

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS NEEDHAM TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T39-8-18)

The United States Postal Service hereby provides responses of witness
Needham to the following interrogatories of the Office of the Consumer Advocate:
OCA/USPS-T39-8-18, filed on August 11, 1997.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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August 25, 1997

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T39-8. Please refer to the Lotus 1-2-3 spreadsheet file, "Pobox.wk3," and to cell "AE79," which shows the figure, 1,529, and contains the formula:
$$=(1651/110370)*AE82.$$

- a. Please provide a source for, or the derivation of, the figure 110,370 in the formula in cell AE79. Please show all calculations and provide citations to all figures used.
- b. Please confirm that the figure 1651 in the formula in cell AE79 is computed as follows: $1651 = (1507/100770) * 110370$, where 1507 is the "Before Rates" number of caller service customers in Group 1A, and 100,770 is the "Before Rates" total number of caller service customers from Appendix D, Schedule 3, page 17, of PRC Op. MC96-3. If you do not confirm, please explain and provide the correct figures. Please show all calculations and provide citations to all figures used.

RESPONSE:

- a) Please see my revised workpaper 10, page 2, filed on 8/22/97, which presents a new figure of 100,770. This new figure is from Docket No. MC96-3, LR-SSR-113, page 50.
- b) Not confirmed. Please see revised workpaper 10 filed on 8/22/97, and Docket No. MC96-3, LR-SSR-113, page 50.

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OCA/USPS-T39-9. Please refer to the Lotus 1-2-3 spreadsheet file, "Fobox.wk3," and to cell "A179," which shows the figure, 1,355, and contains the formula:
 $= (1445/96592) * A182$. Please provide a source for, or the derivation of, the figure 96592. Please show all calculations and provide citations to all figures used.

RESPONSE:

Please see my response to OCA/USPS-T39-8.

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OCA/USPS-T39-10. Please refer to the Lotus 1-2-3 spreadsheet file, "Pobox.wk3," and to cell "AO87," which shows the "Grand Total" of before-rates revenues for post office boxes, caller service and reserve numbers of \$616,535,639. Also, please refer to USPS-T-24, Table 9B., and the "Grand Total" in the column "TYBR Revenues" of \$616,519,399. Please confirm that the difference between the figure in the file, "Pobox.wk3," and Table 9B., is due to rounding.

- a. If you do not confirm, please provide the correct figure. Please show all calculations and provide citations to all figures used.
- b. If you do confirm, please indicate which of the two Grand Total before-rates revenue figures should be relied upon.

RESPONSE:

Please see my revised workpaper 10, page 2, filed on 8/22/97, and witness Lion's revised Table 9B, filed on 8/14/97. The revised grand total revenue for post office boxes, caller service and reserve numbers in workpaper 10 is \$611,375,285. Witness Lion's revised figure is \$611,360,737. The difference is due to rounding. The workpaper 10 revenue number reflects more detail with respect to caller service revenue, and thus is more reliable. The workpaper 10 figure also is used by witness O'Hara in his revised workpapers, filed on 8/22/97.

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OCA/USPS-T39-11. Please refer to the Lotus 1-2-3 spreadsheet file, "Pobox.wk3," and to cell "AS87," which shows the "Grand Total" of after rates revenues for post office boxes, caller service and reserve numbers of \$688,001,329. Also, please refer to USPS-T-24, Table 9B., and the "Grand Total" in the column "TYAR Revenues" of \$688,001,947. Please confirm that the difference between the figure in the file, "Pobox.wk3," and Table 9B., is due to rounding.

- a. If you do not confirm, please provide the correct figure. Please show all calculations and provide citations to all figures used.
- b. If you do confirm, please indicate which of the two Grand Total after-rates revenue figures should be relied upon.

RESPONSE:

Please see my revised workpaper 10, page 2, filed on 8/22/97, and witness Lion's revised Table 9B, filed on 8/14/97. The revised grand total revenue for post office boxes, caller service and reserve numbers in workpaper 10 is \$683,362,079. Witness Lion's revised figure is \$683,362,484. The minimal difference is due to rounding. The workpaper 10 revenue number can be relied upon, and is used by witness O'Hara in his revised workpapers, filed on 8/22/97.

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OCA/USPS-T39-12. Please refer to your testimony at page 31, lines 12-14. Please confirm that "W/P 5" of USPS-T-39 was filed in electronic format.

- a. If you do not confirm, please provide "W/P 5" in electronic format.
- b. If you do confirm that "W/P 5" was filed in electronic format, please provide the file names associated with "W/P 5."
- c. Please provide the file names associated with Workpapers 1-4, and Workpapers 6-17.

RESPONSE:

Confirmed. The reference on page 31 should have been to W/P 4. Please see my revised testimony filed on 8/22/97.

a) Not applicable.

b) COD.WK3

c) Workpaper

File Name

1	ELECADCH.WK3
2	ADDCORR.WK3
3	BUSREPLY.WK3
4	CERTIFY.WK3
5	COD.WK3
6	CORLIST.WK3
7	MORDERS.WK3
8	ONSMETER.WK3
9	PAL.WK3
10	POBOX.WK3
11	PREPAID.WK3
12	REGISTRY.WK3
13	SPECHAND.WK3
14	STAMPD.WK3
15	STAMPENV.WK3
16	ZIPLIST.WK3
17, page 1	SSCCP1.WK3
17, page 2	SSCCP2.WK3
17, page 3	SSCCP3.WK3
17, page 4	SSCCP4.WK3

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OCA/USPS-T39-13. Please refer to the Lotus 1-2-3 spreadsheet file, "Certify.wk3."

- a. Please confirm that the total number of Certified Mail transactions for FY 1996 is 269,730,120. If you do not confirm, please explain.
- b. Please confirm that the figure in part a. above consists of basic Certified Mail transactions only. If you do not confirm, please explain.
- c. Please confirm that the total revenue for Certified Mail for FY 1996 is \$292,900,039. If you do not confirm, please explain.
- d. Please confirm that the figure in part c. above consists of revenues from basic Certified Mail transactions only. If you do not confirm, please explain.
- e. Please explain the treatment of the ancillary service revenues for Certified Mail from Return Receipt of \$248,225,566, and Restricted Delivery of \$9,799,285.

RESPONSE:

- a. Confirmed.
- b. Confirmed.
- c. Confirmed.
- d. Confirmed.
- e. These FY 1996 revenues are reported in their respective billing determinants.

The test year revenues for return receipts and restricted delivery are kept separate from certified mail revenue, and reported as "other" special services "postage" in witness O'Hara's WP I, page 3 (TYBR), and WP II, page 3 (TYAR), as revised 8/22/97.

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OCA/USPS-T39-14. Please refer to the Lotus 1-2-3 spreadsheet file, "Certify.wk3."

- a. Please confirm that fiscal year 1996 is the "base year" in Docket No. R97-1. If you do not confirm, please explain.
- b. Please provide a source for, or show the derivation of, the "Base Year" figure, 270.832, in cell "W23." Please show all calculations and provide citations to all figures used.
- c. Please confirm that the "Base Year" figure in part b. above consists of basic Certified Mail transactions only. If you do not confirm, please explain.
- d. Please reconcile the figure in part b. above with the total number of basic Certified Mail transactions of 269,730,120 in cell "O40." Please show all calculations and provide citations to all figures used.

RESPONSE:

- a. Confirmed.
- b. This figure was changed to 269,730, which matches cell O40, in the errata filed on August 22, 1997.
- c. Confirmed.
- d. See the response to part b.

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OCA/USPS-T39-15. Please refer to the Lotus 1-2-3 spreadsheet file, "Certify.wk3."

- a. Please confirm that the TYBR volume is 304,153,000. If you do not confirm, please explain.
- b. Please confirm that the TYBR figure in part a. above consists of basic Certified Mail transactions only. If you do not confirm, please explain.
- c. Please confirm that the TYAR volume is 293,118,000 (see USPS-T-6 at page 190). If you do not confirm, please explain.
- d. Please confirm that the TYAR figure in part c. above consists of basic Certified Mail transactions only. If you do not confirm, please explain.
- e. Please refer to cell "W21," which shows the figure, 286.578, and contains the following formula: =293.118-+3.071-3.469069. Please provide sources for, or the derivation of, the figures 3.071 and 3.469069. Please show all calculations and provide citations to all figures used.
- f. Please refer to cell "W21," which shows the figure, 286.578, and contains the following formula: =293.118-+3.071-3.469069. Please explain the reason for the "-+" in the formula.

RESPONSE:

- a. Confirmed.
- b. Confirmed.
- c. Not confirmed. Please see my revised workpaper 4 filed on August 22, 1997, which shows the TYAR volume of 289,653,000. This figures adjusts the volume from USPS-T-6 to reflect the impact of the proposed delivery confirmation and packaging services.
- d. Confirmed (for the volumes of 293,118,000, and 289,653,000).

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- e. Cell W21 has been revised to 289.853, which contains the formula $293.118 - 3.469069 + 0.004$, as shown in the revised workpapers (and LR-H-206) filed on 8/22/97. The "3.469069" is the delivery confirmation diversion, from Exhibit USPS-33R, page 2. The "0.004" reflects the impact of the proposed packaging service, based on Docket No. MC97-5, Exhibit USPS-3D, page 1.
- f. The "-+" was an error that has been corrected in the revised workpaper 4 filed on 8/22/97.

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OCA/USPS-T39-16. Please refer to the Lotus 1-2-3 spreadsheet file, "Certify.wk3."

- a. Please refer to cell "BF23," which shows the figure, 283,148, and contains the formula: $=(((BB23/BB31))*BF31)-3430.362$. Please provide a source for, or the derivation of, the figure 3430.362. Please show all calculations and provide citations to all figures used.
- b. Please confirm that the figure 283,148, shown in cell BF23, consists of basic Certified Mail transactions only. If you do not confirm, please explain.
- c. Please explain the relationship between the figure 283,148, shown in cell BF23, and the figure 286,578, shown in cell BF31.

RESPONSE:

- a. The revised workpaper 4 filed on 8/22/97 does not include the figure 3430.362 in the formula for cell BF23.
- b. Confirmed for the revised figure in cell BF23 (289,653).
- c. In the revised workpaper 4, Cells BF23 and BF31 contain the same number (289,653).

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OCA/USPS-T39-17. Please refer to the Lotus 1-2-3 spreadsheet file, "Certify.wk3."

- a. Please refer to cell "BP33," which shows the figure, 1.334002237, and contains the formula: =BP31/328994. Please provide a source for, or the derivation of, the figure 328994. Please show all calculations and provide citations to all figures used.
- b. Please explain the significance of the figure, 1.334002237, shown in cell "BP33."

RESPONSE:

- a. The figure "328994" is not relevant to the workpaper proper, and is an interim cost figure used in an interim cost coverage calculation.
- b. The figure "1.334002237" is the result of an interim cost coverage calculation.

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OCA/USPS-T39-18. Please refer to the Lotus 1-2-3 spreadsheet file, "Certify.wk3."
Please explain the significance of the figure, 109,885, shown in cell "BP35."

RESPONSE:

This figure was the result of an interim contribution calculation.

DECLARATION

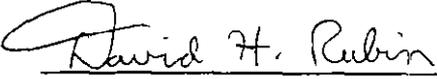
I, Susan W. Needham, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Susan W Needham

Dated: 8/25/97

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.



David H. Rubin

475 L'Enfant Plaza West, S.W.
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