

Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Postal Rate and Fee Changes, 2006)

Docket No. R2006-1

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS ALTAF H. TAUFIQUE (OCA/USPS-T32-8-16)
(June 8, 2006)

Pursuant to Rules 25 through 28 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatories OCA/USPS-T32-1-7, dated June 2, 2006, are hereby incorporated by reference.

Respectfully submitted,

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OCA/USPS-T32-8. This interrogatory seeks information on the percentage of First-Class Mail letters, flats and parcels by shape. Please refer to your testimony at page 17, lines 16-18, which states, "In FY 2005, 94.5 percent of the pieces in the Letters subclass were actually letter-shaped pieces, while 4.8 percent were flat-shaped and one-half of one percent of the pieces were parcel-shaped." Also, please refer to USPS LR-L129, Excel file "LR-L-129.xls," worksheet tab "SP Shp&Addl Ozs."

- a. Please provide the source(s) for the percentages stated in your testimony for letter-shaped, flat-shaped, and parcel-shaped pieces in the Letters subclass.
- b. Please reconcile the percentages stated in your testimony with the percentages shown in USPS LR-L-129.

OCA/USPS-T32-9. This interrogatory seeks information on the rates for single-piece letter-shaped, flat-shaped, and parcel-shaped pieces. Please refer to your testimony at page 19, lines 5-8, which states, "Pieces that do not meet the letter machinability criteria (defined by length, height, width, thickness, rigidity, variation in thickness, or aspect ratio) become eligible for the next higher rate element, i.e. the first ounce rate for flat shaped pieces."

- a. Please provide the proposed rate for a nonmachinable letter-shaped piece weighing less than one ounce.
- b. Please provide the proposed rate for a nonmachinable letter-shaped piece weighing two ounces.
- c. Please provide the proposed rate for a nonmachinable flat-shaped piece weighing less than one ounce.

- d. Please provide the proposed rate for a nonmachinable flat-shaped piece weighing two ounces.
- e. Please provide the proposed rate for a nonmachinable parcel-shaped piece weighing less than one ounce.
- f. Please provide the proposed rate for a nonmachinable parcel-shaped piece weighing two ounces.

OCA/USPS-T32-10. This interrogatory seeks information on the total number of additional ounces for single-piece letters. Please refer to USPS LR-L-77, Excel file "First-Class Mail_BDs_2005.xls," and worksheet tab "A-1 Single Piece Letters." Also, please refer to USPS LR-L129, Excel file "LR-L-129.xls," worksheet tab "SP Shp&Addl Ozs."

- a. In USPS LR-L-77, please confirm that the total number of additional ounces for single-piece letters is 14,302,587 (14,296,965 single-piece letters + 5,622 QBRM). If you do not confirm, please explain.
- b. Please reconcile the total number of additional ounces in subpart a., above, with total number of additional ounces of 14,664,304 shown in USPS LR-L-129.
Please show all calculations and provide citations to all sources used.

OCA/USPS-T32-11. This interrogatory seeks information on the total number of additional ounces for nonautomation presort letters. Please refer to USPS LR-L-77, Excel file "First-Class Mail_BDs_2005.xls," and worksheet tab "A-2 Nonautomated Presort." Also, please refer to USPS LR-L129, Excel file "LR-L-129.xls," worksheet tab "Nonauto Shp&Addl Ozs."

- a. In USPS LR-L-77, please confirm that the total number of additional ounces for nonautomated presort letters is 450,434. If you do not confirm, please explain.
- b. Please reconcile the total number of additional ounces in subpart a., above, with total number of additional ounces of 446,586 shown in USPS LR-L-129. Please show all calculations and provide citations to all sources used.

OCA/USPS-T32-12. This interrogatory seeks information on the number of nonmachinable letter-shaped, flat-shaped, and parcel-shaped pieces in the Base Year. Please refer to USPS LR-L-77, Excel file "First-Class Mail_BDs_2005.xls," worksheet tab "A-1 Single Piece Letters," and the BY 2005 total number of nonmachinable pieces of 464,250.

- a. Please provide the percentage of nonmachinable pieces in the Base Year for letter-shaped, flat-shaped, and parcel-shaped pieces. Please show all calculations and provide citations to all sources used.
- b. Please confirm that the percentage of nonmachinable letter-shaped, flat-shaped, and parcel-shaped pieces in TYBR 2008 would be the same as the percentages in the Base Year. If you do not confirm, please explain and show all calculations and provide citations to all sources used.

OCA/USPS-T32-13. This interrogatory seeks information on the revenue for single-piece nonmachinable pieces in the TYAR. Please refer to USPS LR-L129, Excel file "LR-L-129.xls," worksheet tab "Rev. FY08BR&FY08AR," Column (4) entitled "Test Year After Rates Volume (000)," which shows "Nonmachinable pieces" of 396,619.

- a. Please provide the estimated TYAR revenue for the 396,619 Nonmachinable pieces separately for letter-shaped, flat-shaped, and parcel-shaped pieces. Please show all calculations and provide citations to all sources used.
- b. Please confirm that the TYAR volume of “First Ounce[] Flats” should be calculated as follows: $(396,619 \text{ nonmachinable pieces} * a) + 3,064,107 \text{ first ounce flats}$, where a represents the percentage of nonmachinable letter-shaped pieces. If you do not confirm, please explain and show all calculations and provide citations to all sources used.
- c. Please confirm that the TYAR volume of “First Ounce[] Parcels” should be calculated as follows: $(396,619 \text{ nonmachinable pieces} * b) + 267,218 \text{ first ounce parcels}$, where b represents the percentage of nonmachinable flat-shaped pieces. If you do not confirm, please explain and show all calculations and provide citations to all sources used.

OCA/USPS-T32-14. The following interrogatory seeks to clarify volume, revenue and contribution estimates for single-piece and presort First-Class Mail. Please refer to USPS-LR-L-129, worksheet tab “Revenue - SP&Presort.”

- a. At line 9, the FY 2005 base year “Volume” for First-Class single piece is keyed in as 43,371,362,808. Please reconcile this figure with FY 2005 base year volume of 43,374,873,000 shown on line 11 of worksheet tab “Base Year” of USPS-LR-L-129.
- b. At line 26, the FY 2008 test year before rates “Per Unit Contribution” for First-Class single-piece is keyed in as \$0.230 (rounded). Please explain and show all calculations used to derive this figure, and provide citations to all source

documents relied upon and a copy of such documents if not previously filed in this docket.

- c. At line 26, the FY 2008 test year before rates “Per Unit Contribution” for First-Class presort is keyed in as \$0.231 (rounded). Please explain and show all calculations used to derive this figure, and provide citations to all source documents relied upon and a copy of such documents if not previously filed in this docket.

OCA/USPS-T32-15. The following interrogatory seeks to clarify a rate design formula for First-Class Mail. Please refer to USPS-LR-L-129, worksheet tab “Rate Design SP.” At line 36, column B, please explain why the formula “Round(((B33/B35)-0.03),2)” includes a subtraction of 0.03. Show the derivation of all calculated values, provide citations to all source documents relied upon and a copy of such documents if not previously filed in this docket.

OCA/USPS-T32-16. The following interrogatory seeks to clarify the development of revenues for First-Class Mail. Please refer to USPS-LR-L-129, worksheet tab “Rate Design SP.”

- a. At line 33, column B, the amount of “Additional Revenue Needed” is \$2,716,773,423. At line 35, column B, the number of “Additional Ounces” is 11,902,163,548. The Postal Service’s proposed an additional ounce rate of \$0.20 multiplied by the Additional Ounce volume yields revenue of \$2,380,432,710 ($\$0.20 * 11,902,163,548$). Please confirm that the revenue shortfall is \$336,340,713 ($\$2,716,773,423 - \$2,380,432,710$). If you are unable to confirm, please explain and show all calculations used to derive the corrected

amount, provide citations to all source documents relied upon and a copy of such documents if not previously filed in this docket.

- b. Please explain where the Postal Service proposes to recoup the \$336,340,713. Show the derivation of all calculated values, provide citations to all source documents relied upon and a copy of such documents if not previously filed in this docket.
- c. If the Postal Service does not plan on recouping the \$336,340,713, please explain why not.