

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Complaint on First-Class Mail
Service Standards

Docket No. C2001-3

DOUGLAS F. CARLSON
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
DECLARANT CHARLES M. GANNON
(DFC/USPS-GAN-3-31)

October 22, 2001

Pursuant to sections 25-27 of the *Rules of Practice*, I hereby submit interrogatories to the United States Postal Service. The instructions accompanying DFC/USPS-GAN-1-2 are incorporated herein by reference.

Respectfully submitted,

Dated: October 22, 2001

DOUGLAS F. CARLSON

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon the United States Postal Service in accordance with section 12 of the *Rules of Practice*.

DOUGLAS F. CARLSON

October 22, 2001
Santa Cruz, California

DFC/USPS-GAN-3.

- a. Please discuss the ways in which the needs of customers affected any of the decisions that you made that led to the implementation in 2000 and 2001 of changes in First-Class Mail service standards from two days to three days.
- b. If you considered the needs of customers, please provide all documents that reflect your consideration of the needs of customers.
- c. If you considered the needs of customers, please specifically identify and describe all data and other indicators that reflect the needs of customers or that serve as proxies for measuring the needs of customers.

DFC/USPS-GAN-4.

- a. During your work that led to the changes in First-Class Mail service standards that the Postal Service implemented in 2000 and 2001, were you specifically aware of the Postal Service's statutory obligation to provide adequate mail service? If yes, please state the approximate date on which you learned of this obligation and the method by which you learned of this obligation.
- b. If you were specifically aware of the Postal Service's statutory obligation to provide adequate mail service, please discuss the ways in which the statutory obligation to provide adequate mail service affected any of the decisions that you made that led to the implementation in 2000 and 2001 of changes in First-Class Mail service standards from two days to three days.
- c. If you were specifically aware of the Postal Service's statutory obligation to provide adequate mail service, please provide all documents that reflect your consideration of the Postal Service's statutory obligation to provide adequate mail service as you made decisions that led to the implementation in 2000 and 2001 of changes in First-Class Mail service standards from two days to three days.

DFC/USPS-GAN-5.

- a. During your work that led to the changes in First-Class Mail service standards that the Postal Service implemented in 2000 and 2001, were you specifically

aware of the Postal Service's statutory obligation to give the highest consideration to the requirement for the most expeditious collection, transportation, and delivery of important letter mail? (This requirement appears in 39 U.S.C. § 101(e).) If yes, please state the approximate date on which you learned of this obligation and the method by which you learned of this obligation.

- b. If you were specifically aware of the Postal Service's statutory obligation described in part (a), please discuss the ways in which this statutory obligation affected any of the decisions that you made that led to the implementation in 2000 and 2001 of changes in First-Class Mail service standards from two days to three days.
- c. If you were specifically aware of the Postal Service's statutory obligation described in part (a), please provide all documents that reflect your consideration of this statutory obligation as you made decisions that led to the implementation in 2000 and 2001 of changes in First-Class Mail service standards from two days to three days.

DFC/USPS-GAN-6.

- a. During your work that led to the changes in First-Class Mail service standards that the Postal Service implemented in 2000 and 2001, were you specifically aware of the Postal Service's statutory obligation, in selecting modes of transportation, to give highest consideration to the prompt and economical delivery of all mail? (This requirement appears in 39 U.S.C. § 101(f).) If yes, please state the approximate date on which you learned of this obligation and the method by which you learned of this obligation.
- b. If you were specifically aware of the Postal Service's statutory obligation described in part (a), please discuss the ways in which this statutory obligation affected any of the decisions that you made that led to the implementation in 2000 and 2001 of changes in First-Class Mail service standards from two days to three days.

- c. If you were specifically aware of the Postal Service's statutory obligation described in part (a), please provide all documents that reflect your consideration of this statutory obligation as you made decisions that led to the implementation in 2000 and 2001 of changes in First-Class Mail service standards from two days to three days.

DFC/USPS-GAN-7. Do you believe that the Postal Service is meeting the needs of customers in every instance in which it changed a First-Class Mail service standard from two days to three days in 2000 and 2001? If yes, please explain the basis on which you make this assertion and provide all supporting documentation.

DFC/USPS-GAN-8. Is surface transportation always more expeditious than air transportation? If yes, please explain.

DFC/USPS-GAN-9. Is air transportation sometimes more expeditious than surface transportation? If not, please explain.

DFC/USPS-GAN-10. For some of the three-digit ZIP Code pairs for which the Postal Service changed the First-Class Mail service standard from two days to three days in 2000 and 2001, please confirm that the Postal Service shifted the mail from air transportation to surface transportation. If you do not confirm, please explain.

DFC/USPS-GAN-11. For some of the three-digit ZIP Code pairs for which the Postal Service changed the First-Class Mail service standard from two days to three days in 2000 and 2001, please confirm that the use of air transportation would make two-day delivery possible if the Postal Service elected to use air transportation and otherwise desired to restore a two-day service standard. If you do not confirm, please explain.

DFC/USPS-GAN-12. Please refer to paragraph 15 of the Declaration of Charles M. Gannon. Please describe the extent to which the quality of commercial air transportation service was creating problems for the transportation and delivery of two-day First-Class Mail between cities in the western states.

DFC/USPS-GAN-13. When shortcomings in commercial air transportation service delay two-day First-Class Mail, please state the number of days that these shortcomings typically cause this mail to be delayed. Please provide all documents that support your response.

DFC/USPS-GAN-14.

- a. During your work that led to the changes in First-Class Mail service standards that the Postal Service implemented in 2000 and 2001, instead of changing service standards from two days to three days, did you consider the use of dedicated air transportation as a replacement for apparently deficient service provided by commercial passenger airlines?
- b. If you considered using dedicated air transportation to maintain two-day service standards, please discuss the outcome of these considerations and provide documents explaining this outcome.

DFC/USPS-GAN-15. Please refer to the response to DBP/USPS-27 and the response to OCA/USPS-11.

- a. Please provide the approximate per-pound cost for dedicated air transportation (other than FedEx);
- b. Please provide the approximate per-pound cost to transport mail on commercial passenger airlines;
- c. Please provide the approximate per-pound cost for transportation of mail on FedEx airplanes;
- d. Please provide the percentage of total annual transportation costs for First-Class Mail that \$36.4 million constitutes;
- e. Would the increase in expenditures related to an expansion of the surface transportation network be one-time or ongoing?
- f. Please estimate the net savings or net increase in costs that the changes in First-Class Mail service standards implemented in 2000 and 2001 will impose on the Postal Service.

DFC/USPS-GAN-16. During your work that led to the changes in First-Class Mail service standards that the Postal Service implemented in 2000 and 2001, did you at any time conclude that any existing transportation arrangements were not economical? If yes, please provide a list of all such arrangements, and please provide all documents supporting your response.

DFC/USPS-GAN-17. During and after Docket No. N89-1, please explain the extent to which the Postal Service has used volume as a consideration in determining whether the First-Class Mail service standards between particular ZIP Code pairs would be two days or three days. In your response, please explain whether a high volume tended to increase or decrease the probability that a particular service standard would be two days instead of three days.

DFC/USPS-GAN-18. This interrogatory concerns changes in First-Class Mail service standards from two days to three days for mail originating in or destined to the California SCF's of San Francisco, Oakland, and San Jose.

- a. For each change in service standard from two days to three days that the Postal Service implemented in 2000 or 2001, please discuss all the factors that you considered before you decided to change the service standards from two days to three days.
- b. Please discuss whether the Postal Service is continuing to use air transportation to transport mail between any of the ZIP Code pairs for which the Postal Service changed the service standard from two days to three days in 2000 or 2001.

DFC/USPS-GAN-19. Please explain in detail the reasons why the First-Class Mail service standard for mail from SCF Oakland CA to SCF San Diego CA is two days while the service standard for mail from SCF San Francisco CA to SCF San Diego CA is three days. In your response, please explain your understanding of the geographic distance between the cities of San Francisco and Oakland.

DFC/USPS-GAN-20. Please list all instances in which the Postal Service retained the use of air transportation to transport two-day First-Class Mail in lieu of changing the service standard to three days and shifting the mail to surface transportation. For each instance, please explain the reasons why air transportation and a two-day delivery standard were retained, and please provide documents explaining the process by which you or the Postal Service arrived at this decision.

DFC/USPS-GAN-21. Please explain why the First-Class Mail service standard for mail from SCF Reno NV to SCF Los Angeles CA 900 is three days while the service

standard for mail from SCF Reno NV to SCF Inglewood CA, SCF Long Beach CA, SCF Pasadena CA, SCF Van Nuys CA, and SCF Alhambra CA is two days.

DFC/USPS-GAN-22. Please provide a list of all ADC's and the three-digit ZIP Codes that they serve.

DFC/USPS-GAN-23. Please discuss the extent to which the Postal Service considers the service provided by dedicated air transportation to be insufficient to provide an acceptable level of two-day First-Class Mail service.

DFC/USPS-GAN-24. Please refer to paragraph 12 of the Declaration of Charles M. Gannon.

- a. Please identify the "Pacific, Western, and Southwestern cities" between which the Postal Service purchased dedicated air transportation, and please provide the years during which this dedicated air transportation was used.
- b. Please identify the improvement in First-Class Mail service, as reflected in EXFC scores, that the Postal Service enjoyed from the use of dedicated air transportation.

DFC/USPS-GAN-25. For any situation in which problems with transportation provided by commercial passenger airlines existed, are you aware of actual improvements in delivery service, including EXFC scores, that occurred after the Postal Service switched to a method of transportation that the Postal Service considers more reliable than the transportation provided by commercial passenger airlines? If yes, please provide specific information on each situation. This interrogatory concerns only situations in which the service standard was the same before and after the transportation changes.

DFC/USPS-GAN-26. Please provide all facts and information indicating that a three-day service standard for mail between adjacent SCF's does or does not meet the needs of postal customers.

DFC/USPS-GAN-27. Please explain the extent to which the Postal Service's new contract with FedEx to transport First-Class Mail affected your decisions to shift mail from air transportation to surface transportation with an accompanying change in the service standard from two days to three days.

DFC/USPS-GAN-28. Please explain whether the Postal Service's new contract with FedEx to transport First-Class Mail might or would provide air transportation with sufficient consistency to allow the Postal Service, if it so desired, to restore two-day service standards between some cities and achieve two-day delivery at or above a minimum desired level of consistency.

DFC/USPS-GAN-29. Are you aware of any concern expressed by any member of the Postal Service Board of Governors since 1996 about the on-time delivery performance of two-day or three-day First-Class Mail? If yes, please explain how you learned about this concern and the role that this concern played in your project or any decisions that you made during the project.

DFC/USPS-GAN-30. At any time during your review and implementation of two-day and three-day First-Class Mail service standards, did the compensation of any postal personnel depend on EXFC scores for two-day or three-day First-Class Mail? If so, please describe any information indicating that a concern for improving two-day or three-day EXFC scores may have affected the decision to change any service standard for two-day or three-day mail.

DFC/USPS-GAN-31.

- a. Are commercial passenger airlines currently transporting First-Class flats? If not, please describe the transportation arrangements for First-Class flats that, after September 11, 2001, are not being transported on commercial passenger airlines.
- b. Are commercial passenger airlines currently transporting First-Class SPR's? If not, please describe the transportation arrangements for First-Class SPR's that, after September 11, 2001, are not being transported on commercial passenger airlines.