

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
THE OFFICE OF THE CONSUMER ADVOCATE WITNESS COLLINS
(USPS/OCA-T400-5-11)

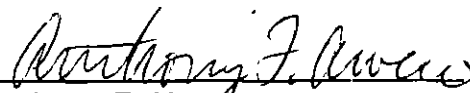
Pursuant to rules 25 and 26 of the Rules of Practice and Procedure and rule 2 of the Special Rules of Practice, the United States Postal Service directs the following interrogatories and requests for production of documents to the Office of the Consumer Advocate witness Collins: (USPS/OCA-T400-5-11).

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


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October 9, 1996



USPS/OCA-T400-5. Please refer to page 6 lines 1-11 of your testimony and Tr. 4/1073. Please confirm the following:

- a. The Postal Service proposed attributable cost for certified mail in Docket No. R94-1 was \$305.8 million.
- b. The Postal Service proposed revenues for certified mail in Docket No. R94-1 were \$293.2 million.
- c. The resulting cost coverage using subparts (a) and (b) for certified mail in Docket No. R94-1 was 96 percent.
- d. If your responses to any of subparts a-c above are negative, identify with specificity all information which is either lacking or precludes you from offering a confirmation.

USPS/OCA-T400-6. Please refer to page 6 lines 1-11 of your testimony and Tr. 4/1073. Please confirm the following:

- a. The Postal Service proposed attributable cost for certified mail in Docket No. R90-1 was \$288.6 million.
- b. The Postal Service proposed revenues for certified mail in Docket No. R94-1 were \$188.4 million.
- c. The resulting cost coverage using subparts (a) and (b) for certified mail in Docket No. R94-1 was 65 percent.
- d. If your responses to any of subparts a-c above are negative, identify with specificity all information which is either lacking or precludes you from offering a confirmation.

USPS/OCA-T400-7.

- a. Have you ever submitted testimony in support of a rate or fee proposal for which the cost coverage was below 100 percent? If your response is affirmative, please provide a citation to the docket and testimony number.
- b. Has the OCA ever submitted testimony in support of a rate or fee proposal for which the cost coverage was below 100 percent? If your response is affirmative, please provide a citation to the docket and testimony.
- c. Do you agree with the principle that rates and fees for products should be priced so that after-rates revenues exceed costs? If your response is negative, please explain.
- d. In your opinion, is it appropriate to raise a rate or fee for a product for which the cost coverage has consistently been held below 100 percent?

USPS/OCA-T400-8. Please refer to page 6 lines 14-15 of your testimony.

- a. Please confirm that witness Needham considered the own-price elasticity of certified mail in analyzing the certified mail fee proposal. Please explain any negative response.
- b. Please confirm that witness Needham considered qualitative information about the

- value of service of certified mail from the mailer's perspective in analyzing the certified mail fee proposal. Please explain any negative response.
- c. Please confirm that witness Needham considered qualitative information about the value of service of certified mail from the recipient's perspective in analyzing the certified mail fee proposal. Please explain any negative response.

USPS/OCA-T400-9. Please refer to page 20 lines 8-14 of your testimony.

- a. Confirm that the OCA has never proposed an increase in a rate or fee for a product for which there is no corresponding change in per piece costs. If your response is negative, please identify the proposals and dockets in which such rates or fees were proposed.
- b. Confirm that the OCA has never proposed an increase in a rate or fee for a product for which there has been an increase in total after-rates costs over before-rates costs equal to or less than 0.3 percent. If your response is negative, please identify the proposals and dockets in which such rates or fees were proposed.

USPS/OCA-T400-10. Please refer to your testimony at page 24 lines 9-19.

- a. Please confirm that total manufacturing costs for postal cards in FY96 are reported as \$3,760,000 by witness Patelunas in Exhibit USPS-T-5H at p.49 and are reported as \$4,950,000 by witness Needham in USPS-T-8 at p.107. If you do not confirm, please explain your response.
- b. Please confirm that total attributable costs for postal and post card subclass costs are \$631,401,000 (See Exhibit USPS-T-5I at p.1). If you do not confirm, please explain your response.
- c. Please confirm that, using witness Patelunas' manufacturing cost figure in subpart (a), that postal card manufacturing costs represent 0.6% of total postal and post card subclass attributable costs. If you do not confirm, please explain your response.
- d. Please confirm that, using witness Needham's manufacturing cost figure in subpart (a), that postal card manufacturing costs represent 0.8% of total postal and post card subclass attributable costs. If you do not confirm, please explain your response.
- e. Assume the Postal Service's stamped card proposal is adopted as proposed. Is it your belief that, in future rate proceedings involving changes in postal and postcard subclass rates, the Postal Service intends to continue to include postal card manufacturing costs in the attributable costs for the postal and post card subclass? Please provide a citation in support of this proposition.
- f. Assume that all of the Postal Service's proposals are adopted as proposed. Would you agree or disagree with the proposition that in the next rate proceeding in which postal and post card subclass rates are proposed to be changed, manufacturing costs for postal cards should be excluded from the total attributable costs for rate categories within that subclass? Explain any negative response.
- g. Isn't it true that all users of the postal and post card subclass pay, to some

degree, for the manufacturing costs of postal cards? If your answer is no, please explain.

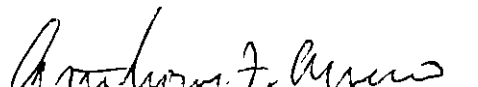
- h. If total manufacturing costs for postal cards were attributed to postal cards alone, please state what the per piece attributable costs for postal cards would be for the test year and the base year in this docket. Please show all calculations and provide citations for all numbers used in calculations.
- i. Do private post card users pay, through post card postage, for the stationery provided to postal card users? If your answer is anything other than an unqualified no, please explain.
- j. Do private post card users value free stationery given to postal card users? If your answer is anything other than an unqualified no, please explain.
- k. Do postcard users receive any benefit from the free stationery provided to postal card users? If your answer is anything other than an unqualified no, please explain.

USPS/OCA-T400-11. Please refer to page 20 lines 3-4 of your testimony.

- a. Is your conclusion that the fee for return receipts should not be raised based on your finding that the classification changes for return receipts only serve to improve address hygiene?
- b. Did you consider any other circumstances in which correct address information may prove to be useful?
- c. Do you deny that there have been any other improvements to return receipt service, such as that discussed by witness Needham in her responses to OCA/USPS-T8-6 and OCA/USPS-T8-11?

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.


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