

DOCKET SECTION

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

RECEIVED

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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
THE NEWSPAPER ASSOCIATION OF AMERICA WITNESS CHOWN
(USPS/NAA-T-1-1-5)

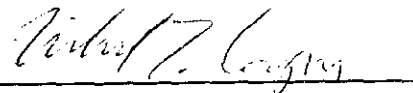
Pursuant to rules 25 and 26 of the Rules of Practice and Procedure and rule 2 of the Special Rules of Practice, the United States Postal Service directs the following interrogatories and requests for production of documents to the Newspaper Association of America witness Chown: USPS/NAA-T-1-1-5.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Richard T. Cooper

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January 26, 1998

USPS/NAA-T1-1. Please refer to your testimony at page 5.

- (a) Please confirm that sorting mail to delivery point sequence (DPS) can take place either in the "mail processing" function (automated Function 1 or Function 4 DPS, Cost Segment 3.1) or the "delivery" function (manual DPS by city carriers, Cost Segment 6). If you do not confirm, please explain fully why not, providing your understanding of Postal Service sorting operations.
- (b) How would it have affected your testimony if you had classified Cost Segment 6 as a separate "unbundled element?" Please provide revised Tables 1-3, treating Cost Segment 6 as a separate "unbundled element."
- (c) How would it have affected your testimony if you had classified Cost Segment 6 as a part of the "mail processing" function? Please provide revised Tables 1-3, treating Cost Segment 6 as part of the "mail processing" function.

USPS/NAA-T1-2. Please refer to Opinion and Recommended Decision, Docket No. R94-1, paragraph 4010. Please explain how, if at all, your weighted attributable cost proposal would determine the " 'assignment' of the remainder [non-attributable cost] based upon non-cost factors."

USPS/NAA-T1-3. Please refer to your testimony at page 2, lines 10-11, where you state "This proposal is a refinement of the proposal I put forward in Docket No. R90-1."

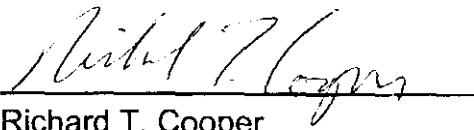
- (a) Please confirm that the only substantive difference between the methodology developed by you in your testimony in Docket No. R90-1 and the one you advance in Docket No. R97-1 is that in the former you defined three "unbundled elements," whereas in the current case you have defined four such "unbundled elements" (in addition to a category that you call "Other Costs & Adjustments.") If you do not confirm, please describe fully all differences between your current proposal and the method you proposed in Docket No. R90-1.
- (b) Please provide a mathematical formula which describes the method you currently advocate to produce weighted attributable costs.

USPS/NAA-T1-4. Please refer to your testimony at page 8, lines 2-4. You state that "...the appropriateness of applying a markup to a single pool of attributable costs can rest upon the implicit assumption that the ratio of institutional costs to the attributable costs for each function is constant across the four functions." Please confirm that the appropriateness of applying a markup to a simple pool of attributable costs can also rely upon other factors or assumptions. If you do not confirm, please explain fully.

USPS/NAA-T1-5. Please refer to your testimony at pages 10-11, and in particular at Table 4 on page 10. Please confirm that the current method used by the Postal Rate Commission to determine the coverage of institutional costs does not match that described in the example shown in Table 4, that is, that other considerations are taken into effect when the final assignment of institutional costs is determined. If you do not confirm, please cite specific references in the Opinion and Recommended Decision of recent rate cases that confirm the current method of assigning institutional costs as described on page 10 of your testimony.

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.


Richard T. Cooper

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