

CKET SECTION

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

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS ADRA TO INTERROGATORY OF
UNITED PARCEL SERVICE
(UPS/USPS-T38-1)

The United States Postal Service hereby provides the response of witness Adra to the following interrogatory of United Parcel Service: UPS/USPS-T38-1, filed on September 15, 1997.

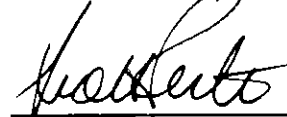
The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Scott L. Reiter

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September 29, 1997

**RESPONSE OF U.S. POSTAL SERVICE WITNESS ADRA TO
INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T38-1. Please refer to page 8, lines 7-9, of your testimony, where you state that the weight-related non-transportation costs for Bound Printed Matter ("BPM") are 2 cents per pound for single piece nonlocal; 1.5 cents per pound for single-piece local; 1 cent per pound for bulk non-local; and 0.75 cents per pound for bulk local.


- (a) Please explain your understanding of the historical rationale used to create different weight-related non-transportation adders for each of the four BPM categories.
- (b) Do you agree with this historical rationale? Please explain your answer.

Response:

- (a) The "weight-related non-transportation costs" intended to be recovered by the per-pound add-on include any nontransportation costs that are positively correlated with the weight of the piece of mail. The 2-cent per-pound charge for single-piece nonlocal BPM was first set by the Commission in Docket No. R84-1 (see PRC Op. at 581-582). The other charges are introduced to reflect the following cost relationships: 1) single-piece nontransportation costs are twice those of bulk pieces, and 2) local nontransportation costs are 75 percent of those of nonlocal. These relationships have been used since Docket No. R77-1.
- (b) Yes. These cost relationships are consistent with PRC precedent, and moreover, there is no empirical evidence to refute their validity.

DECLARATION

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



Dated: 9-29-97

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 black ink, appearing to read "Scott L. Reiter", written over a horizontal line.

Scott L. Reiter

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