

DOCKET SECTION

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Docket No. R97-1

POSTAL RATE AND FEE CHANGES, 1997

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
BROOKLYN UNION GAS COMPANY WITNESS BENTLEY
(USPS/BUG-T1-1-8)

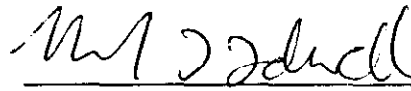
Pursuant to rules 25 and 26 of the Rules of Practice and Procedure and rule 2 of the Special Rules of Practice, the United States Postal Service directs the following interrogatories and requests for production of documents to Brooklyn Union Gas Company witness Bentley: USPS/BUG-T1-1-8.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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January 16, 1998

**INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE TO
BROOKLYN UNION GAS COMPANY WITNESS BENTLEY**

USPS/BUG-T1-1.

Please refer to pages 3 and 4 of Exhibit BUG-1A.

- (a) Please confirm that in the unit cost calculations, you identify Exhibit USPS-T-23D as the source for the piggyback factors you used in the Outgoing Primary operations.
- (b) Is Exhibit USPS-T-23D the source of the piggyback factors you used in those operations? If not, please identify the source.

USPS/BUG-T1-2.

Please refer to pages 3 and 4 of Exhibit BUG-1A.

- (a) Please confirm that in the unit cost calculations, you used non-volume variable productivities for the Outgoing Primary operations.
- (b) Please confirm that for all remaining operations in the unit cost calculations, you then used volume variable productivities.
- (c) Please explain why both non-volume variable and volume variable productivities were used in your unit cost calculations.

USPS/BUG-T1-3.

Your unit cost calculations mixed the results from both the single piece cost models used by USPS witness Miller (USPS-T-23) and the First-Class presort cost models used by USPS witness Hatfield (USPS-T-25). The costs from those models, however, were based on inputs (e.g., coverage factors, premium pay factors) which were not identical for both First-Class single piece mail and First-Class presort mail. Please explain why you used this mixed cost methodology and the impact that this methodology had on your results.

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USPS/BUG-T1-4. Please refer to page 3 of Exhibit BUG-1A.

- (a) Explain why the unit cost calculations (sorted to Basic after the Outgoing Primary) shown on this page did not include any Outgoing Secondary costs.
- (b) Confirm that the only way Outgoing Secondary costs could be avoided in this situation is if all Outgoing Primary operations in the Postal Service had the *bin capacity necessary to finalize all mail pieces to the ADC/AADC level*. If you do not confirm, please explain.

USPS/BUG-T1-5.

Please refer to page 1 of Exhibit BUG-1A.

- (a) Explain the basis for your assumption that PRM mail pieces would incur zero delivery costs.
- (b) Explain why your analysis does not include any Function 2 ("Delivery Services") costs associated with PRM (e.g., carriers collecting outgoing mail at their delivery points, clerks removing collection mail that has been deposited in boxes and slots found at Delivery Units, carriers and clerks consolidating collection mail into rolling stock prior to it being dispatched to a Plant).

USPS/BUG-T1-6.

On page 5 of Exhibit BUG-1A, the table shows 8 columns , but only 5 corresponding notes are listed below. What are the corresponding notes for columns 6 through 8?

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USPS/BUG-T1-7.

On page 4, lines 1-5, of your testimony, you state that you recommend modifying the Postal Service's PRM proposal so that the postage is paid on the exact number of pieces when they are delivered.


- (a) On page 8, lines 3-5, of your testimony, you suggest that the mailer could perform these counting and rating functions by using weight averaging techniques or computers. Please elaborate on how the postage calculation would be performed.
- (b) Please confirm that the mail recipient would still pay the \$1,000 monthly fee proposed for PRM to cover Postal Service auditing and administrative activities.
- (c) Please describe generally the type of Postal Service audit and verification activities that your proposal contemplates.

USPS/BUG-T1-8.

On page 13, lines 5-7 of your testimony, you state that, "The Postal Service's own analyses indicate that most of the PRM reply mail volume will come from mailers who migrate to PRM reply mail from BRMAS BRM service." Please confirm that witness Fronk testified (USPS-T-32, page 44, lines 10-11) that, "The total estimate of PRM in the Test Year is 847.8 million pieces (the sum of 347.8 million BRM pieces and 500 million courtesy reply pieces).

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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