

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS MICHAEL W. MILLER TO INTERROGATORY
OF PARCEL SHIPPERS ASSOCIATION (PSA/USPS-T20-1)
(July 28, 2006)

The United States Postal Service hereby provides the response of Postal Service witness Miller (USPS-T-20) to interrogatory PSA/USPS-T20-1.

The 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 MILLER TO INTERROGATORY OF
THE PARCEL SHIPPERS ASSOCIATION

PSA/USPS- T20-1. Please refer to your response to PSA/USPS- T32-16 where you state, “I therefore view the mail processing unit cost estimates for parcels to be conservative, as it is my understanding that First-Class Mail presort parcels are more likely to be processed manually than are flats bundles. I also rely on flats CRA adjustment factors as proxies in my analysis. I do not attempt to compare the First-Class Mail presort parcels model cost estimates to the First-Class Mail presort parcels mail processing unit cost estimate by shape developed by witness Smith (USPS-T-13) because we do not have detailed mail characteristics data, including volumes by presort level, for First-Class Mail presort parcels. The usage of flats CRA adjustment factor proxies is also likely to result in conservative estimates.” Do you also believe that the estimates of the mail processing unit cost differences by presort level for parcels are also conservative? If not, please explain fully.

RESPONSE:

I do not know the answer to this question. In my response to PSA/USPS-T32-16, my comments referred to the various assumptions used to develop the mail processing unit cost estimates, and were not made in reference to cost differences. While it is reasonable for witness Taufique to compare the cost estimates for parcels at one presort level with the estimates at another presort level since they are all derived from the same model, I do not have any basis to know whether the differences between those estimates can be characterized as “conservative.” This is because I don’t have the data to make such a determination. In more comprehensive studies, the cost differences between rate categories are normally affected by elements such as mail characteristics data (e.g., how the mail is prepared) and the specific CRA adjustment factor values. As I stated in my response to PSA/USPS-T31-16, my analysis is more limited in scope and does not include such data.