

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

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS MOELLER TO INTERROGATORIES OF VAL-PAK DIRECT
MARKETING SYSTEMS, INC. AND VAL PAK DEALERS' ASSOCIATION, INC.
(VP/USPS-T32—6-9)**

The United States Postal Service hereby provides the responses of witness Moeller to the following interrogatories of Val-Pak Direct Marketing Systems, Inc. and Val-Pak Dealers' Association, Inc: VP/USPS-T32—6-9, filed on November 8, 2001.

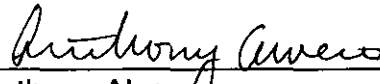
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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November 27, 2001

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VP/USPS-T32-6. Please refer to your response to VP/USPS-T32-5, and describe all efforts, including unsuccessful efforts, by the Postal Service over the years to develop a performance measurement system for Standard Mail (formerly Standard A and third-class mail) that is nationally representative and statistically valid, regardless of whether such system was planned to rely on internal data or externally validated data. In your response, please cite all instances of which you or others in the Postal Service are aware where the Postal Service has publicly indicated plans to have some such performance measurement system in place.

RESPONSE:

Although I am not familiar with the complete history of performance measurement, I am aware that there have been a number of efforts (e.g., EX3C, ADVANCE/DAR, TCMAS) to measure performance of individual mailers' mail, with the goal of developing nationally representative performance figures; however, it is my understanding that none of these efforts culminated in a performance measurement system. Certainly, the Postal Service is aware of mailer concerns regarding service and the availability of a performance measurement system, and has expressed -- in a variety of forums -- an interest in working with mailers on these issues.

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VP/USPS-T32-7.

- a. Please refer to your response to VP/USPS-T32-5, and indicate whether the Postal Service aggregates performance data - over those Standard Mail mailings that participate - in either the Advance or the CONFIRM internal systems mentioned in your response. Unless your answer is an unqualified negative, please indicate whether such aggregated data are developed on a quarterly basis.
- b. For Base Year 2000, please provide such quarterly (or annual) aggregate performance data as are available for Standard Mail. If you have such data broken down as between Standard Regular and Standard ECR, please do so. If the data show the actual time to deliver versus the standard set forth in the Postal Service's response to Rule 54(n) in its Request in this case - which, incidentally, still refers to "Standard A" - please provide the breakdown.

RESPONSE:

My response to interrogatory VP/USPS-T32-5 stated that such systems may provide *an indication* of performance; however, the Advance and CONFIRM systems are not performance measurement systems since they do not provide aggregated performance data that show the actual time to deliver as compared to the applicable service standard.

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VP/USPS-T32-8. Please refer to the chart in the Postal Service's response to Rule 54(n) in its Request in this case that shows the service standards for all major classes of mail.

- a. Please confirm that in the above-referenced chart "Standard A" (now Standard Mail) has the lowest performance standard for all the classes shown, lower even than "Standard B" (now Package Services). If you do not confirm, please explain.
- b. Would you agree that the volume of Standard Mail is sufficient to warrant development of a nationally-representative, statistically-valid performance measurement system? If not, please explain.
- c. Please explain why the Postal Service appears to put such a low priority on developing a nationally-representative, statistically-sound system for measuring actual performance that is provided to Standard Mail.
 - (i) In your response, please indicate whether the reason in part is that the Postal Service does not want to know and/or publicize the actual service given to and received by Standard Mail (formerly Standard A and third-class).
 - (ii) In your response, please state whether the reason in part is that Standard Mail has such a low service standard, as evidenced by the above-referenced chart in the response to Rule 54(n), that the Postal Service deems such effort not worthwhile.

RESPONSE:

- a. The interrogatory does not state how service standards between the classes can be compared in a relative sense. I can, however, confirm that the chart referred to in this interrogatory includes a "10th day" standard for Standard A (now Standard Mail), whereas Standard B (now Package Services) has the "9th" day as its latest standard.
- b. It is not within the scope of my responsibilities to make such determinations, and I have not performed a statistical analysis to determine whether volume characteristics of Standard Mail pose a difficulty in developing a nationally-representative, statistically-valid performance measurement system.
- c. Although the Postal Service is currently faced with extraordinary challenges of high priority, the interrogatory's characterization that the Postal Service has placed "such a low priority" on developing a nationally-

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representative, statistically-sound system for measuring actual Standard Mail service performance is not accurate. A number of factors could make the development of such a system difficult, and, to my knowledge, the hypotheses provided in subparts i) and ii) are not among them.

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VP/USPS-T32-9.

- a. Please confirm that H.R. 22, a bill proposed in the last Congress, would have required the Postal Service to develop a performance measurement system for Standard Mail. If you do not confirm, please explain.
- b. With respect the above referenced performance measurement provision in H.R.22, did the Postal Service at any time take any public position, whether endorsing it, opposing it, or just explaining the perceived difficulty that it might cause the Postal Service? If so, please explain fully.
- c. Has the Postal Service at any time formulated any plans, however tentative, with respect to how it would develop and implement a performance measurement system in response to the provision for same in H.R. 22? If so, please describe.

RESPONSE:

- a. Confirmed.
- b. I am not aware of any public position taken that specifically or exclusively dealt with this provision of H.R. 22.
- c. While the general topic of performance measurement is always under consideration, I am not aware of any specific plans related to the cited provision of H.R. 22.

DECLARATION

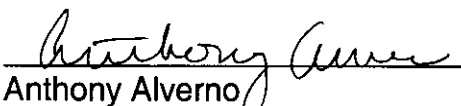
I, Joseph D. Moeller, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.


JOSEPH D. MOELLER

Dated: 11-27-01

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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