

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO QUESTIONS 1 THROUGH 9 OF
PRESIDING OFFICER'S INFORMATION REQUEST NO. 1
(February 14, 2000)

The United States Postal Service hereby provides responses to the following questions in Presiding Officer's Information Request No. 1, dated January 31, 2000: 1-9.

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

Institutional responses are being provided in response to Questions 3 and 9, as these fall outside the scope of the Postal Service's case.

The response of witness Mayes to Question 4, incorporates corrections to USPS-T-32, which will be reflected in errata to be filed as expeditiously as possible.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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February 14, 2000

**RESPONSE OF POSTAL SERVICE WITNESS TOLLEY
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

1. Refer to LR-I-121 "Before and After-Rates Volume Forecasting Spreadsheets":

a. Please explain why the Postal Service shows two different before rates volume forecasts for Periodical nonprofit, classroom, and regular rate subclasses. The two forecasts are presented below (pieces in thousands):

2001 TYBR Volume

	First Forecast	Second Forecast
Nonprofit	2,095,809	1,954,453
Classroom	56,415	56,153
Regular Rate	7,410,104	7,545,945

The "First Forecast" is developed in file VF_BR.WK4 and is presented in USPS-T-6 "Direct Testimony of Postal Service witness Tolley." The "Second Forecast" is calculated in file VF_BRO.WK4 and is used by Postal Service witness Kashani in the before-rates rollforward of costs and witness Taufique in LR-I-167 "Periodicals Pricing Spreadsheets."

b. Please provide the source of the following 1999Q4 volumes for Periodical nonprofit, classroom, and regular rate mail, used in file VF_BRO.WK4:

	1999Q4 (Thousands)
Nonprofit	474,289
Classroom	15,807
Regular Rate	2,287,483

c. Depending on your determination of the correct before-rates volume forecast for Periodical nonprofit, classroom, and regular rate subclasses, please show the effect, if any, on the after-rates volume forecasts of these subclasses.

RESPONSE:

a. The preliminary 1999Q4 RPW volumes for Periodical nonprofit, classroom, and regular rate mail were those presented in VF_BRO.WK4 in LR-I-121, and shown above in part b of your question. Originally, the before-rates volume forecast was made using these preliminary numbers (the "Second Forecast" above).

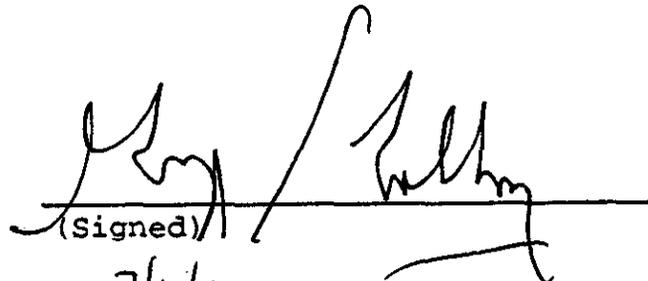
**RESPONSE OF POSTAL SERVICE WITNESS TOLLEY
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

The 1999Q4 RPW was subsequently revised for these three mail categories, and these revised volumes were incorporated into my before-rates volume forecast ("First Forecast"). Before the revised TYBR forecast became available, however, witness Kashani apparently had already used the unrevised TYBR forecast ("Second Forecast") in developing the before-rates rollforward.

- b. Please see the response of witness Hunter to Item 2 of this POIR.
- c. The correct volume forecasts ("First Forecast") are those presented in my testimony, which are made using the spreadsheets VF_BR.WK4 and VF_AR.WK4 in LR-I-121.

DECLARATION

I, George Tolley, declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information and belief.



(Signed)
2/11/60

(Date)

**RESPONSE OF POSTAL SERVICE WITNESS HUNTER
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

2. Please provide the source of the following GFY 1999 volumes for Periodical nonprofit, classroom, and regular rate subclasses used by witness Kashani in USPS-T-14, Exhibit -14A.

	GFY 1999 (Thousands)
Nonprofit	1,975,997
Classroom	59,259
Regular Rate	7,345,117

RESPONSE:

The cited figures come from a preliminary version of RPW. Midway through Postal Quarter 4 of FY 1999, the Commission recommended and the Postal Service implemented a DMCS change that allowed Periodical preferred rate mailers to enter their mail at Regular rates if the Regular rates were lower. Unfortunately, from a data reporting perspective, this created the opportunity for some confusion regarding the appropriate subclass to which such mail pieces belonged. The preliminary PQ4 figures (those cited in subpart b of item 1 of this POIR) reflected this confusion, as did the above preliminary GFY 1999 figures (which incorporated the preliminary PQ4 figures). Ultimately, a corresponding adjustment was made, and the final RWP Periodicals data for PQ4 and GFY 1999 reflect the correct subclass volume and revenue breakouts.

DECLARATION

I, Herbert B. Hunter III, hereby declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information and belief.


Herbert B. Hunter III

Date: FEBRUARY 14, 2000

INSTITUTIONAL RESPONSE OF THE UNITED STATES
POSTAL SERVICE TO POIR NO. 1

3. Please provide the electronic version of the spreadsheets used to forecast international mail volume and revenue for FY 2000, FY 2001 (test year before rates) and FY 2001 (test year after rates). Exhibits USPS-32A, USPS-32B and USPS-32C. Please show the quarterly volume forecasts of international mail for 2000-2002 in the same manner witnesses Tolley (USPS-T-6) and Musgrave (USPS-T-8) have presented before- and after-rates quarterly volume forecasts of domestic mail for those years.

RESPONSE:

The requested spreadsheets are being filed as Library Reference USPS-LR-I-180. The requested quarterly volume forecasts are attached to this response.

INTERNATIONAL MAIL VOLUME FORECASTS

	Base Volume
1999:1	233.880
1999:2	276.187
1999:3	237.438
1999:4	278.373
	1025.877

PQtr	Combined Nonrate Multipliers	Before-Rates Rate Multiplier	After-Rates Rate Multiplier	Before-Rates Volume	After-Rates Volume
2000:1	0.243014	0.973877	0.973877	242.790	242.790
2000:2	0.261845	1.034931	1.034931	278.004	278.004
2000:3	0.225440	1.012208	1.012208	234.097	234.097
2000:4	0.283670	0.986859	0.986859	287.186	287.186
2001:1	0.246263	0.978983	0.954673	247.326	241.184
2001:2	0.265201	1.042132	1.007593	283.526	274.129
2001:3	0.228361	1.022480	0.988717	239.537	231.627
2001:4	0.287499	0.999458	0.966545	294.779	285.071
2002:1	0.249776	0.992041	0.959373	254.201	245.830
2002:2	0.269148	1.056235	1.021452	291.640	282.036
2002:3	0.231893	1.039852	1.005609	247.374	239.228
2002:4	0.292059	1.018979	0.985423	305.303	295.249
2003:1	0.253752	1.011597	0.978284	263.337	254.665

GFY Adjustments

PQtr	Before-Rates Volume	After-Rates Volume
2000:0	185.771	185.771
2000:1	242.790	242.790
2000:2	278.004	278.004
2000:3	234.097	234.097
2000:4	287.186	287.186
2000:5	63.705	63.705
2001:0	183.621	177.479
2001:1	247.326	241.184
2001:2	283.526	274.129
2001:3	239.537	231.627
2001:4	294.779	285.071
2001:5	65.476	63.320
2002:0	188.725	182.510
2002:1	254.201	245.830
2002:2	291.640	282.036
2002:3	247.374	239.228
2002:4	305.303	295.249
2002:5	71.819	69.454
2003:1	263.337	254.665

PFY	Before-Rates Volume	After-Rates Volume
2000	1042.077	1042.077
2001	1065.168	1032.013
2002	1098.518	1062.343

PFY Forecasts
PQ1+PQ2+PQ3+PQ4

GFY	Before-Rates Volume	After-Rates Volume
2000	1048.763	1048.763
2001	1066.939	1031.627
2002	1104.862	1068.478

GFY Forecasts
PQ0+PQ2+PQ3+PQ4+PQ5

RESPONSE OF POSTAL SERVICE WITNESS MAYES TO PRESIDING OFFICER'S
INFORMATION REQUEST NO. 1, QUESTION 4

4. Please provide workpapers, in support of Exhibits USPS-32A, USPS-32B and USPS-32C, that show for each mail category and special service the following statistics and their source: (a) mail volume, (b) postage, (c) fees, (d) total revenue, and (e) revenue per piece. The requested workpapers should have a similar structure as Workpapers I, II and IV presented by Postal Service witness O'Hara in support of his Exhibits USPS-30A, USPS-30B and USPS-30C in Docket No.R97-1.

Response:

All information necessary to produce the requested workpapers is available in my Exhibits USPS-32A, USPS-32B, and USPS-32C and the testimony of postal witnesses USPS-T-6, USPS-T-8, USPS-T-33, USPS-T-34, USPS-T-35, USPS-T-36, USPS-T-37, USPS-T-38 and USPS-T-39 as noted in the footnotes to my Exhibits USPS-32A through USPS-32E. However, for ease of reference, I have attached the same information in the format used by witness O'Hara in Docket No. R97-1, including a column that mechanically calculates revenue per piece. Please note that page 2 of each of my Exhibits USPS-32A, USPS-32B and USPS-32C is a worksheet identical to page 1 of Dr. O'Hara's W/P I, II and IV. Thus, I have not reproduced those pages.

Summary of Revenues
 Test Year Before Rates (2001)
 (thousands)

Mail Service	Mail Volume (1)	Postage (2)	Fees (3)	Postage & Fees (Col 2 + Col 3) (4)	Revenue Per Piece (Col 4/Col 1) (5)
First-Class Mail					
Letters - Single	53,213,828	22,248,443	137,713	22,386,156	0.420845
Automated and Carrier Route Letters	44,117,377	11,739,163	0	11,739,163	0.268089
Non-Automated Presort Letters	2,930,521	1,000,786	0	1,000,786	0.341504
Total Worksharing	47,047,898	12,739,949	18,875	12,758,824	0.271188
Total Letters	100,261,726	34,988,392	158,588	35,146,980	0.350512
Stamped Cards	445,823	89,185	181	89,366	0.200407
Post Cards - Single	2,405,027	496,939	6,224	503,163	0.209213
Automated and Carrier Route Post Cards	2,333,598	363,556	0	363,556	0.155792
Non-Automated Presort Cards	400,483	72,087	0	72,087	0.180000
Total Worksharing Cards	2,734,081	435,643	1,095	436,738	0.159739
Total Cards	5,584,931	1,021,747	7,500	1,029,247	0.184290
Business Reply Fees	0	121,356	(121,356)	0	
Domestic Mail Fees	0	42,733	(42,733)	0	
Total First Class	105,846,657	36,172,228	0	36,172,228	0.341742
Priority Mail					
Priority Mail	1,356,715	5,229,143	703	5,229,846	3.854787
Domestic Mail Fees	0	703	(703)	0	
Total Priority	1,356,715	5,229,846	0	5,229,846	3.854787
Express Mail	71,641	1,019,497	0	1,019,497	14.230817
Mailgrams	3,340	1,136	0	1,136	0.340000
Periodicals					
In-County	872,194	74,589	1,897	76,286	0.087464
Outside County					
Nonprofit	1,954,453	315,755	3,802	318,558	0.163502
Classroom	56,153	12,877	109	12,986	0.231267
Regular-Rate	7,545,945	1,819,187	14,878	1,833,845	0.243024
Domestic Mail Fees	0	20,285	(20,285)	0	
Total Periodicals	10,428,745	2,242,874	0	2,242,874	0.215047
Standard Mail A					
Commercial					
Regular	42,783,773	8,633,603	19,817	8,653,220	0.202255
Enhanced Carrier Route	33,630,517	5,021,076	15,420	5,036,496	0.149760
Total Commercial	76,414,291	13,654,679	35,036	13,689,715	0.179151
Nonprofit					
Nonprofit	11,510,795	1,416,142	42,498	1,458,641	0.126719
Enhanced Carrier Route	2,907,206	221,706	10,734	232,440	0.079953
Total Nonprofit	14,418,001	1,637,849	53,232	1,691,081	0.117290
Bulk Mailing Fees	0	61,179	(61,179)	0	
Domestic Mail Fees	0	27,089	(27,089)	0	
Total Standard Mail A	90,832,291	15,380,796	0	15,380,796	0.169332
Standard Mail B					
Parcel Post	378,447	1,197,830	611	1,198,441	3.166736
Bound Printed Matter	541,978	491,907	847	492,554	0.908813
Special Rate	208,687	327,325	306	327,631	1.569964
Library Rate	29,009	48,455	82	48,537	1.672470
Domestic Mail Fees	0	1,347	(1,347)	0	
Special Handling	0	230	(230)	0	
PAL Fees	0	49	(49)	0	
Total Standard Mail B	1,158,118	2,067,143	(0)	2,067,143	1.784915
Total USPS Penalty Mail	348,543	0	0	0	
Free-for-the-Blind	56,675	0	0	0	
Total Domestic Mail	210,102,726	62,113,318	(0)	62,113,318	0.295633
International					
Postage	1,066,939	1,478,198	10,140	1,488,339	1.394962
Terminal & Transit	0	252,793	0	252,793	
Fees, etc.	0	10,140	(10,140)	0	
Total	1,066,939	1,741,131	0	1,741,131	1.631895
Total All Mail	211,169,664	63,854,450	(0)	63,854,450	0.302385
Special Services					
Registry	11,663	81,435	0	81,435	7.042481
Certified Mail	295,742	414,039	0	414,039	1.400002
Insurance	45,610	89,575	0	89,575	1.963938
COO	3,576	18,373	0	18,373	5.137876
Money Orders *	234,993	288,465	0	288,465	1.227549
Stamped Cards	445,823	4,458	0	4,458	0.009999
Stamped Envelopes	400,000	12,515	0	12,515	0.031288
Box/Carrier Service	18,246	746,817	0	746,817	40.929697
Subtotal	1,455,553	1,655,678	0	1,655,678	1.137491
Other	N/A	396,857	0	396,857	N/A
Total	1,455,553	2,052,636	0	2,052,636	1.410210
Total Mail & Services	211,169,664	65,907,085	(0)	65,907,085	0.312105
Other Income	0	383,847		383,847	
Revenue Forgone	0	67,093		67,093	
Investment Income *	0	(29,693)		(29,693)	
Total, all items	211,169,664	66,328,332	(0)	66,328,332	0.314100

* Money order revenues include 56,893 in interest.

Source: Exhibit USPS-32A. Express Mail and Priority Mail volumes from USPS-T-8; all other volumes from USPS-T-6.

Summary of Revenues
 Test Year After Rates (2001)
 (thousands)

Mail Service	Mail Volume	Postage	Fees	Postage & Fees (Col 2 + Col 3)	Revenue Per Piece (Col 4/Col 1)
	(1)	(2)	(3)	(4)	(5)
First-Class Mail					
Letters - Single	52,877,658	22,837,722	167,072	23,004,794	0.435057
Automated and Carrier Route Letters	44,393,448	12,277,367	0	12,277,367	0.276558
Non-Automated Presort Letters	2,586,288	926,520	0	926,520	0.358243
Total Worksharing	46,979,736	13,203,887	22,520	13,226,407	0.281534
Total Letters	99,857,394	36,041,609	169,592	36,231,201	0.362829
Stamped Cards	415,873	87,333	195	87,528	0.210469
Post Cards - Single	2,354,910	508,933	7,441	516,374	0.218275
Automated and Carrier Route Post Cards	2,286,453	374,603	0	374,603	0.163836
Non-Automated Presort Cards	383,715	72,906	0	72,906	0.190000
Total Worksharing Cards	2,670,168	447,509	1,278	448,787	0.168074
Total Cards	5,440,951	1,043,775	8,914	1,052,689	0.193475
Business Reply Fees	0	148,580	(148,580)	0	
Domestic Mail Fees	0	49,825	(49,825)	0	
Total First Class	106,296,345	37,263,889	0	37,263,889	0.354079
Priority Mail					
Priority Mail	1,249,760	5,541,484	795	5,542,259	4.434693
Domestic Mail Fees	0	795	(795)	0	
Total Priority	1,249,760	5,542,259	0	5,542,259	4.434693
Express Mail	72,301	1,068,567	0	1,068,567	14.770439
Mailgrams	3,340	1,136	0	1,136	0.340000
Periodicals					
In-County	862,061	80,036	1,809	81,847	0.094944
Outside County					
Nonprofit	2,052,206	370,590	4,307	374,897	0.182680
Classroom	55,089	14,378	116	14,494	0.263103
Regular-Rate	7,351,806	2,012,106	15,429	2,027,535	0.275787
Domestic Mail Fees	0	21,661	(21,661)	0	
Total Periodicals	10,321,166	2,498,774	0	2,498,774	0.242102
Standard Mail A					
Commercial					
Regular	40,998,656	9,049,958	20,479	9,070,437	0.221237
Enhanced Carrier Route	32,828,211	5,145,627	18,398	5,162,024	0.157244
Total Commercial	73,826,867	14,195,585	36,876	14,232,461	0.192782
Nonprofit					
Nonprofit	11,425,579	1,491,198	51,888	1,543,087	0.135055
Enhanced Carrier Route	2,851,675	251,286	12,952	264,218	0.092847
Total Nonprofit	14,277,455	1,742,484	64,840	1,807,305	0.126585
Bulk Mailing Fees	0	75,359	(75,359)	0	
Domestic Mail Fees	0	26,357	(26,357)	0	
Total Standard Mail A	88,104,322	16,039,766	0	16,039,766	0.182054
Standard Mail B					
Parcel Post	374,096	1,199,821	541	1,200,362	3.208697
Bound Printed Matter	524,743	562,745	698	563,443	1.073751
Special Rate	205,769	338,426	338	338,764	1.646175
Library Rate	28,432	49,610	62	49,672	1.747067
Domestic Mail Fees	0	1,412	(1,412)	0	
Special Handling	0	227	(227)	0	
PAL Fees	0	0	0	0	
Total Standard Mail B	1,133,080	2,162,241	(0)	2,162,241	1.899495
Total USPS Penalty Mail	348,543	0	0	0	
Free-for-the-Blind	56,675	0	0	0	
Total Domestic Mail	206,567,501	64,596,631	(0)	64,596,631	0.312636
International					
Postage	1,031,627	1,494,963	10,102	1,494,785	1.448939
Terminal & Transit	0	252,793	0	252,793	
Fees, etc.	0	10,102	(10,102)	0	
Total	1,031,627	1,747,558	0	1,747,558	1.693982
Total All Mail	207,619,128	66,334,189	(0)	66,334,189	0.319499
Special Services					
Registry	11,174	94,993	0	94,993	8.501549
Certified Mail	274,934	577,361	0	577,361	2.100002
Insurance	44,880	106,070	0	106,070	2.374020
COO	3,544	19,968	0	19,968	5.634635
Money Orders *	226,435	305,488	0	305,488	1.349118
Stamped Cards	415,873	8,317	0	8,317	0.019999
Stamped Envelopes	400,000	16,041	0	16,041	0.040104
Box/Carrier Service	17,958	814,060	0	814,060	45.331948
Subtotal	1,394,597	1,942,299	0	1,942,299	1.392732
Other	N/A	419,918	0	419,918	N/A
Total	1,394,597	2,362,218	0	2,362,218	1.693836
Total Mail & Services	207,619,128	68,696,407	(0)	68,696,407	0.330877
Other Income	0	383,847		383,847	
Revenue Forgone	0	67,093		67,093	
Investment Income *	0	(27,621)		(27,621)	
Total, all items	207,619,128	69,119,726	(0)	69,119,726	0.332916

* Money order revenues include 54,821 in interest.

Source: Exhibit USPS-32B. Express Mail and Priority Mail volumes from USPS-T-8; all other volumes from USPS-T-6.

Summary of Revenues
 Fiscal Year 2000
 (thousands)

Mail Service	Mail Volume	Postage	Fees	Postage & Fees (Col 2 + Col 3)	Revenue Per Piece (Col 4/Col 1)
	(1)	(2)	(3)	(4)	(5)
First-Class Mail					
Letters - Single	53,885,016	22,326,832	138,314	22,465,146	0.418462
Automated and Carrier Route Letters	41,850,851	11,082,457	0	11,082,457	0.266080
Non-Automated Presort Letters	3,445,205	1,178,553	0	1,178,553	0.341504
Total Worksharing	45,096,057	12,259,010	18,215	12,277,225	0.272246
Total Letters	98,781,073	34,585,842	156,530	34,742,372	0.351711
Stamped Cards	431,990	86,398	174	86,572	0.200403
Post Cards - Single	2,423,236	500,640	6,243	506,883	0.209176
Automated and Carrier Route Post Cards	2,135,901	332,868	0	332,868	0.155844
Non-Automated Presort Cards	464,203	83,556	0	83,556	0.179999
Total Worksharing Cards	2,600,104	416,424	1,049	417,473	0.160560
Total Cards	5,455,330	1,003,462	7,466	1,010,928	0.185310
Business Reply Fees	0	121,918	(121,918)	0	
Domestic Mail Fees	0	42,078	(42,078)	0	
Total First Class	104,236,403	35,753,300	0	35,753,300	0.343002
Priority Mail					
Priority Mail	1,229,818	4,740,048	638	4,740,686	3.854788
Domestic Mail Fees	0	638	(638)	0	
Total Priority	1,229,818	4,740,686	0	4,740,686	3.854788
Express Mail	69,876	994,373	0	994,373	14.230617
Mailgrams	3,958	1,312	0	1,312	0.340000
Periodicals					
In-County	892,821	76,353	1,737	78,090	0.087464
Outside County					
Nonprofit	1,988,739	321,294	3,869	325,163	0.163502
Classroom	58,182	13,343	113	13,456	0.231268
Regular-Rate	7,457,452	1,797,834	14,507	1,812,341	0.243024
Domestic Mail Fees	0	20,226	(20,226)	0	
Total Periodicals	10,397,195	2,229,049	0	2,229,049	0.214389
Standard Mail A					
Commercial					
Regular	41,873,597	8,445,395	19,108	8,464,503	0.203114
Enhanced Carrier Route	32,691,235	4,881,116	14,989	4,896,105	0.149768
Total Commercial	74,564,831	13,326,512	34,097	13,360,609	0.179683
Nonprofit					
Nonprofit	11,255,435	1,396,722	41,556	1,438,278	0.127785
Enhanced Carrier Route	2,957,311	225,538	10,919	236,456	0.079957
Total Nonprofit	14,212,747	1,622,260	52,474	1,674,734	0.117833
Bulk Mailing Fees	0	60,154	(60,154)	0	
Domestic Mail Fees	0	26,417	(26,417)	0	
Total Standard Mail A	88,577,578	15,035,343	0	15,035,343	0.169742
Standard Mail B					
Parcel Post	347,342	1,123,417	558	1,123,975	3.235935
Bound Printed Matter	509,795	482,899	609	483,507	0.908812
Special Rate	206,675	324,169	303	324,472	1.569964
Library Rate	28,546	47,682	81	47,762	1.672469
Domestic Mail Fees	0	1,242	(1,242)	0	
Special Handling	0	215	(215)	0	
PAL Fees	0	73	(73)	0	
Total Standard Mail B	1,082,357	1,959,497	(0)	1,959,497	1.793824
Total USPS Penalty Mail	359,429	0	0	0	
Free-for-the-Blind	54,952	0	0	0	
Total Domestic Mail	206,021,466	60,713,559	(0)	60,713,559	0.294695
International					
Postage	1,048,763	1,440,257	9,690	1,449,948	1.382531
Terminal & Transit	0	240,283	0	240,283	
Fees, etc.	0	9,890	(9,890)	0	
Total	1,048,763	1,890,211	0	1,890,211	1.811623
Total All Mail	207,070,229	62,403,770	(0)	62,403,770	0.301365
Special Services					
Registry	12,675	89,287	0	89,287	7.042905
Certified Mail	281,385	393,911	0	393,911	1.400001
Insurance	46,888	91,894	0	91,894	1.963959
COD	3,805	19,549	0	19,549	5.138291
Money Orders *	229,888	285,081	0	285,081	1.154192
Stamped Cards	431,990	4,320	0	4,320	0.010000
Stamped Envelopes	400,000	12,515	0	12,515	0.031288
Box/Carrier Service	17,853	728,460	0	728,460	40.802476
Subtotal	1,424,044	1,604,797	0	1,604,797	1.126929
Other	N/A	342,332	0	342,332	N/A
Total	1,424,044	1,947,129	0	1,947,129	1.367324
Total Mail & Services	207,070,229	64,350,899	(0)	64,350,899	0.310768
Other Income	0	376,023		376,023	
Revenue Forgone	0	64,436		64,436	
Investment Income *	0	(24,112)		(24,112)	
Total, all items	207,070,229	64,767,246	(0)	64,767,246	0.312779

* Money order revenues include 51,398 in interest.

Source: Exhibit USPS-32C. Express Mail and Priority Mail volumes from USPS-T-8; all others from USPS-T-6.

DECLARATION

I, Virginia J. Mayes, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.


Virginia J. Mayes

Dated: 2-14-00

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO PRESIDING OFFICER'S INFORMATION REQUEST NUMBER 1

5. See the electronic workpapers of witness Taufique, USPS-T-38, designated Library Reference I-167. (a) Sheet "Pound Data" cell C42 shows a multiplication by the RPW correction factor. Please explain why it would not be more appropriate to divide by the correction factor. (b) The same cell shows subtraction of TYBR fees. Please explain why it would not be more appropriate to subtract the TYAR fees. (c) Sheet "Piece Discounts" cell C2 shows a multiplication by the RPW correction factor and the subtraction of the TYBR fees. Please explain why it would not be more appropriate for the former to be a division and for the latter to use TYAR fees. (d) On sheet "Piece Discounts 2" cells C36-C49, please explain whether it would be more appropriate to calculate leakage estimates using rounded discounts. (e) Sheet "Discounts" cells D49-D54 shows a reference to USPS-T-24, p. 18. The figures shown on the sheet do not appear to come from referenced page 18. Please provide an explanation and, if needed, an appropriate reference. (f) Sheet "TYAR B.D." cell D37 and related after-rates revenue cells do not appear to contain RPW correction factors. Please explain the role that these correction factors should play in the calculation of after-rates revenues.

RESPONSE

- a. It would be more appropriate to divide by the correction factor rather than multiplying by it. Since the adjustment factor is relatively small, the resulting rates would be minimally affected by this change.
- b. It would be more appropriate to subtract TYAR fees. I subtracted TYBR fees in my rate design because I did not have the TYAR fees available at this stage of the rate design. Once the rates are developed, a new volume forecast is prepared. At that point the TYAR fees are estimated.
- c. Please see my responses to a and b above.
- d. It would be more appropriate to calculate leakage estimates using rounded discounts in cells C36-C49 in the sheet "Piece Discounts 2."
- e. The numbers in sheet "Discounts" cells D49-D54 are not directly shown in USPS-T-24, p. 18 because in that particular table witness Miller presents total

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO PRESIDING OFFICER'S INFORMATION REQUEST NUMBER 1

Question 5, Page 2 of 2

unit mail processing costs, and combines mail processing and delivery costs to calculate worksharing-related savings. I calculate worksharing-related savings in my spreadsheet by combining the mail processing and delivery costs, and then use an additional shape-related saving estimate. The shape-related saving estimate is based on the difference between Basic Nonautomation Flat and Basic Nonautomation Letter. The worksharing-related mail processing costs used in my "Discount" sheet cells D49 and D54 are found in Appendix II, page II-1 of witness Miller's testimony. Errata will be filed correcting this reference.

- f. The RPW correction factor should not be used in the calculation of TYAR revenues. Once an adjustment is made to the revenue requirement before rates (as suggested by parts a and c above), the revenue resulting from the proposed rates already reflects the RPW revenue.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO PRESIDING OFFICER'S INFORMATION REQUEST NUMBER 1**

6. Witness Taufique, USPS-T-38, page 9, line 19, indicates that 75 percent of a specific discount is to be provided through the piece rates. His electronic Library Reference I-167, sheet "Piece Discounts 2", cells D17-D18, and also the "Pound Data" sheet cells D51-D52, show that 70 percent of the discount was provided through the piece rates. Please reconcile these two references and explain which is the Postal Service's proposal.

RESPONSE

The Postal Service's proposal, in this regard, is accurately reflected in my electronic worksheets contained in LR-I-167. Errata will be filed to reflect the correct number in my testimony.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO PRESIDING OFFICER'S INFORMATION REQUEST NUMBER 1

7. Witness Taufique, USPS-T-38, page 7, line 8, indicates that 60 percent of Outside County Periodicals revenue is to come from the piece rates. This is the same percentage used by the Commission in Docket No. R97-1. However, there are two changes in the Postal Service's proposal in this case. First, the Postal Service is proposing to combine Regular and Nonprofit and Classroom, and Nonprofit, the larger addition, did not have 60 percent of its revenue from the piece rates. Second, the Postal Service has presented new evidence on the effect of weight on costs in the testimony of witness Daniel, USPS-T-28, especially pages 18 through 19b. With references to these two changes, please provide a justification for the decision to propose that the 60-percent figure be used.

RESPONSE

Approximately 78 percent of the proposed Outside County subclass volume is Regular Periodicals, while Nonprofit and Classroom Periodicals combined make up only slightly over 22 percent of the volume. Given the volume and revenue proportions of Regular Periodicals, all of the rate design elements conform to the practice of determining rates for Regular Periodicals. Worksharing and dropshipment cost savings and discounts are exclusively based on studies conducted for Regular Periodicals. Per-piece editorial discounts are also developed from the existing discount for Regular Periodicals. The 60/40 split of revenue between the piece/pound elements is consistent with this approach.

Witness Daniel's (USPS-T-28, pp. 18 to 19b) study concludes that approximately 72 percent of Periodicals' costs are piece-related while the remaining 28 percent are pound-related. My proposal does not use the result of this study in order to mitigate the impact of the increase on a variety of piece rates. Even with 60 percent allocation of revenues to the piece rate, some of the piece rates are proposed to increase by 15 percent. The impact of this higher allocation to piece rate would have exacerbated these increases.

DECLARATION

I, Altaf H. Taufique, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



A handwritten signature in black ink, appearing to read "Altaf H. Taufique", is written over a horizontal line.

Dated: FEBRUARY 14, 2000

**Response of United States Postal Service Witness Bozzo
to Presiding Officer's Information Request No. 1**

8. Please refer to LR-1-107, Excel workbook file "reg9398" and the TSP program starting on page 54 of the library reference that are used by witness Bozzo in developing USPS T-15.

a. Please confirm that the TSP program command on page 55, line 17, of the library reference reads data for 69 variables from Excel workbook file "reg9398".

b. Please confirm that the Excel workbook file "reg9398" has 66 columns of data.

c. Please provide headers for each column of data in the Excel workbook file "reg9398" that identify the variables to which the data corresponds.

Item 8 Response.

a. Not confirmed. The referenced TSP program reads 66 variables from the "reg9398.xls" workbook file. Please note that the TSP program does not read, and the Excel file does not contain, MODS data for operation group 9, "Cancellations." MODS data for the "Cancellations" group are included in group 13, "Metered and Cancellations."

b. Confirmed.

c. I will provide the Excel file "reg9398 headers.xls" with the requested information in LR-I-185. The row of header information may be inserted into the "reg9398.xls" file to produce a labeled version.

DECLARATION

I, A. Thomas Bozzo, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

A. Thomas Bozzo

Dated: 2/14/00

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO PRESIDING
OFFICER INFORMATION REQUEST NO. 1**

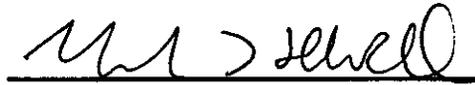
POIR1/USPS-9. Please provide copies of the computer programs used to produce USPS-LR-I-138 and electronic copies of the tables and data presented in USPS-LR-I-138.

RESPONSE TO POIR1/USPS-9.

The computer programs used to produce USPS-LR-I-138 and the copies of the tables and data presented in USPS-LR-I-138 are contained in the diskette filed in USPS-LR-I-188.

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.

A handwritten signature in black ink, appearing to read "Michael T. Tidwell", written over a horizontal line.

Michael T. Tidwell

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February 14, 2000