

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

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OFFICE OF THE SECRETARY

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POSTAL RATE AND FEE CHANGES, 1997

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Docket No. R97-1

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS O'HARA  
TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION  
AND MOTION FOR LATE ACCEPTANCE  
(DMA/USPS-T30-4 AND 5)**

The United States Postal Service hereby files the responses of witness O'Hara to the following interrogatories of Direct Marketing Association, dated July 29, 1997: DMA/USPS-T30-4 and T30-5.

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

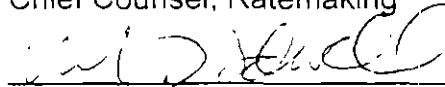
These answers, due August 12, 1997, are responsive to questions which have required extensive consultation with other personnel within the Postal Service, some of whom -- because of previous professional and personal commitments -- have been out of the office during the past month and unavailable for consultation. Accordingly, witness O'Hara was not able, until very recently, to complete the consultations necessary to file these responses. The Postal Service regrets the delay in filing these responses and will fax copies to counsel for DMA today to mitigate the effects of the delay which has transpired to-date.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



Michael T. Tidwell

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Washington, D.C. 20260-1137  
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September 2, 1997

**RESPONSE OF U.S. POSTAL SERVICE WITNESS O'HARA TO  
INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

**DMA/USPS-T30-4.** Please refer to your testimony at page 32, line 18 through page 33, line 7, and to your testimony at page 34, line 22 through page 35, line 9. In those paragraphs you discuss Standard (A) Regular mail and Standard (A) ECR mail and the applicability of "criterion 2" to this mail. You refer to "intrinsic value of service" and "economic value of service."

- a. Please describe in as much detail as possible both the legal and the policy reasons for applying criterion 2 through reference to both "intrinsic" and "economic" value of service. Please incorporate in your answer your understanding of the meaning of these two terms.
- b. Please describe in as much detail as possible the "deferability for delivery" to which you refer, including reference to the points in the postal system at which Standard (A) Regular mail and/or Standard (A) ECR mail is deferrable. Please include in your answer an explanation of the benefits that accrue to the Postal Service through the deferability of Standard (A) Regular mail and/or Standard (A) ECR mail.
- c. Does the Postal Service have service standards for the delivery of Standard (A) Regular mail and Standard (A) ECR mail? If so, please describe these service standards generally and attach a copy of them to your response.
- d. What information does the Postal Service have concerning the extent to which Standard (A) Regular mail and Standard (A) ECR mail are delivered in accordance with their service standards? Please identify each document available to the Postal Service concerning the level of service received by Standard (A) Regular mail and Standard (A) ECR mail. With respect to each such document, please state whether the Postal Service considers some or all of this document to be confidential; if, so, please explain fully. Please summarize the information contained in each such document and, to extent that the Postal Service does not consider such information to be confidential, please provide copies thereof as a library reference.
- e. Please describe the data collection effort known as "EX3C", including the date on which the system was initially established and the current status of the system. Please provide copies of all EX3C reports as library references, or, if the Postal Service considers such reports to be confidential, please describe these reports in detail and summarize the information they contain.

**RESPONSE TO DMA/USPS-T30-4:**

- a. Since I am not a lawyer, I cannot speak to the legal reasons. For the policy reasons, please see my testimony at page 4, lines 4 - 19.

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**RESPONSE TO DMA/USPS-T30-4, continued (page 2):**

- b. Standard A Mail is deferrable at any point in the postal system from deposit to delivery, unless such mail has been combined with First-Class Mail, such as during the first pass of delivery-point sequencing. Standard Mail's priority in handling is described in sections 453, 458, and 621 of the Postal Operations Manual 7 (POM 7), filed as USPS LR-SSR-161. The Postal Service benefits from this deferability because it facilitates workload leveling.
- c. Service standards are described in the Postal Service's Request; see the page in Attachment G relating to Rule 54(n). This information is also contained in the 1997 National Five-Digit Zip Code and Post Office Directory, Volume 2, page 10-3. See also POM 7, sections 458.1-458.345.
- d. There are no nationally representative data regarding service performance for Standard Mail (A).
- e. I am informed that EX3C measured the days elapsed between deposit and delivery for seeded pieces in selected mailings of participating third-class mailers, under a Postal Service contract with Price Waterhouse. Reporters received the seeded mail pieces and telephoned the receipt date to Price Waterhouse. After a period of pilot testing and development operations, the system became operational in PQ 3 of FY 94. It was discontinued on November 3, 1996. Only in PQ 3, FY 94 was any aggregated data produced; that data applied only to the voluntarily participating mailers, whose participation was not subject to efforts to limit or control participation in

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**RESPONSE TO DMA/USPS-T30-4, continued (page 3):**

order to make the sample representative of the third-class mail stream.

Thereafter, no data were aggregated, and results for individual mailers were provided only to the individual participants that purchased their specific results.

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**DMA/USPS-T30-5.** Assuming that the information identified in response to DMA interrogatory DMA/USPS-T30-4(d) indicates that at least some Standard (A) Regular and ECR mail is not delivered in accordance with service standards,

- a. Please describe, in as much detail as possible, the reasons why some Standard (A) Regular mail and Standard (A) ECR mail is not delivered in accordance with service standards. For example, can this phenomenon be explained, at least in part, by postal managers' conscious decisions to defer Standard (A) mail to achieve other goals, such as delivery First-Class Mail in accordance with service standards? Can this phenomenon be explained, at least in part, by the conscious decision by postal management to put into place capacity (including labor) that is inadequate to meet service standards for Standard (A) mail on high volume days? Please explain fully.
- b. Please provide all documents available to the Postal Service concerning daily, weekly or seasonal variations in First-Class and Standard (A) mail volume.
- c. Please describe generally the ways in which the Postal Service determines the capacity (including labor) to put in place in order to be able to handle these variations in mail volume in accordance with its service standards.
- d. Please describe generally how postal capital and operating budgets are developed at the regional and local levels with specific reference to the capacity (including labor) adequate to permit the Postal Service to handle all mail in accordance with service standards, given the daily, weekly and seasonal variations in demand on the postal system.
- e. Please elaborate upon the Postal Service's "Compliance Statement" (Attachment G to its Request in this case) by providing the specific references to the testimony of the USPS witnesses Alexandrovich Patelunas, Degen and Bradley, wherein they address the cost consequences of peaking patterns. See Compliance Statement, Rule 54(h)(4), (12), para. numbered 1.

**RESPONSE:**

- a. I am informed that all classes of mail may fail to meet service standards for a variety of reasons. Many of these reasons are unexpected and include factors such as equipment problems, transportation delays, unanticipated

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**RESPONSE OF U.S. POSTAL SERVICE WITNESS O'HARA TO  
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**RESPONSE TO DMA/USPS-T30-5, continued (page 2):**

volume surges, improper mail preparation, unscheduled employee absences, and unseasonable weather. All of these factors can affect whether various classes of mail are delivered in accordance with service standards. In situations where all classes of mail cannot be delivered in accordance within their respective service standards, First-Class Mail will be given priority of handling relative to Standard (A) Mail, in accordance with the distribution priorities referenced in my response to DMA/USPS-T30-4b. To the extent that the final part of your question implies that postal managers make conscious decisions to staff operations inadequately on known (as opposed to unanticipated) high-volume days, I understand that this is not the case.

b. For seasonal variation, refer to the volume data for each of the 13 Accounting Periods (A/Ps) per year for total First-Class Mail and total Standard (A) Mail that are contained in the A/P Financial & Operating Statements filed with the Commission on a regular basis. I have been unable to identify any documents concerning daily or weekly volume variations for the requested mail classes.

c-d. I am informed that capacity (including labor) is, in general terms, determined by operating and capital budget decisions that take into account projected workload (and its variation over time), based in large part on past



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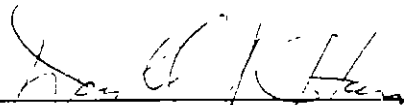
**RESPONSE TO DMA/USPS-T30-5, continued (page 3):**

experience. This capacity is not determined with the objective of being able to handle literally all mail in accordance with service standards, as part d of this question suggests. Instead, management judgment is employed to determine what balance to strike between expenditure on capacity and the risk of service failure due to factors such as those listed in my response to DMA/USPS-T30-5a.

- e. Redirected to witness Alexandrovich.

**DECLARATION**

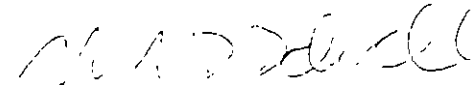
I, Donald J. O'Hara, hereby declare, under penalty of perjury, that the foregoing Docket No. R97-1 interrogatory responses are true to the best of my knowledge, information, and belief.

  
\_\_\_\_\_  
Donald J. O'Hara

7-2-87  
Date

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.

A handwritten signature in black ink, appearing to read "Michael T. Tidwell", written over a horizontal line.

Michael T. Tidwell

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1145  
September 2, 1997