

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

RECEIVED  
DEC 10 5 09 PM '01  
POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYES  
TO INTERROGATORIES OF AMERICAN BUSINESS MEDIA AND THE  
MCGRAW-HILL COMPANIES  
(ABM-MH/USPS-T23—1-5)**

The United States Postal Service hereby provides the response of witness Mayes to the following interrogatories of American Business Media and the McGraw Hill Companies: ABM-MH/USPS-T23—1-5, filed on November 26, 2001.

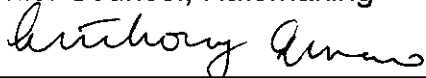
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Rate-making

  
\_\_\_\_\_  
Anthony Alverno  
Attorney

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2997; Fax -6187  
December 10, 2001

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYES TO  
INTERROGATORIES OF AMERICAN BUSINESS MEDIA AND THE MCGRAW-  
HILL COMPANIES

**ABM-MH/USPS-T23-1.** At lines 13-15 of page 7 of USPS-T-23, witness Mayes states: "In previous proceedings, the Postal Service has estimated that non-destination SCF Zone 1&2 Periodicals will incur one transfer through a non-destination transfer hub before it is dispatched to the appropriate destination SCF." With respect to this statement, please provide all studies or documents from prior proceedings that support this assumption. Please confirm that, in this proceeding, the USPS is presenting no new studies or other new evidence in support of this assumption.

**RESPONSE**

It is my understanding that, in Docket No. R84-1, witness Byrne (USPS-T-14) first assumed that destination SCF second-class mail (Periodicals) would "bypass a dock transfer handling at one non-destination SCF normally incurred by inter-SCF [non-DSCF] Zone 1 and 2 mail". (Docket No. R84-1, USPS-T-14, page 57 at lines 8-10). He further assumed that "the nonpreferential portion of SCF rate mail...will also bypass a transfer handling at one BMC normally incurred by nonpreferential inter-SCF Zone 1 and 2 mail". (Ibid, lines 11-14) In Docket No. R87-1, Witness Acheson (USPS-T-12) stated, "I assumed that 80% of zones 1 and 2 mail not entered in the destination SCF area receives one cross-dock and that 20% of that mail receives two." (Docket No. R87-1, USPS-T-12, pp. 25-26) In Docket No. R90-1, the cost study underlying the DSCF discount for second-class mail, USPS-LR-F-179, stated: "it is assumed that any zone 1 and 2 mail not deposited in the SCF area where it is to be delivered would be crossdocked at a BMC; however, some proportion of the time this mail would avoid a second intermediate handling." (USPS-LR-F-179 at page 2) This same assumption was used in Docket No. R97-1, and mentioned at page 7 of USPS-LR-H-111. Witness Crum (USPS-T-27) adopted the same assumption in Docket

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYES TO  
INTERROGATORIES OF AMERICAN BUSINESS MEDIA AND THE MCGRAW-  
HILL COMPANIES

No. R2000-1 at page 18 of his testimony, lines 10-13. Confirmed; the Postal  
Service is presenting no new studies with regard to this assumption.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYES TO  
INTERROGATORIES OF AMERICAN BUSINESS MEDIA AND THE MCGRAW-  
HILL COMPANIES

**ABM-MH/USPS-T23-2.** At lines 19-21 of page 7 of USPS-T-23, witness Mayes states: "In previous proceedings, it has been assumed that 20 percent of non-destination SCF Zone 1&2 Periodicals incur a trip through a non-destination SCF/ADC before being dispatched to the destination SCF." With respect to this statement, please provide all studies or documents from prior proceedings that support this assumption. Please confirm that, in this proceeding, the USPS is presenting no new studies or other new evidence in support of this assumption.

**RESPONSE:**

Please refer to the response to MPA/USPS-T23-1(a). In Docket No. R87-1, Witness Acheson (USPS-T-12) stated, "I assumed that 80% of zones 1 and 2 mail not entered in the destination SCF area receives one cross-dock and that 20% of that mail receives two." (Docket No. R87-1, USPS-T-12, pp. 25-26) In Docket No. R90-1, USPS-LR-F-179 at page 2 used the same 80%/20% split to calculate DSCF cost savings. This same assumption was used in Docket No. R97-1, and mentioned at page 7 of USPS-LR-H-111. Witness Crum (USPS-T-27) adopted the same assumption in Docket No. R2000-1 at page 18 of his testimony, lines 9-16. Confirmed; the Postal Service is presenting no new studies in this docket regarding this assumption.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYES TO  
INTERROGATORIES OF AMERICAN BUSINESS MEDIA AND THE MCGRAW-  
HILL COMPANIES

**ABM-MH/USPS-T23-3.** At lines 21-24 of page 7 of USPS-T-23, witness Mayes states: "It has also been assumed that 3.14 percent of non-destination SCF Zone 1&2 Periodicals go directly from the destination transfer hub to the destination DDU, bypassing intermediate handlings at the destination ADC or destination SCF." With respect to this statement, please provide all studies or documents from prior proceedings that support this assumption. Please confirm that, in this proceeding, the USPS is presenting no new studies or other new evidence in support of this assumption.

**RESPONSE:**

It is my understanding that this assumption was first employed by witness Acheson (USPS-T-12) in his testimony in Docket No. R90-1. At page 3 of his Exhibit B, he stated that he assumed that "96.86% of all mail going to the destination SCF will continue on to another facility, and the other 3.14% destinate within or is delivered from the SCF itself." This same assumption was used in Docket No. R97-1 and mentioned at page 8 of USPS-LR-H-111. In addition, in Appendix F of USPS-LR-H-111, in section "4.0 Other Inputs", a citation is made to Docket No. R90-1, Exhibit USPS-12B, page 5 as a reference for this assumption. Witness Crum (USPS-T-27) adopted this assumption in Docket No. R2000-1 at page 20 of his testimony, lines 8-13. Confirmed; the Postal Service is presenting no new studies regarding this assumption in this docket.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYES TO  
INTERROGATORIES OF AMERICAN BUSINESS MEDIA AND THE MCGRAW-  
HILL COMPANIES

**ABM-MH/USPS-T23-4.** At lines 25-28 of page 7 of USPS-T-23, witness Mayes states: "In Docket No. R2000-1, witness Stralberg testified on behalf of the Publishing Mailers that the dropship cost avoidance models should be adjusted to account for the fact that mailers are expected to unload their own trucks when they drop periodicals at destination delivery units." With respect to this statement, please list all activities that publishing mailers or periodicals are now expected to perform at each of the following facilities: Destination Delivery Units, Destination SCFs, Destination ADCs and other non-destination entry facilities.

**RESPONSE:**

Please refer to the Postal Service's Publication 804, Drop Shipment procedures for Destination Entry. Publication 804 lists the requirements associated with dropshipping at various types of postal facilities and is available in pdf format at <http://new.usps.com/cpim/ftp/pubs/pub804.pdf>. The implications of witness Stralberg's observation regarding mailer unloading at DDU's were incorporated into the cost model because there were direct results on the elements of the model. Specifically, the model included a postal cost of unloading mail at the DDU. His observation permitted the elimination of this specific element of cost from the model. The model does not include an element for every activity that may be described in Publication 804.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYES TO  
INTERROGATORIES OF AMERICAN BUSINESS MEDIA AND THE MCGRAW-  
HILL COMPANIES

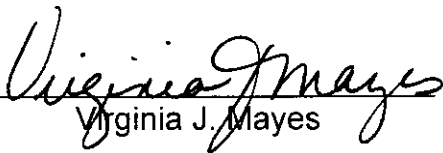
**ABM-MH/USPS-T23-5.** At lines 13-15 of page 8 of USPS-T-23, witness Mayes presents her estimates of Periodicals non-transportation dropship cost savings on both a per piece and per pound basis. With respect to this presentation, please confirm whether, in Ms. Mayes' view, these dropship cost savings actually occur on a per piece basis only, a per pound basis only, or both a per piece and per pound basis. Explain your answer fully.

**RESPONSE:**

As is apparent from Appendix F of USPS-LR-J-68, the costs avoided are calculated on a **per-container** basis and translated to per-piece and per-pound bases using average numbers of pieces per container and average weights per piece conversion factors. The productivity estimates used are developed on a per-container basis. These productivity estimates may be influenced by the weight of the container, but the relationship of weight to cost has not been adequately studied in order to definitively state that the container productivities are directly related to weight as opposed to, for instance, cube.

## DECLARATION

I, Virginia J. Mayes, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

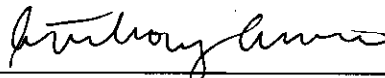
  
Virginia J. Mayes

Dated: 12-10-01



### **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.



---

Anthony Alverno

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2997; Fax -6187  
December 10, 2001