

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

Postal Rate and Fee Changes, 2001

Docket No. R2001-1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER  
TO INTERROGATORIES OF DOUGLAS CARLSON  
(DFC/USPS-T28-1 AND T28-3 THROUGH T28-6)

The United States Postal Service hereby files its responses to the following interrogatories of Douglas Carlson that were filed on September 28, 2001: DFC/USPS-T28-1 and T28-3 through T28-6.

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

The response to DFC/USPS-T28-2 is forthcoming.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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October 12, 2001

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER  
TO INTERROGATORIES OF DOUGLAS CARLSON

**DFC/USPS-T28-1.** Please explain whether the value of First-Class Mail service has increased, decreased, or remained the same in the past five years. In responding, please provide all documents that support your response.

**RESPONSE:**

Many factors are considered when assessing the value of service of a particular subclass. There is no explicit measure for quantifying this factor. See my testimony at pages 4-6.

Even if First-Class Mail value of service could be quantified and shown to increase or decrease over time, it would still need to be evaluated relative to other services.

For example, I am aware that in some instances, collection times for First-Class Mail have been adjusted. In some of those cases, these changes in posted collection times may not so much reflect absolute changes in service for a particular location, but instead be designed to provide more meaningful collection times to meet service standards. At the same time, it is my understanding that acceptance hours in bulk mail units are often adjusted to better match the processing patterns for the facilities. These changes can affect classes of mail other than First-Class. As such, I could not categorically state that a change in posted collection times represents a change in the relative value of service.

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**RESPONSE to DFC/USPS-T28-1 (continued)**

Again, there are many factors that affect value of service. I can not simply consider one of those factors and ignore the others. For instance, to the extent there are refinements in a P&DC's service area that affect First-Class Mail, it is my understanding that these changes are typically made to better reflect the level of service that can be provided given processing patterns and available transportation. I believe a more meaningful depiction of available service enhances, rather than detracts from, value. At the same time, some of these changes may reflect service level changes. These changes should not be considered in isolation. Instead, they should be considered along with other factors. For instance, the overnight service performance for First-Class Mail has improved over the past several years. (See Docket No. C2001-1, USPS response to DFC/USPS-69 (July 30, 2001, as supplemented August 13, 2001)). Also, improvements in automated processing of letters, such as enhanced ability to read hand-written addresses, as described by witness Kingsley (USPS-T-39 at 3-6), point to an increase in value of service since these pieces can be more readily merged into the automated mailstream. These efforts have accrued most directly to First-Class Mail.

In general, First-Class mail has a higher value of service than many other subclasses, which is consistent with its higher cost coverage. Changes in one or more of the factors that affect value of service have not been of the magnitude that would significantly change this general relationship.

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**DFC/USPS-T28-3.** Please explain whether the value of First-Class Mail service generally is directly proportional to or inversely proportional to the speed of First-Class Mail delivery. Please provide all documents that support your response.

**RESPONSE:**

“Speed” (to the extent that means the time elapsed from entry into the mailstream until delivery) is only one aspect of value of service and is a function of a number of factors. All else equal, “faster” is better than “slower;” however, not all else is equal. A short period of elapsed time may or may not reflect a higher “value of service.” Some mailers may enter their mailings very close to the destination, and the elapsed time may be very short. This does not translate to high value of service, necessarily, because it is the action of the mailer that is driving the time-to-delivery. The type of transportation used, and the priority of delivery, are factors that may affect the “speed” of delivery, and affect the value of service.

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**DFC/USPS-T28-4.** Please provide all facts, information, and documents describing the types or functions of First-Class Mail that non-business customers send and receive.

**RESPONSE:**

The Household Diary Study provides the most comprehensive information regarding non-business customers use of First-Class Mail. See USPS-LR-J-104.

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**DFC/USPS-T28-5.** Please explain whether the value of First-Class Mail service generally is directly proportional to or inversely proportional to the convenience of the collection system. Please provide all documents that support your response.

**RESPONSE:**

Please see response to DFC/USPS-T28-3. The convenience of the collection system is a factor when considering the “value of service” of a particular subclass, but it is not possible to quantify this factor as a “proportion” and declare it directly or indirectly proportional. In general, access to the collection system is deemed as a positive indicator of value of service. And, all else equal, greater access to the collection system is reflective of greater value of service. However, this is just one factor with limited weighting in the value of service consideration. Even if there have been minor changes in the accessibility of the collection system, such changes are unlikely to be significant enough to alter the relative assessment, by subclass, of value of service.

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**DFC/USPS-T28-6.** Suppose that a collection box receives an average volume on weekdays of 100 pieces of mail or more. All else equal, please confirm that a final weekday collection time on this collection box of 5:00 PM probably provides a higher value of First-Class Mail service to customers than a final weekday collection time on this collection box of 4:00 PM. If you do not confirm, please explain.

**RESPONSE:**

Not confirmed. If a 4:00 PM box (Box A) had a final collection time of 5:00 PM, yet it was less likely that mail in that box (versus a 5:00 box, Box B) would be processed in time to be delivered the next day in the overnight area, then it could be viewed as having a lower value of service, even though it had the same pickup time as Box B. If a 4:00 PM collection provides more consistency of service in, say, the overnight service area, than a 5:00 PM collection, then value of service would not be lower for the 4:00 PM pickup. Posting a 4:00 PM collection time provides better information for the mailer.

## 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 all parties of record in Docket No. R2001-1.

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