

DOCKET SECTION

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

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POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
THE PARCEL SHIPPERS ASSOCIATION WITNESS JELLISON
(USPS/PSA-T1-1-26)

Pursuant to rules 25 and 26 of the Rules of Practice and Procedure and rule 2 of the Special Rules of Practice, the United States Postal Service directs the following interrogatories and requests for production of documents to the Parcel Shippers Association witness Jellison: USPS/PSA-T1-1-26.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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January 15, 1998

INTERROGATORIES OF UNITED STATES POSTAL SERVICE
TO PARCEL SHIPPERS WITNESS JELLISON

USPS/PSA-T1-1. Please confirm that, of the survey responses described at pages 3 and 4 of your testimony, responses were received from 30 companies who ship Standard B parcel post-type parcels. If not confirmed, please explain. -

USPS/PSA-T1-2. How many of the 30 companies who responded to your survey and ship Standard B parcel post-type parcels also responded to the survey filed as library reference H-163?

USPS/PSA-T1-3. Please confirm that when you refer to the "DBMC Discount" at page 5, you are referring to the BMC presort discount and not to the DBMC rate category.

USPS/PSA-T1-4. Please confirm that when you refer to the "DSC Discount" at page 5, you are referring to the DSCF dropship discount.

USPS/PSA-T1-5. Please refer to your testimony at page 5 where you state that "there were two (2) respondents who already use consolidators and therefore they were not counted as respondents to this series of questions." Please explain why the responses of these companies were excluded only from this series of questions.

USPS/PSA-T1-6. Please refer to your testimony at page 4 where you state that 17 of the 26 who responded to the question regarding whether they were currently eligible for OBMC indicated that they are eligible. You then continue with a discussion "of the ten (10) who responded that they were not eligible." Were there 27 respondents to the question, or was one response double-counted? Please explain.

USPS/PSA-T1-7. Please refer to your testimony at page 5 where you discuss 26 respondents who reported that they do not currently qualify for the DSCF discount. You then continue by stating that responses from two companies currently using

consolidators were not counted as respondents to this series of questions. You then indicate that 20 of the 27 respondents would “do what is necessary” to qualify for the DSCF discount. Of the 30 respondents, subtracting 2 for those using consolidators, only 27 can be accounted for. What was the other response? -

USPS/PSA-T1-8. Please refer to your testimony at page 5 where you state that 74 percent of respondents to the question regarding the DSCF discount indicated that they would “do what is necessary, including using a consolidator, in order to earn the *Destination Sectional Center discount*.”

- (a) Are you aware of consolidators offering the ability to consolidate, prepare and dropship to the DSCF, including performing the required sort to five digit ZIP Codes?
- (b) Is it your interpretation, from the responses to your survey or from other conversations with your members, that the respondents perceive that consolidation services will be available to enable them to qualify for the DSCF discount?

USPS/PSA-T1-9. For the responses described at pages 4 through 7 of your testimony, please provide volume figures to match with each of the types of responses listed (e.g., 65 percent of respondents indicated that they are currently eligible for the OBMC discount, accounting for X million Parcel Post pieces).

USPS/PSA-T1-10. For the responses described at pages 4 through 7 of your testimony, do you have any indication of the amount of time required for mailers to make arrangements to adopt or accommodate the new discounts, surcharges or service?

USPS/PSA-T1-11. When reporting the responses to the DDU discount question, why did you not exclude the two respondents who were excluded from the DSCF question because of their use of consolidators?

USPS/PSA-T1-12. Please refer to your testimony at page 6 where you state that 12 of the respondents to the question regarding the DDU discount indicated that they would "be willing to use a consolidator" in order to earn the DDU discount.

- (a) Are you aware of consolidators offering the ability to consolidate, prepare and dropship to the DDU? If so, please provide the information available to you from such companies.
- (b) Is it your interpretation, from the responses to your survey or from other conversations with your members, that the respondents perceive that consolidation services will be available to enable them to qualify for the DDU discount?

USPS/PSA-T1-13. Were the respondents to your survey fully apprised of the discounts and the underlying mail preparation assumptions in the Postal Service's proposal at the time that they responded to your survey?

USPS/PSA-T1-14. Please refer to your testimony at pages 6 and 7 where you discuss the responses to the question regarding the expansion of the size limit for parcels. Please clarify your interpretation of the "parcel business" that the 13 respondents indicated would switch to the Postal Service. Is it your understanding that these 13 respondents would switch to the Postal Service: all of their parcel business; some additional volume that is not oversized, or only their oversized pieces?

USPS/PSA-T1-15. Please refer to your testimony at page 7 where you discuss the responses to question regarding the surcharge for balloon parcels. Please clarify your interpretation of the "business" that the 5 respondents indicated they would switch away

from the USPS. Is it your understanding that these 5 respondents would switch away from the Postal Service: all of their parcel business, only their pieces subject to the surcharge, or some additional volume that is not subject to the surcharge?

USPS/PSA-T1-16. Please refer to your testimony at page 7 where you discuss the decline in dominance of UPS as the carrier of choice among your respondents.

- (a) Was your survey conducted before, after, or during the UPS strike?
- (b) Is it possible that firms who ship primarily with the Postal Service, and thus have a greater stake in the outcome of these proceedings, were more motivated to respond to your survey? Please explain fully.
- (c) What approximate volume or share of volume associated with the respondents to your survey originates in residential areas?

USPS/PSA-T1-17. Please refer to your testimony at page 8 where you state that "not all those parcels are barcoded with a code that can be read by an OCR."

- (a) Did you mean to refer to the barcode reader on a parcel sorting machine instead of "an OCR," and optical character reader?
- (b) Please state the basis for the statement reference above, as corrected by your response to part (a), as appropriate.
- (c) Please indicate your awareness that the survey question asked "Do you currently apply the official USPS barcode to any of your outgoing mail?"
- (d) Is it your testimony that the "official USPS barcodes" being applied by respondents who indicated in the Postal Service's survey that they were currently barcoding cannot be read by the Postal Service's parcel barcode readers?
- (e) Please confirm that you did not survey your membership with regard to their barcoding behavior, either current or intended.

USPS/PSA-T1-18. Please refer to your testimony at page 10 where you state that “the required containerization results in a loss of cube utilization in mailer trucks as opposed to sacking.”

- (a) Has Parcel Shippers Association performed any survey to ascertain member practices regarding the prevalence of sacking relative to bedloading parcels or containerization either in gaylords or on pallets? If so, please describe the results of such study. If not, please provide the basis for your statement.
- (b) Are you aware of any study demonstrating the tradeoff faced by shippers when determining the optimal containerization methods? If so, please describe the results of such study.
- (c) Are you aware of any study demonstrating the cube utilization patterns exhibited by your members in their use of transportation? If so, please provide the results of such study.

USPS/PSA-T1-19. Please refer to your testimony at page 12 where you state, with regard to the use of barcodes on parcels, “the obvious opportunities are equally applicable to both” Standard B and Standard A parcels.

- (a) Is it your understanding that barcodes are of value to the Postal Service for parcels sorted to the 5-digit level?
- (b) Is it your understanding that barcodes are of value to the Postal Service for parcels entered downstream from the destination bulk mail center?

USPS/PSA-T1-20. Please refer to your testimony at page 15 where you state that “this increase in size limit will increase volumes mailers will have available to fill out otherwise marginal vans for direct shipments and drops to points deeper in the USPS operational chain.”

- (a) Is it your testimony that the ability to add the oversized parcels will increase the share of parcels dropshipped deeper into the postal system? Please explain fully.

- (b) Is it your testimony that, in the absence of the ability to include the oversized parcels, the mailers would not send an otherwise "marginal" van? Please explain fully.
- (c) Is it your testimony that these mailers would not have additional volume that is not oversized to include in the shipment to fill the transportation cube? Please explain fully.

USPS/PSA-T1-21. Please refer to your testimony at page 16 where you discuss proposed rate increases of 20 to 30 percent, the target cost coverage and the attribution of Alaska air costs. Is it your testimony that the target cost coverage and the desire to cover Alaska air costs are the only reasons that any Parcel Post rate cells are receiving rate increases of 20 to 30 percent? If not, please explain.

USPS/PSA-T1-22.

- (a) Please confirm that at pages 16 and 17 of your testimony, you appear to be agreeing with Dr. O'Hara that the proper cost coverage target for Parcel Post is 104 percent. If not confirmed, please explain.
- (b) Is it your testimony that the other cost coverage targets set by Dr. O'Hara are similarly appropriate? If not, please explain.
- (c) Please confirm that the cost coverages for other classes and subclasses of mail would need to be adjusted in the event that Alaska air costs were removed from the cost base for Parcel Post. If not confirmed, please explain.

USPS/PSA-T1-23. Please refer to your testimony at pages 19-20 where you calculate a cost coverage of 109 percent, based on the adjustment of Alaska air costs and on the application to parcel post of the average overall rate increase of 4 percent. Is it your testimony that in these circumstances, a cost coverage of 109 percent is appropriate? Or is it your testimony that the average rate increase for parcel post should be less than the overall average rate increase. Please explain.

USPS/PSA-T1-24. Please refer to your testimony at page 20 where you refer to the "so-called 'victims' of this inequity."

- (a) Please identify the "so-called 'victims'" to which you refer.
- (b) Is it your testimony that the parties to which you refer in your response to part a are indifferent to decreases in rates, or reductions in the sizes of increases in rates to which they might experience as a result of correction of "this inequity"? Please explain fully.

USPS/PSA-T1-25. Please refer to your testimony at page 21 where you state that you "could not find a single member that mails Standard A parcels at the enhanced carrier route rate!" Please confirm that your members do not constitute the entirety of mailers shipping items, including merchandise samples, that might be categorized as something other than "letters" or "flats" by the Postal Service.

USPS/PSA-T1-26. Please refer to your testimony at page 21 where you refer to the ECR cost differential of 20 cents as measured in the Parcel Classification Case and 40 cents as measured in this case. Please confirm that the proposed surcharge of 10 cents is substantially less than either 20 or 40 cents.

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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