

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 DAVID POPKIN (DBP/USPS-86-90, 92-93, 95-97)
(June 22, 2006)

The United States Postal Service hereby provides its response to the following interrogatories of David Popkin, filed on June 8, 2006: DBP/USPS-86-90, 92-93, 95-97.

Objections were filed to questions 91 and 94 on June 19, 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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June 22, 2006

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-86. Please refer to your response to Interrogatory DBP/USPS-83 subpart c in Docket N2006-1. The Interrogatory was:

[c] Please discuss any efforts that have been made to, in effect, expand this listing and provide overnight service for Priority Mail to areas that are presently 2-day standard for First-Class Mail.

The response was:

[c] There has been no effort in this area in recent years.

The inside cover of a USPS booklet of "Ten 13 cent airmail stamps" stated the following:

THE TIME SAVER

In the larger cities you will find specially marked White-Top Airmail boxes. An Airmail letter in the White-Top box before the designated time listed on the box usually gets next-day delivery in major cities within 600 miles--and many beyond. And second day delivery anywhere else in the country. It makes sense to use the White-Top Box, a true Time Saver.

[a] Please confirm, or explain if you are unable to confirm, that the 13-cent Airmail rate was in effect from March 2, 1974 to December 30, 1975.

[b] Please confirm, or explain if you are unable to confirm, that Airmail was eliminated as a separate subclass of mail on May 1, 1977.

[c] Please confirm, or explain if you are unable to confirm, that when Airmail was eliminated as a separate subclass of mail on May 1, 1977, First-Class Mail was upgraded to Airmail service in those instances where it would expedite delivery over surface transportation.

[d] Approximately what year was the last discussion to upgrade the overnight delivery area for Priority Mail?

[e] What was the extent of the discussion that took place?

[f] Please explain why no discussion has taken place in recent years.

[g] Does the Postal Service believe that an expansion of the overnight delivery area would improve the level of service?

[h] If not, why not?

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RESPONSE TO DBP/USPS-86 (continued)

RESPONSE:

[a]-[c] See USPS-LR-L-73, Domestic Mail Rate History. See also PRC Op. MC 76-1 (Jan. 17, 1977).

[d] There have been no significant discussions in at least ten years.

[e] N/A

[f] It is not possible to provide every reason for the non-existence of a discussion. However, it is worth noting that Priority Mail is primarily targeted for the 2-day market, and Express Mail is primarily an overnight product. Moreover, the cost of making such changes to Priority Mail service standards could lead to too much of an increase in the rate for Priority Mail.

[g]-[h] An expansion of the overnight delivery area would increase the number of origin-destination pairs with an overnight service standard, but it would be pure speculation to project whether the level of service (percentage of Priority Mail pieces being delivered within the service standards) would improve or not.

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DBP/USPS-87

[a] Has there been any discussion to upgrade or downgrade the "line" between 2-day and 3-day service for Priority Mail?

[b] If so, please discuss.

RESPONSE:

[a]-[b] There have been discussions concerning the structure of 2-day and 3-day service standards for Priority Mail, none of which resulted in plans to go forward with any proposed changes

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DBP/USPS-88 The Postal Service has a page on its website that is entitled Domestic Service Performance.¹ [a] Please explain how a user of the website will be able to link to this from the home page.²

[b] Please explain how a customer who is at the home page will be aware that this data [Domestic Service Performance] exists.

[c] Please explain why this data does not have a direct link from the home page.

¹ www.usps.com/serviceperformance/welcome.htm

² www.usps.com

RESPONSE

[a] They will not.

[b] By exploring the site.

[c] The performance data are accessible to users of Click-N-Ship and the domestic Postage Rate Calculator, in accordance with the terms of the OCA/USPS Agreement.

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DBP/USPS-89. Please refer to the Domestic Service Performance on the Postal Service website. www.usps.com/serviceperformance/welcome.htm

[a] Please explain why retail Priority Mail with an overnight scheduled delivery is 8% less [95% for First-Class Mail vs. 87% for Priority Mail] when compared to First-Class Mail delivered to the same area.

[b] Please explain why retail packages are delivered on-time only 49% of the time.

[c] The prepare a table showing the data for retail package services for the same period of time that is on the website which is composed as follows: The categories on the left side [or right side] of the table are 2-day Service Standard / 3-day Service Standard / / 9-day Service Standard. The categories on the top [or bottom] of the table are: Cumulative % delivered by Day 1 / Cumulative % delivered by Day 2 / / Cumulative % delivered by Day 10.

RESPONSE:

[a] The lower figure for Priority Mail is largely explained by shape differences.

Priority Mail is about two-thirds parcels and one-third flats, whereas First-Class Mail is over 90 percent letters and cards. Please note that in the Postal Service's responses to DFC/USPS-21 DFC/USPS-22 (source: ODIS/RPW) that overnight Priority mail parcels and flats arrive on-time more often than their First-Class Mail shape counterparts.

[b] The Postal Service does not have a comprehensive answer to this issue. It is not clear that the resources needed to study it and provide one would be justified by the limited demand for these products at retail. One factor in the low on-time rates could be that there is no cut-off time in the system for retail Package Services and parcels accepted late in the day count against that day, even though they cannot be processed until the next day. Also, customers choosing retail Package Services generally are concerned more about price than time of delivery, given the alternatives available, and recognize that the delivery times are estimates and not guarantees.

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DBP/USPS-89 continued.

(c)

QUARTER 2 FY06

Service Standard	Count of all Delivered Mail Pieces	Volume Within Service Standard	% of Volume within Service Standard	% Delivered on Same Day	% Delivered by Day 1	% Delivered by Day 2	% Delivered by Day 3	% Delivered by Day 4	% Delivered by Day 5	% Delivered by Day 6	% Delivered by Day 7	% Delivered by Day 8 or more
1 Day	18	8	44.44%	0.00%	44.44%	61.11%	72.22%	72.22%	77.78%	77.78%	88.89%	100.00%
2 Day	393,648	247,884	62.97%	0.13%	13.25%	62.97%	77.13%	87.05%	92.72%	95.73%	97.39%	100.00%
3 Day	529,273	206,932	39.10%	0.02%	1.15%	8.00%	39.10%	56.80%	73.01%	84.58%	91.15%	100.00%
4 Day	1,028,643	476,208	46.29%	0.01%	0.09%	2.25%	13.12%	46.29%	60.02%	75.10%	86.28%	100.00%
5 Day	584,201	301,271	51.57%	0.01%	0.05%	1.82%	6.60%	22.65%	51.57%	62.31%	75.31%	100.00%
6 Day	485,544	219,705	45.25%	0.01%	0.03%	1.94%	3.62%	9.31%	21.22%	45.25%	59.14%	100.00%
7 Day	417,595	208,102	49.83%	0.01%	0.03%	1.76%	3.16%	5.17%	11.92%	27.89%	49.83%	100.00%
8 Day	161,385	86,458	53.57%	0.01%	0.02%	1.79%	3.05%	3.77%	8.32%	20.42%	38.25%	100.00%
9 Day	9,081	5,255	57.87%	0.02%	0.04%	3.26%	6.10%	7.37%	8.59%	16.13%	31.05%	100.00%
10 Day	4	1	25.00%	0.00%	0.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	100.00%
Total	3,609,392	1,751,824	48.54%	0.02%	1.66%	9.53%	19.96%	36.72%	50.90%	64.60%	76.28%	100.00%

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DBP/USPS-90 [a] In the past five years, has there been any discussion at the Headquarters level to increase the Service Standards for First-Class Mail and/or Priority Mail to four days or more.

[b] If so, please provide details.

RESPONSE:

[a]-[b] There have been no significant discussions regarding service standards of four days or more for either First-Class Mail or Priority Mail.

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DBP/USPS-92 For each of the past five years, please advise the receipts and expenses for each of the five years for the preparation and sale of philatelic items and products.

RESPONSE:

Nationwide philatelic product sales are reported each year in the Comprehensive Statement on Postal Operations. For instance, on page 42 of the 2005 report, the figure given is \$47 million. Developing comprehensive cost information would require a special study, since it would involve information from various sources that are not aggregated or disaggregated for this purpose, such as stamp production costs and window service costs.

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DBP/USPS-93 [a] Is there a policy for maximizing the profit [receipts less expenses] obtained from the sale of philatelic items and products?

[b] If so, please discuss in detail.

RESPONSE:

(a) No.

(b) N/A

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DBP/USPS-95

[a] Please describe any obligations that the Postal Service believes it has with respect to making the rates and rules simple to understand by the users of the service.

[b] Please describe any obligations that the Postal Service believes it has with respect to making the rates and rules simple to implement by the users of the service.

[c] Please describe any obligations that the Postal Service believes it has with respect to the users of the service paying the proper postage for their mail.

Please distinguish any different response, if appropriate, for individual mailers as opposed to sophisticated business mailers.

RESPONSE:

Certainly, the pricing and classification criteria of the Act create an obligation to consider simplicity in postal rates and rules. Beyond that, it just makes good business sense for postal services and prices to be easy for all mailers to understand and use, regardless of whether they are individual or business mailers. All postal customers benefit when other customers pay proper postage, regardless of the status of those customers.

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DBP/USPS-96. Please confirm, or explain if you are unable to confirm, that under the present regulations for the size of a Priority Mail article, a mailer need only determine whether the length plus girth is a measurement that is less than 84 inches or is between 84 and 108 inches [assuming that the article meets the minimum size requirements for mailing] and that the actual measurements are not critical. Furthermore, for articles weighing over 15 pounds, the only measurement required is whether it is less than 108 inches.

RESPONSE:

Not confirmed throughout. (1) Under the present regulations for the size of a Priority Mail article, the mailer need only confirm whether the length plus girth is no greater than 84 inches (*i.e.*, less than or equal to 84 inches) or greater than 84 inches (though no greater than 108 inches), not “whether the length plus girth is a measurement that is less than 84 inches or is between 84 and 108 inches.” (2) This does not imply that the “actual measurements” are “not critical” because the length and girth are measurements. (3) Since a Priority Mail article weighing more than 14 pounds, up to and including 15 pounds, will pay the 15-pound rate regardless of its length plus girth, it is for articles weighing more than 14 pounds, not 15 pounds, that only one measurement is required. (4) That measurement is whether the length plus girth is not greater than 108 inches, not “whether it is less than 108 inches.”

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DBP/USPS-97. Please confirm, or explain if you are unable to confirm, that under the proposed regulations for the size of a Priority Mail article, a mailer must make the same measurements as specified in Interrogatory DBP/USPS-96 [other than the last sentence would be 20 pounds if the article is destined to Local through the 4th Zone] but also must evaluate, for articles destined to the 5th through 8th Zone, whether the article is over or under 1728 cubic inches in volume. If the article is over 1728 cubic inches in volume, then an accurate measurement must be taken to determine the weight to be used for calculating the proper postage.

RESPONSE:

Partially confirmed. To be more precise, a length plus girth measurement may be required only in Local and Zones 1 - 4. Furthermore, the "last sentence" (in DBP/USPS-96) would say 19 pounds, not 20 pounds. That is because a Priority Mail article weighing more than 19 pounds, up to and including 20 pounds, will pay the 20-pound rate regardless of its length plus girth. In Zones 5 - 8, the relevant determination is not whether the article is "over or under 1,728 cubic inches," but whether the article is less than or equal to 1,728 cubic inches, or greater than 1,728 cubic inches. All else confirmed.

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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