

BEFORE THE
POSTAL RATE COMMISSION

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POSTAL RATE COMMISSION
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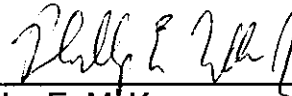
EXPERIMENTAL SUSPENSION OF FEE FOR
MANUAL DELIVERY CONFIRMATION CATEGORY

DOCKET NOS. R2001-2,
MC2001-2

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS O'HARA
(UPS/USPS-T1-12 through 24)
(October 10, 2001)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby files and serves the following interrogatories directed to United States Postal Service witness O'Hara: UPS/USPS-T1-12 through 24.

Respectfully submitted,



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UPS/USPS-T1-12. Refer to page 14, lines 1-3, of your testimony, where you state that "[w]ith respect to the impact on competitors . . . the Postal Service . . . anticipates that the experiment's impact would be minimal."

(a) Provide all empirical data upon which you rely that supports the assumption that the experiment's impact will be minimal.

(b) Did the Postal Service consider the impact of the experiment on competitors in deciding whether to go forward with the experiment? If so, describe the factors which were considered and describe the relative weights the Postal Service assigned to each factor.

UPS/USPS-T1-13. Have you or anyone else in the Postal Service studied, investigated, or otherwise evaluated the potential volume shift from private delivery companies that may result from the proposed suspension of the fee for Manual Delivery Confirmation? If so:

(a) Describe the studies in detail.

(b) Describe the results of the studies.

(c) Provide the studies and all reports or other documents generated as a result of those studies.

UPS/USPS-T1-14. Have you or anyone else in the Postal Service studied, investigated, or otherwise evaluated the potential volume shift from Parcel Post that may result from the proposed suspension of the fee for Manual Delivery Confirmation for Priority Mail users? If so:

(a) Describe the studies in detail.

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(b) Describe the results of the studies.

(c) Provide the studies and all reports or other documents generated as a result of those studies.

UPS/USPS-T1-15. Refer to page 8 of your testimony, where you discuss methods the Postal Service intends to use to inform customers about the limited-time offer of free delivery confirmation.

(a) Describe the window cards and other displays to which you refer on page 8, line 6, of your testimony.

(b) For each window card or display, state the costs involved in producing and displaying it, on a per-piece and total aggregate basis, and identify the class or classes of mail to which that cost is attributed under the experiment.

(c) Provide a copy of each window card or display.

(d) Regarding the press coverage to which you refer on page 8, line 3, of your testimony, describe the press coverage the Postal Service intends to use, the cost of that press coverage, and whether that cost is included in the cost for delivery confirmation contained in your testimony and workpapers. Provide a copy of all press releases developed regarding the proposed fee suspension.

(e) With respect to the local postmaster customary holiday communications with their communities to which you refer on page 8, lines 13-14, of your testimony, describe these customary communications. Identify the costs of these communications, and state whether any of these costs are included in the cost for delivery confirmation service contained in your testimony and workpapers.

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(f) Refer to page 2 of your workpaper, in which you identify a "cost of informing customers" of \$150,000. Describe in detail the components of that cost, the products or services purchased or to be purchased by the Postal Service that are included in that cost, and how the figure was calculated.

UPS/USPS-T1-16. Describe in detail the expected operating plan for window clerks for offering Manual Delivery Confirmation for free to Priority Mail users from December 1 to December 16.

(a) Must customers request the free service, or will window clerks offer it to customers?

(b) Will all Priority Mail items receive free Manual Delivery Confirmation automatically?

UPS/USPS-T1-17. Provide all market research that the Postal Service has performed, or has contracted to perform, on the potential impact of its proposed fee suspension.

UPS/USPS-T1-18. Has the Postal Service studied through market research, customer interviews, or any other means the potential increase in Delivery Confirmation usage as a result of this proposal? If so, provide the studies and all results of these studies.

UPS/USPS-T1-19. Has the Postal Service studied through market research, customer interviews, or any other means the potential increase in Priority Mail volume as a result of this proposal? If so, provide the studies and all results of these studies.

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UPS/USPS-T1-20. Has the Postal Service studied through market research, customer interviews, or any other means the reason that customers are likely to mail packages during the busiest week of the holiday season? If so, provide the studies and all results of these studies.

UPS/USPS-T1-21. Has the Postal Service studied through market research, customer interviews, or any other means the likelihood that customers will mail packages before the busiest week of the holiday season as a result of this proposal? If so, provide the studies and all results of these studies.

UPS/USPS-T1-22. Is it the Postal Service's expectation that, if this proposed program is judged a success by Postal Service management, Manual Delivery Confirmation would be offered at no charge during the same time period in calendar year 2002? Explain.

UPS/USPS-T1-23. Refer to USPS-LR-1, file 'DC LR.xls', page 'WP_p.2 Exper. Rev & Cost'.

(a) Explain why one-half of the cost of informing customers is assigned to Priority Mail. How was the determination to assign one-half of the cost to Priority Mail made?

(b) Explain why the cost of additional Delivery Confirmation usage during the experiment is assigned to Priority Mail.

(c) Explain why the cost of non-electronic, existing usage is moved from the cost base of Delivery Confirmation to the cost base of Priority Mail.

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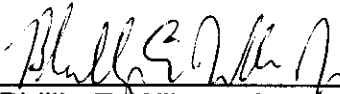
UPS/USPS-T1-24. Refer to Postal Service witness Tolley's testimony in R2001-1, USPS-T-7, at 136, where he discusses the effect of the availability of delivery confirmation for Priority Mail on Parcel Post volume.

(a) Describe all studies of the effects of this experiment on Parcel Post volume.

(b) Explain how considerations of the impact of the experiment on Parcel Post volume affected the Postal Service's decision to propose the experiment.

CERTIFICATE OF SERVICE

I hereby certify that on this date I have caused to be served the foregoing document by first class mail, postage prepaid, in accordance with Section 12 of the Rules of Practice.



Phillip E. Wilson, Jr.

Dated: October 10, 2001
Philadelphia, PA

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