

UNITED STATES OF AMERICA  
Before The  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

RECEIVED  
May 4 3 48 PM '00  
POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 2000 )

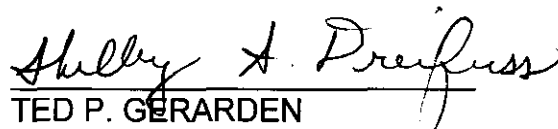
Docket No. R2000-1

OFFICE OF THE CONSUMER ADVOCATE  
FOLLOW-UP INTERROGATORIES TO THE UNITED STATES POSTAL SERVICE  
(OCA/USPS-139-148)  
May 4, 2000

---

Pursuant to sections 25(a), 26, and 27 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits follow-up interrogatories and requests for production of information available only from the Postal Service. Instructions included with OCA interrogatories OCA/USPS-1-14 dated January 24, 2000, are hereby incorporated by reference.

Respectfully submitted,

  
TED P. GERARDEN  
Director  
Office of the Consumer Advocate

SHELLEY S. DREIFUSS  
Attorney

1333 H Street, N.W.  
Washington, D.C. 20268-0001  
(202) 789-6830; Fax (202) 789-6819

OCA/USPS-139. Please confirm that the figures supplied in response to OCA/USPS-122(d) (Table 1) include "start-up" expenses for each designated program." *Partial Objection of the United States Postal Service to Interrogatories of the Office of the Consumer Advocate (OCA/USPS-122(d) and (g)*, filed April 20, 2000. If you do not confirm, please provide revised figures that do include all start-up expenses. Please confirm that "start-up" expenses include all development expenses. If you do not confirm, please provide development expenses for the services listed in Table 1.

OCA/USPS-140. Please explain why FY 1998 revenues and expenses were not supplied for Dinero Seguro and REMITCO. If such information is available, please supply it.

OCA/USPS-141. Please refer to the response to OCA/USPS-124. In responding to this interrogatory, the Postal Service has not provided the information that it did for other services in the response to OCA/USPS-122(d). (Table 1).

- (a) Please provide equivalent information (by fiscal year, since development of the pilot test was first undertaken), for Post ECS. Include operating, start-up, and development costs.
- (b) State the date that the pilot test was initiated.
- (c) What are the Postal Service's estimates of the costs, revenues, and income/loss for Post ECS for the period of the test year FY 2001?

OCA/USPS-142. Please refer to the response to OCA/USPS-126. In this response, the Postal Service states that prior to April 27, 2000, Electronic Postmark was in the pilot phase of development.

- (a) Please provide, by fiscal year, for the period of the Electronic Postmark pilot phase and development phase, the operating costs, revenues (if any), and income/loss. (This information should be equivalent to that provided in Table 1 of the response to interrogatory OCA/USPS-122(d) and should include operating, start-up, and development expenses.)
- (b) State the date that the Electronic Postmark pilot test was initiated.
- (c) What are the estimated operating expenses, operating revenues, and income/loss for the test year FY 2001?

OCA/USPS-143. What is the Postal Service's definition of a pilot test? In what way does it differ from the offering of a service?

OCA/USPS-144. In Docket No. MC98-1, the Postal Service noted in its Request for a Recommended Decision on a Market Test Classification and Fee Schedule and an Experimental Classification and Fee Schedule for Mailing Online Service, filed July 15, 1998, at 2, that it was conducting an "operations test" at the time of the filing of the Request. Is an operations test the same as a pilot test? Please explain all similarities and differences between the two, and explain how they relate to a "market test."

OCA/USPS-145. What are the criteria by which Postal Service management decides when it is necessary to file a Request for a Recommended decision with the Commission before offering a pilot test or an operations test of a postal service?

OCA/USPS-146. Please list all of the pilot tests, operations tests, or similar development tests or experiments of currently underway at the Postal Service that involve postal (or postal-type) activities.

- (a) Describe the type of activity involved.
- (b) For each such activity, state the date that the test was initiated and state whether it is a pilot test, an operations test, or other type of test.
- (c) For each such activity, state the amount of the development and start-up costs expended by the Postal Service, by fiscal year, and revenues received, if any.

OCA/USPS-147. Please list all of the pilot tests, operations tests, or similar development tests or experiments of currently underway at the Postal Service that involve nonpostal (or nonpostal-type) activities.

- (a) Describe the type of activity involved.
  - (b) For each such activity, state the date that the test was initiated and state whether it is a pilot test, an operations test, or other type of test.
  - (c) For each such activity, state the amount of the development and start-up costs expended by the Postal Service, by fiscal year, and revenues received, if any.
-

OCA/USPS-148. Please refer to the response to OCA/USPS-127. Please present the detailed set of computations that resulted in the statement in the Compliance Statement (Attachment G to the R2000-1 Request for a Recommended Decision), Rule 54(h)(1) section, that: "The difference of \$31.1 million reduced the institutional costs borne by other postal services by that amount in FY 1998."

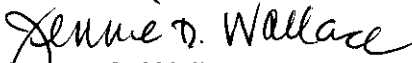
- (a) Separately break out and identify the total postal revenues, the total international mail revenues, and the total nonpostal domestic revenues that were used in the calculation.
  - (b) Separately break out and identify the total postal costs, the total international mail costs, and the total nonpostal domestic costs that were used in the calculation.
  - (c) State whether the "several services which could be considered nonpostal -- such as insurance, C.O.D., and money orders" were treated as postal or nonpostal for the purpose of calculating the \$31.1 million "reduction" in institutional costs borne by "other postal services" in FY 1998. Also, what is meant by the phrase "other postal services?"
  - (d) The Compliance Statement, Rule 54(h)(1) reports that: "Identifiable costs reported for *some* nonpostal services were \$33.6 million in FY 1998." (Emphasis added).
-

- (i) Why were the costs of only *some* nonpostal services taken into account? Why weren't *all* nonpostal service costs taken into account?
  - (ii) Please list each of the nonpostal services included in the phrase "some nonpostal services."
  - (iii) Please list each nonpostal service omitted by the phrase "some nonpostal services."
  - (iv) If *all* nonpostal service costs are taken into account, then is there still a resultant \$33.1 million reduction in institutional costs? Please re-do this calculation taking the costs of *all* nonpostal services into account.
- (e) The Compliance Statement, Rule 54(h)(1) also reports that: "Reimbursements associated with provision of nonpostal services totaled \$64.7 million in FY 1998."
- (i) Is the term "reimbursements" equivalent to the term "revenues?" Explain all similarities and differences.
  - (ii) List each nonpostal service included in the calculation of \$64.7 million of reimbursements for nonpostal services.
  - (iii) List each nonpostal service omitted from the calculation of \$64.7 million of reimbursements for nonpostal services.
- (f) Please re-do the calculation required under Rule 54(h)(1) using the following guidelines:

- (i) Separately determine the total costs of domestic nonpostal services, the total costs of international mail services, and the total costs of domestic postal services for FY 1998. State separately each total amount for the three types listed.
- (ii) Separately determine the total revenues and/or reimbursements of domestic nonpostal services, the total revenues and/or reimbursements of international mail services, and the total revenues and/or reimbursements of domestic postal services for FY 1998. State separately each total amount for each of the three types listed.
- (iii) Please treat all services, pilot tests, and operations tests over which the Postal Service has not requested from the Postal Rate Commission a new or changed classification or a new or changed rate/fee to be nonpostal services.
- (iv) For FY 1998, add together the total costs of domestic nonpostal services (including pilot tests and operations tests) and the total costs of international mail (including pilot tests and operations tests). Then subtract. Provide this figure.
- (v) For FY 1998, add together the total revenues/reimbursements of domestic nonpostal services (including pilot tests and operations tests) and the total revenues/reimbursements of international mail (including pilot tests and operations tests). Provide this figure.  
Then subtract (iv) from (v). What is the resulting difference?

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.

  
Jennie D. Wallace

Washington, D.C. 20268-0001  
May 4, 2000