

UNITED STATES OF AMERICA
Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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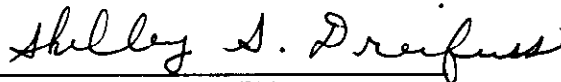
Postal Rate and Fee Changes, 2000)

Docket No. R2000-1

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS: CHARLES L. CRUM (OCA/USPS-T27-1-7)
February 4, 2000

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatories OCA/USPS-1-14 dated January 24, 2000, are hereby incorporated by reference.

Respectfully submitted,



TED P. GERARDEN
Director
Office of the Consumer Advocate

SHELLEY S. DREIFUSS
Attorney

1333 H Street, N.W.
Washington, D.C. 20268-0001
(202) 789-6830; Fax (202) 789-6819

OCA/USPS-T27-1. Please refer to your testimony at page 5, lines 1-10. You state that:

In the Postal Service's proposal in Docket No. R97-1, mail processing productivities were adjusted by an explicit econometric volume variability factor that varied between about 50 and 100 percent. In this docket, the MTM productivities are adjusted only by an implicit volume variability or cost pool adjustment factor. This is consistent with the historical presentation of CRA cost data and results in effective volume variabilities at or near 100 percent. The impact of this change in approach is to raise Standard Mail (A) mail processing costs and cost savings over what they would be if explicit volume variability factors would have been considered for these types of operations as in Docket No. R97-1.

- (a) Please explain fully why an *explicit* volume variability factor was used in Docket No. R97-1, but an *implicit* volume variability factor is used by you in Docket No. R2000-1.
- (b) In applying implicit volume variability factors that result in "effective volume variabilities at or near 100 percent," have you employed the same econometric volume variability factors that have been used to attribute mail processing costs to the classes of mail in the instant proceeding?
 - (i) If so, then cite to the testimony, exhibits, or workpapers of other witnesses (or Library References) that are the source of the econometric volume variability factors that you apply.
 - (ii) If not, then give the economic rationale for applying near-100-percent variability factors in calculating the mail processing costs that are avoided by worksharing.
- (c) If you do employ near-100-percent variability factors in calculating the mail processing costs that are avoided by worksharing, then haven't you overstated the costs avoided by workshared mail? Fully explain any "no" answer.

OCA/USPS-T27-2. Please refer to your testimony at page 19, lines 4-8. You state that:

The productivities used in this analysis are adjusted only by implicit volume variability factors that are near 100 percent. This is done to be consistent with Postal Service assumptions in this docket and differs from the Postal Service presentation in Docket No. R97-1 where explicit volume variability factors ranging between about 50 percent and 100 percent were used.

- (a) Please list, and describe in detail, all Postal Service assumptions in this docket with which you endeavor to be consistent. Include citations to document, page, and line for each such assumption.
- (b) In the R200-1 proceeding, does the Postal Service present explicit volume variability factors less than 100 percent? If so, then identify such explicit volume variability factors and fully explain your rationale for not using them.

OCA/USPS-T27-3. Please refer to your testimony at page 8, lines 7-13. You state that:

The second change from my presentation in Docket No. R97-1 is the calculation of mail processing costs. In Docket No. R97-1, the Postal Service proposed explicit econometric-based volume variability factors as part of their mail processing cost presentation. That was not done in this docket for effectively all of the parcel operations and some portion of the flats operations. The impact of this change is to expand the cost difference between flats and parcels beyond its level under the Docket No. R97-1 volume variability proposal.

- (a) Please explain fully the Postal Service rationale for not proposing "explicit econometric-based volume variability factors as part of their mail processing cost presentation." (If you are not the witness responsible for this decision, then redirect this question to the responsible witness for an answer).
- (b) Please present your justification for "expand[ing] the cost difference between flats and parcels beyond its level under the Docket No. R97-1 volume variability proposal."

OCA/USPS-T27-4. Please refer to your testimony at page 15, lines 1-3. You state that:

If one were to assume explicit volume variability factors similar to those presented for these types of operations by the Postal Service in Docket No. R97-1, the estimated savings would be lower.

Please present the economic rationale for assuming volume variability factors in this proceeding that lead to higher savings for DBMC-entered Bound Printed Matter.

OCA/USPS-T27-5. Throughout your testimony and attachments, you use the abbreviation "MTM." What does "MTM" represent?

OCA/USPS-T27-6. In the introduction to Attachment C, Tables 5-7, you state that:

"[E]ngineering standards were used to estimate the time needed for each operation."

Are the engineering standards the same as the "MTM" productivity figures? If not, please explain all differences.

OCA/USPS-T27-7. Please refer to Attachment E, Table 5, note. You state that the MTM productivities are the same ones used in Docket No. R97-1. Please give precise citations (including document title, page number, and line number) for all MTM figures obtained from Docket No. R97-1.

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 12 of the rules of practice.


Stephanie Wallace

Washington, D.C. 20268-0001
February 4, 2000