

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

PARCEL RETURN SERVICE

Docket No. MC2006-1

**RESPONSES OF POSTAL SERVICE WITNESS DANIEL
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T1-1-6)**

The United States Postal Service hereby provides the responses of witness Daniel to the following interrogatories the Office of the Consumer Advocate, filed on October 31, 2005: OCA/USPS-T1-1-6.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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November 14, 2005

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DANIEL
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T1-1. On page 2 of your testimony, you state, "Based on my understanding of the market, I expect significant growth to continue in FY 2006." Please fully explain what your understanding of the "market" is. In your response to this interrogatory, include cites to all source documents, provide copies of all source documents not previously filed in this docket and show the derivation of all calculated values.

RESPONSE:

As Manager, Ground Products, I stay abreast of industry trends by speaking with and attending conferences of associations/consultants, providers, and end users; and reviewing websites and articles.

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OCA/USPS-T1-2. The following refers to your testimony at page 3, footnote 1. Please confirm that your reference to Docket No. MC2003-1 should be MC2003-2. If you are unable to confirm, please explain fully.

RESPONSE:

Confirmed.

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OCA/USPS-T1-3. On page 4 of your testimony, you indicate that the USPS “assign[ed] each participant a unique Zip Code beginning with the prefix 569.”

- a. For each of the two third-party participants currently using Parcel Return Service (PRS), is one and only one suffix assigned to a given third-party? For example, Third-party A is assigned a ZIP Code 56901; Third-Party B is assigned Zip Code 56902.
- b. If you are unable to confirm part a of this interrogatory, please provide specific details on the use and assignment of the 569 prefix.

RESPONSE:

- a. No.
- b. A company can request two unique ZIP Codes in order to better manage product flow. For example, Third-party A can be assigned 56901 for packages that it wants to be trapped at an RDU and 56915 for packages that it wants to flow to the RBMC. No other third party will be assigned these ZIP Codes. No more than one unique ZIP Code will be assigned to an agent for returns picked up at an RDU.

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OCA/USPS-T1-4. Please refer to page 5 of your testimony. You state, "This shortcoming of the original label was remedied by removing the city and state and replacing it with a generic address block that simply states the agent's or merchant's name" At page 3 of your testimony, you indicate that there are only two third-party agents currently participating in the experiment.

- a. Currently, are all PRS packages being sent back to the third-party agent who originally placed the parcel into the USPS mail stream?
- b. If you are unable to confirm part a of this interrogatory, please specifically identify who is the recipient of a returned USPS PRS package and under what circumstances that recipient is (1) the merchant or (2) the third-party agent.

RESPONSE:

- a. No.
- b. The returned PRS packages are picked up by a third-party agent's logistics provider and transported to the agent's processing facility. The agent separates the packages by merchant and is responsible for appropriate disposition. Returned PRS packages do not have to be "originally placed into the USPS mail stream." Merchants can choose a different returns agent from the mail service provider that tenders their packages to the Postal Service for delivery. Packages delivered by a private carrier can also be returned using PRS.

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OCA/USPS-T1-5. Please refer to page 7 of your testimony, lines 8 through 13.

- a. Please specifically identify how you arrive at your estimate of 12.8 million PRS pieces. Include in your response cites to all source documents, provide copies of all source documents not previously filed in this docket and show the derivation of all calculated values.
- b. Please specifically identify how you arrived at your estimate of 3.2 million RDU pieces. Include in your response cites to all source documents, provide copies of all source documents not previously filed in this docket and show the derivation of all calculated values.

RESPONSE:

- a. I projected a 4.0 million increase based on a general understanding of the market. This growth is consistent with the growth experienced between FY04 and FY05.
- b. I estimated 25% of 12.8 million packages, or 3.2 million pieces, will be picked up from RDUs in FY2006. With active RDUs in 61 districts, about 13% of PRS is picked up at the RDU. This percentage is expected to increase, because existing agents plan to increase the number of RDU pickup points in calendar year 2006 and expand into all eligible districts.

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OCA/USPS-T1-6. The experimental Parcel Return Service allowed packages to be entered into the mail stream by “giv[ing] it to their carrier, plac[ing] it in a collection box, schedul[ing] a pickup or bringing it into any post office.” (Docket No. MC2003-2, USPS-T1 at 11.)

- a. For FY 2005, please provide the total volume of PRS parcels entered into the mail stream via: (1) a carrier, (2) a collection box, (3) a pickup, and (4) a post office.
- b. Please provide the forecasted FY 2006 volumes of PRS parcels entered into the mailstream via (1) a carrier, (2) a collection box, (3) a pickup, and (4) a post office. Include in your response cites to all source documents, provide copies of all source documents not previously filed in this docket and show the derivation of all calculated values.

RESPONSE:

- a.-b. These data are not available.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

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