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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

FOLLOW-UP INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE TO DIRECT MARKETING ASSOCIATION ET AL. WITNESS BUC
(USPS/DMA-T1-34-39)

Pursuant to Rules 25 and 26 of the Commission's Rules of Practice and Procedure, the United States Postal Service directs the following interrogatories to Direct Marketing Association et al. witness Buc: USPS/DMA-T1-34-39.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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USPS/DMA-T1-34. Please refer to your response to USPS/DMA-T1-8(b), where you state that 1999 was a better choice as a base year than 1996 or 1997 because since 1999 "workhours have shown a distinctly negative trend." Is it your testimony that cost reduction savings could not have occurred during years prior to 1999? If your answer is other than no, please explain fully.

USPS/DMA-T1-35. Please refer to your response to USPS/DMA-T1-8(d). Please confirm that by "supports my position," you mean supports your argument that supervisor cost reduction savings should be proportional to craft cost reduction savings. If you do not confirm, please explain to what position you are referring. Please explain how a decline in total hours of 9.7 percent and a decline in supervisor hours of only 5.2 percent since 1997 supports your argument that supervisor cost reduction savings are proportional to craft cost reduction savings.

USPS/DMA-T1-36. Please refer to your response to USPS/DMA-T1-18. In Docket R84-1, in which the Commission applied a 3.5 percent contingency provision, it observed that equity of $451 million or 1.6 percent of the revenue requirement, "does not militate in favor of reducing the contingency." In the current filing you argue that the contingency should be reduced to zero because the Postal Service has an estimated test year after rates equity of $2.266 billion, which is 2.9 percent of the revenue requirement. Assume hypothetically that the estimated test after rates equity in this filing were $1.240 billion or 1.6 percent of the revenue requirement. What amount of contingency would be indicated in this scenario?

USPS/DMA-T1-37. Please refer to your response to USPS/DMA-T1-21. Please confirm that the Postal Service does not have guaranteed orders which are assumed in your hypothetical scenario.

USPS/DMA-T1-38. Please refer to your response to USPS/DMA-T1-23. Is it your testimony that test year breakeven does not have to be achieved in settled cases? Please explain fully and indicate how much variance from breakeven you believe is appropriate in settled cases.

USPS/DMA-T1-39. Please refer to your response to USPS/DMA-T1-26. Please reconcile your recommendation in the current Docket that the contingency be reduced to zero, when equity is estimated to be 2.9 percent of the revenue requirement, with the Commission's recommended 4.0 contingency in Docket R76-1, when test year equity was estimated to be $363 million or 2.6 percent of the revenue requirement. Please note and consider in your reconciliation that the equity to revenue requirement relationship proposed by the Postal Service in this Docket is a very similar to the equity to revenue requirement relationship recommended by the Commission in the cited docket.