

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

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS FRONK  
TO INTERROGATORIES OF MAJOR MAILERS ASSOCIATION  
(MMA/USPS-T33-7)

The United States Postal Service hereby provides the response of witness Fronk to the following interrogatory: MMA/USPS-T33-7 (filed on March 3, 2000).

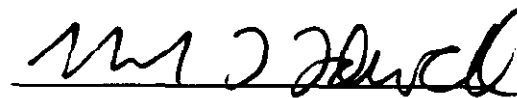
The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



Michael T. Tidwell

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March 17, 2000

RESPONSE OF U.S. POSTAL SERVICE WITNESS FRONK  
TO INTERROGATORIES OF THE MMA

MMA/USPS-T33-7 (renumbered by the PRC; originally filed as MMA/USPS-T33-FU-1). Please refer to your response to MMA/USPS-T33-5(d). In that response you note that while you are mindful of the Commission's statement that "letters processed with automation incur minimal or possibly no extra costs for letters weighing up to three ounces," your conclusions about additional ounce costs were guided by USPS witness Daniel's weight study.

- (a) In your opinion, does the Daniel weight study refute the Commission's statement with respect to First-Class nonpresorted letters? Please explain your answer and provide or reference all documents you relied upon to formulate that answer and explanation.
- (b) In your opinion, does the Daniel weight study refute the Commission's statement with respect to First-Class presorted letters? Please explain your answer and provide or reference all documents you relied upon to formulate that answer and explanation.
- (c) In your opinion, does the Daniel weight study refute the Commission's statement with respect to Standard Mail (A) regular letters? Please explain your answer and provide or reference all documents you relied upon to formulate that answer and explanation.

RESPONSE: MMA/USPS-T-33-5 (d) asked me if I considered the above-referenced Commission statement from the Opinion and Recommended Decision in Docket No. R94-1 in determining my proposed additional ounce rate. My full response was:

While I am mindful of statements contained in Commission recommended decisions, in this instance my conclusions about additional ounce costs were guided by the weight study prepared for the current docket.

- (a) In my opinion, the data presented in the witness Daniel weight study support a different conclusion than that contained in the quoted statement. The data in USPS LR-I-91 (Section 1, page 15, as revised 3/1/00) show that the total unit cost of a 0 to 1 ounce single-piece letter is 19.6 cents. A 1 to 2 ounce single-piece letter costs 32.7 cents, or 13.1 cents more than the first ounce. A 2 to 3 ounce single-piece letter costs 47.4 cents, or 14.7 cents more than a 1 to 2 ounce letter. Please note, however, that in developing my additional ounce rate proposal, I did not use the weight study data on this disaggregated a basis (that is, disaggregated by shape and by weight step). Instead, I used the weight study data in the aggregate to evaluate the

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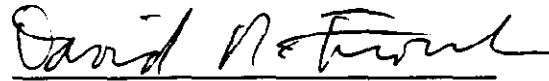
RESPONSE to MMA/USPS-T33-7 (continued)

alignment between the additional ounce rate and the overall costs it is designed to recover. In addition, I would note that cost was not the only factor used in developing my additional ounce proposal. The additional ounce rate is an important factor in helping First-Class Mail meet its cost coverage target and in helping the Postal Service meet its revenue requirement (see USPS-T-33 at pages 24-26).

- (b) In my opinion, the data presented in the witness Daniel weight study support a different conclusion than that contained in the quoted statement. The data in USPS LR-I-91 (Section 2, page 15, as revised 3/1/00) show that the total unit cost of a 0 to 1 ounce presorted letter is 9.8 cents. A 1 to 2 ounce presorted letter costs 25.0 cents, or 15.1 cents more than the first ounce. A 2 to 3 ounce presorted letter costs 38.3 cents, or 13.4 cents more than a 1 to 2 ounce letter. Also, please see response to part (a) above.
- (c) The scope of my testimony is limited to the First-Class Mail rate design. I have not formed an opinion with respect to Standard (A) costs.

**DECLARATION**

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

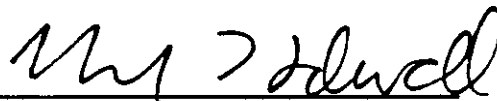


David R. Fronk

Dated: 3-17-00

## 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 black ink, appearing to read "Michael T. Tidwell", written over a horizontal line.

Michael T. Tidwell

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