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

POSTAL RATE AND FEE CHANGES, 2001	Docket No. R2001–1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS JENNIFER L. EGGLESTON TO INTERROGATORIES OF CONTINUITY SHIPPERS ASSOCIATION (CSA/USPS–T25-1-10) (December 18, 2001)

The United States Postal Service hereby files the response of witness Jennifer L. Eggleston to the following interrogatories of the Continuity Shippers Association:

CSA/USPS–T25–1-10, filed on December 4, 2001.

The interrogatories are stated verbatim, and are followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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December 18, 2001

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS JENNIFER L. EGGLESTON TO INTERROGATORIES OF CONTINUITY SHIPPERS ASSOCIATION

CSA/USPS-T25-1.

Please refer to the Bulk Parcel Return Service cost model contained in USPS-LR-J-64, 6bprs.xls.

(a) Please confirm that the conversion factors for 'Unload Sacks in OTR' and 'Dump OTR of sacks' in cells D16 and D21 in the worksheet 'Inter Mach' are 234.6. If you do not confirm, please explain.

(b) Please confirm that these conversion factors are the correct conversion factors for 'Unload Sacks in OTR' and 'Dump OTR of sacks.' If you confirm, please explain why these are the correct conversion factors. If you do not confirm, please explain and provide the correct conversion factors.

RESPONSE:

(a). Confirmed.

(b). Not confirmed. Please see errata filed December 18, 2001. The wheeled container conversion factor was used by mistake. The correct conversion factor for sacks in OTRs is 581.6. The impact of changing the conversion factors is minimal. With the corrected conversion factors in the model, the BPRS mail processing unit cost is 62.3 cents (filed as 62.8 cents) and the total BPRS unit cost is 122.7 cents (filed as 123.2 cents).

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CSA/USPS-T25-2.

Please refer to the Bulk Parcel Return Service cost model contained in USPS-LR-J-64, 6bprs.xls.

(a) Please confirm that the value for 'Secondary PSM (unit costs)' in cell D14 in the worksheet 'Inputs 2' is 0.063. If you do not confirm, please explain.

(b) Please describe the 'Secondary PSM (unit costs)' and provide the source for this datum.

(c) Please confirm that the secondary PSM costs on worksheets 'Inter Mach' and 'Intra Mach' are calculated without using productivities and piggyback factors. If you do not confirm, please explain.

(d) Please confirm that the BPRS cost model in USPS-LR-I-171 calculates secondary PSM costs with productivities and piggyback factors. If you do not confirm, please explain.

(e) Please discuss the rationale for calculating secondary PSM costs without using productivities and piggyback factors.

(f) Please confirm that the secondary PSM cost in cell G35 on worksheet 'Inter Mach' in USPS-LR-J-64, 6bprs.xls, is $0.0599 and that the secondary PSM cost in cell G35 on worksheet 'Inter Mach' in USPS-LR-I-171, eBPRS_mp.xls, is $0.0333. If you do not confirm, please provide the correct figures.

(g) Please explain why the secondary PSM cost increased from $0.0333 to $0.0599, an 80 percent increase. As part of your explanation, please discuss the variability of these point estimates, any significant changes to the fundamental activities of a secondary parcel sorting machine operation, and any significant changes to the characteristics of mail worked on a secondary parcel sorting machine.

RESPONSE:

(a). Confirmed.

(b)-(e). The secondary parcel sorting machine unit cost of .0634 is the unit cost associated with the indirect or piggybacked costs. The source of this number is USPS-T-15, Attachment 12. The use of a "unit piggyback factor" for the secondary parcel sorting machine is a change in methodology since Docket No. R2000-1. This

methodological change was necessary due the assumption that parcel singulators will be implemented on all secondary parcel sorting machines in the test year. One of the assumptions used in the BPRS mail processing model is that parcel singulators eliminate the need for keying on the secondary parcel sorting machine. The model assumes that a rejected parcel will be sent back to the primary parcel sorting machine for keying. Therefore there is no "labor" cost on the secondary parcel sorting machine in the BPRS mail processing model. However, there still will be indirect costs associated with the secondary parcel sorting machine operation (such as maintenance). Since there is no labor cost by which to multiply a "traditional" piggyback factor, a unit "piggyback" cost was estimated.

(f). Confirmed.

(g). It is my understanding that the increase in estimated costs is due to an increase in the piggybacked or indirect costs. Please see USPS-T-15 at pages 22-23 and also USPS LR-J-52 pages III-24 to III-32.

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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.

(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:

(a). Confirmed.

(b). Confirmed.

(c). The proportional CRA adjustment factor is calculated by comparing modeled costs to actual CRA unit costs. Due to variances in inputs (productivities, conversion factors etc) the relationships between modeled costs and CRA costs are not expected to remain constant. I do not know what you are referring to when you say "variability of the estimates." If you are referring to volume variability, the mail processing volume variabilities are shown on page 3 of LR-J-64, Attachment H.

(d). Confirmed.

(e). Confirmed.

(f). There are two changes that may impact the productivity of the parcel sorting machine. The first is that prior to FY 2000, BMC labor hours and volumes were collected using the Productivity Information Report System (PIRS). It is my understanding that starting in FY 2000, the majority of this information was collected using the Productivity Information Management System (PIMS). It is my understanding that the change from one reporting system to another impacted some productivity estimates. The second thing that impacted the parcel sorting machine productivity is that in Docket No. R2000-1, LR-I-171 the parcel sorting machine productivity was estimated using one year worth of data and in Docket No. R2001-1, LR-J-64 the parcel sorting machine productivity was estimated using six years worth of data. The purpose of using a six-year average was to mitigate the impact of switching reporting systems. I do not understand what you mean by "the variability of the estimates." I am not aware of any significant operational or personnel changes on the primary parcel sorting machine.

(g). Confirmed.

(h). Confirmed.

(i). Redirected to witness Smith.

(j). Not Confirmed. The row label is incorrect. The 94.5 figure is the probability that the parcel will be "handled" on the secondary parcel sorting machine. However, this does not mean handled by a keyer, it means handled by the parcel singulator.

(k). Confirmed.

(l). Please see response to subpart (j). The probabilities cannot be directly compared. The probability displayed in Docket No. R2000-1, LR-I-171 is the probability of a parcel being handled by a *keyer* on the secondary parcel sorting machine. This probability includes an adjustment to account for the assumption that 6 percent of the parcels will be handled by a parcel singulator (instead of a keyer). The probability displayed in the BPRS model in Docket No. R2001-1, LR-J-64 is the probability of the parcel being handled by a *parcel singulator* on the secondary parcel sorting machine. In addition to the probabilities not being directly comparable, the assumption about the number of parcel singulators also differs between the two cases. In Docket R2000-1, it was assumed that 6 percent of parcels going through the secondary parcel sorting machine would be handled by a parcel singulator. In Docket R2001-1, it is assumed that 100 percent of parcels going through the secondary parcel sorting machine would be handled by a parcel singulator.

(m). Confirmed.

(n). Confirmed.

(o). As can be seen in the referenced cells, the equation for calculating the cost per facility is the following:

$$\frac{(\text{Wage Rate} \times \text{Piggyback Factor})}{(\text{Conversion Factor} \times \text{Productivity})} \times (\#\ \text{of handlings})$$

Any increase in the wage rate (including premium pay), piggyback factors, or number of handlings will increase the estimated cost. Any decrease in the conversion factors or productivities will also increase the estimated cost. As mentioned above, the parcel sorting machine piggyback factor increased and the primary parcel sorting machine productivity decreased in comparison to the previous case. In addition, the wage rate

has also increased. These three factors led to the increase in the cost per facility for the primary parcel sorting machine. I do not know what you mean by the "variability of point estimates". I am not aware of any significant changes to the fundamental activities of the primary parcel sorting machine or the characteristics of the mail worked on the primary parcel sorting machine.

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CSA/USPS-T25-4.

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 Table 1 accurately presents BPRS costs and percent increases. If you do not confirm, please provide the correct figures.

Table 1. BPRS Costs

(1)	(2)	(3)	(4) = (2)/(3) - 1
Cost Component	**USPS-LR-J-64, 6bprs.xls, 'Sum'**	**USPS-LR-I-171, fBPRS_Model.xls, 'Sum'**	**Percent Increase**
Collection	$0.035	$0.032	9.4%
Mail Processing	$0.628	$0.571	10.0%
Transportation	$0.469	$0.423	10.9%
Bulk Delivery	$0.049	$0.033	48.5%
Postage Due	$0.051	$0.046	10.9%
Total	$1.232	$1.105	11.5%

(b) Please describe the primary cost causing factors that explain the increase in BPRS costs. As part of your description, please discuss the variability of the cost causing factors.

RESPONSE:

(a). Not Confirmed. Confirmed that the numbers in the table are the BPRS unit cost estimates as shown in Docket No. R2001-1, USPS LR-J-64 and Docket No. R2000-1, USPS LR-I-171. However the percent increases are not correct if the non-rounded values of the spreadsheet are used (versus using rounded numbers). The following table provides the accurate percent increases.

Cost Component	USPS-LR-J-64, 6bprs.xls, 'Sum'	USPS-LR-I-171, fBPRS_Model.xls, 'Sum'	Percent Increase
Collection	$0.035	$0.032	9.7%
Mail Processing	$0.628	$0.571	10.0%
Transportation	$0.469	$0.423	10.8%
Bulk Delivery	$0.049	$0.033	50.5%
Postage Due	$0.051	$0.046	9.9%
Total	$1.232	$1.105	11.4%

In addition, the table ignores the fact that an updated BPRS cost estimate was provided in Docket No. R2000-1 in response to the Postal Rate Commissions Order 1294. This library reference, LR-I-469, provided BPRS costs with an updated base year (BY 1999). The following table displays the data using the updated base year.

Cost Component	USPS-LR-J-64, 6bprs.xls, 'Sum'	USPS-LR-I-469 BP2_99.xls, 'Sum'	Percent Increase
Collection	$0.035	$0.033	8.51%
Mail Processing	$0.628	$0.786	-20.16%
Transportation	$0.469	$0.406	15.38%
Bulk Delivery	$0.049	$0.043	14.66%
Postage Due	$0.051	$0.047	7.43%
Total	$1.232	$1.315	-6.34%

It should be noted that the base year 99 estimate (LR-J-469) had extremely high Media Mail CRA unit mail processing costs (and therefore high CRA adjustment factors). Ignoring the impact of mail processing, the increase in the BPRS cost from LR-I-469 to LR-J-64 is 6.49 percent.

(b). Please refer to response to subpart (a). The only change to the BPRS cost methodology is an adjustment made to the mail processing cost model. In that cost component, the CRA fixed adjustment factor was reduced by the proportion of BPRS modeled costs to Media Mail modeled costs. The remainder of the cost changes is due to changes in the inputs including cost segment and component TYBR costs, wage rates, premium pay factors, and piggyback factors. For example, the TYBR "other mail processing" wage rate increased 12.15 percent between Docket No. R2000-1 (BY98) and Docket No. R2001-1, and increased 10.15 percent between Docket No. R2000-1 (BY99) and Docket No. R2001-1. Given these increases in the wage rate alone, the percent increases in the estimated BPRS unit cost are not unreasonable.

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CSA/USPS-T25-5.

Please refer to pages 32 and 33 of your testimony where you discuss the window service portion of collection costs.

(a) Please list and describe all entry points where BPRS can enter the mailstream.

(b) Please provide the percentage of BPRS that enters the mailstream via the window. If you do not know the percentage, please provide an estimate.

(c) Please provide the percentage of BPRS that does not enter the mailstream via the window. If you do not know the percentage, please provide an estimate.

(d) Please list and discuss all activities that occur at the window as BPRS enters the mailstream.

(e) Please describe the mean transaction time for acceptance. As part of your description, please include discussions on the variability of the mean transaction time for acceptance, all activities that occur at the window during acceptance, and factors and characteristics that cause the transaction time for acceptance to vary.

(f) Please provide data on the variability of the mean transaction time for acceptance.

(g) Please list and describe the factors relating to and characteristics of a typical BPRS piece that cause the transaction time for acceptance to vary.

(h) Please list and describe the collection activities performed by city and rural carriers for BPRS. As part of your description, please discuss how a BPRS piece enters the mailstream after being collected by city and rural carriers.

(i) Please provide the cost associated with a BPRS piece entering the mailstream via a means other than over the window. Please list and describe all activities associated with a BPRS piece entering the mailstream via a means other than over the window.

RESPONSE:

(a). It is my understanding that BPRS can enter via the window, be dropped in a blue collection box, or be picked up by city and rural carriers. Since a proxy was used to estimate collection costs, it was not necessary to study these processes in detail.

(b) & (c). As explained in Docket No. R2000-1, USPS-T-26 and Docket No. R2001-1, the entry profile for BPRS is unknown. That is the reason a proxy must be used.

(d). It is my general understanding that a window clerk will wait for the customer to approach the window, meet and greet the customer, examine the parcel to ensure it has the proper BPRS endorsement, answer any questions the customer has, and place the parcel into an appropriate container (or conveyor belt).

(e). As mentioned in footnote 23, on page 32 of USPS-T-25, "acceptance" is defined as:

> "The clerk takes the stamped/metered mail from the customer and enters it in the mailstream. It does not include weighing or rating or even lifting the mailpiece to determine the weight. It includes all mail types except Express Mail."

According to Docket No. R97-1, LR-H-167, page 160, table 3.1, the mean transaction time for acceptance is 22.65 seconds. The standard error is 4.69, and the 95 percent confidence error has a lower bound of 13.45 and an upper bound of 31.84. I did not conduct the study and cannot answer what factors and characteristics cause transaction time to vary. For additional information on the study, please refer to Docket R97-1, LR-H-167.

(f). I do not know what you mean by "the variability of the mean transaction time". Please see the response to subpart (e) for the statistical variance.

(g). There is no study specific to BPRS transaction times.

(h)-(i). BPRS-specific collection information is not available. It is for this reason that I used a proxy to estimate collection costs.

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CSA/USPS-T25-6.

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 Table 1 accurately presents BPRS transportation costs per cubic foot per leg and percent changes. If you do not confirm, please provide the correct figures.

Table 1. BPRS Transportation Costs per Cubic Foot per Leg

(1)	(2)	(3)	(4) = (2)/(3) – 1
Cost per Cubic Foot per Leg	**USPS-LR-J-64, 6bprs.xls, 'Tran_1'**	**USPS-LR-I-171, fBPRS_Model.xls, 'Tran_1'**	**Percent Change**
Local Leg	$0.81	$0.54	50.0%
Intermediate Leg	$0.94	$0.60	56.7%
Long Distance Leg	$2.77	$3.26	(15.0%)

(b) Please discuss the variability of these transportation costs per cubic foot per leg as well as the variability of all data that support the development of the transportation costs per cubic foot per leg.

(c) Please list and describe the cost causing factors that explain the changes in BPRS transportation costs per cubic foot per leg. As part of your description, please discuss the variability of the cost causing factors, any significant changes to the fundamental activities of transportation, and any significant changes to the transportation network.

RESPONSE:

(a). Not Confirmed. The table shows the correct BPRS cost component estimates from Docket No. R2001-1, USPS LR-J-64 and Docket No. R2000-1, USPS LR-I-171. However, the percent change is not accurate when the non-rounded value of the estimates are used (versus using the rounded numbers). The following table shows the accurate estimates

Table 1. BPRS Transportation Costs per Cubic Foot per Leg

(1)	(2)	(3)	(4) = (2)/(3) – 1
Cost per Cubic Foot per Leg	**USPS-LR-J-64, 6bprs.xls, 'Tran_1'**	**USPS-LR-I-171, fBPRS_Model.xls, 'Tran_1'**	**Percent Change**
Local Leg	$0.81	$0.54	50.5%
Intermediate Leg	$0.94	$0.60	55.9%
Long Distance Leg	$2.77	$3.26	(15.3%)

In addition, the table ignores the fact that an updated BPRS cost estimate was provided in Docket No. R2000-1, LR-I-469 in response to the Postal Rate Commissions Order 1294. This library reference provided BPRS costs with an updated base year (BY 1999). The following table shows the data using the updated numbers.

Table 1. BPRS Transportation Costs per Cubic Foot per Leg

(1)	(2)	(3)	(4) = (2)/(3) – 1
Cost per Cubic Foot per Leg	**USPS-LR-J-64, 6bprs.xls, 'Tran_1'**	**USPS-LR-I-469, BP2_99.xls, 'Tran_1'**	**Percent Change**
Local Leg	$0.81	$0.70	14.7%
Intermediate Leg	$0.94	$0.64	48.2%
Long Distance Leg	$2.77	$2.69	2.8%

(b). I am not sure what you mean by variability. If you are referring to the statistical significance of the transportation costs estimated from the Transportation Cost System (TRACS), please see USPS-T-2.

(c). Since the BPRS transportation costs are estimated using inputs from the Parcel Post transportation model, any changes in the Parcel Post transportation cost methodology could impact BPRS transportation costs. One specific methodological change most likely had a significant impact on BPRS transportation costs. In the Parcel Post transportation model, the transportation costs reported in the FY2000 Cost Segment and Components Report USPS-T-11, WP.B., c/s 14 are distributed to four categories: local, intermediate, long distance zone-related (ZR), and long-distance non-zone related (NZR). In Docket No. R2000-1, the costs in the inter-BMC highway transportation cost pool were all allocated to the long-distance ZR category. In Docket R2001-1, a portion of inter-BMC highway costs was allocated to the intermediate category. The impact of this change was to decrease long-distance ZR costs and decrease intermediate costs. These impacts would have carried over to BPRS.

Other impacts on the estimated BPRS transportation costs would be anything that impacted TYBR transportation costs. The agreement between the Postal Service and Fed-Ex for transportation services had a small impact on Parcel Post, and therefore, BPRS transportation costs. Please see USPS-T-18 for a discussion of how this agreement impacted test-year costs.

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CSA/USPS-T25-7.

Please refer to worksheet 'Char_table' in USPS-LR-J-64, 6bprs.xls, which contains Bulk Parcel Return Service cost model data.

(a) Please confirm that witness Koroma indicates on page 15 of USPS-T-37 that BPRS volumes decreased by 15 percent in 1999 and decreased by another 3 percent in 2000. If you do not confirm, please explain.

(b) Please provide and discuss the source of the data contained in 'Char_table.' As part of your discussion, please provide the date when the data were collected, where the data were collected, how the data were collected, and the variability of these data.

(c) Please discuss whether or not you believe the data contained in 'Char_table' are representative of BPRS mailers today. As part of your discussion, please describe any changes or trends in the weight per piece, average cubic foot per parcel, or average weekly volume for BPRS since the time these data were collected.

(d) Please confirm that the weight per piece, average cubic foot per parcel, or average weekly volume of BPRS pieces may change over time. If you confirm, please list and discuss the reasons why these data may change over time. If you do not confirm, please explain.

RESPONSE:

(a). Those are the numbers shown in USPS-T-37, page 15.

(b). As explained in Docket No. R2001-1, USPS-T-25, page 31, the data used in the BPRS cost model are the data collected for the 1998 BPRS cost study. These data were collected during site visits that occurred between April 20, 1998 and August 30, 1998.

(c). I have no reason to believe that the data have significantly changed. Due to resource constraints, no new data on BPRS were collected before the filing of this case.

(d). It is possible that the average weight per piece and cubic foot per parcel of BPRS could change over time. However, since the requirements constrain the parcel to be between 6 oz and 1 pound and machinable, it is unlikely that the average weight per piece or average cubic foot per parcel changed significantly. There is a greater

probability that the average weekly volume could change over time. Furthermore, the presence of lower volume mailers could lead to an increase in the average unit cost of BPRS if the mail is delivered to the mailer in less than full containers or less than full trucks.

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CSA/USPS-T25-8.

Please refer to worksheet 'Tran_pg2' in USPS-LR-J-64, 6bprs.xls, which contains Bulk Parcel Return Service cost model data.

(a) Please provide and discuss the source of these data. As part of your discussion, please provide the date when the data were collected, where the data were collected, how the data were collected, and the variability of these data.

(b) Please discuss whether or not you believe these data are representative of BPRS mailers today. As part of your discussion, please describe any changes or trends in the average number of legs traveled by BPRS parcels since the time these data were collected.

(c) Please confirm that the average number of legs traveled by BPRS parcels may change over time. If you confirm, please list and discuss the reasons why these data may change over time. If you do not confirm, please explain.

RESPONSE:

(a). As explained in Docket No. R2001-1, USPS-T-26, page 31, the data used in the BPRS cost model are the data collected for the 1998 BPRS cost study. These data were collected during site visits that occurred between April 20, 1998 and August 30, 1998. I do not know what you mean by "variability of the data".

(b). I have no reason to believe that the data have significantly changed. Due to resource constraints, no new data on BPRS were collected before the filing of this case.

(c). I have no reason to believe that the average number of legs traveled would change significantly over time, unless several large volume mailers began using BPRS or stopped using BPRS.

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CSA/USPS-T25-9.

Please refer to worksheet 'Inputs 2' in USPS-LR-J-64, 6bprs.xls, which contains Bulk Parcel Return Service cost model data.

(a) Please provide the percentages of intra-BMC and inter-BMC BPRS parcels that arrive at an origin SCF.

(b) Please provide the percentage of inter-BMC BPRS parcels that arrives at an origin BMC.

(c) Please provide the percentages of intra-BMC and inter-BMC BPRS parcels that arrive at a destination BMC.

(d) Please provide the percentages of intra-BMC and inter-BMC BPRS parcels that arrive at a destination SCF.

(e) Please provide the percentages of intra-BMC and inter-BMC BPRS parcels that arrive at a destination delivery unit.

(f) Please discuss whether or not you believe the percentages provided in response to subparts (a) through (e) of this interrogatory are representative of the mailflow of BPRS parcels. As part of your discussion, please describe any changes or trends in the mailflow of BPRS parcels since the time the percentages were initially developed.

(g) Please confirm that the mailflow of BPRS parcels may change over time. If you confirm, please list and discuss the reasons why the mailflow may change over time. If you do not confirm, please explain.

(h) Please confirm that the BPRS cost model has 16.3 percent of parcels going directly from the BMC to the DDU, 66.8 percent of parcels going from the DBMC to the DSCF, and 16.8 percent of parcels going from the BMC to the mailer. If you do not confirm, please explain.

(i) Please confirm that the mail processing costs would decrease if the BPRS cost model had, for example, 16.3 percent of parcels going directly from the BMC to the DDU, 63.8 percent of parcels going from the DBMC to the DSCF, and 19.8 percent of parcels going from the BMC to the mailer. If you do not confirm, please explain.

RESPONSE:

(a)-(e). I do not understand the use of the word "arrive". All the BPRS-specific data that were collected in the 1998 BPRS data collection effort are used in the model. There are no additional BPRS-specific entry data.

(f). Please see response to (a-e). No new data for BPRS were collected in preparation of this case.

(g). Mailflows change on a daily basis. However, this does not necessarily mean that they would change significantly enough to warrant a change in the BPRS mail processing model. The model is a simplification of reality and is meant to show the average mail processing cost. Since BPRS is only used by a certain subset of mailers, those receiving large volumes of returns, it is unlikely that there will be a significant change in characteristics or mailflow, unless a large volume user stopped or started using the service.

(h). Confirmed, as shown on USPS LR-J-64, Attachment H, page 4.

(i). Confirmed. However the numbers you gave as an example do not add to 100 percent, and therefore would be not be appropriate to use in the model. In addition, the change in mail processing costs would not be significant.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS JENNIFER L. EGGLESTON TO INTERROGATORIES OF CONTINUITY SHIPPERS ASSOCIATION

CSA/USPS-T25-10.

Please refer to the 'Intra Mach' and 'Inter Mach' worksheets in USPS-LR-J-64, 6bprs.xls, which contain Bulk Parcel Return Service cost summaries.

(a) Please list and describe the title and level of the employee performing each mail processing activity.

(b) Please describe the 'Sack and Tie' mail processing activity. As part of your description, please discuss the productivity, factors and characteristics that cause the productivity to vary, and factors and characteristics that cause Sack and Tie costs to vary.

RESPONSE:

(a). To the best of my knowledge, this detailed information is not available. The closest things available are the wage rates shown on LR-J-55, part VIII, page 2. Wage rates are not available by operation or "cost pool" detail. In addition, the job title is typically clerk or mailhandler.

(b). The sack and tie operation refers to the operation in which parcels coming off the parcel sorting machine are separated and put into sacks. This occurs for 5-digit ZIP Codes that have low volumes of mail. The parcel sorting machine combines several of these ZIP Codes in one output bin. Then, an individual standing at the end of the bin picks up the parcels one by one, and sorts them into smaller containers, usually sacks.

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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Brian M. Reimer

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December 18, 2001