

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

PARCEL RETURN SERVICE

Docket No. MC2006-1

**RESPONSES OF POSTAL SERVICE WITNESS MILLER
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T2-16-18)**

The United States Postal Service hereby provides the responses of witness Miller to the following interrogatories the Office of the Consumer Advocate, filed on November 16, 2005: OCA/USPS-T2-16-18.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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November 30, 2005

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OCA/USPS-T2-16. In the Experimental Parcel Return Services case, Docket No. MC2003-2, witness Eggleston was asked and answered (Tr.2/171) the following interrogatory.

OCA/USPS-T2-17. The following interrogatory seeks to clarify the method of calculating the cost differences between Intra-BMC, RBMC and RDU parcels. In your testimony, you indicate that RDU and RBMC parcels will incur less mail processing and transportation costs than an Intra-BMC parcel. RBMC and RDU parcels are picked up by the retailer or its agent; thus the USPS will not incur carrier delivery costs. Please explain where in your cost analysis you account for the carrier delivery cost savings. If you did not consider carrier delivery cost savings, please explain fully why you did not do so.

RESPONSE:

My analysis did not account for any potential carrier delivery cost savings. In keeping with my conservative approach to estimating cost savings, it was not deemed necessary to attempt such a calculation.

Please provide your response to the same interrogatory. If your answer is the same as witness Eggleston's response, please explain why you are being conservative when carrier cost savings are clearly savings that would logically be included in the cost savings model.

RESPONSE:

I did not consider carrier delivery cost savings because it is my understanding that the rate design was not intended to differentiate based on type of delivery, and the pick up of parcels is generally viewed as "bulk delivery." Furthermore, such savings may not necessarily be achieved due to the implementation of PRS. In the absence of PRS, it is possible that mailers would still have retrieved their parcels in bulk. Finally, I am not aware of any data that could have been used to measure such savings.

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OCA/USPS-T2-17. Please confirm that if the carrier delivery cost savings were calculated, then, consistent with your cost savings model, that calculation would be appropriately included as an additional Attachment to your testimony and its result included in your Summary of Estimated Cost Differences Compared to Benchmark (Attachment A, page 1) as a new column labeled “delivery cost savings.” If you do not confirm, please explain.

RESPONSE:

Not confirmed. Please see my response to OCA/USPS-T2-16.

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OCA/USPS-T2-18. Please estimate the carrier delivery cost savings and provide your assumptions, calculations and sources. Please use data and methodologies applied in Commission's opinion in Docket No. R2005-1, issued November 1, 2005. If you are not able to estimate the carrier delivery cost savings, please explain.

RESPONSE:

Please see my response to OCA/USPS-T2-16.

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.

Scott L. Reiter

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