

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

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSES OF UNITED STATES POSTAL SERVICE
WITNESS KINGSLEY TO INTERROGATORIES OF MAJOR MAILERS ASSOCIATION
(MMA/USPS-T39-8 and 9(a))

The United States Postal Service hereby provides the responses of witness Kingsley to the following interrogatories of Major Mailers Association: MMA/USPS-T39-8 and 9(a), filed on November 19, 2001. Interrogatory MMA/USPS-T39-9(b) was redirected to the Postal Service.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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December 3, 2001

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF MAJOR MAILERS ASSOCIATION

MMA/USPS-T39-8 Please refer to your response to Part C of Interrogatory MMA/USPS-T39-1 where you refer to the USPS response to Interrogatory MMA/USPS-T2-12 in Docket No. MC95-1.

- A. Please confirm that this engineering study was never presented to the Commission as evidence, was never sponsored by any Postal Service witness, and was never subjected to any cross examination whatsoever. If you cannot confirm, please explain.
- B. Please confirm that, despite some of the engineering study's conclusions regarding heavy weight pieces that you cite, in every omnibus rate proceeding prior to this one, the Postal Service has proposed Standard Mail letter rates that do not increase with weight so long as the weight of a piece stays at or below 3.3 ounces. If you cannot confirm, please explain.
- C. Please confirm that, despite some of the engineering study's conclusions regarding heavy weight pieces that you cite, in this case the Postal Service has proposed to increase the maximum letter weight for Standard Mail letters to 3.5 ounces. If you cannot confirm, please explain.
- D. Please confirm that the engineering study you cite did not study any letters below 1.75 ounces, so that no conclusions can be drawn about letters weighing up to 1.75 ounces. If you cannot confirm, please explain.
- E. Please confirm that in his response to Part A of Interrogatory USPS/MMA-T2-3 in Docket No. MC95-1, MMA witness Bentley testified that, as shown by the engineering study, "the throughput rate decreased only gradually as the weight increased to about 2.25 ounces and decreased at a faster rate as the letters' weight increased from 2.5 ounces to 4.5 ounces. If you cannot confirm, please explain.
- F. Please confirm that the engineering study did not, in any way, measure the increase in costs due to the throughput reductions that it measured for heavier letters. If you cannot confirm, please explain.
- G. Please confirm that in his response to Interrogatory USPS/MMA-T2-2 in Docket No. MC95-1, MMA witness Bentley "attempted to translate reduced throughputs into increased processing costs and found that "the additional costs that might be caused by excess weight up to three ounces are minimal in relation to the amount of postage that is collected." If you cannot confirm, please explain.
- H. Please confirm that the study Docket No. MC95-1 engineering study measured decks of 1,000 identical heavy letters that did not represent the real world situation where heavy letters are interspersed among lighter weight letters. If you cannot confirm, please explain.

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- I. Please confirm that in Docket MC95-1, MMA witness Bentley concluded in answer to Part c of Interrogatory USPS/MMA-T2-3 that “only .14% of First-Class letters weigh over 2 ounces,” and that “USPS witness Smith readily admits” that the “impact of such a small amount of heavyweight volumes would hardly affect the costs.”
- J. Please confirm that MMA witness Bentley reported, in response to Interrogatory Part d of USPS/MMA-T2-3 in Docket No. MC95-1, that “when heavyweight letters comprised one percent of and were intermixed with lightweight letters,” the throughput decreased by just .6%. If you cannot confirm, please explain.

Response:

- A. Confirmed.
- B. Not Confirmed. In Docket No. R2000-1, the Postal Service indicated that the rate design was predicated on the assumption that there will be no effect on costs or revenues if the Postal Service increased the maximum weight for Standard Mail automation letters to 3.5 ounces via rulemaking in conjunction with the implementation of Docket No. R2000-1 rates.
- C. Confirmed. Even though the automation throughput dropped for the heavier pieces, it is much less costly for the Postal Service to process these pieces as automation letters than as automation flats or manual letters.
- D. Confirmed.
- E. Witness Bentley’s testimony speaks for itself.
- F. The study measured the impacts on throughput which in turn affects productivities and hence costs, but did not specifically look at costs through the entire system.
- G. See response to subpart E above.
- H. Confirmed for the study in Docket No. MC95-1. Decks of identical letters represent the real world situation of a bulk mailing containing heavy letters processed on

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automation for the first handling. However, see responses to OCA/USPS-175c and d, which provide updated study results that included test decks of heavy letters interspersed among lighter weight letters.

- I. See response to subpart E above.
- J. Confirmed.

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MMA/USPS-T39-9 Please refer to your response to Part A of Interrogatory MMA/USPS-T39-5 where we were asked if allied operations costs were considered volume variable. Your response claims that such costs do not vary 100% with volume.

- A. Is it your understanding that the Postal Service attributes such costs to specific subclasses? If no, please explain.
- B. Is it your understanding that allied operations costs are “covered” by each subclass to meet the requirement of Section 3623(B)(3) of the Act?

Response:

- A. In response to MMA/USPS-T39-5a, I stated my expectation that a volume change would have a less than proportional impact on allied workhours for the reasons explained in my testimony on pages 33 and 34. If, however, you are now asking about the USPS policy and practice in this area, I am not a costing witness. See the USPS response to subpart B.
- B. Redirected to USPS.

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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