

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, 1997)

Docket No. R97-1

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORY TO UNITED STATES POSTAL SERVICE
WITNESS DAVID E. TREWORGY
(OCA/USPS-T22-2-8)
August 22, 1997

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits an interrogatory and request for production of documents. Instructions included with OCA interrogatories 1-7 to the United States Postal Service dated July 16, 1997, are hereby incorporated by reference.

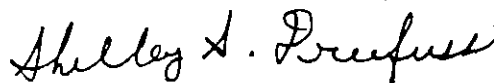
Respectfully submitted,



GAIL WILLETTE

Director

Office of the Consumer Advocate



SHELLEY S. DREIFUSS

Attorney

OCA/USPS-T22-2. Please refer to your testimony in Docket No. MC97-2 (USPS-T-9) and your testimony in Docket No. R97-1 (USPS-T-22). At pages 1-2 of the latter, you state that the Postal Service is in the process of purchasing and deploying hand-held barcode scanners. Every city and rural carrier route will receive a dedicated scanner; other postal locations will receive them as well. "The Postal Service plans to deploy approximately 300,000 scanners over the next 18 months. It is planned that the scanners ultimately will serve a variety of purposes, including delivery and collection management, service performance measurement, and mail item information acquisition. Delivery confirmation, the focus of this testimony, is an example of mail item information acquisition."

- a. Please give the date when the decision was made to use the new scanners for delivery confirmation (hereinafter, "DC").
- b. Was there a belief that the technology as described in Docket No. MC97-2 to be used for DC was inadequate? Please explain.
- c. Please submit all documents relating to the decision to use the new scanners for delivery confirmation.
- d. What other "mail item information acquisition" uses are planned for the scanner? Include in your response any such uses that are being considered as possibilities but for which plans are not yet established.

OCA/USPS-T22-3. Please refer to your direct testimony in Docket No. MC97-2 at 23, Table 7, where you list final total unit attributable costs at \$0.207541 for electronic DC and \$0.495545 for manual DC. In the earlier proceeding, the proposed rates for

electronic and manual DC were \$0.25 and \$0.50, respectively. In your direct testimony in this docket, Table 7 at page 17, you show total volume variable unit costs as \$0.1486 and \$0.3349 respectively. In this proceeding, the proposed rates are \$0.25 and \$0.60, respectively.

- a. Please confirm. If not confirmed, please explain.
- b. It appears from the above figures that the ratio of manual DC to electronic DC costs has gone down between the two proceedings (from about 2.387/1.0 in Docket No. MC97-2, to 2.254/1.0 in this docket) but that the proposed fee ratios have gone in the opposite direction (from 2.0/1.0 to 2.4/1.0). Please explain.
- c. What policy decisions entered into the proposed pricing of electronic delivery confirmation relative to manual delivery confirmation in this docket? Explain fully.
- d. Please submit all documents relating to (c).

OCA/USPS-T22-4. Please explain whether the computer software and hardware necessary for the proposed delivery confirmation service has been tested.

- a. Describe the nature of the testing.
- b. Describe the results of the testing.
- c. If any documents summarize the topics addressed in (a) and (b) herein, please supply them.

OCA/USPS-T22-5. In the instant case, you discuss the window acceptance study at pages A-3 to A-4, and use an "average baseline transaction time" for window

acceptance of a parcel of 43.17 seconds. Please refer to your response in Docket No. MC97-2 to OCA/USPS-T9-2(b). There you differentiate the 43.17 seconds transaction time reported in your testimony from the La Morte testimony in Docket No. R90-1, which reported a "single transaction, weigh and rate" transaction time of 78.16 seconds.

- a. Do you have any alterations in the analysis presented in your response to OCA/USPS-T9-2(b)? If so, please explain.
- b. In Docket No. MC97-5, Postal Service witness Brehm calculates retail transaction times for window parcel service using the La Morte study. See his direct testimony at 13, Table 5. Please explain why the Postal Service uses that study in one proceeding and disclaims it in another.
- c. You also differentiated the La Morte study on the basis that the study reported in your testimony involved relatively "clean" transactions. However, it would seem that in actual practice, delivery confirmation will involve such real life situations as "extended greetings" and "requests." Please comment on why the La Morte study would not be a more reliable indicator of actual transaction times.
- d. You further differentiated the La Morte study on the basis that "the 78.16 seconds includes multi-parcel transactions; my study timed only single parcel transactions." However, we are unable to discern that the La Morte study involved multi-parcel transactions. See La Morte Direct Testimony at 24 in Docket No. R90-1, paragraph 3; La Morte Exhibit A-3, labeled "Profile of One-Element Transactions." In any event, would not a study of transactions times based on single and multi-parcel transactions have been more representative of

what can be expected once the delivery confirmation system is up and running?

Please comment.

- e. The La Morte study had a weigh/rate sample size of 1,102 transactions. Your study used 124 observations. See your direct testimony herein at A-4. Would you agree that, other things being equal, a study with a larger sample size is more likely to be representative of the universe of transactions?
- f. La Morte describes a postal transaction as involving a "set-up" component (*greeting the customer, listening to the request for services, accepting money, and thanking the customer at the end of the transaction*) and a "services" component (e.g., accepting a parcel). La Morte Direct Testimony in Docket No. R90-1 at 11-12. Do you agree with her methodology, and her conclusion that "on average, the time associated with this set-up component is constant at 31.7 seconds across all transaction types?" La Morte Direct Testimony at 12. If not, why not?
- g. La Morte apparently included within total transaction time a certain amount of time spent concluding the transaction "after the customer has paid and left" (e.g., taking a parcel to a processing area for distribution). See La Morte Direct Testimony at 10. Did the acceptance study used in the instant proceeding also record this portion of the transaction time?

OCA-USPS-T22-6. Please refer to your direct testimony at 9 where you state "All DC mailers may use the Internet to monitor the status of DC items." See also your response to Interrogatory OCA/USPS-T9-3 in Docket No. MC97-2, where you state that

manual delivery confirmation customers will be able to obtain delivery confirmation via the Internet as well.

- a. Please describe how this system will work for manual delivery confirmation customers.
- b. Will a manual delivery confirmation customer be able to use the Internet to access the Postal Service Information Systems Service Center?
- c. If access to delivery confirmation information via the Internet will be possible for manual delivery confirmation customers, how will those costs differ from those using the corporate call management system?
- d. What proportion of manual delivery customers likely will use the Internet to obtain delivery confirmation information?

OCA-USPS-T22-7. Please refer to your response to Interrogatory OCA/USPS-T9-4(a) in Docket No. MC97-2. OCA asked for the protocols or designs for two studies still relevant to the proposal, the scanning study and the window acceptance study. You stated that "[t]he protocols and designs for the studies are presented in appendix A; additional documents beyond these have not been developed."

- a. Appendix A to your direct testimony in both this proceeding and in Docket No. MC97-2 provide results of the studies, as well as some description of how the studies were carried out. However, Appendix A does not constitute a protocol or a design of any study. Study protocols or designs are normally formulated *prior* to the initiation of any study. Is it your testimony that the protocols and designs

of the studies (e.g., the instructions for carrying it out) were done orally? If it is not, please supply the documents requested initially.

- b. Apparently Price Waterhouse assisted in carrying out the studies. See your direct testimony at A-3. Does Price Waterhouse have protocols or designs for the studies? If so, please request them and supply them for the record here.

OCA/USPS-T22-8. Your response to OCA/USPS-T22-1(a-b) in this docket reports that "Docket No. R97-1 proposes offering delivery confirmation for Priority Mail in addition to Standard B; Docket No. MC97-2 proposed the service only for the latter of these." In Docket No. MC97-2 we asked a series of questions aimed at why delivery confirmation was not being offered for First-Class Mail, Priority Mail, Periodicals Mail, and Standard A Mail. Due to the termination of that proceeding, answers to OCA/USPS-T9-11-22 were never received.

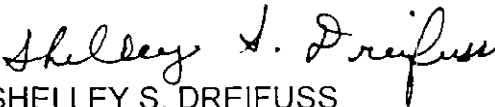
- a. Please supply answers to OCA/USPS-T9-11-22 (except for Interrogatories 12, 16 and 20, which relate specifically to Priority Mail). Please note that page number references have changed between proceedings; please ascribe the interrogatories' page references to your direct testimony in Docket No. MC97-2 to the corresponding direct testimony offered in this docket.
- b. Was consideration given to offering delivery confirmation for First-Class Mail,

Periodicals Mail, and Standard A Mail? If so, please describe. If not, why not?

- c. Please submit all documents relating to the inquiries in (b).

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.


SHELLEY S. DREIFUSS
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