

ORIGINAL

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 THOMPSON  
(USPS/OCA-T200-10-17)

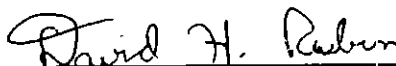
Pursuant to rules 25 and 26 of the Rules of Practice and Procedure and rule 2 of the Special Rules of Practice, the United States Postal Service directs the following interrogatories and requests for production of documents to the Office of the Consumer Advocate witness Thompson: (USPS/OCA-T200-10-17).

Respectfully submitted,

UNITED STATES POSTAL SERVICE

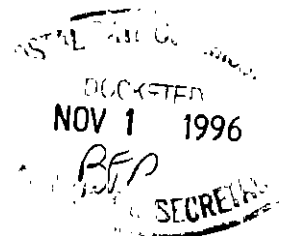
By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



David H. Rubin

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November 1, 1996



**INTERROGATORIES OF UNITED STATES POSTAL SERVICE TO  
OFFICE OF THE CONSUMER ADVOCATE WITNESS THOMPSON**

**USPS/OCA-T200-10.** Please refer to your response to interrogatory USPS/OCA-T200-1, where you state that "the terms of [Resolution No. 95-9] will be met in both FY 96 and FY 97 without any rate increases."

- (a) Please refer to the Attachment to OCA/USPS-74 and confirm that the FY 96 and 97 net incomes are estimates. If you do not confirm please explain.
- (b) Please confirm that it is possible for net revenue to fall short of estimates. If you do not confirm please explain why this is not possible.
- (c) Assume the Postal Service falls short of the net revenue amounts estimated in the Attachment to OCA/USPS-74. Under such a scenario is it possible the Postal Service would need additional net revenue in FY 1997 in order to meet the Board of Governors equity restoration target through FY 97? If this is not possible please explain why?

**USPS/OCA-T200-11.** Please refer to your response to interrogatory USPS/OCA-T200-2(a), where you point out that Dockets No. MC95-1 and MC96-2 used FY 95 as the test year, while Docket No. MC96-3 uses FY 96 as the test year.

- (a) Do you believe that the Postal Service should have used FY 95 as its test year for Docket No. MC96-3? Please explain your views on the selection of the appropriate test year for Docket No. MC96-3 fully.
- (b) Is it your opinion that all classification reform initiatives filed before the next omnibus rate case should use FY 95 as the test year?

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**USPS/OCA-T200-12.** Please refer to your response to interrogatory USPS/OCA-T200-2(a), where you quote from the Postal Service's Docket No. MC95-1 Request, at page 2, concerning the Postal Service's proposal to ". . . establish this framework as the basis for current and future classification reforms . . . ."

- (a) Please confirm that the "framework" referred to in this quote has nothing to do with the Postal Service's contribution neutrality goal for Docket No. MC95-1, which is first presented two pages later in the Request. If you do not confirm, please explain.
- (b) Assume that the "framework" for classification reform referred to on page 2 of the Postal Service's Docket No. MC95-1 Request relates to defining the classes of mail to reflect different service levels desired by customers. Under this assumption please confirm that Docket No. MC96-3 is consistent with (or unrelated to) the classification reform framework presented on page 2 of the Docket No. MC95-1 Request. If you do not confirm, please explain why?

**USPS/OCA-T200-13.** Please refer to your response to USPS/OCA-T200-2(b), where you state that "not all future classification cases must be net revenue neutral".

- (a) Please provide an example of a classification case that would not need to be net revenue neutral.

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- (b) How would a "classification" case need to be formulated so that you would not consider it to be part of "classification reform" as begun in Docket No. MC95-1?

**USPS/OCA-T200-14.** Please refer to your response to USPS/OCA-T200-2(b), where you state "if the Postal Service had wanted to use classification reform to generate revenues, it should have done so from the beginning". Assume that the Postal Service had requested additional net revenue in Docket No. MC95-1. Would that make the Postal Service's request for additional net revenue in Docket No. MC96-3 more acceptable to you? If so, please explain why.

**USPS/OCA-T200-15.** Please refer to your responses to USPS/OCA-T200-6.

- (a) Is it your testimony that rates determined in an omnibus rate case are necessarily fair and equitable? If your answer is other than yes, please explain how unfair and inequitable rates can be established in an omnibus rate case.
- (b) Is it your testimony that rates determined outside of an omnibus rate case are inherently not fair and equitable? If your answer is other than yes, please explain how fair and equitable rates can be established outside of an omnibus rate case.

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**USPS/OCA-T200-16.** Please refer to your response to interrogatory USPS/OCA-T200-6(d), in which you state that as a result of the Postal Service's request for an across-the-board rate increase in Docket No. R94-1, "certain cost coverages that were 'out of line' did not get adjusted."

- (a) To what cost coverages are you referring?
- (b) Please confirm that the Postal Rate Commission in Docket No. R94-1 rejected the Postal Service's proposed across-the-board rate increase. PRC Op., R94-1, Par. 4008. If you do not confirm, please explain fully.
- (c) To the extent that any cost coverages are "out of line", please confirm that it is not as a result of the Postal Service's request for an across-the-board rate increase. If you do not confirm, please explain fully.

**USPS/OCA-T200-17.** Please refer to your response to interrogatory USPS/OCA-T200-8(b), where you state that "it is inappropriate to assume that the cost coverages established in Docket No. R94-1 are appropriate for Docket No. MC96-3."

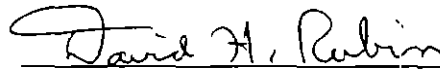
- (a) Please make two assumptions: (1) the Postal Service had selected FY 95 as the test year for Docket No. MC96-3, and (2) the cost coverages in the Commission's Recommended Decision were not determined by the Postal Service's across-the-board proposal. In your opinion, would the cost coverages established in Docket No. R94-1 then be "appropriate" for the special services at issue in Docket No. MC96-3? Please explain your response.

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- (b) If your answer to part (a) is not "yes", please explain what cost coverages would be "appropriate" for the special services at issue in Docket No. MC96-3.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document on all parties of record in this proceeding in accordance with section 12 of the Rules of Practice.

  
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November 1, 1996