

ORIGINAL

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

RECEIVED
SEP 13 4 56 PM '96
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF
NASHUA PHOTO INC. AND MYSTIC COLOR LAB
(OCA/USPS-1-6)

The United States Postal Service hereby provides responses to the following interrogatories of Nashua Photo Inc. and Mystic Color Lab: NM/USPS-1-6, filed on August 8, 1996. The Postal Service had been granted an extension of time until today to respond.

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

Respectfully submitted,

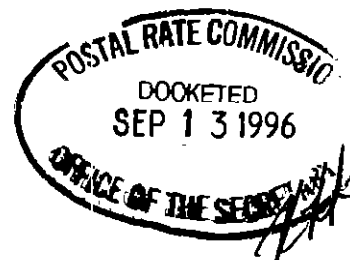
UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Susan M. Duchek

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2990; Fax -5402
September 13, 1996



ORIGINAL

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

SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF
NASHUA PHOTO INC. AND MYSTIC COLOR LAB
(NM/USPS-1-6)

The United States Postal Service hereby provides responses to the following interrogatories of Nashua Photo Inc. and Mystic Color Lab: NM/USPS-1-6, filed on August 8, 1996. The Postal Service had been granted an extension of time until today to respond.

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

Respectfully submitted,

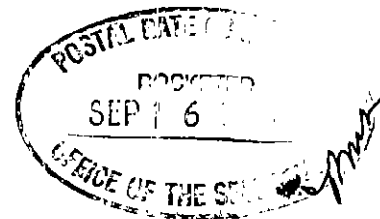
UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Susan M. Duchek

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2990; Fax -5402
September 13, 1996



Answer of United States Postal Service to
Nashua Photo Inc. and Mystic Color Lab

NM/USPS-1.

Attached hereto as Exhibit A is a listing of the special service fee schedules, SS-1 through SS-20, found in the DMCS, along with revenues (in thousands) for certain of those special derives as reported in Docket No. R94-1, USPS-11I, which accompanied the testimony of witness Foster.

a. Please confirm that the 1993 actual revenues shown in the attachment are correct. If you do not confirm, please provide the correct amounts.

b. Please explain why no revenues were given for the fees in Rates Schedules SS-11a-d, and if 1993 actual revenues are available for the fees shown in Rate Schedules SS-11a-d, please provide them. If revenues which the Postal Service derives from the fees in Rate Schedules SS-11a-d are included with revenues from another special service, please so indicate and explain why they are not reported separately. If revenues which the Postal Service derives from the fees in Rates Schedules SS-11a-d are not included with revenues from another special service, but instead are reported somewhere else within the CRA, please indicate where revenues from fees for these special services are recorded and explain the rationale for including them elsewhere than under special services.

c. (i) What is the amount of revenues in 1993 that the Postal Service derived from fees for merchandise return services shown in Rate Schedule SS-20? (ii) Where are such revenues recorded and reported in the CRA?

d. Please confirm the 1993 total revenues derived from fees for all special services shown in the last row of Exhibit A. If you do not confirm the total shown in the attachment, please provide the correct total.

Answer of United States Postal Service to
Nashua Photo Inc. and Mystic Color Lab

NM/USPS-1 Response.

a. The amounts are not confirmed. The source cited, Docket No. R94-1, USPS-111, shows 480,969 for Box/Caller Service and 7,472 for Restricted Delivery. Also, see the response to NM/USPS-3.

b. The revenue accounts associated with these fees also include other revenues; thus, it is impossible or nearly impossible to isolate the fees associated with these special services.

The fees associated with these special services are in the line "Miscellaneous Items" in the CRA. The rationale for including them as "Miscellaneous Items" in the CRA is that these services do not involve any specific class of mail nor do they involve any of the mail-related special services. A distinction should be made between mail-related special services, for example

Answer of United States Postal Service to
Nashua Photo Inc. and Mystic Color Lab

NM/USPS-1 Response.

Certified Mail, that are additional services provided to a piece of mail and a service that is performed for a mailer, for example, correcting address lists.

c (i) The fees derived from merchandise return services in 1993 were not isolated or reported separately.

(ii) See response to NM/USPS-1c(i).

d. The arithmetic for the summation is confirmed. If the amounts cited in the response to NM/USPS-1a are used instead though, the summation would be \$1,723,043.

Answer of United States Postal Service to
Nashua Photo Inc. and Mystic Color Lab

NM/USPS-2.

Please confirm that the 1993 CRA showed total revenue from special services as \$1,317,600,000. If you do not confirm, please provide the correct figure shown in the 1993 CRA.

NM/USPS-2 Response.

The 1993 CRA total revenue amount of \$1,317,600,000 is confirmed.

Answer of United States Postal Service to
Nashua Photo Inc. and Mystic Color Lab

NM/USPS-3.

Please reconcile fully any difference between (i) 1993 total revenues derived from fees for special services shown in the attachment to preceding interrogatory NM/USPS-1, \$1,727,043,000, and (ii) total revenues for fees from special services as reported in the 1993 CRA, and discussed in preceding interrogatory NM/USPS-2. For any fees from special services that are reported separately in USPS-11I but that are not included in CRA special services revenue, please explain where the revenues are recorded, and state the rationale for not recording and reporting such fees as part of special services revenue in the CRA.

NM/USPS-3 response.

There is nothing to "reconcile" between the different amounts. The fees for the special services in the attachment to interrogatory NM/USPS-1 are in a different format than that used in the CRA. It is important to note that by summing the individual items in the attachment to NM/USPS-1, double counting occurs. For instance, the 130,358 for return receipts and the 7,472 for restricted delivery are included in the special service that caused their existence, for example, the return receipts associated with certified mail are in the certified revenue.

For the individual items listed in the attachment that are not itemized in the CRA special services, the revenues are associated with either the class of mail that caused the service, the special service that caused the service, or in miscellaneous items. The rationale is that the CRA is designed to attribute costs to classes of mail; any secondary and tertiary services that can be identified with a class of mail are attributed to that class of mail.

Answer of United States Postal Service to
Nashua Photo Inc. and Mystic Color Lab

NM/USPS-4.

The following table compares (i) estimated revenues in Docket No. R94-1 from selected special services for 1995 Test Year After Rates, from POIR #10, question 2e (column 1 below), with (ii) actual 1995 revenues for certain special services as reported in Docket No. MC96-3, USPS-T-7 & 8 (column 2 below).

Fee Schedule SS-	(1) 1995 TY After Rates Revenues (000)	(2) 1995 Actual Revenues (000)
5. Certified	526,248	527,209
6. COD	24,508	??
8. Money Orders	213,870	??
9. Insurance	53,228	51,846
10. Box Caller Service	554,607	531,803
11. Registry	114,828	117,461
16. Return Receipts	_____	240,735
17. Special Delivery	2,655	2,800
19. Stamped Envelopes	<u>23,959</u>	<u>??</u>
Total	1,512,903	1,471,854

Please supply 1995 actual revenues derived from fees for the following special services: COD (SS-6); Money Orders (SS-8); and Stamped Envelopes(SS-19).

Answer of United States Postal Service to
Nashua Photo Inc. and Mystic Color Lab

USPS-4 Response.

The FY 1995 actual revenues derived from fees were:

COD (SS-6)	20,813
Money Orders (SS-8)	253,300
Stamped Envelopes (SS-19)	25,400

It should also be noted that the correct FY 1995 amount for Return Receipts is 270,095 and this is included in the revenues for the underlying services in the CRA.

Answer of United States Postal Service to
Nashua Photo Inc. and Mystic Color Lab

NM/USPS-5.

Please provide the 1995 actual revenues from fees for the following special services: Address Corrections (SS-1); Business Reply (SS-2); Certificates of Mailing (SS-4); On-site Meter Setting (SS-12); Parcel Air Lift (SS-13); Restricted Delivery (SS-15); Special Handling (SS-18); and Merchandise Return (SS-20).

NM/USPS-5 Response.

	(000's)
Address corrections	99,964
Business Reply	91,345
Certificates of Mailing	4,116
On-Site Meter Setting	4,261
Parcel Air Lift	166
Restricted Delivery	9,885
Special Handling	865
Merchandise Return	1,774

Answer of United States Postal Service to
Nashua Photo Inc. and Mystic Color Lab

NM/USPS-6.

a. Please confirm that the 1995 CRA, USPS-T-5C, shows total revenues from special services amounted to \$1,564,700,000. If you do not confirm, please provide the correct total.

b. Please reconcile fully the total revenue from special services as reported in the CRA with the total revenues for all special services provided in response to preceding interrogatories NM/USPS-4 and NM/USPS-5.


NM/USPS-6 Response.

a. The FY 1995 CRA total revenues from special services amount of \$1,564,700,000 is confirmed.

b. There is nothing to "reconcile" between the different amounts. The fees for the special services in the attachment to interrogatory NM/USPS-1 are in a different format than that used in the CRA.

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

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
September 13, 1996