

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

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EXPERIMENTAL PARCEL RETURNS SERVICES

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Docket No. MC2003-2

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS JENNIFER EGGLESTON TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE, REDIRECTED FROM WITNESS  
JOHN GULLO (OCA/USPS-T1-2e, 4a, 9c, 23)

The United States Postal Service hereby files the response of witness Jennifer Eggleston to the following interrogatories of the Office of the Consumer Advocate, redirected from witness John Gullo:

OCA/USPS-T1-2e, 4a, 9c, 23, filed on June 6, 2003.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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June 16, 2003

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ADVOCATE, REDIRECTED FROM WITNESS JOHN GULLO

**OCA/USPS-T1-2.** Please refer to page 3, line 17 of your testimony. You define the RBMC ("Return Bulk Mail Center") as the center that services the ZIP Code where the returned parcel is entered into the mailstream.

e. Please confirm that the cost analysis does not include the cost of inter-BMC transportation and handling (both at the dock and for mail processing) that would be required to handle those packages that are returned from outside of the service area of the addressed RBMC.

**RESPONSE:**

Confirmed.

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**OCA/USPS-T1-4.** The following interrogatory refers to your testimony at page 4, lines 5 through 7. Assume that a consumer returns an RBMC designated parcel to a post office that is outside of the designated RBMC service area.

- a. Please explain fully what additional mail-processing and transportation costs will be incurred by the Postal Service in handling the assumed RBMC parcel.

**RESPONSE:**

a. The assumed RBMC parcel would incur the additional costs of being transported between the origin BMC and the destination BMC and would incur additional mail processing costs at the origin BMC. While these costs have not been specifically studied for this product, the additional transportation costs would be similar to the “long distance” costs estimated for inter-BMC transportation in Docket No. R2001-1, LR-J-64, Attachment B, page 10, columns 10 and 11.

For the assumed RBMC parcel, the additional mail processing costs at the origin BMC would be similar to the inter-BMC Parcel Post origin BMC costs estimated in LR-J-64, Attachment A, pages 8, 9 and 10. However, since the assumed parcel is going through two BMCs it could actually incur “different” costs at the destination BMC than the costs estimated in the RBMC cost model. For example, a machinable parcel may be entered directly into the secondary parcel sorting machine instead of entered directly into the primary parcel sorting machine.

It should be noted that if one were to believe that these costs should be estimated for the RBMC product, one would have to weight the additional costs by the percentage of parcels entered outside of the RBMC service area. Since there are only 21 BMCs in the country, this percentage will most likely be small if not insignificant.

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**OCA/USPS-T1-9.** The following interrogatory refers to your testimony at page 8, lines 5 through 7.

c. If your response to part b of this interrogatory is affirmative, where has the cost of the additional USPS employee time and the employee's transportation cost to and from the shipper been factored into the cost of offering the Parcel Select Return Service?

**RESPONSE:**

c. The survey used to calculate postage due verification did provide a section for items such as travel. As shown in USPS-T-2, Attachment H, page 3, the survey data included one location that incurred travel time, Location C. This time is included in the "average time per piece" estimate for postage due shown in USPS-T-2, Attachment G, page 1. Therefore, travel time is included in the RBMC cost estimate. The time spent traveling is the only "travel cost" included in the cost model.

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**OCA/USPS-T1-23.** In listing the goals of the experiment on page 17 of your testimony, you do not cite collecting cost data as one of the goals of the experiment. Is it your opinion that all of the relevant costs are accurately calculated and that there is no need to improve the cost data for the return service based on actual operations? Please explain.

**RESPONSE:**

Witness Gullo does not mention collecting cost data because there is no plan to collect specific quantitative cost data. This does not mean that we will not be reviewing the assumptions used in the cost model. On page 15 of his testimony, witness Gullo mentions that we will evaluate whether the process flows match those used to estimate costs. If it is determined that the actual process flows or other cost assumptions differ from the cost model, we will adjust the cost model accordingly before (and if) we file for a permanent classification. This may include collecting qualitative or quantitative data.

## 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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