

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. R97-177

POSTAL RATE AND FEE CHANGES, 1997

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
THE NEWSPAPER ASSOCIATION OF AMERICA WITNESS DONLAN
(USPS/NAA-T2-1-4)

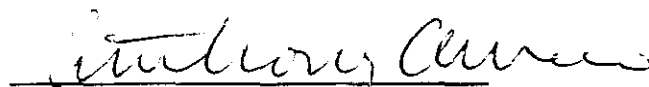
Pursuant to rules 25 and 26 of the Rules of Practice and Procedure and rule 2 of the Special Rules of Practice, the United States Postal Service directs the following interrogatories and requests for production of documents to the Newspaper Association of America witness Donlan: USPS/NAA-T2-1-4.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


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January 21, 1998

USPS/NAA-T2-1. Please refer to Table 5 on page 10 of your testimony.

- a. Please confirm that Table 5 is intended to report pre- and post-reclassification *mail processing* cost differences between walk sequenced and non-walk sequenced Standard A commercial ECR nonletter mail. If not confirmed, please explain.

- b. Please confirm that mail processing cost difference between walk-sequence and non-walk sequenced Standard A commercial ECR nonletter mail that is reported on page 1 of Exhibit USPS-29D is 2.0193 cents (2.2830 cents - 0.2637 cent). If not confirmed, please explain and give corrected figures.

- c. Confirm that you report a "post-reclassification" unit mail processing cost difference between non-walk sequenced nonletters and walk sequenced nonletters of 1.465 cents. If not confirmed, please explain and give the correct figure.
 - (i) Confirm that the 1.465 cent figure measures the unit cost only between July 1, 1996 through the end of FY 96. If not confirmed, please explain.

 - (ii) What is the total number of days over which the 1.465 cent figure is measured?

- (iii) Confirm that the 1.465 cent figure in subpart (c) is 0.5543 cent less than the figure to which you are referred in subpart (b). If not confirmed, please give the correct figure.
- (iv) Do you believe that the implementation of classification reform contributed, at least in part, to the 0.5543 cent differential between the figures reported in subparts (b) and (c)(iii)? Please explain your response.
- (v) If your answer to subpart (c)(iv) is affirmative, which of the new requirements of classification reform, as you discuss at page 9 of your testimony, do you believe contribute to a reduction in the mail processing cost difference between non-walk-sequenced and walk-sequenced ECR mail? Please discuss letter and nonletter shaped mail separately.
- (vi) Are there any other factors of which you are aware or that you believe would explain or contribute to the 0.5543 cent differential to which you are referred in subpart (c)(iii)? If so, please identify all such factors and explain how they would contribute to the 0.5543 cent cost differential.

USPS/NAA-T2-2. Please refer to the post-reclassification unit mail processing cost difference between non-walk sequenced nonletters and walk sequenced nonletters of 1.465 cents that is reported in Table 5 of your testimony.

- a. Prior to the filing of your testimony on December 30, 1997, did you consider that there may be seasonal mailing patterns that affect the mail processing unit cost of ECR mail?
- b. If your answer to subpart (a) is affirmative, please provide citations to any information that you considered in this regard.
- c. If your answer to subpart (a) is affirmative, what conclusions did you draw from the information that you considered?

USPS/NAA-T2-3. Please refer to page 8 footnote 3 of your testimony. In commenting upon witness McGrane's statement regarding the thinness of tallies, you state, "[witness McGrane's] statement appears unfounded, for no such similar analysis has been performed prior to this proceeding."

- a. In drawing the conclusion that you make in footnote 3, did you consider any other information other than Transcript volume 15 p. 7770? If so, what did you consider? Please provide citations to all information that you considered.
- b. Is your statement intended to convey that no similar analyses have been *performed* by any person prior to this proceeding, or does your statement simply intend to convey that you have not *seen* any similar analyses? Please explain your response.

- c. Doesn't witness McGrane's statement that you quote in footnote 3 state that previous analyses have been performed? Please explain any negative response.

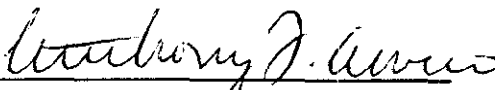
USPS/NAA-T2-4. At page 8 lines 1-3 of your testimony, you state that "neither Postal Service Witness McGrane nor Witness Daniel provides any statistical or other measure of uncertainty that indicates the appropriate level of confidence to place on the results of the cost analyses."

- a. Prior to the date of filing of your testimony, did you review any estimates of the statistical reliability of mail processing costs?
- b. Please confirm that coefficients of variation for mail processing costs by subclass were presented in Table 6 of USPS-T-12, and these included coefficients of variation for Standard (A) ECR mail.
- c. With regard to Table 6 of USPS-T-12, does it appear that in general, the coefficient of variation is inversely proportional to the estimated mail processing cost of the subclass? If your answer is negative, please explain.
- d. Would it be reasonable to assume that the coefficient of variation for the cost estimates presented in Exhibit USPS-44A would be similar to the coefficient of variation presented in Table 6 of USPS-T-12 for categories that have a similar magnitude of cost? If your answer is negative, please explain.

- e. Please confirm that the coefficient of variation of the cost estimate for the period of time in the base year after reclassification would be much higher than the coefficient of variation of the cost estimate for the entire fiscal year.

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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