

DOCKET SECTION

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PLUNKETT TO INTERROGATORIES OF
DOUGLAS F. CARLSON
(DFC/USPS-T40-16-22)

The United States Postal Service hereby provides responses of witness Plunkett to the following interrogatories of Douglas F. Carlson: DFC/USPS-T40-16-22, filed on September 18, 1997.

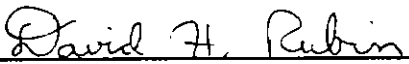
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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September 30, 1997

RESPONSE OF POSTAL SERVICE WITNESS PLUNKETT TO
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DFC/USPS-T40-16.

a. Do any instances exist in which the Postal Service, pursuant to a written or unwritten agreement, understanding, or procedure, regularly or routinely delivers to any private company, individual, or government agency other than the Postal Service letters, flats, or parcels with the Forms 3811, Domestic Return Receipt, still attached and allows the recipient, at a later time and not under the visual supervision of a postal employee, to sign the Forms 3811, indicate the date of receipt on the Forms 3811, and then return the Forms 3811 to the Postal Service for return to the sender?

b. If your answer to part (a) is yes, please explain fully, cite all known examples, and reconcile your response with applicable postal regulations.

DFC/USPS-T40-16 Response:

a. I am not aware of any instances of this kind.

b. Not applicable.

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DFC/USPS-T40-17.

a. Do any instances exist in which the Postal Service, pursuant to a written or unwritten agreement, understanding, or procedure, regularly or routinely (1) delivers letters, flats, or parcels to any private company, individual, or government agency other than the Postal Service, (2) removes the Forms 3811, Domestic Return Receipt, prior to or simultaneously with delivery, and then (3) allows the recipient, at a later time and not under the visual supervision of a postal employee, to sign the Forms 3811, indicate the date of receipt on the Forms 3811, and then return the Forms 3811 to the Postal Service for return to the sender?

b. If your answer to part (a) is yes, please explain fully, cite all known examples, and reconcile your response with applicable postal regulations.

DFC/USPS-T40-17 Response:

a. I am not aware of any instances of this kind.

b. Not applicable.

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DFC/USPS-T40-18.

a. Do any instances exist in which the Postal Service, pursuant to a written or unwritten agreement, understanding, or procedure, regularly or routinely delivers letters, flats, or parcels to any private company, individual, or government agency other than the Postal Service, with the Forms 3811, Domestic Return Receipt, either still attached to or already removed from the letters, flats, or parcels, and then allows the recipient to sign the Forms 3811 under conditions that prevent the Forms 3811 from being under the visual supervision of a postal employee while the recipient is signing them?

b. If your answer to part (a) is yes, please explain fully, cite all known examples, and reconcile your response with applicable postal regulations.

DFC/USPS-T40-18 Response:

a. I am not aware of any instances of this kind.

b. Not applicable.

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DFC/USPS-T40-19.

a. Please confirm that POM § 822.112 provides that return receipts must be mailed not later than the first workday after delivery. If you do not confirm, please explain.

b. Please confirm that the POM § 822.112 requirement described in part (a) adds value to return-receipt service. If you do not confirm, please explain.

c. Please refer to the two options presented in the introductory portion of DFC/USPS-T40-1 and confirm that the POM § 822.112 requirement described in part (a) tends to make option (1) more valuable to many mailers than option (2). If you do not confirm, please explain.

DFC/USPS-T40-19 Response:

a. The Postal Operations Manual speaks for itself.

b. Confirmed.

c. Confirmed.

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DFC/USPS-T40-20.

a. Please refer to your response to DFC/USPS-T40-8 and confirm that the cost of creating a delivery record for return receipt for merchandise is not attributed to a special service that is listed in DMM § S915.1.2. If you do not confirm, please explain fully and, if applicable, explain why costs for return receipt for merchandise would be attributed to a special service listed in DMM § S915.1.2, given that return receipt for merchandise can be purchased independently of any other special service.

b. Please confirm that all costs for return receipt for merchandise, including the cost of creating a delivery record at the delivery post office, are attributed exclusively to return receipt for merchandise. If you do not confirm, please explain.

DFC/USPS-T40-20 Response:

a. Confirmed.

b. My understanding is that the cost study provided for return receipts in LR-H-107 adds 50 percent to the carrier time for regular return receipts to account for additional carrier time for return receipts for merchandise. I am not sure whether the resulting additional cost is enough to cover the cost of creating a delivery record at the delivery post office, along with any other costs for return receipts for merchandise which are over and above the costs for regular return receipts.

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DFC/USPS-T40-21.

- a. Will delivery-confirmation service provide proof of mailing? Please explain.
- b. When a customer who purchases manual delivery-confirmation service leaves the window, will he have a dated receipt proving that he mailed the item on a particular date?
- c. Will delivery confirmation provide a record of delivery at the delivery post office that is similar to the record of delivery that is created for certified mail or return receipt for merchandise?

DFC/USPS-T40-21 Response:

- a. No. See response to subpart (b).
- b. Customers purchasing delivery confirmation service at a retail unit will be provided with a receipt showing the amount paid for the service, the tracking number that can be used to confirm delivery, and the telephone number to call in order to verify delivery. There is no requirement that the receipt be dated.
- c. No. Delivery offices are required to scan barcodes on delivered pieces, and to then upload the necessary information to a centralized database. This database will serve as the sole depository of delivery confirmation data.

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DFC/USPS-T40-22.

a. Please confirm that, under the Postal Service's proposal in Docket No. R97-1, a customer who sends a piece of mail via Priority Mail will have the option of purchasing manual delivery confirmation for \$0.35 as well as a return receipt for the proposed return-receipt fee of \$1.45. If you do not confirm, please explain.

b. Suppose a mailer desires only a return receipt showing to whom the mail piece was delivered, the date of delivery, and the address of delivery (if the address is different from the address on the mail piece). This mailer also desires only whatever proof of mailing that the delivery-confirmation service may or may not provide. Please confirm that a mailer who desires only the information described in this question will be able to obtain that information for \$1.80 if he sends his mail via Priority Mail (using delivery confirmation and return receipt) but will be required to pay \$3.00 to obtain this information if he sends his letter via First-Class Mail (since he will need to purchase certified mail and return receipt). Please explain your answer. (Note that this mailer places no value on the proof of mailing that certified mail provides.)

c. If you confirm in part (b), please explain why a customer who uses First-Class Mail should be required to pay \$1.20 more than if he used Priority Mail, just to obtain the same information.

d. Please explain why a customer who uses Priority Mail should have the option to forgo the services of certified mail and directly obtain delivery confirmation and a return receipt, while a customer who uses First-Class Mail must pay for the more-expensive certified mail even if he does not want to purchase certified mail.

e. Please explain why the proposed delivery-confirmation service should not be offered for customers who wish to use First-Class Mail and return receipt.

f. Please explain why a service that is identical in function to return receipt for merchandise should not be available for non-merchandise that is sent via First-Class Mail.

g. Please explain why the Postal Service would support or oppose a proposal to offer a new service called "Return Receipt Service" that would provide the same services as return receipt for merchandise and would be available for all First-Class Mail. In your answer, consider that this service might or might not be offered in conjunction with delivery-confirmation service.

h. Please explain why the services described in parts (e), (f), and (g), if they were available, would not provide a valuable service to customers.

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DFC/USPS-T40-22 Response:

- a. Confirmed.
- b. Confirmed, with the understanding that the \$1.80 provides the information in electronic form rather than the hard copy return receipt card provided for \$3.00, and assuming the Postal Service's proposals are recommended by the Commission and implemented by the Postal Service. I would also point out that in most cases the customer would pay an additional \$2.87 in postage given the rates proposed in R97-1.
- c-f. Delivery confirmation was developed in response to interest from Priority and Standard (B) customers. While this does not rule out later availability of delivery confirmation for letter mailers, there are a number of operational issues that need to be resolved before this could happen. For example, letters are sorted primarily through automated equipment, many into delivery point sequence. Moreover, some of these letters are bundled for direct delivery, for instance to large volume customers. Absent a method for capturing delivery confirmation pieces, there is some likelihood that carriers would fail to notice delivery confirmation letters. As parcels generally are distributed through mechanized means and are handled individually by the carriers, this is not an issue for parcels.

Another issue relates to acceptance. Single piece First-Class letters are accepted primarily through collection boxes, so window service costs are minimal. However, if delivery confirmation were available with First-Class

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- Mail, each such piece would result in an additional window service transaction. As parcels are accepted predominantly through window transactions, the incremental window cost of providing delivery confirmation is limited to the additional time required to process the delivery confirmation transaction, as shown in witness Treworgy's testimony (USPS-T-22, Appendix B). While the cost impact of these operational issues have not been studied, they suggest that the cost of providing delivery confirmation for First-Class Mail would be higher than the cost of providing the service with parcels. Moreover, while return receipt service with delivery confirmation service provides the same information as return receipt service with other special services, some customers might value the hard copy return receipt provided in the latter case more than the electronic version provided with delivery confirmation service, and may be willing to pay an additional \$1.20.
- g. I am not aware that a proposal such as this has been considered. Support or opposition would depend on numerous factors such as expected cost, customer demand, and the impact on other products and services, none of which has been studied. In addition, the operational issues discussed in response to parts c-f need to be addressed. Also, see witness Treworgy's response to OCA/USPS-T22-8.
- h. Presumably these services would be of value to some consumers. What is not known is how much customers would be willing to pay for these services, or what it would cost to provide them. For example, the operational issues discussed in response to parts c-f need to be addressed.

DECLARATION

I, Michael K. Plunkett, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

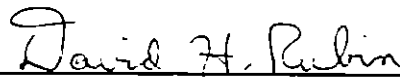


MICHAEL K. PLUNKETT

Dated: September 30, 1997

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
September 30, 1997