

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS
TO OFFICE OF THE CONSUMER ADVOCATE WITNESS CALLOW
(USPS/OCA-T5-18-19)

Pursuant to rules 25 and 26 of the Rules of Practice and Procedure, the United States Postal Service directs the following interrogatories and requests for production of documents to Office of the Consumer Advocate witness Callow: USPS/OCA-T5-18 to 19.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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USPS/OCA-T5-18.

During oral cross examination of witness Mitchum, counsel for the OCA implied that there was widespread dissatisfaction among current Confirm subscribers with the Postal Service proposal for Confirm service. Tr. 14/4157.

(a) Has the OCA had discussions with Confirm customers dissatisfied with the Postal Service proposal?

(b) If so, were you present during the any of these discussions?

(c) If you responded affirmatively to part (a), was Attachment 1 of your testimony, or any similar presentation of your proposal, used during any of the discussions?

(d) If you responded affirmatively to part (c), were values like those presented in the revised Attachment 1, worksheet "USPS Comps Platinum," in columns W and X, included at the time your proposal was shared with any Confirm subscribers? Please explain fully.

USPS/OCA-T5-19.

This question addresses your calculations for Platinum subscribers on worksheet "USPS Comps Platinum" of Attachment 1 to your testimony.

(a) Please confirm that the calculation in Column W of Attachment 1's "USPS Comps Platinum" worksheet assumes that 55 percent of the scans received by a subscriber are for First-Class Mail items and 45 percent are for Other classes of mail. If you do not confirm, please explain.

(b) Please confirm that under the assumption in part (a), a mailer using 10 million scans would require 28 million units (5.5 million for First-Class Mail scans, and 22.5 million for other class scans). If you do not confirm, please explain.

(c) Please confirm that the average price for a million scans for a subscriber using 10 million scans assuming the same split for scans as in part (a) would be calculated in the following manner:

Total Units = $10,000,000 * 0.55$ (share of First-Class scans) + $10,000,000 * 0.45$ (share of other class scans) * 5 (units per other class scan) = 28,000,000.

Total Fee (for 28,000,000 units) = \$6,260 = \$5,000 annual fee + \$630 for 9 blocks of units at \$70 each + \$630 for 18 blocks of units at \$35 each.

The average price per million scans would be $\$626 = \$6,260 / 10$.

If you do not confirm, please explain.

(d) Please explain the basis for and significance of your “Weighted Average Cost per Million Scans (\$)” of \$1,576 in cell W188 of “USPS Comps Platinum” worksheet of Attachment 1 of your testimony.

(e) Please confirm that for the purpose of comparing the Postal Service proposal to either the existing fee schedule or your proposal, an average price per million scans of \$626 is more appropriate than \$1,576, as it better reflects the average price per million scans a platinum subscriber using 10 million scans would face. If you do not confirm, please explain fully. If you do confirm please provide a new version of Attachment 1 (using the approach in part (c)), with a list of all cells that are affected, including whether or not the average price per million scans is higher or lower than the “Weighted Average Cost per Million Scans (\$)”.

(f) Please confirm that the table below accurately reflects selected values from your “Weighted Average Cost per Million Scans (\$)” in column W of the “USPS Comps Platinum” worksheet of Attachment 1 (column 2), the average price per million scans derived in the manner used in part (c) of this interrogatory (column 3), and the ratio of column 2 to column 3 (column 4). If you do not confirm, please explain fully.

Millions of Scans	Weighted Avg. Cost per Million Scans (\$), from OCA-T-5	Avg. Price per Million Scans (\$), USPS Calculation	OCA-T-5 Cost as a Percentage of USPS Calculation of Average Price (%)
10	1,576	626	252
25	689	309	223
50	394	189	208
100	246	119	206
250	128	77	166
500	88	63	140
1,000	69	56	123

(g) Please confirm that a Platinum subscriber using 10 million scans reasonably might believe that your “Weighted Average Cost per Million Scans (\$)” of \$1,576 could be multiplied by 10 to determine a total cost for 10 million scans of \$15,760. If you do not confirm, please explain.

(h) Please confirm that in actuality the fee under the Postal Service proposal for a mailer using 10 million scans is \$6,260 (10 * \$626), which is more than 60 percent less than the \$15,676 implied by your “Weighted Average Cost per Million Scans (\$)”. If you do not confirm, please explain.

(i) Please confirm that the table below accurately represents the total fees for Platinum subscribers under the existing fee schedule, the OCA proposal, and the Postal Service proposal.

Millions of Scans	Existing Fee	OCA Proposed Fee	Postal Service Proposed Fee
10	10,000	19,500	6,260
25	10,000	19,500	7,730
50	10,000	19,500	9,480
100	10,000	19,500	11,930
250	10,000	19,500	19,280
500	10,000	19,500	31,530
1,000	10,000	19,500	56,030

(j) Please confirm that the following table presents the “USPS vs. Current: Proposed Increase %” for selected numbers of scans in Column X of “USPS Comps Platinum” worksheet of Attachment 1 of your testimony (column 2), along with an accurate representation of the fee change based on the methodology used in part (c) (column 3). If you do not confirm, please explain.

Millions of Scans	USPS vs. Current: Proposed Increase %, OCA-T-5, Attachment 1	USPS vs. Current Percentage Change (%), USPS Calculation
10	58	-37
25	72	-23
50	97	-6
100	146	19
250	219	93
500	342	215
1,000	587	460