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

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS MAYO TO INTERROGATORIES OF KEYSpan ENERGY
(KE/USPS-T36—1-2 AND
KE/USPS-T22-6(D), REDIRECTED FROM WITNESS MILLER)

The United States Postal Service hereby provides the responses of witness Mayo to the following interrogatories of KeySpan Energy: KE/USPS-T36—1 to 2, filed on November 5, 2001, and KE/USPS-T22-6(d), filed on November 5, 2001, and redirected from witness Miller.

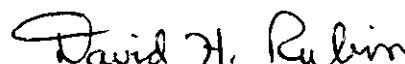
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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November 19, 2001

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF KEYSpan ENERGY (KE/USPS-T36-1-2)**

KE/USPS-T36-1. On page 12 of your Direct Testimony you indicate that the overall proposed cost coverage for BRM is 131 percent. Please provide the source for this figure, including all computations that were made in order to derive this proposed cost coverage for all BRM categories.

RESPONSE:

Based on errata to be filed on November 21, the overall proposed cost coverage for Business Reply Mail is 130 percent, not 131 percent. This cost coverage is derived in WP-11 (worksheet "Rate Change Summary") of Library Reference J-109. The cost coverage calculation divides the total proposed Business Reply Mail revenue (cell I38) by the total estimated Business Reply Mail cost (cell G38) or (199,144,000/153,772,000).

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF KEYSpan ENERGY (KE/USPS-T36-1-2)**

KE/USPS-T36-2. Please refer to your workpapers, Library Reference USPS-LR-J-109, particularly USPS-T-36, WP-2. There you provide the projected test year QBRM volumes and the number of recipients expected to pay the High Volume QBRM quarterly fee.

- A. Please confirm that for your volume projection, you simply assumed that one-third of the total QBRM volume would be received by High Volume QBRM recipients that would pay the quarterly fee. If no, please explain.
- B. Please confirm that you employed the same volume projection methodology in this case as in the last proceeding, Docket No. R2000-1. If no, please explain.
- C. Please confirm that, as was the case in the R2001-1 proceeding, you did not perform any market research study to test the reasonableness of your volume projection? Please explain your answer and, if you did perform any market research study, please provide copies of all documents relating to the design of the market study, the manner and time in which it was conducted, and the results of such study.
- D. Please confirm that the annual breakeven volume at which it would be financially beneficial for a High Volume QBRM recipient to pay the quarterly fee and .8-cent per piece fee is 138,462, as shown in footnote 5. If no, please explain.
- E. Please confirm that you estimate a total of 130.491 million QBRM pieces will be received by recipients that pay the quarterly fee and your proposed .8 cent per piece fee. If no, please explain.
- F. Are you aware that USPS witness Miller has presented a survey of 151 High Volume QBRM recipients who received at least 500,000 pieces per year and whose total pieces received exceeded 300 million pieces? Please see Library Reference USPS-LR-J-60, page 104. If no, please explain.
- G. Are you aware that in Docket No. R2000-1 KeySpan Energy witness Bentley, using CBCIS data requested from you and supplied by the Postal Service, presented a survey of QBRM recipients that showed that 288 High Volume QBRM recipients received, on average, over 300,000 pieces each per year, and that such recipients received a total of 342 million QBRM pieces. If no, please explain.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF KEYSpan ENERGY (KE/USPS-T36-1-2)**

KE/USPS-T36-2. (CONTINUED)

- H. Are you aware that in Docket No. R2000-1 KeySpan Energy witness Bentley, using CBCIS data requested from you and supplied by the Postal Service, presented a survey of QBRM recipients that showed that 723 High Volume QBRM recipients averaged over 100,000 pieces received per year, and received a total of 415 million QBRM pieces. If no, please explain.
- I. Please explain why you believe your estimate of 130.491 million pieces is the best estimate available, when both Mr. Miller's and Mr. Bentley's surveys indicate that your figure might be low?
- J. Please confirm that you estimate that 1,885 High Volume QBRM recipients will each pay the quarterly fee of \$1,800. If no, please explain.
- K. Please explain why you believe your estimate that 1,885 High Volume QBRM recipients will each pay the quarterly fee of \$1,800 is reasonable in light of Postal Service data indicating that only 723 recipients received an average of 100,000 QBRM pieces per year?

RESPONSE:

- A. Not confirmed. See my response to part (I) below.
- B. Confirmed.
- C. Confirmed, as was the case in the Docket No. R2000-1 proceeding.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF KEYSpan ENERGY (KE/USPS-T36-1-2)**

KE/USPS-T36-2. (CONTINUED)

RESPONSE:

D. Confirmed.

E. Confirmed, although the permit holders, rather than the recipients, will pay the fees.

F. and G. I am aware of the surveys presented, however I would not necessarily characterize the QBRM recipients as "high volume" with respect to a fee category, since the quarterly fee classification was not in existence during the survey period.

H. Yes.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO TO
INTERROGATORIES OF KEYSpan ENERGY (KE/USPS-T36-1-2)**

KE/USPS-T36-2. (CONTINUED)

RESPONSE:

I. I believe my estimates that one-third of the total QBRM volume will come from those customers paying the quarterly fee and two-thirds will come from those not paying the quarterly fee are reasonable, based on two reasons. First, in its Docket No. R2000-1 Recommended Decision (Appendix G, page 21), the Commission used the same volume split that I used in my Docket No. R2000-1 workpapers. Second, the most recent available data from the Revenue, Pieces and Weight System (RPW) for Quarter 3 of FY 2001 show that 32 percent of total QBRM volume is from customers paying the quarterly fee and 68 percent of total QBRM volume is from customers not paying the quarterly fee.

J. and K. Not confirmed. Based on errata to be filed on November 21, I believe that 942 high volume QBRM recipients would pay the quarterly fee in the Test Year After Rates.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MAYO TO
INTERROGATORY OF KEYSpan ENERGY,
REDIRECTED FROM WITNESS MILLER

KE/USPS-T22-6D. Please confirm that USPS witness Mayo projects that in the test year, 2/3 of all QBRM volumes will be received in volumes that will be too low to justify election of the Qualified BRM (with quarterly fee) and lower per piece fee option by those recipients. If you cannot confirm, please explain.

RESPONSE:

Not confirmed. I project in the Test Year that two-thirds of all QBRM mail will be sent by mailers who choose not to pay the quarterly fee.

DECLARATION

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


Susan W Mayo

SUSAN W. MAYO

Dated: NOVEMBER 19, 2001

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.



David H. Rubin

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