

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

RECEIVED
AUG 13 11 48 AM '97
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997)
_____))

Docket No. R97-1

FIRST SET OF INTERROGATORIES
OF MAJOR MAILERS ASSOCIATION
TO UNITED STATES POSTAL SERVICE WITNESS
DONALD J. O'HARA (USPS-T-30)

Major Mailers Association asks the United States Postal Service to answer the following interrogatories pursuant to Rules 25 and 26 of the Commission's Rules of Practice and Procedure. In answering these interrogatories, the witness is requested to follow the General Instructions that are set forth in Attachment 1 to this document. Requests for data or documents are to be interpreted in accordance with General Instructions G and H. If the designated witness is unable to respond to any interrogatory, the Postal Service is asked to redirect the question to another Postal Service witness who can answer it.

Respectfully submitted,

MAJOR MAILERS ASSOCIATION



Richard Littell
1220 Nineteenth St. N.W.
Suite 400
Washington, DC 20036
Phone: (202) 466-8260

August 13, 1997

MMA INTERROGATORIES TO USPS WITNESS
(Donald J.O'Hara: Set One)

MMA/USPS-T30-1.

On pages 32-36 of USPS-T-30, you state one coverage for Standard (A) Regular mail and a second, separate coverage for Standard (A) Enhanced Carrier Route mail, and you refer to "the Regular subclass" (page 32) and to "the Enhanced Carrier Route (ECR) subclass" (page 34).

(A) Do you regard these two types of mail as separate categories of mail or as separate subclasses of mail?

(B) Do you regard First-Class nonpresorted mail and presorted mail as separate categories of mail or as separate subclasses of mail?

(C) Do you regard First-Class non-Automated mail and Automated mail as separate categories of mail or as separate subclasses of mail?

MMA/USPS-T30-2

In USPS-T-30, at page 1 you state that you "present[] the Postal Service's proposed rate levels...." which "are described in terms of cost coverages...." You also state (*Id.*) that "[f]or each subclass, [your] testimony describes how the Postal Service's proposed rate levels conform to the rate-making criteria of the Postal Reorganization Act." Finally, you state (*Id.*) that your "Exhibits USPS-30A and USPS-30B show the test-year finances of the Postal Service on a subclass-by subclass basis before and after the proposed rate changes."

Please confirm that your testimony and exhibits show the "cost coverages," "proposed rate levels" and "the test-year finances of the Postal Service on a

subclass-by-subclass basis," all as computed according to the Postal Service's proposed cost methodology.

MMA/USPS-T30-3.

In response to Commission Rule 54(a)(1), the Postal Service filed USPS Library Reference H-215, which includes a Part II entitled "Fiscal Year 1998 BR" and a Part III entitled "Fiscal Year 1998 AR."

(A) Does Part III of Library Reference H-215 show the "cost coverages," "proposed rate levels" and "the test-year finances of the Postal Service on a subclass-by-subclass basis" (as these terms are used in your testimony) in a manner consistent with the "attribution procedures applied by the Commission in the most recent general rate proceeding." (See Commission Rule 54(1), 62 Fed. Reg. 30242, 30250 (June 3, 1997).)

(B) If your answer to Paragraph (A) of this Interrogatory is other than yes, please explain and identify the Postal Service's document that has been filed in conformance with Rule 54(1) and presents this information using the "attribution procedures applied by the Commission in the most recent general rate proceeding." (See Commission Rule 54(1), 62 Fed. Reg. 30242, 30250 (June 3, 1997).)

(C) If you are not the witness who is competent to testify about Library Reference H-215, please identify the witness who is competent to testify.

(D) If you are not the witness who is competent to testify about Library

Reference H-215, please refer this set of Interrogatories to the witness who is competent to testify or, if no such witness has been presented, to the persons in the Postal Service who can respond.

MMA/USPS-T30-4.

Please refer to Interrogatory USPS-T30-3.

(A) Using the information provided in Library Reference H-215, can a party derive--for each subclass--the test year after-rates: (1) costs, (2) volumes, (3) cost coverages, (3) cost mark-ups, (4) cost coverage index, and (5) markup index--using the "attribution procedures applied by the Commission in the most recent general rate proceeding." (See Commission Rule 54(1), 62 Fed. Reg. 30242, 30250 (June 3, 1997).)

(B) If you answer to Paragraph (A) is yes, please provide a detailed description of how this information can be derived from Library Reference H. Also state whether this derivation can be made without using the Postal Service's specialized computer programs and, if so, how.

(C) If it is burdensome for you to provide such a detailed description of derivation methods in writing, please schedule a data conference in one week at which you can provide such information orally.

(D) Alternatively to providing this information about derivation methods in writing or at a data conference, please provide a table that compares your proposed test year after-rates cost coverages using the "attribution procedures applied by the Commission in the most recent general rate proceeding." (See Commission Rule 54(1), 62 Fed. Reg. 30242, 30250

(June 3, 1997).) Such a table should also include total revenues, costs, volumes, cost mark-up, cost coverage index, and mark-up index for all subclasses and, for First-Class, also separately for nonpresorted letters and worksharing letters.

MMA/USPS-T30-5.

Please provide, for each subclass during the test year (after rates), the contribution per piece to overhead under the Postal Service's methodology.

MMA/USPS-T30-6.

Please provide, for each subclass during the test year (after the Postal Service's proposed rates), the contribution per piece to overhead under the "attribution procedures applied by the Commission in the most recent general rate proceeding." (See Commission Rule 54(1), 62 Fed. Reg. 30242, 30250 (June 3, 1997).)

MMA/USPS-T30-7.

Please refer to Interrogatories MMA/USPS-T30-5 and T30-6 and your responses thereto.

(A) What are the contributions per piece to overhead of First-Class nonpresorted letters and First-Class worksharing letters (stated separately):

- (1) Under the Postal Service's proposed cost methodology?
- (2) Under the "attribution procedures applied by the Commission in the most recent general rate proceeding"? (See Commission Rule 54(1), 62 Fed. Reg. 30242, 30250 (June 3, 1997.)

(B) Please confirm that, based on the data contained in your Exhibits USPS-30B and 30-G, the Postal Service's cost methodology results in unit contribution to overhead of the following:

- (1) First-Class single-piece letters: 17.18 cents
- (2) First-Class worksharing letters: 18.04 cents
- (3) Standard Mail (A) Bulk Rate ECR: 8.43 cents
- (4) Standard Mail (A) Bulk Rate Other: 7.52 cents

If you are not able to confirm any of these unit contributions, please provide the correct unit contribution.

MMA/USPS-T30-8.

Please refer to your Exhibits USPS-30F and 30G.

(A) In Exhibit USPS-30F you adjusted the CRA Roll Forward costs for the test year at the Postal Service' proposed rates. For each such adjustment, please provide (1) a statement of the reason for the adjustment and (2) a description of how each adjustment was made.

(B) In Exhibit USPS-30G you adjusted the volume forecasts for the test year at the Postal Service' proposed rates. For each such adjustment, please provide (1) a statement of the reason for the adjustment and (2) a description of how each adjustment was made.

(C) Please refer to USPS Library Reference H-215, Part III, the page headed "Matrix fy98rcam.c, Page 3."

- (1) Does that exhibit page include the adjustments referred to in Paragraphs (A) and (B) of this Interrogatory?

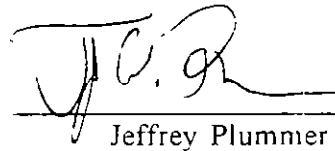
(2) If your answer to Subparagraph (C)(1) of this Interrogatory is yes, please explain how those adjustments are reflected in the cited page of USPS Library Reference H-215.

(3) If your answer to Subparagraph (1) of this Interrogatory is other than yes, please provide a table (comparable to the cited page of USPS Library Reference H-215) that includes the adjustments referred to in Paragraphs (A) and (B) of this Interrogatory.

**End of Set One Interrogatories,
but please note attached
General Instructions For Answering)**

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document, by First-Class Mail,
upon the participants requesting such service in this proceeding.



Jeffrey Plummer

August 13, 1997

GENERAL INSTRUCTIONS FOR ANSWERING INTERROGATORIES

A. If the witness to whom a particular Interrogatory or Request for Production of Documents is directed is unable to respond, the witness and his or her lawyers should redirect the question or request to another Postal Service witness who can answer the question or comply with the request. If the Postal Service believes that none of its witnesses can respond to an Interrogatory or Request, it is asked to advise MMA counsel of its position promptly by facsimile message to Telecopy Number 202-293-4377.

B. In interpreting the wording of an Interrogatory or Request for Production of Documents, please do not be hypertechnical or grudging. A witness is often able to ascertain what information is being sought even if the Interrogatory or Request is not worded precisely or correctly. Similarly, an Interrogatory or Request may seek information that is not available, but the witness will know about the availability of other, somewhat different information that the requesting party could use in lieu of the unavailable information. In such cases, the witness is asked to interpret the Interrogatory or Request generously, providing the information that the requesting party would have asked for if that party had phrased the inquiry more precisely or know about the available information.

C. If the Interrogatory or Request for Production of Documents requests information that the Postal Service has previously supplied in this proceeding, please state and identify

the document in which that information was provided. Identify any Library References and Workpapers that also contain information relevant to the Interrogatory or Request.

D. The witness should provide all workpapers that are relevant to the witness' response to an Interrogatory or Request for Production of Documents.

E. As used in an Interrogatory or Request for Production, the term "documents" includes, but is not limited to: letters, memoranda, reports, studies, testimonies, pamphlets, newspaper clippings, tabulations, drafts and workpapers by whatever means created, recorded, stored or transmitted, together with any written material necessary to understand or use such documents. The term "workpapers" includes all back-up material, whether prepared manually, mechanically or electronically, and should set forth the calculations of costs, prices, rates or statistical analyses created by or for the witness in preparing his testimony, together with explanatory information sufficient to permit replication of the arithmetic steps depicted in such workpapers.

F. In referring to a document, please cite the complete title, author, publisher and date of publication. References should cite page and line, if possible. Unless the document is testimony filed in this proceeding, please state the document's location and, if not published, the identity, location and telephone number of the document's custodian.

G. When a witness is asked to provide data or a document, the request should be interpreted as asking for information that

is available to the Postal Service and that the witness knows about or has the ability to locate without reasonable burden. In determining what information is "available" to the Postal Service, within the meaning of Section 25 of the Commission's Rules of Practice, the witness should follow the Presiding Officer's Ruling No. R94-1/18 (p. 6), that: "The available is that which it is possible to obtain." (See also Presiding Officer's Ruling No. R94-1/38, p. 5; legal authorities cited in MMA's May 10, 1994 Request for Leave to File Response and June 16, 1994 Response to Postal Service's Motion to Compel, both in Docket No. R94-1.) In the event that the requested party does not provide the information because the requested party believes that doing so would be an unreasonable burden, the requested party is expected to make the showing required under Rule 25(c) of the Commission's Rules of Practice and Procedure.

H. In the event that answering the request requires the Postal Service to compile information, to perform research or to make analyses, the Postal Service is requested to comply with the principles stated in Presiding Officer's Ruling No. R94-1/18 (pp. 5-6) and other Commission Orders in Docket No. R94-1 concerning MMA's discovery requests and motions to compel and the Postal Service's objections thereto. (See also Federal court decisions cited in MMA's June 16, 1994 Response to Postal Service's Motion to Compel.) In the event that the requested party does not provide the information because the requested party believes that doing so would be an unreasonable burden, the requested party is expected to make the showing required under Rule 25(c) of the Commission's Rules of Practice and Procedure.