

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSES OF UNITED STATES POSTAL SERVICE
WITNESS MICHAEL W. MILLER TO INTERROGATORIES OF
UNITED PARCEL SERVICE (UPS/USPS-T21-15-18)
(July 25, 2006)

The United States Postal Service hereby provides the responses of Postal Service witness Miller (USPS-T-21) to interrogatories UPS/USPS-T21-15-18, filed on July 11, 2006.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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UPS/USPS-T21-15. Refer to the response to UPS/USPS-T37-2 and the Inter-BMC mail processing models in USPS-LR-L-46, pages 9-11. Explain in detail any differences there are between the mail processing steps listed for Inter-BMC parcels in USPS LR-L-46 and the mail processing steps that take place for OMAS volume.

RESPONSE:

To the best of my knowledge, no data are available which could be used to determine the extent to which the mail processing steps for OMAS mail might differ from those found in the Inter-BMC cost models in USPS-LR-L-46, pages 9 to 11.

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UPS/USPS-T21-16. Refer to USPS-LR-L-46, pages 7 and 8. Should the Cubic Feet per Parcel Post for R2006 (BY05) for the Machinable, NMO, and 108"-130" categories listed on page 8 multiplied by the total volumes for these three categories listed on page 7 match the total Parcel Post cubic feet for BY2005 listed on USPS-T-9, Exhibit USPS-9C, Cost and Revenue Analysis, Base Year 2005, page 3? If not, explain in detail.

RESPONSE:

No. The cubic feet estimate in the CRA is based on the average weight per cubic foot of 5.0 for Parcel Post in aggregate, a figure which has not been updated for several years. The cubic feet estimates contained in USPS-LR-L-47 have been developed for machinable, nonmachinable, and oversize mail pieces using data collected during the actual sampling of Parcel Post mail pieces.

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UPS/USPS-T21-17. Refer to USPS-LR-L-46, page 7, columns [1] through [6]. Identify and provide all analyses and the underlying source data regarding the percentage of Parcel Post volume that is machinable, non-machinable (non-oversize), and oversize specifically for: (a) DBMC parcels; (b) DSCF parcels; (c) DDU parcels; (d) RBMC parcels; and (e) RDU parcels. Include in each answer a detailed explanation of the analytic steps used to derive these figures.

RESPONSE:

(a) - (c) Using data from USPS -LR-L-47, attachment f, the percentage distribution of machinable, NMO, and oversize mail pieces for the DBMC, DSCF, and DDU rate categories can be calculated in aggregate. These data are labeled as "destination dropped shipped" in that library reference. The calculations can be found in the response to UPS/USPS-T21-10(c) and are referred to as "DBMC Volume Percent Estimates."

(d) Given that Parcel Return Service (PRS) mail pieces are not represented in the USPS-LR-L-47 data, I used the actual FY 2005 RPW machinable, NMO, and oversize volumes for the RBMC rate category to calculate the percentages, as shown below.

RBMC Machinable Volume	=	6,301,319	
RBMC Nonmachinable Volume	=	383,474	
RBMC Oversize Volume	=	1,512	
Total RBMC Volume	=	6,686,305	
RBMC Machinable Percent	=	$6,301,319 / 6,686,305$	= 94.24 %
RBMC Nonmachinable Percent	=	$383,474 / 6,686,305$	= 5.74 %
RBMC Oversize Percent	=	$1,512 / 6,686,305$	= 0.02 %

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(e) In FY 2005, the Postal Service was just beginning to implement the RDU service. I therefore relied on the RBMC figures described in part (d) above as proxies for the RDU rate category. The volume of machinable, NMO, and oversize RDU mail pieces was estimated by applying the corresponding RBMC percentages to the total FY 2005 RPW volume estimate for the RDU rate category (6,017 pieces).

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UPS/USPS-T21-18. Refer to USPS-LR-L-46, pages 12-14. Explain in detail any differences there are between the mail processing steps listed for Intra-BMC parcels in USPS-LR-L-46 and the mail processing steps that take place for Alaska Bypass pieces.

RESPONSE:

It is my understanding that Alaska Bypass mail pieces would not incur any postal mail processing costs. Alaska Bypass mail is called "Bypass" mail because it generally bypasses all postal processing facilities. Postal Service witness Rogerson provided a description of Alaska Bypass mail in Docket No. R90-1. Please refer to the transcript of Docket No. R90-1 at Volume 5, pages 1262-1263, and pages 1675-1682.