

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

RECEIVED

APR 10 5 12 PM '00

POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO PRESIDING  
OFFICER'S INFORMATION REQUEST NO. 6  
(April 10, 2000)

The United States Postal Service hereby provides responses to Presiding Officer's Information Request No. 6, filed on March 29, 2000. Each question is stated verbatim and is followed by the response. A Motion of the United States Postal Service for Extension of Time to Respond to question No. 9 is being filed separately today.

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 10, 2000

Response of United States Postal Service Witness Kashani  
To  
Presiding Officer's Information Request No. 6

POIR 6-1

1. In Appendix B of witness Kashani's testimony, he identifies two adjustments to FY 1999 costs, the migration of Standard A Single Piece to First-Class and Priority Mail and a reporting change in International mail volume. Appendix B describes how the adjustments are made within the roll-forward process and Library Reference I-6 contains the roll-forward files that are used to implement the adjustment. However, no mention is made in the narrative of Appendix B as to whether any adjustment is made to the Space and Space-Related distribution keys, or any other of the distribution keys used in the development of the PESSA costs or the roll-forward process. Additionally, there is nothing in the Library Reference I-6, (VBL1.DAT file in the directory */cntlfile/fy99rcc/stat*) which indicates any adjustments made to the Space and Space-Related distribution keys, Equipment related distribution keys, or the Capital distribution keys for the migration of Standard A Single Piece to First-Class and Priority Mail. An examination of the electronic spreadsheets supporting witness Kashani's Appendix A do show an adjustment of the cost reduction and other programs distribution keys for the Standard A migration adjustment. This adjustment, shown in file *apa99.xls*, page *adjustedfy99dks*, appears to mirror the adjustment for the cost components detailed in Appendix B.

Should adjustments be made to the Space and Space-Related distribution key or any of the other distribution keys used in the roll-forward process to reflect the two FY 1999 adjustments described in Appendix B of witness Kashani's testimony? If yes, please include a detailed list of the distribution key components affected and a detailed description of how the adjustments would be made in the Postal Service's CRA/Roll-Forward model and provide any and all corrections and/or additions to Workpapers and Library Reference I-6, if any.

Response of United States Postal Service Witness Kashani  
To  
Presiding Officer's Information Request No. 6

POIR 6-1

**Response**

The mechanics of Standard A Single Piece adjustment are shown in VBL's 1 and 2 – see USPS-LR-I-4, Section 4, Part B, pages 607 through 622. VBL1 implements what is shown in figure 1 of Appendix B and the rollforward BEN2FACT file by reallocating Standard A Single Piece costs (component 1512) to First-Class (component 1511) and Priority Mail (component 1513). VBL2 applies a Mail Volume Effect to both Standard A Single Piece and International Mail using adjustments shown in RAT2FACT file.

The Space and Space related distribution keys (Base Year 1998 keys shown on pages 107-124 of witness Meehan's Workpaper WP-A) and the Rollforward related distribution keys (Base Year 1998 keys shown on pages 135-144 of witness Meehan's Workpaper WP-A) receive a mail volume effect in VBL2; see pages 616-622 of USPS-LR-I-4. As such, these keys are properly adjusted for use in developing the Space, Equipment, and Capital distribution keys in the "B Report."

Response of United States Postal Service Witness Kashani  
To  
Presiding Officer's Information Request No. 6

POIR 6-2

2. The file VBL2.dat of USPS Library Reference I-6, at lines 00028613 through 00034700, lists the direct and indirect cost components used to develop the mail volume cost effect for components 9 (Supervision of Time & Attendance), 30 (Higher Level Supervisors), and 228 (Time and Attendance Clerks).

Cost component 30, Higher Level Supervisors, is listed as receiving a mail volume effect (Line 34501) and is also part of the list of direct and indirect cost components used to develop the mail volume cost effect for Higher Level Supervisors (Line 00030200).

An examination of the other VBL data files; VBL3.dat (Non-Volume Workload) and VBL4.dat (Additional Workday) show that component 29 (Supervision of E&LR) receives the indirect cost effect, not component 30.

Please explain the apparent discrepancy in the indirect cost treatment of component 30, Higher Level Supervisors, between the mail volume effect, the Non-Volume Workload effect, and the Additional Workday effect.

If there is no discrepancy, please explain why component 30 is included in the sum of direct and indirect costs used to determine the mail volume cost effect for component 30.

**Response**

With respect to treatment of component 30, Higher Level Supervisors, the proper treatment is to remove component 30 from the independent components, or in other words, component 30 should not be included in those components used to develop the mail volume cost effect for components 9, 30, and 228. Additionally,

Response of United States Postal Service Witness Kashani  
To  
Presiding Officer's Information Request No. 6

POIR 6-2 (continued)

component 29 should be added to the list of dependent components; thus, the dependent components would be 9, 29, 30, and 228. The same treatment also applies to VBLs 3 and 4.

Response of United States Postal Service Witness Kashani  
To  
Presiding Officer's Information Request No. 6

POIR 6-3

3. In the Additional Workday cost effect for FY 2000 and the Test Year (both before rates and after rates) it appears that component 192, Money Order Division Personnel, receives two different additional workday cost effects. First, in file VBL4.dat at Line 00050000, it receives a cost effect with the control string '01' and then at Line 005400006 it receives a cost effect with the control string '16'.

Please explain whether this treatment is correct. If not correct, which control string, '01' or '16' is the correct method to apply the Additional Workday cost effect to component 192.

**Response**

The correct method of applying the Additional Workday cost effect to component 192, Money Order Division Personnel, is to use control string 16; therefore, control string 1 should be deleted.

## DECLARATION

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

*Cameron Kashani*

---

Dated: 4/10/2020

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DANIEL TO  
PRESIDING OFFICER'S INFORMATION REQUEST NO. 6**

4. This question relates to USPS LR-I-95.
- a. Refer to the sheet named "Delivery Volumes," and consider the sheet as composed of blocks A through I. Blocks A-D are across the top, block E in the middle, and blocks F-I across the bottom. The implicit box volumes (Block D) could have been developed on a cell-by-cell basis by subtracting blocks A and B from block C. Instead, the totals in block D were developed by subtracting the totals in blocks A and B from the totals in block C, and then in a second step, the totals in block D were distributed to shape based on the shape distribution of block C. Please explain the rationale and assumptions involved in developing the shape distribution of the box volume in this way.
  - b. Refer to lines 12 and 13 of the sheet named "ecr splits." The unadjusted unit cost of WSS letters is 53 cents per piece and of WSS flats is 23 cents per piece. Without explanation, the relationship of these costs was apparently rejected and, after adjustment, these two costs were taken to be equal at 32 cents per piece. Please explain the rationale for this adjustment. Were any adjustment procedures considered that might have resulted in flats costing more than letters?

**RESPONSE:**

- a. As explained on page 23 lines 10-19 of USPS-T-28, using City Carrier Cost System (CCS) volumes can overstate true volume of DMM-defined letters delivered by city carriers because the volumes by shape recorded in the CCS can be based on where mail is physically cased instead of its DMM shape. For instance, deriving P.O. Box volumes (Block D) in the manner described in the question, produces the following results:

	Implicit PO Box Volume			
	<u>Letters</u>	<u>Flats</u>	<u>Parcels</u>	Total PO Box
First-Class Single Piece	17,287,104	1,882,469	286,894	19,456,468
First-Class Presort	4,999,749	112,268	<b>(2,008)</b>	5,110,009
Standard (A) ECR	<b>(1,868,411)</b>	4,673,260	13,315	2,818,165
Standard (A) Regular	2,815,119	2,519,508	306,831	5,641,458
Standard (A) NPECR	705,533	334,076	1,552	1,041,160
Standard (A) Nonprofit	2,010,760	249,050	19,025	2,278,835



**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DANIEL TO  
PRESIDING OFFICER'S INFORMATION REQUEST NO. 6**

The bolded negative numbers illustrate the problem with calculating block D in the manner described above. Also, the purpose of this exercise is to estimate the DMM-defined shapes delivered by city carriers. An estimate of the shapes delivered to P.O. Boxes is an assumption that is made because without this, there would be two equations and two unknowns. Using an assumed shape-distribution of P.O. Box volume, it is possible to impute the distribution of DMM-defined shape delivered by city carriers. A reasonable assumption is that mail delivered to P.O. Boxes has the same distribution of shape as total mail. The distribution implied by calculating Block D in the manner described in the question versus RPW distribution is nearly the same in all cases except for Standard Mail (A) ECR.

	Implicit PO Box Distribution versus RPW Distribution		
	<u>Letters</u>	<u>Flats</u>	<u>Parcels</u>
First-Class Single Piece	1%	-1%	-1%
First-Class Presort	1%	-1%	0%
Standard (A) ECR	105%	-105%	0%
Standard (A) Regular	11%	-7%	-3%
Standard (A) NPECR	0%	0%	0%
Standard (A) Nonprofit	-4%	5%	0%

- b. The justification for this procedure is described on page 22 lines 19-24 of USPS-T-28. This adjustment is intended to address situations where a bundle is carried directly to the street. *Flat-shaped* WSS bundles are more likely to be carried directly to the street without first being cased. Therefore, the in-office costs of WSS flat-shaped pieces captured by IOCS are suppressed, even though letters are actually less expensive to handle in the office, all else equal. Other than a qualitative acknowledgement in testimony that flats costs more than letters, no other quantitative adjustment procedure was considered.

**DECLARATION**

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

  
SHARON DANIEL

Dated: 4/10/10

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE  
TO PRESIDING OFFICER'S INFORMATION REQUEST NUMBER 6

5. This question relates to Spreadsheet NP2.xls in Postal Service Library Reference LR-I-203.
  - a. On the sheet "Comparison" cell B30 shows a value of  $-0.051$ . However, sheet "TYAR B.D." cell 57 shows  $-0.065$ . Please explain whether both are correct.
  - b. On the sheet "Rates" cell E70 shows 16.43 percent and sheet "TYAR B.D." cell D68 shows 15.24 percent. Please explain the relationship between the volumes on the two sheets.

**RESPONSE**

- a. Cell B30 on the sheet "Comparison" with a value of  $-0.051$  refers to the editorial piece discount for Nonprofit publications; this discount is estimated in the NP2.xls spreadsheet. Cell 57 in the sheet "TYAR B.D." is the editorial discount for Regular pieces and applies to commingled pieces. Commingled pieces pay the rates developed for the Regular subclass. Both values are correct, but they apply to different volumes.
- b. 16.43 percent on sheet "Rates" cell E70 calculates the percent change in revenue per piece based on proposed rates and TYBR volume from the revenue per piece based on current rates and TYBR volume. The revenue includes the fee estimate in both the numerator and the denominator. 15.24 percent on sheet "TYAR B.D." attempts to perform a similar calculation based on proposed rates and TYAR volumes. In the latter case the denominator includes the TYBR fee estimate, but the numerator revenue per piece inadvertently does not include the TYAR fee revenue.

The volume on sheet "Rates" reflects TYBR volume estimates while the volume on "TYAR B.D." reflects TYAR volume estimates.

## DECLARATION

I, Altaf H. Taufique, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

A handwritten signature in black ink, appearing to read 'Altaf H. Taufique', is written over a horizontal line.

Dated: APRIL 10, 2008

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 6

6. In response to AMPU/USPS-T-39-1 (a), witness Mayo states that "there is no formalized use of Delivery Confirmation data to measure the quality of parcel delivery service." In responding to APMU/USPS-T39-1 (b)-(c), the Postal Service states that "[d]elivery confirmation data, ODIS data and PETE data are available to Headquarters and Field operations management." In response to APMU/USPS-T34-10 (b), which asked for Priority Mail delivery data available from the Delivery Confirmation system, witness Robinson stated: "I am informed that the requested data are not available."

- a. Please describe in detail the Delivery Confirmation data that is collected for parcel post and Priority Mail.
- b. For how long is this data retained?
- c. What delivery confirmation data [have been], are made available to Headquarters and Field operations management?

**RESPONSE:**

At the time I prepared the response to APMU/USPS-T30-10(b), I understood that a service performance measure based on Delivery Confirmation data was under development and was not yet available. In the process of identifying information responsive to part (c) of this question, I determined that a service performance measure based on retail Delivery Confirmation data was available. This information has been provided in response to UPS/UPS-T34-34 and a revised response to APMU/USPS-T34-10(b) will be filed.

- a. Date item was delivered, delivery was attempted, item was forwarded, or item was returned. If accepted over the retail counter, date of the acceptance scan. Electronic Delivery Confirmation customers provide the Postal Service with information on when and where a piece is expected to be entered.
- b. One year.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 6

- c. Data needed to calculate scanning percentages, that is, the number of Delivery Confirmation pieces receiving a delivery scan within a certain area, divided by the total number of Delivery Confirmation pieces destined for that area. A service performance measure based on retail delivery confirmation scans is also provided.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 6

7. Please refer to interrogatories UPS/USPS-T34-11 and 12, Attachment A. Attachment A purports to be a compensation attachment to Contract Postal Unit Contract No. 363199-U-0158, relating to a two-year contract for operating a Contract Postal Unit for the Postal Service. The attachment states that the operator will be paid 20 percent of the postal funds it receives and remits for the sale of domestic Priority Mail and domestic Express Mail, and 5 percent of the postal funds it receives and remits for the sale of all other postal products and services subject to the contract.

- a. Is UPS's characterization of this document accurate?
- b. Please describe the cost-benefit analysis or other considerations that led to establishing this compensation schedule. If documentation exists supporting this arrangement, please provide it.
- c. Are payments under these contracts treated as product specific costs, that is, are payments made as a result of the sale of Priority Mail treated as a product specific cost of Priority Mail?
- d. What are the percentages of total revenue from Express Mail and Priority Mail sold at Postal Service retail offices? What are the percentages of total revenue from Express Mail and Priority Mail at contract units where compensation is computed in such fashion?

**RESPONSE:**

- a. Yes. Contract 363199-U-0158 has an Attachment 4 containing such terms.

This contract is between the Postal Service and a Mailboxes, Etc. franchisee.

See USPS-LR-I-231.

- b. I am informed that the deliberative processes involved in contracting for services on the terms described are not memorialized in documentation. I am further informed that, as with all procurements, the considerations underlying the compensation paid a supplier include providing fair compensation for service/goods received, and obtaining fair value for the consideration paid.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 6

- c. I am not an expert on cost attribution; however I am informed that payments for Priority Mail under such contracts are recorded in account 52301, cost segment 13, component 111, and are not treated as product-specific costs for either Priority Mail or Express Mail.
- d. The percentage of total revenue from Express Mail and Priority Mail sold at Postal Service retail offices is not known. I am informed that the percentage of the total postal funds generated from Express Mail and Priority Mail postage in contract postal units compensated as set forth in this question for FY 1999 through AP 2 of FY 2000 was 21%.



RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 60

8. Please describe the extent to which PETE and EXFC data are made public, include in your response the extent to which the public data refers to performance between specifically identified geographic areas.

**RESPONSE:**

EXFC overnight performance data are released to the public by USPS Public Affairs and Communications through a general news release, Postal News, at the conclusion of each postal quarter. This news release is posted on our public web site at <http://www.usps.com/news/press/>.

Upon request, Consumer Affairs provides an electronic copy of summarized EXFC data. The data provided are limited to on-time service performance and average days to deliver by service commitment and all service commitments combined. Estimates of the margins of error associated with these estimates are also provided. Data are provided at the national level, and from all origins combined to a specific destination performance cluster level only.

The Postal Service does not officially release PETE data, even at the national level because it is considered to be commercially sensitive.

The policy of the Postal Service always has been that data indicating performance between specifically identified geographic areas (commonly referred to as "point-to-point" data) are not public. Any public disclosures of point-to-point data by any Postal Service office are contrary to policy.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 6

10. Please refer to the response of witness Robinson to DFC/USPS-T-34-13 concerning service commitments for Priority and First Class between 3-digit Zip Code pairs. Witness Robinson states that there are 849,106 valid 3-digit Zip Code pairs, and states there are 151 Zip Code pairs where Priority Mail provides overnight service while First-Class provides two-day service.
- a. Please provide the number of Zip Code pairs where the service standard for First Class equals that of Priority Mail, segregated into overnight, two-day and three-day service areas.
  - b. Please provide the number of Zip Code pairs where the service standard for First Class exceeds that of Priority Mail, segregated into overnight, two-day and three-day service areas.
  - c. Please provide the total overnight, two-day and three-day service standard Zip Code pairs for Priority Mail and First Class mail.
  - d. Witness Robinson states in the same interrogatory response that database errors appear to be responsible for the 49 Zip Code pairs where First-Class provides overnight service while Priority provides two-day service. Please clarify and update this conclusion.

**RESPONSE:**

- a. I am informed that the First-Class Mail service standard equals the Priority Mail service standard in 225,239 ZIP code pairs: 8,744 are one-day service standard, 156,933 are two-day service standard, and 59,562 are three-day service standard.
- b. I am informed that there are currently no instances where the First-Class Mail service standard exceeds (are faster than) the Priority Mail service standards. In preparing the response to DFC/USPS-T34-13, 49 ZIP code pairs were identified as having a First-Class Mail service standard that exceeded the Priority Mail service standard. I am informed that these 49 instances were errors and that the service standard database has been corrected.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 6

c.

**Number of Three-Digit ZIP Code Pairs**

	<b>One-Day Service Standard</b>	<b>Two-Day Service Standard</b>	<b>Three-Day Service Standard</b>
First-Class Mail	8,744	157,081	683,281
Priority Mail	9,030	780,514	59,562

d. See response to part (b).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 6

11. In USPS-LR-I-196, in the Sales and Services Associate Training, Facilitator's Guide, NSN#7610 040008859, Course 23501-02 (September 1999) p. 111, reference is made to a Sommers Communication Video entitled "Priority Mail." Please supply a copy of the video.

**RESPONSE:**

The requested video will be filed shortly as USPS-LR-I-282.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 6

12. The Postal Service is proposing to eliminate the one pound minimum weight requirement for parcel post and charge the minimum rate in each category for all pieces weighing up to two pounds (USPS-T-36 at 12). For inter-BMC that proposed rate is \$3.47. The Service is also proposing a new one pound Priority mail rate of \$3.45 (USPS-T-34 at 16). Please explain the rationale for a one pound priority rate that is lower than the one pound rate in parcel post.

**RESPONSE:**

As the question notes, the proposed \$3.47 inter-BMC rate is for material weighing no more than two pounds while the proposed \$3.45 Priority Mail rate is for material weighing no more than one pound. Both the Priority Mail and the Parcel Post rates are based on the costs of providing these services and these rates reflect those costs plus the contingency proposed by witness Tayman and the cost coverages proposed by witness Mayes. The inter-BMC Parcel Post rate allows customers to mail heavier weight pieces (up to two pounds rather than only one pound). Therefore, by using the \$3.47 inter-BMC Parcel Post rate, some customers will be able to mail two-pound packages at a lower rate than if they were to use the proposed \$3.85 two-pound Priority Mail rate.

However, Parcel Post and Priority Mail have different rate structures, with Parcel Post offering opportunities for customers to workshare and thereby take advantage of discounts. Therefore, for many commercial customers, and some retail customers, the appropriate comparison is not between the one-pound Priority Mail rate and the two-pound inter-BMC rate, but rather between the one-pound Priority Mail rate and the two-pound, intra-BMC, DBMC, DSCF, or DDU rate. In each of these cases, the Priority Mail rate is greater than the corresponding Parcel Post rate. However, for some customers -- those who mail

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 6

one-pound, inter-BMC pieces -- the lower Priority Mail rate would be more economical. Previously, customers mailing these pieces would have had no alternative but to use Priority Mail; this rate proposal does not penalize them for continuing to use Priority Mail.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 6

13. In USPS-T-34 witness Robinson discusses the Emery adjustment which moves some of the costs of the Emery contract from the per piece to the per pound rate element in Priority mail. The adjustment is made by, "assuming that the Emery costs in cost segment 16 remain at the same level as in the base year and reallocating the difference (based on base year proportions) between the test year and the base year Emery costs to cost segment 3.1 (Mail Processing Direct Labor), and cost segment 14 (Transportation)." Please explain the rationale for reallocating only the difference between the test year and the base year instead of the entire test year contract amount.

**RESPONSE:**

As discussed in my testimony (USPS-T34 at 14-15), I reallocated only the difference between the test year and base year Emery contract costs to cost segment 3.1 (Mail Processing Direct Labor) and cost segment 14 (Transportation) in order to mitigate the impact of the Emery contract on Priority Mail rates. The Priority Mail Processing Center (PMPC) network run by Emery Worldwide Airlines is an experimental program (see, for example, my response to UPS/USPS-T34-16), and the Postal Service has not yet determined whether this network will continue, be expanded, be eliminated, or be replaced by another network design. Therefore, in designing Priority Mail rates, I chose to mitigate the impact of the Emery network on Priority Mail rates by re-allocating the difference between test year and base year Emery contract costs to cost segments 3.1 and 14 based on base year proportions. This mitigates the impact of the Emery contract -- and its novel impact on Postal Service costs through its assignment to cost segment 16 -- on Priority Mail rates while still recognizing that the Emery contract does reduce the amount of costs that are identified by Postal Service costing methodology as distance-related. If the Postal Service's network

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 6

evaluation results in a continuation of the PMPC network under the same contract structure and with a similar assignment of these costs to cost segment 16, the rate design I proposed in this case is a step towards a cost structure with fewer identified transportation costs. Conversely, if the Postal Service decides (1) to eliminate the PMPC network; or (2) to modify the contract structure; or (3) to directly assign some Emery network costs to transportation (C/S 14), the unique characteristics of the Emery contract will not have been fully incorporated into the Priority Mail rate structure, and the rate design I propose in this case will thus avoid the need for a potentially dramatic compensating adjustment in a future omnibus rate case.



**DECLARATION**

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

  
MAURA ROBINSON

Dated: 4.10.2000

RESPONSE OF U.S. POSTAL SERVICE WITNESS KIEFER TO PRESIDING  
OFFICER'S INFORMATION REQUEST NO. 6, QUESTION 14

14. Please refer to USPS-T-37, WP-BPM-3. The billing determinant data are broken out by weight from 1 to 10 pounds. However, in R97-1 the maximum weight limit was increased from 10 to 15 pounds. Please explain how, in the rate design process, the weight increments 11-15 pounds are accounted for. Please provide a volume break out for the weight increments from 11 to 15 pounds.

**RESPONSE**

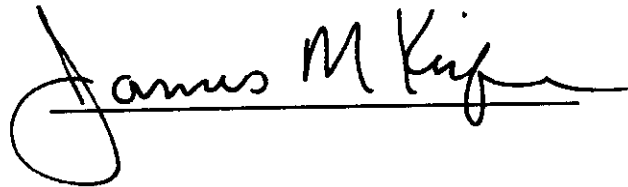
The increase in weight limit for Bound Printed Matter (BPM) from 10 to 15 pounds was actually recommended by the Commission in Docket No. MC97-3 on September 4, 1997, while Docket No. R97-1 (which also requested the same increase in weight limit) was still proceeding. The Commission's recommendation was approved by the Governors on September 8, 1997 and implemented on October 5, 1997.

Although the increased weight limit was in effect for almost all of FY 1998, Postal Service weight studies for FY 1998 (the basis for the single piece billing determinants shown in WP-BPM-3) detected no volume in the 10 to 15 pound range for single piece BPM. My rate design for single piece BPM was based on the FY 1998 billing determinants and assumed that the volume of single piece BPM in the 10 to 15 pound range would be insignificant.

The Postal Service now has calculated billing determinants for FY 1999. These were filed as Library Reference USPS-LR-I-259. Weight reports used to develop these billing determinants indicate that considerably less than 2% of single piece BPM falls within the 10 to 15 pound range. This suggests that the assumption used in the rate design was reasonable. Using 1999 weight distribution data,

**DECLARATION**

I, James M. Kiefer, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

A handwritten signature in black ink that reads "James M. Kiefer". The signature is written in a cursive style and is positioned above a horizontal line.

Dated: 4-10-60

RESPONSE OF U.S. POSTAL SERVICE WITNESS KIEFER TO PRESIDING  
OFFICER'S INFORMATION REQUEST NO. 6, QUESTION 14

even had it been available, would have had a negligible impact on the level and  
distribution of single piece BPM rates proposed in this docket.

**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.



David H. Rubin  
David H. Rubin

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2986 Fax -5402  
April 10, 2000