

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

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BERNSTEIN TO INTERROGATORIES OF
THE NEWSPAPER ASSOCIATION OF AMERICA
(NAA/USPS-T41-1-3)

The United States Postal Service hereby provides the responses of witness Bernstein to the following interrogatories of the Newspaper Association of America: NAA/USPS-T41-1-3, filed on March 14, 2000.

Each 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, Rate-making



Eric P. Koetting

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March 28, 2000

**RESPONSES OF POSTAL SERVICE WITNESS BERNSTEIN
TO INTERROGATORIES OF NAA**

NAA/USPS-T41-1: Please refer to your testimony. For each of the following tables, please cite the particular library reference spreadsheet or document which contains the backup for each of the numbers in the tables. If such backup is not currently available, please provide it.

- a. Summary Table 1, page 10.
- b. Summary Table 2, page 11.
- c. Summary Table 3, page 13.
- d. Table 9, page 67.
- e. Table 10, page 69.
- f. Table 12, page 73.

RESPONSE:

- a. The before-rates prices presented in Summary Table 1 are found in column D of the spreadsheet file R00DATA.WK4, sheet "BR Data," the details of which are addressed in my response to your interrogatory NAA/USPS-T41-3. The after-rates R97-1 Index and Ramsey prices are found in the same spreadsheet, columns AA and Y, respectively.
- b. The own-price elasticities presented in Summary Table 2 are found in columns C through F of the spreadsheet file R00DATA.WK4, sheet "Elasticities." The R97-1 Index and Ramsey mark-ups are found in the spreadsheet file RAMOUT1.WK1, in columns D and J respectively.

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- c. The R97-1 Index price, the Ramsey price, and the change in consumer surplus presented in Summary Table 3 are found in the spreadsheet file R00DATA.WK4, sheet "BR Data" in columns AA, Y, and AD respectively.
- d. The R97-1 Recommended Mark-ups presented in Table 9 are from Appendix G, Schedule 1 of the Postal Rate Commission's R97-1 Opinion and Recommended Decision. Note that the R97-1 Opinion did not present a mark-up for return receipts. Therefore, I used the average recommended mark-up for the special services (43.5 percent) as the R97-1 mark-up of return receipts. The R97-1 Mark-Up Index is calculated by dividing the recommended mark-up by the system-wide mark-up of 55.3, as shown in Table 9.
- e. The R2000-1 price presented in Table 10 is found in column AA of the spreadsheet file R00DATA.WK4, sheet "BR Data." The R2000-1 mark-up is calculated as the mark-up of price over estimated attributable cost per piece, using the PRC costing methodology, and found in LR-I-240, filed in conjunction with this response. The R97-1 Mark-ups are from Appendix G, Schedule 1 referenced in (d.) above.
- f. The R97-1 Index Mark-Up and the Ramsey Mark-up presented in Table 12 are found in the spreadsheet file RAMOUT1.WK1 in columns D and J, respectively. The Mark-up Indexes presented in Table 12 are calculated by dividing each mail product mark-up by the overall mark-up shown in Table 12.

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NAA/USPS-T41-2: Please refer to Library Reference USPS-LR-I-156, "Computer Program Relating to the Testimony of Witness Bernstein, USPS-T-41."

- a. Please confirm that the file called atb.wk1 is the output of the program atb.m.
- b. Please confirm that the file called ramout1.wk1 is the output of the program Rprice1.m.
- c. Please confirm that the file called call1.wk1 is an input for the program prep1.m.
- d. Please provide the output file to the program prep1.m.

RESPONSE:

a. through c. Confirmed

- d. The requested output file, rcdata1.mat, is included in LR-I-240, filed in conjunction with this response. Note that this file can only be read using the MATLAB computer program.

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NAA/USPS-T41-3: Please refer to Library Reference USPS-LR-I-156, "Computer Program Relating to the Testimony of Witness Bernstein, USPS-T-41." Please refer to the file called "R00DATA.WK4." Please cite the particular library reference spreadsheet or document which contains the backup for each of the numbers on worksheet "BR Data" including the following:

- a. Column B, Before-rates volumes.**
- b. Column D, Before-rates FWI postage.**
- c. Column E, user cost.**
- d. Column G, Before-rates IC.**
- e. Column H, Before-rates WC.**
- f. Column N, After-rates volume.**
- g. Column O, After-rates price.**
- h. Column Q, After-rates WC.**
- i. Column S, PRC Attributable (BR).**
- j. Column V, R97-1 PRC Markup.**
- k. Column Y, Ramsey Price.**
- l. Column Z, Ramsey Volume.**
- m. Column AA, PRC Price**
- n. Column AB, PRC Volume**

RESPONSE:

- a. USPS-T-6, Attachment A.**
- b. Data are in the spreadsheet file, PRICES.WK4, included in LR-I-240, filed in conjunction with this response.**
- c. Data are in the spreadsheet file, USERCOST.WK4, included in LR-I-240, filed in conjunction with this response.**

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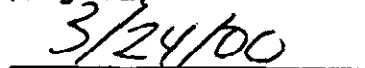
- d. USPS-T-23, Attachment A.**
- e. USPS-T-23, Attachment A.**
- f. USPS-T-6, Attachment A.**
- g. PRICES.WK4, included in LR-I-240, filed in conjunction with this response.**
- h. USPS-T-23, Attachment A.**
- i. LR-I-131.**
- j. Postal Rate Commission's R97-1 Opinion and Recommended Decision, Appendix G, Schedule 1. [Note, however, that the R97-1 Mark-ups of the preferred subclasses were adjusted to equal one-half the R97-1 mark-up of the corresponding commercial class.]**
- k. RAMOUT1.WK1.**
- l. RAMOUT1.WK1.**
- m. RAMOUT1.WK1.**
- n. RAMOUT1.WK1.**

DECLARATION

I, Peter Bernstein, declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information and belief.

A handwritten signature in cursive script, appearing to read "Peter Bernstein", is written over a horizontal line.

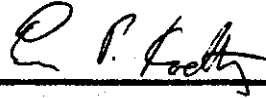
(Signed)

The date "3/24/00" is handwritten in a cursive style over a horizontal line.

(Date)

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.



Eric P. Koetting

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