

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

EXPERIMENTAL PREMIUM
FORWARDING SERVICE

Docket No. MC2005-1

RESPONSES OF UNITED STATES POSTAL SERVICE
WITNESS ABDULKADIR M. ABDIRAHMAN
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T3-1-5)
(December 13, 2004)

The United States Postal Service hereby provides its responses to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T3-1-5, filed on November 29, 2004.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSE OF POSTAL SERVICE WITNESS ABDIRAHMAN
TO OFFICE OF THE CONSUMER ADVOCATE INTERROGATORY

OCA/USPS-T3-1. Please refer to your testimony at page 2, line 3, where you indicate all of the costs for PFS are volume variable. Please explain whether you characterize the costs of training carriers, clerks and SSAs (Sales and Service Associates) as volume variable. If those costs are not volume variable, how are those costs accounted for by the Postal Service and how will they be considered in determining the cost of PFS?

RESPONSE:

My testimony at page 2, line 3 did not use “costs for PFS” to refer to training costs. For more on training costs, please see witness Cobb’s response to OCA/USPS-T1-6.

RESPONSE OF POSTAL SERVICE WITNESS ABDIRAHMAN
TO OFFICE OF THE CONSUMER ADVOCATE INTERROGATORY

OCA/USPS-T3-2. Please refer to your testimony at page 3 where you state that you have used the collection cost of 2 cents for postage due at a call window as a proxy for the PFS prepayment cost. Please explain why you did not use the cost of collection of post office box fees as a proxy for PFS prepayment costs since that process seems more likely to involve payment by personal check or credit card (as does the PFS prepayment) rather than the postage due collection process which seems likely to involve a high percentage of less costly cash transactions.

RESPONSE:

To calculate the PFS set-up cost, I used both the cost of post office box transactions (which includes the collection of post office box fees) and the cost of the postage due collection process as proxies. The "1997 Window Transaction Time Study" includes the time for post office box transaction estimates. The post office box transaction cost could not be used as the sole proxy for the PFS prepayment cost because PFS prepayment requires additional time not covered by the post office box transaction proxy. PFS prepayment requires the window clerk to calculate the PFS cost depending on the length of time the customer would like PFS to last. The cost of the postage due collection process was used as a proxy to capture this additional time for this experiment.

RESPONSE OF POSTAL SERVICE WITNESS ABDIRAHMAN
TO OFFICE OF THE CONSUMER ADVOCATE INTERROGATORY

OCA/USPS-T3-3. If you had used the cost of collecting post office box fees as the proxy for PFS prepayment cost, what cost would you have calculated? Please provide the detail of the calculation similar to that on page 2 of the attachment to your testimony.

RESPONSE:

Please see my response OCA/USPS-T3-2.

RESPONSE OF POSTAL SERVICE WITNESS ABDIRAHMAN
TO OFFICE OF THE CONSUMER ADVOCATE INTERROGATORY

OCA/USPS-T3-4. Please calculate the Postal Service's labor cost of an individual transaction if a check or a credit card is used to pay a PFS fee.

RESPONSE:

We do not have separate estimates of the Postal Service's labor cost of an individual transaction if a check or a credit card is used to pay a PFS fee. The labor cost already reflects payment by cash, check or credit card.

RESPONSE OF POSTAL SERVICE WITNESS ABDIRAHMAN
TO OFFICE OF THE CONSUMER ADVOCATE INTERROGATORY

OCA/USPS-T3-5. Please refer to your testimony at page 4 where you indicate that you undertook field observations of informal reshipment services conducted at small, medium and large delivery units.

- (a) Please indicate when, where, and how many times at each size operation you observed these informal reshipment services.
- (b) Did the postal service employees preparing the mail for reshipment ever use two or more boxes to reship the mail?
- (c) How did the Postal Service employees preparing the mail for reshipment determine the size or sizes of the Priority Mail box used for reshipment?
- (d) Did the Postal Service employees preparing the mail for reshipment ever use non-Priority Mail boxes or fashion a large box for reshipment?
- (e) Do you agree that, if two or more Priority Mail boxes are required for a customer, additional employee time would be required to fill and label the additional Priority Mail box?
- (f) If you answer part (d), above, is in the affirmative, would the cost of that additional time be the same cost as you show for the first box in your cost study on page 3 of the attachment to your testimony under "Labor Cost: Repackaging" and "Labor Cost: Carrier filling out the label" of \$1.75 for repackaging plus \$0.76 for labeling for the second box and for each additional box?

RESPONSE:

(a) On October 30, 2003, I visited the large West Edina Carrier Annex in Edina, MN.

Two observations were conducted at this facility.

On the same date I also visited the small Richmond, MN office. One observation was conducted at this facility.

On November 19, 2003, I visited Avon, CT. Two observations were conducted at this medium-sized facility.

On the same date, I also visited the small Simsbury, CT office. Two observations were conducted in this facility.

On December 15, 2003, I visited the Falls Church, VA Main Post Office. Two observations were conducted at this large facility.

RESPONSE OF POSTAL SERVICE WITNESS ABDIRAHMAN
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On December 15, 2003 I also visited the small Pimmit Finance Station, Falls Church, VA. One observation was conducted at this facility.

(b) During my observations, I did not see any postal employee prepare mail for reshipment using two or more boxes.

(c) Employees used the volume of mail to determine what size container to use.

(d) I did not observe any postal employee prepare the mail for reshipment using non-Priority Mail boxes, or fashion a larger box for reshipment.

(e) I agree.

(f) N/A.

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.

Kenneth N. Hollies

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