

BEFORE THE POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES


Docket No. R2000-1

FIRST INTERROGATORIES OF THE
CONTINUITY SHIPPERS ASSOCIATION
TO USPS WITNESS EGGLESTON (CSA/USPS-T26-1-17)

Pursuant to section 20 of the Commission's Rules of Practice, the Continuity Shippers Association submits the attached interrogatories and document requests to USPS witness Egelston (USPS-T-26) or to such other USPS witness who can respond to them.

Dated: February 18, 2000

Respectfully Submitted,



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Attorney for the Continuity
Shippers Association

CSA/USPS-T26-1. Please provide the names of all current users of the Bulk Parcel Return Service ("BPRS").

CSA/USPS-T26-2. Please identify the BPRS mailers 1-8 listed on page 31 of your testimony.

CSA/USPS-T26-3. Please confirm that window service acceptance is not permitted for parcels returned under BPRS.

CSA/USPS-T26-4. If you confirm in response to CSA/USPS-T26-4,

- a. Please further confirm that the Window Acceptance Costs of \$1,736,287 should be excluded from the Collection Costs for BPRS (Attachment S to your testimony).
- b. Please also confirm that exclusion of the Window Acceptance Costs reduces the Collection Costs for BPRS from \$0.0322 to \$0.0206.

CSA/USPS-T26-5. If you do not confirm in response to CSA/USPS-T26-4, please describe the activities performed for the Window Acceptance Costs, and the Postal employee category that performs these activities.

CSA/USPS-T26-6. At Attachment T, Column 6, page 4 of your testimony, you assume that BPRS containers will be 85% full. However, in the mailflow models/cost summary worksheets for Parcel Post Mail Processing at page 4 of your testimony, you state that "For postal paks, pallet boxes, and sacks on an in-house container (IHC), it is assumed that 10 percent of the container is filled with air. This is the same assumption used in Docket No. R97-1. . . . Since parcels tends to be stacked rather than dumped on pallets, the 10 percent air assumption is not used for pallets." Please reconcile the 85% figure from Attachment T with the 90% used for postal paks, pallet boxes and sacks, and 100% full for pallets.

CSA/USPS-T26-7. Please confirm that Special Standard B mail is used as a proxy for mail processing costs. If you do not confirm, please explain.

CSA/USPS-T26-8. At page 34 of your testimony, you state that Special Standard parcels are "twice the size and weight of the average BPRS parcel." Please explain how the larger and heavier Special Standard B mail is adjusted in determining the mail processing costs for BPRS.

CSA/USPS-T26-9. Please refer to lines 20-23 on page 34 of your testimony, where you state: "However, since Special Standard is on average larger and heavier than BPRS, using the Special Standard CRA adjustment factor has the potential to overestimate the true volume variable unit cost of BPRS mail processing."

a. Please describe why a smaller and lighter piece should require the same CRA adjustment factors as a larger and heavier piece.

b. All things being equal, how much smaller should the CRA adjustment factor for a piece weighing 12.2 ounces and having a cube of .08 cubic feet be than the CRA adjustment factor for a piece weighing 25.8 ounces and have a cube of .15 cubic feet? Please provide all underlying calculations.

CSA/USPS-T26-10. Please refer to lines 2-3 on page 32 of your testimony, where you state: "Since BPRS is a relatively new service, most of the assumptions are made in a manner that has more potential to overstate rather than understate costs."

a. Please identify and list all assumptions you made that have more potential to overstate rather than understate costs.

b. For each assumption, please provide the cost difference between using the assumption you would have used if you were trying to obtain the most accurate cost estimate, and using the assumption that you used in your testimony.

CSA/USPS-T26-11. Please refer to lines 16-20 on page 37 of your testimony, where you state: "The cost of a long distance leg used in the BPRS transportation model is greater than the cost of a long distance leg in the Parcel Post model for every zone, up to zone 5. Since several of the mailers are located in an area that will rarely use zones above zone 5, this assumption should not lead to underestimating costs." Please also refer to Table VII-1 on page 31 of your testimony.

- a. Please confirm that the "cost of a long distance leg used in the BPRS transportation model" is \$3.26 per cubic foot. If not confirmed, what is it?
- b. Please provide all calculations used to develop the "cost of a long distance leg used in the BPRS transportation model" in an electronic spreadsheet. Please also provide citations in the spreadsheet where appropriate.
- c. In an electronic spreadsheet, please provide your assumed Test Year cubic feet, cubic-foot miles, and unit cost per cubic foot by zone for inter-BMC BPRS parcels.
- d. Do you have actual cubic feet and cubic-foot mile estimates by zone for inter-BMC BPRS parcels for Base Year 1998, FY 1999, or for any portion of these years? If so, please provide them in an electronic spreadsheet in a similar form as provided in your response to part (c).
- e. Do you have actual cubic feet and cubic-foot mile estimates by zone for all BPRS parcels for Base Year 1998, FY 1999, or for any portion of these years? If so, please provide them in an electronic spreadsheet in a similar form as provided in your response to part (c).
- f. How many of the eight mailers used in your cost study are "located in an area that will rarely use zones above zone 5"?
- g. What percent of BPRS parcels were returned to the eight mailers that are "located in an area that will rarely use zones above zone 5"?

CSA/USPS-T26-12. Please refer to lines 14-26 on page 30 of your testimony.

- a. Please describe all differences between the cost estimating methods you are using to develop BPRS costs in this case and those used to develop the October 1998 study.
- b. Please describe all differences between the data you are using to develop BPRS costs in this case and those used to develop the October 1998 study.
- c. Please provide (in electronic form) all data collected for the October 1998 study, all surveys used to collect data for the October 1998 study, and all reports developed using the data collected for the October 1998 study.

CSA/USPS-T26-13. In the summer of 1995, the Postal Service stated at a small parcel return coalition meeting in June 1995 and during the September 1995 MTAC meeting its intention to file an experimental bulk merchandise return service for third class mail.

- a. Please provide all documents relating to the experimental Third Class bulk merchandise return service, including but not limited to justifications, cost studies, management reports, etc.
- b. What was the rate going to be for pieces returned under the experimental Third Class bulk merchandise return service?
- c. How did the Postal Service determine that rate?

CSA/USPS-T26-14. At Attachment W, page 3 of your testimony, you provide data concerning postage due costs for Mailer 1. That data is divided into two categories of costs: "Costs of Sorting and Postage Due, Complex," and "Costs of Postage Due, Simple." The cost per piece for the "Complex" postage due is lower than the costs per piece for the "Simple" postage due (\$0.006 versus \$0.018.) Please explain.

CSA/USPS-T26-15. Please calculate separate "sorting costs" and "postage due costs, complex" for mailer 1 (Attachment W, page 3)

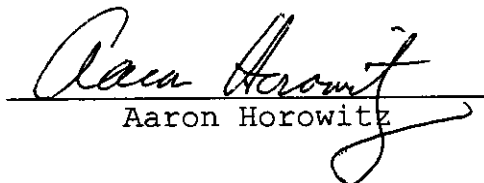
CSA/USPS-T26-16. Please confirm that the reference in Attachment T, page 1, Row 3 of your testimony should be to Attachment P, page 2. If you do not confirm, please explain the application of the data on Attachment P, page 4.

CSA/USPS-T26-17. Assuming you confirm in response to CSA/USPS-T26-16, please explain how each of the cost pools shown on Attachment P, page 2, relates to the processing of BPRS parcels. Please confirm that any cost pool unrelated to BPRS should be eliminated from the CRA fixed cost adjustment for BPRS.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing interrogatories on all participants in this proceeding who requested service of all discovery in accordance with section 12 of the Rules of Practice.

Dated: February 18, 2000


Aaron Horowitz