

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 MILLER
TO QUESTION POSED BY THE OFFICE OF THE CONSUMER ADVOCATE
DURING HEARINGS

The United States Postal Service hereby provides the response of witness Miller to a Question posed by the Office of the Consumer Advocate during cross-examination on April 18, 2000.

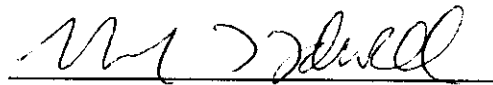
The question is paraphrased and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Michael T. Tidwell

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April 25, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MILLER TO
QUESTION POSED BY THE OCA DURING HEARINGS**

Tr. 7/3234-35. Please refer to USPS-T-24, Attachment B, and provide an estimate of nonstandard First-Class Mail costs, based upon witness Daniel's cost data that show the costs for all single-piece and presort shapes (letters, flats and parcels) weighing less than one ounce.

RESPONSE:

See the attached document.

**ATTACHMENT USPS-T-24B
FIRST-CLASS NONSTANDARD SURCHARGE COSTS**

REVISED 4/25/2000

A. INPUTS

1. AVERAGE TEST YEAR MAIL PROCESSING UNIT COSTS (CRA) <= 1 OZ

	(<= 1 oz) First-Class Single Piece <u>(Cents)</u>	(<= 1 oz) First-Class Presort <u>(Cents)</u>
<u>Shape</u>		
Letters	19.558	9.818
Flats	93.856	112.301
Parcels	188.958	652.290

2. VOLUMES BY SHAPE

<u>Shape</u>	First-Class Single Piece FY 98 <u>Volume</u>	First-Class Single Piece FY 98 <u>Percent</u>	First-Class Presort FY 98 <u>Volume</u>	First-Class Presort FY 98 <u>Percent</u>
Letters	64,552,853	17.41%	10,559,356	14.27%
Flats	287,299,988	77.47%	61,873,570	83.59%
Parcels	18,994,784	5.12%	1,583,073	2.14%
	370,847,625	100.00%	74,016,000	100.00%

3. MANUAL LETTER MAIL PROCESSING UNIT COSTS (MODELS)

<u>Shape</u>	First-Class Single Piece <u>(Cents)</u>	First-Class Presort <u>(Cents)</u>
Letters	23.941	9.675

B. RESULTS

<u>Formula:</u>	First-Class Single Piece <u>(Cents)</u>	% Total <u>Cost</u>
(Manual Model SP Letters - CRA SP Letters) * (% SP Letters)	0.763	1.14%
+ (CRA SP Flats - CRA SP Letters) * (% SP Flats)	57.559	85.91%
+ (CRA SP Parcels - CRA SP Letters) * (% SP Parcels)	8.677	12.95%
Additional Nonstandard Single Piece Letter Costs	66.999	100.00%

<u>Formula:</u>	First-Class Presort <u>(Cents)</u>	% Total <u>Cost</u>
(Manual Model Prst Letters - CRA Prst Letters) * (% Prst Letters)	-0.020	-0.02%
+ (CRA Prst Flats - CRA Prst Letters) * (% Prst Flats)	85.671	86.20%
+ (CRA Prst Parcels - CRA Prst Letters) * (% Prst Parcels)	13.741	13.83%
Additional Nonstandard Presort Letter Costs	99.392	100.00%

DECLARATION

I, Michael W. Miller, 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 "Michael W. Miller", written over a horizontal line.

Dated: 4/25/2000

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 "M. Tidwell", written over a horizontal line.

Michael T. Tidwell

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