

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

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
ALLIANCE OF NONPROFIT MAILERS WITNESS HALDI
(USPS/ANM-T1-1-7)

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 Alliance of Nonprofit Mailers witness Haldi: USPS/ANM-T1-1-7.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Scott L. Reiter

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June 8, 2000

USPS/ANM-T1-1. At page 5 of ANM-T-1 you state that "Postal Service unit costs – especially for periodicals and non-letter mail – have exceeded the rate of inflation by a wide margin."

- (a) Please confirm that the majority of the Postal Service's volume is letter mail. If you cannot confirm, explain your answer.
- (b) Please confirm that the Postal Service's unit costs for letter mail have risen by less than the rate of inflation. If you cannot confirm, please explain your answer.

USPS/ANM-T1-2. With respect to the three decades that you have aggregated to display Total Factor Productivity (TFP) growth (Table 1 of ANM-T-1):

- (a) Please confirm that postal prices increased the least during the third decade (1991 through 2000 year to date). If you cannot confirm, please explain your answer.
- (b) Please confirm that postal prices increased the most during the first decade (1971 through 1980). If you cannot confirm, please explain your answer.
- (c) Please confirm that the Postal Service's service performance has been the highest during the third decade (1991 through 2000 year to date). If you cannot confirm, please explain your answer.

USPS/ANM-T1-3. Do you agree that, from 1975 on, the Postal Service limited its ability to capture productivity gains through expanding the level and array of price incentives for worksharing? If not, please explain your answer.

USPS/ANM-T1-4. During the three decades covered by Table 1 of ANM-T-1, how would you characterize combined Postal Service/Mailer(s) productivity? Would you say this combined productivity has increased more or less than Postal Service TFP? Please explain your answer fully.

USPS/ANM-T1-5. On page 13 of ANM-T-1 you state that the "Postal Service's reported depreciation expense has averaged 2.4 percent of revenues, far below the national average for nonfinancial corporate business of about 11 percent."

- (a) Please confirm, based on Table 2 of ANM-T-1, that the Postal Service's depreciation expense averages 2.8 percent of revenues for the time period 1997 through 1999. If you cannot confirm, please supply the corrected percentage.
- (b) Please confirm, based on United Parcel Service's 1999 Annual Report, that UPS' depreciation expense averaged 4.5 percent of revenues for the time period 1997 through 1999. If you cannot confirm, please supply the corrected percentage.
- (c) Also based on United Parcel Service's 1999 Annual Report, please confirm that about 25 percent of UPS' undepreciated assets are Aircraft (including aircraft under capitalized leases). If you cannot confirm, please supply the corrected percentage.
- (d) Please confirm that the Postal Service that none or essentially none of the Postal Service's assets are aircraft. If you cannot confirm, please identify the portion of the Postal Service's assets that you believe are aircraft.
- (e) Please confirm that the Postal Service contracts out virtually all of its inter-city surface transportation. If you cannot confirm, please identify what portion of the Postal Service's inter-city surface transportation you believe to be performed with Postal Service owned vehicles.

USPS/ANM-T1-6. At page 16 of ANM-T-1 you state that Quad/Graphics "has spent approximately 20 percent of its revenue on investment in automation over the past 25 years. Do you agree that Quad/Graphics is a printer? If not, explain fully.

USPS/ANM-T1-7. At page 17 of ANM-T-1, Table 3, you compare actual vs. planned Postal Service Capital Commitments for the period 1988 through 1999 (the reference to "1968" in the title is apparently a typographical error).

- (a)** Do you agree that the Postal Service's actual capital commitments have trended upwards during this twelve-year period? If not, please explain.
- (b)** Assume that commitment of funds for a major mail process facility was twice delayed, first to allow continued negotiations with local zoning officials concerning location and sites plans, and secondly to address environmental issues. How would the shortfalls for this capital commitment be accounted for in your Table 3 and Appendix A?

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.

A handwritten signature in black ink, appearing to read "Scott L. Reiter", written in a cursive style. The signature is positioned above a solid horizontal line.

Scott L. Reiter

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