

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

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UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
OFFICE OF THE CONSUMER ADVOCATE WITNESS CALLOW
(USPS/OCA-T6-1-13)

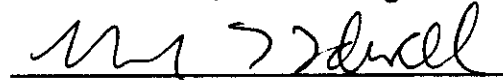
Pursuant to rules 25 and 26 of the Rules of Practice and Procedure, the United States Postal Service directs the following interrogatories and requests for production of documents to OCA witness Callow: USPS/OCA-T6-1-13.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

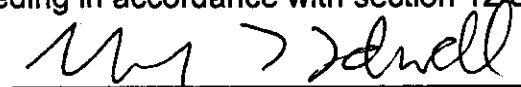
Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Michael T. Tidwell

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.



Michael T. Tidwell

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June 5, 2000

USPS/OCA-T6-1.

In Part II, Section I.A of your testimony, you state that " Households Prefer Longer Periods of a Stable Single-Piece First-Class Rate." Please elaborate upon any studies that support this contention. In particular:

- a. Is this section of testimony based on any surveys or other studies of household mailers that indicate preference for these "longer periods of stable rates"? If so, please provide documentation for these studies.
- b. Is this section of your testimony based on any focus group studies that indicate preference for the longer periods of stable single-piece First-Class Rates? If so, please provide notes, transcripts, etc., documenting these focus group studies.

USPS/OCA-T6-2

What percent of the household single-piece First-Class mailers prefer the larger rate increases every other rate case? Please provide the data source and backup documentation for this figure. If you do not have data necessary, so state, and please state what you believe to be a rough order of magnitude (ex., 10-20 percent) for this figure.

USPS/OCA/T6-3

Part II, Section I.A.2, is titled "Longer periods of rate stability minimize confusion to household mailers."

- a. What is the proportion of households for which the primary mailers of the household are generally confused due to a rate increase? Please explain how you arrive at this figure. If you have no data on which to rely for this response so state and please state what you believe to be a rough order of magnitude (ex., 10-20 percent) for this figure.
- b. Do you have any data to indicate how these confused household mailers cope with non-postal price increases (for example, gasoline prices)? Do any of these non-postal price increases occur with greater frequency than general postal rate increases?

USPS/OCA-T6-4

Consider the household mailers who are generally confused by, say, a one-cent increase every three years in the single-piece First-Class rate.

- a. What is the approximate size of this group of household mailers?
- b. Were you able to determine what proportion of this group would be less confused if they would sometimes receive a rate increase and sometimes not at the conclusion of an omnibus rate case? Please explain and provide any relevant data and studies supporting your response.

USPS/OCA-T6-5

Please refer to Part II, Section I.A.2 of your testimony which is titled "Longer periods of rate stability minimize confusion to household mailers." In this section you assert that longer periods between rate increases would decrease confusion for household mailers.

- a. Suppose that rates would never again be increased for single-piece First-Class rates. Would this lead to less or more confusion for those household mailers who are confused by rate increases? Please explain.
- b. Please define the use of the word "minimize" in the context of the title of Part II, section I.A.2 of your testimony.

USPS/OCA-T6-6

On page 48 lines 13-14 of your testimony you state, "Advances in the technology of mail processing since implementation of the surcharge have made the surcharge obsolete with respect to low aspect ratio mail..." Separately list each technological advance to which you are referring and state how each advance specifically affects low aspect ratio mail piece costs such that the nonstandard surcharge would be "obsolete."

USPS/OCA-T6-7

On page 56 lines 15-16 of your testimony you state that "The Postal Service does not 'fully understand' how the aspect ratio affects mail processing operations." Please confirm that the OCA does not 'fully understand' how low aspect ratios affect mail processing operations. If not confirmed, please explain.

USPS/OCA-T6-8

Have you ever conducted any field studies designed to determine the extent to which low aspect ratio nonstandard mail pieces are successfully processed on automation? If so, please provide all supporting documentation related to that study. If not, why not?

USPS/OCA-T6-9

On page 52 lines 1-3 of your testimony you state, "The increasing sophistication of automated equipment permits certain nonstandard letter mail, previously unsuited for mechanized processing, to be processed on the automated equipment."

Please describe the "certain nonstandard letter mail" to which you are referring. Also describe in specific, technical detail the "increasing sophistication" of automated equipment and the manner in which each specific increase in sophistication ensures that mail "previously unsuited for mechanized processing" can now be "processed on the automated equipment."

USPS/OCA-T6-10

On page 52 lines 7-9 you state:

"In fact, it has been shown that some seasonal greetings that are square in shape (aspect ratio 1:1) are processed either partially, or entirely, on automated equipment." This comment refers to an analysis performed by witness Haldi (NDMS-T-1) in Docket No. R97-1.

- a. Please confirm that this analysis consisted of a sample size of 10 5"x5" Christmas cards (Docket No. R97-1, NDMS-T-1, page 11). If not confirmed, please explain.
- b. Do you consider an analysis that involves a sample size of 10 to be statistically valid? If so, please explain. If not, please explain how this analysis has "shown" (as you put it) anything.
- c. Please confirm that 1 of the 10 envelopes was damaged during processing (Docket No. R97-1, NDMS-T-1, page 12). If not confirmed, please explain.

- d. Do you consider a damage rate of 10% to be acceptable? If you do, please explain why. If you do not, what would you consider to be an acceptable damage rate?
- e. Please confirm that, of the remaining nine undamaged cards, one card was never received (Docket No. R97-1, NDMS-T-1, page 11, footnote 8). If not confirmed, please explain.
- f. Is it possible that the mail piece described in (e) was also damaged during processing such that the mail piece was destroyed and could not be delivered? If your answer is no, please explain.
- g. Please confirm that the presence of a barcode on a mail piece does not necessarily mean that this mail piece was successfully processed on automation through the entire postal automation mail processing network. If not confirmed, please explain.
- h. Please confirm that witness Haldi's study did not prove that any of the 10 nonstandard mail pieces were successfully processed through the entire postal automation mail processing network. If not confirmed, please explain.

USPS/OCA-T6-11

In Table 17 on page 62 you calculate several mail processing unit costs for low aspect ratio letters given a variety of inputs.

- a. Please confirm that every mail processing unit cost value listed in Table 17 is greater than the average single-piece letter mail processing unit cost of 12.296 cents that you reference on page 62 line 5. If not confirmed, please explain.
- b. Please confirm that the cost cells in Table 17 indicate that nonstandard letters with low aspect ratios do indeed incur additional mail processing costs. If not confirmed, please explain.
- c. Given the results shown in Table 17, how can you justify eliminating the nonstandard surcharge for low aspect ratio letters when the results clearly indicate that these mail pieces incur additional costs?

USPS/OCA-T6-12

In Table 17, an input to your cost analysis is the probability that a mail piece would be faced properly. You use a range from 0.5 to 1.0.

- a. Please confirm that these percentages are not based on any "real world" studies conducted at postal facilities. If not confirmed, please explain.
- b. Please confirm that the use of percentages lower than 0.5 would increase the costs found in columns [3], [4], and [5]. If not confirmed, please explain.
- c. Please confirm that your use of 0.5 as a starting point does not consider mail piece characteristics such as: the distribution of envelope weight, the distribution of mail piece weight within the envelope, the weight of stamps and ink on the mail piece, etc. If not confirmed, please explain.
- d. Please confirm that your use of 0.5 as a starting point does not consider the fact that a given mail piece processed on AFCS's and other postal equipment must pass through multiple systems before reaching the sortation bins. If not confirmed, please explain.

USPS/OCA-T6-13

Have you conducted any research to determine the extent to which your proposal would affect the volume of low aspect ratio nonstandard size letters that would be entered as collection mail into Postal Service facilities? If not, why not?