

RECEIVED

DEC 28 4 31 PM '01

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—10-14, 16)

The United States Postal Service hereby provides the responses of witness Mayo to the following interrogatories of Amazon.com, Inc.: AMZ/USPS-T36—10 to 14, and 16, filed on December 10, 2001. Interrogatory AMZ/USPS-T36—15 was redirected to witness Moeller.


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



David H. Rubin

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2986; Fax -6187
December 28, 2001

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF AMAZON.COM, INC.

AMZ/USPS-T36-10. In your response to AMZ/USPS-T36-2(a), you confirm that "a single compact disk ("CD") in a 6½ inches by 7 inches padded mailing envelope, which has a thickness of 0.70 inch with one CD enclosed" mailed as Package Services would not qualify to use Delivery Confirmation, yet in your response to AMZ/USPS-T36-1(d), you suggest that a Package Services mailpiece could qualify for Delivery Confirmation, even with a thickness of less than 3/4 inch, if it was packaged in a box.

- a. Why would the thin box qualify for Delivery Confirmation, while the equally thin envelope with rigid contents not qualify?
- b. Please state all instances when pieces less than 3/4 inches thick are defined as parcels, and when they are defined as flats.
- c. To what extent can mailers and the Commission rely on your characterization of the prospective definition of a parcel?
- d. Please state all reasons why your prospective definition of a parcel should not be set out expressly in the Domestic Mail Classification Schedule ("DMCS.")

RESPONSE:

- a. The box would be identifiable as the type of mailpiece (parcel) upon which Delivery Confirmation labels might be found, while the envelope would not be distinguishable from other flats for which carriers are not trained to expect Delivery Confirmation labels.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF AMAZON.COM, INC.

AMZ/USPS-T36-10. (CONTINUED)

RESPONSE:

b. With respect to the definition of parcel-shaped for Delivery Confirmation eligibility, see my response to AMZ/USPS-T36-1, which requires a box for pieces less than $\frac{3}{4}$ - inch thick. Also, please see DMM Section C050.3.0 for the general definition of flat-size mail and DMM Sections C050.4.0, C050.5.0, and C050.6.0 for the criteria for parcels.

c. The draft language I provided in response to AMZ/USPS-T36-1 should be fairly close, if not identical, to the parcel-shaped definition language filed as part of a Federal Register Notice.

d. I cannot speak to the legal considerations. My understanding is that the DMCS is not typically used for such a specific definition. Moreover, leaving the definition in the DMM provides needed flexibility to adjust the definition in response to operational developments and customer concerns, if and when necessary.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF AMAZON.COM, INC.

AMZ/USPS-T36-11. In your response to AMZ/USPS-T36-2(a), you observe that "a single compact disk ("CD") in a 6½ inches by 7 inches padded mailing envelope, which has a thickness of 0.70 inch with one CD enclosed" mailed as Standard Mail would qualify to use Delivery Confirmation.

- a. Would such a mailpiece be subjected to the Residual Shape Surcharge?
- b. Is it not true that currently the only Standard Mail which may use Delivery Confirmation service is that which is subject to the Residual Shape Surcharge?
- C. If part b above is not true, would all such Standard Mail flats qualify to use Delivery Confirmation, or would they have to be prepared in some special manner (different for the usual requirements for Standard flats)?

RESPONSE:

a. Yes.

b. Yes.

c. Not applicable.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF AMAZON.COM, INC.

AMZ/USPS-T36-12.

- a. Among the principal competitors of the Postal Service offering package services (e.g., United Parcel Service, FedEx, Airborne), please identify those which do not provide "trackability," including delivery confirmation.
- b. Do any of these competitors of the Postal Service charge extra for delivery confirmation? Please explain any affirmative answer.
- c. Do any of these competitors of the Postal Service provide a less complete track and trace service as part of their delivery confirmation service? Please explain any affirmative answer.
- d. Does the Postal Service provide track and trace as part of its Delivery Confirmation service? Please explain any affirmative answer.
- e. Do any competitors of the Postal Service not provide signature confirmation as part of their base delivery confirmation service?
- f. Does the Postal Service provide signature confirmation as part of its base Delivery Confirmation service?
- g. Do any competitors of the Postal Service limit access to delivery confirmation based upon the shape of the package? Please explain any affirmative answer.
- h. Would the Postal Service's proposed change to the DMCS prohibiting Package Services flats from receiving Delivery Confirmation service make that service less desirable to customers than the service provided by competitors for customers who want Delivery Confirmation service? Please explain any negative answer.

RESPONSE:

- a. The principal competitors of the Postal Service offer trackability with their package services.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF AMAZON.COM, INC.

AMZ/USPS-T36-12. (CONTINUED)

RESPONSE:

b. and c. The principal competitors of the Postal Service's Package Services products provide the equivalent of our Delivery Confirmation service at no additional charge. However, it may be that the cost of this service is passed on to their customers in the form of higher shipping rates. United Parcel Service offers a service called "Delivery Confirmation" that customers can purchase for an additional amount over the basic shipping rate.

d. No.

e. It is my understanding that United Parcel Service and Federal Express offer a service comparable to our Signature Confirmation service that is available for an additional charge.

f. No.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF AMAZON.COM, INC.

AMZ/USPS-T36-12. (CONTINUED)

RESPONSE:

g. Not to my knowledge, but these competitors primarily handle parcel-shaped mail or flat mail in easily identifiable envelopes, similar to the Priority Mail and Express Mail envelopes provided by the Postal Service.

h. The proposal would not be less desirable for customers desiring Delivery Confirmation for parcels and Priority Mail. In general, moreover, the Postal Service's proposal would make Delivery Confirmation more valuable as a service overall, by improving scan consistency.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF AMAZON.COM, INC.

AMZ/USPS-T36-13. In your response to AMZ/USPS-T36-4(c) and (d), you state that “[t]he basic thrust of this classification proposal is to promote consistent Delivery Confirmation service.”

- a. What type of consistency are you referring to - consistency of scan, consistency of receipt, or something else? Please explain in full.
- b. Have specific problems in consistency led the Postal Service to include your proposed changes to the DMCS in this docket? If so, please state specifically what these problems in consistency are. If not, why is the proposal being made?
- c. Please explain why the Postal Service cannot solve whatever consistency problem you identify without terminating Delivery Confirmation service to customers who mail flats within the Package Services mail class. In particular, please explain why the Postal Service can provide Delivery Confirmation for Standard flats, but not for flats within Package Services? That is, what handling procedure is used for Standard flats that cannot be used for flats within Package Services?

RESPONSE:

- a. The consistency I am referring to is the consistency in identification of mailpieces to scan, and in scanning.
- b. No. With respect to why the proposal is being made, please see witness Kingsley’s responses to AMZ/USPS-T36-4 (e and h), 6 (b), 8 (b-d) and AMZ/USPS-T39-10.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF AMAZON.COM, INC.

AMZ/USPS-T36-13. (CONTINUED)

RESPONSE:

c. Delivery Confirmation is not available for Standard Mail flats. Please see witness Kingsley's response to AMZ/USPS-T39-10 for why the consistency problem cannot be solved.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF AMAZON.COM, INC.

AMZ/USPS-T36-14. Please refer to your response to AMZ/USPS-T36-9. You were asked to 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." You responded in part f that, "[s]ince this is an operational matter, no market research was deemed necessary."

- a. Is it the position of the Postal Service that whenever operational matters are involved, mailer desires are irrelevant? Or are you saying that operational matters are of no concern to mailers? If neither, please explain in full the reasons why no market research was deemed necessary.
- b. Are you stating that the Postal Service does not care whether it loses customers who require Delivery Confirmation service when they send Package Services flats? Please explain your answer.
- c. Does the Postal Service anticipate that it will lose any Package Services flat volume due to this proposed change to the DMCS? If so, please provide the estimates. If not, why not?
- d. Does this classification change represent an effort by the Postal Service to force customers to use Priority Mail for Package Services flats? If so, do you believe that it will work?
- e. Does the Postal Service perceive some benefit from forcing Package Services mailers to repackage their items currently sent as flats into mailpieces over 3/4 inches thick?
- f. Will policy changes that cause mailers of Package Services flats to repackage their pieces as parcels affect mail processing and delivery costs? Please explain your answer.
- g. Was this proposal the subject of any formal or informal discussions with Package Services mailers, in the Mailers' Technical Advisory Committee ("MTAC"), privately or otherwise? If so, please explain what feedback was received. If not, did the Postal Service assume that Package Services mailers would neither care nor notice? Please explain in full.
- h. If your answer to part g is to the effect that no discussions with mailers were conducted, please describe all customer concerns that were known and considered internally before advancing your proposal to discontinue Delivery Confirmation for Package Services flats, and explain the Postal Service's reaction to each concern vis-a-vis advancing that proposal.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF AMAZON.COM, INC.

OCA/USPS-T36-14. (CONTINUED)

RESPONSE:

a. Neither. As witness Kingsley explains, Delivery Confirmation was designed as a service for flats. See witness Kingsley's responses to AMZ/USPS-T39-5 (c) and 6 (c). Therefore, regardless of customer demand, in the short term at least the Postal Service is not able to offer Delivery Confirmation for flats on a consistent basis. Additionally, continuing to provide Delivery Confirmation service to Package Services flats would require delivery personnel to deviate from standard operating procedures. Finally, please see my response to AMZ/USPS-T36-13 (a and b). Therefore, no market research was deemed necessary.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF AMAZON.COM, INC.

OCA/USPS-T36-14. (CONTINUED)

RESPONSE:

b. No. Please see my response to (a) above. The Postal Service would try to meet these customers' needs by seeing if packaging could be adjusted, or if alternatives are workable, such as Priority Mail with Delivery Confirmation, or Letters and Sealed Parcels with certified mail (as proposed to be enhanced in this proceeding).

c. It is my understanding that the Postal Service volume witnesses did not include any volume loss due to this proposed classification change.

d. No.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF AMAZON.COM, INC.

OCA/USPS-T36-14. (CONTINUED)

RESPONSE:

e. The mailer could package their item in a box to qualify as parcel-shaped, as well as a mailpiece over 3/4 inches thick. In either case, the mailer would benefit in terms of more consistent service.

f. *I am not a cost witness, and do not know. Consideration would need to be given to whether or not lower costs for providing Delivery Confirmation service for parcels, compared to flats, would offset any additional parcel costs. Witness Kingsley also points out that flats with Delivery Confirmation currently need to be processed like parcels. See witness Kingsley's responses to AMZ/USPS-T39-4 and 10.*

g. I have no knowledge of any discussions in the MTAC, privately or otherwise, concerning my proposal.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF AMAZON.COM, INC.

OCA/USPS-T36-14. (CONTINUED)

RESPONSE:

h. I have no knowledge of specific customer concerns with respect to Delivery Confirmation service for Package Services flats. Please see witness Kingsley's response to AMZ/USPS-T39-4 (a).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF AMAZON.COM, INC.

AMZ/USPS-T36-16. Would you agree that your proposal to deny Delivery Confirmation to flats within Package Services is (i) not customer friendly, and (ii) a bad idea. Please explain fully any negative answer.

RESPONSE:

No. I believe both my testimony and the interrogatories I have responded to concerning this matter demonstrate the reasonableness of my proposal.

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 28, 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.
Washington, D.C. 20260-1137
December 28, 2001