

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

EXPERIMENTAL PREMIUM
FORWARDING SERVICE

Docket No. MC2005-1

RESPONSES OF UNITED STATES POSTAL SERVICE
WITNESS ARNETTA COBB TO INTERROGATORIES OF THE OFFICE OF THE
CONSUMER ADVOCATE
(OCA/USPS-T1-23-31, 33-35)
January 5, 2005

The United States Postal Service hereby provides the responses of witness Cobb to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T1-23-31, 33-35, filed on December 20, 2004. The response to OCA/USPS-T1-32 is still being developed and should be filed in the near future.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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OCA/USPS-T1-23. Please refer to your response to OCA/USPS-T1-2(a), where it states, "Customers did pay postage in advance for these informal arrangements [by] . . . depositing funds in a postal administered account. [E]ach package is weighed and rated so that the appropriate postage is applied, with the postage amount deducted from the customer's account."

- (a) Please describe the features and operation of a "postal administered account."
- (b) Please explain what mailers are eligible to establish a "postal administered account."
- (c) Will a PFS customer be able to establish and prefund a postal administered account?
- (d) Will a PFS customer be able to make additional deposits to a postal administered account to accommodate an extended stay at a temporary address? Please explain.
- (e) Does the Postal Service have any plans to permit online applications for PFS and the online payment of PFS? Please explain.
- (f) Please confirm that the "weighing and rating of each [Priority Mail reshipment] package" would consist of the following information: weight, zone (i.e., origin and destination ZIP Code), and rate of postage. If you do not confirm, please explain.

RESPONSE:

(a)-(b) The postal-administered account was a feature of one of the districts noted in my response to DBP/USPS-T1-24. To the best of my knowledge, customers utilizing the informal reshipping arrangement deposited funds at their local post offices prior to leaving for their temporary location. I am informed by the Finance Department that this practice is not available for use by any nationwide PFS experiment. Such accounts did allow the weighing and rating of Snowbird packages, and consequent payment of shipment-specific postage.

(c)-(d) No.

(e) These possibilities are being explored in a context that would also permit online payment of post office box and perhaps other fees.

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(f) I can confirm that weighing and rating would require determination of weight, zone, and postage rate.

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OCA/USPS-T1-24. Please refer to your testimony at pages 3 and 4, concerning “Customer Sign-Up” and “Verification.” At any point during customer sign-up and verification, will a PFS customer be given the name, phone number, and other contact information of the PFS coordinator or other responsible postal employee at the delivery post office that can answer questions and resolve complaints concerning the quality of service provided to the customer? Please explain.

RESPONSE:

While standard operating procedures of the type and nature posited have not been developed, it is possible that they might include providing customers such information.

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OCA/USPS-T1-25. Please refer to your testimony at pages 3 and 4, concerning “Customer Sign-Up” and “Verification.” Will the Postal Service's printed customer information and the oral description of the PFS by window service personnel clearly state the conditions under which non-Priority Mail pieces will be forwarded Priority Mail postage due? If not, please explain.

RESPONSE:

The Postal Service would clearly explain to customers the conditions under which mail pieces would be reshipped Priority Mail postage due. The specific means by which such information would be communicated has not been determined, but the need to do so is well understood.

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OCA/USPS-T1-26. Please refer to your testimony at page 5, lines 18-20. Please confirm that the Postal Service will be able to track the PFS Priority Mail reshipment package to each customer. If you do not confirm, please explain.

RESPONSE:

I am not sure how to interpret this question, so I will answer both ways that occur to me.

Each PFS package would have a PFS customer's temporary address and name on it, so in this sense each piece could be identified as containing the mail of a specific PFS customer. If this question is instead asking whether special services such as Delivery Confirmation or Signature Confirmation are part of PFS, the answer is 'no'. The simplicity of the product definition does not allow or require such options.

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OCA/USPS-T1-27. The following interrogatories relate to the amount of postage to be affixed to PFS Priority Mail reshipment boxes.

- (a) Will PFS Priority Mail reshipments indicate the appropriate postage for the weight and zone of the box as addressed?
- (b) Will the indicated postage on PFS Priority Mail reshipments be affixed at the postage rate of \$10.00? If so, how will the carrier delivering a PFS box determine that heavier high-zone boxes are not underpaid and warranting postage due?
- (c) Will the indicated postage on PFS Priority Mail reshipments be affixed at the postage rate of \$7.15 which was the assumed average Priority Mail postage in designing the fee for the PFS service? If so, how will the carrier delivering a PFS box determine the heavier high-zone boxes are not underpaid and warranting postage due?
- (d) If a flat-rate Priority Mail box is used to reship PFS mail, what postage rate will be affixed on the box as postage?

RESPONSE:

(a) No indication of the postage applicable if the PFS package was subject to weighing and rating is necessary or appropriate. However, some indication that all postage has been paid is appropriate and would appear on PFS packages.

(b)-(c) Please see my response to part (a). These question assume incorrectly that carriers are obligated to verify that appropriate postage has been paid for each piece of mail delivered. But as indicated in my response to part (a), no indication of the postage amount is necessary or appropriate. By marking each PFS package to indicate that all postage has been paid, anybody handling the piece would have no reason to question whether sufficient postage had been paid.

(d) As reflected in the response to DBP/USPS-T1-2, use of Priority Mail flat rate boxes is inappropriate for PFS.

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OCA/USPS-T1-28. Please refer to your response to OCA/USPS-T1-7. If a PFS customer wishes to shorten the PFS service and obtain a refund "in accordance with existing procedures" please explain the refund procedure. Please indicate whether the customer may apply for a refund at any post office or, if not, where a refund may be applied for.

RESPONSE:

Existing procedures require the customer to submit a PS Form 3533 along with evidence of the excess fees paid and proper identification. Refunds would only be issued at the retail unit associated with the customer's primary address delivery unit.

My response to DBP/USPS-T1-32 is also applicable here.

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OCA/USPS-T1-29. Please provide copies of the marketing information to be made available to the public describing the PFS service and notifying potential PFS customers that non-Priority Mail pieces not fitting into a PFS Priority Mail box will be forwarded postage due at Priority Mail rates.

RESPONSE:

To the extent that any such materials would be created, they have not been developed.

It would potentially be a waste of resources for the Postal Service to prepare such materials at this time. However, please see my response to OCA/USPS-T1-25, which recognizes the need to explain to customers how PFS works.

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OCA/USPS-T1-30. Please provide the training instructions and materials that will be used to train window service personnel to insure that potential PFS customers are made aware that non-Priority Mail pieces not fitting into a PFS Priority Mail box will be forwarded postage due at Priority Mail rates.

RESPONSE:

Please see my response to OCA/USPS-T1-29.

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OCA/USPS-T1-31. Please describe how the Postal Service will determine during the experimental period the number of non-Priority Mail pieces not fitting into a PFS Priority Mail box that are forwarded postage due at Priority Mail rates.

RESPONSE:

No specific plan for collection of quantitative data regarding pieces send postage due via Priority Mail has been developed. Nor has any need for the collection of such information been established. However, the Postal Service is interested in assessing the extent to which PFS entails the shipment of pieces outside the PFS package and the impact of such pieces on operations. In the absence of any quantitative means for this assessment, qualitative means would need to be pursued.

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OCA/USPS-T1-33. Please refer to your testimony at page 2, lines 12–16. Please confirm that a First-Class [Mail] package that (1) does not fit into the PFS Priority Mail reshipment, (2) does not require a scan at delivery, and (3) is not treated as accountable mail, will be forwarded as Priority Mail postage due. If you do not confirm, please explain.

RESPONSE:

Confirmed, so long as the package is not Priority Mail. Since such pieces cannot weigh more than 13 ounces, the likelihood that they would fit in the PFS package would be relatively high.

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OCA/USPS-T1-34. Please explain how a telephone directory (sent as Bound Printed Matter), with dimensions 8.5" x 11" x 4" would be treated under Premium Forwarding Service (PFS).

- (a) Include in your explanation whether such a piece would be considered too large to fit into a weekly Priority Mail container.
- (b) Would such a piece be considered a large parcel or package subject to reshipping as Priority Mail, postage due? Please explain.
- (c) Could a PFS customer refuse such a piece and avoid paying the postage due charge? Explain any negative answer.
- (d) Would the Postal Service suspend PFS service to PFS customers who refuse 1 or more reshipped, postage-due, Priority Mail pieces? Please explain.
- (e) Would a piece such as that described above be placed within a Priority Mail container for reshipping or merely have a Priority Mail label placed over the original mailing label? Please explain.
- (f) We have weighed a telephone directory of the dimensions described above and found that it weighs about 5.5 pounds.
 - i. Please confirm that the rate for a single-piece Bound Printed Matter piece weighing not more than 6 pounds mailed to zone 6 is \$3.46. If you do not confirm, please explain.
 - ii. Please confirm that the Priority Mail rate for a telephone directory of similar size and weight mailed to zone 6 would be \$10.05. If you do not confirm, please explain.
- (g) Has the Postal Service considered whether PFS customers will be resentful if they pay postage due charges on packages of slight value that are sent unsolicited? Please explain the Postal Service's rationale for making such mail pieces postage-due Priority Mail in the proposed PFS service.
- (h) What methods will the Postal Service use to make clear to PFS customers that they will be expected to pay for reshipped, postage-due Priority Mail pieces on classes of mail such as Periodicals, Standard Mail, and package services?

RESPONSE:

(a)-(b) As a general matter, because employees would make educated packaging decisions that take into account the volume of letters and flats received by a customer, phone book sized pieces might or might not be included in a PFS package. If not included, it would be sent postage due Priority Mail to the temporary address.

(c) Yes.

(d) No. Please see my responses to DBP/USPS-T1-7 and DBP/USPS-T1-28.

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(e) As noted in my response to part (a), the piece may or may not be included in a PFS shipment. If it is not placed in the shipment, then it could conceivably be handled using either of the alternative identified in the question.

(f) Confirmed that the 6-pound, zone-6 single-piece Bound Printed Matter rate is \$3.46 (see Rate Schedule 522A at http://www.prc.gov/DMCS/DMCS_Oct_3_2004.pdf), and that the 6-pound, zone-6 Priority Mail rate is \$10.05 (see Rate Schedule 223 at http://www.prc.gov/DMCS/DMCS_Oct_3_2004.pdf).

(g) The Postal Service has not studied customer resentment, since the need to do so has not been demonstrated. PFS is proposed as a premium service whose intent is the prompt reshipment of all mail sent to a customer's primary address. In developing the proposal, the Postal Service recognized that all mail sent to a primary address would not fit inside the box selected for reshipment; some pieces would therefore need to be reshipped as an outside piece. In conformity with the goal of expediting a customer's ultimate receipt of mail, use of Priority Mail was chosen as the primary means for reshipping mail. This is explained in my response to OCA/USPS-T1-13. Customers would be advised of the terms and conditions of the service, and would accordingly be aware of the potential for additional charges before signing up. See also my response to OCA/USPS-T1-25. A key element underlying the PFS product definition is that customers can typically control where parcels are sent to them by, for example, requesting delivery to a temporary rather than primary address since parcels are usually sent in response to the addressee's request or by a personal acquaintance likely to know the recipient's current location. Customers would have a right to refuse postage due pieces, thus providing an ultimate means for avoiding unexpected cost. If this

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aspect of the service proves unpopular, the Postal Service would prefer to learn that in an experiment rather than after a service becomes a permanent classification.

(h) Please see my responses to OCA/USPS-T1-25, OCA/USPS-T1-29, and OCA/USPS-T1-30.

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OCA/USPS-T1-35. Please give the dimensions of a parcel or package that is considered too large to fit in a weekly Priority Mail container. Explain whether and how the dimensions listed relate to the following DMM provisions:

- (a) C050.3.0 and .1 — Flat-size mail is between 11 ½ and 15 inches long; between 6 1/8 and 12 inches high; and between ¼ and ¾ inches thick.
- (b) C050.4.0 and .1 – Parcels are more than 6 inches long; more than 3 inches high; more than ¼ inch thick; and more than 6 ounces in weight.

RESPONSE:

(a)-(b) No such limitations have been established, and no need to do so has been identified.