

**BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, DC 20268-0001**

**Postal Rate and Fee Changes, 2006**

**Docket No. R2006-1**

**DOUGLAS F. CARLSON  
RESPONSES TO INTERROGATORIES OF THE  
UNITED STATES POSTAL SERVICE  
(USPS/DFC-T1-1-9)**

**October 4, 2006**

I hereby provide responses to interrogatories of the United States Postal Service (USPS/DFC-T1-1-9), which the Postal Service filed on September 20, 2006. I have provided the original text of each interrogatory followed by my response.

Respectfully submitted,

Dated: October 4, 2006

DOUGLAS F. CARLSON

RESPONSE OF DOUGLAS F. CARLSON  
TO INTERROGATORY OF THE UNITED STATES POSTAL SERVICE

**USPS/DFC-T1-1.** Please refer to page 6, lines 13-22, of your testimony, where you identify tasks associated with the acceptance of a regular return receipt by a window clerk.

- a. How many times have you observed this acceptance process? Please provide all supporting documentation related to these observations.
- b. How many of these observations involved customers other than you?
- c. Are there any functions a window clerk might perform that you have not listed. If yes, please describe fully and explain why you did not list these functions.

**RESPONSE:**

- a. I am unable to estimate the number of times that I have observed a window clerk accept a regular return receipt, either for me or for another customer in line. I have been visiting post offices regularly since a young age. I have had a post-office box since 1983. For approximately eight of the years since 1983, my post office had no lockers for large articles, so I waited in line to pick up mail every time an article was delivered to me that was too large for my box. During all these years, I waited in line whenever an article required my signature upon delivery. Moreover, I normally buy most new postage stamps at post offices after they are issued, so I observe many more transactions than the typical American stamp buyer. I believe that the number of regular return receipt acceptance transactions that I have observed numbers in the hundreds at a minimum. I have no documents related to my observations except for some mailing receipts and return receipts that I have received and retained.
- b. A majority of the transactions did not involve me. However, when I am in line at the post office, I usually observe quite attentively because I am interested in the activity.
- c. Other functions, such as processing the customer's form of payment, may occur for some or all transactions. My testimony does not claim that the

RESPONSE OF DOUGLAS F. CARLSON  
TO INTERROGATORY OF THE UNITED STATES POSTAL SERVICE

list of functions is exclusive. It simply points out several functions that a window clerk may perform for a regular return receipt that a window clerk would not perform for electronic return receipt. I am not seeking to identify every possible function, as the list I provided should raise sufficient doubts about the Postal Service's use of window acceptance times for regular return receipt as a proxy for window acceptance times for electronic return receipt.

Please note that the sentence in my testimony at page 6, lines 10–12 should be modified as follows: “Although each transaction varies somewhat, acceptance of a regular return receipt may require the window clerk to perform some ~~or all~~ of the following functions[.]” This correction will maintain consistency with footnote 1 on page 6.

RESPONSE OF DOUGLAS F. CARLSON  
TO INTERROGATORY OF THE UNITED STATES POSTAL SERVICE

**USPS/DFC-T1-2.** Please refer to page 6, line 25 through page 7, line 6 of your testimony.

- a. How many of this type of transaction have you personally observed or for which you have secondhand knowledge? Please provide any documentation of your observations.
- b. Do you have any documentation to support your claim that “This dialogue likely describes the extent of the discussion for customers who are familiar with the service.” If so, please provide it.

**RESPONSE:**

- a. I am unclear to exactly which “type” of transaction the question refers. In any event, I have observed and have personal knowledge of only one electronic return receipt transaction. I was the customer. The dialogue provided in my testimony is hypothetical but realistic.
- b. No.

RESPONSE OF DOUGLAS F. CARLSON  
TO INTERROGATORY OF THE UNITED STATES POSTAL SERVICE

**USPS/DFC-T1-3.** Please refer to page 7, lines 7 through 16 of your testimony.

- a. How many of this type of transaction have you personally observed or for which you have secondhand knowledge? Please provide any documentation of your observations.
- b. Do you believe it is possible that a customer not familiar with electronic return receipt service might ask more questions, such as:

“Do I need a computer?”;

“What do I do if I don’t have an email address?”;

“Do I get all the same delivery information I get on the green card?”;

“Do I get a real signature?”;

“Do I also get a postcard with the real signature?”; or

“Do you keep the original signature on file in case I need it?”

Please explain any negative response.

**RESPONSE:**

- a. I am unclear to exactly which “type” of transaction the question refers. In any event, I have observed and have personal knowledge of only one electronic return receipt transaction. I was the customer. The dialogue provided in my testimony is hypothetical but realistic.
- b. A customer conceivably could ask any of the questions listed in the interrogatory, although most customers would be unlikely to ask these basic questions about the service more than once. The Postal Service also could provide information, such as brochures, signs, and text on its Internet Web site, that would answer customers’ questions before customers reached the service window. Window clerks should not be the only source of information for customers seeking information about electronic return receipt.

RESPONSE OF DOUGLAS F. CARLSON  
TO INTERROGATORY OF THE UNITED STATES POSTAL SERVICE

**USPS/DFC-T1-4.** Please refer to your testimony on page 8, lines 17 through 19, where you note the difficulty of observing a statistically significant number of electronic return receipt transactions. Absent a statistically significant number of transaction observations with which to calculate an actual per-piece cost, would not a proxy serve as the next best thing with which to estimate a cost? If no, why not?

**RESPONSE:**

Proxies may be used to determine costs for postal rate-setting when they reasonably reflect the costs that the underlying service incurs. The similarities between regular return receipt and electronic return receipt largely begin and end with the words “return receipt” in the name. The acceptance processes for each service are very different. The Postal Service has not explained why the window acceptance costs for regular return receipt supposedly reflect the window acceptance costs of electronic return receipt. A proxy is not a magic wand that can be waved to substantiate costs for another service.

RESPONSE OF DOUGLAS F. CARLSON  
TO INTERROGATORY OF THE UNITED STATES POSTAL SERVICE

**USPS/DFC-T1-5.** Please provide all studies you conducted and records of observations you made that would provide statistically valid estimates for electronic return receipt window transactions pertaining to:

- 1) Window acceptance transaction times;
- 2) Window acceptance cost development; or
- 3) Window transaction processes cited on page 7, lines 1 through 13, of your testimony.

**RESPONSE:**

I have conducted no studies, nor have I compiled records, that would provide statistically valid estimates for window acceptance transaction times, window acceptance cost development, or window transaction processes. My testimony does not assert a particular cost for window acceptance of electronic return receipt. It does, however, cast serious doubt on the Postal Service's cost estimate.

RESPONSE OF DOUGLAS F. CARLSON  
TO INTERROGATORY OF THE UNITED STATES POSTAL SERVICE

**USPS/DFC-T1-6.** Please refer to your testimony on page 8, lines 29 through 30. Is it your opinion that the value of service criterion is the only factor or measurement to consider when determining a cost coverage and a proposed fee? If no, what other factors or measurements would you consider?

**RESPONSE:**

Witness Berkeley proposes a higher cost coverage for electronic return receipt than regular return receipt on the grounds that electronic return receipt has a higher value of service than regular return receipt. *See, e.g.,* DFC/USPS-T39-2. My testimony on page 8, lines 29–30 rebuts her claim. My testimony does not consider all possible rate-setting criteria.

I do not believe that value of service is the only factor or measurement that the Commission can consider when determining a cost coverage and a proposed fee. I would consider all criteria in 39 U.S.C. § 3622 and 39 U.S.C. § 3623, to the extent that those criteria applied to a particular service. I am aware of no rate-setting criteria that would undermine my recommendation for identical cost coverages for electronic return receipt and regular return receipt.

RESPONSE OF DOUGLAS F. CARLSON  
TO INTERROGATORY OF THE UNITED STATES POSTAL SERVICE

**USPS/DFC-T1-7.** Please refer to your testimony on page 10, lines 1-4. Since you mention that you “have tracked delivery of these items extensively”, please provide the following information.

- a. Please give a breakdown of the destination of the several hundred diplomas; e.g., to the San Francisco area, to other California destinations, to neighboring states, etc.
- b. Was return receipt service purchased for any of the certified mail flats? If yes, please provide the percentage of each type of return receipt service used.
- c. Prior to 2004, how were these diplomas mailed? Were any special services used?

**RESPONSE:**

- a. To respond to this interrogatory, I reviewed data from representative mailings in 2005 and 2006, including a mailing that we conducted between September 15 and 19, 2006. In these mailings, we sent 48 percent of our diplomas to addresses in the greater San Francisco Bay Area (ZIP Codes 939–954), 30 percent to addresses in other California cities, and 21 percent to other states. (The percentages do not add up to 100 due to rounding.)
- b. We did not purchase return receipt service for any diplomas that we mailed as Certified Mail flats.
- c. Immediately prior to my arrival in my current position in September 2004, the university did not use the Postal Service to deliver diplomas.

RESPONSE OF DOUGLAS F. CARLSON  
TO INTERROGATORY OF THE UNITED STATES POSTAL SERVICE

**USPS/DFC-T1-8.** Please refer to your testimony on page 10, lines 21-23. Is it your opinion that Signature Confirmation is a similar service to certified mail with return receipt service in any other ways besides the time to provide an electronic copy of the signature? Please explain fully.

**RESPONSE:**

Signature Confirmation is relevant to my testimony only to the extent that the time required for an electronic signature for Signature Confirmation to be provided to the customer should be the same as the time required for an electronic signature for electronic return receipt to be provided to the customer. The signature-collection process for each service is the same; the Web interface for each service is similar; and the Postal Service provides signatures by e-mail in the same way for each service.

I do note that both Signature Confirmation and Certified Mail with electronic return receipt provide customers with a mailing receipt, on-line and telephone access to the date and time of delivery, and an electronic copy of the signature by e-mail. Other similarities may exist that I have not considered.

I believe that customers who purchase Signature Confirmation can choose to receive the signature by fax or mail, whereas e-mail is the only option for electronic return receipt. Also, customers can purchase Signature Confirmation for some classes of mail for which customers cannot purchase Certified Mail. Moreover, Certified Mail is available for First-Class letters and flats, while Signature Confirmation is not. Other differences may exist.

RESPONSE OF DOUGLAS F. CARLSON  
TO INTERROGATORY OF THE UNITED STATES POSTAL SERVICE

**USPS/DFC-T1-9.** On page 9, lines 8-9, of your testimony you state, "In my experience, regular return receipts usually are mailed on the day of delivery." Please describe your experience in more detail, including the locations from which the return receipt were mailed, all data you collected, and what proportion of regular return receipts were not mailed on the day of delivery.

**RESPONSE:**

I have no data, nor do I claim to have conducted a statistically significant study. My testimony is based on my experience in the past five years. I simply do not recall an instance of a regular return receipt not being mailed back to me on the day of receipt. I am aware of problems in the past with delivery of return receipts to high-volume recipients such as tax agencies, but for the typical return receipt delivered by a letter carrier, I believe that the return receipts usually are mailed back on the day of receipt. I see no reason why they should *not* be mailed back on the day of receipt, since mail that carriers collect on their routes usually is transported to the processing plant on the same day.

Also, the Postal Service Law Department routinely sends mail to me by Certified Mail with a return receipt requested, and the window clerks at my station regularly toss the return receipts in their outgoing mail tub immediately after they date-stamp them.