

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

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OFFICE OF THE SECRETARY

EXPERIMENTAL PRESORTED PRIORITY
MAIL RATE CATEGORIES, 2001

Docket No. MC2001-1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS LEVINE
TO NAA INTERROGATORIES
(NAA/USPS-T2-1 THROUGH T2-5)

The United States Postal Service hereby provides the responses of witness
Levine to the following interrogatories of the Newspaper Association of America:

NAA/USPS-T2-1 through T2-5, filed on April 30, 2001.

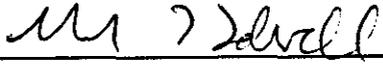
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
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May 11, 2001

Response of Postal Service Witness Jonathan D. Levine to
Interrogatories of the Newspaper Association of America

NAA/USPS-T2-1.

NAA/USPS-T2-1: Please refer to page 6, lines 13-15 of your testimony, where you state "presortation only impacts mail processing and not other functions such as transportation and delivery." Please confirm that your cost estimates do not include an estimate of cost savings arising from preparation in carrier walk-sequence. If you cannot confirm, please explain why not.

Response:

Confirmed.

Response of Postal Service Witness Jonathan D. Levine to
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NAA/USPS-T2-2.

NAA/USPS-T2-2: Please refer to the estimated cost savings presented throughout your testimony and summarized at page 7. For each level of presortation, please indicate whether your cost estimates depend upon or otherwise assume any particular volume of presorted pieces at that level.

Response:

The cost model implicitly assumes that the containers of presorted mail are prepared effectively the same as would be created by the Postal Service in its normal sorting operations. That is, the Postal Service would generally create a full or near-full¹ tray, sack, or other container of mail destinating for a certain location (ADC, plant, or post office, depending on the sort). Therefore, a container of presorted mail would be comparable to a container of mail sorted by the Postal Service. I expect that the containerization requirements to be developed will require mailers to meet this condition.

The first assumption about volume in the cost model is that the mail submitted is at least the minimum volume to meet containerization requirements described above. The second assumption is that the mail is not submitted in such a large volume as to eliminate entire sorting operations which would lead to higher cost savings. That is not likely to occur.

¹ A full or near-full container is one that is filled to a reasonable capacity based on mail-processing and transportation needs. The exact capacity utilization depends on a number of factors such as mail characteristics, operations, container-type, etc. and will be generally reflected in the containerization requirements.

Response of Postal Service Witness Jonathan D. Levine to
Interrogatories of the Newspaper Association of America

NAA/USPS-T2-3

NAA/USPS-T2-3: Please state whether the estimated cost savings presented at page 7 of your testimony are independent of the number of pieces presorted to that level. In other words, is the cost savings estimate (which you present as cents/piece) equally applicable to a presorted mailing consisting of two pieces as it is to a presorted mailing consisting of 10 pieces, 100 pieces, or 300 pieces? Please explain.

Response: Assuming that the mail is presented in minimum volumes necessary to prepare containers of presorted mail as described in my response to NAA/USPS-T2-2, the cost savings are equally applicable to mailings consisting of any number of pieces. For practical reasons relating to acceptance and measurement, the Postal Service will require presorted mail submissions to be of a minimal size (300 pieces or 500 lbs.)², but the actual number of containers does not affect the cost model. I would note that the minimums for all classes and sub-classes of presort are not for mail processing reasons, but for the sake of acceptance. Every mailing is a discrete transaction that requires time to enter and verify. Also, the minimum amount and any future containerization requirements will allow the mailing to be transported in bulk from acceptance to the end of the bypassed sort operation. I would point out, however, that a mailing of two pieces certainly could not be prepared in containers in a way that would save costs for the Postal Service, and could hardly be considered presorted.

² Please see Direct Testimony of Witness Scherer, USPS-T-1, page 3 lines 1-2.

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NAA/USPS-T2-4: Assume two Priority mailings, one consisting of 300 pieces presorted to a 5-digit ZIP Code, and the second consisting of 200 pieces presorted to the same 5digit ZIP Code. Please identify any presort-related cost differences between the two mailings of which you are aware.

Response: The cost avoidance difference between the two mailings is \$42 (\$0.42 per piece x 100 pieces). There are no other mail processing cost differences I am aware of related to the size of the mailings. Please see my response to NAA/USPS-T2-3 for the effect of the size of the mailing on acceptance and mail handling costs.

Response of Postal Service Witness Jonathan D. Levine to
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NAA/USPS-T2-5: Assume four Priority mailings, one consisting of 300 pieces presorted to a 5-digit ZIP Code, and the other three each consisting of 100 pieces presorted to the same 5-digit ZIP Code. Please identify any presort-related cost differences between these four mailings of which you are aware.

Response: Assuming that the containerization requirements and minimum size requirements are met (see my response to NAA/USPS-T2-3), the only difference that I am aware of and have included in my model is the cost avoidance (\$0.42 per piece) described in my testimony.

DECLARATION

I, Jonathan Levine, hereby declare, under penalty of perjury, that the foregoing Postal Rate Commission Docket No. MC2000-1 interrogatory answers are true to the best of my information, knowledge and belief.


Jonathan Levine

5-11-01
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.


Michael T. Tidwell

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