

# DOCKET SECTION

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

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POSTAL RATE COMMISSION  
OFFICE OF THE CLERK

Docket No. R97-1

POSTAL RATE AND FEE CHANGES, 1997

UNITED STATES POSTAL SERVICE  
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO  
THE MAJOR MAILERS ASSOCIATION WITNESS BENTLEY  
(USPS/MMA-T1-7-12)


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 the Major Mailers Association witness Bentley: USPS/MMA-T1-7-12.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:


Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
Eric P. Koetting

## 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 16, 1998

  
Eric P. Koetting

**POSTAL SERVICE INTERROGATORIES TO MMA WITNESS BENTLEY**

USPS/MMA-T1-7. On page 11, line 2, of your testimony, you state that retaining the current 32-cent stamp would reduce First-Class revenues by \$800 million. If other classes or subclasses of mail are asked to make up this revenue loss, how would you propose this be accomplished, that is, which specific rates would you recommend be increased?

USPS/MMA-T1-8. On page 2 of your workpaper MMA-1A W/P 1, you calculate mark-up indices for First-Class Mail letters and commercial Standard A mail, assuming First-Class letter revenue is reduced by \$800 million and commercial Standard A revenue is increased by \$800 million.

- (a) Please identify which specific Standard A rates you would increase in order to raise \$800 million in additional revenue from Standard A mailers.
- (b) Does your calculation include the impact of the applicable elasticity effects for the Standard A mail rates you would adjust? Please explain fully.
- (c) In order to increase Standard A revenue by \$800 million, is it your proposal that rates for Standard A nonprofit mail should be increased as well? Unless your answer is an unqualified "yes," please explain how your proposal is consistent with the provisions of section 3626 that were added by the Revenue Forgone Reform Act.

USPS/MMA-T1-9. On pages 11 (lines 18-19) and 12 (lines 1-3), you discuss the Commission's opinion in Docket No. MC93-2 and state the following:

In that concurring opinion, the five commissioners left no doubt about their belief that "discounts which reflect the savings inuring to the Service from worksharing, and which are solidly grounded in costs, are - to the advantage of the Postal Service, mailers, and the society at large."

- (a) Please confirm that the approach used by witness Fronk is consistent with the Commissioners' opinion stated above. If not confirmed, please explain.
- (b) Please confirm that in developing your letter automation proposals, you use the same categories of cost —namely, mail processing and delivery—that witness Fronk used in developing the Postal Service proposal. If not confirmed, please explain.
- (c) Please confirm that in developing your letter automation proposals, you used bulk metered mail as the benchmark, as did witness Fronk in developing the Postal Service proposal. If not confirmed, please explain.
- (d) Please confirm that the only reason your calculated cost savings are different from those of the Postal Service is that the starting costs (costs at the CRA level) you chose to use do not reflect the costing improvements proposed by the Postal Service in this filing. If not confirmed, please explain.

USPS/MMA-T1-10. On page 12 of your testimony, lines 4-6, you state that

“...the Service wants to decrease First-Class automation letter discounts by 0.1 cents to 0.6. (see Table 6.)” Please explain how the 0.6 cents is derived and what rate category it applies to.

USPS/MMA-T1-11. On page 18, lines 17-20, of your testimony, you state that the Commission should consider reducing the second-ounce rate for letters that weigh between one and two ounces, though you do not make a specific rate proposal. You also note that postal revenues will be reduced by \$26 million for each penny the rate is reduced for letters in this weight step.

- (a) Please confirm that your recommendation is limited to letters and does not include flats. If confirmed, please explain why flats weighing between one and two ounces are excluded.
- (b) If flats were included in your proposal, please quantify the revenue reduction that would result for a one-penny reduction in the rate for flats in this weight step.
- (c) Please explain why letters weighing between two and three ounces are not included in your proposal.
- (d) Please explain why flats weighing between two and three ounces are not included in your proposal.
- (e) If flats and letters weighing between two and three ounces were included in your proposal, please quantify the revenue reduction that would result from a one-penny reduction in the rate for letters

and flats, respectively, in this weight step.

- (f) Please evaluate your proposed, though not specified, reduction in terms of the pricing criterion that calls for “the establishment and maintenance of a fair and equitable schedule [for postal rates and fees]” (Section 3622(b), Title 39, United States Code).

USPS/MMA-T1-12. Please refer to your testimony about reducing the additional ounce rate for letters weighing between one and two ounces (page 18, lines 17-20). Assume that your proposal involved a one-cent reduction in the rate for such letters, which would reduce the additional-ounce rate from 23 cents to 22 cents for such letters.

- (a) Please confirm that if Aunt Minnie were mailing a two-ounce letter, she would affix 22 cents in postage for the second ounce. If not confirmed, please explain.
- (b) Please confirm that if Aunt Minnie were mailing a two-ounce flat, she would affix 23 cents in postage for the second ounce. If not confirmed, please explain.
- (c) Please confirm that if Aunt Minnie were mailing a three-ounce letter, she would affix 22 cents in postage for the second ounce and 23 cents in postage for the third ounce. If not confirmed, please explain.
- (d) Please confirm that if Aunt Minnie were mailing a three-ounce flat, she would affix 23 cents for the second ounce and 23 cents for

the third ounce. If not confirmed, please explain.

- (e) Do you think these rate relationships could confuse Aunt Minnie?
- (f) Please evaluate your proposed, though not specified reduction, in terms of the pricing criterion calling for “simplicity of structure for the entire schedule [of postal rates and fees] and simple, identifiable relationships between the rates or fees charged the various classes of mail for postal services” (Section 3622(b), Title 39, United States Code).