

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 SMITH TO INTERROGATORY OF CONTINUITY SHIPPERS
ASSOCIATION REDIRECTED FROM WITNESS EGGLESTON
(CSA/USPS-T-25-3(i))

The United States Postal Service hereby provides the responses of witness Smith to the following interrogatory of Continuity Shippers Association: CSA/USPS-T-25-3(i), dated November 26, 2001, but received at the Postal Rate Commission on December 4, 2001. This interrogatory was redirected from witness Eggleston to witness Smith.

The 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



Frank R. Heselton

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December 14, 2001

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH TO
INTERROGATORIES OF THE CONTINUITY SHIPPERS ASSOCIATION
REDIRECTED FROM WITNESS EGGLESTON**

CSA/USPS-T25-3. Please refer to the Bulk Parcel Return Service cost models contained in USPS-LR-J-64 and USPS-LR-I-171.

(a) Please confirm that the value of the Media Mail proportional adjustment factor in cell E9 in the worksheet 'mp Summary' of USPS-LR-J-64, 6bprs.xls, is 1.108. If you do not confirm, please explain.

(b) Please confirm that the value of the proportional cost pools in cell E7 in the worksheet 'Cost Summary' of USPS-LR-I-171, eBPRS_mp.xls, is 1.042. If you do not confirm, please explain.

(c) Please explain why the proportional adjustment factor in the BPRS cost models has increased from 1.042 to 1.108. As part of your explanation, please discuss the variability of these point estimates as well as the variability of all data that support the development of the proportional adjustment factors.

(d) Please confirm that the primary parcel sorting machine productivity in cell D18 of worksheet 'Inputs 1' in 6bprs.xls in USPS-LR-J-64 is 813 parcels per hour. If you do not confirm, please explain.

(e) Please confirm that the primary parcel sorting machine productivity in cell D27 of worksheet 'Inputs 1' in eBPRS_mp.xls in USPS-LR-I-171 is 874 parcels per hour. If you do not confirm, please explain.

(f) Please explain why the primary parcel sorting machine productivity has decreased from 874 to 813 parcels per hour. As part of your explanation, please discuss the variability of these point estimates, any significant changes to the fundamental activities of a primary parcel sorting machine operation, any significant changes to the characteristics of mail worked on a primary parcel sorting machine operation, any significant changes to the parcel sorting machines, and any significant changes in the operating process or personnel.

(g) Please confirm that the parcel sorting machine piggyback factor in cell D11 of worksheet 'Inputs 2' in 6bprs.xls in USPS-LR-J-64 is 2.140. If you do not confirm, please explain.

(h) Please confirm that the parcel sorting machine piggyback factor in cell G8 of worksheet 'Inputs 2' in eBPRS_mp.xls in USPS-LR-I-171 is 1.782. If you do not confirm, please explain.

(i) Please explain why the parcel sorting machine piggyback factor has increased from 1.782 to 2.140. As part of your explanation, please discuss the variability of these point estimates.

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(j) Please confirm that the probability of an inter-BMC parcel being handled by a keyer on the secondary PSM at the destination BMC in cell D41 of worksheet 'Inputs 2' in 6bprs.xls in USPS-LR-J-64 is 94.5 percent. If you do not confirm, please explain.

(k) Please confirm that the probability of an inter-BMC parcel being handled by a keyer on the secondary PSM at the destination BMC in cell G39 of worksheet 'Inputs 2' in eBPRS_mp.xls in USPS-LR-I-171 is 89.3 percent. If you do not confirm, please explain.

(l) Please explain why the probability of an inter-BMC parcel being handled by a keyer on the secondary PSM at the destination BMC has increased from 89.3 percent to 94.5 percent. As part of your explanation, please discuss the variability of these point estimates and the factors that cause the mailflow to change.

(m) Please confirm that the cost of a primary parcel sorting machine sort in cell G28 of worksheet 'Inter Mach' in 6bprs.xls in USPS-LR-J-64 is \$0.0801. If you do not confirm, please explain.

(n) Please confirm that the cost of a primary parcel sorting machine sort in cell G28 of worksheet 'Inter Mach' in eBPRS_mp.xls in USPS-LR-I-171 is \$0.0553. If you do not confirm, please explain.

(o) Please explain why the cost of a primary parcel sorting machine sort increased from \$0.0553 to \$0.0801, a 45 percent increase. As part of your explanation, please discuss the variability of these point estimates, any significant changes to the fundamental activities of a primary parcel sorting machine operation, and any significant changes to the characteristics of mail worked on a primary parcel sorting machine.

RESPONSE:

- i. The answer to this question is discussed in my testimony, USPS-T-15, at pages 22-23 and also in USPS LR-J-52 pages III-24 to III-32. As to the "variability" of the piggyback factors, except for changes as discussed in my testimony, or other events such as modifications to equipment, year to year values for piggyback factors are fairly constant.

(Witness Eggleston is responding to all other parts of this question.)

DECLARATION

I, Marc A. Smith, hereby declare, under penalty of perjury, that the foregoing Docket No. R2001-1 interrogatory responses are true to the best of my knowledge, information, and belief.



Marc A. Smith

12/14/01
Date

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.



Frank R. Heselton

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