

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
TO INTERROGATORIES OF
THE NEWSPAPER ASSOCIATION OF AMERICA
(NAA/USPS-18-19)

The United States Postal Service hereby provides responses to the following interrogatories of the Newspaper Association of America: NAA/USPS-18-19, filed on September 26, 1997.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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October 6, 1997

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NAA/USPS-18. Please refer to the answer NAA/USPS-T36-31(a), which was redirected to the Postal Service. That question asked:

“Please refer to pages 1 and 2 of Library Reference H-186. If you cannot answer, please refer to someone who can.

- a. Please explain why there are letters that exceed 3.3 ounces.
- b. Please explain how a sixteen-ounce piece can have the dimensions of a letter.”

The response states that it “is assumed” that the question referred to Library Reference H-182. Although that assumption was *understandable under the circumstances*, because the interrogatory followed a series of questions relating to LR-H-182, NAA really did mean to refer to LR-H-**186**. Accordingly, please answer the question as originally posed, with respect to LR-H-182.

RESPONSE

The response for NAA/USPS-T36-31(a), redirected to the Postal Service, applies to Library Reference H-186 as well. The source of the volume estimates by weight increment for both LR H-182 and LR H-186 is the same.

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NAA/USPS-19. Please refer to LR H-109.

- a. Please explain the specific source (page number and column number of LR H-106) for the figures contained in Column (6), page 4 of LR H-109.
- b. Please explain the specific source (page number and column number of LR H-106) for the figures contained in Column (6), page 5 of LR H-109.
- c. Please identify the difference between the variable mail processing costs in Column (6) and the total direct tally IOCS costs in Column (3). What costs are included in Column (6) that are not included in Column (3)? Please explain fully.
- d. Please explain all reasons why the difference between the variable mail processing costs in Column (6) and the total direct tally IOCS costs in Column (3) are distributed to "WS" and "non-WS" mail in proportion to the direct tally IOCS costs.

RESPONSE

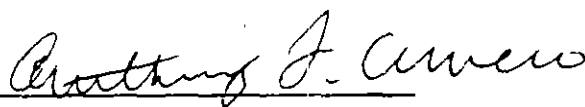
- a. The values used in LR H-109 at page 4 column (6) are calculated by multiplying the adjusted costs for each cost pool found on pages II-2 of LR H-106 by respective piggyback factors on page VI-2 of LR H-106 and the appropriate premium pay factor, which is found in the spreadsheet "CSTSHAPE.xls" on sheet "PremPay", located on the diskette accompanying LR H-106.
- b. The values used in LR H-109 at page 5 column (6) are calculated by multiplying the adjusted costs for each cost pool found summed from pages III-2 and IV-2 of LR H-106 by respective piggyback factors on page VI-2 of LR H-106 and the appropriate premium pay factor, which is found in the spreadsheet "CSTSHAPE.xls" on sheet "PremPay", located on the diskette accompanying LR H-106.

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- c. There are three reasons why the direct tally costs do not match the variable mail processing costs. First, the direct tally costs are a subset of the tally costs used to distribute the variable mail processing costs to subclass, as described in the testimony of witness Degen. Unidentified item tally costs and container tally costs are also used in the distribution process. Second, the costs are allocated to cost pool independently of the allocation of costs to IOCS tallies. The total costpool dollars will not match the sum of the tally dollar value of tallies belonging to the costpool. Third, the variable mail processing column contains only variable costs, which are less than or equal to the total cost of the costpool. Witness Bradley's testimony describes the estimation of the mail processing variability factors. See witness Degen's responses to TW/USPS-T12-18(b) and TW/USPS-T12-24(a) for further discussion of the difference between direct tally costs and variable mail processing costs.
- d. The direct IOCS tallies are the only tallies within each mail processing cost pool that can be separated into the walk-sequence and non walk-sequence groups, because the tally information used to make the separation (into walk-sequence and non walk-sequence groups) is only collected for direct tallies. The analysis contained in Library Reference H-109 assumes that distribution of walk-sequence and non walk-sequence mail for the ECR mail contained in unidentified items and in containers for a particular mail processing cost pool is the same as the distribution observed for the direct tallies in that cost pool.

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.


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