

DOCKET SECTION

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

RECEIVED  
JAN 26 4 41 PM '98

POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

UNITED STATES POSTAL SERVICE  
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS  
TO NATIONAL ASSOCIATION OF PRESORT MAILERS WITNESS McHARG  
(USPS/NAPM-T1-1-2)

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 NAPM witness McHarg: USPS/NAPM-T1-1-2.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
Michael T. Tidwell

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2998; Fax -5402  
January 26, 1998

**INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE  
TO NAPM WITNESS MACHARG**

USPS/NAPM-T1-1

On page 6, lines 1-3, of your testimony you present First-Class Mail cost differences between: (i) single-piece flats and basic automation flats, and (ii) single-piece flats and 3/5-digit flats.

- (a) Please confirm that the single-piece cost number you use in your calculations includes parcels as well as flats. If not confirmed, please explain.
- (b) Is it your contention that single-piece costs are the appropriate benchmark to use in measuring cost differentials for setting worksharing discounts? Please explain.
- (c) Please confirm that single-piece mail includes everything from "clean" mail (uniform pieces featuring typewritten or pre-printed addresses and often mailed in bulk) to "dirty" mail (pieces featuring handwritten and incorrect or incomplete addresses). If not confirmed, please explain.
- (d) In its Opinion and Recommended Decision in Docket No. MC95-1, paragraph 4210, it states, "The Commission concludes that cost differentials should reflect costs avoided by worksharing alone, since the primary purpose of the discount is to maximize productive efficiency within postal markets." Please reconcile your use of a single-piece benchmark with this Commission statement.

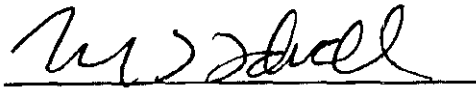
USPS/NAPM-T1-2.

On page 2, lines 19-20, of your testimony, you recommend the following, "Drop the 5 digit requirement for the second tier of the first class automated flats rate category, so that such category is simply for an automated 3 digit flat."

- (a) Please confirm that if this recommendation were adopted, it would reduce the amount of worksharing performed by mailers, shifting it back to the Postal Service.
- (b) Is it your proposal that the 5-digit requirement be dropped, but that -- all other things remaining equal -- the discount for the rate category be left the same? Please explain.
- (c) If the costs avoided by the Postal Service are reduced (as a result of the 5-digit requirement being dropped, so that the category is simply for automated 3-digit flats) and all other things remain equal, does it not follow that the corresponding discount needs to be reduced as well? Please explain.

## 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.

A handwritten signature in black ink, appearing to read "Michael T. Tidwell", written over a horizontal line.

Michael T. Tidwell

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
January 26, 1998