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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

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

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

**RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORY OF DAVID B. POPKIN  
(DBP/USPS—94)**

The United States Postal Service hereby provides its response to the following interrogatory of David B. Popkin: DBP/USPS—94, filed on March 23, 2000.

The 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

  
\_\_\_\_\_  
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April 6, 2000

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DBP/USPS-94 [a] What is the average cost for delivering a piece of mail to a customer of a city delivery route [show the cost per 1000 letters in this subpart through subpart e to avoid rounding errors]? [b] What is the average cost for delivering a piece of mail to a customer of a rural carrier route? [c] What is the average cost for delivering a piece of mail to a customer of a HCR route? [d] What is the average cost for delivering a piece of mail to a post office box? [e] What is the average cost for delivering a piece of mail, regardless of the type of address? [f] If the response to subpart d is less than the response to subpart e, confirm, or explain if you are unable to confirm, that there is a savings to the Postal Service to deliver mail to a post office box. [g] If the response to subpart d is less than the response to subpart e, explain how the savings is factored into the rate for post office boxes.

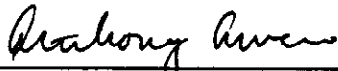
- (a) Postal Service costing does not allow direct computation of delivery costs into these types of component parts; thus 'delivery' costs include delivery personnel (city carriers, rural carriers, etc.), vehicle costs, building, depreciation, supervision, etc. Moreover, total pieces delivered are only available for city and rural carriers through the CCS and RCCS, respectively. Therefore, total delivery cost per piece is not readily available. One way of approximating city carrier delivery cost per piece is to use the piggyback methodology which takes direct costs and applies a piggyback to compute total costs. See Witness Smith's testimony, USPS-T-21. Using the piggyback methodology, for city carrier related delivery costs, the average cost per piece is 14.19 cents. Computation: Total CS 6 & 7, \$12,076,181,000, (Library Reference USPS-LR-I-80, file CS06&7.xls, tab output to CRA) times the city delivery carrier piggyback, 1.358, (USPS-T-21, Attachment 10) divided by total CCS pieces, 115,560,099,000 (Library Reference USPS-LR-I-80, file I Forms, tab CS07 CCS).

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- (b) See (a). Using the piggyback methodology, for rural carrier related delivery costs, the average cost per piece is 10.92 cents. Computation: Total CS 10, \$3,678,215,000, (Library Reference USPS-LR-I-80, file CS06&7.xls, tab output to CRA) times the rural carrier piggyback, 1.242, (USPS-T-21, Attachment 10) divided by total RCCS pieces, 41,819,281,000 (Library Reference USPS-LR-I-80, file I Forms, tab CS10 RCS).
- (c) See (a). The Postal Service is unable to compute a response, as it does not have figures for the cost to deliver to a HCR route or the number of pieces.
- (d) See (a). The Postal Service is unable to compute a response. By definition, there are no 'delivery' costs; moreover, there is no figure for the number of pieces.
- (e) See (a). The Postal Service is unable to compute a response. Total delivery costs are further complicated by expedited deliveries shown in CS 3.4. Although we have there are costs for this segment, there is no figure for the number of pieces.
- (f) See (a) to (e).
- (g) See (a) to (e).

## 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.

  
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