

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

Postal Rate and Fee Changes, 2006) Docket No. R2006-1

**FIRST INTERROGATORIES
OF GROWING FAMILY, INC.
TO UNITED STATES POSTAL SERVICE WITNESS BERKELEY
GF/USPS –T39-1-19
(May 26, 2006)**

Pursuant to Rules 25, 26 and 27 of the Rules of Practice, Growing Family, Inc., hereby submits interrogatories and requests for production of documents to United States Postal Service witness Berkeley. Growing Family asks that, in responding to these requests, the Postal Service follow the guidelines set forth below. If any request is deemed burdensome or seeks information that the respondent reasonably believes is confidential, please contact the undersigned counsel for Growing Family to discuss possible limitations or alternative requests.

If the witness to whom these interrogatories are directed is unable to provide a complete response, please provide a response by another witness, and if no such witness is capable of providing a complete response, please submit an “institutional” response. If an “institutional” response is provided, please provide the name or names of the persons responsible for the response.

If information requested is not available in the exact format or level of detail requested, please provide responsive material in such different format or level of detail as is available.

If a privilege or confidentiality is claimed with respect to any information that is responsive to these requests, please describe the precise nature of any privilege claimed and describe information being withheld, including sufficient detail to enable a reasonable assessment of the claim of privilege or confidentiality.

If any information that would have been provided in response to these requests has been destroyed, please describe such data or documents and explain the circumstances under which they were destroyed.

Respectfully submitted,

/s/ David R. Straus
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TO UNITED STATES POSTAL SERVICE WITNESS BERKELEY

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.

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.

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.

GF/USPS-T39-4. a. Please confirm that Attachment 1 to USPS-T-47 (Davis) shows that when moving from test year before rates to test year after rates, the volume of COD mail increases but the volume variable costs of COD mail go down.

b. If you so confirm, please explain why volumes and costs are forecast to move in opposite directions.

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.

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.).

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.

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.

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.

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.

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.

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.

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?

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.

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?

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.

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.

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.

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.