

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

Docket No. R2000-1

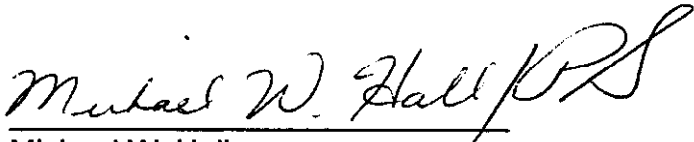
**KeySpan Energy's  
Second Set Of Interrogatories And Document Production Requests  
To USPS Witness Susan W. Mayo**

Pursuant to Rules 25, 26, and 27 of the Commission's Rules of Practice, KeySpan Energy submits the following interrogatories and document production requests to United States Postal Service witness Susan W. Mayo: **KE/USPS-T39-7-12**. If the designated witness is unable to answer any of these questions, please direct them to the appropriate witness who can provide a complete response.

Respectfully submitted,

KeySpan Energy

By:



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Counsel for  
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Dated: Round Hill, VA  
March 21, 2000

**KeySpan Energy's**  
**Second Set Of Interrogatories And Document Production Requests**  
**To USPS Witness Susan W. Mayo**

**KE/USPS-T39-7** Please refer to your answer to Interrogatory KE/USPS-T39-1 (e) where you discuss the "breakeven" volume for nonletter-size BRM received in high volumes.

(a) Please confirm that the correct equation to compute the "breakeven" volume for nonletter-size BRM under your proposal of 80,000 pieces per year is as follows:

$$.10 \times V = .01V + 600 \times 12 \text{ where } V = \text{"Breakeven" Volume}$$

(b) Please confirm that the average volume received per nonletter-size BRM account in FY 1998 was 1.262 million pieces. See LR-T-39, WP-5, which shows a total of 5.409 million pieces received by four recipients. If you cannot confirm, please explain why not.

(c) Please confirm that the average number of pieces received per recipient was more than 12 times the "breakeven" volume in effect in 1998 and more than 15 times the proposed "breakeven" volume. If you cannot confirm, please explain why not.

(d) Did you consider this relationship between pieces actually received by BRM recipients versus the theoretical "breakeven" volume when you projected the average number of pieces received per recipient for QBRM received in high volumes, as shown in LR-T-39, WP-5? If you did consider that relationship, please explain how you gave that effect to such considerations and what impact, if any, they had on your calculations. If you did not consider that relationship, please explain why not?

**KE/USPS-T39-8** Please refer to your answer to Interrogatory KE/USPS-T39-1 (g). In that response you rely on USPS witness Campbell's cost study to conclude that it is less expensive to count 10,000 non-uniform, bulky small parcels than it is to count 10,000 clean, barcoded machinable letters.

(a) Please confirm that 10,000 clean, barcoded machinable letters will take up more sacks (or trays) than 10,000 non-uniform, bulky small parcels, thereby requiring more sacks (or trays) to weigh and more time for postal service to derive an estimated quantity. If you cannot confirm, please draw upon your expertise to explain your answer.

(b) Please confirm that 10,000 clean, barcoded machinable letters will require more sampling time to derive a weight-to-quantity conversion factor than the sampling time required for 10,000 non-uniform, bulky small parcels, thereby

requiring more time to derive an estimate of the quantity. If you cannot confirm, please draw upon your expertise to explain your answer.

- (c) If you cannot confirm either situation in parts (a) and (b), how does charging a 3-cent BRM fee for the letters, which is three times the BRM fee for the small parcels, consistent with criterion 7 of the Act? (Criterion 7 of the Act calls for simple, identifiable relationships between the rates or fees charged.) Please explain your answer.
- (d) Please confirm that it is less costly to hand count 10,000 clean, barcoded machinable letters to obtain an estimated count than it is to weigh 10,000 clean, barcoded machinable letters to obtain an estimated count. If you cannot confirm, please draw upon your expertise to explain your answer.
- (e) Please confirm that it is more costly to hand count 10,000 non-uniform, bulky small parcels to obtain an estimated count than it is to weigh 10,000 non-uniform, bulky small parcels to obtain an estimated count. If you cannot confirm, please draw upon your expertise to explain your answer.

**KE/USPS-T39-9** Please refer to your answer to Interrogatory KE/USPS-T39-1 (h). In your response you propose BRM fees that are subject to a whole cent rounding constraint.

- (a) Do you agree that high volume QBRM recipients and high volume nonletter-size BRM recipients are sophisticated mailers who can understand more complex postal procedures and a fractional fee? If you do not agree, please explain why not?
- (b) Why do you propose fees that are subject to a whole-cent rounding constraint for high volume QBRM recipients and high volume nonletter-size BRM recipients?

**KE/USPS-T39-10** Please refer to your answer to Interrogatory KE/USPS-T39-2 (b) where you state that you are not concerned that QBRM letters are more costly to count than nonletter-size BRM "since each one employs a different method for rating purposes."

- (a) Please define "rating" as you have used that term.
- (b) Please describe the differences in the rating methods employed for QBRM and for nonletter-size BRM.
- (c) Please explain how the method of rating is relevant to the cost of counting.
- (d) Does the postal service count and rate BRM using the most efficient manner possible? Please support your answer.

- (e) Why does the apparently higher cost of counting clean, barcoded machinable letters, as compared to non-uniform, bulky small parcels, not concern you even if different methods are employed for rating purposes?
- (f) Are you aware that USPS witness Campbell did not attempt to study possible differences in the methods used to count QBRM received in high volumes and QBRM received in low volumes? See witness Campbell's response to Interrogatory KE/USPS-T29-2 (f) and KE/USPS-T29-11.
- (g) Does USPS witness Campbell's failure to study the possible differences in methods used to count QBRM received in high volumes and QBRM received in low volumes concern you? Please explain fully the reasons why it does or does not concern you.
- (h) In your opinion, why is it appropriate to propose different per piece fees for QBRM letters depending upon whether they are received in high or low volumes, without knowing whether or not there are different methods for counting these pieces?
- (i) In your opinion, is volume the primary factor in determining the method of counting BRM?

**KE/USPS-T39-11** Please refer to your answer to Interrogatory KE/USPS-T39-3 (f) where you state that your proposed \$850 quarterly fee for high volume QBRM was finalized when the Board of Governors approved the filing for Docket No. R2000-1.

- (a) Please confirm that three items, namely (1) the quarterly fee, (2) the associated per piece fee, and (3) the alternative per piece fee, all determine the "breakeven" volume necessary to make the proposed new QBRM category attractive to perspective recipients who receive high volumes. If you cannot confirm, please explain.
- (b) Please confirm that when USPS witness Campbell performed his cost analyses for QBRM received in high volumes and for QBRM received in low volumes (see USPS LR-I-162, Schedule B, pages 2 and 3), he did not have, at that time, the benefit of knowing what your proposed quarterly fee would be for QBRM received in high volumes. If you cannot confirm, please explain.
- (c) Please confirm that when USPS witness Campbell performed his cost analyses for QBRM received in high volumes and for QBRM received in low volumes (see USPS LR-I-162, Schedule B, pages 2 and 3), he did not have, at that time, the benefit of knowing what your proposed per piece fee would be for QBRM received in high volumes. If you cannot confirm, please explain.

- (d) Please confirm that when USPS witness Campbell performed his cost analyses for QBRM received in high volumes and for QBRM received in low volumes (see USPS LR-I-162, Schedule B, pages 2 and 3), he did not have, at that time, the benefit of knowing what your proposed per piece fee would be for QBRM received in low volumes. If you cannot confirm, please explain.
- (e) Please confirm that when USPS witness Campbell performed his cost analyses for QBRM received in high volumes and for QBRM received in low volumes (see USPS LR-I-162, Schedule B, pages 2 and 3), he did not have, at that time, the benefit of knowing what the proposed "breakeven" volume for QBRM received in high volumes was going to be. If you cannot confirm, please explain.

**KE/USPS-T39-12** Please refer to your answer to Interrogatory KE/USPS-T39-6 (c)-(f). In your responses you discuss the derivation of the number of QBRM recipients likely to take advantage of the newly proposed QBRM rate category and the possible cost implications related thereto.

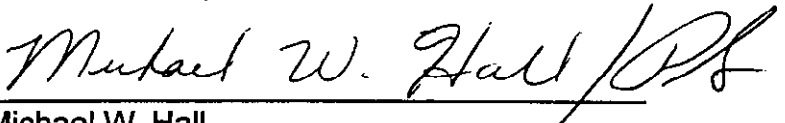
- (a) Please confirm that the method you employ is, in your opinion, the best possible method for ascertaining the number of QBRM recipients likely to take advantage of the newly proposed QBRM fee category and the possible cost implications related thereto. If you cannot confirm, please explain why not.
- (b) Please confirm that the method you employ provides the absolute maximum possible number of high volume QBRM recipients that would take advantage of the newly proposed QBRM fee category? If you cannot confirm, please explain.
- (c) In view of the marketing study performed by the Postal Service in MC99-2 to estimate the number of nonletter-size BRM recipients likely to take advantage of the new rate category proposed for recipients of high volumes, why did the Postal Service determine that no similar marketing study was necessary for purposes of estimating the number of QBRM letter recipients likely to take advantage of the new rate category proposed for recipients of high volumes in the R2000-1 proceeding? Please provide copies of all documents that discuss the need for developing estimates of the number of QBRM letter recipients likely to take advantage of the new fee category proposed for recipients of high volumes in the R2000-1 proceeding.
- (d) Please explain and illustrate with a numerical example how, in your words "the costing could possibly change and therefore the pricing could possibly change," depending on the actual number of high volume QBRM recipients who take advantage of the newly proposed rate category. For purposes of the example used in your response to this part, please assume that only 50, rather than 1358, high volume QBRM recipients take advantage of the newly proposed rate category.

- (e) Part (a) of the referenced KeySpan interrogatory asked you to provide copies of certain documents relating to your estimate of the number of QBRM pieces that will qualify for the 3-cent high volume per piece fee in the test year. Your response indicates that you “used an estimate based on the Prepaid Reply Mail migration estimate [you] used in Docket No. R97-1.” Please provide copies of the documents that show the derivation of the migration estimate you used in Docket No. R97-1 and the derivation of the estimate you used in this proceeding.
  
- (f) Your response to part (g) of Interrogatory KE/USPS-T39-6 indicates that “the Postal Service does not track all QBRM mailers in any centralized data system. Please state what Postal Service “data systems,” including databases, or information systems of any kind or description, contain information about QBRM mailers (whether such data system is centralized or decentralized and whether the data system contains information regarding all QBRM mailers or only a portion of the QBRM mailer universe) and indicate for each such data system the type of QBRM recipient information contained and the approximate percentage of all QBRM recipients whose information is contained in such data system.
  
- (g) What data system was used to gather information that you used to determine how many QBRM reply mail pieces were received in the Base Year?

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing discovery request upon the United States Postal Service, Ted P. Gerarden, the Designated Officer of the Commission, and participants who requested service of all discovery documents, in compliance with Rules 12, 26, and 27 of the Commission's Rules of Practice.

Dated this 21st day of March 2000.

  
Michael W. Hall