

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

EXPERIMENTAL PREMIUM  
FORWARDING SERVICE

Docket No. MC2005-1

RESPONSES OF UNITED STATES POSTAL SERVICE  
WITNESS SAMUEL J. KOROMA TO INTERROGATORIES OF DAVID B. POPKIN  
(DBP/USPS-T4-1-9)  
(January 6, 2005)

The United States Postal Service hereby provides the responses of witness Koroma to the following interrogatories of David B. Popkin: DBP/USPS-T4-1-9, filed on December 22, 2004.

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

/s/ \_\_\_\_\_  
David H. Rubin

475 L'Enfant Plaza West, SW  
Washington, DC 20260-1137  
(202) 268-2986; Fax -6187

RESPONSE OF POSTAL SERVICE WITNESS KOROMA  
TO DAVID B. POPKIN INTERROGATORY

**DBP/USPS-T4-1** On pages 7 and 8 of your testimony, you describe your rationale in choosing the 6th zone as the most appropriate choice. [a] Please explain why you chose a single zone rather than allowing the customer to pay the 3-pound rate for the actual zone involved [plus the \$10 enrollment fee and \$2.85 weekly processing fee]. [b] Please confirm that a 3-pound Priority Mail article will cost between \$4.75 and \$8.55 depending on the zone and that the 7th and 8th zone would cost \$7.70 if a flat-rate box were chosen. [d] [sic] Please confirm that the Priority Mail flat-rate envelope would cost \$3.85 regardless of weight or zone.

**RESPONSE:**

- (a) My rationale for choosing a single zone is explained in Section V.A of my testimony, *Pricing Approach and Rationale*.
- (b) The postage for a 3-pound Priority Mail piece ranges from \$4.75 to \$8.55. The postage for a Flat Rate Box is \$7.70, regardless of zone.
- (c) N/A
- (d) The postage for a Priority Mail Flat Rate Envelope is \$3.85, regardless of weight or zone.

RESPONSE OF POSTAL SERVICE WITNESS KOROMA  
TO DAVID B. POPKIN INTERROGATORY

**DBP/USPS-T4-2** Please refer to Attachment C of your testimony as it relates to the Household Diary Study. [a] Please confirm, or explain if you are not able to do so, that the average household contained in this study will receive an average of 10.2 First-Class Mail letters with an average weight per piece of 0.681 ounces per piece and therefore an average total weight of First-Class Mail pieces of 0.434 pounds of mail. [b] What type of mail is included in the Package Services category that the average household receives 3 pieces every 10 weeks and that each piece has an average weight of only 1.953 ounces. [c] Please explain how the average weight of a Package Services article is only 1.953 ounces. [d] What are the dimensions of the average Package Services mailpiece? [e] What percentage of the 23 pieces of First-Class and Standard Mail pieces that the average household will receive in a week will be a number #10 size envelope or smaller? [f] Do you believe, and please explain the reasons for that belief, that a Priority Mail flat-rate envelope will be able to comfortably hold the 23 pieces of First-Class and Standard Mail weighing 1.967 pounds as well as the one or two Periodicals articles that the average household will receive in a week?

**RESPONSE:**

- (a) Confirmed.
- (b-c) According to the Household Diary Study, Package Services is used to deliver merchandise, books, catalogs, and media such as CDs, and DVDs. Most are parcel shaped, but there are a few flats as well. The average weights of the Expedited Mail and Package Services pieces were transcribed incorrectly into Attachment C. The weight per piece for a Package Services item is 54.031 ounces according to the Household Diary Study, rather than the 1.971 ounces originally reported. Given that the average weight for a Package Services piece exceeds the weight estimate for a weekly PFS shipment, it seems unlikely that such a heavy mailpiece would be included in a PFS shipment. Appropriate errata correcting these errors will be filed.
- (d) The dimensions of the “average” Package Services mailpiece are not available.
- (e) No data are available to provide the requested percentage by envelope size.

RESPONSE OF POSTAL SERVICE WITNESS KOROMA  
TO DAVID B. POPKIN INTERROGATORY

- (f) A Priority Mail flat-rate envelope may occasionally be used for the PFS weekly shipment. See witness Cobb's response to DBP/USPS-T1-2. However, I do not believe that Priority Mail flat-rate envelopes will comfortably hold the 23 pieces of First-Class Mail and Standard Mail (including catalogs, in many cases) and 1.2 Periodicals magazines or newspapers shown in the Household Diary Study (see Attachment C).

RESPONSE OF POSTAL SERVICE WITNESS KOROMA  
TO DAVID B. POPKIN INTERROGATORY

**DBP/USPS-T4-3** [a] Do the households that are tabulated in the 2003 Household Diary Study contain households that participate in home businesses? [b] Do the households that are tabulated in the 2003 Household Diary Study contain households that participate in non-profit or social activities? [c] Please provide data showing the categories of households that are included in the 2003 Household Diary Study. [d] Do you believe that the households that are utilized in the 2003 Household Diary Study are representative of the users of PFS? [e] Please provide the reasons for your response to subpart d. [f] What percentage of the households utilized in this Diary Study do you believe were temporarily away from their permanent address as noted on lines 13 to 16 of page 7 of your testimony. [g] What percentage of the 2.532 pounds of mail that the average household receives will be reduced by mail sent directly to the PFS users at their temporary location? [h] Please provide your reasons for that belief and explain why you still continued to utilize 2.532 pounds figure in your PFS study.

**RESPONSE:**

- (a) Yes.
- (b) It is my understanding that the Household Diary Study does not distinguish households on that basis.
- (c) It is my understanding that there is no breakdown as to “category” of households in the study.
- (d-e) I believe that households included in the Household Diary Study are representative of potential PFS customers. However, since PFS customers can be just one member of a household, use of Household Diary Study data to estimate the weight of weekly PFS shipments should generate estimates that are conservatively high. I do not believe that more information is available, but you can review the study itself at <http://www.prc.gov/docs/41/41355/HDS2003.pdf>.
- (f) I do not know. See also my response to parts (d-e).
- (g) I do not know what percentage of mail will be sent directly to the temporary location.

RESPONSE OF POSTAL SERVICE WITNESS KOROMA  
TO DAVID B. POPKIN INTERROGATORY

- (h) The “belief” to which this question refers is not clear. As reflected in my response to parts (d-e), my estimate of the weight of the PFS weekly shipment is conservatively high. To the extent that some of the mail reflected in the Household Diary Study may be sent directly to the PFS customer’s temporary address, my estimate of the PFS weekly shipment weight is even more conservatively high. While I recognize that some Priority Mail and Package Services mail may also be included in some weekly shipments, the errata to my testimony filed this week explain why I exclude weights for Package Services and Expedited Mail package from my estimate of the weekly shipment weight.

RESPONSE OF POSTAL SERVICE WITNESS KOROMA  
TO DAVID B. POPKIN INTERROGATORY

**DBP/USPS-T4-4** On page 6 of your testimony you discuss the effect on Postal Service competitors. [a] What services do Postal Service competitors provide that are similar or related to PFS? Please indicate the general form of the service provided by the competitor and the cost for the service. [b] Have you studied the services provided by the competitors? [c] If not, why not? If so, what did you learn and did you utilize any of their activities in your proposal for PFS?

**RESPONSE:**

(a-c) I studied competitive services sufficiently to reach the conclusions stated in my testimony, but not to the point that I am an expert regarding those services. PFS bears some similarity to existing forwarding and “hold mail” services offered by the Postal Service. Competitors bundle additional services with services like PFS, as stated in the cited portion of my testimony, that are not duplicated by any combination of postal services; they should accordingly be unaffected by PFS.

RESPONSE OF POSTAL SERVICE WITNESS KOROMA  
TO DAVID B. POPKIN INTERROGATORY

**DBP/USPS-T4-5** Do you feel that PFS will provide a useful service to RV owners referred to on lines 4 to 6 of page 6 of your testimony? If so, please explain. If not, why not?

**RESPONSE:**

As explained in my testimony, no. Permanently parked RVs make more permanent arrangements for the delivery of mail. Mobile RVs would likely not remain in the vicinity of the single PFS temporary delivery office.

RESPONSE OF POSTAL SERVICE WITNESS KOROMA  
TO DAVID B. POPKIN INTERROGATORY

**DBP/USPS-T4-6** Please explain why the competitors' services will not allow a customer to keep their current postal address [see lines 2 and 3 on page 6 of your testimony].

**RESPONSE:**

My statement reflects the understanding that such customers file forwarding orders to deliver their mail to the third party provider.

RESPONSE OF POSTAL SERVICE WITNESS KOROMA  
TO DAVID B. POPKIN INTERROGATORY

**DBP/USPS-T4-7** On line 6 of page 6 of your testimony, you indicate that you believe that PFS should not impact any of these alternatives. [a] Please explain your reasons for this belief. [b] Do you also believe the reverse, namely, do you believe that the alternatives will impact PFS? Please explain your reasons.

**RESPONSE:**

(a-b) These services are not direct substitutes, so I do not think that the existence of PFS will affect them, nor that the existence of alternatives will impact PFS.

RESPONSE OF POSTAL SERVICE WITNESS KOROMA  
TO DAVID B. POPKIN INTERROGATORY

**DBP/USPS-T4-8** In your discussion on pages 7 and 8 of your testimony, you picked a number of north-south pairs that were representative of seasonal moves. [a] It would appear that 1400 miles seems to be a maximum value for a north-south seasonal move and therefore zones 7 and 8 would be less likely to occur. Please explain why you chose the relative maximum zone as the zone to utilize for PFS. [b] What percentage of PFS users do you believe will be making a north-south seasonal move vs. other users of the service such as students at school, individuals away on a job assignment, or any other category of PFS users? [c] How did you take the non-north-south users into account in determining the choice of zone 6?

**RESPONSE:**

(a-c) My explanation appears on the cited pages of my testimony. I did not choose “the relative maximum”; however, my choice of zone is conservative. Choosing a lesser zone would not be conservative. No projections for the zones required by PFS customers are available; instead, the Postal Service proposes an experiment that will generate an estimate of the average zone for PFS customers.

RESPONSE OF POSTAL SERVICE WITNESS KOROMA  
TO DAVID B. POPKIN INTERROGATORY

**DBP/USPS-T4-9** On page 11 of your testimony you utilized a financial impact of only 20% of the figure utilized by Witness Rothschild. Please explain why you reduced her testimony value by more than 80%.

**RESPONSE:**

See my response to OCA/USPS-T4-10, and Section VI of my testimony.

## 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.

/s/ \_\_\_\_\_

David H. Rubin

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
January 6, 2005