

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-T5-21-24)

Pursuant to rules 25 and 26 of the Rules of Practice and Procedure, the United States Postal Service directs the following follow-up interrogatories and requests for production of documents to Office of the Consumer Advocate witness Callow: USPS/OCA-T5-21 to 24.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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October 6, 2006

USPS/OCA-T5-21.

Please refer to your response to USPS/OCA-T5-6 and to pages 7 and 8 of your revised testimony, where you state:

Current Silver subscribers, depending upon the number of quarterly subscriptions purchased during the year and use of First-Class Mail scans, will experience fee changes ranging from -14 to 190 percent. Silver subscribers that purchased one, two, or three quarterly subscriptions will pay between 6 and 190 percent more than currently as combined total fees (i.e., the annual user fee plus declining block user fees) rise with usage. Only Silver subscribers that purchased four sequential quarterly subscriptions will experience a decrease in combined total fees of between -8 and -14 percent under the Postal Service's proposal.

(a) In your response to USPS/OCA-T5-6(d) you note that the potential fee decrease for a Silver subscriber is 37.5 percent. Please confirm that this is more than twice the amount of savings you present in your revised testimony. If you do not confirm, please explain.

(b) Please confirm that your revised testimony is inconsistent with your response to USPS/OCA-T5-6(d), in that the potential savings for Silver subscribers is greater than stated in the testimony. If you do not confirm, explain fully.

(c) At the time your testimony was submitted were you aware that your presentation did not reflect the possibility of Silver subscribers renewing their subscription quarterly even if they do not use all 15 million scans? If you were aware, please explain fully why your testimony seems to have ignored this possibility.

USPS/OCA-T5-22.

Please refer to your response to USPS/OCA-T5-11.

(a) Please explain fully why you chose to respond using a scenario in which a mailer “seeks to acquire a total of 459 blocks of 1 million units, or nearly 164 million (163,928,571) scans,” rather than the 164 million scans as stated in the question.

(b) Please confirm that the total fee under the Postal Service proposal for 164 million scans, as stated in the original interrogatory, will be \$15,080 (\$5,000 for the annual fee plus \$10,080 for the additional blocks of units). If you do not confirm, explain fully.

USPS/OCA-T5-23.

Please refer to your response to USPS/OCA-T5-12.

(a) Please confirm that the column heading for cell AD9 of your original testimony on the worksheet that was previously titled USPS Comps Gold&Plat” (which was changed without explanation as part of your September 22, 2006 revisions to “USPS Comps Platinum,” where it is column V with the same column heading) is “Standard Cost per Million Scans” not “Weighted Average Cost Per Million Scans (\$)” as stated in your response.

(b) Please refer to Cell V9 of worksheet “USPS Comps Platinum” of Attachment 1 of your revised testimony, which is under the column heading “Standard Cost per Million Scans”. Please confirm that your response to USPS/OCA-T5-12 should have been a confirmation, and that the value should be \$25,000. If you

do not confirm, please fully justify why that specific cell contains a different equation than all cells in the array from V10 to V192, which in the original version of your testimony would have been AD10 to AD35 before you expanded this column in your notice of errata filed on September 22, 2006.

(c) Please explain why you expanded this column in your errata filed on September 22, 2006.

USPS/OCA-T5-24.

Please refer to your response to USPS/OCA-T5-14(b).

(a) Please confirm that, under the Postal Service proposal, a fee is charged for each additional block of 1 million units used by a Confirm subscriber. If you do not confirm, explain fully.

(b) Please confirm that if this subscriber were to move to a reseller, then the reseller would need to buy additional blocks of units to procure the scans for their new customer. If you do not confirm, explain fully.

(c) Please confirm that the difference in the amounts of revenue lost between the two proposals should include both the difference in the total fees the subscriber had previously paid, which is \$2,670 in your response to USPS/OCA-T5-14(b), plus the amount of revenue the Postal Service would acquire as a result of the reseller purchasing enough additional blocks to procure the scans for the customer. If you do not confirm, explain fully.

(d) Please confirm that a reseller would need to purchase 560 additional blocks of units to fulfill this customer's need for 200 million scans. If you do not confirm, explain fully and provide all calculations.

(e) Please confirm that 560 additional blocks of units will cost \$9,800 if all blocks are purchased at the \$17.50 price per block, and could cost more if the reseller had not previously purchased 99 additional blocks of units. If you do not confirm, explain fully and provide all calculations.

(f) Please confirm that the total loss to the Postal Service under its proposal would be at most \$7,030, which is \$16,830 less the \$9,800 referenced in part (e). If you do not confirm, explain fully and provide all calculations.

(g) Please confirm that the revenue loss under the Postal Service proposal would be \$12,470 ($\$19,500 - \$7,030$) less than under your proposal, not \$2,670 as stated in your response to USPS/OCA-T5-14(b). If you do not confirm, explain fully and provide all calculations.