

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, 1997)

Docket No. R97-1

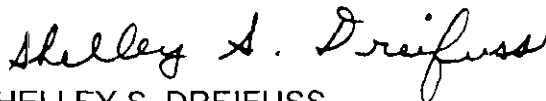
OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS VIRGINIA J. MAYES
(OCA/USPS-T37-1-11)
August 22, 1997

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatories 1-7 to the United States Postal Service dated July 16, 1997, are hereby incorporated by reference.

Respectfully submitted,



GAIL WILLETTE
Director
Office of the Consumer Advocate



SHELLEY S. DREIFUSS
Attorney
Office of the Consumer Advocate

OCA/USPS-T37-1. In Docket No. MC97-2, the Office of the Consumer Advocate ("OCA") submitted a number of interrogatories to which you provided replies. Please indicate the Postal Service's position as to whether the responses you gave to interrogatories 7, 8, 9, 27, 28, 29, 30, 31, 32, 33 in Docket No. MC97-2 are still valid. If not, please explain.

OCA/USPS-T37-2. United Parcel Service ("UPS") recently was subjected to a strike by its employees. UPS currently has a 130-inch combined girth limitation, as noted in your testimony at page 18. You state that

"[o]ver the years, many of our customers have indicated that, while few of their pieces exceed 108 inches in combined length and girth, when they do encounter some pieces exceeding the 108 inch limit, it is inconvenient for them to isolate those oversized pieces and ship them via another parcel delivery company. Thus, in response to our customers' requests, the Postal Service proposes to increase the maximum combined length and girth for Parcel Post from the existing 108 inches to 130 inches, comparable to that accepted by UPS."

- a. Has the strike affected the thinking of the Postal Service regarding the combined length and girth proposal? If so, please describe. If not, why not?
- b. Has the strike affected the thinking of the Postal Service regarding the ten percent restriction? If so, please describe. If not, why not?
- c. During the UPS strike was the Postal Service contacted by mailers who wished to use the Postal Service to ship parcels exceeding the Postal Service's current combined girth limitation? If so, please describe. Include in your description all quantitative information available, such as number of shippers, description of

shippers (e.g., large mailers, mailers who run small businesses, individual consumers), volumes sought to be tendered, etc.

OCA/USPS-T37-3. In Docket No. MC97-2, you responded to OCA interrogatories concerning the retention of the 70 pound per-piece weight limit. UPS accepts pieces weighing in excess of 70 pounds. We understand that Greyhound does also.

- a. Has the strike against UPS affected the thinking of the Postal Service regarding the 70 pound weight limit, e.g., has the Postal Service considered increasing the weight limit to compete with UPS and other carriers in higher weight classifications? If so, please describe. If not, why not?
- b. During the strike has the Postal Service been contacted by mailers of parcels exceeding the Postal Service's current 70 pound per-piece limit, wishing to use the services of the Postal Service? If so, please describe. Include in your description all quantitative information available, such as number of shippers, description of shippers, volumes sought to be tendered, etc.
- c. List all known competitors of the Postal Service for the carriage of parcels, and indicate the weight limits (including any related service restrictions on larger-sized parcels) they impose.

OCA/USPS-T37-4. In Docket No. MC97-2, OCA submitted a number of interrogatories to you concerning discounts. These included interrogatories 12, 35, 36 and 37. Please indicate whether it is the position of the Postal Service that the responses you gave to

interrogatories 12, 35, 36 and 37 in Docket No. MC97-2 are still valid. If not, please explain.

OCA/USPS-T37-5. In Docket No. MC97-2, you responded to OCA/USPS-T13-2(c) (regarding the ten percent restriction) as follows: "The Postal Service is not especially interested in garnering volume that is oversized, but rather, wanted to make it easier for our customers to do business with us. As shown in my workpapers, even at the applicable 70-pound rate, the oversized parcels are not expected to be associated with revenues sufficient to cover the costs of providing service to those parcels."

- a. Why would the Postal Service not want to make it easier for all its customers (including small businesses and households that may not have sufficient parcel volume to overcome the restriction) to do business with it? Please explain fully.
- b. In this docket, are the oversized parcels "not expected to be associated with revenues sufficient to cover the costs of providing service to those parcels?" Please provide a quantitative answer, showing the derivation of the quantification process. Further, please show and explain whether your quantitative process would have changed since Docket No. MC97-2 because of different costing methodologies employed in the two cases.

OCA/USPS-T37-6. In Docket No. MC97-2, OCA submitted the following interrogatory as OCA/USPS-T13-28(c): "Please confirm that the customer that generally mails parcels one at a time (and is forbidden from mailing single oversized parcels) is at least partially subsidizing the mailers that would be allowed to mail oversized parcels at a

loss. If you do not confirm, please explain.” You responded in part by stating that you “do not have sufficient information to confirm or deny this statement.” Please redirect this question to someone in the Postal Service who does, or to the Postal Service for an institutional response.

- a. The witness responding (or the Postal Service) should provide a quantitative answer, showing the derivation of the quantification process.
- b. Further, the witness (or the Postal Service) should show and explain whether his/her quantitative process would have changed since Docket No. MC97-2 because of different costing methodologies employed in the two cases.

OCA/USPS-T37-7. In response to OCA/USPS-T13-29(a) in Docket No. MC97-2, you stated: “I am aware of no time at which the Postal Service has considered raising the weight limit above 70 pounds. Each time of which I am aware that the question was raised, it was immediately dismissed. I am aware of no documents discussing such decisions.”

- a. You state that “[e]ach time of which I am aware that the question was raised, it was immediately dismissed.” Who dismissed it and on what occasions? Provide positions of persons involved in such decisions, dates (or approximate dates), and contextual circumstances (e.g., why the issue was being discussed).
- b. Submit all documents related to the inquiry in (a) above.
- c. Your original response stated a conditional description about your knowledge (“I am aware”) suggesting that others may have more knowledge about this subject. Please redirect the question in OCA/USPS T13-29(a) to the person in the Postal

Service most familiar with this issue, or to the Postal Service for an institutional response.

- d. In your answers to OCA/USPS-T13-29(b),(c),(d) and (g) in Docket No. MC97-2, you stated a lack of familiarity with the issues. Please redirect these questions to the person in the Postal Service most qualified to respond to the questions indicated herein, or to the Postal Service for an institutional response.

OCA/USPS-T37-8. As a Postal Service economist in this case, please answer OCA/USPS-T13-31(a) and (b) in Docket No. MC97-2 as originally asked. "Other things being equal" is a condition frequently used by economists and is understood to mean *all* other things being equal (the *all* is redundant). (Note: sometimes the Latin phrase "ceteris paribus" is used.)

OCA/USPS-T37-9. In response to OCA/USPS-T13-31(c) in Docket No. MC97-2, you stated in part that you were not sure you understood "what is being asked." In order to aid your understanding, please refer to the widely available text "Industrial Market Structure and Economic Performance," by F.M. Scherer (2d. edition), at page 199, where the phraseology is used. After referral, please supply a response to OCA/USPS-T31(c).

OCA/USPS-T37-10. The Postal Service testimony in this case indicates in various places that it has altered costing methodologies since Docket No. MC97-2. The testimony you provide herein as to standard parcel post appears to be substantially

similar to the testimony offered in Docket No. MC97-2. Nonetheless, there appear to be some substantive differences regarding rate proposals. Thus, the proposed discount for OBMC Entry has been increased to 57 cents (up from 49 cents) per piece. In the instant case, the proposed BMC Presort discount is 12 cents per piece. In Docket No. MC97-2, the proposed discount for BMC presorted machinable parcels was 16 cents, and 21 cents per piece for nonmachinable parcels. In the instant case, you state in your direct testimony at page 19 that “[t]he cubic feet per piece figures associated with the 70-pound rate cells that result from the three cube/weight relationships are 2.64, 2.52, and 3.54 for intra-BMC, inter-BMC and DBMC, respectively.” In Docket No. MC97-2, you stated in your direct testimony at page 27 that the figures were 2.32, 2.69, and 3.02 respectively. In the instant case, you state in your direct testimony at page 20 that the Postal Service proposes to reduce the nonmachinable inter-BMC parcel post surcharge to \$1.35 from its current \$1.75, a surcharge that would apply “to the approximately 8.7 percent of inter-BMC parcels categorized as nonmachinable” In Docket No. MC97-2, you noted in your direct testimony at page 28 the proposal to drop the surcharge to \$1.25, which would apply “to the approximately 9.5 percent of inter-BMC parcels categorized as nonmachinable” Your testimony on delivery confirmation in this docket reflects a proposed fee for manual delivery confirmation that is now 60 cents per piece, rather than the 50 cents per piece proposed in Docket No. MC97-2. In your testimony in this proceeding, you also discuss the proposed increase in the pickup fee for parcel post (from the current \$4.95 to a proposed \$8.25). How have each of the above rate proposals been affected by the change in methodologies?

Please show what each of these proposed rates would be if the Postal Service used the methodology it employed in Docket No. MC97-2.

OCA/USPS-T37-11. Please refer to your response in this docket to UPS/USPS-T37-21 and 22, which in turn refers the reader to Docket No. MC83-1 as the “documentation supporting the determination of the 108 inch maximum combined length and girth for parcel post pieces.” Please comment on each segment of the testimony of Postal Service witness Wargo, USPS-T-1, cited immediately below in relation to the instant proceeding. If the Postal Service’s current position with regard to uniformity in package length and girth is different now than it was during the pendency of Docket No. MC83-1, please explain what these differences are and why there has been a change in position. We request comments on the following testimony:

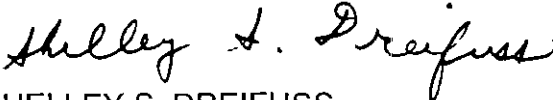
- a. At page 3 of the Wargo testimony, he notes that the Postal Service was proposing “to enlarge its parcel size limitations to equal those used by other major providers of small parcel service.” He states at page 4: “My testimony will show the unfairness and inconvenience caused by non-uniform parcel post size and weight limits and size limitations for Postal Service parcel services that are smaller than those for other parcel delivery services.” On that same page he states: “Enlarging parcel size limits will bring more standardization to parcel delivery service, thus reducing confusion and inefficiency.” At page 10 he states that since two of the largest non-postal small parcel delivery services already had a common size limitation of 108 inches in length and girth combined, “[I]f the Postal Service adopted this same size limit for all its parcel services, a great step

would be made toward establishing a uniform size limitation for the parcel delivery industry.”

- b. At page 10 he noted the problem of mailers having to “sort out parcels larger than 100 inches in length and girth combined from shipments otherwise to be tendered to the Postal Service.” At page 12 he stated: “As I described above, uniform parcel size and weight limits will eliminate the need for mailers to perform extra sortations.”
- c. Further, he observed at pages 10-11 that “the enlarged size limits will offer better service to the public. This improved service is particularly significant for *household mailers* who often find their local post office the most convenient *place to bring parcels they wish delivered.*” [Emphasis added.]
- d. He also noted on page 11 that package designers often produced package cartons that measured up to 108 inches.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.


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Washington, D.C. 20268-0001
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