

Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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Postal Rate and Fee Changes

Docket No. R2000-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE
WITNESS ROBINSON TO INTERROGATORIES OF
DOUGLAS F. CARLSON
(DFC/USPS-T34-4-7, 9, 12-15)

The United States Postal Service hereby provides the response of witness Robinson to the following interrogatories of Douglas F. Carlson: DFC/USPS-T34-4-7, 9, 12-15, filed on February 11, 2000. Interrogatories 8, 10 and 11 were redirected to the Postal Service.

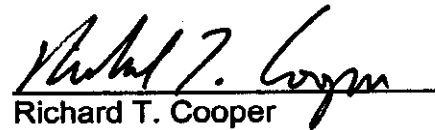
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


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February 25, 2000

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON
TO INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T34-4. Please refer to your response to DFC/USPS-T34-3. Of the total volume of Priority Mail flat-rate envelopes in FY 1998, please confirm that:

- a. 28.62 percent of the flat-rate envelopes weighed three ounces or less. If you do not confirm, please provide the correct percentage.
- b. 77.00 percent of the flat-rate envelopes weighed one pound or less. If you do not confirm, please provide the correct percentage.

RESPONSE:

- a. Confirmed.
- b. Confirmed.

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DFC/USPS-T34-5. Please refer to your response to DFC/USPS-T34-2.

- a. In the passage from the Commission that you quoted, please confirm that the lowest Priority Mail rate being recommended in Docket No. R90-1 was equal to the two-pound rate. If you do not confirm, please explain.
- b. Please confirm that customers who find the two-pound rate for flat-rate envelopes convenient and simple likely would continue to find the rate for flat-rate envelopes to be convenient and simple if this rate were the one-pound rate. If you do not confirm, please explain.

RESPONSE:

- a. Confirmed that in Docket No. R90-1, the lowest Priority Mail rate recommended by the Postal Rate Commission was a \$2.90 one-pound rate which was equal to the \$2.90 rate recommended for a two-pound piece. See Docket No. R90-1, PRC Op., Appendix One, Rate Schedule 103, Priority Mail.
- b. Confirmed that customers find flat-rate envelopes to be convenient and simple to use. Not confirmed that an appropriate rate for the flat-rate envelope is the one-pound rate.

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DFC/USPS-T34-6. Please provide the following information regarding Priority Mail. If possible, please provide aggregate data as well as data for only the mail that is entered into the mail stream via retail window transactions. If possible, please break the data down by one-ounce increments. The requested information is:

- a. The percentage of Priority Mail volume where the delivery standard provides for delivery in more days than the delivery standard for First-Class Mail.
- b. The percentage of Priority Mail volume where the delivery standard provides for delivery in fewer days than the delivery standard for First-Class Mail.
- c. The percentage of Priority Mail volume where the delivery standard provides for delivery in the same number of days as the delivery standard for First-Class Mail.

RESPONSE:

- a. - c. The requested data is not available.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T34-7. Suppose a customer needs to mail a sheet of letter-size paper that would fit in a #10 envelope from Oakland, California, to Raleigh, North Carolina. This customer wants his letter to arrive in Raleigh as quickly as possible. He does not wish to pay for Express Mail service, and he desires no additional services such as Delivery Confirmation. If offered the choice between two services that have the same price, he will choose the lower-priced service. He is not concerned with any visual impact of Priority Mail packaging on the delivery end. Suppose further that this customer approaches a retail window clerk in Oakland for assistance in sending this document.

- a. Please confirm that nothing unusual exists about the scenario described in this question or this customer's preferences to suggest that this situation would be atypical of a retail transaction that may occur in Oakland. If you do not confirm, please explain.
- b. Please provide the delivery standard between Oakland and Raleigh for Priority Mail and First-Class Mail.
- c. Please explain the delivery options that the window clerk should discuss with this customer. Please provide all training and other documentation that guides the window clerk's encounter with this customer regarding selection of the appropriate type of delivery service.
- d. Will or could the window clerk's retail terminal provide the window clerk with the delivery standard for First-Class Mail or Priority Mail to Raleigh? If so, are window clerks instructed to consult this information routinely and provide it to customers?
- e. Please confirm that the window clerk may or should inform the customer that Priority Mail, while not guaranteed, provides delivery in two to three days. If you do not confirm, please explain.
- f. Please confirm that, based on the representation that Priority Mail provides delivery, while not guaranteed, in two to three days, this customer may choose to send his document via Priority Mail instead of First-Class Mail. If you do not confirm, please explain.
- g. Please explain any and all reasons why this customer would be better off sending his document via Priority Mail instead of regular First-Class Mail.
- h. Please confirm that this customer, whose preferences are described above, would, if informed that the delivery standard for both Priority Mail and First-Class Mail was three days, choose First-Class Mail for 33 cents, rather than Priority Mail for \$3.20. If you do not confirm, please explain.

RESPONSE:

- a. Not confirmed. I am unaware of any study examining or evaluating "typical" retail transactions in Oakland, CA.
- b. I am informed that the service standard for First-Class Mail between Oakland CA and Raleigh NC is 3 days and that the service standard for Priority Mail between Oakland CA and Raleigh NC is 3 days.
- c. I am informed that the clerk is instructed to ask the customer "when does it need to get there?" The customer's answer to this question clues the clerk on what delivery service will meet the customer's needs. The key clue in the scenario described would be "as quickly as possible". The clerk is trained to suggest Express Mail and explain the guarantee. In this scenario, if the customer says he or she doesn't want to pay for Express Mail, then the clerk should offer the customer a choice between Priority Mail and First-Class Mail. Our training emphasizes offering customers choices and giving them information to help make the best choice for their needs. In this case, that information would be the difference in service standards between Priority Mail and First-Class Mail (if there is one) and the difference in price.

I have identified three documents that are used in training window clerks for this type of transaction; however, I recognize that there may be other materials prepared, for example, at the local level, that are used in training window clerks.

- **Structured On-the-Job Training, Core Processes, Workbook, Course #23Q01-06, NSN #7610 040009881 (December 23, 1999).**
- **Sales and Services Associate Training, Associate's Workbook, NSN #7610 040008860, Course 23501-02 (October 1, 1999).**
- **Sales and Services Associate Training, Facilitator's Guide, NSN#7610 040008859, Course 23501-02 (September 1999).**

An electronic copy of these documents will be filed as USPS LR-I-196.

- d. I am informed that the Oakland area has a combination of MOS IRTs and NCR POS ONE systems. MOS IRTs do not display service standards for First-Class Mail or service standards for Priority Mail when the service standard is two days or less. When the destination has a three-day Priority Mail standard, they display a highlighted message on the screen, stating, "3-day service area, advise customer". NCR POS ONE terminals do not display actual First-Class Mail service standards for each specific origin/destination combination, and indicate a three-day First-Class Mail service standard for every article. The NCR POS ONE system indicates a Priority Mail service standard (either two days or three days) which is determined on the basis of the specific origin and destination.**
- e. Confirmed that the window clerk may inform the customer that Priority Mail, in general, while not guaranteed, provides delivery in two to three days.**
- f. Confirmed.**

- g. All other things being equal, a customer will generally prefer a lower-priced product that meets his or her needs to a higher-priced product that meets his or her needs. It appears that (1) this hypothetical customer does not value any of the services (e.g., delivery confirmation, packaging) offered by Priority Mail that are not offered with First-Class Mail; (2) the service standards for Priority Mail and First-Class Mail are identical and; (3) for this customer, all other things being equal, price is the determining factor in his or her choice between Priority Mail and First-Class Mail. Therefore, it appears that this customer would choose to mail a one-ounce mail piece (a sheet of letter-size paper in a #10 envelope) from Oakland, CA to Raleigh, NC using First-Class Mail at a rate of 33 cents instead of using Priority Mail at a rate of \$3.20.
- h. See response to DFC/USPS-T34-7(g).

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DFC/USPS-T34-9. Please provide the delivery standard for Priority Mail that is mailed from Bangor, Maine, to Bangor, Maine.

RESPONSE:

I am informed that the service standard for Priority Mail from Bangor ME to Bangor, ME is 1 day.

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DFC/USPS-T34-12. Please provide the weight of an empty Priority Mail flat-rate envelope.

RESPONSE:

Priority Mail flat-rate envelope EP-14F weighs approximately 1.4 ounces. Priority Mail flat-rate envelope EP-14B weighs approximately 0.8 ounces.

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DFC/USPS-T34-13. From any originating city, please discuss the extent to which *either* (1) First-Class Mail provides overnight service for a particular destination while Priority Mail would provide two-day service or (2) Priority Mail provides overnight service for a particular destination while First-Class Mail would provide two-day service. Please provide all available data.

RESPONSE:

I am informed that there are 849,106 valid 3-digit ZIP Code pairs. (1) There are currently 49 ZIP Code pairs where First-Class Mail provides overnight service, while Priority Mail provides two-day service. These cases appear to be database errors and are being resolved. (2) There are currently 151 ZIP Code pairs where Priority Mail provides overnight service, while First-Class Mail provides two-day service.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON
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DFC/USPS-T34-14. Please describe all Postal Service-provided mailing envelopes that qualify for the flat-rate-envelope rate.

RESPONSE:

Priority Mail flat-rate envelope EP-14F is a cardboard envelope measuring approximately 12.5 inches by 9.5 inches. Priority Mail flat-rate envelope EP-14B is a cardboard envelope measuring approximately 6 inches by 10 inches. Printed on all flat-rate envelopes is the Priority Mail logo and the endorsement "2 lb. Priority Mail postage rate required" and/or "2 lb. postage rate regardless of weight" or wording of similar intent.

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DFC/USPS-T34-15. Please confirm that customers mailing items weighing one to 13 ounces might be more likely to use a Priority Mail flat-rate envelope, as opposed to First-Class Mail, if the proposed one-pound Priority Mail rate applied to the flat-rate envelope instead of the proposed two-pound rate. If you do not confirm, please explain.

RESPONSE:

Not confirmed. I am unaware of any studies that evaluate the relative importance of the availability and price of the flat-rate envelope, the availability of Priority Mail value-added services such as delivery confirmation, the service standards for both Priority Mail and First-Class Mail and other factors in customers' decisions to use the Priority Mail flat-rate envelope to mail items weighing one to 13 ounces as opposed using to First-Class Mail to mail these items.

DECLARATION


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


MAURA ROBINSON

Dated: 2/25/2000 .

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.


Richard T. Cooper

475 L'Enfant Plaza West, S.W.
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February 25, 2000