

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

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POSTAL RATE AND FEE CHANGES, 2000

POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY  
Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KANEER  
TO INTERROGATORY OF DAVID B. POPKIN,  
REDIRECTED FROM THE POSTAL SERVICE  
(DBP/USPS-185)

The United States Postal Service hereby provides the responses of witness Kaneer to the following interrogatory of David B. Popkin: DBP/USPS-185, filed on April 12, 2000, and redirected from the Postal Service.

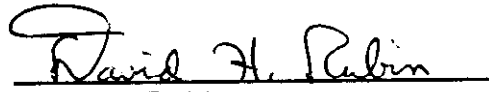
The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



David H. Rubin

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April 26, 2000

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KANEER TO  
INTERROGATORY OF DAVID B. POPKIN  
REDIRECTED FROM THE POSTAL SERVICE

**DBP/USPS-185** Please refer to your response to DBP/USPS-114[d]. [a] What percentage did you calculate and how did you arrive at it. [b] Please provide insight as to why your percentage calculated are going to Group C. This response is aimed at evaluating the reasonableness of the \$10 value.

**Response:**

[a] DBP/USPS-114 [d] states: "Provide any insight as to why 81% of the Group C facilities will become Group C3, the highest of Group C." The response stated: "I do not know the source of your 81 percent figure, and believe it is not accurate." Furthermore, Mr. Popkin previously filed an interrogatory requesting essentially the same information: DBP/USPS-90 [f] asked for the percentage of Group C facilities and of Group C boxes that will be transferred to Group C3. That response indicated that averages may be obtained by simple division from data provided in Exhibit USPS-40B, page 2. Thus, the source for obtaining box movements from current fee groups to proposed fee groups has been clearly presented to Mr. Popkin. By performing simple division of two numbers from this exhibit, percentage movements of boxes percent may be easily calculated. In fact, Exhibit USPS-40B, page 2 yields an estimate of only 25 percent of current TYBR Group C boxes being assigned to proposed Group C3: 2,393,763 divided by 9,598,439 (see In 66, 72, col. C). Furthermore, USPS-LR-I-155 SAS printout, revised March 31, 2000, details the counts and percentage of Group C ZIP Codes classified by the proposed fee groups C3, C4, and C5. Of the estimated 10394 current fee Group C ZIP Codes, 27 percent are assigned to fee Group C3, 26 percent to C4, and 47 percent to C5 – the lowest proposed fee Group C category.

[b] My testimony, exhibits, and workpapers specifically describe in detail the derivation of the \$10 value as a reasonable means to reflect both the underlying space costs and as a means of mitigating fee shock (see my testimony USPS-T-40, "Constructing Cost Homogeneous Groups" pages 7-11 and "Proposed Post Office Box Classification Structure at 13-15). A reasonable and moderate 25 percent of Group C boxes move to Group C3, the highest option for Group C.

**DECLARATION**

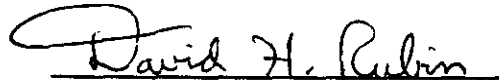
I, Kirk T. Kaneer, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

*Kirk T. Kaneer*

Dated: 4/26/00

**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.

  
David H. Rubin  
David H. Rubin

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April 26, 2000