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

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS VAN-TY-SMITH TO INTERROGATORY OF
DOUGLAS F. CARLSON
(DFC/USPS-T17-1)

The United States Postal Service hereby provides the response of witness Van-Ty-Smith to the following interrogatory of Douglas F. Carlson: DFC/USPS-T17-1, filed on February 25, 2000.

The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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March 10, 2000

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS VAN-TY-SMITH TO DFC INTERROGATORIES.

DFC/USPS-TI7-1. Please refer to witness Meehan's response to DFC/USPS-T30-6 and 7. In responding to the following questions, please provide answers that a person who understands mail processing but who may not be familiar with jargon and other terms related to cost measurement and cost systems should be able to understand. Also; for these questions, if the mail-processing cost of mailing a return receipt back to the customer is identical to the mail-processing cost of a post card, you do not need to discuss the cost issues related to the mail-processing cost of post cards.

- a. To that extent that your knowledge or testimony covers this issue, please explain why costs for certified mail, return receipt, and return receipt for merchandise have increased substantially since Docket No. R97-1. In answering this question, please break the total cost for each service into each processing step or other factor (e.g., window-clerk time, carrier delivery time, etc.) that contributes to the total cost of this service and explain the amount by which, and why, that cost has increased since Docket N.. R97-1.
- b. To the extent that your knowledge or testimony covers this issue, for every processing step or other factor (e.g., window-clerk time, carrier delivery time, etc.) that contributes to the cost of certified mail, return receipt, and return receipt for merchandise, please explain exactly how the cost of that step or factor is measured and calculated.
- c. Please explain any assumptions implicit in methodologies that you use or advocate for measuring costs associated with certified mail, return receipt and return receipt for merchandise or attributing costs to those services.
- d. Please discuss any assumptions, changes in methodology, or other factors that may cause *you* to have any doubt about the accuracy of the costs for certified mail, return receipt, and return receipt for merchandise that are the basis for the postal Service's proposed fees in this docket.
- e. Has the Postal Service adjusted certified-man costs to account for the electronic signature-capture process? Please explain and provide details.

RESPONSE TO DFC/USPS-TI7-1.

- a. My testimony does not cover the 'whys' or assumptions underlying this question.

To the extent that some of the updates and changes made in this docket to the methodology presented in Docket No. R97-1 may have contributed to such an increase, see section IIA and IIB of my testimony for a documentation of the

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mechanics of the procedure used to calculate the mail processing costs for subclasses and special services, and for a listing of updates and changes since Docket No. R97-1.

- b. See my response to (a.) above, in particular, section II.B.5, on p. 19 of my testimony, for a description of the procedure underlying the calculation of the mail processing costs for these special services, as they are reflected in C/S 3.1.1a of Witness Meehan's B Workpapers. Also see Table 1 and Table 3, p. 32-36, p. 38 and p. 49 in my testimony for the computed costs resulting from the application of such procedure.

For a general description of the procedure underlying the computation of the administrative and window service costs for these special services, as they are reflected in the inputs into C/S 3.2 and C/S 3.3 of Witness Meehan's B Workpapers, please refer to section III.A.1 of my testimony, and to USPS LR-I-12, Section VI.H and Appendix E. Also see Table IV-1 on p. IV-5 and Table IV-2 on p. IV-10, in Part IV of USPS-LR-I-106, for the computed costs resulting from the application of such procedure.

Please note that although certified mail is listed as a separate category, both types of return receipt are included with other special services in the 'other services' category.

- c. & d. My testimony does not cover the 'whys' or assumptions underlying these questions.
- e. This question is beyond the scope of my testimony.

DECLARATION

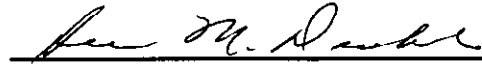
I, Eliane Van-Ty-Smith, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Eliane Van-Ty-Smith

Dated: 3/10/00

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in cursive script, appearing to read "Susan M. Duchek", is written over a horizontal line.

Susan M. Duchek

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