

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

Complaint on First-Class Mail
Service Standards

Docket No. C2001-3

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON
(DFC/USPS-GAN-15, 18 AND 24)

The United States Postal Service hereby files its responses to the following interrogatories of Douglas Carlson: DFC/USPS-GAN-15, 18 and 24, filed on October 25, 2001.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE
By its attorneys:

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December 3, 2001

CERTIFICATE OF SERVICE

I hereby certify that, in accordance with section 12 of the Rules of Practice, I have this day served the foregoing document upon all parties of record in this proceeding.

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DFC/USPS-GAN-15

Please refer to the response to DBP/USPS-27 and the response to OCA/USPS-11.

- (a) Please provide the approximate per-pound cost for dedicated air transportation (other than FedEx);
- (b) Please provide the approximate per-pound cost to transport mail on commercial passenger airlines;
- (c) Please provide the approximate per-pound cost for transportation of mail on FedEx airplanes;
- (d) Please provide the percentage of total annual transportation costs for First-Class Mail that \$36.4 million constitutes;
- (e) Would the increase in expenditures related to an expansion of the surface transportation network be one-time or ongoing?
- (f) Please estimate the net savings or net increase in costs that the changes in First-Class Mail service standards implemented in 2000 and 2001 will impose on the Postal Service.

RESPONSE:

- (a) See the Docket No. R2001-1 response to AOL-TW/USPS-29(d).
- (b) See the Docket No. R2001-1 response to AOL-TW/USPS-29(e).
- (c) Estimated volumes to be transported under the FedEx contract are provided in USPS Docket No. R2001-1 Library Reference J-94 (Table 305) under protective conditions. Disclosure of estimated cost per pound of flying mail in the FedEx network as requested by this interrogatory, coupled with the information in the Docket No, R2001-1 testimony of witness Hatfield (USPS-T-18) would allow a postal competitor to deduce

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the Docket No. R2001-1 volume information currently subject to those protective conditions. The Postal Service considers that the requested FedEx contract cost per pound figure responsive to this interrogatory should be made available to parties in Docket No. C2001-3 under the same protective conditions as are in effect in Docket No. R2001-1.

Accordingly, the Postal Service has filed a motion to seeking to achieve this result.

- (d) Total First-Class Mail volume variable transportation costs for FY 2000 were estimated to be \$1.1 billion. \$36.4 million represents a little over three percent of that total.
- (e) Capital expenditures would be “one-time.” Others would be “ongoing.”
- (f) Cost impact was not a driving factor in the finalization of Phase 2 of the realignment plan. Accordingly, no effort has been made to isolate or analyze the cost impact. The Postal Service does not have sufficient information with which to determine the extent to which expected transportation changes actually occurred in conjunction with the completion of the finalization of Phase 2. The subsequent implementation of the FedEx contract and the emergency measures implemented in the aftermath of the events of September 11, 2001, and recent acts of terrorism make it impossible to isolate “service standard related” changes in First-Class Mail transportation or estimate their cost or operational impact.

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DFC/USPS-GAN-18.

This interrogatory concerns changes in First-Class Mail service standards from two days to three days for mail originating in or destined to the California SCF's of San Francisco, Oakland, and San Jose.

- (a) For each change in service standard from two days to three days that the Postal Service implemented in 2000 or 2001, please discuss all the factors that you considered before you decided to change the service standards from two days to three days.
- (b) Please discuss whether the Postal Service is continuing to use air transportation to transport mail between any of the ZIP Code pairs for which the Postal Service changed the service standard from two days to three days in 2000 or 2001.

RESPONSE:

- (a) The factors that were considered have previously been identified in the USPS response to DBP/USPS-11 (b).
- (b) It is assumed that, as local day-to-day transportation option decisions are made, that is occurring in the network.

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DFC/USPS-GAN-24.

Please refer to paragraph 12 of the Declaration of Charles M. Gannon.

- (a) Please identify the “Pacific, Western, and Southwestern cities” between which the Postal Service purchased dedicated air transportation, and please provide the years during which this dedicated air transportation was used.
- (b) Please identify the improvement in First-Class Mail service, as reflected in EXFC scores, that the Postal Service enjoyed from the use of dedicated air transportation.

RESPONSE:

- (a) The cities were: Billings, Dallas, Denver, Houston, Las Vegas, Los Angeles, Phoenix, Portland, Reno, Sacramento, Salt Lake City, San Antonio, San Diego, San Francisco, Seattle, Spokane. With varying start and end dates for different cities, the time frame involved was between July 1998 and August 2001.
- (b) The Postal Service has no data that would permit it to determine the extent to which the use of dedicated air transportation, by itself, affected service performance to or from the cities listed above.