

DOCKET SECTION

**BEFORE THE
POSTAL RATE COMMISSION**

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POSTAL RATE AND FEE CHANGES, 2000

DOCKET NO. R2000-1

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

**NOTICE BY UNITED PARCEL SERVICE OF INTENT
TO CONDUCT ORAL CROSS-EXAMINATION OF
UNITED STATES POSTAL SERVICE WITNESS
MEEHAN (USPS-T-11)
(April 12, 2000)**

Pursuant to Section 30(e)(3) of the Commission's Rules of Practice, United Parcel Service ("UPS") hereby gives notice that it intends to conduct oral cross-examination of United States Postal Service witness Meehan on Table 4 of witness Meehan's Workpaper B: Base Year 1998 Cost Segment Spreadsheets (1-20), Revenue, Pieces, and Weight Adjustment System, and clarification of and expansion on witness Meehan's interrogatory responses.

Respectfully submitted,

Phillip E. Wilson, Jr.

John E. McKeever
William J. Pinamont
Phillip E. Wilson, Jr.

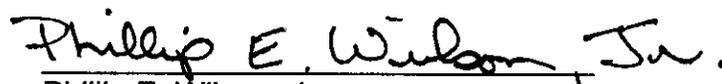
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Of Counsel.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document by first class mail, postage prepaid, in accordance with Section 12 of the Commission's Rules of Practice.


Phillip E. Wilson, Jr.
Phillip E. Wilson, Jr.
Attorney for United Parcel Service

Dated: April 12, 2000
Philadelphia, Pa.

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**RESPONSE OF POSTAL SERVICE WITNESS THRESS
TO INTERROGATORIES OF COALITION OF RELIGIOUS PRESS ASSOCIATIONS**

CRPA/USPS-T7-2 In your response to CRPA/USPS-T6-4, you hypothesize that "One possible explanation for some of the difference in the amount of regular versus nonprofit mail that is automated is that automation discounts are somewhat lower for nonprofit mail than for regular rate mail."

- (a)** If one subclass has lower piece distribution costs than another, is it not possible that the difference in costs would require a lower automation discount for the subclass with the lower piece distribution costs?
- (b)** Does the Cost and Revenue Analysis Report for the Base Year show a difference in cost per piece between a nonprofit periodical and a regular-rate periodical?
- (c)** Provide the same information provided in (b) above for each year from 1999 through the Test Year.

RESPONSE:

(a) I have no expertise in Postal Service costing issues, nor am I an expert in the setting of Postal Service discounts. My intention in citing the difference in automation discounts between Standard Regular and Standard Nonprofit mail was to merely point out a mathematical identity that, in many cases, Standard Regular discounts are greater than Standard Nonprofit discounts. I certainly did not intend to make any implications regarding the appropriateness of Postal Service discounts.

In spite of my limited knowledge on this subject, I can attempt to answer your question. It is my understanding that automation discounts are set by the Postal Rate Commission (PRC), and that the PRC has a great deal of discretion in setting these rates. As such, I do not believe that anything would "require" a lower automation discount for one subclass versus another. If, however, you replaced the word "require" with the word "justify" in your interrogatory, then I believe that the answer to your question would be yes.

(b) - (c) Redirected to the Postal Service.

**RESPONSE OF POSTAL SERVICE WITNESS THRESS
TO INTERROGATORIES OF COALITION OF RELIGIOUS PRESS ASSOCIATIONS**

CRPA/USPS-T7-3 You also state in your response to CRPA/USPS-T6-4 that "Nonprofit mailers have higher costs associated with automation [than regular-rate mailers]".

What is the foundation for that assertion? Provide any studies, data or other information that USPS has that would substantiate your statement.

RESPONSE:

This statement was made on the basis of my econometric analysis of the proportion of First-Class and Standard A mail which have received worksharing discounts historically. This analysis is described in section IV of my testimony. In the cases of Standard Regular and Standard Nonprofit mail, see especially pages 172 - 179. As I said in my earlier response to you, "[t]he econometrically estimated mean user costs for Nonprofit automation letters ... are 2 - 4 cents higher than the econometrically estimated mean user costs for Regular automation letters (see Table IV-3, page 184 of my testimony, USPS-T-7)."

**RESPONSE OF POSTAL SERVICE WITNESS THRESS
TO INTERROGATORIES OF COALITION OF RELIGIOUS PRESS ASSOCIATIONS**

CRPA/USPS-T7-4 Is it your understanding that most publishers, large or small, possess "automation equipment" (Response to CRPA/USPS-T6-4)? If your answer is affirmative, what "equipment" are you talking about, and what is the evidence that validates your statement?

RESPONSE:

I have no idea how many publishers, large or small, possess "automation equipment" under any definition of "equipment." In my response to CRPA/USPS-T6-4, I was referring generally to the equipment necessary to generate and spray barcodes on mail.

In an effort to be responsive to your earlier interrogatory, my answer included two possible hypotheses for the difference in the level of automation you observed. I am generally unfamiliar with the specific practices of any individual mailers. My analysis focuses on the overall level of automation within each subclass of mail, and does not distinguish between large or small mailers or between mailers who do their own presorting and automating and those who use a presort bureau.

**RESPONSE OF POSTAL SERVICE WITNESS THRESS
TO INTERROGATORIES OF COALITION OF RELIGIOUS PRESS ASSOCIATIONS**

CRPA/USPS-T7-5

(a) What facts support your answer to CRPA/USPS-T6-4, where you state that "It may be more difficult for nonprofit mailers to use presort bureaus, many of whom are heavy users of automation, than regular mailers."?

(b) Is it your opinion that larger-volume publications, e.g., over 200,000 copies per issue, are more likely or less likely to have "in-house" fulfillment departments than are smaller-circulation periodicals? What is the foundation for your response?

RESPONSE:

(a) *The statement you quote was a hypothesis on my part, for which I have no factual support.*

(b) *I really have no opinion on this subject.*

DECLARATION

I, Thomas Thress, 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 cursive script, appearing to read 'Thomas Thress', is written over a horizontal line.

(Signed)

4-10-00

(Date)

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.



Eric P. Koetting

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April 12, 2000