

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

POSTAL RATE AND FEE CHANGES, 2001 : Docket No. R2001-1
:

INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE
TO AMERICAN POSTAL WORKERS UNION WITNESS RILEY
(USPS/APWU-T1-7 THROUGH 10)

In accordance with Presiding Officer's Ruling No. R2001-1/43 (January 31, 2002), the United States Postal Service hereby directs the following interrogatories to American Postal Workers Union witness Michael Riley: USPS/APWU-T1-7 through 10.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Michael T. Tidwell

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.

Michael T. Tidwell

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February 7, 2002
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INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE
TO APWU WITNESS RILEY

USPS/APWU-T1-7

Please refer to page 19 of your testimony (line 6) where you state that: “[t]he added single piece volume from any decrease in discounts is likely to be extremely small.” You support this claim with a citation to Postal Service witness Thress's testimony (USPS-T-8 at 22) where he states that “[i]n the aggregate, workshared First-Class letters volume is virtually unaffected by Postal rates.”

- (a) Please confirm that the aggregate rate elasticity cited by witness Thress (-0.028) refers to the price impact on postal volume assuming all postal rates (including worksharing rates, single-piece rates, and worksharing discounts) are changed equally or approximately equally. If you cannot confirm, please supply your understanding of the interpretation of this elasticity.
- (b) Please confirm that you propose different rate changes for discounted and non-discounted First-Class letters, and worksharing discounts that decrease at the same time that worksharing rates would be increasing. If you cannot confirm, please explain fully.
- (c) Have you or any person working in consultation with you or under your direction in relation to Docket No. R2001-1 made any effort to estimate test year volumes at the rates that you have proposed? If so, please provide the results of such analysis and all underlying workpapers.
- (d) In comparison to current First-Class Mail rates, please state the percentage rate change that you are proposing for each First-Class Mail rate category or rate element.

USPS/APWU-T1-8

At page 9 of your testimony, you state that during your postal tenure, you instituted a revenue assurance unit “to focus on mailers who received unearned discounts or otherwise failed to pay all the postage that was due.”

- (a) Please confirm that the Postal Service’s base year and test year revenue estimation procedures reflect actual mailer behavior with respect to both over- and under-payment of postage. If you cannot confirm, please explain why and fully state your understanding of the revenue estimation procedures used by the Postal Service in this filing and supply the detailed basis for your understanding.

INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE
TO APWU WITNESS RILEY

- (b) Please confirm that any improvements in mail preparation procedures or revenue receipts due to the actions of the revenue assurance unit that were implemented during your tenure would have accrued by the Docket No. R2001-1 base year and would be rolled forward to the test year. If you cannot confirm, please explain.
- (c) Please confirm that any improvements in mail preparation procedures or revenue receipts due to the actions of the revenue assurance unit that are not accounted for in the base year or the rollforward will improve the Postal Service's financial position relative to what is estimated in the Postal Service's filing. If you cannot confirm, please explain.

USPS/APWU-T1-9

- (a) Are your rate proposals based on an alternate implementation date to the June 30, 2002, date reflected in the settlement agreement? If so, please indicate that alternate date.
- (b) Please confirm that, all other things equal, a rate implementation date that is later than June 30, 2002, will result in less revenue for the Postal Service in Fiscal Year 2002 than a June 30, 2002 implementation date.

USPS/APWU-T1-10

- (a) Compared to the rates originally requested by the Postal Service, what is the impact of the rate changes you are proposing on Postal Service test year after rates revenues and expenses?
- (b) How will the rate changes you are proposing impact the total revenue requirement originally requested by the Postal Service (see USPS-T-6)?
- (c) Will the rate changes that you have proposed result in a test year surplus? If your answer is other than affirmative, please explain fully.