

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

FLORIDA GIFT FRUIT SHIPPERS ASSOCIATION
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS MAYES, USPS-T-37

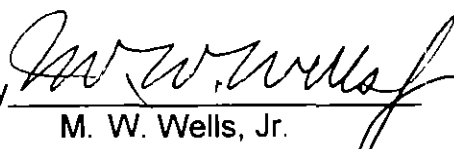
FGFSA/USPS-T37-1-14

SEPTEMBER 3, 1997

Florida Gift Fruit Shippers Association (FGFSA) hereby submits the attached interrogatories to USPS Witness Mayes (USPS-T-37) and requests a timely and full response under oath.

Florida Gift Fruit Shippers Association

By



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FGFSA/USPS-T37-1

On page 5 you state that “constraints” have been incorporated in the proposed rate design. Please fully explain just what these “constraints” consist of, with complete statement of the underlying reasoning for each.

FGFSA/USPS-T37-2

Refer to your testimony, beginning at page 7, and your description of the OBMC entry discount.

- a. May a qualified mailing (50 or more parcels) consist of a mixture of machinable and nonmachinable parcels?
- b. Is there a minimum number of parcels for each BMC? If so, provide the minimum number.
- c. If a mailer presents 50 parcels to a BMC, with 20 parcels for Intra-BMC handling and 30 parcels for Inter-BMC handling, will the mailing qualify for the OBMC entry discount?
- d. If a mailer presents 50 parcels to a BMC for Intra-BMC handling, will the upstream facilities be by-passed to the same extent as if the 50 parcels were presented for Inter-BMC handling? If so, will the OBMC entry discount be available to the mailer for such mailing?
- e. Explain why this entry discount applies only to Inter-BMC mailings.

FGFSA/USPS-T37-3

Refer to your discussion of the BMC presort , beginning at page 8 of your testimony.

- a. Why is this discount restricted to Inter-BMC parcels?
- b. Will the same processing cost savings result for parcels presented to the BMC for Intra-BMC handling?
- c. Identify the entry points which are permitted to qualify for the discount.
- d. What must a mailer do to presort “to the secondary sort operations”?
- e. Describe the “secondary sort operation”.
- f. May a mailer qualify for the discount by presenting a mix of machinable and nonmachinable parcels, as long as the total of 50 parcels is presented?

- g. Describe a “properly prepared mailing” as you use those terms on line 21 of page 8 of your testimony.
- h. Must the presorted parcels be containerized (including pallets) in any manner to qualify for the discount?

FGFSA/USPS-T37-4

Refer to page 9 of your testimony and the discussion of the DSCF Dropship.

- a. Explain what is required for the mailer to enter a “properly prepared mailing”.
- b. Will a mix of machinable and nonmachinable parcels qualify for the 50 piece minimum?
- c. If a SCF usually receives parcels from the BMC sorted to the 3 digit level, will the mailer qualify for this discount for parcels entered with a similar 3 digit sort?
- d. How can a mailer determine the level of sortation of parcels of parcels received by a SCF from a BMC?
- e. Are nonmachinable parcels generally sorted by the destination BMC to a level finer than 3 digits?

FGFSA/USPS-T37-5

The per-piece rate element of the proposed rate takes into account a reduction of an amount determined from 2 cents per pound for “nontransportation weight-related handling cost”. (See wp 1.1)

- a. Identify the costs which are included as “weight related nontransportation costs”.
- b. Identify any study which specifies and quantifies “weight related nontransportation costs”.
- c. Provide a complete explanation of the method you used to determine that 2 cents per pound is the proper amount to cover “weight related handling costs”. What is the total amount of such costs?
- d. Identify the additional costs totalling 80 cents which would be incurred in the handling of a 40 pound parcel, but which amount to only 20 cents for a 10 pound parcel.

- e. Would it be more correct to describe these “weight related handling costs” as “cube related handling costs”?

FGFSA/USPS-T37-6

Refer to your WP I.E. Transportation cost per piece for Intra-BMC is the same amount for all zones, except Local zone, for each weight increment, but for DBMC the transportation cost per piece increases in each zone. Fully explain how the transportation cost per piece in Intra-BMC does not increase from zone to zone.

FGFSA/USPS-T37-7

Are the vehicles used and the routes covered in connection with the transportation of mail from the BMC to the destination postal facility the same for Intra-BMC and DBMC transportation? If not, please fully explain.

FGFSA/USPS-T37-8

Are Intra-BMC and DBMC parcels intermingled at the destination BMC and transported to the postal facilities served by that BMC in the same vehicles? If not, please fully explain.

FGFSA/USPS-T37-9

Are the rates which you propose cost-based rates? Do the proposed rates cover attributable costs for each weight cell and zone destination?

FGFSA/USPS-T37-10

Your WP I.E shows that the transportation costs per piece to zone 4 and zone 5 for Intra-BMC differ from such costs for DBMC in each weight level. If the transportation costs per piece are different, explain why your proposed rates for all weights to zones 4 and 5 are the same for Intra-BMC and DBMC.

FGFSA/USPS-T37-11

Explain the “de-averaging” process (see your testimony on page 6) that gives some mailers a rate decrease and others a rate increase.

FGFSA/USPS-T37-12

Refer to your testimony, page 23. Please provide a description of the proposed packaging service, and the qualifications for use. Also provide the anticipated date when this service will be filed with the Commission.

FGFSA/USPS-T37-13

In each FY 1995 and 1996 the volume of parcel post declined.

- a) In setting your proposed rates do you intend to foster a continuation of this decline in parcel post volume?
- b) Do you expect that your proposed rates will provide an incentive for business mailers to use parcel post, especially to zones 1-2 and 3? Please fully explain how this will occur.
- c) How much increased volume do you anticipate for DBMC parcels to zone 3 weighing 6 pounds and up? What mailers will continue to use parcel post under your proposed increases in rates?
- d) How much increase in volume do you anticipate for Intra-BMC parcels to local zone, and zones 1-2 and 3? What mailers will continue to use parcel post under your proposed increases in rates?

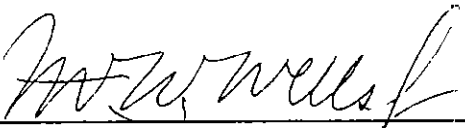
FGFSA/USPS-Y37-14

What are your proposed rates for parcels using the Alaska By-pass?

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all parties of record in this proceeding in accordance with Section 12 of the Rules of Practice and Procedure.

Dated: September 3, 1997.


M. W. Wells, Jr., Attorney