

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 PLUNKETT  
TO INTERROGATORIES OF FLORIDA GIFT FRUIT SHIPPERS ASSOCIATION  
(FGFSA/USPS-T36-1 & 5)

The United States Postal Service hereby provides the responses of witness Plunkett to the following interrogatories of the Florida Gift Fruit Shippers Association: FGFSA/USPS-T36-1 & 5, filed on March 23, 2000. Interrogatories 2-4 were 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



Scott L. Reiter

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April 5, 2000

**RESPONSE OF WITNESS PLUNKETT TO INTERROGATORIES OF THE FLORIDA  
GIFT FRUIT SHIPPERS ASSOCIATION**

**FGFSA/USPS-T-36-1.** On page 13, you state that the rate for each piece of parcel post includes two cents per pound for weight-related nontransportation handling cost.

- a. Identify the costs which are included as "weight-related nontransportation handling cost".
- b. Identify any study which specifies and quantifies "weight-related nontransportation costs".
- c. Provide the amount of "weight-related nontransportation costs".
- d. Provide a complete explanation of the method you used to determine that two cents per pound is the proper amount to cover such costs.
- e. Identify the additional handling and costs to support and justify a rate element of 80 cents for a 40 pound parcel, but which amount to only 20 cents for a 10 pound parcel.
- f. Do you agree that it would be more appropriate to describe these additional handling costs as being size or cube related, rather than weight related? If you do not agree, please fully explain.
- g. If the two cents per pound covers the "weight related nontransportation handling costs" for an Inter-BMC parcel. For Intra-BMC and DBMC parcels there is less handling than for the Inter-BMC parcel. Explain why the same rate element applies to all three rate categories.

**FGFSA/USPS-T-36-1 Response.**

- a. The two cent charge for weight related nontransportation handling costs has been used in parcel post rate design in past dockets from as far back as Docket No. R84-1. In designing rates for this docket I have complied with this convention which provides a means through which rates may reflect sortation and mailhandling and delivery costs that are presumed to be caused by weight.
- b. My understanding is that the two cent charge originated in Docket No. R84-1 (PRC Op. at 540-541).
- c. Though I am aware of no study that would aggregate such costs. If one assumes that each pound causes two cents, the test year weight related nontransportation costs would be \$39.3M (see LR-62, Attachment H, cell O9). See response to part a.
- d-e. See response to part a.

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- f. No. See response to part a, however, to the extent that cube and size are positively correlated with weight, these costs could be said to be positively correlated with those variables.
- g. See my response to part a.

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**FGFSA/USPS-T-36-5.** If a parcel is nonmachinable solely because of weight — in excess of 35 pounds — explain the justification for the additional surcharge in view of the rate element of two cents per pound for "weight related nontransportation handling costs".

**FGFSA/USPS-T-36-5 Response.**

Parcels can be nonmachinable for reasons other than weight. For example shape and cube may determine machinability independent of weight.

**DECLARATION**

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

Michael K. Plunkett

Dated: 4/5/00

**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", written over a horizontal line.

Scott L. Reiter

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