

PRESIDING OFFICER'S
RULING NO. R97-1/2

UNITED STATES OF AMERICA
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268

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Postal Rate and Fee Changes

Docket No. R97-1

PRESIDING OFFICER'S RULING
ON CORRECTIONS TO LIBRARY REFERENCE H-196

(July 23, 1997)

When the Postal Service filed Docket No. R97-1 on July 10, 1997, it provided a Notice of United States Postal Service Concerning Provision of Information Pursuant to Rule 54(a)(1). The notice indicated that the Service was filing a base year alternate cost presentation which conformed to the Commission's R94-1 costing methodology. It also indicated that it would file interim year and test year presentations in conformance with that Rule in approximately 10 to 12 days. Notice at 1. On July 23rd, the Service filed notice that it had been delayed in providing the interim and test year presentations due to circumstances beyond its control.

The Commission staff has reviewed the Service's base year alternate cost presentations as embodied in Library Reference H-196. While most Commission attribution methods are reflected in the base year presentation, there are some areas which do not conform to the Commission's R94-1 methodology. In view of the delay in presenting the interim and test year alternate presentations, the Service should take this opportunity to conform its presentations with the Commission's methodology. The areas of difference are as follows:

1. Mail processing costs in Cost Segment 3, Clerks and Mailhandlers, CAG A-J, do not appear to reflect the peak load cost adjustment.

2. In Cost Segment 7, City Carrier Street Time, the CAT/FAT factors in Worksheet 7.0.4.1 at lines 17 and 18 reflect the FY 1995 factors instead of current FY 1996 factors as calculated in Library Reference H-142.

3. The Cost Segment 8, Vehicle Service Drivers, variability factor of 47.3 percent is the same as in the FY 1996 CRA instead of the 31.65 percent the Commission adopted in Docket No. R94-1.

4. Cost Segment 11, Custodial Maintenance, Postal Operating Equipment Maintenance (Component No. 75) does not reflect the Maintenance Labor factor for Powered Transport Equipment. This also is true for Segment 16, Supplies and Services, Operating Equipment Supplies and Services (Component No. 184), and Segment 20, Depreciation and Service-Wide Costs, Capital Interest (Component No. 537).

5. Cost Segment 14, Purchased Transportation, Contract Highway Service (Component No. 143) reflects the variability changes witness Bradley proposed in Docket No. MC97-2 and the current rate case instead of those variability factors the Commission adopted in Docket No. R94-1.

If the Service is aware of any other differences, it also should incorporate those changes at this time.

RULING

The Postal Service should provide a revised version of Library Reference H-196.


Edward J. Gleiman
Presiding Officer