

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

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS JAMES M. KIEFER TO INTERROGATORY OF  
THE PARCEL SHIPPERS ASSOCIATION  
(PSA/USPS-T33-6)

The United States Postal Service hereby files the response of witness James L. Kiefer to the following interrogatory of the Parcel Shippers Association: PSA/USPS-T33-6, fled on November 9, 2001.

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

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Scott L. Reiter

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November 21, 2001

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KIEFER  
TO INTEROGATORIES OF THE PARCEL SHIPPERS ASSOCIATION**

**PSA/USPS-T33-6.** Please refer to USPS-LR-J-106, SWP 1-1 and PPWP.xls, WP-PP-1

- (a) Please confirm that your Test Year After Rates (TYAR) revenue estimate assumes that (before migration of DBMC nonmachinable parcels to the new 3-digit nonmachinable outside (NMO) DSCF rate) approximately 6.04 percent of DBMC parcels are nonmachinable. If not confirmed, please explain your response fully.
- (b) Please describe the source of the data that you used to estimate that 6.04 percent of GFY 2000 DBMC parcels were nonmachinable and provide all underlying calculations.
- (c) For each accounting period (AP) since the Postal Service implemented the Postal Rate Commission's recommended Docket No. R2000-1 rates, please provide the total volume of Parcel Select DBMC parcels and the total volume of Parcel Select DBMC nonmachinable parcels.

**RESPONSE**

- (a) Confirmed.
- (b) The 6.04% figure was calculated for the Parcel Post Billing Determinants by dividing the estimated volume of GFY 2000 DBMC nonmachinable pieces, 14,742,924, by the total number of GFY 2000 Parcel Select Pieces, 244,273,920. The 14.7 million figure was estimated by applying the ratio of nonmachinable DBMC pieces to total DBMC pieces, both obtained from preliminary post-R2000-1 implementation RPW data, to the GFY 2000 total DBMC volume. The workpaper for the derivation of the 14.7 million figure was not retained.

Calculation:  $(14,742,924) / (244,273,970) = 6.04\%$ , approximately.

The 6.04% figure therefore represents the share of DBMC nonmachinable pieces in total Parcel Select volume. Given the way input assumption [10c] was subsequently used in my workpapers, it was inappropriate to use the 6.04%

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figure for input assumption [10c] in my workpaper WP-PP-1. The figure that should have been entered was the ratio of the DBMC nonmachinable pieces to total GFY 2000 DBMC pieces, or:

$$(14,742,924) / (201,339,863) = 7.3\%, \text{ approximately.}$$

Substituting 7.3% instead of 6.04% for assumption [10c] would lower total Parcel Post revenue by only \$1.0 million out of a total revenue projection of \$1.2 billion.

- (c) The most finely disaggregated official RPW data are by postal quarter. Postal Quarters 3 and 4 for FY 2000 comprise almost all of the post-R2000-1 implementation period. The requested data for these two postal quarters are provided below.

Total DBMC parcels:

FY2000, PQ3: 35,248,046

FY2000, PQ4: 40,737,248

DBMC Nonmachinable parcels

FY2000, PQ3: 2,737,694

FY2000, PQ4: 2,582,921

## 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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Scott L. Reiter

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November 21, 2001