

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

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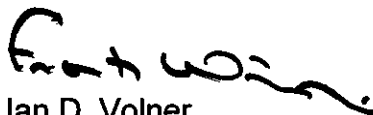
**POSTAL RATE AND FEE CHANGES, 2000**

**Docket No. R2000-1**

**INTERROGATORIES OF  
ASSOCIATION FOR POSTAL COMMERCE  
TO USPS WITNESS KIEFER  
(PostCom/USPS-T-37-2-3)**

Pursuant to Sections 25 and 26 of the rules of practice, the Association for Postal Commerce submits the attached interrogatories to USPS witness Kiefer: PostCom/USPS-T-37-2-3. If the designated witness is unable to respond to any interrogatory, we request a response by some other qualified witness.

Respectfully submitted,



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PostCom/USPS-T-37-2. Please refer to pages 38-39 of your testimony, where you state: "Aside from mitigating rate shock, there are several other policy reasons why some of these preliminary rate elements should be adjusted. First, the jump in Basic Presort BPM rates shown in Table 15 is due to a significant degree to de-averaging the presort rate into drop-shipped and non-drop-shipped (that is, Basic Presort) components. Since there are no drop-ship discount rates in effect at present, it was necessary to develop proxy measures for the costs and cost savings generated by drop-shipping Bound Printed Matter. Prudence argues for a conservative implementation of these discounts, passing through only a portion of the estimated cost savings in this rate proceeding, in case the proxy cost savings turn out to be overly optimistic." Please also refer to lines 5-7 on page 15 of USPS-T-27, which states, "To estimate this [destinating SCF entered BPM] savings, I use the basic principles included in the Standard Mail (B)/Parcel Post mail processing models introduced in Docket No. R97-1 and testified to by witness Eggleston in this case."

(a) Please confirm that a DBMC discount has been available for Standard (B) Parcel Post parcels since the implementation of Docket No. R90-1 rates.

(b) Please confirm that the Postal Service is proposing to pass through 100 percent of the DBMC cost savings for Standard (B) Parcel Post in this case.

(c) Please confirm that DDU and DSCF discounts have been available for Standard (B) Parcel Post mail pieces since the implementation of Docket No. R97-1 rates.

(d) Please confirm that the Postal Service is proposing to pass through 100 percent of the DDU and DSCF cost savings for Standard (B) Parcel Post in this case.

(e) Do you have any reason to believe that the Standard (B) Parcel Post mail processing models presented by witness Eggleston are unreasonable models of Standard (B) Parcel Post mail processing costs? If yes, please explain your answer.

(f) Please confirm that the mail flow for Standard (B) Bound Printed Matter parcels is similar to the mail flow of Standard (B) Parcel Post parcels with the same entry, weight, presort, and machinability characteristics. If not confirmed, please explain.

(g) Did witness Crum use the same general method for determining BPM DBMC cost savings as witness Eggleston used to determine Parcel Post DBMC cost savings. If not, please explain all differences.

PostCom/USPS-T-37-3. Please refer to pages 38-39 of your testimony, where you state: "Aside from mitigating rate shock, there are several other policy reasons why some of these preliminary rate elements should be adjusted.

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Second, the per-piece cost savings estimated by Witness Crum for DBMC Bound Printed Matter are based on the assumption that BMC mail processing costs are nearly 100% volume variable. While the Postal Service is using this assumption for calculating attributable costs in this docket, it is uncertain that mail drop-shipped to BMCs will avoid all of these costs, also arguing for a more conservative pass-through strategy."

- (a) Please list all instances in this case where the variability estimates the Postal Service uses for rate design are different than the variability estimates it uses for costing.
- (b) Please explain all reasons for using different variability estimates for rate design than for costing.
- (c) If a variability estimate is accurate for costing, is it not also accurate for rate design? If not, please explain your reasoning.

## CERTIFICATION

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding having requested service of discovery documents in accordance with Section 12 of the rules of practice.

  
Ian D. Volner