

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

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POSTAL RATE COMMISSION  
Docket No. R2000-1  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000 )

DISTRICT PHOTO, INC.  
MYSTIC COLOR LAB  
COX SAMPLING  
THIRD INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE  
WITNESS CHARLES L. CRUM (DMC/USPS-T27-13-19)  
(March 22, 2000)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, District Photo, Inc., Mystic Color Lab and Cox Sampling hereby submit interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

Respectfully submitted,

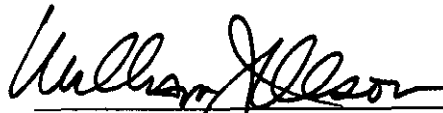


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Cox Sampling

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.



William J. Olson

March 22, 2000

**DMC/USPS-T27-13.**

- a. For each of the four Standard A subclasses, please provide the volume of Standard A parcels (*i.e.*, pieces subject to the Standard A parcel surcharge) in FY 1999. If these data are not yet available, please provide them as soon as they become available.
- b. For each of the four Standard A subclasses, what is the projected volume of Standard A parcels in Test Year 2001?
- c. When projecting the parcel volume for FY 2000, is the higher percentage increase in rates for parcels proposed by witness Moeller taken into account? If so, please explain how, and to what extent. If not, please explain why not.

**DMC/USPS-T27-14.**

Since Docket No. R97-1, has the Postal Service conducted any studies of any kind whatsoever on Standard A parcels, including, but not limited to, the effect of the Standard A parcel surcharge? For example, a study of the effect of the surcharge on volume, or a survey to ascertain whether (or how many) firms repackaged the contents so as to be able to qualify as flats and migrate to the flats category? If so, please provide as a library reference copies of all such studies.

**DMC/USPS-T27-15.**

Other than the cost data which you present in your testimony, has the Postal Service conducted any other study or studies on the cost of processing and delivering parcels? Such a

study or studies could be, for example: (i) an engineering-type study; (ii) an MTM study; (iii) a detailed cost model for Standard A parcels; (iv) an IOCS-based study of the cost of handling parcels classified in different ways, such as IPP Machinable, IPP Non-machinable, Parcel Machinable, and Parcel Outsides (*i.e.*, using the IOCS-based definitions); and/or (v) a study regarding the cost of processing and delivering parcels with detached address labels (“DALs”) versus the cost of handling parcels without DALs. If so, please provide as a library reference copies of all such studies.

**DMC/USPS-T27-16.**

As between the four subclasses within Standard A, the unit costs of processing and delivering parcels exhibit wide differences.

- a. Are these cost differences due chiefly or solely to vagaries in IOCS sampling, and the relatively small volume of parcels?
- b. Unless your answer to the preceding question is an unqualified affirmative, please itemize and discuss the principal cost drivers (*e.g.*, shape, weight, other) and explain how they account for the substantial cost differences exhibited by your data.

**DMC/USPS-T27-17.**

- a. For Standard A parcels, have you studied the relationship of weight to cost? If so, please provide a copy of any such study and the results.

- b. For Standard A parcels, have you studied the relationship of different shapes to cost? If so, please provide a copy of any such study and the results.

**DMC/USPS-T27-18.**

Other than the cost data which you present in your testimony, please provide a brief recap of all efforts which you have made to investigate the costs of handling parcels. Include in your recap visits to parcel handling operations at Postal Service Plants, discussions with or briefings from operations personnel who specialize in or are familiar with the processing and delivery of parcels, visits to facilities of mailers that regularly enter Standard A parcels, etc.

**DMC/USPS-T27-19.**

- a. Based on your studies of the cost of parcels in Docket No. R97-1 and this Docket, and your knowledge about parcels in general, would it be your opinion that (i) the Postal Service loses a small amount of money on all, or almost all, Standard A parcels, or (ii) the Postal Service makes money on a significant subset of its Standard A parcel volume, but loses a substantial, offsetting amount on other parcels? Please discuss.
- b. If your answer to part (a) is to the effect that the Postal Service loses a small amount of money on all, or almost all, Standard A parcels, please explain how this can be in light of the very different costs you present for the four Standard A subclasses.

- c. If your answer to part (a) is to the effect that the Postal Service makes money on a significant subset of its Standard A parcel volume, but loses a substantial, offsetting amount on other parcels, please explain which types of parcels are generally profitable, which are highly unprofitable, and explain the principal factors that cause some parcels to be highly unprofitable.