

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 SUSAN W. MAYO (OCA/USPS-T39-3-16)
March 16, 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-T39-3. Please refer to your workpaper InsuredMail.xls. Total test year CRA costs are reported as \$76,594. The stated source, USPS-T-14, WP H, contains the figure \$76,613. Please explain the apparent discrepancy.

OCA/USPS-T39-4. Please refer to your testimony at page 60.

- a. Please explain the reason for the large increase in costs for insurance which caused you to propose a 59% increase in the rate for Unnumbered Insurance up to \$50.
- b. As a rate/fee design witness, did this large increase disturb/alarm you? Please explain.
- c. Did this large increase cause you to investigate further? Why or why not?

OCA/USPS-T39-5. In prior dockets, a workpaper detailing indemnity costs was filed and used to aid in the setting of fees for insurance.

- a. Did you use such a document? If not, why not?.
- b. Please provide an indemnity analysis.

OCA/USPS-T39-6. Please explain in detail what caused you to propose an increase in the incremental fee of 95 cents.

OCA/USPS-T39-7. Please refer to your testimony at page 40.

- a. Was your statement that "This reflects the change to electronic signature capture for accountable mail services" meant to explain your proposed 50% increase for certified mail?
- b. If so, do you think that customers will consider the electronic signature an "enhancement" of certified mail service? Please explain.

- c. Do you think that it is possible/probable that customers would prefer a service that was 50% less expensive to a service with an electronic signature? Please explain.

OCA/USPS-T39-8. Please refer to your testimony at page 40. There you state “the Postal Service will be scanning signatures for a certified database, rather than storing hard copy signatures at each office of delivery.” The implication seems to be that the Postal Service is instituting electronic signature scanning for its convenience not the customers. Your testimony at page 43 states: “There is no question that a fee increase of this magnitude will have an adverse impact on users (Criterion 4).” Please explain why customers should suffer “an adverse impact” from the proposed 50% fee increase for the convenience of the Postal Service.

OCA/USPS-T39-9. The cost study used to update stamped envelope costs is now 18 years old (1982). Has the Service considered conducting a new study of stamped envelopes? Please explain in detail why or why not.

OCA/USPS-T39-10. The “Notice of the United States Postal Service of Filing of the Second Set of Revisions to Library Reference USPS-LR-I-150 and the Testimony and Workpapers of Witness Kay –Errata” filed March 13, 2000 details fiscal year 1998 advertising costs. According to this document, the Postal Service spent \$8.9 million on advertising for money orders.

- a. Please provide specifics of this advertising campaign, including copies of advertisements, and a breakdown of the \$8.9 million total by type of media (e.g., broadcast television, newspapers, magazines, radio, internet, other).
- b. Please describe the markets where advertising was directed.

OCA/USPS-T39-11. Please explain why the Postal Service believes that it needs to spend this amount to advertise money orders when it is generally widely known that the Postal Service provides this service.

OCA/USPS-T39-12. Did the Postal Service conduct any research or survey of competitors in the money order business or of alternatives to the use of postal money orders? If so, provide all documents relating to such research or studies; if not, explain why not.

OCA/USPS-T39-13. Please explain why the Postal Service is proposing an increase in the fee for money orders when many of its competitors provide a similar service for as little as 28 cents.

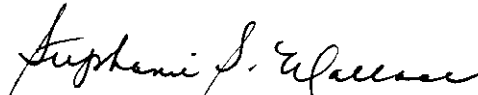
OCA/USPS-T39-14. Is the non-fee revenue provided by money order float, non-redeemed money orders and commission on international money orders revenue to the Postal Service in the same sense that fee revenue is revenue to the Postal Service? Please explain in detail.

OCA/USPS-T39-15. At page 78 of your testimony you state that: "It is important to remember that the money order revenue used to calculate the cost coverage also includes non-fee revenue." Please explain why this is important.

OCA/USPS-T39-16. Please explain whether it is postal employees or military/civilian personnel who sell and redeem money orders at APO and FPO facilities.

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 16, 2000