

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

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OFFICE OF THE SECRETARY

EXPERIMENTAL PRESORTED PRIORITY
MAIL RATE CATEGORIES, 2001

Docket No. MC2001-1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS SCHERER
TO NAA INTERROGATORIES
(NAA/USPS-T1-1 THROUGH T1-5)

The United States Postal Service hereby provides the responses of witness Scherer to the following interrogatories of the Newspaper Association of America: NAA/USPS-T1-1 through T1-5, filed on April 30, 2001.

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

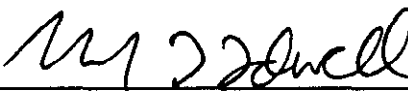
NAA/USPS-T1-6 through T1-8 have been redirected to witness Levine for response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Michael T. Tidwell

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May 10, 2001

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO NAA INTERROGATORIES

NAA/USPS-T1-1. For the most recent 12 month period for which data are available, please provide:

- a. the proportion of Priority Mail mailings that have consisted of at least 300 pieces or at least 500 pounds;
- b. the proportion of Priority Mail mailings that have consisted of at least 150 pieces or at least 250 pounds.

RESPONSE:

a. The only data on mailing sizes available to me are from a special tabulation – “Revenue, Pieces and Weight by Zone and Mailing Size” – prepared by a Postal Service contractor from PERMIT System data. The tabulation covers Postal Service Quarters 3 and 4 of 1999, and 1 and 2 of 2000. PERMIT System Priority Mail accounts for about 21% of total Priority Mail volume and 24% of total Priority Mail weight. No information on mailing sizes is available for non-PERMIT System mailings.

For Q3 1999 - Q2 2000, total PERMIT System Priority Mail volume was 257,787,950 pieces from 315,654 “transactions” (from what I understand, comparable to “mailings”). The total weight was 549,892,675 pounds. On average, there were 817 pieces per transaction and 2.13 pounds per piece.

The tabulation does not provide a breakout for mailings above and below 300 pieces, but does for 200 and 500 pieces. There were 94,223 transactions (29.9% of the total) of 500 or more pieces, with total volume at 226,331,743 pieces and total weight at 461,341,372 pounds. The average number of pieces per transaction was 2,401, and the average number of pounds per piece was 2.04. There were 157,824 transactions (50.0% of the total) of 200 or more pieces, with total volume at 246,843,261 pieces and total weight at 513,564,205 pounds. The average number of pieces per transaction was 1,564, and the average number of pounds per piece was 2.08.

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Response to NAA/USPS-T1-1a (Cont.)

So, the proportion of PERMIT System Priority Mail transactions that consisted of at least 300 pieces is somewhere between 29.9% and 50.0%. The tabulation provides data only by mailing size, not by mailing weight, so the proportion of transactions consisting of at least 500 pounds is not known.

b. The tabulation "Revenue, Pieces and Weight by Zone and Mailing Size" does not provide a breakout at 150 pieces. Please see my answer to part (a) above. No data are provided by mailing weight, so the proportion of transactions consisting of at least 250 pounds is not known.

**RESPONSE OF POSTAL SERVICE WITNESS SCHERER
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NAA/USPS-T1-2. For the most recent 12 month period for which data are available, please provide:

- a. the approximate number of Priority mailers that entered mailings of at least 300 pieces or at least 500 pounds;
- b. the approximate number of Priority mailers that entered mailings of at least 150 pieces or at least 250 pounds

RESPONSE:

a. No information is available on the number of mailers with mailings of various sizes.

b. No information is available on the number of mailers with mailings of various sizes.

**RESPONSE OF POSTAL SERVICE WITNESS SCHERER
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NAA/USPS-T1-3. Please refer to your response to Presiding Officer's Information Request No. 1, Question 3.

- a. Who within the Postal Service would have the responsibility of establishing the minimum piece and/or pound requirements?
- b. Would you be involved in establishing the minimum piece and/or pound requirements?
- c. What minimum piece and/or pound requirements do you believe would be appropriate for the discounts that you propose? Please explain why?

RESPONSE:

a. The following areas of the Postal Service will share responsibility for establishing these requirements: Mail Preparation and Standards, a section of the Pricing and Product Design Department; the Operations Department; Expedited/Package Services (E/PS); Pricing, a section of the Pricing and Product Design Department; and Special Studies, a section of the Finance Department.

b. As a member of the Pricing section of Pricing and Product Design, it is possible that I will have a hand in establishing these requirements.

c. I believe that appropriate minimum piece and/or pound requirements are as stated in my response to POIR No. 1, Question 3: consistent with Postal Service handling practices, and with container utilization and weight capacities.

**RESPONSE OF POSTAL SERVICE WITNESS SCHERER
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NAA/USPS-T1-4. Would a Priority Mailing of 300 one-pound pieces, of which 150 sets of two pieces each were presorted to 150 different 5-digit ZIP Codes, be eligible for the proposed discount (assuming that the mailer were accepted as a participant in the experiment)?

RESPONSE:

No, such a mailing would not be eligible for the proposed 5-digit presort discount. As pointed out in Witness Levine's response to NAA/USPS-T2-3, two-piece separations could not be considered as presorted. Accordingly, the minimum number of pieces per container will certainly exceed two pieces.

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NAA/USPS-T1-5. Please confirm that it is your understanding that the cost estimates provided by witness Levine upon which you base your recommended discounts do not require a minimum volume of pieces at any particular level of presort. If you cannot confirm, please explain why not.

RESPONSE:

Not confirmed. As explained in Witness Levine's response to NAA/USPS-T2-3, his cost estimates assume minimum container volumes so that presorted mail is prepared as described in his response to NAA/USPS-T2-2.

DECLARATION

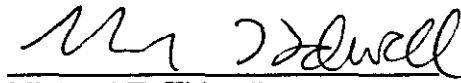
I, Thomas M. Scherer, hereby declare, under penalty of perjury, that the foregoing Postal Rate Commission Docket No. MC2001-1 interrogatory answers are true to the best of my information, knowledge and belief.

Thomas M. Scherer
Thomas M. Scherer

5-10-01
Date

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.


Michael T. Tidwell

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