

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

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS O'HARA
TO INTERROGATORIES OF VAL-PAK/CAROL WRIGHT
(VP-CW/USPS-T30-1- 5)**

The United States Postal Service hereby files the responses of witness O'Hara to the following interrogatories of Val-Pak/Carol Wright, dated August 21, 1997:
VP-CW/USPS-T30-1 through T-30-5.


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



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September 4, 1997

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VP-CW/USPS-T30-1.

Your testimony at page 35 states that delivery of ECR mail may be deferred.

- a. Under Postal Service standards, regulations or other guidelines what is the maximum length of time that ECR mail can be deferred (i) at a DDU, (ii) at a DSCF, (iii) at a DBMC, (iv) at a OBMC, and (v) at a OSCF?
- b. Does the Postal Service keep any kind of records on either (i) the number of occasions that ECR mail is actually deferred, or (ii) the length of deferral when ECR mail is deferred? Please explain any answer that is not an unqualified negative, and identify the type of records kept.

RESPONSE:

- a. See Postal Operations Manual (POM 7), sections 458.1-458.345 (USPS LR-SSR-161).
- b. I am informed that no records are kept on the number of occasions that ECR mail is deferred or on the length of deferral for ECR mail.

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VP-CW/USPS-T30-2.

- a. Please identify all applicable service and/or delivery standards, regulations or other guidelines for Standard A ECR and/or Regular Mail.
- b. Please identify whether there are different service and/or delivery standards for Standard A ECR and/or Regular mail entered at (i) DSCFs and (ii) DDUs.

RESPONSE:

- a-b. Please see my response to DMA/USPS-T30-4c.

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VP-CW/USPS-T30-3.

At page 35 of your testimony you refer to the Postal Service accommodating mailer requests for delivery within a specific time frame.

- a. With respect to the Postal Service's efforts to accommodate such requests, can ECR mailers request day-certain delivery? If so, under what conditions?
- b. If a request for day-certain delivery is not an option, what is the minimum time frame that ECR mailers can request? (E.g., two days? three days?)
- c. With respect to ECR mail for which delivery has been requested within a specific time frame, does the Postal Service keep any kind of records, or have any data that would show the percentage of ECR mail that is in fact delivered within the time frame requested by mailers? If so, please provide such data for Base Year 1996.

RESPONSE:

- a. I am informed that a mailer can request day-certain delivery for ECR mail, but there is no assurance that delivery will be made on the requested day. A more appropriate request is for a range of delivery dates; such requests are often utilized by ECR mailers. Mailers requesting an in-home delivery window work with local USPS representatives to determine, for example, the appropriate entry date needed to achieve their requested delivery date(s).
- b. Not applicable.
- c. I am informed that the Postal Service has no records on the aggregate volume of ECR mail for which delivery has been requested within a specific time frame nor any basis for determining the percentage of such mail that is delivered within the requested time frame. For individual mailings with specified characteristics, however, the ADVANCE system does permit the

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mailer and the Postal Service to monitor the percentage of the mailing that is delivered within the requested time frame. However, the individual mailing data are confidential and available only to the individual mailer.

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VP-CW/USPS-T-30-4.

- a. Your testimony at pp. 2-3 lists the nine criteria of 39 U.S.C. 3622(b). In your opinion, under which of the nine criteria should the actual performance in delivery be reflected? If you do not consider actual service performance to be relevant to the establishment of pricing levels, please explain why.
- b. (i) Please indicate those subclasses for which have you endeavored to take account of actual performance in delivery provided by the Postal Service, and (ii) please indicate how such performance in delivery affected your recommendation to increase or reduce the cost coverage.

RESPONSE:

- a. Service actually provided is considered under value of service (criterion 2).
- b. Because the Postal Service does not have nationally representative service performance data for most subclasses, my consideration of this aspect of value of service relied upon the relative service standards for the various subclasses, as detailed in the sources referenced in my response to DMA/USPS-T30-4c. My discussion of value of service for each of the subclasses in my testimony assumes that the relative levels of service *actually provided for the various subclasses corresponds to their relative* service standards, even though for each subclass some portion of the volume, perhaps varying from subclass to subclass, will not be delivered within its standard. In addition, I review various postal indicators of service performance and I am generally aware of customer concerns about service levels through my reading of trade publications and reports from other postal employees. None of this additional information dissuaded me from my

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general understanding that the relative levels of service actually provided to various subclasses reflect their relative service standards.

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VP-CW/USPS-T30-5.

At p. 36 of your testimony you state that:

a lower coverage for ECR would have made it more difficult to design rates so that the *Automation 5-digit rate in Standard Regular* was below the ECR basic rate, encouraging the movement of ECR basic letters into the automation mailstream. As has been the case since at least Docket No. MC95-1, this is an important operational goal of Postal Service management.

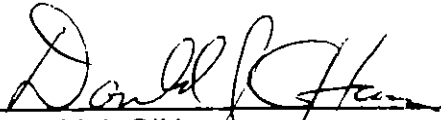
- a. Is the goal of the Postal Service to achieve lowest combined cost, or the encourage movement of ECR basic letters into the automation mailstream regardless of cost?
- b. Wouldn't mailers' interests be better served by adhering to the principle of lowest combined cost?
- c. Why do ECR basic presort letters continue to have a lower unit cost than automation letters?

RESPONSE:

- a-c. The achievement of lowest combined cost is a major reason the Postal Service is encouraging the movement of basic ECR letters (but not high-density or saturation ECR letters) into the automation mailstream. With increased automation of the letter mailstream, the cost differential between automation letters and basic ECR letters has virtually disappeared; the test-year cost for an automation letter is only \$0.0002 more than that of a basic ECR letter (USPS-T-36, WP 1, p. 24). Beyond the test-year, the increased capture of savings from Delivery Point Sequencing (DPS) is expected to produce automation letter costs below those of basic ECR letters, so that moving basic ECR letters to automation will achieve lowest combined cost.

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.

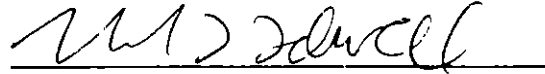


Donald J. O'Hara

9-4-97
Date

CERTIFICATE OF SERVICE

I hereby certify that I have on this date served the forgoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice and Procedure.

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

Michael T. Tidwell

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