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

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

REBUTTAL TESTIMONY
OF
SUSAN W. NEEDHAM
ON BEHALF OF
UNITED STATES POSTAL SERVICE

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AUTOBIOGRAPHICAL SKETCH

My name is Susan W. Needham. My autobiographical sketch is presented in my direct testimony, USPS-T-39.

1 **PURPOSE**

2

3 The purpose of my testimony is to support the Postal Service's proposed
4 post office box fees in the context of rebuttal to the testimony of individual
5 intervenor and witness Douglas Carlson. Based primarily on his own personal
6 experience, witness Carlson attempts to refute the foundation for the Postal
7 Service's fee proposals by characterizing the quality of service furnished to him
8 as riddled with inadequacies. He, thus, extrapolates from his personal history to
9 the conclusion that the fee proposals are unsupported by a reasonable
10 assessment of value of service. While the Postal Service is fully aware that
11 contradicting such narrow, anecdotal evidence might have limited value in the
12 broad scope of a general rate case, it is mindful that the theme of witness
13 Carlson's contentions, namely that the local conditions are pertinent to the value
14 of service overall, is one that could be regarded as a consideration in the
15 Commission's evaluation of the statutory criteria. I, therefore, address Mr.
16 Carlson's situation, not to discredit the claims of one individual, but to lend
17 perspective to the issue, as well as to reaffirm my own testimony that the fee
18 proposals are supported by a comprehensive assessment under the statutory
19 criteria.

1 **II. The Postal Service Post Office Box Fee Proposal Does Not Depend on a**
2 **Finding of an Extremely High Value of Service**

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Witness Carlson states:

7 Witness Needham then asserts that boxholders receive an 'extremely
8 high value of service'. Her use of the intensifier 'extremely' was not
9 accidental. Since the Postal Service is justifying this fee increase based
10 on the supposedly 'extremely' high value of service, the Postal Service
11 must prove that boxholders do, in fact, receive an extremely high value
12 of service.¹

13
14

15 The logic error made by witness Carlson in the quoted section is his
16 unsupported elevation of one justification cited by the Postal Service in support
17 of its requested post office box fees to the status of sole justification. The
18 proposed post office box fees presented in this rate case proceeding are not
19 based solely on Criterion 2, the value of service, but were developed by applying
20 all relevant pricing criteria. Therefore, it should be emphasized that although I
21 believe post office box service has an extremely high value of service, the
22 proposed post office box fees are in full compliance with other statutory criteria,
23 specifically cost coverage and contribution (Criterion 3), mitigation of the impact
24 of a fee increase on boxholders in the below-cost cells (Criterion 4), available
25 alternatives to box service (Criterion 5), the simplicity of the proposed post office
26 box fee schedule and the identifiable relationships that the fee schedule
27 promotes (Criterion 7), and the fairness and equity of the proposed fees
28 (Criterion 1). All of these criteria support the requested fees. In particular, I was

1 faced with a Test Year Before Rates cost coverage of just 99.6 percent. I
2 therefore concluded that the low average increase in this rate case of under five
3 percent would be inadequate for post office box and caller service. The larger
4 increases I proposed are still moderate, especially for Group C, where the
5 increases are held low so as to move Group C fees closer to Group D fees.
6 Even with these increases, the high value of service does not actually result in a
7 high requested cost coverage after full application of the criteria, but instead a
8 coverage of just 115 percent.

¹ DFC-T-1, page 13, lines 1-5.

1 **III. Witness Carlson Is Getting Responsive Action to His Service**
2 **Complaints**

3
4
5 Witness Carlson attempts to demonstrate a low value for post office box
6 service by recounting his personal experience. While it appears witness Carlson
7 has had some difficulties with his post office box service, he does not show that
8 they are long-standing or representative of post office box service in general. In
9 fact, as presented below, many of Mr. Carlson's concerns are local matters that
10 are appropriately acted upon by local postal employees, rather than relevant to
11 the Commission's determination of nationwide post office box fees.

12
13 Section D of witness Carlson's testimony discusses the long lines at the
14 post office when he picked up his overflow box mail in August and September of
15 1997.² He complains of waiting in line "on many occasions" for over 10 minutes
16 to pick up his mail; one day he waited for 20 minutes, on another day waited for
17 25 minutes, and on two or three occasions he left the post office rather than
18 waiting an expected 10 to 15 minutes.³ Witness Carlson concludes that these
19 incidents mean he does not receive a high value of service. What witness
20 Carlson fails to mention is that after he complained to the Berkeley postmaster
21 on August 26, 1997, he received a prompt response that addressed his
22 concerns. Exhibit A is a September 12, 1997 response letter to witness Carlson
23 from the Berkeley postmaster, George Banks, explaining that the long lines at

² DFC-T-1, page 15, lines 26-32, and page 16, lines 1-2.

1 the post office during August and September of 1997 were primarily due to
2 increased Postal Service parcel business caused by the United Parcel Service
3 strike. Mr. Banks also informed witness Carlson that he was “attempting to
4 cross-train additional clerks as well as considering a different configuration of our
5 window services as you have suggested.”⁴

6

7 I would also note that Mr. Carlson and other box holders were not the only
8 customers faced with longer-than-normal lines during the UPS strike. Users of
9 all services that involve window transactions had to deal with the same lines.
10 Application of witness Carlson’s value of service logic to all fees and rates would
11 result in cost coverage reductions for all retail classifications.

12

13 Witness Carlson next sent two letters dated September 27, 1997, to Mr.
14 Banks, both of which were answered six days later in a letter presented as
15 Exhibit B. Again, witness Carlson addressed his long waits to pick up packages,
16 certified mail, and registered mail. In his response, Mr. Banks reiterated that he
17 was still cross-training his staff and reconfigure their job assignments “so they
18 become more flexible and available when our customers need them. The goal is
19 to make all my windows ‘full service’. When this happens, you will be able to
20 pick up your ‘no response’ mail at any window.”⁵

³ DFC-T-1, page 15, lines 30-32, and page 16, lines 1-2.

⁴ Exhibit A.

⁵ Exhibit B.

1

2 Witness Carlson reported one more instance of long lines to Postmaster
3 Banks in a January 7, 1998 letter. Exhibit D presents Postmaster Banks'
4 response. Postmaster Banks informed witness Carlson that the Postal Service's
5 intention is to make all of the windows "full service" within 60 days or less. "Full
6 service" would mean that the clerks at each and every window would be able to
7 retrieve box mail overflow, packages, and accountables, and should alleviate
8 witness Carlson's concerns.

9

10 Witness Carlson has also obtained responsive action from local postal
11 officials concerning his complaints of delivery delays for his First-Class flat mail.
12 Exhibit C contains a November 3, 1997 letter to witness Carlson from George
13 Banks with an attached memorandum from the Oakland, California, Senior Plant
14 Manager to Postmaster Banks. The memorandum details a thorough
15 investigation of witness Carlson's concerns, and announces that "a log to record
16 dates that mail is delivered to box and dates mail is picked up by the customer
17 has been implemented at the Berkeley box section."⁶

18

19 Berkeley has also taken steps to improve the consistency of delivery by the
20 current cutoff time. In January, process changes were made, and since then the

⁶ Exhibit C at page 3.

1 delivery times have been recorded daily.⁷ These records show that during a
2 seven-week period from January 10, 1998 through February 27, 1998, the 11:00
3 AM cutoff time was made for all classes of mail (including Standard Mail) the
4 majority of the time. With the exception of one delivery day immediately
5 following a holiday and another day in which all electricity was out in the building,
6 there were six days when all mail was put up after 11:30 AM. I believe these
7 local efforts in Berkeley to improve box service show a commitment to providing
8 high quality box service, and a responsiveness to witness Carlson's concerns.

9
10

⁷ These changes were initiated by local Berkeley officials who were unaware of witness Carlson's rate case testimony, and did not learn about the testimony until very recently from me.

BERKELEY POST OFFICE

Exhibit A



September 12, 1997

DOUGLAS CARLSON
P O BOX 12574
BERKELEY CA 94712-3574

Dear Mr. Carlson:

This will acknowledge receipt of your letter dated August 26, 1997 regarding having to wait so long to pick up a parcel on several recent occasions.

Unfortunately (or fortunately), the additional workload (parcels) created by the UPS strike have created a drain on our resources because a good percentage of the parcels we attempt to deliver have to be returned to the post office for pick up by the customer because they are not at home. I apologize for this inconvenience. I am currently attempting to cross-train additional clerks as well as considering a different configuration of our window services as you have suggested.

Thanks for the input and again I apologize for the inconvenience.

Sincerely,



GEORGE G BANKS
POSTMASTER

2000 ALLSTON WAY
BERKELEY CA 94704-0000
(510) 840-3173
FAX (510) 840-3124

October 3, 1997

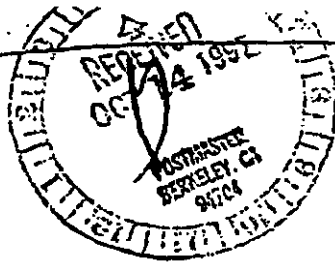


Exhibit B

DOUGLAS CARLSON
P O BOX 12574
BERKELEY CA 94712-3574

Dear Mr. Carlson:

This will acknowledge receipt of two letters dated September 27, 1997, regarding 1) delayed 1st class flats and 2) your long wait at our window 8 to pick up packages, certified & registers etc. With respect to the delayed 1st class flats, unfortunately, I am unable to determine exactly where within the postal system the delay might have occurred. However, I can assure you that all preferential mail is promptly delivered upon receipt here in Berkeley.

Since the Postal Service delivers over 500,000,000 pieces of mail each day, sometimes it is difficult to pinpoint a specific delay. Nonetheless, I am hoping that our service to you will improve to the level to which you are entitled.

Lastly, with respect to the wait in line at my window 8, as I mentioned in my previous letter dated September 12, 1997, I am currently attempting to cross train my staff as well as reconfigure their job assignments so they become more flexible and available when our customers need them. The goal is to make all my windows "full service". When this happens, you will be able to pick up your "no response" mail at any window.

Thanks again for providing this most helpful "feedback".

Sincerely,



GEORGE G BANKS
POSTMASTER

cc: MCS/MO
SCS/MOW
F MASON
FILE

2000 ALLSTON WAY
BERKELEY CA 94704-9908
(510) 848-3173
FAX (510) 849-3124

George: just for the records
as of today Friday 10/10/97,
customer at box 12574
has a bucket of mail
to pick up. I'm sure
he will get his mail
late. (He has a small box
of gets a lot of Else
mail.)

BERKELEY POST OFFICE

Exhibit C 1 of 3



November 3, 1997

DOUGLAS F CARLSON
P O BOX 12574
BERKELEY CA 94712-3574

Dear Mr. Carlson:

This is in response to your letters to me and to Kathie Hawley, Oakland District Manager Customer Service and Sales dated September 27, 1997, regarding mail service.

To that extent, please see the attached letter from Carol Miller, Sr. Plant Manager, Oakland dated October 30, 1997.

Please be assured that we will be doing everything feasible to provide the level of service to which you are entitled.

Sincerely,



GEORGE G BANKS
POSTMASTER

Attachment

2000 ALLSTON WAY
BERKELEY CA 94704-9998
(510) 849-3173
FAX (510) 849-3124

POSTAL SERVICE

October 30, 1997

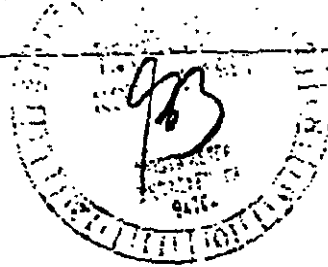


Exhibit C 2 of 3

**MEMORANDUM FOR GEORGE BANKS
POSTMASTER
2000 ALLSTON WAY
BERKELEY, CA 94704-9998**

SUBJECT: Inconsistent Delivery - Douglas F. Carlson

In response to Mr. Carlson's letter dated September 27, 1997, a review of the Berkeley Operations was conducted at the Oakland Processing & Distribution Center to determine if first class mail remained after dispatch of value; and to specifically evaluate the complaint from Mr. Carlson concerning inconsistent receipt of first class flats.

From October 17 through October 23, 1997, the Berkeley primary and zone 94712, manual and automated flat operations, were monitored, and no qualified first class mail was left in Berkeley units after the cut-off time. The platform operation was checked to verify that all Berkeley mail was loaded on the dispatch vehicle.

As the majority of his flats are from the Washington DC area, a random sampling of destinating flats that originate outside of this area was conducted, to assess if receipt is timely at the Oakland Processing and Distribution Center.

A review of the Box Section, Berkeley CA on October 23, 1997, revealed that Mr. Carlson received twelve first class flats. Ten flats bore meter postmarks from Washington DC. If the meter postmarks are correct, one flat failed delivery by two days.

Nine pieces contained meter postmark of October 20, 1997, and one for October 17, 1997 - all from Washington DC. Two flats from the US Postal Service, Headquarters Office, in Washington DC did not have postmarks.

EVERY PIECE EVERY DAY - EXFC 95!

1875 7TH STREET RM 236
OAKLAND CA 94613-9997
TEL: (510) 874-8282
FAX: (510) 874-8544

George Banks
October 30, 1997

Exhibit C 3 of 3

A review of the delivery record enclosed with Mr. Carlson's letter to you, shows a few discrepancies:

On page 4 - the piece from Northern Virginia mailed 9/16/97 and received 9/19/97. This flat actually met Postal Service standards, but his report indicates three days late instead of no delay.

Additionally, on the delivery record there was no indication that he received mail or picked up from his box on Saturday, September 20, 1997. There is accessibility to the boxes located in the Hink's Building lobby, seven days a week. However, on many weekends the record does not reflect mail pickup.

Because no dates are specified as to when Mr. Carlson may have been out of town, we are unable to determine if weekend non-pickups are included in a number of pieces charged to mail received late.

A log to record dates that mail is delivered to box and dates mail is picked up by the customer has been implemented at the Berkeley Box Section.

Please advise if further information is needed.


Carl A. Miller
Senior Plant Manager

cc: DMCS&S
SMDOs
MIPS

BERKELEY MAIN POST OFFICE

Exhibit D



January 21, 1998

DOUGLAS CARLSON
P O BOX 12574
BERKELEY CA 94712-3574

Dear Mr. Carlson:

This is in response to your letter dated January 7, 1998 regarding the long line at window 8 on January 5, 1998 when you went to retrieve your mail.

To that extent, we hope to eliminate the "number system" and make all of the windows "full service" windows in approximately 60 days or less.

We hope this will enable us to provide better service to all of our customers when all clerks will be able to assist them.

Thanks for the input.

Sincerely,



GEORGE G BANKS
POSTMASTER

cc: MCS/MO
SCS/MOW
FILE

2000 ALLETON WAY
BERKELEY CA 94704-9998
(510) 649-3173
FAX: (510) 649-3124