

DOCKET SECTION

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

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POSTAL RATE COMMISSION
OFFICE OF THE CONSUMER ADVOCATE

Postal Rate and Fee Changes, 1997)

Docket No. R97-1

ANSWERS OF THE OFFICE OF THE CONSUMER ADVOCATE
TO INTERROGATORIES OF UNITED STATES POSTAL SERVICE
WITNESS: SHERYDA C. COLLINS (USPS/OCA-T700-4-6)
(FEBRUARY 9, 1998)

The Office of the Consumer Advocate hereby submits the answers of Sheryda C. Collins to interrogatories USPS/OCA-T700-4-6, dated January 26, 1998. Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,



KENNETH E. RICHARDSON
Attorney
Office of the Consumer Advocate

ANSWERS OF OCA WITNESS SHERYDA C. COLLINS
TO INTERROGATORIES USPS/OCA-T700-4-6

USPS/OCA-T700-4. On page 6, lines 18-20 of your testimony, you state that "witness Degen has acknowledged that the insufficiency of the IOCS sample in estimating costs is *at least as severe for Library Rate as it is for Classroom*" (emphasis added).

a) Have you examined the coefficients of variation (c.v.s) for clerks and mailhandlers mail processing estimated costs from the IOCS, presented by witness Degen in USPS-T-12, pages 13 and 24?

b) Please confirm that the c.v.s for Classroom are approximately 3.5 times larger than the c.v.s for Library rate. If not confirmed, please explain.

A. a.&b. No. The statement quoted above was based on witness Degan's answer to POIR No. 2 as quoted in my testimony at page 6, lines 23-32.

ANSWERS OF OCA WITNESS SHERYDA C. COLLINS
TO INTERROGATORIES USPS/OCA-T700-4-6

USPS/OCA-T-700-5. Please refer to page 10, line 6 of your testimony, where you propose that Special Rate costs should be used as a proxy for Library Rate costs.

a) Is it your understanding that the Second Class Nonprofit estimate was used as a proxy for Classroom

b) Are you aware of any evidence that IOCS tallies of Library Rate mail were erroneous? If so, please provide a specific citation to that evidence.

A. a. No.

b. No.

ANSWERS OF OCA WITNESS SHERYDA C. COLLINS
TO INTERROGATORIES USPS/OCA-T700-4-6

USPS/OCA-T700-6. Please refer to page 9, lines 6-8 of your testimony, where you posit that "... each migrating piece will cost at least 19 cents more than the revenue brought in."

a) Please provide the basis for the \$1.43 cited cost per piece for Library Rate mail.

b) Please confirm that the 1996 CRA shows \$1.726 as the unit attributable cost for Library Rate mail. If not confirmed, please explain.

c) Please provide the basis for the \$1.24 cited rate per piece for Special Rate mail.

d) Please confirm that the 1996 CRA shows \$1.763 as the unit revenue for Special Fourth-Class Rate. If not confirmed, please explain.

A. There are several errors contained in the cited paragraph. Errata are being filed today with a corrected page. A copy is attached to the answer to this interrogatory for your convenience.

a. "\$1.43 cost per piece" should be "\$1.43 cost for the first pound of." USPS-T-38, WP - Lib4, page 2 of 2.

b. Confirmed.

c. "\$1.24 rate per piece" should be "\$1.24 cost for the first pound of." USPS-T-38, WP - SR4, page 2 of 2.

d. Confirmed.

1 stated that, "the Postal Service has not conducted any analysis of the increase in
2 Library rate costs in preparation for R97-1."

3 A serious question comes to mind. If the attributable costs for Library Rate
4 are truly reasonable and accurate enough to be used for ratemaking, as witnesses
5 Adra and Degen have testified,⁷ why is the Postal Service so complacent about the
6 migration of Library Rate pieces to the Special Rate subclass when each migrating
7 piece will cost at least 19 cents more than SR pieces for the first pound? (\$1.43
8 cost for the first pound of Library Rate minus \$1.24 cost for the first pound of Special
9 Rate = \$0.19.)

⁷ See, for example, Degen response to POIR No. 2, question 2 and Adra at Tr. 8/4308.

DECLARATION

I, Sheryda C. Collins, declare under penalty of perjury that the answers to interrogatories USPS/OCA-T700-4-6 of the United States Postal Service are true and correct, to the best of my knowledge, information and belief.

Executed February 9, 1998

Sheryda C. Collins

CERTIFICATE OF SERVICE

I hereby certify that I have this date 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 cursive script, appearing to read "Kenneth E. Richardson".

KENNETH E. RICHARDSON
Attorney

Washington, DC 20268-0001
February 9, 1998