

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 THRESS
TO INTERROGATORIES OF DOUGLAS CARLSON (DFC/USPS-T7-1 - 5)
(June 23, 2005)

The United States Postal Service hereby provides the responses of witness Thress to the following interrogatories of Douglas Carlson, filed on June 9, 2005:
DFC/USPS-T7-1 - 5.

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

Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992, Fax -5402
June 23, 2005

**RESPONSE OF POSTAL SERVICE WITNESS THRESS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T7-1. Please refer to your testimony at page 293.

- a. Please identify the source of the data for Priority Mail average days to deliver that you used in your calculations.
- b. Suppose a customer sends a Priority Mail item on a Saturday to a destination for which the service standard is two days. Suppose, further, that this Priority Mail item is delivered on Monday (and that Monday is not a holiday). For purposes of your how you used this data in your calculations, please provide the number of days to deliver this item.
- c. In the example in part (b), if you asked customers how many days were required to deliver this item, which number of days do you believe that they would say?

RESPONSE:

- a. Average delivery data are presented in the Postal Service's "Quarterly Statistics Report (ODIS)" which were filed in this case as Library Reference USPS-LR-K-82, "FY 04 Quarterly Statistics Reports (ODIS-RPW)."
- b. I used average delivery days as compiled by the Postal Service within my calculations. I do not know the details of how these data are constructed.
- c. Personally, when dealing with businesses, I tend to exclude Saturdays and Sundays when I count days, so I would probably count it as one day, ignoring the Sunday. I asked my wife this question (without giving her my answer) and she also said that she would consider that one-day delivery, since there is no mail service on Sundays. I would not, however, want to speak for anyone else, and, as I said in my answer to part b. above, I have no idea how the Postal Service would count this.

**RESPONSE OF POSTAL SERVICE WITNESS THRESS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T7-2. In your testimony concerning Express Mail service, including your demand and volume projections, did your calculations and analyses consider Express Mail as an overnight service only, or did your calculations and analyses recognize that Express Mail sometimes is guaranteed for delivery in two to four calendar days? Please explain.

RESPONSE:

While I wrote about Express Mail as an “overnight delivery service” I don’t know that anything I did **assumed** it was exclusively an overnight service.

**RESPONSE OF POSTAL SERVICE WITNESS THRESS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T7-3. In your testimony concerning Express Mail service, including your demand volume projections, did you compare Express Mail service to FedEx's overnight services only?

RESPONSE:

In FedEx's Consolidated Statements of Income, whence I get the data which I use to calculate the FedEx price that I use in the Express Mail demand equation, distinctions are made between the following "segments" (FedEx's word): Express, Ground, Freight, Kinko's, and Eliminations & Other. The average revenue per-piece figure used by me is calculated from the "Express" segment. It is my understanding that this segment includes both overnight and deferred deliveries by FedEx.

**RESPONSE OF POSTAL SERVICE WITNESS THRESS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T7-4. At the time that you wrote your testimony, were you aware that the Postal Service sometimes guarantees Express Mail for delivery two, three, or four calendar days after the date of mailing? If so, please explain when and how you learned of this aspect of Express Mail service.

RESPONSE:

I was aware that some Express Mail had a two-day guarantee. I have never heard of a three- or four-day guarantee.

**RESPONSE OF POSTAL SERVICE WITNESS THRESS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T7-5. Do you believe that speed of delivery is relevant to the demand for Express Mail service? Please explain your answer.

RESPONSE:

Yes. While there are other service features beyond speed of delivery, speed of delivery is certainly one factor that customers presumably take that into account in deciding whether they want to pay a premium for Express Mail service.

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.

Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992, FAX: -5402
June 23, 2005