

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

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER  
TO INTERROGATORIES OF UNITED PARCEL SERVICE  
(UPS/USPS-T28-36-41)

The United States Postal Service hereby provides the responses of witness Moeller to the following interrogatories of United Parcel Service: UPS/USPS-T28-36 41, filed on November 29, 2001.

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

UPS/USPS-T28-34 and 42 have been redirected to the Postal Service for response.

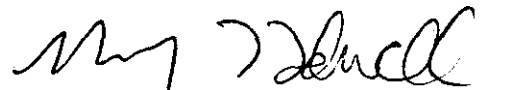
Responses to UPS/USPS-T28-33 and 35 are forthcoming.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



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December 13, 2001

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER  
TO INTERROGATORIES OF UNITED PARCEL SERVICE

**UPS/USPS-T28-36.** Refer to your response to interrogatories UPS/USPS-T28-4(a) and 4(b), in which you state that "a significant goal for the Postal Service when entering into the FedEx transportation contract is to provide more consistent and reliable service for Express Mail and Priority Mail . . . ."

- (a) Define "consistent" as you use the term in that response.
- (b) Define "reliable" as you use the term in that response.

**RESPONSE:**

a-b. My statement was referring to witness Spatola's testimony (USPS-T20 at 5, lines 9-10). While I think the meaning of the words is fairly straightforward, I do not want to speak for witness Spatola.

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER  
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**UPS/USPS-T28-37.** Refer to your response to interrogatories UPS/USPS-T28-4(a) and 4(b), in which you state that "a significant goal for the Postal Service when entering into the FedEx transportation contract is to provide more consistent and reliable service for Express Mail and Priority Mail . . . ."

(a) In what ways does the Postal Service expect the FedEx transportation contract to help the Postal Service meet its goal of making Express Mail and Priority Mail service more consistent?

(b) In what ways does the Postal Service expect the FedEx transportation contract to help the Postal Service meet its goal of making Express Mail and Priority Mail service more reliable?

(c) How much closer to achieving the goal of more consistent and reliable service for Express Mail and Priority Mail will the Postal Service be in the Test Year than it is today?

**RESPONSE:**

- a-b. See witness Spatola's testimony (USPS-T-5 at 5) where he states that service is expected to be more reliable and consistent, and that the contract requires a high level of performance.
- c. As stated in my original response, improving the consistency and reliability of service is a major undertaking, and includes the need for customers' perceptions of the service to change. I cannot project "how much closer" the Postal Service will be to achieving that goal in the Test Year. As such, I believe that more recent actual data and their trends provide a better basis for evaluation than do future goals.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER  
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**UPS/USPS-T28-38.** Refer to your response to interrogatories UPS/USPS-T28-4(a) and 4(b), in which you indicate that "customer perceptions" of Express Mail service need to change.

(a) Describe in detail your understanding of how Express Mail service is perceived by customers and the basis for that understanding.

(b) What is your assessment of the accuracy of "customer perceptions" of Express Mail service, and what is the basis for your assessment?

(c) Describe all efforts the Postal Service has taken and will be taking to change these customer perceptions during the period from the base year to the test year.

(d) Identify the extent to which the measures identified in your response to subpart (c) of this interrogatory factored into the recommended cost coverage for Express Mail in the test year.

**RESPONSE:**

a-c. My statement was acknowledging that customer perceptions (regardless of how or whether they are measured or quantified) are a component of what the Postal Service's Manager of Integration described as the "decision formula of price, reliability and service features." The changes in service may translate into changes in perception, but I know of no particular assessment of the accuracy of the current "perceptions," or any effort specifically designed to change those perceptions.

d. The recommended cost coverage of 229.1 percent was based on the factors described in my testimony at pages 26-29.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER  
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**UPS/USPS-T28-39.** Refer to your response to interrogatories UPS/USPS-T28-4(a) and 4(b), in which you indicate that "customer perceptions" of Priority Mail service need to change.

(a) Describe in detail your understanding of how Priority Mail service is perceived by customers and the basis for that understanding.

(b) What is your assessment of the accuracy of "customer perceptions" of Priority Mail service, and what is the basis for your assessment?

(c) Describe all efforts the Postal Service has taken and will be taking to change these customer perceptions during the period from the base year to the test year.

(d) Identify the extent to which the measures identified in your response to subpart (c) of this interrogatory factored into the recommended cost coverage for Priority Mail in the test year.

**RESPONSE:**

- a-b. My statement was acknowledging that customer perceptions (regardless of how or whether they are measured or quantified) are a component of what the Postal Service's Manager of Integration described as the "decision formula of price, reliability and service features." In the absence of any known studies that compare customer perceptions with actual performance data, I assume that the perceptions are not inconsistent with actual performance data, such as that presented in response to DFC/USPS-6.
- c. See witness Cochrane's responses to UPS/USPS-21 and UPS/USPS-22. Any changes in service may translate into changes in perception.
- d. The recommended cost coverage of 173.8 percent was based on the factors described in my testimony at pages 22-26.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER  
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**UPS/USPS-T28-40.** Refer to your response to interrogatories UPS/USPS-T28-4(a) and 4(b), in which you state that changing customer perceptions of Express Mail service "may take much longer than the service changes." Provide your best estimate of when customer perceptions of Express Mail service will fully respond to the service improvements to accurately reflect the improved quality of the service.

**RESPONSE:**

I have no timetable for the potential change in perception of Express Mail will occur, but as stated in my response to UPS/USPS-T-4a-4b, they may lag the actual service changes themselves.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER  
TO INTERROGATORIES OF UNITED PARCEL SERVICE

**UPS/USPS-T28-41.** Refer to your response to interrogatories UPS/USPS-T28-4(a) and 4(b), in which you state that changing customer perceptions of Priority Mail service "may take much longer than the service changes." Provide your best estimate of when customer perceptions of Priority Mail service will fully respond to the service improvements to accurately reflect the improved quality of the service.

**RESPONSE:**

I have no timetable for the potential change in perception of Priority Mail will occur, but as stated in my response to UPS/USPS-T-4a-4b, they may lag the actual service changes themselves.

**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.

  
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JOSEPH D. MOELLER

Dated: December 13, 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.



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