

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

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POSTAL RATE AND FEE CHANGES, 1997)

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY
Docket No. R97-1

NASHUA PHOTO INC., DISTRICT PHOTO INC.,
MYSTIC COLOR LAB, AND SEATTLE FILMWORKS, INC.
FOURTH INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS
TO POSTAL SERVICE WITNESS THOMAS M. SHARKEY (NDMS/USPS-T33-27-30)
(September 17, 1997)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Nashua Photo Inc. (hereinafter "Nashua"), District Photo Inc. ("District"), Mystic Color Lab ("Mystic"), and Seattle FilmWorks, Inc. ("Seattle") (hereinafter collectively referred to as "NDMS"), proceeding jointly herein, hereby submit the following interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

Respectfully submitted,



William J. Olson

John S. Miles

Alan Woll

William J. Olson, P.C.

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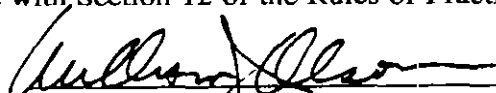
McLean, Virginia 22102-3823

(703) 356-5070

Counsel for Nashua Photo Inc., District Photo Inc.,
Mystic Color Lab, and Seattle FilmWorks, Inc.

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.


William J. Olson

September 17, 1997

NDMS/USPS-T33-27.

Please explain how development and implementation of the new Priority Mail network in selected Northeastern states will affect service provided to mailers who (i) use Priority Mail for dropship to destinating SCFs from within the area to be served by the new network, and/or (ii) use Priority Mail for reship from SCFs countrywide to a destination within the area served by the new network, as follows:

- a. Assume mailers who use Priority Mail for dropship currently plant load and dispatch their outgoing mail directly to the AMC at the nearest air hub for a "just-in-time" arrival to make departing flights. Will such practices continue, or will all originating Priority Mail have to be routed to and through the new dedicated Priority Mail facilities?
- b. Please describe all arrangements, provisions or understandings that the Postal Service has with the PMPC contractor to continue (rather than terminate) dropship service of the type described in preceding part a.
- c. Assume Priority Mail reship comes to the AMC located nearest to the addressee, and is picked up at the AMC and dispatched directly to the addressee. Will such practices continue, or will all Priority Mail arriving at AMCs have to be routed to and through the new dedicated Priority Mail facilities?
- d. Please describe all arrangements, provisions or understandings that the Postal Service has with the PMPC contractor to continue (rather than terminate) reship service of the type described in preceding part c.

NDMS/USPS-T33-28.

- a. What is the current per-pound terminal handling charge for Priority Mail specified in the Postal Service's contracts with the major airlines?
- b. What is the current per-pound/mile distance-related charge that is specified for Priority Mail in the Postal Service's contract with the major airlines?
- c. Do any existing contracts with major airlines expire before the end of the Test Year? If so, please stipulate the contract and date.

NDMS/USPS-T33-29.

- a. What is the per-pound terminal handling charge for Priority Mail in current contracts with air taxis, Alaska air operators, and any other air operators used by the Postal Service to transport Priority Mail?
- b. What is the per-pound/mile charge for Priority Mail in current contracts with air taxis, Alaskan air operators and any other air operators, used by the Postal Service to transport Priority Mail?
- c. Do any existing contracts with any of the above expire prior to the end of Test Year. If so, please stipulate the contract and date.

NDMS/USPS-T33-30.

Please provide the most current data available on the market for second day delivery, similar to those provided in Docket No. R94-1 in response to N/DP-USPS-T11-26 and NDMS/USPS-T11-50. Specifically, please supply data showing the Postal Service's market

share of the expedited second-day air market based on the **number of pieces** and similar data showing the size of that market and Priority Mail's share of that market in terms of **total revenues**.

NDMS/USPS-T33-31.

The current rate for an 11 ounce piece of First Class Mail is \$2.62, and the minimum rate for Priority Mail is \$3.00. As a hypothetical, suppose that someone deposited in a collection box an 11.5 ounce package with postage affixed of \$2.85 (\$2.62 plus an additional 23 cents), and the contents were in an envelope with a preprinted inscription "First-Class Mail."

- d. Would the Postal Service return it to sender for an additional 15 cents postage so that it could go as Priority Mail?
- e. Would the Postal Service handle it as Priority Mail and attempt to collect 15 cents postage due from the addressee?
- f. Would the Postal Service handle it as First-Class Mail and attempt to collect 15 cents postage due from the addressee?
- g. Would the Postal Service handle it as First-Class Mail and deliver it without any attempt to collect postage due?

NDMS/USPS-T33-32.

Please refer to witness Bradley's response to UPS/USPS-T13-24, where he states that some purchased highway contracts implicitly include the cost of time where the truck and driver

must wait while the truck is being loaded and unloaded, while other contracts explicitly include the cost of loading and unloading in the total contract cost.

- a. Would you agree that the time and cost of time spent waiting for trucks to be loaded and unloaded is a non-distance related cost included in highway transportation contracts, even if such cost is not explicitly set out in the contract? Please explain any disagreement.
- b. When allocating surface transportation costs to the appropriate rate cells of Priority Mail, did you make any effort to distinguish between distance-related driving time costs and nondistance-related loading and unloading costs?
- c. Please refer to your response to UPS/USPS-T33-12, and your discussion concerning the implausible results obtained when you used mid-point miles of zones to estimate average haul. Please explain whether this "unacceptable" result could have been avoided by use of an appropriate distance-related cost, coupled with a non-distance related terminal handling cost.

NDMS/USPS-T33-33.

In your opinion, does Priority Mail represent anything more than heavyweight (over 11 ounce) First-Class Mail? Unless your answer is an unqualified negative, please describe all distinguishing characteristics that you perceive (weight excepted, of course) in terms of acceptance, processing, transportation, delivery, theoretical service commitments, actual service performance, etc.

NDMS/USPS-T33-34.

Your response to NDMS/USPS-T33-4 states that the:

unit cost for flat rate, two-pound and three-, four- and five-pound pieces cannot be determined using the Priority Mail test year cost data supplied in the exhibits.

Please provide whatever data the Postal Service has that could be used to develop the cost of such Priority Mail pieces. If the data are extensive or are in spreadsheet form, please supply on a disk as a library reference.