

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 PICKETT TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA, INC.
(MPA/USPS-T17-6-8)

The United States Postal Service hereby provides the responses of witness Pickett to the following interrogatory of Magazine Publishers of America, Inc.: MPA/USPS-T17-6-8, filed on December 4, 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:



Susan M. Duchek

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December 13, 2001

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MPA/USPS-T17-6. Please refer to your response to MPAIUSPS-T17-2(a) where you state, "Amtrak rates per linear foot vary depending on the service purchased." Please refer further to your response to MPAAJSPS-T17-1 (c)(i) where you state, "If you are referring to the rates per linear foot Amtrak charges the Postal Service, I am told that these rates did not change from 1998 to 2000."

(a) Please confirm that it is your testimony that the rate per linear foot for every "service purchased" from Amtrak was exactly the same in FY 2000 as it was in FY 1998. If not confirmed, please explain your response fully.

(b) If you cannot confirm subpart (a) of this interrogatory, how much higher (expressed on a percentage basis) were the rates per linear foot charged for Amtrak in FY 2000 than in FY 1998? Please explain your response fully and provide all of your underlying calculations in an electronic spreadsheet format.

RESPONSE

(a) Confirmed, however, I have not conducted a comparison of Amtrak rates per linear foot. Rather I was provided this information by contract and logistics specialists who deal with Amtrak on a routine basis.

(b) Not applicable.

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MPA/USPS-T17-7. Please refer to your response to MPA/USPS-T17-5(a) where you state, "What I indicated in my response was that Amtrak sometimes is less expensive than other surface transportation alternatives and sometimes it provides better service. It is my understanding that Amtrak can be less expensive than inter-BMC [Bulk Mail Center] highway."

(a) Please provide any additional information that you have that demonstrates that "Amtrak can be less expensive than inter-BMC highway."

(b) For what percentage of services that the Postal Service purchases from Amtrak is Amtrak less expensive than inter-BMC highway? Please explain your response fully and provide all underlying calculations in an electronic spreadsheet format.

RESPONSE

(a) My understanding is that some Amtrak rates per mile are lower than the average rate per mile on inter-BMC highway. A rule of thumb has been that long-haul highway service costs in the neighborhood of \$1 per mile. Some Amtrak service costs less. A further check of the HCSS extract file for 2000 indicates that the average cost per mile of inter-BMC contract cost segments (account number 53131) was \$1.11, somewhat higher than I thought.

(b) I do not know.

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MPA/USPS-T17-8. Please refer to your response to MPA/USPS-T17-5(b) where you state, "What I indicated in my response was that Amtrak sometimes is less expensive than other surface transportation alternatives and sometimes it provides better service. It is my understanding that Amtrak generally provides superior service than freight rail and may provide superior service to inter-BMC [Bulk Mail Center] highway in some circumstances."

(a) Please provide any additional information that you have that demonstrates that "Amtrak generally provides superior service than freight rail."

(b) Please provide any additional information that you have that demonstrates that "Amtrak...may provide superior service to inter-BMC highway in some circumstances."

(c) For what percentage of services that the Postal Service purchases from Amtrak does Amtrak provide service superior to freight rail?

(d) For what percentage of services that the Postal Service purchases from Amtrak does Amtrak provide service superior to inter-BMC highway transportation?

(e) In your opinion, does Amtrak generally provide service superior to inter-BMC highway transportation? If so, please provide any additional information that you have that demonstrates that Amtrak generally provides service superior to inter-BMC highway transportation.

(f) Please provide any information that you have that demonstrates that the amount of Periodicals Outside-County mail (expressed in terms of either number of pieces, weight or cubic feet) transported on Amtrak was higher in FY 2000 than in FY 1998.

RESPONSE

(a) My statement is based on numerous conversations over the years with James D. Young, the manager of National Transportation Purchasing. Whenever the subject has come up, he has expressed his dissatisfaction with freight rail service. In Docket No. R2000-1, Mr. Young stated,

"The recent experience of the Postal Service with the freight railroads has been quite disappointing. Service is slow and inconsistent in many areas of the country.... I am not optimistic that the Postal Service can increase its dependence on the freight railroads unless dramatic steps are taken to improve the quality of service. Our customers would simply not tolerate the poor service that would result."

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Neither Mr. Young, nor members of the Postal Service's contracting and logistics staffs have expressed similar sentiments with regard to Amtrak service. The performance of the freight railroads since the last case is reflected in the decline in the Postal Service's reliance on freight rail service. In FY 2000, the Postal Service spent more than \$20 million less on service provided by freight railroads than in FY 1998.

There are additional indications of Amtrak's superior performance to freight rail. In recent years, Amtrak has been used increasingly to move First-Class Mail, particularly between the Northeast and Florida using Roadrailer service. This activity is evidenced by the RoadRailer distribution key study conducted during Docket No. R2000-1. In BY 2000, 60 percent of Roadrailer costs are attributed to First-Class and Priority Mail. In contrast, TRACS attributed only about one percent of freight rail costs to First-Class and Priority Mail in BY 2000.

(b) I have no studies that rigorously compare the service performance between these two types of transportation. I have been told that printers have recently been requesting Amtrak service in lieu of other arrangements. Since the choice of transportation provider is costless to the printer, one can assume that there is at least a perception of better service on Amtrak.

(c) I do not know, but I strongly suspect that the number is close to 100 percent.

(d) I do not know.

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(e) I did not say that it does "generally", only that it can. I have not conducted a study to compare service levels.

(f) The requested data do not exist.

DECLARATION

I, John T. Pickett, declare under penalty of perjury the foregoing answers are true and correct, to the best of my knowledge, information and belief.

John T. Pickett
Date: 12/13/01

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.

A handwritten signature in cursive script, appearing to read "Susan M. Duchek", is written over a horizontal line.

Susan M. Duchek

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