

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Postal Rate And Fee Changes, 1997

Docket No. R97-1

**INTERROGATORIES OF
ALLIANCE OF NONPROFIT MAILERS
TO USPS WITNESS SHARON DANIEL
(ANM/USPS-T29-19-29)
September 3, 1997**

Pursuant to sections 25 and 26 of the Commission's Rules of Practice, the Alliance of Nonprofit Mailers ("ANM") respectfully submits the attached interrogatories and requests for production of documents. Instructions for these questions appear in Appendix A.

ANM/USPS-T29-19

Please refer to Exhibit USPS-29A, p. 1. Please provide a complete and precise citation to the page, table number, column and row in LR-H-105 where each percentage shown in column [6], Model Weights, can be found. If the percentages shown in Column [6] of USPS-29A do not appear in LR-H-105, please compute the percentages showing all data used in the computations, and provide a complete source to each datum used.

ANM/USPS-T29-20

Please refer to Exhibit USPS-29B, page 1. Please provide a complete and precise citation to the page, table number, column and row in LR-H-195 where each percentage shown in column [6], Model Weights, can be found. If the percentages shown in Column [6] of USPS-29B do not appear in LR-H-105, please compute the percentages showing all data used in the computations, and provide a complete source to each datum used.

ANM/USPS-T29-21

- a. Please confirm that LR-H-145, G-3 shows the following data for FY 1996 billing determinants for the volume of nonprofit letters (in thousands).

Basic Nonprofit Letters	2,515,689
3/5 digit letters	<u>5,154,124</u>
Total	7,669,813

- b. Please confirm that use of the model weights shown in Exhibit USPS-29B results in the following distribution for the volume of nonprofit letters (subject to rounding error since the model weights sum to 0.9999).

	Volume (000)	Model Weights
Automation Basic	1,109,822	.1447
Automation 3-D	2,430,564	.3169
Automation 5-D	1,211,063	.1579
Presort Basic	1,243,277	.1621
Presort 3/5-D	<u>1,674,320</u>	<u>.2183</u>
Total	7,669,046	.9999

- c. According to the billing determinants in LR-H-145, G-3, the volume of nonprofit 3/5-digit presort letters entered at the 5D Barcode Discount Rate was 1,740,291 thousand, whereas your model weights (derived from LR-H-195) indicate that the volume of Automation 5-

Digit letters was only 1,211,063 thousand. Please explain the apparent discrepancy between the billing determinant data in LR-H-145 and the survey data in LR-H-195.

ANM/USPS-T29-22

Was any effort made by you, by anyone at Christensen Associates, or by anyone else on behalf of the Postal Service to check the results of the survey in LR-H-195 against the billings determinants in LR-H-145 to ascertain whether any gross disparities existed between these two library refernces?

- a. If so, explain what checks were made and provide the results of those checks; *i.e.*, were all results of the survey considered to be in general conformity or non-conformity?
- b. If not, please explain why it was considered unnecessary to check the survey results in LR-H-195 against the billing determinant data in LR-H-145.

ANM/USPS-T29-23

In Docket No. MC96-2, the Postal Service estimated that 34.2 percent of all nonprofit letters remaining in 3/5-digit presort category would be a automation non-compatible. The 34.2 percent figure equated to what estimated volume of letters?

ANM/USPS-T29-24

- a. Did you prepare, or participate in any way in the preparation of, LR-H-195?
- b. Unless your answer to proceeding part a is an unqualified negative, please describe your role in the preparation of LR-H-195.

- c. With respect to LR-H-195, are you sponsoring that study?
- d. Please indicate whether any other witness in this docket is sponsoring LR-H-195.

ANM/USPS-T29-25

In Docket No. MC96-2, the testimony of USPS witness Daniel treated 65.8 percent of Standard A Nonprofit Basic and 3/5-Digit Presort letter mail as automation compatible. Was this percentage based on any empirical data? If so, please provide all data that were used to derive those percentages.

ANM/USPS-T29-26

According to USPS-29B, 62.6 percent of nonprofit Standard A letter mail entered at the Basic Presort rate, and 58.5 percent entered at the 3/5-Digit Presort Rate, is considered to be “non-upgradable” for processing on the Postal Service’s automation equipment. Please describe all major reasons that precluded nonprofit bulk letter presort mail from being considered upgradable to automation compatible.

ANM/USPS-T29-27

In Docket No. MC96-2, the total model costs for nonprofit Standard A presort and automation mail (*i.e.*, unit costs for each rate category times the volume in each respective rate category) were less than CRA costs. This result was understandable, since the various cost models did not purport to measure the cost of every conceivable activity associated with processing nonprofit bulk mail within P&DCs. In consequence thereof, the model costs had to be

adjusted upward to conform to CRA costs. In this docket, however, the total model costs for Nonprofit Standard A presort and automation mail *exceed* CRA costs, even though the various cost models still do not purport to measure the cost of all activated within P&DCs. At the same time, this anomalous result does not obtain for regular rate mail.

- a. Your testimony at p. 10 describes various factors that differ as between the cost models for regular rate and nonprofit mail. In terms of those factors, please explain each significant reason why your cost models have resulted in total model costs exceeding CRA costs for nonprofit Standard A presort and automation mail.
- b. Please explain whether the underestimation of CRA costs for Standard A Regular Rate Mail, coupled with overestimation of CRA costs for Standard A Nonprofit Mail, indicates some significant inaccuracy in the cost model.

ANM/USPS-T29-28

Please refer to LR-H-195, Table 5, p. 13.

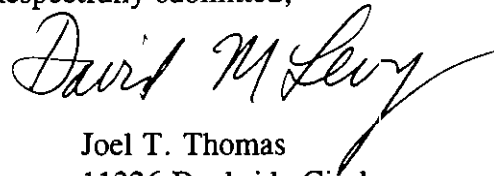
- a. The title states that the data in the table are for Standard A Nonprofit Rate Automation and Nonautomation-Ungradable Letters. Do the rows in Table 5 distinguish between (i) Automation and (ii) Nonautomation ungradable letters? If not, please explain the significance of each row.
- b. What does the sum of the two rows represent?

ANM/USPS-T29-29

Please refer to LR-H-195, Table 6, p. 14. This table purports to show Standard A Nonprofit Rate Nonautomation-Ungradable Letters.

- a. Please explain why the total of such letters shown in the last row of this table is not equal to either of the two rows in Table 5.
- b. To what extent (if any), are the data in Table 6 a subset of the data in Table 5?

Respectfully submitted,



David M. Levy
SIDLEY & AUSTIN
1722 Eye Street, N.W.
Washington, DC 20006
(202) 736-8214

Joel T. Thomas
11326 Dockside Circle
Reston, VA 20191
(703) 476-4646

Counsel for Alliance of Nonprofit Mailers

September 3, 1997

INSTRUCTIONS

1. If the designated witness cannot answer a question, please redirect it to another witness who can.
2. If the requested data cannot be produced with reasonable effort in the exact format or level of detail requested, please produce all data available in (1) a substantially similar format or level of detail, or (2) susceptible to being converted to the requested format and detail.
3. The term "documents" includes, but is not limited to: letters, telegrams, memoranda, reports, studies, newspaper clippings, speeches, testimony, pamphlets, charts, tabulations, and workpapers. Documents also include information on computer media, microfilm and other non-paper media.
4. Responses to requests for explanations or the derivation of numbers should be accompanied by workpapers. Workpapers shall include sufficient backup material to enable a third party to replicate the final results from the primary sources. Where arithmetic manipulations were performed by a computer with internally stored instructions, and no English language intermediate printouts were prepared, the arithmetic steps should be replicated by manual or other means.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document on all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

David M Levy

September 3, 1997