

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

Postal Rate and Fee Changes, 2006)

Docket No. R2006-1

RESPONSES OF OFFICE OF THE CONSUMER ADVOCATE
WITNESS JAMES F. CALLOW TO INTERROGATORIES OF
UNITED STATES POSTAL SERVICE (USPS/OCA-T5-25-27)
(October 24, 2006)

The Office of the Consumer Advocate hereby submits responses of James F. Callow to interrogatories USPS/OCA-T5-25-27, dated October 12, 2006. Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

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USPS/OCA-T5-25.

Please refer to your response to USPS/OCA-T5-18(d), where you state:

The values in OCA-T-5, Attachment 1 (Revised 9-22-06), columns W and X of worksheet "USPS Comps Platinum," were developed subsequent to the proposal being shared with Confirm subscribers and other interested parties.

The original question asked whether or not "values like those presented in the revised Attachment 1" of your testimony were included at the time [] your proposal [was] shared with any Confirm subscribers. Your response above appears to be limited to the columns in the revised attachment.

- (a) Please explain whether or not data like those in the revised Attachment 1 were included in the proposal you shared with Confirm customers.
- (b) If the data were included, did the data contain information similar to those presented in Column X of worksheet "USPS Comps Platinum" in revised version of Attachment 1 filed on September 22, 2006 (which were removed as part of your October 10, 2006 revision without any explanation).

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Postal Service interrogatory USPS/OCA-T5-18(d) states, verbatim:

- (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. (Emphasis added)

Since I responded affirmatively to part (c), my response to part (d) stated:

(d) No. The values in OCA-T-5, Attachment 1 (Revised 9-22-06), columns W and X of worksheet "USPS Comps Platinum," were developed subsequent to the proposal being shared with Confirm subscribers and other interested parties.

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I believe this answer to be directly responsive to the question as posed in part
(d).

(a) No. Values like those presented in “revised Attachment 1” were not included in my proposal shared with Confirm subscribers, assuming the reference to “revised Attachment 1” refers to OCA-T-5, Attachment 1, revised September 22, 2006.

(b) The data were not included. NA.

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USPS/OCA-T5-26.

Please refer to your response to USPS/OCA-T5-19, and Attachment 1 of your testimony as originally filed, and as revised on September 22, 2006 and October 10, 2006.

- (a) Please confirm that, for an individual reading your original testimony on page 8, lines 7-11, your statement that they would face an increase of “up to 585 percent for 1 billion scans,” and its associated footnote, imply that the array of cells from Z31 to AF31 relate to customers using 1 billion scans. If you do not confirm, please explain.
- (b) Do you agree that your original testimony could have caused those that read it to become confused about the fee increases resulting from the Postal Service proposal? If you do not agree please explain.
- (c) Please explain fully why the values in the limited number of cells populated in column Z of the October 10, 2006 revision of “USPS Comps Platinum” in Attachment 1 of your testimony are now significantly lower (with the exception of cell Z9) than when they were presented in the previous versions (column AF of the original version, “USPS Comps Gold&Plat”, and column X of the September 22, 2006 version, “USPS Comps Platinum”).
- (d) Please confirm that the percentages presented in the following table accurately represent the differences between the two revised versions of Attachment 1 for all comparable cells. If you do not confirm, please explain.

Number of Scans (from 10-10-06 revision)	Millions of Units	USPS vs. Current: Proposed Increase % (rev. 10-10-06)	USPS vs. Current: Proposed Increase % (rev. 9-22-06)
357,143	1	-50%	-50%
5,000,000	14	-42%	62%
10,000,000	28	-37%	75%
15,000,000	42	-33%	89%
20,000,000	56	-28%	103%
25,000,000	70	-23%	116%
30,000,000	84	-18%	130%
35,000,000	98	-13%	144%
40,000,000	112	-10%	152%
45,000,000	126	-8%	159%
50,000,000	140	-5%	165%
55,000,000	154	-3%	172%
60,000,000	168	0%	179%

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- (e) Please confirm, based on the table presented in part (d), that a Platinum subscriber would be led to believe that using as few as 20 million scans would cost the subscriber more under the Postal Service proposal than under your proposal. If you do not confirm, please explain.
- (f) Please confirm that under the Postal Service proposal a Platinum subscriber using 20 million scans would not only pay less than half of what they would pay under your proposal, but would actually pay less than under the existing fee schedule. If you do not confirm, please explain.
- (g) Please confirm that your original worksheet "USPS Comps Gold&Plat" of Attachment 1 indicated that all Platinum Confirm subscribers needing one or more additional blocks of units would face a fee increase of at least 42 percent. If you do not confirm, please explain.
- (h) Please assume that a Platinum subscriber assumed that the increases you presented in your original ("USPS Comps Gold&Plat") and first revision ("USPS Comps Platinum") of Attachment 1 of your testimony were accurate. Please confirm that this Platinum subscriber would conclude that its fees would increase if fewer than 60,000,000 scans were used. If you do not confirm, please explain.

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(a) Confirmed, where the associated footnote (No. 18) refers to OCA-T-5, Attachment 1, as originally filed.

(b) Not necessarily, since the question of whether or not "those that read" my testimony would be confused depends upon their prior knowledge of the Postal Service's proposal. For example, confusion might exist if those that read my testimony knew the correct percentage change in fees under the Postal Service's proposal prior to reading my testimony. However, those that read the testimony of Postal Service witness Mitchum (USPS-T-40) prior to reading my testimony would not find the correct percentage change in fees in witness Mitchum's testimony since that testimony

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provided no information on the percentage change in fees under the Postal Service's proposal.

(c) The referenced columns in OCA-T-5, Attachment 1 (column AF), as originally filed, and OCA-T-5, Attachment 1 (column X), revised September 22, 2006, were calculated incorrectly. The values in these columns, both entitled "USPS vs. Current: Proposed Increase %," were derived by dividing the weighted average cost per million scans by the cost per million scans using the incorrect number of scans for First-Class Mail. OCA-T-5, Attachment 1, as revised October 10, 2006, displays the correct percentage increase in column Z, also entitled "USPS vs. Current: Proposed Increase %," by dividing the weighted average cost per million scans as proposed by the Postal Service by cost per million scans for the same number of scans in the current Platinum fee schedule.

(d) Confirmed.

(e) Assuming prior knowledge of OCA's proposal by Platinum subscribers, not confirmed for column 3, "USPS vs. Current: Proposed Increase % (rev. 10-10-06), which clearly shows a decrease. Confirmed for column 4, "USPS vs. Current: Proposed Increase % (rev. 9-22-06).

(f) Confirmed. A current Platinum subscriber under the Postal Service's proposal using a weighted average 20 million scans would experience a fee decrease of 28 percent, and pay a fee less than half (\$362 vs. \$975) the fee under my proposal.

(g) Confirmed. The percentage increase of 42 percent is incorrect. The correct percentage change in fees for various blocks of additional units is found in OCA-T-5, Attachment 1, as revised October 20, 2006.

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(h) Confirmed. However, the percentage change in fees provided in OCA-T-5, Attachment 1, in worksheet "USPS Comps Gold&Plat," as originally filed, and in worksheet "USPS Comps Plat," revised September 22, 2006, are no longer part of my testimony. See OCA-T-5, Attachment 1, worksheet "USPS Comps Plat," revised October 20, 2006.

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USPS/OCA-T5-27.

Please confirm that column headings in cells T8 and U8 of worksheet "USPS Comps Platinum" of Attachment 1 of your testimony (revised 10-10-06) is inaccurate, since the number of scans per unit is either 1 for First-Class Mail or 5 for Standard Mail. If you do not confirm, please explain. If you do confirm, please provide accurate column headings.

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Not confirmed. In the case of First-Class Mail, a subscriber can obtain 1 scan for each unit. A subscriber who wishes to obtain 1 million scans must purchase 1 block of a million units. The column heading, "Number of First-Class Scans per Unit," is therefore correct.

By comparison, a subscriber can obtain one Standard Mail (or Periodicals) scan for every 5 units. The ratio of scans to units is 0.20 (1 scan / 5 units). By extension, then, a subscriber who wishes to obtain 1 million Standard Mail scans must purchase 5 additional blocks of one million units each. Again, the ratio of scans to units is 0.20 (1 million scans / 5 million units). Thus, the column heading, "Number of Standard Scans per Unit," is correct. The reciprocal of "scans per unit" is "units per scan," in which case the number of units required would be 5 units for every 1 scan.