Postal Rate Commission
Submitted 6/18/2004 12:35 pm
Filing ID: 40646
Accepted 6/18/2004

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

EXPERIMENTAL PRIORITY MAIL FLAT-RATE BOX, 2004

Docket No. MC2004-2

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS DANIEL J. BARRETT TO INTERROGATORIES OF
DAVID B. POPKIN (DBP/USPS-T2-1-5, 7-9, 11bcdefgj)
(June 18, 2004)

The United States Postal Service hereby files the response of witness Daniel J. Barrett to the following interrogatories of David B. Popkin:

DBP/USPS-T2-1-5, 7-9, 11bcdefgj, filed on June 4, 2004. Interrogatories DBP/USPS-T2-6, 10, 11a, h, i were redirected to witness Scherer.

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

_____
Richard T. Cooper

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260–1137
(202) 268–2993; Fax -5402

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-1 On Page 3 Line 24 of your testimony, you indicate that contract postal units will find it easier to offer Priority Mail to their customers. [a] Do contract postal units provide identical retail mail acceptance services which are similar to "regular" postal facilities? [b] If not, explain the differences. [c] Do you feel that "regular" postal facilities will also find it easier to offer Priority Mail to their customers? [d] If not, why not?

RESPONSE:

[a] Contract postal units provide similar, though not ‘identical’ retail mail acceptance services.

[b] One key difference lies within the very definition of a contract unit – that it is staffed by third-party employees. Therefore, the nature of the experience for the customer would likely not be considered “identical.” However, contract postal units are trained on the same Aviation Security and HAZMAT issues as post offices. They follow similar acceptance procedures and are subject to audits and performance reviews to ensure compliance.

[c] Yes.

[d] N/A

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-2 Between Page 4 Line 21 and Page 5 Line 1 of your testimony, you indicate the outside and inside dimensions of the two proposed Flat-Rate Boxes. The difference between the outside and inside dimensions of the same dimension varies between 0.25 and 0.75 inches. [a] What is the thickness of the box? [b] Please explain why there is a variation of between 0.25 and 0.75 inches between the outside and inside dimensions.

RESPONSE:

[a] – [b] The first proposed box is considered a Regular Slotted Container (RSC) style container. The RSC is typically more square and deeper in stature than an Full Over-Lap (FOL) style box and is a top load box. The RSC would be more suitable for shipping bulkier items such as shoes or toys, etc. The RSC style box has flaps on the top and bottom and is usually sealed with a pressure sensitive closure tape applied during packing and sealing. There are two (2) different flaps that fold in on the top and bottom of the box; the minor flap and major flap, and each flap accounts for 1/8" of cardboard. This accounts for 1/4" on the top and ¼" on the bottom or 1/2" total. This particular box has an inside dimension of 11" x 8.5" x 5.5"; top to bottom being the 5.5" dimension. The outside dimensions are 11.25" x 8.75" x 6"; top to bottom being the 6" dimension. Note the 1/2" difference between the two top to bottom dimensions. This difference accommodates the thickness of the flaps folded in on the top and bottom. The side dimensions differ by ¼" which is the thickness of the cardboard (1/8" on each side).

The second of the two boxes proposed is considered a Full Over-Lap style container. The FOL is typically a longer and narrower box suitable for smaller garments and other items of that nature and is an end-loading box. The FOL style box has flaps

DBP/USPS-T2-2 Response (continued)

on both ends and is usually sealed with a pressure sensitive closure tape applied to the box during manufacturing. There are three (3) different flaps that fold in on each end of the box; the dust flap, minor flap and major flap, and each flap accounts for 1/16” of cardboard. This accounts for 3/16” on each end or 3/8” total. This particular box has an inside dimension of 11.875” x 3.375” x 13.625”; the end to end measurement being the 13.625”. The outside dimensions are 12”x 3.5” x 14”; end to end being the 14” dimensions. Note the 3/8” difference between the two end to end dimensions. This difference accommodates the thickness of the flaps folded in on both ends. The side dimensions differ by 1/8” which is the thickness of the cardboard (1/16”) on each side.

Note that on page 5 of my testimony, line 11, I implicitly assumed that both box types would be constructed using 32 ECT board of 1/8” thickness. However, in responding to this question, I discovered that the two boxes will use board of slightly different thickness, as indicated above. This is in keeping with the design of currently-available Postal Service provided Priority Mail boxes, which differ in board thickness depending on whether the box is an RSC or an FOL. A correction of the inside dimensions of the FOL stated on page 4, line 23 of my testimony, to match those indicated above, will be filed shortly.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-3 On Page 5 Lines 4 and 5 of your testimony, you indicate that the proposed Flat-Rate Boxes have a similarity to the currently available Priority Mail corrugated boxes. [a] With respect to all of the currently available Priority Mail boxes, please provide the following information: [1] outside dimensions [2] inside dimensions [3] type and thickness of the box material [4] weight of the empty box. [b] Please indicate which of these boxes are the ones that are similar to the proposed Flat-Rate Boxes. [c] Please explain any differences in dimensions or characteristics between the currently available boxes and their similar proposed Flat-Rate Box. [d] What is the weight of each of the two empty proposed Flat-Rate Boxes?

RESPONSE:

[a] Following are the currently-available standard Priority Mail boxes along with their respective characteristics:

O-1095

[1] 12-7/16" x 3-1/4" x 15-3/4"

[2] 12-1/4" X 3" X 15-1/2"

[3] 29 ECT E flute, 1/16"

[4] 9.504 oz.

O-1096S

[1] 8-11/16" x 5-5/8" x 1-13/16"

[2] 8-9/16" X 5-3/8" X 1-5/8"

[3] 29 ECT E flute, 1/16"

[4] 2.272 oz.

DBP/USPS-T2-3 Response (continued)

O-1096L

[1] 9-5/8" x 6-1/2" x 2-1/2"

[2] 9-1/2” X 6-1/4” X 2-3/16"

[3] 29 ECT E flute, 1/16”

[4] 3.024 oz.

O-1097

[1] 11-3/4" x 2-3/4" x 13-5/8"

[2] 11-1/2" X 2-3/8" X 13-1/8"

[3] 29 ECT E flute, 1/16”

[4] 6.240 oz.

O-1092

[1] 12-1/4" x 3" x 13-3/4"

[2] 12-1/8" x 2-3/4" x 13-3/8"

[3] 29ECT E flute, 1/16”

[4] 7.504 oz.

O-1098M

[1] 6-1/8" x 5-5/16" x 38-1/8"

[2] 6" X 5-1/8” X 38”

[3] 29 ECT E flute, 1/16”

[4] 10.416 oz.

DBP/USPS-T2-3 Response (continued)

O-1098S

[1] 6-1/8" x 6-1/8" x 25-5/8"

[2] 5-3/4" X 5-3/4" X 25"

[3] 29 ECT E flute, 1/16"

[4] 7.216 oz.

O-Box 4

[1] 7-1/4" x 7-1/4" x 6-1/2"

[2] 7" X 7" X 6"

[3] 29 ECT B flute, 1/8"

[4] 4.816 oz.

O-Box 7

[1] 12-1/4" x 12-1/4" x 8-1/2"

[2] 12" X 12" X 8"

[3] 32 ECT B flute, 1/8"

[4] 13.872 oz.

[b] There are no boxes that are similar in both construction and size to the RSC box. The FOL box is similar in construction and size to the O-1092, O-1095 and O-1097.

[c] See response to [a], above.

DBP/USPS-T2-3 Response (continued)

[d] The RSC is expected to weigh approximately 8 oz., while the FOL is expected to weigh approximately 7 oz.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-4 On Page 6 Lines 1 to 5 of your testimony, you indicate the printing of the boxes. Please provide a copy or indication of the printing that will appear on each of the six faces of both of the sizes of boxes of both the currently available Priority Mail similar boxes and the proposed flat-rate boxes.

RESPONSE:

Exact graphics and text for the proposed boxes have not yet been determined. However, the following are among items that appear on currently available items and are expected to appear on the proposed boxes:

- Priority Mail graphics, (and, for Flat Rate items, graphics designating them as Flat Rate)
- Instructions for use, including parameters and limitations for mail entry (Aviation Security and Hazardous Materials)
- Warning against use of the box for purposes other than sending Priority Mail.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-5 On Page 6 Lines 12 to 22 of your testimony, you indicate that the Flat-Rate Boxes will be widely available. [a] Is it the intention of the Postal Service to have the availability of the proposed Flat-Rate Boxes in a manner that is equivalent to the availability of the non-flat-rate boxes that are similar in size? [b] If so, please explain the methods and directives that will be utilized to achieve this result and the evaluations that will be made to ensure continuing compliance. [c] If not, why not?

RESPONSE:

[a] Yes.

[b] The Flat Rate Box alternatives will be produced, distributed and maintained in a fashion similar to existing Priority Mail packaging alternatives. The new items will be made available via the same channels through which other Priority Mail packaging materials may be accessed. Multiple internal communications will announce the introduction of the new items, ensuring awareness among Postal employees. Corporate and field management will ensure the Flat Rate Boxes are made available to the customer in the intended manner.

[c] N/A

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-6 On Page 7 Lines 9 to 11 of your testimony, you indicate that the proposed $7.70 rate can be exactly paid by utilizing two of the current $3.85 stamps issued for the base Priority Mail service. [a] In evaluating the proposed rate for the Flat-Rate Box, what weight was provided to the ultimate decision to allow for the payment of postage in this manner?
[b] Neglecting this "simple and convenient" way to pay the postage, what would the proposed rate have been?

RESPONSE:

[a] Redirected to witness Scherer.

[b] Redirected to witness Scherer.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-7 Between Page 7 Line 14 and Page 8 Line 3 of your testimony, you indicate how mailers will enter these Flat-Rate Boxes into the mail stream. [a] Will either or both of the proposed Flat-Rate Boxes fit into a standard blue collection box? [b] If either or both will fit into a standard blue collection box, confirm that a mailer utilizing stamps to pay the postage will have to be able to determine that the box weighs less than 16 ounces before mailing the box in this manner and therefore would be paying an extra $3.85 in postage for the convenience of utilizing a Flat-Rate Box. [c] If a mailer is required to bring the box to a retail window at a post office because it weighs over 16 ounces, confirm that a mailer would have very little incentive to utilize the Flat-Rate Box in those instances where the postage rate exceeds the regular Priority Mail rate. [d] Please explain why the return address on a package must match the location of the pick-up by a Postal Service letter carrier. [e] Please confirm that the requirements of subpart d mean that a mailer may not use their home address for mail picked up at their work location or vice versa or that they may not mail a package for a neighbor, relative, or friend [at a different return address]. [f] Please confirm that a mailer who brings a box to a retail window at a post office because it weighs over 16 ounces may utilize any valid return address. [g] Please explain any items you are not able to confirm.

RESPONSE:

[a] No, neither item will fit into a collection box.

[b] N/A

[c] This statement seems to imply that a package must be brought to the retail counter simply because it weighs "over 16 ounces." This is simply not the case. First, the guideline is inclusive of packages weighing 16 ounces, meaning it applies to packages weighing 16 ounces or more, not just those weighing "over 16 ounces." Second, the items to which some mail entry restriction applies are only those exceeding this weight threshold *and* bearing postage in the form of stamps. Restrictions do not apply when electronic postage or metered postage is used, regardless of the weight of the package. Finally, the post office is only one option for entry of packages weighing 16 ounces or more bearing stamps – pickup by the letter carrier is also a feasible

DBP/USPS-T2-7 Response (continued)

method offering greater convenience. Therefore, I believe the mailer could still realize a convenience benefit on Flat Rate Boxes, including those weighing 16 ounces or more and bearing postage in the form of stamps.

[d] For packages weighing 16 ounces or more and bearing postage in the form of stamps, the return address on the mailing piece must match the location of pickup. This is part of the Postal Service's mail security protocol.

[e] Confirmed.

[f] Confirmed.

[g] N/A

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-8 [a] Will mailers be able to utilize the on-line Postal Service website to prepare Priority Mail labels for mailing Flat-Rate Boxes? [b] If so, will those boxes be able to be mailed in a blue collection box? [c] If not, why not?

RESPONSE:

[a] Yes.

[b] The boxes are too large to fit in a collection box.

[c] N/A

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-9 [a] Confirm that the basic convenience factor for the use of the Flat-Rate Box stems from three items, namely, that, #1 - the mailer does not have to weigh the parcel; #2 - the mailer does not have to determine the zone for the parcel; and #3 the mailer does not have to calculate the postage for the given weight and zone. [b] Please confirm that a mailer utilizing the on-line Postal Service website will have the zone and postage calculated [assuming the weight of the parcel was known]. [c] Please explain any items you are not able to confirm.

RESPONSE:

[a] Confirmed.

[b] Confirmed, assuming the weight of the item is known, and the customer has access to the internet.

[c] N/A

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-10 On Page 3 Line 16 you indicate that the Priority Mail Flat-Rate Envelope has been in use since 1991. [a] Please confirm that the current postage rate for a Priority Mail Flat-Rate Envelope is the minimum Priority Mail postage rate and therefore a mailer can never end up paying a higher postage rate [when compared to the non-flat-rate postage rate] by utilizing the Flat-Rate Envelope. [b] Please confirm that the current postage rate for a Express Mail Flat-Rate Envelope is the minimum Express Mail postage rate and therefore a mailer can never end up paying a higher postage rate [when compared to the non-flat-rate postage rate] by utilizing the Flat-Rate Envelope. [c] Please confirm that a mailer will end up paying a higher postage rate when utilizing a Flat-Rate Box [when compared to the non-flat-rate postage rate] in those instances when the weight of the parcel is less than 8 pounds for up to Zone 3; less than 4 pounds for Zone 4, less that 3 pounds for Zones 5 and 6, and less than 2 pounds for Zones 7 and 8. [d] Please explain any items you are not able to confirm.

RESPONSE:

[a]-[d] Redirected to witness Scherer.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-11 [a] Please confirm that for the rates that were in effect on June 1, 2002, the rate for a Priority Mail Flat-Rate Envelope was the 2-pound rate and when the Flat-Rate Envelope was utilized for weights under 16 ounces, the mailer was required to pay a higher postage rate [when compared to the non-flat-rate postage rate]. [b] Please confirm that on June 1, 2002, the Postal Service made both a flat-rate and a non-flat-rate Priority Mail envelope available to mailers and that these envelopes were identical in size and construction and had some similarity in design. [c] Please provide copies of the front and back of these two envelopes. [d] Was it the intention of the Postal Service to have both of these envelopes [flat-rate vs. non-flat-rate] equally available to the public? [e] If not, why not? If so, provide copies of any directives that were issued during the period of that rate to explain the two types of envelopes and the need for similar availability. [f] What publicity was provided to explain to the public that they could save money by utilizing the non-flat-rate envelope for mailings under 16 ounces or any other related information to the flat-rate envelope? [g] Please explain any confusion you believe resulted by having a flat-rate postage that was more than the minimum postage rate [such as existed on June 1, 2002 with the Priority Mail Envelope]. [h] Do you feel a similar confusion could result with the proposed Flat-Rate Box rate? [i] If no, why not? If so, what steps does the Postal Service plan to eliminate the confusion. [j] Please explain any items you are not able to confirm.

RESPONSE:

[a] Redirected to witness Scherer.

[b] On June 1, 2002 two envelopes of identical size and construction were offered for use with Priority Mail. The envelopes intentionally featured dissimilar graphic treatment to distinguish between the two.

[c] I am in the process of securing the requested items, and will provide them shortly.

[d] Yes, it was the intention of the Postal Service to have these envelopes equally available to the public through June 30, 2002.

[e] N/A

[f] I am unaware of any specific “publicity” produced for this reason, though

DBP/USPS-T2-11 Response (continued)

the Flat Rate Envelope is clearly designated as such.

[g] I am not aware of any confusion that "resulted by having a flat-rate postage that was more than the minimum postage rate". However, I am aware that in Docket No. R2001-1, witness Scherer testified that customers did "risk using flat-rate envelopes weighing up to a pound and missing the opportunity to save at the one-pound rate."

[h]-[i] Redirected to witness Scherer.

[j] N/A

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-12 What steps will the Postal Service take to ensure that Priority Mail users, both those that are sophisticated mailers as well as non-sophisticated mailers, will be aware of the availability of this new service and both the potential savings [in those cases where the Flat-Rate will cost less than the non-flat-rate] as well as the cost of the convenience of utilizing this service [in those cases where the Flat-Rate will cost more than the non-flat-rate]? This should include both the initial efforts as well as those that are ongoing during the experimental, and potentially continuing, period.

RESPONSE:

A communications plan is currently in the process of being developed. This plan will target both internal and external audiences. Internal communications will ensure Postal employees are aware of appropriate procedures for the sale, acceptance, and delivery of the Flat Rate Boxes, and will direct management to verify that these procedures are being executed as intended. The external, customer-targeted, portion of the plan will focus on the convenience benefits of the Flat-Rate Box items. In its messaging to the public, the Postal Service intends to avoid creating any potential misimpression that the Flat Rate Box would necessarily be a “lowest cost” mailing solution for Priority Mail parcel shipments.

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

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260–1137
(202) 268–2993; Fax -5402
June 18, 2004