

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
MMA WITNESS BENTLEY
(USPS/MMA-27-41)

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 Richard E. Bentley (USPS/MMA-27-41).

Respectfully submitted,

UNITED STATES POSTAL SERVICE

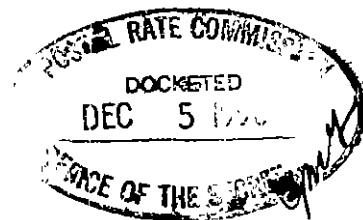
By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Susan M. Duchek

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Washington, D.C. 20260-1137
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December 5, 1996



USPS/MMA-T1-27. Please provide all notes, spreadsheets, workpapers, electronic files, and other documentation related to your analysis contained at Tr.6/2039-41 and as revised (attached to letter of November 22, 1996 from Richard Littell to Susan M. Duchek).

USPS/MMA-T1-28. Please refer to your analysis contained at Tr.6/2039-41 and revised (attached to letter of November 22, 1996 from Richard Littell to Susan M. Duchek).

- a. Please confirm that these analyses use Commission cost and volume figures from the Docket No. R94-1 initial Recommended Decision. If you do not confirm, please explain the source for the Commission figures.
- b. Please confirm that "the Commission-approved cost methodology", as you use the phrase, is that used in the Further Recommended Decision in Docket No. R94-1. If you do not confirm, please explain what "the Commission-approved cost methodology" is.
- c. Please explain in detail why your analyses used the Commission cost and volume figures from the Docket No. R94-1 initial Recommended Decision rather than the Further Recommended Decision.

USPS/MMA-T1-29. Please refer to OCA/MMA-XE-1 at Tr. 6/2039.

- a. Please confirm that a similar analysis was not contained in MMA-LR-1.
- b. Was a similar analysis prepared using PRC-LR-1 and 2 in this docket?

If so, please provide all notes, spreadsheets, workpapers, electronic files, and other documentation related to this analysis. If not, why not? Please explain in detail.

USPS/MMA-T1-30. Please refer to OCA/MMA-XE-1 at Tr. 6/2039.

- a. Please confirm that row 2, column 4 represents Commission accrued costs. If you do not confirm, please explain what this number represents.
- b. Please confirm that row 2, column 5 represents an attributable cost figure derived by multiplying Commission accrued costs times the percentage of Postal Service accrued costs which are attributable (from column 6). If you do not confirm, please explain what this number represents.
- c. Please explain in detail the reason for the derivation of the figure in row 2, column 5. What is the significance of this number? Why is it relevant to show what *Commission* accrued costs would be attributable by application of the *Postal Service's* percentage of attributable costs?

- d. Can the same calculation described in subpart c, above, be done by individual mail class, subclass or special service? If not, why not? Please explain in detail.

USPS/MMA-T1-31. Please refer to OCA/MMA-XE-1 at Tr. 6/2039.

- a. Please confirm that row 3, column 1 represents Postal Service accrued costs. If you do not confirm, please explain what this number represents.
- b. Please confirm that row 3, column 2 represents an attributable cost figure derived by multiplying Postal Service accrued costs times the percentage of Commission accrued costs which are attributable (from column 3). If you do not confirm, please explain what this number represents.
- c. Please explain in detail the reason for the derivation of the figure in row 3, column 2. What is the significance of this number? Why is it relevant to show what *Postal Service* accrued costs would be attributable by application of the *Commission's* percentage of attributable costs?
- d. Can the same calculation described in subpart c, above, be done by individual mail class, subclass or special service? If not, why not? Please explain in detail.

USPS/MMA-T1-32. Please explain in detail your understanding of why the Commission and Postal Service cost models show different accrued costs in the test year.

USPS/MMA-T1-33. Please confirm that certain figures in OCA/MMA-XE-1 were taken from Appendix D of the Commission's initial Recommended Decision in Docket No. R94-1, whereas certain figures in OCA/MMA-XE-2 and 3 were taken from Appendix G of the Commission's initial Recommended Decision in Docket No. R94-1. If you do not confirm, please explain in detail.

USPS/MMA-T1-34. Why do Appendix D and Appendix G of the Commission's initial Recommended Decision in Docket No. R94-1 show different accrued cost totals? Why do Appendix D and Appendix G of the Commission's initial Recommended Decision in Docket No. R94-1 show different attributable cost totals? Please explain in detail.

USPS/MMA-T1-35. Why did you use Appendix D of the Commission's initial Recommended Decision in Docket No. R94-1 in OCA/MMA-T1-XE-1 and Appendix G of the Commission's initial Recommended Decision in Docket No. R94-1 in OCA/MMA-XE-2 and 3? Is one better than the other for a particular purpose or comparison? Please explain in detail.

USPS/MMA-T1-36. Please confirm that if you had used Appendix G of the Commission's initial Recommended Decision in Docket No. R94-1 in OCA/MMA-XE-T1-1, the Commission attributable cost percentage in column 3 would be 63.61 percent (including Prior Years Loss Recovery) and 64.73 percent (excluding Prior Years Loss Recovery). If you do not confirm, please explain in detail.

USPS/MMA-T1-37. Please refer to OCA/MMA-XE-2 at Tr. 6/2040. Please confirm that the "USPS Institutional Cost Apportionment Factor" for First-Class Mail has decreased, and for Third-Class BRR and All Other has increased in this case (Tr. 6/1951, as opposed to OCA/MMA-XE-2. If you do not confirm, please explain in detail.

USPS/MMA-T1-38. Please refer to OCA/MMA-XE-3 as revised (attached to letter of November 22, 1996 from Richard Littell to Susan M. Duchek). Should footnote 5 be changed to read "Col 2 * (Col 4/Col 3)?" If not, please explain in detail why the footnote is accurate.

USPS/MMA-T1-39. Please refer to OCA/MMA-XE-3 as revised (attached to letter of November 22, 1996 from Richard Littell to Susan M. Duchek).

- a. Please confirm that you make an adjustment to Commission attributable costs with the intent of reflecting "USPS volumes at

USPS Proposed Rates." If you do not confirm, please explain in detail.

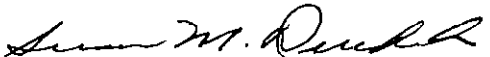
- b. Please confirm that the volume adjustment referred to in subpart a, above is the only difference between OCA/MMA-XE-2 and 3. If you do not confirm, please explain in detail.
- c. Please explain in detail the reason for this volume adjustment. Why is it needed? What does it accomplish?
- d. Why did you not make a similar volume adjustment in MMA-LR-1? Please explain in detail.
- e. Please confirm that the effect of your volume adjustment in OCA/MMA-XE-3 is to inflate the numbers in columns 6 and 7 for First-Class and All Other and deflate them for Third-Class BRR? If you do not confirm, please explain in detail.
- f. Please confirm that the cost differences resulting from the different Commission and Postal Service forecasted mail volumes are explicitly reflected in the mail volume effect in both the Commission and Postal Service rollforward cost models. If you do not confirm, please explain in detail.
- g. If a mail volume effect is already included in the Commission's cost model, then please confirm that your volume adjustment would result in double-counting of the impact of volume changes. If you do not confirm, please explain in detail.

USPS/MMA-T1-40. Did you prepare an analysis similar to MMA-LR-1, page 1 (Tr. 6/1952) using your R94-1 analysis reflected in OCA/MMA-XE-2 (without mail volume adjustment)? If so, please provide all notes, spreadsheets, workpapers, electronic files, and other related documentation. If not, please explain in detail why not.

USPS/MMA-T1-41. Did you prepare an analysis similar to MMA-LR-1, page 1 (Tr. 6/1952) using your R94-1 analysis reflected in OCA/MMA-XE-3 (with mail volume adjustment)? If so, please provide all notes, spreadsheets, workpapers, electronic files, and other related documentation. If not, please explain in detail why not?

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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