

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 LION TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE  
(OCA/USPS-T4-17-20)

The United States Postal Service hereby provides responses of witness Lion to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T4-17-20, filed on July 12, 1996.


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

Respectfully submitted,

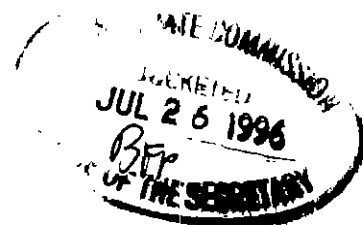
UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
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Kenneth N. Hollies

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July 26, 1996



**OCA/USPS-T4-17.** Refer to Table 16 on page 40 of your testimony, and the Grand Total for "Space Support" costs.

- a. Please confirm that the Grand Total for Space Support is \$193,453,000. If you do not confirm, please explain.
- b. Please explain the difference between the amount for Space Support in "a." above, and the amount for the Space Support category on page 35, line 11 of your testimony.
- c. Please explain the difference between the amount for Space Support in "a." above, and the subtotal for Space Support in LR-SSR-119, Sheet 8.
- d. Please provide the correct amount for the Space Support category.

RESPONSE:

**T4-17.** (a)-(d) Not confirmed. This is a typographical error. The correct amount is \$193,493, as on line 11, page 40.

**OCA/USPS-T4-18.** Refer to Table 17 on page 43 of your testimony. Please confirm that the allocation of Space Provision costs on a per box basis does not rely on the computations in the column Percentage of Equivalent Capacity. If you do not confirm, please explain.

RESPONSE:

**T4-18.** Confirmed.

**OCA/USPS-T4-19.** Refer to footnote 10 on page 36 of your testimony and LR-SSR-119, Sheet 8. Please confirm that Segment 18 costs for workers compensation, FERS retirement, and holiday leave are apportioned between the All Other cost category and the Space Support cost category on the basis of related salary costs. If you cannot confirm, please explain.

RESPONSE:

**T4-19.** Not confirmed. All servicewide personnel benefits in cost segment 18, including workers compensation, FERS retirement and holiday leave, are in the "All Other" category. Please note that sheet 8 of LR-SSR 119 should have been deleted. It was not used in development of my testimony.

**OCA/USPS-T4-20.** Refer to page 36, line 1, of your testimony where it states “A similar analysis [for space support costs] was presented in Docket No. R90-1.” Please explain any differences between the allocation of Space Support costs presented in your testimony and that presented in Docket No. R90-1.

RESPONSE:

**T4-20.** The methodology used in the reference cited in Docket No. R90-1 (USPS LR-F-183) is the same as that used in my testimony in this proceeding; that is, costs are allocated to box size and delivery group on the basis of what I have called “equivalent capacity”, which is the number of boxes multiplied by a “capacity factor” proportional to box size. The study cited uses the terms “normalized boxes” and “space factor” to denote the same concepts.

**DECLARATION**


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

Paul M Lion

Dated: July 22, 1996 .

**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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Kenneth N. Hollies

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