

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 THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN
(DBP/USPS-227-233)
(July 12, 2005)

The United States Postal Service hereby provides its institutional responses to interrogatories DBP/USPS-227-233, submitted on June 28, 2005.

The response to DBP/USPS-226 is forthcoming.

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

Keith E. Weidner

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-6252, Fax -3084

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO DAVID B. POPKIN INTERROGATORY

DBP/USPS-227 Please refer to your response to DBP/USPS-152. Your response does not appear to address the quality control systems that are in place to ensure that mailers who utilize the RETURN SERVICE REQUESTED endorsement and are expecting a "manual" processing of a type of mailing as described in DBP/USPS-153. Please provide a response which addresses that type of mail.

RESPONSE:

The response to DBP/USPS-152 applies to pieces with the RETURN SERVICE REQUESTED endorsement. They will also be handled by PARS.

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DBP/USPS-228 Please refer to your response to DBP/USPS-153 subpart d. If a customer files a Change of Address order in January 2004, when may the Postal Service delete this information from its database?

RESPONSE:

It would be dropped from the PARS and CFS database in July 2005.

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DBP/USPS-229 Please refer to your response to DBP/USPS-153 subparts b and c.

(a) If the Postal Service is aware of the customer's new address (the one that should have been provided in November 2002 but was not provided due to the fault of the Postal Service to provide the requested service) even though the retention period has expired, may it be provided to the mailer upon request? (b) If not, why not?

RESPONSE:

(a) No.

(b) It is prohibited by 39 U.S.C. § 412.

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DBP/USPS-230. Please refer to your response to DBP/USPS-156. The Postal Service has apparently misinterpreted the wording of my original interrogatory. I have evaluated the data in response to DBP/USPS-5 specifically for only those Performance Centers that are within the Continental United States [excluding Alaska] and noticed that the data for overnight service was 95.09% for the Nation and that for the Performance Center with the best overnight score was 97.10% or 2.01% higher than the score for the Nation and the Performance Center with the lowest overnight score was 92.46% or 2.63% lower than the score for the Nation. The plus and minus values relate to the range over which the various Performance Centers run rather than a measure of the accuracy or reliability of the data for the Nation's value. Please respond to my original interrogatory.

RESPONSE:

Sometimes, the question that one has in mind is not clearly transmitted to written form. The Postal Service's response to DBP/USPS-156 represented its best effort to interpret a question that is not exactly a model of clarity.

For PQ2 FY2005:

- The EXFC national overnight service performance score was 95.09 percent.
- The highest EXFC overnight service performance score for a performance cluster in the contiguous 48 states was 97.10 percent (Spokane) which is 2.01 percent greater than the national score.
- The lowest EXFC overnight service performance score for a performance cluster in the contiguous 48 states was 92.46 percent (Central Pennsylvania) which is 2.63 percent less than the national score.
- The EXFC national two-day service performance score was 89.77 percent.

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RESPONSE to DBP/USPS-230 (continued):

- The highest EXFC two-day service performance score for a performance cluster in the contiguous 48 states was 95.82 percent (Spokane) which is 5.51 percent higher than the national score.
- The lowest EXFC two-day service performance score for a performance cluster in the contiguous 48 states was 79.11 percent (Atlanta) which is 10.66 percent lower than the national score.
- The EXFC national three-day service performance score was 83.17 percent.
- The highest EXFC three-day service performance score for a performance cluster in the contiguous 48 states was 90.32 percent (Capital) which is 7.15 percent higher than the national score.
- The lowest EXFC two-day service performance score for a performance cluster in the contiguous 48 states was 73.49 percent (South Florida) which is 9.68 percent lower than the national score.

For an explanation of why service “performance for overnight mail is better than 2-day and 3-day delivery and why 2-day delivery is better than 3-day delivery”, (DPB/USPS-156[b]) please see the response to DBP/USPS-131.

In preparing this response, the Postal Service remains unclear as to the information requested in DBP/USPS-156[c]

Please explain and discuss why the spread [maximum value minus the minimum value] of this data is much greater for 2-day and 3-day mail than it is for overnight mail.

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RESPONSE to DBP/USPS-230 (continued):

However, in an effort to respond to this question, the Postal Service assumes that it requests an explanation of why the range of service performance scores for individual performance clusters is smaller for overnight service standard mail (ranging from 97.10 percent to 92.46 percent on time) than for two-day (ranging from 95.82 percent to 79.11 percent) or three-day (ranging from 90.32 percent to 73.49 percent) service standard mail.

In looking at on-time performance estimates across EXFC performance clusters, two and three-day on-time estimates have a larger spread or variation than overnight on-time estimates. This larger variation is not related to the statistical design of EXFC or how performance estimates are calculated. Each performance cluster performs differently due to any number of factors (USPS operating plans, size of two and three-day networks, transportation, etc) specific to that cluster. For reasons detailed in the response to DBP/USPS-131, overnight service performance is generally higher than two and three-day service performance. These same reasons likely lead to a larger variability in two- and three-day service performance as compared to overnight mail service performance. Mail destinating to an overnight service standard area has less exposure to some of the potential delays associated with two and three-day mail. This causes fewer opportunities for failure in overnight mail, causing overnight

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RESPONSE to DBP/USPS-230 (continued):

service performance scores to be more tightly grouped across performance clusters.

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DBP/USPS-231

Please refer to your response to DBP/USPS-157. Your response failed to indicate the extent to which a manager's performance is evaluated with respect to the overnight performance vs. their performance on 2-day and 3-day scores. Are they given equal weight or is one counted more than another. Please discuss fully?

RESPONSE:

The weighting depends on the manager's title and responsibilities. For instance, an administrative employee's compensation formula may be more heavily weighted to overnight vs. 2/3-day, compared to an Air Mail Facility manager, whose compensation formula may be more heavily weighted to 3-day vs. 2-day/overnight.

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DBP/USPS-232. Please refer to your response to Question 5 of the Presiding Officer's Information Request Number 7. Please provide a percentage of mailpieces that fall into each of the following three categories for each of the two quarters of data provided:

- (a) Those where the postage rate would have been less than \$7.70 if mailed at the "normal" non-flat-rate box rate based on the weight and zone of the piece.
- (b) Those where the postage rate would have been \$7.70 if mailed at the "normal" non-flat-rate box rate based on the weight and zone of the piece.
- (c) Those where the postage rate would have been greater than \$7.70 if mailed at the "normal" non-flat-rate box rate based on the weight and zone of the piece.
- (d) Please provide for each of the two quarters of data provided, the total amount of postage that would have been charged for all of the pieces mailed in that quarter if the \$7.70 flat-rate was not in effect and the mailer had to pay the "normal" non-flat-rate box rate based on the weight and zone of the piece.
- (e) Please provide the total postage that was paid for each of the two quarters (\$7.70 times the number of parcels).

RESPONSE:

- a. If all Priority Mail flat-rate boxes had instead been assessed the weight- and zone-based Priority Mail rate, 35 percent in Q1 and 26 percent in Q2 would have paid less than \$7.70. This does not consider the 10,527 pieces in Q1 and 30,362 pieces in Q2 for which the zone is unknown.
- b. If all Priority Mail flat-rate boxes had instead been assessed the weight- and zone-based Priority Mail rate, 0 percent in Q1 and 0 percent in Q2 would have paid exactly \$7.70.
- c. If all Priority Mail flat-rate boxes had instead been assessed the weight- and zone-based Priority Mail rate, 65 percent in Q1 and 74 percent in Q2 would have paid more than \$7.70. This does not consider the 10,527 pieces in Q1 and 30,362 pieces in Q2 for which the zone is unknown.

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RESPONSE to DBP/USPS-232 (continued):

- d. If all Priority Mail flat-rate boxes had instead been assessed the weight- and zone-based Priority Mail rate (e.g., because the flat-rate-box rate was not in effect), total postage would have been \$6.4 million in Q1 and \$25.8 million in Q2. This does not consider the 10,527 pieces in Q1 and 30,362 pieces in Q2 for which the zone is unknown.
- e. Total actual Priority Mail flat-rate-box postage was \$5.6 million in Q1 and \$20.3 million in Q2. For comparability to part (d) above, this does not consider the 10,527 pieces in Q1 and 30,362 pieces in Q2 for which the zone is unknown. Inclusion of those pieces would add approximately \$81,000 in postage to Q1 and \$234,000 to Q2.

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DBP/USPS-233. Please refer to your response to Question 5 of the Presiding Officer's Information Request Number 7. Evaluation of the two data tables appears to indicate a number of entries where one might believe that the data entry was not fully reliable, for example,

(1) The weight of the mailpiece is less than the weight of the flat-rate box itself (7.4 and 8.6 ounces).

(2) The weight of the mailpiece is only a few ounces greater than the weight of the box itself.

(3) The weight of the mailpiece is as much as 52 pounds (a density of some 3 to 4 times that of paper).

(4) There is data in only one of the zones even though the total distribution over the 8 zones is reasonably even for the total value of all weights combined (for example, in PQ 1 for 16 pounds, there were 244 parcels sent to the 5th zone and none to any of the other seven zones).

(5) There is data in only a few of the zones and no parcels were sent to any of the remaining zones.

(a) Please discuss the reliability of each of the five items noted above. (b) Please enumerate any other categories of data that you feel may be unreliable. (c) Please provide a revised chart of the data if you feel that any of the data for the five or more categories of potential unreliable data noted above warrants revision.

RESPONSE:

a. There has been no analysis of these specific data that were provided in response to the Presiding Officer's Information Request. This is an experiment with a set timetable for reports that will involve more analysis of the data. In general, the fact that these data are based on ODIS-RPW probability-based sampling (see witness Pafford's USPS-T-4 testimony) can lead to the situations described in the question; however, it is not impossible to have very light, and very heavy, shipments as described in statements (2) and (3) above. Data representing the lightweight pieces described in statement (1) are based on very few record entries, perhaps only one or two per quarter. These records are not immune to data-entry

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RESPONSE to DBP/USPS-233 (continued):

or scale-calibration error, so occasional anomalous results are possible.

Finally, the sparse nature of the data cited in statements (4) and (5) can reflect a relative lack of mailing activity in the vicinity of those rate cells as well as sampling variability.

- b. Not applicable.
- c. Not applicable.