

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

Complaint on First-Class Mail
Service Standards

Docket No. C2001-3

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-10 AND 11)

The United States Postal Service hereby files its responses to the following interrogatories of the Office of the Consumer Advocate that were filed on September 17, 2001: OCA/USPS-10 and 11.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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October 4, 2001

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OCA/USPS-10.

What is the on-time delivery record for the 3-digit ZIP Code pairs that were changed during 2000 and 2001 from three days to two days? What was the on-time delivery record for the same ZIP Code pairs for the two years immediately prior the implementation of the Phase 2 service standards?

RESPONSE:

For FY2001 Q4, the first and only quarter for which there are any data reflecting the impact of all of the changes, ODIS data show an estimated 89 percent on-time performance for First-Class Mail for 3-digit ZIP Code origin-destination pairs that were changed from 3-day to 2-day delivery as part of the finalization of Phase 2.

For comparable periods (Q4) in both FY99 and 98, the two years preceding the finalization of Phase 2, ODIS data show an estimated on-time performance of 92 percent before the change (for the same 3-digit ZIP Code origin-destination pairs that were changed from 3-day to 2-day delivery as part of the finalization of Phase 2).

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OCA/USPS-11.

Has the Postal Service performed any costing analysis to measure the actual or projected cost savings derived from implementing the Phase 2 service standards? If so, please provide copies of all such analysis. If not, please explain why none has been performed.

RESPONSE:

Although the potential for cost savings was recognized when the Postal Service first gave notice of its realignment plan, the Postal Service never intended for potential cost savings to serve as a justification for making the service standard changes. Nor did it establish a process for measuring or monitoring any such cost impacts as it implemented Phases 1 and 2 of its plan in the early 1990's.

Accordingly, finalization of Phase 2 in FY2000-01 was not motivated by considerations of potential cost savings. When it became apparent that that the finalization of the Phase 2 changes would result in more reliance on surface transportation to meet 2-day service commitments, a postal transportation analyst at postal Headquarters developed a preliminary estimate of the transportation costs that could potentially be saved. No hard copies of any document or electronic files reflecting the details of the analysis have been located. Any such documents are believed to have been purged or lost during an office relocation.

It is the recollection of the analyst that the conclusion was that approximately \$36.4 million in transportation costs could be saved per year, based upon an average per-pound cost for air and surface transportation costs of \$0.25 and \$0.14, respectively; and that these savings would be offset by an increase in expenditures related to an expansion of the surface transportation network.

CERTIFICATE OF SERVICE

I hereby certify that, in accordance with section 12 of the Rules of Practice, I have this day served the foregoing document upon:

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