

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

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MILLER
TO INTERROGATORIES OF PITNEY BOWES
(PB/USPS-T33-1(a)-(c))

The United States Postal Service hereby provides the responses of witness Miller to the following interrogatories of Pitney Bowes: PB/USPS-T33-1(a)-(c), filed on March 7, 2000).

Parts (a)-(c) of T33-1 have been redirected from witness Fronk to witness Miller for response. Witness Fronk will respond to part (d).

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



Michael T. Tidwell

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March 21, 2000

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MILLER TO INTERROGATORY OF PITNEY BOWES REDIRECTED FROM WITNESS FRONK

PB/USPS-T33-1 Your testimony at page 19, lines 2-4, states that "[c]onsistent with precedent, the discounts the Postal Service is proposing here use the same approaches as in Docket No. R97-1, that is, the bulk metered benchmark is used in conjunction with mail processing and delivery costs to measure costs avoided."

(a) For (i) Base Year 1998 and (ii) Test Year 2001, what is the estimated unit cost of First-Class bulk metered mail (as defined in footnote 2 at page 18 of your testimony)?

(b) For (i) Base Year 1998 and (ii) Test Year 2001, what is the estimated unit cost of *all* First-Class single piece nonpresort mail (i.e., *including* bulk metered mail)?

(c) For (i) Base Year 1998 and (ii) Test Year 2001, what is the estimated unit cost of all First-Class single piece nonpresort *excluding* bulk metered mail?

RESPONSE:

The mail processing unit costs that I have used in my testimony can be found in USPS LR-I-81. The delivery unit costs can be found in USPS LR-I-95.

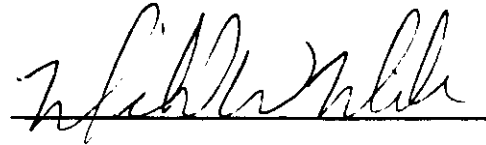
(a) In LR-I-81, the Base Year mail processing unit cost estimate for Bulk Metered Mail (BMM) letters is 9.87 cents (page I-2). The Test Year mail processing unit cost estimate is 10.47 cents (page I-4). In LR-I-95, the Base Year delivery unit cost estimate is 4.98 cents. The Test Year delivery unit cost estimate is 5.48 cents. [Note: The First-Class Mail nonautomation presort letters delivery unit costs are used as a proxy for BMM letters. This is consistent with the methodology used in Docket No. R97-1.]

(b) In LR-I-81, the Base Year mail processing unit cost estimate for all First-Class single-piece letters is 11.65 cents (page I-1). The Test Year mail processing unit cost estimate is 12.30 cents (page I-3). In LR-I-95, the Base Year delivery unit cost estimate is 5.21 cents. The Test Year delivery unit cost estimate is 5.36 cents.

(c) The CRA cannot be used to isolate costs specific to Bulk Metered Mail (BMM) letters. As a result, the mail processing unit costs for all metered letters are used as a proxy, with the exception that the "1CANCMMP" cost pool is set to zero. In addition, the delivery unit costs for First-Class nonautomation presort letters are used as a proxy for BMM letters. It is therefore not possible to exclude BMM letters costs and calculate the mail processing and delivery unit costs for all other single-piece letters.

DECLARATION

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



Dated: 2/21/2002

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 "Michael T. Tidwell", is written over a horizontal line.

Michael T. Tidwell

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