

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 UNITED STATES POSTAL SERVICE
WITNESS MAYO TO INTERROGATORIES OF OFFICE OF CONSUMER ADVOCATE
OCA/USPS-T35-2-7

The United States Postal Service hereby provides the responses of witness Mayo to the following interrogatories of the Office of Consumer Advocate: OCA/USPS-T35-2-7, filed on October 1, 2001. Interrogatory OCA/USPS-T35-1 was redirected to the Postal Service and will be answered separately.

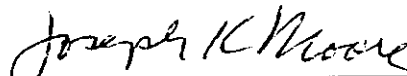
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO
TO INTERROGATORIES OF OFFICE OF CONSUMER ADVOCATE**

OCA/USPS-T35-1. In its Opinion in Docket No. R2000-1, the Commission said the Postal Service is not properly informing consumers about the limitations in its Express Mail delivery network (Opinion at 221) and suggested the Postal Service review its overall advertising and consumer information so that customers are made aware of potential limitations of the service; that is, so that they are notified that either the delivery standards cannot be met or revise the delivery standards so that they are more realistic. Please explain the steps taken by the Postal Service since the Commission's Opinion to review the Postal Service's overall advertising and consumer information for Express Mail to make consumers aware of the potential limitations in the service's ability to meet the delivery standards for Express Mail. Please indicate what specific steps the Postal Service has taken to make consumers aware of the potential limitations of the service's ability to meet the delivery standards for Express Mail. Are there ZIP Code pair delivery standards for Express Mail for each ZIP Code to which Express Mail is delivered? If so, is each of those standards available to the consumer for each ZIP Code pair and how does the consumer access those standards for any particular ZIP Code pair? Since the Commission's Opinion in Docket No. R2000-1, has the Postal Service adjusted downward any ZIP Code pair delivery standards for Express Mail because the prior service standard could not be met? If so, please provide a listing of those pairs for Express Mail which were changed and the proportion that the changed pairs are to the total number of all Express Mail ZIP Code pairs.

RESPONSE:

Redirected to the United States Postal Service.

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OCA/USPS-T35-2. The Commission Opinion in Docket No. R2000-1 noted its concern about the high on-time failure rate of 8.8 percent for Express Mail which, it said, is inconsistent with guaranteed service and that because the service is not really "premium" the intrinsic value of service justifies only a markup index near the systemwide average (Opinion at 221).

(a) Please provide the on-time failure rate for Express Mail for each period since the 8.8 percent period cited by the Commission in the Opinion.

(b) Please indicate what steps the Postal Service is taking to improve the on-time failure rate for Express Mail during the period that the rates proposed in this case will be in effect.

RESPONSE:

a. Annual Express Mail failure rates for Postal Fiscal Year 1999 through 2001 are 9.1%, 9.3%, and 11.6%, respectively.

b. The Postal Service has been working towards service improvement while bearing in mind the additional challenges placed on the transportation networks since the terrorist attacks on September 11, 2001. One focus in improving on-time performance is continued work with the airlines to improve transportation.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO
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OCA/USPS-T35-3. The following questions refer to the proposed classification change in the service guarantee for Express Mail postage refunds.

(a) For each year, FY 2000 and FY 2001, please provide by Express Mail weight increment and service type, the number of refunds requested. Also, for each refund requested, please provide: (1) the amount of additional insurance purchased; (2) the amount of the refund requested; (3) indicate whether or not the claim has been paid; (4) if the claim was denied, please provide the reason that the claim was denied; (5) if the claim was paid, indicate the amount paid; (6) provide the time elapsed from the claim's filing date to the claim's settlement date; and (7) the mail piece's destination ZIP Code. Provide specific cites to all source documents used in preparing your response and include a copy of the source documents if one has not been previously filed in this docket. In preparing your response, please provide the information in a file format that may be imported into an EXCEL spreadsheet.

(b) For each year, FY 2000 and FY 2001, please provide by Express Mail weight increment, the total dollar value, the total number of claims filed, and the value of any subsequent refunds paid for service delays due to each of the following reasons: (1) detention for law enforcement purposes; (2) strike or work stoppage; (3) late deposit of shipment, forwarding, return, incorrect address, or incorrect ZIP Code; (4) delay or cancellation of flights; (5) war, insurrection, or civil disturbance; (6) a breakdown in the transportation network; and (7) acts of God. Provide specific cites to all source documents used in preparing your response and include a copy of the source documents if one has not been previously filed in this docket. In preparing your response, please provide the information in a file format that may be imported into an EXCEL spreadsheet.

RESPONSE:

- a. The Postal Service does not collect Express Mail refund information by weight increment or service type.

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OCA/USPS-T35-3. (CONTINUED)

RESPONSE:

a. (continued)

1. Individual refund information is only available at the local level and is not included in a national database.
2. Individual refund information is only available at the local level and is not included in a national database.
3. Individual refund information is only available at the local level and is not included in a national database. In general terms, if a claim is validated, it is paid.
4. Individual refund information is only available at the local level and is not included in a national database.
5. Individual refund information is only available at the local level and is not included in a national database.

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OCA/USPS-T35-3. (CONTINUED)

RESPONSE:

a. (continued)

6. Individual refund information is only available at the local level and is not included in a national database. In general terms, settlements of verifiable claims where refunds are requested for service failure through a retail transaction—not using an Express Mail corporate account—can be done on the spot at a retail window.

7. Individual refund information is only available at the local level and is not included in a national database.

b. The Postal Service does not collect this type of information.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO
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OCA/USPS-T35-4. In September 2001, the Postal Service's Answer Unit (800-725-2161) Customer Service Representative indicated in response to a telephone inquiry that the Postal Service employee responsible for determining whether to pay an Express Mail postage refund claim is the local window clerk.

(a) For any given Express Mail postage refund claim, is the USPS local window clerk responsible for determining whether an Express Mail postage refund claim should be paid?

(b) If your response to part (a) of this interrogatory is affirmative, please provide copies of all training materials and information available and used by window clerks in determining the conditions under which the USPS will honor an Express Mail postage refund claim.

(c) If your response to part (a) of this interrogatory is other than affirmative, please indicate who is responsible for determining when to pay an Express Mail postage refund claim and provide copies of all training materials and information used by the individual when determining the conditions under which the USPS will honor an Express Mail postage refund.

(d) What current means are available to postal patrons who wish to appeal a local clerk's decision to deny a postage refund payment for an overdue Express Mail item? Please provide specific cites to all source documents used in preparing your response and include a copy of the source documents if one has not been previously filed in this docket.

(e) For each year, FY 2000 and FY 2001, how many Express Mail postage refund claims were denied and what was the total dollar value of those claims? (For FY 2001, please provide the most current data available.) Provide specific cites to all source documents used in preparing your response and include a copy of the source documents if one has not been previously filed in this docket.

(f) For each year, FY 2000 and FY 2001, how many Express Mail postage refund claims that were initially denied by window clerks were subsequently paid and what is the total dollar value of those claims? Provide specific cites to all source documents used in preparing your response and include a copy of the source documents if one has not been previously filed in this docket.

(g) Does the Postal Service evaluate or otherwise track whether Express Mail postage refund claims are processed and paid by the window clerks on a consistent nationwide basis? If so, please provide copies of all documentation available as to how the consistency is evaluated. In your response, please include a summary of the Express Mail postage refund evaluations by postal region for FY 2000 and FY 2001.

(h) If your response to part (g) of this interrogatory is other than affirmative, please explain why evaluations on the consistency of treatment for Express Mail postage refund claims are not performed.

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OCA/USPS-T35-4 (CONTINUED)

(i) For each year, FY 2000 and FY 2001, please provide the total budgeted amount as well as the actual payments made for Express Mail postage refunds resulting from the failure of the Postal Service to meet its stated standards. Please provide specific cites to all source documents referenced and include a copy of each reference used if one has not been previously filed in this docket.

(j) For FY 2000 and FY 2001, please provide a copy, by Express Mail service offering and by postal designated region, the (1) the USPS service standards, paired with (2) the actual service standards achieved. Provide specific cites to all source documents used in preparing your response and include a copy of the source documents if one has not been previously filed in this docket.

RESPONSE:

- a. No, unless the window clerk is the postmaster's designee for determining whether a claim is paid.
- b. Not applicable.
- c. The postmaster or designee is responsible for determining when to pay an Express Mail refund claim. A copy of the "Structured on the Job Training Processes" training worksheet for refund processing is attached.
- d. Information on postage refunds for Express Mail is detailed in Section P014.5.0 of the Domestic Mail Manual (DMM). Specifically, Section 5.4 covers how to apply for a refund, Section 5.5 covers immediate refunds, and Section 5.6 covers deferred refunds. If it can be determined immediately that the mailer is entitled to a refund, and the Express Mail mailpiece had postage affixed, the Postal Service refunds the postage immediately in cash or with a no-fee money

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OCA/USPS-T35-4 (CONTINUED)

RESPONSE:

order. If the postmaster or his/her designee is not able to confirm the entitlement for the refund, the Postal Service researches the request and, if appropriate, issues a refund to the mailer within five business days. There are three methods available to confirm a request immediately: (1) calling a toll-free 800 number, (2) going on the Postal Service website, or (3) speaking with an Expedited Service Specialist (ESS) at the appropriate district Expedited Service Office (ESO).

e. The Postal Service does not collect this type of information for denied claims.

f. The Postal Service does not collect this type of information for denied claims.

g. No.

h. As described in part (d) above, there are policies and procedures that detail the Express Mail refund process. Secondly, as described in part (c) above, the Postal Service maintains a national training program that addresses the handling of Express Mail refunds. Finally, the determination of whether or not to provide a refund is made by the postmaster or the postmaster's designee, and not a window clerk. Therefore, there does not appear to be a need for an independent process to track the refund process consistency.

i. To the best of my knowledge, the Postal Service does not separately budget for Express Mail postage refunds.

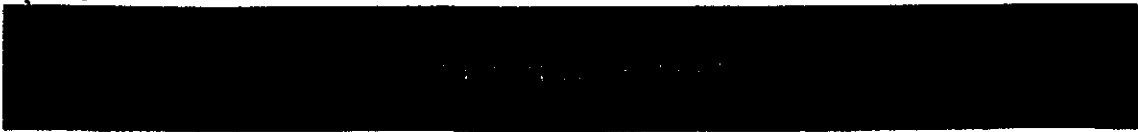
j. Partial objection filed on October 11, 2001.

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OCA/USPS-T35-4 (CONTINUED)

(1) The service standard information on a nationwide basis can be obtained by calling the Postal Service's toll-free help line at 1-800-275-8777 and providing the origin/destination ZIP Codes.

(2) Actual service standards achieved on an aggregate national basis for PFY 2000 and 2001 are 90.7% and 88.4% respectively. This information was retrieved from the Expedited Mail Reporting System (EMRS).



Lesson #75

Task:
POS ONE/IRT Processing a Refund Using PS Form 3533

Terminal Objective: review with future Associate
How to Process a Refund Using a PS Form 3533

Prerequisites:
_____ Sales and Services Associate Training
_____ Knowledge of Domestic Mail Manual
_____ Knowledge of F-1 Post Office Accounting Procedures Manual
_____ Review GIST

Supplies and Equipment Needed for This Training Session:
_____ IRT/POS ONE System _____ pen/pencil
_____ PS Form 3533
_____ Domestic Mail Manual
_____ F-1 Post Office Accounting Procedures Manual

NOTE to all RC's teaching this session:

Training step that is specific to clarifying questions to be asked of customer must include pertinent information on any or all of the following:

- HAZMAT
- Aviation Security

Task: POS ONE/IRT Processing a Refund Using PS Form 3533

 1. RC will:
Explain the uses of PS Form 3533.

Future Associate will:
Repeat uses of Form 3533.

 2. RC will:
Demonstrate filling out PS Form 3533. Attach mailing receipt or PVI label if appropriate.

Future Associate will:
Fill out a PS Form 3533.

 3. RC will:
Demonstrate entering PS Form 3533 (refund information) in appropriate AIC (IRT), GLA (POS), or Manual 1412.

Future Associate will:
Repeat demonstration.

 4. RC will
Demonstrate how to process refund.

Future Associate will
Repeat demonstration.

 5. RC will

Future Associate will

 6. RC will

Future Associate will

 7. RC will

Future Associate will



Task: POS ONE/RT Processing a Refund Using PS Form 3533

_____ 8. RC will

Future Associate will

_____ 9. RC will

Future Associate will

_____ 10. RC will

Future Associate will

How tested: _____ Role Play _____ Customer

Date: _____

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO
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OCA/USPS-T35-5. The USPS proposed DMCS language provides for discretionary authority to deny refunds when an Express Mail delay is caused by: (a) detention for law enforcement purposes;
(b) strike or work stoppage;
(c) late deposit of shipment, forwarding, return, incorrect address, or incorrect ZIP Code;
(d) delay or cancellation of flights;
(e) governmental action beyond the control of the Postal Service or air carriers;
(f) war, insurrection, or civil disturbance;
(g) breakdown in the transportation network; or
(h) acts of God.

See USPS-T-35 at 26. Given the proposed discretionary authority, what prevents the Postal Service from denying all Express Mail postage refund claims?

RESPONSE:

It is important to keep in mind that the DMCS provisions would be discretionary, and the circumstances in which refunds would be denied, as explained in my testimony, are expected to be rare. The grounding of air transport as a result of the terrorist activities beginning on September 11 would be a possible example of circumstances warranting the denial of refunds. Generally, the new provisions would clarify that refunds could be denied when circumstances beyond the control of the Postal Service lead to the delay of Express Mail. By contrast, circumstances within the control of the Postal Service, such as scheduling of transportation to and from the airport, as well as scheduling of delivery personnel to perform on-time delivery, would not be considered to be beyond the control of the Postal Service. Thus, if these circumstances led to delay of Express Mail, refunds would not be denied under the revised DMCS provisions.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO
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OCA/USPS-T35-6. Given the proposed DMCS language for Express Mail postage refunds, under what condition or conditions will an Express Mail customer be likely to obtain a postage refund when the service commitment has not been achieved? --

RESPONSE:

See response to OCA/USPS-T35-5.

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OCA/USPS-T35-7. If the proposed DMCS language, for Express Mail postage refunds, is adopted, how and when will the Postal Service educate postal patrons about the new changes?

RESPONSE:

The Postal Service prints the terms and conditions of Express Mail refunds on the reverse of each postage label. In addition, information about Express Mail refunds is contained in Publication 201, "Consumer's Guide to Postal Services & Products", on the Postal Service website, www.usps.com.

DECLARATION

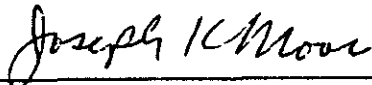
I, Susan W. Mayo, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Susan W Mayo

Dated: 10/15/01

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.



Joseph K. Moore

475 L'Enfant Plaza West, S.W.
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October 15, 2001