

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Notice of Market-Dominant Price Adjustment

Docket No. R2015-4

COMMENTS OF DOUGLAS F. CARLSON

February 4, 2015

The Postal Service proposes to eliminate Return Receipt After Mailing service because “usage is very low.”¹ The Commission should not approve or allow the Postal Service’s plan because it reflects a misunderstanding of customer need for the service and would further undermine the value of, and basis for, Certified Mail service.

Service Overview

Long before electronic tracking systems existed, the Postal Service offered two traditional services to allow customers to confirm that the recipient received a piece of mail: Certified Mail and Return Receipt.

Certified Mail offers proof of mailing and a record of delivery. The proof of mailing shows the mailing date and the postage and fees paid, including any fee for a return receipt. Historically, the record of delivery included the date of delivery and the recipient’s signature. Today, the record of delivery includes the electronically collected date and time of delivery, the recipient’s signature and printed name, and the address of delivery. Certified Mail also provides electronic

¹ United States Postal Service Notice of Market-Dominant Price Adjustment at 1, filed January 15, 2015.

tracking, including any acceptance scan, en-route scans from mail processing equipment, and the date and time of delivery.

Many customers who purchase Certified Mail want the electronic record of delivery or a return receipt, but they do not want or need proof of mailing. Therefore, some customers tear off the Certified Mail receipt and deposit their mail without obtaining proof of mailing (or proof of postage and fees paid).

The green Form 3811 card is the traditional return receipt. Customers can purchase a return receipt only if they also purchase a companion, or host, service with a numbered receipt, such as Certified Mail, Registered Mail, COD, Insured Mail (over \$200), or Priority Mail Express. Today's return receipt has changed little over time. A return receipt shows the date of delivery, the recipient's signature and printed name, and the delivery address if it is different from the address on the mail piece.

When customers mail items at a post office, they can purchase an electronic return receipt. Similar to the green return receipt card, customers can purchase an electronic return receipt only if they purchase a host service such as Certified Mail, Registered Mail, COD, Insured Mail (over \$200), or Priority Mail Express. An electronic return receipt is an electronic copy of the delivery record collected for the host service. For example, after the letter carrier or window clerk delivers a Certified Mail article and obtains the recipient's signature, the Postal Service provides the signature and related information to the customer as the electronic return receipt. The mail piece is not marked to show that the sender purchased an electronic return receipt. Retail customers cannot purchase electronic return receipt service if they do not mail their item at a post office.²

Return Receipt After Mailing serves two purposes. First, if a customer mails an item using Certified Mail, Registered Mail, COD, Insured Mail (over \$200), or Priority Mail Express and does not purchase a return receipt at the time of mailing, the customer can obtain a copy of the delivery record (date and time

² Large mailers may print their own Certified Mail labels and obtain bulk proof of delivery.

of delivery, signature, printed name, and address of delivery) by submitting a Form 3811-A to a post office. Similar to electronic return receipt, the return receipt after mailing will provide the images that the Postal Service captured when delivering the item. The Postal Service charges a fee for this service. The second purpose of Return Receipt After Mailing serves customers who purchased a green return receipt card, but the return receipt did not arrive in the mail. These customers can obtain a return receipt after mailing for free if they can provide a postmarked mailing receipt showing that they paid the return receipt fee.

Customer Need for Proof of Delivery

I understand that most customers purchase return receipt service because they have, to some extent, an adversarial relationship with the recipient. They want to be able to prove to someone else — perhaps a court — that the recipient received the mail piece. I question how often senders actually wave a return receipt in front of someone, such as a judge, to prove delivery. Instead, in many cases, the recipient would not actually have denied receipt of the item, so the signature upon delivery was unnecessary. In most of the other cases, the recipient knows that she signed for the mail piece, so she will not deny that she received it. Thus, the sender usually does not need to hold the actual signature in his possession.

At a fundamental, philosophical level, most mailers need the Postal Service to obtain a signature and to store a record of delivery, *retrievable if necessary*, but they do not actually need to possess the recipient's signature. The Postal Service's collection and storage of a signature is similar to insurance: Customers like knowing that the Postal Service has the signature in case the customer needs it. This insurance is Return Receipt After Mailing.

The insurance that Return Receipt After Mailing provides is not free. The Postal Service appropriately charges for a return receipt after mailing. Moreover, the Postal Service is already collecting the signature as part of the host service

(Certified Mail, Registered Mail, COD, Insured Mail (over \$200), or Priority Mail Express); the fee for the host service includes collection of a signature.

Many, if not most, customers are not aware of Return Receipt After Mailing. The Postal Service does not advertise this service in any prominent way, and I have never overheard a discussion of the service at a retail window. If customers fully understood all mailing options, including Return Receipt After Mailing, and thought philosophically about the service that they need, many who currently purchase a return receipt at the time of mailing probably would forgo the return receipt and obtain a return receipt after mailing if and only if they ultimately needed the recipient's signature.

For example, before the Postal Service provided electronic tracking for Certified Mail, I usually purchased a return receipt not so much for the signature of the recipient but rather to confirm that the item was delivered and to know the date of delivery. Once the Postal Service started providing the delivery date electronically as part of the basic Certified Mail service, I stopped using return receipt service. The electronic tracking information provided the delivery date, and I knew that I could obtain a return receipt after mailing if I actually needed a signature in the future. I have never needed a recipient's signature.

In short, the volume of Return Receipt After Mailing service *should* be low. Most customers do not actually need the recipient's signature; they just need to know that it is available. Also, the Postal Service has many *potential* Return Receipt After Mailing customers — specifically, the approximately 30 percent of all Certified Mail, Registered Mail, COD, and Insured Mail (over \$200) users who did not pay for a return receipt.³ In fact, some of these 30 percent of customers may actually have been considering the existence of Return Receipt After Mailing

³ According to the Postal Service's Special Services workpapers, electronic return receipt volume in FY 2014 was 32,560,344, and green return receipt volume was 122,833,909. The total volume of Certified Mail, Registered Mail, COD, and Insured Mail (over \$200) was 221,561,730. I do not have Priority Mail Express volume, but return receipt volume for Priority Mail Express probably is low. Therefore, approximately 30 percent of eligible customers of the first four services did not purchase a return receipt.

in their decision not to purchase a return receipt at the time of mailing. In this sense, they *were* using Return Receipt After Mailing because some of the value of the service derives from its *existence*. The number of customers who actually obtain a return receipt after mailing is not an accurate assessment of the “volume” associated with this service.

If the Postal Service eliminates Return Receipt After Mailing, the agency will force customers to purchase a return receipt at the time of every mailing just in case they ever need the signature. This change would unfairly and unnecessarily impose a cost on mailers by bundling services together instead of letting customers purchase them separately, as they can now.

In addition, if the Postal Service eliminates Return Receipt After Mailing, customers who do not receive their green card in the mail apparently no longer will have an avenue to obtain a duplicate, even if contractual or legal provisions require these customers to present a return receipt.

Effect of Postal Service Proposal on Certified Mail

One major cost driver of Certified Mail service is the requirement for the delivery employee to collect a signature. If the Postal Service eliminates Return Receipt After Mailing, a person then must ask why the Postal Service would continue to collect a signature upon delivery of Certified Mail items.

Presently, customers who send Certified Mail with a green return receipt attached pay for a signature twice: once when the delivery employee collects the signature for the Certified Mail, and once when the recipient signs the green card. Each step takes time. The signature associated with the Certified Mail record serves only two purposes. First, the Postal Service provides this signature as an electronic return receipt if the customer purchases this additional service separately. This purpose does not benefit customers who purchase green receipt receipts. Second, the Postal Service provides this signature when it produces a return receipt after mailing.

If the Postal Service eliminates Return Receipt After Mailing, the agency will be spending time and money to collect signatures for all Certified Mail — 212,518,553 pieces in FY 2014 — just to provide a signature for the relatively small number of customers — approximately 15 percent — who purchase electronic return receipt.⁴ If the Postal Service eliminates Certified Mail, the agency should remove the signature requirement for Certified Mail and reduce the cost of this service for the vast majority of customers who will not benefit from a signature collected for and upon delivery of Certified Mail. The cost of obtaining a signature should be built in to the cost of electronic return receipt service, and the Postal Service should determine a way to signal to the delivery employee when a signature does need to be collected for a particular item to provide an electronic return receipt.

Evaluation Needed of Tracking Services

This discussion and the implementation details underscore the need to re-think tracking services before the Postal Service selectively eliminates Return Receipt After Mailing. Tracking, which includes en-route scans and a delivery scan, is very popular among customers. Many customers want to track ordinary First-Class letters.⁵ Currently, the only practical option for most retail customers to track First-Class letters is to pay for Certified Mail, an amalgamation of several different services. However, some Certified Mail customers want only the proof of mailing (e.g., for mailing a tax return, which has a postmark deadline). Other customers need only an electronic confirmation of delivery. Still other customers want a signature recorded so they can obtain a return receipt after mailing. And other customers are willing to pay for a return receipt at the time of mailing.

⁴ According to the Postal Service's Special Services workpapers, electronic return receipt volume in FY 2014 was 32,560,344. The total volume of Certified Mail, Registered Mail, COD, and Insured Mail (over \$200) was 221,561,730. I do not have Priority Mail Express volume, but return receipt volume for Priority Mail Express probably is low. Only 15 percent of eligible customers actually purchased electronic return receipt with one of these services. In contrast, the Postal Service provided green return receipts for 55 percent of the eligible transactions (122,833,909).

⁵ In fact, several Postal Service field and headquarters offices are so interested in tracking letters and flats that they affix a USPS Tracking sticker to letters and flats that they send to me, even though USPS Tracking service is not available for letters and flats.

Some customers want various combinations of these services (e.g., the proof of mailing and the electronic confirmation of delivery). Unfortunately, all these services currently are bundled into one fairly high priced package, Certified Mail, so customers need to pay for all the services regardless of how many they need.

If the Postal Service eliminates Return Receipt After Mailing, the agency will step even further away from meeting the needs of customers for various forms of tracking by requiring Certified Mail customers to pay for collection of the recipient's signature for every piece of mail even though customers will never have access to this signature unless they purchase a return receipt at the time of mailing that they probably will not ever actually need. Moreover, the Postal Service will force customers who need the recipient's signature to continue to pay for it twice: once upon delivery of the Certified Mail, which will serve no purpose anymore, and once for the return receipt for which they will have paid a second fee.

In short, if the Postal Service eliminates Return Receipt After Mailing, the agency should not be charging Certified Mail customers for collecting a signature that they will not have access to and that will not benefit them.

In the absence of a reevaluation of tracking services, the status quo, maintaining Return Receipt After Mailing, would be better for customers than eliminating Return Receipt After Mailing.

Respectfully submitted,

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