

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

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Postal Rate and Fee Changes, 2001

Docket No. R2001-1  
POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

**NEWSPAPER ASSOCIATION OF AMERICA  
INTERROGATORIES TO  
UNITED STATES POSTAL SERVICE WITNESS JOSEPH D. MOELLER  
(NAA/USPS-T28-1-15)  
October 26, 2001**

The Newspaper Association of America hereby submits the attached interrogatories to United States Postal Service witness Joseph D. Moeller (USPS-T-28) and respectfully requests a timely and full response under oath.

Respectfully submitted,

NEWSPAPER ASSOCIATION OF AMERICA

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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.

October 26, 2001

William B. Baker  
William B. Baker

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NAA/USPS-T28-1: Please refer to Page 14, lines 11 to 12, of your testimony.

Under the proposed rates in this proceeding, what is the systemwide average ratio of revenues over volume variable costs (which is what you call the proposed system-wide cost coverage)?

NAA/USPS-T28-2 Please refer to Page 7, lines 13 to 17, of your testimony.

Please quantify the amount by which the Postal Service's proposed new mail processing cost approach affects the measured volume variable costs for:

- a. First Class letter mail
- b. Periodicals mail
- c. Standard Regular mail
- d. Standard Enhanced Carrier Route mail
- e. Parcel Post

NAA/USPS-T28-3: Please refer to Page 14, lines 11 to 12, of your testimony.

Are the factors that you describe at Page 7, lines 10 to 21, the cause of the increase in the systemwide percentage coverage of revenues over volume variable costs of about 10 percentage points in this case compared to Docket No. R2000-1? Please identify any other factors that caused the increase in the overall systemwide coverage.

NAA/USPS-T28-4: Do you believe that comparisons of contribution to institutional costs on a unit (per piece) basis are relevant to the assignment of institutional costs? Please explain your answer.

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**NAA/USPS-T28-5: Please provide a table presenting the average Test Year After Rates unit contribution to institutional costs on a subclass basis, using the rate and cost evidence submitted by the Postal Service in this proceeding.**

**NAA/USPS-T28-6: Please refer to Page 10, lines 10 to 21, of your testimony, where you observe that one consequence of holding a cost coverage constant where the costs are declining due to mail preparation activities is to reduce the unit contribution of that mail. Does this phenomenon suggest to you that cost coverages may not be a completely satisfactory tool for assigning institutional costs?**

**NAA/USPS-T28-7: Please refer to Page 17, lines 15 to 16. To your knowledge, has the Postal Service attempted to determine what would be the price elasticity of demand for First Class mail if the Private Express Statutes were modified or repealed? If so, please describe those attempts.**

**NAA/USPS-T28-8: Please refer to Page 33, lines 5 to Page 34, line 7, and Page 38, lines 15-16, of your testimony where you describe your implementation of Public Law 106-384 and in particular your use of a "merged" markup for commercial and nonprofit mail.**

- a. Did you consider any alternative methods of implementing Public Law 106-384? If so, please describe those methods and explain why you chose not to use them.**

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- b. Did you consider setting the markup for the Standard A subclasses by considering the Section 3622 criteria on the commercial mail only, and then implementing the public policy favoring nonprofit mail through recognizing the 60 percent revenue per piece requirement of Public Law 106-384? If so, why did you reject this methodology?

NAA/USPS-T28-9: Please refer to Page 35, lines 1 to 7, in which you discuss the rate level for Standard Regular mail. Please identify the "competitors" for Standard Regular mail to which you allude in line 6.

NAA/USPS-T28-10: If the "very high" coverage over volume variable costs of Standard Enhanced Carrier Route mail is consistent with a high degree of worksharing, why do you have a "desire" to lower the cost coverage of ECR mail?

NAA/USPS-T28-11: Is the "deferability" of Standard ECR mail (Page 37, lines 4 to 6) offset by the Postal Service's ability to "accommodate mail requests for delivery within a specific time frame" (Page 37, lines 6 to 8)?

NAA/USPS-T28-12: What are the competitors to Standard ECR mail to which you refer to Page 37, line 17?

NAA/USPS-T28-13: Does the fact that a newspaper may deliver an advertising insert through a combination of newspaper delivery to subscribers and a mailed Total Market Coverage product to nonsubscribers make it, in your opinion, a "competitor" to Standard ECR mail or a customer of ECR mail?

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NAA/USPS-T28-14. Please refer to Interrogatory NAA/USPS-T28-13, and state your understanding of what is the newspaper's competition in that situation.

NAA/USPS-T28-15: Please refer to your answer to DFC/USPS-T28-3. If, as you say, speed of delivery is only "one aspect of value of service," please identify all other aspects of "value of service" of which you are aware.