

UNITED STATES OF AMERICA
Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Experimental Parcel Return Services)

Docket No. MC2003-2

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS JOHN GULLO
(OCA/USPS-T1-1-23)
June 6, 2003

Pursuant to Rules 25 through 28 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents.

If data requested are not available in the exact format or level of detail requested, any data available in (1) a substantially similar format or level of detail or (2) susceptible to being converted to the requested format and detail should be provided.

The production of documents requested herein should be made by photocopies attached to responses of these interrogatories. If production of copies is infeasible due to the volume of material or otherwise, provision should be made for inspection of responsive documents at the Office of the Consumer Advocate, 1333 H Street, N.W., Washington, D.C. 20268-0001, during the hours of 8:00 a.m. to 4:30 p.m.

If a privilege is claimed with respect to any data or documents requested herein, the party to whom this discovery request is directed should provide a Privilege Log (see, e.g., Presiding Officer Ruling C99-1/9, p. 4, in *Complaint on PostECS*, Docket No.

C99-1). Specifically, “the party shall make the claim expressly and shall describe the nature of the documents, communications, or things not produced or disclosed in a manner that, without revealing information itself privileged or protected, will enable other parties to assess the applicability of the privilege or protection.” Fed. R. Civ. P. 26(b)(5).

The term “documents” includes, but is not limited to: letters, telegrams, memoranda, reports, studies, newspaper clippings, speeches, testimonies, pamphlets, charts, tabulations, and workpapers. The term “documents” also includes other means by which information is recorded or transmitted, including printouts, microfilms, cards, discs, tapes and recordings used in data processing together with any written material necessary to understand or use such punch cards, discs, tapes or other recordings.

“All documents” means each document, as defined above, that can be located, discovered or obtained by reasonable diligent efforts, including without limitation all documents possessed by: (a) you or your counsel; or (b) any other person or entity from whom you can obtain such documents by request or which you have a legal right to bring within your possession by demand.

“Communications” includes, but is not limited to, any and all conversations, meetings, discussions and any other occasion for verbal exchange, whether in person or by telephone, as well as all documents, including but not limited to letters, memoranda, telegrams, cables, or electronic mail.

“Relating to” means discussing, describing, reflecting, containing, analyzing, studying, reporting, commenting on, evidencing, constituting, setting forth, considering, recommending, concerning, or pertaining to, in whole or in part. Responses to requests

for explanations or the derivation of numbers should be accompanied by workpapers. The term "workpapers" shall include all backup material whether prepared manually, mechanically or electronically, and without consideration to the type of paper used. Such workpapers should, if necessary, be prepared as part of the witness's responses and should "show what the numbers were, what numbers were added to other numbers to achieve a final result." The witness should "prepare sufficient workpapers so that it is possible for a third party to understand how he took data from a primary source and developed that data to achieve his final results." Docket No. R83-1, Tr. 10/2795-96. Where the arithmetic manipulations were performed by an electronic digital computer with internally stored instructions and no English language intermediate printouts were prepared, the arithmetic steps should be replicated by manual or other means.

Please especially note that if you are unable to provide any of the requested documents or information, as to any of the interrogatories, provide an explanation for each instance in which documents or information cannot be or have not been provided.

Respectfully submitted,

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OCA/USPS-T1-1. Your testimony at page 2, line 21, notes that worksharing allows the savings in transportation and mail processing costs from the parcel return service to be reflected in more favorable rates.

- a. Please confirm that the postage for parcel returns is now normally paid by the consumer rather than the shipper but that with PSRS ("Parcel Select Return Services") the shipper will normally pay the postage. If you do not confirm, please explain.
- b. Please describe any comments you have heard from shippers or consolidators expressing views about shippers or consolidators paying for return postage.

OCA/USPS-T1-2. Please refer to page 3, line 17 of your testimony. You define the RBMC ("Return Bulk Mail Center") as the center that services the ZIP Code where the returned parcel is entered into the mailstream.

- a. Please confirm that a mailer may mail a return package from an area outside of the BMC service area to which the pre-addressed label is addressed.
- b. Please confirm that if a parcel is mailed as described in part a, the parcel will be routed to the RBMC addressed rather than remain at the first BMC encountered.
- c. Please confirm that shippers and consolidators will, in virtually all cases, not have arrangements to pick up parcels at each BMC but only at some designated RBMCs.

- d. If you confirm part a, above, do you agree that the definition of RBMC should be revised to relate not to the ZIP Code where the returned parcel is "entered" but where the return parcel is "addressed."
- e. Please confirm that the cost analysis does not include the cost of inter-BMC transportation and handling (both at the dock and for mail processing) that would be required to handle those packages that are returned from outside of the service area of the addressed RBMC.

OCA/USPS-T1-3. The following interrogatory refers to your testimony at page 4, lines 5 through 7. Assume that a consumer returns a parcel at an RDU that is not within the service area of the BMC that serves the RDU designated for the parcel's return.

- a. Please describe fully the impact this "mis-entry" will have on the processing of the parcel.
- b. If the parcel is returned to an RDU from several zones across the country from the one addressed, please describe the routing of the parcel to the appropriate RBMC.
- c. How are the additional transportation and handling costs factored into the price of the assumed RDU addressed parcel?

OCA/USPS-T1-4. The following interrogatory refers to your testimony at page 4, lines 5 through 7. Assume that a consumer returns an RBMC designated parcel to a post office that is outside of the designated RBMC service area.

- a. Please explain fully what additional mail-processing and transportation costs will be incurred by the Postal Service in handling the assumed RBMC parcel.
- b. If additional handling and transportation costs are incurred in processing the assumed RBMC parcel, please explain fully how such additional handling and transportation costs have been factored into the price of the RBMC mail piece.

OCA/USPS-T1-5. On page 5, line 12, of your testimony you indicate a unique ZIP Code would be assigned for sorting the parcels to specific runoffs during processing in the BMC.

- a. Please explain whether assigning ZIP Codes for a specific mail processing operation is unique.
- b. Are other unique ZIP Codes assigned to the BMCs for other purposes? Please explain.

OCA/USPS-T1-6. The following interrogatory refers to your testimony at page 5, lines 18 through 23. You indicate that the Mailer ID would have one alpha character followed by numeric digits.

- a. Is the Mailer ID alpha character case sensitive? In other words, does it recognize the difference between an upper case and lower case alpha character?

- b. If your response to part a of this interrogatory is that the alpha character is not case sensitive, please explain how the Postal Service plans to extend this offering to more than 26 shippers as referenced in your testimony at page 16, lines 7 through 8.
- c. If your response to part a of this interrogatory is that the alpha character is case sensitive, and assuming that the experiment is successful, is the USPS going to limit this offering to a maximum of 52 (26+26) shippers?
- d. If your response to part c is that the maximum shippers will be 52, please explain how that limit was reached.
- e. If your response to part c is that the maximum number of shippers can be greater than 52, please explain what steps will be taken to expand the alpha Mailer ID code beyond 52.

OCA/USPS-T1-7. On page 6 of your testimony, you indicate that return parcels for multiple shippers would be commingled to a single BMC runoff.

- a. Based on your knowledge of the shippers and consolidators interested in the return service, do you anticipate the experiment will provide the Postal Service experience in the commingling of parcels for several shippers?
- b. Will this practice of commingling be new and unique in the BMCs?

OCA/USPS-T1-8. On page 7 of your testimony, you discuss scanning barcodes at RDUs. You indicate the scan will capture the Parcel Return Services code and the permit number on the parcels to generate a postage due manifest used to deduct

postage from the shipper's account. Will the scan at the RDU also provide detail as to the location of the scan, i.e. at the RDU, and an identifying number for each parcel that could be used for tracking purposes?

OCA/USPS-T1-9. The following interrogatory refers to your testimony at page 8, lines 5 through 7.

- a. Given your statement that shippers are required to provide workspace for a postal employee to sample and verify returned parcels against a shipper created manifest, is the USPS restricting participants in this experiment to those shippers that currently participate in the USPS plant verification program?
- b. If your response to part a of this interrogatory is not affirmative, then is the new parcel return program going to require that a postal employee go to each designated shipper's location to verify the shipper created manifest?
- c. If your response to part b of this interrogatory is affirmative, where has the cost of the additional USPS employee time and the employee's transportation cost to and from the shipper been factored into the cost of offering the Parcel Select Return Service?

OCA/USPS-T1-10. Please refer to page 8, line 9, of your testimony discussing RBMC returns.

- a. Please explain the purpose of the returns manifesting system addendum to be developed for this program and whether it will be developed by the Postal Service or the shipper.
- b. It appears that a returns manifesting system will not be required for RDU pickups but that the Postal Service will do the scanning and billing at the RDU. Why are returns to be handled differently at the two different types of locations?
- c. If returns at certain RBMCs are very limited in number, why would it be cost effective for a postal employee to go to the shipper's location and sample returns?

OCA/USPS-T1-11. On page 8, line 16, you refer to an identification number on each piece that is returned through an RBMC. Is the identification number a barcode identification like those used for delivery confirmation? Please explain.

OCA/USPS-T1-12. Please refer to your testimony at pages 8-9 where you state, "Finally, the shipper would be required to transmit an electronic file listing all of the parcels manifested to a Postal Service database." Also, under the heading "Parcel Tracking" on page 10, lines 11-12, you indicate the scanning information is available via USPS.com.

- a. Will the same information be available in the Postal Service database and in USPS.com for both RDU and RBMC parcels? If not, please explain how it will differ and how the availability of information will be affected.

- b. Would the information collected be sufficient to provide delivery confirmation service for the returned packages?
- c. Is the information scanned at the RDU and the RBMCs all of the information that would be needed to provide delivery confirmation for these returned packages? If not, what other information would be needed?
- d. Is the data scanned into the same data base that is used for delivery confirmation? If not, please discuss the software and hardware equipment that may be needed to integrate the return service data into the delivery confirmation data.

OCA/USPS-T1-13. In witness Wittnebel's testimony at page 2, he states that

consumers typically call the retailer's customer service representatives one or more times to confirm the status of returned packages and the anticipated merchandise credit.... Handling these multiple customer calls is expensive.

- a. Given the expense of handling multiple customer calls, did you or others at the Postal Service discuss the option of offering delivery confirmation with parcel return service, either included "free" with the service, or as a service that the customer would pay for separately? If so, please explain why it was decided not to include delivery confirmation with the delivery service.
- b. Does the Postal Service plan to include a "free" Delivery Confirmation label for consumers returning merchandise in the future? If not, please fully explain why not. If so, please elaborate on when "free" Delivery Confirmation will be available.

OCA/USPS-T1-14. On page 9 of your testimony you note the MDCD's would record sampling information on parcels received at a Postal Office. What information will be recorded and how will it be used for sampling?

OCA/USPS-T1-15. On page 9 of your testimony, you describe the Product Tracking System (PTS) that is used to store acceptance and delivery information on Postal Service products and services.

- a. Is this tracking system also used for delivery confirmation or any other Postal Service information retrieval service such as Confirm?
- b. Please list separately all special services and subclasses (or mail categories) tracked by PTS.

OCA/USPS-T1-16. On page 10 of your testimony, you indicate that scanning information and electronic data submitted by the shipper will be accessible via USPS.com.

- a. How soon after transmittal from the shipper will the electronic data be available on USPS.com?
- b. Will the data on USPS.com be available to the consumer to track whether the package is available for shipper or consolidator pickup and whether delivery has occurred? Please explain.
- c. Your testimony refers only to data submitted by the shipper as being available on USPS.com. Will the data scanned by the MDCDs (handheld

scanning devices in the field) also be available on USPS.com? If so, how soon after scanning will it be available?

- d. Because you state on page 13 of your testimony that non-machinable parcels addressed to an RDU or RBMC will be visibly identified and manually sorted, are your responses to parts a through c, above, any different with regard to non-machinable or oversized parcels?

OCA/USPS-T1-17. On page 15 of your testimony you indicate that "each parcel" would have several pieces of listed information collected.

- a. Will non-machinable packages and oversized packages be tracked to the same extent as machinable packages? Please explain.
- b. Will an electronic record of the non-machinable and the oversize parcels be compiled at both the RDUs and the RBMCs? Please explain.

OCA/USPS-T1-18. Will the specially designed mailing labels for return service discussed on page 11, line 19, of your testimony include instructions to the consumers that the parcel may be given to their carrier and even deposited in a collection box although it may weigh more than the normally allowed weight for collection boxes? If not, please explain why not.

OCA/USPS-T1-19. In the cost analysis, the manifest sampling involved 1.5 percent of the mailpieces. Does the Postal Service intend to sample 1.5 percent of the mailpieces for postage verification during actual operations? Please explain.

OCA/USPS-T1-20. On page 16, line 3, of your testimony, you refer to "experience with consolidators" as the basis for believing there would be a limited number of parties participating in the experiment.

- a. Please elaborate on the basis of the experience and indicate whether it included formal discussions, a focus group, meetings, or word of mouth.
- b. What information concerning the service did the consolidators provide to indicate interest in the return service?

OCA/USPS-T1-21. Based on your knowledge of the shippers or consolidators interested in this return service, what are the expectations regarding the number of delivery RDUs and BMCs that each participant will use for pick up?

OCA/USPS-T1-22. You state on page 16 of your testimony that the Postal Service intends to restrict access for the RDU option to "early bird" DDU entry offices. Is it intended that the restriction will apply only during the experiment? Please explain.

OCA/USPS-T1-23. In listing the goals of the experiment on page 17 of your testimony, you do not cite collecting cost data as one of the goals of the experiment. Is it your opinion that all of the relevant costs are accurately calculated and that there is no need to improve the cost data for the return service based on actual operations? Please explain.

