

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

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RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS ADRA TO INTERROGATORIES OF
THE MAIL ORDER ASSOCIATION OF AMERICA
(MOAA/USPS-T38-1-4)

The United States Postal Service hereby provides responses of witness Adra to the following interrogatories of the Mail Order Association of America: MOAA/USPS-T38-1-4, filed on September 17, 1997.

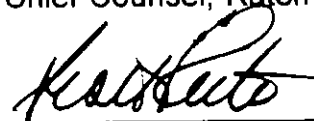
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Scott L. Reiter

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October 1, 1997

**RESPONSE OF U.S. POSTAL SERVICE WITNESS ADRA TO
INTERROGATORIES OF THE MAIL ORDER ASSOCIATION OF AMERICA**

MOAA/USPS-T-38-1. Please refer to USPS-T-38 WP BPM15

- a. Please confirm that "Nondistance-Related Transportation Costs" are distributed to each zone based on the distribution of the number of pounds of mail in the respective zone.
- b. If part a is not confirmed, please explain the basis for the distribution of "Nondistance-Related Transportation Costs".
- c. If you confirm part a, please provide all source(s) supporting the relationship between non-distance related transportation costs and pounds.

Response:

- a. Confirmed.
- b. Not applicable.
- c. The relationship between non-distance related transportation costs and pounds for BPM has long been established in the records of past rate cases. It has been used by the Postal Service and recommended by the PRC at least since Docket No. R87-1.

**RESPONSE OF U.S. POSTAL SERVICE WITNESS ADRA TO
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MOAA/USPS-T-38-2 Please refer to USPS-T-38 WP's BPM23, 24 and 25.

- a. Please confirm that the price changes (disregarding any barcoding discount) in these three tables have the following ranges across zones and weight.

<u>Source</u> (1)	<u>Range of Price Changes</u>	
	<u>Low</u> (2)	<u>High</u> (3)
1. Single Piece USPS-T-38 BPM 23	-6.57%	19.51%
2. Bulk: Basic USPS-T-38 BPM 24	-15.39	22.89
3. Bulk: Basic USPS-T-38 BPM 25	-17.36	23.15

- b. Did you analyze the impact that price changes would have on migration within the Standard (B) Bound Printed Matter subclass?
- c. If your answer to part b is affirmative, please provide copies of any analyzes that you performed or relied on.
- d. Please confirm that Dr. Tolley's volume forecast for Standard (B) Bound Printed matter is based on the average price for the subclass.
- e. If the answer to part d is confirmed, did you analyze the impact on forecasts of volume of the deviations from the average rate that occur in many of the rate cells of Standard (B) BPM.
- f. If your answer to part e is affirmative, please provide copies of any analyzes.

Response:

- a. Confirmed. Please note, however, that USPS-T-38 BPM 25 refer to Carrier Route Bulk Rate and not Basic Bulk Rate as indicated in row 3 of your table.
- b. No. In the absence of any measure of price elasticity and/or market research of mailers' mailing needs and practices at the rate cell level (i.e., by zone and weight), it is hard to analyze and study mailers behavior and reaction to these price ranges at that level of detail. To the extent that these prices changes may encourage migration to close-in zones (i.e., dropshipping), mailers would be reacting to the price signals that those cost-based rates are sending.

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Response To MOAA/USPS-T-38-2 (continued)

- c. Not applicable.
- d. Confirmed. Please refer to Dr. Tolley's testimony, USPS-T6, for any further elaboration.
- e. No, as information is not available to do so. Please see witness Mayes response to CTC/USPS-T37-4 (f) on this subject.
- f. Not applicable.

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MOAA/USPS-T-38-3. Please refer to USPS-T-38 WP BPM 26

- a. Please confirm the TYAR forecasted volumes and weight are distributed to each zone based on the distributions of volumes and weights that occurred in FY 1996.
- b. Did you perform or rely upon any sensitivity analyses to test the impact on your methodology of temporal instability of these distributions?
- c. If your answer to part b is affirmative, please provide copies of any analyses that you performed.

Response:

- a. Confirmed.
- b. No. The methodology employed has long been used and approved.
- c. Not applicable.

**RESPONSE OF U.S. POSTAL SERVICE WITNESS ADRA TO
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MOAA/USPS-T-38-4. On page 7 of your testimony, you refer to a market survey (LR-H-163) and state: "The survey showed no growth for BPM. Thus, there should be no volume or revenue change to impact the financial analysis." (footnote omitted).

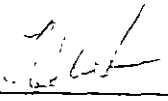
- a. Please confirm that this statement refers only to the impact of the new Delivery Confirmation Service.
- b. If you cannot confirm, please explain the adjustments to the TYAR volumes.

Response:

- a. Confirmed.
- b. Not applicable.

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: 10/1/17

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.



Scott L. Reiter

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October 1, 1997