

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

RATE AND SERVICE CHANGES TO IMPLEMENT  
BASELINE NEGOTIATED SERVICE AGREEMENT  
WITH LIFE LINE SCREENING

Docket No. MC2007-5

RESPONSES OF POSTAL SERVICE WITNESS YORGEY  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE  
(OCA/USPS-T1-1-4)  
(September 21, 2007)

The United States Postal Service hereby provides the responses of witness Yorgey to the following interrogatories of the Office of the Consumer Advocate, filed on September 7, 2007: OCA/USPS-T1-1-4.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.

\_\_\_\_\_  
Elizabeth A. Reed

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-3179, Fax -6187  
September 21, 2007

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YORGEY  
TO INTERROGATORY OF THE OFFICE OF CONSUMER ADVOCATE

**OCA/USPS-T1-1.** Please refer to your testimony, Appendix A, page 3, which presents Life Line Screening's Standard Mail Regular and ECR letter unit revenue in column (1), entitled "Revenue per piece." Please provide electronic workpapers showing the development of the "Revenue per piece" figures for letters shown in column (1). Also, please provide citations to all figures used.

**RESPONSE:**

A joint motion for protective conditions has been filed.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YORGEY  
TO INTERROGATORY OF THE OFFICE OF CONSUMER ADVOCATE

**OCA/USPS-T1-2.** Please refer to your testimony, Appendix A, page 3, which presents the volumes for Life Line Screening's Standard Mail Regular and ECR letters in column (2), entitled "Volume." Please provide electronic workpapers showing the development of the "Volume" figures for letters shown in column (2). Also, please provide citations to all figures used.

**RESPONSE:**

A joint motion for protective conditions has been filed.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YORGEY  
TO INTERROGATORY OF THE OFFICE OF CONSUMER ADVOCATE

**OCA/USPS-T1-3.** Please refer to your testimony, Appendix A, page 4, which presents Life Line Screening's Standard Mail Regular and ECR letter unit costs in the column (1), entitled "TYAR 2008 Total Unit Cost (Dollars)." Please provide electronic workpapers showing the development of the "TYAR 2008 Total Unit Cost" figures for Standard Mail Regular and ECR letters shown in column (1). Also, please provide citations to all figures used.

**RESPONSE:**

Please see the attached file "OCA\_T1\_3\_Table 2.xls".

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YORGEY  
TO INTERROGATORY OF THE OFFICE OF CONSUMER ADVOCATE

**OCA/USPS-T1-4.** Please refer to your testimony, Appendix A, page 4, which presents Life Line Screening's Standard Mail Regular and ECR letter unit costs in column (1), entitled "TYAR 2008 Total Unit Cost (Dollars)." Also, please refer to Note (1), which references the sources used to develop the unit costs for Regular letters in column (1).

- a. Please confirm that you relied on PRC-LR-22, Docket No. R2006-1, as the basis for developing the "TYAR 2008 Total Unit Cost[s]" for Life Line Screening's Standard Mail Regular and ECR letters. If you do not confirm, please explain.
- b. In Docket No. R2006-1, please confirm that the Commission relied on PRC-LR-15, which contains the calculation of the Commission's recommended rates for Standard Mail Regular and ECR letters and flats, as the basis for the Standard Mail Regular and ECR letters rate design, and that PRC-LR-15 identified total unit costs for Standard Mail Regular and ECR letters. If you do not confirm, please explain.
- c. Please provide a detailed explanation of why you used PRC-LR-22 rather than PRC-LR-15 as the basis for developing the "TYAR 2008 Total Unit Cost[s]" for Life Line Screening's Standard Mail Regular and ECR letters. In your explanation, please identify any differences between PRC-LR-22 and PRC-LR-15, and explain how your use of PRC-LR-22 rather than PRC-LR-15 affected the development of the "TYAR 2008 Total Unit Cost[s]" for Life Line Screening's Standard Mail Regular and ECR letters.

**RESPONSE:**

- a. Confirmed.
- b. Confirmed that the Commission apparently relied upon PRC-LR-15 in determining the rates for Standard Mail Regular and ECR letters and flats, but not confirmed that PRC-LR-15 "identified total unit costs for Standard Mail Regular letters." For example, please refer to column I of tab "unitcost" in file PRCRegNPRates.xls. The heading of column I is "Total Unit Cost". However, as can be seen by clicking on any of the cells therein, the costs under the heading "Total Unit Cost" only include the mail processing and delivery unit costs, not the total costs which would encompass all cost segments and components.
- c. As noted in the response to part b above, the "Total Unit Cost" figures in PRC-LR-15 did not actually include total unit costs, but rather, only mail processing

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YORGEY  
TO INTERROGATORY OF THE OFFICE OF CONSUMER ADVOCATE

and delivery costs. While the sum of these two costs may have been sufficient for the Commission to differentiate among shapes and presort levels for purposes of setting rates, using the sum of mail processing and delivery unit costs for purposes of estimating the unit contribution for pieces added to the postal mail stream as a result of this NSA would have overestimated the unit contribution; total unit costs encompassing all cost segments and components had to be developed in order to develop unit contribution estimates for the new volume. The only apparent source of total costs in the Commission's workpapers was the final adjustment model, where the detailed mail processing and delivery costs varying by shape and presort level were provided, as well as all other costs.