

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

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSES OF UNITED STATES POSTAL SERVICE
WITNESS ROBINSON TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-2(c,d) AND 3)

The United States Postal Service hereby files the responses of witness Maura Robinson to the following interrogatories of the Office of the Consumer Advocate that were filed on September 28, 2001: OCA/USPS-2(c,d) and 3.

These institutional interrogatories have been redirected from the Postal Service to witness Robinson for response.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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October 12, 2001

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OCA/USPS-2

. . .

- (c) Please confirm that shape should be recognized in the rate structure of First-Class Letters and Sealed Parcels, Regular. If you do not confirm, please explain.
- (d) Please confirm that a more complex rate design (different rates for each weight/shape cell) for pieces weighing over one ounce would more closely align costs with rates. If you do not confirm, please explain.

RESPONSE:

- (c) Confirmed that shape should be considered in evaluating the rate structure of First-Class Mail Letters and Sealed Parcels, Regular only to the extent indicated in the Postal Service's First-Class Mail rate proposal. At the same time, recognition of shape in rate design should be weighed with other factors. To a limited degree, shape is currently recognized in the First-Class Mail Letters and Sealed Parcels, Regular rate category through the proposed nonmachinable surcharge. This surcharge is applied to non-letter-shaped mail weighing one ounce or less, as defined in proposed DMCS §232.
- (d) Not confirmed. A more complex rate design (different rates for each weight/shape cell) for pieces weighing over one ounce would more closely align costs with rates only if sufficient data existed to accurately disaggregate costs by both weight and shape. As discussed in my testimony, "marginal cost estimates [prepared by the Postal Service and presented in USPS-LR-J-58] by ounce increments . . . provide only a general indication of the cost

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RESPONSE to OCA/USPS-2(d) continued:

changes as weight increases,” and “use of the[se] cost differential[s] between any two ounce increments as a basis for rate design is problematic.”

USPS-T-29 at 25-26. Further disaggregations of this data by weight and shape are unlikely to result in sufficiently accurate information to use in rate design.

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OCA/USPS-3

In the First-Class Letters and Sealed Parcels subclass,

- (a) Please confirm that the additional ounce rate is designed, in part, to cover the additional costs associated with the processing and handling of nonstandard letters weighing more than one ounce. If you do not confirm, please explain.
- (b) Please confirm that the additional ounce rate is designed, in part, to cover the additional costs associated with the processing and handling of flat-shaped and nonletter/nonflat-shaped mail. If you do not confirm, please explain.

RESPONSE:

- (a) Confirmed that the First-Class Mail additional ounce rate is designed to cover the additional costs associated with the processing and handling of mail pieces weighing more than one ounce. This includes any additional costs associated with the processing and handling of mail pieces weighing more than one ounce with characteristics similar to “nonstandard” mailpieces weighing one ounce or less as defined by the current Domestic Mail Classification Schedule. Under the current definition, all nonstandard mailpieces weigh one ounce or less. As discussed in my testimony, the Postal Services is proposing to extend and rename the current definition of “nonstandard” mail pieces to include “nonmachinable” mail pieces. USPS-T-29 at 16 and 23.
- (b) Confirmed that the First-Class Mail additional ounce rate is designed to cover the additional costs associated with the processing and handling of mail pieces weighing more than one ounce. This includes any additional costs associated with the processing and handling of non-letter-shaped mail pieces.

CERTIFICATE OF SERVICE

I hereby certify that, in accordance with section 12 of the Rules of Practice of the Postal Rate Commission, I have this day served the foregoing document upon all parties of record in Postal Rate Commission Docket No. R2001-1.

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