	5	\$29,089,661	\$19,870,226	\$9,223,447	\$2,592,771	\$857,188	\$61,633,292
(6)	6	\$85,601,805	\$50,139,497	\$23,692,211	\$3,724,894	\$736,329	\$163,894,736
(7)	7	\$6,237,672	\$4,630,748	\$2,024,254	\$372,267	\$78,057	\$13,342,999
(8)	E	\$0	\$0	\$0	\$0	\$0	\$0
(9)	TOTAL	\$359,408,891	\$231,707,936	\$130,273,031	\$39,544,573	\$12,447,288	\$773,381,719

Note: Data excerpted from USPS-LR-L-125, Part E, Page 187, Table 5.

row/col.	(a)	(b)	(c)	(d)	(e)	(f)	
	Planned Fee Group	Size 1 Revenue	Size 2 Revenue	Size 3 Revenue	Size 4 Revenue	Size 5 Revenue	Total [1]
(1)	1	\$31,611,997	\$22,565,582	\$9,844,493	\$2,756,559	\$747,814	\$67,526,446
(2)	2	\$38,289,679	\$17,642,343	\$10,886,711	\$3,377,130	\$938,669	\$71,134,532
(3)	3	\$83,257,907	\$52,685,974	\$32,792,309	\$11,245,396	\$3,620,682	\$183,602,268
(4)	4	\$105,229,157	\$74,936,782	\$37,794,618	\$13,543,136	\$5,276,534	\$236,780,226
(5)	5	\$110,671,014	\$64,347,534	\$33,579,652	\$7,823,624	\$2,254,807	\$218,676,631
(6)	6	\$28,536,571	\$18,614,271	\$8,598,850	\$1,758,204	\$401,242	\$57,909,138
(7)	7	\$6,648,211	\$4,904,556	\$2,209,968	\$404,349	\$78,109	\$14,245,193
(8)	E	\$0	\$0	\$0	\$0	\$0	\$849,874,435

Note: Table sums TYAR revenue by planned fee group, see USPS-LR-L-125, Part E, Page 232, Table 5.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KIRK KANEER
TO PRESIDING OFFICER'S INFORMATION REQUEST No. 9, QUESTION 4

- POIR9, Q4.** Please refer to witness Kaneer's answer to question 4 of the Response of the United States Postal Service to Presiding Officer's Information Request No. 6 dated July 7, 2006.
- a. Please provide the names of the sheets in the workbook labeled SPS-LR-L-125, Part E, which contain the tables supplied in witness Kaneer's response. Please identify the exact cells of those sheets that contain the tables.
 - b. Please provide the calculation, including the figures used as well as an explanation of what the figures represent, for every cell in Table 2: Post Office Box, Caller Service, and Reserve Number – TYAR Revenue Forecasting.

RESPONSE:

- a. Cell references can be provided for each of the values in the tables. For Table 1 given in response to POIR No. 6, Question 4, please see USPS-LR-L-125, Part E, workbook tab "S7-BRCurrForecast – FY2008", worksheet cells C67 to G73. For Table 2, also given in response to POIR No. 6, Question 4, please see USPS-LR-L-125, Part E, workbook tab "S21-ARPropForecast – FY2008", worksheet cells C115 to G133.
- b. The Excel file provided with this response, "POIR_9_Q4b.xls", contains a single spreadsheet with cells showing the exact calculations that aggregate forecast revenues to planned fee groups in Table 2, which was originally provided in the response to POIR 6, Question 4. Table 2 and Table 3 below show cell values for POIR_9_Q4b.xls. Each cell in Table 3 below represents the estimated revenues for each post office box size and fee group transition path. Each cell in Table 2 shows the sum of the revenues in Table 3 for the corresponding size box and destinating group (destinating group is the second number in Table 3, column (a)). So, for example, the \$31,611,997 from Table 2, column (b), row 1, is the sum of \$27,233,710 and \$4,378,286 from the "1 to 1" and "2 to 1" rows in Table 3 (with the sum of cents – which are not visible – from each of those values accounting for the extra dollar). Note: Caller Service and Reserve Number revenues were not included in response to POIR NO. 6, Question 4 since only post office boxes revenues were referred to in USPS-LR-L-123.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KIRK KANEER
TO PRESIDING OFFICER'S INFORMATION REQUEST No. 9, QUESTION 4**

Table 2: Post Office Box - TYAR Revenue Forecast as shown in response to POIR #6, Question 4.

row/col.	(a)	(b)	(c)	(d)	(e)	(f)	
	Planned Fee Group	Size 1 Revenue	Size 2 Revenue	Size 3 Revenue	Size 4 Revenue	Size 5 Revenue	Total [1]
(1)	1	\$31,611,997	\$22,565,582	\$9,844,493	\$2,756,559	\$747,814	\$67,526,446
(2)	2	\$38,289,679	\$17,642,343	\$10,886,711	\$3,377,130	\$938,669	\$71,134,532
(3)	3	\$83,257,907	\$52,685,974	\$32,792,309	\$11,245,396	\$3,620,682	\$183,602,268
(4)	4	\$105,229,157	\$74,936,782	\$37,794,618	\$13,543,136	\$5,276,534	\$236,780,226
(5)	5	\$110,671,014	\$64,347,534	\$33,579,652	\$7,823,624	\$2,254,807	\$218,676,631
(6)	6	\$28,536,571	\$18,614,271	\$8,598,850	\$1,758,204	\$401,242	\$57,909,138
(7)	7	\$6,648,211	\$4,904,556	\$2,209,968	\$404,349	\$78,109	\$14,245,193
(8)	E	\$0	\$0	\$0	\$0	\$0	\$849,874,435

Note: Table sums TYAR revenue by planned fee group, see USPS-LR-L-125, Part E, Page 232, Table 5.

Table 3: Post Office Box - TYAR Revenue Forecast as shown in USPS-LR-L-125

row/col.	(a)	(b)	(c)	(d)	(e)	(f)	
	Path	Size 1 Revenue	Size 2 Revenue	Size 3 Revenue	Size 4 Revenue	Size 5 Revenue	Total [1]
(1)	1to1	\$27,233,710	\$20,173,657	\$8,402,242	\$2,335,116	\$675,246	\$58,819,971
(3)	2to1	\$4,378,286	\$2,391,926	\$1,442,251	\$421,443	\$72,568	\$8,706,474
(2)	1to2	\$4,479,796	\$1,964,703	\$1,063,756	\$361,930	\$107,803	\$7,977,989
(4)	2to2	\$24,261,751	\$11,191,866	\$7,182,083	\$2,231,882	\$621,096	\$45,488,678
(6)	3to2	\$9,548,132	\$4,485,774	\$2,640,872	\$783,318	\$209,770	\$17,667,866
(5)	2to3	\$4,251,533	\$2,340,657	\$1,517,966	\$545,707	\$162,833	\$8,818,697
(7)	3to3	\$70,976,398	\$44,345,399	\$27,213,417	\$9,273,939	\$2,928,578	\$154,737,730
(9)	4to3	\$8,029,976	\$5,999,918	\$4,060,926	\$1,425,750	\$529,272	\$20,045,841
(8)	3to4	\$8,798,425	\$5,632,318	\$3,189,186	\$1,439,566	\$526,050	\$19,585,545
(10)	4to4	\$71,015,114	\$51,792,348	\$27,230,270	\$10,626,905	\$4,246,939	\$164,911,577
(12)	5to4	\$25,415,618	\$17,512,116	\$7,375,161	\$1,476,665	\$503,545	\$52,283,104
(11)	4to5	\$19,330,875	\$11,845,293	\$7,920,713	\$3,179,754	\$1,157,104	\$43,433,739
(13)	5to5	\$10,427,258	\$6,589,292	\$3,724,097	\$1,252,542	\$370,575	\$22,363,764
(15)	6to5	\$80,912,881	\$45,912,949	\$21,934,841	\$3,391,328	\$727,128	\$152,879,128
(14)	5to6	\$2,413,828	\$1,595,458	\$1,103,013	\$513,647	\$148,366	\$5,774,311
(16)	6to6	\$19,139,493	\$11,860,835	\$5,262,556	\$838,523	\$163,914	\$37,265,321
(18)	7to6	\$6,983,250	\$5,157,978	\$2,233,281	\$406,034	\$88,962	\$14,869,505
(17)	6to7	\$5,241,471	\$3,854,818	\$1,688,969	\$302,943	\$59,107	\$11,147,308
(19)	7to7	\$1,406,740	\$1,049,738	\$520,999	\$101,406	\$19,002	\$3,097,886
(20)	E	\$0	\$0	\$0	\$0	\$0	\$0
(21)	TOTAL	\$404,244,536	\$255,697,042	\$135,706,600	\$40,908,398	\$13,317,858	\$849,874,435

Note: Data excerpted from USPS-LR-L-125, Part E, Page 232, Table 5.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KIRK KANEER
TO PRESIDING OFFICER'S INFORMATION REQUEST No. 9, QUESTION 5

POIR9, Q5. Please confirm that cells B49 and B51-B58 in the Section Directory sheet of USPS-LR-L-125, Part E, are correctly labeled Test Year Before Rates and the corresponding cells C49 and C51-C58 are correctly labeled TYAR.

RESPONSE:

Not confirmed. An error was made in the labeling the TYAR hyperlinks on the directory page. A replacement CD-ROM for USPS-LR-L-125 with appropriate changes to Part E is being filed with this response.

1 CHAIRMAN OMAS: Is there any additional
2 written cross-examination for Witness Kaneer?

3 (No response.)

4 CHAIRMAN OMAS: Mr. Rubin, would you please
5 introduce our next witness?

6 MR. RUBIN: The Postal Service calls Susan
7 Berkeley as its next witness.

8 CHAIRMAN OMAS: Ms. Berkeley, would you
9 please stand?

10 Whereupon,

11 SUSAN W. BERKELEY

12 having been duly sworn, was called as a
13 witness and was examined and testified as follows:

14 CHAIRMAN OMAS: Please be seated.

15 You may continue, Mr. Rubin.

16 MR. RUBIN: Thank you.

17 (The document referred to was
18 marked for identification as
19 Exhibit No. USPS-T-39.)

20 DIRECT EXAMINATION

21 BY MR. RUBIN:

22 Q Ms. Berkeley, do you have two copies of a
23 document designated USPS-T-39 entitled Direct
24 Testimony of Susan W. Berkeley on Behalf of the United
25 States Postal Service?

1 A Yes, I do.

2 Q Was this testimony prepared by you or under
3 your supervision?

4 A Yes.

5 Q Do you have any changes to make to this
6 testimony at this point?

7 A Yes, I do. As a result of a per piece cost
8 change to bulk parcel return service made last week or
9 the week before by Witness Mayes, there are three
10 pages in the testimony that need to be revised.

11 On page 9, line 5, the number 177 changes to
12 169. On page 11, line 17, the number 1.18 changes to
13 1.24, and on line 17 as well the number 77 changes to
14 69. Finally, on page 12, line 9, the number 177
15 changes to 169.

16 Those are all the corrections to my
17 testimony.

18 Q Thank you. And those revised pages have
19 been included in the two copies that you have?

20 A Yes, they have.

21 Q With these changes, if you were to testify
22 orally here today would this be your testimony?

23 A Yes.

24 Q Are you also prepared to sponsor the
25 Category II library reference associated with your

1 testimony as revised July 3 and August 24, 2006?

2 A Yes, I am.

3 Q Is that library reference identified on page
4 2 of your testimony as Library Reference L-123?

5 A Yes, it is.

6 MR. RUBIN: Therefore, the Postal Service
7 will provide two copies of the direct testimony of
8 Susan W. Berkeley on behalf of the United States
9 Postal Service to the reporter.

10 I ask that this testimony and the associated
11 library reference be entered into evidence in this
12 docket.

13 CHAIRMAN OMAS: Is there any objection?

14 (No response.)

15 CHAIRMAN OMAS: Hearing none, I will direct
16 counsel to provide the reporter with two copies of the
17 corrected direct testimony of Susan W. Berkeley.

18 That testimony is received into evidence.
19 However, as is our practice, it will not be
20 transcribed.

21 (The document referred to,
22 previously identified as
23 Exhibit No. USPS-T-39, was
24 received in evidence.)

25 CHAIRMAN OMAS: Ms. Berkeley, have you had

1 an opportunity to examine the packet of written cross-
2 examination provided to you this morning?

3 THE WITNESS: Yes, I have.

4 CHAIRMAN OMAS: If the questions contained
5 in that packet were asked of you orally today, would
6 your answers be the same as those you provided in
7 writing?

8 THE WITNESS: Yes, they would.

9 CHAIRMAN OMAS: Are there any additions or
10 corrections you would like to make to those answers?

11 THE WITNESS: Actually, not to the answer,
12 but I just happened to notice on the cover page the
13 designation for Douglas Carlson, the very last set of
14 interrogatories, it says "54-". It should be "54-55".
15 It's just on the cover page. I just noticed.

16 CHAIRMAN OMAS: Thank you.

17 THE WITNESS: Fifty-five is in there. Yes.

18 CHAIRMAN OMAS: Would you make those
19 corrections?

20 Counsel, would you please provide two copies
21 of the corrected designated written cross-examination
22 of Witness Berkeley to the reporter?

23 That material is received into evidence and,
24 as is our practice, will be transcribed into the
25 record.

1 (The document referred to was
2 marked for identification as
3 Exhibit No. USPS-T-39 and was
4 received in evidence.)

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BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes, 2006

Docket No. R2006-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION
OF UNITED STATES POSTAL SERVICE
WITNESS SUSAN W. BERKELEY
(USPS-T-39)

<u>Party</u>	<u>Interrogatories</u>
Douglas F. Carlson	DFC/USPS-T39-1-2, 4-5, 7, 9, 14-15, 17, 19-20, 23, 25, 27, 31-32, 36-42, 44-46, 49-50, 54-55
Growing Family, Inc.	GF/USPS-T39-1-3, 5-48 GF/USPS-T10-4, 6 redirected to T39
Office of the Consumer Advocate	DBP/USPS-286, 291, 448 redirected to T39 DFC/USPS-T39-1-2, 4-51, 53-55
Postal Rate Commission	DFC/USPS-T39-2, 5, 7, 18, 30, 41-42, 54 PRC/USPS-POIR No.2 - Q5, POIR No.3 - Q4c, 4d redirected to T39 TW/USPS-T39-1-2
Time Warner Inc.	TW/USPS-T39-1-3
United Parcel Service	UPS/USPS-T23-4 redirected to T39

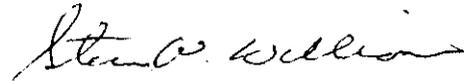
Party

Valpak Direct Marketing Systems,
Inc. and Valpak Dealers'
Association Inc.

Interrogatories

VP/USPS-T36-19 redirected to T39

Respectfully submitted,



Steven W. Williams
Secretary

INTERROGATORY RESPONSES OF
 UNITED STATES POSTAL SERVICE
 WITNESS SUSAN W. BERKELEY (T-39)
 DESIGNATED AS WRITTEN CROSS-EXAMINATION

<u>Interrogatory</u>	<u>Designating Parties</u>
DBP/USPS-286 redirected to T39	OCA
DBP/USPS-291 redirected to T39	OCA
DBP/USPS-448 redirected to T39	OCA
DFC/USPS-T39-1	Carlson, OCA
DFC/USPS-T39-2	Carlson, OCA, PRC
DFC/USPS-T39-4	Carlson, OCA
DFC/USPS-T39-5	Carlson, OCA, PRC
DFC/USPS-T39-6	OCA
DFC/USPS-T39-7	Carlson, OCA, PRC
DFC/USPS-T39-8	OCA
DFC/USPS-T39-9	Carlson, OCA
DFC/USPS-T39-10	OCA
DFC/USPS-T39-11	OCA
DFC/USPS-T39-12	OCA
DFC/USPS-T39-13	OCA
DFC/USPS-T39-14	Carlson, OCA
DFC/USPS-T39-15	Carlson, OCA
DFC/USPS-T39-16	OCA
DFC/USPS-T39-17	Carlson, OCA
DFC/USPS-T39-18	OCA, PRC
DFC/USPS-T39-19	Carlson, OCA
DFC/USPS-T39-20	Carlson, OCA
DFC/USPS-T39-21	OCA
DFC/USPS-T39-22	OCA
DFC/USPS-T39-23	Carlson, OCA
DFC/USPS-T39-24	OCA
DFC/USPS-T39-25	Carlson, OCA
DFC/USPS-T39-26	OCA
DFC/USPS-T39-27	Carlson, OCA
DFC/USPS-T39-28	OCA
DFC/USPS-T39-29	OCA
DFC/USPS-T39-30	OCA, PRC

Interrogatory

GF/USPS-T10-6 redirected to T39
PRC/USPS-POIR No.2 - Q5 redirected to T39
PRC/USPS-POIR No.3 - Q4c redirected to T39
PRC/USPS-POIR No.3 - Q4d redirected to T39
TW/USPS-T39-1
TW/USPS-T39-2
TW/USPS-T39-3
UPS/USPS-T23-4 redirected to T39
VP/USPS-T36-19 redirected to T39

Designating Parties

GF
PRC
PRC
PRC
PRC, TW
PRC, TW
TW
UPS
Valpak

RESPONSE OF POSTAL SERVICE WITNESS BERKELEY (USPS-T-39)
TO INTERROGATORIES OF DAVID B. POPKIN (DBP/USPS-286, 291),
REDIRECTED FROM THE POSTAL SERVICE

DBP/USPS-286. Please refer to your response to Interrogatory DFC/USPS-T39-37.

- [a] Please discuss the legibility issues in reading an electronic signature.
- [b] Please describe the steps being taken to improve the legibility.

RESPONSE:

[a] By electronic signature I was primarily referring to the electronic signature when signing on a pad with a stylus, which is different from a signature image capture done by the Postal Service. I understand people can be concerned about the accuracy of an electronic signature, particularly when one touches the electronic signature pad with a stylus and scribbles appear instead of a signature.

[b] To the best of my knowledge, the legibility of the Postal Service's scanned signatures do not need improvement.

RESPONSE OF POSTAL SERVICE WITNESS BERKELEY (USPS-T-39)
TO INTERROGATORIES OF DAVID B. POPKIN (DBP/USPS-286, 291),
REDIRECTED FROM THE POSTAL SERVICE

DBP/USPS-291. Please refer to the response to Interrogatory DFC/USPS-T39-11. Please confirm, or explain if you are not able to confirm, that the length of a #6-3/4 envelope is 6-1/2 inches, the length of a #9 envelope is 8-7/8 inches, and the length of a #10 envelope is 9-1/2 inches.

RESPONSE:

Confirmed.

RESPONSE OF POSTAL SERVICE WITNESS BERKELEY (USPS-T-39)
TO INTERROGATORY OF DAVID B. POPKIN (DBP/USPS-448)
REDIRECTED FROM THE POSTAL SERVICE

4372

DBP/USPS-448. Please refer to your response to Interrogatory DBP/USPS-286.

[a] Are there any plans to implement electronic signatures?

[b] If so, please discuss the plans and the implementation schedule.

RESPONSE:

[a] - [b] Please see my response to DFC/USPS-T39-55.

**RESPONSE OF POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-1-11)**

DFC/USPS-T39-1. Please provide all instances known to the Postal Service of a legal requirement that causes customers to purchase green Form 3811 return receipts instead of electronic return receipts.

RESPONSE:

Postal Service Headquarters does not collect information on legal requirements that cause customers to purchase green card Form 3811 return receipts instead of electronic return receipts.

**RESPONSE OF POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-1-11)**

DFC/USPS-T39-2. Please discuss the value of service, relative to each other, of Form 3811 return receipts and electronic return receipts.

RESPONSE:

All return receipts (Form 3804, Form 3811, electronic, and delivery record after mailing) provide high values of service individually and overall as a special service. The intrinsic high value of the Form 3811 return receipt is directly related to both the capture of the original signature and the provision of this signature. The capture of the signature could be of a high value to the mailpiece recipient, as well as always being a high value to the purchaser of the return receipt service. The physical green card receipt with the original signature would always be of a high value to the return receipt purchaser. The intrinsic high value to the electronic return receipt, in addition to the delivery record information provided by the green card, is the quicker access to this information and access to this information on-line at any time right after the delivery takes place. In these high technology times, an electronic format for delivery records is undoubtedly a higher value to customers than green card records, for storing and organization purposes.

**RESPONSE OF POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-1-11)**

DFC/USPS-T39-4. Please refer to your testimony at page 25, lines 12–14, where you state that "Delivery Confirmation does not have a signature feature, and Signature Confirmation does not provide access to a pen and ink signature." Does certified mail provide access to a "pen and ink" signature? Please explain.

RESPONSE:

When a green card return receipt (Form 3811) is attached to a piece of certified mail, the certified mail customer will receive a "pen and ink" signature. Since 9 out of 10 certified mail articles have return receipts attached (most of these are green cards), it is safe to say that the majority of certified mail provides access to a "pen and ink" signature. In order to have a "pen and ink" signature using either Delivery Confirmation or Signature Confirmation, an applicable host special service would have to be purchased along with the return receipt.

**RESPONSE OF POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-1-11)**

DFC/USPS-T39-5. Please refer to the Commission's Opinion and Recommended Decision in Docket No. R2005-1 at 184–85 and explain the findings of the Postal Service's consideration, if any, of my proposal to combine certified mail and electronic return receipt into one service.

RESPONSE:

The Postal Service has not yet studied combining certified mail service with electronic return receipts. As a result of the certified mail enhancement proposed in Docket No. R2001-1, delivery data are available with certified mail. This enhancement could negate the need to add return receipt service for certain certified mail customers, including those customers not requiring a signature. Therefore, for the time being, the Postal Service is keeping return receipts as a separate option for certified mail customers.

**RESPONSE OF POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-1-11)**

DFC/USPS-T39-6. Please explain how individual Postal Service customers, as distinguished from institutional or corporate customers, can obtain the electronic rate for Delivery Confirmation for First-Class parcels.

RESPONSE:

Several companies provide the vehicle for individuals to mail First-Class Mail parcels using electronic Delivery Confirmation service. The companies I am aware of which provide access to electronic manifest capability are eBay, Stamps.Com, Endicia and Pitney Bowes.

**RESPONSE OF POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-1-11)**

DFC/USPS-T39-7. Please refer to your testimony at page 35, lines 10–12. Please explain how your calculation results in a proposed fee of 75 cents for manual Delivery Confirmation for First-Class parcels.

RESPONSE:

The cost was marked up by 7 percent and the current fee of \$0.60 is proposed to increase by 25 percent. The testimony states that the cost was marked up by 25 percent and should state 7 percent. On a related note, the testimony should also state that the electronic fee for First-Class Mail parcels, Standard Mail, and Package Services was developed by marking up the cost by 21 percent, not 29 percent. Further, the testimony should also state that the retail fee for Priority Mail was developed by marking up the cost by 17 percent, not 30 percent. Errata will be filed shortly to correct these mistakes.

**RESPONSE OF POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-1-11)**

DFC/USPS-T39-8. Please provide the percentage of items sent with restricted delivery that are refused or returned to the sender unclaimed.

RESPONSE:

The Postal Service does not collect this type of information.

**RESPONSE OF POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-1-11)**

DFC/USPS-T39-9. Please refer to your testimony at page 63, lines 13–17 and explain how you arrived at the 94-percent markup for the fee for electronic return receipt and the 46-percent markup for the fee for basic return receipt.

RESPONSE:

Please see my testimony at page 64, line 4, through page 65, line 9, where I discuss the pricing criteria for return receipt service as a whole, and specifically the consideration of the pricing criteria for the various types of return receipt service. Please also see my response to DFC/USPS-T-39-2 above.

Additionally, the larger implicit mark-up for electronic return receipt service is justified by a general policy of conservatively spreading out large changes in price over time.

**RESPONSE OF POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-1-11)**

DFC/USPS-T39-10. Please refer to your testimony at page 67, lines 5–7.

- a. Please explain why a person would purchase Signature Confirmation instead of Delivery Confirmation if he/she did not desire access to the recipient's signature image by fax or mail.
- b. Would your sentence be accurate if it read, "Signature Confirmation provides electronic Delivery Confirmation data (date and time of delivery or attempted delivery) and access to the recipient's signature image by fax or mail"?

RESPONSE:

- a. Offhand, I can think of two reasons why a person would purchase Signature Confirmation over Delivery Confirmation without initial desire to access the recipient's signature image by fax or mail. First, having a recipient sign for a mailpiece connotes importance, and a clear message is being sent by the sender to the recipient that the recipient's signature is important. The recipient may also feel some personal importance from being required to provide a signature. Second, the person purchasing Signature Confirmation may want access to the signature image only if there is some question as to whether or not the mailpiece was received or, who, in fact, signed for the mailpiece.
- b. Yes. I believe that the words "if desired" are just as, if not more, accurate in their use in the sentence than if they are removed from the sentence. As the signature image is not automatically provided, the Signature Confirmation customer must take a proactive approach to getting the image, if they so desire that image.

**RESPONSE OF POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-1-11)**

DFC/USPS-T39-11. Please refer to your testimony at page 77, lines 3–14.

- a. Please confirm that the Postal Service sells #6¾, #9, and #10 stamped envelopes.
- b. Please confirm that the length of a #6¾ stamped envelope is not 6¾ inches, the length of a #9 stamped envelope is not 9 inches, and the length of a #10 stamped envelope is not 10 inches.

RESPONSE:

- a. Confirmed.
- b. Confirmed that the lengths for the Postal Service's stamped envelopes are not exactly 6¾, 9, and 10 inches in length.

**RESPONSE OF POSTAL SERVICE WITNESS BERKELEY (USPS-T-39)
TO INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-12-17)**

DFC/USPS-T39-12. Please provide the exact volume of electronic return receipts in FY 2005.

RESPONSE:

The FY 2005 electronic return receipt volume was 234,366. Please see USPS-LR-L-123, WP-20.

**RESPONSE OF POSTAL SERVICE WITNESS BERKELEY (USPS-T-39)
TO INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-12-17)**

DFC/USPS-T39-13. Please discuss the extent, based on volume, to which electronic return receipt has been a marketplace failure.

RESPONSE:

The Postal Service does not see electronic return receipt service as a marketplace failure. This service is new, and as is the case with new services, it takes time for public awareness and, consequently volume, to increase. It is likely that return receipt consumers are waiting to see if the signature image from an electronic return receipt, as opposed to a "pen and ink" signature from a green card return receipt, is acceptable for their needs.

On a related note, it is my understanding that the Internal Revenue Service (IRS) is planning to begin official use of the electronic return receipt service later on this year. This may persuade other customers to begin using the electronic return receipt service as well.

**RESPONSE OF POSTAL SERVICE WITNESS BERKELEY (USPS-T-39)
TO INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-12-17)**

DFC/USPS-T39-14. Please provide the percentage of regular (green Form 3811) return-receipt volume that customers purchased at a retail window.

RESPONSE:

The Postal Service does not have the exact data requested, in the form requested. However, Point-Of-Sale (POS) terminal data for Fiscal Year 2005 indicate that 62,393,378, or 30 percent, of the 207,537,895 green card return receipts were sold at retail windows connected to the POS system. As approximately 48 percent of all retail window units are part of the POS system, it is safe to assume that the actual percentage of green card return receipts sold at retail windows in 2005 was higher than the 30 percent sold at POS units.

**RESPONSE OF POSTAL SERVICE WITNESS BERKELEY (USPS-T-39)
TO INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-12-17)**

DFC/USPS-T39-15. Please provide the percentage of electronic return receipts for which the mail piece was delivered but for which no signature is on file in Postal Service delivery records.

RESPONSE:

During the period from April 1 through June 1, 4.2 percent of the mailpieces with electronic return receipt service purchased received a scan indicating a final disposition, but did not have a signature linked to the mailpiece.

**RESPONSE OF POSTAL SERVICE WITNESS BERKELEY (USPS-T-39)
TO INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-12-17)**

DFC/USPS-T39-16. Please identify any sales goals, practices, policies, or requirements, such as, but not limited to, revenue quotas or goals, that may encourage window clerks to sell regular (green Form 3811) return receipts instead of electronic return receipts.

RESPONSE:

The Postal Service does not have any sales goals, practices, policies, or requirements, such as, but not limited to, revenue quotas or goals, that would encourage window clerks to sell green card (Form 3811) return receipts instead of electronic return receipts.

**RESPONSE OF POSTAL SERVICE WITNESS BERKELEY (USPS-T-39)
TO INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-12-17)**

DFC/USPS-T39-17. Please confirm that the Postal Service's proposal in Docket No. R2001-1 to provide access to the date and time of delivery for certified mail items via telephone and Internet as a part of basic certified mail service did not include window-service costs associated with the time for window clerks to explain this service feature to customers. If you do not confirm, please explain.

RESPONSE:

Not confirmed. I can confirm that the special study per-piece cost for providing delivery data, presented in *USPS-LR-J-135, Section D, of Docket No. R2001-1* did not include any window service costs. I cannot confirm whether or not the aggregate cost for certified mail, as presented in the roll-forward cost model, *included costs related to explanation by window clerks to customers of the proposed enhancement to certified mail.*

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-18-20)**

DFC/USPS-T39-18. With reference to volume data in USPS-LR-L-75, please discuss and evaluate the effect on return-receipt volume of the classification change in Docket No. R2001-1 to provide the date and time of delivery as a basic element of certified mail and registered mail service.

RESPONSE:

Since FY 2002, when the *delivery data enhancement* became a basic feature of certified mail and registered mail, the volume of basic (green card) return receipt transactions has consistently declined. The volume decreased from 242 million in 2002, to 225 million in 2003, to 217 million in 2004, to 208 million in 2005. During this same period, certified mail volume also decreased, although to a lesser extent, and the percentage of certified mail using green card return receipt service declined from 85 percent in 2002 to 79 percent in 2005. Additionally, return receipt after mailing volume has increased substantially in the last couple of years. All of these changes are consistent with the conclusion that some certified mail customers have stopped using basic (green card) return receipt service since 2002 and may be relying on the delivery information included with certified mail. Also, since the price of return receipt after mailing service has decreased by over 50 percent since 2000, some green card return receipt customers may have switched to this return receipt option as a method to get the service only when they really need it.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-18-20)**

DFC/USPS-T39-19. Please provide a copy of the portion of a POS-One receipt for an electronic return receipt transaction that provides instructions to customers for obtaining their electronic return receipt.

RESPONSE:

The POS-One receipt has the following verbiage on how to receive electronic return receipt service.

<p>*** Use label #R999999999 for inquiry on Return Receipt (Electronic).</p>
<p>*** IMPORTANT: For Return Receipt (Electronic), wait one day, go to www.usps.com; select Track & Confirm; enter label number(s); select 'Request Return Receipt (Electronic)'; enter your name and email address. Please make your request within 60 days.</p>

Note: Label #R9999999999 shows the actual label number for the host special service.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-18-20)**

DFC/USPS-T39-20. Please provide a copy of the portion of an IRT receipt for an electronic return receipt transaction that provides instructions to customers for obtaining their electronic return receipt.

RESPONSE:

There are no instructions on an IRT receipt for obtaining electronic return receipt service; however, for offices with IRTs, a Form 3811-I with instructions for obtaining electronic return receipt service is provided to electronic return receipt customers. Below is the verbiage for the instructions on a Form 3811-I:

**Instructions for Requesting
Return Receipt (Electronic)**

To request a Return Receipt (Electronic), visit our web site at usps.com and complete the following steps:

- 1) Select "Track & Confirm."
- 2) Enter the label number from your Certified Mail™, Registered Mail™, Insured Mail, or COD receipt.
- 3) Select "Request Return Receipt (Electronic)."
- 4) Enter your name and e-mail address.

Please make your request for a Return Receipt (Electronic) within 90 days from the date of mailing.

PS Form **3811-I**, November 2004 (PSN 7530-07-000-4101)

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-21-29)**

DFC/USPS-T39-21. Please provide the basis for your statement in your testimony at page 64, lines 5–8 that the “original pen and ink signature” may be “a legal requirement for proof of delivery in some instances.”

RESPONSE:

It is my understanding that a Form 3811, green card return receipt, with an “original pen and ink” signature, may be legally required for proof of delivery. To the best of my knowledge, legal proof of delivery of certain documents and the like may be required in some instances for delivery of summonses and other court documents, rights to cancel contractual agreements, tax collection notices, child support payment requests/garnishments, legal notices for public hearings, etc.

Regardless of any legal requirement, I am generally aware that some customers are concerned that court systems, in certain instances, will only accept a green card return receipt, as opposed to an electronic return receipt.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-21-29)**

DFC/USPS-T39-22. Please provide all instances known to you of a legal requirement that causes customers to purchase green Form 3811 return receipts instead of electronic return receipts.

RESPONSE:

Please see my response to DFC/USPS-T39-21. I believe that in those instances where a return receipt may be a legal requirement, most of those return receipts currently serving as legal proof of delivery are Forms 3811, green card return receipts. I believe that the law is still developing on the acceptance of electronic return receipt service as a substitute for green card return receipt service. It would not surprise me if electronic return receipt service becomes allowable as legal proof of delivery for more and more current return receipt users who may be using the service to satisfy a legal requirement.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-21-29)**

DFC/USPS-T39-23. Please provide the percentage of electronic return receipt transactions for which the customer subsequently visited the Postal Service Web site and completed the process for requesting the recipient's signature.

RESPONSE:

During the period from March 1 through May 31, 105,147 electronic return receipts were purchased. During that same period, 42,989 requests for delivery information were made via usps.com. Dividing the number of requests by the number of electronic return receipts purchased results in 41 percent. It is important to note, though, that this may not be an exact percentage because more than one request could be made for the same electronic return receipt. Additionally, requests were made during this period for return receipts purchased before the period. Conversely, return receipts were purchased during the period and the requests for service came after the period ended.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-21-29)**

DFC/USPS-T39-24. Please refer to your response to DFC/USPS-T39-2.

- a. Please explain how the capture of the signature "could be of a high value to the mailpiece recipient[.]"
- b. Please estimate the portion of the value of return-receipt service that should be attributed to the value of the service, if any, to the recipient.

RESPONSE:

a-b. Request of a signature connotes importance. Most mailpieces are delivered without fanfare. When a letter carrier comes to the door for a signature or a recipient is left an attempted delivery notice for an accountable mailpiece, immediately there is an indication that there is something special about the mailpiece. The recipient of the mailpiece more than likely comes to the realization that the sender had to make some effort (be it in preparation, getting the mailpiece accepted, paying more, etc.) over the effort involved in sending a non-accountable mailpiece, to get the Postal Service to get a signature. Not only is the mailpiece important – the recipient is important as the mailer values their receipt of the mailpiece enough to pay more for this service. As the signature value of accountable mail is subjective and varies from individual case to individual case, it is really difficult to generally assign a portion of the value of service to the sender and a portion to the recipient. Overall, I would believe that the signature value is probably more valuable to the sender than the recipient, yet the signature value to the recipient should not be overlooked.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-21-29)**

DFC/USPS-T39-25. Please provide examples in which a sender would need a *copy of the recipient's signature faster than the signature would arrive by mail on a green Form 3811 return receipt.*

RESPONSE:

I would imagine that there are a myriad of situations where a sender would be in a hurry to receive signature proof of delivery. Maybe the sender needs a signature delivery before they can proceed with something – a legal procedure or something else which may have a deadline or, for whatever other reason, would need to be handled expeditiously.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-21-29)**

DFC/USPS-T39-26. For host services for which customers can purchase a return receipt, please query a Postal Service data system and provide the *number of days after delivery for the recipient's signature to become available to the purchaser of an electronic return receipt or a return receipt after mailing.* In your response, please provide both the average number of days and a list showing the percentage share of the total for each number of days (e.g., 10 percent of signatures are available two days after delivery, 50 percent are available three days after delivery, 20 percent are available four days after delivery, 10 percent are available five days after delivery, etc.).

RESPONSE:

These data are not readily available by querying Postal Service data systems.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-21-29)**

DFC/USPS-T39-27. Please refer to your response to DFC/USPS-T39-2. Please explain why a customer who does not maintain delivery records in electronic format would derive a higher value "for storing and organization purposes" from an electronic return receipt than a hard-copy return receipt.

RESPONSE:

The portion of the interrogatory response:

"...The intrinsic high value to the electronic return receipt, in addition to the delivery record information provided by the green card, is the quicker access to this information and access to this information on-line at any time right after the delivery takes place. In these high-technology times, an electronic format for delivery records is undoubtedly a higher value to customers than green card records, for storing and organization purposes."

referred to the advantages for electronic return receipt customers of electronic return receipts over green card return receipts. Thus, I don't think a customer who does not maintain records in electronic format would derive a higher value from electronic return receipts over green card return receipts.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-21-29)**

DFC/USPS-T39-28. For items sent via certified mail with restricted delivery during a transaction at a retail window, please provide the percentage of items that were refused or returned to the sender unclaimed.

RESPONSE:

The Postal Service does not capture information on "refused" or "return to sender" certified mail with restricted delivery on a consistent basis. Therefore, we do not calculate the requested percentage.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-21-29)**

DFC/USPS-T39-29. Please refer to your response to DFC/USPS-T39-9. Please explain precisely which proposed fee you believe is justified by a “general policy of conservatively spreading out large changes in price over time.”

RESPONSE:

The entire sentence, with the phrase you quoted, reads:

“Additionally, the larger implicit mark-up for electronic return receipt service is justified by a general policy of conservatively spreading out large changes in price over time.”

The reference is to the proposed fee for electronic return receipts.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-30-35)**

DFC/USPS-T39-30. Please refer to your response to DFC/USPS-T39-13. Please explain whether the Internal Revenue Service will use electronic return receipt as a sender or a recipient. If the Internal Revenue Service will use the service as a sender, please explain how the service will work, and please explain whether other customers can purchase this service without visiting a retail window.

RESPONSE:

It is my understanding that the Internal Revenue Service (IRS) will use electronic return receipt service as both a sender and recipient. As a sender using electronic return receipt service with certified mail, the IRS will participate in the Bulk Proof of Delivery Program.

Participation in this program requires the IRS to upload an electronic file of the certified mail articles requesting electronic return receipt service. The Postal Service then appends the IRS's signature extract file with the requested signature records, and the IRS downloads the signature files for the delivered articles.

The Bulk Proof of Delivery Program allows other customers to purchase electronic return receipt service without having to visit a retail window. Details on this program may be found in Publication 80, Bulk Proof of Delivery Program, available online at www.usps.com.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-30-35)**

DFC/USPS-T39-31. Please refer to your response to DFC/USPS-T39-14, in which you state that “approximately 48 percent of all retail window units are part of the POS system[.]” Please define “retail window units.” For example, if a post office has a main office and a station, and the main office has six service windows with POS terminals and the station has four service windows with POS terminals, how many “retail window units” does that post office have?

RESPONSE:

By “retail window units”, I meant retail postal facilities. Out of approximately 37,000 retail postal facilities, over 17,000 of these facilities are part of the POS system. In the example you provide, with a main office and a station, I would consider that two retail window units.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-30-35)**

DFC/USPS-T39-32. Please refer to your response to DFC/USPS-T39-15.

- a. Does the Postal Service consider a failure rate of 4.2 percent to be acceptable?
- b. Please explain why no signature is on file for 4.2 percent of electronic return receipts.

RESPONSE:

- a. A failure rate of 4.2 percent (in isolation) is not acceptable.
- b. The Postal Service does not collect information on the reason why a signature is not on file. A signature would not be on file for several reasons. First, it is possible that the delivery employee failed to obtain the signature. Second, perhaps the barcode and human-readable numbers on the Form 3849 were not readable, therefore making it impossible for the signature to be linked to the appropriate mailpiece. Finally, the signature may not have been captured at the Computerized Forwarding System site.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-30-35)**

DFC/USPS-T39-33. Please confirm that no signature may be on file for some certified mail items to which a green Form 3811 return receipt was attached and that, for these same items, the Postal Service may have obtained a signature on the return receipt and mailed the return receipt to the customer.

RESPONSE:

Confirmed that the scenario you posit is certainly possible, though probably rare.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-30-35)**

DFC/USPS-T39-34. Please provide all facts and information indicating the percentage of green Form 3811 return receipts for which the Postal Service did not collect a signature or that the Postal Service did not return to the sender.

RESPONSE:

The Postal Service does not electronically capture any information from the green card return receipts returned to the sender of the original mailpiece.

Therefore, we have no way of determining the actual percentage of green card return receipts for which a signature was not collected or was not returned to the sender.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-30-35)**

DFC/USPS-T39-35. Please refer to the response to DFC/USPS-T39-14. Please provide the return-receipt volume that was collected in IRT transactions.

RESPONSE:

The IRT system does not collect detailed enough information to provide a volume for return receipts. The total sales value of the Postage Validation Imprinter (PVI) label is recorded, and, as such, this provides the total price of the mailpiece without a breakdown of the rate and applicable fees.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-36-42)**

DFC/USPS-T39-36. Please refer to your response to DFC/USPS-T39-21. Please confirm that you are aware of no actual, specific legal requirements for an "original pen and ink signature" on a green Form 3811 return receipt, as opposed to an electronic return receipt, to establish proof of delivery. If you do not confirm, please specifically identify the legal requirements of which you are aware and whose existence you can confirm.

RESPONSE:

I am aware, based on Internet research, that in order to process certain legal actions, certified mail or registered mail with a Form 3811 return receipt is considered a legal requirement.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-36-42)**

DFC/USPS-T39-37. Please refer to your response to DFC/USPS-T39-21. Please provide the basis for your general awareness that "some customers are concerned that court systems, in certain instances, will only accept a green card return receipt, as opposed to an electronic return receipt."

RESPONSE:

Based on my experience and discussions with colleagues in the Marketing Department and Law Department, I am generally aware of a belief by some portion of the population that a pen and ink signature provides the ultimate assurance when it comes to proving someone received something. The portion of the population feeling comfortable with a pen and ink signature may also be concerned about legibility issues in reading an electronic signature.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-36-42)**

DFC/USPS-T39-38. Please refer to your response to DFC/USPS-T39-22. Please state the basis for your belief about the development of the law on the acceptance of electronic return receipt service as a substitute for green card return receipt service.

RESPONSE:

I believe that high-volume certified mail with green card return receipt customers are looking for lower-cost options that will still satisfy any existing legal requirements. An example is the state of Ohio Supreme Court system. Wanting to save money and improve efficiency, the court system implemented a pilot program using electronic return receipt service in conjunction with certified mail, as opposed to using the green card return receipt service. The Ohio Supreme Court evaluated the Rules of Civil Procedure to see if an electronic return receipt was a legal substitute for the Form 3811, green card return receipt. The ruling was that electronic return receipt service was a viable legal substitute. The practice of determining legal eligibility and then using electronic return receipt service over green card return receipt service appears to be spreading throughout the state of Ohio and perhaps to other court systems in the United States.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-36-42)**

DFC/USPS-T39-39. Please refer to your response to DFC/USPS-T39-25. Please confirm that you are aware of no specific instance in which a sender needed a copy of the recipient's signature faster than, under normal conditions, the signature would have arrived by mail on a green Form 3811 return receipt. If you do not confirm, please provide specific examples.

RESPONSE:

Not confirmed. Please see my response to DFC/USPS-T39-38. One judge in Ohio commented that the use of electronic return receipt service saved time getting information, along with saving money. In turn, defendants can get served quicker and hearings can happen faster.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-36-42)**

DFC/USPS-T39-40. For any service for which the Postal Service collects a signature upon delivery on a Form 3849 and electronically attaches or connects an image of this signature to the electronic delivery record or article number, does the Postal Service possess any electronic record of either the date on which any Forms 3849 were scanned or the date on which the image of a signature from a Form 3849 was electronically attached or connected to the delivery record or article number?

RESPONSE:

Yes.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-36-42)**

DFC/USPS-T39-41. Please refer to your response to DFC/USPS-T39-29.
Please provide examples of the Postal Service conservatively spreading out
large price decreases over time.

RESPONSE:

Following are examples of fee proposals in past omnibus proceedings where an
attempt was made to spread out what were presumed to be large price
decreases over time.

Docket No. R97-1:

BRM non-advance per piece

BRM advance deposit per piece

Money orders

Docket No. R2000-1:

Checking a meter in or out of service

Periodicals additional entry

Reserve number

Docket No. R2001-1:

Return receipt after mailing

BRM QBRM high volume per piece

Post office boxes

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-36-42)**

DFC/USPS-T39-42. Please refer to your response to DFC/USPS-T39-29.
Please explain how conservatively spreading out large price decreases over time would benefit postal customers.

RESPONSE:

I believe that the term "rate shock" or, in this case "fee shock" can apply to both large price increases and decreases, and the avoidance of this type of shock should be of a benefit to postal customers. Another benefit to postal customers *in spreading out a large price decrease over time* would be avoiding a (potentially large) fee increase later on if some factor came into play which made a price increase necessary. Especially in this instance, i.e., the current proposal for electronic return receipts, it is believed that it is prudent to keep the price as stable as possible while the service is developing.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-43-47)**

DFC/USPS-T39-43. Please refer to your response to DFC/USPS-T39-31.
Please provide the percentage of mail volume that is accepted in transactions at retail terminals that is accepted at a POS retail terminal.

RESPONSE:

The Postal Service does not collect data on the mail volume that is accepted in transactions at retail terminals that are not on the POS system. The Postal Service collects data on the mail volume accepted in transactions at retail terminals on the POS system only. Therefore, I am unable to provide the percentage requested.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-43-47)**

DFC/USPS-T39-44. Please refer to your response to DFC/USPS-T39-33. For each part below, please confirm that, for some certified mail items to which a green Form 3811 return receipt was attached, the Postal Service may have obtained a signature on the return receipt and mailed the return receipt to the customer, but no electronic copy of the signature for the certified mail delivery record may exist because —

- a. The delivery employee failed to obtain a signature on the Form 3849;
- b. The bar code and human-readable numbers on the Form 3849 were not readable, therefore making it impossible for the signature to be linked to the appropriate mail piece.
- c. The signature may not have been captured at the Computerized Forwarding System site.

If you do not confirm, please explain.

RESPONSE:

- a. Confirmed.
- b. Confirmed.
- c. Confirmed.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-43-47)**

DFC/USPS-T39-45. Please refer to your response to DFC/USPS-T39-33.

- a. Please explain why the scenario posed in DFC/USPS-T39-33 would be rare.
- b. Please confirm that the scenario posed in DFC/USPS-T39-33 conceivably could occur in every one of the 4.2 percent of instances in which an electronic copy of the signature was not on file in the certified mail delivery record.

RESPONSE:

a. The scenario would be rare because the host special service, in this case certified mail, would be the "driver" of the process; that is, the reason the delivery employee is initially seeking a signature. Therefore, the delivery employee, as a *matter of habit and training*, would be focused on the host special service first and then the ancillary service, with the possible exception of restricted delivery because that ancillary service dictates who would sign for the accountable piece to begin with, and thus must be focused on before the host service.

b. It is possible, but not probable, since there are other reasons for a signature not to be on file. Please see my response to DFC/USPS-T39-32.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-43-47)**

DFC/USPS-T39-46. Please refer to your response to DFC/USPS-T39-32(a).

- a. Please explain why your response includes the words "in isolation."
- b. Please explain why you are not willing to state unequivocally that a 4.2 percent failure rate is unacceptable.
- c. Please provide the maximum failure rate that the Postal Service considers acceptable.

RESPONSE:

a. The words "in isolation" referred to two things. First, the fact that the mailpieces had a final disposition scan (i.e., a delivery)but no signature on file does not necessarily mean that a signature was not captured. Perhaps the signature was obtained but not on file for some reason beyond the Postal Service's control. Second, most electronic return receipt customers do not ask for the signature image. It is possible that of those customers requesting a signature image, less than 4.2 percent of all electronic return receipt transactions not having a signature on file could mean less than 4.2 percent of those customers actually requesting a signature image find it was not captured. The fact is that the Postal Service does not consider any failure rate acceptable and is continually working towards improvements (see my response to c below).

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-43-47)**

Response to DFC/USPS-T39-46 (Continued)

b. I did state it unequivocally since the "in isolation" was in parentheses. Please see my response to a. above.

c. There is no established maximum failure rate as the Postal Service continually works to reduce any failure rates as much as possible.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-43-47)**

DFC/USPS-T39-47. Please refer to your response to DFC/USPS-T39-34. Please confirm that the Postal Service performs no quality control or other monitoring to ensure that employees are properly collecting signatures on green Forms 3811 or properly returning green Forms 3811 to the sender. If you do not confirm, please explain.

RESPONSE:

Not confirmed. Employees throughout the Postal Service perform quality control or other monitoring to see if signatures are collected on green card return receipts, that green cards are fully or properly completed, and that green cards are returned to the sender. There is not a formal quality control or monitoring program; however, I believe most employees are diligent when it comes to making sure they are doing what is required to carry out their jobs.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

DFC/USPS-T39-48. For transactions conducted at retail windows for which customers purchased both certified mail and return receipt, please provide the percentage of these transactions in which the mail piece was destined to a ZIP Code for which the First-Class Mail service standard was one day, the percentage of these transactions in which the mail piece was destined to a ZIP Code for which the First-Class Mail service standard was two days, and the percentage of these transactions in which the mail piece was destined to a ZIP Code for which the First-Class Mail service standard was three days.

RESPONSE:

These data are not available.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-49-50)**

DFC/USPS-T39-49. When a customer visits the Postal Service Web site and requests "proof of delivery" (an image of the signature) for an item for which the customer purchased an electronic return receipt, please provide the confirmation message that the Web site provides (after the customer enters the requested information) when the signature already exists in the database and can be sent to the customer.

RESPONSE:

The confirmation message that the Postal Service website provides an electronic return receipt customer when the signature exists is "Your Proof of Delivery record is complete and will be processed shortly."

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-49-50)**

DFC/USPS-T39-50. When a customer visits the Postal Service Web site and requests "proof of delivery" (an image of the signature) for an item for which the customer purchased an electronic return receipt, please provide the confirmation message that the Web site provides (after the customer enters the requested information) when the signature does not exist in the database yet and is not ready to be sent to the customer.

RESPONSE:

The confirmation message that the Postal Service website provides an electronic return receipt customer when the signature does not exist in the database yet and is not ready to be sent to the customer is "You requested this information prior to the delivery of your item. When your Proof of Delivery record is complete, it will be provided."

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

DFC/USPS-T39-51. For host services for which customers can purchase a return receipt, please query a Postal Service data system and provide the average number of days after delivery for the recipient's signature to become available to the purchaser of an electronic return receipt. In your response, please provide both the average number of days and a list showing the percentage share of the total for each number of days (e.g., 10 percent of signatures are available two days after delivery, 50 percent are available three days after delivery, 20 percent are available four days after delivery, 10 percent are available five days after delivery, etc.). For purposes of this interrogatory, a signature is "available" when it exists in the database.

RESPONSE:

These data are not available.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

DFC/USPS-T39-53. For each three-digit ZIP Code area, please provide the city or location of the facility at which signatures on Forms 3849 are scanned.

RESPONSE:

Site	3 Digit	CITY, STATE, ZIP
LOUISVILLE, KY	400	Louisville KY 40221-9998
LOUISVILLE, KY	401	Louisville KY 40221-9998
LOUISVILLE, KY	402	Louisville KY 40221-9998
LOUISVILLE, KY	471	Louisville KY 40221-9998
SOUTH JERSEY, NJ	080	Bellmawr, NJ 08099-9716
SOUTH JERSEY, NJ	081	Bellmawr, NJ 08099-9716
SOUTH JERSEY, NJ	082	Bellmawr, NJ 08099-9716
SOUTH JERSEY, NJ	083	Bellmawr, NJ 08099-9716
SOUTH JERSEY, NJ	084	Bellmawr, NJ 08099-9716
SOUTH JERSEY, NJ	197	Bellmawr, NJ 08099-9716
SOUTH JERSEY, NJ	198	Bellmawr, NJ 08099-9716
SOUTH JERSEY, NJ	199	Bellmawr, NJ 08099-9716
AUSTIN TX	733	Austin, TX 78710-9716
AUSTIN TX	786	Austin, TX 78710-9716
AUSTIN TX	787	Austin, TX 78710-9716
AUSTIN TX	789	Austin, TX 78710-9716
PHOENIX, AZ	850	Phoenix, AZ 85034-4100
PHOENIX, AZ	852	Phoenix, AZ 85034-4100
PHOENIX, AZ	853	Phoenix, AZ 85034-4100
PHOENIX, AZ	855	Phoenix, AZ 85034-4100
PHOENIX, AZ	856	Phoenix, AZ 85034-4100
PHOENIX, AZ	857	Phoenix, AZ 85034-4100
PHOENIX, AZ	859	Phoenix, AZ 85034-4100
PHOENIX, AZ	860	Phoenix, AZ 85034-4100
PHOENIX, AZ	863	Phoenix, AZ 85034-4100

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

CINCINNATI, OH	410	Cincinnati, OH 45234-9713
CINCINNATI, OH	450	Cincinnati, OH 45234-9713
CINCINNATI, OH	451	Cincinnati, OH 45234-9713
CINCINNATI, OH	452	Cincinnati, OH 45234-9713
CINCINNATI, OH	459	Cincinnati, OH 45234-9713
CINCINNATI, OH	470	Cincinnati, OH 45234-9713
WASHINGTON, DC	200	Hyattsville, MD 20782
WASHINGTON, DC	202	Hyattsville, MD 20782
WASHINGTON, DC	203	Hyattsville, MD 20782
WASHINGTON, DC	204	Hyattsville, MD 20782
WASHINGTON, DC	205	Hyattsville, MD 20782
WASHINGTON, DC	206	Hyattsville, MD 20782
WASHINGTON, DC	207	Hyattsville, MD 20782
WASHINGTON, DC	208	Hyattsville, MD 20782
WASHINGTON, DC	209	Hyattsville, MD 20782
WASHINGTON, DC	569	Hyattsville, MD 20782
HARTFORD, CT	060	Hartford, CT 06114-2110
HARTFORD, CT	061	Hartford, CT 06114-2110
HARTFORD, CT	062	Hartford, CT 06114-2110
HARTFORD, CT	063	Hartford, CT 06114-2110
HARTFORD, CT	067	Hartford, CT 06114-2110
HARTFORD, CT	065	Hartford, CT 06114-2110
HARTFORD, CT	066	Hartford, CT 06114-2110
HARTFORD, CT	068	Hartford, CT 06114-2110
HARTFORD, CT	069	Hartford, CT 06114-2110
HARTFORD, CT	064	Hartford, CT 06114-2110
HARTFORD, CT	067	Hartford, CT 06114-2110
BIRMINGHAM, AL	350	Birmingham, AL 35222-1358
BIRMINGHAM, AL	351	Birmingham, AL 35222-1358
BIRMINGHAM, AL	352	Birmingham, AL 35222-1358
BIRMINGHAM, AL	354	Birmingham, AL 35222-1358
BIRMINGHAM, AL	355	Birmingham, AL 35222-1358
BIRMINGHAM, AL	356	Birmingham, AL 35222-1358
BIRMINGHAM, AL	357	Birmingham, AL 35222-1358
BIRMINGHAM, AL	358	Birmingham, AL 35222-1358
BIRMINGHAM, AL	359	Birmingham, AL 35222-1358
BIRMINGHAM, AL	362	Birmingham, AL 35222-1358

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

SAN DIEGO, CA	919	San Diego, CA 92110-3244
SAN DIEGO, CA	920	San Diego, CA 92110-3244
SAN DIEGO, CA	921	San Diego, CA 92110-3244
SAN DIEGO, CA	922	San Diego, CA 92110-3244
SAN DIEGO, CA	923	San Diego, CA 92110-3244
SAN DIEGO, CA	924	San Diego, CA 92110-3244
SAN DIEGO, CA	925	San Diego, CA 92110-3244
INDIANAPOLIS, IN	460	Indianapolis, IN 46241-9532
INDIANAPOLIS, IN	461	Indianapolis, IN 46241-9532
INDIANAPOLIS, IN	462	Indianapolis, IN 46241-9532
INDIANAPOLIS, IN	463	Indianapolis, IN 46241-9532
INDIANAPOLIS, IN	464	Indianapolis, IN 46241-9532
INDIANAPOLIS, IN	472	Indianapolis, IN 46241-9532
NORTHERN, VA	201	Dulles, VA 20101-9600
NORTHERN, VA	220	Dulles, VA 20101-9600
NORTHERN, VA	221	Dulles, VA 20101-9600
NORTHERN, VA	222	Dulles, VA 20101-9600
NORTHERN, VA	223	Dulles, VA 20101-9600
NORTHERN, VA	226	Dulles, VA 20101-9600
NORTHERN, VA	227	Dulles, VA 20101-9600
FLUSHING, NY	103	Flushing, NY 11351-9998
FLUSHING, NY	110	Flushing, NY 11351-9998
FLUSHING, NY	111	Flushing, NY 11351-9998
FLUSHING, NY	112	Flushing, NY 11351-9998
FLUSHING, NY	113	Flushing, NY 11351-9998
FLUSHING, NY	114	Flushing, NY 11351-9998
FLUSHING, NY	116	Flushing, NY 11351-9998
COLUMBUS, OH	430	Columbus, OH 43218-9716
COLUMBUS, OH	431	Columbus, OH 43218-9716
COLUMBUS, OH	432	Columbus, OH 43218-9716
COLUMBUS, OH	433	Columbus, OH 43218-9716
COLUMBUS, OH	437	Columbus, OH 43218-9716
COLUMBUS, OH	438	Columbus, OH 43218-9716
COLUMBUS, OH	456	Columbus, OH 43218-9716
COLUMBUS, OH	457	Columbus, OH 43218-9716
ROCHESTER, NY	144	Rochester, NY 14692-9231
ROCHESTER, NY	145	Rochester, NY 14692-9231
ROCHESTER, NY	146	Rochester, NY 14692-9231
ROCHESTER, NY	148	Rochester, NY 14692-9231
ROCHESTER, NY	149	Rochester, NY 14692-9231

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

HACKENSACK, NJ	074	South Hackensack, NJ 07606-9716
HACKENSACK, NJ	075	South Hackensack, NJ 07606-9716
HACKENSACK, NJ	076	South Hackensack, NJ 07606-9716
GREENSBORO, NC	270	Greensboro, NC 27409-9716
GREENSBORO, NC	271	Greensboro, NC 27409-9716
GREENSBORO, NC	272	Greensboro, NC 27409-9716
GREENSBORO, NC	273	Greensboro, NC 27409-9716
GREENSBORO, NC	274	Greensboro, NC 27409-9716
KANSAS CITY, MO	640	Kansas City MO 64121-9998
KANSAS CITY, MO	641	Kansas City MO 64121-9998
KANSAS CITY, MO	644	Kansas City MO 64121-9998
KANSAS CITY, MO	645	Kansas City MO 64121-9998
KANSAS CITY, MO	646	Kansas City MO 64121-9998
KANSAS CITY, MO	647	Kansas City MO 64121-9998
KANSAS CITY, MO	649	Kansas City MO 64121-9998
KANSAS CITY, MO	661	Kansas City MO 64121-9998
KANSAS CITY, MO	662	Kansas City MO 64121-9998
KANSAS CITY, MO	667	Kansas City MO 64121-9998
SAINT LOUIS, MO	620	Saint Louis, MO 63103-3000
SAINT LOUIS, MO	622	Saint Louis, MO 63103-3000
SAINT LOUIS, MO	624	Saint Louis, MO 63103-3000
SAINT LOUIS, MO	628	Saint Louis, MO 63103-3000
SAINT LOUIS, MO	629	Saint Louis, MO 63103-3000
SAINT LOUIS, MO	630	Saint Louis, MO 63103-3000
SAINT LOUIS, MO	631	Saint Louis, MO 63103-3000
SAINT LOUIS, MO	633	Saint Louis, MO 63103-3000
NORFOLK, VA	231	Norfolk, VA 23504-4336
NORFOLK, VA	233	Norfolk, VA 23504-4336
NORFOLK, VA	234	Norfolk, VA 23504-4336
NORFOLK, VA	235	Norfolk, VA 23504-4336
NORFOLK, VA	236	Norfolk, VA 23504-4336
NORFOLK, VA	237	Norfolk, VA 23504-4336
LATHAM, NY	120	Latham, NY 12110-3906
LATHAM, NY	121	Latham, NY 12110-3906
LATHAM, NY	122	Latham, NY 12110-3906
LATHAM, NY	123	Latham, NY 12110-3906
LATHAM, NY	128	Latham, NY 12110-3906
LATHAM, NY	129	Latham, NY 12110-3906

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

CHICAGO, IL	606	Chicago, IL 60607-3926
CHICAGO, IL	607	Chicago, IL 60607-3926
CHICAGO, IL	608	Chicago, IL 60607-3926
PHILADELPHIA, PA	190	Philadelphia, PA 19176
PHILADELPHIA, PA	191	Philadelphia, PA 19176
PHILADELPHIA, PA	192	Philadelphia, PA 19176
NEWARK NJ	070	Newark, NJ 07102-9710
NEWARK NJ	071	Newark, NJ 07102-9710
NEWARK NJ	072	Newark, NJ 07102-9710
NEWARK NJ	073	Newark, NJ 07102-9710
TULSA, OK	740	Tulsa, OK 74141-9805
TULSA, OK	741	Tulsa, OK 74141-9805
TULSA, OK	743	Tulsa, OK 74141-9805
TULSA, OK	744	Tulsa, OK 74141-9805
TULSA, OK	745	Tulsa, OK 74141-9805
TULSA, OK	746	Tulsa, OK 74141-9805
TULSA, OK	747	Tulsa, OK 74141-9805
TULSA, OK	749	Tulsa, OK 74141-9805
MILWAUKEE WI	530	Milwaukee, WI 53203
MILWAUKEE WI	531	Milwaukee, WI 53203
MILWAUKEE WI	532	Milwaukee, WI 53203
MILWAUKEE WI	534	Milwaukee, WI 53203
MILWAUKEE WI	535	Milwaukee, WI 53203
MILWAUKEE WI	537	Milwaukee, WI 53203
MILWAUKEE WI	538	Milwaukee, WI 53203
MILWAUKEE WI	539	Milwaukee, WI 53203

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

VAN NUYS, CA	902	Santa Clarita, CA 91383-9880
VAN NUYS, CA	903	Santa Clarita, CA 91383-9880
VAN NUYS, CA	904	Santa Clarita, CA 91383-9880
VAN NUYS, CA	910	Santa Clarita, CA 91383-9880
VAN NUYS, CA	911	Santa Clarita, CA 91383-9880
VAN NUYS, CA	912	Santa Clarita, CA 91383-9880
VAN NUYS, CA	913	Santa Clarita, CA 91383-9880
VAN NUYS, CA	914	Santa Clarita, CA 91383-9880
VAN NUYS, CA	915	Santa Clarita, CA 91383-9880
VAN NUYS, CA	916	Santa Clarita, CA 91383-9880
VAN NUYS, CA	930	Santa Clarita, CA 91383-9880
VAN NUYS, CA	931	Santa Clarita, CA 91383-9880
VAN NUYS, CA	932	Santa Clarita, CA 91383-9880
VAN NUYS, CA	933	Santa Clarita, CA 91383-9880
VAN NUYS, CA	934	Santa Clarita, CA 91383-9880
VAN NUYS, CA	935	Santa Clarita, CA 91383-9880
PITTSBURGH, PA	150	Pittsburgh, PA 15290-9716
PITTSBURGH, PA	151	Pittsburgh, PA 15290-9716
PITTSBURGH, PA	152	Pittsburgh, PA 15290-9716
PITTSBURGH, PA	153	Pittsburgh, PA 15290-9716
PITTSBURGH, PA	154	Pittsburgh, PA 15290-9716
PITTSBURGH, PA	156	Pittsburgh, PA 15290-9716
PITTSBURGH, PA	260	Pittsburgh, PA 15290-9716
BOSTON, MA	021	Boston, MA 02205-9712
BOSTON, MA	022	Boston, MA 02205-9712
BOSTON, MA	024	Boston, MA 02205-9712
MINNEAPOLIS, MN	551	Minneapolis, MN 55401-9650
MINNEAPOLIS, MN	553	Minneapolis, MN 55401-9650
MINNEAPOLIS, MN	554	Minneapolis, MN 55401-9650
MINNEAPOLIS, MN	555	Minneapolis, MN 55401-9650
MINNEAPOLIS, MN	559	Minneapolis, MN 55401-9650
BALTIMORE, MD	210	Baltimore, MD 21233-9713
BALTIMORE, MD	211	Baltimore, MD 21233-9713
BALTIMORE, MD	212	Baltimore, MD 21233-9713
BALTIMORE, MD	214	Baltimore, MD 21233-9713
BALTIMORE, MD	215	Baltimore, MD 21233-9713
BALTIMORE, MD	216	Baltimore, MD 21233-9713
BALTIMORE, MD	217	Baltimore, MD 21233-9713
BALTIMORE, MD	218	Baltimore, MD 21233-9713
BALTIMORE, MD	219	Baltimore, MD 21233-9713

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

NEW YORK, NY	100	New York, NY 10199-9341
NEW YORK, NY	101	New York, NY 10199-9341
NEW YORK, NY	102	New York, NY 10199-9341
NEW YORK, NY	104	New York, NY 10199-9341
EL PASO, TX	798	El Paso, TX 79910-9716
EL PASO, TX	799	El Paso, TX 79910-9716
EL PASO, TX	879	El Paso, TX 79910-9716
EL PASO, TX	880	El Paso, TX 79910-9716
EL PASO, TX	885	El Paso, TX 79910-9716
SAINT PAUL, MN	540	Saint Paul, MN 55101-1438
SAINT PAUL, MN	546	Saint Paul, MN 55101-1438
SAINT PAUL, MN	547	Saint Paul, MN 55101-1438
SAINT PAUL, MN	550	Saint Paul, MN 55101-1438
SAINT PAUL, MN	551	Saint Paul, MN 55101-1438
SACRAMENTO, CA	942	Sacramento, CA 95813-0002
SACRAMENTO, CA	950	Sacramento, CA 95813-0002
SACRAMENTO, CA	951	Sacramento, CA 95813-0002
SACRAMENTO, CA	952	Sacramento, CA 95813-0002
SACRAMENTO, CA	953	Sacramento, CA 95813-0002
SACRAMENTO, CA	956	Sacramento, CA 95813-0002
SACRAMENTO, CA	957	Sacramento, CA 95813-0002
SACRAMENTO, CA	958	Sacramento, CA 95813-0002
SACRAMENTO, CA	959	Sacramento, CA 95813-0002
SACRAMENTO, CA	960	Sacramento, CA 95813-0002
SACRAMENTO, CA	894	Sacramento, CA 95813-0002
SACRAMENTO, CA	895	Sacramento, CA 95813-0002
SACRAMENTO, CA	897	Sacramento, CA 95813-0002
SACRAMENTO, CA	936	Sacramento, CA 95813-0002
SACRAMENTO, CA	937	Sacramento, CA 95813-0002
SACRAMENTO, CA	938	Sacramento, CA 95813-0002
SACRAMENTO, CA	939	Sacramento, CA 95813-0002
SACRAMENTO, CA	950	Sacramento, CA 95813-0002
SACRAMENTO, CA	951	Sacramento, CA 95813-0002
SACRAMENTO, CA	961	Sacramento, CA 95813-0002
BUFFALO, NY	140	Buffalo, NY 14206-9625
BUFFALO, NY	141	Buffalo, NY 14206-9625
BUFFALO, NY	142	Buffalo, NY 14206-9625
BUFFALO, NY	143	Buffalo, NY 14206-9625
BUFFALO, NY	147	Buffalo, NY 14206-9625

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

BROOKLYN, NY	103	Flushing, NY 11351-9998
BROOKLYN, NY	112	Flushing, NY 11351-9998
BROOKLYN, NY	116	Flushing, NY 11351-9998
DETROIT, MI	481	Detroit, MI 48233-9706
DETROIT, MI	482	Detroit, MI 48233-9706
CHARLOTTE, NC	280	Charlotte, NC 28217-1442
CHARLOTTE, NC	281	Charlotte, NC 28217-1442
CHARLOTTE, NC	282	Charlotte, NC 28217-1442
CHARLOTTE, NC	287	Charlotte, NC 28217-1442
CHARLOTTE, NC	288	Charlotte, NC 28217-1442
CHARLOTTE, NC	289	Charlotte, NC 28217-1442
CHARLOTTE, NC	297	Charlotte, NC 28217-1442
SAN FRANCISCO, CA	940	San Francisco, CA 94105-9786
SAN FRANCISCO, CA	941	San Francisco, CA 94105-9786
SAN FRANCISCO, CA	943	San Francisco, CA 94105-9786
SAN FRANCISCO, CA	944	San Francisco, CA 94105-9786
SAN FRANCISCO, CA	949	San Francisco, CA 94105-9786
SAN FRANCISCO, CA	954	San Francisco, CA 94105-9786
SAN FRANCISCO, CA	955	San Francisco, CA 94105-9786
RICHMOND, VA	224	Richmond, VA 23232-9716
RICHMOND, VA	225	Richmond, VA 23232-9716
RICHMOND, VA	230	Richmond, VA 23232-9716
RICHMOND, VA	231	Richmond, VA 23232-9716
RICHMOND, VA	232	Richmond, VA 23232-9716
RICHMOND, VA	238	Richmond, VA 23232-9716
RICHMOND, VA	239	Richmond, VA 23232-9716
CLEVELAND, OH	440	Cleveland, OH 44101-9716
CLEVELAND, OH	441	Cleveland, OH 44101-9716
LITTLE ROCK, AR	716	Little Rock, AR 72206-1436
LITTLE ROCK, AR	717	Little Rock, AR 72206-1436
LITTLE ROCK, AR	718	Little Rock, AR 72206-1436
LITTLE ROCK, AR	719	Little Rock, AR 72206-1436
LITTLE ROCK, AR	720	Little Rock, AR 72206-1436
LITTLE ROCK, AR	721	Little Rock, AR 72206-1436
LITTLE ROCK, AR	722	Little Rock, AR 72206-1436
LITTLE ROCK, AR	724	Little Rock, AR 72206-1436
LITTLE ROCK, AR	725	Little Rock, AR 72206-1436

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

DAYTON, OH	453	Dayton, OH 45401-9716
DAYTON, OH	454	Dayton, OH 45401-9716
DAYTON, OH	455	Dayton, OH 45401-9716
DAYTON, OH	458	Dayton, OH 45401-9716
TOLEDO, OH	434	Toledo, OH 43601-9716
TOLEDO, OH	435	Toledo, OH 43601-9716
TOLEDO, OH	436	Toledo, OH 43601-9716
OMAHA, NE	515	Omaha, NE 68108-9805
OMAHA, NE	516	Omaha, NE 68108-9805
OMAHA, NE	680	Omaha, NE 68108-9805
OMAHA, NE	681	Omaha, NE 68108-9805
OMAHA, NE	683	Omaha, NE 68108-9805
OMAHA, NE	684	Omaha, NE 68108-9805
OMAHA, NE	685	Omaha, NE 68108-9805
OMAHA, NE	686	Omaha, NE 68108-9805
OMAHA, NE	687	Omaha, NE 68108-9805
OMAHA, NE	688	Omaha, NE 68108-9805
OMAHA, NE	689	Omaha, NE 68108-9805
OAKLAND, CA	945	Oakland, CA 94615-9716
OAKLAND, CA	946	Oakland, CA 94615-9716
OAKLAND, CA	947	Oakland, CA 94615-9716
OAKLAND, CA	948	Oakland, CA 94615-9716
AKRON, OH	442	Akron, OH 44302-9998
AKRON, OH	443	Akron, OH 44302-9998
AKRON, OH	444	Akron, OH 44302-9998
AKRON, OH	446	Akron, OH 44302-9998
AKRON, OH	447	Akron, OH 44302-9998
AKRON, OH	448	Akron, OH 44302-9998
AKRON, OH	449	Akron, OH 44302-9998
NORTH READING, MA	018	North Reading, MA 01889-9715
NORTH READING, MA	019	North Reading, MA 01889-9715
NORTH READING, MA	055	North Reading, MA 01889-9715
PORTLAND, ME	040	Portland, ME 04102-1441
PORTLAND, ME	041	Portland, ME 04102-1441
PORTLAND, ME	042	Portland, ME 04102-1441
PORTLAND, ME	043	Portland, ME 04102-1441
PORTLAND, ME	045	Portland, ME 04102-1441
PORTLAND, ME	048	Portland, ME 04102-1441

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

SYRACUSE, NY	130	Syracuse, NY 13201-9256
SYRACUSE, NY	131	Syracuse, NY 13201-9256
SYRACUSE, NY	132	Syracuse, NY 13201-9256
SYRACUSE, NY	133	Syracuse, NY 13201-9256
SYRACUSE, NY	134	Syr use, NY 13201-9256
SYRACUSE, NY	135	Syracuse, NY 13201-9256
SYRACUSE, NY	136	Syracuse, NY 13201-9256
SYRACUSE, NY	137	Syracuse, NY 13201-9256
SYRACUSE, NY	138	Syracuse, NY 13201-9256
SYRACUSE, NY	139	Syracuse, NY 13201-9256
WEST PALM BEACH, FL	334	West Palm Beach, FL 33409-3112
WEST PALM BEACH, FL	349	West Palm Beach, FL 33409-3112
WICHITA, KS	664	Wichita, KS 67209-2937
WICHITA, KS	665	Wichita, KS 67209-2937
WICHITA, KS	666	Wichita, KS 67209-2937
WICHITA, KS	668	Wichita, KS 67209-2937
WICHITA, KS	669	Wichita, KS 67209-2937
WICHITA, KS	670	Wichita, KS 67209-2937
WICHITA, KS	671	Wichita, KS 67209-2937
WICHITA, KS	672	Wichita, KS 67209-2937
WICHITA, KS	673	Wichita, KS 67209-2937
WICHITA, KS	674	Wichita, KS 67209-2937
WICHITA, KS	675	Wichita, KS 67209-2937
WICHITA, KS	676	Wichita, KS 67209-2937
WICHITA, KS	677	Wichita, KS 67209-2937
WICHITA, KS	678	Wichita, KS 67209-2937
WICHITA, KS	679	Wichita, KS 67209-2937
EUGENE, OR	974	Springfield, OR 97477-1170
EUGENE, OR	975	Springfield, OR 97477-1170
EUGENE, OR	976	Springfield, OR 97477-1170
EUGENE, OR	977	Springfield, OR 97477-1170
CORPUS CHRISTI, TX	779	Corpus Christi, TX 78469-0716
CORPUS CHRISTI, TX	783	Corpus Christi, TX 78469-0716
CORPUS CHRISTI, TX	784	Corpus Christi, TX 78469-0716
CORPUS CHRISTI, TX	785	Corpus Christi, TX 78469-0716
SALEM, OR	973	Salem, Or 97301-5048

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

RALEIGH, NC	275	Raleigh, NC 27676-9716
RALEIGH, NC	276	Raleigh, NC 27676-9716
RALEIGH, NC	277	Raleigh, NC 27676-9716
WORCESTER, MA	014	Worcester, MA 01613-9712
WORCESTER, MA	015	Worcester, MA 01613-9712
WORCESTER, MA	016	Worcester, MA 01613-9712
WORCESTER, MA	017	Worcester, MA 01613-9712
DES MOINES, IA	500	Des Moines, IA 50309-9856
DES MOINES, IA	501	Des Moines, IA 50309-9856
DES MOINES, IA	502	Des Moines, IA 50309-9856
DES MOINES, IA	503	Des Moines, IA 50309-9856
DES MOINES, IA	504	Des Moines, IA 50309-9856
DES MOINES, IA	508	Des Moines, IA 50309-9856
DES MOINES, IA	509	Des Moines, IA 50309-9856
DES MOINES, IA	525	Des Moines, IA 50309-9856
GRAND RAPIDS, MI	493	Grand Rapids, MI 49599-9816
GRAND RAPIDS, MI	494	Grand Rapids, MI 49599-9816
GRAND RAPIDS, MI	495	Grand Rapids, MI 49599-9816
GRAND RAPIDS, MI	496	Grand Rapids, MI 49599-9816
SHREVEPORT, LA	710	Shreveport, LA 71102-9716
SHREVEPORT, LA	711	Shreveport, LA 71102-9716
SHREVEPORT, LA	712	Shreveport, LA 71102-9716
SHREVEPORT, LA	713	Shreveport, LA 71102-9716
SHREVEPORT, LA	714	Shreveport, LA 71102-9716
ROANOKE, VA	240	Roanoke, VA 24022-9816
ROANOKE, VA	241	Roanoke, VA 24022-9816
ROANOKE, VA	242	Roanoke, VA 24022-9816
ROANOKE, VA	243	Roanoke, VA 24022-9816
ROANOKE, VA	245	Roanoke, VA 24022-9816
ROANOKE, VA	246	Roanoke, VA 24022-9816
ROANOKE, VA	376	Roanoke, VA 24022-9816
PROVIDENCE, RI	020	Providence, RI 02904-9712
PROVIDENCE, RI	023	Providence, RI 02904-9712
PROVIDENCE, RI	025	Providence, RI 02904-9712
PROVIDENCE, RI	026	Providence, RI 02904-9712
PROVIDENCE, RI	027	Providence, RI 02904-9712
PROVIDENCE, RI	028	Providence, RI 02904-9712
PROVIDENCE, RI	029	Providence, RI 02904-9712

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

KALAMAZOO, MI	488	Kalamazoo, MI 49001-9998
KALAMAZOO, MI	489	Kalamazoo, MI 49001-9998
KALAMAZOO, MI	490	Kalamazoo, MI 49001-9998
KALAMAZOO, MI	491	Kalamazoo, MI 49001-9998
KALAMAZOO, MI	492	Kalamazoo, MI 49001-9998
PENSACOLA, FL	324	Pensacola, FL 32501-9998
PENSACOLA, FL	325	Pensacola, FL 32501-9998
GREENVILLE, SC	293	Greenville, SC 29602-9716
GREENVILLE, SC	296	Greenville, SC 29602-9716
KNOXVILLE, TN	376	Knoxville, TN 37950-9816
KNOXVILLE, TN	377	Knoxville, TN 37950-9816
KNOXVILLE, TN	378	Knoxville, TN 37950-9816
KNOXVILLE, TN	379	Knoxville, TN 37950-9816
SPRINGFIELD, MO	648	Springfield, MO 65807-5301
SPRINGFIELD, MO	654	Springfield, MO 65807-5301
SPRINGFIELD, MO	655	Springfield, MO 65807-5301
SPRINGFIELD, MO	656	Springfield, MO 65807-5301
SPRINGFIELD, MO	657	Springfield, MO 65807-5301
SPRINGFIELD, MO	658	Springfield, MO 65807-5301
FORT WORTH, TX	739	Fort Worth, TX 76161-9816
FORT WORTH, TX	760	Fort Worth, TX 76161-9816
FORT WORTH, TX	761	Fort Worth, TX 76161-9816
FORT WORTH, TX	762	Fort Worth, TX 76161-9816
FORT WORTH, TX	763	Fort Worth, TX 76161-9816
FORT WORTH, TX	764	Fort Worth, TX 76161-9816
FORT WORTH, TX	768	Fort Worth, TX 76161-9816
FORT WORTH, TX	769	Fort Worth, TX 76161-9816
FORT WORTH, TX	790	Fort Worth, TX 76161-9816
FORT WORTH, TX	791	Fort Worth, TX 76161-9816
FORT WORTH, TX	792	Fort Worth, TX 76161-9816
FORT WORTH, TX	793	Fort Worth, TX 76161-9816
FORT WORTH, TX	794	Fort Worth, TX 76161-9816
FORT WORTH, TX	795	Fort Worth, TX 76161-9816
FORT WORTH, TX	796	Fort Worth, TX 76161-9816

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

ALBUQUERQUE, NM	865	Albuquerque, NM 87121-1977
ALBUQUERQUE, NM	870	Albuquerque, NM 87121-1977
ALBUQUERQUE, NM	871	Albuquerque, NM 87121-1977
ALBUQUERQUE, NM	873	Albuquerque, NM 87121-1977
ALBUQUERQUE, NM	874	Albuquerque, NM 87121-1977
ALBUQUERQUE, NM	875	Albuquerque, NM 87121-1977
ALBUQUERQUE, NM	877	Albuquerque, NM 87121-1977
ALBUQUERQUE, NM	878	Albuquerque, NM 87121-1977
ALBUQUERQUE, NM	881	Albuquerque, NM 87121-1977
ALBUQUERQUE, NM	882	Albuquerque, NM 87121-1977
ALBUQUERQUE, NM	883	Albuquerque, NM 87121-1977
ALBUQUERQUE, NM	884	Albuquerque, NM 87121-1977
DALLAS, TX	750	Coppell, TX 75099-9719
DALLAS, TX	751	Coppell, TX 75099-9719
DALLAS, TX	752	Coppell, TX 75099-9719
DALLAS, TX	753	Coppell, TX 75099-9719
DALLAS, TX	754	Coppell, TX 75099-9719
DALLAS, TX	755	Coppell, TX 75099-9719
DALLAS, TX	756	Coppell, TX 75099-9719
DALLAS, TX	757	Coppell, TX 75099-9719
DALLAS, TX	758	Coppell, TX 75099-9719
DALLAS, TX	759	Coppell, TX 75099-9719
SAGINAW, MI	486	Saginaw, MI 48602-9640
SAGINAW, MI	487	Saginaw, MI 48602-9640
SAGINAW, MI	497	Saginaw, MI 48602-9640
HONOLULU, HI	967	Honolulu, HI 96820-9712
HONOLULU, HI	968	Honolulu, HI 96820-9712
HONOLULU, HI	969	Honolulu, HI 96820-9712
ATLANTA, GA	303	Atlanta, GA 30304-0001
ATLANTA, GA	311	Atlanta, GA 30304-0001
ATLANTA, GA	399	Atlanta, GA 30304-0001
ATLANTA, GA	302	Atlanta, GA 30304-0001
SAN ANTONIO, TX	780	San Antonio, TX 78233-9998
SAN ANTONIO, TX	781	San Antonio, TX 78233-9998
SAN ANTONIO, TX	782	San Antonio, TX 78233-9998
SAN ANTONIO, TX	788	San Antonio, TX 78233-9998
FLINT, MI	484	Flint, MI 48502-9992
FLINT, MI	485	Flint, MI 48502-9992

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

TACOMA, WA	980	Tacoma, WA 98409-9711
TACOMA, WA	983	Tacoma, WA 98409-9711
TACOMA, WA	984	Tacoma, WA 98409-9711
TACOMA, WA	985	Tacoma, WA 98409-9711
JACKSONVILLE, FL	320	Jacksonville, FL 32216-4657
JACKSONVILLE, FL	321	Jacksonville, FL 32216-4657
JACKSONVILLE, FL	322	Jacksonville, FL 32216-4657
JACKSONVILLE, FL	323	Jacksonville, FL 32216-4657
JACKSONVILLE, FL	326	Jacksonville, FL 32216-4657
JACKSONVILLE, FL	344	Jacksonville, FL 32216-4657
SOUTH BEND, IN	465	South Bend, IN 46624-9716
SOUTH BEND, IN	466	South Bend, IN 46624-9716
MIAMI, FL	331	Miami, FL 33122-9871
MIAMI, FL	332	Miami, FL 33122-9871
COLORADO SPRINGS, CO	808	Colorado Springs, CO 80910-9716
COLORADO SPRINGS, CO	809	Colorado Springs, CO 80910-9716
COLORADO SPRINGS, CO	810	Colorado Springs, CO 80910-9716
COLORADO SPRINGS, CO	811	Colorado Springs, CO 80910-9716
COLORADO SPRINGS, CO	812	Colorado Springs, CO 80910-9716
FORT WAYNE, IN	467	Fort Wayne, IN 46802-9716
FORT WAYNE, IN	468	Fort Wayne, IN 46802-9716

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

CHARLESTON, WV	246	Charleston, WV 25350-9713
CHARLESTON, WV	247	Charleston, WV 25350-9713
CHARLESTON, WV	248	Charleston, WV 25350-9713
CHARLESTON, WV	249	Charleston, WV 25350-9713
CHARLESTON, WV	250	Charleston, WV 25350-9713
CHARLESTON, WV	251	Charleston, WV 25350-9713
CHARLESTON, WV	252	Charleston, WV 25350-9713
CHARLESTON, WV	253	Charleston, WV 25350-9713
CHARLESTON, WV	254	Charleston, WV 25350-9713
CHARLESTON, WV	255	Charleston, WV 25350-9713
CHARLESTON, WV	256	Charleston, WV 25350-9713
CHARLESTON, WV	257	Charleston, WV 25350-9713
CHARLESTON, WV	258	Charleston, WV 25350-9713
CHARLESTON, WV	259	Charleston, WV 25350-9713
CHARLESTON, WV	261	Charleston, WV 25350-9713
CHARLESTON, WV	262	Charleston, WV 25350-9713
CHARLESTON, WV	263	Charleston, WV 25350-9713
CHARLESTON, WV	264	Charleston, WV 25350-9713
CHARLESTON, WV	265	Charleston, WV 25350-9713
CHARLESTON, WV	266	Charleston, WV 25350-9713
CHARLESTON, WV	267	Charleston, WV 25350-9713
CHARLESTON, WV	268	Charleston, WV 25350-9713
CHARLESTON, WV	415	Charleston, WV 25350-9713
BOWLING GREEN, KY	421	Bowling Green, KY 42104-9998
BOWLING GREEN, KY	422	Bowling Green, KY 42104-9998
BOWLING GREEN, KY	423	Bowling Green, KY 42104-9998
BOWLING GREEN, KY	427	Bowling Green, KY 42104-9998
TUPELO, MS	386	Florence, MS 39073-8799
TUPELO, MS	387	Florence, MS 39073-8799
TUPELO, MS	388	Florence, MS 39073-8799
TUPELO, MS	389	Florence, MS 39073-8799
TUPELO, MS	394	Florence, MS 39073-8799
TUPELO, MS	395	Florence, MS 39073-8799
TUPELO, MS	396	Florence, MS 39073-8799
TUPELO, MS	397	Florence, MS 39073-8799
MUNCIE, IN	453	Muncie, IN 47302-9993
MUNCIE, IN	473	Muncie, IN 47302-9993

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

LAS VEGAS, NV	864	Las Vegas, NV 89199-9716
LAS VEGAS, NV	889	Las Vegas, NV 89199-9716
LAS VEGAS, NV	890	Las Vegas, NV 89199-9716
LAS VEGAS, NV	891	Las Vegas, NV 89199-9716
LAS VEGAS, NV	893	Las Vegas, NV 89199-9716
KOKOMO, IN	469	Kokomo, IN 46902-9812
OKLAHOMA CITY, OK	730	Oklahoma City, OK 73125-9805
OKLAHOMA CITY, OK	731	Oklahoma City, OK 73125-9805
OKLAHOMA CITY, OK	734	Oklahoma City, OK 73125-9805
OKLAHOMA CITY, OK	735	Oklahoma City, OK 73125-9805
OKLAHOMA CITY, OK	736	Oklahoma City, OK 73125-9805
OKLAHOMA CITY, OK	737	Oklahoma City, OK 73125-9805
OKLAHOMA CITY, OK	738	Oklahoma City, OK 73125-9805
OKLAHOMA CITY, OK	748	Oklahoma City, OK 73125-9805
WEST JERSEY, NJ	078	Whippany, NJ 07999-9716
WEST JERSEY, NJ	079	Whippany, NJ 07999-9716
MEMPHIS, TN	375	Memphis, TN 38101-9714
MEMPHIS, TN	380	Memphis, TN 38101-9714
MEMPHIS, TN	381	Memphis, TN 38101-9714
MEMPHIS, TN	382	Memphis, TN 38101-9714
MEMPHIS, TN	383	Memphis, TN 38101-9714
MEMPHIS, TN	386	Memphis, TN 38101-9714
MEMPHIS, TN	723	Memphis, TN 38101-9714
NASHVILLE, TN	370	Nashville, TN 37229-9713
NASHVILLE, TN	371	Nashville, TN 37229-9713
NASHVILLE, TN	372	Nashville, TN 37229-9713
NASHVILLE, TN	384	Nashville, TN 37229-9713
NASHVILLE, TN	385	Nashville, TN 37229-9713
OSHKOSH, WI	544	Oshkosh, WI 54902-9998
OSHKOSH, WI	545	Oshkosh, WI 54902-9998
OSHKOSH, WI	549	Oshkosh, WI 54902-9998
CHATTANOOGA, TN	307	Chattanooga, TN 37421-9998
CHATTANOOGA, TN	373	Chattanooga, TN 37421-9998
CHATTANOOGA, TN	374	Chattanooga, TN 37421-9998

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

BOISE, ID	832	Boise, ID 83708-9716
BOISE, ID	833	Boise, ID 83708-9716
BOISE, ID	834	Boise, ID 83708-9716
BOISE, ID	836	Boise, ID 83708-9716
BOISE, ID	837	Boise, ID 83708-9716
BOISE, ID	979	Boise, ID 83708-9716
CHICOPEE, MA	010	Chicopee, MA 01020-9600
CHICOPEE, MA	011	Chicopee, MA 01020-9600
CHICOPEE, MA	012	Chicopee, MA 01020-9600
CHICOPEE, MA	013	Chicopee, MA 01020-9600
SOUTHEASTERN, PA	189	Southeastern, PA 19399-9718
SOUTHEASTERN, PA	193	Southeastern, PA 19399-9718
SOUTHEASTERN, PA	194	Southeastern, PA 19399-9718
ROCKFORD, IL	610	Rockford, IL 61125-9716
ROCKFORD, IL	611	Rockford, IL 61125-9716
FARGO, ND	565	Fargo, ND 58102-9997
FARGO, ND	567	Fargo, ND 58102-9997
FARGO, ND	580	Fargo, ND 58102-9997
FARGO, ND	581	Fargo, ND 58102-9997
FARGO, ND	582	Fargo, ND 58102-9997
FARGO, ND	583	Fargo, ND 58102-9997
FARGO, ND	584	Fargo, ND 58102-9997
FARGO, ND	585	Fargo, ND 58102-9997
FARGO, ND	586	Fargo, ND 58102-9997
FARGO, ND	587	Fargo, ND 58102-9997
FARGO, ND	588	Fargo, ND 58102-9997
LEHIGH VALLEY, PA	180	Lehigh Valley, PA 18002-9716
LEHIGH VALLEY, PA	181	Lehigh Valley, PA 18002-9716
LEHIGH VALLEY, PA	183	Lehigh Valley, PA 18002-9716
MANCHESTER, NH	030	Hudson, NH 03051-9985
MANCHESTER, NH	031	Hudson, NH 03051-9985
MANCHESTER, NH	032	Hudson, NH 03051-9985
MANCHESTER, NH	033	Hudson, NH 03051-9985
MANCHESTER, NH	034	Hudson, NH 03051-9985
MANCHESTER, NH	035	Hudson, NH 03051-9985
MANCHESTER, NH	036	Hudson, NH 03051-9985
MANCHESTER, NH	037	Hudson, NH 03051-9985
MANCHESTER, NH	038	Hudson, NH 03051-9985
MANCHESTER, NH	039	Hudson, NH 03051-9985

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

MISSOULA, MT	596	Missoula, MT 59801-9218
MISSOULA, MT	597	Missoula, MT 59801-9218
MISSOULA, MT	598	Missoula, MT 59801-9218
MISSOULA, MT	599	Missoula, MT 59801-9218
COLUMBIA, SC	290	West Columbia, SC 29172-3007
COLUMBIA, SC	291	West Columbia, SC 29172-3007
COLUMBIA, SC	292	West Columbia, SC 29172-3007
COLUMBIA, SC	294	West Columbia, SC 29172-3007
COLUMBIA, SC	295	West Columbia, SC 29172-3007
SPOKANE, WA	835	Spokane, WA 99224-2599
SPOKANE, WA	838	Spokane, WA 99224-2599
SPOKANE, WA	988	Spokane, WA 99224-2599
SPOKANE, WA	989	Spokane, WA 99224-2599
SPOKANE, WA	390	Spokane, WA 99224-2599
SPOKANE, WA	991	Spokane, WA 99224-2599
SPOKANE, WA	992	Spokane, WA 99224-2599
SPOKANE, WA	993	Spokane, WA 99224-2599
SPOKANE, WA	994	Spokane, WA 99224-2599
CEDAR RAPIDS, IA	504	Cedar Rapids, IA 52401-9998
CEDAR RAPIDS, IA	506	Cedar Rapids, IA 52401-9998
CEDAR RAPIDS, IA	507	Cedar Rapids, IA 52401-9998
CEDAR RAPIDS, IA	520	Cedar Rapids, IA 52401-9998
CEDAR RAPIDS, IA	521	Cedar Rapids, IA 52401-9998
CEDAR RAPIDS, IA	522	Cedar Rapids, IA 52401-9998
CEDAR RAPIDS, IA	523	Cedar Rapids, IA 52401-9998
CEDAR RAPIDS, IA	524	Cedar Rapids, IA 52401-9998
CEDAR RAPIDS, IA	526	Cedar Rapids, IA 52401-9998
CEDAR RAPIDS, IA	527	Cedar Rapids, IA 52401-9998
CEDAR RAPIDS, IA	528	Cedar Rapids, IA 52401-9998
CEDAR RAPIDS, IA	612	Cedar Rapids, IA 52401-9998
SAN JUAN, PR	006	San Juan, PR 00936-9712
SAN JUAN, PR	007	San Juan, PR 00936-9712
SAN JUAN, PR	008	San Juan, PR 00936-9712
SAN JUAN, PR	009	San Juan, PR 00936-9712
FAYETTEVILLE, NC	283	Fayetteville, NC 28303-9716
FAYETTEVILLE, NC	284	Fayetteville, NC 28303-9716
FAYETTEVILLE, NC	285	Fayetteville, NC 28303-9716
ROCKY MOUNT, NC	278	Rocky Mount, NC 27804-9998
ROCKY MOUNT, NC	279	Rocky Mount, NC 27804-9998

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

GRAND JUNCTION, CO	813	Grand Junction, CO 81505-9716
GRAND JUNCTION, CO	814	Grand Junction, CO 81505-9716
GRAND JUNCTION, CO	815	Grand Junction, CO 81505-9716
GRAND JUNCTION, CO	816	Grand Junction, CO 81505-9716
EVANSVILLE, IN	420	Evansville, IN 47708-9716
EVANSVILLE, IN	424	Evansville, IN 47708-9716
EVANSVILLE, IN	476	Evansville, IN 47708-9716
EVANSVILLE, IN	477	Evansville, IN 47708-9716
MONTGOMERY, AL	360	Montgomery, AL 36119-9716
MONTGOMERY, AL	361	Montgomery, AL 36119-9716
MONTGOMERY, AL	363	Montgomery, AL 36119-9716
MONTGOMERY, AL	364	Montgomery, AL 36119-9716
MONTGOMERY, AL	365	Montgomery, AL 36119-9716
MONTGOMERY, AL	366	Montgomery, AL 36119-9716
MONTGOMERY, AL	367	Montgomery, AL 36119-9716
MONTGOMERY, AL	368	Montgomery, AL 36119-9716
LAFAYETTE, IN	479	Lafayette, IN 47901-9716
JACKSON, MS	369	Jackson, MS 39201-9810
JACKSON, MS	390	Jackson, MS 39201-9810
JACKSON, MS	391	Jackson, MS 39201-9810
JACKSON, MS	392	Jackson, MS 39201-9810
JACKSON, MS	393	Jackson, MS 39201-9810
YOUNGSTOWN, OH	439	Youngstown, OH 44501-9716
YOUNGSTOWN, OH	444	Youngstown, OH 44501-9716
YOUNGSTOWN, OH	445	Youngstown, OH 44501-9716
ERIE, PA	160	Erie, PA 16515-9716
ERIE, PA	161	Erie, PA 16515-9716
ERIE, PA	162	Erie, PA 16515-9716
ERIE, PA	163	Erie, PA 16515-9716
ERIE, PA	164	Erie, PA 16515-9716
ERIE, PA	165	Erie, PA 16515-9716
ERIE, PA	167	Erie, PA 16515-9716
TAMPA, FL	335	Tampa, FL 33634-5175
TAMPA, FL	336	Tampa, FL 33634-5175
TAMPA, FL	337	Tampa, FL 33634-5175
TAMPA, FL	338	Tampa, FL 33634-5175
TAMPA, FL	346	Tampa, FL 33634-5175

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

PORTLAND, OR	970	Portland, OR 97208-3079
PORTLAND, OR	971	Portland, OR 97208-3079
PORTLAND, OR	972	Portland, OR 97208-3079
PORTLAND, OR	978	Portland, OR 97208-3079
PORTLAND, OR	986	Portland, OR 97208-3079
CHARLOTTESVILLE, VA	228	Charlottesville, VA 22906-9998
CHARLOTTESVILLE, VA	229	Charlottesville, VA 22906-9998
CHARLOTTESVILLE, VA	244	Charlottesville, VA 22906-9998
KINGSTON, NY	105	Kingston, NY 12401-9716
KINGSTON, NY	106	Kingston, NY 12401-9716
KINGSTON, NY	107	Kingston, NY 12401-9716
KINGSTON, NY	108	Kingston, NY 12401-9716
KINGSTON, NY	109	Kingston, NY 12401-9716
KINGSTON, NY	124	Kingston, NY 12401-9716
KINGSTON, NY	125	Kingston, NY 12401-9716
KINGSTON, NY	126	Kingston, NY 12401-9716
KINGSTON, NY	127	Kingston, NY 12401-9716
JOHNSTOWN, PA	155	Johnstown, PA 15904-9716
JOHNSTOWN, PA	157	Johnstown, PA 15904-9716
JOHNSTOWN, PA	159	Johnstown, PA 15904-9716
JOHNSTOWN, PA	166	Johnstown, PA 15904-9716
JOHNSTOWN, PA	168	Johnstown, PA 15904-9716
MACON, GA	298	Macon, GA 31206-9998
MACON, GA	308	Macon, GA 31206-9998
MACON, GA	309	Macon, GA 31206-9998
MACON, GA	310	Macon, GA 31206-9998
MACON, GA	312	Macon, GA 31206-9998
MACON, GA	316	Macon, GA 31206-9998
MACON, GA	317	Macon, GA 31206-9998
MACON, GA	318	Macon, GA 31206-9998
MACON, GA	319	Macon, GA 31206-9998
MACON, GA	398	Macon, GA 31206-9998
NORTH PLATTE, NE	690	North Platte, NE 69101-9201
NORTH PLATTE, NE	691	North Platte, NE 69101-9201
NORTH PLATTE, NE	692	North Platte, NE 69101-9201
NORTH PLATTE, NE	693	North Platte, NE 69101-9201

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

LANCASTER, PA	173	Lancaster, PA 17604-9712
LANCASTER, PA	174	Lancaster, PA 17604-9712
LANCASTER, PA	175	Lancaster, PA 17604-9712
LANCASTER, PA	176	Lancaster, PA 17604-9712
LANCASTER, PA	179	Lancaster, PA 17604-9712
LANCASTER, PA	182	Lancaster, PA 17604-9712
LANCASTER, PA	184	Lancaster, PA 17604-9712
LANCASTER, PA	185	Lancaster, PA 17604-9712
LANCASTER, PA	186	Lancaster, PA 17604-9712
LANCASTER, PA	187	Lancaster, PA 17604-9712
LANCASTER, PA	188	Lancaster, PA 17604-9712
LANCASTER, PA	195	Lancaster, PA 17604-9712
LANCASTER, PA	196	Lancaster, PA 17604-9712
LANCASTER, PA	169	Lancaster, PA 17604-9712
LANCASTER, PA	170	Lancaster, PA 17604-9712
LANCASTER, PA	171	Lancaster, PA 17604-9712
LANCASTER, PA	172	Lancaster, PA 17604-9712
LANCASTER, PA	177	Lancaster, PA 17604-9712
LANCASTER, PA	178	Lancaster, PA 17604-9712
MANKATO, MN	560	Mankato, MN 56001-9994
MANKATO, MN	561	Mankato, MN 56001-9994
MANKATO, MN	562	Mankato, MN 56001-9994
CHEYENNE, WY	820	Cheyenne, WY 82009-9716
CHEYENNE, WY	821	Cheyenne, WY 82009-9716
CHEYENNE, WY	822	Cheyenne, WY 82009-9716
CHEYENNE, WY	823	Cheyenne, WY 82009-9716
CHEYENNE, WY	824	Cheyenne, WY 82009-9716
CHEYENNE, WY	825	Cheyenne, WY 82009-9716
CHEYENNE, WY	826	Cheyenne, WY 82009-9716
CHEYENNE, WY	827	Cheyenne, WY 82009-9716
CHEYENNE, WY	828	Cheyenne, WY 82009-9716
CHEYENNE, WY	829	Cheyenne, WY 82009-9716
CHEYENNE, WY	830	Cheyenne, WY 82009-9716
CHEYENNE, WY	831	Cheyenne, WY 82009-9716
COLUMBIA, MO	623	Columbia, MO 65299-0001
COLUMBIA, MO	634	Columbia, MO 65299-0001
COLUMBIA, MO	635	Columbia, MO 65299-0001
COLUMBIA, MO	650	Columbia, MO 65299-0001
COLUMBIA, MO	651	Columbia, MO 65299-0001
COLUMBIA, MO	652	Columbia, MO 65299-0001
COLUMBIA, MO	653	Columbia, MO 65299-0001

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

LEXINGTON, KY	403	Lexington, KY 40511-9716
LEXINGTON, KY	404	Lexington, KY 40511-9716
LEXINGTON, KY	405	Lexington, KY 40511-9716
LEXINGTON, KY	406	Lexington, KY 40511-9716
LEXINGTON, KY	407	Lexington, KY 40511-9716
LEXINGTON, KY	408	Lexington, KY 40511-9716
LEXINGTON, KY	409	Lexington, KY 40511-9716
LEXINGTON, KY	411	Lexington, KY 40511-9716
LEXINGTON, KY	412	Lexington, KY 40511-9716
LEXINGTON, KY	413	Lexington, KY 40511-9716
LEXINGTON, KY	414	Lexington, KY 40511-9716
LEXINGTON, KY	415	Lexington, KY 40511-9716
LEXINGTON, KY	416	Lexington, KY 40511-9716
LEXINGTON, KY	417	Lexington, KY 40511-9716
LEXINGTON, KY	418	Lexington, KY 40511-9716
LEXINGTON, KY	419	Lexington, KY 40511-9716
LEXINGTON, KY	425	Lexington, KY 40511-9716
LEXINGTON, KY	426	Lexington, KY 40511-9716
BATON ROUGE, LA	700	Baton Rouge, LA 70802-9998
BATON ROUGE, LA	701	Baton Rouge, LA 70802-9998
BATON ROUGE, LA	703	Baton Rouge, LA 70802-9998
BATON ROUGE, LA	704	Baton Rouge, LA 70802-9998
BATON ROUGE, LA	705	Baton Rouge, LA 70802-9998
BATON ROUGE, LA	706	Baton Rouge, LA 70802-9998
BATON ROUGE, LA	707	Baton Rouge, LA 70802-9998
BATON ROUGE, LA	708	Baton Rouge, LA 70802-9998
WACO, TX	765	Waco, TX 76702-9998
WACO, TX	766	Waco, TX 76702-9998
WACO, TX	767	Waco, TX 76702-9998
MIDDLE FLORIDA, FL	327	Mid Florida, FL 32799-9709
MIDDLE FLORIDA, FL	328	Mid Florida, FL 32799-9709
MIDDLE FLORIDA, FL	329	Mid Florida, FL 32799-9709
MIDDLE FLORIDA, FL	347	Mid Florida, FL 32799-9709

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

SOUTH SUBURBAN, IL	604	Bedford Park, IL 60499-9711
SOUTH SUBURBAN, IL	605	Bedford Park, IL 60499-9711
SOUTH SUBURBAN, IL	609	Bedford Park, IL 60499-9711
SOUTH SUBURBAN, IL	618	Bedford Park, IL 60499-9711
SOUTH SUBURBAN, IL	619	Bedford Park, IL 60499-9711
SOUTH SUBURBAN, IL	613	Bedford Park, IL 60499-9711
SOUTH SUBURBAN, IL	614	Bedford Park, IL 60499-9711
SOUTH SUBURBAN, IL	615	Bedford Park, IL 60499-9711
SOUTH SUBURBAN, IL	616	Bedford Park, IL 60499-9711
SOUTH SUBURBAN, IL	617	Bedford Park, IL 60499-9711
SOUTH SUBURBAN, IL	625	Bedford Park, IL 60499-9711
SOUTH SUBURBAN, IL	626	Bedford Park, IL 60499-9711
SOUTH SUBURBAN, IL	627	Bedford Park, IL 60499-9711
NEW BRUNSWICK, NJ	077	New Brunswick, NJ 08901-9717
NEW BRUNSWICK, NJ	085	New Brunswick, NJ 08901-9717
NEW BRUNSWICK, NJ	086	New Brunswick, NJ 08901-9717
NEW BRUNSWICK, NJ	087	New Brunswick, NJ 08901-9717
NEW BRUNSWICK, NJ	088	New Brunswick, NJ 08901-9717
NEW BRUNSWICK, NJ	089	New Brunswick, NJ 08901-9717
DULUTH, MN	548	Duluth, MN 55806-9716
DULUTH, MN	556	Duluth, MN 55806-9716
DULUTH, MN	557	Duluth, MN 55806-9716
DULUTH, MN	558	Duluth, MN 55806-9716
DULUTH, MN	563	Duluth, MN 55806-9716
DULUTH, MN	564	Duluth, MN 55806-9716
DULUTH, MN	566	Duluth, MN 55806-9716
SALT LAKE CITY, UT	840	Salt Lake City, UT 84104-9996
SALT LAKE CITY, UT	841	Salt Lake City, UT 84104-9996
SALT LAKE CITY, UT	842	Salt Lake City, UT 84104-9996
SALT LAKE CITY, UT	843	Salt Lake City, UT 84104-9996
SALT LAKE CITY, UT	844	Salt Lake City, UT 84104-9996
SALT LAKE CITY, UT	845	Salt Lake City, UT 84104-9996
SALT LAKE CITY, UT	846	Salt Lake City, UT 84104-9996
SALT LAKE CITY, UT	847	Salt Lake City, UT 84104-9996
SALT LAKE CITY, UT	898	Salt Lake City, UT 84104-9996
FORT MYERS, FL	339	Fort Myers, FL 33913-9995
FORT MYERS, FL	341	Fort Myers, FL 33913-9995
FORT MYERS, FL	342	Fort Myers, FL 33913-9995

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

SANTA ANA, CA	901	Santa Ana, CA 92711-9998
SANTA ANA, CA	905	Santa Ana, CA 92711-9998
SANTA ANA, CA	906	Santa Ana, CA 92711-9998
SANTA ANA, CA	907	Santa Ana, CA 92711-9998
SANTA ANA, CA	908	Santa Ana, CA 92711-9998
SANTA ANA, CA	917	Santa Ana, CA 92711-9998
SANTA ANA, CA	918	Santa Ana, CA 92711-9998
SANTA ANA, CA	926	Santa Ana, CA 92711-9998
SANTA ANA, CA	927	Santa Ana, CA 92711-9998
SANTA ANA, CA	928	Santa Ana, CA 92711-9998
SANTA ANA, CA	900	Santa Ana, CA 92711-9998
SANTA ANA, CA	901	Santa Ana, CA 92711-9998
SAVANNAH, GA	299	Savannah, GA 31402-9816
SAVANNAH, GA	304	Savannah, GA 31402-9816
SAVANNAH, GA	313	Savannah, GA 31402-9816
SAVANNAH, GA	314	Savannah, GA 31402-9816
SAVANNAH, GA	315	Savannah, GA 31402-9816
WHITE RIVER JCT, VT	050	White River Junction, VT 05001-9716
WHITE RIVER JCT, VT	051	White River Junction, VT 05001-9716
WHITE RIVER JCT, VT	052	White River Junction, VT 05001-9716
WHITE RIVER JCT, VT	053	White River Junction, VT 05001-9716
WHITE RIVER JCT, VT	054	White River Junction, VT 05001-9716
WHITE RIVER JCT, VT	056	White River Junction, VT 05001-9716
WHITE RIVER JCT, VT	057	White River Junction, VT 05001-9716
WHITE RIVER JCT, VT	058	White River Junction, VT 05001-9716
WHITE RIVER JCT, VT	059	White River Junction, VT 05001-9716
MIDLAND, TX	797	Midland, TX 79711-8578
GREEN BAY, WI	498	Green Bay, WI 54303-9997
GREEN BAY, WI	499	Green Bay, WI 54303-9997
GREEN BAY, WI	541	Green Bay, WI 54303-9997
GREEN BAY, WI	542	Green Bay, WI 54303-9997
GREEN BAY, WI	543	Green Bay, WI 54303-9997

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

NORTH HOUSTON TX	770	North Houston, TX 77315-9716
NORTH HOUSTON TX	772	North Houston, TX 77315-9716
NORTH HOUSTON TX	773	North Houston, TX 77315-9716
NORTH HOUSTON TX	774	North Houston, TX 77315-9716
NORTH HOUSTON TX	775	North Houston, TX 77315-9716
NORTH HOUSTON TX	776	North Houston, TX 77315-9716
NORTH HOUSTON TX	777	North Houston, TX 77315-9716
NORTH HOUSTON TX	778	North Houston, TX 77315-9716
ROYAL OAK, MI	480	Troy, MI 48083-6200
ROYAL OAK, MI	483	Troy, MI 48083-6200
FORT SMITH, AR	726	Fort Smith, AR 72903-9716
FORT SMITH, AR	727	Fort Smith, AR 72903-9716
FORT SMITH, AR	728	Fort Smith, AR 72903-9716
FORT SMITH, AR	729	Fort Smith, AR 72903-9716
DENVER, CO	800	Denver, CO 80266-9716
DENVER, CO	801	Denver, CO 80266-9716
DENVER, CO	802	Denver, CO 80266-9716
DENVER, CO	803	Denver, CO 80266-9716
DENVER, CO	804	Denver, CO 80266-9716
DENVER, CO	805	Denver, CO 80266-9716
DENVER, CO	806	Denver, CO 80266-9716
DENVER, CO	807	Denver, CO 80266-9716
ANCHORAGE, AK	995	Anchorage, AK 99502-1062
ANCHORAGE, AK	996	Anchorage, AK 99502-1062
ANCHORAGE, AK	997	Anchorage, AK 99502-1062
ANCHORAGE, AK	998	Anchorage, AK 99502-1062
ANCHORAGE, AK	999	Anchorage, AK 99502-1062
BILLINGS, MT	590	Billings, MT 59101-9812
BILLINGS, MT	591	Billings, MT 59101-9812
BILLINGS, MT	592	Billings, MT 59101-9812
BILLINGS, MT	593	Billings, MT 59101-9812
BILLINGS, MT	594	Billings, MT 59101-9812
BILLINGS, MT	595	Billings, MT 59101-9812
BILLINGS, MT	597	Billings, MT 59101-9812
SEATTLE, WA	980	Seattle, WA 98168-1899
SEATTLE, WA	981	Seattle, WA 98168-1899
SEATTLE, WA	982	Seattle, WA 98168-1899

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

SIOUX CITY, IA	505	Sioux City, IA 51101-9756
SIOUX CITY, IA	510	Sioux City, IA 51101-9756
SIOUX CITY, IA	511	Sioux City, IA 51101-9756
SIOUX CITY, IA	512	Sioux City, IA 51101-9756
SIOUX CITY, IA	513	Sioux City, IA 51101-9756
SIOUX CITY, IA	514	Sioux City, IA 51101-9756
SIOUX FALLS, SD	570	Sioux Falls, SD 57104-9712
SIOUX FALLS, SD	571	Sioux Falls, SD 57104-9712
SIOUX FALLS, SD	572	Sioux Falls, SD 57104-9712
SIOUX FALLS, SD	573	Sioux Falls, SD 57104-9712
SIOUX FALLS, SD	574	Sioux Falls, SD 57104-9712
SIOUX FALLS, SD	575	Sioux Falls, SD 57104-9712
SIOUX FALLS, SD	576	Sioux Falls, SD 57104-9712
SIOUX FALLS, SD	577	Sioux Falls, SD 57104-9712
PALATINE, IL	600	Palatine, IL 60095-9703
PALATINE, IL	601	Palatine, IL 60095-9703
PALATINE, IL	602	Palatine, IL 60095-9703
PALATINE, IL	603	Palatine, IL 60095-9703
TERRE HAUTE, IN	474	Terre Haute, IN 47802-3768
TERRE HAUTE, IN	475	Terre Haute, IN 47802-3768
TERRE HAUTE, IN	478	Terre Haute, IN 47802-3768
SHAWNEE MISSION, KS	660	Shawnee Mission, KS 66202-9716
SHAWNEE MISSION, KS	661	Shawnee Mission, KS 66202-9716
SHAWNEE MISSION, KS	662	Shawnee Mission, KS 66202-9716
CAPE GIRARDEAU, MO	636	Cape Girardeau, MO 63701-9998
CAPE GIRARDEAU, MO	637	Cape Girardeau, MO 63701-9998
CAPE GIRARDEAU, MO	638	Cape Girardeau, MO 63701-9998
CAPE GIRARDEAU, MO	639	Cape Girardeau, MO 63701-9998
FORT LAUDERDALE, FL	333	Fort Lauderdale, FL 33309-4300
SOUTH FLORIDA, FL	330	Pembroke Pines, FL 33082-9710
HICKORY, NC	286	Conover, NC 28613-9997
ATHENS, GA	305	Athens, GA 30601-9998
ATHENS, GA	306	Athens, GA 30601-9998
MARIETTA GA	300	Marietta, GA 30065-9997
MARIETTA GA	301	Marietta, GA 30065-9997

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-48, 51, 53)**

Response to DFC/USPS-T39-53 (Continued):

EASTERN, ME	044	Bangor, ME 04444-7097
EASTERN, ME	046	Bangor, ME 04444-7097
EASTERN, ME	047	Bangor, ME 04444-7097
EASTERN, ME	049	Bangor, ME 04444-7097
LONG ISLAND, NY	005	W Babylon, NY 11704-9712
LONG ISLAND, NY	115	W Babylon, NY 11704-9712
LONG ISLAND, NY	117	W Babylon, NY 11704-9712
LONG ISLAND, NY	118	W Babylon, NY 11704-9712
LONG ISLAND, NY	119	W Babylon, NY 11704-9712

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-54-55)**

DFC/USPS-T39-54. Please refer to the response to DBP/USPS-286. Please confirm that the Postal Service currently captures signatures for electronic delivery records by scanning a piece of paper that the customer signed using pen, pencil, or a similar writing instrument. If you do not confirm, please explain.

RESPONSE:

Confirmed, although this does not necessarily obviate concerns customers may have about signature legibility issues from their experience with nonpostal signature capture processes.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF DOUGLAS F. CARLSON (DFC/USPS-T39-54-55)**

DFC/USPS-T39-55. Please refer to the response to DBP/USPS-286. Please explain whether the Postal Service plans to transition to a system in which customers sign their name using an electronic device that consists of a stylus and a pad (or similar instruments to capture a signature electronically, without the use of ink, pencil, or paper). If the Postal Service does have plans to transition to such a system, please provide the implementation schedule.

RESPONSE:

To the best of my knowledge, the Postal Service does not have plans to transition to a system whereby signatures would be captured via a stylus and pad.

RESPONSE OF POSTAL SERVICE WITNESS BERKELEY (USPS-T-39) TO
INTERROGATORIES OF DOUGLAS F. CARLSON,
REDIRECTED FROM THE POSTAL SERVICE (DFC/USPS-2-3,14,24)

DFC/USPS-2. Please provide the percentage of volume in each eligible service for which customers purchased return receipts (e.g., customers purchased a return receipt along with 75 percent of Certified Mail, 10 percent of Insured Mail, etc.).

RESPONSE:

For FY 2005, following are the percentages of volume of eligible host special services where return receipt service was purchased as an ancillary service:

Certified	91 percent
Registered	38 percent
Insurance	2 percent
COD	.08 percent

RESPONSE OF POSTAL SERVICE WITNESS BERKELEY (USPS-T-39) TO
INTERROGATORIES OF DOUGLAS F. CARLSON,
REDIRECTED FROM THE POSTAL SERVICE (DFC/USPS-2-3,14,24)

DFC/USPS-3. Of total return receipt volume, please provide the percentage that customers purchased with each eligible service (e.g., 85 percent of total return-receipt volume was associated with Certified Mail, two percent was associated with Express Mail, etc.).

RESPONSE:

For FY 2005, following are the percentages of return receipt volume by eligible host special service:

Certified	98.7 percent
Registered	0.8 percent
Insurance	0.4 percent
COD	.001 percent

Volume data for return receipts attached to Express Mail are not collected.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-1-7,13,17,19)**

GF/USPS-T39-1.

- a. Please confirm that Exhibit No. USPS-10C for FY 2006 shows volume variable city carrier costs (component 257) attributed to COD of \$896,000 and volume variable rural carrier costs (component 260) attributed to COD of \$1,807,000. If you cannot so confirm, please provide the correct dollar amounts.
- b. Please provide a breakdown of the number or forecast of COD packages and the number or forecast of COD claims paid for FY 2006 into city carrier and rural carrier segments.

RESPONSE:

- a. See witness Waterbury's response to interrogatory GF/USPS-T10-2(a).
- b. The Postal Service does not forecast claims paid, though below is the forecast for the number of COD packages for 2006 by value level. No breakdown by carrier type is available.

<u>Value Up To</u>	<u>2006 Forecast Volume</u>
50	389,345
100	313,760
200	446,578
300	166,061
400	48,491
500	21,973
600	14,283
700	5,565
800	5,908
900	88
1000	5,845
Registered	3,224
Notice of Non-Delivery	53,170
Alteration of COD	0
Restricted Delivery	0
TOTAL (Excludes Additional Services)	1,417,897

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-1-7,13,17,19)

GF/USPS-T39-2. Has the Postal Service changed its policy with respect to the amount to be paid to COD claimants in the past 5 years? If so, please explain in detail and state whether such change increased, decreased or did not affect the individual and the overall level of claims paid and state whether and where such change is reflected anywhere in the DMCS, the DMM or elsewhere.

RESPONSE:

As a result of Docket No. R2000-1, the Postal Service increased the indemnity limit for COD from \$600 to \$1,000. Therefore, the potential amount to be paid to claimants has increased since the beginning of 2001. On May 1, 2004, the policies and procedures for processing indemnity claims were revised, not only to clarify the existing policies and procedures, but to establish other guidelines with respect to indemnity claims. Please see Postal Bulletin 22127, dated 4-29-04, which outlines the clarifications and changes and provides the revisions to the applicable sections of the Domestic Mail Manual and Postal Operations Manual.

This Postal Bulletin article can be viewed at

www.usps.com/cpim/ftp/bulletin/2004/pb22127.pdf

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-1-7,13,17,19)**

GF/USPS-T39-3. Has the Postal Service changed its practice with respect to the amount to be paid to claimants in the past 5 years? If so, please explain in detail and state whether such change increased, decreased or did not affect the individual and the overall level of claims paid and state whether and where such change is reflected anywhere in the DMCS the DMM or elsewhere.

RESPONSE:

Please see my response to GF/USPS-T39-2.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-1-7,13,17,19)

GF/USPS-T39-5. Please list for each of the Postal Service's five largest COD customers (no names need be provided) the COD volumes, the number of claims submitted and the number of such claims paid for each year (or fiscal year) 2003 to present.

RESPONSE:

Below is the COD volume for the five largest COD customers in 2005 (in terms of volume) who tender their COD postage and fees through a mailing statement.

The Postal Service does not produce a report on claims information by individual COD customer.

VOLUME FY06 YTD MAY	VOLUME FY05 TOTAL	VOLUME FY04 TOTAL	VOLUME FY03 TOTAL
---------------------------	-------------------------	-------------------------	-------------------------

94,743	148,963	205,355	277,114
1,162	82,795	80,086	79,428
46,423	81,909	63,984	47,840
43,980	76,165	79,880	82,360
40,250	65,901	90,193	111,358

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-1-7,13,17,19)**

GF/USPS-T39-6. Please provide actual or forecast data showing the number of COD claims paid for each year (or fiscal year) 2004 to the present, with each annual amount broken down by fee paid (that is, \$0.01- \$50, \$50.01-\$100, \$100.01-\$200, etc.).

RESPONSE:

Please see the attached for the COD claims data for FY 2004 and FY 2005 by value level.

COD Claims
FY 2004

Attachment 1 to GF/USPS-T39-6

<u>Amount Paid</u>	<u>Reason</u>	<u>Claim Count</u>	<u>Amount Paid</u>
<= \$50	Damage	60	\$1,419
	Loss	6,659	\$227,723
	No Remit	576	\$20,738

Total		7,295	\$249,880
\$50.01 to \$100	Damage	61	\$4,208
	Loss	6,747	\$479,571
	No Remit	587	\$42,472

Total		7,395	\$526,249
\$100.01 to \$200	Damage	40	\$5,720
	Loss	5,334	\$724,523
	No Remit	444	\$64,034

Total		5,818	\$794,278
\$200.01 to \$300	Damage	28	\$6,841
	Loss	921	\$214,373
	No Remit	63	\$14,576

Total		1,012	\$235,790
\$300.01 to \$400	Damage	17	\$5,697
	Loss	212	\$72,484
	No Remit	15	\$5,210

Total		244	\$83,391
\$400.01 to \$500	Damage	4	\$1,850
	Loss	84	\$36,966
	No Remit	11	\$4,976

Total		99	\$43,792
\$500.01 to \$600	Damage	1	\$575
	Loss	35	\$19,110
	No Remit	1	\$543

Total		37	\$20,227
\$600.01 to \$700	Damage	2	\$1,358
	Loss	20	\$12,945

Total		22	\$14,303
\$700.01 to \$800	Damage	4	\$3,043
	Loss	9	\$6,734

Total		13	\$9,777
\$800.01 to \$900	Damage	1	\$833
	Loss	4	\$3,429

Total		5	\$4,262
\$900.01 to \$1000	Damage	1	\$931
	Loss	4	\$3,630

Total		5	\$4,761
\$1000.01 to \$1100	Loss	5	\$5,066

Total		5	\$5,066

Total		21,950	\$1,991,776

COD Claims
FY 2005

Attachment 2 to GF/USPS-T39-6

<u>Amount Paid</u>	<u>Reason</u>	<u>Claim Count</u>	<u>Amount Paid</u>
<= \$50	Damage	85	\$2,371
	Loss	1,879	\$44,036
	No Remit	3,099	\$88,216
.....			
Total		5,063	\$132,823
\$50.01 to \$100	Damage	75	\$5,542
	Loss	1,598	\$117,045
	No Remit	2,375	\$173,577
.....			
Total		4,048	\$296,164
\$100.01 to \$200	Damage	51	\$8,979
	Loss	1,513	\$212,604
	No Remit	4,233	\$804,156
.....			
Total		5,797	\$823,739
\$200.01 to \$300	Damage	33	\$7,702
	Loss	352	\$82,873
	No Remit	880	\$209,004
.....			
Total		1,265	\$299,579
\$300.01 to \$400	Damage	12	\$4,367
	Loss	104	\$35,305
	No Remit	220	\$74,468
.....			
Total		336	\$114,140
\$400.01 to \$500	Damage	9	\$3,903
	Loss	42	\$18,285
	No Remit	78	\$34,354
.....			
Total		129	\$56,542
\$500.01 to \$600	Damage	3	\$1,584
	Loss	16	\$8,882
	No Remit	25	\$13,481
.....			
Total		44	\$23,947
\$600.01 to \$700	Damage	3	\$1,940
	Loss	11	\$7,011
	No Remit	10	\$6,509
.....			
Total		24	\$15,460
\$700.01 to \$800	Loss	8	\$5,943
	No Remit	4	\$2,985
.....			
Total		12	\$8,928
\$800.01 to \$900	Damage	5	\$4,188
	Loss	7	\$5,911
	No Remit	6	\$5,015
.....			
Total		18	\$15,113
\$900.01 to \$1000	Loss	3	\$2,893
	No Remit	4	\$3,775
.....			
Total		7	\$6,667
\$1000.01 to \$1100	Damage	1	\$1,048
	Loss	10	\$10,265
	No Remit	3	\$3,117
.....			
Total		14	\$14,430
Total		16,757	\$1,807,330

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-1-7,13,17,19)

GF/USPS-T39-7. For each year (or fiscal year) 2004 to the present, please provide 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. If any claims fall into the "other" category, please explain the most frequent reasons.

RESPONSE:

Please see the response to GF/USPS-T39-6. The Postal Service collects data on claims paid only for damage, loss, or no remittance.

RESPONSE OF POSTAL SERVICE WITNESS BERKELEY
TO INTERROGATORY OF GROWING FAMILY, INC.

GF/USPS-T39-8.

a. Assume that a coin dealer is mailing a rare coin worth \$400 to a customer COD, and pays a fee of \$10, because \$400 is to be collected from the recipient. If that dealer does not receive the money or the return of the coin and files a claim within the prescribed period, how much will the Postal Service pay on the claim (assuming it is a valid claim) in each of the following four scenarios: (1) the coin is delivered, but the funds are not collected from the recipient, (2) the coin is lost or destroyed before delivery, (3) the coin is refused or unclaimed by the recipient and lost or destroyed prior to its return, and (4) the coin is delivered and the funds collected, but the payment is not provided to the sender. If additional assumptions are necessary, please add any necessary, reasonable assumptions before responding.

b. If the payment is not the same in each scenario, explain how the Postal Service determines which scenario is applicable and whether in each case the Postal Service undertakes the burden of determining the reason for the claim.

RESPONSE:

a-b.

(1) If the coin is delivered, but the funds are not collected from the recipient, the Postal Service will provide reimbursement to the sender of the amount to be collected, in this case \$400, provided all required documentation is presented and all applicable regulations for payable claims are met.

(2) If the coin is lost or destroyed before delivery, the amount to be paid would be the fair market value, up to \$400, at the time and place of mailing, providing all required documentation is presented and all applicable regulations for payable claims are met.

RESPONSE OF POSTAL SERVICE WITNESS BERKELEY
TO INTERROGATORY OF GROWING FAMILY, INC.

Response to GF/USPS-T39-8 (Continued)

(3) If the coin is refused or unclaimed by the recipient and lost or destroyed prior to its return, the amount to be paid would be the fair market value, up to \$400, at the time and place of mailing, providing all required documentation is presented and all applicable regulations for payable claims are met.

(4) If the coin is delivered and the funds are collected, but the payment is not provided to the sender, replacement of the payment would be issued to the sender. If paid by postal money order, the Postal Service will provide a replacement money order. If paid by personal check, and the mailer did not receive the check, the Postal Service generally expects the sender to obtain a replacement check from the addressee. In these instances, the Postal Service will reimburse the addressee for any "stop payment" charges incurred and paid.

RESPONSE OF POSTAL SERVICE WITNESS BERKELEY
TO INTERROGATORY OF GROWING FAMILY, INC.

GF/USPS-T39-9.

a. Assume that a record store is mailing a CD with a retail value of \$15 but a wholesale cost to the store of \$7.50 to a customer COD, and pays a fee of \$4.75, because \$15 is to be collected from the customer. If that dealer does not receive the money or the return of the CD and files a claim within the prescribed period, how much will the Postal Service pay on the claim (assuming it is a valid claim) in each of the following four scenarios: (1) the CD is delivered, but the funds are not collected from the recipient, (2) the CD is lost or destroyed before delivery, (3) the CD is refused or unclaimed by the recipient and lost or destroyed prior to its return, and (4) the CD is delivered and the funds collected, but the payment is not provided to the sender. If additional assumptions are necessary, please add any necessary, reasonable assumptions before responding.

b. If the payment is not the same in each scenario, explain how the Postal Service determines which scenario is applicable and whether in each case the Postal Service undertakes the burden of determining the reason for the claim.

RESPONSE:

a-b.

(1) If the CD is delivered, but the funds are not collected from the recipient, the Postal Service will provide reimbursement to the sender of the amount to be collected, in this case \$15, provided all required documentation is presented and all applicable regulations for payable claims are met.

(2) If the CD is lost or destroyed before delivery, the amount to be paid would be the wholesale cost to the store of \$7.50 and the postage paid, providing all required documentation is presented and all applicable regulations for payable claims are met.

RESPONSE OF POSTAL SERVICE WITNESS BERKELEY
TO INTERROGATORY OF GROWING FAMILY, INC.

Response to GF/USPS-T39-9 (Continued)

(3) If the CD is refused or unclaimed by the recipient and lost or destroyed prior to its return, the amount to be paid would be the wholesale cost to the store of \$7.50, providing all required documentation is presented and all applicable regulations for payable claims are met.

(4) If the CD is delivered and the funds are collected, but the payment is not provided to the sender, replacement of the payment would be issued to the sender. If paid by postal money order, the Postal Service will provide a replacement money order. If paid by personal check, and the mailer did not receive the check, the Postal Service generally expects the sender to obtain a replacement check from the addressee. In these instances, the Postal Service will reimburse the addressee for any "stop payment" charges incurred and paid.

RESPONSE OF POSTAL SERVICE WITNESS BERKELEY
TO INTERROGATORY OF GROWING FAMILY, INC.

GF/USPS-T39-10.

a. Assume that an artist is mailing a painting with a claimed retail value of \$500 and a raw materials cost of \$5.00 to a customer COD, and pays a fee of \$10, because the amount to be collected is \$500. If that artist does not receive the money or the return of the painting and files a claim within the prescribed period, how much will the Postal Service pay on the claim (assuming it is a valid claim) in each of the following four scenarios: (1) the painting is delivered, but the funds are not collected from the recipient, (2) the painting is lost or destroyed before delivery, (3) the painting is refused or unclaimed by the recipient and lost or destroyed prior to its return, and (4) the painting is delivered and the funds collected, but the payment is not provided to the sender. If additional assumptions are necessary, please add any necessary, reasonable assumptions before responding.

b. If the payment is not the same in each scenario, explain how the Postal Service determines which scenario is applicable and whether in each case the Postal Service undertakes the burden of determining the reason for the claim.

RESPONSE:

a-b.

(1) If the painting is delivered, but the funds are not collected from the recipient, the Postal Service will provide reimbursement to the sender of the amount to be collected, in this case \$500, provided all required documentation is presented and all applicable regulations for payable claims are met.

(2) If the painting is lost or destroyed before delivery, the amount to be paid would be the fair market value at the time and place of mailing, plus postage if the total is less than the insured amount, providing all required documentation is presented and all applicable regulations for payable claims are met.

RESPONSE OF POSTAL SERVICE WITNESS BERKELEY
TO INTERROGATORY OF GROWING FAMILY, INC.

Response to GF/USPS-T39-10 (Continued)

(3) If the painting is refused or unclaimed by the recipient and lost or destroyed prior to its return, the amount to be paid would be the fair market value at the time and place of mailing, plus postage if the total is less than the insured amount, providing all required documentation is presented and all applicable regulations for payable claims are met.

(4) If the painting is delivered and the funds are collected, but the payment is not provided to the sender, replacement of the payment would be issued to the sender. If paid by postal money order, the Postal Service will provide a replacement money order. If paid by personal check, and the mailer did not receive the check, the Postal Service generally expects the sender to obtain a replacement check from the addressee. In these instances, the Postal Service will reimburse the addressee for any "stop payment" charges incurred and paid.

**RESPONSE OF POSTAL SERVICE WITNESS BERKELEY
TO INTERROGATORY OF GROWING FAMILY, INC.**

GF/USPS-T39-11.

- a. Assume that a photographer is mailing prints with a retail price of \$70 to a customer COD, and pays a fee of \$5.80, because \$70 is to be collected from the addressee. The photographer retains the negatives or the disk. If that photographer does not receive the money or the return of the prints and files a claim within the prescribed period, how much will the Postal Service pay on the claim (assuming it is a valid claim) in each of the following four scenarios: (1) the prints are delivered, but the funds are not collected from the recipient, (2) the prints are lost or destroyed before delivery, (3) the prints are refused or unclaimed by the recipient and lost or destroyed prior to its return, and (4) the prints are delivered and the funds collected, but the payment is not provided to the sender. If additional assumptions are necessary, please add any necessary, reasonable assumptions before responding.
- b. If the payment is not the same in each scenario, explain how the Postal Service determines which scenario is applicable and whether in each case the Postal Service undertakes the burden of determining the reason for the claim.

RESPONSE:

a-b.

- (1) If the prints are delivered, but the funds are not collected from the recipient, the Postal Service will provide reimbursement to the sender of the amount to be collected, in this case \$70, provided all required documentation is presented and all applicable regulations for payable claims are met.
- (2) If the prints are lost or destroyed before delivery, the amount to be paid would be the cost to produce another set of prints, plus the postage.

RESPONSE OF POSTAL SERVICE WITNESS BERKELEY
TO INTERROGATORY OF GROWING FAMILY, INC.

Response to GF/USPS-T39-11 (Continued)

(3) If the prints are refused or unclaimed by the recipient and lost or destroyed prior to their return, the amount to be paid for prints of personal photographs would be limited to indemnity for miscellaneous items, if any, lost or damaged. If they are prints of general photographs which would be purchased by the general public, the amount paid would be the cost to produce another set of prints, plus the postage, plus indemnity for miscellaneous items, if any, lost or damaged.

(4) If the prints are delivered and the funds are collected, but the payment is not provided to the sender, replacement of the payment would be issued to the sender. If paid by postal money order, the Postal Service will provide a replacement money order. If paid by personal check, and the mailer did not receive the check, the Postal Service generally expects the sender to obtain a replacement check from the addressee. In these instances, the Postal Service will reimburse the addressee for any "stop payment" charges incurred and paid.

RESPONSE OF POSTAL SERVICE WITNESS BERKELEY
TO INTERROGATORY OF GROWING FAMILY, INC.

GF/USPS-T39-12.

(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?

(b) If the answer to part (a) is not in the affirmative, does the Postal Service do so in most cases?

(c) If the response to part (a) or part (c) is in the affirmative, please explain in detail the steps the Postal Service takes to determine whether the claim is valid and, if so, why it failed to return either the amount to be collected or the merchandise.

RESPONSE:

a-c. Customers certify on PS Form 1000, *Domestic Claim or Registered Mail Inquiry*, that their claim is accurate and truthful. Claims received are reviewed and a determination of adjudication is made based on the facts of each individual claim.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-1-7,13,17,19)**

GF/USPS-T39-13. In approximately what percentage of the valid COD claims is the reason for the claim *either* that the parcel was lost or destroyed before any attempted delivery or that it was lost or destroyed during its return to the mailer?

RESPONSE:

Please see my response to GF/USPS-T39-6 for the COD claims paid due to loss.

The Postal Service does not currently report COD claims information to the level of detail requested, i.e., at what stage the loss occurs.

RESPONSE OF POSTAL SERVICE WITNESS BERKELEY
TO INTERROGATORY OF GROWING FAMILY, INC.

GF/USPS-T39-14. If a claim is filed by a COD mailer and the Postal Service records show that payment was tendered by the recipient, please describe in detail the steps that the Postal Service takes to determine whether that payment was in fact delivered to the mailer.

RESPONSE:

The Postal Service does not take any steps to determine whether the payment was in fact delivered.

RESPONSE OF POSTAL SERVICE WITNESS BERKELEY
TO INTERROGATORY OF GROWING FAMILY, INC.

GF/USPS-T39-15.

(a) If a claim is filed by a COD mailer and the Postal Service records show that payment was tendered by the recipient by not delivered to the mailer, please describe in detail the steps that the Postal Service takes to assure that the payment is in fact received by the mailer.

(b) In this situation, would the Postal Service ever require the mailer to contact the recipient in order to obtain a substitute payment?

(c) If the answer to part (b) is in the affirmative, does the Postal Service assume, and if so on what basis, that a recipient who has already tendered payment will cooperate with the mailer?

(d) If under these circumstances the mailer is unable to obtain payment, will the claim be paid by the Postal Service in an amount equal to the funds that were to be collected?

RESPONSE:

(a) If a claim is filed by a COD mailer and the Postal Service records show that payment was tendered by the recipient by not delivered to the mailer, the Postal Service provides the mailer with the check or money order number, date, and amount collected, along with instructions on how to obtain a replacement money order, if applicable.

(b) Yes.

RESPONSE OF POSTAL SERVICE WITNESS BERKELEY
TO INTERROGATORY OF GROWING FAMILY, INC.

Response to GF/USPS-T39-15 (Continued)

c. Based on a general belief that people are reasonable about paying for goods and services, the Postal Service assumes the addressee will issue a replacement check to the sender.

d. No.

RESPONSE OF POSTAL SERVICE WITNESS BERKELEY
TO INTERROGATORY OF GROWING FAMILY, INC.

GF/USPS-T39-16.

(a) Does it ever occur that a COD package is left with the addressee but no payment is collected at the time of delivery?

(b) If so, does the Postal Service believe that it is reasonable to expect the recipient of the parcel in all or nearly all cases to make a payment more than two months later? Please explain.

RESPONSE:

a. Yes.

b. *In (presumably) rare instances, a COD article could be delivered with no payment collected at the time of delivery. Based on a general belief that people are reasonable, the Postal Service believes that most consumers are willing to pay for goods and services received, even if the payment is requested more than two months after receipt of the goods and services. In any case, the COD mailer is going to receive reimbursement for any uncollected payment. See my responses to GF/USPS-T39-8-11a-b(1).*

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-1-7,13,17,19)

GF/USPS-T39-17.

- (a) Please confirm that the most recent DMCS states in Fee Schedule 944 that the COD fee is based only upon "the amount to be collected" from the recipient.
- (b) Please state the source of and authority for witness Berkeley's statement at page 27 of USPS-T-39 that the fee is based on the higher of "the monetary value of the merchandise or the amount of insurance desired. . . ."
- (c) Please confirm that prior versions of the DMCS stated that the amount of the COD fee is based upon the amount of insurance coverage desired.
- (d) If you confirm both parts (a) and (c), please explain when the change was made and the reason for the change in the DMCS language.

RESPONSE:

- a. Not confirmed. The heading says "Amount to be collected" yet that does not mean the fee is "based only upon the 'the amount to be collected' from the recipient.
- b. Please see Domestic Mail Manual Section 503.11.1.2.
- c. Not confirmed. Versions of Fee Schedule 944 prior to Docket No. R2001-1 had the heading "Amount to be collected, or Insurance Coverage Desired."
- d. Not applicable; however, the change appears to be an inadvertent omission in Docket No. R2001-1 of the "or Insurance Coverage Desired" language.

RESPONSE OF POSTAL SERVICE WITNESS BERKELEY
TO INTERROGATORY OF GROWING FAMILY, INC.

GF/USPS-T39-18. 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.

RESPONSE:

There is not enough information to provide a definitive answer for each claim.

Reimbursement would be made for whatever amount is appropriate for the situation and would be determined on a claim-by-claim basis.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-1-7,13,17,19)

GF/USPS-T39-19. 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.

RESPONSE:

The Postal Service does not currently report COD claims information to the level of detail requested, i.e., claims paid at less than the amount to be collected or claims paid at less than the amount claimed for other reasons.

**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.

a. Actual value of lost articles at the time and place of mailing (see 4.1n. for bulk insured articles).

.. c. Remittance due on a COD parcel not received by the sender, subject to the limitations set by the standards for COD service.

.. j. Cost of film stock or blank tape for photographic film, negatives, slides, transparencies, videotapes, laser disks, x-rays, magnetic resonance imaging (MRI) prints, computerized axial tomography (CAT) scan prints, etc.

Nonpayable claims covered under DMM 609.4.3 state:

4.3 Nonpayable Claims

Indemnity is not paid for insured mail, Registered Mail, COD, or Express Mail in these situations:

.. e The contents of film (e.g., positives, negatives, slides, transparencies, videotapes, laser disks, x-rays, magnetic resonance imaging (MRI) prints, computerized axial tomography (CAT) scan prints), the cost of creating or re-creating these items, or the photographer's time and expense in taking the photographs.

.. g Consequential loss claimed rather than the actual value of the article.

.. y Items sent COD without the addressee's consent.

Arguments

The appeal appears to be based on three arguments. First, you contend Growing Family is paying to insure "the amount to be collected from the addressee," not the cost of film stock. Secondly, you claim the Postal Service cannot change policy retroactively, so, even if amounts less than the retail value is paid on future claims, that should not have occurred on claims filed prior to the August 16, 2005 letter. Finally, you claim Growing Family is being overcharged for COD service, stating the Postal Service is charging fees based on one value and paying claims based on a lower value.

Your assertion that Growing Family should invariably be compensated based upon the retail value rather than the costs to reproduce and resend the parcels is not consistent with postal standards or the principles on which those standards are based. The appeal, on page 4, cites DMCS and DMM provisions stating COD service provides the sender with insurance against loss, damage, or rifling of the article or failure to receive the amount collected from the addressee. The use of the alternative language is significant; these provisions do not state that the sender invariably is compensated in the amount of the retail value. In some circumstances (e.g., where the article is lost before being offered to the addressee or refused and lost upon return), there literally is no amount collected or that should have been collected from the addressee and, accordingly, no basis to provide compensation in that amount to the sender. A decision to pay indemnity in the amount of the retail value in all instances would contradict the principles underlying the indemnity standards by making the sender better off, in some instances, than it would have been. For instance, if the addressee refuses the parcel and it is lost upon return to the sender, compensation in the amount of the retail value would provide the sender a profit it is not entitled to since the addressee refused the package. Where the package is lost enroute to the addressee, providing compensation for reproducing the package allows the sender to resend the package to the addressee to see if a sale can still be made.

The appeal appears to recognize these principles and seeks to raise two counter-arguments at pages 7-8. First, you assert that parents are less likely to accept re-sent packages due to the delay between the birth of the child and the receipt of the package. You have not presented any evidence that this occurs. Moreover, postal standards expressly exclude liability for consequential loss or for delay, DMM 609.4.3.(g). If the original package were delayed during postal processing, indemnity would not be paid based upon an argument that the delay reduced the likelihood of purchase. The same result is reached where the delay is caused by other circumstances.

Your second argument is based upon the speculation that some of the articles believed to be lost before being offered to the addressee were actually delivered to the addressee, with payment either not received or lost after receipt. The 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*. The scans show the last event that determines the initial response from the St Louis ASC. You recently presented two examples. For the first sample regarding the article mailed to Milwaukee, WI, the delivery system has recorded the customer's check number indicating completion of the transaction. Therefore, this does not substantiate your claim. The delivery system has no record, e.g., no acceptance or delivery scans, for the article that went to Philadelphia. Our investigation revealed a clerical error in recording the events for this COD article. An incident such as this is identifiable through the claims appeals process and investigation.

Your assertion that the Postal Service has changed policy appears to rely on principles of equitable estoppel, i.e., because the Postal Service has made indemnity payments based upon the retail value in the past, it must continue to do so, even if that were in error. The Postal Service, like other government agencies, is not subject to estoppel. Moreover, even if it were subject to estoppel, the necessary elements are not present here, such as reasonable reliance. The decision to pay claims based upon the costs of reproducing and resending the photographs is based upon the express provisions in our regulations, DMM 609.4.1(j). The decision in this instance is not based upon a change in policy or interpretation, but the correct application of existing policy. It is noted that the letter enclosed in the appeal, as Exhibit B, and discussion of that letter do not support your argument. The letter, dated November 8, 1996, from the USPS St. Louis office similarly established that CODs would not always be paid at full retail value. Although you indicate this position was subsequently reversed, you have not provided documentation to this effect or identified the postal officials that may have made such a decision. Moreover, even if that had occurred, it does not require the Postal Service to continue to pay indemnity claims in an amount higher than warranted under our standards.

Your final argument concerns the amount of COD fees that should be paid on Growing Family's mail. This issue relates to mail rates and classifications, and is outside the scope of this appeal and the types of issues properly considered by this office. See DMM 607.2.0. Nevertheless, please note that our standards provide that COD fees are based upon the higher of the amount to be collected or the insurance coverage provided, DMM 503.11.1.2, and, as explained below, there are instances where indemnity will be paid to Growing Family based upon the retail value.

Analysis

I agree with the general conclusion reached in the ASC Decision. That is, under postal standards, the proper level of indemnity payments on COD claims is not always based upon the retail value to be collected from the addressee. Rather, the amount of the payment must be assessed on consideration of the facts of each claim and the reason why the sender did not receive the retail value or return of the parcel.

As a general principle, the Postal Service's indemnity standards seek to provide compensation on indemnity claims so that the sender is no better or worse off than if the article were properly delivered. *There are four types of circumstances to consider in evaluating the indemnity payment on COD claims:*

- (1) the article is delivered to the addressee but the retail value is not collected;
- (2) the article is lost or totally damaged before offered for delivery to the addressee;
- (3) the article is refused or unclaimed by the addressee and lost or damaged before return to the sender; or
- (4) the article is delivered and the retail value is collected, but the payment is lost before delivery to the sender.

Each of these circumstances can be identified from the scans recorded and maintained by the Postal Service. My conclusion regarding the amount that should be paid in each instance is discussed below.

Conclusion

For the reasons explained herein, the appeal is partially upheld and partially denied. We will provide reimbursement of the amount to be collected, i.e. the retail value, if the COD article is delivered and we

fail to collect payment from the addressee. In this instance, the Postal Service failed to provide the service purchased. Accordingly, the indemnity should be paid in the amount of the retail value to make the sender whole.

In other situations, claims will be reimbursed as follows:

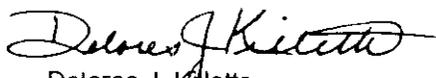
- 1) If the article is lost or totally damaged before it is offered for delivery to the addressee: I agree with the ASC decision that the amount to be paid in this case should be based upon the costs to produce another package for the addressee and the original postage paid. If the addressee accepts or refuses the parcel, the sender is in the same position, as it would have been, had the addressee accepted or refused the initial parcel. As noted in that decision, please let us know if Growing Family's costs change or you believe there is some other reason for adjustment. The St. Louis ASC will work with you in determining the value.
- 2) If the article is refused or unclaimed by the addressee and then lost or totally damaged before it is returned to the sender: In this instance, since the addressee did not accept the parcel, the only benefit that could be realized by the sender would be the value of the contents and the amount of postage. There is no evidence that the photographs have any salvage or other value to Growing Family. Accordingly, I conclude that reimbursement will be limited to indemnity for miscellaneous items that are lost or damaged, such as keepsakes, and postage.
- 3) If the article is delivered and the retail value is collected, but the payment is lost before delivery to the sender: Replacement of the payment should be issued to the sender. If paid by postal money order, the Postal Service will provide a replacement money order or postal check. If paid by check, and Growing Family did not receive the check, the Postal Service generally expects the sender to obtain a replacement check from the addressee. In these instances, the Postal Service will reimburse the addressee for any "stop payment" charges incurred and paid.

Based upon these principles, the following actions are appropriate with respect to Growing Family. COD claims submitted on or after the date of this decision will be paid in accordance with the standards explained above. The decisions on claims submitted before the date of this decision, in which payments were made for less than the retail value, are hereby affirmed. As an exception, Growing Family may appeal any claims submitted before this decision that were paid for less than the retail value that should under one of the scenarios described above, have received a higher indemnity payment; e.g., the USPS delivered the article and failed to collect the payment. Since not before me for decision, this appeal does not decide whether Growing Family was inappropriately overpaid in the past, or the extent of any such overpayment.

This is the final agency decision of the U.S. Postal Service.

If you have any immediate questions, please feel free to contact Michele Mulleady at (202) 268-2306.

Sincerely,


Delores J. Killete

¹ In a number of instances, the Postal Service found that the claims were for packages on which the retail value had been collected and paid to Growing Family or packages that had been refused and returned to Growing Family. COD claims should not have been filed in these instances, and the claims were denied.

**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 COD article .

**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
INTERROGATORIES OF GROWING FAMILY, INC. (GF/USPS-T39-20-48)**

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.

RESPONSE OF USPS WITNESS BERKELEY (USPS-T-39) TO
INTERROGATORY OF GROWING FAMILY, INC.,
REDIRECTED FROM WITNESS WATERBURY (USPS-T-10)

GF/USPS-T10-4. In response to GF/USPS-T10-1(e), you state that the COD indemnity payments for FY2003 amounted to \$1,477,000 and in FY2004 amounted to \$2,214,000. Please explain the reason(s) for this 50% increase in claims paid from FY2003 to FY2004.

RESPONSE:

I believe the reason for the increase in the COD indemnity payments from FY 2003 to FY 2004 can be attributed to the increase in the number of claims during that same period. In FY 2003 there were 12,041 claims filed and in FY 2004 there were 21,950 claims filed – an increase of over 82 percent.

RESPONSE OF USPS WITNESS BERKELEY (USPS-T-39) TO
INTERROGATORY OF GROWING FAMILY, INC.,
REDIRECTED FROM WITNESS WATERBURY (USPS-T-10)

GF/USPS-T10-6.

(a) Please confirm that in a March 10, 2006 letter to counsel for Growing Family, attached to Growing Family's Second Interrogatories to Postal Service Witness Berkeley, Delores Killette, the Postal Service's Vice President and Consumer Advocate, stated 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."

(b) Please explain why, in light of this system of scans to record these steps, it is not possible to segregate COD parcels delivered by city carriers from those delivered by rural carriers.

(c) Please explain why this system of scans does not permit the matching of COD claims with COD parcels.

RESPONSE:

(a) Confirmed.

(b) The scanning system does not differentiate between type of delivery employee.

(c) There is no scan for the event of a COD claim, although information from the scanning system can be used in claims adjudication.

RESPONSE OF POSTAL SERVICE WITNESS BERKELEY (USPS-T-39) TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

5. Please refer to worksheet "Volume Input Data" in both USPS-LR-L-123 and USPS-LR-L-124.
- a) The source given for BY, TYBR, and TYAR International mail volumes is "Volume Forecast from Witness Thress (USPS-T-7), Attachment A." International mail volumes are not provided in Attachment A. Please provide the correct source for the BY, TYBR, and TYAR International mail volumes.
 - b) The TYBR Return Receipt volume is listed as 249.957. The source given is "Volume Forecast from Witness Thress (USPS-T-7), Attachment A." However, the value in witness Thress's testimony (in the same units) is 247.952. Please reconcile the difference.
 - c) The source given for BY, TYBR, and TYAR Stamped Envelopes is "Volume Forecast from Witness Thress (USPS-T-7), Attachment A." Stamped envelope volumes are not provided in Attachment A. Please provide the correct source for the BY, TYBR, and TYAR Stamped Envelope volumes.
 - d) For the categories indicated below, please provide a spreadsheet with step by step calculations indicating how to develop the volumes in the Volume Input Data worksheet starting from Witness Thress (USPS-T-7), Attachment A volume forecast numbers. Please also provide a brief rationale for each adjustment.
 - i TYAR First-Class single-piece
 - ii TYAR First-Class nonautomated presort
 - iii TYAR First-Class automated presort
 - iv TYBR First-Class automated presort
 - v TYAR Priority mail
 - vi TYBR Standard Regular
 - vii TYAR Standard Regular
 - viii TYBR Standard ECR
 - ix TYAR Standard ECR

RESPONSE OF POSTAL SERVICE WITNESS BERKELEY (USPS-T-39) TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

RESPONSE TO QUESTION 5:

- a) See USPS-LR-L-121 for the BY, TYBR, and TYAR International mail volumes.
- b) The 249.957 (in millions) volume in USPS-LR-L-123 and USPS-LR-L-124 includes restricted delivery volume, so the volume that should have been used was the 247.952 (in millions) presented by witness Thress. Errata will be filed to correct the TYBR volume for return receipts.
- c) The BY, TYBR, and TYAR volumes for stamped envelopes should have had a footnote beside the volumes. The BY volume is derived from the 2005 Accountable Paper Shipped Recapitulation Report and is shown in the FY 2005 billing determinants. The TYBR and TYAR volumes are 2008 projections from the Stamp Acquisition and Distribution office. This office determines the demand for stamped envelopes in future years and orders the stamped envelopes to be produced. Errata to correct the omission of footnotes for stamped envelope volume will be filed shortly.
- d) The footnotes in the volume input tabs in USPS-LR-L-123 and USPS-LR-L-124 provide the sources of the volume deviations from witness Thress' volume forecast to those volumes used by Pricing in this proceeding. Attached is a spreadsheet that summarizes the volume deviations for First-Class Mail, Priority Mail, and Standard Mail.

Response Part	Item	Thress Volume	FCM Parcel Adjustment ¹	NSA Adjustment ²	Premium Forwarding Service Adjustment ³	Dim-weighting Adjustment ⁴	Adjusted Volume
i.	TYAR First-Class single-piece	37,206,438	(150,310)	-	N/A	N/A	37,056,128
ii.	TYAR First-Class nonautomated presort	929,256	(4,054)	-	N/A	N/A	925,202
iii.	TYAR First-Class automated presort	47,497,945	154,364	115,559	N/A	N/A	47,767,868
iv.	TYBR First-Class automated presort	47,403,933	N/A	115,559	N/A	N/A	47,519,492
v.	TYAR Priority Mail	829,079	N/A	N/A	0.936	(1.684)	828,331
vi.	TYBR Standard Regular	62,490,946	N/A	(110,692)	N/A	N/A	62,380,254
vii.	TYAR Standard Regular	62,926,250	N/A	(110,692)	N/A	N/A	62,815,558
viii.	TYBR Standard ECR	33,295,868	N/A	(4,867)	N/A	N/A	33,291,001
ix.	TYAR Standard ECR	29,346,811	N/A	(4,867)	N/A	N/A	29,341,944

Note: Volumes are reported in millions

¹ First-Class Business Mail Parcels in Test Year After-Rates environment include 154 million parcels that are assumed to shift from Single-Piece and Nonautomation Presort Categories. 36 percent of the Single-Piece parcels are assumed to shift. All of the parcel shaped pieces from Nonautomation Presort category are assumed to shift to FCM Business Parcels.

² The volume and revenue projections for First-Class Mail are adjusted to account for three ongoing negotiated service agreements (NSAs) that have been implemented by the Postal Service but are not included in the Base Year. A negative adjustment for Standard Mail is a positive adjustment for First-Class Mail. TYBR and TYAR volumes are assumed to be the same.

³ Premium Forwarding Service volume requires an upward adjustment, just as it did in the TYBR (see USPS-T-33, Attachment B, Table 1, Line (m)). This is because the base forecast in USPS-T-7 only reflects the small amount of volume coming after implementation of the experiment towards the end of the Base Year (FY 2005). The adjustment is equal to the difference between the Total and Line (b) in USPS-T-33, Attachment C, Table 1.

⁴ A downward adjustment in volume is required because some lightweight, bulky parcels will leave Priority Mail as a result of dim-weighting. This is offset, to some extent, by some such parcels splitting into two or more smaller units. The net volume adjustment is the difference between the totals in USPS-T-33, Attachment C, Table 9 and USPS-T-33, Attachment C, Table 1.

RESPONSE OF POSTAL SERVICE WITNESS BERKELEY (USPS-T-39) TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 3

4. Please refer to both USPS-LR-L-123 and USPS-LR-L-124. All amounts are in thousands of dollars.
- c) The TYBR revenue for P.O. Boxes is listed as 864,612. In witness O'Hara's testimony, Exhibit USPS-31A, the value is listed as 866,319. Please reconcile the difference.
 - d) The TYAR revenue for P.O. Boxes is listed as 951,849. In witness O'Hara's testimony, Exhibit USPS-31B, the value is listed as 953,886. Please reconcile the difference.

RESPONSE:

- c) The TYBR revenue of \$866,319 (in thousands) for post office boxes in witness O'Hara's testimony is correct. The TYBR revenue of \$864,612 in USPS-LR-L-123 and 124 did not include revenue from key and lock replacement revenue. Errata will be filed shortly to correct USPS-LR-L-123 and 124.
- d) The TYAR revenue of \$953,886 (in thousands) for post office boxes in witness O'Hara's testimony is correct. The TYAR revenue of \$951,849 in USPS-LR-L-123 and 124 did not include revenue from key and lock replacement revenue. Errata will be filed shortly to correct USPS-LR-L-123 and 124.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF TIME WARNER (TW/USPS-T39-1-3)**

TW/USPS-T39-1 Please refer to your testimony at page 5, lines 10-15. Please confirm a mailer would pay one annual account maintenance fee for each of the following scenarios:

- a. The mailer holds a single Business Reply Mail permit, which can be used to receive Business Reply Mail that is addressed to any one of multiple PO Boxes at the same location.
- b. The mailer holds a single Business Reply Mail permit, which can be used to receive Business Reply Mail that is addressed to any one of multiple PO Boxes at multiple locations.

RESPONSE:

- a. and b. Confirmed that a mailer would pay one annual account maintenance fee **only** if there is one account used as a source of funding **and** the mailer receives a single non-itemized billing for all of the mail referenced.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF TIME WARNER (TW/USPS-T39-1-3)**

TW/USPS-T39-2 Please refer to your testimony at page 13, lines 3-11.
Please confirm a mailer would pay one quarterly fee (per quarter) for each of the following scenarios:

- a. The mailer holds a single Business Reply Mail permit, which can be used to receive Business Reply Mail that is addressed to any one of multiple PO Boxes at the same location.
- b. The mailer holds a single Business Reply Mail permit, which can be used to receive Business Reply Mail that is addressed to any one of multiple PO Boxes at multiple locations.

RESPONSE:

- a. Confirmed that a mailer would pay one quarterly fee if the mailing standards were met for high-volume QBRM **and** if the mailer receives a single non-itemized billing for all of the mail referenced.
- b. Not confirmed. A quarterly fee cannot be “shared” among multiple physical locations.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BERKELEY TO
INTERROGATORIES OF TIME WARNER (TW/USPS-T39-1-3)**

TW/USPS-T39-3 Please refer to your testimony at page 15, Table 3. Please confirm all Business Reply Mail pieces received under the below scenarios would pay the high volume QBRM rate of \$0.09 per-piece.

a. The mailer holds a single Business Reply Mail permit and pays one quarterly high-volume QBRM fee for that permit. The permit can be used to receive Business Reply Mail that is addressed to any one of multiple PO Boxes at the same location.

b. The mailer holds a single Business Reply Mail permit and pays one quarterly high-volume QBRM fee for that permit. The permit can be used to receive Business Reply Mail that is addressed to any one of multiple PO Boxes at multiple locations.

RESPONSE:

- a Please note that the QBRM high-volume per-piece fee is currently \$0.009, not \$0.09 as mentioned in the interrogatory. Please see my response to TW/USPS-T39-2(a).
- b Please see my response to TW/USPS-T39-2(b).

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BERKELEY (USPS-T-39) TO
INTERROGATORY OF UNITED PARCEL SERVICE (UPS/USPS-T23-4)
REDIRECTED FROM WITNESS PAGE**

UPS/USPS-T23-4. Refer to your response to PSA/USPS-T37-7(d); USPS-LR-L-59, Attachment 14A, "Delivery Confirmation Worksheet," page 4 of 19; and USPS-T-7, Attachment A. Confirm that the "Grand Total" on the Delivery Confirmation Worksheet matches the Delivery Confirmation GFY volumes in USPS-LR-L-77, page K-12, for FY2005, and in USPS-T-7, Attachment A, for FY2006, FY2007, 2008 TYBR, 2007 TYAR, and 2008 TYAR.

(a) If confirmed, explain which 2008 TYAR delivery confirmation volumes in the Delivery Confirmation Worksheet would increase if Parcel Post Electronic 2008 TYAR delivery confirmation volume were to decrease to 195,291,269 per your response to PSA/USPST37-7(d).

(b) If not confirmed, explain in detail.

RESPONSE:

Confirmed that the "Grand Total" on the Delivery Confirmation worksheet in Attachment 14A of USPS-LR-L-59 matches the FY 2005 volume in USPS-LR-L-77, page K-12, and matches the FY 2006, FY 2007, FY 2007 TYAR, FY 2008 TYBR and FY 2008 TYAR volumes in USPS-T-7, Attachment A. I further confirm that the FY 2005 volume and the FY 2008 TYBR and FY 2008 TYAR volumes match those in USPS-LR-L-123, as revised July 3, 2006.

(a) The Delivery Confirmation volumes by mail class and subclass beyond FY 2005 are calculated based on the percentage compositions of the FY 2005 volumes. The FY 2008 TYAR Parcel Select Delivery Confirmation volume of

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BERKELEY (USPS-T-39) TO
INTERROGATORY OF UNITED PARCEL SERVICE (UPS/USPS-T23-4)
REDIRECTED FROM WITNESS PAGE**

Response to UPS/USPS-T23-4 (Continued)

267,829,982 would only be lowered to 195,291,269 in the event that the total 2008 TYAR Delivery Confirmation volume decreased, thereby decreasing all mail class and subclass volumes.

(b) Not applicable.

**RESPONSE OF POSTAL SERVICE WITNESS BERKELEY (USPS-T-39)
TO INTERROGATORY OF VALPAK DIRECT MARKETING SYSTEMS, INC.
AND VALPAK DEALERS' ASSOCIATION, INC. (VP/USPS-T36-19)
REDIRECTED FROM WITNESS KIEFER (USPS-T-36)**

VP/USPS-T36-19. Please refer to your response to VP/USPS-T36-10(c), in which you provide AR fees at TYBR volumes for Commercial Regular of \$63,654, Nonprofit Regular of \$29,866, Commercial ECR of \$33,971, and Nonprofit ECR of \$6,479, all in thousands. In your original workpapers, you provided TYBR fees of, in the same order, \$70,173, \$33,547, \$36,363, and \$6,135. The AR fees referenced above, then, are 7.6 percent, 5.6 percent, 10.8 percent, and 5.6 percent higher than your original TYBR fees, respectively. Please explain whether this means that each category of Standard mail is realizing a different percentage increase in fee levels. If they are, please explain what accounts for these differences.

RESPONSE:

The proposed fees at TYBR volumes for Standard Mail, referenced in the interrogatory, are from USPS-LR-L-123, as revised July 3, 2006. However, the reference to TYBR fees from witness Kiefer's original workpapers are numbers I cannot find anywhere in his workpapers, either original or revised. For clarification, the TYBR fee revenue (TYBR volumes at current fees), also presented in USPS-LR-L-123, are as follows: Commercial Regular of \$59,158; Nonprofit Regular of \$28,281; Commercial ECR of \$30,655; and, Nonprofit ECR of \$6,135, all in thousands. The resulting fee increase percentages for these subclasses using the revenues from these workpapers are 8.5 percent, 8.5 percent, 6.5 percent and 6.5 percent. The fee distribution is set up in the workpapers to calculate the subclass revenues for the Standard Mail Bulk

RESPONSE OF POSTAL SERVICE WITNESS BERKELEY (USPS-T-39)
TO INTERROGATORY OF VALPAK DIRECT MARKETING SYSTEMS, INC.
AND VALPAK DEALERS' ASSOCIATION, INC. (VP/USPS-T36-19)
REDIRECTED FROM WITNESS KIEFER (USPS-T-36)

Response to VP/USPS-T36-19 (Continued):

Permits and Standard Weighted Fee differently than that of the other fees.

Because the actual fee revenue is broken out by total commercial and total non-profit for both of these special services in the individual workpapers, the fee revenue calculation in the fee summary distributes the fee revenue using the volumes for commercial only or non-profit only, as opposed to distributing based on the total of all four subclasses (like the other fee revenues are distributed).

Therefore, it appears that the commercial subclasses of Standard Mail are seeing a higher proposed fee percentage than the non-profit subclasses of Standard Mail. In reality however, the proposed aggregate increase in fee levels for each subclass of Standard Mail is 7.9 percent.

1 MS. DREIFUSS: Mr. Chairman? Shelley
2 Dreifuss of OCA. I just wanted to point out that I
3 think there are two interrogatories in that packet
4 that were added this morning, two of Mr. Carlson's
5 interrogatories.

6 I think there was some problem in
7 identifying them because they were redirected from the
8 Postal Service to Witness Berkeley, but I understand
9 the Postal Service has no objection to their inclusion
10 in the packet today.

11 MR. RUBIN: That's correct.

12 CHAIRMAN OMAS: Thank you, Mr. Rubin.

13 Is there any additional written cross-
14 examination for Witness Berkeley?

15 (No response.)

16 CHAIRMAN OMAS: There being none, this
17 brings us to oral cross-examination.

18 One participant has requested oral cross-
19 examination, Growing Family, Inc., Mr. Straus.

20 Mr. Straus, would you please begin?

21 MR. STRAUS: Yes. I'm David Straus for
22 Growing Family.

23 CROSS-EXAMINATION

24 BY MR. STRAUS:

25 Q Ms. Berkeley, the attack on the COD rate

Heritage Reporting Corporation
(202) 628-4888

1 came as something of a surprise, didn't it?

2 A I'm sorry. Did you say the attack?

3 Q Well, challenging the Postal Service's COD
4 rate. Has that ever happened before? Do you know?

5 A The proposed fee?

6 Q Yes. What I'm saying is has any party to
7 your knowledge ever participated in a rate case to
8 challenge the COD --

9 A Do you mean an Intervenor?

10 Q Yes.

11 A As I recall, I don't recall any Intervenors
12 focusing on COD before.

13 Q And Growing Family is about 10 percent of
14 the class. Is that right?

15 A I believe there was an interrogatory
16 response. Do you know which one that was? I just
17 want to make sure I've got my facts straight.

18 Q I don't remember. Well, it's in the packet
19 so we'll move on. I just wanted to sort of set the
20 stage for the questions.

21 A I believe if Growing Family is also known as
22 Hasko International --

23 Q Yes.

24 A I believe in one of my interrogatory
25 responses that I had stated that Hasko International

1 had about 10 percent of the COD volume for mailers who
2 enter their COD mail pieces via mailing statement.

3 Q That was Question 48.

4 A Thank you. Yes.

5 Q What percentage of COD mail is represented
6 by the subset of which Growing Family or Hasko is 10
7 percent? In other words, what percentage of all COD
8 mail is entered on a mailing statement?

9 A That I don't know.

10 Q When you first started getting questions
11 from Growing Family I take it you looked into the
12 Growing Family situation to figure out why it was
13 upset?

14 A As the interrogatories became forthcoming
15 and we got the letters that were attached to the
16 interrogatories then I understood, you know, the
17 concerns or what might have prompted Growing Family to
18 intervene.

19 Q And so you consulted with others in the
20 Postal Service about that?

21 A In preparing the responses to the
22 interrogatories, yes.

23 Q Anybody other than the Office of Consumer
24 Advocate?

25 A The Office of Consumer Advocate, the

1 Accounting Service Center personnel.

2 Q That's in St. Louis?

3 A Yes. The people in St. Louis plus the
4 people at headquarters who oversee that.

5 Q And you learned, didn't you, that until May
6 of 2005 for many years Growing Family was always
7 reimbursed the amount to be collected from the
8 recipient? Is that right?

9 A That's my understanding.

10 Q And you also learned that several years
11 before that there was a meeting at which that was
12 questioned, but the practice remained to pay Growing
13 Family? That doesn't ring a bell?

14 A I am not aware of that.

15 Q Okay. When, to your knowledge, did the
16 practice change from reimbursing Growing Family the
17 full amount to be collected to reimbursing it some
18 other amount?

19 A Well, I believe there was a clarification of
20 the policy, and that was sometime in -- if I look at
21 the letter, I guess it was in 2005.

22 Q Which letter?

23 A There's an August 16, 2005, letter, and I
24 believe it references April 2005.

25 If you know, there's an interrogatory -- one

1 or maybe more than one -- where this has been
2 referenced.

3 Q You were very careful to take my word
4 "practice" and change it into a "clarification of
5 policy".

6 You did agree in the previous answer that
7 the practice had been to pay Growing Family the full
8 amount that formed the basis for its COD fee, didn't
9 you?

10 A I agreed that that was the practice of the
11 Postal Service based on the policy that was believed
12 to be at that time.

13 In clarifying the policy and reviewing it,
14 the Postal Service determined that the correct payment
15 to be made should be made from that point forward,
16 which was sometime in 2005.

17 Q I really don't know why you're resisting
18 saying that the practice changed. The practice was to
19 pay the full amount. Is that still the practice, or
20 is the practice now to pay a lesser amount?

21 A It depends on the claim itself, but with
22 respect to the Growing Family claims it's my
23 understanding that it's the lesser of either the
24 insured amount or the value at the time of mailing.

25 I believe maybe the distinction here is the

1 value at the time of mailing. The clarification of
2 that may have resulted in a lesser payment than what
3 Growing Family was used to receiving.

4 Q So the payment has been reduced, but the
5 practice hasn't changed. Is that your testimony?

6 A It was a clarification of the payment
7 policy.

8 Q And wasn't the result of that clarified
9 policy a new practice of paying lesser amounts on some
10 of the claims?

11 A Well, if it's a practice, if it's a
12 clarification of the practice of payment, yes, you
13 could say that.

14 Q Clarification of the practice of payment.
15 We've gone from a clarification of policy to a
16 clarification of practice.

17 I can understand a policy change and as a
18 result of the change a policy, whether it's a
19 clarification or a new policy. The practice changes
20 as a result.

21 Growing Family was paid. For example, if
22 the amount to be collected was \$60, before April 2005
23 you would agree they always got paid \$60 when the
24 Postal Service failed to provide either the money or
25 the package in return.

1 At some point after that they don't get paid
2 \$60 on all of those packages. Isn't that a change in
3 the way that Growing Family is reimbursed?

4 A I still go back to saying it's a
5 clarification of the policy in that perhaps it
6 suggests that if the policy had been clarified prior
7 to that then Growing Family was overpaid.

8 Q So you say that the practice wouldn't have
9 changed if the Postal Service hadn't have clarified
10 its policy, or if it had clarified its policy earlier
11 the practice would have changed earlier?

12 A Well, again it's just a clarification of the
13 policy or practice. You can call it practice. I call
14 it policy.

15 The bottom line is at some point it was
16 determined that we needed to clarify the policy and
17 follow the regulations. We may not have been -- they
18 may have been overpaid, Growing Family, and then upon
19 review we looked at it and said wait a minute. This
20 is our policy. We need to make sure that we clarify
21 this.

22 Q All right. The new clarified policy was
23 announced to Growing Family when? Did you say it was
24 in the August 16, 2005, letter that you referred to in
25 one of your responses?

1 A Let's see. August 16, 2005, yes, was that
2 letter from the manager at St. Louis Accounting
3 Service Center. It was a decision concerning how the
4 claims were paid.

5 Q But the claims were paid at a different
6 level beginning months before August, weren't they?

7 A I'm not sure. I'd have to look. Do you
8 have the interrogatory response?

9 MR. STRAUS: Why don't you look at the next
10 to the last paragraph on page 1 of that August 16
11 letter?

12 Perhaps, Mr. Chairman, I should mark this
13 letter as an exhibit at this point. I have copies.

14 I'm trying to recall the practice for
15 marking cross-examination exhibits. I found the one
16 transcript I looked at confusing, so if somebody could
17 help me on the proper marking for this?

18 CHAIRMAN OMAS: I think this will be marked
19 as Growing Family Exhibit XE-1.

20 MR. STRAUS: GF/USPS-XE-1?

21 CHAIRMAN OMAS: XE-1. Correct.

22 MR. STRAUS: Mr. Chairman, I'd like to have
23 marked as an exhibit a two-page letter dated August 16
24 from the Postal Service to Robert Paul, Vice
25 President, Operations, of Growing Family.

1 I've marked it Exhibit GF/USPS-XE-1 and
2 distributed copies to the parties, the Commissioners
3 and two copies to the reporter.

4 CHAIRMAN OMAS: Without objection. So
5 ordered.

6 (The document referred to was
7 marked for identification as
8 Exhibit No. GF/USPS-XE-1, and
9 was received in evidence.)

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MANAGER ACCOUNTING SERVICE CENTER



August 16, 2005

Robert Paul
Vice President, Operations
Growing Family, Inc.
3613 Mueller Rd.
St. Charles, MO 63301

Re: Submission of PS Form 1000, Domestic Claim or Registered Mail Inquiry

Dear Mr. Paul:

This provides a decision concerning a series of indemnity claims paid at a reduced rate. It also provides a ruling on how similar claims will be treated in the future, including claims paid to your affiliated companies, First Photo and Marco. I apologize for not responding to you sooner.

The claims involve matter mailed using COD service. The contents of the mailings are packages of photographs taken of babies at a hospital shortly after birth. These photograph packages are mailed to the infant's parents, and, as we understand the nature of your business, the parents are not firmly committed to accepting the packages. Accordingly, in a significant number of instances, the addressee refuses the packages and does not pay the COD charges.

When your packages are lost in the mail, your firm files indemnity claims for amounts that equal the amount of the COD charges to be paid by the addressee, plus a refund of postage and fees. These amounts vary, depending on the package mailed. Until recently, the Postal Service has paid the full amount claimed.

In reviewing these decisions, we have determined that these payments were not consistent with postal standards, as set forth in the Domestic Mail Manual (DMM). As a general rule, indemnity is paid for the value of the contents of the mail piece. DMM 809.4.1(a). In the specific instance of photographs, film, or similar items, the standards provide that reimbursement will be made for, "Cost of film stock or blank tape for photographic film, negatives, slides, transparencies, videotapes, laser disks, x-rays, magnetic resonance imaging (MRI) prints, computerized axial tomography (CAT) scan prints, etc." DMM 809.4.1(d). In contrast, reimbursement is not paid for the "contents of film" nor for any "consequential loss". DMM 809.4.3(e,g).

We utilized these principles in reviewing a series of 426 claims your firm submitted on Postal Form 1000 through April 28, 2005. Based upon cost data provided to the Postal Service by your firm, we estimated the value of the contents of each mailpiece plus the refund of the applicable postage and fees as \$20 and issued payments in these amounts to you on April 28, 2005.

Since that time, we have further reviewed the cost data you provided. Based upon that review, we have determined that the value of the contents of your mailpieces plus refund of postage and fees is slightly more than \$15.00. The calculations are as follows:

1720 Market St
St. Louis Mo 63180-8400

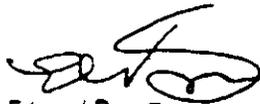
SUPPLIES	\$ 3.04
(1.) Paper 0.81 (2.) film 0.23 (3.) chemicals 0.08 (4.) packaging 0.32	
Other production materials 0.20; keepsakes in package 1.42	
LABOR	\$ 4.25
(includes direct labor, FICA, and allocated benefits, but excludes overtime and contract/temp labor)	
Refund of postage and fees	\$ 7.76
TOTAL	\$15.06

Accordingly, future claims will be reimbursed for \$15.05. Of course, if your costs change, please let us know and provide appropriate documentation, and we will review the amount to be paid.

You also have the right to appeal the decision concerning payment of your claims. Appeals must be submitted in writing within 60 days from the date of this letter. To file an appeal, return a copy of this letter along with any additional information you have to support your appeal, to the following address:

Vice President & Consumer Advocate
U.S. Postal Service - Claims Appeals
475 L'Enfant Plaza SW, Room 10433
Washington, DC 20260-0433

If you have any questions concerning this matter, please contact me on (314) 436-6850.



Edward Brown
Manager
St. Louis Accounting Service Center

1 BY MR. STRAUS:

2 Q Ms. Berkeley, you've had a lot of time while
3 I tried to take care of some bookkeeping here. Did
4 you see in that letter that the claims payments
5 started to be reduced in the spring of 2005?

6 A According to the letter, yes, the claims
7 submitted through April 28, 2005. I don't know when
8 that period began, but it says here it references 428
9 claims submitted through April 28, 2005.

10 Q Do you know why the Postal Service didn't
11 announce its clarification before it started reducing
12 claims, but waited for months afterwards before it
13 advised the customer why those claims were reduced?

14 A I don't. I don't know.

15 Q Let's take a look at your interrogatory
16 responses to Growing Family starting as appropriate
17 with No. 1.

18 A Okay.

19 Q Do you see we asked you in part (a) about
20 the fact that there are more than twice as many
21 dollars of rural carrier costs associated with COD
22 than there are city carrier costs, and you referred
23 that to Witness Waterbury, who didn't have any
24 explanation for that.

25 In (b) we asked for a breakdown of claims by

1 rural carrier and city carrier, and you said you
2 didn't have that breakdown either.

3 Given that cost differential, wouldn't it be
4 of some interest to the Postal Service to figure out
5 whether these claims were showing up on rural routes
6 or on city routes?

7 A Well, I can't speak to the costing. That
8 would be better answered by Witness Waterbury or
9 someone else who does do costing.

10 Q Witness Waterbury measures costs. I'm
11 talking about in terms of policy. The Postal Service
12 was obviously concerned about COD costs because it
13 launched this investigation that led to the
14 clarification of the policy.

15 Wouldn't it also be of interest to figure
16 out something about where these claims are arising? I
17 mean, in theory there shouldn't be any claims. Since
18 there are millions of dollars worth of claims,
19 wouldn't the Postal Service want to know where they're
20 showing up?

21 A I am intrigued by your use of launched an
22 investigation and to the clarification of the policy
23 based on the roll forward costing. I'm not aware of
24 that.

25 Q Are you aware that the Postal Service

1 subpoenaed data from Growing Family in 2005 prior to
2 reaching its determination of the amount of claims to
3 be paid?

4 A No.

5 Q The August 16 letter to Growing Family
6 refers to cost data provided by your firm. Do you
7 know why Growing Family provided cost data to the
8 Postal Service?

9 A No, I don't.

10 Q Do you know that the Postal Service's
11 practice in response to the clarified policy was to
12 pay on the basis of actual costs incurred by Growing
13 Family?

14 A That is my understanding based on the
15 letter, that August 16 letter, where there was a cost
16 estimate provided.

17 Q Okay. The Postal Service wouldn't in the
18 normal course of business have in its records the cost
19 to Growing Family of producing photographs, would it?

20 A I'm not sure about that, but I believe that
21 this is based on information provided by Growing
22 Family.

23 Q Why do you think Growing Family gave the
24 Postal Service information? Do you think the Postal
25 Service asked for it?

1 A It's possible, but it doesn't state here in
2 the letter that I can see. It just says that the
3 Postal Service reviewed the cost data provided by
4 Growing Family.

5 Q Is a COD customer obligated under the
6 regulations to provide the Postal Service with
7 internal cost data?

8 A I believe that the COD customer filing a
9 claim is -- the burden of providing the value at the
10 time of mailing is placed on the mailer, yes.

11 Q But prior to the clarified policy, the cost
12 to the mailer was not relevant to Growing Family's
13 claims, was it?

14 A I'm not sure.

15 Q I thought you agreed that they were all paid
16 on the basis of the dollars to be collected from the
17 recipient.

18 A That's my understanding.

19 Q So then the cost data were irrelevant,
20 weren't they?

21 A I'm not sure.

22 Q The present practice that applies to Growing
23 Family, which we agreed is different from the prior
24 practice that applied to Growing Family, we asked you
25 whether that clarified policy and practice was unique

1 to Growing Family or applied to other COD mailers.

2 This is Question 21.

3 A Okay.

4 Q Your response to part (b) said that there is
5 at least one other COD mailer to which the Postal
6 Service has within the past five years changed from
7 paying claims on the basis of the amount to be
8 collected to paying claims on the basis of some lesser
9 amount due to clarification of the claims payment
10 policy. Is that a large COD mailer?

11 A I am not sure the size of the mailer.

12 Q Where did you get that information?

13 A I got that information from discussions with
14 the staff at Consumer Affairs and the Accounting
15 Service Center. I believe this mailer is similarly
16 situated to Growing Family. I believe this is a photo
17 mailer as well.

18 Q Was the time of the new clarified policy
19 application around the same time as Growing Family?

20 A I believe so. I'm not 100 percent sure, but
21 I think it was around the same time.

22 Q Is the reason that you can't say that the
23 new policy applies to all COD mailers an understanding
24 that the prior practice was not the same, or is it
25 that some mailers are still being reimbursed for the

1 full amount to be collected?

2 A Actually this is not a new policy for the
3 claims payment. It's just a clarification.

4 Any changes in the way that Growing Family's
5 claims were paid and this other mailer referenced in
6 Interrogatory Response 21 are a clarification of the
7 existing policy which has been in effect for many
8 years.

9 Q You say the policy has been in effect for
10 many years, yet the biggest COD mailer in the country,
11 10 percent of the total volume from large COD mailers,
12 was paid on a different basis. Now we have another
13 customer that apparently was paid on a different
14 basis.

15 Which was the policy, and which was the
16 exception?

17 A I'm not sure and I don't know if Hasko is
18 the largest COD mailer for sure. I mean, I just --

19 Q I think you'll find that if you take the 10
20 percent times the total volume and if you look at the
21 chart you gave us of the five largest customers you'll
22 see that the volumes for the number one customer in
23 fact are the Hasko volumes.

24 A But I do need to make sure that if I
25 mentioned in an interrogatory response these are

1 mailing statement COD mailers, so I'm not sure if
2 there is a non-mailing statement COD mailer with a
3 larger volume. I just want to make that clear.

4 Q Can you conceive of a COD mailer with
5 thousands of packages a month that doesn't do it on a
6 mailing statement basis, but they get in line at the
7 window?

8 A Well, I don't know.

9 Q Can you assure me and the Commission that
10 all COD mailers today are reimbursed in accordance
11 with the policy that's applied to Growing Family?

12 A All COD mailers, to the best of my
13 knowledge, are reimbursed based on the payment policy
14 of the Postal Service with regard to the specific
15 types of mail.

16 They enter the value, either the lesser of
17 the value at the time of mailing or the insured
18 amount. That is my understanding.

19 Q The lesser of the value at the time of
20 mailing or the insured amount. What about the funds
21 to be collected? Isn't that what the DMM and the
22 Domestic Mail Classification Service both say?

23 A That's what the fees are based on.

24 Q Okay.

25 A Not the payment.

1 Q All right. So for every COD claim, to the
2 best of your knowledge, and we'll find out how good
3 that knowledge is in a minute, but to the best of your
4 knowledge every time there's a COD reimbursement the
5 Postal Service figures out whether the package was
6 lost on the way to the recipient, whether the package
7 was lost on the way back to the mailer, whether the
8 funds were collected from the recipient but not
9 returned to the mailer, whether the package was left
10 with the recipient but the funds not collected at all
11 and then applies that policy to the claim?

12 A Right. They're all adjudicated on a claim-
13 by-claim basis depending upon the situation, the value
14 at the time of mailing or the insured amount,
15 whichever is lesser.

16 Q Let's talk about to the best of your
17 knowledge. That's always a scary phrase. How
18 extensive is your knowledge about how the Postal
19 Service actually reimburses COD mailers?

20 A Well, my knowledge is contained in the
21 responses to the interrogatories I've given and really
22 does not go beyond that.

23 Q You testified that the amounts paid to
24 Growing Family were reduced in the spring of 2005 and
25 that at least one other mailer sending COD packages

1 suffered a similar fate. Is that right?

2 A Well, I answered an interrogatory response
3 to confirm the validity of the letter.

4 Q Given the fact that the claims payment
5 levels were reduced due to a clarification of policy
6 in the spring of 2005, isn't it inappropriate to base
7 forecast indemnity payments for the test year on the
8 indemnity payments actually made in fiscal year 2005
9 since there was a change during the fiscal year?

10 A I cannot respond to the appropriateness or
11 inappropriateness of forecasting of claims cost -- I
12 believe you're talking about the cost -- because we do
13 not forecast claim volumes.

14 Q The Postal Service forecasts indemnity
15 payments?

16 A Right. Right. Exactly. That's a costing
17 issue.

18 Q And the forecast was based on the base year
19 indemnity payments that were adjusted for both volume
20 and for cost changes, correct?

21 A I mean, I'm not an expert on that, but it
22 sounds reasonable. However, I can't really respond to
23 that.

24 Q Does it sound reasonable to you that for at
25 least one and probably two large Postal Service COD

1 customers the payment practice I'm going to say
2 changed, and I'm not going to tie you to that, but I
3 don't know of any other way to say it.

4 The payment practice changed more than
5 halfway through fiscal year 2005. Doesn't the level
6 of indemnity payments made in fiscal year 2005 provide
7 an incorrect basis for forecasting future indemnity
8 claims?

9 A Again, I'm not a costing witness so I'm not
10 sure if any of that was taken into consideration when
11 forecasting the indemnity payments beyond the base
12 year.

13 Q Well, the record will show that Witness
14 Waterbury said that she made no adjustment because she
15 knew of no change in policy or a change in practice or
16 change in the level of payments.

17 If you could start all over again would you
18 advise Witness Waterbury that there was in fact a
19 change in 2005 and she should take that into account?

20 A Well, if she had already started preparing
21 her costing before this took place or while this was
22 going on, yes.

23 If I knew about it, although I don't know
24 why I would know about it necessarily, I would
25 certainly mention it to see if it was a fact of

1 consideration for her.

2 Q This happened a year before the Postal
3 Service made its rate filing, correct?

4 A It looks like April 2005, yes, and we did
5 file in I believe it was April 2006.

6 Q Now that you know that there was a change,
7 is the Postal Service going to go back and recalculate
8 the COD rate based upon knowledge that fiscal year
9 2005 data contain many months in which a higher level
10 of claims payment was made to the Postal Service's
11 biggest COD customer?

12 A Again, I'm not a costing witness, but I can
13 tell you what I do know is the indemnity payment cost
14 component of the total COD cost. I don't think it's a
15 large part of this total COD, total aggregate cost,
16 which is what I'm given to calculate to use in making
17 fee proposals.

18 I know that about one percent of our volume,
19 COD volume, results in claims. Ideally, sure, we
20 would like to be claim free, but one percent of the
21 volume is claims.

22 Q In response to Question 5 you show the COD
23 volume for fiscal year 2005 for the largest customer
24 at almost 150,000 pieces. Is that right?

25 A No. 5 for 2005?

1 Q Yes.

2 A Yes. For the COD mailers again coming in
3 through a mailing statement, the volume is 148,963
4 packages in FY '05.

5 Q So even if there were say a 20 cent
6 adjustment in the rate, that would be \$30,000?

7 A Twenty cents. Do you mean if the fee was 20
8 cents higher in the base year than the current fee
9 right now?

10 Q No. If the Postal Service's proposed fee
11 were reduced by 20 cents to correct for the use of
12 fiscal year 2005 indemnity claims data.

13 I'm not saying it would be. I'm saying if
14 it were a 20 cent reduction to make that correction
15 then for that mailer alone we'd be talking \$30,000.

16 A Assuming there would be any adjustment to
17 the per piece cost, I can only confirm that your
18 number of 20 cents times 150,000 would come out to
19 \$30,000.

20 Q In response to Question 5 we asked you about
21 the number of claims for each of these customers, and
22 you said that the Postal Service does not produce a
23 report on claims.

24 Are the claims for all of these customers
25 handled in St. Louis?

1 A It's my understanding that all the COD
2 claims are handled in St. Louis, yes.

3 Q Couldn't you just ask St. Louis how many
4 claims each of these customers filed in each of these
5 years?

6 A It's also my understanding that the Postal
7 Service does not maintain data on claims by customer.

8 Q I'm not asking you what they maintain, but
9 if you were to call whoever heads that office in St.
10 Louis and say at least for fiscal year 2005 can you
11 tell me how many claims were filed by Growing Family
12 and the other four, which you can name, although we
13 didn't ask you to reveal the names to us?

14 It's hard for me to believe that they don't
15 have any idea in St. Louis how many claims are filed
16 by these mailers. They're the biggest COD mailers.
17 It seems to me that if you called them up and said how
18 many claims did Mailer X file in such and such a year
19 they would be able to produce that information in
20 minutes. Why isn't that the case?

21 A I would think that the companies, the
22 mailers themselves, would know how many claims they
23 filed.

24 Q That may well be the case, but the question
25 is whether the Postal Service knows how many claims

1 they filed.

2 We asked you for that information. Did you
3 call St. Louis and ask them to give you the answer?

4 A Yes, I did. I was told that we do not
5 collect that data. I guess there's no need, or we
6 don't see a reason to do that.

7 Q Well, let me suggest a reason. Let's say
8 that for a particular customer the claims jump 50
9 percent in one year.

10 Wouldn't the same Inspector General who
11 subpoenaed data from Growing Family maybe want to take
12 a look at that and figure out why?

13 A I can't speak for the IG's Office, but if
14 there was a large increase in the number of claims
15 without a large relative increase in volume perhaps
16 that would be a red flag for someone.

17 Q But you would only know it if you maintained
18 some sort of record of how many claims are submitted
19 by the biggest customers. Isn't that right?

20 A All I know is we do claims. We collected
21 claims data based on, you know, the value and the
22 payout, and whatever I provided before is, to the best
23 of my knowledge, the extent of what we collect and
24 report.

25 Q Take a look please at your response to

1 Question 7 from Growing Family. You'll see in the
2 question there were four scenarios plus a fifth being
3 Other.

4 A Right.

5 Q Those scenarios are the article is delivered
6 but the funds aren't collected, the article was lost
7 or destroyed before delivery, the article was refused
8 or unclaimed and lost or destroyed prior to its
9 return, and the article is delivered and funds
10 collected, but the payment isn't provided to the
11 sender.

12 Those are the four scenarios that were
13 addressed in the Postal Service's letter on the
14 Growing Family appeal. Is that correct?

15 A I'm sorry. Which letter? I've got a couple
16 letters.

17 Q The March 10, 2006, letter, the one that you
18 confirmed the validity of in response to Question 20.

19 A Yes. I've got that here. If I could ask
20 you to repeat the question?

21 Q Take a look at page 3 of that letter that
22 was attached to Interrogatory 20. Do you see at the
23 bottom the Postal Service is saying there are four
24 types of circumstances to consider in evaluating the
25 level of indemnity payment?

1 One, the article is delivered, but the
2 retail value not collected. Two, the article was lost
3 or damaged before delivery. Three, the article was
4 lost or damaged on return to the sender. Four, the
5 article is delivered and the money collected, but the
6 payment is lost by the Postal Service before delivery
7 to the sender.

8 Those are the four scenarios that the Postal
9 Service says it will now consider in determining the
10 level of payment. Is that right?

11 A That's correct.

12 Q And that's different from the scenario in
13 the August 16 letter? Excuse me. Yes, the August 16
14 letter, which simply said you're going to get your
15 cost of reproduction.

16 A No. I believe that this is how the payments
17 are evaluated in this March 2006 letter, and then I
18 believe in the August 2005 letter it talks about the
19 amount of the payment. This is the different
20 circumstances.

21 Q Right, but if you keep reading on page 4 it
22 says how the payment will be made in each of these
23 circumstances. These are the circumstances that
24 according to this letter determine the level of
25 payment.

1 For example, on page 4, if the article is
2 lost or damaged before it is offered for delivery the
3 amount to be paid based upon the cost to produce
4 another package.

5 Paragraph 2, if the article is refused or
6 unclaimed and lost before returned to sender, there's
7 no payment because there's no value. The merchandise
8 no longer has any value at all.

9 Three, if the retail value is collected and
10 the payment is lost before delivery then the Postal
11 Service will pay the amount to be collected.

12 Those scenarios, according to the March 10
13 letter, determine how much claim should be paid.
14 Isn't that right?

15 A Actually, if I may just add something? When
16 you were talking about the first situation you said
17 that it would be the cost to reproduce. It also would
18 include the original postage paid.

19 Q Right.

20 A I just want to make sure that I put that in
21 there.

22 The second one you said there would be no
23 payment. It says here that reimbursement would be
24 limited to the indemnity for miscellaneous items that
25 are lost or damaged such as keepsakes and the postage.

1 Q But no payment for the photographs?

2 A Right, with respect to photo mailers.

3 Q I'm not concerned at this point with the
4 detail of the payment, but the fact that the payment
5 is based upon an analysis of which of the four
6 scenarios actually apply to that claim.

7 A Right. That's my understanding from this
8 letter, yes.

9 Q But the August 16 letter said, "Accordingly,
10 future claims will be reimbursed for \$15.05." It
11 didn't say sometimes nothing, sometimes reproduction
12 cost, sometimes full amount. It says future claims
13 will be reimbursed for \$15.05.

14 A Right, which is I believe it's Scenario 1 or
15 Situation 1 in that March 10 letter.

16 Q But the August letter, the 2005 letter
17 announcing the decision, announcing the clarified
18 policy, didn't have an Option 2 or an Option 3 or an
19 Option 4. It said claims will be reimbursed for \$15.

20 Something changed between August 2005 and
21 March 2006 when a much more complicated matrix of
22 claims payments was provided. Isn't that right?

23 A No, I don't see that at all. It appears to
24 me that this March 2006 letter is just a further -- it
25 was a consideration of an appeal.

1 Q So it's another clarification? I'm sorry.

2 A A longer explanation maybe or more detailed
3 explanation.

4 Q Well, tell me. On the basis of the
5 August 16, 2005, letter is there any possible way for
6 the mailer to know that he would ever get anything
7 different than \$15?

8 A Well, it states here that future claims
9 would be reimbursed at \$15.05.

10 Q So the answer is no, there's no way for the
11 mailer to know that he's entitled to more than \$15
12 under some of these other scenarios?

13 A It's my understanding that this is what the
14 mailer is entitled to under the scenarios with respect
15 to any future mailings based on the cost data provided
16 by Growing Family.

17 Q Ms. Berkeley, the August 2005 letter said
18 you're going to get \$15 from now on. It didn't say
19 you'll get more than \$15 if the payment is lost by the
20 Postal Service. You'll get nothing except trinket
21 value if the package is lost on the way back. It says
22 you'll get \$15.

23 Are there any other alternatives suggested
24 in this letter?

25 A It just says based on the data provided,

1 these appear to be similar packages with respect to
2 the cost of reproducing the photos. It says here that
3 if there's any change in the amount of cost --

4 I can't see the series of 428 claims that
5 were submitted on the Form 1000s that's referenced
6 here. I don't know if they were all identical in
7 nature or what the situation is.

8 Q I'm talking about the sentence that says
9 future claims will be reimbursed for \$15.05.

10 Does it say some future claims will be
11 reimbursed for \$15.05, some will be reimbursed for
12 nothing, some will be reimbursed for the amount of
13 dollars to be collected from the recipient, or does it
14 simply say future claims will be reimbursed for
15 \$15.05?

16 A It's important to note that right after that
17 sentence it says, "Of course, if your costs change
18 please let us know."

19 Q But the scenarios aren't based on cost. The
20 amount to be collected from the recipient claim
21 scenario in the second letter has nothing to do with
22 cost. The we won't give you anything except trinket
23 value has nothing to do with cost of reproducing the
24 photos.

25 What this letter is saying, the August

1 letter, is on every claim we're going to give you your
2 cost. We think it's \$15. If it changes to \$16, let
3 us know. We'll give you \$16. If it changes to \$18,
4 let us know. We'll give you \$18.

5 Then in March there's a whole new scenario,
6 which is sometimes we'll give you cost. Sometimes
7 we'll give you nothing. Sometimes we'll give you the
8 amount based on the fee you paid. Isn't that right?

9 Isn't the March 10 letter yet another
10 clarification from the August 16 letter?

11 A No. Actually I beg to differ here because
12 what I just heard you say was in Situation 1 in the
13 March 10 letter that we weren't going to be paying any
14 cost to produce another package. This here in the
15 April 2005 --

16 Q August 2005.

17 A I mean the August 2005 letter. It's the
18 cost to produce the package. Here in the March 2006
19 letter one of the scenarios talks about the amount to
20 be paid would be the cost to produce another package.

21 Q One of the scenarios. What about the other
22 scenarios? Why aren't those other scenarios covered
23 in the August 2005 letter?

24 A Like I said, I don't have the Form 1000s
25 with the claims.

1 Q Why aren't they covered in the statement
2 with respect to future claims? Both of these memos
3 cover future claims, don't they? Both of these
4 letters.

5 A Right. I would assume that they are talking
6 about -- it sounds to me, just from what I see here,
7 that those claims, the 428, it seems to me they would
8 be identical in nature, but I don't know. I don't
9 have that information.

10 Q Why would it seem to you that they would be
11 identical in nature? Wouldn't sometimes they be
12 caused by damage on the way out, sometimes damage on
13 the way back, sometimes misguided payments just like
14 the general claims of the Postal Service?

15 A Apparently this is the cost to reproduce the
16 package with respect to those claims.

17 Q It says future claims. It's not talking
18 about past claims. The sentence says future claims.
19 The Postal Service's letter says future claims will be
20 reimbursed \$15. If your costs change, we'll change
21 it.

22 The March 10 letter says sometimes you get
23 that. Sometimes you get less. Sometimes you get
24 more.

25 A It looks to me like the August 2005 letter

1 is referring to these 428 claims that are referenced
2 also under Scenario 1, Situation 1, in the March 2006
3 letter.

4 Q Doesn't the word future mean things that
5 haven't happened yet? Isn't it referring to claims
6 that haven't been filed yet?

7 A Yes.

8 Q And is it saying that all claims that
9 haven't yet been filed will be Scenario 1 claims? Is
10 that what the letter says?

11 A It's saying that the future claims would be
12 reimbursed unless Growing Family provided costing
13 information to demonstrate why it should be paid at a
14 different amount.

15 Q So future claims will all be treated as if
16 they're Scenario 1? That's what it's saying?

17 A I guess, because they must all be the same
18 here. Like I said, I --

19 Q All future claims must be the same?

20 A No. Future claims like the ones that are
21 the 428 referenced here.

22 I mean, I don't have the claims, the Form
23 1000s or any information, but this is what it leads me
24 to believe just looking at this; that they're all
25 similar packages.

1 Q Why is it that you can't talk about future
2 claims, but always talk about the 428? I'm talking
3 about future claims.

4 A Right.

5 Q As is the letter. The letter isn't talking
6 about the 428.

7 A The letter looks like it's setting a
8 baseline for the COD payments for the cost to
9 reproduce a package.

10 Q What do you mean, a baseline?

11 A Like \$15.05. The future claims would be at
12 that amount for this type of claim.

13 Q Are you aware of any Postal Service document
14 -- a regulation, an internal document, a customer
15 support ruling, anything -- before the March 10 letter
16 that advises the mailers of these four scenarios and
17 what the payment levels would be under those
18 scenarios?

19 A I'd have to check.

20 Q I asked if you're familiar with anything.

21 A Yes. Off the top of my head, you know, we
22 do have our policies set forth in the Domestic Mail
23 Manual, the Postal Operations Manual, that are
24 available for the public and mailers to review.

25 MR. STRAUS: Well, I've reviewed everything

1 I can find, and I don't see anything about these
2 scenarios, so if you could provide that for the
3 record, please?

4 Your Honor, if there's any Postal Service
5 document that has a policy similar to the policy in
6 the March 10 letter I'd sure like to see it.

7 CHAIRMAN OMAS: Mr. Rubin?

8 MR. RUBIN: Yes. We will check for any
9 documents and provide anything we locate.

10 CHAIRMAN OMAS: And if you could provide
11 that to us within seven days we'd appreciate it.
12 Thank you.

13 MR. STRAUS: Don't hold your breath, Mr.
14 Chairman.

15 CHAIRMAN OMAS: Well, you can always ask.

16 BY MR. STRAUS:

17 Q Going back to Question 7 and the March 10
18 letter, you agree, don't you, that if the article was
19 damaged or lost on the way to the recipient the claim
20 paid is paid at a different level than if it's lost on
21 the way back to the sender. Isn't that right?

22 A I don't see that as being responded to in
23 Question 7.

24 Q No. I'm just looking at the four scenarios
25 there that are the same as the four scenarios in the

1 March 10 letter. They're easier to find in Question
2 7.

3 A Okay. According to the March 10 letter, the
4 three situations --

5 Q Yes.

6 A -- define what the reimbursement would be
7 based on the situation.

8 Q And so my question then was the
9 reimbursement is different if the article is lost or
10 destroyed before delivery than if it's lost or
11 destroyed after an unsuccessful delivery. Isn't that
12 right?

13 A Yes. It appears that you're talking first
14 about Situation 1 and then Situation 2. The payment
15 policy is different.

16 Q And it's also different if the money is
17 collected from the recipient, but the Postal Service
18 loses it?

19 A That's correct.

20 Q So the Postal Service has to know which of
21 these scenarios applies in every claim before it can
22 decide how much to pay. Isn't that right?

23 A That's correct.

24 Q And does it keep a record of which scenario
25 applies and the level of claim reimbursement made?

1 A The reports on COD claims are rolled up into
2 one of three situations -- damage, loss and no
3 remittance.

4 Q Okay. If the claim level is different if
5 it's damaged or lost on the way out than if it's
6 damaged or lost on the way back, why is the data
7 simply maintained on damage or loss when it makes a
8 very substantial difference when the damage or loss
9 occurred?

10 A With respect to the adjudication that takes
11 place based on the determination, but respect to
12 reporting I can't tell you why it's reported under
13 damaged, lost or no remittance, but that's the way
14 it's reported.

15 Q We gave you a bunch of scenarios in
16 interrogatories on -- do you remember -- coins and
17 paintings and photographs and the like and asked how
18 claims would be determined on those various scenarios.

19 In response, for example, to Question 8 you
20 responded to (a) and (b) together, but part 2 of your
21 answer and in other answers you refer to market value.
22 Could you define market value for me the way you've
23 used it?

24 A It's my understanding that the mailer
25 provides a documentation for what the value is at the

1 time of mailing.

2 Q Is that the same as market value?

3 A In this instance it appears so.

4 Q Do you have a definition for market value
5 the way you've used the term? Can I substitute value
6 claimed by the mailer for market value here?

7 A I believe the term is value at the time of
8 mailing as demonstrated by the mailer. This is
9 something that can't be reproduced.

10 Q What is something that can't be reproduced?

11 A This is a rare coin, or let's say it's an
12 old coin or something. It's not something that could
13 be reproduced, so I believe the fair market value is
14 what the price -- the value at the time of mailing
15 might be determined by the price of this coin at the
16 time of mailing, what it would sell for.

17 This is something that the mailer has to
18 submit to the Postal Service, any documentation, so
19 that a determination of fair market value can be made.

20 Q Is fair market value what a willing buyer
21 would pay to a willing seller?

22 A Perhaps so.

23 Q Well, in the coin scenario let's say I'm a
24 coin dealer, and you're buying a 1909 SVDB penny from
25 me. That's a bad thing to use for the reporter. An

1 1850 silver dollar.

2 The fair retail price of that is \$400, and
3 I'm sending it to you COD. What's the fair market
4 value of that coin?

5 A You're saying the fair market value would be
6 up to \$400?

7 Q I'm saying you're willing to pay me \$400 for
8 that coin. If you look in the coin book it says
9 that's what the retail price is.

10 A Right.

11 Q You're going to pay me \$400 on a COD basis,
12 so is \$400 the fair market value?

13 A It appears that it's up to \$400, but it
14 depends on the documentation that's provided at the
15 time of the claim.

16 Yes, if somebody is paying \$400 it seems
17 reasonable to me that that would be the fair market
18 value at least for the person who's buying it.

19 Q And so if the coin gets lost the mailer
20 would get \$400?

21 A They would get up to \$400.

22 Q A penny? A dime? \$100? You can't pay a
23 claim pay to David Straus Coin Dealer the amount of up
24 to \$400. How much are you going to write me a check
25 for if that coin gets lost?

1 A Well, it depends on what the documentation
2 is for the value at the time of mailing that's
3 submitted to the Postal Service.

4 Q I show you a bill of sale for \$400. I show
5 you in the red book that the retail price of this coin
6 is \$400.

7 A Then it seems to me then the reimbursement
8 would probably be for \$400, although that decision is
9 not mine to make.

10 Based on what I've stated in the
11 interrogatories, if the documentation shows \$400 and
12 that's satisfactory to the adjudicator then \$400 it
13 seems reasonable would be the payment.

14 Q Now, if there's a wholesale supplier to coin
15 stores that sells wholesale only for \$300 then what
16 would the claim payment be?

17 A You know, that's a good question. I think
18 that's the next -- there's something. The next
19 interrogatory talked about a wholesale cost.

20 Of course, that's dealing with a CD, but it
21 looks like the wholesale cost to the mailer would be
22 the amount paid.

23 Q Let's say that the wholesale cost of the
24 coin is usually about \$300. Dealers can't sell them
25 for what they pay for them, so there's obviously a

1 source for these coins.

2 A Yes.

3 Q Let's say that the book says that the
4 wholesale price is \$300. The retail price is \$400.
5 The coin got lost, but the dealer says my supplier
6 doesn't have any more. I can't get another one for
7 \$300.

8 If there were one available I could get it
9 for \$300, but it's not available. Does that put the
10 payment back up to \$400, or is it still \$300?

11 A That I really can't answer. I'm not sure
12 since I'm not an adjudicator.

13 Q In the case of Interrogatory 9 where we
14 talked about the CD and the wholesale cost --

15 A Yes.

16 Q -- there we posited a situation where the
17 retail price of a CD is \$15, but the wholesale cost is
18 \$7.50. You said that the reimbursement would be
19 \$7.50. Do you see that?

20 A Yes. \$7.50 and the postage paid.

21 Q Right. We're always going to be including
22 the postage paid.

23 A Okay. Thanks.

24 Q Would the mailer be entitled to some
25 allocation of his overhead cost in addition to that

1 \$7.50 or just the \$7.50 that it would cost him to buy
2 another CD?

3 A I believe the interrogatory speaks for
4 itself in this instance. The way the interrogatory
5 was presented, it would be the wholesale cost as I
6 responded to in subpart (b).

7 Q Let me be a little more precise than the
8 interrogatory. Let's say that the actual price that
9 the retail store can buy it for is \$7.50, but the
10 retail store also has overhead. He has to have
11 somebody making the phone calls and keeping his books,
12 writing the checks.

13 Would the mailer then be entitled to some
14 portion of its overhead cost in addition to the \$7.50
15 or just to the \$7.50 in this scenario?

16 A It looks to me like it would be the \$7.50,
17 the wholesale cost.

18 Q What do you mean, it looks to you? It's
19 your answer.

20 A Right. That's what I'm saying. It looks to
21 me like that wholesale cost is the cost of the item
22 and not -- you know, the cost of the item itself.

23 Q So you're saying that the claimant would
24 have no claim for any of his other costs involved in
25 selling CODs by mail?

1 A I can't answer that for certain, but I don't
2 see why they would get overhead cost. Personally
3 speaking, I would think that it would be the wholesale
4 cost to replace the item.

5 Q Okay. You don't see why he should? Let me
6 give you a scenario.

7 Let's say that the person's business is
8 entirely mailing COD CDs, and he sells 1,000 CDs in
9 January. He mails all 1,000 COD, and all of them get
10 lost.

11 If all he's allowed to recover is his cost
12 of going out and buying another 1,000 CDs, he's going
13 to be out of business because he has overhead costs,
14 right?

15 A I would think his overhead costs are being
16 taken care of with his 100 percent markup --

17 Q He doesn't get any markup if you lose all
18 the packages and he only gets \$7.50.

19 A -- for those he sells.

20 Q Please look at your responses to Questions
21 10 and 11. We asked you there about a painting in one
22 situation and photographs in the second.

23 I direct your attention specifically to
24 parts 2 of both answers wherein in the case of the
25 painting you say if the painting is lost or destroyed

1 before delivery the amount paid would be the fair
2 market value.

3 In the case of the photographs you said if
4 they're lost or destroyed before delivery the amount
5 to be paid would be the cost to produce another set.
6 Why would the paintings and the photographs be handled
7 differently?

8 A My understanding is the painting is
9 something that has to be created all over again. The
10 photographs, the negatives are probably like they're
11 on file somewhere, and reproducing it would not be the
12 same as painting another painting. It could be done.

13 Q Have you ever been to a modern art museum?

14 A Yes.

15 Q Does it look to you like some of the
16 painting there can be done pretty quickly?

17 A It does, but I'm sure that it does take a
18 while to think and figure out how to draw that red
19 stripe down the canvas.

20 Q But if you've done it once and it gets lost,
21 you could probably do another one, right? Why
22 shouldn't both be fair market value or both be cost of
23 reproduction?

24 A Perhaps the cost of the reproduction of the
25 painting is the fair market value because there's

1 going to be that time involved to paint another
2 painting.

3 Q It's hard to value an artist's time by the
4 hour, isn't it?

5 A I'm sure it is. I'm sure they work a lot
6 longer than they get paid for.

7 Q In the case of the prints, let's say that
8 the negatives were destroyed accidentally. Then what
9 would be the reimbursement in Question 11?

10 A Well, on Question 11 it would be the cost to
11 produce another set of prints.

12 Q But there are no more negatives, so it can't
13 be produced.

14 A Right.

15 Q Then what would the reimbursement be?

16 A I'm not sure if there's no way to take the
17 pictures over again.

18 Q Well, the Postal Service isn't going to
19 reimburse to send the photographer out to the wedding
20 or can't produce a newborn baby all over again.

21 A Correct.

22 Q The baby is not a newborn anymore.

23 A Yes. I don't know.

24 Q Please look at Question 12. I think there
25 may have been a little bit of a misunderstanding here.

1 When we asked about the validity of the claim I didn't
2 mean in terms of the mailer making something up.

3 The fact is, isn't it, a mailer makes a
4 claim because it has not received either the money to
5 be collected or the package except in the case of a
6 package damaged on the way back, but let's say that's
7 only a small portion of the claims.

8 Typically the mailer sends out a package COD
9 and expects to get either the money or the package
10 returned. If it gets neither, it files a claim. Is
11 that right?

12 A That's my understanding. However, I must
13 add that I also understand that mailers will file
14 claims without any basis for knowing whether or not
15 the package will be lost, destroyed or --

16 Q Isn't there a time limit? Don't you have to
17 wait a certain number of days after mailing before you
18 file a claim?

19 A I believe there is a time limit. However, I
20 do know that we do get invalid claims filed because
21 customers will file them.

22 Right. With a COD a claim may not be filed
23 until 45 days after the date of mailing.

24 Q So if a claim is filed before then it just
25 gets sent back, I assume? It doesn't get analyzed.

1 Isn't that right?

2 A Well, no. All claims are reviewed, and then
3 sometimes they are denied because they're -- well,
4 they would be denied if they were invalid.

5 Q All right. Let's assume that the big
6 mailers know the rules and file their claims at least
7 45 days after mailing.

8 All the mailer knows at that point is that
9 it didn't get back the package or the money, right?
10 It has no reason to know why it didn't get back the
11 package or the money.

12 A Well, there's also the situation where a
13 claim can be filed on the 45th day even before the
14 determination is made as to whether it was delivered,
15 so there could be invalid claims that fall within the
16 appropriate time period.

17 Q There could always be invalid claims, but my
18 question is simply assuming an honest COD mailer, at
19 the time it files its claim it hasn't received the
20 money, it hasn't received the return, and it doesn't
21 know why. Isn't that correct?

22 A That's my understanding, yes.

23 Q So at that point or at some point -- I mean,
24 they wait a while -- the Postal Service will
25 investigate that claim to see if it's valid?

1 A Yes.

2 Q How does it determine the validity of the
3 claim?

4 A As I responded in the interrogatory, they're
5 reviewed based on the facts. I know that any
6 information they have from the delivery event that
7 would come off the scanner, the scanning data,
8 whatever other information.

9 I'm not really wholly familiar with
10 everything that might be used to determine the
11 adjudication, but it is my understanding that delivery
12 information from the scanning is used.

13 Q And does that scanning information tell the
14 Postal Service -- let me restate that.

15 Can the Postal Service tell from the
16 scanning data whether the package was lost on the way
17 to the recipient, lost on the way back from the
18 recipient or payment was made and lost by the Postal
19 Service? Can the scanning data differentiate those
20 scenarios?

21 A Well, the scanning event would take place at
22 the delivery, the delivery event, so if it was lost on
23 the way to the delivery I don't know how a scan would
24 be made.

25 Q Can the scanning data differentiate between

1 a package lost on the way to the recipient and a
2 package that was left with the recipient, but not
3 scanned?

4 A I'm not sure. I know I answered an
5 interrogatory with respect to scanning, but I don't
6 know what level of detail is provided beyond what I
7 would have answered in the interrogatory.

8 Q Do you know how many scans are done on a COD
9 package?

10 A No.

11 Q So you don't know then whether the scanning
12 can in fact distinguish between a package lost before
13 delivery and a package left with the recipient, but
14 not scanned?

15 A I'm sorry. Could you repeat that?

16 Q I'm positing two scenarios. One is the
17 package gets lost on the way to the recipient, on the
18 way to the carrier who is going to deliver it.

19 A Okay.

20 Q The second scenario is the carrier gets the
21 piece, delivers it, but doesn't scan it at the time of
22 delivery and just leaves it in the mailbox. Doesn't
23 collect money; just leaves it there.

24 A Okay.

25 Q Now, the question is do you know whether the

1 Postal Service's scanning technique can distinguish
2 between those two scenarios?

3 A I don't. I don't know. I don't know, but
4 with respect to what you had asked before about the
5 scans a COD mail piece would get, I really don't know.
6 It depends.

7 There may be other special services attached
8 to it, so I'm not sure how many scans a piece would
9 get.

10 Q Please look at No. 14.

11 A Okay.

12 Q Again, I think we may have had a
13 miscommunication. In presenting its appeal to the
14 Postal Service, and not suggesting you accept any of
15 these facts as evidence. I'm just giving you some
16 background.

17 Growing Family provided several examples of
18 claims that were denied by the Postal Service with the
19 Postal Service claiming that payment was made, but the
20 money orders that were cited as making payment, one
21 was made out to AT&T. One was made out to some guy
22 who lives in Brooklyn. They weren't made out to
23 Growing Family, so presumably there was a mix-up
24 somewhere.

25 This question was asking you about in those

1 cases the Postal Service denied the claim because it
2 believed that payment was tendered by the recipient,
3 but a claim was made nevertheless.

4 The question says in that situation where
5 its records show that payment was made by the
6 recipient, but the mailer claims it didn't receive any
7 payment, what steps does the Postal Service take to
8 determine whether the payment tendered by the
9 recipient was actually the appropriate payment and
10 made its way back in the mail to the sender?

11 Your answer says it doesn't take any steps.
12 In other words, it's going to deny the claim no matter
13 what. If the Postal Service records show payment was
14 made, too bad for the mailer if it never received it.
15 Is that your answer?

16 A No, that's not my answer. My answer is we
17 don't take any steps to determine whether the payment
18 was delivered, meaning we don't follow that one
19 envelope through the mailstream to know whether it was
20 delivered.

21 The mailer is going to file a claim.
22 Presumably an honest mailer is going to file a claim
23 if they did not receive the payment.

24 Q Right.

25 A We do not take steps before the claim is

1 filed to see whether the payment was delivered.

2 Q The question had nothing to do with before
3 the claim was filed. The question says if a claim is
4 filed and the records show payment was tendered by the
5 recipients what steps do you take.

6 The claim is filed. The Postal Service
7 records and the letter carrier says I got the money.
8 The sender says I never got the money. What does the
9 Postal Service do to figure out whether the money
10 actually made it back to the sender, in which case the
11 claim is valid, or whether the claim is invalid?

12 A Right. That goes back to what I was saying.
13 I think you would have to start when the payment was
14 mailed to be able to take the steps to know whether it
15 was delivered.

16 Q Maybe it never got mailed. Maybe the
17 carrier put it in his pocket. I'm trying to figure
18 out. The records show that payment was tendered by
19 the recipient.

20 A Then the carrier didn't put it in his or her
21 pocket --

22 Q Okay.

23 A -- if the records show that the payment was
24 tendered by the recipient.

25 Q But maybe the check was lost by the Postal

1 Service. Growing Family got some checks about two
2 years after they were made out very recently because
3 they were just sticking in a file somewhere. I mean,
4 things happen. There's a lot of pieces here.

5 I'm going to ask the question one more time.
6 The record shows payment was tendered by the
7 recipient, but the mailer made a claim saying I never
8 got payment. How does the Postal Service determine
9 whether it's a valid claim or an invalid claim?

10 A I'm not sure if I've answered that. In the
11 next interrogatory response I have addressed that
12 issue.

13 In part (a) I say that if the claim is filed
14 and our records show that the payment was made by the
15 recipient but not delivered to the mailer we provide
16 the mailer with the instructions on how to get a
17 replacement.

18 Q That's a little different question.
19 Question 14 said that the records show payment was
20 tendered by the recipient. Question 15 says records
21 show payment was tendered by the recipient, but not
22 delivered to the mailer.

23 A Right.

24 Q In 15 I'm saying your records show it wasn't
25 delivered to the mailer.

1 A Right.

2 Q Question 14 says all your records show was
3 it was tendered by the recipient, so those are not the
4 same situation.

5 A We don't take any steps to determine that.
6 I believe the proof or the burden of proof for that
7 rests on the mailer.

8 Q To prove he didn't get payment?

9 A To prove that the payment was not delivered,
10 but then I'm not really sure.

11 Q How can a mailer prove that he did not
12 receive money?

13 A Maybe they sign a statement certifying that
14 they did not receive payment. I'm not sure.

15 Q Okay. You raised it, and now it's time to
16 go into the question of what happens when the Postal
17 Service gets payment, but admits that the payment
18 never made its way back to the sender.

19 In this interrogatory and perhaps others you
20 said that if the payment was received by the Postal
21 Service in the form of a money order the Postal
22 Service provides instructions on how to get a
23 replacement money order. I guess we have no problem
24 there.

25 You've also said that if the payment was

1 tendered by the recipient in the form of a personal
2 check the Postal Service basically tells the mailer to
3 go out and get another check from the recipient. Is
4 that right?

5 A Could you point to the interrogatory you're
6 referencing?

7 Q Question 15(c). There are others too.

8 A Okay. Thanks for pointing me there.

9 Q In several responses you've discussed the
10 difference between money orders and checks. If it's
11 paid by a check, the Postal Service says to the sender
12 it's your obligation to go get a check from the
13 recipient. Is that right?

14 A Right, if the recipient provides a check to
15 the mailer which is sent directly to the mailer --

16 Q Well, if the recipient provides a check to
17 the Postal Service and the Postal Service loses it.

18 A -- and made out to the mailer.

19 Q And the Postal Service loses the check then
20 the Postal Service says to the mailer go get another
21 check.

22 A That appears to be the case, yes.

23 Q Let me make sure we have this understanding
24 right. The mailer pays a fee to the Postal Service
25 for COD, and that fee is so that the Postal Service

1 will collect the money and send it to the mailer.

2 If the Postal Service doesn't live up to
3 that, the mailer files a claim. So far I'm correct?

4 A It sounds reasonable.

5 Q If the recipient desires the merchandise the
6 recipient pays the carrier by check, and sometimes it
7 happens that the check doesn't get back to the sender.
8 Isn't that right?

9 A Apparently so, yes.

10 Q And if the mailer then is able to locate the
11 recipient, or let's say the mailer is supposed to then
12 try to contact the recipient. We're at least 45 days
13 after the original package was mailed and probably
14 some amount beyond that before the Postal Service
15 issues a decision on the claim, so it could be a
16 couple of months after the package.

17 The mailer is then supposed to find the
18 recipient. What if the mailer can't locate the
19 recipient? The recipient has moved and left no
20 forwarding address. Tough luck for the mailer?

21 A I'm not for sure certain if that's any
22 situation that's taken into consideration by the
23 Postal Service, but it sounds to me like they might be
24 out of luck with respect to getting the payment. I'm
25 not sure.

1 Q And if the recipient says I never got the
2 package, I'm not going to give you any money, again
3 it's too bad for the mailer, right?

4 A But this is predicated on records that the
5 payment was tendered.

6 Q Yes.

7 A So I don't understand why somebody would pay
8 for something that they didn't receive.

9 Q I'm saying I'm Growing Family, and I call up
10 Mrs. Jones whose baby is now three months old and say
11 we sent you baby pictures. You wrote a check to the
12 Postal Service and it got lost. Could you please
13 write us another check for \$80?

14 A Mrs. Jones says no, I'm not going to send
15 you another check for \$80. I never got the pictures.
16 What am I supposed to do as a mailer?

17 A But there again the records indicate that
18 payment was tendered. I don't understand why payment
19 would be tendered for something not received.

20 Q I'm saying Mrs. Jones is lying. She
21 actually did get the pictures, but she says I didn't
22 get them. I'm not going to pay you any money.

23 A But she already did pay money. I mean, that
24 part has been proven.

25 Q Well, lucky her. She paid it once, but now

1 she has the bonus of the Postal Service losing her
2 check. She's got the money. She already has the
3 pictures.

4 COD is a way to make sure you get paid for
5 merchandise. If everyone were totally honest you
6 would just send them the pictures and say please send
7 me a check, or if you don't like the pictures send
8 them back. That's not the way it works.

9 If Mrs. Jones lies and says I never got the
10 pictures, or if she says I can't afford it, sorry, I
11 don't have any more money, I spent it all on formula
12 and diapers so I'm not going to send you the money, in
13 that case the mailer just doesn't collect his money.

14 A I would have to ask the mailer. I don't
15 know. I don't think they do collect anything, but I
16 would not know.

17 Q Even though they paid the Postal Service a
18 fee --

19 A I don't know.

20 Q -- to collect the money and give it to them?

21 A Uh-huh.

22 Q The Postal Service failed in this scenario,
23 didn't live up to its obligation, and the Postal
24 Service can just walk away and say yes, we lost the
25 \$80, but too bad for you?

1 A I believe that there would be some
2 reimbursement for a special service not provided, but
3 in this case it's not clear to me that the service was
4 not provided at least in part.

5 Q It was provided in part. The customer got
6 the package, and the mailer didn't get paid. What a
7 deal.

8 A I don't know. I don't know. I'm not sure
9 actually.

10 Q Well, you were pretty sure in your
11 interrogatory responses that if the mailer is paid by
12 check it's up to the sender to collect. If he can't
13 collect, too bad.

14 A But this is also based on the general belief
15 that people are reasonable about paying for goods and
16 services they receive.

17 Q People pay for goods and services because
18 they typically have to pay before they get the goods
19 and services.

20 If somebody can get the goods and services
21 before paying and get away with not paying, some
22 percentage of the people, don't you agree, will take
23 advantage of that opportunity and not pay?

24 A That perhaps is true. However, in this case
25 it's my understanding that they have to pay, unless

1 there is some sort of an error made where a package is
2 delivered without payment, but that isn't the
3 situation described here. They paid the COD fee --

4 Q They had to to get the package.

5 A -- before they get it. Exactly.

6 Q But now they lucked out because the Postal
7 Service lost the check. Now they got the pictures
8 without paying for them, and now I'm suggesting that
9 some percentage of those people will take advantage of
10 that situation and not pay.

11 I mean, there are shoplifters, right? Some
12 people like something for nothing.

13 A This is true, but based on the fact that
14 they're already paid before, you know, I don't think
15 it would be a high percentage that would refuse to
16 pay.

17 Q Then maybe the Postal Service ought to live
18 up to its side of the bargain and make reimbursement,
19 don't you think?

20 A I'm not quite sure exactly what
21 reimbursement, if any, would be made in this
22 situation.

23 Q This different scenario between money orders
24 and checks and the risk to the mailer of payments by
25 check because if the Postal Service loses the money

1 order the Postal Service gets paid, and if the Postal
2 Service loses the check the mailer might or might not,
3 where is that spelled out in the regulations or
4 anywhere else that a mailer can see that risk and that
5 policy?

6 A Do you mean the risk of having to go back to
7 the mailer for a replacement check that was made out
8 to the mailer?

9 Q Yes.

10 A I would have to look. If you want to give
11 me a minute or two I can look in some of the reference
12 material I have here.

13 MR. STRAUS: Well, for the sake of time I'd
14 just as soon you provide it with anything you provide
15 in response to the earlier question.

16 I'm not going to ask questions about it.
17 I'm just curious as to whether that differential
18 treatment of money orders and checks is written down
19 anywhere in a manner available to mailers, so if
20 that's okay with counsel for the Postal Service to
21 provide that as well?

22 CHAIRMAN OMAS: Mr. Rubin?

23 MR. RUEIN: Yes, we'll attempt to identify
24 anything and provide anything we find for the record.

25 CHAIRMAN OMAS: Thank you.

1 BY MR. STRAUS:

2 Q Please look at Question -- a break?

3 MR. RUBIN: I'm just wondering, yes, how
4 much longer it will be until the break.

5 CHAIRMAN OMAS: If you could provide it in
6 seven days with the other request it would be nice.
7 Thank you. I'm sorry. I've omitted to say that.
8 Thanks.

9 MR. STRAUS: Counsel for the Postal Service
10 has inquired how much more I have and it's quite a
11 bit, so if the Chair would like to take a break now
12 that's fine with me.

13 CHAIRMAN OMAS: Well, I was going to ask
14 you. I was going to give you about another 10
15 minutes, but if you have a lot more why don't we go
16 ahead and take our mid-morning break and we'll come
17 back at 11:20. Take a 10 minute break. Is that okay?

18 (No response.)

19 (Whereupon, a short recess was taken.)

20 CHAIRMAN OMAS: Mr. Straus, would you like
21 to begin?

22 MR. STRAUS: Certainly.

23 CHAIRMAN OMAS: Or continue rather.

24 BY MR. STRAUS:

25 Q In Question No. 16 you agreed that it

1 sometimes occurs that the package is left with the
2 addressee, but no payment is collected.

3 A Yes.

4 Q Let's say that the mailer submits a claim
5 and it discovers that the package was left, but no
6 money was collected. How does it handle that claim?

7 A Well, again, I am not a claims adjudicator,
8 but according to the interrogatory response to part
9 (b) initially the Postal Service believes that most
10 consumers are willing to pay for goods and services
11 they receive even if the payment's requested, you
12 know, quite a bit of time after the receipt of the
13 goods or services, but in any event that mailer is
14 going to receive reimbursement for the uncollected
15 payment.

16 Q How is that going to happen? Who? The
17 Postal Service is going to write the mailer a check?

18 A I'm not sure. I don't think I address that
19 specific type of claims payment scenario in these
20 interrogatory responses. I don't recall.

21 Q No, you didn't, but I'm asking you, the
22 Postal Service gets a claim, it has to investigate the
23 basis for the claim because it has to know whether it
24 was lost on the way out, lost on the way back, payment
25 was received and not delivered, you'd have to know

1 which scenario. We have already discussed that. It
2 turns out that the Postal Service's investigation
3 reveals that the package was left, but no money was
4 collected.

5 Does the Postal Service then go to the
6 recipient and say please give us the money for the COD
7 that you should have collected from you two weeks ago?
8 Does it say to the mailer you're going to have to go
9 after this recipient for the money because they got
10 the package? Which of those two things is the next
11 step? Does the Postal Service try to get the money or
12 does the Postal Service tell the mailer to try to get
13 the money?

14 A I'm not sure. If I didn't address it in an
15 interrogatory response then I really don't know for
16 sure because my knowledge about claims and how they're
17 paid and/or adjudicated is limited to what I have
18 responded to in the interrogatories.

19 Q You say in any case the COD mailer is going
20 to receive reimbursement for any uncollected payment?

21 A Correct. That's what I've been told.

22 Q You've been told that. By whom? So you
23 don't know that for a fact?

24 A As far as I know, yes, this is what I've
25 been -- like I said I'm not a claims adjudicator or a

1 claims expert however I have gone to the claims
2 experts, the payment policy experts for the Postal
3 Service to get this information to respond to this.

4 Q This is your testimony now. You say in any
5 case the COD mailer is going to receive reimbursement
6 for any uncollected payment.

7 A Right.

8 Q So I gather from that then that if the
9 mailer is given the obligation to collect and cannot
10 that the Postal Service will make good. Is that
11 right?

12 A Yes, because it says here to see the
13 responses to Interrogatories 8 through 11, (a) to (b),
14 Subpart 1, and so wherever the funds are not collected
15 from the recipient the Postal Service it says here
16 will provide reimbursement to the sender. That's our
17 policy.

18 Q In Question No. 17 in the answer we
19 addressed the difference between the language used in
20 your testimony for the CODC and the language in the
21 DMCS. Could you review that briefly?

22 A No. 17, which subpart?

23 Q I guess all of them.

24 A All of them? Okay.

25 Q I'm trying to shortcut this. Your testimony

1 refers at page 27 -- well, your testimony states that
2 the fee is based upon the higher of the insurance
3 desired or the monetary value of the merchandise.
4 You'd agree now won't you that the concept of monetary
5 value doesn't enter into the determination of the fee
6 directly?

7 A The determination of the fee? You mean the
8 fee to be collected or the fee that I've proposed? I
9 mean, I'm sorry.

10 Q Fee paid by the mailer.

11 A The fee is based on the monetary value of
12 the merchandise or the amount of insurance coverage
13 desired, whichever is higher.

14 Q Where is the concept of monetary value
15 contained anywhere except in your testimony? Is it in
16 the DMM or the DMCS?

17 A There was an interrogatory I believe with
18 respect to monetary value in the --

19 Q This one among others.

20 A I'm going to look for the --

21 Q No. 45 is the other one that it was
22 addressed.

23 A Thank you. Okay. Thanks. Yes. Confirmed,
24 right, that neither the DMM nor the fee schedule term
25 monetary value.

1 Q That was a mistake in your testimony wasn't
2 it, the reference to monetary value?

3 A I believe it was my interpretation of value
4 with respect to putting it in dollar terms.

5 Q Yes, but your testimony says the fee is
6 based on the higher of the monetary value or the
7 insurance desired. In fact it's based on the higher
8 of the amount to be collected or the insurance
9 desired, right?

10 A It's the amount to be collected which in
11 using the term monetary value would be what I would
12 think the mailer was going to tell the Postal Service.
13 I'm mailing this, it's I'm getting paid \$500 for it, I
14 want to insure it for \$500. To me \$500 is the
15 monetary value as defined by the mailer, but that's a
16 term that I used, yes, which is not --

17 Q The official charge is based on the higher
18 of the amount to be collected or the insurance?

19 A Right.

20 Q If the mailer chooses not to insure it then
21 the fee is based on the amount to be collected?

22 A Correct.

23 Q Irrespective of the value?

24 A My feeling when using the term monetary
25 value is what the COD mailer assigned to it as far as

1 what would be collected.

2 Q Well, I mean, in the case where the customer
3 paid 50 percent down payment and paid the other 50
4 percent COD then clearly there's a difference between
5 the amount to be collected and the monetary value
6 isn't there?

7 A Well, it's the value at the time of mailing
8 or whatever it ends up being. I mean, I still think
9 my term monetary value, although it was just my own,
10 was my thinking was this is what the mailer is going
11 to present to the Postal Service with respect to what
12 is to be collected. The amount to be collected,
13 monetary value. If there's a better way of saying it
14 that's fine, too.

15 Q Well, isn't the better way of saying it what
16 the DMM says, amount to be collected?

17 A Perhaps amount to be collected.

18 Q That's what the DMM says, right? I mean,
19 there's two numbers in the DMM, that's the amount to
20 be collected, which is a fixed number and the mailer
21 tells you what that is, or the insurance coverage
22 desired. That's a fixed number, too. The mailer
23 tells you what that is.

24 A Sure.

25 Q No subjectivity in that, right?

1 A Yes.

2 Q Yes, there is no subjectivity?

3 A No, no. Yes, you're correct. Yeah. It's
4 either one or the other.

5 Q Monetary value, we get into subjective
6 notions don't we?

7 A Well, I think it's important whatever my
8 proposed fee schedule states and I believe my proposed
9 fee schedule states amount to be collected or amount
10 to be insured, so I did get it -- or maybe it doesn't.
11 No. Yeah. Never mind. Sure. I will say that I
12 think somewhere in here I have mentioned that the
13 amount to be collected is based on the insurance.

14 The fee is charged based on the amount to be
15 collected or the insurance. Somewhere maybe in an
16 interrogatory response.

17 Q Well, that's what you should say because
18 that's what the DMM says and that's what you say the
19 DMCS should say, but a term was dropped.

20 A Yes. Sometime in R-2001 it was
21 inadvertently dropped.

22 Q All right. I'm just trying to establish
23 that the notion of subjectivity which you have
24 introduced in your testimony by referring to the
25 monetary value doesn't really exist. There is no

1 subjectivity. It's two very objective numbers, the
2 higher of which is charged. The amount to be
3 collected or the insurance coverage desired.

4 Those are very objective numbers, no
5 subjectivity. The subjective concept, monetary value,
6 was a mistake in your testimony. Isn't that right?

7 A With the way that I used it I don't see it
8 as a mistake, but if you see it as a mistake that's
9 your prerogative. I used the term monetary value and
10 amount to be collected interchangeably. I don't see
11 that it's a problem.

12 Q Well, the Postal Service is doesn't
13 reimburse on the amounts to be collected in the case
14 of a lost package. We've just gone through that. It
15 reimburses on fair value. So it sounds to me like
16 your testimony was introducing a concept of value
17 because the payments are based on a concept of value
18 whereas the fee is based on a totally objective
19 concept.

20 A No. I mean, I'm sorry. I stopped when I
21 was listening to you positing the question something
22 about we've determined that the Postal Service does
23 not pay on loss for -- I mean, I'm not sure if that's
24 correct in every situation, the amount to be
25 collected.

1 Q In some situations, though, the Postal
2 Service reimburses less than the amount to be
3 collected based on fair market value.

4 A Right, but I think I was stopped in hearing
5 your -- it sounded like it was a general statement
6 about that the amount to be collected would not be
7 paid if the package was lost and I don't think that's
8 true in all situations, but anyway. I'm going to ask
9 you to repeat the second part of it. I just wanted to
10 clarify what --

11 Q We'll move on.

12 A Okay.

13 Q I think we went over this before, but in
14 Question No. 20(g) we asked that you confirm that
15 Growing Family filed claims on approximately three
16 percent of its packages and you said you're not able
17 to confirm or deny how many claims. What did you do
18 to try to find the answer to this question before you
19 stated that you can't provide the information?

20 A Well, I had answered in interrogatory that
21 we do not collect claims data by customer name, so
22 knowing that and in getting that information to
23 respond to the interrogatory I was able to determine
24 that there was no way I could confirm or deny how many
25 claims were filed by Growing Family or any other COD

1 customer.

2 Q Going back to an earlier discussion of
3 whether the present basis for paying claims to Growing
4 Family is a change in practice or policy you've denied
5 that it's a change in policy, you've denied it's a
6 change in practice. Is it a new interpretation of an
7 old policy?

8 A It is my understanding it is a clarification
9 of the policy that's been in existence for a number of
10 years.

11 Q Is that clarification a new interpretation?
12 Is that how it was clarified, with a different
13 interpretation of the policy?

14 A At some point the policy was examined to
15 make sure that the claims were being paid with respect
16 to the policy and the determination was made that
17 claims were not being paid in accordance with the
18 policy, so now it's clarified. Whatever change has
19 been made with respect to the payment amount is a
20 clarification of what should have been paid all along.

21 Q Please look at Interrogatory No. 23.

22 A Okay.

23 Q There you say you don't know why one of the
24 customers listed in the response to Question No. 5
25 showed roughly 80,000 COD pieces for fiscal years

1 2003, 2004 and 2005, but only 1,162 COD pieces through
2 May of fiscal year 2006, and you say unless the
3 customer is contacted directly there's no way of
4 knowing. You do know who the customer is don't you,
5 or the Postal Service knows doesn't it?

6 A Yes. The Postal Service does have the name
7 of the customer with this volume.

8 Q Did the Postal Service contact the customer
9 to ask why the volume was reduced or whether in fact
10 as you've speculated might be the case it's either
11 seasonal or doesn't use a mailing statement?

12 A To my knowledge, no, the customer has not
13 been contacted.

14 Q So no effort was made to provide an answer
15 to this question?

16 A There was. I posited several reasons why
17 the volume could be what it is, but this was a partial
18 year data and like I said it's prudent to wait until
19 the end of 2006 probably to see what the real volume
20 will be for that fiscal year. This could be a
21 seasonal business like I said.

22 Q Discovery is over. I mean, if it's a
23 seasonal business, if it's Christmas season then the
24 data would be included, right, for fiscal year through
25 May?

1 A Yes. If it were like December of 2005 that
2 would be part of fiscal year 2006.

3 Q So a seasonal business where the bulk of the
4 packages were not included would have to be a seasonal
5 business that did its mailings in the summer?

6 A Right. Any time after May through the end
7 of the fiscal year.

8 Q So that might be say a nursery sending out
9 plants?

10 A It could be. Yeah. It could be any number
11 of -- I'm not even sure if it is a seasonal business,
12 but if it were a nursery, that sounds like something
13 that would be doing a lot of mailings in the
14 summertime. Makes sense.

15 Q The Postal Service can look at its records
16 and see what the business is, right?

17 A Yes. We can see who the mailer is. Yeah.

18 Q Well, did it do that to determine whether
19 this is in fact a seasonal mailer?

20 A No. I did not do that.

21 Q To your knowledge neither you nor anyone
22 else contacted the customer to get an answer to this
23 question?

24 A I don't believe that it was necessary to
25 contact the customer. Like I said we're not even sure

1 if there is going to be a reduction for the year 2006.

2 Q Well, instead of speculating you could have
3 called the customer and said have you stopped using
4 COD? How come your volumes are done? You could have
5 then answered the question, correct?

6 A I don't believe that the interrogatory would
7 itself be something where we would contact another
8 mailer. I believe that if this mailer has a postal
9 contact maybe that postal contact, an accounts manager
10 or somebody, is in contact with them about their
11 usage.

12 Q I'm not sure what that answer said. Simply,
13 nobody bothered to call to find out if you could
14 answer this question directly rather than with
15 speculation?

16 A I think there's a privacy issue here. I
17 mean, I'm not an attorney, but I believe that there's
18 probably a privacy issue here, although I don't know
19 for sure, but I don't know why an interrogatory from
20 another, you know, on behalf of another COD mailer
21 should prompt us to be asking a different mailer
22 questions about their mailing habits.

23 Q Well, your attorney didn't object to the
24 question on the grounds that it was going to invade a
25 mailer's -- you gave us the number of pieces mailed,

1 we know whoever this is -- I mean, it may be that the
2 answer would have involved some privacy, it may be
3 that the answer was that it is a nursery and you maybe
4 didn't want to figure that out, but if the answer was
5 we stopped using COD how can that possibly violate
6 somebody's privacy? We don't know who it is.

7 A Well, I don't know what good knowing this is
8 going to come from it with respect to Growing Family.

9 Q Well, again, your attorney did not object on
10 the grounds of relevance either. This question was
11 not objected to, it just wasn't answered, and
12 apparently no attempt was made to answer it and I'm
13 going to move on.

14 A Well, if I could just add one thing. You're
15 comparing annual totals for three years with a partial
16 year total.

17 Q I'm trying to find out why the numbers then
18 and the Postal Service didn't make the one phone call
19 it could have made to answer the question.

20 A I think we wait until the end of the year
21 and see what the annual total is. That way we're
22 comparing apples with apples.

23 Q We'll keep the discovery open until the end
24 of the year?

25 A I think discovery goes beyond September 30

1 or a follow-up.

2 Q Turn now to Question No. 24.

3 A Okay.

4 Q You'll probably want to also have Question
5 No. 6 available because No. 24 deals with your answer
6 to No. 6.

7 A Right.

8 Q Now, in No. 6 you provided data for fiscal
9 years 2004 and 2005 on claims based upon both the
10 value of the claim and whether it fell into one of
11 three categories: damage, loss, or no remit. In
12 Question No. 24(a) we asked you what those terms mean
13 and damage and loss I'm sure I think I understand.
14 You say no remit means that the mailer did not receive
15 a payment for the COD article.

16 So that can happen either because payment
17 was not received by the Postal Service from the
18 recipient or because the Postal Service received
19 payment from the recipient, but failed to transmit it
20 to the mailer. Isn't that right?

21 A I'm not sure. According to the
22 interrogatory response -- I'm going to be very careful
23 of course when I answer this -- that no remit is when
24 the article was delivered and no funds were
25 transmitted to the mailer. I'm not sure if that could

1 also mean that the funds were not collected or the
2 mailer does not know if the article was delivered and
3 no funds were transmitted to the mailer.

4 Q Well, like Gall all claims are divided into
5 three parts -- we all learned that in Latin 1 -- loss,
6 damage, or no remit.

7 A Uh-huh.

8 Q So I'll ask the question again. Doesn't no
9 remit then have to cover a situation in which the
10 Postal Service didn't receive the payment and
11 therefore the mailer didn't or in which the Postal
12 Service did receive the payment, but the mailer
13 didn't.

14 A Well, I know for sure that no funds were
15 transmitted to the mailer, but I don't know if that
16 also includes funds that were received by the Postal
17 Service and not transmitted or if that's funds --

18 Q Well, if it doesn't then where would such a
19 claim fall? Into loss or into damage?

20 A I'm not sure.

21 Q Referring back to your answer, your answer
22 to No. 6 shows that there were 20,000 COD packages
23 lost in fiscal year 2004. That's not damaged, that's
24 lost packages. You say in response to (d) that there
25 are a number of possibilities why 1.05 percent of the

1 total COD packages were lost and most of those would
2 be human error.

3 You say that sometimes it happens, that mail
4 pieces are lost.

5 A Right. Lost meaning that there's no record
6 of delivery.

7 Q If one percent of the total mail volume in
8 the country were lost wouldn't that be more than two
9 billion pieces a year?

10 A Subject to check. I'm not even sure what
11 our total mail volume is.

12 Q Let's assume it's more than 200 billion.

13 A Okay.

14 Q Then if you lost one percent you'd lose two
15 billion pieces a year, correct?

16 A That sounds correct. Yes.

17 Q Do you think the Postal Service loses
18 anything close to two billion pieces a year?

19 A I surely don't know.

20 Q Isn't it likely given the level of lost that
21 a lot of these pieces were actually pieces that were
22 left with the recipient but no money was collected?

23 A It's possible that they could have been left
24 with the recipient and no money was collected. It's
25 also possible that these include invalid claims as

1 well, but the reason that the reason put in was loss
2 and as it turned out it -- I mean, this is the worst
3 case scenario because these claims include invalid
4 claims, too, the claims count.

5 Q The claims count according to Question No.
6 6, well, the question asks you how many claims were
7 paid and this was the answer, so I assume that the
8 response was responsive to the question which asked
9 for paid claims, not total claims.

10 A No. It's my understanding these are total
11 claims including invalid claims.

12 Q Is there some reason your answer doesn't say
13 that it was not responsive to the question?

14 A I beg your pardon?

15 Q Well, the question asks for claims paid. If
16 it's an invalid claim how can you attribute a reason
17 for it? If it wasn't loss, damage, or no remit how
18 can it be -- if it's invalid then which category does
19 it go into?

20 A If it's submitted for a specific reason.

21 Q Well, wait, wait, wait, wait. The mailer
22 doesn't know why the package was not delivered, was
23 not returned, or the money returned. We've already
24 been through that. The mailer files a claim because
25 he received neither the money nor the package. The

1 Postal Service determines why.

2 So I'm asking if it's an invalid claim how
3 does it get categorized as either no remit, damage, or
4 loss?

5 A I don't know. I'm not an adjudicator, so I
6 can't --

7 Q See, the data that you provided lists amount
8 paid. You're saying that this is amount paid on
9 invalid claims is included there?

10 A No. I'm not saying that there's any amount
11 paid for an invalid claim, but I'm saying that the
12 claims count includes --

13 Q The claims count includes invalid claims,
14 but the amount paid does not?

15 A My understanding. Because you would not pay
16 an invalid claim.

17 Q You wouldn't list it as a claim then would
18 you? If you're listing claims and amount paid
19 wouldn't you list valid claims and amount paid?

20 A It's my understanding it's the total number
21 of claims and the total amount paid. Now, whether
22 those claims are all valid or not it's my
23 understanding they're not all valid claims.

24 Q You have no idea how an invalid claim would
25 be categorized as either damaged, lost, or no remit

1 since according to the Postal Service it wasn't
2 damaged, it wasn't lost and there was not a no remit
3 situation?

4 A I don't know how that's done. I'm not an
5 adjudicator.

6 MR. STRAUS: Mr. Chairman, I'm troubled here
7 because the question asked for number of claims paid.
8 We assumed that the answer was number of claims paid
9 especially because it lists an amount that was paid
10 and now we're told by the witness she's not sure
11 whether this is really claims paid or total claims, so
12 could we ask the Postal Service to report on what
13 these data actually are?

14 THE WITNESS: It says claims count. That's
15 the claims volume.

16 MR. STRAUS: Well, it wasn't clear to me
17 that claims count means valid and invalid since we
18 asked you for the actual number of COD claims paid and
19 this to me meant claims paid count just like it meant
20 amount paid. All I'm asking for is a confirmation of
21 whether the column is valid claims or total claims.

22 CHAIRMAN OMAS: Mr. Rubin, could the Postal
23 Service correct that, please?

24 MR. RUBIN: Yes. We will.

25 CHAIRMAN OMAS: Thank you.

1 BY MR. STRAUS:

2 Q What percentage of claims are invalid?

3 A I don't know.

4 Q In part (f) of that question we asked you to
5 confirm that there were 10,000 no remit claims in
6 fiscal year 2005, but only 1,697 no remit claims in
7 fiscal year 2004. This is more than a 500 percent
8 increase in no remit claims from one year to the next.
9 Even though the total claims dropped 24 percent we
10 still had a more than five fold increase in no remit
11 claims.

12 We asked you to explain that and your answer
13 was you have no explanation, Postal Service has no
14 explanation. We spoke before about red lights going
15 off. Well, surely I would think that if the number of
16 no remits increased more than 500 percent in one year
17 the Postal Service would want to take a look at that
18 wouldn't it?

19 A I don't know who was looking into this at
20 the Postal Service. This does not fall under my areas
21 of work to look at the breakdown of the claims. I'm
22 looking at the total number of course, you know, but I
23 did confirm that, yes, there were over 10,000 no
24 remits in 2005 compared to 1,697 in 2004.

25 Q Doesn't that tell you that there's something

1 wrong with the Postal Service's data collection or
2 that there was something wrong for 2004 that was
3 corrected in 2005?

4 A Again, I said here that we do not have an
5 explanation for this. I checked with the people who
6 are the subject matter experts and --

7 Q Well, would you doubt the reliability of the
8 data seeing this kind of a change from one year to the
9 next?

10 A Not necessarily. I do know that the
11 reporting method changed. I believe it was in 2004
12 which may have something to do with a shift from one
13 reason to another or it might not. I don't know. I
14 asked the subject matter experts. Honestly I do know
15 that the reporting system did change I believe it was
16 in 2004 in St. Louis.

17 Q Changed in 2004, but the jump occurred in
18 2005.

19 A Uh-huh.

20 Q What kind of a reporting change --

21 A Well, no. Just the way that the claims data
22 was reported.

23 Q They started calling damage and loss no
24 remit?

25 A No, no, no. I'm not saying that. I don't

1 know if that has anything to do with anything, but I'm
2 just telling you all that I know and that's that
3 that's all I know. If that has something to do with
4 it I'm not sure, but I did ask the subject matter
5 experts and there was no explanation for the increase
6 in no remit claims.

7 Q In Question No. 25 I believe you and I or
8 you and we discussed how the mailer is supposed to
9 find out why it didn't receive either the money or the
10 package. In the second paragraph of your response you
11 say that absent purchasing some access to scanning
12 information the customer receiving a claim payment may
13 be able to determine at which point the article was
14 lost, otherwise it won't know when it was lost and
15 based upon the amount paid on the claim the mailer can
16 figure out the basis for the payment of the claim.

17 So you're saying that the Postal Service
18 won't tell the mailer this was a \$100 package and
19 we're not paying you anything because it was lost, or
20 we're just returning your postage because it was lost
21 on the way back to you, or we're paying you the full
22 amount because our records show that we collected the
23 money, but you never got it, or we're paying you the
24 reproduction cost because it was lost on the way to
25 the recipient, the mailer is just supposed to figure

1 that out from the size of the check it receives?

2 A I'd have to look at what the mailer gets
3 along with the check to see if there was any
4 information provided.

5 Q Do you think the mailer should get the
6 explanation along with the check?

7 A If an explanation is not provided or it's
8 not self-evident to the mailer they could always
9 contact the Postal Service to ask on what basis the
10 payment was made.

11 Q That reminds me about something I didn't ask
12 you before. Under the scenario where the package is
13 lost on the way to the recipient the Postal Service
14 will pay in terms of photographs the reproduction
15 cost, is that right, on the theory that the mailer can
16 always make another set of pictures?

17 A I need to go back and look at the
18 Interrogatory No. 11. Okay. I'm sorry. If they're
19 lost on the way to being delivered?

20 Q Yes. Or damaged.

21 A If they're lost or destroyed before delivery
22 the amount would be the cost to produce another set of
23 prints less the postage.

24 Q Have you ever seen newborn baby pictures?

25 A Yes.

1 Q Do you have children?

2 A Yes.

3 Q Did they look at age three or four months
4 anything like their newborn baby pictures?

5 A No.

6 Q If a company like Growing Family is selling
7 newborn baby pictures and they get lost on the way to
8 the recipient and the mailer doesn't know why he
9 didn't get them back until he waits 45 days then files
10 a claim and then for some weeks after that the claim
11 is acted on and the Postal Service says, you know, we
12 lost that on the way to the recipient, so here's your
13 \$15, make a new set of those pictures. The baby is
14 now three or four months old.

15 Do you think that Growing Family would have
16 a more difficult time selling those newborn pictures
17 to a mother of a four month old than it had selling
18 those newborn pictures to the mother of a two week
19 old?

20 A No.

21 Q Do you think that after four months a mother
22 would be just as interested in the newborn pictures as
23 the mother was when the baby was born?

24 A Of course. Yes.

25 Q Okay. In response to Question No. 28 --

1 A Okay.

2 Q -- you confirm that the March 10 letter we
3 discussed about, that's the four scenario letter,
4 clarifies the Postal Service's claims policy that
5 includes different levels of payments depending upon
6 the individual situation.

7 A Correct.

8 Q Was that clarified policy reached shortly
9 before that letter was written or was that clarified
10 policy in existence for some time previously?

11 A Well, I think we discussed earlier that this
12 policy was clarified at least back in April of 2005.

13 Q We also discussed that the April 2005 policy
14 didn't mention different levels of payments depending
15 upon the individual situation. The first time the
16 different levels of payments was discussed expressly
17 was in the March 10, 2006, letter, correct?

18 A It appears that the different levels were
19 discussed for the first time in the March 2006 letter,
20 but it, again, goes back to this August 2005 letter.
21 It looks like those 428 claims were all similar in
22 nature.

23 Q You have no way to know whether they were
24 all similar do you?

25 A I don't know why else there would be a cost

1 estimate per package given from Growing Family for
2 each package if they weren't similar.

3 Q Well, I'll tell you why. Because that
4 letter established a policy of paying based upon cost
5 of reproduction for all claims. That was what that
6 letter said. Then the Postal Service realized after
7 the appeal was filed that this makes no sense. There
8 are some cases surely where the mailer is entitled to
9 more. So they came up with the four scenarios in the
10 March 10 letter.

11 A Maybe more or less, I'm not sure, but it
12 does say in that letter that if your costs do change
13 let us know.

14 Q The four scenarios are discussed for the
15 first time on March 10, correct?

16 A I don't know if there was any other
17 correspondence. I just have these two letters. So if
18 there was anything else in between on behalf of the
19 Postal Service I can't speak to that, but between
20 these two letters the four scenarios or three
21 situations rather -- wait. I'm sorry. I see three
22 situations and four scenarios.

23 I guess you're referring to in the analysis
24 section the one, two, three and four?

25 Q Yes.

1 A Okay. Yeah. Those four, or they call them
2 here circumstances, anyway, those are addressed here,
3 but this is a very detailed response to how we --
4 clarifying our total claims policy. This letter
5 appears to me --

6 Q This letter? You mean?

7 A I'm sorry. The August 18, 2005, letter
8 appears to address the 428 claims.

9 Q It addresses future claims doesn't it, Ms.
10 Berkeley?

11 A It does. It does. It addresses future
12 claims being reimbursed for this amount, unless
13 Growing Family would submit cost data to demonstrate
14 it should be paid at a different amount.

15 Q Very long answer to a question that said the
16 four scenarios are mentioned only in the March 10
17 letter.

18 A Between these two letters.

19 Q Yes. Then I was going to ask do you know of
20 any communication with Growing Family or any other COD
21 mailer any time before March 10 that addressed the
22 four scenario situation?

23 A I don't know anything about any
24 communication other than what I see here with respect
25 to Growing Family or any other COD mailer.

1 Q On these scenarios we asked you some
2 questions in No. 29. We asked how the Postal Service
3 determines which of the four scenarios is applicable
4 so it can figure out the appropriate level of payment.
5 You said in your answer in part the circumstances
6 determine which scenario is applicable. So then I
7 guess my question is how does the Postal Service
8 determine the circumstances?

9 A That would be up to a claims adjudicator to
10 determine. I'm not really sure beyond what I've
11 mentioned. I know nothing more than what I've
12 mentioned here in the interrogatory responses.

13 Q Claims adjudicator would then try to figure
14 out whether the package was lost on the way to the
15 recipient, or the way back, or if the money was lost?

16 A It's my understanding. Yeah. They
17 determine the reason. How they do that I'm not sure.

18 Q I'm a little confused by your last statement
19 in this answer where you say the customer is the one
20 filing the claim and would identify the reason why
21 they are filing. The reason is always the same isn't
22 it? We didn't get the money or the package. The
23 reason that the claim was necessary has to be
24 determined by the Postal Service, correct?

25 A I thought the question was why the -- yeah.

1 When I read the question it says -- let me just go
2 back because maybe there was just a misunderstanding
3 of how I --

4 Q I think we may have a misunderstanding in
5 terms of what reason why the customer filed the claim,
6 what that term meant.

7 A Right. Undertakes the burden of determining
8 the reason for the claim. The Postal Service does not
9 determine the reason why the customer filed the claim.

10 Q Well, the Postal Service determines why the
11 claim was necessary, though, right?

12 A They determine the validity of the claim and
13 the appropriate payment.

14 Q The same thing comes up again in Question
15 No. 30(c). The question was whether the Postal
16 Service will determine the reason for the claim and
17 advise the mailer accordingly so that the mailer will
18 understand the reason for the amount paid on the
19 claim. Your answer was that the customer would
20 determine the reason for the claim.

21 Again, what did you think reason for the
22 claim meant when you say the customer will
23 determine --

24 A Well, the reason why a claim was filed.

25 Q Right. So the customer will determine that

1 you filed the claim because it didn't receive the
2 money or the package?

3 A Exactly. They would know.

4 Q Right. They wouldn't know why they didn't
5 receive the money or the package?

6 A No, but they would know why they are filing
7 the claim.

8 Q Well, they're filing the claim because they
9 didn't receive the money.

10 A For whatever reason. Exactly. Like I
11 said --

12 Q That's the only reason.

13 A -- perhaps there was a misunderstanding as
14 to what it said, but as I read the interrogatory it
15 just said the Postal Service determining the reason
16 why the claim was filed. We wouldn't know that. The
17 mailer who is filing the claim would be the only one
18 who would know the reason why they're filing the
19 claim.

20 Q Would a mailer file a claim for any reason
21 other than it didn't receive the package, or the
22 money, or received a damaged package back? Is there
23 any other reason for a claim?

24 A I've got to look at this Form 1000. You
25 know, damage, loss, partial loss and I guess no

1 remittance appears to be the reasons why someone would
2 file a claim.

3 Q Please look at Question No. 39. In part (a)
4 we asked who made the decision to reduce the amount
5 paid on Growing Family's claims, when it was made and
6 why it was made. Your answer simply cross-references
7 the August 16 letter which of course isn't an answer,
8 it's just a reference to something that wasn't even
9 and isn't yet in evidence.

10 Either on the basis of that August 16 letter
11 or otherwise can you answer that question about who
12 made it, when it was made and why it was made?

13 A The only documentation I have with respect
14 to any claims issue with Growing Family are these two
15 letters. Therefore I see that in the August 2005
16 letter a determination was made based on cost data
17 provided by Growing Family the amount to be paid for
18 the claims. It's referencing a review of 428 claims
19 through April 2005, and then it appears that it was
20 appealed and in March of 2006 there was a final
21 decision made concerning the appeal.

22 Q I'll ask the question again. Who made the
23 decision and when?

24 A The final decision was made by the consumer
25 advocate.

1 Q No, no, no. Not the final decision. Who
2 made the decision to start paying the claims at lower
3 than the level that they previously were paid? If
4 this reduction began in April or May of 2005 the
5 August 16 letter merely after much urging from Growing
6 Family to get something in writing finally confirms
7 that the clarified policy had been applied in the
8 spring, but it doesn't say who decided to change the
9 policy or when the decision was made.

10 A There's no change to a policy. It was the
11 policy was clarified. Whoever clarified the policy
12 prior to the August 16, 2005, letter I have no idea.
13 As I said these are the only two --

14 Q Again, if you're asked a question the
15 obligation is to provide a response or to object to
16 the question. The question asked who made the
17 decision? If you didn't know who made the decision
18 did you try to find out who made the decision?

19 A Well, it was asked based on the March 10
20 letter. The March 10 letter was referencing the
21 August letter with respect to an appeal filed as the
22 result of a decision made in this August letter or a
23 further appeal of this decision that the August -- I'm
24 sorry. The March 2006 letter was a final decision
25 based on a first decision from what I can read here in

1 August 2005.

2 Q The decision wasn't made in August 2005.
3 The decision was finally relayed to the mailer in
4 2005. The decision had already been made and had in
5 fact been implemented before the August 2005 letter.
6 Our question was and remains who made the decision and
7 when did that person make it?

8 MR. RUBIN: I'll object here. I mean, the
9 question referred to the decision that was appealed.
10 The August 16 letter looks like the decision that was
11 appealed and in that letter all the information you
12 requested is provided.

13 MR. STRAUS: The question was who made the
14 decision appealed by Growing Family to reduce the
15 amount paid on Growing Family's claims, when that
16 decision was made and why it was made. The August 16
17 letter doesn't tell me when it was made. It surely
18 was made before August 16 because it was implemented
19 before August 16.

20 So the August 16 letter doesn't say when the
21 decision was made, the August 16 letter doesn't say
22 who made the decision. The August 16 letter possibly
23 says why the decision was made, but not who or when.
24 We're trying to find out the basis for this decision
25 and we have a witness who didn't make it and when we

1 tried to find out who made it we got in a sense
2 stonewalled. We still don't know who made it and
3 when.

4 MR. RUBIN: There was no attempt to
5 stonewall and now we're in a situation. I mean,
6 perhaps written follow-up would have gotten something.
7 Now we're in a situation. The witness has said she
8 has two letters and that's the information we have
9 now, and you introduced the first letter as a cross-
10 examination exhibit. It's out there. It really is
11 the decision.

12 MR. STRAUS: Somebody reduced the payments
13 to Growing Family in May.

14 CHAIRMAN OMAS: Can I interrupt here?

15 Ms. Berkeley, do you know the answer to Mr.
16 Straus' question? Do you know the answer to his
17 question, yes or no? You're under oath.

18 THE WITNESS: I guess I misinterpreted. I
19 thought it was with respect to this --

20 CHAIRMAN OMAS: Do you know the answer?

21 THE WITNESS: -- but, no, I do not. No, I
22 do not know with the way he's stating --

23 CHAIRMAN OMAS: You do not know the answer.

24 Mr. Rubin, can you provide that to us as to
25 who made that decision?

1 MR. STRAUS: And when.

2 CHAIRMAN OMAS: And when.

3 MR. RUBIN: I'm not sure. I mean, we're
4 asking as part of a rate case who made a claims
5 decision. I'm not a claims --

6 CHAIRMAN OMAS: Well, would you do me a
7 favor? Would you check on that and get back with us,
8 please?

9 MR. RUBIN: Well, I'll get back --

10 CHAIRMAN OMAS: If you can provide it we
11 would be most appreciative.

12 MR. RUBIN: Right. I don't know enough
13 whether we can provide that information.

14 CHAIRMAN OMAS: Thank you.

15 Mr. Straus, how much longer do you think you
16 need? How much more time?

17 MR. STRAUS: Ten or 15 minutes.

18 CHAIRMAN OMAS: Okay. Please proceed.

19 BY MR. STRAUS:

20 Q Please look at Question 41. I'm focusing on
21 (b) now. You say after collection of the payment and
22 delivery of the COD article the payment information is
23 recorded on Postal Service Form 3816. When is that
24 done? Is it done in the field by the carrier or is it
25 done back in the office?

1 A It's my understanding it's done back in the
2 office when the payment is tendered by the carrier to
3 the --

4 Q The next question asked whether the Postal
5 Service records always show the form in which payment
6 was received, and you say no. If it doesn't that's
7 just a carrier error?

8 A No. That's not it because if it's collected
9 in cash it would reflect money order. I believe the
10 boxes are just money order and check, but if the
11 payment was in cash it's converted to a money order,
12 but on the form it would just be noted as money order
13 because there's no box for cash.

14 Q Okay, but if the carrier simply failed to
15 check either box by error that can happen, too, right?

16 A I'm not sure that the carrier is filling out
17 the 3816. I believe it's the accountable clerk who is
18 receiving the payment from the carrier.

19 Q Please look at question 43. Focusing on
20 Part B.

21 The question was, "Does the Postal Service
22 believe that it has a contract with or an obligation
23 to a COD mailer to provide that mailer with either the
24 funds to be collected or a return of the mailed
25 object? If not, why not?"

1 Your answer is, "Consistent with our
2 regulations and procedures for this special service,
3 the Postal Service either tenders the payment to the
4 mailer or returns the article to the mailer."

5 There would be a third scenario, wouldn't
6 there, in which the Postal Service neither tenders the
7 payment nor the package but tells the mailer to go get
8 the money itself.

9 We already discussed that before.

10 A That's a different situation. Yes, we have
11 discussed that situation.

12 Q I'm just trying to get you to agree that
13 this answer is incomplete, because there's really
14 three options. either the Postal Service tenders the
15 payment to the mailer, or it returns the article to
16 the mailer, or it tells the mailer to go to the
17 recipient and get the money itself.

18 A With all due respect then the interrogatory
19 itself would be incomplete. I responded to the
20 interrogatory the way it was posited.

21 Q The question was, does the Postal Service
22 believe that it has a contract with or an obligation
23 to a COD mailer to provide the mailer with either the
24 funds or the object?

25 Your answer doesn't say yes or doesn't say

1 no. It says the Postal Service returns the article or
2 the payment. I'm suggesting that statement is
3 incomplete because it doesn't either tender the
4 payment or return the article. It's not binary.
5 There's three choices, three options.

6 It either returns the payment or it returns
7 the article or it tells the mailer, go get the money
8 yourself.

9 A It returns the payment or the article. Now
10 it I believe is what this states. If the payment
11 doesn't make it to the mailer, that's a different
12 situation. That's not, I don't believe that's covered
13 under this interrogatory.

14 I answered the interrogatory.

15 Q Why don't you answer B with a yes or no, if
16 you can.

17 Does the Postal Service believe it has a
18 contract with or an obligation to a COD mailer to
19 provide that mailer with either the funds to be
20 collected or a return of the mailed object?

21 A Yes, consistent with our regulations. That
22 would define the COD service.

23 Q Is there a regulation that says that
24 sometimes you don't have to either provide the article
25 or the funds?

1 A I don't think so. Not that I know of.
2 Assuming a valid claim.

3 Q But in a case where the Postal Service lost
4 a personal check it's not going to give the mailer the
5 money or the package, is it?

6 A If we could go back to that line of
7 questioning, because I think it depends on the
8 situation.

9 The Postal Service at times will ask the
10 mailer to contact the recipient for a reissue of the
11 check. I know in one instance I said either way the
12 mailer is going to be paid from money not collected or
13 --

14 Q That was for the situation of a package left
15 and money not collected. This is a situation where
16 money is collected by check where you said the Postal
17 Service will not pay the recipient but will require
18 the recipient to try to collect the money from, will
19 not pay the mailer but will require the mailer to
20 collect the money from the recipient and if it
21 succeeds the mailer is paid and if it fails, the
22 mailer is not paid.

23 That's not --

24 A If you could point me to the interrogatory.
25 I think what's happening here is you're tacking on

1 something extra to this. I answered the interrogatory
2 based on the situation presented. I believe I
3 answered it fully.

4 Now throwing in a different -- There are so
5 many different situations and circumstances that we've
6 been discussing here that I would really need to go
7 back to

8
9 whichever situation you're referencing.

10 Q I'm referencing a situation where the Postal
11 Service receives a check from the recipient and the
12 Postal Service loses the check. In that situation you
13 have testified the Postal Service does not return the
14 package to the mailer and it does not give any money
15 to the mailer.

16 A Can you tell me exactly where I said that?

17 Q Fifteen. There are others.

18 (Pause)

19 Q Thirty-three.

20 33(c) said, "If the mailer is unable to
21 obtain a replacement check for any reason such as the
22 recipient cannot be located, simply refuses or claims
23 that she did not receive the package, will the Postal
24 Service replace the missing payment?"

25 Your answer to C is, "No."

1 Your answer to E is, "It's up to the claims
2 customers to seek payment from their own customers."

3 In that situation the Postal Service doesn't
4 do what you just said I think it has, I think you said
5 the Postal Service has undertaken the obligation to
6 either give the mailer the funds or the package, but
7 in this situation you're saying no, we're not going to
8 do that. We're going to make the mailer get the money
9 himself.

10 I thought we had gone through that, and the
11 purpose of this question was simply to make sure that
12 this response was clarified.

13 A I believe that this does not address any
14 payment that may be made by the Postal Service to the
15 mailer. This is just with respect to the initial
16 payment from the recipient.

17 Q I didn't follow that. You said this. I'm
18 not sure what the "this" refers to.

19 A I think there's a leap going here that there
20 would be no payment made at all. I'm not sure I'm
21 following that.

22 The missing payment at the amount to be
23 collected may not be reimbursed, but the Postal
24 Service may make some payment to the mailer. I'm not
25 sure.

1 Q You mean the customer agreed to pay the
2 money, the customer wrote a check for \$60, and even
3 though the Postal Service loses the check, the mailer
4 tries to collect it but can't do it, --

5 A They file a claim.

6 Q They file a claim. The Postal Service --

7 A Pays based on whatever that value at the
8 time of mailing or the insurance amount, whichever is
9 smaller.

10 Q But that's not -- Whichever is smaller?

11 A The lesser of. Maybe that doesn't make
12 sense. The lesser of the amount to be collected. The
13 value at the time of mailing or the insurance
14 coverage.

15 Q Now I'm confused. In your written responses
16 and orally this morning you said if the mailer cannot
17 collect the money from the recipient that the Postal
18 Service will not make good on it, and now you're
19 saying it will.

20 A They might not make good on the full amount
21 that was originally collected.

22 Q Why not?

23 A Is that the value at the time of mailing?

24 Q That's the amount the mailer was supposed to
25 get. The check was made out to Growing Family. The

1 Postal Service lost it. Why should there be any
2 justification for paying Growing Family less than the
3 amount of the check

4 A There are different situations in here as to
5 what it would cost to replace that.

6 Q Replace what? A \$60 check? I can tell you
7 what it costs to replace a \$60 check, \$60.

8 A I'd have to look specifically, I don't see
9 from the two interrogatories you've referred me to
10 where there's anything affirming that the Postal
11 Service would not make any payment at all.

12 Q 33(c) says the Postal Service won't replace
13 the missing payment. Now you're saying may they will,
14 maybe they'll pay less than the missing payment,
15 you're not sure what they'll pay?

16 A It asks will they replace the missing
17 payment. The answer is no. The --

18 A Yes.

19 Q An equivalent amount?

20 A I'm not sure what would be paid, if
21 anything. I think it depends on the situation.

22 Q Who provided you the answer to 33(c)?

23 A That would have to be the claims
24 adjudication and consumer part of Finance and Consumer
25 Affairs Office.

1 Q So you don't know first-hand what the Postal
2 Service will do in a situation where it loses a
3 personal check?

4 A Not anything beyond what's been addressed in
5 these interrogatory responses.

6 Q You didn't know this, you had to get this
7 answer from somebody else.

8 A Correct. This was the answer I got. The
9 Postal Service's answer.

10 Q Tell me this. If Growing Family were to ask
11 me what they should expect if a package gets
12 delivered, the Postal Service gets the personal check,
13 the Postal Service loses the personal check. What
14 should they expect to happen then?

15 A If I haven't addressed it within any of
16 these interrogatory responses, I don't know. I've
17 answered all of the interrogatories.

18 Q You said no, that they wouldn't replace the
19 money and now you're saying maybe they will, so --

20 A I said they wouldn't replace the missing
21 payment.

22 Q What does that mean?

23 A Well, that --

24 Q The personal check for \$50. The question
25 says will they replace the missing payment, that's

1 asking whether they will replace the \$50. Your answer
2 was no.

3 Now what's your answer today?

4 A My answer today is no. The question asks,
5 will they replace the missing payment? The answer to
6 that is no.

7 Q So then your answer to 43(b) that they will
8 either tender the payment or return the article is
9 incomplete because there are sometimes when it will
10 neither tender payment nor return the article.

11 A Again, I answered the interrogatory the way
12 it was stated.

13 Q No, you didn't, it was --

14 A I answered the question. It asked if we
15 have a contract or an obligation to a mailer to
16 provide either the funds or return of the mailed
17 object. I said consistent with our regulations to
18 this service we either tender the payment or return
19 the article. That's our obligation to provide the
20 service.

21 Q Which of these two options does it elect to
22 do in a situation where it loses a check? Does it
23 tender the payment or does it return the article?

24 A I don't know. I'd have to see something in
25 writing, a specific situation, and ask the subject

1 matter experts how it would be handled.

2 Q I'm not sure we need expertise to know
3 whether in the situation of a lost check the Postal
4 Service tenders the payment or it returns the article.
5 Does it do either of those two things when it loses
6 the check?

7 A I know I've responded that the check
8 information is given to the mailer to seek a
9 replacement check from the COD recipients.

10 Q But that's not tendering the payment, is it?

11 A Well if the payment is received by the
12 mailer then they would be getting their payment.

13 Q Not from the Postal Service.

14 A No, from the person who got the goods to
15 begin with.

16 Q Right. and if the payment isn't received by
17 the mailer because they can't find the recipient then
18 does the Postal Service tender the payment or return
19 the article?

20 A That's what I'm saying. Well, if the
21 article's been delivered I don't know how it would be
22 returns.

23 Q I don't either. And if the Postal Service
24 won't replace the money I don't know how the payment
25 is tendered, so I guess the answer is no, isn't it?

1 A I'm not sure.

2 Q Please look at 44, focusing on C.

3 The question was, "Can the Postal Service
4 always tell from its records whether a carrier loses a
5 piece before delivery, whether the carrier loses it
6 after it has been refused by the recipient, or whether
7 the carrier left the piece but failed to collect the
8 COD charges?"

9 The answer is, "Not necessarily." You say,
10 "If the delivery employee delivers the article but
11 does not scan the article or collect the funds, it
12 would not be possible to distinguish this situation
13 from the situation of the article being lost prior to
14 delivery."

15 If it is not possible to distinguish those
16 two situations, how does the Postal Service determine
17 the level of the indemnity payment to make?

18 You testified before that if it's lost on
19 the way to delivery in the case of photographs, the
20 mailer gets reproduction costs.

21 You testified that if it's left with the
22 recipient but no payment is collected, the mailer gets
23 the full amount or the amount to be collected.

24 But if the records can't distinguish these
25 two situations, how does the Postal Service determine

1 which level of payment is appropriate?

2 A I don't know. I believe that's something
3 that a claims adjudicator would be able to determine.
4 I just don't know.

5 Q Be able to determine how?

6 A I don't know. I'd have to ask you to direct
7 me back to something that I may have answered before.

8 Q Do you agree that you answered before that
9 if the package is lost on the way to the recipient the
10 photography company gets the reproduction cost?

11 A Let me double check. I think that was 11.

12 Q It's also the letters to Growing Family, or
13 the second letter.

14 A It said, "If the prints are lost or
15 destroyed before delivery the amount to be paid would
16 be the cost to produce another set of prints plus the
17 postage."

18 Q And you also testified that if the package
19 is left, this is 16. If the package is left with the
20 addressee but no payment is collected that the COD
21 mailer is going to receive reimbursement for any
22 uncollected payment.

23 You in fact corrected me on that because I
24 thought you had elsewhere said if the package was left
25 the mailer was out of luck. You said no, you pointed

1 to 16 and said if the package is left and payment
2 isn't collected the Postal Service will make good on
3 it and the COD mailer is going to receive
4 reimbursement.

5 A Yes.

6 Q So let's take a \$100 package of pictures.
7 If the situation is it's lost on the way to the
8 recipient, the mailer gets \$15 or thereabouts. If
9 it's delivered but no payment collected by the
10 carrier, the mailer receives \$100.

11 You're saying if the scans aren't made it's
12 not possible to distinguish those two situations. My
13 question was, how can a claims adjuster, if the scans
14 don't tell him whether it was lost on the way or
15 simply left, how does he determine the level of the
16 reimbursement?

17 A That I don't know. But I also know that I
18 did say not necessarily we would know in every
19 instance. I think we're bringing in several
20 interrogatories here, responses. And the reason why I
21 was asking you to go back and point it out is because
22 I said beyond what's been answered here --

23 CHAIRMAN OMAS: Mr. Straus, I think you have
24 fully explored this question. Please move on.

25 MR. STRAUS: Okay.

1 BY MR. STRAUS:

2 Q Please look at your response to question 4
3 that was redirected from Witness Waterbury, so it was
4 USPS-T10-4. Then it was redirected to you.

5 A Yes.

6 Q The question was related to the large
7 increase in indemnity payments from \$1,477,000 in
8 fiscal year 2003 to \$2,214,000 in fiscal year 2004
9 which is about a 50 percent increase in indemnity
10 payments.

11 The question asked the reason for this 50
12 percent increase in payments.

13 The answer I guess is technically accurate,
14 but doesn't go to the intent of the question which was
15 that there were more claims filed in 2004 than 2003
16 and therefore the claims payments were up.

17 Maybe I inartfully drafted the question, but
18 let me ask you now, you say that in fiscal year 2003
19 there were 12,000 claims and in fiscal year 2004 there
20 were almost 22,000 claims. That's an increase of 82
21 percent.

22 Why would the claims have jumped 82 percent
23 in one year?

24 A That's a good question. You may have asked
25 me that before in a later interrogatory, but I checked

1 with the postal experts and nobody has an explanation
2 for why the claims increased from 2003 to 2004. The
3 number of claims filed.

4 Q The number of claims paid presumably went
5 way up too because the indemnity payments went from
6 \$1.4 million to \$2.2 million. So the number of valid
7 claims, it wasn't --

8 A Yeah, but it does say, actually I was
9 noticing here, it does say claims filed.

10 Q I'd asked you previously about the number
11 that were categorized as lost having increased
12 markedly from one year to another.

13 A No remittance maybe.

14 Q Maybe.

15 So now, again, we have some data here that
16 nobody has an explanation for.

17 Is it possible that the COD volumes are just
18 so small that there are data errors that make the data
19 less reliable than you would like?

20 A I would not, I'm not in a position really to
21 answer that, but I would not characterize them as
22 being too small.

23 What was exactly your --

24 Q This is the in-county problem magnified. We
25 have no remit data going from 1,000 to 10,000 in one

1 year. We have claims going up 82 percent in one year.
2 It seems to me that that's probably a matter of
3 inaccurate data rather than these perceived or
4 reported changes are actually occurring, that there's
5 a data problem with COD mail because of the small size
6 and maybe inattention to the detail that's applied to
7 other classes of mail.

8 A I would hope that isn't the case and I
9 wouldn't believe that at first blush, since it is an
10 accountable service.

11 Q But these are --

12 A These are claims filed. So was there an
13 increase in --

14 Q Claims paid went up 50 percent. In one case
15 no remits went up 500 percent. Those are the kinds of
16 changes that are aberrational, aren't they?

17 A The claims filed went up 82 percent and --

18 Q Or did it go up 82 percent or is it just bad
19 recordkeeping?

20 A I don't think there's bad recordkeeping at
21 all. I don't know what the explanation is. I checked
22 and nobody, there was no reason that anyone could
23 point to.

24 Q Thank you.

25 MR. STRAUS: I have no further questions.

1 CHAIRMAN OMAS: Thank you, Mr. Straus.

2 Is there anyone else who wishes to cross-
3 examine?

4 Ms. Dreifuss?

5 MS. DREIFUSS: Yes, Mr. Chairman. I would
6 like to follow up on one of Mr. Straus' questions.

7 CROSS-EXAMINATION BY THE OFFICE OF CONSUMER ADVOCATE

8 BY MS. DREIFUSS:

9 Q At the very beginning of Mr. Straus' cross-
10 examination he asked you how you would obtain many of
11 the answers that you provided in response to GF
12 interrogatories. These concern the payment of claims,
13 clarification of policies and so on.

14 You said that to provide these answers you
15 consulted with people at headquarters who oversee the
16 activities of the St. Louis accounting center.

17 A Right.

18 Q I'm wondering who those individuals are at
19 headquarters who oversee those activities, and with
20 whom you consulted.

21 You can give me their positions, not
22 necessarily their names.

23 A Well, I'm not quite actually sure of the job
24 title, but one of the managers I consulted with, it's
25 my understanding that the Accounting Service Center

1 reports to that manager, is under that manager. That
2 manager is headquarters in Finance. The Accounting
3 Service Center manager reports to this --

4 CHAIRMAN OMAS: Would you please provide for
5 us in writing the people that you talked to with their
6 titles, et cetera, within seven days? Thank you.

7 WITNESS BERKELEY: Oh, sure.

8 CHAIRMAN OMAS: Continue, Ms. Dreifuss.

9 MS. DREIFUSS: Thank you very much. That
10 was all I had, Mr. Chairman.

11 CHAIRMAN OMAS: Thank you.

12 Is there anyone else who wishes to cross-
13 examine the witness?

14 (No audible response)

15 CHAIRMAN OMAS: Mr. Rubin, would you like
16 some time with your witness?

17 MR. RUBIN: Yes, I would.

18 CHAIRMAN OMAS: Ten minutes? More?

19 MR. RUBIN: Fifteen.

20 CHAIRMAN OMAS: We'll come back at ten after
21 1:00.

22 (Whereupon, a recess was taken from 12:55
23 p.m. to 1:12 p.m.)

24 CHAIRMAN OMAS: Mr. Rubin?

25 MR. RUBIN: Yes.

1 REDIRECT EXAMINATION

2 BY MR. RUBIN:

3 Q Ms. Berkeley, counsel for Growing Family
4 asked about situations in which a mailer asserts that
5 the check for a COD article was never received by the
6 mailer.

7 In such situations is it possible that the
8 mailer actually did receive payment but lacked records
9 of having received it?

10 A Yes, that could be a possibility.

11 Q Given that that is a possibility, would
12 issuing a new check to the mailer mean that the mailer
13 could get paid twice?

14 A Yes.

15 MR. RUBIN: That's all I have.

16 CHAIRMAN OMAS: Is there anyone else who
17 would like to recross?

18 (No audible response)

19 CHAIRMAN OMAS: There being none, Ms.
20 Berkeley, that completes your testimony here today.
21 We appreciate your contribution to our record and you
22 are now excused.

23 WITNESS BERKELEY: Thank you.

24 CHAIRMAN OMAS: Thank you.

25 (Whereupon, the witness was excused.)

1 CHAIRMAN OMAS: Our next witness is James W.
2 Page.

3 There were no requests for oral examination
4 of Mr. Page.

5 Mr. Hollies, would you proceed to move for
6 admission of his testimony to the evidentiary record?

7 MR. HOLLIES: Thank you, Mr. Chairman.

8 The Postal Service moves that the direct
9 testimony of James W. Page on behalf of the United
10 States Postal Service identified as USPS-T-23 as
11 revised on August 14, 2006 and with respect to pages
12 27 and 33 on August 18, 2006, be admitted into
13 evidence in this proceeding.

14 I have accompanying the two copies of the
15 testimony that we are prepared to proffer to the Court
16 Reporter also two original declarations executed by
17 Witness Page indicating that his testimony, were it
18 offered orally here today, would be the same.

19 The Postal Service moves for admission of
20 the testimony of Witness Page.

21 CHAIRMAN OMAS: Is there any objection?

22 (No audible response)

23 CHAIRMAN OMAS: Hearing none, I direct
24 counsel to provide the Reporter with two copies of the
25 corrected direct testimony of James W. Page. That

1 testimony is received into evidence, however as is our
2 practice it will not be transcribed.

3 (The testimony referred to,
4 identified as USPS-T-23, was
5 received in evidence.)

6 CHAIRMAN OMAS: Mr. Hollies. Have the
7 answers to the designated written cross-examination
8 been reviewed and corrected?

9 MR. HOLLIES: Yes, Mr. Chairman, they have.
10 They are here. We have two complete copies of the
11 designated written cross-examination of Witness Page.

12 CHAIRMAN OMAS: Thank you.

13 Please provide two copies of the corrected
14 designated written cross-examination of Witness Page
15 to the Reporter.

16 That material is received into evidence and
17 is to be transcribed into the record.

18 (The cross-examination
19 referred to as USPS-T-23, was
20 received in evidence.)

21 //

22 //

23 //

24 //

25 //

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes, 2006

Docket No. R2006-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION
OF UNITED STATES POSTAL SERVICE
WITNESS JAMES W. PAGE
(USPS-T-23)

<u>Party</u>	<u>Interrogatories</u>
Douglas F. Carlson	DFC/USPS-T23-1-3, 5-9, 11-16, 18-21
Major Mailers Association	MMA/USPS-T23-1-4
Office of the Consumer Advocate	DFC/USPS-T23-1-26 OCA/USPS-T23-1-2, 4-21
Parcel Shippers Association	PSA/USPS-T37-7a-b, d, 9a redirected to T23
Postal Rate Commission	DFC/USPS-T23-6, 13, 15, 20-21 OCA/USPS-T23-2, 20-21 PostCom/USPS-T23-1-2 PSA/USPS-T37-7a-b, d redirected to T23
United Parcel Service	UPS/USPS-T23-2-3, 5a-c(i), c(ii), c(iv), 6 UPS/USPS-T37-3d redirected to T23

Party

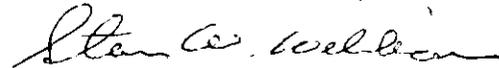
Valpak Direct Marketing Systems,
Inc. and Valpak Dealers'
Association Inc.

Interrogatories

VP/USPS-T23-1a-b, 3-5

VP/USPS-T36-10e redirected to T23

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steven W. Williams". The signature is written in a cursive style with a large initial 'S'.

Steven W. Williams
Secretary

INTERROGATORY RESPONSES OF
 UNITED STATES POSTAL SERVICE
 WITNESS JAMES W. PAGE (T-23)
 DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory

Designating Parties

DFC/USPS-T23-1	Carlson, OCA
DFC/USPS-T23-2	Carlson, OCA
DFC/USPS-T23-3	Carlson, OCA
DFC/USPS-T23-4	OCA
DFC/USPS-T23-5	Carlson, OCA
DFC/USPS-T23-6	Carlson, OCA, PRC
DFC/USPS-T23-7	Carlson, OCA
DFC/USPS-T23-8	Carlson, OCA
DFC/USPS-T23-9	Carlson, OCA
DFC/USPS-T23-10	OCA
DFC/USPS-T23-11	Carlson, OCA
DFC/USPS-T23-12	Carlson, OCA
DFC/USPS-T23-13	Carlson, OCA, PRC
DFC/USPS-T23-14	Carlson, OCA
DFC/USPS-T23-15	Carlson, OCA, PRC
DFC/USPS-T23-16	Carlson, OCA
DFC/USPS-T23-17	OCA
DFC/USPS-T23-18	Carlson, OCA
DFC/USPS-T23-19	Carlson, OCA
DFC/USPS-T23-20	Carlson, OCA, PRC
DFC/USPS-T23-21	Carlson, OCA, PRC
DFC/USPS-T23-22	OCA
DFC/USPS-T23-23	OCA
DFC/USPS-T23-24	OCA
DFC/USPS-T23-25	OCA
DFC/USPS-T23-26	OCA
MMA/USPS-T23-1	MMA
MMA/USPS-T23-2	MMA
MMA/USPS-T23-3	MMA
MMA/USPS-T23-4	MMA
OCA/USPS-T23-1	OCA
OCA/USPS-T23-2	OCA, PRC

InterrogatoryDesignating Parties

OCA/USPS-T23-4	OCA
OCA/USPS-T23-5	OCA
OCA/USPS-T23-6	OCA
OCA/USPS-T23-7	OCA
OCA/USPS-T23-8	OCA
OCA/USPS-T23-9	OCA
OCA/USPS-T23-10	OCA
OCA/USPS-T23-11	OCA
OCA/USPS-T23-12	OCA
OCA/USPS-T23-13	OCA
OCA/USPS-T23-14	OCA
OCA/USPS-T23-15	OCA
OCA/USPS-T23-16	OCA
OCA/USPS-T23-17	OCA
OCA/USPS-T23-18	OCA
OCA/USPS-T23-19	OCA
OCA/USPS-T23-20	OCA, PRC
OCA/USPS-T23-21	OCA, PRC
PostCom:USPS-T23-1	PRC
PostCom:USPS-T23-2	PRC
PSA:USPS-T37-7a redirected to T23	PRC, PSA
PSA:USPS-T37-7b redirected to T23	PRC, PSA
PSA:USPS-T37-7d redirected to T23	PRC, PSA
PSA:USPS-T37-9a redirected to T23	PSA
UPS:USPS-T23-2	UPS
UPS:USPS-T23-3	UPS
UPS:USPS-T23-5a	UPS
UPS:USPS-T23-5b	UPS
UPS:USPS-T23-5c(i)	UPS
UPS:USPS-T23-5c(ii)	UPS
UPS:USPS-T23-5c(iv)	UPS
UPS:USPS-T23-6	UPS
UPS:USPS-T37-3d redirected to T23	UPS
VP/USPS-T23-1a	Valpak
VP/USPS-T23-1b	Valpak
VP/USPS-T23-3	Valpak

Interrogatory

VP/USPS-T23-4

VP/USPS-T23-5

VP/USPS-T36-10e redirected to T23

Designating Parties

Valpak

Valpak

Valpak

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-1. Please refer to the specific line in your testimony or Excel spreadsheet cell in which the cost associated with the time for a customer to fill out a green Form 3811 return receipt is captured in the window acceptance costs for green Form 3811 return receipts.

RESPONSE:

The cost to fill out the Form 3811 is not captured, because filling out the form generally is not part of the window acceptance process. The Form 3811 usually is filled out by the customer before he goes to the window. If the customer arrives at the window without the form filled out, the clerk is supposed to ask the customer to stand aside and fill out the form, and then wait on the next customer. Once the form is filled out, the customer may return to the front of the line.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-2. Please confirm that your estimate of the window acceptance cost for electronic return receipt includes the time required for a customer to fill out a green Form 3811 return receipt. If you do not confirm, please explain with specific reference to your testimony at page 14, lines 23–26.

RESPONSE:

Not confirmed. The testimony that you reference does not state that time spent filling out the Form 3811 is included. See also my responses to interrogatories T23-1 and 3.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-3. Please refer to your testimony at page 14, line 26 and page 15, lines 1–4. Please explain how you calculated the window acceptance time for electronic return receipt.

RESPONSE:

As stated in my testimony (page 14, lines 22-26), I used the numbers from Docket No. R2005-1 (with minor simplification), because of the absence of new data on window times for electronic return receipts. See USPS-LR-L-59, Attachment 11, page 8.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-4. If a window clerk describes electronic return receipt or a green Form 3811 return receipt but the customer does not purchase any type of return receipt, with which service or transaction is this time associated or charged?

RESPONSE:

It is my understanding that the In-Office Cost System puts this time in a general inquiry bucket not directly allocated to a particular service or transaction.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-5. How many electronic return receipt transactions did you observe before you wrote your testimony?

RESPONSE:

I became responsible for the return receipt portion of my testimony shortly before we filed this rate case. While I did not observe electronic return receipt transactions before adopting the testimony, the person who prepared the study and drafted the testimony did make visits to window units. When he left the Postal Service for another job, I adopted this testimony.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-6. Please refer to your response to DFC/USPS-T23-1.

- a. Please confirm that a window clerk's act of asking a customer to stand aside and fill out a green Form 3811 return receipt takes time. If you do not confirm, please explain. If you do confirm, please identify the service to which the cost of this time is attributed.
- b. Please confirm that a window clerk may instruct a customer how to fill out a green Form 3811 return receipt. If you do not confirm, please explain. If you do confirm, please identify the service to which the cost of this time is attributed.

RESPONSE:

a. and b. Confirmed. While I used the results of the window transaction study presented in library references L-78, L-79, and L-81, I have since been informed that this study did not produce an adequate estimate of the time for a return receipt transaction. I was using an average time for several different special services that I have since been informed is not representative of the time for a return receipt transaction. Most of the transactions underlying that time were for Delivery Confirmation service. I therefore plan to file errata, in which I will go back to the acceptance times used in Docket No. R2005-1. Those acceptance times were based on a study done specifically for return receipt service for Docket No. R77-1. That study was presented in LR-B-5, which stated, at page 3, that at the originating office, "the clerk accepts and reviews the required data on Form 3811, return receipt, stamps the piece of mail 'return receipt required,' affixes the form to the piece of mail, accepts fee, and attaches postage." That is all the information I have about how different activities may have been considered as part of the return receipt window transaction. I use results from studies designed to measure transaction times at the window. These window

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-6, Page 2 of 2

transaction studies are not used to distribute (“attribute”) the pool of all window costs to individual subclasses and services, so I cannot identify the service to which any particular window activity was “attributed.”

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-7. Please confirm that, regardless of whether the customer fills out a green Form 3811 return receipt before arriving at the window or after standing aside and filling out the form, as you describe in your response to DFC/USPS-T23-1, the clerk may need to write, place, or otherwise indicate the article number on the return receipt. If you do not confirm, please explain. If you confirm, please explain, for each service for which a customer can purchase a return receipt, the various methods by which the clerk may place the article number on the return receipt, and please identify the service to which the cost of this clerk time is attributed.

RESPONSE:

Confirmed. I do not know all the ways a clerk may place the article number on the return receipt. With respect to the attribution of the cost of this clerk time, please see my response to DFC/USPS-T23-6.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-8. Please refer to your response to DFC/USPS-T23-5.

- a. How many days before the Postal Service filed Docket No. R2006-1 did you become responsible for the "return receipt portion" of your testimony?
- b. Please provide the name and title of the person who "prepared the study and drafted the testimony[.]"
- c. Please identify the testimony text related to the cost estimate for electronic return receipt that you wrote, and please identify the testimony text related to the cost estimate for electronic return receipt that the person who "prepared the study" wrote.
- d. How many post offices did the person who "prepared the study" visit before estimating the cost of electronic return receipts? Please provide the source for your response.
- e. How many transactions did the person who "prepared the study" observe before estimating the cost of electronic return receipts? Please provide the source for your response.
- f. Please describe the contents of the typical discussion that the person who "prepared the study" observed between the window clerk and the customer. Please provide the source for your response.
- g. Please provide the raw data that the person who "prepared the study" used to estimate the window-acceptance time associated with electronic return receipt

RESPONSE:

- a. 3 to 6 weeks. However, I had worked with the cost analyst during this and the previous docket as he prepared his workpapers and testimony.
- b. The person who initially prepared this testimony was an Economist in Special Studies. He is no longer employed by the Postal Service.
- c. As the witness for my testimony (USPS-T-23), I am responsible for the entire text, which I reviewed and adopted. Please refer to my response to part (a) above.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-8, Page 2 of 2

d. I do not know. It is standard practice for cost analysts in Special Studies to visit field offices to observe postal practices and familiarize themselves with postal products, but I do not know how many visits this particular analyst may have made. I, however, adopted this testimony, and I have been employed by the Postal Service in various capacities and in several types of facilities for 42 years.

e. I do not know. Please refer to the response to part (d) above. It is worth noting that the cost study in question represents an update of previous work presented in various forms since Docket No. R2000-1, and most recently updated and presented in Docket No. R2005-1.

f. I am not aware of the contents of the typical discussion. Please refer to my responses to parts (d) and (e) above.

g. No raw data were used by me in estimating the window acceptance time associated with electronic return receipt for this rate case, since I used the numbers from Docket No. R2005-1. See my responses to DFC/USPS-T23-3, DFC/USPS-T23-6, and to part (e) above.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-9. Please refer to USPS-LR-L-59. Please explain why a printing cost is associated with electronic return receipt.

RESPONSE:

A form 3811-I is an informational handout provided to customers at IRT stations about how to go to the postal website to sign up to receive the electronic return receipt. See witness Berkeley's response to DFC/USPS-T39-20.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-10. Please refer to USPS-LR-L-59. Please explain what duplicate requests are, why they arise, and how they are processed.

RESPONSE:

Duplicate requests are when a customer wishes to get an additional delivery record. A form 3811-A is filled out, and for an electronic return receipt the delivery record is emailed back.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-11. *Please confirm that, regardless of whether the customer fills out a green Form 3811 return receipt before arriving at the window or after standing aside and filling out the form, as you describe in your response to DFC/USPS-T23-1, the clerk may need to remove the backing strips from the adhesive and affix the return receipt to the item being mailed. If you do not confirm, please explain. If you confirm, please identify the service to which the cost of this clerk time is attributed.*

RESPONSE:

Please refer to the response to DFC/USPS-T23-6.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-12. To which service is the time associated with the clerk selecting the return-receipt option on the retail terminal attributed?

RESPONSE:

Please refer to the response to DFC/USPS-T23-6.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-13. Please refer to your response to DFC/USPS-T23-6. Please provide a copy of the portion of "LR-B-5" that pertains to cost estimates for return receipt on which you rely or plan to rely in Docket No. R2006-1.

RESPONSE:

A copy of the entire LR-B-5 is attached. The most relevant pages pertaining to the window acceptance times on which I rely or plan to rely are pages 5, 10, and 14 of the attachment.

COST STUDY OF
RETURN RECEIPTS
AND
RETURN RECEIPTS AFTER MAILING

Prepared by:
Finance Department
Review & Evaluation Division
Cost/Benefit Evaluation Branch

Attachment to Response to DFC/USPS-T23-13
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RETURN RECEIPTS AFTER MAILING	

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1. Return Receipt - 25¢ Fee - Summary of Attributable Unit Cost
2. Return Receipt - 25¢ Fee - Window Acceptance Cost
3. Return Receipt - 25¢ Fee - Carrier/Driver Street/Office Cost
4. Return Receipt - 25¢ Fee - Clerical Cost
5. Return Receipt - 45¢ Fee - Summary of Attributable Unit Cost
6. Return Receipt - 45¢ Fee - Window Acceptance Cost
7. Return Receipt - 45¢ Fee - Carrier/Driver Street/Office Cost
8. Return Receipt - 45¢ Fee - Clerical Costs
9. Return Receipt After Mailing - 45¢ Fee - Summary of Attributable Unit Cost
10. Return Receipt After Mailing - 45¢ Fee - Window Acceptance Cost
11. Return Receipt After Mailing - 45¢ Fee - Clerk Search and Reviewing Cost.

APPENDIX

1. Study Instructions

I. PURPOSE

This study was initiated to determine those attributable costs incurred by the U. S. Postal Service in providing return receipts ^{1/} service "at time of mailing" and "after mailing."

The sender may request a return receipt, Form 3811, at the time of mailing or request a return receipt, Form 3811-A, after mailing. Form 3811 shows to whom and date delivered or to whom, date delivered and address of delivery.

Form 3811-A is used "after mailing" or in the event the sender has not received the Form 3811 he has paid for, he may, within one year of mailing, request a duplicate if he can produce a receipt for such payment. The duplicate provides the name of the person who signed for the article and date of delivery. No charge is made to the customer for this duplicate.

II. STUDY SCOPE AND METHODOLOGY

The study effort was directed toward identifying and measuring attributable labor costs and other costs associated with the return receipt program. Work elements measured in the study include:

1. Acceptance of return receipts at all service windows.
2. Delivery of return receipts at all delivery points, ie., carrier/motorized routes, box sections, etc. for purpose of obtaining customer's signature, date of delivery and address of delivery (if requested).
3. Review of return receipts by clearing clerk after data in item 2 above is obtained.
4. Search and review of postal records to ascertain delivery information requested by a customer and transcribing data onto the applicable forms.

Study data was obtained from 26 post offices in the five regions. The test period began August 7 and ended August 20, 1976.

III. STUDY RESULTS

On a per-transaction basis, the study results indicate:

^{1/} Applicable to registered, insured mail, certified and C.O.D.s.

- the nationwide average cost for return receipts "at time of mailing" to whom and date delivered is estimated at \$.289 (Table I).
- the nationwide average cost for return receipts "at time of mailing" to whom, date delivered and address of delivery is estimated at \$.368 (Table V).
- the nationwide average cost for return receipts - "after mailing" (excluding duplicates) is estimated at \$2.009 (Table IX).

IV. STUDY FACTS

A. Return Receipts "At Time of Mailing" - To Whom and Date Delivered

In providing regular service for return receipts, percentage of cost to the program is as follows:

Window Acceptance	26.7%	
Carrier/Driver Delivery and Window Service	42.3%	
Clerk Review of Return Receipts	8.3%	
Carrier Waiting Time for Review of Return Receipts	8.0%	
Printing Cost	1.0%	
Cost of Returning Receipts Through Mailstream	10.0%	
Additional Cost of Handling Duplicate Requests:		
Window Acceptance	1.0%	
Review & Search	2.4%	
Forwarding and Returning Receipts Through Mailstream	<u>0.3%</u>	<u>3.7%</u>
		100.0%

- 3 -

Each of the above work functions is described and measured in the following:

1. Window Transactions

At the originating post office the clerk accepts and reviews the required data on Form 3811, return receipt, stamps the piece of mail "return receipt required" affixes the form to the piece of mail, accepts fee and attaches postage.

At the destination post office, the clerk reviews Form 3811, obtains the signature of the addressee or his authorized agent, enters date delivered and removes the form from the piece of mail to be returned to the sender.

2. Carrier/Driver Delivery

The carrier/driver, upon delivery, reviews the return receipt, obtains the signature of the addressee or his authorized agent, enters the date delivered and removes the form from the piece of mail. The carrier/driver returns the Form 3811 to a clearing clerk and waits until it is reviewed to ascertain all data is completed. The carrier/driver waiting time is chargeable to the return receipt program.

3. Clerk Review Time of Return Receipt

Before entering the receipts in the mailstream to be returned to the sender, the clearing clerk will review the carrier/driver return receipts for completeness, make any necessary corrections, stamp postmark and enter his initials.

4. Cost of Handling a Duplicate Request

Section 165.23 of the Postal Manual permits a mailer, after a reasonable period of time, to request a duplicate if he did not receive a paid return receipt. Although no charge is made to the customer for this service, this study has identified those processing costs associated with a duplicate.

The window clerk accepts and reviews Form 3811-A, return receipt-duplicate, with the customer, accepts the fee, attaches proper postage to the receipt and forwards the form to the destination post office.

- 4 -

At the destination post office, the receipt is given to a clerk who is authorized to review postal records. A search and review is made of the records of delivery for date of delivery and name of individual who signed for the article. The clerk will enter the name, date of delivery, stamp post-mark, initial receipt, cross off destination's office address and re-enter the receipt into the mailstream.

If a signed receipt is not found for certified mail, Form 1572, Inquiry About Receipt of Mail, is forwarded to the addressee for a reply. Test results portray the total cost of handling duplicate requests represents only 3.7% of the total attributable unit cost.

5. Selection of Post Offices

Because of the small volume of return receipt transactions, 75.5 million annually ^{1/}, offices to be tested were not randomly selected. Instead, using a judgement selection, offices were selected from the Cost Ascertainment Probability Sample, Table 4, Mail Category, using A/P's 3 and 6, FY-76, where sufficient transactions have been recorded.

It is our concerted opinion the test data submitted from the CAG A, B and C post offices participating in the study is adequate to develop a time estimate. The two-week test volume represents 6.8% of the total volumes of return receipt transactions for a two-week period.

B. Return Receipts "At Time of Mailing" - To Whom, Date and Address of Delivery

In this service, the percentage of cost to the program is as follows:

^{1/} Special Services Revenue and Transactions, FY-1975.

- 5 -

Window Acceptance	16.3%	
Carrier/Driver Delivery & Window Service	46.0%	
Clerk Review of Return Receipt	13.6%	
Carrier Waiting Time for Review of Return Receipt	13.3%	
Printing Cost	0.8%	
Cost of Returning Receipt Thru Mailstream	7.9%	
Add'l Cost of Handling Duplicate Requests:		
Window Acceptance	0.5%	
Review and Search	<u>1.6%</u>	<u>2.1%</u>
Forwarding and Returning Receipts Through Mailstream	
TOTAL PERCENT		100.0%

The reader should be cognizant that the procedures for this type of return receipt is identical to that outlined in Section A above, except it has the added feature of an address of delivery.

The increase in cost occurs with the carrier/driver or window clerk obtaining the address of delivery from the customer and the clearing clerk reviewing the address of delivery for completeness.

V. DESCRIPTION OF OTHER RETURN RECEIPT SERVICE - AFTER MAILING

As previously mentioned, Form 3811-A provides for information for a duplicate. Form 3811-A also provides a service of obtaining the name of the person who signed for the article and date delivered after an accountable piece of mail (registered, certified, C.O.D. or insured over \$15.00) has entered the mailstream at the originating post office.

- 6 -

The clerk at the originating post office accepts and reviews Form 3811-A with the customer, accepts a fee, attaches postage and enters the receipt into the mailstream for the destinating post office. The destination clerk reviews the postal records to determine to whom delivery was made, date of delivery. Test results show this search and review time averages approximately six minutes a search and accounts for 57.0% of the total attributable unit cost (Table IX).

If a signed receipt is not found for certified mail during the search time, a Form 1572-Inquiry About Receipt of Mail is prepared for the addressee. The delivery information contained on Form 1572 is used to complete Form 3811-A. The completed 1572 is then filed with Form 3849 as a receipt. The total effort involving preparation of data, locating the appropriate 3811-A, transferring data onto another form and filing accounts for approximately 21% of the total attributable unit cost (Table IX).

RETURN RECEIPTS - 25c FEE
SUMMARIZED ATTRIBUTABLE UNIT COST

TABLE -

<u>FUNCTION</u>	<u>Nationwide</u>		<u>Unit Cost</u>	<u>% Of Total Cost</u>
	<u>Volume</u>	<u>Total Cost</u>		
1. Window Acceptance	71,554	\$ 5,513	\$.077	26.7%
2. Carrier/Driver Delivery and Call Window/Box Section Delivery	198,761	\$ 24,181	\$.122	42.3%
3. Clerk Review of Return Receipt	198,761	\$ 4,718	\$.024	8.3%
4. Carrier Waiting Time for Review of Return Receipts	198,761	\$ 4,591	\$.023	8.0%
5. Printing Cost	198,761	\$ 597	\$.003	1.0%
6. Cost of Returning Receipts Through Mailstream	198,761	\$ 5,803	\$.029	10.0%
7. Additional Cost of Handling Duplicate Requests				
7A. Window Acceptance	198,761	\$ 630	\$.003	1.0%
7B. Review and Search	198,761	\$ 1,423	\$.007	2.4%
7C. Cost of Forwarding & Returning Receipts Through Mailstream	198,761	\$ 110	\$.001	0.3%
7D. Printing Cost
TOTAL ATTRIBUTABLE UNIT COST			<u><u>\$.289</u></u>	<u><u>100.0%</u></u>

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TABLE II

<u>RETURN RECEIPTS - 25¢ FEE</u>		
<u>WINDOW ACCEPTANCE COST</u>		
<u>FUNCTION</u>		<u>TOTAL COST</u>
1. Number of Forms Accepted - Clerk Completing Form 3811		71,554
Time Per Acceptance		.4142
Total Time		29,640.62
Total Cost - \$.186/Min.		\$ 5,513
Average Cost Per Return Receipt		\$.077

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TABLE III

RETURN RECEIPT - 25c FEE
CARRIER/DRIVER STREET/OFFICE COST

<u>FUNCTION</u>	<u>TOTAL COST</u>
2. <u>Street</u>	
Volume of Return Receipts	77,690
Total Time	65,175.35
Total Cost - \$.181/Min.	\$11,797
2. <u>Office</u>	
Volume of Return Receipts	40,879
Total Time	31,305.02
Total Cost - \$.181/Min.	\$ 5,666
TOTAL VOLUME OF RETURN RECEIPTS	118,569
TOTAL COST	\$17,463
3. <u>Clerk Review of Return Receipts</u>	
Volume	118,569
Total Time	25,365.14
Total Cost - \$.186/Min.	\$4,718
4. <u>Carrier Waiting Time For Review of Return Receipt</u>	
Volume	118,569
Total Time	25,365.14
Total Cost - \$.181/Min.	\$4,591
5. <u>Printing Cost</u>	
\$.003 Per Receipt <u>1</u> /	\$355

1/ Government Printing Office

RETURN RECEIPTS - 25c FEE
CLERICAL COST

<u>FUNCTION</u>	<u>TOTAL COST</u>
<u>2. Window Service</u>	
Volume and Return Receipts at Box Sections and Call Windows	80,192
Total Time	36,120.12
Total Cost - \$.186	\$ 6,718
<u>5. Printing Cost</u>	
\$.003 Per Receipt <u>3/</u>	\$ 242
<u>6. Cost of Returning Receipt Through Mailstream</u>	
Volume	198,761
Total Cost - \$.0292 Each <u>2/</u>	\$5,803
<u>7. Cost of Handling Duplicate Requests</u>	
<u>7A. Window Acceptance</u>	
Volume <u>1/</u>	1,887
Total Time	3,388.85
Total Cost - \$.186/Min.	\$ 630
<u>7B. Review and Search</u>	
Volume <u>1/</u>	1,887
Total Time	7,650.65
Total Cost - \$.186/Min.	\$ 1,423
<u>7C. Cost of Forwarding & Returning Receipt</u>	
Volume <u>1/</u>	1,877
Total Cost - \$.0584 Each <u>2/</u>	\$ 110

1/ Non-Add Volume.2/ RCA Annual Report FY-75 & Review and Evaluation Projection for FY-78.3/ Government Printing Office.

TABLE V

FUNCTION	NATIONWIDE		UNIT COST	% Of TOTAL COST
	APPROX.	TOTAL COST		
1. Window Acceptance	9,870	\$ 595	\$.060	16.3%
2. Carrier/Driver and Call Window/ Box Section Delivery	16,816	\$2,836	\$.169	46.0%
3. Clerk Review of Return Receipts	16,816	\$ 846	\$.050	13.6%
4. Carrier Waiting Time for Review of Return Receipts	16,816	\$ 823	\$.049	13.3%
5. Print Cost	16,816	\$ 50	\$.003	0.8%
6. Cost of Returning Receipts Through Mailstream	16,816	\$ 491	\$.029	7.9%
7. Additional Cost of Handling Duplicate Requests				
7.A. Window Acceptance	16,816	\$ 38	\$.002	0.5%
7.B. Review and Search	16,816	\$ 97	\$.006	1.6%
7.C. Cost of Forwarding & Returning Receipts Through Mailstream	16,816	\$ 8	---	---
7.D. Printing Cost	---	---	---	---
TOTAL ATTRIBUTABLE UNIT COST			<u>\$.368</u>	<u>100.0%</u>

TABLE VI

RETURN RECEIPTS - 45¢ FEE
WINDOW ACCEPTANCE COST

<u>FUNCTION</u>	<u>TOTAL COST</u>
1. Number of Forms Accepted-Clerk Completing Forms 3811	9,870
Time Per Acceptance	.3235
Total Time	3,192.75
Total Cost - \$.186/Min.	\$ 595

RETURN RECEIPT - 25¢ FEE
CARRIER/DRIVER STREET/OFFICE COST

TABLE VII

<u>FUNCTION</u>	<u>TOTAL COST</u>
2. <u>Street</u>	
Volume of Return Receipt	8,572
Total Time	8,072.63
Total Cost - \$.181/Min.	\$ 1,461
2. <u>Office</u>	
Volume of Return Receipts	4,587
Total Time	5,151.55
Total Cost - \$.181/Min.	\$ 932
TOTAL VOLUME OF RETURN RECEIPTS	13,159
TOTAL COST	\$ 2,393
3. <u>Clerk Review of Return Receipt</u>	
Volume	13,159
Total Time	4,549.07
Total Cost - \$.186/Min.	\$ 846
4. <u>Carrier Waiting Time For Review Of Return Receipt</u>	
Volume	13,159
Total Time	4,549.07
Total Cost - \$.181/Min.	\$ 823
5. <u>Printing Cost</u>	
\$.003 Per Receipt <u>1/</u>	\$ 39

1/ Government Printing Office

Attachment to Response to DFC/USPS-T23-13
Page 16 of 19

RETURN RECEIPTS - 45¢ FEE
CLERICAL COSTS

TABLE VIII

<u>FUNCTION</u>	<u>TOTAL COST</u>
<u>2. Window Service</u>	
Volume of Return Receipts at Box Sections and Call Windows	3,657
Total Time	2,378.67
Total Cost - \$.186/Min.	\$ 443
<u>5. Printing Cost</u>	
\$.003 Per Receipt <u>3/</u>	\$ 11
<u>6. Cost of Returning Receipt Through Mailstream</u>	
Volume	16,816
Total Cost - \$.0292/Each <u>2/</u>	\$ 491
<u>Cost of Handling Duplicate Requests</u>	
<u>A. Window Acceptance</u>	
Volume <u>1/</u>	129
Total Time	202.47
Total Cost - \$.186/Min.	\$ 38
<u>7B. Review and Search</u>	
Volume <u>1/</u>	129
Total Time	523.10
Total Cost - \$.186/Min.	\$ 97
<u>7C. Cost of Forwarding & Returning Receipts</u>	
Volume <u>1/</u>	129
Total Cost - \$.0584/Each <u>2/</u>	\$ 8

1/ Non-Add Volume.

2/ RCA Annual Report FY-75 and Review and Evaluation Division Projection For FY-78.

3/ Government Printing Office.

Attachment to Response to DFC/USPS-T23-13

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TABLE IX

RETURN RECEIPT AFTER MAILING - 45c FEE
SUMMARY OF ATTRIBUTABLE UNIT COST

<u>FUNCTION</u>	<u>NATIONWIDE</u>		<u>UNIT</u> <u>COST</u>	<u>% OF</u> <u>TOTAL COST</u>
	<u>VOLUME</u>	<u>TOTAL COST</u>		
1. Window Acceptance Cost	1,260	\$ 480	\$.381	19.0%
2. Search and Review Time	1,260	\$1,436	\$1.140	56.7%
3. Preparation and Review of Forms 1572 - Inquiry About Receipt Of Mail	1,260	\$ 537	\$.426	21.2%
4. Printing Cost	1,260	\$ 5	\$.004	0.2%
5. Cost of Forwarding/Returning Receipt Through Mailstream	1,260	\$ 73	\$.058	2.9%
<u>TOTAL UNIT COST</u>			<u>\$2.009</u>	<u>100.0%</u>

RETURN RECEIPT AFTER MAILING - 45¢ FEE
WINDOW ACCEPTANCE COST

TABLE X

<u>FUNCTION</u>	<u>TOTAL COSTS</u>
1. Volume of Return Receipts Accepted After Mailing	1,260
Total Acceptance Time	2,580.06
Total Cost - \$.186/Min.	\$ 480

Attachment to Response to DFC/USPS-T23-13
Page 19 of 19

RETURN RECEIPT AFTER MAILING - 45¢ FEE
CLERK SEARCH & REVIEWING COST

TABLE XI

<u>FUNCTION</u>	<u>TOTAL COST</u>
<u>2. Search and Review Time</u>	
Volume of Return Receipts After Mailing	1,260
Total Search and Review Time	7,717.71
Total Cost - \$.186/Min.	\$ 1,436.00
<u>3. Preparation & Review of Form 1572</u>	
Volume Form 1572s, Inquiry About Receipt of Mail <u>1/</u>	296
Total Time	2,885.00
Total Cost - \$.186/Min.	\$ 537
<u>4. Printing Cost Per Receipt @ \$.0041 Ea. <u>2/</u></u>	\$ 5
<u>5. Cost of Forwarding/Returning Receipt Through Mailstream @ \$.0584 Ea. <u>3/</u></u>	\$ 73

1/ H. R. 1115 Volume.

2/ Government Printing Office

3/ HCA Annual Report FY-76 and R&ED Projection for FY-78.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

- DFC/USPS-T23-14.** Please refer to your response to DFC/USPS-T23-8(e).
- a. Please confirm that the cost study on which you rely for estimating the window-acceptance costs of electronic return receipt is a study that was updated in Docket No. R2005-1. If you do not confirm, please explain.
 - b. Please confirm that the cost study in Docket No. R2005-1 was based on observations of the window-acceptance time for green Form 3811 electronic return receipts, not electronic return receipts. If you do not confirm, please explain.
 - c. Please provide data from a Postal Service data system that shows the number of electronic return-receipt transactions that occurred at each postal facility that the person who conducted the cost study on electronic return receipt visited during the times — or, if times are not available, the days — when he/she visited those facilities. Your response should include separate data for each facility. Please either identify each facility by name and ZIP Code or provide the Postal Service district in which the facility is located.

RESPONSE:

- a. Confirmed, but the window acceptance times were not updated.
- b. Confirmed, assuming you meant to refer to green card Form 3811 return receipts
- c. The data are not available.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-15. Please refer to your response to DFC/USPS-T23-8(g), where you state that you did not use raw data for estimating window acceptance time associated with electronic return receipt. Please explain precisely how the time estimate of 0.414 minutes for window acceptance of an electronic return receipt was derived. For example, if the time is equal to the time for a green Form 3811 return receipt plus an additional amount of time for an electronic return-receipt transaction, your response should include this explanation.

RESPONSE:

The 0.414 minutes is the transaction time developed in the 1977 study for the green card, with no adjustments. See the attachment to DFC/USPS-T23-13, page 10.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-16. Please refer to your testimony at page 14, lines 22–26 and page 15, lines 1–4. Please explain precisely how the “transaction time greater than that used for traditional return receipts” was derived and whether any cost study underlying this “greater” transaction time was conducted for this docket or a prior docket.

RESPONSE:

See my responses to DFC/USPS-T23-3 and 15.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-17. Please provide a copy of Form 3811-A and Form 3811-I.

RESPONSE:

A copy of Form 3811-A is attached. A copy of Form 3811-I was included in witness Berkeley's response to DFC/USPS-T39-20.

Request for Delivery Information/Return Receipt After Mailing

INSTRUCTIONS FOR USE:

Accepting Office

1 *Internal Use Only.* Help the customer complete Section 2 of this form and carefully compare it to the customer's receipt.

Complete the shaded portions in Section 1.

2. Collect fees if required.

3. Select ONE of the following two options:

A. If the item was mailed to an office using electronic record management (all offices in the U.S., including Alaska, Puerto Rico, and the Virgin Islands), choose one of the following two options:

If your office has Intranet access, use the Intranet to generate the request via fax, mail, or e-mail.

If your office does not have Intranet access, send this entire form, with Sections 1 and 2 completed, to a designated inquiry location.

If electronic record is found, request the record electronically and discard this form. If the electronic record is not found, manually complete Section 3 and mail to the customer.

B. If the item was mailed to an office using manual record management (refer to POM Part 619 for full listing), send this entire form, with Sections 1 and 2 completed, to the delivery office.

Delivery Office - Use Only for Manually Filed Delivery Record Inquiries (3B checked above)

1. If the fee is not attached or the form is not postmarked to show that the fee was paid at the time of the mailing, return this form to the accepting office.

2. Complete the items in Section 3 below. Enter the delivery information or indicate the reason for no information.

3. After completion, detach and insert the bottom portion of this document in an envelope addressed to the requestor and deposit it in the mailstream. Discard the remaining portion.

Accepting Office Postmark if Return Receipt fee was paid at time of mailing	<input type="checkbox"/> Return Receipt fee WAS paid at time of mailing. (Customer has provided receipt. Postmark where indicated at left.) <input type="checkbox"/> Return Receipt fee WAS NOT paid at time of mailing. (Attach fee below.)
Attach fee here if applicable	

Delivery Office Manual Inquiries: Detach at dotted line, and return bottom portion to customer when inquiry is resolved. Discard remainder of form. Electronic Inquiries: Generate request from Intranet and discard the entire form if record is found.

Section 1
Section 2

A. TYPE OF SERVICE	C. ARTICLE INFORMATION
<input type="checkbox"/> First-Class Mail® <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Registered Mail™ with Signature Confirmation® <input type="checkbox"/> Registered Mail™ with Restricted Access SM <input type="checkbox"/> Registered Mail™ with Return Receipt for Merchandise SM <input type="checkbox"/> Registered Mail™ with Signature Confirmation® and Return Receipt for Merchandise SM	Article Number Mailing Date (mm/dd/yyyy)
B. ARTICLE ADDRESSED TO	D. REQUESTOR
Article Name Article Address Article City, State, ZIP Code	Requestor Name Requestor Address (No. street apt./ste. no.) (City, state, ZIP Code) Fax Number (include area code) or email address (Complete ONLY if an electronic inquiry)

For Delivery Office Use Only	Delivered to the following individual, company or organization	Delivery Office Postmark
Postal Service records show no delivery information because <input type="checkbox"/> Record not found <input type="checkbox"/> Forwarded (date) _____ <input type="checkbox"/> Returned (date) _____	Delivery Date Delivery Address (if different from address in section 2B)	

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-18. Please explain precisely how the time estimate of 0.307 minutes for window acceptance of a return receipt was derived.

RESPONSE:

Please see my response to DFC/USPS-T23-6.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-19. Please refer to the response to DFC/USPS-T39-14.

- a. Do return receipts that are not accepted at a retail window incur any window-acceptance costs? If yes, please explain.
- b. Please confirm that the time estimate of 0.307 minutes for window acceptance of a return receipt is a weighted-average that considers the substantial percentage of return receipts that are not accepted at a retail window. If you do not confirm, please explain.
- c. Please provide the time estimate for window acceptance of a return receipt that actually is accepted at the retail window.

RESPONSE:

- a. No, although there might be some acceptance costs for such return receipts.
- b-c. With respect to the 0.307 minutes time, please see my response to DFC/USPS-T23-6. The only time estimates I have for window acceptance of a return receipt are from LR-B-5, and the only information I have from LR-B-5 is the attachment to DFC/USPS-T23-13. The methodology I used to develop window costs for return receipts is the same as has been used since Docket No. R77-1, and has been adopted by the Commission to establish the basis for return receipt fees in each rate case.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-20. Please refer to your testimony at page 14, lines 22–26 and page 15, lines 1–4 and to your response to DFC/USPS-T23-16.

- a. Please provide the transaction time for window acceptance of green Form 3811 return receipts.
- b. Please provide the transaction time for window acceptance of electronic return receipts.

RESPONSE:

- a. The window transaction times I use for form 3811 are .414 minutes (Return Receipt - Whom and Date Delivered) and .324 minutes (Return Receipt - Whom, Where, and Date Delivered).
- b. The window transaction time I use for Electronic Return Receipt is .414 minutes.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-21. Please refer to your response to DFC/USPS-T23-14(c).

- a. Please explain why the data are not available.
- b. Please provide the number of postal facilities that the person who conducted the study on window acceptance times on electronic return receipt visited and how many hours the person spent observing transactions at each facility.

RESPONSE:

- a. A window transaction cost study for electronic return receipt has not been conducted, to the best of my knowledge.
- b. The transaction study I rely on for the electronic return receipt proxy was conducted for Docket No. R77. The only information I have from that study is in the attachment to my response to DFC/USPS-T23-13, which states on page 3 that data were obtained from 26 post offices during a two-week period

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-22. When will you file the errata described in your response to DFC/USPS-T23-6?

RESPONSE:

These errata will be filed by August 11, 2006.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-23. Please identify all numbers and words in USPS-LR-L-59 on which you do not plan to rely, and please provide the correct numbers and words.

RESPONSE:

Please see the errata to LR-L-59, to be filed by August 11, 2006. Basically, the only changes are to the window transaction times. In Workbook "Return Receipt", Tab RR-1, cell H10 changes from 0.307 to 0.414, and Tab RR-2, cell H10 changes from 0.307 to 0.324. These changes affect other cells on those tabs, as well as the results in Tab RR-Avg.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-24. Please refer to your response to DFC/USPS-T23-21 and to DFC/USPS-T23-5. Please describe the extent, if any, to which visits to postal retail facilities by the person who prepared the study and drafted your testimony to observe window acceptance of transactions involving electronic return receipt informed the study or testimony or provided a foundation for the claims made in your testimony.

RESPONSE:

Those visits may have informed my predecessor's decision to use the proxy for electronic return receipt window transaction time that I continue to use, but I do not know how much.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-25. Please refer to your response to DFC/USPS-T23-5, where you refer to a study. Are you still relying on the study that the person who drafted your testimony performed?

RESPONSE:

Yes, to the extent that I continue to use the same proxy for the electronic return receipt window transaction time as when the study was transferred to me.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T23-26. Please explain whether revisions to any of your responses to my interrogatories are necessary given that you are filing revisions to your testimony and library reference.

RESPONSE:

None of my responses needs revisions.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE MAJOR MAILERS ASSOCIATION

4708

MMA/USPS-T23-1

Please refer to Table 14A on page 28 of your direct testimony where you provide the associated test year costs for the Postal Service to provide Confirm Service.

- A. Please explain precisely how the \$460,000 cost for field support varies based on the number of scans provided by the Postal Service to Confirm Service users. Please provide all documents, including special studies that discuss the extent to which field support costs vary with an increase or reduction in the number of scans performed.
- B. Please explain precisely how the \$22,000 cost for promotional activities varies based on the number of scans provided by the Postal Service to Confirm Service users. Please provide all documents, including special studies that discuss the extent to which the costs of promotional activities vary with an increase or reduction in the number of scans performed.

RESPONSE:

- A. The field support cost of \$460,000 is for the help desk. This help desk would not exist if it were not for Confirm. I do not get into the level of variability, nor do I have any studies to determine variability. My objective was to determine the costs for Confirm, not to determine which of the costs are variable and which are not.
- B. I combined costs for printing, travel, and meetings and conferences, for a total of \$54,000. The \$22,000 is for travel, which I was told is classified as a variable cost in our cost systems. As I stated above, I do not get into the level of variability nor do I have any variability studies.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE MAJOR MAILERS ASSOCIATION

4709

MMA/USPS-T23-2

Please refer to Table 14C on page 29 of your testimony where you provide the test year unit cost analysis for Confirm Service.

- A. Please provide the source for the number 200 total subscribers.
- B. Please explain why you use 200 total Confirm subscribers and USPS witness Mitchum uses 180 total Confirm subscribers for the base year and test year. See USPS-T-40, WP-4.
- C. Please confirm that the unit volume variable cost of \$2,410 is not the cost associated with the number of scans or units but the cost associated with the number of users. If you cannot confirm, please explain.

RESPONSE:

- A. My source was the Confirm product manager.
- B. See my response to OCA/USPS-T23-2
- C. Not confirmed. The \$2,410 cost is the unit subscriber cost calculated by dividing the total volume variable costs by the 200 subscribers.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE MAJOR MAILERS ASSOCIATION

4710

MMA/USPS-T23-3

On page 29 of your direct testimony, you indicate that you verified which Confirm Service costs were variable and which were fixed with "Cost Attribution." Please explain what "Cost Attribution" is and how you were able to verify that you classified correctly which types of costs were variable and which were fixed. Please provide copies of all written communications you exchanged with Cost Attribution and all notes of conversations you had with Cost Attribution personnel.

RESPONSE:

Cost Attribution is the unit within the Finance Department that produces the CRA and determines whether costs are variable or fixed. There was no written communication. I asked personnel within Cost Attribution, and was told which of the costs I had would be considered variable.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE MAJOR MAILERS ASSOCIATION

4711

MMA/USPS-T23-4

Please refer to Library Reference USPS-LR-L-59, attachment 17 where you provide historical and projected costs for Confirm Service.

- A. For accounts 52359 (Professional and other Miscellaneous Service) and 51401 (Travel Other Than Training), which you determined are volume variable, what are the associated number of scans per year for FY 2000 through FY 2005? Please also provide the source for your answer.
- B. For accounts 52359 (Professional and other Miscellaneous Service) and 51401 (Travel Other Than Training), which you determined are volume variable, what are the associated number of scans per year that you project for FY 2006 through FY 2008? Please also provide the source for your answer.
- C. For accounts 52359 (Professional and other Miscellaneous Service) and 51401 (Travel Other Than Training), which you determined are volume variable, what are the associated number of subscribers per year for FY 2000 through FY 2005? Please also provide the source for your answer.
- D. For accounts 52359 (Professional and other Miscellaneous Service) and 51401 (Travel Other Than Training), which you determined are volume variable, what are the associated number of subscribers per year that you project for FY 2006 through FY 2008? Please also provide the source for your answer.

RESPONSE:

A-D The costs reported in accounts 52359 and 51401 for the years 2000 through 2005 for Confirm service are actual, not estimated costs. I did not distribute the costs to those account numbers; those were the actual costs incurred by Confirm service within those accounts. As such, it was not necessary for me to refer to either the number of scans or the number of subscribers in Confirm service in order to estimate the costs of Confirm service that were incurred for those accounts. I identified the Confirm costs in accounts 52359 and 51401 as volume variable because costs in those accounts are categorized as volume variable in the development of the CRA, and I was being

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE MAJOR MAILERS ASSOCIATION

4712

MMA/USPS-T23-4, Page 2 of 2

consistent with that methodology. My projections of the costs associated with Confirm service were based on the funding expected by the Confirm project based on project system changes and customer and volume expectations.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T23-1. Please confirm that on Table 14C of your testimony, the volume variable cost should be \$482,000 rather than \$482, and total incremental costs should be \$1,189,000 rather than \$1,189. If you do not confirm, please explain.

RESPONSE:

Confirmed.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T23-2. This interrogatory seeks to clarify the number of Confirm subscribers estimated for the test year after rates. Please refer to Table 14C of your testimony. Please reconcile your test year after rates total number of subscribers of 200 with the test year after rates total number of subscribers of 180 estimated by witness Drew Mitchum (USPS-T-40), as shown in LR-L-124, spreadsheet tab "WP-4 Confirm."

RESPONSE:

The test year number of subscribers that I was provided was 200, which was prior to completion of the FY 2005 Billing Determinants. Due to an oversight I was not provided with the final numbers used by witness Mitchum. These numbers do not affect my cost results.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T23-4. This interrogatory seeks information about the development of costs for Confirm service. Please refer to LR-L-59, and the Excel file "Confirm.xls."

- a. Please show the development of the cost figures in column FY 2006 (the base year), and explain the relationship between the cost figures in column FY 2006 and the cost figures in the "ACTUAL COST" columns, FY 1999 to FY 2005.
- b. Please show the development of the cost figures in column FY 2007, and explain the relationship between the cost figures in column FY 2007 and the cost figures in column FY 2006.
- c. Please show the development of the cost figures in column FY 2008 (the test year after rates), and explain the relationship between the cost figures in column FY 2008 (the test year after rates) and the cost figures in columns FY 2006 and FY 2007.

RESPONSE:

- a. FY 2005 is the base Year. FY 1999 thru FY 2005 is the actual money spent on Confirm. The years FY 2006 thru FY 2008 are budget projections.

- b-c The numbers in the columns for FY 2006, FY 2007, and FY 2008 are all budget projections. These are educated estimates from the project manager about what is planned to happen. These numbers are used to estimate future postal costs.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T23-5. This interrogatory requests information on the costs of Confirm service. Please refer to Table 14A: "Confirm Cost Analysis Summary (\$000)" of your testimony, and the spreadsheet "Confirm.xls" in USPS-LR-L-59 (Attachment 17, Page 1 of 1).

- a. Please provide a table that shows a crosswalk between the "FPR," "FPR Description," "Account," and "Account Description" in the spreadsheet "Confirm.xls" and the categories and subcategories in Table 14A.
- b. Explain the acronym "FPR."

RESPONSE:

a.

Capital	FY 2008	
Information Technology		
Total IT Depreciation	\$30	FPR 43 Account 54330
Expense		
Program Support		
Consulting Support	\$225	FPR 36 Account 52322
Field Support		
Product Specific Field Support	\$420	FPR 3V Account 52411
Volume Variable Field Support	\$460	FPR 34 Account 52359
Marketing		
Promotional Activities	\$54	
Variable	\$22	FPR 3D
Incremental	\$32	FPR 3U Account 52436
		(\$15)
		FPR 44 Account 56605
		(\$17)

- b) FPR stands for Financial Performance Report, a report prepared after general ledger processing is completed. The FPR provides expenses and revenues, and segregates activities by categories, including those listed for Confirm service in the first two columns of Attachment 17 to USPS-LR-L-59.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T23-6. *This interrogatory requests information on the costs of Confirm service. Please refer to the spreadsheet "Confirm.xls" in USPS-LR-L-59 (Attachment 17, Page 1 of 1).*

- a. For FY 2003 – 2005, please explain the increase in costs from \$820,000 to \$1,159,000 for FPR description "5 Retail Products, 43360 Philatelic Mail Order – Service Fee."
- b. For FY 2008, please explain the factors causing the absence of any costs for FPR description "5 Retail Products, 43360 Philatelic Mail Order – Service Fee."

RESPONSE:

a-b. These are not costs, so I did not include them in my analysis. Rather, these numbers are revenues from fees that are unrelated to Confirm service. I am therefore not surprised that these revenues are omitted for FY 2008.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T23-7. This interrogatory requests information on the costs of Confirm service. Please refer to the spreadsheet "Confirm.xls" in USPS-LR-L-59 (Attachment 17, Page 1 of 1).

- a. For FY 2003 – 2005, please explain the decrease in costs from \$44,000 to \$4,908 for FPR descriptions "31 Supplies" and "33 Supplies – Issued From Inven."
- b. For FY 2008, please explain the factors causing the absence of any costs for FPR descriptions "31 Supplies" and "33 Supplies – Issued From Inven."

RESPONSE:

- a. These costs reflect the supplies purchased under the Confirm finance number.

The costs do not exactly go from \$44,000 to \$4,908. They go from \$44,000 to \$0 to \$4,908.

- b. There is no amount planned for supplies under the Confirm finance number for FY 2008.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T23-8. This interrogatory requests information on the costs of Confirm service. Please refer to the spreadsheet "Confirm.xls" in USPS-LR-L-59 (Attachment 17, Page 1 of 1).

- a. For FY 2003 – 2005, please explain the increase in costs from \$479,282 to \$643,134 for FPR description "34 Services."
- b. For FY 2008, please explain the factors causing the decrease in costs for FPR description "34 Services" as compared to the Base Year FY 2005.

RESPONSE:

- a. The help desk was first handled under a contract and then by the Postal Service.
FY 2005 was the transition year.
- b. It is my understanding that from FY 2006 to FY 2008 the help desk will be handled by the Postal Service.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T23-9. This interrogatory requests information on the costs of Confirm service. Please refer to the spreadsheet "Confirm.xls" in USPS-LR-L-59 (Attachment 17, Page 1 of 1).

- a. For FY 2003 – 2005, please explain the decrease in costs from \$178,938 to \$119,303 for FPR description "36 Consulting Services."
- b. For FY 2008, please explain the factors causing the increase in costs for FPR description "36 Consulting Services" as compared to the Base Year FY 2005.

RESPONSE:

- a. It is my understanding that these costs were for consultants to do programming and program maintenance. The amounts are those recorded under the Confirm finance number as having been spent on these services.
- b. It is my understanding that this money is for the consultant services thought to be needed for FY 2008.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T23-10. This interrogatory requests information on the costs of Confirm service. Please refer to the spreadsheet "Confirm.xls" in USPS-LR-L-59 (Attachment 17, Page 1 of 1).

- a. For FY 2003 – 2005, please explain the increase in costs from \$0 to \$2,321 for FPR description "39 Advertising."
- b. For FY 2008, please explain the factors causing the absence of any costs for FPR description "39 Advertising."

RESPONSE:

- a. A small amount of advertising was done in FY 2005.
- b. It is my understanding that no advertising for Confirm is planned.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T23-11. This interrogatory requests information on the costs of Confirm service. Please refer to the spreadsheet "Confirm.xls" in USPS-LR-L-59 (Attachment 17, Page 1 of 1).

- a. For FY 2003 – 2005, please explain the increase in costs from \$1,370 to \$28,295 for FPR description "3D Travel Other Than Training."
- b. For FY 2008, please explain the factors causing the decrease in costs for FPR description "3D Travel Other Than Training" as compared to the Base Year FY 2005.

RESPONSE:

- a. The amounts for FY 2003 to FY 2005 are what were recorded in the Confirm finance number as having been spent on travel.
- b. *It is my understanding that these are the dollars planned for travel in FY 2008.*

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T23-12. This interrogatory requests information on the costs of Confirm service. Please refer to the spreadsheet "Confirm.xls" in USPS-LR-L-59 (Attachment 17, Page 1 of 1).

- a. For FY 2003 – 2005, please explain the increase in costs from \$0 to \$2,002 for FPR description "3E Training."
- b. For FY 2008, please explain the factors causing the absence of any costs for FPR description "3E Training."

RESPONSE:

- a. Actually there was no trend line as you imply. Rather, training dollars were only recorded in one year, FY 2005.
- b. It is my understanding that there is no plan for training in the budget forecast for FY 2008.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T23-13. This interrogatory requests information on the costs of Confirm service. Please refer to the spreadsheet "Confirm.xls" in USPS-LR-L-59 (Attachment 17, Page 1 of 1).

- a. For FY 2003 – 2005, please explain the decrease in costs from 10,903 to \$32 for FPR description "3U Printing."
- b. For FY 2008, please explain the factors causing the increase in costs for FPR description "3U Printing" as compared to the Base Year FY 2005.

RESPONSE:

- a. The dollars shown for FY 2003 to FY 2005 are the money spent for printing.
- b. The dollars shown in FY 2008 are the estimated money to be spent for printing.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T23-14. This interrogatory requests information on the costs of Confirm service. Please refer to the spreadsheet "Confirm.xls" in USPS-LR-L-59 (Attachment 17, Page 1 of 1).

- a. For FY 2003 – 2005, please explain the increase in costs from \$773,021 to \$2,145,391 for FPR description "3V IRM Chargeback."
- b. For FY 2008, please explain the factors causing the decrease in costs for FPR description "3V IRM Chargeback" as compared to the Base Year FY 2005.

RESPONSE:

- a. The money spent each year is a mixture of costs for contractors and postal employees from FY 2003 to FY 2005. In the years FY 2005 – FY 2006 two expense accounts were combined (3V and 46). The numbers at the top of the 3V column are the dollar amounts when the two accounts are combined. These dollars were spent on system development, and related IT help desk and telecommunications needs.
- t. As system development is completed, these kinds of costs will get very small. The decreased test year amount is an estimate of what will be needed in FY 2008

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T23-15. This interrogatory requests information on the costs of Confirm service. Please refer to the spreadsheet "Confirm.xls" in USPS-LR-L-59 (Attachment 17, Page 1 of 1).

- a. For FY 2003 – 2005, please explain the decrease in costs from \$1,685,898 to \$1,491,661 for FPR description "43 Depreciation."
- b. For FY 2008, please explain the factors causing the decrease in costs for FPR description "43 Depreciation" as compared to the Base Year FY 2005.

RESPONSE:

- a. The equipment was depreciated at a five year life, so some of the equipment has been fully depreciated.
- b. No new equipment is needed, and the original equipment is being fully depreciated. The \$30,000 in FY 2008 is the expected depreciation for that year.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T23-16. This interrogatory requests information on the costs of Confirm service. Please refer to the spreadsheet "Confirm.xls" in USPS-LR-L-59 (Attachment 17, Page 1 of 1).

- a. For FY 2003 – 2005, please explain the decrease in costs from \$1,567 to \$1,327 for FPR description "44 Miscellaneous Expense."
- b. For FY 2008, please explain the factors causing the increase in costs for FPR description "44 Miscellaneous Expense" as compared to the Base Year FY 2005.

RESPONSE:

- a. For FY 2003 to FY 2005, the numbers do not vary much and are the expenses recorded in those years.
- b. For FY 2008 it appears that the budget estimate provides funds for more meetings

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T23-17. This interrogatory requests information on the costs of Confirm service. Please refer to the spreadsheet "Confirm.xls" in USPS-LR-L-59 (Attachment 17, Page 1 of 1).

- a. For FY 2003 – 2005, please explain the decrease in costs from \$3,298 to \$599 for FPR description "45 Communications."
- b. For FY 2008, please explain the factors causing the absence of any costs for FPR description "45 Com.munications."

RESPONSE:

- a. The dollars shown for FY 2003 to FY 2005 are the expenses recorded for communications.
- b. No funds are budgeted for communications in FY 2008.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T23-18. This interrogatory requests information on the costs of Confirm service. Please refer to the spreadsheet "Confirm.xls" in USPS-LR-L-59 (Attachment 17, Page 1 of 1).

- a. For FY 2003 – 2005, please explain the decrease in costs from \$538,736 to \$40,033 for FPR description "46 Information Technology."
- b. For FY 2008, please explain the factors causing the absence of any costs for FPR description "46 Information Technology."

RESPONSE:

- a. FPR 46 was combined with FPR 3V beginning in FY 2005. Please see my response to OCA/USPS-T23-14.
- b. By FY 2008 all the FPR 46 costs are included in FPR 3V.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T23-19. This interrogatory requests information on the costs of Confirm service. Please refer to the spreadsheet "Confirm.xls" in USPS-LR-L-59 (Attachment 17, Page 1 of 1).

- a. For FY 2003 – 2005, please explain the changes in costs for "6W ADP Equipment."
- b. For FY 2008, please explain the factors causing the absence of any costs for FPR description "6W ADP Equipment."

RESPONSE:

- a. The only actual expense was the \$600 in FY 2003, as the \$25,250 amount in FY 2004 was cancelled out the next year.
- b. FY 2008 has no anticipated ADP equipment expense.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T23-20. This interrogatory requests information on the costs of Confirm service. Please refer to the spreadsheet "Confirm.xls" in USPS-LR-L-59 (Attachment 17, Page 1 of 1).

- a. For Fiscal Years 2003, 2004, and 2005, please confirm that the volume variable costs equaled 12.8 (\$480,652 / \$3,753,604) percent, 13.6 (\$476,480 / \$3,515,711) percent, and 15.0 (\$671,429 / \$4,479,006) percent, respectively, of the total costs of Confirm service. If you do not confirm, please explain, show all calculations and provide citations to all sources used.
- b. For Fiscal Years 2006, 2007, and 2008, please confirm that the volume variable costs equaled 19.0 (\$445,122 / \$2,343,900) percent, 40.4 (\$460,000 / \$1,138,000) percent, and 40.5 (\$482,000 / \$1,189,000) percent, respectively, of the total costs of Confirm service. If you do not confirm, please explain, show all calculations and provide citations to all sources used.
- c. Please explain why the percentage of volume variable costs more than doubled from the Base Year FY 2005 to the TYAR 2008.
- d. For Fiscal Years 2003, 2004, and 2005, please explain why the percentages of volume variable costs were so low as compared to the TYAR 2008 volume variable costs.

RESPONSE:

- a. Confirmed
- b. Confirmed
- c. d. Extensive use of computer systems produces a lot of fixed costs in the first few years of development. The fixed costs will lessen over the years if the product does not need further development and computer buys. The result is an increasing ratio of volume variable to fixed costs. The depreciation and contractor support are about 80 percent of total costs in FY 2003 through FY 2006, but only about 37 percent of total costs from FY 2007 to FY 2008. In addition, moving some of the work in-house reduces fixed costs.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T23-21. This interrogatory requests information on the costs of the help desk for Confirm service. Please refer to your response to OCA/USPS-T23-8.

- a. Please confirm that the costs of the help desk are volume variable with respect to the number of scans provided to Confirm subscribers. If you do not confirm, please explain.
- b. Please confirm that the costs of the help desk are not variable with respect to the number of calls received from Confirm subscribers. If you do not confirm, please explain.
- c. Please provide the number of calls received by the help desk in Base Year 2005.

RESPONSE:

- a. – b. I did not get into developing costs in the same manner as the CRA. I pulled total money spent from our accounting system. I do not know the degree of variability for the help desk costs. It is my understanding that these costs are variable, and that is the extent of my knowledge. I believe the number of calls received from Confirm subscribers and other call center customers has some impact on call center costs. But I do not know what factors, such as scans, cause more or fewer calls from Confirm subscribers.
- c. There were 2,537 calls in FY 2005

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE ASSOCIATION FOR POSTAL COMMERCE

POSTCOM/USPS-T23-1. Please refer to LR-L59, Attachment 17, which provides costs for Confirm® service for FY 1999 through FY 2008.

a. Please provide all data to show costs by scan associated with Confirm® service broken down by mail class for each subscription level (silver, gold, and platinum) for FY 2005.

b. Please provide all data to show costs by scan associated with Confirm® service broken down by First-Class and Standard Mail for FY 2008.

c. Please provide all data and supporting documentation to demonstrate all volume variable costs associated with additional scans broken down by First-Class and Standard Mail

d. Please describe all components included in "Services" (line item 34).

e. Please explain the cause of the drop in the cost of "Services" (line item 34) from \$643,134 in FY 2005 to \$460,000 in FY 2008.

RESPONSE:

a. It is my understanding that the volume breakdown needed to develop the requested cost analysis does not exist.

b. As indicated in witness Mitchurr's response to PB/USPS-T40-24.

Using Percentages from Response OCA/USPS-T40-24

Product	Scans	Volume	Scans per Pc	Percent of Total	Total Cost	Cost Per Scan
First Class	5,870,700,558	2,490,092,620	2.36	53.14%	\$631,816	\$0.00011
Standard	5,177,233,229	2,183,749,517	2.37	46.86%	\$557,184	\$0.00011
Total	11,047,933,787	4,673,842,137	2.36	100.00%	\$1,189,000	

c. The costs (money already spent) I provided are from the USPS accounting system up to FY 2005. From FY 2006 through FY 2008 the costs are management projections of money that is to be spent. I cannot determine from these data the cost of an additional scan.

d-e. "Services" refers to the help desk. See my response to OCA/USPS-T23-8.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE ASSOCIATION FOR POSTAL COMMERCE

POSTCOM/USPS-T23-2. Please provide a breakdown of costs by Origin Confirm versus Destination Confirm.

RESPONSE:

Based on the data in witness Mitchum's response to OCA/USPS-T40-24:

Product	Scans	Volume	Scans per Pc.	Percent of Total	Total Cost	Cost Per Scan
Origin	2,039,135,314	1,100,695,721	1.85	18.46%	219,456	\$0.00011
Destination	9,008,798,473	3,573,146,416	2.52	81.54%	969,544	\$0.00011
Total	11,047,933,787	4,673,842,137	2.36	100.00%	1,189,000	\$0.00011

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE PARCEL SHIPPERS ASSOCIATION,
REDIRECTED FROM WITNESS KIEFER

PSA/USPS-T37-7. Please refer to USPS-LR-L-59, Attachment 14A, "Shift Other Special Services Cost to Respective Subclass" and USPS-T-37, WP-PP-1.

(a) Please confirm that the Parcel Post Delivery Confirmation Final Adjustment increases TYAR Parcel Post costs by \$39.3 million. *If not confirmed, please explain fully.*

(b) Please confirm that the \$39.3 million was calculated by multiplying 267.83 million TYAR pieces by a unit cost of \$.1467 per piece. *If not confirmed, please explain fully.*

(c) In the test year, for how many TYAR Parcel Select pieces do you expect no-fee delivery confirmation to be used? *Please explain your calculation.*

(d) Taking into account your response to subpart (c) of this interrogatory, please provide your best estimate of how much the Parcel Post Delivery Confirmation Final Adjustment should increase TYAR Parcel Post costs. Please provide your underlying calculations.

RESPONSE:

(a) Confirmed.

(b) Confirmed.

(c) Retained by witness Kiefer.

(d) Using witness Kiefer's response to part (c), I estimate $195,291,269 \times .1467 =$
\$28,649,229.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF THE PARCEL SHIPPERS ASSOCIATION,
REDIRECTED FROM WITNESS KIEFER

PSA/USPS-T37-9. Please refer to USPS-LR-L-59, 'Summary of Final Adjustments by Cost Segment (\$000s).'

(a) Please confirm that witness Page estimates that a change in the Parcel Post mail mix between the Base Year and TYAR will increase Parcel Post costs by \$32 million. If not confirmed, please provide the correct figure.

RESPONSE:

(a) Confirmed

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF UNITED PARCEL SERVICE

UPS/USPS-T23-2. Refer to library reference USPS-LR-L-59, Attachment 14A, page 18 of 19, entitled "Other Adjustments," and USPS-T-23, page 23, lines 11-12.

(a) Confirm that an adjustment to the projected cost for Parcel Post is needed because the Parcel Return Service (PRS) volume projected by witness Kiefer (USPS-T-37) is greater than witness Thress's (USPS-T-7) projection. If not confirmed, explain in detail.

(b) Confirm that witness Kiefer projects 7,678,927 more RDU pieces in the Test Year Before Rates than the volume projected by witness Thress. If not confirmed, explain in detail.

(c) Confirm that you multiply these 7,678,927 RDU pieces by \$0.4759 per piece to obtain the additional Parcel Post cost in the Test Year Before Rates related to PRS of \$3,654,567. If not confirmed, explain in detail.

(d) Confirm that this \$0.4759 per piece is obtained from library reference USPS-LR-L-46, page 1, and reflects the mail processing unit cost for RDU parcels. If not confirmed, explain in detail.

(e) Confirm that the proposed rate for RDU parcels is \$2.32 per piece as shown in library reference USPS-LR-82, WP-PP-32.

(f) Per pages 2 and 35-40 of library reference USPS-LR-L-46, confirm that RDU parcels incur storage, scanning, transportation, postage due, and carrier costs, in addition to the mail processing costs of \$0.4759 per piece. If confirmed, explain why these additional costs were not included in your Parcel Post final adjustment for PRS. If not confirmed, explain in detail.

RESPONSE:

a-e Confirmed.

f. Confirmed that costs other than just mail processing should have been included in the final adjustment for the additional RDU pieces, resulting in a \$0.6105 unit cost final adjustment. See below.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF UNITED PARCEL SERVICE

UPS/USPS-T23-2, Page 2 of 2

PARCEL RETURN SERVICE (PRS) FINAL ADJUSTMENT INPUTS					
Rate Category	Mail Processing	Storage	Transportation	Scanning	Postage Due
RDU					
Machinable	\$0.467	\$0.052	\$0.000	\$0.075	\$0.000
Nonmachinable	\$0.627	\$0.182	\$0.000	\$0.075	\$0.000
Oversize	\$1.263	\$0.635	\$0.000	\$0.112	\$0.000
Total / Aggregate	\$0.476	\$0.060	\$0.000	\$0.075	\$0.000

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF UNITED PARCEL SERVICE

UPS/USPS-T23-3.

Refer to your response to UPS/USPS-T23-2(f).

Confirm that each of the following costs should also be included in the Parcel Post final adjustment for the additional RDU pieces:

(a) city carriers;

(b) rural carriers; and

(c) vehicle service drivers.

(d) If part (a), (b), or (c) above is confirmed, provide an estimate of the costs per piece, including piggyback, which should be included.

(e) If you cannot fully confirm part (a), (b), or (c) above, explain in detail.

RESPONSE:

a - e Not confirmed. The additional RDU pieces are Parcel Return Service (PRS) pieces which are picked up by the customer.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF UNITED PARCEL SERVICE

UPS/USPS-T23-5. Refer to your response to UPS/USPS-T23-3.

(a) Confirm that per DMM § 507.11.1.4 RDU Parcel Return Service pieces can be deposited: a) at any post office, station or branch; b) in any collection box (except an Express Mail box); c) with any letter carrier; d) as part of a collection run for other mail; or e) at any place designated by the postmaster for the receipt of mail. If not fully confirmed, explain in detail.

(b) Confirm that RDU Parcel Return Service pieces will incur carrier costs if deposited in a collection box or with a letter carrier. If not fully confirmed, explain in detail.

(c) Refer to Docket No. MC2006-1 USPS-T-2, page 2 and Appendix B, page 3.

i. Confirm that PRS pieces were estimated to incur acceptance costs of \$0.237 per piece in TY06 in Docket No. MC2006-1. If not fully confirmed, explain in detail.

ii. Confirm that your final adjustment for the additional RDU pieces provided in UPS/USPS-T23-2(f) did not include any acceptance costs. If not fully confirmed, explain in detail.

iii. Provide a version of Attachment B, page 3 updated to the Test Year in this docket, including updating the wage rate, variability and piggyback factor.

iv. Provide an updated calculation of the PRS Final Adjustment Inputs presented in UPS/USPS-T23-2(f) that includes the PRS acceptance cost in part iii, above.

RESPONSE:

(a) Confirmed

(b) It can be confirmed that a PRS mail piece which is left with a carrier or deposited in a collection box would incur carrier costs.

(c) i. Confirmed.

ii. Confirmed.

iii. Redirected to the Postal Service.

iv. There is no update of PRS Final Adjustments because we have no way to weight the acceptance costs. See USPS-T-21, page 4.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF UNITED PARCEL SERVICE

UPS/USPS-T23-6. Refer to the responses to UPS/USPS-T32-4 (redirected to Berkeley), PSA/USPS-T37-7(d) (redirected from Kiefer), and UPS/USPS-T37-11. Provide your recommended Parcel Post Delivery Confirmation Adjustment for the TYBR and TYAR.

RESPONSE:

I would still recommend today what I did for the adjustment that was needed. I used witness Thress' volume for Delivery Confirmation service (811.319 million). This number was distributed across the products using Delivery Confirmation in the billing determinants process, as explained in witness Berkeley's (USPS-T-39) response to UPS/USPS-T23-4. The Delivery Confirmation volume related to Parcel Select was 267.830 million. This number was multiplied by \$0.1467 (from USPS-LR-59, Attachment 4E, Page 12), resulting in \$39.302 million.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS PAGE,
TO INTERROGATORY OF UNITED PARCEL SERVICE,
REDIRECTED FROM WITNESS KIEFER

UPS-T37-3(d). Refer to library reference USPS-LR-L-59, Attachment 4D and Attachment 14A, page 3.

- i. Confirm that the cost of no-additional-fee electronic Delivery Confirmation for Package Services applied in the final adjustments process is \$0.1467 per piece per Attachment 4D, "Volume Variable Costs Summary – Delivery Confirmation TY 2008(BR)." If not confirmed, explain in detail.
- ii. Confirm that in the final adjustment process in Attachment 14A, "Shift Other Special Services Cost to Respective Subclass," this cost of \$0.1467 per piece is applied to 100% of the Parcel Select volume. If not confirmed, explain in detail.

RESPONSE:

- i. Confirmed.
- ii. Confirmed.

VP/USPS-T23-1.

Please refer to the adjustment you made to shift the costs of Basic ECR Automation letters (Commercial and Nonprofit) to the Regular (Commercial and Nonprofit) subclasses, discussed on page 26 of your testimony (USPS-T-23), beginning on line 20, and to Table 13, page 27, showing a downward adjustment for all mix changes in ECR of \$164,842,000. See also USPS-LR-L-59, workbook "Final Adjustments2008-USPS.xls, sheet 'Inputs,'" showing (i) a cost for mail processing in cell B41 of 4.75 cents, (ii) a cost for city carriers in cell C41 of 3.52 cents, and (iii) a cost for rural carriers in cell D41 of 1.50 cents.

- a. Please state how much of the \$164,842,000 is due to movement of the Basic ECR Automation letters to Regular (Commercial and Nonprofit) and how much is due to other mix changes.
- b. Please provide the location in USPS-LR-L-67 of the carrier costs of 3.52 cents and 1.50 cents. Only a general reference to Library Reference 67 is shown on the 'Inputs' sheet.
- c. Do the delivery costs of 3.52 cents and 1.50 cents mean that it costs 2.35 times as much to have a city carrier deliver a letter as to have a rural carrier deliver a letter? If so, why is this reasonable? If not, what do these costs mean?

RESPONSE:

- a. The entire amount is a result of the movement of the Basic ECR Automation letters to Regular (Commercial and Nonprofit).
- b. UDC Model USPS. Worksheet2, Summary TY, Cells N59 (city) and O59 (rural). Cell N59 shows \$3.54 for the city carrier cost, so I will be filing errata.

Redirected To witness Kelley.

VP/USPS-T23-3. Please refer to your response to VP/USPS-T23-1(a), indicating that \$164,842,000 was removed from ECR costs due to the assumption that all Basic ECR Automation letters move to Regular Standard. This figure is shown in cell G104 on tab 'Total' of your workbook Final Adjustments2008-USPS.xls in USPS-LR-L-59.

- a. Please confirm that the volume associated with this shift is 2,278,026,000 pieces, shown, for example, in cell M40 of tab 'MP' of the workbook cited above. If you do not confirm, please provide the appropriate figure.
- b. Please confirm that this adjustment amounts to 7.236 cents per piece and includes all cost segments, as detailed in column G of tab 'Total' of the workbook cited above. If you do not confirm, please provide an appropriate figure for the total unit cost.
- c. Please confirm that 2.544 cents of this adjustment is mail processing costs, shown on line 12 of the above-cited column G. If you do not confirm, please provide an appropriate figure. Regardless of whether you confirm, please compare your figure with the mail processing cost of 4.748 cents shown in cell D9 of tab 'Table 1' of workbook LR-L-84.xls in USPS-LR-L-84, and reconcile any differences.
- d. Please confirm that 4.188 cents of this adjustment is carrier costs, city and rural. If you do not confirm, please provide an appropriate figure. Regardless of whether you confirm, please explain the consistency of the figure you use with the mail processing cost of 2.887 cents shown in cell C60 of tab '1. Table 1' in workbook LR-K-67 2nd.revised.xls in USPS-LR-K-107, revised June 9, 2005, Docket No. R2005-1.

RESPONSE:

There has been some misunderstanding regarding the development of the final adjustment that removes costs from ECR due to the movement of Standard Basic ECR Automation Letters to the Regular subclass. The \$164,842,000 figure cited in VP/USPS-T23-1(a) and in the question above is actually the resulting change from two adjustments to ECR costs, in this order: (1) ECR costs are adjusted to reflect the impact of mail mix changes independent of the shift of Basic Auto Letters to Standard Mail, then (2) the Basic ECR Auto Letters costs that remain after the mail mix adjustment are then removed from ECR.

- a. Not confirmed. After making the adjustment for the changes in mail mix, only 1,959,007,013 Basic Auto ECR Letters remain in ECR, as shown in cell N45 of the spreadsheet "Forecast Volume". When this volume is dropped to zero in ECR, the costs of these pieces are removed from ECR.
- b. Not confirmed. The number, \$164,842,000, used in your calculation of 7.236 cents, is correct for the adjustment to ECR for the two reasons discussed in the preamble above, but not for the removal of automated letters alone. The spreadsheet "Total" combines the results of the two causes of changes, and thus

can't be used to separate out the effect of just the letter movement to Standard Regular. The cost adjustment to ECR associated with mix changes is \$13,542,000 and the cost adjustment to ECR associated with the removal of Basic Auto ECR Letters is \$151,300,000.

- c. Not confirmed. See my response to part b. I used the 4.748 cents from LR-L-84, cell D9 of tab "Table 1" in LR-L-84.xls in cell B41 of my tab "Inputs" as the mail processing cost for ECR Automated Letters.
- d. Not confirmed. See my response to part b. I do not use the 2.887 cents from C60 of tab "1.Table 1" in workbook LR-K-67. In fact, I do not use any numbers from USPS-LR-K-67. In particular I use no mail processing numbers from either USPS-LR-K-67 or from USPS-LR-L-67. I did, however, use USPS-LR-L-67 as the source for my city and rural carrier costs. See cells C41 and D41 of my tab "Inputs"

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF VALPAK

4746

VP/USPS-T23-4.

This interrogatory seeks to clarify the meaning of certain figures in your response to VP/USPS-T23-3. Please refer to that response, parts (a) through (c).

a. Dividing the cost in part (b) of \$151,300,000 by the volume in part (a) of 1,959,007,013 yields a per-piece cost of 7.723 cents. Is this the per-piece cost you used for the Basic ECR Automation letters you moved out of ECR? If it is not, please explain how the appropriate figure should be developed.

b. Part (c) refers to your earlier response to VP/USPS-T23-1(b), which in turn refers to a carrier cost of 3.541 cent and a rural carrier cost of 1.502 cents. Are these additive? If not, please explain whether some weighted average is needed to find the appropriate cost for use in making an adjustment for Basic ECR Automation letters.

c. If the two costs referred to in part b of this question are added, and the sum is added to the mail processing cost of 4.748 cents referenced in your response to VP/USPS-T23-3(c), a total of 9.791 cents is obtained. Please identify the factors that account for the difference between 9.791 cents and the per-piece cost of 7.723 cents referenced in part a of this question, indicating the magnitude of each factor. For example, one factor might be a piggyback factor adjustment and another might be the inclusion of cost components other than mail processing and delivery.

RESPONSE:

- a. I did not use a per-piece cost to move the costs associated with the carrier route volumes. I first did mail mix changes, NSA changes, and the other changes as described in my response to VP/USPS-T23-3. The last thing I did was to move the remaining carrier route volumes. I did that in the volume forecast sheet by zeroing out the carrier route volumes, and adding those volumes to the 5-digit volumes for each of the areas affected. The spreadsheet developed the adjustment cost by multiplying the unit cost for 5-digit by the 5-digit volume, including the carrier route volume transferred.
- b. Yes

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF VALPAK

4747

VP/USPS-T23-4, Page 2 of 2

- c. I can identify two factors. First, the adjustments I made for the carrier route change were in TYAR and used TYAR costs, and the inputs you refer to in parts b and c are TYBR costs. Second, the piggyback adjustment may vary due to different piggybacks associated with costs in one service relative to another.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF VALPAK

VP/USPS-T23-5.

Please refer to your response to VP/USPS-T36-10(e), where you provide aggregate TYBR (\$946,000) and TYAR (\$820,000) adjustments for the three NSAs.

a. Please clarify whether these cost figures are for Commercial Regular, Commercial ECR, Commercial Regular and Commercial ECR combined, or some broader group of subclasses.

b. Please explain the relationship of these cost figures to the sum of the numbers in cell E25 on the 'Summary' tab of each of Bank OneChase-USPS.xls, HSBC-USPS.xls, and Discover-USPS.xls, in USPS-LR-L-59.

c. Please provide NSA cost adjustments, BR and AR, for the categories of Commercial Regular and Commercial ECR separately, at both USPS and PRC costing.

d. Please state whether these cost adjustments have been removed from both the TYBR and TYAR total costs by subclass provided by witness Waterbury (USPS-T-10) in:

- (i) USPS-LR-L-7 (R2006_TY2008BR_USPS.DRpt.xls and R2006_TY2008AR_USPS.DRpt.xls); and
- (ii) USPS-LR-L-96 (R2006_TY2008BR_PRC.DRpt.xls and R2006_TY2008AR_PRC.DRpt.xls).

RESPONSE:

a. The costs are for Commercial ECR.

b. The cell E25 figures include costs for Standard Regular in addition to Commercial ECR.

c	USPS	PRC
Standard Regular		
TYAR	\$18,588	\$24,000
TYBR	\$23,082	\$23,987
ECR		
TYAR	\$820	\$711
TYBR	\$946	\$935

d. It is my understanding that witness Waterbury adjusted rollforward report D with the costs in the Final Adjustment Summary, which includes these cost adjustments.

RESPONSE OF POSTAL SERVICE WITNESS PAGE
TO INTERROGATORY OF VALPAK,
REDIRECTED FROM WITNESS KIEFER (USPS-T-36)

VP/USPS-T36-10.

Please refer to USPS-LR-L-36, workbooks WP-STDECR.xls and WP-STDREG.xls (hereinafter the "ECR" and the "REG" workbooks, respectively) and, unless otherwise specified, to the tab 'Revenues @ TYBR Vols.' in each workbook.

- e Corresponding to any volume and revenue losses associated with NSAs, as discussed in part d of this question, please explain where any cost adjustments are made and provide the level of such adjustments.

RESPONSE:

- e Cost adjustments for NSAs are made in USPS-LR-L-59. Three workbooks, HSBC-USPS, Bank One Chase-USPS, and Discover-USPS, are where the adjustments are calculated. These workbooks are linked to workbook Final Adjustments 2008-USPS. A summary of the three NSAs is on the total sheet of Final Adjustments 2008-USPS under the row headings, Negotiated Service Agreements, with subheadings First Class or Standard for each of the segments except supplies and services. The total cost adjustments for ECR due to NSAs can be obtained by adding up the appropriate quantities in each of the three NSA workbooks. By my calculation these adjustments amount to \$946,000 in the TYBR and \$820,000 in the TYAR.

1 CHAIRMAN OMAS: Is there any additional
2 written cross-examination for Witness Page?

3 (No audible response)

4 CHAIRMAN OMAS: There being none, our next
5 witness is Mr. Taufique.

6 There are no requests for oral cross-
7 examination of this witness.

8 Mr. Tidwell, would you proceed to move for
9 admission of Mr. Taufique's testimony into the
10 evidentiary record?

11 MR. TIDWELL: Mr. Chairman, I have before me
12 two copies of the direct testimony of Altaf H.
13 Taufique on behalf of the United States Postal
14 Service. It's been designated for purposes of this
15 proceeding as USPS-T-48. I would ask that the
16 Commission accept this testimony into evidence.

17 CHAIRMAN OMAS: Is there any objection?

18 (No audible response)

19 CHAIRMAN OMAS: Hearing none, I will direct
20 counsel to provide the Reporter with two copies of the
21 corrected direct testimony of Witness Taufique. That
22 testimony is received into evidence, however as is our
23 practice it will not be transcribed.

24 (The testimony referred to,
25 identified as USPS-T-48, was

1 received in evidence.)

2 CHAIRMAN OMAS: Mr. Tidwell, have the
3 answers to the designated written cross-examination
4 been reviewed and corrected?

5 MR. TIDWELL: Mr. Chairman, the answers have
6 been reviewed and there may be a clarification to a
7 response that may require that the witness be sworn in
8 at this time.

9 Whereupon,

10 ALTAF H. TAUFIQUE

11 having been first duly sworn, was called as
12 a witness herein, and was examined and testified as
13 follows:

14 EXAMINATION BY MR. TIDWELL

15 BY MR. TIDWELL:

16 Q Mr. Taufique, have you had a chance to
17 examine the designated interrogatory packages this
18 morning?

19 A Yes, I did.

20 Q If those questions were asked of you today
21 would your answers be the same?

22 A I have reviewed the responses and would like
23 to clarify the response that was provided to BFC/USPS-
24 T48-14 which asked me, "The Postal Service does not
25 recommend approval of the Forever Stamp soon enough to

1 permit the Postal Service to implement the Forever
2 Stamp before the proposed 42 cent rate takes effect.
3 Please explain why this delay would be undesirable for
4 postal customers."

5 The response states, "Postal customers would
6 not have lead time to purchase the Forever Stamp
7 before the new rate takes effect." And it says,
8 "Please see the response to DBP/USPS-345(f). Note
9 that in response to
10 DBP/USPS-345(a) that the Postal Service hopes to
11 dispense with the need for a non-denominated stamp at
12 the new rate because the Forever Stamp can fill that
13 role."

14 The correction that I would like to make to
15 the response is, our expectation is because of the
16 logistics of stamp printing and distribution to all
17 the post offices, non-denomination stamps would still
18 be printed for this particular implementation. In the
19 future we hope that non-denominational stamps would
20 not be printed for the booklets and sheetlets for
21 which we have the Forever Stamp format available. We
22 would be dispensing off of the sheetlets and booklets
23 non-denomination stamps.

24 But in this particular implementation, we
25 think that we would need to have the non-

1 denominational stamp to make the transition between
2 the old rate and the new rate smooth.

3 That is the correction that I have on
4 BFC/USPS-T-48-14.

5 CHAIRMAN OMAS: Mr. Tidwell?

6 MR. TIDWELL: With that clarification the
7 Postal Service would then move that the Commission
8 accept the designated interrogatory responses into
9 evidence, and transcribed.

10 CHAIRMAN OMAS: Counsel, would you please
11 provide two copies of the corrected designated written
12 cross-examination of Witness Taufique to the Reporter.
13 That material is received into evidence and is to be
14 transcribed into the record.

15 (The cross-examination
16 referred to USPS-T-48, was
17 received in evidence.)

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BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes, 2006

Docket No. R2006-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION
OF UNITED STATES POSTAL SERVICE
WITNESS ALTAH H. TAUFIQUE
(USPS-T-48)

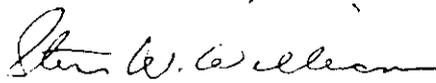
Party

Douglas F. Carlson

Interrogatories

DFC/USPS-T48-8, 11, 14, 16-17

Respectfully submitted,



Steven W. Williams
Secretary

INTERROGATORY RESPONSES OF
UNITED STATES POSTAL SERVICE
WITNESS ALTAF H. TAUFIQUE (T-48)
DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory

DFC/USPS-T48-8
DFC/USPS-T48-11
DFC/USPS-T48-14
DFC/USPS-T48-16
DFC/USPS-T48-17

Designating Parties

Carlson
Carlson
Carlson
Carlson
Carlson

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO INTERROGATORY OF DOUGLAS CARLSON**

4756

DFC/USPS-T48-8. Please confirm that the Postal Service did not discuss any aspects of the "Forever Stamp" proposal with any individual postal customers who regularly participate in proceedings at the Postal Rate Commission representing themselves.

RESPONSE

Confirmed. However, the Postal Service discussed the proposal with the Office of the Consumer Advocate, which is charged with the responsibility of representing the interests of the general public in proceedings before the Commission.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO INTERROGATORY OF DOUGLAS CARLSON**

4757

DFC/USPS-T48-11. Please provide the average number of letters that an individual American postal customer mails each month, the average number of letters that a United Kingdom postal customer mails each month, and the average number of letters that a French postal customer mails each month.

RESPONSE:

The Postal Service lacks sufficient information to accurately respond to this interrogatory.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO INTERROGATORY OF DOUGLAS CARLSON**

4758

DFC/USPS-T48-14. Suppose the Commission does not recommend approval of the "Forever Stamp" soon enough to permit the Postal Service to implement the "Forever Stamp" before the proposed 42-cent rate takes effect. Please explain why this delay would be undesirable for postal customers.

RESPONSE:

Postal customers would not have lead time to purchase the Forever Stamp before the new rate takes effect. Please see the response to DBP/USPS-345[f]. Note, too, in the response to DBP/USPS-345[a], that the Postal Service hopes to dispense with the need for a non-denominated stamp at the new rate because the Forever Stamp can fill that role.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO INTERROGATORY OF DOUGLAS CARLSON**

4759

DFC/USPS-T48-16. Please refer to your testimony at page 17, lines 9–11.
Please define “prevailing rate.”

RESPONSE:

The contemporaneous first-ounce rate for single-piece First-Class Mail letters.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO INTERROGATORY OF DOUGLAS CARLSON**

4760

DFC/USPS-T48-17. Please explain how the plan described at page 19, fn. 12 to sell "Forever Stamps" at 42 cents prior to implementation of the 42-cent rate would be consistent with proposed DMCS section 241.

RESPONSE:

Please see the responses to DBP/USPS-344 and DBP/USPS-345.

1 CHAIRMAN OMAS: Is there any additional
2 written cross-examination for Witness Taufique?

3 (No audible response)

4 CHAIRMAN OMAS: There being none, this
5 concludes today's hearing. We will reconvene tomorrow
6 morning at 9:30 when we will receive testimony from
7 Postal Service Witness Taufique.

8 We look forward to seeing you tomorrow.

9 We now stand adjourned.

10 (Whereupon, at 1:23 p.m. the hearing was
11 recessed, to reconvene at 9:30 a.m. on Tuesday, August
12 29, 2006.)

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4762

REPORTER'S CERTIFICATE

DOCKET NO.: D2000-1
CASE TITLE: Testimony and Fee Charges
HEARING DATE: 8/17/00
LOCATION: 1000 3rd St, NW

I hereby certify that the proceedings and evidence are contained fully and accurately on the tapes and notes reported by me at the hearing in the above case before the United States Commission

Date: 8/24/00

Sharon J. Heenan

Official Reporter
Heritage Reporting Corporation
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