

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, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS TOLLEY TO INTERROGATORIES OF  
THE ALLIANCE OF NONPROFIT MAILERS  
(ANM/USPS-T6-1-3)

The United States Postal Service hereby provides responses of witness Tolley to the following interrogatories of the Alliance of Nonprofit Mailers: ANM/USPS-T6-1-3, filed on August 4, 1997.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
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August 18, 1997

RESPONSE OF POSTAL SERVICE WITNESS TOLLEY  
TO INTERROGATORIES OF ANM

ANM/USPS-T6-1. With respect to the before rates Test Year forecast for nonprofit Standard A ECR mail, what price inputs did you use?

RESPONSE:

Please see Table 1 accompanying this response.

**TABLE 1 ACCOMPANYING RESPONSE TO ANM/USPS-T6-1**  
**Before-Rates and After-Rates Price Inputs for Nonprofit Standard A ECR Mail**

	Before-Rates		After-Rates	
	Step 5 (Oct 1, 1997)	Step 6 (Oct 1, 1998)	Step 5 (Oct 1, 1997)	Step 6 (Oct 1, 1998)
<b>Standard A Nonprofit Enhanced Carrier Route</b>				
<b>Automation Basic</b>				
Letter Minimum Rate				
No Destination Entry	\$0.082	\$0.085	\$0.087	\$0.092
BMC Destination Entry	\$0.069	\$0.072	\$0.072	\$0.077
SCF Destination Entry	\$0.064	\$0.067	\$0.069	\$0.074
DDU Destination Entry	\$0.058	\$0.061	\$0.064	\$0.069
<b>Basic</b>				
Pound Rate				
No Destination Entry - Pieces	\$0.013	\$0.013	\$0.024	\$0.024
BMC Destination Entry - Pieces	\$0.013	\$0.013	\$0.024	\$0.024
SCF Destination Entry - Pieces	\$0.013	\$0.013	\$0.024	\$0.024
DDU Destination Entry - Pieces	\$0.013	\$0.013	\$0.024	\$0.024
No Destination Entry - Pounds	\$0.451	\$0.451	\$0.350	\$0.350
BMC Destination Entry - Pounds	\$0.389	\$0.389	\$0.278	\$0.278
SCF Destination Entry - Pounds	\$0.363	\$0.363	\$0.262	\$0.262
DDU Destination Entry - Pounds	\$0.337	\$0.337	\$0.240	\$0.240
Nonletter Minimum Rate				
No Destination Entry	\$0.107	\$0.107	\$0.096	\$0.096
BMC Destination Entry	\$0.094	\$0.094	\$0.081	\$0.081
SCF Destination Entry	\$0.089	\$0.089	\$0.078	\$0.078
DDU Destination Entry	\$0.083	\$0.083	\$0.073	\$0.073
Parcel Surcharge	\$0.000	\$0.000	\$0.100	\$0.100
Letter Minimum Rate				
No Destination Entry	\$0.093	\$0.099	\$0.096	\$0.096
BMC Destination Entry	\$0.080	\$0.086	\$0.081	\$0.081
SCF Destination Entry	\$0.075	\$0.081	\$0.078	\$0.078
DDU Destination Entry	\$0.069	\$0.075	\$0.073	\$0.073
<b>High Density</b>				
Pound Rate				
No Destination Entry - Pieces	\$0.006	\$0.006	\$0.014	\$0.014
BMC Destination Entry - Pieces	\$0.006	\$0.006	\$0.014	\$0.014
SCF Destination Entry - Pieces	\$0.006	\$0.006	\$0.014	\$0.014
DDU Destination Entry - Pieces	\$0.006	\$0.006	\$0.014	\$0.014
No Destination Entry - Pounds	\$0.451	\$0.451	\$0.350	\$0.350
BMC Destination Entry - Pounds	\$0.389	\$0.389	\$0.278	\$0.278
SCF Destination Entry - Pounds	\$0.363	\$0.363	\$0.262	\$0.262
DDU Destination Entry - Pounds	\$0.337	\$0.337	\$0.240	\$0.240
Nonletter Minimum Rate				
No Destination Entry	\$0.100	\$0.100	\$0.086	\$0.086
BMC Destination Entry	\$0.087	\$0.087	\$0.071	\$0.071
SCF Destination Entry	\$0.082	\$0.082	\$0.068	\$0.068
DDU Destination Entry	\$0.076	\$0.076	\$0.063	\$0.063
Parcel Surcharge	\$0.000	\$0.000	\$0.100	\$0.100
Letter Minimum Rate				
No Destination Entry	\$0.087	\$0.093	\$0.073	\$0.078
BMC Destination Entry	\$0.074	\$0.080	\$0.058	\$0.063
SCF Destination Entry	\$0.069	\$0.075	\$0.055	\$0.060
DDU Destination Entry	\$0.063	\$0.069	\$0.050	\$0.055
<b>Saturation</b>				
Pound Rate				
No Destination Entry - Pieces	\$0.000	\$0.000	\$0.008	\$0.008
BMC Destination Entry - Pieces	\$0.000	\$0.000	\$0.008	\$0.008
SCF Destination Entry - Pieces	\$0.000	\$0.000	\$0.008	\$0.008
DDU Destination Entry - Pieces	\$0.000	\$0.000	\$0.008	\$0.008
No Destination Entry - Pounds	\$0.451	\$0.451	\$0.350	\$0.350
BMC Destination Entry - Pounds	\$0.389	\$0.389	\$0.278	\$0.278
SCF Destination Entry - Pounds	\$0.363	\$0.363	\$0.262	\$0.262
DDU Destination Entry - Pounds	\$0.337	\$0.337	\$0.240	\$0.240
Nonletter Minimum Rate				
No Destination Entry	\$0.094	\$0.094	\$0.080	\$0.080
BMC Destination Entry	\$0.081	\$0.081	\$0.065	\$0.065
SCF Destination Entry	\$0.076	\$0.076	\$0.062	\$0.062
DDU Destination Entry	\$0.070	\$0.070	\$0.057	\$0.057
Parcel Surcharge	\$0.000	\$0.000	\$0.100	\$0.100
Letter Minimum Rate				
No Destination Entry	\$0.081	\$0.087	\$0.067	\$0.072
BMC Destination Entry	\$0.068	\$0.074	\$0.052	\$0.057
SCF Destination Entry	\$0.063	\$0.069	\$0.049	\$0.054
DDU Destination Entry	\$0.057	\$0.063	\$0.044	\$0.049

RESPONSE OF POSTAL SERVICE WITNESS TOLLEY  
TO INTERROGATORIES OF ANM

ANM/USPS-T6-2. With respect to the after rates Test Year forecast for nonprofit Standard A ECR mail, what price inputs did you use?

RESPONSE:

Please see Table 1 accompanying my response to ANM/USPS-T6-1.

RESPONSE OF POSTAL SERVICE WITNESS TOLLEY  
TO INTERROGATORIES OF ANM

ANM/USPS-T6-3. In view of the fact that all proposed nonprofit Step 6 Standard A ECR rates are less than existing rates, please explain the major reasons why the Test Year After-Rates volume (13,122.251 million) shown in your Table 1 is less than the Before-Rates volume (13,255.224 million). Identify all studies, analyses, compilations and other data on which you rely, and produce any such data that the Postal Service has not yet produced in this case.

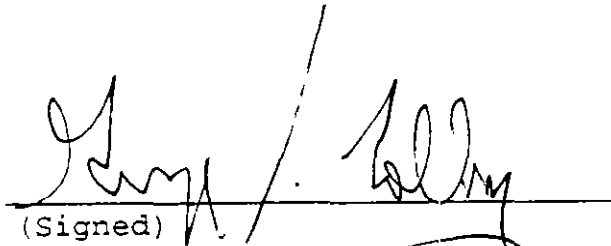
RESPONSE:

The Test Year figures to which you refer are for total Standard bulk nonprofit mail, which includes both Standard A Nonprofit as well as Standard A Nonprofit ECR mail. While it is true that Standard A Nonprofit ECR rates decline after-rates under the Postal Service's proposal (by an average of 4.8 percent), Standard A Nonprofit (non-ECR) rates are increased by an average of 15.5 percent under the Postal Service's proposal. Hence, overall Standard bulk nonprofit rates increase by an average of 7.0 percent, leading to a decline in total Standard bulk nonprofit volume of 132.974 million pieces, or approximately 1.0 percent, as expected given a long-run own-price elasticity of -0.136.

Standard A Nonprofit ECR volume is expected to decline from 3,131.995 million pieces before-rates in the Test Year to 2,571.283 million pieces after-rates primarily because of one facet of the Postal Service's proposal, which will price Automation 5-digit letters less than ECR basic letters. This will cause a total of 581.544 million letters that would have otherwise been sent as Nonprofit ECR basic letters to instead be sent as Nonprofit Automation 5-digit letters. If these 581.544 million letters were added back into the after-rates volume forecast of Nonprofit ECR of 2,571.283 million pieces, the result would be an after-rates volume forecast of 3,152.827 million pieces, or an increase of 20.831 million pieces (0.67 percent) due to the decline in Standard A Nonprofit ECR rates proposed by the Postal Service consistent with volume rising in response to a rate decline.

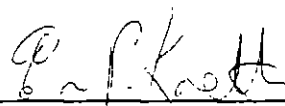
DECLARATION

I, George Tolley, declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
(Signed)  
8-15-97  
\_\_\_\_\_  
(Date)

## 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.

  
\_\_\_\_\_  
Eric P. Koetting

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August 18, 1997