

DOCKET SECTION

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, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ALEXANDROVICH  
TO INTERROGATORY OF NATIONAL NEWSPAPER ASSOCIATION REDIRECTED  
FROM WITNESS MODEN  
(NNAA/USPS-T4-8)

The United States Postal Service hereby provides the response of witness Alexandrovich to the following interrogatory of National Newspaper Association: NNA/USPS-T4-8, filed on September 12, 1997, and redirected from witness Moden.

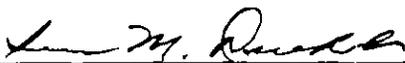
The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
Susan M. Duchek

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(202) 268-2990; Fax -5402  
September 26, 1997

Response of United States Postal Service Witness Alexandrovich  
to  
Interrogatories of NNA  
(Redirected from Witness Moden, USPS-T4)

**NNA/USPS-T4-8.** Please refer to Costs Segments and Components and Cost and Revenue Analysis reports for all years from 1986 to 1996, and Attachments 1 & 2.

- a. Please confirm that the entries in Attachments 1 & 2 are correct.
- b. Please confirm that the unit attributable mail processing cost for Periodicals - In County has increased at a rate faster than inflation (as measured by the ECI) and that the unit attributable mail processing cost for First-Class Mail has increased at a rate less than inflation.
- c. Please explain fully why unit attributable mail processing costs for Periodicals - In County have increased faster than inflation.
- d. Please explain why unit attributable mail processing costs have increased faster for Periodicals - In County than for First-Class Mail.
- e. Please explain why unit attributable mail processing costs for First-Class Mail have increased at a rate less than inflation.
- f. Please confirm that the unit attributable City Delivery Carriers - Office cost (C/S 6) for Periodicals - In County has increased at a rate faster than inflation (as measured by the ECI) and that the unit attributable City Delivery Carriers - Office cost for First-Class Mail has increased at a rate less than inflation.
- g. Please explain fully why unit attributable City Delivery Carriers - Office costs for Periodicals - In County have increased faster than inflation.
- h. Please explain why unit attributable City Delivery Carriers - Office costs for First-Class Mail have increased at a rate less than inflation.

**Response to NNA/USPS-T4-8**

- a. Confirmed for First-Class Mail and Periodicals - In County costs. Cannot confirm ECI data.
- b. Confirmed, assuming that the ECI data contained in your attachments are correct.

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- c. I do not know what data comprise the ECI, so I have no basis to compare the ECI to the change in *Periodicals - In County mail processing costs*. However, I would point out that the cumulative difference since 1986 between the two rates is relatively small (48.70 percent for *Periodicals - In County* and 44.73 percent for the ECI). Furthermore, the FY 1996 mail processing costs for *Periodicals - In County* are roughly equal to their FY 1989 levels (2.265 cents in FY 1996 versus 2.203 cents in FY 1989). While the ECI has grown by 32.73 percent since 1989, the mail processing costs for *Periodicals - In County* has increased only 0.13 percent.
- d. First-Class Mail has benefited more than *Periodicals - In County* mail from automation.
- e. I cannot directly compare the growth rate of mail processing costs for First-Class Mail with the ECI since I don't have any information on the components of ECI. In general, however, the rate of growth in First-Class Mail processing costs has slowed due to automation.
- f. Confirmed, assuming that the ECI data contained in your attachments are correct.
- g. As noted in (c) above, I do not know what factors are reflected in the ECI, so I cannot compare it to city delivery in-office costs for *Periodicals - In County* mail. I would point out, however, that in FY 1996 city delivery in-

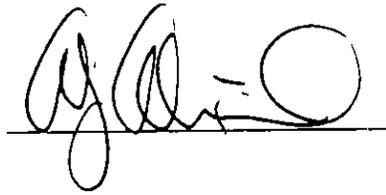
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office costs for Periodicals - In County mail were lower than they were in FY 1991, while the ECI has grown roughly 22 percent since then.

- h. Again, I cannot compare the growth rate of First-Class Mail city delivery in-office costs with the ECI. In general, however, First-Class Mail has benefited more than Periodicals - In County mail from delivery point sequencing.

**DECLARATION**

I, Joe Alexandrovich, 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 "Joe Alexandrovich", is written over a horizontal line. The signature is stylized and cursive.

Dated: 9/26/97

**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.

  
\_\_\_\_\_  
Susan M. Duchek

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