

DOCKET SECTION

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

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Postal Rate and Fee Changes, 1997)
_____)

Docket No. R97-1

**FIRST SET OF INTERROGATORIES OF THE ADVERTISING MAIL
MARKETING ASSOCIATION TO ABA/NAA WITNESS CLIFTON
(AMMA/ABA/NAA-T-1-1-6)**

Pursuant to Sections 25 and 26 of the Commission's Rules of Practice, the Advertising Mail Marketing Association hereby propounds the attached interrogatories and requests for the production of documents.

If data requested are not available in the exact format or level of detail requested, any data available in (1) a substantially similar format or level of detail or (2) susceptible to being converted to the requested format and detail should be provided.

The production of documents requested should be made by photocopies attached to responses to these interrogatories. If production of copies is infeasible due to the volume of material or otherwise the undersigned counsel to AMMA should be contacted to arrange for inspection of the documents.

The term "document" means all repositories of fixed information, including any writing, audio or video recording or electronically stored information and including all non-identical copies or versions of any document.

The term "oral communication" means any utterance that is not a document.

The term "communication" means all documents and oral communications.

The terms "identify," "identification," or "identity" mean:

(1) With respect to an individual, his name and present or last known home and business address (including street name and number, city or town, state, zip code and telephone number).

(2) With respect to a person other than an individual, its full name and type or organization, the address of its principal place of business (including street name and number, city or town, state, zip code and telephone number), the jurisdiction and place of its incorporation or organization, and the identity of all individuals having knowledge of the matter with respect to which the person is named;

(3) With respect to a document, the type of document (e.g., letter, record, list, memorandum, report), date, title or a description of the general nature or subject matter of its contents, identification of the person who prepared the document, identification of the person for whom the document was prepared and/or to whom it was delivered, identification of the person who has possession, custody or control over the original of the document, and identification of each person who has possession, custody or control over each copy of the document.

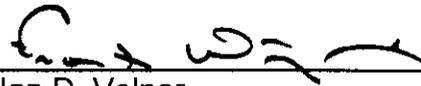
A communication or document "relating," "related," or which "relates" to any given subject means any communication or document which constitutes, contains, embodies, reflects, identifies, refers to, deal with or is in any way germane to that subject, including without limitation, documents concerning the preparation of other documents.

Responses to requests for explanations of the derivation of numbers should be accompanied by workpapers. The term "workpapers" shall include all backup material whether prepared manually, mechanically or electronically. Such workpapers should, if necessary, be prepared as part of the witness's responses and should "show what the numbers are, what numbers were added to other numbers to achieve a final result." The witness should "prepare sufficient workpapers so that it is possible for a third party to understand how he took data from a primary source and developed that data to

achieve his final results.” Docket No. R83-1, Tr. 10/2795-96. Where the arithmetic manipulations were performed by an electronic digital computer with internally stored instructions and no English language intermediate printouts were prepared, the arithmetic steps should be replicated by manual or other means.

If you are unable to provide any of the requested documents or information as to any of the interrogatories, please provide an explanation for each instance in which documents or information cannot be or have not been provided. If the witness to whom this request is directed cannot respond, but another witness can, please redirect the request to that witness.

Respectfully submitted,



Ian D. Volner
N. Frank Wiggins
Counsel to Advertising Mail Marketing
Association

AMMA/ABA/NAA-T-1-1 You testified (at page 2, ll. 20-22 “the incremental extra-ounce cost of this mail is creating an apparent cross-subsidy to Standard A mail from other mail classes.”

- a. Please define the term “cross-subsidy” as you use it in this testimony.
- b. What evidence do you have that such a “cross-subsidy” exists?

AMMA/ABA/NAA-T-1-2 USPS Witness Moeller, in his Workpaper 1 at p. 16, l. 16 includes this term in the formula by which he calculates rates for Standard A regular mail: “ $M=i+[(BP/16) * (P)]$.” In the accompanying notes, Mr. Moeller says that this term equates to “MIN/PC Rate= per piece for pound rated mail + pound rate rev. from break point weight piece.” Please confirm that this means that the basic rate for Standard A mail weighing less than the break point is equal to the rate calculated by Mr. Moeller for the heaviest mail piece below the break point. If you cannot confirm, please explain your understanding of this term to Witness Moeller’s rate design formula.

AMMA/ABA/NAA-T-1-3 Please confirm that the entries for the rows Standard Regular-Second Ounce, -Third Ounce and -Ounces Above Third and Standard Enhanced Carrier Route-Second Ounce, -Third Ounce and -Ounces Above Third in your Technical Appendix C, page 6 are not volumes stated in millions of pieces, but total ounces for each category stated in millions of ounces. If you cannot confirm, explain what these entries represent and in what units they are expressed.

- a. What is the source of these data for the Proposed R97-1 column?
- b. Are the data for the Alternative Proposal calculated numbers? If so, give the source of the calculations. If not, give the source of the numbers.
- c. To what use does your analysis put these data?
- d. How many pieces of mail are there in each of the indicated rows, for both proposed R97-1 and your alternate proposal?

AMMA/ABA/NAA-T-1-4 In footnote 5 on page 10 of your testimony you state: "While USPS ST-44, Exhibit 44B considers Standard A letter mail, the processing costs of that mailstream are virtually identical to those of workshared First-class letter mail for the same operations."

- a. Please list the USPS cost segments you include in the "processing costs" as used in this footnote.
- b. Please confirm that the "mail processing costs" referred to in the above quotation are on a per piece basis. If you cannot confirm, please define the basis of your cost comparison.
- c. Please give exact citations to all the support used to reach the conclusion that the processing costs of Standard A letter mail and First Class letter mail "are virtually identical. . .".

AMMA/ABA/NAA-T-1-5 Please refer to Table 3 on page 12 of your testimony, the column "My Proposed R97-1 Rates."

- a. Please confirm the USPS proposed ounce related rates and your alternative proposed ounce related rates for workshared First Class Mail are as shown below.

Weight (Ounces)	USPS Proposal		Clifton Alternative Proposal	
	Total Rate	Rate for Incremental Ounce	Total Rate	Rate for Incremental Ounce
(1)	(2)	(3)	(4)	(5)
1	23	23	23	23
2	46	23	35	12
3	69	23	47	12
4	92	23	70	23

If you cannot confirm these rates, please provide the correct values.

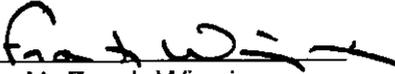
- b. Do you consider the differences between 23 cents per ounce and 12 cents per ounce in the rate for the incremental ounces to be a discount? Please explain your answer.

AMMA/ABA/NAA-T-1-6 Please refer to page 17 of Technical Appendix C to your testimony.

- a. The last line in the table states that page 13 is the source of “key rate per piece.” Please confirm that the source of the key rate per piece is page 3, not page 13. If you cannot confirm the above, please give the correct citation and show the method of computation.
- b. In the “Alternative Proposal” column in line 3 of “First-Class Letters and Flats Workshared per Pound Rate” (“Automated Basic Flats”), please provide the calculation that results in 1.357 shown in this cell of the table.

CERTIFICATE OF SERVICE

I hereby certify that I have on this date served this document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.


N. Frank Wiggins

DATE: January 14, 1998

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