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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 MAJOR MAILERS ASSOCIATION WITNESS
BENTLEY (USPS/MMA-1-22)

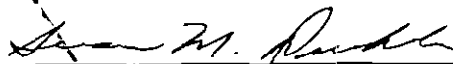
Pursuant to rules 25 and 26 of the Rules of Practice and Procedure and rule 2
of the Special Rules of Practice, the United States Postal Service directs the
following interrogatories and requests for production of documents to Major
Mailers Association witness Bentley: (USPS/MMA-1-22).

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Susan M. Duchek

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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October 11, 1996

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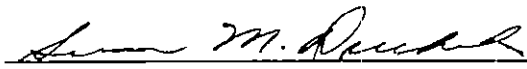
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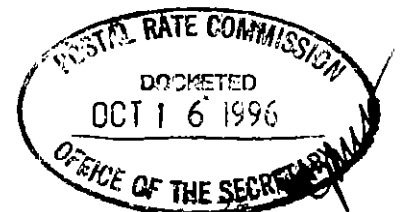

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USPS/MMA-1.

- a. Please provide a list of the current members of the Major Mailers Association.
- b. Please identify which of those members are sponsoring Major Mailers Association's intervention in this docket.
- c. Please identify which of those members are sponsoring your testimony in this docket.

USPS/MMA-2. Please supply all information and statistics concerning Major Mailers Association's members use of the following special services or categories of mail:

- a. post office boxes;
- b. certified mail;
- c. return receipts;
- d. return receipts for merchandise;
- e. insured mail;
- f. postal cards; and
- g. registered mail.

USPS/MMA-3.

- a. Please confirm that Major Mailers Association is not making any classification, rate, or fee proposals for:

- i. post office boxes;
 - ii. certified mail;
 - iii. return receipts;
 - iv. return receipts for merchandise;
 - v. insured mail;
 - vi. postal cards; and
 - vii. registered mail.
- b. If you are unable to confirm any part of subpart (a), please explain in detail what proposal(s) Major Mailers Association is making.

USPS/MMA-4. At page 1 of your testimony, you state that the purpose of your testimony "is to oppose the Postal Service's proposal to establish new rates and classifications without disclosing information showing the consequences of using the Commission-approved methodology for attributing city carrier delivery costs."

- a. Are you asking the Commission to reject each of the Postal Service's proposals in this docket?
- b. If not, please explain in detail what you are proposing that the Commission do.

USPS/MMA-5. At page 2 of your testimony, you indicate that the Commission should not "decide this case on a record that shows the consequences of apportioning city delivery costs only by use of a nonapproved costing

methodology." If the Postal Service had provided FY 1995 costs using the Commission's methodology in a library reference, would the record then show the consequences of apportioning city delivery costs under the Commission's methodology? Please explain in detail.

USPS/MMA-6. At page 2 of your testimony, you state "I do not believe that the Commission should use a methodology for one set of services in one case that apportions attributable costs in ways that are significantly different from the methods used for other postal services in other cases."

- a. To what other specific postal services are you referring?
- b. To what other specific cases are you referring?
- c. Please explain in detail each way in which the Postal Service apportions attributable costs in this case that is significantly different from each way in which the Commission has apportioned attributable costs in Docket No. R94-1 on Reconsideration. In giving your explanation, please specify each cost segment and component in which such significant differences occur.
- d. Please explain in detail what you consider a significant difference.
- e. When you speak of a significant difference, are you referring to absolute dollar differences, percentage differences, or both? Please specify upper and lower bounds for what you consider to be significant.

USPS/MMA-7. On page 2, lines 14-15 of your testimony, you indicate that the Postal Service's use of its methodology "may not impact the Service's proposed rates significantly in this proceeding. . . ."

- a. Have you performed any analysis of the impact on the Postal Service's proposals in this docket of using the Commission's methodology?
- b. If so, please provide that analysis, including all supporting spreadsheets, workpapers, and other related documents.
- c. If not, why not?

USPS-MMA-8. On page 2, lines 16-17 of your testimony, you indicate that the Commission should use "consistent cost allocation methodologies in all of its rate proceedings."

- a. Is it your testimony, that the Commission's cost allocation methodology in this case (PRC-LR-1 and 2) is "consistent" with its recommended decisions in Docket Nos. R90-1 (initial), R90-1 on Remand, R94-1 (initial), and R94-1 on Reconsideration? Please explain in detail.
- b. Is it your testimony, that the Commission's cost allocation methodologies in its recommended decisions in Docket Nos. R90-1 (initial), R90-1 on Remand, R94-1 (initial), and R94-1 on Reconsideration are "consistent"? Please explain in detail.

- c. Why do you believe that the Commission should use consistent cost allocation methodologies?
- d. Please explain in detail how use of consistent cost methodologies allows for consideration of improved costing methodologies.
- e. Please explain in detail how use of consistent cost methodologies allows for correction of errors.

USPS/MMA-9. On page 2, line 18, of your testimony, you refer to "the Commission-approved cost methodology."

- a. What is the Commission-approved cost methodology? Please explain in detail.
- b. Is it the cost methodology used by the Commission in its recommended decision in Docket No. R94-1 on Reconsideration? Please explain in detail.
- c. Is it the cost methodology used by the Commission in this docket? Please explain in detail.
- d. Is it the cost methodology used by the Commission in some other docket? Please explain in detail.

USPS/MMA-10. On page 3 of your testimony you state that the Commission "should require the Service to provide the information using the Commission's approved cost apportionment."

- a. Do you believe the Commission should require this of the Postal Service in this docket?
- b. If so, why do you believe this should be required in light of PRC-LR-1 and PRC-LR-2? Please explain in detail.

USPS/MMA-11. Please explain in detail how the respective "revenue burden" of First-Class Mail and Standard Mail is at issue in this docket.

USPS/MMA-12. Please explain in detail how the specific Postal Service proposals in this docket affect the respective "revenue burden" of First-Class Mail and Standard Mail.

USPS/MMA-13. On page 4, lines 18-20 of your testimony, you state that "it would have been helpful to have access to calculations of the Commission's methodology as applied to the Postal Service's base year and test year costs, presented on the record by a Postal Service witness."

- a. Would it be "helpful to have access to calculations of the Commission's methodology as applied to the Postal Service's base year and test year costs, presented on the record by" a Commission witness? Please explain in detail.
- b. Is it your belief that the Postal Service has a better understanding of the "calculations of the Commission methodology" than the

Commission or its staff? If so, please explain in detail all bases for your belief.

- c. What would be the role of the Postal Service witness in presenting "calculations of the Commission's methodology as applied to the Postal Service's base year and test year costs?" Would the Postal Service witness be expected to attest to the accuracy of the calculations underlying the Commission methodology? Would the Postal Service witness be expected to attest to the validity of the theories underlying the Commission's methodology? Would the Postal Service witness be expected to replicate the Commission's methodology, including any errors? Please explain in detail.
- d. If the Postal Service has disclosed or provided all data and information needed to replicate the Commission methodology, why would a Postal Service witness be in a better position than any other intervenor witness, such as you, to present the Commission's methodology on the record?

USPS/MMA-14. On page 4, lines 3-4 of your testimony, you state, "The Postal Service has failed to incorporate the Commission's R90-1 methodology into the Service's Cost and Revenue Analysis(CRA) Reports or its filings in other rate and classification proceedings before the Commission."

- a. Is it your testimony that the Commission's R90-1 methodology is the

approved Commission costing methodology that the Postal Service should have used in this docket? Please explain in detail.

- b. Are you referring to the Commission methodology reflected in the Commission's initial recommended decision in Docket No. R90-1 or the recommended decision on remand in Docket No. R90-1?

USPS/MMA-15. On page 6, lines 14-17 of your testimony, your present cost coverages for Classroom Publications (81.1 percent), Third-Class Single Piece (59.2 percent), and Library Rate (83.8 percent).

- a. Please confirm that those cost coverages were derived using FY 1995 RPW revenues and FY 1995 attributable costs from PRC-LR-2. If you do not confirm, please explain in detail.
- b. Please confirm that USPS-T-5C, page 1 shows FY 1995 cost coverages of 81.8 percent for Classroom Publications (\$10.3 revenue/\$12.6 attributable cost). If you do not confirm, please explain in detail.
- c. Please confirm that USPS-T-5C, page 1 shows FY 1995 cost coverages of 59.3 percent for Third-Class Single Piece (\$152.3 revenue/\$256.7 attributable cost). If you do not confirm, please explain in detail.
- d. Please confirm that USPS-T-5C, page 1 shows FY 1995 cost coverages of 83.8 percent for Library Rate (\$46.7 revenue/\$55.7

attributable cost). If you do not confirm, please explain in detail.

- e. Please confirm that the Postal Service's projected revenues in Docket No. R94-1 (Exhibit USPS-T-7X, page 2) for Classroom Publications, Third-Class Single Piece, and Library Rate "were sufficient to cover the attributable costs." If you do not confirm, please explain in detail.