

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

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POSTAL RATE AND FEE CHANGES, 1997

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Docket No. R97-1

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS O'HARA  
TO INTERROGATORIES OF MAJOR MAILERS ASSOCIATION  
(MMA/USPS-T30-1, 2, 5, 7(a)(1)&(b), 8(a)&(b))**

The United States Postal Service hereby files the responses of witness O'Hara to the following interrogatories of Major Mailers Association, dated August 13, 1997: MMA/USPS-T30-1 2, 5, 7(a)(1) and (b), 8(a) and (b).

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

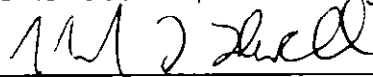
Objections to MMA/USPS-T30-3, T30-4, T30-6, T30-7(a)(2), and T30-8(c) were filed on August 25, 1997.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



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August 27, 1997

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**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?

**RESPONSE:**

A. They are defined by the Domestic Mail Classification Schedule as separate subclasses.

B. Presortation is a qualifying characteristic for a number of bulk First-Class Mail rate categories.

C. Automation-compatibility is a qualifying characteristic for a number of First-Class Mail rate categories.

a)

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**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.

**RESPONSE:**

Confirmed that the cost coverages, proposed rate levels, and test-year finances in my testimony are based on the Postal Service's proposed cost methodology. (In addition to proposed cost coverages for subclasses, my Exhibit USPS-30B shows implicit cost coverages for certain rate categories as well.)

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**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.

**RESPONSE:**

This information can be derived by dividing each subclass's contribution (my Exhibit USPS-30B, column (4)) by its volume (my Workpaper II, pages 2 and 3, column (1)), as you have apparently done in preparing question 7(B).

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**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.

**RESPONSE:**

(A) (1) \$0.1718 (single-piece letters); \$0.1804 (worksharing letters)

(2) Objection filed.

(B) Confirmed.

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**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 (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.

**RESPONSE:**

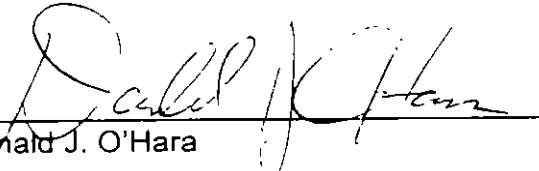
(A) - (B) These adjustments were made by the pricing witnesses to account for the effects of various rate and classification proposals not incorporated in the roll-forward; see the sources cited in my Workpaper III (revised 8-22-97) for explanations of why and how each adjustment was made.

(C) Objection filed.

DECLARATION

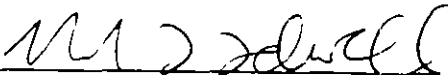
I, Donald J. O'Hara, hereby declare, under penalty of perjury, that the foregoing Docket No. R97-1 interrogatory responses are true to the best of my knowledge, information, and belief.

8 27 97  
Date

  
Donald J. O'Hara

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.

  
Michael T. Tidwell

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August 27, 1997