

DOCKET SECTION

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

RECEIVED
JAN 28 4 42 PM '98

POSTAL RATE COMMISSION
OFFICE OF THE ATTORNEY GENERAL

Docket No. R97-1

POSTAL RATE AND FEE CHANGES, 1997

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS
TO APPA WITNESS THREADGILL
(USPS/APPA-T1-1-4)

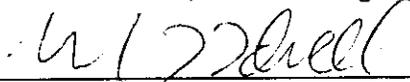
Pursuant to rules 25 and 26 of the Rules of Practice and Procedure and rule 2 of the Special Rules of Practice, the United States Postal Service directs the following interrogatories and requests for production of documents to APPA witness Threadgill: USPS/APPA-T1-1-4.

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 28, 1998

**INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE
TO APPA WITNESS THREADGILL**

USPS/APPA-T1-1. On page 9 (lines 8-12) of your testimony, you state, "In Mail Reclassification, Docket No. MC95-1, the Commission compounded the discriminatory single-piece rates by accepting the USPS proposal to terminate the 17 cent 3-digit presort rate category, the 16.3 cent 5-digit presort rate category, and the 16 cent carrier route presort rate category..."

- a. Please confirm that as a result of Docket No. MC95-1, the 3-digit presort, prebarcoded rate category was maintained and the rate was lowered from 17 cents to 15.9 cents per piece. If not confirmed, please explain.
- b. Please confirm that as a result of Docket No. MC95-1, the 5-digit presort, prebarcoded rate category was maintained and the rate was lowered from 16.3 cents to 14.3 cents. If not confirmed, please explain.
- c. Please confirm that as a result of Docket No. MC95-1, the carrier route rate category was maintained and the rate was reduced from 16 cents to 14 cents. If not confirmed, please explain.

USPS/APPA-T1-2. On page 19 (lines 9-12) you set forth your specific rate proposals of 18 cents for a single-piece post card and 15 cents for a nonautomated presort card. On page 1, lines 1-4, of your testimony, you also state that your testimony opposes all of the post card rate increases proposed by the Postal Service and also requests reductions in all post card rates.

- a. Please confirm that the only specific rate reductions that you have proposed are the two cited in the preamble to this question (18 cents for single-piece compared to its current 20 cents, and 15 cents for nonautomated presort compared to its current 18 cents). If not confirmed, please explain fully.
- b. Please quantify the Test Year 1998 card revenues that result from the proposal involving a 18 cent single-piece rate, a 15 cent nonautomated presort rate, and all other card rates remaining at their current levels.
- c. Please calculate the difference between Test Year revenues under the Postal Service's proposal and the Test Year revenues from part (b) above. How would you propose that the Postal Service make up for these lost revenues?
- d. If your 15 cent nonautomated presort rate was adopted, it would make this rate less than the current rate for basic automation (16.6 cents) and the current rate for 3-digit presort, prebarcoded cards (15.9 cents). Please comment on this rate relationship.

**INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE
TO APPA WITNESS THREADGILL**

- e. According to Exhibit USPS-30B (Revised 9-19-97), the Postal Service proposal results in a Test Year cost coverage of 200 percent for the letters subclass and a cost coverage of 184 percent for the cards subclass. How would these cost coverages change under the proposal described in part (b)? Please explain.
- f. On page 15, lines 14-15, of your testimony, you state that, "the revenue impact of these recommended reductions in across-the-board post card rates should be negligible." In light of this statement, (i) please describe specifically what recommended reductions you are referring to, and (ii) please quantify negligible.

USPS/APPA-T1-3. On page 9 (lines 15-17) of your testimony, you state that, "Most presort post card mailers experienced cost increases in their postal costs [as a result of Docket No. MC95-1] which other mailers did not incur. Which other mailers and what costs are you referring to? Please explain.

USPS/APPA-T1-4. On page 10 (lines 14-18) of your testimony you state that, "The demand price elasticity of cards is so great that the proposed increase of one cent could bring about a significant decrease in demand and a net loss in post card revenue..." On page 11, line 24, you cite Postal Service testimony reporting the own-price elasticity for cards as -0.944. Is it not correct that an elasticity of this magnitude will increase rather than decrease revenue when the rate increases one cent? 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 28, 1998