

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA
REDIRECTED FROM WITNESS MEEHAN
(MPA/USPS-T11-1 through 3)
(February 4, 2000)

The United States Postal Service hereby provides its responses to the following interrogatories of Magazine Publishers of America: MPA/USPS-T11-1 through 3, filed on January 21, 2000, and redirected from witness Meehan.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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February 4, 2000

**Response of United States Postal Service
to
Interrogatories of MPA
(Redirected from Witness Meehan, USPS-T-11)**

MPA/USPS-T-11-1. Please refer to page 4 of your Exhibit USPS-11A and page 4 of the FY 1998 PRC Revised RPW Data Version Cost Segments and Components (CSC) report. Note that while accrued rural carrier costs are the same in both reports, the attributable rural carrier costs specified in the two reports are different.

- (a) Please explain why attributable rural carrier costs in Exhibit USPS-11A are less than those in the FY 1998 PRC Revised RPW Data Version CSC Report.
- (b) If the reason is that the two reports used different data sources, please explain the difference in the underlying data sources.
- (c) If the reason is that the two reports were developed using different methods for estimating volume variability, please explain the differences in methods used.

Response:

- (a) The attributable rural carrier costs in Exhibit USPS-11A are different from those in the FY 1998 PRC Revised Data Version CSC Report due to the updated rural carrier analysis. Please see LR-I-152 for the updated analysis.
- (b) The two reports do not use different data sources. However, the data were updated (the same data sources, but using the information from a more recent year) in Exhibit USPS-11A. Please see LR-I-153 for the updated data.
- (c) The method for estimating volume variability has not changed, only the data have been updated.

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MPA/USPS-T-11-2. Please refer to page 3 of your Exhibit USPS-11A and page 3 of the FY 1998 PRC Revised RPW Data Version CSC (CSC) report. Note that the rural carrier costs for Periodicals Regular Rate in Exhibit USPS-11A are approximately \$15 million higher than those in the FY 1998 PRC Revised RPW Data Version CSC report.

- (a) Please explain why the rural carrier costs for Periodicals Regular Rate in Exhibit USPS-11A are \$15 million higher than those in the FY 1998 PRC Revised RPW Data Version CSC report.
- (b) If the reason is that the two reports used different data sources, please explain the difference in underlying data sources.
- (c) If the reason is that the two reports were developed using different costing methods, please explain the differences in the methods.

Response:

- (a) The difference between Periodical Regular Rate costs in Exhibit USPS-11A and the FY 1998 PRC Revised RPW Data Version are due to the updated analysis for rural carriers. Please refer to LR-I-17, LR-I-152 and LR-I-153 for those changes. Specifically, these library references update Base Year 1998 W/S 10.0.3 P1 columns 3 and 4, percentage of letters reclassified as flats. This accounts for most of the difference.
- (b) The two reports do not use different data sources. However, the data were updated (the same data sources, but using the information from a more recent year) in Exhibit USPS-11A. Please see LR-I-153 for the updated data.

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**(c) The costing methodology has not changed. Please see LR-I-17, LR-I-152,
and LR-I-153 for the updated data and analysis for rural carriers.**

**Response of United States Postal Service
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MPA/USPS-T-11-3. Please refer to LR-H-80, Cs10.xls and the FY 1998 PRC Revised RPW Data Version CSC Report. Please provide the calculations used by the Postal Service to develop rural carrier costs by subclass for the FY 1998 PRC Revised RPW Data Version CSC report in an electronic spreadsheet format similar to Cs10.xls.

Response:

The spreadsheets for the FY 1998 Revised RPW Data Version similar to the Base Year Cost Segment 10 spreadsheets are provided in electronic version on diskette in USPS-LR-I-177.

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.



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