

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

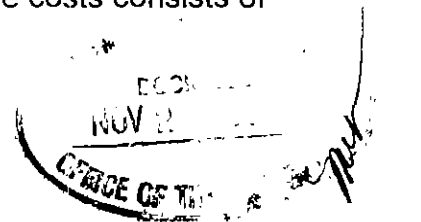
SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

STIPULATION

At the hearing held on November 18, 1996, the Acting Presiding Officer ruled that the Postal Service would be permitted to move to strike portions of witness Collins' testimony (OCA-T-400). Tr. 5/1860. Any such motion would have been based upon assertions that certain of witness Collins' assertions lack foundation in record evidence. In lieu of further litigation on this subject, the United States Postal Service and the Office of the Consumer Advocate (OCA), through their respective attorneys, have agreed to submit this Stipulation. Although not evidence, this document is offered by the undersigned parties to assist the other participants and the Commission in understanding what record evidence has been presented by Postal Service witnesses on the cost coverage methodology for certified mail.¹

1. The Postal Service and OCA agree that the written and oral testimony of Postal Service witnesses in this docket on certified mail attributable costs consists of the following:



¹ As stated in paragraph 2 below, the OCA does not necessarily agree with the substance of the testimony provided by Postal Service witnesses.

a. United States Postal Service witness Needham offered testimony concerning Postal Service witness Lyons' testimony at Tr. 2/153-54 that there has been a "major structural change in the costing of Certified Mail" by stating that witness Lyons was referring to a major structural change in the certified mail cost coverage methodology. Tr. 4/1198.

b. Witness Needham testified that, at least since Docket No. R84-1, cost coverages for certified mail were calculated by dividing the sum of the quantity of certified mail revenues plus ancillary service revenues by certified mail attributable costs. Tr. 4/1199 lines 4-12, 4/1200 lines 20-23. Witness Needham testified that the major structural change in the certified mail cost coverage methodology in this docket (see USPS-T-8 at p. 71) consists of the exclusion of ancillary service revenues from the numerator of the fraction used to determine the certified mail cost coverage, so that the cost coverage for certified mail in this docket is calculated using only certified mail revenues, excluding any ancillary service revenues. Tr. 4/1199.

c. Witness Needham testified to an error in the Docket No. R90-1 workpapers of witness Larson. Tr. 4/1200 lines 7-19. Witness Needham testified that in calculating the cost coverage for certified mail in that docket, witness Larson subtracted ancillary service costs from the attributable costs of certified mail, when there were no ancillary service costs included in the first place. Witness Needham has not filed testimony

regarding the accuracy of certified mail costs used in calculating the certified mail cost coverage in any docket other than Docket No. R90-1.

2. This Stipulation pertains only to the matters raised above. The Office of the Consumer Advocate shall be considered only to be acknowledging that the matters described above were, or were not, offered by Postal Service witnesses; OCA shall further not be considered as necessarily agreeing with or conceding the substance of the testimony of Postal Service witnesses in this or any other docket.

3. This stipulation shall be deemed to be executed on the latter of the dates indicated below.

The parties have executed this stipulation the latter date indicated below.

Office of the Consumer Advocate

Emmett Rand Castich
Signature *by S & D*

assistant Director 11/25/96
Title Date

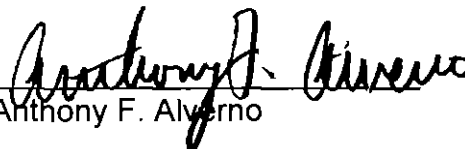
United States Postal Service

Anthony Luvino
Signature

Attorney 11/25/96
Title Date

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.


Anthony F. Alyerno

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November 25, 1996