

Before The  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 1997

Docket No. R97-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE  
WITNESS CRUM TO INTERROGATORIES OF  
DIRECT MARKETING ASSOCIATION  
(DMA/USPS-T28-12-18)

The United States Postal Service hereby provides the response of witness Crum to the following interrogatories of Direct Marketing Association: DMA/USPS-T28-12-18, filed on September 2, 1997. Interrogatories DMA/USPS-T28 - 10 & 11 were redirected to witness Degen.

Each interrogatory 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



Scott L Reiter

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September 16, 1997

U S. POSTAL SERVICE WITNESS CHARLES L. CRUM  
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DIRECT MARKETING ASSOCIATION, INC.

**DMA/USPS-T28-12.** Ignoring mail characteristics related to depth of sort, depth of entry, and weight, are there characteristics of nonletter, nonflat pieces that would result in lower than average mail processing costs? Please respond in as much detail as possible.

- a. All else being equal, should the cost of processing a machinable nonletter, nonflat piece be lower than the cost of processing a nonmachinable nonletter, nonflat piece? Please explain your response fully
- b. All else being equal, should the cost of processing a small (in volume) machinable nonletter, nonflat piece be lower than the cost of processing a large (in volume) machinable nonletter, nonflat piece? Please explain your response fully.
- c. All else being equal, should the cost of processing a sturdy machinable nonletter, nonflat piece be lower than the cost of processing a similar piece that is not sturdy? Please explain your response fully.

**RESPONSE**

Yes, if you mean the average mail processing costs of nonletter, nonflat pieces.

While we have not quantified the impacts, I believe there are characteristics that might result in lower than average costs within Standard Mail (A) nonletter, nonflat pieces. Among these are size (see response to (b) below) and damage resistance.

- a. Machinability is not a characteristic itself, but is the result of other physical characteristics of the piece. If one piece is defined as machinable and another is defined as nonmachinable, there would necessarily be different physical

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characteristics for the two pieces and all else can not be equal. Therefore, I am unable to answer your question.

b. Confirmed. All else indeed being equal, including the exact processing path and the piece's success in following that path, pieces with a lower cubic volume should, in general, incur lower mail processing costs than those with higher cubic volume. Please see my response to DMA/USPS-T28-16.

c. However "sturdy" is defined, I am unaware of any data suggesting a clear relationship between sturdiness and processing costs.

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**DMA/USPS-T28-13.** Please confirm that the analysis presented in your direct testimony does not rule out the possibility that an individual nonletter, nonflat piece in a specific rate category could have the same unit attributable cost as all flats in that rate category.

**RESPONSE**

Confirmed that the analysis in my direct testimony does not rule out the possibility that an individual nonletter, nonflat piece might conceivably cost the same as the average unit attributable cost of flats for that rate category.

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**DMA/USPS-T28-14.** Please confirm that the analysis presented in your testimony does not rule out the possibility that a specific type of nonletter, nonflat pieces in a specific rate category could have the same unit attributable cost as all flats in that rate category.

**RESPONSE**

My testimony does not rule out the remote possibility that some small segment of nonletter, nonflat pieces in a specific rate category could have the same unit attributable costs as the average of all flats in that rate category. The Parcel Characteristics Study results in LR-PCR-38 show a number of segments of nonletter, nonflat pieces. It appears extremely unlikely that any of those segments could have the same unit costs as the average of all flats even if one looks only at the average cubic volume per piece.

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**DMA/USPS-T28-15.** Please refer to page 11, line 10, of your direct testimony where you state that "[s]everal studies supply additional data as necessary." Please summarize and produce (as a library reference) the studies to which you referred.

**RESPONSE**

Please see my response to NDMS/USPS-T28-4.

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**DMA/USPS-T28-16.** Please confirm that, other than the study filed as LR-PCR-50 in MC97-2 and the studies referenced in your direct testimony in R97-1 regarding weight, depth of sort and depth of entry, the Postal Service has not performed any studies of the cost-causing characteristics of nonletter, nonflat pieces. If not confirmed, please summarize and produce (as a library reference) such studies.

**RESPONSE**

Confirmed. The sources you cite are the only "studies" per se I am aware of referring directly to Standard Mail (A) nonletter, nonflat pieces. There are, however, other data sources available describing the cost-causing characteristics of parcels in general. For example, see the direct testimony of witness Mayes (USPS-T-37, pages 12 through 14) for a discussion of the impact of cubic volume on mail processing and transportation costs.

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**DMA/USPS-T28-17.** Please refer to page 11, lines 16-17, of your direct testimony in which you state that you "combine[d] Regular and Enhanced Carrier Route as well as Regular Rate and Nonprofit costs and volumes" for your analysis. Please clarify what types of mail are included in your "Regular Rate" category if different than Standard (A) Regular mail.

**RESPONSE**

Please see my response to PSA/USPS-28-2(a).

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**DMA/USPS-T28-18.** Please refer to your response to DMA/USPS-T28-4. Please provide the percentage of mailing statements that were "corrected upon verification" and the reasons that such statements were corrected.

**RESPONSE**

I have no data to answer your question nor do I believe it is 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: 16 SEPTEMBER 1997

## 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 cursive script, appearing to read "Scott L. Reiter", written over a horizontal line.

Scott L Reiter

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