

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

EXPERIMENTAL PARCEL RETURNS SERVICES

Docket No. MC2003-2

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS JAMES KIEFER TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE, REDIRECTED FROM WITNESS
JOHN GULLO (OCA/USPS-T1-3c, 4b)

The United States Postal Service hereby files the response of witness James Kiefer to the following interrogatories of the Office of the Consumer Advocate, redirected from witness John Gullo:

OCA/USPS-T1-3c, 4b, filed on June 6, 2003.

The interrogatories are stated verbatim and are followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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June 16, 2003

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OCA/USPS-T1-3. The following interrogatory refers to your testimony at page 4, lines 5 through 7. Assume that a consumer returns a parcel at an RDU that is not within the service area of the BMC that serves the RDU designated for the parcel's return.

c. How are the additional transportation and handling costs factored into the price of the assumed RDU addressed parcel?

RESPONSE:

c. Witness Eggleston's cost savings estimates used to develop the RDU pricing do not reflect any additional costs for RDU parcels that will travel first to BMCs other than the RBMCs identified in their postal routing barcodes. The share of RDU parcels that will travel to two BMCs, rather than one BMC, is unknowable before the experiment, but the Postal Service believes it to be negligibly small. It is believed to be small because, for an RDU parcel to travel through two BMCs, a consumer would have to carry it outside his or her BMC service territory before entering it. The Postal Service believes this would happen only occasionally and such parcels would comprise only a negligible share of total RDU pieces. The RDU pricing passes through less than 100% of estimated cost savings, in part, to allow for certain unknown costs, such as those described in this response, that might arise over the course of the experiment.

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OCA/USPS-T1-4. The following interrogatory refers to your testimony at page 4, lines 5 through 7. Assume that a consumer returns an RBMC designated parcel to a post office that is outside of the designated RBMC service area.

b. If additional handling and transportation costs are incurred in processing the assumed RBMC parcel, please explain fully how such additional handling and transportation costs have been factored into the price of the RBMC mail piece.

RESPONSE:

b. Witness Eggleston's cost savings estimates used to develop the RBMC pricing do not reflect any additional costs for RBMC parcels that will travel first to BMCs other than the RBMCs to which they are addressed. The share of RBMC parcels that will travel to two BMCs, rather than one BMC, is unknowable before the experiment, but the Postal Service believes it to be negligibly small. It is believed to be small because, for an RBMC parcel to travel through two BMCs, a consumer would have to carry it outside his or her BMC service territory before entering it. The Postal Service believes this would happen only occasionally and such parcels would comprise only a negligible share of total RBMC pieces. The RBMC pricing passes through less than 100% of estimated cost savings, in part, to allow for certain unknown costs, such as those described in this response, that might arise over the course of the experiment.

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.

Brian M. Reimer

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