

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

RECEIVED
APR 4 2 27 PM '00
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS MAYO TO INTERROGATORIES OF THE
CONTINUITY SHIPPERS ASSOCIATION
(CSA/USPS-T39-1-2, 4-5, AND 7-20)

The United States Postal Service hereby provides the responses of witness Mayo to the following interrogatories of the Continuity Shippers Association: CSA/USPS-T39-1-2, 4-5, and 7-20, filed on March 21, 2000. Interrogatories CSA/USPS-T39-3 and 6 have been redirected to witness Eggleston.

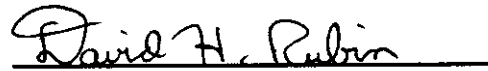
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



David H. Rubin

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2986; Fax -6187
April 4, 2000

**RESPONSE OF POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF THE CONTINUITY SHIPPERS ASSOCIATION
(CSA/USPS-T39-1-20)**

CSA/USPS-T39-1. Please state the basis for your understanding (page 17 of your testimony) that a cost coverage close to the systemwide average was the intention at the inception of the Bulk Parcel Return Service.

RESPONSE:

See Docket No. MC97-4, USPS-T-2, at page 16.

**RESPONSE OF POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF THE CONTINUITY SHIPPERS ASSOCIATION
(CSA/USPS-T39-1-20)**

CSA/USPS-T39-2. Please compare the activities covered by the proposed accounting fee for BPRS, and the activities covered by the accounting fee for Business Reply Mail.

RESPONSE:

I used witness Campbell's advance deposit account fee cost for BRM as a proxy when preparing the accounting fee proposals for BPRS, Merchandise Return service, and Shipper Paid Forwarding service since there was no reason to believe that the advance deposit account activities for these services are different. See USPS-T-29, page 11.

**RESPONSE OF POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF THE CONTINUITY SHIPPERS ASSOCIATION
(CSA/USPS-T39-1-20)**

CSA/USPS-T39-4. Please confirm that the Postal Service's determination of when to deliver BPRS returns and when the mailer can pick up BPRS returns signifies a lower value of service. If you do not confirm, please explain.

RESPONSE:

Not confirmed. It is my understanding that the terms for mailers with large volumes of returns are agreed upon mutually in writing between the mailer and the Postal Service, and there is a good deal of flexibility in the terms that can be set. It is also my understanding that these agreements provide for the use of bulk postage due rating procedures and may include daily delivery of returns directly from the BMC, rather than from the destination facility, which results in relatively expeditious BPRS parcel returns. *With respect to mailers with small volumes of returns, the pickup or delivery is dictated by the volume of parcels, the availability of transportation, and the undesirability on the part of the postal facility to store parcels.* In neither case do I agree that the value of service for BPRS is particularly low, and in the case of the large volume mailers at least, I would contend that the value of service is relatively high.

**RESPONSE OF POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF THE CONTINUITY SHIPPERS ASSOCIATION
(CSA/USPS-T39-1-20)**

CSA/USPS-T39-5. Please confirm that the existence of higher priced non-Postal Service alternatives do not indicate the value of a particular Postal service, i.e. higher priced alternatives explain demand or usage of a Postal service. If you do not confirm, please explain.

RESPONSE:

Not confirmed. The fact that the only alternatives available are priced much higher than the available postal service makes that postal service of a higher value to the customer than it might otherwise be if alternatives were priced at or near the price of the postal service.

**RESPONSE OF POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF THE CONTINUITY SHIPPERS ASSOCIATION
(CSA/USPS-T39-1-20)**

CSA/USPS-T39-7. Please confirm that since half of the BPRS mailers pick up their BPRS returns, BPRS has a lower value of service. If you do not confirm, please explain.

RESPONSE:

Not confirmed. Please see my response to 4 above and note that while half the mailers may pick up their own BPRS parcels, that does not mean that half of the BPRS parcels are picked up, particularly when considering the large volume mailers generally have their BPRS parcels delivered by the Postal Service.

**RESPONSE OF POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF THE CONTINUITY SHIPPERS ASSOCIATION
(CSA/USPS-T39-1-20)**

CSA/USPS-T39-8. Please confirm that BPRS does not have a service standard. If you do not confirm, please explain.

RESPONSE:

Not confirmed. BPRS parcels are given the same priority in transportation, processing, and delivery (except to the extent these parcels are picked up by the mailer) as any other Standard Mail parcels. Please note that Standard Mail parcels are generally given a higher priority than Standard Mail letters and flats.

**RESPONSE OF POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF THE CONTINUITY SHIPPERS ASSOCIATION
(CSA/USPS-T39-1-20)**

CSA/USPS-T39-9. Please confirm that the lack of a service standard reduces the value of service. If you do not confirm, please explain.

RESPONSE:

Not confirmed. Special services typically do not have a service standard, yet most special services provide a high value of service.

**RESPONSE OF POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF THE CONTINUITY SHIPPERS ASSOCIATION
(CSA/USPS-T39-1-20)**

CSA/USPS-T39-10. Please confirm that BPRS parcels receive low priority in terms of transportation and processing; only ground transportation is used; and the Postal Service determines the frequency of the mailer's pickup of BPRS parcels or its delivery of BPRS parcels. If you do not confirm, please explain.

RESPONSE:

Not confirmed. Please see my responses to 4 and 8 above.

**RESPONSE OF POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF THE CONTINUITY SHIPPERS ASSOCIATION
(CSA/USPS-T39-1-20)**

CSA/USPS-T39-11. Please confirm that the following indicate a lower value of service: BPRS parcels receive low priority in terms of transportation and processing; only ground transportation is used; and the Postal Service determines the frequency of the mailer's pickup of BPRS parcels or its delivery of BPRS parcels. If you do not confirm, please explain.

RESPONSE:

Not confirmed. Please see my response to 10 above.

**RESPONSE OF POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF THE CONTINUITY SHIPPERS ASSOCIATION
(CSA/USPS-T39-1-20)**

CSA/USPS-T39-12. Please confirm that only parcels mailed out Standard A can be returned under BPRS. If you do not confirm, please explain.

RESPONSE:

Confirmed.

**RESPONSE OF POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF THE CONTINUITY SHIPPERS ASSOCIATION
(CSA/USPS-T39-1-20)**

CSA/USPS-T39-13. Please confirm that the Postal Service's regulations for the BPRS labels states that the "class of mail" designation on the label is "Standard Mail (A)." If you do not confirm, please explain.

RESPONSE:

Confirmed.

**RESPONSE OF POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF THE CONTINUITY SHIPPERS ASSOCIATION
(CSA/USPS-T39-1-20)**

CSA/USPS-T39-14. On average, how many opened BPRS parcels were sent to a Mail Recovery Center each month since BPRS was modified in MC99-4?

RESPONSE:

I have been informed that we do not track this type of information.

**RESPONSE OF POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF THE CONTINUITY SHIPPERS ASSOCIATION
(CSA/USPS-T39-1-20)**

CSA/USPS-T39-15. On average, how many opened BPRS were sent to a Mail Recovery Center each month between the creation of BPRS and the modification to BPRS in MC99-4?

RESPONSE:

Please see my response to CSA/USPS-T39-14.

**RESPONSE OF POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF THE CONTINUITY SHIPPERS ASSOCIATION
(CSA/USPS-T39-1-20)**

CSA/USPS-T39-16. In general, what percentage of BPRS returns contain correspondence and/or a check for payment?

RESPONSE:

The Postal Service would have no way of knowing this percentage. I would assume that only BPRS shippers themselves would know.

**RESPONSE OF POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF THE CONTINUITY SHIPPERS ASSOCIATION
(CSA/USPS-T39-1-20)**

CSA/USPS-T39-17. Please confirm that the nine factors of the Act could support the same cost coverage as Standard Mail A regular. If you do not confirm, please explain.

RESPONSE:

Not confirmed. The factors are applied differently. Please see my rebuttal testimony in Docket No. C99-4.

**RESPONSE OF POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF THE CONTINUITY SHIPPERS ASSOCIATION
(CSA/USPS-T39-1-20)**

CSA/USPS-T39-18. Please confirm that the attributable cost figure, plus contingency, you are using is \$1.13 per BPRS piece?

RESPONSE:

Confirmed.

**RESPONSE OF POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF THE CONTINUITY SHIPPERS ASSOCIATION
(CSA/USPS-T39-1-20)**

CSA/USPS-T39-19. Please confirm that if BPRS were priced at \$1.50, each BPRS piece would cover their attributable cost and contribute \$0.37 cents to institutional costs. If you do not confirm, please explain.

RESPONSE:

Confirmed that $\$1.50 - \$1.13 = \$0.37$.

**RESPONSE OF POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF THE CONTINUITY SHIPPERS ASSOCIATION
(CSA/USPS-T39-1-20)**

CSA/USPS-T39-20. What percentage of BPRS returns are from customers who have paid for the merchandise before receiving versus those customer who only have to pay for the merchandise if they decide to keep it?

RESPONSE:

Please see my response to CSA/USPS-T39-16.

DECLARATION

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

Susan W Mayo

Dated: April 4, 2000

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 that reads "David H. Rubin". The signature is written in black ink and is positioned above a solid horizontal line.

David H. Rubin

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2986; Fax -6187
April 4, 2000