

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

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO OCA INTERROGATORIES  
REDIRECTED FROM WITNESS SCHERER  
(OCA/USPS-T30-1-2)

The United States Postal Service hereby provides its responses to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T30-1-2, filed on October 1, 2001. These interrogatories were redirected from witness Scherer.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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October 15, 2001

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**OCA/USPS-T30-1.** In its Opinion in Docket No. R2000-1, the Commission said customers cannot easily determine either from the Postal Service's website or at post offices when different service standards exist as between Priority Mail and First-Class service.

(a) Please indicate what efforts the Postal Service has undertaken to permit consumers to more easily determine that different service standards exist as between Priority Mail service and First-Class service.

(b) Please indicate if, and how, customers can determine the relative service standards for a given ZIP Code pair for Priority Mail and First-Class Mail at both the Postal Service's website and at post offices.

(c) Please indicate whether the Postal Service is planning to undertake any further efforts to assure that customers at its website or its post offices can readily determine whether different service standards exist as between Priority Mail and First-Class mail. If so, please indicate the date on which the current plans are scheduled for implementation.

**RESPONSE:**

(a) Comparative delivery service standard information for Priority Mail and First-Class Mail is available to consumers from the POS ONE terminals deployed at some post offices. More limited information on Priority Mail commitments alone is available from the integrated retail terminals (IRTs) deployed at other post offices. (See also the Postal Service's response to DFC/USPS-9.) All POS ONE terminals and IRTs at post offices are positioned at the retail window and have dual monitors, one for the retail associate to view, the other for the customer. Some recent developments in these systems have improved the quality of comparative service standard information available to customers.

In November 2000, when the Commission issued its Docket No. R2000-1 Recommended Decision, the **NCR POS ONE** system was still reliant for Priority

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Mail service standard information on the quarterly-updated Priority Mail 3-Day Exception File, which only contains 3-digit origin-destination ZIP Code pairs for which the service standard is three days. This only permitted NCR POS ONE terminals to show "3 days" for 3-day service standards and, by default, "2 days" for 1- and 2-day service standards. For First-Class Mail, no service standard data were available to the NCR POS ONE system so the terminals defaulted in all cases to "3 days."

In January 2001, the NCR POS ONE system began using the more-detailed (and also quarterly-updated) National Service Standard File, which contains First-Class and Priority Mail service standard data for all origin-destination pairs at the 3-digit ZIP Code level. As a result, NCR POS ONE terminals now show, for both First-Class and Priority Mail, "3 days" if the service standard is three days, "2 days" if the service standard is two days, and "1 day" if the service standard is one day. The terminals display the service standards for both First-Class and Priority Mail if the customer has not already decided on a mail class. Otherwise the service standard for the selected mail class is displayed.

Like the NCR POS ONE system prior to January 2001, the **IBM POS ONE** system is still reliant for service standard data on the Priority Mail 3-Day Exception File. Consequently, for Priority Mail, IBM POS ONE terminals only show "3 days" for 3-day service standards and, by default, "2 days" for 1- and 2-day service standards. For First-Class Mail service standards, the system is

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hard-coded to show, as a crude approximation, "1 day" if the destination ZIP Code is 0-1 zones away, "2 days" if the destination ZIP Code is 2 zones away, and "3 days" if the destination ZIP Code is 3-8 zones away.

However, IBM POS ONE software is in the process of being updated, with completion scheduled for mid-October 2001. After the update, the IBM POS ONE system will be able to use the National Service Standard File in place of the Priority Mail 3-Day Exception File. As a result, IBM POS ONE terminals will display the same First-Class and Priority Mail service standard data – i.e., for all origin-destination pairs at the 3-digit ZIP Code level – as NCR POS ONE terminals.

The Postal Service is in the process of replacing IRTs with POS ONE terminals. Accordingly, the number of NCR POS ONE terminals has increased since November 2000 from 17,632 deployed at 3,785 retail sites to currently 20,614 deployed at 4,523 retail sites. The number of IBM POS ONE terminals has increased since November 2000 from 17,549 deployed at 3,764 retail sites to currently 20,901 deployed at 4,724 retail sites.

Due to the absence of a hard drive and limited floppy disk space, **Unisys IRTs** – of which about 28,600 are in use today – must rely for service standard information on the Priority Mail 3-Day Exception File rather than the National Service Standard File. For Priority Mail, the terminals only display "3 days" if the service standard is three days. Unlike IBM POS ONE terminals until completion of the current software update, no information is displayed if the service standard

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is one or two days. Service standard information is also not displayed for First-Class Mail.

The final type of retail terminal deployed at post offices is the **MOS IRT**, of which only an estimated 200 are in operation. Like Unisys IRTs, MOS IRTs are dependent for service standard information on the Priority Mail 3-Day Exception File, and only display a Priority Mail exception message for 3-day destinations. Unlike Unisys IRTs, the MOS software, due to technical difficulties, is not updated for quarterly changes to the Priority Mail 3-Day Exception File. Some of the 3-day exception messages are therefore incorrect. However, all MOS IRTs are being replaced by Unisys IRTs, with conversion targeted for completion by Thanksgiving 2001.

Unisys IRTs are themselves in the process of being replaced by POS ONE terminals. The IRT technology is considered outdated. The replacement schedule is subject to the availability of funding and budgetary considerations.

The "Domestic Postage Calculator" feature on the Postal Service web site, available since October 1996, is another convenient source of comparative First-Class and Priority Mail service standard data for consumers. The data derive from the National Service Standard File, which is updated quarterly. Service standard data are available in the Domestic Postage Calculator for over 800,000 5-digit ZIP Code pairs. Whenever the "Calculator" is used – even if only to determine the rate, not the service standard – comparative rate and service standard data are displayed for all applicable mail classes (e.g., including First-

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Class Mail if the mail piece does not weigh more than 13 ounces), side by side. The Calculator is one of the most popular applications on the Postal Service web site. While no changes to the Calculator's service standard function have been made since the Commission issued its Docket No. R2000-1 Recommended Decision in November 2000, it can be noted that the number of visitors to the Calculator has increased from about 5 million in calendar year 1999 to 9 million in 2000 and a projected 16 million in 2001.

(b) Please see the response to part (a) above for comparative service standard information available on POS ONE terminals and IRTs at post offices. This information is available from retail associates.

As also explained in part (a), comparative service standard information is also available through the Domestic Postage Calculator feature of the Postal Service web site ([www.usps.com](http://www.usps.com) or [www.usps.gov](http://www.usps.gov)). There are various paths to the Calculator on the web site. The most direct is to click on "Calculate Postage" on the home page and then to select a type of letter or package under "Domestic Calculator." Another common path is to click on "Services Guide" on the home page, then to click on "Household/Single-Piece," and then to select a type of letter or package under "Domestic Calculator." (Note: the "Household/Single-Piece" hyper-link reflects that the Calculator was designed for residential and small-business customers.) Links to the Calculator are also provided on many other pages including "Postage Rates and Fees," "Mail/Ship," and "Info."

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After reaching the Calculator page, the customer simply enters the weight of the mail piece and the origin and destination 5-digit ZIP Codes. The Calculator will return comparative, side-by-side rate and service standard information for all applicable mail classes.

(c) As discussed in the response to part (a) above, IBM POS ONE software is currently being updated. As a result, starting in mid-October 2001, IBM POS ONE terminals will be able to display comparative First-Class and Priority Mail service standard data for all origin-destination pairs at the 3-digit ZIP Code level. Also improving the quality of service standard data available to customers at post offices will be the replacement of MOS IRTs by Unisys IRTs, targeted for completion by Thanksgiving 2001, and, more generally, the replacement of IRTs by POS ONE terminals. A Stage Three funding request for the latter replacement program is scheduled for the November Board of Governors meeting. Progress in this program is also subject to budgetary considerations.

With respect to the availability of comparative First-Class and Priority Mail service standard data at the Postal Service web site, the Postal Service will continue to publicize the web site in USPS publications, in post office lobbies, through the advertising print media, and by adding the web address to USPS vehicles.

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**OCA/USPS-T30-2.** The Commission said in its Opinion in Docket No. R2000-1 in its analysis of Priority Mail meeting delivery standards that it "strongly recommends" the Postal Service review its policies with regards to consumer advertising, especially to household consumers in planning and managing the array of service offerings it provides the public.

(a) Please indicate what reviews of its policies, if any, the Postal Service has taken since the Commission issued the Opinion in accord with this recommendation of the Commission.

(b) As recommended by the Commission, what steps has the Postal Service taken to assure that customers are not misled into purchasing a more expensive product that will not provide the anticipated added service such as Priority Mail?

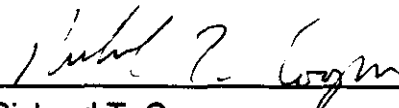
**RESPONSE:**

(a) In the time since the issuance of the Commission's Opinion, there have been no significant policy reviews concerning Priority Mail advertising relating to the Commission's comments. Priority Mail continues to be advertised as having "2-3 day delivery," which is the average delivery time for the product. The "2-3 day delivery" attribute in the advertising message is intended to facilitate comparison to competing private-sector expedited delivery services, not comparison to First-Class Mail.

(b) In the event that substantial evidence of significant customer confusion regarding appropriate product choices is demonstrated, the Postal Service will consider taking appropriate corrective action. Up until the present time, no such action has been deemed appropriate.

### **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.

  
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