

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

OFFICE OF THE CONSUMER ADVOCATE  
INTERROGATORIES TO UNITED STATES POSTAL SERVICE  
WITNESS JOSEPH D. MOELLER  
(OCA/USPS-T36-25-26)  
August 21, 1997

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatories 1-7 to the United States Postal Service dated July 16, 1997, are hereby incorporated by reference.

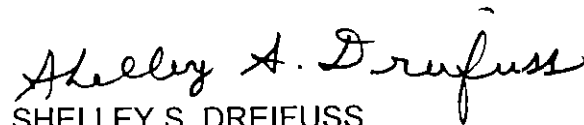
Respectfully submitted,



GAIL WILLETTE

Director

Office of the Consumer Advocate



SHELLEY S. DREIFUSS

Attorney

OCA/USPS-T36-25. In USPS-T-36 at 27, you propose a zero percent passthrough of the letter/non-letter differential for the Basic ECR letter tier.

- a. Please confirm that there is a unit cost differential between Basic ECR letters and Basic ECR flats which is equal to 3.5099 cents; i.e., 10.3844 cents (unit mail processing and delivery cost for basic ECR non-letters) — 6.8745 cents (unit mail processing and delivery cost for basic ECR letters) = 3.5099. [Source: USPS-29C, page 2] If you do not confirm, explain why and provide the correct figure, including calculations and citations.
- b. Also confirm that in PRC Op. MC95-1, para. 5593, the Commission held that a basic, carrier-route, unit cost differential between letters and flats of 1.6 cents was of sufficient magnitude that it must not be ignored and that to do so "would be contrary to the Act." If you do not confirm, please explain.
- c. Confirm that in PRC Op. MC95-1, page V-265, Table V-5, the Commission calculated a Basic ECR letter/non-letter unit cost differential of 1.3563 cents. If you do not confirm, explain why and provide the correct figure, including calculations and citations.
- d. Confirm that the Commission applied a 40-percent passthrough of the differential, yielding a discount of 0.5 cents (rounded). *Id.* If you do not confirm, explain why and provide the correct figure, including calculations and citations.
- e. Isn't it true that the cost difference between Basic ECR letters and Basic ECR non-letters has more than doubled since it was last reported in Docket No.

MC95-1? If you do not confirm, explain why and provide the correct figure, including calculations and citations.

- f. Confirm that a 40-percent passthrough of the Docket No. R97-1 cost differential (3.5099 cents, as described in subpart a.) would yield a discount of approximately 1.4 cents for Basic ECR letters. If you do not confirm, explain why and provide the correct figure, including calculations and citations.
- g. Isn't it correct that when you balance the "special consideration" of the Postal Service's letter automation program against letter/non-letter cost differences, you reach a conclusion opposite to that reached by the Commission in PRC Op. MC95-1? If you do not agree, please explain.
- h. Isn't it correct that one of the assumptions relied upon by the Postal Service in Docket No. MC95-1 to justify its decision not to propose a lower rate for ECR letters was information given to Postal Service witness McBride that "the letter-flat cost differential would decrease in the future because of the shift to vertical flat casing?" PRC Op. MC95-1, para. 5575. If you do not agree, please explain why.
- i. Isn't it also true that, contrary to Postal Service expectations at the time Docket No. MC95-1 was being litigated, the letter/flat differential has grown substantially? If you do not agree, please explain.

OCA/USPS-T36-26.

- a. Please confirm that, in USPS-T-18 at 15, Docket No. MC95-1, you proposed per-piece rates for pound-rated ECR that were of roughly the same magnitude as those you propose in the current proceeding. [See comparison below]

<u>USPS-proposed ECR Per-Pc Rates,</u> <u>Docket No. MC95-1</u> (Cents)		<u>USPS-proposed ECR Per-Pc Rates,</u> <u>Docket No. R97-1</u> (Cents)	
Basic:	5.0	Basic:	5.5
High-density:	4.3	High-density:	4.4
Saturation:	3.0	Saturation:	3.2

If you do not confirm, please explain.

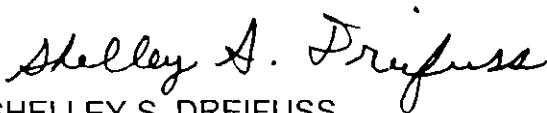
- b. Also confirm that the Commission rejected per-piece rates of this magnitude and instead recommended the current rates, which are:

Basic:	1.8
High-density:	1.0
Saturation:	0.0

If you do not confirm, please explain.

#### CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.

  
SHELLEY S. DREIFUSS  
Attorney

Washington, D.C. 20268-0001  
August 21, 1997