

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

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POSTAL RATE COMMISSION
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POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS KINGSLEY TO INTERROGATORY OF
THE ASSOCIATION OF AMERICAN PUBLISHERS
(AAP/USPS-T10-1)

The United States Postal Service hereby provides the response of witness Kingsley to the following interrogatory of the Association of American Publishers: AAP/USPS-T10-1, filed on February 22, 2000.

The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


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March 7, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION OF AMERICAN PUBLISHERS**

AAP/USPS-T10-1 On page 25 of your testimony, you describe as an "inefficiency" the following example: "Bound Printed Matter (BPM) at the local rate might be dropped at a Main Post Office (MPO) for local delivery, but it would not be distributed from the MPO directly to stations and branches. Instead, the BPM for the stations and branches is trucked to the plant for distribution. The inefficiency caused by the drop at the MPO is compounded if the drop at the MPO includes mail that its outside of the plant's service area, so that the plant must ship it on to the appropriate destinating plant." With respect to this statement:

(a) Please provide all studies, reports, data or other evidence that you relied upon that demonstrates that this example actually does, in fact, occur for BPM and that the example occurs with any frequency.

(b) Please provide any internal reports or analyses of any kind prepared that address the cost consequences of this alleged "inefficiency" for BPM mail.

(c) Please provide any studies, reports, data or other evidence that you relied on showing the frequency of drops of BPM mail outside of the plant's service area.

(d) Please state the number and location of each MPO where this alleged inefficiency actually did occur and the number and location of all plants to which the BPM mail in question then had to be trucked for distribution. Explain how these counts were derived.

(e) Please state the volume of BPM mail for which this alleged inefficiency actually did occur. Explain how this volume count was derived.

Response:

- a. The evidence is inherent in the current requirements. For example, to obtain the local rate for all mail destined for the 3-digit city of Arlington, VA, the minimum

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requirement states that the Bound Printed Matter for *all* the ZIP Codes in Arlington need only be deposited at any one of the multiple stations within the city. Transportation that links each of Arlington's stations does not exist, requiring mail for other stations to be transported back to the local plant which happens to be located outside of Arlington. The mail is then sorted and placed on transportation to the correct stations. Attachment H to witness Crum's (USPS-T-27) testimony supports the occurrence of this and similar examples. Ideally, in the example of Arlington, the preferred deposit location for this level of presort would be the plant, yet the mail is ineligible for the local rate at this location because the plant is located outside of the 3-digit city of Arlington.

- b. Please refer to Attachment K, Table 2.1 of the testimony of witness Crum (USPS-T-27). The Postal Service estimates that the trip from the MPO back to the plant would cost \$.024 per pound on average in the test year. Note that "Local costs/piece" should read "Local costs/pound". Also, local cost per pound has nothing to do with the Local rate, but is meant to estimate the average cost of a leg of transportation between a plant and delivery unit or similar facility below the plant level.

Data necessary to estimate the mail processing costs of unloading, sorting, crossdocking, and loading at the plant can be found in Attachment J, Table 1 of witness Crum's testimony. Specifically refer to the section labeled Destination SCF. An arrival and dispatch profile (i.e. what containers the pieces arrive and leave in) would be necessary to get an accurate estimate of costs.

- c. Refer to Attachment H of the testimony of witness Crum (USPS-T-27).

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- d. Refer to Attachment H of the testimony of witness Crum (USPS-T-27) which shows the frequency at which BPM shipments entered at the local rate require transportation to another facility. The counts were derived by combining sampling data from BPM shipments at 44 offices (stratified by size) along with actual mailer supplied profiles for their BPM mailings. A list of multi-ZIP Code and unique 3-digit ZIP Code cities, where the BPM local rate is eligible when all mail for the city is dropped at any *one* of the multiple offices, will be provided as USPS-LR-I-226.
- e. Refer to Attachment H of the testimony of witness Crum (USPS-T-27). The volume counts were derived by combining sampling data from BPM shipments at 44 offices (stratified by size) along with actual mailer supplied profiles for their BPM mailings. The data were then inflated, combined, and extrapolated to the total FY 98 volume.

DECLARATION

I, Linda Kingsley, declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information, and belief.

Linda A. Kingsley

Date: 3-7-2000

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in cursive script, appearing to read "Susan M. Duchek", is written above a horizontal line.

Susan M. Duchek

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