

DOCKET SECTION

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

RECEIVED

JAN 8 1 12 PM '98

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 1997

)
)
)
Docket No. R97-1

FIRST SET OF INTERROGATORIES OF THE ADVERTISING MAIL
MARKETING ASSOCIATION TO NAA WITNESS CHOWN
(AMMA/NAA-T-1-1-3)

Pursuant to Sections 25 and 26 of the Commission's Rules of Practice, the Advertising Mail Marketing Association hereby propounds the attached interrogatories and requests for the production of documents.

If data requested are not available in the exact format or level of detail requested, any data available in (1) a substantially similar format or level of detail or (2) susceptible to being converted to the requested format and detail should be provided.

The production of documents requested should be made by photocopies attached to responses to these interrogatories. If production of copies is infeasible due to the volume of material or otherwise the undersigned counsel to AMMA should be contacted to arrange for inspection of the documents.

The term "document" means all repositories of fixed information, including any writing, audio or video recording or electronically stored information and including all non-identical copies or versions of any document.

The term "oral communication" means any utterance that is not a document.

The term "communication" means all documents and oral communications.

The terms "identify," "identification," or "identity" mean:

(1) With respect to an individual, his name and present or last known home and business address (including street name and number, city or town, state, zip code and telephone number).

(2) With respect to a person other than an individual, its full name and type or organization, the address of its principal place of business (including street name and number, city or town, state, zip code and telephone number), the jurisdiction and place of its incorporation or organization, and the identity of all individuals having knowledge of the matter with respect to which the person is named;

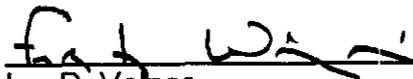
(3) With respect to a document, the type of document (e.g., letter, record, list, memorandum, report), date, title or a description of the general nature or subject matter of its contents, identification of the person who prepared the document, identification of the person for whom the document was prepared and/or to whom it was delivered, identification of the person who has possession, custody or control over the original of the document, and identification of each person who has possession, custody or control over each copy of the document.

A communication or document "relating," "related," or which "relates" to any given subject means any communication or document which constitutes, contains, embodies, reflects, identifies, refers to, deal with or is in any way germane to that subject, including without limitation, documents concerning the preparation of other documents.

Responses to requests for explanations of the derivation of numbers should be accompanied by workpapers. The term "workpapers" shall include all backup material whether prepared manually, mechanically or electronically. Such workpapers should, if necessary, be prepared as part of the witness's responses and should "show what the numbers are, what numbers were added to other numbers to achieve a final result." The witness should "prepare sufficient workpapers so that it is possible for a third party to understand how he took data from a primary source and developed that data to achieve his final results." Docket No. R83-1, Tr. 10/2795-96. Where the arithmetic manipulations were performed by an electronic digital computer with internally stored instructions and no English language intermediate printouts were prepared, the arithmetic steps should be replicated by manual or other means.

If you are unable to provide any of the requested documents or information as to any of the interrogatories, please provide an explanation for each instance in which documents or information cannot be or have not been provided. If the witness to whom this request is directed cannot respond, but another witness can, please redirect the request to that witness.

Respectfully submitted,



Ian D. Vomer

N. Frank Wiggins
Counsel to Advertising Mail Marketing
Association

AMMA/NAA-T-1-1

In Line 6 of page 6 of your testimony you state that “Exhibit NAA-1B also shows the mix of functions used by each subclass.”^{5/} Footnote 5 reads:

Page 1 of Exhibit NAA-1B summarizes the total attributable cost by function for each subclass of mail.

Page 2 of Exhibit NAA-1B provides the percentage mix of the different functions used by each subclass of mail.

- a. Is it an accurate reformulation of these portions of your testimony to say that Exhibit NAA-1B also shows the mix of attributable costs of functions used by each subclass?
- b. If that statement is not correct, please explain why not.

AMMA/NAA-T-1-2

Please confirm that your “metric” for assigning institutional costs to subclasses described in Part 5 of your testimony (page 13 l. 18-17 l. 19) assumes that each subclass of mail “consumes” institutional costs associated with any function in proportion to its attributable costs for that function multiplied by the weighting factors set out on line 39 of your Exhibit NAA-1D.

- a. If you cannot confirm, please explain why.
- b. If you did confirm, does this imply that the consumption of attributable costs by a subclass of mail in any function causes that subclass of mail to consume institutional costs? Please explain any negative answer.
- c. If you responded to sub-part b in the affirmative, what evidence do you have of this relationship?

AMMA/NAA-T-1-3

In its opinion in Docket No. R90-1 (at paragraph 4051 (pages IV-16-17)) the Commission said this about your proposal concerning institutional cost assignment in that proceeding:

The difficulty Chown sees is a real one, but it is not solved by fragmenting institutional costs and continuing to apply, in mechanical fashion, an essentially comparative technique of institutional cost assignment. This is so because the root of the problem is that when a subclass uses categories of attributable costs in an uncommon way -- either by

using mostly a function whose costs are only very incompletely attributed, or by using mostly a function whose costs are completely attributed -- it is not fully (or fairly) comparable with other classes. Chown has tried to attack this problem with a more elaborate formula, but we think it calls not for more complex mechanical solutions but for the focused exercise of rational judgment.

- a. Do you believe that your proposal concerning the distribution of institutional costs in this docket is responsive to the Commission's criticism of your R90-1 proposal?
- b. If your answer is in the affirmative, please explain the basis for that belief.
- c. If your answer is in the negative, do you believe that the Commission was wrong in its earlier criticism and, if so, how?

DC1:64702.01

CERTIFICATE OF SERVICE

I hereby certify that I have on this date served this document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.

DATE: January 8, 1998


N. Frank Wiggins