

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

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS HUME TO INTERROGATORY OF  
THE MAJOR MAILERS ASSOCIATION  
(MMA/USPS-T18-1)

The United States Postal Service hereby provides the response of witness Hume to the following interrogatory of the Major Mailers Association: MMA/USPS-T18-1, filed on August 13, 1997.

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

  
Richard T. Cooper

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August 27, 1997

Response of United States Postal Service Witness Peter Hume  
to Interrogatories of MMA

MMA/USPS-T18-1

On page 6 of USPS-18A you show unit delivery costs by category for First-Class Mail.

- (A) What is the unit delivery cost for First-Class Single Piece letter-shaped mail?
- (B) Why do automated letters (3.6 - 3.7 cents) cost about 0.5 cents less to deliver than carrier route letters (4.1 cents)?
- (C) Why do automated letters (3.6 - 3.7 cents) cost about 0.5 cents less to deliver than presorted, non-automated letters (4.1 cents)?
- (D) When estimating unit delivery costs, have you assumed that costs were attributed using the Postal Service's costing methodology as proposed in this proceeding, including all of the changes from the Commission's approved cost methodology?
- (E) When letters are sorted to carrier route on automated equipment, are First-Class and Standard Mail (A) letters ever sorted on the same barcode sorters?
- (F) If the letters described in Paragraph (E) of the Interrogatory are ever sorted together, is that done:
  - (1) Rarely?
  - (2) Occasionally?
  - (3) Frequently?
  - (4) Regularly?If you can, please provide an approximate numerical estimate of the frequency when the two types of letters are sorted together. (A best estimate approximation is sufficient; precision is not required.)

Response

- (A) The CRA category First-Class Single Piece in my cost development includes all shapes (i.e., letters, flats, and parcels) within the category weight limit. I did not determine the unit delivery costs for First-Class Single Piece letter-shaped mail on its own - such a disaggregation was not required for the present filing.

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- (B) The costs in question all come from the same source element (1st Presort letters) and are subsequently determined in accordance with my methodology by the pertinent levels of DPS. With this element established, the cost of "automated letters" (PreBarcoded Basic Letters in my tables) is determined in Exhibit USPS-18A as the weighted combination of two unit costs, (1) Base Unit Cost and (2) DPS Unit Cost, shown in the exhibit at row 5, columns (g) and (h). The weight factors, shown at row 5a, are the respective proportions of DPS in the delivery mailstream of this category.

Thus:

$$3.711 = 5.313*0.19 + 3.335*0.81 \quad (\text{row 5})$$

$$4.126 = 5.313*0.40 + 3.335*0.60 \quad (\text{row 12})$$

See pages 000094 and 000096 of my Workpaper 1.

- (C) See my response to (B) above, and refer to rows 5 and 3 of USPS-18A.

$$4.146 = 5.313*0.41 + 3.335*0.59 \quad (\text{row 3})$$

- (D) Yes.

- (E) Yes.

- (F) I cannot provide a numerical estimate; no pertinent data are available in consolidated form. The frequency of sorting these different classes on the same barcode sorters (assuming you mean both at the same time and under the same scheme) depends on such local factors as the prevailing volumes, the available equipment capacity at individual processing facilities, and the possible subsequent need to manage delivery unit workloads by curtailing the Standard letters.

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DECLARATION

I, Peter D. Hume, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

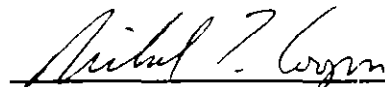
P. D. Hume

Dated: \_\_\_\_\_

8-27-97

## 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.

  
Richard T. Cooper

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