

DOCKET 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 CRUM TO INTERROGATORIES OF
THE RECORDING INDUSTRY ASSOCIATION OF AMERICA
(RIAA/USPS-T28-1-3 & 5)

The United States Postal Service hereby provides responses of witness Crum to the following interrogatories of the Recording Industry Association of America: RIAA/USPS-T28-1-3 and 5, filed on September 17, 1997. Interrogatory RIAA/USPS-T28-4 was redirected to witness Moeller.

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 30, 1997

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

RIAA/USPS-T28-1. 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 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.

RESPONSE

- a. The analysis described in my direct testimony combines cost data from all four subclasses of Bulk Standard Mail (A).
- b. Not confirmed. Implicit in this analysis is the understanding that the cost difference between parcels and flats in each subclass substantially exceeds the proposed surcharge.
- c. N/A
- d. Please see my response to (b) above. The CD-ROM version of LR-H-108 (with the tiny correction filed on September 18, 1997) shows that the unadjusted Base Year parcel/flat cost difference is almost 3-1/2 times the proposed surcharge for the subclass with the smallest cost difference.

U. S. POSTAL SERVICE WITNESS CHARLES L. CRUM
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RIAA/USPS-T28-2. 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.

RESPONSE

The only basic data available that I am aware of to answer your question can be found in Table C-2 of LR-PCR-38, filed in Docket No. MC97-2. Based on that survey, 16.33 percent of Bulk Regular Carrier Route parcels are machinable as are 72.16 percent of Bulk Regular Other parcels. This is the maximum proportion that "could (physically) be read". However, there is a substantial difference between "could be read" and will actually be read. First, no Carrier Route parcels should be piece sorted on any equipment because they are already presorted beyond the level that the Postal Service generally machine sorts parcels. A parcel presorted to 5-digits will probably not be sorted for the same reason. Second, a parcel dropshipped past the Bulk Mail Center (BMC) will not go on the Parcel Sorting Machine where a bar code will be read. Third, it is my understanding that Standard Mail (A) parcels are sorted in a variety of different ways and may not always be sorted on the BMC Parcel Sorting Machine for reasons other than DMM defined machinability.

U. S. POSTAL SERVICE WITNESS CHARLES L. CRUM
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RIAA/USPS-T28-3. 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?

RESPONSE

- a. I am aware of no data concerning the effect of barcoding per se on the cost differences between parcels and flats.
- b. I did not specifically study that issue.

U. S. POSTAL SERVICE WITNESS CHARLES L. CRUM
RESPONSE TO INTERROGATORIES OF THE
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RIAA/USPS-T28-5. 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.

RESPONSE

Confirmed.

a.,b. Yes, except for a small error I noticed in one part of one response. The corrected page of the attachment to the response to RIAA/USPS-T7-1 from Docket No. MC97-2 is attached. Also, please note that questions 1 and 2 to which you refer ask for FY 1995 data while the Base Year for Docket No. R97-1 is 1996.

ATTACHMENT TO RESPONSE TO RIAA/USPS-T7-1, page 1 of 2
(Docket No. MC97-2)

REVISED IN RESPONSE TO RIAA/USPS-T28-5
(Docket No. R97-1)

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

<u>Weight Increment (oz)</u>	<u>Carrier Route</u>	<u>Other</u>
1	\$ 5,871,947	\$ 8,803,461
2	881,828	6,859,528
3	912,470	7,876,515
4	1,533,867	17,675,460
5	522,216	8,729,425
6	262,814	9,616,726
7	51,659	6,344,287
8	81,033	11,375,922
9	169,676	7,325,453
10	202,929	6,988,116
11	115,293	4,655,692
12	146,069	8,729,796
13	-	5,547,235
14	306,918	9,914,548
15	97,731	7,187,372
16	395,410	4,759,426
Total	11,551,860	132,388,962

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

Scott L. Reiter

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