

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, 1997)

Docket No. R97-1

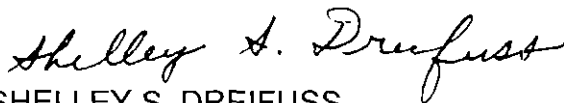
OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS VIRGINIA J. MAYES
(OCA/USPS-T37-12-17)
September 12, 1997

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatories 1-7 to the United States Postal Service dated July 16, 1997, are hereby incorporated by reference.

Respectfully submitted,



GAIL WILLETTE
Director
Office of the Consumer Advocate



SHELLEY S. DREIFUSS
Attorney
Office of the Consumer Advocate

OCA/USPS-T37-12. Please refer to your response to UPS/USPS-T37-16, in which you were asked to provide a complete description of various shipment requirements for OBMC entry, BMC presort, DSCF dropship, and DDU dropship discounts. You responded: "The qualifications and mail preparation requirements which will be applicable to these new categories, beyond those contained in the proposed DMCS provisions are still in the development stage and have not yet been produced or finalized."

- a. As to each of the proposed discounts, will any of the qualifications and mail preparation requirements which have not yet been produced or finalized affect the Postal Service's cost avoidance analysis? Please explain.
- b. As to each of the proposed discounts, will any of the qualifications and mail preparation requirements which have not yet been produced or finalized affect the Postal Service's projected volumes analysis? Please explain.
- c. If your answer to (a) and (b) is that you cannot provide a specific answer, please provide guidance to OCA and other participants as to how they might perform accurate cost avoidance analyses and projected volume analyses in the absence of specific information concerning the said qualifications and mail *preparation requirements*.

OCA/USPS-T37-13. Please refer to your response to OCA/USPS-T37-5 pertaining to oversized parcel shipments (i.e., packages whose combined length and girth exceeds 108 inches). You state: "Simply because there may be a perceived desire for a particular type of service in the market for package delivery service does not imply that

the Postal Service must necessarily provide such service. As illustration, please refer to the list of nonmailable and restricted items in the DMM at section C021.” It is our understanding that the DMM section you cite applies to all shippers, not just small shippers or shippers the Postal Service prefers not to serve. Please confirm.

- a. If you do not confirm, please explain.
- b. If confirmed, please provide further explanation as to how your illustration is an appropriate analogy.

OCA/USPS-T37-14. Please refer again to your response to OCA/USPS-T37-5. As a reason for the Postal Service not providing oversized parcel service even though there is a perceived desire for such service, you state: “Provision of some service could be expected to result in negative impact on either the Postal Service’s finances or the safety and health of its employees.”

- a. What would be the negative impact on Postal Service finances if it offered service on oversized parcels to all who requested such service at the proposed noncompensatory rates? Please quantify and show the derivation thereof.
- b. Would any negative impact discussed in (a) be overcome if the proposed rate was compensatory? Please discuss.
- c. What would be the negative impact on the safety and health of Postal Service employees if it offered service on oversized parcels to all who requested such service?
- d. Referring to (c), is there some threshold oversized parcel volume at which Postal Service employees will not be injured if they handle “x” oversized volume (where

“x” is the volume expected to be tendered under the proposal), but *will* be injured if they handle “x” + small shipper/consumer volume?

- e. Is it your testimony that the employees' health and safety would be compromised if they handled oversized shipments for small shippers or individual consumers, but not for shippers tendering enough volume to qualify for the proposed oversized parcel service? Please explain.

OCA/USPS-T37-15. In your response to OCA/USPS-T37-5 you further state: “Due to the expectation that these oversized parcels will not be fully compensatory, in the absence of evidence that the mailer is shipping additional volume that could be expected to be compensatory, the decision was made to exclude individual shipments of oversized parcels.” Comment on the proposition that household mailers (i.e., individual consumers) should be permitted to mail oversized parcels at less than compensatory rates, because such mailers otherwise predominantly use the mails for First-Class Mail, and contribute substantially to coverage of the Postal Service's institutional costs. In responding to this interrogatory, please refrain from using extreme assumptions (e.g., refer to your response to OCA/USPS-T37-6, where you use the example of a customer mailing a parcel of perishable, nonmachinable items to a remote area in Alaska). Rather, use assumptions that employ average statistics, such as the Household Diary Study (see, e.g., the Response of the Postal Service to OCA/USPS-T32-46 (f-h)).

OCA/USPS-T37-16. Please refer to your response to OCA/USPS-T37-9 where you state: "I continue to assert that the response to your question depends on the baseline conditions, and I believe that such a position is supported by the same paragraph in the Scherer text when it states: 'It is more difficult to generalize when the size distribution of sellers is highly skewed,' such as, I suggest, is the condition of the current market for ground service delivery."

- a. Please describe fully what you mean by "highly skewed."
- b. Does "highly skewed" mean that UPS is the predominant parcel carrier? Please explain.
- c. If the answer to (b) is affirmative, please discuss why such is the case. Include in your discussion responses to the following questions: (1) Is UPS more efficient than the Postal Service at delivering parcels? (2) If your answer to (1) is affirmative, is this comparative efficiency something beyond the control of the Postal Service? (3) Is the "skewing" caused by the Postal Service's unwillingness to compete in this sector?

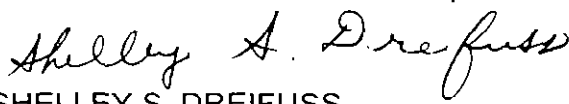
OCA/USPS-T37-17. Please refer to your response to OCA/USPS-T37-11(d). The inference for which comment was sought had to do with the Postal Service's efforts in Docket No. MC83-1 to provide service in the delivery of packages in a size that package designers often produced at that time (108 inches). Thus, it appears that at the time of the proposals in Docket No. MC83-1, the Postal Service wanted to compete in the market for a certain sized parcel (up to 108 inches) for which mailers could easily

get cartons. The existence of such large-sized cartons arguably implies that there was a demand for the delivery of such cartons.

- a. Given this further explanation, please comment on whether there has been a change in Postal Service policy from Docket No. MC83-1 to the present with regard to desiring to be competitive in the delivery of packages for which there are readily available size cartons.
- b. Please comment on the proposition that the ready availability of a certain size carton implies that there is a demand for the transportation of packages using such cartons.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.


SHELLEY S. DREIFUSS
Attorney

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