

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

RECEIVED

JUN 21 4 22 PM '00

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
COALITION OF RELIGIOUS PRESS ASSOCIATIONS WITNESS STAPERT
(USPS/CRPA-T1-13-21)

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 Coalition of Religious Press Associations witness Stapert: USPS/CRPA-T1-13-21.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2999; Fax -5402
June 21, 2000

USPS/CRPA-T1-13. Please refer to your response to USPS/CRPA-T-1(a).

- (a) Please confirm that the time period which is considered in the rate filing is FY 1998-2001 and not FY 1998-2000, as you stated. If you do not confirm please explain.
- (b) Please refer again to page 3, lines 16 and 17 of your testimony where you state "postal cost increases exceed normal inflation during a period of time when low inflation, as well as a healthy economy, characterized the U.S. economy." Since some of the time considered in the rate filing is in the future, please explain how you can describe this period by using the past tense, *i.e.*, "a period of time when low inflation, as well as a healthy economy, *characterized* the U.S. economy" (emphasis added)?

USPS/CRPA-T1-14. Please refer to your response to USPS/CRPA-T1-4(d), where you state that "when volume projections are made, the so-called "unknown" is taken into consideration in calculating the volume projections themselves, and substantial additional protection becomes redundant." Please explain how all totally "unknown" adverse events are taken into consideration in the volume forecast in this Docket? Please provide citations or other documentation to support this statement.

USPS/CRPA-T1-15. Please refer to your response to USPS/CRPA-T1-3(e)(i), where you state: "I did want to contrast witness Tayman's somewhat pessimistic and undocumented fears about the future with what is actually happening."

- (a) Do you believe that considering the possibility that adverse events could occur during a future test year and providing for this contingency to be pessimistic? Please explain your answer.
- (b) When you say "what is actually happening," are you referring to the present or the future?

USPS/CRPA-T1-16. Please refer to your response to USPS/CRPA-T-7(b). Have you or any of the witnesses you have cited presented evidence that suggests the Postal Service will not incur a loss in FY 2001 without an increase in rates? If your answer is yes, please provide citations. If your answer is no, please explain the statement on page 14 line 11 of your testimony that "USPS continues to collect revenues in excess of costs" during the test year.

USPS/CRPA-T1-17. Please refer to your response to USPS/CRPA-T-8(c) and witness Tayman's Exhibit USPS-9L. Please also refer to the box labeled R94-1 Cumulative FY 95-98.

- (a) Please confirm that the second number in the box is \$3.337 billion, which is the total of FY 95 net income of \$1.770 billion and FY 96 net income of \$1.567 billion. If you do not confirm please explain.
- (b) Please confirm that the third number in the box is \$4.602 billion, which is the total of FY 95 net income of \$1.770 billion, FY 96 net income of \$1.567 billion, and FY 97 net income of \$1.264 billion. If you do not confirm please explain.
- (c) Please confirm that the sum of the four numbers in this box counts the FY 95 net income four times, the FY 96 net income three times and the FY 97 net income twice. If you do not confirm please explain.

(d) Please confirm that the sum the cumulative numbers you have added to arrive at \$15.563 billion overstates the cumulative net income earned or estimated to be earned during the period FY 95-2000 by approximately \$10 billion. If you do not confirm, please explain why each year's net income should be counted more than once to determine the total net income earned during the period FY 1995-2000.

USPS/CRPA-T1-18. Please refer to your response to USPS/CRPA-T-9(a), where you describe a low contingency as one that assumed "the level of risk represented by the contingencies proposed by the Service in R94-1 and R97-1."

- (a) Please confirm that the Postal proposed contingencies of 2.0% and 1.0% in Docket Nos. R94-1 and R97-1, respectively. If you do not confirm please explain.
- (b) Please confirm that the Postal Service took some risk in proposing low contingencies in Docket Nos. R94-1 and R97-1. If you do not confirm please reconcile your response to your statement on page 14 line 20 of your testimony that "hopefully USPS will take the same 'risk' in this case as it did in those cases insofar as a low contingency is concerned."

USPS/CRPA-T1-19. Please refer to your response to USPS/CRPA-T-11(b), where you suggest that there is a discrepancy between the Postal Service's "volume and revenue performance" and its "prognostication performance." Please explain your references to "volume and revenue performance" and "prognostication performance." Please give numerical citations that document and explain your meaning of "volume and revenue performance" and "prognostication performance".

USPS/CRPA-T1-20. Please refer to your response to USPS/CRPA-T-11(e), where you state: "The difference between this surplus and the budget for FY 2000, is, in the terminology of the Financial and Operating Statements for A/P 8, "NM", i.e. not meaningful."

- (a) Please confirm that the "NM" to which you refer is reflected in the % variance column. If you do not confirm please explain.
- (b) In your opinion is the Y-T-D A/P 8 adverse variance from the net income plan of \$333.1 million meaningful? If your answer is other than yes, please explain what amount of variance would be meaningful.
- (c) You also state in your response that "if the plan is not deficient, then there should be more revenue collected than spent." Does this mean your definition of a "deficient" plan is one that reflects a net (loss)? Is this true for each accounting period or only the annual plan? Please explain your answer.

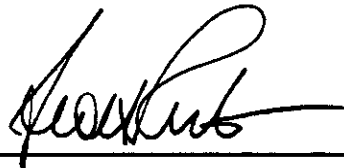
USPS/CRPA-T1-21. Please refer to your response to USPS/CRPA-T-12(b), where you ascribe the following statement to witness Tayman: "According to witness Tayman, it seems likely that the contingency would be used for paying salaries or any other operations expense."

- (a) Please confirm that these are your words and not witness Tayman's and that the word "likely" was not used by witness Tayman in this context. If you do not confirm please provide the specific cite to support your statement.

(b) Please confirm that if proposed new rates were not designed to generate revenue sufficient to cover total test year expenses including the contingency, there would be no contingency. If you do not confirm please explain.

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.



Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
June 21, 2000