

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 EGGLESTON TO INTERROGATORY OF  
THE PARCEL SHIPPERS ASSOCIATION  
(PSA/USPS-T26-5)

The United States Postal Service hereby provides the responses of witness Eggleston to the following interrogatory of the Parcel Shippers Association: PSA/USPS-T26-5, filed on March 16, 2000.

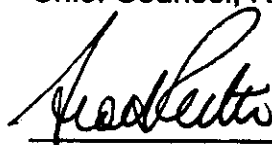
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



Scott L. Reiter

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March 21, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS EGGLESTON TO  
INTERROGATORY OF THE PARCEL SHIPPERS ASSOCIATION**

**PSA/USPS-T26-5**

Please refer to lines 12-14 on page 8 of your testimony, where you state, "The cost difference between an inter-BMC machinable parcel and an intra-BMC machinable parcel is calculated in Table 3 on the same page. The estimated cost difference is 32.8 cents." Further, please refer to lines 24-27 on page 16 of your testimony, where you state, "The estimated cost savings for a DSCF parcel is calculated separately for a NMO and a machinable parcel. Then the proportion of machinable and the proportion of NMO parcels are used to calculate a weighted average of the cost savings." Finally, please refer to page 1 of Attachment A to your testimony and page 1 of Attachment H of USPS-T-36.

(a) Please confirm that the Inter-BMC NMO mail processing unit cost is \$3.489 and that the Intra-BMC NMO mail processing unit cost is \$2.544. If not confirmed, please provide the correct unit cost figures.

(b) Please confirm that the intra-BMC NMO cost difference is 94.5 cents. If not confirmed, please provide the correct cost difference figure.

(c) Please confirm that 7.986 percent of intra-BMC parcels are NMOs. If not confirmed, please provide the correct percentage.

(d) Please confirm that using "the proportion of machinable and the proportion of NMO parcels...to calculate a weighted average of the cost savings" results in an intra-BMC cost difference of 37.7 cents. If not confirmed, please provide the correct cost difference figure.

**RESPONSE:**

(a) Confirmed that the adjusted mail processing costs estimated by the Parcel Post mailflow models in Attachment A are \$3.489 for inter-BMC NMOs and \$2.544 for intra-BMC NMOs.

(b) What I refer to in my testimony as the intra-BMC NMO cost difference is the cost difference between the estimated cost of an intra-BMC NMO and the estimated cost of an intra-BMC machinable parcel. As shown on page 1 of Attachment A, this cost difference is \$1.173. However, if what you are referring to in your question is the cost

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difference between an inter-BMC NMO and an intra-BMC NMO, then confirmed that the estimated cost difference is 94.5 cents.

(c) In the models in Attachment A of my testimony it is assumed that 8.0 percent of intra-BMC parcels are NMOs. Confirmed that 7.986 would round to 8 percent.

(d) I assume you are asking me to calculate the average cost savings of an intra-BMC parcel compared to an inter-BMC parcel. It should be noted that to the best of my knowledge this input is not needed for rate making purposes. However, I will confirm that by using the proportion of machinable and the proportion of NMOs it is possible to calculate an average cost savings of intra-BMC parcels compared to inter-BMC parcels of 37.7 cents.

# DECLARATION

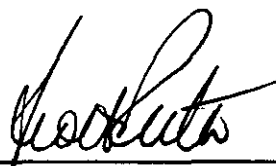
I, Jennifer Eggleston, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Jennifer Eggleston  
JENNIFER L. EGGLESTON

Dated: 3/21/00

## 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 "Scott L. Reiter", is written over a horizontal line.

Scott L. Reiter

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