

# 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 BRADLEY (USPS-T-13) TO INTERROGATORIES OF MCGRAW-HILL COMPANIES (MH/USPS-T13-1-3) AND INTERROGATORIES REDIRECTED FROM WITNESS NIETO (MH/USPS-T2-5(a))

The United States Postal Service hereby provides responses of witness Bradley (USPS-T-13) to the following interrogatories of McGraw-Hill Companies: MH/USPS-T13-1-3, filed on September 17, 1997, and MH/USPS-T2-5(a), also filed on September 17, 1997 and redirected from witness Nieto.

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



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September 30, 1997

Response of United States Postal Service Witness Bradley  
to  
Interrogatories of MH

MH/USPS-T13-1. Please explain fully your understanding of the reasons why the Postal Service, with its economies of scale, has been unable to negotiate purchased transportation contracts that are competitive with the purchased transportation contracts negotiated by mailers who dropship (bypassing some or all transportation provided by the Postal Service). Do the reasons include the Postal Service's reliance on rigid, four-year highway transportation contracts that are not negotiated, and/or the Postal Service's inadequate projections of volumes in the process of entering into transportation contracts?

MH/USPS-T13-1. Response:

My study of the volume variability of the Postal Services purchased transportation did not require me to have studied the contracts negotiated by mailers who dropship. I thus cannot comment on the substance of your allegation, let alone speculate about reasons for it occurring.

Response of United States Postal Service Witness Bradley  
to  
Interrogatories of MH

MH/USPS-T13-2 With reference to your testimony at page 9, line 18, through p. 10, please confirm that dropshipping does not necessarily drive substantial transportation costs out of the Postal Service network (with the possible exceptions such as plant-load costs.)

MH/USPS-T13-2 Response:

Confirmed. For example, in a situation of growing mail volume, dropshipping could simply keep costs from getting as high as they otherwise would have been.

Response of United States Postal Service Witness Bradley  
to  
Interrogatories of MH

MH/USPS-T13-3. Please explain whether or not you estimate the same volume variability of Postal Service transportation costs for Periodicals Regular mail as for other mail classes. To the extent you do make such an estimate, please explain whether or not you believe that Periodicals mail is likely to be transported by the same vehicles, in the same proportion, as all other classes of mail, and explain the basis for any such belief.

MH/USPS-T13-3 Response:

My analysis is only part of the determination of the class-specific volume variable purchased highway transportation costs. My analysis is part of what has been called the "attribution step" in which the pool of volume variable costs is determined by multiplying a "volume variability" times a pool of accrued cost. I estimate the volume variabilities. My work, therefore, does not involve class of mail and I am not required to form a set of beliefs about class-specific allocations of cost. Information relative to things like the types of vehicles that carry a particular class of mail is part of the "distribution step" contained in witness Nieto's testimony (USPS-T-2).

Response of United States Postal Service Witness Bradley  
to  
Interrogatories of MH  
(Redirected from Witness Nieto)

MH/USPS-T2-5. With reference to your testimony on p.2.

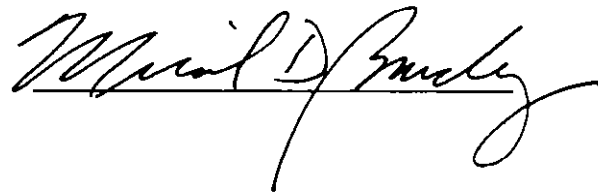
- a. Please explain fully the parameters that determine the amount to be paid under purchased highway contracts (e.g., per mile, per trip, per year, etc.)

MH/USPS-T2-5 Response:

- a. Purchased highway transportation contracts have a variety of payment methods, dependent upon the nature of the transportation required. Most contracts are paid on a per annum basis but contracts may specify payment by a variety of methods, like per trip or per mile. The main parameter that drives the amount to be paid on a contract is the amount and nature of the transportation This includes specifying the trip routing and mileage, the trip frequency, the Postal facilities served, the arrival times, and the vehicle requirements required on the contract.

# DECLARATION

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

A handwritten signature in black ink, reading "Michael D. Bradley". The signature is written in a cursive style with a horizontal line underneath the name.

Dated: Sept 30, 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.

  
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Susan M. Duchek

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