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

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SHARKEY TO INTERROGATORIES OF
THE ASSOCIATION OF PRIORITY MAIL USERS, INC.
(APMU/USPS-T33-1-8, 10-12)

The United States Postal Service hereby provides responses of witness Sharkey to the following interrogatories of the Association of Priority Mail Users, Inc.: APMU/USPS-T33-1-8, 10-12, filed on September 12, 1997. Interrogatories APMU/USPS-T33-9 and 13 were redirected to witness Moderi.

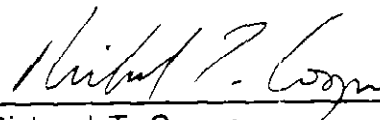
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
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September 26, 1997

Response of U.S. Postal Service Witness Sharkey to
Interrogatories of the Association of Priority Mail Users

APMU/USPS-T33-1. Please refer to the service commitments submitted in compliance with Commission Rule 54(n).

- a. Please explain the difference between service standards and service commitments.
- b. Are the service commitments for Priority Mail identical to the service standards for Priority Mail? If not, please explain the difference.
- c. Are the service commitments for First-Class Mail identical to the service standards for First-Class Mail? If not, please explain the difference.
- d. Are the service standards for Priority Mail identical to the service standards for First-Class Mail? If not, please explain the difference.
- e. Are the service commitments for Priority Mail identical to the service commitments for First-Class Mail? If not, please explain the difference.
- f. What are (i) the Priority Mail service commitments and (ii) the Priority Mail service standards from New York City to Los Angeles?
- g. To what extent does the area receiving a 2-day Priority Mail service commitment differ from the area receiving a 2-day service commitment for First-Class Mail?

Response:

- a. It is my understanding that these two terms in common usage are interchangeable. One distinction that may be made by some is that service standards relate to the targets or goals that have been established by the USPS. Service commitments are either overnight, two-day or three-day for First-Class Mail depending on the distance that the mail piece will travel from entry point to the delivery point. Throughout the following responses, however, the terms "service standards" and "service commitments" will be used interchangeably.
- b. Yes. See response to a.

Response of U.S. Postal Service Witness Sharkey to
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- c. Yes. See response to (a.).
- d. No. See Witness O'Hara response to APMU/USPS-T3-2.
- e. No. See Witness O'Hara response to APMU/USPS-T3-2.
- f. (i) The Priority Mail service commitment from New York City to Los Angeles is 2 days.
(ii) See answer to T33-1, d.
- g. There are 155,515 two-day First-Class pairs and 749,886 Priority Mail two-day pairs excluding APO/FPO and unique IRS origins.

Response of U.S. Postal Service Witness Sharkey to
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APMU/USPS-T33-2. In your response to UPS/USPS-T33-1, you refer to the development and activation of a two-day Priority Mail Network in selected northeastern states.

- a. How will this network affect Priority Mail service commitments/standards in the Test Year?
- b. Does the Postal Service expect the entire continental United States eventually to be served by such networks?
- c. Does the Postal Service expect the entire continental United States eventually to be covered by a single such network, with a national two-day service commitment/standard and a target of 96.5 percent two-day delivery?

Response:

- a. See Witness O'Hara Response to APMU/USPS-T30-4.
- b. It is not known at this time whether the PMPC network will cover the entire continental United States.
- c. No.

Response of U.S. Postal Service Witness Sharkey to
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APMU/USPS-T33-3.

- a. Will the Postal Service or the network operator contract with an independent third party to provide external performance measurement system data (*i.e.*, end-to-end or deposit-to-delivery performance) to the Postal Service to demonstrate its success in providing 96.5 percent on-time two-day service for all destinations within the contract's service area? If not, how does the Postal Service plan to determine whether the contractor has met the 96.5 percent target for two-day delivery?
- b. If external performance data will be collected, will the Postal Service publish or routinely make such data available to the public?

Response:

- a. The two-day goal of 96.5 % is from USPS tender of Priority Mail to the Contractor to the Contractor delivery back to the USPS. Conformance to quality indicators will be monitored through a USPS-approved sampling system.
- b. Not applicable.

Response of U.S. Postal Service Witness Sharkey to
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APMU/USPS-T33-4. Witness Treworgy (USPS-T22) in his testimony, on page 3, footnote 2, stated that the current "external Priority Mail service performance measurement system provides information on only 301 3-digit ZIP Codes."

- a. Please explain when this system began and what it measures. Does it measure actual time to deliver to the addressee?
- b. For each quarter of PFY 96 and PFY 97, please provide all available service performance data with respect to this external service performance measurement system.
 - (i) Please identify the extent to which service standards/commitments were met or exceeded.
 - (ii) Please identify the service performance of Priority Mail with overnight service standards/commitments.
 - (iii) Please identify the service performance of Priority Mail with two-day service standards/commitments.
 - (iv) Please identify the service performance of Priority Mail with three-day service standards/commitments.
- c. If the areas covered by this system have changed during the time period in question, please publish the data in columns so that the performance for identical areas are provided for each quarter.
- d. What level of statistical reliability does the Postal Service accord to these data? Please compare and contrast their reliability to the results of the external First Class (EXFC) service performance measurement system.
- e. How does this performance measurement system track when a mailpiece was received and when it was delivered?
- f. When does the Postal Service expect to provide such information for all Priority Mail?
- g. How many 3-digit zip codes are included in the EXFC service performance measurement system?

Response:

- a. An external measurement of Priority Mail service performance was implemented on September 13, 1997 at the beginning of Postal Quarter I, FY98. It measures time to deliver to the addressee. Witness Treworgy was referring to a developmental pilot

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which was the forerunner of the actual system implemented. The description of the development pilot as a "system" was in error.

- b. (i) In FY 1996 and FY 1997, ODIS was used to indicate operational performance, but not indicate service. Therefore, there exist no data which measure delivery performance to standard for Priority Mail.
 - (ii) See answer for T33-4, b(i).
 - (iii) See answer for T33-4, b(i).
 - (iv) See answer for T33-4, b(i).
- c. See answer for T33-4, b(i).
- d. The new Priority Mail measurement system is reliable at an average of 95% + or - 3 or 4 points at the Performance Cluster level. The EXFC system is reliable at an average of 95% + or - 4 points at the city level.
- e. Both EXFC and the new priority Mail measurement system operate in the same way. An independent contractor hires individuals who "seed" (system parlance, meaning to drop mail) in collection boxes or business chutes in buildings. The pieces are delivered to independent reporters unknown to the Postal Service. Results are telephoned to the contractor who calculates the results and provides them to the Postal Service.
- f. No public disclosure of Priority Mail results is expected at this time.
- g. 302.

Response of U.S. Postal Service Witness Sharkey to
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APMU/USPS-T33-5.

- a. For each quarter of PFY 96 and PFY 97, please provide all pertinent information (based on ODIS time-in-transit data or any other service performance measurement system used by the Postal Service (excepting that requested in APMU/USPS-T33-4) indicative of delivery service provided to **Priority Mail**. Please provide all available details concerning the number of pieces receiving delivery in two days, three days, four days, etc.
- b. What level of statistical reliability does the Postal Service accord to the ODIS data and other data that either measure or indicate the service performance of Priority Mail?

Response:

- a. There is no reliable data to measure the actual delivery service provided to Priority Mail.
- b. Not applicable.

Response of U.S. Postal Service Witness Sharkey to
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APMU/USPS-T33-6.

- a. For each quarter in PFY 96 and PFY 97, please provide copies of Service Performance Quarterly Reports for **First-Class Mail** based on the EXFC service performance measurement system.
- b. Please provide data on First-Class Mail service performance which corresponds to the data provided regarding Priority Mail service performance in response to DMA/USPS-T4-31(b).

Response:

- a. See Witness Moden response to DMA/USPS-T4-31b, and below:

EXFC National Scores

PQ1-FY96 PQ2-FY96

Overnight	87.76	87.31
Two-day	79.49	75.54
Three-day	82.24	70.93

PQ4-FY97 results have not been released.

- b. There is no existing First-Class Mail service performance results that corresponds to Priority Mail results for two reasons. No reliable Priority Mail results exist since the system has just recently been implemented and EXFC measures at the city level while Priority Mail is measured at the Performance Cluster level.

Response of U.S. Postal Service Witness Sharkey to
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APMU/USPS-T33-7. Does the Postal Service continue to measure time-in-transit for **First-Class Mail** based on ODIS data? If so, please provide the ODIS raw data and percentages for the same time period covered by the EXFC data provided in response to APMU/USPS-T33-6.

Response:

In ODIS, estimates of time-in-transit are still generated. The estimates are generated and published quarterly in the Postal Service's ODIS Quarterly Statistics Reports, which are on file at the Postal Rate Commission, as well as, the Postal Service's Library at L'Enfant Plaza.

Response of U.S. Postal Service Witness Sharkey to
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APMU/USPS-T33-8.

For each quarter in PFY 96 and PFY 97, please provide copies of all analyses, statistical calculations, estimates, measures, etc. that the Postal Service prepared in the normal course of business that show the average number of days late, the distribution of "days late" (vis-a-vis the service standard), standard deviation in delivery times, consistency of delivery, analysis of the best and worst cities, etc., for **First-Class Mail**.

Response:

See response to APMU/USPS-T33-6 (a).

Response of U.S. Postal Service Witness Sharkey to
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APMU/USPS-T33-10. Please describe each statistical measure used by the Postal Service to estimate the consistency with which any class of mail is delivered, identifying the source of the data used to quantify the estimate, listing the class of mail to which the measure(s) has (have) been applied, and providing all actual estimates for Base Year 1996.

Response:

See response to APMU/USPS-T33-6 and 7.

Response of U.S. Postal Service Witness Sharkey to
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APMU/USPS-T33-11. Does the Postal Service have any data (*e.g.*, ODIS data, external measurement performance data) that measure the service performance of **First-Class Mail**, **Priority Mail** and/or **Express Mail** on a comparable basis? If so, please describe the extent and types of performance data that are common to all, and provide any service performance data common to all three products not otherwise provided in response to APMU's other interrogatories herein.

Response:

There is no comparable external performance measurement.

Response of U.S. Postal Service Witness Sharkey to
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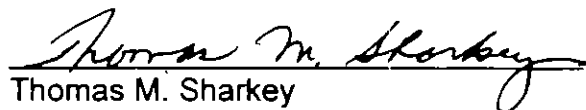
APMU/USPS-T33-12. Does the Postal Service have any statistical basis demonstrating that during Base Year 1996 **Priority Mail**, on average, received faster delivery, or better service in any other way (*e.g.*, more consistent delivery) than **First-Class Mail**? If so, please provide copies of all data and/or studies that support such a position.

Response:

See answer for T33-4, b(i).

DECLARATION

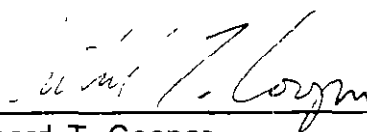
I, Thomas M. Sharkey, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.


Thomas M. Sharkey

Dated: 9/26/97

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.



Richard T. Cooper

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September 26, 1997