

ORIGINAL

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

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Special Services Fees and Classifications

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY
Docket No. MC96-3

ANSWERS OF THE OFFICE OF THE CONSUMER ADVOCATE
TO INTERROGATORIES OF UNITED STATES POSTAL SERVICE
WITNESS: SHERYDA C. COLLINS (USPS/OCA-T400-39-48)
(NOVEMBER 13, 1996)

The Office of the Consumer Advocate hereby submits the answers of Sheryda C. Collins to interrogatories USPS/OCA-T400-39-48, dated October 30, 1996. Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

Shelley S. Dreifuss

SHELLEY S. DREIFUSS
Attorney
Office of the Consumer Advocate

NOV 13 1996

ANSWERS OF OCA WITNESS SHERYDA C. COLLINS
TO INTERROGATORIES USPS/OCA-T400-39-48

USPS/OCA-T400-39. Please confirm that the cost coverages you calculate at page 23, lines 19 and 21 of your testimony are based on the Postal Service's cost methodology as reflected in the testimony and exhibits of witness Patelunas, USPS-T-5. If you do not confirm, please explain in detail.

A. Confirmed.

ANSWERS OF OCA WITNESS SHERYDA C. COLLINS
TO INTERROGATORIES USPS/OCA-T400-39-48

USPS/OCA-T400-40. Please confirm that the 20-cent rate for postal and post cards is based on a markup of costs that reflects the Commission's cost methodology as reflected in its recommended decision in Docket No. R94-1 on Reconsideration. If you do not confirm, please explain in detail.

A. Confirmed.

ANSWERS OF OCA WITNESS SHERYDA C. COLLINS
TO INTERROGATORIES USPS/OCA-T400-39-48

USPS/OCA-T400-41. Please confirm that under the Commission's cost methodology as reflected in PRC-LR-1 and 2 in this docket, the difference in the unit cost of postal cards and post cards is less than under the Postal Service's cost methodology. If you do not confirm, please explain in detail.

A. Confirmed.

ANSWERS OF OCA WITNESS SHERYDA C. COLLINS
TO INTERROGATORIES USPS/OCA-T400-39-48

USPS/OCA-T400-42. Please confirm that the 263 percent cost coverage figure for postal cards cited at page 23, line 19 of your testimony becomes 193 percent using the Commission's cost methodology as reflected in PRC-LR-1 and 2 in this docket (19.7 cents revenue/10.23 cents attributable costs in BY 1995). If you do not confirm, please explain in detail.

A. Confirmed.

ANSWERS OF OCA WITNESS SHERYDA C. COLLINS
TO INTERROGATORIES USPS/OCA-T400-39-48

USPS/OCA-T400-43. Please confirm that the 289 percent cost coverage figure for postal cards cited at page 23, line 21 of your testimony becomes 209 percent using the Commission's cost methodology as reflected in PRC-LR-1 and 2 in this docket (22 cents revenue/10.55 cents attributable costs in TY 1996). If you do not confirm, please explain in detail.

A. Confirmed. The cost coverage for private cards also changes, from 124 percent (20.9 cents revenue/16.8 cents attributable costs in BY 1995, USPS-T-5J) to 123 percent (20.9 cents revenue/17.03 cents attributable costs in PRC-LR-2). The fact that the implicit cost coverage of postal cards is somewhat lower under the Commission's costing methodology does not change my conclusion. Postal cards under the Commission's costing methodology still have a very high cost coverage compared to private cards.

ANSWERS OF OCA WITNESS SHERYDA C. COLLINS
TO INTERROGATORIES USPS/OCA-T400-39-48

USPS/OCA-T400-44.

- a. Did you review and/or consider the Commission's cost methodology as set forth in PRC-LR-1 and 2 in preparing any part of your testimony? If so, how did you use the Commission's cost methodology? If not, why not?
- b. Did you review and/or consider the Commission's cost methodology as set forth in PRC-LR-1 and 2 in preparing the stamped card portion of your testimony? If so, how did you use the Commission's cost methodology? If not, why not?
- c. If you did not review and/or consider the Commission's cost methodology as set forth in PRC-LR-1 and 2, why did you need an extension of time from September 25, 1996 to September 30, 1996 to prepare and file your testimony?

A. a.-b. No. The library references were filed at too late a stage in the preparation of my testimony to be reviewed and incorporated.

c. I did not ask for an extension of time to file my testimony, nor was I involved in the OCA's decision to support MMA's motion for an extension of time.

ANSWERS OF OCA WITNESS SHERYDA C. COLLINS
TO INTERROGATORIES USPS/OCA-T400-39-48

USPS/OCA-T400-45.

- a. Please confirm that in Docket No. R94-1, the OCA proposed a 23-cent card rate for both postal and post cards. If you are unable to confirm, please explain.
- b. What cost coverage did the OCA propose for the postal and postcard subclass in Docket No. R94-1? Please show all calculations.
- c. What would have been the implicit cost coverage for postal cards if the OCA proposed rates had been adopted pursuant to Docket No. R94-1? Please show all calculations.
- d. Did the OCA propose that postal cards be priced as a separate subclass in Docket No. R94-1?
- e. Please provide citations to OCA testimony in Docket No. R94-1 in support of the 23-cent card rate for postal and postcards.

A. a. Confirmed.

b. 165 percent at OCA-T-500, Table 2. Tr. 16A/7776.

c. I do not know. All cost coverage recommendations were made at the subclass level. I am not aware that implicit cost coverages for postal and post cards were either discussed or analyzed by OCA witnesses in R94-1.

d. No. I am not making such a proposal in this docket, either.

e. OCA-T-500, page 15, Tr. 16A/7777.

ANSWERS OF OCA WITNESS SHERYDA C. COLLINS
TO INTERROGATORIES USPS/OCA-T400-39-48

USPS/OCA-T400-46. Please refer to your response to USPS/OCA-T400-4 and exhibits accompanying that response. For purposes of this interrogatory, the term "enhanced service" refers to non-merchandise return receipt service for which signature, date, and address is requested under the present DMCS, and "basic service" refers to nonmerchandise return receipt service for which only signature and date is requested under the present DMCS.

- a. Confirm that your proposal would result in a reduction in the fee for enhanced service from \$1.50 to \$1.10.
- b. Please refer to the OCA version of USPS-T-1 WP D. Does your estimate of the volume of return receipts account for the reduction in the fee for enhanced service?
- c. If your response to (b) is negative, please provide revised workpapers reflecting the volume effect resulting from the fees you propose.
- d. In general, what would you expect the effect on a product's volume to be when a reduction in the product's fee is proposed?

A. a. Not confirmed. The service to be provided under my proposal will be different than provided under the current fee. Thus the "enhanced service" will not exist. As proposed, an address will not be supplied with every return receipt; it will only be provided when the address has changed. Thus, it is not a reduction in fee since the proposed service is not equivalent to the current service.

b. & d. Yes. In general, one would expect a product's volume to increase when a fee/price is lowered. However, in this case the product that was previously purchased will no longer exist. I would expect that those customers who would have purchased the "enhanced service" will still have need of a return receipt and will purchase the new, similar service in its place.

ANSWERS OF OCA WITNESS SHERYDA C. COLLINS
TO INTERROGATORIES USPS/OCA-T400-39-48

CONTINUATION OF ANSWER TO USPS/OCA-T400-46:

However, I doubt that there is such great, unmet, pent-up demand by customers for return receipts that this proposal will induce them to purchase a significant additional number of return receipts.

c. Not applicable.

ANSWERS OF OCA WITNESS SHERYDA C. COLLINS
TO INTERROGATORIES USPS/OCA-T400-39-48

USPS/OCA-T400-47. Please refer to your response to USPS/OCA-T100-6(c), redirected from witness Sherman.

- a. Assuming that a "well-documented explanation in the record showing exactly the errors committed by Postal Service witnesses Larson and Foster in the two previous omnibus rate cases" is provided in this docket, would you be in favor of a proposal to raise the certified mail fee in this docket if that explanation established that certified mail costs exceeded certified mail revenues (excluding ancillary service revenues) in the TY under rates recommended by the Commission and implemented by the Governors? If your response is negative, please explain why you insist upon such an explanation.
- b. Is it your belief that witness Foster committed errors in Docket No. R94-1 with respect to the certified mail fee proposal? If so, please identify what you believe those errors are.

A. a. Yes. However, to date, an explanation has not been forthcoming. Also, the assumption in the question is contrary to the testimony of witness Needham that the fee for certified mail currently covers attributable costs and will continue to do so in the test year.

b. I have not studied witness Foster's R94-1 testimony and exhibits. However, I note that witness Needham has claimed that there have been problems relating to certified mail going back at least to Docket No. R84-1. Tr. 4/1200.

ANSWERS OF OCA WITNESS SHERYDA C. COLLINS
TO INTERROGATORIES USPS/OCA-T400-39-48

USPS/OCA-T400-48. Please refer to your response to USPS/OCA-T400-7(a).

- a. If a rate or fee proposal is defined as a change in the rate or fee of a rate category (as opposed to a subclass), have you ever submitted testimony in support of a rate or fee proposal for which the cost coverage, or the implicit cost coverage, as the case may be, was less than 100 percent? Please identify all such proposals. You may confine your answer to all Commission proceedings beginning after Docket No. R84-1.
 - b. If a rate or fee proposal is defined as a change to the rate or fee of a rate category (as opposed to a subclass), has the OCA ever submitted testimony in support of a rate or fee proposal for which the cost coverage, or the implicit cost coverage, as the case may be, is less than 100 percent? Please identify all such proposals. You may confine your answer to all Commission proceedings beginning after Docket No. R84-1.
- A.
- a. Not to the best of my recollection.
 - b. See my answer to USPS/OCA-T400-7(b).

DECLARATION

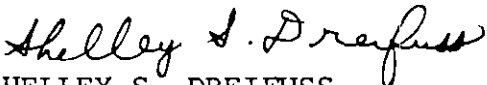
I, Sheryda C. Collins, declare under penalty of perjury that the answers to interrogatories USPS/OCA-T400-39-48 of the United States Postal Service are true and correct, to the best of my knowledge, information and belief.

Executed November 13, 1996

Sheryda C. Collins

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 3.B(3) of the special rules of practice.


SHELLEY S. DREIFUSS
Attorney

Washington, D.C. 20268-0001
November 13, 1996