

ORIGINAL

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PATELUNAS TO INTERROGATORY OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T5-1)

The United States Postal Service hereby provides the response of witness Patelunas to the following interrogatory of the Office of the Consumer Advocate: OCA/USPS-T5-1, filed on July 1, 1996.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

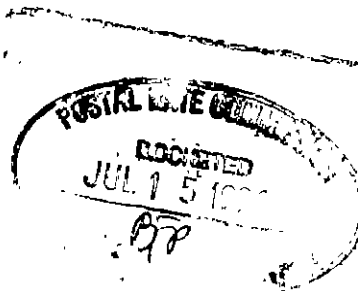
By its attorneys:

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July 15, 1996



Answer of Richard Patelunas to the Interrogatories of
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to United States Postal Service

OCA/USPS-T5-1.

Refer to pages 8-11 of your testimony concerning changes to the Postal Service's costing methodology for 1995.

a) For each change in costing methodology, please explain and describe the significance of such changes in costing methodology on the attributable costs of each of the special services that are the subject of this proceeding. Do any of these costing changes affect attributable costs for a special service in this proceeding by 2 percent or more? Please explain.

b) For each change in costing methodology having more than a 2 percent effect, please estimate the percentage effect of such costing change on the attributable costs of each of the special services that are the subject of this proceeding.

OCA/USPS-T5-1 (a) and (b) Response:

The discussion of changes on pages 8-11 of my testimony is arranged into three sections: 1) changes to the Revenue and Expense Report format, 2) changes to In-Office Cost System (IOCS) analysis, and 3) a miscellaneous set of changes. The response begins with the changes that have no effect on the special services that are the subject of this proceeding¹

No change in the second group, IOCS, has any effect on the special services under consideration. The first change is a refinement to CAG B weighting that was instituted for Fiscal Year 1995. The second change involved parcels bearing the Bulk Small Parcel Service marking.

¹ I do not address postal cards because the Postal Service's proposal does not deal with the rate or the attributable costs of postal cards. Rather, the proposal seeks to establish a fee based on manufacturing costs. The manufacturing costs are not affected by the changes.

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OCA/USPS-T5-1 (a) and (b) continued.

The third change clarified third-class bulk rate piece assignments. The fourth change was a modification for First-Class ZIP+4 barcoded flat presort and nonpresort identification. Neither of the last two changes in the second group, OCR/BCS data collection and the "top-piece" rule involves any special services.

In the third group of changes, the Segment 3 Remote Barcode System distribution and separate treatment in mail processing involves no special services. The last change mentioned is the update to facility related costs for Fiscal Year 1995. The same methodology was used as in R94-1 (see LR-G-137) and this is described in SSR-91 at page I-1. There was a decline in the proportion of facility related costs for facility space categories associated with special services between Fiscal Years 1993 and 1995. This occurred because of the growth in space usage for mail processing equipment, but the impact is minimal.

The two remaining changes discussed on pages 8-11 of my testimony, the changes to the Revenue and Expense Report format and the Special Delivery Messenger treatment (Cost Segment 9) in group 3 do involve special services. The format changes to the Revenue and Expense Report result in some additional special services attribution mainly due to the changes of accounts from component 210 to component 177. The attributable costs of only

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OCA/USPS-T5-1 (a) and (b) continued.

one of the special services that are the subject of this proceeding change by more than two 2 percent. Post office box attributable costs increase by approximately 2 7 percent. For registry, certified, and special delivery, the Segment 9 changes have only a very minor impact on attributable costs.

DECLARATION


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



Dated: 7/15/96

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.


Susan M. Duchek

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