

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

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE  
(OCA/SPS-T28-1(c-g), 2(a,d-g), and 3 through 6)

The United States Postal Service hereby provides the responses of witness Moeller to the following interrogatories of the Office of the Consumer Advocate: OCA/SPS-T28-1(c-g), 2(a,d-g), and 3 through 6, filed on October 12, 2001.

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

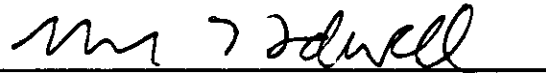
Interrogatories OCA/USPS-T28-1(a,b) and 2(b,c) were redirected to the Postal Service for response. Those answers also are being filed today.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



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October 26, 2001

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

OCA/USPS-T28-1. Please refer to your testimony at page 17, lines 5-6. You state that for First-Class Mail letters, the value of service is high in terms of both intrinsic and economic measures.

- (a) Please state the percentage of First-Class Mail that has traveled by air in each of the past 5 years.
- (b) Please indicate the corresponding expected percentages of First-Class Mail projected to travel by air in each of the next three years.
- (c) You state in your testimony at page 17, line 9, that First-Class Mail receives a high priority of delivery. Please provide information on the average length of time to deliver a First-Class piece of mail over each of the past 5 years.
- (d) Is this average length of time for mail delivery expected to increase or decrease in each of the next three years? Please provide data projecting for each year the expected delivery times.
- (e) You indicate at page 18, lines 3-4, that First-Class Mail users are not being disproportionately burdened by the proposed rate increase; please confirm that most of the First-Class Mail to which you are referring is covered by the Private Express Statutes.
- (f) Please refer to your testimony at page 2, line 18, through page 3, line 15. You identify the nine rate-making criteria to be considered in determining postal rate and fee levels. Please provide information on the relative weightings you employed for each of the criteria in evaluating the proposed rates for First-Class Mail.
- (g) Do you have any analyses and/or measurements of satisfaction of consumer expectations, as well as general satisfaction, with respect to First-Class Mail? If so, please provide this information and explain how you made use of it.

**RESPONSE:**

- a. Redirected to the Postal Service.
- b. Redirected to the Postal Service.
- c. See the October 11, 2001, USPS response to DFC/USPS-5. See also, Docket No. R2000-1, USPS response to UPS/USPS-T34-20 (Tr.21/9373).
- d. I do not expect substantive changes in delivery times. It is reasonable to expect that there will be a focus on improvement in the consistency of delivery in an ongoing effort to ensure that standards reflect reasonable expectations of delivery.
- e. See my testimony at page 18, lines 9-18.

RESPONSE to OCA/USPS-T28-1 (continued):

- f. No explicit weighting factors are employed for the nine criteria. The assignment of relative rate levels by subclass considers all of the criteria. Circumstances (such as a significant underlying cost change for a particular subclass) may cause the heightened relevance of a particular criterion. As such, a hard-and-fast weighting system is ill-advised. For example, in Docket No. R2000-1, the cost increase for Bound Printed Matter was 40 percent over the base year from the previous case. The Commission noted this cost change in its Recommended Decision, and stated that the Commission's "response to criterion 4 is evident." (Docket No. R2000-1, PRC Op., para. 5887.)
- g. I do not have any information regarding consumer satisfaction with First-Class Mail. It is my understanding that specific customer surveys are the subject of OCA/USPS-7, and that that interrogatory is currently a matter of motion practice. In general, although it did not explicitly affect the assigned cost coverage for First-Class Mail, it is my impression that customer satisfaction is fairly strong and stable.

OCA/USPS-T28-2. Please refer to your testimony at page 22, lines 19-20. You indicate that Priority Mail "enjoys approximately the same priority of delivery as First-Class letters and makes use of air transportation."

- (a) Assuming that the delivery priorities are approximately the same, please state what additional value Priority Mail brings to the consumer over First-Class Mail.
- (b) Please state the percentage of Priority Mail using air transportation over the past five years.
- (c) Please state the percentage of Priority Mail projected to use air transportation over the next three years.
- (d) Please provide information on the average length of time to deliver a piece of Priority Mail over each of the past 5 years.
- (e) Please provide information on the average length of time to deliver a piece of Priority Mail over each of the next three years.
- (f) Please refer to your testimony at page 23, lines 8 through 18. You compare Priority Mail service to similar services provided by several competitors. Do you have any comparisons of the quality of service between Priority Mail and the services offered by competitors? If the answer is affirmative, please provide the information and explain how you made use of it.
- (g) Do you have any information on the average length of time for competitors to deliver items under similar services? If so, please provide it and explain how you made use of such information.
- (h) Do you have any information on the percentage of time that competitors deliver pieces on time as compared to the Postal Service? If so, please provide it and explain how you made use of the information.

**RESPONSE:**

- a. Priority Mail, and its accompanying markings, may connote a higher degree of importance to the recipient. Priority Mail may also have some preference relative to First-Class Mail, in particular in the area of service standards.
- b. Redirected to the Postal Service.
- c. Redirected to the Postal Service.
- d. See October 11, 2001, USPS response to DFC/USPS-6. See also Docket No. R2000-1, USPS response to UPS/USPS-T34-19 (Tr.21/9372).

RESPONSE to OCA/USPS-T28-2 (continued):

- e. I do not have information regarding expected changes in time to delivery. There are a number of factors, including the origin-destination characteristics of the mail, that will affect the "time to deliver." Also see my response to OCA/USPS-T28-1d.
- f. I do not have, nor did I make use of, any explicit measures that compare the quality of service between Priority Mail and the services offered by competitors. As noted generally in my testimony, Priority Mail may not offer several features offered by competitors. Also, any changes in value of service since the last omnibus proceeding would not necessarily result in a different proposed cost coverage in light of criterion 4 considerations. I am aware that some private organizations at times perform limited studies of service performance such as that referred to in OCA/USPS-60, but I made no explicit use of such studies.
- g. No. Also, see my response to subsection f.
- h. No. Also, see my response to subsection f.

OCA/USPS-T28-3. Do you have any analyses and/or measurements of consumer satisfaction of expectations, as well as general satisfaction, with respect to Priority Mail? If so, please provide this information and explain how you made use of it.

**RESPONSE:**

I do not have, nor did I make use of, any explicit measures of consumer satisfaction with respect to Priority Mail. Also, any changes in consumer satisfaction since the last omnibus proceeding would not necessarily result in a different proposed cost coverage in light of criterion 4 considerations.

OCA/USPS-T28-4. Do you have any analyses and/or measurements of whether the Postal Service's performance in providing Priority Mail service fulfills the promises presented in Priority Mail advertising? If so, please provide this information and explain how you made use of it.

**RESPONSE:**

No. It is my understanding that the advertising is reviewed to ensure that references to time-to-delivery are expressed as averages rather than guarantees or promises.

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OCA/USPS-T28-5. Please refer to your testimony at page 26, lines 1-2. You state that, "The proposed rate level is appropriate in light of a balanced and proper consideration of all relevant criteria." You identify the nine rate-making criteria to be considered in determining postal rate and fee levels at page 2 of your testimony, line 18, through page 3, line 15. Please provide information on the relative weightings you employed for each of the criteria in evaluating the proposed rates for Priority Mail.

**RESPONSE:**

No explicit weighting factors are employed for the nine criteria. The assignment of relative rate levels by subclass considers all of the criteria. Circumstances (such as a significant underlying cost change for a particular subclass) may cause the heightened relevance of a particular criterion. In the case of Priority Mail, as explained in my testimony at page 23, criterion 4 is particularly significant.



OCA/USPS-T28-6. Please refer to your testimony at page 27, line 2. You state that Express Mail receives the highest priority of delivery.

- (a) Please provide information on the average length of time that has been required to deliver a piece of Express Mail over each of the past 5 years.
- (b) Please provide information on the average length of time that is projected for delivery of Express Mail over each of the next three years.
- (c) Do you have any analyses and/or measurements of consumer satisfaction of expectations, as well as general satisfaction, with Express Mail? If so, please provide this information and explain how you made use of it.
- (d) You identified the nine rate-making criteria to be considered in determining postal rate and fee levels at page 2 of your testimony, line 18 through page 3, line 15. Please provide information on the relative weightings you employed for each of the criteria in evaluating the proposed rates for Express Mail.

**RESPONSE:**

- a. I do not have information regarding length of time to delivery, but understand that related performance data were filed in response to interrogatory DFC/USPS-12 on October 11, 2001.
- b. I do not have information regarding expected changes in time to delivery. There are a number of factors, including the origin-destination characteristics of the mail, that will affect the "time to deliver."
- c. No.
- d. See my response to OCA/USPS-T28-1f, and OCA/USPS-T28-5.

## DECLARATION

I, Joseph D. Moeller, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

  
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JOSEPH D. MOELLER

Dated: October 26, 2001

## 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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October 26, 2001