

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF THE OCA (OCA/USPS-76, 77.a.-c., e.-i., 79 - 80, 83 - 87)
(July 27, 2006)

The United States Postal Service hereby provides its response to the following interrogatories of the OCA, filed on July 13, 2006: OCA/USPS-76, 77.a.-c, e.-i. 79 - 80, 83 - 87. Objections were filed regarding OCA/USPS-75 and 77.d on July 24, 2006. Responses to other questions in this set (75-87) are still under consideration.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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July 27, 2006

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OCA/USPS-76. In response to interrogatory AUTH/DS-T1-11 (Docket No. C2004-2), DigiStamp witness Rick Borgers identified a flaw in the Postal Service's Electronic Postmark (EPM) product that allows an EPM user "to create [a] false certified receipt." It is reasonable to expect that a flaw of this type could expose the Postal Service to claims for damages for financial loss, e.g., foreclosure on one's home, penalties on taxes owed, etc. Please cite to evidence filed in Docket No. R2006-1 showing that the Postal Service has estimated such potential losses for the test year.

- a. What are these estimated amounts? How are they calculated?
- b. Also show estimates for litigation expenses that might occur in defending against potential lawsuits related to EPM claims. How are these estimates calculated?
- c. For FY2005 and FY2006 (Q1, Q2, and Q3), have any users or recipients of EPM communications made claims against the Postal Service for flaws or malfunctions of EPM? If so, how many? Have any sums been paid by the Postal Service to claimants? If so, what are the sums for each of FY2005 and FY2006 (Q1, Q2, and Q3)?

RESPONSE:

The Postal Service does not agree with the premise of this question regarding reasonable expectations of damage claims. The Postal Service does not anticipate any potential losses from this source in the test year.

- a. Not applicable.
- b. Not applicable.
- c. No.

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OCA/USPS-77. Please confirm that the following announcement was made in the Federal Register on June 17, 2003:

[Federal Register: June 17, 2003 (Volume 68, Number 116)]
[Notices]
[Page 35922-35923]
From the Federal Register Online via GPO Access [wais.access.gpo.gov]
[DOCID:fr17jn03-100]

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POSTAL SERVICE

In-Person Proofing at Post Offices (IPP) Program

AGENCY: U.S. Postal Service.

ACTION: Notice.

SUMMARY: The USPS is announcing the availability of an In-Person Proofing at Post Offices (IPP) Program to support the activities of U.S. Certificate Authorities and government organizations.

EFFECTIVE DATE: June 9, 2003.

FOR FURTHER INFORMATION CONTACT: Chuck Chamberlain at 703-292-4172, or Brad Reck at 703-292-3530

SUPPLEMENTARY INFORMATION: In recent years, a number of new federal statutes have sought to preserve the ability of the public and private sectors to use the efficiency of the internet to rapidly exchange time sensitive communications while assuring that people receiving and sending messages are in fact who they say they are. A number of top quality private sector businesses have mastered the technology around the use of secure digital signatures, yielding a greater demand for improved identity verification for individuals seeking to use digital signatures.

This need for improved ``online identity'' creates a unique service opportunity for the Postal Service to provide value to the public, leverage our retail network and enable internet communications to enjoy a new level of security and reliability. Numerous organizations have approached the U.S. Postal Service to conduct In-Person Proofing (IPP) of customers nationwide for physically authenticating an individual's identification at a post office before the organization issues a digital signature certificate to the individual.

IPP supports efficient, affordable, trusted communications through the use of identification verification at Post Offices, incorporation of process enhancements required by the Postal Service, active management of the IPP program by the USPS, and use of a First Class U.S. Mail piece to verify physical addresses of applicants. We believe that IPP conducted at local post offices will create a new broad based capability for the Nation that promotes improved public trust and greater efficiency in the electronic delivery of a wide range of services. These efforts support achieving the goals of the Government Paperwork Elimination Act of 1998, Electronic Signature in Global and National Commerce Act of 2000, Health Insurance Portability and Accountability Act of 1996, Sarbanes-Oxley Act of 2002, and Gramm-

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Leach-Bliley Act of 1999 and numerous Presidential Directives on eGovernment.

The following is a brief description of how IPP would work. An organization can establish a relationship with a qualified U.S. Certificate Authority to integrate digital signing with improved identity verification into an online application. Any individual desiring to use digital certificates that include USPS IPP will complete an application online. The online system will verify the individual's identity via commercial data base checking. The system will then produce a standard Postal Service form to be printed out at the applicant's personal computer. The individual requesting the service will present this form to a participating post office where the "In Person Proofing" process is conducted. After successful completion of the IPP event, the CA will notify the applicant to download their digital certificate. For clarity, the steps in the IPP process are outlined below.

1.0 DESCRIPTION

1.1 Purpose

IPP is a postal program to improve the public key infrastructure of the Nation. The public key infrastructure has emerged as an accepted infrastructure component for protecting and facilitating the electronic communications of the Nation.

2.0 BASIC STANDARDS

2.1 Eligibility

For a Certificate Authority (CA) to use IPP, the CA must incorporate the U.S. Postal Service In-Person Proofing Policy into their Certificate Policy. Conformance to the Postal policy includes:

1. Use of a Patriot Act compliant database vetting process to gain initial assurance of an applicant's identity before sending the applicant to the Postal Office for IPP.
2. Perform a verification of the applicant's physical residential address via First Class U.S. Mail with an "Address Correction Requested" and "Do Not Forward" endorsement.
3. Restrict the expiration date of an IPP based Digital Certificate such that it does not surpass the expiration of the 4 year validity period of an IPP verification event. A new IPP event will be required every 4 years.
4. Facilitate IPP processing by using standard forms and barcodes as directed by the USPS and exchanging of information as necessary for the efficient operation of IPP. This includes:
 - A. Using the standard ID Verification Form (IDVF),
 - B. Maintaining a secure repository of IDVF forms,
 - C. Providing access to IDVF forms and customer account information as necessary for investigative purposes by USPS Inspection Service and the USPS Office of Inspector General,
 - D. Submitting the processes and operations of the CA to security audits and compliance reviews as required by the USPS, and
 - E. Restricting the generation of unique barcodes for each IPP event to those expressly permitted by the USPS.
5. Operate the CA to enable the broadest practical use of IPP based digital certificates. This includes:
 - A. Issuing, at a minimum, a daily Certificate Revocation List to better allow users to rely upon the certificates,

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B. Passing an external CA audit in accordance with industry best practices such as ``AICPA/CICA WebTrust Program for Certificate Authorities'',

C. Achieving interoperability with the Federal Bridge for Certificate Authorities, and

D. Incorporating a new common object identifier (USPS registered OID) for IPP based digital certificates.

6. Successfully enter into an agreement with the USPS that includes standard pricing, service level commitments, IPP Policy compliance, liability and service termination provisions, as well as such other terms and conditions as may be included.

2.2 Minimum Volume

IPP transactions are to be purchased in pre-paid blocks of 10,000 transactions by either the CA or a government customer on behalf of the CA.

2.3 Labeling

Each digital certificate must contain the statement ``ID Verified by the U.S. Postal Service'' within the certificate profile to let any user or relying party know that:

[sbull] The issuer of the digital certificate authority operates in compliance with IPP Policy, and

[sbull] The holder of the credential did physically appear before a postal employee and had their hardcopy identification successfully verified.

Applications should interrogate the digital certificate presented during an

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electronic process to confirm the presence of a new common object identifier (USPS registered OID) for IPP based digital certificates.

3.0 AVAILABILITY

IPP is available at an initial level of up to 200 post offices promptly following the execution of the first activation agreement. Market demand for IPP, in conjunction with operational assessments, will determine the expansion schedule beyond initial deployment locations.

Stanley F. Mires,

Chief Counsel, Legislative.

[FR Doc. 03-15211 Filed 6-16-03; 8:45 am]

BILLING CODE 7710-12-P

- a. In how many post offices is IPP currently being offered?
- b. In how many post offices will IPP be offered in the test year?
- c. Please provide the monthly revenues of IPP since inception.
- d. Please provide the monthly expenses of IPP since inception. State the source(s) for the figures used.
- e. Please provide the monthly volumes of IPP since inception.
- f. What fees are charged for IPP?

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- g. Describe in detail any contractual (or less formal) arrangements the Postal Service has with other private or governmental entities to provide this service.
- h. Describe in detail activities performed by Postal Service personnel to provide this service, including the positions held by those who provide the service and the amount of time involved in each activity.
- i. Why was IPP left out of the "Response of the United States Postal Service to Order No. 1449," filed June 1, 2006, when Order No. 1449 explicitly required the Postal Service to

file, not later than June 1, 2006, a list identifying and providing a brief description of each current unreviewed service that, in its opinion, falls outside the meaning of the final rule.

RESPONSE:

Confirmed.

- a. None.
- b. None.
- c. None.
- d. Objection filed.
- e. None.
- f. None.
- g. None.
- h. None.
- i. Because IPP is not a current service.

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OCA/USPS-79. For FY 2005 and separately for FY2006 (Q1, Q2, and Q3), please provide the breakdown of total window service costs (not limited to labor) by subclasses of mail (a separate figure for each subclass), special services (a separate figure for each special service), products (a separate figure for each product), stamp sales, "nonpostal" services (a separate figure for each discrete "nonpostal" service), and any other discrete categories. State the source(s) for the figures used.

RESPONSE:

The requested information does not exist.

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OCA/USPS-80. For FY 2005 and separately for FY2006 (Q1, Q2, and Q3), please provide the total number of transactions at retail windows. Break this figure down by subclasses of mail (a separate figure for each subclass), special services (a separate figure for each special service), products (a separate figure for each product), stamp sales, "nonpostal" services (a separate figure for each discrete "nonpostal" service), and any other discrete categories. State the source(s) for the figures used.

RESPONSE:

The requested information does not exist.

**Response of the United States Postal Service
To Interrogatories of the Office of the Consumer Advocate.**

OCA/USPS-83. In USPS witness Taufique's testimony at 19, he states: "The Postal Service also proposes that a piece must weigh 3.5 ounces or less to be eligible for letter rates."

- a. Please provide the TY 08 volumes for First-Class letter-shaped machinable pieces in the range of 0 to 3.5 ounces.
- b. Please provide the TY 08 costs for First-Class letter-shaped machinable pieces in the range of 0 to 3.5 ounces.
- c. Please provide the BY 05 volumes for First-Class letter-shaped machinable pieces in the range of 0 to 3.5 ounces.
- d. Please provide the BY 05 costs for First-Class letter-shaped machinable pieces in the range of 0 to 3.5 ounces.

Response.

- a.-d. Neither volume nor cost data are available for machinable letter-shaped pieces.

**Response of the United States Postal Service
To Interrogatories of the Office of the Consumer Advocate.**

OCA/USPS-84. The following interrogatory refers to OCA/USPS-23a – c, dated July 10, 2006. Please provide the same volume information requested in parts a – c for the 12-13 ounce weight increment.

Response.

Please see the response to OCA/USPS-23.

**Response of the United States Postal Service
To Interrogatories of the Office of the Consumer Advocate.**

OCA/USPS-85. The following interrogatory refers to OCA/USPS-24a-c, dated July 10, 2006. Please provide the same volume information requested in parts a – c for the 12-13 ounce weight increment.

Response.

Please see the response to OCA/USPS-24.

**Response of the United States Postal Service
To Interrogatories of the Office of the Consumer Advocate.**

OCA/USPS-86. The following interrogatory refers to OCA/USPS-25a-c, dated July 10, 2006. Please provide the same unit cost information requested in parts a – c for the 12-13 ounce weight increment.

Response.

Please see the response to OCA/USPS-25.

**Response of the United States Postal Service
To Interrogatories of the Office of the Consumer Advocate.**

OCA/USPS-87. The following interrogatory refers to OCA/USPS-26a-c, dated July 10, 2006. Please provide the same unit cost information requested in parts a – c for the 12-13 ounce weight increment.

Response.

Please see the response to OCA/USPS-26.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

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