

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 INTERROGATORIES OF
DOUGLAS F. CARLSON
(DFC/USPS-T26-1-4)

The United States Postal Service hereby provides the responses of witness Eggleston to the following interrogatories of the Douglas F. Carlson: DFC/USPS-T26-1-4, filed on March 23, 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

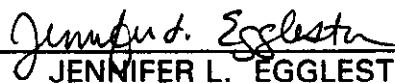


Scott L. Reiter

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April 5, 2000

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 L. EGGLESTON

Dated: 4/5/00

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS EGGLESTON TO INTERROGATORIES FROM DOUGLAS F. CARLSON

DFC/USPS-T26-1. At page 32 of your testimony, you explained that you used the collection costs of single-piece Standard Mail (A) as a proxy for the collection costs of BPRS mail. Please provide a complete and thorough explanation of your understanding of the collection process, including all steps in the collection process, for Standard Mail (A). In your answer, please explain all typical situations, including Standard Mail (A) deposited in collection boxes, Standard Mail (A) given to a letter carrier, and Standard Mail (A) tendered at a retail window.

RESPONSE:

As stated in my testimony on page 32, lines 11-17, Standard (A) mail collection costs are used as a proxy for BPRS costs because a good portion of the parcels that eventually migrated to BPRS were still in the single-piece Standard Mail (A) mailstream in the base year. It is my understanding that single-piece Standard (A) could enter the mailstream via being dropped into a collection box, left for the carrier, or taken over the window. These options are also available for BPRS. Since there was no reason to believe that the collection activities differed between single-piece Standard Mail (A) and BPRS, I did not identify or study every activity involved with collection. Although the collection costs for single-piece Standard Mail (A) might not be identical to BPRS, in the absence of BPRS-specific collection costs, single-piece Standard Mail (A) costs are the best proxy.

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DFC/USPS-T26-2. Please provide the dates and locations of each field visit you made to observe collection operations for single-piece Standard Mail (A).

RESPONSE:

I did not design any data collection efforts or visit any sites specifically to collect data on the collection operations for single-piece Standard Mail (A). During the data collection phase of the study, I did ask general questions about how these parcels were collected. It did not appear that BPRS parcels were collected in a manner that varied from other types of parcel mail. Since collection costs are only 2.8 percent of the total BPRS estimated costs, and I had no reason to believe that they were significantly different from single-piece Standard Mail (A) costs, I found no reason to study the issue further.

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DFC/USPS-T26-3.

- a. Please confirm that some post offices, while culling outgoing mail and preparing it for dispatch to the P&DC, place Standard Mail parcels that customers have requested be returned to sender — such as those from book-of-the-month clubs and music vendors — in a container separate from the container used for single-piece Standard Mail (A) or SPR's. If you do not confirm, please explain when post offices were instructed to discontinue this practice, and please provide memos and directives to that effect.
- b. Please explain why post offices described in (a) maintain this separation.
- c. At post offices described in part (a), please explain the processing steps through which the parcels go after being placed in the separate container until they are dispatched to the P&DC.
- d. Please confirm that the post offices described in (a) review each parcel and may rubber-stamp the parcel to indicate that it should be returned to sender. If you confirm, please discuss the approximate percentage of returned Standard Mail parcels that the Postal Service marks in this way.
- e. Please discuss the extent to which the procedures described in this interrogatory represent standard procedure for processing Standard Mail parcels that are being returned to sender.
- f. Please confirm that BPRS parcels may go through the procedures described in this interrogatory. If you do not confirm, please explain proper collection and culling procedures for BPRS parcels and provide memos and directives on this subject.
- g. Compared to collection costs for single-piece Standard Mail (A), please confirm that the procedures described in this interrogatory will raise collection costs of BPRS mail compared to collection costs for non-return-to-sender Standard Mail (A). If you do not confirm, please explain.
- h. Please explain how your cost estimate captures the additional collection costs of BPRS over Standard Mail (A).

RESPONSE:

(a-h). The issue of returns being culled out and rubber-stamped arose in Docket No. MC97-4. (Douglas F. Carlson Comments Concerning Revised Stipulation and Agreement, August 16, 1997). Therefore, during the data collection phase of my study,

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I examined the returned BPRS parcels to determine if they had been rubberstamped. I found that the vast majority of BPRS parcels did not receive a rubber stamp. Therefore, I concluded there was no reason to investigate this issue further.

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DFC/USPS-T26-4. Do Standard Mail (A) collection costs include the significant volume of return-to-sender parcels from mailers such as those described in DFC/USPS-T26-3(a)? Please discuss.

RESPONSE:

To the best of my knowledge, yes.

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.



Scott L. Reiter

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