

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

RECEIVED
FEB 10 3 17 PM '00
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY


Postal Rate and Fee Changes, 2000)

Docket No. R2000-1

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS MICHAEL W. MILLER (OCA/USPS-T24-1-4)
February 10, 2000

Pursuant to sections 26 and 27 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-T24-1. Please refer to your testimony at page 9, lines 9-14.

- (a) Please define the term “marginal (volume variable) productivity” as you use it there.
- (b) Please provide a representative calculation of a marginal productivity value using the information contained in USPS-LR-I-107 and USPS-T-17, Table 1.
- (c) What effect does the marginal productivity have on the magnitude of the cost differences you display in Appendix I of your testimony? Please describe fully and provide an example.

OCA/USPS-T24-2. Please refer to your testimony at page 4, lines 18-20, where you define “non-worksharing fixed” costs as those that “are not affected at all by the types of worksharing activities covered in this testimony.” Also refer to your testimony at page 10, lines 25-29. You appear to state there that nonworksharing fixed costs are used to calculate worksharing savings.

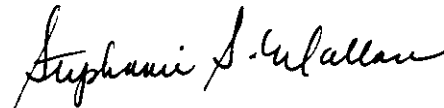
- (a) Is that interpretation correct? If not, please state your position with respect to nonworksharing fixed costs. If OCA’s understanding is correct, then state your rationale for including nonworksharing fixed costs in a calculation of the cost savings resulting from worksharing.
- (b) Also explain whether your position is consistent with the Commission’s opinion in Docket No. MC95-1 that inclusion of “cost differences unrelated to presorting and prebarcoding . . . are inconsistent with the Postal Service’s, as well as the Commission’s, intent that these workshare category differentials send accurate signals to potential producers of the costs that the Postal Service avoids as a result of worksharing.”

OCA/USPS-T24-3. Please refer to your testimony at page 13, lines 25-30. What is the rationale for dividing the difference between ("Benchmark Worksharing Related Mail Proc Unit Costs + Delivery Unit Costs") and ("Rate Category Worksharing Related Mail Proc Unit Costs + Delivery Unit Costs") by ("Worksharing Related Savings")? Explain fully.

OCA/USPS-T24-4. In the instant proceeding, the Postal Service appears to present an analysis of mail processing costs that leads the Service to conclude that the costs of some mail processing activities vary less than 100 percent with volume. In some cases, these mail processing cost volume variabilities are significantly less than 100 percent. For the purpose of developing worksharing related savings for First-Class presort and Standard A presort rate categories, does your analysis reflect the differing and wide-ranging volume variabilities for different cost pools? If not, why not? (Explain fully.) If so, explain how your analysis takes these wide-ranging volume variabilities into account.

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 S. Wallace

Washington, D.C. 20268-0001
February 10, 2000