

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
OFFICE OF THE CONSUMER ADVOCATE WITNESS CALLOW
(USPS/OCA-T6-14-21)

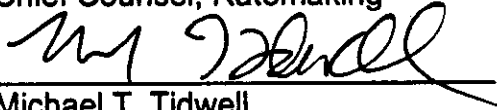
Pursuant to rules 25 and 26 of the Rules of Practice and Procedure, the United States Postal Service directs the following interrogatories and requests for production of documents to OCA witness Callow: USPS/OCA-T6-14-21.

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 12, 2000

USPS/OCA-T6-14.

Please refer to page 32, lines 7-15 of your testimony. Assume in Scenario A that there is a 33-cent basic First-Class Mail rate and a 30-cent CEM rate. Assume in alternative Scenario B that there is no CEM rate and only a 33-cent basic First-Class Mail rate. Assume in each scenario that a one-cent increase in all First-Class Mail rates is implemented and that the Postal Service sells "make-up" stamps for use by the mailing public. All other things equal:

- (a) Would you expect there to be more of the confusion to which you refer at line 14 in Scenario A or in Scenario B? Please explain your answer fully.
- (b) Under which Scenario would household mailers experience more convenience and simplicity? Please explain your answer fully.

USPS/OCA-T6-15.

Please refer to your testimony at page 32, lines 1-4. Please identify and provide all information which would form a basis for quantifying the "hidden cost . . . imposed on households" when "left over" stamps of older denominations go unused."

USPS/OCA-T6-16.

Please refer to your testimony at page 32, lines 8-11. Please identify and provide all information which would form a basis for quantifying the percentage of "left over" non-denominated stamps.

USPS/OCA-T6-17.

In the initial implementation of the proposed reserve account, is the intention of the OCA to build up a surplus in the early years that would then be drawn down in the later years as the second rate case period ends?

- (a) If so, have you evaluated, either quantitatively or qualitatively, how consumers feel about the tradeoff between essentially overpaying postage for approximately two years in return for possible rate stability in later years? Please explain and provide any documentation and supporting information.
- (b) Do you see any conflict between this proposal and the statutory requirements under which the Postal Service operates, for example that it breakeven and cover its costs?

USPS/OCA-T6-18.

On page 38 of your testimony, you discuss how de-linking workshare discounts from the whole cent integer rate would more accurately reflect costs. In particular, you testify:

Currently, the single-piece rate is the reference point for establishing all workshare discounts. Rates for workshare mail are based upon estimated cost savings and the percentage of those savings "passed-through" in discounts from the single-piece rate.

- (a) Please confirm that in measuring unit cost savings for automation letters for this docket, the Postal Service measured cost savings and passthroughs for basic automation letters using the reference point of the bulk metered benchmark rather than the reference point of the whole cent integer rate (see USPS-T-33 at pages 32-33).
- (b) Please confirm that in measuring 3-digit, 5-digit, and carrier route letter savings in this docket, the Postal Service measured cost savings and passthroughs using the previous automation tier, for example, 3-digit in terms of basic automation, rather than using the whole cent integer rate (see USPS-T-33 at pages 32-33).
- (c) Please confirm that the measurement of the unit cost savings described in parts (a) and (b) above used one decimal place (see USPS-T-33 at Table 7).

USPS/OCA-T6-19.

Table 14 in your testimony presents an illustrative change in the estimated single-piece and workshare volumes during two rate case. How were the underlying volumes for single-piece and workshare volumes shown in that table calculated? Please describe the calculations or provide a workpaper or testimony reference.

USPS/OCA-T6-20.

Table 15 of your testimony presents the illustrative effect of a change in the SPFC rate on the shift in estimated single-piece and workshare volumes.

- (a) How were the levels of workshare volume change at the differing levels of discount calculated? Please describe the calculations or provide a workpaper or testimony reference.
- (b) What specific workshare discount is being measured, for example, basic automation from the single-piece rate?

USPS/OCA-T6-21.

In discussing your reserve account proposal on page 45 of your testimony, you state:

With respect to presort mailers, changes in the size of the workshare discount will create cycles causing volumes and revenues to rise and fall. When the difference between the SPFC rate and the calculated single-piece rate is positive, mailers will see higher volumes and revenues, and potentially higher profits. When the difference between the SPFC rate and the calculated single-piece rate is negative, however, they will operate with lower volumes and revenues and potentially lower profits.

- (a) Have you evaluated, either quantitatively or qualitatively, how presort mailers feel about the uncertainty in volumes and profits that you discuss above? Please explain and provide copies of any related documents.
- (b) Have you evaluated the effect such cycles in workshare volumes would have on Postal Service operations? Please explain and provide copies of any related documents.