

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

POSTAL RATE AND FEE CHANGES  
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

RESPONSES OF POSTAL SERVICE WITNESS BERNSTEIN  
TO INTERROGATORIES OF DOUGLAS CARLSON (DFC/USPS-T8-1-8)  
(June 15, 2005)

The United States Postal Service hereby provides the response of witness Bernstein to the following interrogatories of Douglas Carlson: DFC/USPS-T8-1-6, filed on June 1, and DFC/USPS-T8-7-8, filed on June 2, 2005.

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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Eric P. Koetting

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2992, Fax -5402  
June 15, 2005

RESPONSES OF POSTAL SERVICE WITNESS BERNSTEIN  
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**DFC/USPS-T8-1.** Please refer to your testimony at pages 218 and 219.

- a. Are you aware that FedEx C.O.D. service allows the sender to require the recipient to pay using a secured method of payment such as a money order or cashier's check?
- b. Are you aware that Postal Service C.O.D. service does not allow the sender to require the recipient to pay using a secured method of payment such as cash, a money order, or a cashier's check?
- c. Do you agree that the option described in part (a) that FedEx offers may be contributing to the decline in Postal Service C.O.D. volume? If you do not agree, please explain the basis for your answer.

RESPONSE:

- a. I am not.
- b. Yes.
- c. Assuming your assertions are correct, it is possible that the differences between FedEx and Postal Service policies regarding the use of C.O.D. mail could be a factor in the decline in Postal Service C.O.D. volume. However, the long-term historical decline in C.O.D volume, which has been going on for at least 35 years, indicates that other factors play a much larger role.

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**DFC/USPS-T8-2.** Please refer to your testimony at page 225, lines 3–6. Do you agree that customers can purchase Delivery Confirmation for parcels that are sent as Certified Mail? If not, please explain.

RESPONSE:

I disagree. According to the Domestic Mail Manual, section 9.2.6:

“Delivery Confirmation may be combined with:

Collect on delivery (COD);

Insured Mail;

Registered Mail;

Restricted delivery, if purchased with insurance for more than \$50, COD, or registry service;

Return receipt, if purchased with insurance for more than \$50, COD, or registry service;

Return receipt for merchandise;

Special handling.”

I interpret the above as meaning that Delivery Confirmation cannot be combined with Certified Mail. Moreover, the Postal Service web site did not allow me to send a parcel with Certified Mail and Delivery Confirmation.

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**DFC/USPS-T8-3.** Please refer to your testimony at page 225, lines 9–11. Do you agree that individual mailers who are not bulk mailers may purchase electronic return receipts for \$1.30? If not, please explain.

RESPONSE:

Yes. The option described in my testimony as available to bulk mailers is also available to non-bulk mailers.

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**DFC/USPS-T8-4.** Please refer to your testimony at page 233, lines 18–19. Please confirm that your testimony does not accurately state the fee for Delivery Confirmation for Priority Mail.

RESPONSE:

My testimony does not provide a detailed discussion of the different fees for Delivery Confirmation for all postal products. The \$0.13 fee for electronic Delivery Confirmation and the \$0.55 fee for retail Delivery Confirmation stated in my testimony apply to First-Class Mail parcels and most Package Services Mail. The fees for electronic and retail Delivery Confirmation of Priority Mail are \$0.00 and \$0.45, respectively. The \$0.13 fee for electronic Delivery Confirmation also applies to Standard Mail (for pieces subject to the residual shape surcharge). There is no charge for electronic Delivery Confirmation for pieces sent as Parcel Select.

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**DFC/USPS-T8-5.** Please refer to your testimony at page 72, lines 23–25. Please confirm that Postal Service sales techniques, including the information provided to customers during transactions at retail windows, may affect demand for Priority Mail. If you do not confirm, please explain.

RESPONSE:

It may.

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**DFC/USPS-T8-6.** Please confirm that the increase in the number of days to delivery caused by a reduction in the volume of Express Mail that is delivered on Sundays and holidays may reduce the demand for Express Mail. If you do not confirm, please explain.

RESPONSE:

I confirm that an increase in the number of days to delivery caused by a reduction in the volume of Express Mail that is delivered on Sundays and holidays may reduce the demand for Express Mail.

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**DFC/USPS-T8-7.** Please discuss the effect on demand and volume of products A and B that economic theory would predict to occur if a seller launched a successful advertising campaign or employed sales techniques to encourage or induce customers to purchase product B instead of product A.

RESPONSE:

Assuming that the proposition presented in your hypothetical is true, a *successful* advertising campaign to induce customers to purchase product B instead of product A would likely cause the demand for and volume of product B to increase and the demand for and volume of product A to decrease, all other things being equal.

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**DFC/USPS-T8-8.** Please explain your understanding and awareness, at the time that you prepared your testimony, of a Postal Service policy or practice for retail window clerks to encourage or induce customers to use Priority Mail or Express Mail, rather than First-Class Mail or Package Services, to send items that they present to the retail window clerk for mailing. In your response, please explain the extent to which you considered these factors in your demand analysis and volume forecasts for Priority Mail, Express Mail, and First-Class Mail.

RESPONSE:

I am not aware of any Postal Service “policy” as described in your question. My personal experience is that Postal Service retail window clerks typically provide information about prices and features of alternative mailing options and allow the customer to choose the option that he or she finds most satisfying. My testimony did not consider the specific behavior of Postal Service retail window clerks.

## CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

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Washington, D.C. 20260-1137  
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