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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268B0001

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS KOROMA TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE  
(OCA/USPS--T37-10)

The United States Postal Service hereby provides the response of witness Koroma to the following interrogatory of the Office of the Consumer Advocate: OCA/USPS-T37-10, filed on November 16, 2001

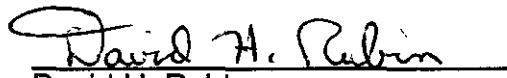
The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
David H. Rubin

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November 30, 2001

**RESPONSE OF POSTAL SERVICE WITNESS KOROMA (USPS-T-37) TO  
INTERROGATORY OF THE OFFICE OF CONSUMER ADVOCATE**

**OCA/USPS-T37-10.** The following questions refer to a library reference you are sponsoring, USPS-LR-J-110.

- (a) In order to test the impact of a change in the Test Year number of money order transactions and a change in the Test Year money order fee, please confirm that one would need to change the worksheet titled "Money Order," cell B012 (transactions) and cells AJ25 to AJ27 (fees). If you are unable to confirm, please explain.
- (b) Please confirm that there are no forecasted money order volumes for the \$700.01 to \$1000.00 range for Test Year Before and After Rates. If you are unable to confirm, please explain.
- (c) Please explain why the USPS did not forecast money orders volumes for the \$700.01 to \$1000.00 range for the Test Year Before and After Rates.

**RESPONSE:**

- (a) Not Confirmed. Modifying cell BO12 (After Rate Volume Forecast) will affect transaction volumes for all money order categories. Modifying AJ 25 to AJ 27 will change fee levels for domestic money orders only.
- (b-c) Not confirmed. See attached revised version of WP-11, which will be filed as errata, and clarifies my intent to project one TYAR volume (22,747) for the new \$500-\$1000 category. Since the value levels \$500.01-\$700 and \$700.01-\$1000 are in the same fee category proposed in my testimony, I did not attempt to divide the volume between these two value levels in my workpapers. Nonetheless, I do expect that some of this volume will be in the \$700.01-\$1000 value level. For example, a customer who currently

**RESPONSE OF POSTAL SERVICE WITNESS KOROMA (USPS-T-37)  
TO INTERROGATORY OF THE OFFICE OF CONSUMER ADVOCATE  
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purchases a \$100 and a \$700 money order to get \$800 in money orders would be expected to simply purchase one \$800 money order, if my proposal is implemented.

Test Year Before and After Rates transaction volume forecasts were obtained from Library Reference J-125, Tables 125-1 and 125-2, respectively. The TYBR volume is all in the \$500-\$700 value level, since the \$700 limit is increased only in TYAR. My WP-11, USPS-LR-J-110 allocates the total money order TYAR forecast volume to the types and fee categories of money orders based on FY 2000 volumes. (This classification of volume is clarified in the attached version of WP-11.)

SPECIAL SERVICES  
MONEY ORDERS  
TEST YEAR 2003

USPS-T-37  
WP-11

VALUE	TRANSACTIONS (000s)			FEES (\$)		REVENUES (000)		PERCENT CHANGE 1/
	FY 2000	TEST YEAR BEFORE RATES	TEST YEAR AFTER RATES	CURRENT		BEFORE RATES VOLUME CURRENT FEE	AFTER RATES VOLUME PROPOSED FEE	
				(4)	(5)			
<u>APO-FPO</u>	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
\$0-\$700/\$0-\$1000	582	580	574	\$0.25	\$0.25	145	144	0.00%
<u>DOMESTIC</u>								
\$0-\$700/\$0-\$500	230,587	229,642	204,719	2/ \$0.90	\$0.90	206,677	184,247	0.00%
\$500-\$1000	N/A	N/A	22,747	3/ \$0.90/NA	\$1.25	N/A	28,433	38.89% 4/
<u>INTERNATIONAL</u>								
\$0-\$700/\$0-\$1000	1,591	1,584	1,569	\$3.00	\$3.00	4,752	4,707	0.00%
TOTAL (APO, DOM, INT)	232,759	231,805	229,608			211,575	217,531	
INQUIRY FEE	889	885	877	\$2.75	\$3.00	2,435	2,631	9.09%
MO COMM REDEEM INTERNATIONAL FOR ISSUE						585	580	
MONEY ORDER FLOAT						51,334	50,848	
OUTSTANDING MONEY ORDERS TAKEN INTO REVENUE 5/						32,291	31,985	
GRAND TOTAL						298,219	303,574	

1/ Denotes the percentage change from the current fee to the proposed fee or (Column 5 - Column 4) / Column 4.

2/ 90 percent of total TYAR money orders, based on FY 2000 transaction split


3/ 10 percent of total TYAR money orders, based on FY 2000 transaction split

4/ Percentage computed based on a comparison of current fee for money orders between \$500.01 and \$700.00 to proposed fee for money orders over \$500.01.

5/ One-time downward adjustment of \$ 14.4 million to reflect base year variance.

**DECLARATION**

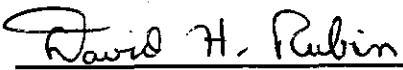
I, Samuel J. Koroma, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

  
SAMUEL J. KOROMA

Dated: NOVEMBER 30, 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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November 30, 2001