

ORIGINAL

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS NEEDHAM TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T8-29-34)

The United States Postal Service hereby provides responses of witness Needham to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T8-29-34, filed on July 23, 1996.

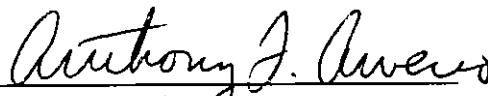
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Anthony F. Alverno

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August 6, 1996

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RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
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OCA/USPS-T8-29. Please provide updated workpapers comparable to witness Larson's Docket No. R90-1, USPS-T-22, WP-7.

RESPONSE:

Please see Lyons WP D at page 6 and Lyons WP A at page 5.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
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OCA/USPS-T8-30. The second Mail Insurance Survey, at LR-SSR-109, Part II, p. 112, contains the statement, "[i]f they (the respondents) ask a suggested price tell them approximately \$.90 per \$100 in value or 1% of the value."

- a) On what basis was \$.90 chosen? Were indemnity analyses performed? Please explain.
- b) Were other prices considered? Why or why not?

RESPONSE:

- a) The \$.90 incremental fee for each \$100 value level was chosen because it merely extends the current incremental insured mail fee of \$.90 per \$100 in value recommended by the Commission in Docket No. R94-1. No indemnity analyses were performed to arrive at this fee.
- b) No other fees were considered. Since this proposal is an enhancement to an existing special service, the Postal Service determined that continuing the existing fee structure would be the most reasonable course of action.

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OCA/USPS-T8-31. A comparison of your proposed indemnity fees for insurance at pages 45-48 of your testimony and of your proposed registry fees at p. 16 shows a difference of \$38.05 in the fees for \$5,000 of insurance.

- a) Do you believe that your proposed insurance fees are a reasonable alternative to the proposed registry fees for the same size and weight parcel?
- b) Explain why or why not.

RESPONSE:

a and b) That the proposed fees for insured mail exceed those for insured registry is not surprising. Indeed, the existing fee schedules for insured registry and insured mail already manifest this relationship in the over \$500 to \$600 bracket. For merchandise in that range, the insured mail fee already exceeds the insured registry fee. Despite this fee relationship, customers still make relatively substantial use of insured mail as compared to insured registry, compare Lyons WP D at pp. 4, 6, despite the availability insured registry at a lower fee, presumably because they perceive the service offered by insured mail to be superior to registry for their needs. Thus, it is expected that for higher value articles, there will be sufficient demand among customers for insured mail over insured registry, despite the fee relationship, and therefore the insured mail at proposed fees will, in my opinion, serve as a reasonable alternative to insure registry.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
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OCA/USPS-T8-32. What are the delivery standards for registered mail? Please provide the most recent available delivery statistics, including but not limited to average days to deliver, separately, by overnight, one-day, two-day, three-day, and four-day delivery area. Do any registry items typically require more than four days to deliver? Explain.

RESPONSE:

Postal Service data systems do not track registry delivery performance, and I know of no published service standard specifically for registered mail. Although the Postal Service's service commitments for First-Class Mail do not expressly exclude registered mail, it is my understanding that a reasonable service expectation (particularly for longer distances) for registered mail would be equivalent to the service commitment of the applicable First-Class Mail subclass plus one to two days. Applicable service commitments for First-Class Mail subclasses are attached. The need for additional time for registered mail is occasioned by the special accountability and handling procedures for registered mail, such as nighttime and weekend transportation restrictions. Customers may also perceive registry to be slower because registered mail recipients may wait longer to retrieve articles at the post office rather than asking for redelivery on another day.

**UNITED STATES POSTAL SERVICE
Service Commitments**
(ZIP Coded mail only)

Mail Class	Over-night	2nd Day	3rd Day	4th Day	5th Day	6th Day	7th Day	8th Day	9th Day	10th Day	Notes
Express Mail											Directores available at your local post offices.
Priority Mail											Primarily a two-day product.
First-Class Mail											11 ounces or less.
Second Class											Surface preferential
Fourth Class											See local BMC Manager for Parcel Post Commitments.
Third Class											Mail entered at the Destination P&DC has a 2 & 3 day commitment.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
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OCA/USPS-T8-33. Who are the major users of certified mail, i.e., types of businesses, individuals? Provide a percentage breakdown by type of user.

RESPONSE:

The certified mail survey conducted by Price Waterhouse (USPS LR-SSR-109) identified a number of likely certified mail users, including bankers; legal services firms; insurance agents, brokers, and services; courts; and police departments. Although this is a fair cross-section of businesses that are likely to use certified mail, it is not an exhaustive list. I am not aware of any other market research or other information identifying the characteristics or profiles of users of certified mail.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
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OCA/USPS-T8-34. Who are the major users of return receipt mail, i.e., types of businesses, individuals? Provide a percentage breakdown by type of user.

RESPONSE:

No information exists on the major users of return receipts or any associated percentage breakdown by type of user.

DECLARATION

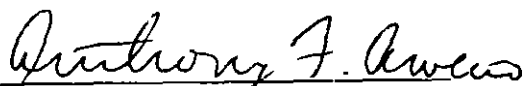
I, Susan W. Needham, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Susan W Needham

Dated: August 6, 1996

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.


Anthony F. Alverno

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