

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

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POSTAL RATE COMMISSION
OFFICE OF THE CONSUMER ADVOCATE


Postal Rate and Fee Changes, 2000)

Docket No. R2000-1

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS WILLIAM P. TAYMAN (OCA/USPS-T9-39-41)
March 8, 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,


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OCA/USPS-T9-39. For purposes of this interrogatory, and interrogatories OCA/USPS-T9-40 and -41, please consider postal services to be services that the Postal Service has begun offering after filing a request with the Postal Rate Commission under 39 U.S.C. §3623, and/or that the Postal Service has changed the rate or fee of a service by filing a request with the Commission under 39 U.S.C. § 3622, or is asking to change the rate or fee of a service in the instant omnibus rate proceeding. Please consider nonpostal services to be any other service provided by the Postal Service to the public, including retail services. Please refer to pages 10-11, in which you discuss test year cost estimating procedures. For each of the following years—Base Year 1998, Interim Year 1999, Interim Year 2000, and Test Year 2001— please state separately:

- (a) the estimated costs of postal services,
- (b) the estimated costs of nonpostal services.
- (c) the estimated revenues of postal services,
- (d) the estimated revenues of nonpostal services.
- (e) Is it correct that some types of costs that make up the revenue requirement are jointly incurred by postal and nonpostal services? If so, explain the procedures you employ to allocate to nonpostal services their proper share of such costs. Include in your explanation, a description of the accounts and data systems used to make an allocation to nonpostal services of their proper share of costs.
- (f) Do you estimate, for each of the years cited above, that nonpostal services, in the aggregate, will generate (i) a surplus (*i.e.*, make a contribution to institutional costs over and above the sum of the volume

variable plus the product specific costs of providing nonpostal services), (ii) a deficit (*i.e.*, the revenues of nonpostal services are less than the sum of the volume variable plus the product specific costs of providing nonpostal services), or (iii) be in a position that the sum of the volume variable plus the product specific costs of nonpostal services equal the revenues they generate? Please explain in full.

- (g) For the years cited above, is it anticipated that any nonpostal services have, or will be, offered at no charge to the users of the service? If so, please list all such services. Also, if your answer is affirmative, please state the source(s) of funds for operating each such service. If postal services are directly or indirectly the source of funds, then please so state.
- (h) For the years cited above, is it anticipated that any nonpostal services have, or will be, offered at a rate or fee that does not cover the cost of providing the service? If so, please list all such services. Also, if your answer is affirmative, please state the source(s) of funds that make up any deficits in providing the service. If postal services are directly or indirectly the source of funds, then please so state.

OCA/USPS-T9-40. Does Postal Service management make presentations to the Board of Governors, the Governors alone, any Governors' committee(s), or any other subset of the Board of Governors on the costs of providing and revenues related to nonpostal services? Please explain the actions taken to make the financial condition of nonpostal services known to the Governors.

OCA/USPS-T9-41. Do the Board of Governors or the Governors alone approve management decisions:

- (a) to offer nonpostal services,
- (b) on the fees to charge for such services,
- (c) on whether it is necessary for nonpostal services to make a contribution to the institutional costs of the Postal Service, or, conversely, whether they may be offered free or for a noncompensatory fee? Please explain fully. If these decisions are not subject to approval by the Board of Governors or the Governors, please describe how the Postal Service makes such decisions.

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
March 8, 2000