

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

INTERROGATORIES OF TIME WARNER INC.
TO UNITED STATES POSTAL SERVICE WITNESS
VAN-TY-SMITH (TW/USPS-T17-17-21)
(March 10, 2000)

Pursuant to sections 25 and 26 of the Rules of Practice, Time Warner Inc. (Time Warner) directs the following interrogatories to United States Postal Service witness Van-Ty-Smith (USPS-T-17). If witness Van-Ty-Smith is unable to respond to any interrogatory, we request that a response be provided by an appropriate person capable of providing an answer.

Respectfully submitted,


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**FOURTH INTERROGATORIES OF TIME WARNER INC. TO WITNESS
VAN-TY-SMITH (USPS-T-17)**

TW/USPS-T17-17 There appear to be 453 IOCS tallies for mail processing in MODS offices, with a combined tally dollar value of \$22.729 million, that are shown as “not handling” but have assigned activity codes 30, 50, 60 and 90. Such tallies appear in the four “support” pools (1Misc, 1Support, LD48_Adm and LD48Oth) as well as in pools BusReply, Express, Intl, LD48_SSV, and Registry.

- a. Please confirm the above figures, or if incorrect please correct them.
- b. Why is the “not handling” designation used with activity codes that normally represent direct tallies?

TW/USPS-T17-18 Please refer to Table 1 and Table I-4B in LR-I-106, and your answer to TW/USPS-T17-2d and e.

- a. Confirm that in order to transform the breakdown of NonMODS mail processing costs into cost pools that is shown in Table I-4B to the breakdown into eight cost pools shown in part 2 of Table 1, you simply distributed the costs from the ZBREAKS pool, formed from the tallies with activity code 6521 (breaks/personal needs), proportionately among the other eight pools. If not confirmed, which method did you use?
- b. Confirm that you did not use any Question 18 or Question 19 data to distribute the ZBREAKS costs. If not confirmed, what information did you use and how?
- c. Confirm that the portions of the ZBREAKS costs that are distributed to other pools are as shown below. If not confirmed, please give correct figures.

ALLIED	55,211,285
AUTO/MEC	14,025,832
EXPRESS	1,871,710
MANF	46,806,559
MANL	69,155,339
MANP	12,383,701
MISC	25,256,203
REGISTRY	2,904,047
Total ZBREAKS Costs	227,614,677

- a. Assume that instead of a proportional distribution of the NonMODS break time costs you had distributed those costs by applying Question 18 and Question 19 data for the break time tallies in the same way as you did for other tallies. Please show what the distribution of ZBREAKS costs to

NonMODS cost pools, and the distribution of NonMODS volume variable costs to subclasses and special services, would be in that case.

TW/USPS-T17-19 The following questions concern your attribution and distribution of costs in the two Function 1 and two Function 4 "support" pools.

- a. Please confirm that the direct tallies, identifying specific subclasses and special services, in cost pools 1Misc, 1Support, LD48_Adm and LD48Oth represent \$89.713 million in "tally dollars" or \$83.192 million in accrued BY98 costs. If not confirmed, please supply corrected figures.
- b. Confirm that your method distributes the volume variable portion of these direct costs in a manner that ignores all subclass and handling specific information recorded by IOCS clerks for these tallies.
- c. Granted that many other (not handling) tallies in these cost pools indicate general and administrative functions for which a broad distribution over all mail processing costs may be justified, what exactly is your justification for ignoring the specific information on the direct tallies instead of simply distributing the costs of those tallies to the subclasses and services indicated?
- d. List all reasons you have, if any, to believe that ignoring the subclass and service specific information on the direct tallies referred to above leads to a more accurate distribution than you would get by simply using the ignored information.

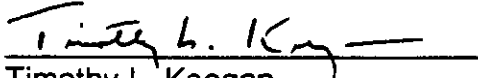
TW/USPS-T17-20 The MODS mail processing "not handling" tallies appear to include tallies showing window service activities, represented by activity codes 5020-5195 and 6000-6200, with a total "tally dollar" value of \$79.63 million. This includes \$12.48 million in Function 1 cost pools with the rest in Function 4 pools.

- a. Please confirm the above numbers.
- b. What are the volume variable costs represented by these tallies?
- c. What portion of these costs is attributed to each Periodicals subclass under your distribution method?

TW/USPS-T17-21 What are the accrued and volume variable costs associated with not handling tallies with activity codes equal to, respectively, 6220 (Special Delivery), 6230 (Registry) or 6231 (Express Mail)? Please also indicate what portion of these costs is attributed to Periodicals mail under your methodology.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with sections 12, 25(a), and 26(a) of the Rules of Practice.



Timothy L. Keegan

March 10, 2000