

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 CRUM TO INTERROGATORIES OF
THE PARCEL SHIPPERS ASSOCIATION
(PSA/USPS-T28-1-3)

The United States Postal Service hereby provides responses of witness Crum to the following interrogatories of the Parcel Shippers Association: PSA/USPS-T28-1-3, filed on August 18, 1997.

Each 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



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August 29, 1997

**U.S. POSTAL SERVICE WITNESS CHARLES L. CRUM
RESPONSE TO INTERROGATORIES
OF PARCEL SHIPPERS ASSOCIATION**

PSA/USPS-T28-1.

(a) Is Library Reference H-108 which you cite in your testimony the same study as contained in Library Reference PCR-38 in Docket No. MC97-2?

(b) Have there been any changes or updates to any of the data or methodologies used in PCR-38?

(c) If the answer to (b) is anything other than an unqualified, "No," please identify with specificity each such change or update.

RESPONSE

- a. No. They are not identical.
- b. Yes.
- c. Please see my response to NDMS/USPS-T28-2(b).

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PSA/USPS-28-2. You state (page 11) that you have combined "Regular and Enhanced Carrier Route as well as Regular Rate and Nonprofit costs and volumes" in your analysis. (a) Do you intend a difference between "Regular" and "Regular Rate" as used in the quoted language? (b) Are you able to segregate the costs and volumes for each category named? If the answer is in the affirmative, please supply the relevant volumes and costs for parcels and flats in each category.

RESPONSE

- a. Yes. Regular and Enhanced Carrier Route are subclasses of bulk Standard Mail (A). Regular rate is a common way of differentiating between these and the two nonprofit subclasses.
- b. Yes. That information can be found in the CD-ROM version of LR-H-108. Look under ex~00001/sa96shp.xls. Though the tables say "1995", they actually show FY 1996 data.

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PSA/USPS-T28-3. In your response to UPS/USPS-T-28-11 (b) and (c), you state that when a parcel is sorted to a letter or flat case it is recorded in the carrier cost system as a letter or a flat, and not a parcel. You also say that you cannot confirm one way or the other whether treating those parcels in that manner in the carrier cost system will tend to understate parcel delivery costs. You also state that "parcels that can be cased with letters or flats are likely to be those that can be handled most easily in delivery."

(a) Does that response mean that it is likely that such parcels are less costly to handle, so far as that function is concerned, than parcels that cannot be cased with letters or flats?

(b) When the cost of handling such parcels is charged to letters or flats, is it not also the case that that particular parcel is also counted in terms of pieces as a letter or a flat?

(c) Would it not be the case that, if the responses to (a) and (b) are in the affirmative, this would actually tend to overstate the average cost of delivering parcels because the leavening effect of the less expensive parcels in the total parcel cost pool is eliminated by counting such less costly to handle parcels as flats, thereby overstating the average cost of parcel delivery because you have eliminated the less costly parcels from the calculation?

RESPONSE

a. Not necessarily. My response mentions potential ease of handling and not costs specifically. The fact that a given parcel may be cased with letters or flats does not necessarily mean it is handled as a letter or flat on the street.

b. No. The volumes in my analysis do not come from the City Carrier Cost system. Please see my response to NDMS/USPS-T28-3(a).

c. The responses to (a) and (b) are not in the affirmative.

DECLARATION

I, Charles L. Crum, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Charles L. Crum

Dated: 29 AUGUST 1997

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.

A handwritten signature in cursive script, appearing to read "Scott L. Reiter", is written above a horizontal line.

Scott L. Reiter

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