

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

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS JAMES M. KIEFER TO INTERROGATORIES OF
ASSOCIATION FOR POSTAL COMMERCE
(POSTCOM/USPS-T33-13(b)-14)

The United States Postal Service hereby files the response of witness James M. Kiefer to the following interrogatories of the Association for Postal Commerce: POSTCOM/USPS-T33-13(b)-14, filed on November 9, 2001. Interrogatory POSTCOM/USPS-T33-13(a) was redirected to witness Loetscher.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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November 20, 2001

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POSTCOM/USPS-T33-13. The following questions refer to your Supplemental Workpaper 2:

- (a) Does LR-J-112 differentiate between flats and parcels/IPPs?
 - 1. If so, on what is that differentiation based?
 - 2. If not, how did you make the differentiation in your Work paper?
- (b) How did you determine the number of “Eligible Presorted Flats” (including a definition of what you considered to be “Eligible Presorted Flats”)?

RESPONSE

(a) This question has been redirected to witness Paul Loetscher (USPS-T-44) for response.

(b) In this context “Eligible Presorted Flats” are defined as BPM pieces prepared and entered as flats that (1) meet the BPM presort requirements in DMM section E712.2.0 (b); and (2) meet the criteria for flats to be machinable on the AFSM 100. These machinability criteria have not yet been specified by the Postal Service, but the Postal Service’s expectations as to some of the likely characteristics of these criteria have been provided in responses to questions POSTCOM/USPS-T33-1 and POSCOM/USPS-T33-12.

I derived the TYAR number of Eligible Presorted Flats by multiplying the projected TYAR volume of presorted flats by 60%. The 60% figure is the assumption I used for the share of BPM presorted flats that will meet the definition set forth above. As described in the notes accompanying workpaper SWP2-1, and in my response to POSTCOM/USPS-T33-11, the assumption was arrived at by considering the share of BPM presorted flats in FY 2000 that (1) were not carrier route presorted, and (2) did not claim the parcel barcode discount. This share was approximately 60%. I

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then assumed that a similar share of presorted BPM flats in the test year would meet the eligibility requirements for the automatable flats discount.

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POSTCOM/USPS-T33-14. Please display the calculations employed to obtain the After Rates numbers in Attachment D to your testimony by each rate that you employ to determine total revenue, separately stating for each rate the volume and costs assumptions.

RESPONSE

Attachment D is an abridged version of my workpaper WP-BPM-28. The values in Attachment D are the same as the corresponding values in the workpaper. Please see the electronic version of the workpaper, as well as the notes accompanying WP-BPM-28 for a detailed and thorough description of all the calculations used to create the workpaper. In particular, the TYAR revenue projection in Attachment D and workpaper WP-BPM-28 is taken from workpaper WP-BPM-27 (“Calculation of TYAR Revenue”), item [Cccc] on that workpaper (contained in spreadsheet cell [G99]). Please see the electronic version of workpaper WP-BPM-27 as well as the notes accompanying that workpaper for a detailed and thorough description of all calculations used to derive the total revenue figure using the proposed rate elements, the projected number of pieces and pounds subject to each rate element, plus the derivations of all discounts and rate differentials. No cost assumptions were used directly to derive TYAR revenues.

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.

Scott L. Reiter

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