

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 1997

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Docket No. R97-1

**FIRST SET OF INTERROGATORIES OF THE RECORDING INDUSTRY
ASSOCIATION OF AMERICA, INC. TO USPS WITNESS CRUM
(RIAA/USPS-T-28-1-5)**

Pursuant to Sections 25 and 26 of the Commission's Rules of Practice, the Advertising Mail Marketing Association hereby submits the attached interrogatories to USPS witness Crum:

If data requested are not available in the exact format or level of detail requested, any data available in (1) a substantially similar format or level of detail or (2) susceptible to being converted to the requested format and detail should be provided.

The production of documents requested should be made by photocopies attached to responses to these interrogatories. If production of copies is infeasible due to the volume of material or otherwise the undersigned counsel to RIAA should be contacted to arrange for inspection of the documents.

The term "document" means all repositories of fixed information, including any writing, audio or video recording or electronically stored information and including all non-identical copies or versions of any document.

The term "oral communication" means any utterance that is not a document.

The term "communication" means all documents and oral communications.

The terms "identify," "identification," or "identity" mean:

(1) With respect to an individual, his name and present or last known home and business address (including street name and number, city or town, state, zip code and telephone number).

(2) With respect to a person other than an individual, its full name and type or organization, the address of its principal place of business (including street name and number, city or town, state, zip code and telephone number), the jurisdiction and place of its incorporation or organization, and the identity of all individuals having knowledge of the matter with respect to which the person is named;

(3) With respect to a document, the type of document (e.g., letter, record, list, memorandum, report), date, title or a description of the general nature or subject matter of its contents, identification of the person who prepared the document, identification of the person for whom the document was prepared and/or to whom it was delivered, identification of the person who has possession, custody or control over the original of the document, and identification of each person who has possession, custody or control over each copy of the document.

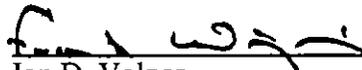
A communication or document "relating," "related," or which "relates" to any given subject means any communication or document which constitutes, contains, embodies, reflects, identifies, refers to, deal with or is in any way germane to that subject, including without limitation, documents concerning the preparation of other documents.

Responses to requests for explanations of the derivation of numbers should be accompanied by workpapers. The term "workpapers" shall include all backup material whether prepared manually, mechanically or electronically. Such workpapers should, if necessary, be prepared as part of the witness's responses and should "show what the numbers are, what

numbers were added to other numbers to achieve a final result.” The witness should “prepare sufficient workpapers so that it is possible for a third party to understand how he took data from a primary source and developed that data to achieve his final results.” Docket No. R83-1, Tr. 10/2795-96. Where the arithmetic manipulations were performed by an electronic digital computer with internally stored instructions and no English language intermediate printouts were prepared, the arithmetic steps should be replicated by manual or other means.

If you are unable to provide any of the requested documents or information as to any of the interrogatories, please provide an explanation for each instance in which documents or information cannot be or have not been provided. If the witness to whom this request is directed cannot respond, but another witness can, please redirect the request to that witness.

Respectfully submitted,



Ian D. Volner

N. Frank Wiggins

Counsel for the Recording Industry of
America, Inc.

RIAA/USPS-T-28-1

The costing methodology you used in Standard(A) mail to estimate the difference in cost between flats and parcels combines costs and volumes across rate categories and between the Regular Subclass and the ECR Subclass.

- a. Please confirm that the cost basis for the 10 cents surcharge is based on the averaging across rate categories and between subclasses.
- b. Please confirm that implicit in this averaging is the assumption that the cost differences do not vary significantly across rate categories or between subclasses.
- c. If your response to part b is affirmative, please give citations to evidence that will support this assumption.
- d. If your response to part b is negative, please explain how you justify the use of averaging.

RIAA/USPS-T-28-2

Please provide an estimate of the number (or percentage) of parcels in Standard(A) mail (subject to the 10 cents surcharge) that could be read by the current equipment if barcodes were applied to the parcel.

RIAA/USPS-T-28-3

In the process of your study of cost differences between flats and parcels, was any data collected or available on the effect of barcoding on the cost differences between parcels and flats?

- a. If the answer is affirmative, please provide the data.
- b. If the answer is negative, why not?

RIAA/USPS-T-28-4

In the process of developing the proposal for the 10 cents per piece surcharge on Standard(A) Parcels, were alternative pricing mechanisms (e.g. piece and pound rate increases) explored to provide differential pricing for parcels?

- a. If your answer is affirmative, please describe each alternative and explain why the 10 cents per piece was selected over each alternative.
- b. If your answer is negative, why not?

RIAA/USPS-T-28-5

Please confirm that the questions and answers attached as Exhibit A were interrogatories put to and answered by you in MC97-2.

- a. Would your answers to those questions be the same today?
- b. If not, please provide the answers that you would give today.

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U. S. POSTAL SERVICE WITNESS CHARLES L. CRUM
RESPONSE TO INTERROGATORIES OF THE
RECORDING INDUSTRY ASSOCIATION OF AMERICA, INC.

RIAA/USPS-T7-1. Please provide (separately stated for carrier route and "other.") the FY1995 IOCS LIOCATT third-class bulk rate regular mail costs, average weight and mail volume for IPPs and parcels by weight in one-ounce increments from one to sixteen ounces with the three ounce interval separately providing the information for pieces weighing 3.3 ounces or less and pieces weighing more than 3.3 ounces in substantially the same format employed in Tables 1 and 2 of the answers to UPS/USPS-7 in MC95-1 (copies of those tables are provided for your ease of reference).

RESPONSE

IOCS LIOCATT costs are not available by tenth-of-ounce increment, so the requested breakdown at 3.3 ounces is not available. The cost data by full ounce increment are attached. The corresponding volume information to determine average costs can be found in LR-PCR-25. The requested average weight information is also attached. It is important to note that the cost data you are requesting here come from the In-Office Cost System (IOCS) only and are, therefore, not directly comparable to the numbers I use in my analysis.

ATTACHMENT TO RESPONSE TO RIAA/USPS-T7-1

FY 1995 IOCS LIOCATT COSTS STANDARD MAIL (A) IPPS & PARCELS

<u>Weight Increment (oz)</u>	<u>Carrier Route</u>	<u>Other</u>
1	\$ 5,916,267	\$ 8,759,141
2	881,828	6,859,528
3	912,470	7,876,515
4	1,597,738	17,611,589
5	522,216	8,729,425
6	262,814	9,616,726
7	51,659	6,344,287
8	352,318	11,104,637
9	169,676	7,325,453
10	202,929	6,988,116
11	240,309	4,530,676
12	146,069	8,729,796
13	-	5,547,235
14	457,452	9,764,014
15	159,118	7,125,985
16	395,410	4,759,426
Total	12,268,273	131,672,549

ATTACHMENT TO RESPONSE TO RIAA/USPS-T7-1, page 2

FY 1995 Standard Mail (A)
Average Weight by Ounce Increment

Weight Increment (oz)	Flats		IPPs and Parcels	
	<u>Carrier- Route</u>	<u>Other</u>	<u>Carrier- Route</u>	<u>Other</u>
1	0.66	0.71	0.63	0.77
2	1.56	1.52	1.74	1.57
3	2.44	2.54	2.42	2.51
3.3	3.17	3.15	3.28	3.13
4	3.68	3.67	3.47	3.65
5	4.48	4.46	4.35	4.51
6	5.41	5.44	5.45	5.58
7	6.45	6.47	6.40	6.57
8	7.43	7.49	7.54	7.54
9	8.52	8.49	8.62	8.47
10	9.43	9.45	9.31	9.52
11	10.48	10.49	10.48	10.57
12	11.44	11.47	11.54	11.53
13	12.31	12.50	12.53	12.52
14	13.37	13.48	13.44	13.46
15	14.32	14.42	14.56	14.38
16	15.43	15.41	15.24	15.51

U. S. POSTAL SERVICE WITNESS CHARLES L. CRUM
RESPONSE TO INTERROGATORIES OF THE
RECORDING INDUSTRY ASSOCIATION OF AMERICA, INC.

RIAA/USPS-T7-2. Please provide the information requested in RIAA/USPS-T7-1 for flats.

RESPONSE

Please see my response to RIAA/USPS-T7-1 and the attached information.

ATTACHMENT TO RESPONSE TO RIAA/USPS-T7-2

FY 1995 IOCS LIOCATT COSTS
STANDARD MAIL (A) FLATS

<u>Weight Increment (oz)</u>	<u>Carrier Route</u>	<u>Other</u>
1	\$ 52,410,700	\$ 114,408,377
2	62,785,219	178,961,574
3	47,232,659	127,544,701
4	53,784,139	148,057,592
5	18,671,314	46,241,937
6	9,485,828	30,259,989
7	5,755,988	19,708,748
8	4,515,059	15,855,136
9	3,001,494	10,544,434
10	1,546,606	8,031,826
11	1,138,837	5,685,770
12	1,199,542	4,675,456
13	915,383	2,773,355
14	693,060	4,573,755
15	431,245	2,728,987
16	1,219,293	2,891,374
Total	264,786,366	722,943,011

U. S. POSTAL SERVICE WITNESS CHARLES L. CRUM
RESPONSE TO INTERROGATORIES OF THE
RECORDING INDUSTRY ASSOCIATION OF AMERICA, INC.

RIAA/USPS-T7-3. Please provide the information contained in Sections 2 (Cost Avoidance \$/lb") and 5 ("Delivery Cost Avoidance \$/pc") in Table 7 of Library Reference PCR-38 by the weight of pieces in one ounce weight increments from one to sixteen ounces separately stating the requested information for flats and parcels.

RESPONSE

The "Cost Avoidance \$/lb" listed in Table 7 applies to all ounce increments. The data are not available to break out the "Delivery Cost Avoidances \$/pc" by ounce increment.

U. S. POSTAL SERVICE WITNESS CHARLES L. CRUM
RESPONSE TO INTERROGATORIES OF THE
RECORDING INDUSTRY ASSOCIATION OF AMERICA, INC.

RIAA/USPS-T7-4. Please provide the average weight in ounce increments, from one to 16 ounces with the three ounce category divided between pieces that weigh 3.3 ounces or less and those that weigh more than 3.3 ounces of pieces in each of the cells in the Table C-2 "5" ("Appearance/Contents Array") of Library Reference PCR-38 showing the number, average weight and average cube of the pieces in each weight interval.

RESPONSE

The requested information is attached. Please note that this information is not necessarily consistent with the volumes in LR-PCR-25. Refer to my response to DMA/USPS-T7-24(a).

ATTACHMENT TO RESPONSE TO RIAA/USPS - T7-4

Weight Incr. (Oz)	Pieces											Total
	CD Box	Video Box	Check Box	Other Box	Other	Film Envelope	RoMTube	Clothing Bag	Prescript Drug	Sample		
1	-	-	-	3,754	1,270,640	81,095	-	-	8,643	16,080	#	1,380,212
2	1,538	15,571	219,911	59,821	1,235,431	273,346	-	-	71,709	604,082	#	2,681,409
3	14,042,257	285,820	3,674	901,672	947,627	314,317	46,448	5,279	199,067	524,230	#	17,270,391
3.3	62,995	-	10,673	13,788	1,014,092	147,081	-	4,768	14,292	414	#	1,268,113
4	315,131	-	17,543	980,542	1,555,421	798,383	-	38,579	37,275	1,242,055	#	4,984,929
5	780,478	-	62,296	135,984	725,802	348,278	497	29,678	188,187	232	#	2,271,428
6	2,000,156	25,380	100,758	343,649	686,156	315,820	-	63,552	22,733	3,689	#	3,561,873
7	371,423	50,283	25,394	468,389	473,087	210,423	3,846	107,188	68,956	490	#	1,777,489
8	587,829	107,433	22,310	1,656,414	503,167	181,412	2,270	86,002	23,709	394	#	3,170,940
9	652,335	241,245	4,038	701,564	471,229	211,623	8,150	135,923	19,119	327	#	2,445,553
10	589,799	997,585	37,229	441,696	840,211	101,238	5,196	163,458	3,552	3,740	#	3,163,704
11	155,091	219,328	395,713	521,248	1,111,532	86,533	1,489	141,274	2,725	1,725	#	2,636,658
12	90,947	302,183	1,937,859	379,400	1,066,873	82,682	-	173,360	9,280	1,903	#	4,044,267
13	828,021	120,034	3,143,166	580,141	2,018,266	41,411	-	151,117	2,811	708	#	6,885,895
14	316,420	150,107	2,165,057	602,096	1,930,682	34,756	14,164	154,834	4,991	625	#	5,373,732
15	990	457,073	1,765,067	602,599	1,015,074	42,514	200	90,901	5,156	548	#	3,980,122
16	149,735	305,887	380,285	598,365	498,742	24,748	3,833	35,818	2,149	64	#	1,999,426
	20,925,143	3,277,929	10,290,773	8,991,132	17,364,062	3,295,638	86,093	1,381,531	682,354	2,601,286		66,895,941

ATTACHMENT TO RESPONSE TO RIAA/USPS - T7-4

Weight Incr. (Oz)	Average Weight (Oz)										Total
	CD Box	Video Box	Check Box	Other Box	Other	Film Envelope	Roll/Tube	Clothing Bag	Prescript Drug	Sample	
1				0.7	0.4	1.0			1.0	1.0	0.5
2	1.8	1.3	1.3	1.3	1.7	1.8			1.9	1.8	1.7
3	2.5	2.9	2.5	2.9	2.5	2.7	2.9	2.9	2.8	2.3	2.5
3.3	3.0		3.1	3.1	3.2	3.2		3.0	3.1	3.2	3.2
4	3.4		3.7	3.8	3.8	3.6		3.7	3.7	3.8	3.7
5	4.8		4.5	4.5	4.5	4.7	4.2	4.4	4.7	4.5	4.7
6	5.4	5.2	5.8	5.4	5.5	5.8		5.8	5.6	5.5	5.5
7	6.7	6.6	6.7	6.5	6.5	6.7	6.4	6.5	6.7	6.7	6.6
8	7.2	7.5	7.4	7.7	7.8	7.7	7.8	7.4	7.5	8.0	7.8
9	8.5	8.6	8.2	8.6	8.4	8.6	8.8	8.5	8.6	8.6	8.5
10	9.3	9.8	9.5	9.4	9.6	9.7	9.9	9.5	9.9	9.8	9.6
11	10.4	10.6	10.5	10.5	10.5	10.7	10.3	10.5	10.6	10.8	10.5
12	11.7	11.5	11.7	11.8	11.8	11.8		11.6	11.8	11.8	11.6
13	12.5	12.3	12.5	12.5	12.8	12.6		12.4	12.5	12.6	12.5
14	13.6	13.5	13.5	13.6	13.6	13.7	13.8	13.5	13.5	13.8	13.5
15	14.3	14.5	14.5	14.5	14.4	14.8	14.2	14.4	14.7	14.7	14.5
16	15.7	15.3	15.2	15.3	15.5	15.5	15.5	15.4	15.0	15.5	15.4

ATTACHMENT TO RESPONSE TO RIAA/USPS-T7-4

Weight Incr. (Oz)	CD Box	Video Box	Check Box	Other Box	Other	Average Cube (IN ³)			Prescript Drug	Sample	Total
						Film Envelope	Roll/Tube	Clothing Bag			
1				44	34	77			187	12	37
2	20	337	57	151	53	65			130	17	50
3	31	32	53	73	180	79	24	76	132	446	57
3.3	108		54	145	137	100		215	174	576	131
4	30		38	74	79	96		281	142	78	79
5	49		45	77	128	68	63	262	137	67	89
6	44	38	31	98	212	75		876	166	40	89
7	89	113	37	98	228	77	72	412	143	176	149
8	76	119	118	87	296	87	38	1300	170	172	153
9	66	123	76	167	358	84	75	574	217	264	188
10	67	125	121	203	430	107	65	930	423	113	248
11	87	341	56	212	299	91	74	762	311	183	254
12	30	200	53	271	388	88		660	225	175	199
13	75	374	54	255	265	114		677	423	247	155
14	79	474	53	312	261	115	80	723	231	299	190
15	85	279	54	287	346	101	175	699	335	383	205
16	111	228	54	281	444	110	281	529	277	330	260

U. S. POSTAL SERVICE WITNESS CHARLES L. CRUM
RESPONSE TO INTERROGATORIES OF THE
RECORDING INDUSTRY ASSOCIATION OF AMERICA, INC.

RIAA/USPS-T7-5. Please separately indicate for the carrier route and "other" categories the number of pieces characterized in Table C-2 Section 5 ("Appearance/Contents") of Library Reference PCR-38 as "All Other" that were specified on the survey sheets (C-21 question 5, C-23, 24 right-most column) as "hazardous medial (sic) materials" (as that term is defined in USPS-T-11 and USPS-LR-PCR-26).

RESPONSE

The raw data responses related to "All Other" were scanned into an electronic format and provided in the CD-ROM version of LR-PCR-38. See my response to RIAA/USPS-T7-6 below. I briefly searched through the approximately 5000 entries where "All Other" data is listed and saw no pieces that I believe could be characterized as "hazardous medical materials". Additionally, I can not imagine a scenario where any items characterized as such would be mailed Bulk Standard Mail (A).

U. S. POSTAL SERVICE WITNESS CHARLES L. CRUM
RESPONSE TO INTERROGATORIES OF THE
RECORDING INDUSTRY ASSOCIATION OF AMERICA, INC.

RIAA/USPS-T7-6. Does the content of specifications made in conjunction with the "All Other" characterization referred to in Interrogatory RIAA/USPS-T7-5 above exist in electronically stored form? If your answer is in the affirmative, please provide that information.

RESPONSE

Yes. That information has already been provided in the CD-ROM version of LR-PCR-38. Look under ap~00004/data/parcel.txt, column 1.

U. S. POSTAL SERVICE WITNESS CHARLES L. CRUM
RESPONSE TO INTERROGATORIES OF THE
RECORDING INDUSTRY ASSOCIATION OF AMERICA, INC.

RIAA/USPS-T7-7. You characterize data presented at Appendix D of Library Reference PCR-38 as "relatively consistent from year to year" USPS-T-7 at 9. The per piece attributable cost associated with parcels increased by 45% between FY1993 and FY1994 $((34.4 \div 23.7) - 1)$ and decreased by 14.5% between FY1994 and FY1995 $((29.4 \div 34.4) - 1)$. By what standard did you judge volatility at these levels to represent relative consistency?

RESPONSE

Please see my response to DMA/USPS-T7-6(h).

U. S. POSTAL SERVICE WITNESS CHARLES L. CRUM
RESPONSE TO INTERROGATORIES OF THE
RECORDING INDUSTRY ASSOCIATION OF AMERICA, INC.

RIAA/USPS-T7-8. Table D-3 of Library Reference PCR-38 appears to show an inverse relationship between the annual volume of parcels and annual average attributable cost per piece (higher volume is associated with lower average cost per piece).

- a. Do you know of any other evidence tending to support or detract from the likelihood of the validity of this relationship? If so, please provide copies of all documents relating to such evidence.
- b. Did you examine this possible relationship in your analysis of the three years of data presented in Table D-3? If so, please describe your conclusion or conclusions to the extent that it or they is/are not fully and accurately conveyed in your response to RIAA/USPS-T7-8.

RESPONSE

- a. No.
- b. No.

U. S. POSTAL SERVICE WITNESS CHARLES L. CRUM
RESPONSE TO INTERROGATORIES OF THE
RECORDING INDUSTRY ASSOCIATION OF AMERICA, INC.

RIAA/USPS-T7-9. Please provide copies of all instructions distributed in conjunction with the study described in Appendix C to Library Reference PCR-38, and all drafts of such instructions including instructions or drafts of instructions associated with any testing of the instruments displayed at pages C-21-24 of that Appendix.

RESPONSE

I have produced Library Reference PCR-53 in response to your question.

U. S. POSTAL SERVICE WITNESS CHARLES L. CRUM
RESPONSE TO INTERROGATORIES OF THE
RECORDING INDUSTRY ASSOCIATION OF AMERICA, INC.

RIAA/USPS-T7-10. Please provide:

- (a) a detailed functional mail flow for IPPs and parcels, or sub-categories of such mail flows to the extent that different types of IPPs and parcels are handled differently in any processing, transportation, or delivery function; and
- (b) any instructions issued to BMC's or other postal facilities (including delivery offices) regarding the processing, transportation or delivery of IPPs and parcels.

RESPONSE

a. I did not produce nor do I know of any detailed functional mail flow for Standard Mail (A) IPPs and Parcels.

b. City carrier instructions are listed in Handbook M-41 (Docket No. MC96-3, LR-SSR-138, particularly pages 25, 58-61, 83-88). Rural carrier instructions are listed in Handbook PO-603 (Docket No. MC96-3, LR-SSR-139, particularly pages 35-36, 42, 65). I am providing Handbook PO-419, Bulk Mail Processing at Bulk Mail Centers - Operator Instruction as Library Reference PCR-54. This is the basic document describing Bulk Mail Center processing and is the most recent version available.

DECLARATION

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

Charles L. Crum

Dated: 3/31/97

CERTIFICATE OF SERVICE

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

DATE: September 17, 1997



Ian D. Volner