

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

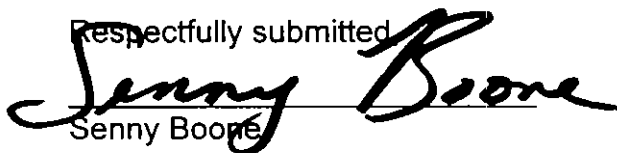
Postal Rate and Fee Changes, 1997)
_____)

Docket No. R97-1

SECOND INTERROGATORY
OF THE NATIONAL NEWSPAPER
ASSOCIATION TO USPS WITNESS MODEN
(NNA/USPS T4-8)

Pursuant to Sections 25 and 26 of the Commission's Rules of Practice, the National Newspaper Association hereby submits the attached interrogatory to USPS witness Moden: NNA/USPS-T4, No. 8. If the designated witness is unable to respond, we request a referral to another witness in possession of the requested information.

Respectfully submitted

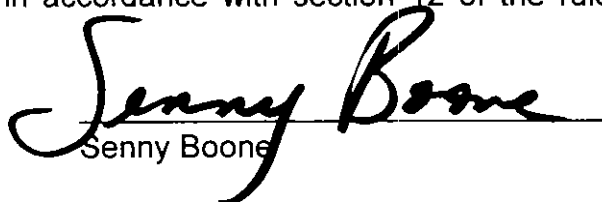


Senny Boone
Tonda F. Rush
Attorneys
National Newspaper Association

CERTIFICATE OF SERVICE

I hereby certify that I have on this date served the attached document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.

DATE: September 12, 1997



Senny Boone

**SECOND INTERROGATORY
DIRECTED TO WITNESS MODEN
NNA/USPS T4-8**

8. Please refer to Cost Segments and Components and Cost and Revenue Analysis reports for all years from 1986 to 1996, and Attachments 1 & 2.
 - a. Please confirm that the entries in Attachments 1 and 2 are correct.
 - b. Please confirm that the unit attributable mail processing cost for Periodicals - In-County has increased at a rate faster than inflation (as measured by the ECI) and that the unit attributable mail processing cost for First-Class mail has increased at a rate less than inflation.
 - c. Please explain fully why unit attributable mail processing costs for Periodicals - In-County have increased faster than inflation.
 - d. Please explain why unit attributable mail processing costs have increased faster for Periodicals - In-County than for First-Class mail.
 - e. Please explain why unit attributable mail processing costs for First-Class mail have increased at a rate less than inflation.
 - f. Please confirm that the unit attributable City-Delivery Carriers - Office cost (C/S 6) for Periodicals - In-County has increased at a rate faster than inflation (as measured by the ECI) and that the unit attributable City Delivery Carriers - Office cost for First-Class mail has increased at a rate less than inflation.
 - g. Please explain fully why unit attributable City Delivery Carriers - Office costs for Periodicals - In-County have increased faster than inflation.
 - h. Please explain why unit attributable City Delivery Carriers - Office costs for First-Class mail have increased at a rate less than inflation.

Attachment 1

Unit Attributable Mail Processing Costs (C/S 3) from FY 1986 to FY 1996 by Class and Subclass
(Costs in Cents per Piece)

| Class | Subclass | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
|-------------------|-----------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| First Periodicals | All | 7.37200 | 7.58951 | 7.77300 | 8.08654 | 8.07464 | 8.37842 | 8.39790 | 8.39274 | 0.77985 | 0.90253 | 8.96714 |
| | In-County | 1.52294 | 1.89357 | 2.00356 | 2.26257 | 2.79099 | 3.00982 | 3.03537 | 3.29422 | 2.11800 | 2.22898 | 2.26468 |

Cumulative Percentage Increase in Attributable Mail Processing Costs From FY 1986

| Class | Subclass | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
|-------------------|-----------|--------|--------|--------|--------|--------|--------|---------|--------|--------|--------|
| First Periodicals | All | 2.95% | 5.52% | 0.89% | 9.53% | 13.65% | 13.92% | 13.85% | 19.08% | 20.78% | 21.64% |
| | In-County | 24.34% | 38.81% | 48.57% | 83.26% | 97.63% | 99.31% | 116.31% | 39.07% | 46.36% | 48.70% |

Cumulative Percentage Increase in Selected Price Indices From FY 1986

| Price Index | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
|-------------|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|
| ECI* | 2.94% | 7.02% | 12.00% | 17.55% | 22.76% | 27.97% | 32.39% | 36.81% | 40.88% | 44.73% |

* Total compensation Employment Cost Index (ECI) numbers are from Bureau of Labor Statistics; (BLS) series ECOS100002Q 1st quarter data

Attachment 2

City Delivery Carriers - Office (C/S 6) Unit Attributable Costs from FY 1986 to FY 1996 by Class and Subclass¹
 (Costs in Cents per Piece)

| Class | Subclass | Periodicals | | | | | | | | | | |
|-------|-----------|-------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1984 | 1985 | |
| First | All | 2,025.86 | 2,128.73 | 2,241.13 | 2,297.25 | 2,391.08 | 2,487.72 | 2,440.85 | 2,453.43 | 2,506.76 | 2,405.80 | 2,130.00 |
| | In-County | 0.90601 | 0.97896 | 1.05774 | 1.32202 | 1.37288 | 1.67231 | 1.73979 | 1.76945 | 1.16254 | 1.22764 | 1.40202 |

Cumulative Percentage Increase in Attributable City Delivery Carriers - Office Costs from FY 1986

| Class | Subclass | Periodicals | | | | | | | | | |
|-------|-----------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1985 |
| First | All | 5.08% | 10.63% | 13.40% | 18.03% | 22.80% | 20.48% | 21.11% | 23.74% | 18.75% | 5.14% |
| | In-County | 8.05% | 16.75% | 45.82% | 51.51% | 84.58% | 92.03% | 95.30% | 28.31% | 35.50% | 61.37% |

Cumulative Percentage Increase in Selected Price Indices from FY 1986

| Price Index | ECS | | | | | | | | | |
|-------------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|
| | 1986 | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1985 |
| ECS1000ZC | 44.73% | 40.88% | 36.81% | 32.39% | 27.07% | 22.76% | 17.65% | 12.00% | 7.02% | 2.84% |

¹ Cost Segment 6 cost data before FY 1993 taken from the following components:

- a) In-Office Direct Labor
- b) Training, Voh Prep & Key Handg
- c) CAG K
- d) In-Office Support

² Total compensation Employment Cost Index (ECI) numbers are from Bureau of Labor Statistics (BLS) series ECS1000ZC 1st quarter data