

UNITED STATES OF AMERICA
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

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS: VIRGINIA J. MAYES (OCA/USPS-T32-13-14)
March 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

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OCA/USPS-T32-13. Please refer to your testimony at page 20, lines 10-16.

- (a) Please confirm that the "integer constraint," which requires that the rate for single-piece First-Class letter mail be set in whole cents, limits the flexibility of the Postal Service to consider a different cost coverage for the Letters and Sealed Parcels subclass. If you do not confirm, please explain.
- (b) Please confirm that the "integer constraint" largely determines the cost coverage for First-Class Mail. If you do not confirm, please explain.
- (c) Please confirm that in the absence of the "integer constraint" the Postal Service could select a rate for single-piece First-Class letter mail that is not set in whole cents. If you do not confirm, please explain.

OCA/USPS-T32-14. Please refer to your testimony at pages 20 and 35, lines 10-11, and 13-15, respectively, concerning the cost coverage of First-Class Mail and Standard (A) Regular. Also, please refer to the table and chart below entitled "Comparison of First-Class Letters and Standard (A) Regular Mark-up Indices, 1988-2001." (Note: The electronic version of the table and chart can be found in the Excel file "fc&3c_cc.xls.")

- (a) Please confirm the "USPS Attributable Costs" for "First," "Std (A)," and "Total" for each year. If you do not confirm, please explain and provide the correct amount(s).
- (b) Please confirm the "USPS Revenues" for "First," "Std (A)," and "Total" for each year. If you do not confirm, please explain and provide the correct amount(s).
- (c) Please confirm the "Mark-Up Index" for "First," "Std (A)," and "Total" for each year. If you do not confirm, please explain and provide the correct figure(s).

COMPARISON OF FIRST-CLASS LETTERS AND STANDARD (A) REGULAR MARK-UP INDICES, 1988-2001												
(all dollar amounts in millions; italicized amounts are estimates)												
	1988			1989			1990			1991		
	First	Std (A)	Total									
USPS Attributable Costs [1]	\$12,787	\$4,704	\$24,137	\$13,743	\$4,810	\$25,675	\$14,259	\$5,059	\$26,948	\$15,173	\$5,223	\$28,716
USPS Revenues [2]	\$20,653	\$6,199	\$35,961	\$22,471	\$6,769	\$38,934	\$23,135	\$6,935	\$40,082	\$25,644	\$7,647	\$44,242
Institutional Cost Contribution [3]	\$7,866	\$1,495	\$11,825	\$8,728	\$1,959	\$13,259	\$8,875	\$1,876	\$13,134	\$10,471	\$2,424	\$15,525
Attributable Cost Share [4]	52.98%	19.49%	100.00%	53.53%	18.74%	100.00%	52.91%	18.77%	100.00%	52.84%	18.19%	100.00%
Institutional Cost Share [5]	66.52%	12.64%	100.00%	65.83%	14.77%	100.00%	67.58%	14.28%	100.00%	67.44%	15.61%	100.00%
Mark-Up Index [6]	1.26	0.65	1.00	1.23	0.79	1.00	1.28	0.76	1.00	1.28	0.86	1.00

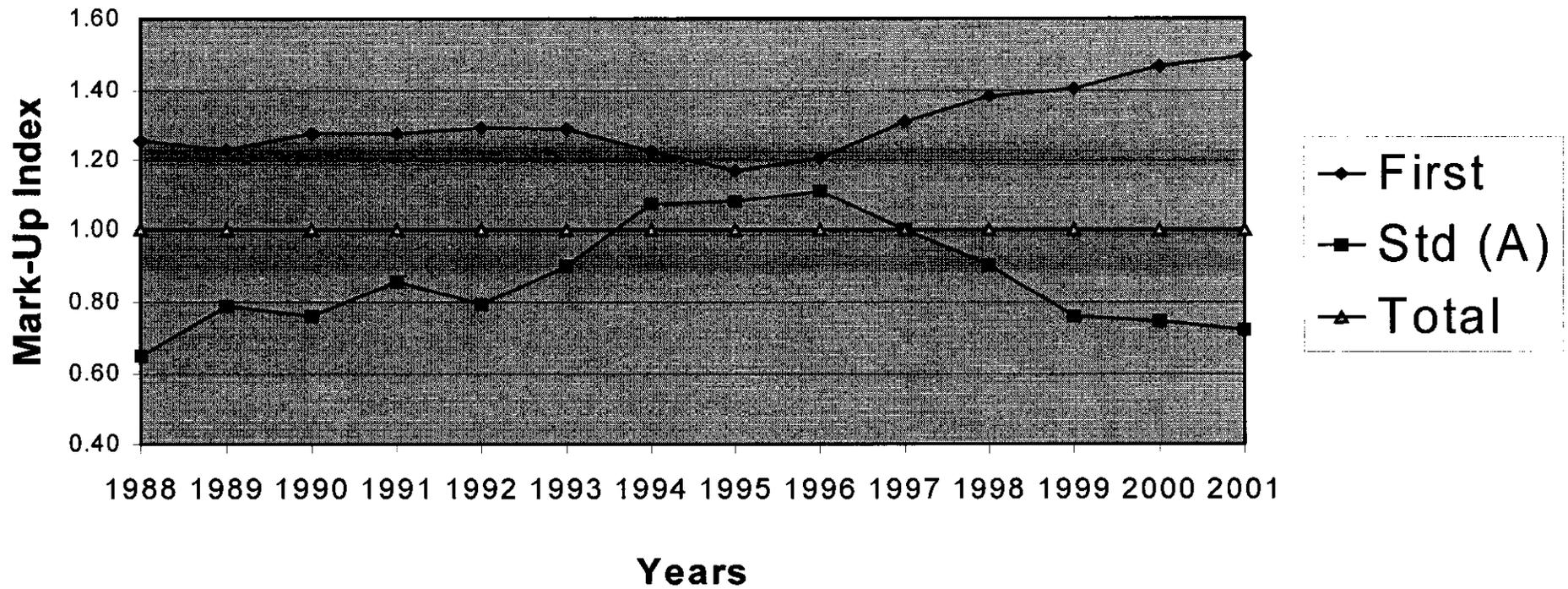
	1992			1993			1994			1995		
	First	Std (A)	Total									
USPS Attributable Costs [1]	\$15,630	\$5,515	\$29,904	\$15,909	\$5,472	\$30,363	\$17,042	\$5,723	\$32,193	\$17,856	\$6,145	\$33,689
USPS Revenues [2]	\$27,289	\$8,042	\$47,159	\$27,879	\$8,348	\$48,078	\$28,365	\$9,049	\$49,646	\$30,821	\$10,268	\$54,608
Institutional Cost Contribution [3]	\$11,659	\$2,526	\$17,255	\$11,970	\$2,875	\$17,715	\$11,323	\$3,325	\$17,453	\$12,965	\$4,122	\$20,919
Attributable Cost Share [4]	52.27%	18.44%	100.00%	52.40%	18.02%	100.00%	52.94%	17.78%	100.00%	53.00%	18.24%	100.00%
Institutional Cost Share [5]	67.57%	14.64%	100.00%	67.57%	16.23%	100.00%	64.88%	19.05%	100.00%	61.98%	19.71%	100.00%
Mark-Up Index [6]	1.29	0.79	1.00	1.29	0.90	1.00	1.23	1.07	1.00	1.17	1.08	1.00

	1996			1997			1998			1999		
	First	Std (A)	Total									
USPS Attributable Costs [1]	\$18,254	\$6,274	\$34,853	\$15,743	\$6,289	\$32,449	\$15,675	\$7,101	\$33,729	\$17,141	\$8,367	\$37,146
USPS Revenues [2]	\$31,999	\$10,622	\$56,618	\$32,238	\$11,329	\$58,385	\$32,691	\$12,138	\$60,192	\$33,785	\$12,762	\$62,811
Institutional Cost Contribution [3]	\$13,745	\$4,348	\$21,765	\$16,495	\$5,040	\$25,936	\$17,016	\$5,037	\$26,463	\$16,644	\$4,394	\$25,666
Attributable Cost Share [4]	52.37%	18.00%	100.00%	48.52%	19.38%	100.00%	46.47%	21.05%	100.00%	46.15%	22.53%	100.00%
Institutional Cost Share [5]	63.15%	19.98%	100.00%	63.60%	19.43%	100.00%	64.30%	19.03%	100.00%	64.85%	17.12%	100.00%
Mark-Up Index [6]	1.21	1.11	1.00	1.31	1.00	1.00	1.38	0.90	1.00	1.41	0.76	1.00

	2000			2001		
	First	Std (A)	Total	First	Std (A)	Total
USPS Attributable Costs [1]	\$17,535	\$8,917	\$38,825	\$18,113	\$9,417	\$40,736
USPS Revenues [2]	\$34,742	\$13,361	\$64,767	\$35,143	\$13,690	\$66,328
Institutional Cost Contribution [3]	\$17,207	\$4,444	\$25,943	\$17,030	\$4,272	\$25,592
Attributable Cost Share [4]	45.17%	22.97%	100.00%	44.46%	23.12%	100.00%
Institutional Cost Share [5]	66.33%	17.13%	100.00%	66.54%	16.69%	100.00%
Mark-Up Index [6]	1.47	0.75	1.00	1.50	0.72	1.00

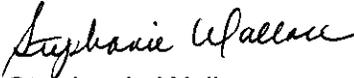
Notes:												
[1]	USPS Cost Segments and Components Reports, FY1988-98. For 1999, 2000, and 2001, see Exhibit USPS-14C, Exhibit USPS-14F, and Exhibit USPS-14I, respectively, at 1 and 2.											
[2]	USPS Revenue, Pieces and Weight (RPW) Reports, FY1988-99. For FY2000 and FY2001, see Exhibits USPS-32C and USPS-32A (revised 2-18-00), respectively, at 1.											
[3]	= [2] - [1]											
[4]	In each year, [1] First / Total; Std (A) / Total; and, Total / Total.											
[5]	In each year, [3] First / Total; Std (A) / Total; and, Total / Total.											
[6]	= [5] / [4]											

Comparison of First-Class Letters and Standard (A) Regular Mark-Up Indices



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
March 10, 2000