

DOCKET SECTION

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS DANIEL TO INTERROGATORIES OF
NASHUA PHOTO INC., DISTRICT PHOTO INC., MYSTIC COLOR LAB, AND
SEATTLE FILMWORKS, INC.
(NDMS/USPS-T29-1-3)

The United States Postal Service hereby provides responses of witness Daniel to the following interrogatories of Nashua Photo Inc., District Photo Inc., Mystic Color Lab, and Seattle Filmworks, Inc.: NDMS/USPS-T29-1-3, filed on September 16, 1997.

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


Anthony F. Alverno

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September 30, 1997

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DANIEL TO
INTERROGATORIES OF NASHUA PHOTO INC., DISTRICT PHOTO INC.,
MYSTIC COLOR LAB, AND SEATTLE FILMWORKS, INC. (NDMS)**

NDMS/USPS-T29-1. Please refer to USPS witness Fronk's revised reply to NDMS/USPS-T32-1, in which Fronk describes you as "the analyst with principal responsibility for the library reference [H-112]."

- a. Did you prepare, or participate in any way in the preparation of, LR-H-112.
- b. Unless your answer to preceding subpart (a) is an unqualified negative, please describe in detail your role in preparing the study contained in LR-H-112. Please explain you role as "the analyst with principal responsibility for the library reference."
- c. Does your testimony, USPS-T-29, reference or rely on LR-H-112 in any way. If so, please explain.

RESPONSE

- a. Yes, among others.
- b. I was the analyst tasked to update the R90-1 nonstandard surcharge library reference. I reviewed the methodology of that study and modified it to use the information of cost by shape presented in LR-H-106. I continued to use the mix of shapes that was used in Docket No. R90-1. I requested the production of mail flow cost models of manual letter mail processing. I considered including the extra cost of delivering nonstandard pieces, but did not because of time constraints and because the surcharge was already much larger. I shared the results with witness Fronk. I requested assistance in writing the text and presenting the results of the library reference. Finally, I reviewed the written draft of the library reference and arranged for copies of the library reference to be made and included in the filing.
- c. No.

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NDMS/USPS-T29-2.

- a. Prior to preparing the updated study contained in LR-H-112, were you or any of the other authors of the study aware that the Commission described the original version of the same study as "distorted by the inability to exclude costs pertaining to first-class mail over one ounce which is not being subject to a surcharge?" (*Opinion and Recommended Decision*, Docket No. MC73-1, note 1, pp. 25-26.)
- b. If you or any of the other authors of the study were aware of the Commission's criticisms, please describe all concepts that were considered to take the Commission's position into account, and explain why each was rejected.

RESPONSE

a-b. I did not read, nor was I aware of, the cited passage from Docket No. MC73-1 prior to working on LR-H-112; however, I would note that the Commission was satisfied with the Nonstandard Surcharge Library Reference presented in Docket No. R90-1 upon which the analysis in this docket is based. In its *Opinion and Recommended Decision*, the Commission noted:

It is satisfying to observe that in this case the Service has provided solid information on the comparative costs of standard and nonstandard First-Class pieces. We note also that, while the finding of 11 cents additional cost adequately anticipates the automated processing environment expected in the test year, the 10-cent surcharge balances the goals of recovering the corresponding cost while not reflecting the over-optimistic view of cost savings from post-test-year ABC sequencing. We find that the 10-cent surcharge will also continue to encourage use of standardized mail pieces, consistent with the Service's automation and related productivity goals.

PRC Op. R90-1, Vol. 1 at V-15 [para. 5035].

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NDMS/USPS-T29-3. Does the Postal Service have a mail flow model (or models) for estimating the cost of processing Standard A parcels, similar to the models used to estimate the mail processing cost for Standard A letters and flats?

- a. If so, please provide a copy or reference to where all such models can be found, along with current data on unit costs.
- b. If not, please explain why, under the circumstances of this case and the proposed surcharge, the Postal Service has not developed such a model.

RESPONSE

No.

- a. N/A
- b. Please see witness Crum's response to NDMS/USPS-T28-19.

DECLARATION

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


SHARON DANIEL

Dated: September 30, 1997

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.


Anthony F. Alverno

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