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SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

UNITED STATES POSTAL SERVICE INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO OFFICE OF THE CONSUMER ADVOCATE WITNESS THOMPSON (USPS/OCA-T200-18-37)

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 Office of the Consumer Advocate Witness Thompson: (USPS/OCA-T200-18-37).

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Susan M. Duchek

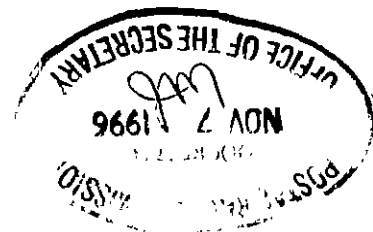
CERTIFICATE OF SERVICE

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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Washington, D.C. 20260-1137
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November 7, 1996



USPS/OCA-T200-18. Please refer to OCA-LR-5.

- a. Will an OCA witness sponsor this library reference?
- b. If so, please identify the witness.
- c. Who prepared this library reference? Please identify all persons who assisted in the preparation.
- d. If a contractor had any role in preparing this library reference, please provide copies of the contract, the statement of work, all task orders, and all other related documents.

USPS/OCA-T200-19. Please refer to OCA-LR-6.

- a. Will an OCA witness sponsor this library reference?
- b. If so, please identify the witness.
- c. Who prepared this library reference? Please identify all persons who assisted in the preparation.
- d. If a contractor had any role in preparing this library reference, please provide copies of the contract, the statement of work, all task orders, and all other related documents.

USPS/OCA-T200-20. Please refer to OCA-LR-5 and 6.

- a. Is the OCA now in a position to replicate the Commission's cost model? If not, please explain in detail why not.

- b. Is the OCA now in a position to produce a witness to attest to the validity of any replication of the Commission's cost model? If not, please explain in detail why not.
- c. Is the OCA now in a position to modify the Commission's cost model? If not, please explain in detail why not.
- d. Is the OCA now in a position to produce a witness to explain any OCA modifications to the Commission's cost model? If not, please explain in detail why not.

USPS/OCA-T200-21. Please refer to OCA-LR-6, worksheet PRCTYAR95.

- a. Please confirm that the R94-1 TYAR 95 cost coverages contained on pages 3 and 5 are based on the Commission cost model used in its initial recommended decision in Docket No. R94-1. If you do not confirm, please explain in detail.
- b. Should the same cost model be used to develop the attributable costs for both the R94-1 and MC96-3 cost coverages on pages 3 and 5? If not, please explain in detail.
- c. If different models produce different attributable costs, how valid is any comparison of the cost coverages produced by each? Please explain in detail.

USPS/OCA-T200-22. Please refer to PRC-LR-2 and PRC-LR-17 from Docket No. R94-1, and PRC-LR-2 from this docket.

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

USPS/OCA-T200-23. Have you or any other OCA personnel or contractors performed any analysis of the Commission's costing methodology reflected in PRC-LR-1 and 2 in this docket? If so, please provide that analysis, including all notes, spreadsheets, workpapers, electronic files, and other related documentation. If not, why not?

USPS/OCA-T200-24. Have you or any other OCA personnel or contractors replicated or attempted to replicate the Commission's costing methodology

reflected in PRC-LR-1 and 2 in this docket? If so, please provide any and all notes, results, spreadsheets, workpapers, electronic files and other documentation related to that effort. If not, why not?

USPS/OCA-T200-25. Have you or any other OCA personnel or contractors compared or attempted to compare the Commission's costing methodology reflected in PRC-LR-1 and 2 with the Commission's costing methodology from its Docket No. R94-1 recommended decision on reconsideration? If so, please provide any notes, results, spreadsheets, workpapers, electronic files and other documentation related to that effort. If not, why not?.

USPS/OCA-T200-26. Have you or any other OCA personnel or contractors compared or attempted to compare the Commission's costing methodology reflected in PRC-LR-1 and 2 in this docket with the Commission's costing methodology from its initial Docket No. R94-1 recommended decision? If so, please provide any notes, results, spreadsheets, workpapers, electronic files and other documentation related to that effort. If not, why not?

USPS/OCA-T200-27. Have you or any other OCA personnel or contractors compared or attempted to compare the Commission's costing methodology reflected in PRC-LR-1 and 2 in this docket with the Commission's costing methodology from its Docket No. R90-1 recommended decision on remand? If so,

please provide any notes, results, spreadsheets, workpapers, electronic files and other documentation related to that effort. If not, why not?

USPS/OCA-T200-28. Have you or any other OCA personnel or contractors compared or attempted to compare the Commission's costing methodology reflected in PRC-LR-1 and 2 in this docket with the Commission's costing methodology from its initial Docket No. R90-1 recommended decision? If so, please provide any notes, results, spreadsheets, workpapers, electronic files and other documentation related to that effort. If not, why not?

USPS/OCA-T200-29. Please refer to PRC-LR-2 in this docket.

- a. Please confirm that the cost model documented in this library reference differs from prior Commission cost models (specifically Docket No. R94-1 upon reconsideration, PRC LR-17) in at least the following respects:
 - i. PRC Component Numbers 309 through 316 (see page 2 of 13 of PRC LR-2, Component Titles and Numbers) formerly received a redistribution mail volume effect, but now receive a direct mail volume effect. If you do not confirm, please explain in detail.
 - ii. PRC Component Number 1002 formerly received a non-volume workload effect, but no longer receives such an effect. If you

do not confirm, please explain fully.

- b. Do you believe that the changes noted in subpart (a) above are errors or intentional changes? Please explain in detail.
- c. If you believe that the changes noted in subpart (a) above are errors, did you correct them? If not, please explain in detail why not.
- d. If you believe that the changes noted in subpart (a) above are intentional changes, then what are the bases for these changes? Please explain in detail.

USPS/OCA-T200-30. Please refer to OCA-LR-6, worksheet BY95.

- a. Please confirm that in footnote 1, "by951p.lr" should be "by95lp.lr." If you do not confirm, please explain in detail.
- b. Please confirm that the revenue for Priority Mail should be 3,074.7 million rather than 3,074.4 million. If you do not confirm, please explain in detail.
- c. There is a Final Adjustment for Insurance of 6,716 million. What is the source of this adjustment? Why was this adjustment made? Please explain in detail. Please provide any notes, results, spreadsheets, workpapers, electronic files and other related documentation.

USPS/OCA-T200-31. Please refer to OCA-LR-6, worksheet PRCTYAR96.

- a. Footnote 1 states in part, "Special Delivery cost is set to zero at the first page of the 'Test Year (AR 1996)' section of PRC-LR-2." Page 50 of "tyar96p.lr" of PRC-LR-2 shows total attributable costs for Special Delivery of \$5 (thousand). Which Special Delivery cost figure is correct -- zero or \$5 (thousand)? Please explain in detail, including an explanation of all calculations by which \$5 (thousand) becomes zero. Please provide any notes, results, spreadsheets, workpapers, electronic files and other related documentation.
- b. There is a Final Adjustment for Insurance of 6,716 million. What is the source of this adjustment? Why was this adjustment made? Please explain in detail.

USPS/OCA-T200-32. Please refer to OCA-LR-6, worksheet PRCTYBR96. There is a Final Adjustment for Insurance of 6,716 million. What is the source of this adjustment? Why was this adjustment made? Please explain in detail.

USPS/OCA-T200-33. Please refer to your response to redirected interrogatory USPS/OCA-T400-21, where you state that a targeted rate increase may be appropriate "when it can be demonstrated that a particular category of mail has caused a new revenue burden (e.g., when rates fall below attributable costs) . . ."

Please explain specifically what you mean by "caused a new revenue burden".

Does this concept extend to situations in which the actual cost coverage is greater than 10 percentage points below the Commission's Docket No. R94-1 recommendations, as you discuss later in your response, or is it limited to situations in which rates fall below attributable costs?

USPS/OCA-T200-34. Please refer to your response to redirected interrogatory USPS/OCA-T400-21, where you cite to the R94-1 TYAR "cost coverage for total mail and services" of 156.8 percent.

- a. Would this cost coverage change if calculated using the Commission's cost model from R94-1 on Reconsideration?
- b. If so, why does the cost coverage change? Is it as a result of different attributable cost levels? Is it a result of using different cost models? Please explain in detail.

USPS/OCA-T200-35. Please refer to your response to redirected interrogatory USPS/OCA-T400-21, where you discuss "cost coverage variances" that you argue could require a rate decrease.

- a. Would these "cost coverage variances" change if calculated using the Commission's cost model from R94-1 on Reconsideration?
- b. If so, why do the "cost coverage variances" change? Is it as a result of different attributable cost levels? Is it a result of using different cost models? Please explain in detail.

USPS/OCA-T200-36. Please refer to your response to redirected interrogatory USPS/OCA-T400-21, where you discuss "cost coverage variances" that you argue could require a rate increase.

- a. Would these "cost coverage variances" change if calculated using the Commission's cost model from R94-1 on Reconsideration?
- b. If so, why do the "cost coverage variances" change? Is it as a result of different attributable cost levels? Is it a result of using different cost models? Please explain in detail.

USPS/OCA-T200-37. Please refer to your response to redirected interrogatory USPS/OCA-T400-21, where you cite to "projected total attributable costs for special services for FY 95" of \$1,366.7 million.

- a. Would these total attributable costs change if calculated using the Commission's cost model from R94-1 on Reconsideration?
- b. If so, why do the total attributable costs change? Is it a result of using different cost models? Please explain in detail.