

UNITED STATES OF AMERICA
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

ANSWERS OF THE OFFICE OF THE CONSUMER ADVOCATE
TO INTERROGATORIES OF UNITED STATES POSTAL SERVICE
WITNESS: SHERYDA C. COLLINS (USPS/OCA-T8-1-5)
(June 9, 2000)

The Office of the Consumer Advocate hereby submits the answers of Sheryda C. Collins to interrogatories of United States Postal Service, dated May 26, 2000. Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

OFFICE OF THE CONSUMER ADVOCATE


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ANSWERS OF OCA WITNESS SHERYDA C. COLLINS
TO INTERROGATORIES USPS/OCA-T8-1-5

USPS/OCA-T8-1. Please refer to your Exhibits OCA-T8A and 8B. Why do you use TYBR numbers to calculate cost coverages?

RESPONSE TO USPS/OCA-T8-1

I had no way to project after rate volumes with my proposed fee reduction. Therefore, I believe that the use of before rate volumes, which were predicated on the current rate, would be closer to the appropriate volumes than using the Postal Service's after rate volumes with a fee increase.

ANSWERS OF OCA WITNESS SHERYDA C. COLLINS
TO INTERROGATORIES USPS/OCA-T8-1-5

USPS/OCA-T8-2. Please refer to your Exhibit OCA-T-8B. Please confirm that the cost coverage calculated using money order fee revenues only (that is, excluding money order float and outstanding money orders taken into revenue) and incremental costs is 81.1 percent (182,419/224,831). If you do not confirm, please explain.

RESPONSE TO USPS/OCA-T8-2

Confirmed. However, as I discuss in my testimony on page 8, the appropriate cost coverage calculation includes these non-fee revenues. Also, the Commission uses non-fee revenues when calculating the cost coverage of money orders.

ANSWERS OF OCA WITNESS SHERYDA C. COLLINS
TO INTERROGATORIES USPS/OCA-T8-1-5

USPS/OCA-T8-3. Please refer to pages 10 to 12, in which you discuss "electronic money orders."

- (a) Do you propose that the Commission make any recommendation in this proceeding for changes to the DMCS or rate/fee schedules, with respect to electronic money orders? If so, please describe the changes you are proposing.
- (b) On page 10 you state that "Internet activity is a source of potential increased demand for money orders." Would new customers using money orders for Internet transactions tend to be low-income individuals, to the same extent as customers using money orders for non-Internet transactions? Please explain the basis for your response.

RESPONSE TO USPS/OCA-T8-3

- a. No.
- b. I do not know. However, I can speculate that customers who access the Internet from their own home computers are likely to be wealthier on average than current money order customers and use credit cards for Internet transactions. The Internet is also accessible from public libraries, kiosks, work places, and other locations. Thus, virtually anyone can access the Internet without owning a home computer and subscribing to an ISP. If an electronic money order service were available, anyone could purchase goods over the Internet.

I also note that the demise of many large catalogs (such as Sears) over the years may have decreased shopping options for rural and lower income people. The Internet provides new options for mail ordering. For example, Wal Mart and J.C. Penney both have extensive websites.

ANSWERS OF OCA WITNESS SHERYDA C. COLLINS
TO INTERROGATORIES USPS/OCA-T8-1-5

USPS/OCA-T8-4. On page 15 of your testimony, you recommend that "there be no increase in the \$100 increment fee, and that there be a modification of the interval to \$250 or \$500 for insured value over \$100, with a corresponding adjustment in the per increment fee."

- (a) Do you support the Postal Service's proposal for a 138.4 percent cost coverage for insurance service? If not, please present your alternative cost coverage proposal.
- (b) Do you support an increase in the Postal Service's proposed insurance fees for the up to \$50, and \$50-100 value levels, in order to make up for revenue losses that would result from reducing the proposed incremental fees from \$1.00 to \$0.95? Please explain your response.
- (c) Please explain what you mean by a "corresponding adjustment" in the per increment fees for insured value over \$100. For example, would the per increment fee be five times as large for a \$500 value interval as for a \$100 value?

RESPONSE TO USPS/OCA-T8-4

- a. No. I do not propose an alternative cost coverage.
- b. No. I do not support an increase in the incremental fee for any value of insurance because there has been no demonstration of a cost basis for any of the fees. See my testimony at pages 12-15.
- c. By a "corresponding adjustment" I do not mean that the increment would be five times as large for a \$500 value interval as for a \$100 value interval which is the example given in the question. I would expect that the adjustment would fall somewhere in between, for example, between a \$1.00 fee and the \$5.00 fee posed the question. My point is that it is impossible to know what the appropriate "corresponding adjustment" should be because there are no data on the costs by value increment.

ANSWERS OF OCA WITNESS SHERYDA C. COLLINS
TO INTERROGATORIES USPS/OCA-T8-1-5

USPS/OCA-T8-5. Please refer to page 17, lines 31 to 33, in which you ask the Commission to "recommend that the no-charge status for provision of electronic delivery confirmation service to bulk Priority Mail users be extended to individuals."

- (a) Please reconcile this request with your statement on page 16, lines 16 to 17, that "[a] number of these Internet companies are offering electronic delivery confirmation service through their web sites to individual shippers at no charge."
- (b) Do you believe that individuals are not currently eligible for the electronic Delivery Confirmation service option? If so, please explain the basis for your belief.
- (c) Do you propose that the Commission make any recommendation in this proceeding for changes to the DMCS or rate/fee schedules, with respect to Delivery Confirmation service? If so, please describe the changes you are proposing.

RESPONSE TO USPS/OCA-T8-5

- a. There is nothing to reconcile. Please refer to my testimony at page 17, lines 7-9.
I "recommend that the Postal Service join its Internet partners." (Emphasis added.)
- b. No.
- c. Yes. Individual customers who print Delivery Confirmation labels and access Delivery Confirmation service from the Postal Service's web site or a certified vendor's web site should not pay a fee for Priority Mail delivery confirmation. The Priority Mail fee should only be assessed for window service Delivery Confirmation in conjunction with the use of PS form 152.

DECLARATION

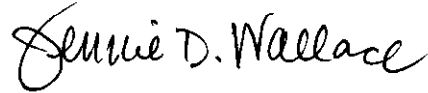
I, Sheryda C. Collins, declare under penalty of perjury that the answers to interrogatories USPS/OCA-T8-1-5 of the United States Postal Service are true and correct, to the best of my knowledge, information and belief.

Executed June 9, 2000

Sheryda C. Collins

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.

A handwritten signature in black ink that reads "Jennie D. Wallace". The signature is written in a cursive, flowing style.

JENNIE D. WALLACE

Washington, D.C. 20268-0001
June 9, 2000