

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

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EXPERIMENTAL PARCEL RETURNS SERVICES

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Docket No. MC2003-2

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GULLO  
TO QUESTIONS POSED AT PRE-HEARING CONFERENCE

The United States Postal Service hereby files the responses of witness Gullo to the questions posed by Chairman Omas and Commissioner Goldway at the pre-hearing conference on June 25, 2003.

The questions are quoted or paraphrased from the cited pages of the transcript and are followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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July 2, 2003

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Chairman Omas asked, with respect to “ancillary services such as delivery confirmation, certified, certificates of mailing, or insurance,” for “an explanation of why mailers will not be allowed to purchase such services during the experiment and whether the Postal Service expects to test the feasibility of extending the options of purchasing such ancillary services in the future.” Tr. 1/9-10.

RESPONSE:

While designing Parcel Return Services, the Postal Service evaluated the likely need for and practicality of including special services. The following factors were considered in concluding not to allow special services, at least during the experiment:

The Parcel Return Services experiment was designed to provide a simple, low cost means of package returns. By their very nature and design, the proposed Parcel Return Services are intended to minimize processing and transportation costs. With such limitations, postal insurance could cover damage or loss in transportation and processing only through the return bulk mail center (for RBMC) or in the return delivery unit (for RDU). The minimization of processing and transportation, and consequential limit on the number of facilities involved, serve to restrain the potential for damage and loss. The potential for damage or loss associated with processing after returned parcels leave the postal network would not be covered by postal insurance, meaning that a greater portion of overall risk is borne by non-postal parties. This balance of overall risk is different from other situations in which customers avail themselves of postal insurance, which could mean that it would be overpriced for this product. The decision not to offer postal insurance can be revisited if damage or loss becomes an issue during the course of the experiment.

An additional factor militating against including ancillary services is that they could result in inconvenience to the customer and additional cost if a window transaction were required. Furthermore, the bulk nature of Parcel Return Services would make the addition of ancillary services requiring special attention to a particular piece, such as Certified Mail or insurance, to be especially costly. Additionally, it is my understanding that a very negligible amount of outbound destination entry volume includes postal insurance and it is therefore fair to assume that permit holders would likewise not be inclined to include it as part of the return process.

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With respect to Delivery Confirmation, the data collected from the Parcel Return Services barcode is intended to provide information comparable to Delivery Confirmation by identifying when the parcel is picked up by the shipper or agent. There is therefore no need for the consumer to buy Delivery Confirmation.

As for certificate of mailing and Certified Mail ancillary services, in my opinion, these are rarely used with the existing merchandise return service, so there was little reason to make them available with the proposed services.

It should be remembered that the experimental services were not intended to meet all possible needs, and consumers still have the option of choosing premium classes and special services by utilizing traditional means of single-piece mail entry. In any event, the Postal Service fully intends to study the need and desire for insurance or other ancillary services and alternative means of providing them as part of its evaluation of the experiment. Whatever conclusions are reached as a result of that analysis would be reflected in formulating these services as a potential permanent classification.

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Commissioner Goldway asked whether the data collected and reported during the experiment would be broken out between Parcel Select and Bound Printed Matter. TR. 1/11.

RESPONSE:

Yes. The information will be provided separately for Parcel Select and for Bound Printed Matter.

## **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.

Scott L. Reiter

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