

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 THE UNITED STATES POSTAL SERVICE TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 6

The United States Postal Service hereby provides the responses to Presiding Officer's Information Request No. 6, issued December 10, 2001. Answers to questions number 7 and 11 are forthcoming.

Each question 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 Heselton

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December 20, 2001

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SCHENK TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 6

1. Please refer to the following cells from USPS-LR-J-107, file 'OC01.xls,'
Worksheet 'Discounts'.

Cell	Value
D33	6.070
D40	4.201
D41	4.418
D59	6.070
D60	4.862
D61	4.031

The source cited for these values is USPS-LR-J-117, Table 1. However, these values do not appear on Table 1 of USPS-LR-J-117. Please provide the source of these figures.

RESPONSE:

The following table provides the sources for the cited data.

Cell	Value	Source
D33	6.070	USPS-LR-J-58, file LR58ADJ.xls, worksheet 'Summary', Cell G57
D40	4.201	USPS-LR-J-60, file STANDARD.xls, worksheet 'Savings', Cell G18
D41	4.418	USPS-LR-J-60, file STANDARD.xls, worksheet 'Savings', Cell G19
D59	6.070	USPS-LR-J-58, file LR58ADJ.xls, worksheet 'Summary', Cell G57
D60	4.862	USPS-LR-J-58, file LR58ADJ.xls, worksheet 'Summary', Cell G58
D61	4.031	USPS-LR-J-58, file LR58ADJ.xls, worksheet 'Summary', Cell G59

The data shown above for cells D40 and D41 (that is, the delivery costs for Basic nonautomation letters and 3/5 Digit nonautomation letters) are the delivery costs reported in the original version of USPS-LR-J-60, filed on September 24,2001. A second revised version of USPS-LR-J-60 was filed on November 15,2001. The delivery costs for Basic nonautomation letters and 3/5 Digit nonautomation letters

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presented in the second revised version of USPS-LR-J-60 are 4.206 and 4.417,
respectively. These revisions do not affect the rate design presented by witness
Taufique in USPS-T-34, which relies in part on these data.

DECLARATION

I, Leslie M. Schenk, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



Leslie M. Schenk

Dated: 12/20/01

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MILLER TO
PRESIDING OFFICERS INFORMATION REQUEST NO.6 QUESTION 2**

Question 2 Please refer to the response to POIR Number 5, question 13(d). The question requested a description of the "Collection Method" for each of the BRM types. This term is used in USPS LR-J-60, file 'fees.xls,' worksheet 'BASIC BRM,' cell A19. Worksheets 'HIGH VOL BRM,' 'BASIC QBRM,' and 'HIGH VOL QBRM' do not contain entries for 'Collection Method.' Please define and describe in detail how each category of BRM is collected.

RESPONSE:

The term "collection method" in the basic BRM cost study found on page 101 of USPS LR-J-60 refers to the manner in which funds for 20.70 percent of these mail pieces are collected and paid after the mail pieces have been counted rated and billed. The funds are paid using direct monetary transactions between the BRM recipient and postal employees (box section clerks or carriers). The funds for the remaining 79.30 percent of the mail pieces in this rate category are paid using postage due accounts.

The high volume QBRM, basic QBRM, and high volume BRM rate categories must all use advance deposit accounts to pay the postage and fees for 100 percent of the mail pieces they receive. Consequently, the "collection methods" section, as it can be found in the basic BRM cost study, is not an element in the cost studies for the other three rate categories.

DECLARATION

I, Michael W. Miller, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.


MICHAEL W. MILLER

Dated: December 20, 2001

**RESPONSE OF POSTAL SERVICE WITNESS BERNSTEIN
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 6**

3. In Table 4 at page 20 of USPS-T-10, Household Diary Study (HDS) data are cited as the source of the shares of household bills paid by various methods from 1995 through 2000. Please show the calculations used to develop the shares from the HDS data.

RESPONSE:

The information presented in my Table 4 is based on an RCF analysis of raw Household Diary Study data. The raw data, taken from the Diary Study's recruitment survey, was re-weighted by RCF to obtain the results presented in my testimony. The re-weighting was done to i) provide a data set that was more reflective of the demographic characteristics of the entire US population as opposed to those of the recruitment survey respondents only, and ii) obtain data values for the entire population (since total number of monthly bills paid by each method, in addition to shares of bills, was also of interest).

The table attached to this response contains both sets of data – the raw unweighted diary study results (with accompanying shares) and the RCF weighted results (and shares, as presented in my testimony).

RESPONSE OF WITNESS BERNSTEIN, POIR NO. 6, ITEM 3

Number of Household Bills Paid by Each Method (unweighted sample figures)

	1995	1996	1997	1998	1999	2000
Mail	44,845	44,462	45,786	44,921	46,636	90,668
In Person	5,539	6,746	5,502	5,089	7,742	8,496
Phone	213	287	385	229	373	1,776
PC	106	227	298	334	811	3,125
ATM	65	65	80	72	166	430
AFT	1,664	2,647	2,104	2,287	3,286	8,449
Total	52,432	54,434	54,155	52,932	59,014	112,944
Sub-total						
Technological	2,048	3,226	2,867	2,922	4,636	13,780

Share of Household Bills Paid by Each Method (unweighted sample shares)

	1995	1996	1997	1998	1999	2000
Mail	85.53%	81.68%	84.55%	84.87%	79.03%	80.28%
In Person	10.56%	12.39%	10.16%	9.61%	13.12%	7.52%
Phone	0.41%	0.53%	0.71%	0.43%	0.63%	1.57%
PC	0.20%	0.42%	0.55%	0.63%	1.37%	2.77%
ATM	0.12%	0.12%	0.15%	0.14%	0.28%	0.38%
AFT	3.17%	4.86%	3.89%	4.32%	5.57%	7.48%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Sub-total						
Technological	3.91%	5.93%	5.29%	5.52%	7.86%	12.20%

Number of Household Bills Paid by Each Method (weighted population figures)

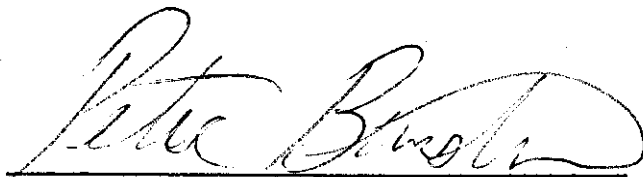
	1995	1996	1997	1998	1999	2000
Mail	819,586,990	854,709,900	875,931,300	850,306,960	914,343,410	891,316,691
In Person	104,240,270	129,161,600	107,340,600	98,750,690	140,038,490	106,649,887
Phone	3,840,830	5,751,100	7,428,200	4,719,650	7,796,460	14,418,816
PC	2,492,730	4,619,900	5,067,500	10,820,610	12,355,120	24,760,883
ATM	1,315,890	1,371,200	1,346,000	1,953,810	2,993,400	3,797,813
AFT	29,063,850	56,097,800	37,776,200	49,355,170	60,448,180	82,039,200
TOTAL	960,540,560	1,051,711,500	1,034,889,800	1,015,906,890	1,137,975,060	1,122,983,289
Sub-total						
Technological	36,713,300	67,840,000	51,617,900	66,849,240	83,593,160	125,016,711

Share of Household Bills Paid by Each Method (weighted population shares)

	1995	1996	1997	1998	1999	2000
Mail	85.33%	81.27%	84.64%	83.70%	80.35%	79.37%
In Person	10.85%	12.28%	10.37%	9.72%	12.31%	9.50%
Phone	0.40%	0.55%	0.72%	0.46%	0.69%	1.28%
PC	0.26%	0.44%	0.49%	1.07%	1.09%	2.20%
ATM	0.14%	0.13%	0.13%	0.19%	0.26%	0.34%
AFT	3.03%	5.33%	3.65%	4.86%	5.31%	7.31%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Sub-total						
Technological	3.82%	6.45%	4.99%	6.58%	7.35%	11.13%

DECLARATION

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

A handwritten signature in cursive script, appearing to read "Peter Bernstein", written over a horizontal line.

(Signed)

12-20-01

(Date)

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO PRESIDING
OFFICERS INFORMATION REQUEST NO.6 QUESTION 4**

Question 4 The following questions refer to USPS LR-J-84 (rev. 11/15/01).

- (a) In both fcmrev2.xls and stdrev.xls, the sheet labeled "PRODUCTIVITY" presents the MODS productivity of "Manual Incoming Secondary, MODS Site" as 468, and that of "Manual Incoming Secondary Non MODS Sites" as 1,143. Please describe any operational differences between these activities and explain why the non-MODS sites are more than twice as productive as the MODS sites.
- (b) In fcmrev2.xls and stdrev.xls the variability factors listed in column (1) of the sheet labeled "PRODUCTIVITY" are identical with the exception of "Tray Opening Unit Bundle Sorting." If this discrepancy is an error, please provide the correction. If it is not an error, please explain why this pool has different variability factors depending on the class of mail.

RESPONSE:

- (a) Smaller, non-MODS sites tend to be closer to the delivery points where carriers reside and therefore have a greater wealth of "scheme" knowledge associated with specific ZIP Codes, when compared to the larger MODS facilities. Consequently, the manual productivities at non-MODS sites tend to be higher, compared to the manual productivities at MODS sites.

In addition, the volume estimation methods used in MODS and non-MODS facilities differ. MODS facilities use conversion factors based on weight. Non-MODS facilities typically use conversion factors based on "feet of mail." The difference in volume estimation methodologies could also impact the manual productivities.

- (b) Bundle sorting operations are often performed in operations that are mapped to either cost pool "1OPPREF" or "1OPBULK." The operation numbers mapped to "1OPPREF" are for First-Class Mail processing. The operations mapped to "1OPBULK" are for Standard Mail processing. These two cost pools have different volume variability factors. Consequently, different factors for each class were used, although the values of those factors are nearly identical.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO PRESIDING
OFFICERS INFORMATION REQUEST NO. 6**

6. Please refer to USPS-LR-J-10 and J-55.

a) Do the activity codes in the fields F9805 and F9806 of the USPS-LR-J-10 SAS data set PRCOO reflect international activity codes as the labels for these two fields imply they do?

(b) Please confirm that the activity codes stored in F9806 are the result of applying "Encirclement Rules" as described in Appendix E of USPS LR-J-10, R2001-1. If confirmed, please explain why these rules are again applied in a SAS program named ENCIRCLE in USPS-LR-J-55, encircle.txt.

(c) In USPS-LR-J-55, the field ACTV in SAS program ENCIRCLE is defined by selecting activity codes from both fields F9805 and FY9806. Please explain the rationale for creating the field ACTV by selecting pre-encircled activity codes associated with F9805.

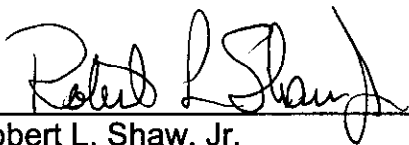
RESPONSE:

(a) (By Shaw) The field F9806 contains the same activity code as field F262, except for tallies with international mail. For international mail tallies, field F9806 contains the detailed international activity code, whereas field F262 contains a less detailed categorization of international activities. A similar relationship exists between fields F9805 and F244; they contain pre-encircled activity codes. Please see library reference USPS-LR-J-10/R2001-1, In-Office Cost System (IOCS) Statistical and Computer Documentation, pages 41 through 43.

- (b) (By Van-Ty-Smith) Confirmed. The encirclement rules, as described in Appendix E of USPS LR-J-10 are applied using the IOCS Uniform Operation codes, as was done before Docket No. R97-1. The ENCIRCLE SAS program applies the encirclement rules using the MODS-based cost pools for tallies in the MODS offices in Cost Segment 3.
- (c) (By Van-Ty-Smith) The field ACTV in SAS program ENCIRCLE reflects when a Special Service code or the underlying subclass code is assigned to the piece of mail being processed. When the mail pieces with paid Special Services are processed by employees clocked into the Special Service-related cost pools, they are assigned Special Service costs based on the encircled codes from F9806. In the distribution and allied operations, with certain exceptions, the same mail pieces are processed as ordinary mail pieces of the same subclasses, therefore they are assigned the underlying subclass costs corresponding to the pre-encircled codes. The use of a single ACTV field facilitates the mechanics for the computation of direct, mixed-mail, and not-handling costs associated with subclasses and special services in the cost pools. (See USPS-T-13, section B.2.3.d).

DECLARATION

I, Robert L. Shaw, Jr., declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

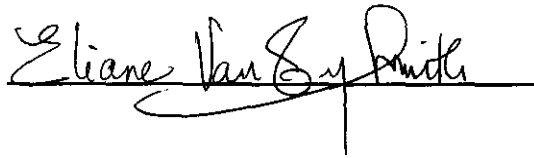


Robert L. Shaw, Jr.

Dated: December 20, 2001

DECLARATION

I, Eliane Van-Ty-Smith, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

A handwritten signature in cursive script that reads "Eliane Van-Ty-Smith". The signature is written over a horizontal line.

Dated: December 20, 2001

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PATELUNAS TO
PRESIDING OFFICER'S INFORMATION REQUEST No. 6**

8. International mail volume estimates are provided in USPS Library Reference J-159. A comparison of the base year 2000 through TYAR International mail volumes between LR-J-59 and USPS Exhibit 12A show differences for each year as shown below:

Fiscal Year	USPS Exhibit 12A	USPS LR-J-159	Difference
BY 2000	1,105,773	1,099,478	6,295
FY 2001	1,187,578	1,181,875	5,703
FY 2002	1,255,066	1,249,492	5,574
FY 2003 BR	1,294,889	1,289,500	5,389
FY 2003 AR	1,210,804	1,205,553	5,251

Additionally, the special service transactions for registry, insurance, money orders, and PO Boxes for the base year, test year BR and the test year AR shown in USPS LR-J-109, revised, are different from the number of transactions shown in USPS Exhibit 12A. Also, the transactions shown for FY 2001 and FY 2002 in the attachments to the response to Presiding Officers Information Request No. 2, Question 6 are different than shown in Exhibit 12A.

- (a) Please explain the differences noted in the above table for the international mail volumes and explain why the volumes developed in LR-J-159 should or should not be used in the rollforward.
- (b) Please explain the differences in the number of transactions for registry, money orders, insurance, and PO Boxes and explain why the transactions shown in LR-J-109, revised, and the response to POIR No. 2, Question 6 should or should not be used in the rollforward.

Response:

- (a) Please refer to Attachment 1 of POIR 2, Question 10 that provides a crosswalk between witness Meehan's (USPS-T-11) base year volumes and witness Patelunas's (USPS-T-12) rollforward volumes. Column (3) of that attachment shows the International Special Services amount of 6,295. This is the same 6,295 that appears in the first row of the table shown in the question. A similar reconciliation is needed for the USPS Exhibit 12A column and the USPS LR-J-159 column in the table. The

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PATELUNAS TO
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Response continued:

USPS Exhibit A column is the International volumes shown in the USPS LR-J-159 column plus the International Special Services. The International Special Services can be found in USPS Library Reference J-125 on Tables 125-1 and 125-2. The amounts in the USPS Exhibit 12A column should be used in the rollforward because they include all the volume impacts associated with International mail.

- (b) Much like in the response to part (a) of this question, the differences for registry, money orders and insurance are due to the inclusion or exclusion of International Special Services. The response to POIR 2, Question 6, includes International Special Services with the domestic Special Services; USPS LR-J-109, revised, includes International Special Services in International. For Post Office Boxes, the amounts shown in the response to POIR 2, Question 6 are correct.

The rollforward amounts shown in USPS Exhibit 12A for registry, money orders and insurance should be used in the rollforward. That is, the proper rollforward methodology included International Special Services in the International row. For Post Office Boxes, the amounts shown in the response to POIR2, Question 6 should be used because the Test Year Before Rates Post Office Box amount shown in USPS Exhibit 12A was not updated properly.

DECLARATION

I, Richard Patelunas, declare under penalty of perjury that the foregoing answers to interrogatories are true and correct to the best of my knowledge, information, and belief.

A handwritten signature in black ink, appearing to read "Richard Patelunas", written over a horizontal line.

Dated: 12/20/01

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 6,
QUESTION NO. 9**

9. The piggyback and related factors for the Base Year and Test Year in LR-J-46 and LR-J-52, respectively, are developed using SAS programs. While the final output generated by these SAS programs is provided in the aforementioned library references, it is not possible to track various CRA/Rollforward type cost components and the relevant distribution keys. The cost components, referred to as 'COMP' in the SAS program, are not the same as those used in the CRA/Rollforward. Please provide a spreadsheet containing LR-J-46 and LR-J-52 components and distribution keys by cost function and mail subclass that are used to develop the piggyback and related factors for the Base Year and the Test Year.

RESPONSE:

Spreadsheets containing the LR-J-46 and LR-J-52 components and distribution keys by cost function and subclass are provided in USPS LR-J-202. There is one Excel workbook for the base year and one for the test year. Each cost function is provided on a separate sheet within these workbooks. For each of these components, the component number for the CRA/Rollforward is provided as well as the corresponding "COMP" component number from the SAS programs.

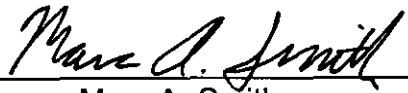
In addition, to help link the CRA/Rollforward components to the programmer assigned "COMP" numbers we have provided two Tables in USPS LR-J-202 (in poir6pb.xls). Table 1 is the general piggyback matrix from page 298 in USPS-LR-J-52. This summarizes the calculation of the piggyback factors by cost function, indicating the CRA/Rollforward components used in the calculation of piggyback factors. Table 2 is this same general piggyback matrix showing programmer assigned component numbers or "COMP" numbers, which correspond to those CRA and Roll Forward component numbers in Table 1.

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QUESTION NO. 9**

These two tables provide a crosswalk between CRA/Roll Forward component numbers and programmer-assigned SAS component numbers.

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

12/20/01
Date

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SCHENK TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 6

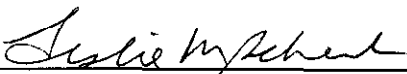
10. In LR-J-58, attributable costs from Files: LR58AREG_revised.xls and LR58AECR_revised.xls are used in File: LR58STDCBS_revised. "Other Weight" costs in the first two files are calculated as the difference between TYBR total attributable costs for the applicable subclass and the sum of the attributable costs for cost segments 3, 6, 7, 8, 10, and 14, where segments 3, 6, 7, 8, and 10 include applicable piggyback costs.
- (a.) For Regular subclass, File: LR58AREG_revised.xls, sheet: 3CREG all (detailed), Cell Y21 uses \$8,953,582 as the TYBR total attributable cost, but USPS Exhibit 12F, p. 7 shows \$8,949,042 as the TYBR attributable amount. The corresponding amounts for ECR do match. Please reconcile the difference.
 - (b.) The figure used for TYBR total ECR attributable cost in File: LR58STDCBS_revised.xls matches the figure (\$2,677,343) in USPS Exhibit 12F, page 7, but the corresponding figures for Regular subclass do not. Please reconcile the difference.
 - (c.) Please provide a PRC version of LR58STDCBS_revised.xls. As noted above, the cost figures in this file come from Files: LR58AREG_revised.xls and LR58AECR_revised.xls. The latter files contain cost distributions by cost component and ounce interval, however costs by ounce increment are not required for LR58STDCBS_revised.xls. Accordingly, if the Service can produce a version of the requested file using a shorter procedure, it would be acceptable to the Commission assuming the procedure, supporting sources, and documentation are also provided.

RESPONSE:

- (a.) The total CRA costs were inadvertently not revised to reflect the final test year before rates roll forward from witness Patelunas. These costs have been revised, as provided in the second revision of USPS-LR-J-58, filed on December 17, 2001.
- (b.) See the response to part (a.) above.
- (c.) See USPS-LR-J-199.

DECLARATION

I, Leslie M. Schenk, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



Leslie M. Schenk

Dated: 12/20/01

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 6

POIR 6, Question 12

Refer to the response to POIR 4, Question 10 (b). In the case of First-Class letters weighing more than one ounce, please provide the rationale for allowing nonmachinable letters to make a smaller contribution to institutional costs than machinable letters that are otherwise identical.

RESPONSE:

In responding to this question, I assume that "First-Class letters weighing more than one ounce" refers to all First-Class Mail Letters and Sealed Parcels subclass pieces (regardless of shape) that weigh more than one ounce.

At any weight increment greater than one ounce, the proposed rate structure does not differentiate between pieces that are "machinable" (that do meet the requirements in DMCS §232 setting aside the "one ounce or less" restriction) and those that would be "nonmachinable" (that do not meet the requirements in DMCS §232 setting aside the "one ounce or less" restriction). E.g., a "machinable," three-ounce, Nonautomation Presort piece pays the same rate as a "nonmachinable," three-ounce, Nonautomation Presort piece. As a result, to the extent that nonmachinable pieces impose greater costs on the Postal Service than machinable pieces, the contribution to institutional costs from the nonmachinable pieces would be less.

As noted in the response to POIR 4, Question 10(b), these costs are intended to be recovered in the proposed additional ounce rates. This rate averaging is designed to maintain a relatively simple rate structure. As USPS-LR-J-112 shows, significant shares of over-one-ounce pieces are

“nonmachinable” as defined by DMCS §232(b) (setting aside the one ounce restrictions) simply because of their shape.

Base Year Flats and Parcel Share of Total First-Class Mail Letters Subclass

	<u>>1-7 ounces</u>	<u>>7-13 ounces</u>
Single Piece	64%	99%
Nonautomation Presort	57%	99%
Automation Flats	100%	100%

In addition, some share of the remaining, letter-shaped pieces would be nonmachinable because they did not meet other machinability criteria of DMCS §232. Lastly, it is my understanding that letter-shaped pieces weighing over 3.5 ounces are nonmachinable.

Given the large share of over-one-ounce pieces that are nonmachinable, it is not unreasonable to design rates such that the additional ounce rate recovers the additional costs of nonmachinable pieces. This is in contrast to the situation for less-than-one-ounce pieces, where the nonmachinable surcharge is applied to a relatively small number of pieces with different mail characteristics as compared to the majority of the pieces as would be the case for a “greater than one-ounce nonmachinable surcharge”.

DECLARATION

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

Maura Robinson
MAURA ROBINSON

Dated: December 20, 2001

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 6**

13. Is Alaska bypass mail eligible for the Parcel post DSCF and DDU rates?

RESPONSE: Yes.

DECLARATION

I, Linda A. Kingsley, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.


LINDA A. KINGSLEY

Dated: 12/20/01

RESPONSE OF UNITED STATES POSTAL SERVICE
 WITNESS JENNIFER L. EGGLESTON TO PRESIDING OFFICER'S
 INFORMATION REQUEST NO. 6, QUESTION 5

POIR-6-5.

5. Please refer to tables 1 and 2 below developed from library references [J-64] and J-67 respectively.

Table 1			
Calculation of Average Miles by Zone for Intra-BMC Based on Cubic Feet			
Zone	Cubic Foot Miles	Cubic Feet	Calculated Average Miles
1&2	584,284,055	9,828,355	59
3	537,344,068	1,854,169	290
4	190,345,923	368,076	517
5	11,733,951	35,365	332
Total	1,323,707,997	12,085,964	110

Table 2			
Calculation of Average Miles by Zone for Intra-BMC Based on Pounds			
Zone	Pound Miles	Pounds	Calculated Average Miles
1&2	5,263,305,736	104,961,556	50
3	4,507,932,484	20,436,937	221
4	1,652,490,845	4,116,997	401
5	96,525,028	125,528	769
Total	11,520,24,093	129,641,018	89

Please explain why the average miles for zone 5 in Table 1 are less than the average miles for zone 4 in Table 1, and less than half the average miles for zone 5 in Table 2.

RESPONSE:

It is my understanding that the data in Table 1 are from LR-J-64, Attachment B, page 6.

It is not appropriate to use the data shown in Table 1 to calculate average miles per zone. The reason is that the data shown in the table are from two different fiscal years.

The cubic feet shown in Table 1 are the estimated TYBR cubic feet (FY 2003). The cubic foot miles shown in Table 1 are BY 2000 cubic foot miles (from LR-J-67). Since

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these data are from different years, they cannot be used to estimate average miles per zone. However, Table 2 uses the data from LR-J-67 appropriately.

DECLARATION

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

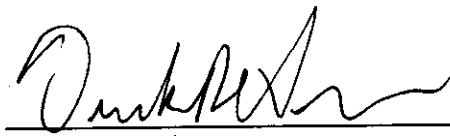


JENNIFER L. EGGLESTON

Dated: December 20, 2001

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 black ink, appearing to read "Frank Heselton", written over a horizontal line.

Frank Heselton

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
December 20, 2001