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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

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

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF AMAZON.COM, INC.
(AMZ/USPS-T36—1-3, 4(B-D, G), 5, 6(A), 8(A, E), AND 9)

The United States Postal Service hereby provides the responses of witness Mayo to the following interrogatories of Amazon.com, Inc.: AMZ/USPS-T36—1 to 3, 4(b-d, g), 5, 6(a), 8(a, e), and 9, filed on November 21, 2001. Interrogatories AMZ/USPS-T36—4(a, e-f, h), 6(b), 7, and 8(b-d) have been redirected to witness Kingsley.

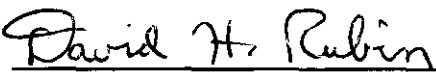
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
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December 5, 2001

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO TO
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AMZ/USPS-T36-1. In your testimony at page 38 (ll. 10-11), you state “[t]he third proposed classification change is to limit Delivery Confirmation to parcels only within the Package Services mail class.”

- a. Please confirm that the following proposed change to Section 948.21 of the Domestic Mail Classification Schedule (“DMCS”) reflects your proposed classification change to limit Delivery Confirmation to parcels only within the Package Services mail class: Delivery Confirmation is available for ... Package Services mail that is parcel-shaped, as specified by the Postal Service.... [Change underlined.] (Request of the United States Postal Service for a Recommended Decision, Docket No. R2001-1, Attachment A, Page 97.)
- b. Please confirm that “parcels” are now defined to be pieces more than 15 inches long, 12 inches high, or 3/4 inch thick, as specified in the Domestic Mail Manual (“DMM”), section C050.3.1. If you do not confirm, please provide the correct standards.
- c. When was the definition in the DMM of “parcel” last changed?
- d. If you intend the Postal Service to retain flexibility to define a parcel otherwise, what definition would you want to use?

RESPONSE:

- a. Confirmed. Also see my testimony, USPS-T-36 at 39, lines 8-12.
- b. Not confirmed. See DMM Sections C050.4.0, 5.0 and 6.0 for the criteria for parcels.
- c. The criteria for a machinable parcel in DMM Section C050.4.1 was last changed on January 7, 2001.

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AMZ/USPS-T36-1. (CONTINUED)

RESPONSE:

d. The Postal Service will develop a definition of "parcel-shaped" as part of implementation of this rate proceeding. Draft language to be filed as part of the Federal Register notice for comment will likely contain something along the lines of the following:

For First-Class Mail and Package Services parcels eligible for Delivery and Signature Confirmation, a parcel is defined as any piece that has an address side with enough surface area to fit the delivery address, return address, postage markings and endorsement, and an entire special service label and:

- a) is in a box, or
- b) if not in a box, is more than $\frac{3}{4}$ inch thick at its thickest point

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AMZ/USPS-T36-2. Using the Postal Service's current definition of a parcel:

- a. Please confirm that the proposed classification change to limit Delivery Confirmation to parcels within the Package Services mail class would prohibit items — such as, say, a single compact disk ("CD") in a 6 ½ inches by 7 inches padded mailing envelope, which has a thickness of 0.70 inch with one CD enclosed — mailed in the Package Services mail class from using the Delivery Confirmation electronic option. If you do not confirm, please explain.
- b. Please confirm that if the mailing envelope discussed in part a contained inserts which increased the thickness to exceed 0.75 inch, the piece could be mailed in the Package Services mail class with Delivery Confirmation electronic option. If you do not confirm, please explain.
- c. Is the proposed change intended to increase the size of packages in the manner described above? If so, please explain what this accomplishes, and how it benefits the Postal Service.

RESPONSE:

- a. Confirmed for Package Services. A Standard Mail parcel with the same dimensions would be eligible for Delivery Confirmation.
- b. Confirmed.
- c. My proposed change is not intended to increase the size of packages in the Package Services mail class. See my response to AMZ/USPS-T36-1(d).

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AMZ/USPS-T36-3. Please identify the page and line references in all testimony and library references submitted in this docket which discuss or provide support for your proposal to limit Delivery Confirmation to parcels only within the Package Services mail class other than your testimony, USPS-T-36, at page 2 (ll. 13-16), page 32 (ll. 6-7), page 37 (ll. 12-14), page 38 (ll. 10-15), and page 39 (ll. 1-12).

RESPONSE:

See witness Kingsley's testimony, USPS-T-39, section E., pages 27-28, all of page 19 (flat and parcel issues), and page 8, lines 17-30 (for inconsistency of letters and Delivery/Signature Confirmation).

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AMZ/USPS-T36-4. Please refer to your testimony at page 38 (ll. 14-15), where you state “[t]his proposed change [to limit Delivery Confirmation to parcels only within the Package Services mail class] reflects the operational concerns discussed by witness Kingsley. USPS-T-39, at 8-9, 36.”

a. Please identify clearly and discuss the specific “operational concerns” to which you are referring on pages 8, 9 and 36 of witness Kingsley’s testimony.

b. Does the proposed change reflect any other operational or nonoperational concerns? If so, please identify and discuss such concerns.

c. Please explain why “operational concerns” are of such magnitude or importance as to require elimination of a service that customers desire and use.

d. Please explain how elimination of an existing service (for “non-parcels”) that customers desire and use will:

(i) Make the Postal Service more competitive with other companies that provide delivery service; and

(ii) Make the Postal Service more “customer-focused” and “customer

responsive.”

e. Please confirm that witness Kingsley discusses letter processing at pages 8-9 of her testimony. Please explain the relationship between

(i) letter processing and

(ii) depriving Package Services flats of access to Delivery Confirmation.

f. Have problems arisen in the utilization of Delivery Confirmation with Package Services flats? Please explain any affirmative answer.

g. Have mailers criticized the performance of Delivery Confirmation when used with Package Services flats? Please explain any affirmative answer.

h. How would the Postal Service’s Delivery Confirmation special service be harmed if your proposed change is not recommended by the Commission?

RESPONSE:

a. Redirected to witness Kingsley.

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AMZ/USPS-T36-4. (CONTINUED)

RESPONSE:

b. As discussed in my testimony, USPS-T-36, page 38, lines 11-12, this classification proposal also takes into account the high value of service provided by Delivery Confirmation, both now and if this proposed classification change is implemented.

c. and d. The basic thrust of this classification proposal is to promote consistent Delivery Confirmation service. Currently, a Package Services flat with Delivery Confirmation may not be identified as such, whereas a Package Services parcel with Delivery Confirmation which is held out separately would be more easily identified. My proposal responds to this "operational concern" in order to provide reliable service to postal customers to the greatest extent possible.

e. Redirected to witness Kingsley.

f. Redirected to witness Kingsley.

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AMZ/USPS-T36-4. (CONTINUED)

RESPONSE:

g. The Postal Service does not have specific data on complaints about Delivery Confirmation used with Package Services flats.

h. Redirected to witness Kingsley.

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AMZ/USPS-T36-5. Please refer to your testimony at page 38 (ll. 12-14) where you state that this proposed change "is a fair and equitable proposal, because it ensures that the service will be provided for all parcel customers."

a. Please explain how depriving Package Services flats of access to Delivery Confirmation "ensures that the service will be provided for all parcel customers."

b. In your comment above, are you speaking of all Package Services parcel customers?

(i) If so, please confirm that all Package Services parcel customers already have access to Delivery Confirmation. If you do not confirm, please explain.

(ii) If not, please explain the relationship between eliminating access to Delivery Confirmation for Package Services flats, and extending access to Delivery Confirmation to parcels in other classes of mail.

c. Are there other reasons why you view eliminating Package Services flats' access to Delivery Confirmation as more fair and equitable than continuing the service? If so, please provide these reasons in detail.

RESPONSE:

a. Please see my response to 4 (c and d) above. The proposal focuses Delivery Confirmation on parcels and Priority Mail, increases the ability to identify Delivery Confirmation pieces, and provides consistency across all flats categories.

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AMZ/USPS-T36-5. (CONTINUED)

RESPONSE:

b. I am speaking of all Postal Service parcel customers which includes all Package Services parcel customers.

i. Confirmed.

ii. The proposal, along with the proposal to extend Delivery Confirmation to all First-Class Mail parcels, is intended to make Delivery Confirmation a product focused on all parcels and Priority Mail.

c. The proposal reduces the risk that customers will not receive Delivery Confirmation service when it is purchased, since it is very difficult to identify flats as Delivery Confirmation items.

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AMZ/USPS-T36-6. According to witness Kingsley, "[o]nce the carrier is on the street, a Delivery Confirmation mailpiece is handled like any other piece except that the barcode on the Delivery Confirmation label is scanned upon delivery." Response to OCA-USPS-T36-16.

- a. Are you aware of any information that would contradict witness Kingsley's statement? Please explain any affirmative answer.
- b. If this statement is correct, then please explain why it is necessary or desirable to eliminate access to Delivery Confirmation to Package Services flats.

RESPONSE:

- a. No. Witness Kingsley's comments are related to parcels and Priority Mail only.
- b. Redirected to witness Kingsley.

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AMZ/USPS-T36-8. Witness Kingsley states in her testimony: Vertical flats cases are used for most routes while horizontal flats cases, with larger separations for multiple delivery points, are generally used on business routes and routes with a large proportion of centralized delivery. In the case of horizontal holdouts, many of the small parcels and rolls (SPRs) would be cased and collated in with the flats. The identification of Delivery Confirmation and Signature Confirmation items is ensured because parcels and Priority Mail, regardless of shape, are held out and handled separately by clerks and carriers, unlike letters and flats. This is fully consistent with witness Mayo's (USPS-T-36) proposal to limit Delivery Confirmation and Signature Confirmation to parcels and Priority Mail. [USPS-T-39, page 28, ll. 7-15.]

a. Do you agree that this description of mail processing is fully consistent with your proposal? If not, please explain.

b. If Package Services SPRs are cased and collated in with the flats, are they still eligible to obtain Delivery Confirmation?

(i) If so, why shouldn't the flats they are cased and collated with also be eligible for this service?

(ii) If not, how does your proposal plainly disqualify Package Services SPRs from access to Delivery Confirmation?

c. Please explain in detail how the handling of Priority Mail flats varies from the handling of Package Services flats so as to justify your proposal.

d. Is Priority Mail which pays the proper postage, but is not otherwise marked as Priority Mail, eligible to receive Delivery Confirmation?

(i) If so, please explain what in the handling of such a Priority Mail flat explains why it should be eligible for Delivery Confirmation, while a Package Services flat would not be eligible.

(ii) If not, how does or will the Postal Service prevent such Priority Mail pieces from being mailed with Delivery Confirmation?

e. Please explain why your proposal is not unduly discriminatory against Package Services flats.

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RESPONSE:

- a. Yes.

- b. Redirected to witness Kingsley.

- c. Redirected to witness Kingsley.

- d. Redirected to witness Kingsley.

- e. My proposal does not discriminate against Package Services flats; rather, it treats these flats like other flat-shaped mail (other than Priority Mail). The proposal takes into consideration the reality of flats processing versus parcels and Priority Mail processing, and is aimed at ensuring that Delivery Confirmation is offered only when the service can be provided in a consistent and reliable manner.

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AMZ/USPS-T36-9. Please describe all market research conducted by the Postal Service to determine the attitude of and effect on mailers by the discontinuance of Delivery Confirmation service for flats within the Package Services mail class.

- a. During what period was such research undertaken?
- b. Was the research conducted under contract, or by in-house personnel?
- c. How many affected users were interviewed?
- d. Please provide as a library reference copies of the research design and all survey forms used.
- e. What is the estimated impact on Test Year After Rates revenues and volumes?
- f. If no market research was conducted, please explain fully why it was not considered necessary.

RESPONSE:

a. – e. No market research was conducted.

f. Since this is an operational matter, no market research was deemed necessary.

DECLARATION

I, Susan W. Mayo, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

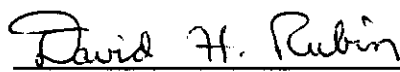
Susan W Mayo

SUSAN W. MAYO

Dated: DECEMBER 5, 2001

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.



David H. Rubin

475 L'Enfant Plaza West, S.W.
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December 5, 2001