

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, 2001

Docket No. R2001-1

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS MOELLER TO INTERROGATORIES OF THE ASSOCIATION OF
POSTAL COMMERCE
(POSTCOM/USPS-T32—9-10)**

The United States Postal Service hereby provides the response of witness Moeller to the following interrogatories of the Association of Postal Commerce:

POSTCOM/USPS-T32—9-10, filed on November 13, 2001.

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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November 27, 2001

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE**

POSTCOM/USPS-T32-9. Please refer to Table 1 below, USPS-LR-J-132, USPS-LR-J-60, USPS-LR-J-61, and USPS-LR-J-68.

Table 1. Standard Regular Pound Rate, Standard Mail Transportation Costs, and Standard Mail Crossdocking Costs

Category	Proposed Pound Rate	Transportation Cost Per Pound	Crossdocking Cost Per Pound	Trans/Cross Cost Per Pound	Pound Rate Minus Trans/Cross Cost per Pound
	[1]	[2]	[3]	[4]=[2]+[3]	[5]=[1]-[4]
Origin-Entered	\$0.708	\$0.139	\$0.046	\$0.185	\$0.523
DBMC	\$0.608	\$0.042	\$0.025	\$0.067	\$0.541
DSCF	\$0.583	\$0.027	\$0.011	\$0.038	\$0.545

[1] USPS-LR-I-132, WP 1, Page Z

[2] Calculated From USPS-LR-J-68, Appendix B, Table 9

[3] Calculated From USPS-LR-J-68, Appendix C, Table 1

- (a) Please confirm that all of the figures in Table 1 are correct. If not confirmed, please provide the correct figures and provide citations of the data that you used to calculate the correct figures.
- (b) Please confirm that the Standard Mail dropship cost avoidance model (USPS-LR-J-68) calculates crossdocking and transportation costs per pound (rather than per piece) and that the reason why the dropship cost avoidance model calculates crossdocking and transportation costs per pound (rather than per piece) is that these costs vary primarily with weight (as opposed to mail volume). If not confirmed fully, please explain your response.
- (c) Please confirm that the Standard Regular mail processing and delivery cost estimates (USPS-LR-J-60, USPS-LR-J-61, and USPS-LR-J-117) are calculated on a per-piece basis (not a per-pound basis) and the reason for this is that these costs vary primarily with mail volume (as opposed to weight). If not confirmed fully, please explain your response.
- (d) Are there any significant Standard Mail costs other than crossdocking and transportation costs that vary primarily with weight (as opposed to number of pieces)? If so, please identify and quantify these other costs.

RESPONSE:

- a.) Confirmed.

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- b.) Not confirmed. The dropship cost avoidance model calculates crossdocking and transportation costs per pound (rather than per piece) because of how they are used in the pricing model. For an explanation of cost drivers by cost segment, please see USPS-LR-J-1, Summary Description of USPS Development of Costs by Segments and Components, FY2000.
- c.) Not confirmed. The Standard Mail Regular mail processing and delivery cost estimates (USPS-LR-J-60, USPS-LR-J-61, and USPS-LR-J-117) are calculated on a per-piece basis (not a per-pound basis) because of how they are used in the pricing model. For an explanation of cost drivers by cost segment, please see USPS-LR-J-1, Summary Description of USPS Development of Costs by Segments and Components, FY2000.
- d.) For an explanation of cost drivers by cost segment, please see USPS-LR-J-1, Summary Description of USPS Development of Costs by Segments and Components, FY2000.

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POSTCOM/USPS-T32-10. Please refer to your response to VP/USPS-T32-1(b) where you state, "However, if the rate were available and the pieces were prepared as automation letters, it is my understanding that the criteria for processing on automation equipment include dimensions such as length, height and thickness, not necessarily weight. Thus, the fact that a letter-shaped piece meeting all the requirements for automation compatibility happens to weigh between 3.3 and 3.5 ounces should not affect whether it is processed on automation equipment." Please confirm, given the adoption of your proposals, that you believe a Standard Mail automation letter weighing between 3.3 ounces and 3.5 ounces is as likely to be processed on automation equipment as a Standard Mail automation letter weighing less than 3.3 ounces.

RESPONSE:

Confirmed.

DECLARATION

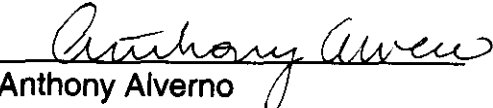
I, Joseph D. Moeller, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.


JOSEPH D. MOELLER

Dated: 11-27-01

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.


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