

Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Experimental Priority Mail Flat-Rate Box)

Docket No. MC2004-2

OFFICE OF THE CONSUMER ADVOCATE MOTION TO
COMPEL RESPONSES TO OCA/USPS-T2-14-20
(July 20, 2004)

To: Hon. Dana B. Covington, Sr.
Presiding Officer

The Office of the Consumer Advocate hereby moves to compel responses to the Office of the Consumer Advocate ("OCA") interrogatories OCA/USPS-T2-14-20 directed to United States Postal Service witness Barrett. In accordance with the Commission's Rules 26(d) and 27(d), the interrogatories filed June 22, 2004, respectively, are attached hereto together with the Postal Service objection filed July 6, 2004.

THE REQUEST

The Postal Service has objected to six interrogatories posed to its witness Barrett. All of the interrogatories objected to relate to carrier pick up service provided by the Postal Service. Although the Postal Service has answered several interrogatories relating to carrier pick up service, the Postal Service generally objects that questions concerning carrier pick up service are irrelevant and beyond the scope of the Postal Service's proposal. It says the method for collecting the new Priority Mail flat-rate boxes is identical to the terms for picking up other Priority Mail and other types of mail. The

Postal Service further objects to an examination of carrier collection activities. For the reasons set forth below, this motion to compel requests the Commission to order the Postal Service to respond to the interrogatories.

ARGUMENT

OCA/USPS-T2-14.

This interrogatory simply requests affirmation that a regular delivery stop for a curbside delivery does not involve exiting the vehicle. The Postal Service objects that this interrogatory is irrelevant and beyond the scope of the proceeding because it concerns carrier delivery operations. Because all of the Postal Service objections are based on the relevance and scope of the interrogatories, the following general explanation as to the relevance of the interrogatories applies to each of the interrogatories that are the subject of this motion to compel.

OCA submits that carrier delivery operations include carrier pickup service and that carrier pickup service is relevant to the inquiry into the impact of the new service for several reasons. The Postal Service appears correct that free carrier pick up has been available for some time, and clearly provided for in the POM at §D010 (as the Postal Service has confirmed in response to OCA/USPS-T2-10). However, one of the most significant advantageous features of the Priority Mail flat-rate box (i.e. the fact that it is free of pound/zone rating) will encourage increased use of free carrier pick up. The primary convenience cited by the Postal Service for the new product is the fact that it does not require pound/zone rating by a window clerk or other official but may be mailed from home or office without a special trip to the post office to be weighed and zone rated. See Barrett testimony, USPS-T2 at 3-4 and 7.

The Postal Service has said the flat-rate box option would have "exactly zero impact on the existence or non-existence of carrier pickup." See Response to OCA/USPS-T1-17. However, the Postal Service neglects the obvious probability that

the flat-rate box may significantly and possibly even exponentially increase the number of free pick ups that interrupt carrier's delivery routine. Because there is a very strong likelihood of an increase in delivery pick ups, the facts relating to the activities of carriers for the entry and handling of the flat-rate box which could incur additional costs are relevant to the Commission's consideration of this product and the Commission's consideration of an appropriate data collection plan. Several responses to interrogatories indicate that significant cost information surrounding customer pick up simply does not exist. See Responses to OCA/USPS-T1-17, 18, 19, 20 and 26. Although the flat-rate box mail processing costs appear to be similar in many ways to the current cost of processing pound/zone rated Priority Mail, there will be differences and the total costs associated with carrier pick up will, in all likelihood, increase.

In some instances, the flat-rate box may be left for the carrier where the mail receptacle is safe or protected and large enough to hold the flat-rate box. However, it is logical to assume that the carriers will be required to approach the door of a residence or office and interact with the mailer in the vast majority of cases where flat-rate boxes are mailed from the home or office in order to receive the flat-rate box into the mails. For instance, cluster boxes are not designed in a way to leave a parcel for pick up. See Responses to OCA/USPS-T2-21, 22, 23 and DBP/USPS-T2-7(c).

The Postal Service responses to other interrogatories indicate that although free carrier pick up has been available for a long time, a new twist has recently been added for convenience that permits mailers to notify the Postal Service via the internet that a package will be available for carrier pick up during normal delivery times and a pick up is then scheduled. See Responses to OCA/USPS-T2-5 and 6 and DBP/USPS-T2-8. This additional convenient internet scheduling mechanism will make it even easier than in the past for mailers to schedule carrier pickups. Thus, if the new flat-rate box is successful, there could be a significant increase in the number of home and office carrier pick ups of Priority Mail packages as a result of the convenience of eliminating

the need to rate the new flat-rate Priority Mail boxes. In those cases, especially because it is now even easier for mailers to schedule pick ups, the potential cost impact of special carrier activities to retrieve flat-rate boxes at the door of homes and inside offices may be significant. In this way, the facts surrounding the new carrier pick up and the impact that this new service may have on carrier collection activities are very relevant to this new service. Thus, the Postal Service should be compelled to respond to OCA's interrogatories relating to the facts and operations of the carrier pick up service, how it functions, and its operation to determine in a general way the impact of the new flat-rate boxes on operations and ultimately carrier costs.

It is not sufficient to argue, as the Postal Service does, that costs are not relevant because the Postal Service does not rely upon costs to support its flat-rate box case. We submit the potential costs are very relevant to the Commission's approval of this experiment. As noted above, the new flat-rate box is designed so as to enable its easy entry into the mailstream by eliminating the need to take the box to the post office for weighing and zone rating. The apparent direct result of the new product will be to increase the number of times carriers are requested to pick up flat-rate Priority Mail boxes at homes and offices. These questions are designed to ensure the record is clear that the new service will likely require a greater amount of additional and costly carrier activities than currently. In this interrogatory, OCA/USPS-T2-14, the groundwork is merely being laid to establish that the regular delivery stop for a curbside delivery from a postal vehicle does not typically involve exiting the vehicle. It is a simple question and can readily be responded to by the Postal Service. This interrogatory is necessary as a foundation for further interrogatories discussed below relating to the anticipated activities of carriers to respond to the very probable increase in scheduled carrier pick ups during curbside operations resulting directly from this new service. Thus, the interrogatory is both relevant and within the proper scope of inquiry as to the impact of the new experimental service on carrier activities that could have a significant

impact on carrier costs and that probably should be attributed to the new Priority Mail flat-rate box at the appropriate time.

OCA/USPS-T2-15.

This interrogatory merely asks for confirmation of the potential carrier actions on a delivery route necessary to retrieve a package from a home or business if a free carrier pick up during delivery is scheduled on the internet. The relevance again relates to carrier activities that will include receiving into the mailstream the convenient Priority Mail flat-rate boxes from mailers for direct entry into the mailstream without the need to take the packages to the post office for pound/zone rating.

OCA/USPS-T2-16 and 17.

These interrogatories are essentially similar to OCA/USPS-T2-14 and 15, discussed above, but rather than relating to curbside delivery activities relate to clusterbox delivery activities. These interrogatories are therefore both relevant and well within the scope of this proceeding for the reasons stated above.

OCA/USPS-T2-18 and 19.

These interrogatories simply request the postal service to confirm the "primary channels" for entering the proposed flat-rate boxes and for entering pound/zone-rated single piece Priority Mail into the mailstream and any other channels not enumerated. Further, the interrogatories request the Postal Service to "rank them by likely cost" for each entry method.

The Postal Service did not answer these interrogatories and did not specifically address its reasons for not answering the questions. These interrogatories are relevant as they will establish the differences in entry cost rankings as between the newly proposed service and the pound/zone-rated single-piece Priority Mail. It is relevant to

establish the Postal Service's expectations as to the relative cost of entering the new product into the mailstream to establish that the costs of entry will differ, that the new product is not necessarily a lower cost product for the Postal Service, and, in fact, may have some hidden costs that ought to be carefully considered, recognized and attributed to the appropriate service at the appropriate time. These differences may also be relevant to determining the appropriate data collection plan during this experiment.

OCA/USPS-T2-20.

This interrogatory is similar to OCA/USPS-T2-18 and 19 in that it involves the methods of entering Priority Mail into the mailstream and asks for the Postal Service's belief as to whether entering flat-rate boxes or pound/zone rated boxes is more expensive. For the reason stated above, this interrogatory is also relevant and within the scope of this proceeding.

The Postal Service objects that the flat-rate box price is not cost-based. However, that is not justification for failing to consider the relative costs of the new product compared to current Priority Mail products. The application for the new service is not filed in a vacuum but should be considered in relation to current products. Because the new product does not require pound/zone rating, the costs related to entry into the mailstream will, of course, vary from the current Priority Mail boxes. The Postal Service says it has not examined the relative costs discussed in the interrogatory, but the witness's views would assist in an understanding of the potential areas for review and analysis in approving a data collection plan that should focus on the relative costs of entering Priority Mail into the mailstream. The interrogatory does not ask for specific costs but requests the witness's views as to the relative costs of the listed activities. We believe it is important for the Commission to have this relevant information in the record for its review. The Postal Service should be directed to answer the interrogatory.

For all of the above reasons, the Commission should therefore compel the Postal Service to respond fully to the OCA interrogatories OCA/USPS T2-14-20.

Respectfully submitted,

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OCA/USPS-T2-14. Please confirm that “a regular delivery stop” for a curbside delivery made from a postal vehicle typically is effected by placing mail into the curbside box and does not involve exiting the vehicle. If you do not confirm, please explain why not.

OCA/USPS-T2-15. Please confirm that the free Carrier Pickup service accessed at <https://carrierpickup.usps.com/cgi-bin/WebObjects/CarrierPickup.woa> potentially includes having a carrier (who normally does not exit the postal vehicle used to make deliveries on a curbside route): (1) exit the vehicle, (2) walk a path to the door, (3) ring a doorbell or knock on the door, (4) wait for the mailer to answer the door, (5) wait for the mailer to retrieve the package (a Priority Mail flat-rate box, if the Postal Service’s request is approved), and (6) walk back to the vehicle. If you do not confirm, please explain why not.

OCA/USPS-T2-16. . Please confirm that “a regular delivery stop” for a clusterbox delivery typically is made at a central delivery location and does not involve driving or walking to individual homes or businesses to effect delivery. If you do not confirm, please explain why not.

OCA/USPS-T2-17. Please confirm that the free Carrier Pickup service accessed at <https://carrierpickup.usps.com/cgi-bin/WebObjects/CarrierPickup.woa> potentially includes having a carrier (who normally makes a customer’s mail delivery to a clusterbox): (1) drive a considerable distance from the clusterbox to the mailer’s residence or business, (2) exit the vehicle, (3) walk a path to the door, (4) ring a doorbell or knock on the door, (5) wait for the mailer to answer the door, (6) wait for the mailer to retrieve the package (a Priority Mail flat-rate box, if the Postal Service’s request is

approved), (7) walk back to the vehicle, and (8) resume driving the route. If you do not confirm, please explain why not.

OCA/USPS-T2-18. Please confirm that the following would constitute the primary channels for entering single-piece Priority Mail flat-rate boxes into the mailstream:

- a. At a retail counter
- b. At a self-service retail center
- c. At an Automated Package Center
- d. By means of the \$12.50 Scheduled Pickup service
- e. By means of the free Carrier Pickup service accessed at <https://carrierpickup.usps.com/cgi-bin/WebObjects/CarrierPickup.woa>
- f. By means of carrier pickups that do not involve deviations from the normal delivery route, such as leaving a Priority Mail flat-rate box in a business mailroom, or in (or next to) a curbside mailbox.
- g. Please list any other channels that are likely to be used.
- h. For each of a. – g. above, rank them by likely cost to the Postal Service for each entry method. List the most costly method first, then in descending order to least costly. Please explain your reasoning for determining the relative cost positions. Include a discussion of the clerk or carrier activities associated for each method of entry.

OCA/USPS-T2-19. Please confirm that the following would constitute the primary channels for entering pound/zone-rated single-piece Priority Mail packages into the mailstream:

- a. At a retail counter
- b. At a self-service retail center
- c. At an Automated Package Center
- d. By means of the \$12.50 Scheduled Pickup service
- e. By means of the free Carrier Pickup service accessed at <https://carrierpickup.usps.com/cgi-bin/WebObjects/CarrierPickup.woa>
- f. By means of carrier pickups that do not involve deviations from the normal delivery route, such as leaving a Priority Mail flat-rate box in a business mailroom, or next to a curbside mailbox.
- g. Please list any other channels that are likely to be used.
- h. For each of a. – g. above, rank them by likely cost to the Postal Service for each entry method. List the most costly method first, then in descending order to least costly. Please explain your reasoning for determining the relative cost positions. Include a discussion of the clerk or carrier activities associated for each method of entry.

OCA/USPS-T2-20. For the following methods of entering single-piece Priority Mail packages into the mailstream, please state whether you believe entering flat-rate boxes or pound/zone-rated packages is more expensive. Explain your reasoning and include a discussion of the activities involved for flat-rate boxes versus pound/zone-rated packages.

- a. At a retail counter
- b. At a self-service retail center
- c. At an Automated Package Center

- d. By means of the \$12.50 Scheduled Pickup service
- e. By means of the free Carrier Pickup service accessed at <https://carrierpickup.usps.com/cgi-bin/WebObjects/CarrierPickup.woa>
- f. By means of carrier pickups that do not involve deviations from the normal delivery route, such as leaving a Priority Mail flat-rate box in a corporate mailroom, or next to a curbside mailbox.
- g. Please list any other channels that are likely to be used.

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268B0001

EXPERIMENTAL PRIORITY MAIL FLAT-RATE
Box, 2004

Docket No. MC2004-2

OBJECTIONS OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T2-8-20)
(July 6, 2004)

In accordance with Rule 26 of the Commission's Rules of Practice and Procedure, the United States Postal Service hereby files this notice of its objections to the following interrogatories, filed on June 22, 2004: OCA/USPS-T2-8-20. These interrogatories concern city carrier pickup services for Priority Mail and other classes of mail, including operational details of carrier collection activities and the relative costs of such activities.

The Postal Service's proposal in this docket is a limited, experimental addition to the existing Priority Mail rate schedule to include an additional flat-rate option for Priority Mail Parcels using specific, Postal Service-provided packaging. This rate for this proposal is derived from the existing weight-and-zone-based Priority Mail rate schedule, both to place the flat rate box on a consistent footing with the existing Priority Mail rates, and to reflect the fact that data and analysis currently are unavailable to permit an alternative pricing approach. The rate and classification proposed do not involve any

carrier collection activities unique to the proposed flat rate boxes, which are to be handled and collected similarly to other Priority Mail. Furthermore, the costs of specific carrier activities are irrelevant to the Postal Service's proposal, which is not based on any evaluation of Priority Mail costs. The subject matter of the OCA interrogatories here at issue, therefore, exceeds the scope of this proceeding. The Postal Service objects on grounds of relevance and scope, and intends to strenuously resist any attempt to expand the scope of this proceeding into an inquiry on overall Priority Mail rates and costs, or an investigation into the Postal Service's recent efforts to facilitate carrier collection of parcels. The individual interrogatories are discussed more specifically below.

Interrogatories OCA/USPS-T2-8 through 13.

These interrogatories request provision or confirmation of specific provisions of the DMM and/or POM that relate to carrier parcel collection service provided by the Postal Service and the regulations governing when such services are provided without additional charge. Since such collection services generally have little bearing on the limited proposal at issue in this case, and pertain to Priority Mail generally, and to other types of mail as well, the Postal Service objects on grounds of relevance and scope. Nevertheless, in an effort to keep this proceeding moving forward, the Postal Service, over objection, will provide responses to these questions. Such responses, however, should not be regarded as a waiver of our fundamental objection to expanding the scope of this proceeding beyond its appropriate bounds.

Interrogatory OCA/USPS-T2-14.

This interrogatory requests confirmation “that ‘a regular delivery stop’ for a curbside delivery made from a postal vehicle typically is effected by placing mail into the curbside box and does not involve exiting the vehicle.” For the reasons stated previously, this interrogatory concerning carrier delivery operations (and, presumably, carrier collection costs) is beyond the scope of the Postal Service’s proposal in this case. The Postal Service objects on grounds of relevance and scope.

Interrogatory OCA/USPS-T2-15.

This interrogatory seeks confirmation “that the free Carrier Pickup service accessed at <https://carrierpickup.usps.com/cgi-bin/WebObjects/CarrierPickup.woa> potentially includes having a carrier (who normally does not exit the postal vehicle used to make deliveries on a curbside route): (1) exit the vehicle, (2) walk a path to the door, (3) ring a doorbell or knock on the door, (4) wait for the mailer to answer the door, (5) wait for the mailer to retrieve the package (a Priority Mail flat-rate box, if the Postal Service’s request is approved), and (6) walk back to the vehicle.” This operational question, which relates to carrier collection activities involving collection of Express Mail and Priority Mail (and, possibly, other classes) generally, is, for the reasons stated above, beyond the scope of this proceeding and is objectionable on grounds of relevance and scope.

Interrogatory OCA/USPS-T2-16.

This interrogatory seeks confirmation “that ‘a regular delivery stop’ for a clusterbox delivery typically is made at a central delivery location and does not involve

driving or walking to individual homes or businesses to effect delivery.” This operational question, which relates to cluster box carrier delivery, involving all classes generally, is, for the reasons stated above, beyond the scope of this proceeding and is objectionable on grounds of relevance and scope.

Interrogatory OCA/USPS-T2-17.

This interrogatory seeks confirmation “that the free Carrier Pickup service accessed at <https://carrierpickup.usps.com/cgi-bin/WebObjects/CarrierPickup.woa> potentially includes having a carrier (who normally makes a customer’s mail delivery to a clusterbox): (1) drive a considerable distance from the clusterbox to the mailer’s residence or business, (2) exit the vehicle, (3) walk a path to the door, (4) ring a doorbell or knock on the door, (5) wait for the mailer to answer the door, (6) wait for the mailer to retrieve the package (a Priority Mail flat-rate box, if the Postal Service’s request is approved), (7) walk back to the vehicle, and (8) resume driving the route.” This operational question, which relates to carrier collection activities involving collection of Express Mail and Priority Mail (and, possibly, other classes) generally, is, for the reasons stated above, beyond the scope of this proceeding and is objectionable on grounds of relevance and scope.

Interrogatory OCA/USPS-T2-20.

This interrogatory reads:

For the following methods of entering single-piece Priority Mail packages into the mailstream, please state whether you believe entering flat-rate boxes or pound/zone-rated packages is more expensive. Explain your reasoning and include a discussion of the activities involved for flat-rate boxes versus pound/zone-rated packages.

h. At a retail counter

- i. At a self-service retail center
- j. At an Automated Package Center
- k. By means of the \$12.50 Scheduled Pickup service
- l. By means of the free Carrier Pickup service accessed at <https://carrierpickup.usps.com/cgi-bin/WebObjects/CarrierPickup.woa>
- m. By means of carrier pickups that do not involve deviations from the normal delivery route, such as leaving a Priority Mail flat-rate box in a corporate mailroom, or next to a curbside mailbox.
- n. Please list any other channels that are likely to be used.

This question, which seeks an examination of the underlying mail acceptance costs for particular subsets of Priority Mail, is both beyond the scope of the Postal Service's proposal, but also unlikely to lead to the production of useful information. Because the Postal Service's proposal for a flat-rate box is not cost-based, the Postal Service has not examined the relative costs at issue in the interrogatory. The Postal Service objects on grounds of relevance and scope.

The Postal Service considered objecting to other operational questions in this set, such as Interrogatory 21, but, in order to advance the case, has refrained at this point. The Postal Service reserves the right, however, to, in future, object to operational and costing questions outside the scope of its proposal.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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