

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

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Postal Rate and Fee Changes, 2000

POSTAL RATE COMMISSION  
Docket No. R2000-41 THE CLERK

**NEWSPAPER ASSOCIATION OF AMERICA  
INTERROGATORIES TO  
UNITED STATES POSTAL SERVICE WITNESS  
JOSEPH D. MOELLER (NAA/USPS-T35-1-40)  
February 25, 2000**

The Newspaper Association of America hereby submits the attached interrogatories to United States Postal Service witness Joseph D. Moeller (NAA/USPS-T35-1-40) and respectfully requests a timely and full response under oath.

Respectfully submitted,

NEWSPAPER ASSOCIATION OF AMERICA

Robert J. Brinkmann  
NEWSPAPER ASSOCIATION OF AMERICA  
529 14th Street, N.W.  
Suite 440  
Washington, D.C.  
(202) 638-4792

By: William B. Baker  
William B. Baker  
E. Joseph Knoll  
Isaac R. Campbell  
WILEY, REIN & FIELDING  
1776 K Street, N.W.  
Washington, DC 20006-2304  
(202) 719-7255

**CERTIFICATE OF SERVICE**

I hereby certify that I have this date served the instant document on all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

February 25, 2000

William B. Baker  
William B. Baker

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NAA/USPS-T35-1: Please refer to USPS-T-35-1, p. 1, line 5 of your direct testimony.

- a. Please explain how the rates for Standard Mail (A) were developed using “. . . rate level requirements developed by Witness Mayes (USPS-T-32).”
- b. Please describe precisely the form in which these rate level “requirements” were developed.

NAA/USPS-T35-2: Did Witness Mayes provide you with an estimated 208.8% ratio of revenue to volume-variable cost for the Enhanced Carrier Route (ECR) Subclass (USPS-T-32, p. 38, lines 4-6)?

- a. If so, did she provide you with a range, or was there some other procedure used?
- b. If so, was Witness Mayes's 208.8 % ratio treated as a constraint provided to you or was the 208.8% ratio a result provided by you to Witness Mayes?
- c. Was the 208.8% ratio the result of an “iterative process” as described in Witness Mayes’ testimony (USPS-T-35, at p. 4, lines 15-16) or was some other procedure used?

NAA/USPS-T35-3: If you provided any information to Witness Mayes regarding rate level requirements, please identify the information and how it was used.

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NAA/USPS-T35-4: Please describe in detail the manner in which the final specific ratios of revenue to volume-variable cost were determined.

NAA/USPS-T35-5: At USPS-T-35, p. 3, line 21, you state that one of the inputs into the rate design formula for Standard Mail (A) was "the target cost coverage for the subclass." At p. 4, lines 15-16, you state that decisions on rates are made "after an iterative process that is employed until the rate design objectives are met." Your WP1, p. 20, line 2, states that the "assumed" markup is 2.090 for the commercial ECR subclass.

- a. Is the term "assumed markup" in the rate design formula in your workpapers the same as the "cost coverage" as used by Witness Mayes, only converted from percentage terms to decimal format?
- b. Please provide all details regarding how the 2.090 assumption was reached, including whether any other target markups or cost coverages were also considered and whether the process of determining the markup was iterative or reached by another process.
- c. If any other target markups were considered, please identify all target coverages considered and rejected, and the reasons why they were rejected.

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NAA/USPS-T35-6: Please refer to your WP1, p. 17, line 2, where it is stated that the “assumed” markup for the Regular subclass is 1.331.

- a. Please provide all details regarding how the 1.331 markup assumption was reached, including whether the 1.331 markup was the only markup considered and whether the process of determining the markup was iterative or another process was used.
- b. If any other target coverages were considered, please identify all target coverages considered and rejected, and the reasons why they were rejected.

NAA/USPS-T35-7: Witness Mayes’s direct testimony (USPS-T-32, p. 38, lines 4-6) contains a recommended cost coverage for the ECR subclass expressed as four digits for ECR Mail (208.8%). Your input for the cost coverage in the rate design formula also has four digits (209.0% after conversion to percentage - - please see WP1, p. 20).

- a. Please explain in detail the manner in which your “assumed” 209.0 ratio was determined, including whether a target cost coverage ratio was provided to you with four digits or in some other format?
- b. Please explain the discrepancy between the 209.0% “assumed” markup used as an input in the rate design formula in your workpapers and Witness Mayes’s recommended ratio of 208.8.

NAA/USPS-T35-8: Witness Mayes direct testimony (USPS-T-32, p. 35, lines 13-15) contains recommended cost coverage for the Standard Mail (A) Regular subclass which has four digits (132.9%). Your input in the rate design

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for this subclass also has four digits (133.1% after conversion to percent – please see WP1, p..17).

- a. Please explain in detail the manner in which your “assumed” 133.1 ratio was determined, including whether a target cost coverage ratio provided to you with four digits or in some other format.
- b. Please explain the discrepancy between the 133.1% “assumed” markup in the rate design formula and Witness Mayes’s recommended ratio of 132.9%.

NAA/USPS-T35-9: At USPS-T-35, p. 2, line 18-19, you recommend a 9.4% revenue/piece increase for Regular Standard (A) Mail and 4.9% for the ECR subclass.

- a. Please explain in detail how were these percentages determined, including whether the percentages were provided to you, calculated by you as a result of attempting to achieve a particular cost coverage, calculated by you as consequences of achieving your objectives of rate design, or by some other approach.
- b. Were any other percentage rate changes considered?
- c. If the answer to (b) is yes, please identify all percentage rate increases considered and rejected and the reasons why they were rejected.

NAA/USPS-T35-10: At USPS-T-35, p. 4, line 16, you refer to “rate design objectives” which were accomplished via an “iterative process.” Please identify all of the rate design objectives employed in this process and precisely how they affected the rate design.

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NAA/USPS-T35-11:        At USPS-T-35, p. 4, line 18, you refer to “an upper bound on the amount by which an individual rate cell is proposed to increase.” Please identify precisely what upper bound you imposed and how it was determined.

- a.     What specific rate cells were affected and precisely how were they affected? Please identify the affected passthrough percentages and the effect of the constraint on the selected passthrough in each case.
- b.     Did the “upper bound” affect rate proposals other than through the selection of the passthroughs? Please identify all such constraints and their effects on proposed rates.
- c.     Was there also a lower bound to the proposed rate categories?
- d.     If the answer to (c) is yes, please identify the lower bound, how it was determined, and how specific rate categories were affected.
- e.     If the answer to (c) is no, please identify in detail why not.

NAA/USPS-T35-12:        At USPS-T-35, p. 4, line 20 to p. 5, line 1, you state that “passthroughs [were] adjusted in order to maintain the desired relationship” between “5-digit automation and Enhanced Carrier Route Basic.”

- a.     Please identify precisely how the proposed rates were affected, the amount of the rate difference between the two rate categories thought desirable, and the method used to determine the desired rate differential.
- b.     Was consideration given to achieving the desired rate relationship between the rate categories by adjusting upward the target cost average for ECR?

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- c. If the answer to (b) is yes, explain why this alternative was rejected. If the answer to (b) is no, explain in detail why not.

NAA/USPS-T35-13: Were rate relationships between Standard A rate categories and those of any other class or subclass of mail considered?

- a. If the answer is yes, did these relationships affect the cost coverage of any subclasses, the rate design, or both?
- b. If the answer is no, please explain in detail why the relationships between Standard A rate categories and those of any other class or subclass of mail were not considered.

NAA/USPS-T35-14: At USPS-T-35, p. 5, lines 1-3 of your testimony, you state that the rate design process started with "passthroughs underlying the current rates, with modifications to meet rate design objectives." Please explain in detail the basis for the answers to the following questions:

- a. Was one of the objectives to move towards a rate design incorporating 100% passthrough of cost differences?
- b. Are the starting passthroughs expressed in percentage terms or in actual cents per piece or pound?

NAA/USPS-T35-15: At USPS-T-35, p. 7, line 2, you state that the proposed surcharge recovers 27.48% of the increased costs of pieces that are not letter- or flat shaped, or are prepared as parcels (the "Residual Shape Surcharge"). At p. 7, line 15, you refer to the "offsetting effects of the lower pound rate." And at p. 8, lines 14-15, you state that "the increased surcharge

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further reduces the need for the pound rate to act as a proxy for the changing shape mix as weight increases.”

- a. Does the fact that these pieces remain “contribution challenged” (p. 8, line 3) lead you to conclude that the pound rate continues to serve as a proxy for the changing shape mix as weight increases?
- b. If the answer to (a) is not an unqualified yes, please explain the basis for your answer.

NAA/USPS-T35-16: At USPS-T-35, p. 8, lines 5-6, you propose a reduction in the basic pound rate for the Regular subclass from 67.7 cents to 66.1 cents. At p. 4, lines 3-7, 12-13, you state that the pound rate was determined as an input to the rate design formula, not a solution. At p. 8, line 5 to p. 9, line 4, you identify your considerations in proposing the change in the pound rate.

- a. Please confirm that the considerations were (1) “the increased surcharge further reduces the need for the pound rate to act as a proxy for the changing shape mix as weight increases,” (2) a “new cost study examining the effect of weight on costs,” sponsored by Witness Daniel (USPS-T-28) and (3) “tempering the percentage increase for individual categories” by avoiding “an increase in the piece rate beyond that proposed.”
- b. If you cannot confirm (a) identify all other factors considered.
- c. Please explain in detail how all the considerations identified in (a) and (b) above resulted in the specific proposal to reduce the pound rate in the regular subclass from 67.7 cents to 66.1 cents.



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NAA/USPS-T35-17: At USPS-T35, p. 11, lines 4-5, you refer to “rate design objectives” that would be defeated with a 100% passthrough of the cost avoidance due to presortation. Please identify precisely these rate design objectives and how they would be accomplished by departing from 100% passthrough.

NAA/USPS-T35-18: At USPS-T-35, p. 11, line 23 to p. 12, line 11 you refer to adjustments to increase the passthroughs of cost avoidances due to mailer preparation of automation letters to 160%. You state that this adjustment is designed to encourage mailer use of 5-digit automation regular subclass rather than ECR basic.

- a. Did you consider achieving this objective by limiting the 5-digit automation letter passthrough to 100 percent and instead accomplishing this objective by raising the cost coverage for ECR?
- b. If so, please explain why this alternative was rejected.
- c. If not, please explain in detail why not.

NAA/USPS-T35-19: At USPS-T-35, p. 12, lines 6-7, you state that the rate for five digit automation letters is less than the ECR basic rate and “[t]his has led to significant beneficial changes in mail preparation.” Please identify

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precisely what these beneficial changes are and provide any data or study of which you are aware that identifies the amount of mail volume affected.

NAA/USPS-T35-20: At USPS-T-35, p. 15, lines 2-3, you identify "the general guideline of tempering individual rate increases."

- a. What precisely were the "general guidelines"?
- b. What "basic rates" were tempered by these guidelines and what was the effect of the tempering?

NAA/USPS-T35-21: At USPS-T-35, p. 21, lines 1-3, you refer to WP1, p. 34, lines 15-16 for the source of the revenue/piece figures used for calculating before-rates and after-rates "implicit cost coverages" as follows for ECR (using 3.0 ounce dividing line for costs):

	<b>BEFORE RATES IMPLICIT COVERAGE</b>	<b>AFTER RATES IMPLICIT COVERAGE</b>
Piece Rated	200.8%	215.6%
Pound Rated	215.5%	216.1%

WP1, page 8, and WP1, page 25, respectively, calculate the following before and after rates cost coverages, respectively, for all commercial ECR mail:

ECR Mail Total	199.2%	208.8%
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- a. Please explain how the after-rates cost coverage for commercial ECR mail can be 208.8 (p. 41) given the implicit coverage for piece-rated pieces of 215.6 and for pound-rated pieces of 216.1 at the 3.0 ounce cost dividing line.
- b. Please refer to p. 21, lines 1-3 of your testimony, 3.5 ounce dividing line. Please explain how the after-rates cost coverage for commercial ECR mail can be 208.8 (p. 41) given the implicit coverage for piece-rated pieces of 211.5 and for pound-rated pieces of 212.6 at the 3.0 ounce cost dividing line.

NAA/USPS-T35-22: At USPS-T-35, p. 19, line 10, to p. 23, line 8, you identify the factors considered in proposing a reduction in the pound rate for the ECR subclass to 58.4 cents from 66.3 cents.

- a. Please confirm that the factors you considered were (1) "a new cost approach that supports the proposed rate" (Witness Daniel's direct testimony at USPS-T-28), (2) the per-piece rate for pound-rated mail is only \$0.003 for pound-rated Saturation non-letters, (3) the pound rate is no longer needed as a proxy for shape, because the weight-per-piece for flats and parcels is about the same, and (4) the reduction in the pound rate would have a limited impact because of the higher piece rate for pound-rated pieces, which is "designed to allay concerns for those that contend they may be disadvantaged by a significant reduction in the pound rate."
- b. If you are unable to confirm (a), identify all other factors you considered.
- c. Please identify how the factors identified in (a) and (b) above were used to derive the specific proposed rate of 58.4 cents.

NAA/USPS-T35-23: Please refer to your direct testimony in Docket No. R97-1, USPS-T-36, pp. 24-27. There you give five reasons for reducing the

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ECR pound rate. The five reasons are: (1) that the current rate design formula is "illogical" because, for pound-rated saturation nonletters, the rate doubles as weight doubles (although this doubling happens only at the saturation level) USPS-T-36 at 24; (2) that the pound rate no longer serves as a proxy for shape in ECR mail, because parcels constitute only a small share of ECR mail; (3) that the proposed residual shape surcharge further reduces the need for the pound rate to act as a proxy for shape; (4) that the "new cost study" filed as Library Reference LR-H-182 shows that weight plays a "very small role" in ECR costs; and (5) that a lower pound rate is needed because ECR mail "is in a competitive market and is susceptible to diversion to alternative media." USPS-T-36 at 24-26.

- a. Please confirm that of these five previously mentioned reasons, your current direct testimony includes only the first rationale.
- b. If you are unable to confirm (a), specify which of the remaining reasons identified in your Docket No. R97-1 direct testimony you believe also are applicable to the current proceeding.

NAA/USPS-T-35-24: Please explain fully the extent to which the competitive status of the Postal Service in the delivery of above-breakpoint advertising mail influenced your proposed reduction in the pound rate for commercial ECR mail.

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NAA/USPS-T35-25: At USPS-T-35, p. 23, lines 2-3 you state that the percentage of ECR volume over 6 ounces is 4.6 percent based on Witness Daniel's weight study.

- a. What rates were in effect at the time this weight distribution was calculated?
- b. Do you believe that this weight distribution is representative of either the before-rates volumes in the test year, the after-rates volumes, both or neither?

NAA/USPS-T35-26: At USPS-T-35, p. 21, lines 1-2, and p. 23, footnote 44, you identify revenue/piece for piece and pound-rated ECR mail, citing WP1, p. 34, lines 15-16. Column (1) of the cited workpaper refers to WP1, p. 32, column 1 for the source of data on volume by ECR rate category, which in turn contains estimates of "FY01 Volume Forecast- Before Rates."

- a. Please confirm that these same before-rates volumes are used to calculate the revenue/piece using proposed rates in WP1, p. 33.
- b. Was a similar calculation performed to calculate revenue/piece at current and proposed rates using after-rates volumes?
- c. If the answer to (b) is yes, please provide the comparable computation using after-rates volumes.
- d. Do you believe that your proposed changes in rate design for Standard Mail (A) will effect the distribution of pieces by rate category and weight? Please explain your answer fully.
- e. If you have accounted for the revenue and cost consequences any shifts in volume identified in part (d), identify all analysis that was undertaken.

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NAA/USPS-T35-27: Please refer to your workpapers, WP1, p. 7

and p. 28. They contain the following calculations:

<b>REVENUE CATEGORY</b>	<b>AMOUNT (THOUSANDS)</b>	<b>SOURCE</b>
Revenue from pound charge for ECR Subclass (FY01 Revenue Before-Rates) at 66.3 cents/pound.	\$1,856,544	WP1, page 7, line 16
Revenue from pound charge for ECR Subclass (TY Revenue after Rates) at 58.4 cents/pound.	\$1,635,327	WP1, page 28, line 16
<b>Difference</b>	<u>\$ 221,217</u>	

<b>REVENUE CATEGORY</b>	<b>Amount (\$ MILLIONS)</b>	<b>SOURCE</b>
Expected Revenue from Residual Shape Surcharge for ECR Subclass (FY01 Revenue before rates) at 15 cents / piece.	3.425	WP1, page 14
Expected Revenue from Residual Shape Surcharge for ECR subclass (FY01 Revenue before Rates) at 10 cents/piece.	2.283	WP1, page 13
<b>Difference</b>	<u>\$1.142</u>	

- a. Please confirm that these differences represent the loss of revenue from the proposed decreased pound charge and increase in revenue for the proposed increase in residual shape surcharge respectively for the commercial ECR subclass for the test year using your before-rates volumes.

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- b. If you are unable to confirm (a), please provide data that you believe to be correct with an explanation of the source of the data.
- c. Please provide similar data and source using after-rates volumes.

NAA/USPS-T35-28: At USPS-T-35, p. 24, line 10 to p. 25, line 5, you propose a zero passthrough of the letter/non-letter cost differential, citing the Postal Service's concern regarding its letter automation program.

- a. Is this the same concern as you discussed at p. 12, line 3 to line 11?
- b. Did you consider increasing the cost coverage for ECR Mail so that the letter/non-letter cost differential in ECR might be recognized, while simultaneously permitting the desired relationship between rate levels for ECR Mail and 5-digit automation letters in the Regular subclass?
- c. If no consideration was given, explain in detail why. If this alternative solution was considered and rejected, explain in detail why.

NAA/USPS-T35-29: At USPS-T-35, p. 29, lines 20-21 and p. 30, lines 10-17, you state that the markup for nonprofit Standard (A) Regular Mail should be one-half that of the commercial markup (due to the Revenue Foregone Reform Act) and the rate design "should mirror the commercial subclass."

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- a. Apart from the difference in the cost coverage, are the ratemaking criteria in rate design that you apply to the two subclasses otherwise identical?
- b. Unless your answer to (a) is an unqualified yes, please identify any differences between commercial and nonprofit Standard Regular that you took into account, apart from the statutory requirements regarding cost coverage.

NAA/USPS-T35-30:           At USPS-T-35, p. 8, line 4 to p. 9, line 4, you address the pound rate for the Standard Regular commercial subclass.

- a. Are these same ratemaking considerations applicable to the pound rate for the Standard Regular nonprofit subclass?
- b. If your answer is not an unqualified yes, provide all information you believe justifies a difference, apart from the statutory requirements regarding cost coverage in the Revenue Foregone Reform Act.

NAA/USPS-T35-31:           At USPS-T-35, p. 31, lines 1-2, you state that an increase in the pound rate for nonprofit Standard (A) was necessary to avoid “upward pressure on piece rates.”

- a. Why was it thought desirable to avoid upward pressure on piece rates?
- b. What specific increases in the pound rate would otherwise have occurred had you not attempted to avoid upward pressure on piece rates, and why should they be avoided?



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NAA/USPS-T35-32: At USPS-T-35, p. 37, lines 3-4, you state that the nonprofit Standard ECR rate is designed "to mirror the commercial subclasses."

- a. Apart from anticipated legislation, are the ratemaking criteria otherwise identical?
- b. Unless your answer to (a) is an unqualified yes, please identify any differences between commercial and nonprofit Standard ECR that you took into account, apart from the anticipated legislation, and how they were taken into account.

NAA/USPS-T35-33: At USPS-T-35, p. 19 to p. 23, line 8, you address ratemaking considerations you believe should apply to the pound rate for the commercial ECR rate.

- a. Apart from anticipated legislation, are the ratemaking criteria otherwise identical?
- b. Unless your answer is an unqualified yes, please identify any differences between commercial and nonprofit that you took into account, and how they were taken into account.

NAA/USPS-T35-34: At USPS-T-35, p. 41, footnote 62, you state that "due to mail mix changes in the after rates volumes, the after rates coverage (and markup) increases."

- a. Please provide all data and analysis upon which this statement relies.

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- b. What specifically is the cause of the changes in coverage and markup?

NAA/USPS-T35-35: At USPS-T-35, Appendix 1, at p. 1, lines 9-25,

you describe your workpapers.

- a. Please confirm that the billing determinants shown in WP1, p. 1, and converted to percentages in WP1, p. 2, are assumed to be the same in all calculations (e.g., for both before and after rate volume forecasts).
- b. Specifically confirm that your workpapers assume that the following billing determinants would remain constant for before-and after-rates volumes:

<b>ECR</b>	<b><i>percent lb.-rated</i></b>	<b><i>lb. / piece for pound rated</i></b>
Non-letters- Basic	44.96%	0.318
Non-letters- High density	39.96%	0.343
Non-letters- Saturation	30.83%	0.304
Source: WP1, page 2, columns 3, 5.		

- c. If you cannot confirm (a) or (b), please identify all places where you have assumed a different percentage distribution of billing determinants than for FY98 and provide in each instance the billing determinant that you used.

NAA/USPS-T35-36: At USPS-T-35, Appendix 1, p. 4, lines 13-15,

19-23 and p. 5, line 11, you state that the estimate of the revenue from the residual shape surcharge "includes the assumption that the percentage of

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nonletter pieces which would be subject to the surcharge remains constant before and after rates.” However, you also state that “the estimate also includes an adjustment that attempts to account for the potential loss of surcharge revenue due to the implementation of the surcharge and mailer attempts to avoid it.” You further state that “the parcel [sic] percentage applied to the nonletter volume is from FY98, which was prior to the implementation of the surcharge.”

- a. Please provide all evidence upon which you relied to conclude that the revenues from imposing the 10 cent surcharge (WP1, p. 13, line 7) would be 50% (WP1, p. 13, line 9) of the amount that would be received assuming no mailer volume response to the surcharge (WP1, p. 13, line 3).
- b. Would it be equally true that the billing determinants from FY98 in WP1, p.s 1-2, do not account for mailer response to other rate design changes arising from the rate changes imposed by Docket No. R97-1? Explain your answer in full.
- c. Please confirm that the difference between WP1, p. 14, column 1 (TYBR Volume nonletters, before rates) and column 2 (after rates) represents your estimate of the effect of the proposed 4.9% average rate increase in this proceeding on ECR mail volumes.
- d. If you are unable to confirm (c), please provide an explanation of the difference.
- e. Please confirm that the difference between column 2 of WP1, p. 14 (ECR expected residual volume after rates) and column 2 (ECR net volume expected) represents your estimate of the effect of the imposition of the 10 cent surcharge in Docket No. R97-1 in FY2001, assuming your proposed average 4.9% rate increase is implemented.
- f. If you are unable to confirm (e), please provide an explanation of the difference.

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- g. Did you at any place account for the effects of your proposed increase from 10 cents to 15 cents on the residual shape surcharge on FY2001 revenues of ECR Mail?
- h. If the answer to (g) is yes, please indicate where and how the effects were accounted for.

NAA/USPS-T35-37: At USPS-T-35, Appendix 1, p. 7, line 20, to p. 8, line 11, you state that "before rates volume" was used as a "constant mail mix" to calculate the percentage change in revenue per piece, in order to "control" for the "effects of migration within subclass, or across subclasses."

- a. Does this mean that the calculation of the estimated percentage rate increases assumed no "migration" within subclass or across subclasses, i.e., a "constant mail mix," if proposed rates are put into effect?
- b. If the answer to (a) is yes, please explain the reason why no account was taken of the effect of the change in mail mix on the percentage rate increase.
- c. If the answer to (a) is yes, please also explain why you attempted to account for the effects of the change in mail mix in WP1, p.s 13-14, arising from the imposition of the 10 cent residual shape surcharge in R97-1, but not the changes in mail mix arising from the changes in rate design proposed by you in this proceeding.
- d. If the answer to (a) is no, please explain in detail how the expected change in mail mix was accounted for.

NAA/USPS-T35-38: At USPS-T-35, WP1, p. 3, you provide the before and after rates volumes used in your testimony.

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- a. For each row, please identify the assumed rate changes, elasticities, and any other data or formula that explain the difference between the before-rates and after-rates volumes.
- b. Please refer to your WP1, p. 34. If the rate changes provided by you in response to (a) above are not the same as those contained in WP1, p. 34, please explain the source of the difference.
- c. How were the rate differences identified in part (a) determined and how were they calculated?

NAA/USPS-T35-39: At USPS-T-35, WP1, page 3, you provide the before and after rates volumes used in your testimony.

- a. Please confirm that the only difference in the assumptions underlying the two forecasts is the rate changes you propose in this proceeding.
- b. If you are unable to confirm (a), please identify in detail all differences in assumptions between the two forecasts.
- c. For each row, please identify the assumed rate changes, elasticities, and any other data or formulae that explains the difference between the before-rates and after-rates volumes.
- d. Please refer to your WP1, page 34. If the rate changes provided by you in response to (a.) above are not the same as those contained in WP1, page 34, please explain the source of the difference.
- e. How were the rate differences identified in part (a) determined and how were they calculated?

NAA/USPS-T35-40: Please refer to your WP1, page 4, column (1) and (2), where you provide your estimates of pieces and pounds for the ECR

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subclass, labeled "FY01 Volume Forecast Before Rates." Please also refer to your WP1, page 21, column (1) and (2), which provides estimates of TY Volume Forecast-After Rates," which USPS-T-35, page 15, lines 19-20, describes as the distribution of test year after rates volumes to "rate categories using the billing determinant information from page 2."

- a. Please confirm that, despite the nominal labeling differences, that the only difference in assumptions between page 4 (before rates) and page 21 (after rates) are the rate changes in each of the rate categories assumed in the testimony of Witness Tolley.
- b. If you are unable to confirm (a), identify all differences in assumptions underlying the two volume forecasts and how they explain the differences.