

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

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

EXPERIMENTAL SUSPENSION OF FEE FOR  
MANUAL DELIVERY CONFIRMATION CATEGORY

Docket No. R2001-2  
Docket No. MC2001-2

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS O'HARA TO INTERROGATORIES OF UNITED PARCEL SERVICE  
(UPS/USPS-T1-35-42)

The United States Postal Service hereby provides the responses of witness O'Hara to the following interrogatories of United Parcel Service: UPS/USPS-T1-35-42, filed on October 17, 2001. The Presiding Officer's Ruling Establishing Procedural Schedule, issued October 12, 2001, indicated that Interrogatories filed by close of business, October 17, 2001, should be submitted by 12:00 noon, October 22, 2001. Witness O'Hara has been exercising due diligence in developing interrogatory responses, but was unable to complete responses before the evening of the above date. The Postal Service sent an electronic copy of witness O'Hara's responses to counsel for United Parcel Service upon their completion. The Postal Service does not believe that any party has been prejudiced by the delay.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

A handwritten signature in black ink, appearing to read "Frank R. Heselton", written over a horizontal line.

Frank R. Heselton

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October 23, 2001

**RESPONSE OF POSTAL SERVICE WITNESS O'HARA TO INTERROGATORIES OF  
UNITED PARCEL SERVICE**

**UPS/USPS-T1-35.** When the Postal Service describes the window-entered retail channel, does it include Contract Postal Units and private retail outlets such as Pak Mail or Postal Plus? If not, in what category are these outlets included?

**RESPONSE:** Yes.

**RESPONSE OF POSTAL SERVICE WITNESS O'HARA TO INTERROGATORIES OF  
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**UPS/USPS-T1-36.** Refer to your response to UPS/USPS-T1-28. Do the RPW-based volume figures regarding window-entered Priority Mail include private retail outlets and Contract Postal Units? If not, in what figures are these volumes included?

**RESPONSE:** Revenue from these sources is included in the total retail walk-in revenue that is used to scale up POS data, so volume from these sources is reflected in the window-entered Priority Mail data in my response to UPS/USPS-T1-28.

I would note that UPS/USPS-T1-28 asks only for window-entered Priority Mail, not for "RPW-based" window-entered Priority Mail. Because of the lack of information on metered Priority Mail entered by large commercial shippers (see my response to UPS/USPS-T1-34), I do not think it is possible to develop an RPW-based estimate of window-entered Priority Mail.

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**UPS/USPS-T1-37.** Does the Postal Service intend to offer free Manual Delivery Confirmation at all Postal Service-operated retail facilities during the period from December 1, 2001, through December 16, 2001? If not, why not?

**RESPONSE:**

That was the intention at the time the Request was filed, but the Postal Service is now evaluating whether the scale of the experiment should be reduced.

**RESPONSE OF POSTAL SERVICE WITNESS O'HARA TO INTERROGATORIES OF  
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**UPS/USPS-T1-38.** Does the Postal Service intend to offer free Manual Delivery Confirmation at all Contract Postal Units during the period from December 1, 2001, through December 16, 2001? If not, why not, and have you considered the impact of this proposal on Contract Postal Units?

**RESPONSE:**

Yes, at least all Contract Postal Units in areas where the experiment is conducted.

**RESPONSE OF POSTAL SERVICE WITNESS O'HARA TO INTERROGATORIES OF  
UNITED PARCEL SERVICE**

**UPS/USPS-T1-39.** Does the Postal Service intend to offer free manual Delivery Confirmation at private retail facilities that tender Priority Mail to the Postal Service during the period from December 1, 2001, through December 16, 2001? If not, why not, and have you considered the impact of this proposal on private retail facilities that offer Priority Mail?

**RESPONSE:**

Yes, at least all such facilities in areas where the experiment is conducted.

**RESPONSE OF POSTAL SERVICE WITNESS O'HARA TO INTERROGATORIES OF  
UNITED PARCEL SERVICE**

**UPS/USPS-T1-40.** Does the Postal Service intend to offer free Manual Delivery Confirmation at any other non-Postal Service-operated outlet that tenders Priority Mail to the Postal Service during the period from December 1, 2001, through December 16, 2001? If not, why not, and have you considered the impact of this proposal on other non-Postal Service outlets that offer Priority Mail?

**RESPONSE:**

Yes, at least all such outlets in areas where the experiment is conducted.



**RESPONSE OF POSTAL SERVICE WITNESS O'HARA TO INTERROGATORIES OF  
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**UPS/USPS-T1-41.**

(a) Refer to Library Reference USPS-LR-1, Workpaper, page 4 of 4. Confirm that the total POS Priority Mail volume during FY2001 was 191.3 million. If not confirmed, explain in detail.

(b) Confirm that multiplying this 191.3 million figure by 100/70 yields the estimated window-entered Priority Mail volume in FY2001 of 273.3 million. If not confirmed, explain in detail.

(c) Refer to your response to UPS/USPS-T1-5(b). Confirm that with a cost for Priority Mail Manual Delivery Confirmation of 36 cents per piece and a 40 cent fee for that service, the net contribution per piece for Priority Mail Manual Delivery Confirmation is 4 cents per piece. If not confirmed, explain in detail.

(d) Refer to your response to UPS/USPS-T1-3(b). Confirm that with a contribution of 4 cents per piece and a total cost of the proposed pricing experiment of \$9566.715, approximately 240 million additional pieces of window-entered Priority Mail must select Manual Delivery Confirmation services after the pricing experiment for the pricing experiment to pay for itself if there are no net benefits from pieces being mailed early. If not confirmed, explain in detail.

(e) Provide all studies and supporting analyses of the additional volume out of the total window-entered Priority Mail volume of 273.3 million pieces per year that will choose Manual Delivery Confirmation service as a result of the proposed pricing experiment.

**RESPONSE:**

(a)-(c) Confirmed.

(d) Confirmed that \$9,566,715 divided by \$0.04 is approximately 240 million.

Note that the experiment need not pay for itself in a single year; I would expect that any increase in usage that results from introducing customers to Delivery Confirmation during the experiment would persist for a number of years.

(e) No such studies have been performed, but Chart 2 shows that the Delivery Confirmation usage for window-entered Priority Mail is noticeably below average in weeks when window-entered volume spikes upward, so there is considerable potential for increased usage.

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**UPS/USPS-T1-42.** Refer to Domestic Mail Manual, "Rates and Fees," §§ R100.8.0 and R700.1.1.

(a) Confirm that the fee for Manual Delivery Confirmation of Parcel Post pieces will be 50 cents per piece during the proposed pricing experiment. If not confirmed, explain in detail.

(b) Confirm that the rate for 1-pound inter-BMC/ASF Single-Piece Machinable Parcel Post pieces with Manual Delivery Confirmation will be 42 to 45 cents per piece higher than for 1-pound Priority Mail pieces with Manual Delivery Confirmation during the proposed pricing experiment. If not confirmed, explain in detail.

(c) Confirm that the rate for 2-pound inter-BMC/ASF Single-Piece Machinable Parcel Post pieces, Zone 3 and above, with Manual Delivery Confirmation will be equal to the rate for 2-pound Priority Mail pieces with Manual Delivery Confirmation during the proposed pricing experiment. If not confirmed, explain in detail.

(d) Confirm that the rate for 3-pound inter-BMC/ASF Single-Piece Machinable Parcel Post pieces, Zone 5 and above, with Manual Delivery Confirmation will be 1 to 16 cents per piece higher than for 3-pound Priority Mail pieces with Manual Delivery Confirmation during the proposed pricing experiment. If not confirmed, explain in detail.

(e) Provide all analyses or studies on the impact of the proposed pricing experiment on Parcel Post.

**RESPONSE:**

(a)-(d) Confirmed.

(e) Please see my response to UPS/USPS-T1-14.

**DECLARATION**

I, Donald J. O'Hara, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Donald J. O'Hara

Dated: October 23, 2021

**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.

  
Frank R. Heselton

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October 23, 2001