

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS O'HARA
TO INTERROGATORY OF THE NEWSPAPER ASSOCIATION OF AMERICA
(NAA/USPS-T31-8)

The United States Postal Service hereby files the response of witness O'Hara to above-listed interrogatory, filed on July 14, 2006.

The interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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NAA/USPS-T31-8.

Please refer to page 8, lines 8-10, of your testimony where you recite the second statutory ratemaking criterion, and provide, for each subclass of mail, the performance record of the Postal Service in the Base Year compared to the service standard for that subclass of mail. If no service standard or performance record exists for a particular subclass, please so indicate.

RESPONSE:

Express Mail: Please see the response to OCA/USPS-T34-1.

Priority Mail: Please see the response to OCA/USPS-3.

First-Class Mail (Single-piece, combined subclasses): Please see the attached page 74 of the 2005 Comprehensive Statement on Postal Operations. Additional information, derived from RPW-ODIS data, is contained in the response to OCA/USPS-34, including a table for metered First-Class Mail Presort.

Periodicals: There is no service performance measure for Periodicals; service standards are on page 37 of Attachment G to Request, Docket No. R2006-1.

Standard Mail: There is no service performance measure for Standard Mail; service standards are on page 37 of Attachment G to Request, Docket No. R2006-1.

Package Services (Retail only): Please see the response to OCA/USPS-54. For each of the four Package Services subclasses, information on Days to Delivery [not tied to service commitment] is contained in the response OCA/USPS-30.

Chapter 4

2005 Performance Report and Preliminary 2007 Annual Performance Plan

	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2005 Target	2006 Target	2007 Preliminary
First-Class Mail Overnight	94	94	95	95	95	95	95	Based on 2006
First-Class Mail 2-Day	85	85	90	91	91	91	92	Based on 2006
First-Class Mail 3-Day	81	80	88	89	87	90	90	Based on 2006

Source: U.S. Postal Service External Measurement System (EXFC). EXFC is a statistically reliable system conducted by a firm under contract with the Postal Service, and is designed to cover the ZIP Codes that generate and receive the most mail. It is validated by comparative analysis with the Postal Service's internal Origin-Destination Information System. EXFC performance results also generally correspond to results from the separate externally conducted Customer Satisfaction Measurement (CSM) survey. More detail is provided in chapter 2, section B.

Notes: Service performance scores are rounded for the full year, which is consistent with current Postal Service reporting conventions. Some previous reports did not round data. More detailed data, subject to seasonal exclusionary periods to reflect expected weather conditions and reduced airlift capacity (generally from late November to early February), are used internally. The table above corrects previous reports which mistakenly reported internal data for some previous years.

Before 2003, First-Class Mail 2-day and 3-day performance scores were combined and reported as a single score. Since 2003 the Postal Service has maintained separate 2-day and 3-day scores to better identify and address specific service issues. For consistency, the 2001 and 2002 results have been retroactively adjusted to show to separate 2-day and 3-day scores.

This report also adjusts previous scores that were based on the use of preliminary or unadjusted data due to the publication timing requirements of some previous reports. This integrated Comprehensive Statement/Performance Report eliminates such differences between documents.

Although performance results for Express Mail and Priority Mail have not been reported publicly, both have performance measurement systems and internal performance improvement targets. Express Mail is measured by the Product Tracking System (PTS), an internal measure of performance from acceptance at retail to delivery to a mailbox. All Express Mail is scanned at acceptance and delivery and all domestic ZIP Codes are included. The system is validated by the Express Mail Validation System, an external system that provides side-by-side comparisons of test piece results with PTS results.

Through 2005, Priority Mail has been measured by the Priority-End-to-End (PETE) system. However, in 2006 Priority Mail measurement will transition from PETE to the Delivery Confirmation Priority Mail-Retail (DCPM-R), a scanning system similar to that described above for Express Mail. PETE will be modified and used as an external validation system, similar to the system used for Express Mail. The changes will reduce costs, improve operational consistency, and increase sample size. PETE reported results primarily for flat-shaped Priority Mail. DCPM-R will expand coverage to other Priority Mail shapes.

As Postal Service delivery performance levels stabilize at historically high levels, the objective will be to maintain that level of service nationwide and to improve performance incrementally, where possible, at the local level. The Postal Service continues to investigate cost-effective performance measurement systems for other mail categories using existing barcode technology to enable passive scanning for all mail shapes.