

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

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U.S. MAIL

Postal Rate and Fee Changes, 2001)

Docket No. R2001-1

OFFICE OF THE CONSUMER ADVOCATE MOTION TO CORRECT TRANSCRIPT
TO INCLUDE COMPLETE COPIES OF DESIGNATED WRITTEN
CROSS-EXAMINATION
(March 1, 2002)

The Office of the Consumer Advocate ("OCA") hereby files a motion to correct the transcript in this docket to reflect complete copies of responses to two institutional interrogatories by the United States Postal Service. The responses were designated in a timely fashion by the OCA as written cross-examination, pursuant to Rule 30(e)(2) of the Commission's Rules of Practice.¹ Corrected and complete copies of the exhibits are attached hereto.

The OCA designated the United States Postal Service's response to OCA/USPS-31 as part of its written cross-examination. The second page of the response was inadvertently excluded from the material supplied to the Secretary of the Commission. The OCA requests that the full response be included in the record.

In addition, the OCA designated the responses to OCA/USPS-60. That interrogatory incorporated by reference and had physically attached to it an article from Consumer Reports magazine. The Postal Service did not attach the article to its responses, which are difficult to understand without the article as a reference. The OCA asks that the article be included in the record as part of the written cross-examination.

¹ Office of the Consumer Advocate Designation of Written Cross-Examination of the United States Postal Service, filed January 7, 2002.

For the foregoing reasons, the OCA respectfully requests that the Presiding Officer direct that the attached materials be included in the transcript as written cross-examination.

Respectfully submitted,



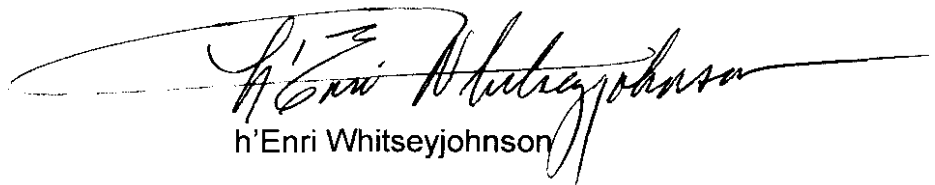
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CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with Rule 12 of the rules of practice.



h'Enri Whitseyjohnson

Washington, D.C. 20268-0001
March 1, 2002

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF OFFICE OF CONSUMER ADVOCATE**

OCA/USPS-31. Please identify each Post Office that has a final mail dispatch time prior to the retail lobby closing.

- (a) Can a postal patron purchase Express Mail Next Day service after the final mail dispatch time?
- (b) Referring to part (a) of this interrogatory, what happens to a Next Day Express Mail piece that has been purchased after the final dispatch time?
- (c) FY 2000 and FY 2001, please provide the total volume and revenue generated by Express Mail Next Day delivery sold after the final dispatch time. Please cite your source and provide a copy of the document referenced if one has not been previously filed in this docket.
- (d) Referring to part (c) of this interrogatory, please provide the total volume of mail that did not meet the Express Mail Next Day Delivery Standard. Please cite your source and provide a copy of the document referenced if one has not been previously filed in this docket.
- (e) Referring to part (d) of this interrogatory, please provide the total number of claims subsequently filed as well as the total volume and amount of postage refunds paid. Please cite your source and provide a copy of the document referenced if one has not been previously filed in this docket.

RESPONSE:

There is no master listing available at the Headquarters level that contains this information. Dispatch schedules for post offices across the country are established locally within each district and are based on the time required to transport the mail from the originating office for introduction into the processing point by the critical entry time.

- (a) Yes, customers can still purchase Express Mail service between the time of the final dispatch and the closing of the retail lobby, but it will not be delivered the next day. In these instances, Express Mail Next Day Service items mailed after the final dispatch are accepted for delivery on the second day

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF OFFICE OF CONSUMER ADVOCATE**

after mailing. Window clerks are instructed to advise customers of this fact before they accept the Express Mail piece for mailing.

(b) It remains in the originating office until the next scheduled dispatch time.

(c)-(e) The requested information is not tracked by the Postal Service.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO OCA INTERROGATORIES**

OCA/USPS-60. The following refers to an article, "Special delivery?" published in Consumer Reports, December 1998. A copy of the article follows as Attachment 1.

- (a) Since December 1998, has the Postal Service performed any analyses, studies, reports or prepared any articles regarding the comparison of USPS Express Mail, Priority Mail and Parcel Post offerings with similar services offered by Federal Express and United Parcel Service? If so, please provide a copy of each. If not, please explain why the Postal Service has performed no comparisons.
- (b) The Consumer Report article indicates that the FedEx sued the Postal Service for "false advertising." Please indicate the outcome of the lawsuit.
- (c) Were/are the legal costs of defending the Postal Service's Priority Mail advertisements charged to Priority Mail? If so, please identify the account number charged and the segments and components impacted. If not, please identify where the labor and any other costs associated with the Priority Mail advertisement defense were/are expensed and explain why the costs were/are not charged to Priority Mail.
- (d) Are the legal costs of defending a given class of mail, (e.g., Express Mail and Priority Mail) expensed to the applicable class of mail? If not, please explain why they are not expensed to the class incurring the cost.
- (e) For FY 2000 and FY 2001, please provide the following information in a format amenable to importing into an EXCEL spreadsheet: (1) the number and nature of the complaint lodged with the Postal Service regarding the accuracy or truthfulness of Priority Mail advertisements; and, (2) the number and nature of the complaint lodged with the Postal Service regarding the accuracy or truthfulness of Express Mail advertisements.
- (f) In the attached article, Consumer Reports found that only about 65 percent of Express Mail overnight packages arrived on time (page 1 of the Attachment). Please provide the on-time percentage of Express Mail overnight pieces of all types for FY 1999. Please state the source for the answer and provide a copy of the source material if it is not already on file with the Commission.
- (g) Also provide the on-time percentage of Express Mail Second-Day pieces of all types for FY 1999. Please state the source for the answer and provide a copy of the source material if it is not already on file with the Commission.
- (h) According to a chart appearing at page 5 of the Attachment, the Postal Service guarantees overnight delivery to "some 130 major markets only." Please list all of the major markets for which the Postal Service provides Express Mail Overnight service.
- (i) Please list all remaining major markets for which the Postal Service offers Express Mail Second-Day service.



WE SENT 838
PARCELS ALL OVER
THE U.S. SOME
WERE LATE, SOME
WERE ABUSED,
SOME VANISHED.

Uniformed troops; air forces; heavy vehicles; darkened rooms where logistics experts huddle over banks of computers, devising strategies to cope with balky jets or surprise storms . . . Package delivery is war—or at least pretty serious stuff, especially at holiday time.

Three giants—Federal Express, United Parcel Service, and the Post Office (officially, the U.S. Postal Service)—compete in the \$70 billion business of moving “expedited cargo”: parcels and papers that must arrive fast. FedEx promises you “The World On Time,” and UPS vows to keep “Moving at the Speed of Business.” The Post Office says simply, “We Deliver for You.” And so it does, 630 million pieces of all kinds of mail daily, more than 50 times as much as UPS, its nearest competitor. All three want your gifts, and each offers myriad ways to send them, along with myriad prices, depending on weight and sometimes on distance and package dimensions (see “Your Options,” page 15).

Which carrier is most reliable, particularly during the holiday crunch? To find out, we asked 94 CONSUMER REPORTS shoppers to ship each other 838 six-pound, 12x10x3-inch parcels late last December. They used FedEx, UPS, and the Post Office for standard overnight air and second-day air; UPS and the Post Office for ground delivery (FedEx has no ground service).

A word about the Post Office: It says *Express Mail* will arrive overnight in most of the U.S. but may take longer to get to out-of-the-way spots. We scored *Express Mail* as an overnight service, counting only those packages sent to destinations the Post Office told us qualify for overnight service (about four out of five of the addresses in our test). And although the Post Office calls its *Priority Mail* a two- to three-day service, its ads compare it

with the other two-day services. So did we. (For more on Post Office claims, see “A Federal Case,” page 15.)

We also assessed how gentle the couriers are: Inside each package, we placed sensors that change color when subjected to a sizable jolt (see the photo on page 16). The results are detailed in the Ratings on page 16. Among our findings:

- Air delivery by the private couriers was on time most often. About 97 percent of FedEx’s packages arrived on time, with UPS not far behind.

- One service, *FedEx 2Day*, roughed up packages much more than others, including *FedEx Overnight*. Had we shipped glass plates via *FedEx 2Day*, some might have broken.

- Of the ground services, *Post Office Parcel Post* is almost always cheaper than *UPS Ground* and was on time almost as often (but Post Office guidelines often allow a day or two more than UPS to cover the same distance).

- Think twice before using shipping stores like Mail Boxes Etc. They’ll pack

for you, which can be convenient, but even when they don’t, they may charge up to twice the carriers’ rates.

How fast?

Almost all parcels going by ground left senders’ hands Wednesday, Dec. 17, 1997. Most of those shipped via second-day air left Monday, Dec. 22; most of those shipped via overnight air left Tuesday, Dec. 23. One-third were headed to addresses fewer than 500 miles from the sender; another third went 500 to 1,000 miles; the rest, more than 1,000 miles. Our aim was to get all packages to the recipients before Christmas Day. Most made it on time, but there were differences among shippers and services.

Overnight air. Did the parcels sent overnight really arrive the next day? They did for 97 percent of FedEx packages and 94 percent of UPS packages. The Post Office lagged far behind: Its *Express Mail* packages arrived overnight to guaranteed destinations only about 65 percent of the time. *Express Mail* does have one advantage, though—it’s delivered 365 days a year. Overnight competitors deliver on Saturday, but only if you pay extra.

Second-day air. Cheaper than overnight and faster than ground delivery over long distances, this can be a good compromise. FedEx led the pack, with 97 percent on-time performance vs. 90 percent for UPS. Each company actually delivered about 12 percent of its second-day boxes overnight.

Post Office Priority Mail costs far less than the others—\$3 to send a two-pound box coast to coast, with no extra charge for Saturdays, vs. at least \$10. Its business grew 15 percent this year, perhaps a legacy of last year’s strike against UPS. (The strike was settled well before our tests.) However, only 60 percent of all packages sent via *Priority Mail* got to recipients in two days; for the longest distances, the figure dipped to 35 percent.

Ground service. All but a dozen or so of the more than 200 boxes sent via ground arrived by Christmas Eve. *UPS Ground* is a slightly better bet than *Post Office Parcel Post*: 78 percent of UPS packages arrived by their due date (one to seven days after shipping, depending on zip code), vs. 73 percent for the Post Office (two to nine days, depending on zip code). But the Post Office is apt to charge a few dollars

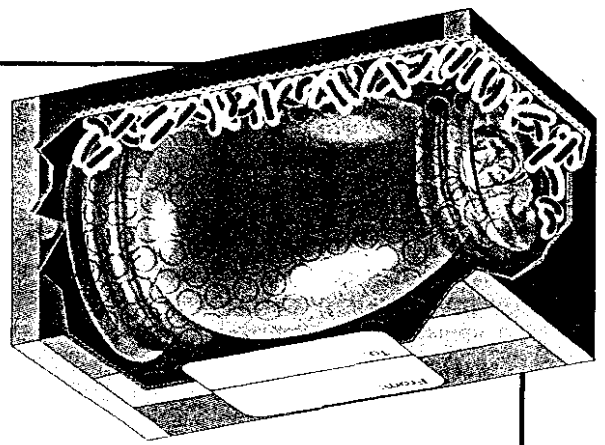


Illustration by Steve Kap

How to pack like the pros

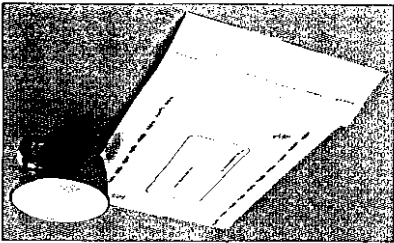
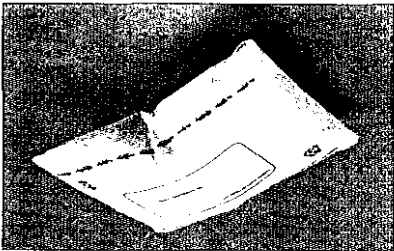
Last year, of the more than 45,000 pieces the Stueben glass company shipped via FedEx—some costing \$1,000-plus—there were just four reports of damage, says Kathi Edelson, a company spokeswoman. Clearly, Stueben's employees know how to pack. "You can't have too much padding or bubble wrap," Edelson says. Sometimes that hugs a piece's contours, or nestles one box within another, surrounding the smaller box with cushioning. Here are tips that should help your packages arrive intact:

- Wrap breakable items individually, in several layers of bubble wrap.

Shore up vulnerable parts, like the stem of a vase, with an extra "collar." Use corrugated cardboard boxes that are new; boxes lose strength every time they're shipped. Layer at least two inches of cushioning material at the top, sides, and bottom.

- To keep items from shifting, fill spaces generously with foam peanuts, crumpled newspaper, or small "logs" of rolled-up bubble wrap. If you can get soft foam blocks cut to fit around the item, use those. To avoid adding such packing materials to landfills, reuse them whenever you can. A spokeswoman for Mail Boxes Etc. told us that its stores run a post-holiday recycling program for foam peanuts.

- Tape all seams and flaps with packing tape at least two inches wide. Regular cellophane or masking tapes aren't strong enough. Avoid brown paper, which tears, and string, which snags.
- Address the package clearly, or use the courier's label. The recipient's zip code and phone number are crucial. Put an extra label inside, in case the one on the box becomes unreadable. Office supply stores, shipping stores, and couriers have supplies on hand. Some couriers offer free cartons.



An interesting option: The Xpander Pak, sold in stores and some post offices, is a flat plastic pouch whose sides hold compressed, vacuum-packed polyurethane. You insert the item you're sending (such as the cup above), seal the pouch, then puncture its skin. Air rushes in and fluffs the foam considerably. Various sizes and designs are available for a few dollars. To prove a point, the Virginia-based company that makes the Xpander Pak used one to send us a raw egg via UPS Ground. The egg indeed arrived unsmashed.

Speddy shipping is no advantage if the crystal vase you send Aunt Tillie arrives in pieces. Careful packing is key because shipping can be rough. (See "How to Pack Like the Pros," below.) On tours of Post Office, UPS, and FedEx facilities, our reporter saw many boxes that were dented, bashed, even gashed.

To see whether one method of travel was gentler than another, we placed shock sensors inside each parcel. If a box the size and weight of our test parcel—and packed like ours, in bubble wrap, cardboard, and a corrugated box—is dropped from a height of seven feet or more, or subjected to similar forces, the sensors change from clear to red. A similar fall would be likely to crack a glass plate surrounded by one layer of bubble wrap and packed in a corrugated box.

In all three service categories we looked at, the Post Office proved gentlest. On the other hand, FedEx 2Day fell down on the job. At least

How gentle?

less per package, and it delivers on Saturday (UPS charges extra).

one sensor was set off in more than one-third of the parcels we sent using that service—about two to four times the rate for most of the other services. When we asked FedEx recently about any differences in handling second-day shipments, a spokeswoman said all packages are treated equally, and that FedEx won't release any data on complaints related to rough handling. Earlier, a company executive had told us that FedEx 2Day shipments travel in a different stream from overnight parcels and may be trucked farther. Such boxes move through the sorting hub during the day and are handled by different staffers. And, of course, second-day parcels stay in the FedEx system twice as long as overnight shipments, with greater potential for damage.

Whatever the carrier, does it pay to mark boxes "Fragile"—Handle with Care? Nope. We plastered that label on almost 100 parcels, and it helped not one white sensor in "Fragile" boxes were as likely to be activated as those in identical packages without the label sent at the same time by the same service. Putting the address

label on top, not the side, can improve the odds that a parcel will be kept upright when put on conveyors, though it's no guarantee.

There are 38,000 post offices, far more than the locations private couriers operate themselves. But private couriers also offer drop boxes (mainly for businesses with accounts) and are affiliated with thousands of outlets that take parcels—some Kinko's copy shops, for example, as well as shipping stores. Our senders drove some packages to the courier's counter, took some to shipping stores, and called couriers to pick up some at home. (Couriers' toll-free lines and web sites, which offer extensive information on drop-off locations, daily deadlines, expected transit times, and costs, are listed on page 16.)

Counter service. Going straight to the courier is the least expensive way to get a box into its system. On balance, at least two-thirds of our senders judged each courier's operations very efficient, and four out of five described employees as very courteous. At FedEx and UPS, most senders

How easy to send?

Scenes from 'the bunker'

How boxes get from here to there

Federal Express handles 3 million shipments on a typical day, UPS 12 million, and the Post Office more than 600 million. What does it take to move your mail? Our reporter checked firsthand.

Federal Express Super Hub, Memphis International Airport

FedEx was using a hub-and-spokes system before passenger airlines did. Some 150 FedEx jets land here every night. Each package goes from the jet to a conveyor belt, passing under a scanner that reads the bar code affixed when it began its journey. The scanner triggers "diverters," mechanical arms that push the package in the right direction. Another machine weighs and measures the package—and sends out a corrected bill, if the sender has miscalculated the weight.

In a few hours, 9,000 night workers have filled cargo containers for outbound flights. Television monitors everywhere remind of "crunch time," when the job of sorting packages and reloading outbound planes absolutely, positively has to be done.

UPS Terminal, New York City

UPS once prided itself on its low-tech, commonsense approach. But now every driver has a "delivery-information acquisition device," which a manager likens to a computerized Etch-A-Sketch toy. It has a built-in scanner to track bar codes, a cellular transmitter to send data via satellite, a keyboard to input names and figures, and a pressure-sensitive writing area to capture the signature of package recipients—all to aid in tracking packages.

UPS is also proud of its logistics. When our reporter mentions that UPS has recently delivered the components of his new computer, in separate boxes, at the same time, a UPS manager notes that the boxes probably came from different cities but arrived together because of a "dock merge" involving careful timing and coordination by UPS personnel.

Postal Service Mail Facility, Capital Heights, Md.

At its Washington, D.C., headquarters, the Post Office has a room with giant maps to track weather, video screens to follow flights, and sophisticated computer workstations. But at a bulk- and general-mail facility a few miles away, procedures seem low-tech indeed: Huge trucks dump all sorts of mail onto conveyers surrounded by catwalks.

The Post Office does use bar codes to track *Express Mail*, but the tracking system can be slow: The computer may not reveal that your package has been delivered until the carrier returns to the station and logs in the delivery. That may be hours after the recipient has signed for it.

The sorting of *Priority Mail* is only semiautomated. "Keyers" stop the conveyor momentarily to read and punch in each parcel's zip code. A bar-coded sticker is printed and affixed, and the package is sent on its way. Sorting equipment will read the code to push the package into the correct bin. Accuracy is crucial: If a keyer enters 49102 instead of 94102, say, the *Priority Mail* package you want to go to San Francisco will wind up in Berrien Center, Mich.

waited only two minutes for service; at the Post Office, most waited at least five minutes—and one steadfast individual waited an hour and a half.

At-home pickup. Each carrier has its own rules:

- FedEx charges \$3 per box for a pickup and takes credit cards, checks, and, in some places, exact cash.

- UPS charges a premium of between 50 cents and \$2.50 per box, depending on weight and destination. You must pay by check.

- The Post Office will pick up any number of packages for \$4.95, paid by check. You must have postage affixed.

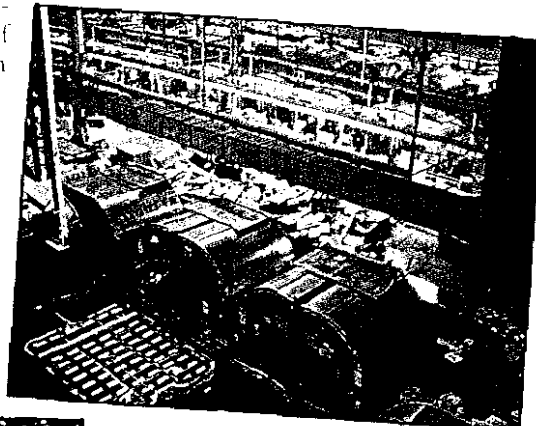
Any of the couriers may come the day you call, if you've called early enough, but it's safer to call a day before. You may not be told just when the driver will arrive—or you may be given a window of two or three hours. Weigh and measure the package before calling, and ask that the driver bring necessary forms and labels.

Shipping stores. They offer various mailing options, sell wrapping materials, and will pack for you. But convenience costs. Our senders who used stores sometimes paid double a courier's rates. A Pak 'N Mail in Houston, for instance, charged one shopper \$17.27 to ship an already-wrapped test box to Fort Worth via *UPS 2nd Day Air*; UPS charges \$9.50 for that service if you deal with it directly. Before you go to a shipping store, contact the courier to determine the basic cost to send your package directly.

If you do use a shipping store and your parcel is damaged or lost, the store may help you file a claim. Some stores take responsibility for damage if their workers packed; some have you sign a release relieving them of liability if you packed. In any case, you can file a claim against the carrier.

How easy to receive?

We had our packages sent to people's homes (only the Post Office will deliver to a P.O. box), and most recipients were home to receive them. Companies vary on the number of delivery tries they'll make when the recipient is out, and on whether they'll leave packages on the doorstep. Often, drivers can decide. When couriers can't find you, they'll generally leave a note detailing the attempted delivery and asking you to reschedule—or telling you when they'll try again. When you call back, you may be given the option of retrieving your package



Cargo on the go Each FedEx jet landing at Memphis International Airport carries an average of 30 containers of packages (above), which are unloaded in 20 to 30 minutes and sorted for outbound flights. Flight controllers, meteorologists, and logistics experts support the operation from the nearby FedEx Global Operations Command and Control Center (left), called "the bunker."

from the terminal. You can also ask if the shipper is willing to reroute the parcel to your office.

Although FedEx was most likely to hand packages to the recipient, it did leave about 8 percent of them unsigned for and unattended. (Its standard airbill says the recipient must sign for the delivery unless the sender has checked a box waiving a signature. Our packages had no such waivers.)

Other carriers also seem to relax the rules at this time of year, which may not be a good idea. When we sent packing material to a test participant in Ohio, for example, UPS left our box on his back porch, which he seldom uses. The box was soaked by the time he came across it days later.

How do they handle problems?

There are a few procedures to know about if delivery doesn't go smoothly:

Guarantees. The private air couriers offer a money-back guarantee if they don't deliver on time. The Post Office has a similar guarantee for *Express Mail* to most of the U.S. (contact the local post office or call 800 222-1811 to see whether your destination is included and to determine the drop-off deadline). Weather-related delays void guarantees. Generally, the sender applies for the refund.

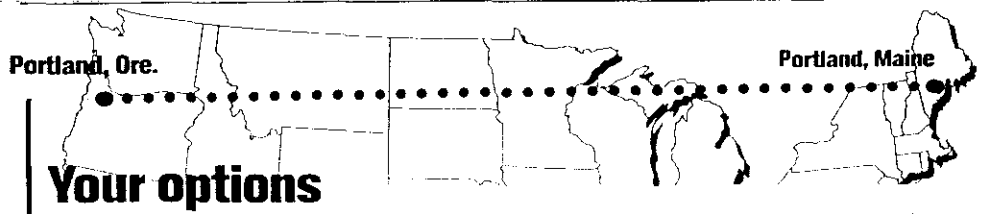
Last spring, UPS began to guarantee on-time delivery for its ground service, but only to businesses. Consumers qualify if they send packages to the recipient's workplace, and they'll get commercial *UPS Ground* rates: \$1 less per package than to a residence.

Missing packages, tracking. Eight of our 838 boxes never showed up. Three of the lost boxes were carried by the Post Office, five by UPS (and three of those started their journey at a shipping store).

With parcels sent via FedEx, UPS, or *Post Office Express Mail*, you get a tracking number that matches the bar code on the label: You can phone the courier or use its web site for information on your parcel's whereabouts.

With *Post Office Priority Mail* and *Parcel Post*, there is no record. The U.S. Postal Service promises computerized "delivery confirmation" for those two sometime in 1999. Until then, if a *Priority* or *Parcel Post* package is lost, it's lost. But insuring whatever you send via those services forces the Post Office to keep a record (you'll pay \$1.60 for \$100 of coverage).

Insurance. Shippers were reluctant



Your options

The Post Office delivers on Saturdays and brings *Express Mail* Sundays and holidays, too, at no extra cost. FedEx and UPS charge extra for Saturdays and don't ordinarily count weekends in transit time. (A two-day parcel shipped via FedEx on Thursday, say, will normally arrive two business days later, on Monday.)

The Post Office bases rates for *Express Mail* solely on a package's weight; for the other services, all three carriers take weight and distance into account. There can be surcharges for extremely large or heavy boxes.

Here's what you'd pay at a courier's counter to ship a three-pound, shoebox-sized parcel the 2,544 miles from Portland, Ore., to Portland, Maine. We list the eight services tested in our package race (in color), plus other options. Note that U.S. Postal Service rates will rise slightly in mid-January; others may follow suit.

Service	Cost	Claimed delivery time
Federal Express		
SameDay	\$159.00	Later that day
First Overnight	52.75	1 day by 8 a.m.
Priority Overnight	28.00	1 day by 10:30 a.m.
Standard Overnight	24.25	1 day by 4:30 p.m.
2Day	11.75	2 days by 7 p.m.
Express Saver	10.70	3 days
Post Office		
Express Mail	17.25	1 day
Priority Mail	4.00	2-3 days
Parcel Post	3.95	8 days
United Parcel Service		
SonicAir Service	159.00	Later that day
Next Day Air	25.75	1 day by 10:30 a.m.
Next Day Air Saver	23.75	1 day by 3 p.m.
2nd Day Air	12.25	2 days by end of day
3 Day Select	9.40	3 days by end of day
Ground Residential	6.48	6 business days

A federal case

FedEx sues the Post Office

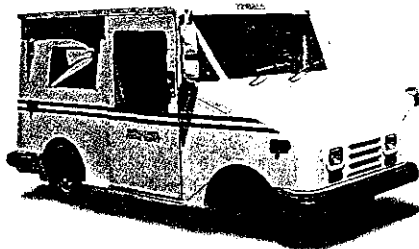
In 1997 the U.S. Postal Service spent \$266 million on advertising. One ad in its "What's Your Priority?" campaign says you can send a two-day parcel with *Federal Express* for about \$12, with UPS for about \$6—or via *Priority Mail*, in two to three days, for just \$3. "So...12, 6, 3?" the announcer asks. "What's your priority?"

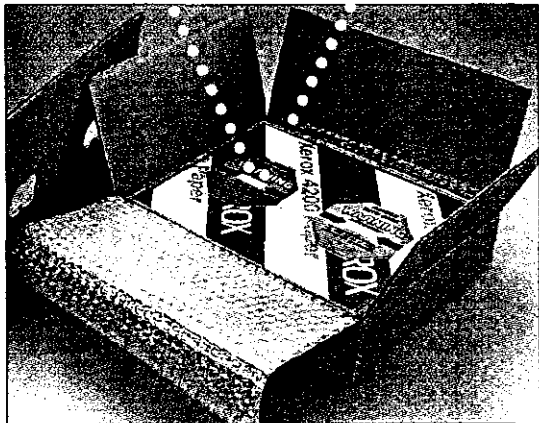
The advertising won an award, but FedEx is not impressed. David B. Shoenfeld, the firm's senior vice president for worldwide marketing, told us that likening *Priority Mail* to *FedEx 2Day* service is "comparing a Trailways bus ticket to an airline ticket." The Post Office doesn't guarantee delivery even in three days, he noted, and parcels aren't tracked with bar codes. So FedEx has made, well, a federal case out of the commercials, suing the Post Office for false advertising—and seeking corrective ads, triple damages for business lost, and compensation for harm to its goodwill and reputation. At press time, a trial date was still to be set.

The lawsuit underscores a grab bag of

gripes that the private couriers have been harboring. Both FedEx and UPS point out that the Post Office, a self-supporting federal agency, pays no vehicle registrations, parking tickets, or taxes, as they do. And they claim it can undercut their shipping rates because it subsidizes its package-delivery business with money from first-class mail, on which it has a monopoly. That would be illegal, counters Postal Service spokesman Barry Ziehl, who says the Post Office "hasn't taken a dollar of taxpayer money" in more than 20 years.

A bill being considered by Congress, H.R. 22, would give a little to each side. The Post Office would get streamlined rate-setting procedures and a chance to give individual companies special discounts. On the other hand, it would be forced to split its noncompetitive business (basically first-class mail) from its competitive businesses (package and urgent-document delivery), which would have to keep separate records and cover their own costs. The bill is now in a subcommittee.





Snug as a bug? Each of our six-pound test boxes held a ream of paper, nestled in cardboard and bubble wrap, along with sensors that turn red (see close-ups above) when a package is handled roughly. The roughest ride: FedEx 2Day. At least one sensor was triggered in one-third of its packages.

to talk to us about loss and damage rates. If you receive a damaged package, note that fact on any paperwork before you accept it. Keep the packing material; it's needed for a claim.

FedEx and UPS rates include \$100 of coverage against loss or damage, and *Post Office Express Mail* comes with \$500 of insurance. All three couriers sell extra coverage at nominal cost, but don't be tempted to overinsure: If you file a claim, you'll be asked for receipts. For used items, you'll likely recover the depreciated value, not the replacement value.

Recommendations

In a rush? Federal Express has the most reliably on-time overnight and second-day air service. (Note, though, that in October, the leaders of its pilots union voted to seek strike authorization from members, which could mean a walkout during the holiday rush. Balloting of members was due to be completed by late November.)

Though fast, FedEx was rough with

second-day packages. If you use *FedEx 2Day*, pack very well. *UPS Next Day* and *2nd Day* were slightly slower but gentler. Even *UPS Ground* was able to get some short-distance boxes to their destinations in one business day.

The Post Office's air-service rates are attractive, but if you send gifts a day or two before the holidays, don't count on *Express Mail* or *Priority Mail* to deliver them in time.

Have plenty of time? If you can send packages at least seven business days ahead, try ground shipping. It costs much less than overnight air service. *Post Office Parcel Post* is even cheaper than *UPS Ground*, but UPS tracks packages and so provides a record for those that never arrive.

Another option, especially for long distances, is *Post Office Priority Mail*. It may not be great as a second-day service, but it's apt to be faster than *Parcel Post* and may cost just slightly more.

Have a fragile package? For each of the services we tested, the Post Office was gentlest. Ⓢ

Ratings Mailing options

& Recommendations

Overall Ratings Within services, listed in order of overall score

Service	Cost	Overall score	On time	Rough handling	Comments
0 P F G VE E 100					
NEXT-DAY AIR DELIVERY					
FedEx Standard Overnight	\$18.50-30.50	██████████	97%	20%	Afternoon delivery weekdays—extra cost for Saturday. At-home pickup, \$3 per box.
UPS Next Day Air	18.75-32.75	██████████	94	15	Delivery by 10:30 a.m. weekdays—extra cost for Saturday. At-home pickup varies with weight and destination.
Express Mail (Post Office)	25.40	██████████	65 ¹	11	Delivery 365 days a year. At-home pickup, \$4.95 for any number of boxes. Guaranteed overnight delivery to some 130 major markets only.
SECOND-DAY AIR DELIVERY					
UPS 2nd Day Air	9.75-17.50	██████████	90	15	Afternoon delivery—no weekends. At-home pickup varies with weight and destination.
FedEx 2Day	10.00-17.25	██████████	97	34	Afternoon delivery weekdays—extra cost for Saturdays. At-home pickup, \$3 per box.
Priority Mail (Post Office)	6.35-8.00	██████████	60 ²	10	2-3 day delivery, including Saturdays. At-home pickup, \$4.95 for any number of boxes. No tracking number or insurance included.
GROUND DELIVERY					
Parcel Post (Post Office)	2.52-7.95	██████████	73	8	2- to 9-day delivery, depending on zip code, including Saturdays. At-home pickup, \$4.95 for any number of boxes. No tracking number or insurance included.
UPS Ground Residential	4.99-7.44	██████████	78	16	1- to 7-day delivery, depending on zip code, on business days only. At-home pickup varies with weight and destination.

¹ Represents delivery to zip codes eligible for overnight service. Judged as a second-day service, Express Mail delivered 89 percent of packages on time.
² Judged as a three-day service, Priority Mail delivered 91 percent of packages on time.

The tests behind the Ratings

In mid-December 1997, CONSUMER REPORTS shoppers sent test parcels to one another—roughly 100 boxes for each service listed. In the **overall score**, on-time delivery is weighted more heavily than our rough-handling standard. Services with the same overall score are listed alphabetically. **Cost** gives the range each carrier would charge to send our six-pound box within the lower 48 states as of September 1998. (The low end is the cost to send within a single zip code; the high end, the cost to send long distance—specifically, from Key West, Fla., to Seattle.) We've eliminated higher rates

charged by shipping stores. Cost typically includes the ability to trace a package and \$100 of coverage against loss or damage (*Express Mail* includes \$500 of coverage). **On time** indicates the percentage of packages that met the carrier's stated or implied time commitment. *Post Office Express Mail* claims overnight delivery to most of the U.S.; we judged it as an overnight service for test packages sent to qualifying cities (four-fifths of our destinations qualified). We rated *Post Office Priority Mail* against the two-day delivery it implies in advertising. Note that the Post Office delivers free on

Saturday; the other carriers charge extra. We rated ground services against their guidelines for delivery to different zip codes. The Post Office usually allows itself a day or two more than does UPS. **Rough handling** notes the percentage of packages in which at least one of our jolt-detecting sensors was activated. That takes a force equivalent to a seven-foot drop. **Comments** list normal delivery days.
Phone numbers and web addresses
 Federal Express: 800 Go Fedex; www.fedex.com.
 UPS: 800 Pick UPS; www.ups.com.
 Post Office: 800 222-1811; www.usps.gov.

RESPONSE OF UNITED STATES POSTAL SERVICE
TO OCA INTERROGATORIES

RESPONSE:

- (a)-(b) Objections filed.
- (c) The Postal Service's legal costs of defending the Postal Service's Priority Mail advertisements in this instance were not tracked and/or accounted for separately from other Postal Service legal costs. These costs were included within the Postal Service's institutional costs. These costs were not "charged to Priority Mail" because, in the judgement of the Postal Service, there was no appropriate accounting or economic basis for doing so.
- (d) No. In the judgement of the Postal Service, there is no appropriate accounting or economic basis for doing so.
- (e) Objection filed October 22, 2001.
- (f) FY 1999 Express Mail Overnight on-time percentage is 90.6. This information was derived from the Electronic Marketing Reporting System (EMRS).
- (g) FY 1999 Express Mail 2-Day on-time percentage is 91.6. This information was derived from EMRS.
- (h) and (i) Objection filed.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO OCA INTERROGATORIES**

OCA/USPS-60. The following refers to an article, "Special delivery?" published in Consumer Reports, December 1998. A copy of the article follows as Attachment 1.

- (a) Since December 1998, has the Postal Service performed any analyses, studies, reports or prepared any articles regarding the comparison of USPS Express Mail, Priority Mail and Parcel Post offerings with similar services offered by Federal Express and United Parcel Service? If so, please provide a copy of each. If not, please explain why the Postal Service has performed no comparisons.
- (b) The Consumer Report article indicates that the FedEx sued the Postal Service for "false advertising." Please indicate the outcome of the lawsuit.
- (e) For FY 2000 and FY 2001, please provide the following information in a format amenable to importing into an EXCEL spreadsheet: (1) the number and nature of the complaint lodged with the Postal Service regarding the accuracy or truthfulness of Priority Mail advertisements; and, (2) the number and nature of the complaint lodged with the Postal Service regarding the accuracy or truthfulness of Express Mail advertisements.

RESPONSE:

- (a) Please see USPS-LR-J-201, filed under protective conditions pursuant to Presiding Officer's Ruling No. R2001-1/12.
 - (b) The litigation was settled. Disclosure of the terms of the settlement is prohibited by the settlement agreement.
 - (e) Attached is the FY 2001 summary report for advertising from the Consumer Affairs Tracking System, maintained by the Postal Service's Consumer Advocate Office. The report is not available in a format amenable to importing into an EXCEL spreadsheet. This is the only information available responsive to the interrogatory.
-

Trend by Details

Involved	1	2	3	4	5	6	7	8	9	10	11	12	13	TOT
New Product Campaign	0	0	3	2	5	2	2	4	1	0	4	2	1	26
Details	AP 1	AP 2	AP 3	AP 4	AP 5	AP 6	AP 7	AP 8	AP 9	AP 10	AP 11	AP 12	AP 13	TOT
Inaccurate Information	0	0	0	0	0	0	0	0	0	0	1	0	0	1
Objects To Spokesperson	0	0	0	0	0	0	0	0	0	0	0	1	0	1
Objects To Sponsorship/Events	0	0	0	0	0	1	1	0	0	0	0	0	0	2
Objects To USPS Advertisement	0	0	1	2	4	0	0	1	0	0	0	1	0	9
Other	0	0	2	0	1	1	1	3	1	0	3	0	1	13

Involved	AP 1	AP 2	AP 3	AP 4	AP 5	AP 6	AP 7	AP 8	AP 9	AP 10	AP 11	AP 12	AP 13	TOT
New Service Campaign	1	1	1	6	8	7	6	5	1	3	2	2	1	44
Details	AP 1	AP 2	AP 3	AP 4	AP 5	AP 6	AP 7	AP 8	AP 9	AP 10	AP 11	AP 12	AP 13	TOT
Inaccurate Information	0	0	1	0	0	0	0	0	0	1	0	0	0	2
Objects To Spokesperson	0	0	0	0	1	0	0	0	0	0	0	0	0	1
Objects To Sponsorship/Events	0	0	0	0	0	0	1	0	0	1	0	0	0	2
Objects To USPS Advertisement	0	0	0	6	5	6	1	5	0	0	0	2	1	26
Other	1	1	0	0	2	1	4	0	1	1	2	0	0	13

Involved	AP 1	AP 2	AP 3	AP 4	AP 5	AP 6	AP 7	AP 8	AP 9	AP 10	AP 11	AP 12	AP 13	TOT
Priority Mail	1	1	0	4	1	2	1	0	0	0	1	1	2	14
Details	AP 1	AP 2	AP 3	AP 4	AP 5	AP 6	AP 7	AP 8	AP 9	AP 10	AP 11	AP 12	AP 13	TOT
FCATS v 2.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Inaccurate Information	1	1	0	3	0	0	0	0	0	0	1	0	1	7
Objects To USPS Advertisement	0	0	0	0	1	1	1	0	0	0	0	1	1	5
Other	0	0	0	1	0	1	0	0	0	0	0	0	0	2

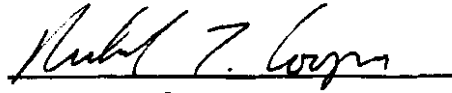
Involved	AP 1	AP 2	AP 3	AP 4	AP 5	AP 6	AP 7	AP 8	AP 9	AP 10	AP 11	AP 12	AP 13	TOT
Priority Mail (Del. Confirmation)	0	0	0	1	0	0	0	1	0	0	0	1	0	3
Details	AP 1	AP 2	AP 3	AP 4	AP 5	AP 6	AP 7	AP 8	AP 9	AP 10	AP 11	AP 12	AP 13	TOT
Inaccurate Information	0	0	0	1	0	0	0	0	0	0	0	0	0	1
Objects To Spokesperson	0	0	0	0	0	0	0	1	0	0	0	0	0	1
Other	0	0	0	0	0	0	0	0	0	0	0	1	0	1

Trend by Details

Involved	AP 1	AP 2	AP 3	AP 4	AP 5	AP 6	AP 7	AP 8	AP 9	AP 10	AP 11	AP 12	AP 13	AP 14
Signs In Lobby	0	1	7	7	4	5	2	4	3	2	4	3	1	43
Details	AP 1	AP 2	AP 3	AP 4	AP 5	AP 6	AP 7	AP 8	AP 9	AP 10	AP 11	AP 12	AP 13	AP 14
Inaccurate Information	0	0	2	3	3	1	1	1	0	1	0	1	0	13
Objects To Sponsorship/Events	0	0	0	0	0	0	0	0	1	0	0	1	0	2
Objects To USPS Advertisement	0	0	1	1	0	2	0	1	0	0	2	0	0	7
Other	0	1	4	3	1	2	1	2	2	1	2	1	1	21

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.

A handwritten signature in cursive script, appearing to read "Richard T. Cooper", is written over a horizontal line.

Richard T. Cooper

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December 19, 2001