

DOCKET SECTION

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

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POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
DOUGLAS F. CARLSON
(USPS/DFC-T1-1-18)

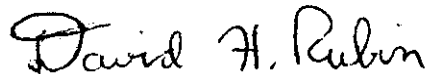
Pursuant to rules 25 and 26 of the Rules of Practice and Procedure and rule 2 of the Special Rules of Practice, the United States Postal Service directs the following interrogatories and requests for production of documents to Douglas F. Carlson:
USPS/DFC-T1-1-18.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Rate-making



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January 12, 1998

USPS/DFC-T1-1. Please refer to your testimony at page 2, line 31, to page 3, line 8.

Do you think that your proposal will reduce the use of picture post cards? Please explain your answer.

USPS/DFC-T1-2. Please refer to page 4, line 13 of your testimony.

- (a) Please describe the uses you make of the 200 to 300 stamped cards you use per year.
- (b) With respect to each type of use you describe in your response to part (a), *why do you use stamped cards instead of postcards?*

USPS/DFC-T1-3. Please refer to page 4, lines 13-22 of your testimony.

- (a) Are the index cards you would substitute for stamped cards blank on both sides, or do they contain markings, such as ruled lines? If the latter, please describe any markings on the index cards.
- (b) Do you consider these index cards to be as attractive as stamped cards?
- (c) Why do you believe that these index cards might not be as compatible with automation as stamped cards? Please explain fully.

USPS/DFC-T1-4. Please refer to page 5, lines 20 to 22, of your testimony.

- (a) Confirm that the current fee for stamped cards is 0 cents. If you cannot confirm, please explain fully.
- (b) Where in this case has the Postal Service proposed increasing the fee for manufacturing a stamped card from one cent to two cents?

USPS/DFC-T1-5. Please refer to page 6, lines 19 to 20, of your testimony. Do you believe that the benefits of hypothetical combined rates (postage plus the stamped envelope fee) for stamped envelopes would outweigh any benefits from having separate stamped envelope fees? Please explain fully.

USPS/DFC-T1-6. Please refer to page 6, line 34 and page 8, line 1 of your testimony. Please provide the calculation underlying your 263 percent proposed cost coverage for stamped cards.

USPS/DFC-T1-7. Please refer to page 9, lines 3 to 5, of your testimony. Does the stationery included as part of a stamped card also add value to the product, thereby justifying a cost coverage higher than private cards? If your response is in the negative, please explain fully, especially taking into consideration your view that preprinted postage adds value and justifies a higher cost coverage.

USPS/DFC-T1-8. In Docket No. MC95-1, the Postal Rate Commission defined subclass as follows:

As the Newspaper Association of America (NAA) correctly states on brief, '[i]n postal ratemaking, a subclass is a grouping of mail across which attributable costs are measured and averaged, and to which the Section 3622 ratesetting factors are applied for purposes of assigning a share of the Postal Service's institutional costs.' NAA Brief at 24 (footnote omitted).

PRC Op., Docket No. MC95-1, at I-3. Are you proposing that a subclass be created for stamped cards?

USPS/DFC-T1-9. Please refer to your testimony at page 12, lines 9 to 11.

- (a) Please confirm that the test year cost coverage for post office box service at current rates is 99.60 percent (Exhibit USPS-30A, as revised 9/19/97, copy attached). If you do not confirm, please explain why not.
- (b) Please confirm that most of the cost coverages in Exhibit USPS-30A (as revised 9/19/97) are higher than 99.60 percent, and that the average cost coverage, excluding other costs and prior years loss recovery, is 170.86 percent. If you do not confirm, please explain why not.
- (c) Do you agree that increases of greater than 4.5 percent for post office box fees would be justified, simply to provide a contribution to "other" costs that is closer to the contribution from other subclasses of mail and special services? Please explain any response other than an unqualified "yes".

USPS/DFC-T1-10. Please refer to your testimony at pages 12 through 18.

- (a) Please confirm that you are eligible for carrier delivery to your residence. If you do not confirm, please explain why not.
- (b) Do you currently receive any mail at your residence through carrier delivery?
- (c) If you confirm part (a), please explain why you have chosen to receive your mail through a post office box rather than through carrier delivery to your residence?
- (d) If you confirm part (a), please explain why you do not switch to carrier delivery in response to the problems you present in your testimony concerning post office box service.

SUMMARY OF ESTIMATED FISCAL YEAR 1998 BEFORE RATES FINANCES
(Dollars in Thousands)Exhibit USPS-30A
Revised 9-19-97

Line No.	Description	Volume Variable Costs	Revenues	Percent of Costs (Col 2/Col 1)	Contribution To Other Costs (Col 2 - Col 1)
		(1)	(2)	(3)	(4)
1	First-Class Mail				
2	Single-piece Letters	12,613,552	21,564,407	170.96%	8,950,855
3	Worksharing Letters	4,100,182	11,103,853	270.81%	7,003,671
4	Total Letters	16,713,734	32,668,260	195.46%	15,954,526
5	Single-piece Cards*	444,183	648,970	146.10%	204,787
6	Worksharing Postcards	166,168	410,873	247.26%	244,705
7	Total Cards	610,351	1,059,843	173.64%	449,492
8	Total	17,324,085	33,728,103	194.69%	16,404,018
9	Priority Mail	2,223,208	3,978,761	178.96%	1,755,553
10	Express Mail	420,793	833,065	197.98%	412,272
11	Mailgrams	508	4,676	920.45%	4,168
12	Periodicals				
13	In County	82,273	82,586	100.38%	313
14	Outside County				
15	Nonprofit	335,643	334,871	99.77%	(772)
16	Classroom	13,788	10,577	76.65%	(3,221)
17	Regular-Rate	1,585,181	1,632,125	102.96%	46,944
18	Total	2,016,895	2,060,159	102.15%	43,264
19	Standard Mail A				
20	Single Piece	229,928	157,506	68.50%	(72,422)
21	Commercial Regular	4,953,506	7,192,729	145.20%	2,239,223
22	Commercial Enhanced Carrier Route	2,165,566	4,722,276	218.06%	2,556,710
23	Total Commercial	7,119,072	11,915,005	167.37%	4,795,933
24	Nonprofit	1,088,558	1,165,260	107.05%	76,704
25	Nonprofit Enhanced Carrier Route	157,658	261,791	166.05%	104,133
26	Total Nonprofit	1,246,214	1,427,051	114.51%	180,837
27	Total Standard Mail A	8,595,214	13,499,562	157.06%	4,904,348
28	Standard Mail B				
29	Parcel Post	786,812	737,970	93.79%	(48,842)
30	Bound Printed Matter	335,959	493,286	146.83%	157,327
31	Special Rate	257,970	353,938	137.20%	95,968
32	Library Rate	51,742	48,267	93.28%	(3,475)
33	Total	1,432,483	1,633,461	114.03%	200,978
34	Free-for-the-Blind, etc.	31,817	0	0.00%	(31,817)
35	International Mail	1,227,333	1,625,558	132.45%	398,225
36	Special Services				
37	Registry	83,553	91,928	110.02%	8,375
38	Certified	342,121	410,607	120.02%	68,486
39	Insurance	42,778	64,816	151.52%	22,038
40	COD	17,204	16,287	94.67%	(917)
41	Money Orders	147,432	237,331	160.88%	89,899
42	Stamped Envelopes	12,264	13,843	112.70%	1,560
42a	Stamped Cards*	4,697		0.00%	(4,697)
43	Special Handling	1,285			(1,285)
44	Post Office Boxes	613,811	611,375	99.60%	(2,436)
45	Other		301,695		301,695
46	Total	1,265,164	1,747,883	138.15%	482,718
47	Other Costs **	185,934			(185,934)
48	Other Income		215,531		215,531
49	Volume-Variable Costs and Revenues	34,723,437	59,326,758	170.86%	24,603,321
50	Total Other Costs	26,704,228			(26,704,228)
51	Prior Years Loss Recovery	446,933			(446,933)
52	Continuing Appropriations		67,274		67,274
53	Investment Income		33,580		33,580
54	GRAND TOTAL	61,874,598	59,427,612	96.05%	(2,446,986)

*In column (1), Stamped Card manufacturing costs (Exhibit USPS-15E, p. 49) have been moved from line 5 to line 42a.

**Includes \$28,736*1.01 cost increases due to BY->TY growth in Return Receipt & Restricted Delivery volumes; USPS-T-40, WP 14

Sources: Volume Variable Costs: Lines 1-35; Attachment 1 to Response to UPS/USPS-T33-36, revised 9/19/97, p.1, col. 9

Lines 36-46: USPS-T-15, Appendix D, Figure 1, column (3) * 1.01 (adds 1% contingency)

USPS/DFC-T1-11. Please refer to your testimony at page 15, lines 27 to 29.

- (a) What size box do you use in Berkeley?
- (b) Have any postal employees suggested that you obtain a larger box to receive the flat mail containing rate case materials?

USPS/DFC-T1-12. Please refer to your testimony at page 17, line 21. Explain your understanding of the level of return receipt service that "the Postal Service suggests that it is currently providing."

USPS/DFC-T1-13. Please refer to your testimony at page 17, line 22 through page 18, line 11. Is it your understanding that the three characteristics presented on page 18 represent an exhaustive list of the reasons why customers might prefer return receipt service to the hypothetical alternative presented by you on page 17, lines 25 to 26, of your testimony? Please explain your answer.

USPS/DFC-T1-14. Please refer to your testimony at page 20, line 18, to page 22, line 16.

- (a) Please confirm that one reason taxpayers purchase return receipt service when they send a tax return to the Internal Revenue Service (IRS) is to learn whether, rather than when, the IRS received the tax return?
- (b) What is the significance to the taxpayer of the exact date of receipt by the IRS of a tax return?

- (c) Please confirm that a customer purchasing return receipt service in conjunction with certified mail service can receive a mailing receipt postmarked with the date of mailing on it? If you do not confirm, please explain why not.

USPS/DFC-T1-15. Please refer to your testimony at page 21, lines 31-32.

- (a) What is the basis of your assertion that these three addresses receive millions of pieces of mail each year?
- (b) How much of this mail do you believe comes from customers who request return receipt service?

USPS/DFC-T1-16. Please refer to your testimony at page 24, line 6. Explain your use of the term “premium service” as it relates to return receipts.

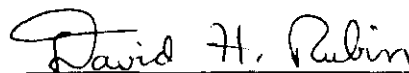
USPS/DFC-T1-17. Please refer to LR-DFC-2.

- (a) Please confirm that the letters on page 1C (second sentence) and 2C (last bulleted sentence) show that the Postal Service had a record of the date when both of Mr. Popkin’s letters was delivered to the IRS. If you do not confirm, please explain why not.
- (b) With reference to the last bulleted sentence in the letter on page 2C, please provide the printout that was attached to the original letter to Mr. Popkin.

USPS/DFC-T1-18. The Berkeley post office is currently classified as a CAG C office. Assuming that classification, do you prefer the Postal Service's proposal to increase the post office box fees there by 11 to 13 percent, or the Office of the Consumer Advocate's proposal to increase these fees by 40 percent? (See OCA-T-500 at 61.)

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



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January 12, 1998