

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 KAY TO INTERROGATORIES OF  
THE NEWSPAPER ASSOCIATION OF AMERICA  
(NAA/USPS-T23-1-5)

The United States Postal Service hereby provides the responses of witness Kay to the following interrogatories of the Newspaper Association of America:  
NAA/USPS-T23-1-5, filed on March 22, 2000.

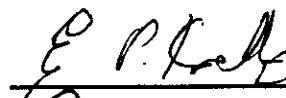
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
Eric P. Koetting

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April 5, 2000

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KAY TO  
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NAA/USPS-T23-1: Please list the Postal Service cost pools that you consider to be "Type 4" cost pools?

RESPONSE:

The following cost pools are "Type 4":

Cost Segment 3 Window Service:

Express  
Money Orders  
Cards

Cost Segment 7 Route:

Drop/PU Express Mail MLR  
Drop/PU Express Mail SPR

Cost Segment 9:

Load EM Box  
Drop/PU Express Mail Facilities

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NAA/USPS-T23-2. Please list the Postal Service cost pools that you consider to be "Type 6" cost pools?

RESPONSE:

The following cost pools in cost segment 3 mail processing are "Type 6":

Manual Priority (PRIORITY)  
SPBS Priority (SPBSPRIO)

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NAA/USPS-T23-3. Please list the Postal Service cost pools that you consider to be "Type 8" cost pools?

RESPONSE

The following cost pools are "Type 8":

Cost Segment 1:  
Postmasters, EAS 23 and Below

Cost Segment 2:  
Higher Level Supervision

Cost Segment 3 Mail Processing:  
BCS/  
OCR/  
FSM/  
LSM/  
SPBS OTH  
MANF  
MANL  
MANP  
1CANCMPP

Cost Segment 3 Window Service:  
Weigh and Rate  
Stamped  
Metered  
Stamped Envelopes

Cost Segment 3 Admin Clerks:  
Data Collection  
Quality Control

Cost Segment 4:  
CAG K Clerks

Cost Segment 7 Load:  
Letter Route Load SDR  
Letter Route Load MDR  
Letter Route Load BAM  
Load Collection LTR  
Load Collect SPR

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Cost Segment 7 Access:

- Letter Route Access, SDR
- Letter Route Access, MDR
- Letter Route Access, BAM
- Letter Route Time at Stop, SDR
- Letter Route Time at Stop, MDR
- Letter Route Time at Stop, BAM
- Time at Stop Collect - LTR
- Access Collect LTR
- Time at Stop - SPR Deliveries
- Delivery Access-SPR
- Time at Stop - Collect SPR
- Access Collect SPR

Cost Segment 7 Route:

- MLR Deviation Delivery
- MLR Loops/Dismounts

Cost Segment 8:

- BMC Non-Spotter
- Plants

Cost Segment 9:

- Ind Del Drive
- Ind Del Time at Stop
- Other Coll Access
- Other Coll Time at Stop
- Load Coll

Cost Segment 14:

- Intra-SCF
- Intra-PDC
- Intra-CSD
- Inter-SCF
- Inter-SCF PDC
- Inter-SCF Cluster
- Inter-SCF Area
- Highway Plant Load
- Intra-BMC Highway
- Inter-BMC Highway
- Freight Rail
- Rail Plant Load

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KAY TO  
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Components Distributed on Space Usage

Cost Segment 11:

Cleaning and Protection  
Building Equip. Maintenance Personnel  
Contract Cleaners

Cost Segment 15:

Fuel & Utilities

Cost Segment 16:

Custodial & Building

Cost Segment 18:

Postal Inspection Service

Each of the components distributed on space usage has these type  
8 cost pools:

CFS  
Bulk Accep Unit  
Other Acct  
Other Non-Acct  
OCR  
MPBCS  
DBCS  
CSBCS  
LSM  
FSM  
Parcel & NMO  
Cancel Ltr  
Cancel Flat  
Cull  
SSM  
SPBS  
Multislide  
ACDCS  
Band Ltr  
Band Flats  
Oth Equip  
Ltr Cases  
Flat Cases  
Hanging Sacks  
Rolling Cont  
Pallets  
Other Sort  
Rewrap  
Postage Due  
Other Man

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KAY TO  
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Acct Cage

Mail Processing Equipment-Related Components

Cost Segment 11:

Operating Equip. Maintenance Personnel

Cost Segment 16:

Equipment Supplies & Services

Cost Segment 20:

Equipment Depreciation

Each of the mail processing equipment components has these type

8 cost pools:

OCR

MPBCS

CSBCS

DBCS

LSM

FSM

LTR Cancel

Flats Cancel

Cull

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NAA/USPST22-4. Please refer to Table 1A of your testimony.

a. Please confirm that line 22 (Standard (A) ECR) and line 23 (Standard (A) Regular) do not sum to line 24 (total commercial), except for columns 3 and 5. If you do not confirm, please explain why not.

b. Is the reason lines 22 and lines 23 do not sum to line 24 because the combination of the Standard (A) Regular and Standard (A) Enhanced Carrier Route commercial subclasses produces "incremental costs" beyond those created by these two subclasses together?

RESPONSE:

a. Confirmed

b. Yes



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NAA/USPS-T23-5. Please refer to page 15, lines 24-26 of your testimony, where you note that Standard (A) mail (among others) has no product specific costs.

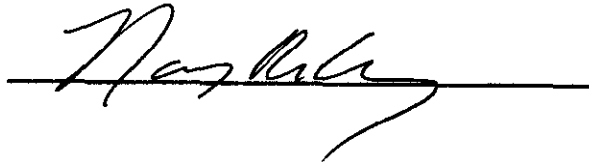
- a. Does this passage refer to Base Year or Test Year?
- b. Does the absence of any product specific costs mean that there is no product-specific advertising for Standard (A) mail? Please explain your answer.

RESPONSE

- a. There are no advertising costs product specific to only Standard (A) in both the Base Year and Test Year.
- b. Yes. There are no product specific costs for Standard (A) mail. There are product specific costs in Cost Segment 16 advertising for the group of subclasses that are considered Advertising mail. This group consists of all of the mail subclasses in Standard (A), plus Standard (B) Bound Printed Matter.

**DECLARATION**

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



Dated: 4-04-00

**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.



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