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

Postal Rate and Fee Changes, 2000   )   Docket No. R2000-1

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS: VIRGINIA J. MAYES (OCA/USPS-T32-11-12)
February 28, 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,

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OCA/USPS-T32-11.   Please confirm the following statements. If you cannot confirm a statement, please explain why. If you disagree with any definitions, please provide your definition.

(a)   The markup for subclass I is defined as the difference between total revenue of subclass I and total attributable costs of subclass I all divided by total attributable cost of subclass I. $MU_i = \dfrac{TR_i - TAC_i}{TAC_i}$.

(b)   The difference between total revenue and total attributable cost for subclass I is defined as the contribution to institutional costs of subclass i. $CI_i = TR_i - TAC_i$.

(c)   The systemwide markup is defined as the sum of all contributions divided by the sum of all attributable costs. $MU = \dfrac{\sum_j CI_j}{\sum_j TAC_j}$.

(d)   The relative portion of institutional costs contributed by subclass I is defined as the contribution to institutional costs of subclass I divided by the sum of all contributions. $POIC_i = \dfrac{CI_i}{\sum_j CI_j}$.

(e)   The relative portion of attributable costs attributed to subclass I is defined as the total attributable costs of subclass I divided by the sum of all attributable costs.

$POAC_i = \dfrac{TAC_i}{\sum_j TAC_j}$.

(f)   A markup index for subclass l is defined as the markup for subclass l divided by

the systemwide markup. $$X_i = \frac{MU_i}{MU} = \frac{\dfrac{CI_i}{TAC_i}}{\dfrac{\sum_j CI_j}{\sum_j TAC_j}} = \frac{CI_i \times \sum_j TAC_j}{TAC_i \times \sum_j CI_j} = \frac{\dfrac{CI_i}{\sum_j CI_j}}{\dfrac{TAC_i}{\sum_j TAC_j}} = \frac{POIC_i}{POAC_i}.$$

(g)   Thus, a markup index for subclass l is equal to the relative portion of institutional

costs contributed by subclass i divided by the relative portion of attributable costs

attributed to subclass i. $X_i = \dfrac{POIC_i}{POAC_i}.$

(h)   By the definition of proportionality, a markup index for subclass l is directly

proportional to the relative portion of institutional costs contributed by subclass l,

$X_i \propto POIC_i$, and inversely proportional to the relative portion of attributable costs

attributed to subclass l, $X_i \propto \dfrac{1}{POAC_i}.$

(i)   Simultaneously increasing the institutional share *and* decreasing the attributable

share of costs borne by subclass l will unambiguously cause the markup index

for subclass l to increase.

OCA/USPS-T32-12.   Please refer to the attachment to your response to interrogatory

OCA/USPS-T32-6.   Please confirm that column (6) divided by column (8) equals

column (5). If you do not confirm, please explain.

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 28, 2000