

UNITED STATES OF AMERICA
Before the
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Complaint on Charges for the
Bulk Parcel Return Service

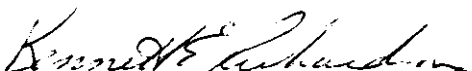
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Docket No. C99-4

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
(OCA/USPS-6-13)
(December 10, 1999)

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatories OCA/USPS-1-5 to the United States Postal Service, dated December 3, 1999, are hereby incorporated by reference.

Respectfully submitted,



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OCA/USPS-6. Please refer to the Revised Bulk Parcel Return Service Cost Study, Exhibit F (revised December 2, 1999), page 1. Mailer 1 is the only mailer that undertakes both a complex and simple postage due calculation.

- a. Please explain what is involved in (1) a complex postage due calculation and (2) a simple postage due calculation.
- b. Please identify what requirements of the Postal Service or features of Bulk Parcel Return Service cause a mailer to undertake (1) a complex postage due calculation or (2) a simple postage due calculation. Please explain your answer.

OCA/USPS-7. Please refer to the Revised Bulk Parcel Return Service Cost Study, Exhibit F (revised December 2, 1999), page 1.

- a. At row 5, please explain the reason for the change from "10.0" to "1.0 Average days a month do elaborate postage due."
- b. At row 6, please confirm that the figure "3.0" represents average hours per month sorting mail. If you do not confirm, please explain.
- c. At row 24, please confirm that the figure "1.8" represents average hours per month spent on postage due and worksheets. If you do not confirm, please explain.
- d. At row 24, in the formula for the figure "1.8," please confirm that the number "7.14" represents the average number of containers weighed per day. If you do not confirm, please explain.

- e. At row 15, which shows the figure of "0.6647," please confirm that the "Average hours a day, on days do simple postage due" should be 0.49731024 ($0.069651294 * 7.14$). If you do not confirm, please explain.

OCA/USPS-8. Please refer to the Revised BPRS Cost Study, Exhibit F (revised December 2, 1999), page 1. In the "Sources:" to Exhibit F,

- a. At "Row 7/:", please confirm that the reference should be "(25)/(4)." If you do not confirm, please explain.
- b. At "Row 12/:", please confirm that the reference should be "(8)*(9)*(10)." If you do not confirm, please explain.
- c. At "Row 15/:", please confirm that the reference should be " $0.069651294*(14)$." If you do not confirm, please explain.
- d. At "Row 22/:", please confirm that the reference should be " $(19)*(20)*(21)$." If you do not confirm, please explain.
- e. At "Row 23/:", please confirm that the reference should be " $(9)+(22)$." If you do not confirm, please explain.

OCA/USPS-9. Please refer to the Revised BPRS Cost Study, Exhibit F (revised December 2, 1999), pages 2, 3, and 6. For Mailer 3, it is estimated that 26 (0.26) percent of all returns are BPRS, while 25 (0.25) percent of the time is devoted to sorting BPRS returns. By contrast, 50 (0.50) percent of all returns received by Mailers 2 and 6 are BPRS. However, only 25 (0.25) percent of the time is devoted to sorting BPRS

returns. For Mailers 2 and 6, please explain why the time to sort BPRS parcels is not proportional to the volume of BPRS parcels.

OCA/USPS-10. Please refer to the Revised BPRS Cost Study, at page 5 and 6, where it states:

The second assumption is that none of the BPRS parcels are held out at the local AO. . . . Since it is not know what percent of BPRS parcels are held out at local AO's, this assumption was made in a manner that ensures that costs are not *overestimated*. (emphasis added)

However, the general approach taken in the Revised BPRS Cost Study is "to make assumptions that will avoid *underestimating* costs." Revised BPRS Cost Study at 4 (emphasis added); see *also* Id. at 5.

- a. Please explain why it is appropriate to ensure that costs are not overestimated with respect to this assumption.
- b. Please estimate the impact on the cost estimate of assuming none of the BPRS parcels are held out at the local AO.

OCA/USPS-11. Please refer to the Revised BPRS Cost Study, Exhibit D, page 2, Table 3.

- a. Please confirm that the "Number of Legs, Adjusted" for Local and Intermediate Intra BMC is calculated as follows: $1.9366 (2 \text{ Intermediate Leg} * (1 - 0.0317))$. If you do not confirm, please explain and show the correct calculation.
- b. Please show all calculations used to derive the figure "1.96," the "Number of Legs, Adjusted" for Local and Intermediate Inter-BMC.

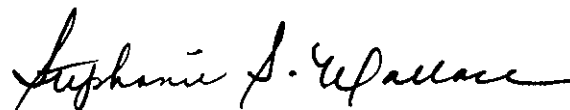
OCA/USPS-12. Please refer to the Revised BPRS Cost Study, Exhibit D, page 5.

- a. At row 5, please confirm that the "Total Cost (Distance Related)" should be \$88,580,000. If you do not confirm, please explain.
- b. At row 7, please confirm that the "Total Cost (Non-Distance Related)" should be \$2,185,000. If you do not confirm, please explain.
- c. In the "Sources:," at "Row 17:/," please confirm that the reference "page 7" should be "page 9." If you do not confirm, please explain.

OCA/USPS-13. Please refer to the Revised BPRS Cost Study, Exhibit C ("PRC Version"), pages 5 and 6. In column "[4] piggyback" for the Intra-BMC Model and Inter-BMC Model, all the piggyback factors are changed. Please explain why the Postal Service did not use the piggyback factors from Docket No. R97-1, USPS-LR-H-77, pages 231 and 232.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.



STEPHANIE WALLACE

Washington, D.C. 20268-0001
December 10, 1999