

DOCKET SECTION

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

RECEIVED

OCT 21 4 24 PM '97

POSTAL RATE AND FEE CHANGES, 1997

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

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS CRUM TO INTERROGATORY OF
UNITED PARCEL SERVICE
(UPS/USPS-T28-41)

The United States Postal Service hereby provides the response of witness Crum to the following interrogatory of United Parcel Service: UPS/USPS-T28-41, filed on October 6, 1997.

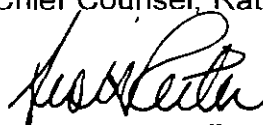
The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2999; Fax -5402
October 21, 1997

**U.S. POSTAL SERVICE WITNESS CHARLES L. CRUM
RESPONSE TO FOLLOW-UP INTERROGATORY
OF UNITED PARCEL SERVICE**

UPS/USPS-T28-41. In your response to UPS/USPS-T28-24, you state that "it would not have been possible to make the adjustments as such," referring to adjustments to FY 1996 Processing Costs for the costs of postage due, mail preparation, platform acceptance, and central mail markup as in Tables 1, 2, and 3 in LR-PCR-39 (Docket No. MC97-2).

- (a) If it were possible to calculate the costs associated with postage due, would you make the referred to adjustment? If your answer is other than yes, please explain in full why you would not perform such an adjustment and why it would be inappropriate to do so.
- (b) If it were possible to calculate the costs associated with mail preparation, would you make the referred to adjustment? If your answer is other than yes, please explain in full why you would not perform such an adjustment and why it would be inappropriate to do so.
- (c) If it were possible to calculate the costs associated with platform acceptance, would you make the referred to adjustment? If your answer is other than yes, please explain in full why you would not perform such an adjustment and why it would be inappropriate to do so.
- (d) If it were possible to calculate the costs associated with central mail markup, would you make the referred to adjustment? If your answer is other than yes, please explain in full why you would not perform such an adjustment and why it would be inappropriate to do so.

RESPONSE

- a. I do not believe an adjustment for Postage Due is necessary. If the piece requires Postage Due, the basic function of that piece should be incoming and is already properly excluded from the pool of outgoing costs at non-BMC facilities.
- b. I do not believe an adjustment for Mail Preparation is necessary. Mail preparation consists of those costs associated with preparing mail for distribution at each facility that mail passes through on the postal network. DBMC parcel post by its

nature avoids mail preparation at outgoing non-BMC facilities. Therefore, outgoing mail preparation costs at non-BMC facilities should properly be included in the pool of dollars that DBMC parcel post avoids.

c. I do not believe an adjustment for Platform Acceptance is necessary because of the same logic as in (b).

d. To be conservative, I would probably make the adjustment for Central Mail Markup. Implicit in any decision to exclude those costs would be an assumption that DBMC parcels would be forwarded/returned as often as non-DBMC parcels. An argument could be made that DBMC parcels are actually less likely to require forwarding because these items are probably ordered and it would be in the recipient's best interest to provide a correct, current address.

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: 21 OCTOBER 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", written over a horizontal line.

Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
October 21, 1997