

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
MAGAZINE PUBLISHERS OF AMERICA WITNESS COHEN
(USPS/MPA-T2-15-19)

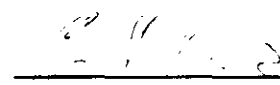
Pursuant to rules 25 and 26 of the Rules of Practice and Procedure and rule 2 of the Special Rules of Practice, the United States Postal Service directs the following interrogatories and requests for production of documents to Magazine Publishers of America witness Cohen: USPS/MPA-T2-15-19.

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.

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992; Fax -5402
January 26, 1998


Eric P. Koetting

Postal Service Interrogatories For MPA Witness Cohen

USPS/MPA-T2-15. Please refer to your testimony at page 28-29 and to Tr. 17/8143-8144. Please confirm that you have not calculated the variance of witness Degen's distribution key entries (the ratio of IOCS costs for a particular subclass in a distribution key to total IOCS costs for the distribution key) or of distributed volume variable costs. If you do not confirm, please provide complete results of your analysis, along with complete documentation of statistical formulas and assumptions.

USPS/MPA-T2-16. Please refer to your testimony at page 29. What fraction of mixed-mail costs is distributed using five or fewer tallies in witness Degen's methodology? Please provide any intermediate calculations in electronic spreadsheet format.

USPS/MPA-T2-17. Please refer to your testimony at pages 31.

- (a) Is it your testimony that "not handling costs" are not causally related to mail handlings in the same cost pool? If not, please explain fully.
- (b) Is it your testimony that witness Degen's not-handling distribution is incorrect primarily because you believe that "not handling costs" are not causally related to mail handlings in the same cost pool? If not, please explain fully.
- (c) Suppose it is correct to assume that "not handling costs" are causally related to mail handlings in the same cost pool. Would it then be appropriate to distribute the "not handling costs" within the same cost pool? Please explain any negative response.

USPS/MPA-T2-18. Please refer to your testimony at page 31.

- (a) Please confirm that you and witness Stralberg propose to distribute *most* not-handling costs "by CAG and basic function." If you do not confirm, please explain fully.
- (b) Please confirm that your distribution methodology assumes that most "not-handling costs" are caused by mail handlings in the same CAG and basic function. If you do not confirm, please explain the theory of cost causality that underlies your proposed distribution methodology.
- (c) Please provide the quantitative analysis of volume variability and/or cost causality, including all statistical tests that demonstrate the causal relationship between your cost driver(s) and "not handling costs," upon which your proposed "not handling cost" distribution is based.
- (d) If your answer to part (a) indicates that you have performed no quantitative analysis of volume variability or cost causality, please confirm that your proposed "not handling cost" distribution is based on untested assumptions regarding patterns of cost causality.

USPS/MPA-T2-19. Please refer to your testimony at page 31, lines 16-17. Please provide a precise definition of "not-handling costs for which we have no information as to causation."