

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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Postal Rate and Fee Changes, 2000

Docket No. R2000-1

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

**NEWSPAPER ASSOCIATION OF AMERICA
INTERROGATORIES TO
VAL-PAK/CAROL WRIGHT WITNESS
JOHN HALDI (NAA/VP-CW-T1-1-13)
June 14, 2000**

The Newspaper Association of America hereby submits the attached interrogatories to Val-Pak/Carol Wright witness John Haldi (NAA/VP-CW-T1-1-13) and respectfully requests a timely and full response under oath.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have this date served the instant document on all participants requesting such service in this proceeding in accordance with section 12 of the Rules of Practice.

June 14, 2000

William B. Baker
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JOHN HALDI (NAA/VP-CW-T1-1-13)

NAA/VP-CW-T1-1: Please refer to your testimony pages 18-19, where you propose setting the ECR pound rate at \$0.661, which is "slightly less than the existing rate and is equal to the same rate proposed by witness Moeller for the Standard A Regular Subclass." You justify this rate in Footnote 13 by stating "Should the Commission adopt witness Moeller's proposed pound rate of \$0.661 for the Regular Subclass, rather than the current \$0.663, the rate proposed here will avoid having the anomalous situation of an ECR pound rate which exceeds that of the Regular Subclass."

- a) Does this constitute the entirety of your reason for your proposed ECR pound rate? If not, what other reasons support your ECR pound rate proposal?
- b) Why would it be anomalous if the ECR pound rate were to exceed the Regular pound rate?
- c) Your statements seem to imply that the Regular pound rate is a constraint on the ECR pound rate rather than a reason for a particular value for the Regular pound rate. Do you agree with this interpretation? If so, what would be your rationale for choosing the pound rate aside from the constraint? If you disagree with this interpretation, do you propose that the ECR and Regular pound rate always be set equal?
- d) If the Regular pound rate were instead raised as part of an across-the-board increase of 9.4% for the Regular subclass to $\$0.663 \times 1.094 = \0.725 , would you then find it reasonable to set the ECR pound rate also to \$0.725. Why or why not?

NAA/VP-CW-T1-2. You state on pages 19-20, that "Nevertheless, I would suggest that this 85 percent passthrough and the resulting destination entry discounts be applicable to all Standard A Mail, as has been the custom in prior dockets, and as

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the Postal Service proposes to continue in this docket.” Do you agree that your statement is intended to state that the passthrough (whatever number is used) should apply to all Standard A Mail, and is not intended to state that the Postal Service is proposing to continue a 85 percent passthrough?

NAA/VP-CW-T1-3. On page 22, lines 1-2, you state “However, the per-piece presort discounts do not recognize or reward any such cost avoidance...” Is it possible that the per-piece presort discounts reflect an average of weight-related cost avoidance and piece-related cost avoidance? Why or why not?

NAA/VP-CW-T1-4. On page 23, lines 1-3, you state “Maintaining the passthrough at a level at least equal to 85 percent will retain the incentive for Standard A mailers to continue taking advantage of destination entry discounts.” Would retaining the absolute amount of the discount also retain the incentive? Why or why not?

NAA/VP-CW-T1-5. On page 23, lines 1-6, you discuss the “competitive private sector transportation network.” What evidence do you have that costs for this network have increased at the same rate as transportation costs for the Postal Service?

NAA/VP-CW-T1-6: Please refer to your testimony page 25, lines 4-8, where you state that a “fair and equitable starting point for rate design would be an across-the-

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board increase by the required amount. However, maintaining the pound rate essentially unchanged negates even the possibility of such an across-the-board increase." Do you agree that if you were not held to this restriction on the pound rate, that an across-the-board increase would be possible? Why or why not?

NAA/VP-CW-T1-7: Please refer to your testimony, page 25, lines 8-10, where you discuss two further changes to Mr. Moeller's rate design. Did you consider any other changes? If so, please describe them.

NAA/VP-CW-T1-8: Please refer to your testimony page 25, lines 13-15, where you propose that the presort passthrough for High Density mail be increased from 125 to 140 percent, to help offset the fact that the Basic letter rate is set equal to the rate for Basic nonletters. Did you consider proposing that some of the cost difference between Basic letters and Basic nonletters be reflected in the rates. Why or why not?

NAA/VP-CW-T1-9: Please refer to page 26, lines 6-7, where you state that "The maximum increase is 8.0 percent (and not 10.0 percent, as with witness Moeller's proposed rates)." Does this indicate that you find moderating rate increases in individual rate cells a desirable goal? Would the way to moderate rate increases for the largest number of individual rate cells be to give each rate cell the same increase? Why or why not?

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NAA/VP-CW-T1-10: Please confirm that the effect of your proposed rate changes on page 27 is to increase revenues per piece by 4.62%, versus Mr. Moeller's 4.94%. If you cannot confirm, please provide the percent increase in revenues per piece corresponding to those rates.

NAA/VP-CW-T1-11: Please confirm that the effect of your proposed rate changes on page 56 is to increase revenues per piece by 1.28%, versus Mr. Moeller's 4.94%. If you cannot confirm, please provide the percent increase in revenues per piece corresponding to those rates

NAA/VP-CW-T1-12: Please confirm that your proposed rate changes on page 56 include a ECR Basic Letters rate of \$0.172, which is **lower** than the Regular 5-digit Automation rate of \$0.170 proposed by Mr. Moeller. If you cannot confirm, please explain. Do you find anything anomalous about this particular rate relationship? Please explain.

NAA/VP-CW-T1-13: Please refer to your testimony at page 29, lines 14-17. Please confirm that the Postal Service in this case does not propose to use the same costing methodologies as the Commission used in Docket No. R97-1. Please further confirm that, as a result, the cost coverages recommended by the Commission in

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Docket No. R97-1 to those in the testimony of witness Mayes are not based on a consistent approach.