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

DOCKETED
JUL 3 1996

SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-1-4)

The United States Postal Service hereby provides responses to the following

interrogatories of the Office of the Consumer Advocate: OCA/USPS-1-4, filed on

June 19, 1996.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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July 3, 1996

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OCA/USPS-1. Refer to the Postal Service's Request at 3 where it states "any net revenue resulting from these proposals will be helpful in meeting the Postal Service's goals for recovery of Prior Years' Loss amounts." Please confirm that Postal management intends to use net revenue resulting from proposals in the Request for the sole purpose of recovering Prior Years' Loss amounts.

a.   If you cannot confirm, does Postal management intend to use net revenues resulting from the proposals to extend the rate cycle, refinance USPS debt, or restructure the organization of the Postal Service?

b.   If you cannot confirm, what amount of net revenue resulting from the proposals will be used to recover Prior Years' Loss amounts? What amount of net revenue will be used to extend the rate cycle? What amount of net revenue will be used to refinance USPS debt, or restructure the organization of the Postal Service?

RESPONSE:

It is not possible either to confirm or not confirm, because your question assumes that

recovery of prior years' losses and extending the rate cycle (and/or other events such as those

mentioned above) are mutually exclusive. The additional net revenue which results from

special services reforms will help meet the goal set forth in the Board of Governors

Resolution No. 95-9 to plan for net income that will equal or exceed the cumulative prior

years' loss recovery target; this could, in turn, help extend the rate cycle in accordance with

that resolution. For example, in a hypothetical year 1 in which the target for recovery of prior

years' losses is $500 million and net income is projected to be $400 million, additional net

revenue of $100 million will both help meet the equity restoration target for that year and

defer the need for a rate increase until year 2. In the absence of that additional net revenue in

year 1, it would have been necessary either to reduce costs or increase other revenue by $100

million in order to meet the target. To change the hypothetical slightly, if in year 1, additional

net revenue of $200 million were expected, this would permit a restoration of equity at the

target level, and the possibility of using the next $100 million for additional restoration of

equity.

OCA/USPS-2.   Refer to the Postal Service's Request at 3 where it states "any
net revenue resulting from these proposals will be helpful in meeting the Postal
Service's goals for recovery of Prior Years' Loss amounts." What are the Postal
Service's goals for recovery of Prior Years' Loss amounts? Please be specific. Please
provide any documents setting forth these goals.

RESPONSE:

The Postal Service's goals for Recovery of Prior Years' Losses are articulated in

Board of Governors Resolution No. 95-9, adopted July 10, 1995. Please refer to

Library Reference SSR-112 for a copy of this resolution.

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OCA/USPS-3.   Refer to the Notice of Filing of Library References, June 7, 1996.
Please provide the Fiscal Year 1995 version of the Summary Description of USPS
Development of Costs by Segments and Components.

RESPONSE

Please see Library Reference SSR-123, filed July 1, 1996.

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OCA/USPS-4. Refer to the Notice of Filing of Library References, June 7, 1996. Please confirm that the information contained in the following Library References is for Fiscal Year 1995. If you do not confirm, please provide the Fiscal Year 1995 information.

SSR-4	Cost and Revenue Analysis/Rollforward, Input Data Files
SSR-5	Cost and Revenue Analysis/Rollforward, Processing Documentation Reports
SSR-6	Cost and Revenue Analysis/Rollforward, Documentation - Tapes
SSR-7	Cost and Revenue Analysis/Attributable Costs Disks
SSR-8	Rollforward Test Year Volume Variable Cost Footnotes
SSR-11	Rollforward Expense Factors
SSR-12	In-Office Cost System (IOCS), Handbook F-45
SSR-13	In-Office Cost System (IOCS), Checking and Verification Procedures
SSR-14	In-Office Cost System (IOCS), Computer System Documentation Description
SSR-15	In-Office Cost System (IOCS), Listing of Input Data
SSR-16	In-Office Cost System (IOCS), Machine-readable Copy of Databases
SSR-17	In-Office Cost System (IOCS), Postal Service ADP Documentation, In-Office Cost FOSDIC Subsystem
SSR-18	In-Office Cost System (IOCS), Postal Service ADP Documentation, Cost Allocation Subsystem
SSR-19	In-Office Cost System (IOCS), Source Code Listings
SSR-20	In-Office Cost System (IOCS), Source Programs in Machine-readable Form

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SSR-21	In-Office Cost System (IOCS), Listing of Output Data
SSR-22	In-Office Cost System (IOCS), Machine-readable Copy of Output Data
SSR-23	IOCS Tally Analysis Documentation
SSR-24	Carrier Cost Systems, Handbooks F-56 and F-55 (Test Instructions), and Form 2848
SSR-25	Carrier Cost Systems, Computer System Documentation Description
SSR-26	Carrier Cost Systems, Listing of Input Data
SSR-27	Carrier Cost Systems, Machine-readable Copy of Databases
SSR-28	Carrier Cost Systems, Postal Service ADP Documentation, Carrier Sample Selection
SSR-29	Carrier Cost Systems, Postal Service ADP Documentation, City Carrier Cost Subsystem
SSR-30	Carrier Cost Systems, Postal Service ADP Documentation, Rural Carrier Cost Subsystem
SSR-31	City Carrier Cost Subsystem SAS Distribution Key Development
SSR-32	Rural Carrier Cost Subsystem SAS Distribution Key Development
SSR-33	Carrier Cost Systems, Source Code Listings
SSR-34	Carrier Cost Systems, Source Programs in Machine-readable Form
SSR-35	Carrier Cost Systems, Listing of Output Data
SSR-36	Carrier Cost Systems, Machine-readable Copy of Output Data
SSR-37	In-Office Cost System, Carrier Cost Systems, Upload/Download Programs

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SSR-38   Revenue, Pieces, and Weight System (RPW), Computer System Documentation Description

SSR-39   ODIS/RPW Frame System, Postal Service ADP Documentation, ODIS/RPW Frame Maintenance

SSR-40   Revenue, Pieces, and Weight System (RPW), Machine-readable Copy of Databases

SSR-41   Revenue, Pieces, and Weight System (RPW), Postal Service ADP Documentation, Domestic RPW

SSR-42   Revenue, Pieces, and Weight System (RPW), Postal Service ADP Documentation, Bound Printed Matter

SSR-43   Lotus 123 Spreadsheet - RPW Adjustment System

SSR-44   Revenue, Pieces, and Weight System (RPW), Source Code Listings

SSR-45   Revenue, Pieces, and Weight System (RPW), Source Programs in Machine-readable Form

SSR-46   Revenue, Pieces, and Weight System (RPW), Listing of Output Data

SSR-47   Revenue, Pieces, and Weight System (RPW), Machine-readable Copy of Output Data

SSR-48   ODIS/RPW Frame System, Postal Service ADP Documentation, RPW Domestic System

SSR-49   ODIS/RPW Frame System, Computer System Documentation Description

SSR-50   ODIS/RPW Frame System, Postal Service ADP Documentation, ODIS/RPW Frame Check

SSR-51   ODIS/RPW Frame System, Postal Service ADP Documentation, RPW CAG Changes

SSR-52	ODIS/RPW Frame System, Postal Service ADP Documentation, ODIS/RPW Frame Entity Operation (ORFEO)
SSR-53	CODES - MEPS, Computer System Documentation Description
SSR-54	CODES - MEPS, DBMS User Guide
SSR-55	CODES - MEPS, Postal Service ADP Documentation, Base Unit and Source Code Listings
SSR-56	CODES - MEPS, Source Programs in Machine-readable Form
SSR-57	ORFEO Report Extract System
SSR-58	Jointly Scheduled Tests
SSR-59	ODIS/RPW Frame System, Source Code Listings
SSR-62	CODES - IOCS, Computer System Documentation Description
SSR-63	CODES - IOCS, Postal Service ADP Documentation, Laptop and Base Unit
SSR-64	CODES - IOCS, Postal Service ADP Documentation, Mainframe
SSR-65	CODES - IOCS, Source Code Listings
SSR-66	CODES - IOCS, Source Programs in Machine-readable Form
SSR-67	CODES - RPW, Computer System Documentation Description
SSR-68	CODES - RPW, Postal Service ADP Documentation, Laptop
SSR-69	CODES - RPW, Postal Service ADP Documentation, Base Unit
SSR-70	CODES - RPW, Postal Service ADP Documentation, Mainframe
SSR-71	CODES - RPW, Source Code Listings
SSR-72	CODES - RPW, Source Programs in Machine-readable Form
SSR-73	Permit System, User Guide

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SSR-74	Permit System, Computer System Documentation Description
SSR-76	Permit System, Machine-readable Copy of Source Code
SSR-77	Permit System, Postal Service ADP Documentation
SSR-78	Permit System, Source Code Listings
SSR-79	TRACS Sample Design Programs and Documentation -- Highway and Rail
SSR-80	TRACS Sample Design Programs and Documentation Air
SSR-81	TRACS Edit Check Programs and Documentation
SSR-82	TRACS Estimation Programs and Documentation -- Highway and Rail
SSR-83	TRACS Estimation Programs and Documentation -- Air
SSR-84	TRACS Source Programs and Data Files in Machine-readable Form
SSR-85	Amtrak Distribution Key Development Programs and Documentation
SSR-86	Eagle Network Distribution Key Development Programs and Documentation
SSR-87	Transportation Model Tape Documentation
SSR-88	Estimated Functional Accrued Costs by Subfunctions and Cost Categories
SSR-89	ODIS/RPW Frame System, Postal Service ADP Documentation, Sampling Frame Subsystem
SSR-90	Statistical Systems Documentation
SSR-91	Base Year Equipment and Facility Related Costs
SSR-92	SAS ODIS Extract

SSR-93 Determination of Possible Box Deliveries

SSR-94 RPW Sample Selection System, Computer System
Documentation Description

SSR-95 RPW Sample Selection System, Listing of Input Data

SSR-96 RPW Sample Selection System, Machine Readable Input Data

SSR-97 RPW Sample Selection System, ADP Documentation

SSR-98 RPW Sample Selection System, Machine Readable Source Code

SSR-99 Estimation of the Costs for Space Rented

SSR-100 Development of Piggyback and Related Factors

SSR-117 In-Office Cost System (IOCS), Postal Service ADP
Documentation, IOCS Sample Selection Subsystem

RESPONSE

Confirmed for all except library references SSR-11, 93, and 99. These library

references contain FY 1996 test year analyses. Library reference 11 provides the

expense factors used for the FY 1996 rollforward. Library references 93 and 99

underlie witness Lion's FY 1996 cost studies. FY 1995 information for these library

references has not been developed, and is not available.

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.

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