

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

Postal Rate Commission
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EXPERIMENTAL PRIORITY MAIL FLAT-RATE
Box, 2004

Docket No. MC2004-2

RESPONSE OF UNITED STATES POSTAL SERVICE
TO OCA INTERROGATORIES,
REDIRECTED FROM WITNESS SCHERER
(OCA/USPS-T1-17-20)
(July 6, 2004)

The United States Postal Service hereby files institutional responses to interrogatories of the Office of the Consumer Advocate, redirected from witness Scherer: OCA/USPS-T1-17-20, filed on June 21, 2004.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE,
REDIRECTED FROM WITNESS SCHERER

OCA/USPS-T1-17. Witness Barrett states at page 7 of his testimony that Flat-Rate Priority Mail packages may be picked up by a carrier from a home or business. Please provide estimates of the average FY 2003 costs (in dollars or hours) of the following activities:

- a. A curblin carrier's conducting an accountable transaction
- b. A park-and-loop carrier's conducting an accountable transaction
- c. A foot carrier's conducting an accountable transaction
- d. An average carrier's conducting an accountable transaction
- e. A curblin carrier's picking up a package
- f. A park-and-loop carrier's picking up a package
- g. A foot carrier's picking up a package
- h. An average carrier's picking up a package.
- i. If any requested average FY 2003 cost (in dollars or time) is not known, please confirm that the cost is greater than zero. If you do not confirm, please explain.

RESPONSE:

The Postal Service plans to object to interrogatories seeking cost information in this docket. A thorough review of the Request and all associated documents reveals that nowhere is any cost information addressed. This docket involves an experimental Priority Mail option, two sizes of flat-rate boxes sharing the same cubic volume, whose price must relate sensibly to existing Priority Mail options. Eschewing a comprehensive re-visitation of Priority Mail costs, the Postal Service pursued the only alternative that retains the comparability of existing prices with the proposed price for the flat-rate box: derivation of a price from the existing Priority Mail Rate Schedule. The proposed price of \$7.70 is therefore reasonably compared with the existing rates since they share the same underlying costs and effective markup. No examination of Priority Mail costs, or the costs of any other operational elements participants may care to examine, has been prepared; accordingly, there should be no need to provide cost information in response to discovery requests.

Notwithstanding, the instant interrogatory seeks information that simply does not exist. As such, the Postal Service is choosing to respond to the interrogatories directly rather than filing an objection. The latter course of action would be pointless since even a supposedly compelled response would not elicit any useful information.

This interrogatory inquires into a service option that has always been provided to customers, entry of mail by leaving it in or near a customer's delivery receptacle. The

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Postal Service recently introduced an internet-based tool that facilitates this means for entry by notifying carriers that mail, which might include parcels, is available for collection when they arrive to deliver that day's mail. Such collection mail could be in any one or more of several subclasses. Witness Barrett's testimony reflects the existence of this option. However, the existence of a flat-rate box option would have exactly zero impact on the existence or non-existence of carrier pickup. Internet-based notice to a carrier that a pickup is requested when that customer's mail is next delivered, and the proposed flat-rate box option simply share the attribute of convenience; they are otherwise unrelated. In any event, cost data sought by this interrogatory: carrier activity by transaction type, shape, and city carrier route type, do not exist and are, accordingly, unavailable. Nor can the Postal Service agree that if non-zero costs can be identified, they are attributable to one or more specific subclasses.

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OCA/USPS-T1-18. Witness Barrett states at page 7 of his testimony that Flat-Rate Priority Mail packages may be picked up by a carrier from a home or business.

- a. What proportion of carrier stops and/or deliveries involved an accountable transaction in FY 2003?
- b. What was the average cost of a carrier stop and/or delivery involving an accountable transaction in FY 2003?
- c. If the requested average FY 2003 cost (in dollars or time) of an accountable transaction is not known, please confirm that the cost is greater than zero. If you do not confirm, please explain.
- d. What proportion of carrier stops and/or deliveries in FY 2003 involved picking up a package?
- e. What was the average cost of a carrier stop and/or delivery in FY 2003 involving picking up a package?
- f. If the requested average FY 2003 cost (in dollars or time) of a package pick-up is not known, please confirm that the cost is greater than zero. If you do not confirm, please explain.

RESPONSE:

See the response to OCA/USPS-T1-17.

- a-b, d-e. This information does not exist and can not be extracted from existing data sources.
- c. Unable to confirm. Accountable transactions could entail collection of an Express Mail envelope, delivery of an envelope containing stamps previously paid for, or more complex interaction between carrier and customer. So one cannot conclude that each transaction involves some non-zero attributable costs.
- f. In the absence of data indicating all such transactions have a positive cost, no confirmation is appropriate. See also, the response to part (c) above. Furthermore, if a positive, non-zero cost could be identified, the extent to which it would be attributable, and the specific subclass or product to which it should be distributed, would yet need to be determined.

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OCA/USPS-T1-19. Witness Barrett states at page 7 of his testimony that Flat-Rate Priority Mail packages may be picked up by a carrier from a home or business.

- a. Please confirm that the fee for scheduled pick-up of a package is \$12.50. If you cannot confirm, please provide the correct fee.
- b. What is the average FY 2003 cost (in dollars or time) of a scheduled package pick-up?
- c. If the requested average FY 2003 cost (in dollars or time) of a scheduled package pick-up is not known, please confirm that the cost is greater than zero. If you do not confirm, please explain.

RESPONSE:

- a-b. The reference to a carrier's pickup of a parcel on page 7 of witness Barrett's testimony is a pickup that occurs on a carrier delivery route when the carrier arrives at a particular customer's address for the purpose of delivering that day's mail. See the discussion of this longstanding service option (and the absence of costing issues pertinent to this proceeding) in the response to OCA/USPS-T1-17. There is also a special service for picking up mail, reflected in notes to various fee schedules, the fee for which was increased by the last omnibus rate proceeding. The flat-rate box proposal does not address or propose any changes to that fee.
- c. See the response to OCA/USPS-T1-18(f).

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OCA/USPS-T1-20. Witness Barrett states at page 7 of his testimony that Flat-Rate Priority Mail packages may be picked up by a carrier from a home or business.

- a. Please confirm that the Postal Service offers from its website a package pick-up service for which no fee is charged. If you do not confirm, please explain.
- b. What is the average cost (in dollars or time) of the free package pick-up service?
- c. If the requested average cost (in dollars or time) of a free package pick-up is not known, please confirm that the cost is greater than zero. If you do not confirm, please explain.

RESPONSE:

- a. See the response to OCA/USPS-T1-17.
- b. This information is not available.
- c. Unable to confirm. See the responses to OCA/USPS-T1-17 and -18.