

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

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POSTAL RATE AND FEE CHANGES, 1997

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY
Docket No. R97-1

REVISED RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS MAYES TO INTERROGATORY OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T37-5)

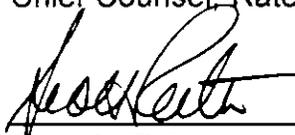
The United States Postal Service hereby provides the revised response of witness Mayes to interrogatory OCA/USPS-T37-5, originally filed on September 5, 1997. The change consists of an additional paragraph in response to part (b).

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Scott L. Reiter

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October 10, 1997

REVISED RESPONSE OF POSTAL SERVICE WITNESS MAYES
TO OCA INTERROGATORIES

Revised
10/10/97

OCA/USPS-T37-5. In Docket No. MC97-2, you responded to OCA/USPS-T13-2(c) (regarding the ten percent restriction) as follows: "The Postal Service is not especially interested in garnering volume that is oversized, but rather, wanted to make it easier for our customers to do business with us. As shown in my workpapers, even at the applicable 70-pound rate, the oversized parcels are not expected to be associated with revenues sufficient to cover the costs of providing service to those parcels."

- a. Why would the Postal Service not want to make it easier for all its customers (including small businesses and households that may not have sufficient parcel volume to overcome the restriction) to do business with it? Please explain fully.
- b. In this docket, are the oversized parcels "not expected to be associated with revenues sufficient to cover the costs of providing service to those parcels?" Please provide a quantitative answer, showing the derivation of the quantification process. Further, please show and explain whether your quantitative process would have changed since Docket No. MC97-2 because of different costing methodologies employed in the two cases.

Response:

- a. Simply because there may be a perceived desire for a particular type of service in the market for package delivery does not imply that the Postal Service must necessarily provide such service. As illustration, please refer to the list of nonmailable and restricted items in the DMM at section C021. Some unspecified number of customers may wish to ship such items, but the Postal Service does not carry such items. The reasons for such refusal to serve some markets may include legal restrictions or the determination by the Postal Service that providing such service would not be in the best interest of either the Postal Service or its employees. Provision of some services could be expected to result in negative impact on either the Postal Service's finances or the safety and health of its employees.

As well noted in my testimony, UPS provides delivery service for both business and household mailers of items exceeding 108 inches in combined length and girth. The Postal Service intends to make it easier for mailers who have occasional oversized items, not necessarily those mailers for whom such oversized items are representative of their regular mailing habits. Due to the expectation that these oversized parcels will not be fully compensatory, in the absence of evidence that the mailer is shipping additional volume that could be expected to be compensatory, the decision was made to exclude individual shipments of oversized parcels. This restriction will also prevent businesses predominantly shipping oversized items from using the Postal Service for such purposes.

- b. That is correct. Please refer to my response to PSA/USPS-T37-4. The process of comparing the cubic feet per piece of the oversized parcels to the estimated cubic feet per piece figures for 70-pound parcels is no different in this docket from the process used in Docket No. MC97-2. As noted in my response to OCA/USPS-T37-10, the estimated cube figures differ between the two dockets due to the change in base year.

In addition, please refer to lines (25) and (26) of my workpaper WP I.I., page 1 for the estimated additional mail processing costs associated with these oversized pieces, as compared to the additional mail processing costs shown at line (9) of the same workpaper, estimated to be associated with other nonmachinable inter-BMC items. It is my understanding that the estimation

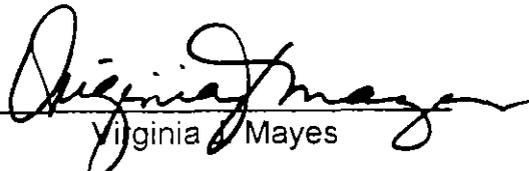
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of the additional mail processing costs at lines (25) and (26) was affected by the change in costing methodology. Please refer to the testimony of witness Daniel (USPS-T-29) in this docket and to her testimony in Docket No. MC97-2.

DECLARATION

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


Virginia J. Mayes

Dated: 10-10-97

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 Reiter", written over a horizontal line.

Scott L. Reiter

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