

**BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001**

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

**DOUGLAS F. CARLSON
INTERROGATORIES TO THE
UNITED STATES POSTAL SERVICE
(DFC/USPS-18-23)**

February 7, 2000

Pursuant to sections 25 and 26 of the *Rules of Practice*, I hereby submit interrogatories to the United States Postal Service.

The instructions contained in my interrogatories to witness Mayo (DFC/USPS-T39-1-9) are incorporated herein by reference.

Respectfully submitted,



Dated: February 7, 2000

DOUGLAS F. CARLSON

DFC/USPS-18.

- a. Please confirm that the Postal Service issued a Breast Cancer Research semipostal stamp in July 1998. If you do not confirm, please explain.
- b. Please confirm that the Breast Cancer Research stamp shows the words "First-Class" rather than a number of dollar or cents. If you do not confirm, please explain.
- c. Please confirm that the Breast Cancer Research stamp was sold in 1998 for 40 cents while the one-ounce single-piece First-Class rate was 32 cents. If you do not confirm, please explain.
- d. Please confirm that the Breast Cancer Research stamp continues to sell for 40 cents now that the single-piece First-Class rate is 33 cents. If you do not confirm, please explain.
- e. Please confirm that a Breast Cancer Research stamp purchased before January 10, 1999, the date on which the single-piece First-Class rate rose to 33 cents, is or may be identical in appearance to a Breast Cancer Research stamp purchased after January 10, 1999. If you do not confirm, please explain any differences in appearance.
- f. Suppose a customer purchased a Breast Cancer Research stamp on November 1, 1998, when the single-piece First-Class rate was 32 cents. If a customer uses this stamp to mail a single-piece First-Class letter on February 15, 2000, must this customer affix a one-cent stamp or otherwise pay an additional cent in postage? If the answer is not yes, please explain.
- g. Please confirm that a customer who purchased Breast Cancer Research stamps before January 10, 1999, may still have some of these stamps in his possession. If you do not confirm, please explain.
- h. Please confirm that the customer described in (g) subsequently may purchase Breast Cancer Research stamps after January 10, 1999. If you do not confirm, please explain.

- i. Please confirm that the customer described in (g) and (h) may subsequently, either accidentally or intentionally, mix the two sets of Breast Cancer Research stamps in his possession in such a way that the customer no longer can distinguish between the stamps he purchased before January 10, 1999, and the stamps he purchased after January 10, 1999. If you do not confirm, please explain.
- j. Please confirm that the customer described in (i) also may lose count of how many stamps he purchased before January 10, 1999, and how many stamps he purchased after January 10, 1999. If you do not confirm, please explain.
- k. Please confirm that the customer described in (i) may be an honest postal customer who wishes to pay the proper amount of postage for every letter he sends. If you do not confirm, please explain.
- l. Please confirm that the customer described in (k) may be unable, despite his best intentions, to determine whether he should add an additional cent to some of the letters that he mails using his Breast Cancer Research stamps.
- m. Please confirm that the customer described in (i) may be a postal customer who would pay less than the proper amount of postage if he believed that his underpayment would go undetected. If you do not confirm, please explain.
- n. For a single-piece First-Class letter mailed on February 15, 2000, using a Breast Cancer Research stamp, please confirm that the Postal Service would be unable to determine whether the Breast Cancer Research stamp was purchased before January 10, 1999, or after January 10, 1999. If you do not confirm, please explain.
- o. For a single-piece First-Class letter mailed on February 15, 2000, using a Breast Cancer Research stamp, please confirm that the Postal Service would have no effective way of determining whether postage on that letter was underpaid by one cent. If you do not confirm, please explain.
- p. Please confirm that the Postal Service's implementation of the legislation mandating the Breast Cancer Research stamp relies, to a certain extent, on

the honesty of the public in paying an additional cent when necessary. If you do not confirm, please explain.

- q. Please provide copies of all materials that the Postal Service has prepared for educating employees and the public on the possible need to pay an additional cent when using the Breast Cancer Research stamp. If no materials have been prepared and widely disseminated, please explain why not.
- r. Please confirm that any problems that exist today concerning the uncertainty about the need to add additional postage when using a Breast Cancer Research stamp will continue for the foreseeable future, even after future rate increases, because the underlying postage value of a particular Breast Cancer Research stamp could be either 32 cents or 33 cents.
- s. Please describe the efforts that the Postal Service has taken to measure the postage underpayment associated with letters mailed using Breast Cancer Research stamps since January 10, 1999. If the Postal Service has not sought to measure the postage underpayment, please explain why not.
- t. Please provide copies of all documents and analyses explaining why the Postal Service could not have implemented, or chose not to implement, the legislation mandating the Breast Cancer Research stamp by issuing a stamp in 1998 that showed 32 cents postage and a second, otherwise-identical stamp on or before January 10, 1999, that showed 33 cents postage.

DFC/USPS-19.

- a. Please confirm that the Postal Service opposed a discounted Courtesy Envelope Mail (CEM) rate in Docket No. R97-1 because, among other reasons, "revenue protection activity" would require manual involvement of postal clerks.
- b. Assume a CEM rate exists. Setting aside issues of ease or difficulty, please confirm that properly trained postal clerks should be able to verify whether most letters bearing postage corresponding to the CEM rate qualify for the

CEM rate and, therefore, are not underpaid. If you do not confirm, please explain.

- c. Please confirm that postal clerks, no matter how properly trained, would be unable to determine whether the postage on a one-ounce single-piece First-Class letter mailed on February 15, 2000, using a Breast Cancer Research stamp was underpaid. If you do not confirm, please explain.

DFC/USPS-20.

- a. Please confirm that the existence of a postage stamp that sells for more than the value of the postage contained therein potentially could create customer confusion. If you do not confirm, please explain.
- b. Please provide the results of all analyses that the Postal Service has conducted on the extent of customer confusion about the Breast Cancer Research stamp.
- c. Does postal management support the notion of issuing another semipostal stamp in the future? Please explain.
- d. If postal management generally supports issuing another semipostal stamp, please confirm that this decision indicates that the benefits associated with the semipostal stamp outweigh the problems associated with it. If you do not confirm, please explain.
- e. For this question, please choose either "simplify" or "complicate" and, if desired, explain your answer. Did the Breast Cancer Research stamp generally (i) simplify or (ii) complicate the nation's mail system?

DFC/USPS-21.

- a. Please describe generally the effect that the Internet and electronic bill-paying are expected to have on Postal Service First-Class Mail revenues in upcoming years.

- b. Please confirm that the projected losses of First-Class Mail revenue are now predicted to be larger and occur sooner than originally forecast when the Postal Service Board of Governors rejected CEM in 1998.
- c. Please confirm that a rate for CEM that were lower than the basic rate for single-piece, one-ounce First-Class Mail might slow the decline in First-Class Mail volume and revenue associated with the Internet and on-line bill-paying. If you do not confirm, please explain.

DFC/USPS-22.

- a. Please explain the meaning and use of a "hot case."
- b. Please discuss the extent to which hot cases are associated with EXFC.
- c. To the extent that hot cases are used primarily in areas measured by EXFC, please confirm that the mail that is processed in hot cases may be delivered sooner than this mail would be delivered if a hot case did not exist. If you do not confirm, please explain.
- d. Please confirm that a portion of the compensation that postal managers receive is dependent upon meeting certain EXFC performance goals. If you do not confirm, please explain.
- e. Please describe the EXFC performance goals that affect postal managers' compensation and the extent to which each goal affects their compensation.
- f. Please confirm that the Postal Service has experienced problems with postal managers taking steps to increase EXFC scores that are inconsistent with national service standards prescribed in postal manuals or described in policy directives. If you do not confirm, please explain.
- g. Please explain the appropriate response if the Postal Service learns, by customer input, audit, or other means, that a postal manager is not upholding national service standards prescribed in postal manuals or described in policy directives.

- h. Please confirm that EXFC performance scores provide some evidence of the value of First-Class Mail service. If you do not confirm, please explain.
- i. Please confirm that the extent to which postal managers provide services consistent with the national service standards prescribed in postal manuals or described in policy directives may affect the value to customers of First-Class Mail. If you do not confirm, please explain.

DFC/USPS-23. The following subparts generally concern witness Plunkett's testimony (T-36) at page 2, lines 5-13. Please provide complete and accurate answers on behalf of the Postal Service to each subpart:

- a. Does the Postal Service have the transportation and other logistical requirements in place to ensure that either guaranteed Next Day or guaranteed Second Day Post Office to Addressee Express Mail service is available from any post office in the country to any destination address in the country to which the Postal Service delivers? Please explain fully.
- b. Please confirm that some post offices do not receive mail six days a week. If you do not confirm, please explain.
- c. Please confirm that some post offices receive mail on as few as two or three days per week. If you do not confirm, please explain.
- d. Please confirm that some post offices dispatch mail on as few as two, three, or four days per week. If you do not confirm, please explain.
- e. If you confirm for any post offices in (b), (c), or (d), please confirm that some days will exist when the Postal Service will be unable to meet, for at least one origin-destination pair in the country, either a second-day or an overnight delivery commitment for Post Office to Addressee Express Mail service that either originates at the post offices in (b), (c), or (d) or is destined for the post offices in (b), (c), or (d). If you do not confirm, please explain.
- f. If you confirm in (e) for any origin-destination pair, please explain how, if at all, the Postal Service will notify the customer that neither next-day nor second-day service can be guaranteed. In answering this question, please

pay particular attention to the scenario of a customer in a metropolitan area mailing an Express Mail item to a rural destination that does not receive daily mail service.

- g. Please confirm that customers whose Express Mail does not arrive within the time provided by the service guarantee may suffer damages larger than the amount of postage that they paid. If you do not confirm, please explain.
- h. Please confirm that a customer might make other delivery or transmission arrangements in lieu of mailing an article via Express Mail if he were informed at the time of mailing that neither next-day nor second-day service were available to his destination. If you do not confirm, please explain.
- i. Please explain the policies, laws, and regulations that the Postal Service believes restrict its activities to prevent false or misleading advertising or representations.
- j. Please explain the Postal Service's own policies that govern its advertising activities and other representations of service levels to ensure that the Postal Service never guarantees a service for which it does not have the transportation and other logistical requirements in place to ensure that, under usual, predictable circumstances, it can provide the guaranteed service level.

CERTIFICATE OF SERVICE

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



DOUGLAS F. CARLSON

February 7, 2000
Emeryville, California