

UNITED STATES OF AMERICA
Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Postal Rate and Fee Changes, 2006)

Docket No. R2006-1

RESPONSE OF OFFICE OF THE CONSUMER ADVOCATE
WITNESS JAMES F. CALLOW TO INTERROGATORY OF
UNITED STATES POSTAL SERVICE (USPS/OCA-T5-20)
(October 13, 2006)

The Office of the Consumer Advocate hereby submits the response of James F. Callow to interrogatory USPS/OCA-T5-20, dated September 29, 2006. The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

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RESPONSE OF OCA WITNESS JAMES F. CALLOW
TO INTERROGATORY USPS/OCA-T5-20

USPS/OCA-T5-20.

Please confirm that your response to USPS/OCA-T5-3(b) would have been "Confirmed," if you had interpreted the words "increased to in excess of \$42,500" to refer to a total Platinum fee of \$42,500 (rather than a fee increase of \$42,500, from \$10,000 to \$52,500). If you do not confirm, please explain.

RESPONSE TO USPS/OCA-T5-20

Not confirmed. If 29 Platinum subscribers choose Gold subscriptions, the total number of Gold subscribers would be 148. Assuming the Silver and Gold subscription fees are unchanged at \$2,000 and \$5,200, respectively, the 16 remaining Platinum subscribers would require a Platinum subscription fee of \$45,400 to generate a test year cost coverage of 127.3 percent. The calculation is as follows: $((\$2,000 * 16 \text{ Silver subscribers}) + (\$5,200 * 148 \text{ Gold subscribers}) + (\$750 * 1 \text{ Gold subscriber additional block}) + (\$45,400 * 16 \text{ Platinum subscribers})) / \$1,200,890 \text{ Total Cost}$.

The calculation is shown in the attached page. See also the Excel file, "Response_USPS-OCA-T1-20" accompanying this response, for the calculation in electronic form.

**SPECIAL SERVICES
CONFIRM
TEST YEAR 2008**

VALUE:	Volumes			Fees (\$)		Revenues (\$)		Percent Change
	Test Year			Current	Proposed	Before Rates	After Rates	
	FY2005	Before Rates	After Rates					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Silver	16	16	16	\$2,000.00	\$2,000.00	\$32,000	\$32,000	0.0%
Additional Scans	0	0	0	\$500.00	\$500.00	\$0	\$0	0.0%
Gold	119	119	148	\$4,500.00	\$5,200.00	\$535,500	\$769,600	15.6%
Additional Scans	1	1	1	\$750.00	\$750.00	\$750	\$750	0.0%
Platinum	45	45	16	\$10,000.00	\$45,400.00	\$450,000	\$726,400	354.0%
	180	180	180			\$1,018,250	\$1,528,750	
Additional IDs								
Quarter	292	0	0	\$500	\$750	\$ -	\$ -	50.0%
Annual	0	0	0	\$2,000	\$2,000	\$ -	\$ -	0.0%
Total	292	0	0			\$ -	\$ -	
Revenue						\$1,018,250	\$1,528,750	
Total Cost (incl. 1% Contingency)							\$1,200,890 ^{1/}	
Cost Coverage							127.3%	

^{1/} USPS-LR-L-59, Attachment 17, page 1 of 1.