

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSES OF POSTAL SERVICE WITNESS BERKELEY
TO INTERROGATORIES OF GROWING FAMILY, INC.
(GF/USPS-T39-8-12, 14-16, AND 18)

The United States Postal Service hereby files the responses of Witness Berkeley to the above listed interrogatories, filed on May 26, 2006.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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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 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 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.