

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
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-14 AND OCA/USPS-T4-28-34 REDIRECTED FROM WITNESS LION)

The United States Postal Service hereby provides its responses to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-14, filed on August 2, 1996; and OCA/USPS-T4-28-34, filed on August 2, 1996, and redirected from witness Lion.

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

Respectfully submitted,

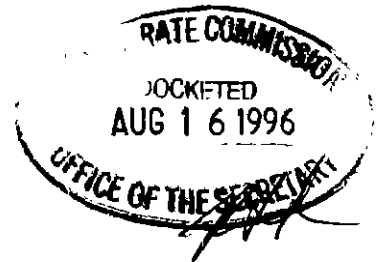
UNITED STATES POSTAL SERVICE

By its attorneys:

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August 16, 1996



RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-14. Please refer to your response to OCA/USPS-6. The response indicates that the requested information "has not been developed for FY 1997 and FY 1998 in conjunction with this filing."

- a. If the requested information has been developed for reasons other than in conjunction with this filing, please provide the requested information.
- b. Please submit the FY 1997 President's Budget as a library reference.

RESPONSE:

- a. The Postal Service's FY 1997 estimate of net income(loss) is reflected in the FY 1997 President's Budget. The Postal Service portion of the FY 1997 President's Budget is attached. The FY 1998 President's Budget will not be completed until early calendar year 1997.
- b. Please see my response to a., above

Public enterprise funds—Continued

LAND ACQUISITION AND DEVELOPMENT FUND—Continued

Balance Sheet (in millions of dollars)

Identification code 42-1004-0-3-451	1994 actual	1995 actual	1996 est.	1997 est.
ASSETS				
1101 Federal assets: Fund balances with Treasury		5	4	
1206 Non-Federal assets: Receivables, net	154	45	46	
1803 Other Federal assets: Property, plant and equipment, net		90	90	
1999 Total assets	154	140	140	
LIABILITIES				
Federal liabilities:				
2103 Debt		195	203	
2104 Resources payable to Treasury	169	11	11	
2999 Total liabilities		206	214	
NET POSITION				
3200 Invested capital	30	-12	-12	
3300 Cumulative results of operations	-44	-54	-62	
3999 Total net position	-15	-74	-74	
4999 Total liabilities and net position	155	140	140	

Object Classification (in millions of dollars)

Identification code 42-4084-0-3-451	1995 actual	1996 est.	1997 est.
32.0 Land and structures	1		
99.0 Subtotal, reimbursable obligations	1		

POSTAL SERVICE

Federal Funds

General and special funds:

PAYMENT TO THE POSTAL SERVICE FUND

For payment to the Postal Service Fund for revenue forgone on free and reduced rate mail, pursuant to subsections (c) and (d) of section 2401 of title 39, United States Code; [\$85,080,000] \$102,817,000: *Provided*, That mail for overseas voting and mail for the blind shall continue to be free: *Provided further*, That six-day delivery and rural delivery of mail shall continue at not less than the 1983 level: *Provided further*, That none of the funds made available to the Postal Service by this Act shall be used to implement any rule, regulation, or policy of charging any officer or employee of any State or local child support enforcement agency, or any individual participating in a State or local program of child support enforcement, a fee for information requested or provided concerning an address of a postal customer: *Provided further*, That none of the funds provided in this Act shall be used to consolidate or close small rural and other small post offices in the fiscal year ending on September 30, [1996] 1997. (*Postal Service Appropriation Act, 1996.*)

Program and Financing (in millions of dollars)

Identification code 18-1001-0-1-372	1995 actual	1996 est.	1997 est.
Obligations by program activity:			
00.01 Current year	63	56	62
00.02 Reconciliation adjustment			12
00.03 Prior years' liabilities	29	29	29
10.00 Total obligations (object class 41.0)	92	85	103
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	92	85	103
23.95 New obligations	-92	-85	-103
New budget authority (gross), detail:			
40.00 Appropriation	92	85	103
Change in unpaid obligations:			
73.10 New obligations	92	85	103
73.20 Total outlays (gross)	-92	-85	-103

Outlays (gross), detail:			
86.90 Outlays from new current authority	92	85	103
87.00 Total outlays (gross)	92	85	103
Net budget authority and outlays:			
89.00 Budget authority	92	85	103
90.00 Outlays	92	85	103

PAYMENT TO THE POSTAL SERVICE FUND FOR NONFUNDED LIABILITIES

[For payment to the Postal Service Fund for meeting the liabilities of the former Post Office Department to the Employees' Compensation Fund pursuant to 39 U.S.C. 2004, \$36,828,000.] (*Postal Service Appropriation Act, 1996.*)

Program and Financing (in millions of dollars)

Identification code 18-1004-0-1-372	1995 actual	1996 est.	1997 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0)	38	37	36
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	38	37	36
23.95 New obligations	-38	-37	-36
New budget authority (gross), detail:			
40.00 Appropriation	38	37	36
Change in unpaid obligations:			
73.10 New obligations	38	37	36
73.20 Total outlays (gross)	-38	-37	-36

Outlays (gross), detail:			
86.90 Outlays from new current authority	38	37	36
87.00 Total outlays (gross)	38	37	36
Net budget authority and outlays:			
89.00 Budget authority	38	37	36
90.00 Outlays	38	37	36

Summary of Budget Authority and Outlays

(In millions of dollars)

Expected/requested:	1995 actual	1996 est.	1997 est.
Budget Authority	38	37	36
Outlays	38	37	36
Legislative proposal, subject to PAYGO:			
Budget Authority			-36
Outlays			-36
Total:			
Budget Authority	38	37	
Outlays	38	37	

Herewith transmitted without change, as required by Public Law 98-328, is the appropriation request of the U.S. Postal Service for 1997 as submitted to the Office of Management and Budget.

Program and Financing (in millions of dollars)

	1995 actual	1996 est.	1997 est.
Program by activities:			
Payment to the Postal Service fund for:			
1. Previous nonfunded liabilities of the Post Office Department	38	37	36
2. Free and reduced-rate mail: Current year	63	56	62
3. Free and reduced-rate mail: Reconciliation adjustment, 1992 and 1993			24
4. Free and reduced-rate mail: Reconciliation adjustment, 1994			-12
5. Free and reduced-rate mail—prior liabilities	29	29	29
Total payments to the Postal Service Fund (total obligations)	130	122	139
Financing:			
Budget authority (appropriation)	130	122	139

OTHER INDEPENDENT AGENCIES

Relation of obligations to outlays:				
103	Total Obligations	130	122	139
103	Outlays	130	122	139

PAYMENT TO THE POSTAL SERVICE FUND FOR NONFUNDED LIABILITIES

(Legislative proposal, subject to PAYGO)

Program and Financing (in millions of dollars)

Classification code 18-1004-4-1-372	1995 actual	1996 est.	1997 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0)			-36
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			-36
23.95 New obligations			36
New budget authority (gross), detail:			
40.00 Appropriation			-36
Change in unpaid obligations:			
73.10 New obligations			-36
73.20 Total outlays (gross)			36
Outlays (gross), detail:			
86.90 Outlays from new current authority			-36
87.00 Total outlays (gross)			-36
Net budget authority and outlays:			
89.00 Budget authority			-36
90.00 Outlays			-36

This schedule reflects the changes resulting from the proposal to require that liabilities of the former Post Office Department to the Employees' Compensation Fund, which were previously appropriated to the U.S. Postal Service, shall now be liabilities of the Postal Service and payable out of the Postal Service Fund.

Public enterprise funds:

POSTAL SERVICE FUND

Program and Financing (in millions of dollars)

Classification code 18-4020-0-3-372	1995 actual	1996 est.	1997 est.
Obligations by program activity:			
Direct program:			
00.01 Postal field operations	38,816	40,139	42,024
00.02 Transportation	3,476	3,720	3,945
00.03 Building occupancy	1,166	1,274	1,366
00.04 Supplies and services	1,629	1,842	1,918
00.05 Research and development	52	67	71
00.06 Administration and area operations	3,824	5,106	5,850
00.07 Interest	2,033	1,880	2,064
00.08 Servicewide expenses	830	304	347
00.09 Capital investment	2,229	4,606	2,885
00.10 Post Office Dept. Workers' Compensation	38	37	36
00.91 Subtotal, direct program	54,093	59,015	60,506
02.01 Reimbursable program	265	273	284
10.00 Total obligations	54,358	59,288	60,790
Budgetary resources available for obligation:			
21.90 Unobligated balance available, start of year: Treasury balance	736	476	476
22.00 New budget authority (gross)	57,366	62,146	62,345
22.30 Unobligated balance expiring	-260		
22.60 Redemption of debt	-3,008	-2,858	-1,555
23.90 Total budgetary resources available for obligation	54,834	59,764	61,266
23.95 New obligations	-54,358	-59,288	-60,790
24.90 Unobligated balance available, end of year: Treasury balance	476	476	476
New budget authority (gross), detail:			
67.15 Authority to borrow (indefinite)	2,554	4,917	3,151

68.00	Spending authority from offsetting collections: Offsetting collections (cash)	54,812	57,229	59,194
70.00	Total new budget authority (gross)	57,366	62,146	62,345
Change in unpaid obligations:				
Unpaid obligations, start of year:				
Obligated balance:				
72.47	Authority to borrow	15,739	16,994	19,818
72.90	Treasury balance	-483	-201	-369
72.91	U.S. Securities: Par value	1,271	1,249	1,000
72.99	Total unpaid obligations, start of year	16,527	18,042	20,449
73.10	New obligations	54,358	59,288	60,790
73.20	Total outlays (gross)	-52,843	-56,881	-61,790
Unpaid obligations, end of year:				
Obligated balance:				
74.47	Authority to borrow	16,994	19,818	18,927
Fund balance:				
74.90	Treasury balance	-201	-369	-478
74.91	U.S. Securities: Par value	1,249	1,000	1,000
74.99	Total unpaid obligations, end of year	18,042	20,449	19,449
Outlays (gross), detail:				
86.97	Outlays from new permanent authority	52,843	56,881	61,790
87.00	Total outlays (gross)	52,843	56,881	61,790
Offsets:				
Against gross budget authority and outlays:				
Offsetting collections (cash) from:				
88.00	Federal sources	-1,285	-1,317	-1,364
88.20	Interest on U.S. securities	-216	-133	-106
88.40	Non-Federal sources	-53,311	-55,779	-57,724
88.90	Total, offsetting collections (cash)	-54,812	-57,229	-59,194
Net budget authority and outlays:				
89.00	Budget authority	2,554	4,917	3,152
90.00	Outlays	-1,969	-348	2,596

Summary of Budget Authority and Outlays

(In millions of dollars)

	1995 actual	1996 est.	1997 est.
Enacted/requested:			
Budget Authority	2,554	4,917	3,151
Outlays	-1,969	-348	2,596
Legislative proposal, not subject to PAYGO:			
Budget Authority		37	36
Outlays		37	36
Total:			
Budget Authority	2,554	4,954	3,187
Outlays	-1,969	-311	2,632

The Postal Reorganization Act of 1970, Public Law 91-375, converted the Post Office Department into the U.S. Postal Service, an independent establishment within the executive branch. The Postal Service commenced operations July 1, 1971. This agency is charged with providing patrons with reliable mail service at reasonable rates and fees.

The U.S. Postal Service is governed by an 11-member Board of Governors, including 9 Governors appointed by the President, a Postmaster General who is selected by the Governors, and a Deputy Postmaster General who is selected by the Governors and the Postmaster General.

Decisions on changes in domestic rates of postage and fees for postal services are recommended to the Governors of the Postal Service by the independent Postal Rate Commission after a hearing on the record under the Administrative Procedure Act. The Commission also recommends decisions on changes in the domestic mail classification schedule to the Governors. Decisions of the Governors on rates of postage, fees for postal services, and mail classification are final, subject to judicial review.

Effective in 1986, the Postal Service Fund (Fund) was included in the congressional and executive budget process and taken into account in making calculations under the Balanced Budget and Emergency Deficit Control Act of 1985 (Gramm-

Public enterprise funds—Continued

POSTAL SERVICE FUND—Continued

Rudman-Hollings). The Omnibus Budget Reconciliation Act of 1989 amended title 39 of the U.S. Code by adding a new section, 2009a, which provides that, beginning in 1990, the receipts and disbursements of the Fund shall not be considered as part of the congressional and executive budget process and shall not be taken into account in making calculations under Gramm-Rudman-Hollings.

Programs.—Included are all postal activities providing window services; processing, delivery, and transportation of mail; research and development; administration of postal field activities; and associated expenses of providing facilities and financing.

The rapid development of electronic messaging systems promises to increase the effectiveness of the Nation's communications infrastructure and U.S. competitiveness in the future. As the provider of a universally available hard copy delivery system, the United States Postal Service is encouraged to examine these emerging communications technologies and to cooperate with the private sector on issues of integration, directory service, and strategic alliances that will facilitate the development of secure and reliable electronic messaging networks.

The transition from hard copy to electronic messaging already has begun. The Postal Service should assist in developing future messaging systems. The Postal Service's participation should recognize the changing needs of its business, governmental, and individual customers; should focus on determining an appropriate means for public and private sector cooperation; and should be consistent with the agency's vision of evolving into a premier provider of 21st century postal communications. The Postal Service should seek to leverage its comprehensive delivery, messaging security, and addressing directory management capabilities in a manner that promotes universal access to the benefits of these new technologies for all citizens who desire them.

Financing.—The activities of the U.S. Postal Service are financed from the following sources: (1) mail and services revenue; (2) reimbursements from Federal and non-Federal sources; (3) proceeds from borrowing; (4) interest from U.S. securities and other investments; and (5) appropriations by the Congress. All receipts and deposits are made to the Postal Service Fund and are available without fiscal year limitation for payment of all expenses incurred, retirement of obligations, investment in capital assets, and investment in obligations and securities.

Separate legislation also increased the Postal Service's statutory borrowing authority beginning in 1991. Section 2005 of title 39, United States Code, as amended, increased the Postal Service's borrowing authority by \$2.5 billion in 1991 for a revised ceiling of \$12.5 billion and an additional \$2.5 billion in 1992 for a revised total ceiling of \$15 billion. The total net increase in amounts outstanding in any one fiscal year were also increased and now may not exceed \$2.0 billion in obligations issued for the purpose of capital improvements and \$1.0 billion for the purpose of paying operating expenses. As of September 30, 1997, it is expected that the total debt instruments issued and outstanding pursuant to this authority will amount to \$8.987 billion.

Operating.—Estimated revenue will total \$58.869 billion in 1997. This includes \$58.667 billion from mail and services revenue, \$106 million from investment income, and \$96 million accrued for revenue forgone appropriations in 1997. Total expenses are estimated at \$59.521 billion in 1997.

The Postal Reorganization Act of 1970 established the Postal Service as a fully self-sufficient, independent entity. Postal revenues were to cover the full costs of postal operations. When the Act was passed, the Postal Service received sub-

stantial taxpayer subsidies, both appropriated and unappropriated. Consistent with the intent of the 1970 Act, Congress has taken steps over time to reduce these subsidies. Under the 1974 Civil Service Retirement Fund—Postal Employee Benefits Act, the Postal Service assumed responsibility for paying unfunded retirement costs from wage schedule increases under postal labor contracts. These costs are not covered by normal employee/employer contributions to the retirement fund. The 1985 Reconciliation Act shifted responsibility for paying health benefit costs of Postal annuitants retiring after 1986 from OPM to the Postal Service. The 1987 Reconciliation Act had the Postal Service make one-time payments to defray annuitant health benefit costs in 1988 and 1989 and retirement COLA costs in 1988. (Retirement COLAs, like wage schedule increases, result in retirement liabilities not covered by normal retirement fund contributions.) Under the 1989 Reconciliation Act, the Postal Service assumed responsibility for paying health benefits of survivors of post-86 annuitants and unfunded retirement COLA liabilities for post-86 annuitants.

The Omnibus Budget Reconciliation Act of 1990 superseded certain existing legislation and expanded the Postal Service's responsibility for benefit costs of postal annuitants. Effective October 1, 1990, the Postal Service is required to fund Civil Service Retirement System (CSRS) COLAs and the employer's share of Federal Employee Health Benefit Program (FEHBP) premiums for postal annuitants who retired after June 30, 1971, and their survivors. In addition, the Postal Service is required to fund the retroactive CSRS COLA and FEHBP premium costs for which the Postal Service would have been liable if the provisions of this new legislation had been in effect as of July 1, 1971.

Under the Omnibus Reconciliation Act of 1993, the Postal Service is required to make certain payments for past COLAs and health benefits, over and above any other payments required by law, of \$693 million to the Civil Service Retirement and Disability Fund, and \$348 million to the Employees Health Benefits Fund. These two payments are to be made in three equal annual installments, beginning in fiscal year 1996.

Statement of Operations (in millions of dollars)

Identification code 18-4020-0-3-372	1994 actual	1995 actual	1996 est.	1997 est.
0101 Revenue	49,577	54,509	56,919	58,869
0102 Expense	-50,490	-52,739	-55,996	-59,521
0109 Net income or loss (-)	-913	1,770	923	-652

Balance Sheet (in millions of dollars)

Identification code 18-4020-0-3-372	1994 actual	1995 actual	1996 est.	1997 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	25	25	25	25
Investments in US securities:				
1102 Treasury securities, par	1,271	1,249	1,000	1,000
1106 Receivables, net	360	405	123	123
1107 Advances and prepayments	19	25	20	20
Non-Federal assets:				
1206 Receivables, net	786	790	839	908
1207 Advances and prepayments	159	155	155	155
Other Federal assets:				
1801 Cash and other monetary assets	123	241	175	175
1802 Inventories and related properties	204	222	225	225
1803 Property, plant and equipment, net	16,220	16,849	18,237	21,045
1901 Other assets	27,747	28,960	32,522	33,965
1999 Total assets	46,416	48,921	53,321	57,641
LIABILITIES:				
Federal liabilities:				
2101 Accounts payable	2,068	1,741	1,311	979
2102 Interest payable	134	147	135	180
2103 Debt	8,973	7,265	6,500	8,987
2104 Resources payable to Treasury	25	25		
Non-Federal liabilities:				
2201 Accounts payable	9,517	9,742	10,768	12,731

OTHER INDEPENDENT AGENCIES

2203	Debt	14	14	14	14
2206	Pension and other actuarial liabilities	30,910	33,777	37,518	38,327
2207	Other	735	401	343	343
2999	Total liabilities	52,377	53,112	56,589	61,561
NET POSITION:					
3200	Invested capital	3,034	3,034	3,034	3,034
3300	Cumulative results of operations	-8,995	-7,225	-6,302	-6,954
3999	Total net position	-5,961	-4,191	-3,268	-3,920
4999	Total liabilities and net position	46,415	48,921	53,321	57,641

Object Classification (in millions of dollars)

Modification code 18-4020-0-3-372	1995 actual	1996 est.	1997 est.	
Personnel compensation:				
11.1	Full-time permanent	23,462	24,318	25,264
11.3	Other than full-time permanent	3,898	4,212	4,412
11.5	Other personnel compensation	4,777	4,586	4,967
11.9	Total personnel compensation	32,157	33,126	34,643
12.1	Civilian personnel benefits	8,632	9,593	10,020
13.0	Benefits for former personnel	1,183	1,266	1,349
21.0	Travel and transportation of persons	178	188	195
22.0	Transportation of things	3,961	4,248	4,513
23.1	Rental payments to GSA	121	34	34
23.2	Rental payments to others	584	635	662
23.3	Communications, utilities, and miscellaneous charges	530	599	590
24.0	Printing and reproduction	115	127	135
25.2	Other services	1,315	1,839	2,485
26.0	Supplies and materials	1,327	1,067	1,119
31.0	Equipment	1,142	3,328	1,943
32.0	Land and structures	1,004	1,282	946
42.0	Insurance claims and indemnities	76	76	93
Interest and dividends:				
43.0	Interest and dividends	670	445	437
43.0	Interest and dividends	1,363	1,435	1,526
99.0	Subtotal, reimbursable obligations	54,358	59,288	60,790
99.9	Total obligations	54,358	59,288	60,790

Personnel Summary

Modification code 18-4020-0-3-372	1995 actual	1996 est.	1997 est.	
Total compensable workyears:				
2005	Full-time equivalent of overtime and holiday hours	63,917	64,903	65,750
2011	Exempt full-time equivalent employment	806,243	822,885	835,084

POSTAL SERVICE FUND

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Modification code 18-4020-2-3-372	1996 actual	1996 est.	1997 est.
Obligations by program activity:			
Direct program:			
00.11	Payment to U.S. Treasury Dept.		37
10.00	Total obligations (object class 13.0)		37
Budgetary resources available for obligation:			
22.00	New budget authority (gross)		37
23.95	New obligations		-37
New budget authority (gross), detail:			
67.15	Authority to borrow (indefinite)		37
68.00	Spending authority from offsetting collections: Offsetting collections (cash)		-36
70.00	Total new budget authority (gross)		37
Change in unpaid obligations:			
73.10	New obligations		37
73.20	Total outlays (gross)		-37
Outlays (gross), detail:			
86.97	Outlays from new permanent authority		37
87.00	Total outlays (gross)		37

Against gross budget authority and outlays:		Net budget authority and outlays:	
68.00	Offsetting collections (cash) from: Federal sources		36
89.00	Budget authority	37	36
90.00	Outlays	37	36

This schedule reflects the changes resulting from the proposal to require that liabilities of the former Post Office Department to the Employees' Compensation Fund, which were previously appropriated to the U.S. Postal Service, shall now be liabilities of the Postal Service and payable out of the Postal Service Fund.

RAILROAD RETIREMENT BOARD

Federal Funds

General and special funds:

[DUAL BENEFITS PAYMENTS ACCOUNT] FEDERAL WINDFALL SUBSIDY

For payment to the Dual Benefits Payments Account, authorized under section 15(d) of the Railroad Retirement Act of 1974, \$223,000,000 which shall include amounts becoming available in fiscal year 1996 pursuant to section 224(c)(1)(B) of Public Law 98-78; and in addition, an amount, not to exceed 2 percent of the amount provided herein, shall be available proportional to the amount by which the product of recipients and the average benefit received exceeds \$223,000,000. Provided, That the total amount provided herein shall be credited in 12 approximately equal amounts on the first day of each month of the fiscal year.

Note.—A regular 1996 appropriation for this account had not been enacted at the time this budget was prepared. The 1996 amounts included in this budget are based on the levels provided in three continuing resolutions: P.L. 104-91, P.L. 104-92, and P.L. 104-99.

Program and Financing (in millions of dollars)

Modification code 60-0111-0-1-601	1996 actual	1996 est.	1997 est.	
Obligations by program activity:				
10.00	Total obligations (object class 41.0)	251	239	223
Budgetary resources available for obligation:				
22.00	New budget authority (gross)	254	239	223
22.30	Unobligated balance expiring	-3		
23.90	Total budgetary resources available for obligation	251	239	223
23.95	New obligations	-251	-239	-223
New budget authority (gross), detail:				
40.00	Appropriation	261	239	223
40.35	Appropriation rescinded	-7		
43.00	Appropriation (total)	254	239	223
70.00	Total new budget authority (gross)	254	239	223
Change in unpaid obligations:				
73.10	New obligations	251	239	223
73.20	Total outlays (gross)		-239	-223
Outlays (gross), detail:				
86.90	Outlays from new current authority	251	239	223
87.00	Total outlays (gross)	251	239	223
Net budget authority and outlays:				
89.00	Budget authority	254	239	223
90.00	Outlays	251		223

This appropriation is a Federal subsidy to the rail industry pension for costs not financed by the railroad sector. The American taxpayer subsidy is about \$1,000 per rail employee.

FEDERAL PAYMENTS TO THE RAILROAD RETIREMENT ACCOUNTS

For payment to the accounts established in the Treasury for the payment of benefits under the Railroad Retirement Act for interest

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(REDIRECTED FROM WITNESS LION)**

OCA/USPS-T4-28. Refer to LR-SSR-104 in this proceeding, and USPS LR-F-180, which presents updated caller service costs for Docket No. R90-1.

- a. Please list each item incorporated in the calculation of caller service costs in LR-SSR-104 that is based on studies, material or analyses conducted in FY 1979 or earlier.
- b. Please provide an estimate of the time and cost to update the studies, materials or analyses referred to in "a" above.

RESPONSE:

a.

Items Based on Studies Conducted in FY 1979 or Earlier

Number of Separations per Caller		2.32
Number of Square Feet Allocated per Firm		4.1
	<u>Form 1901's Volumes</u>	<u>Time Minutes</u>
Review Forms 1901's, 1901A's or B's (Register For Lockbox Rents or Caller Service Fees)		
- Post Notice 32's (Notice of Rent Due)		
- Answer Telephone & Inquiries for Rent Due		
- Enter Form 1538 Receipt Number and Amount of Paymenton		
	8,577	34,852
Collect Rent Payments from Customer and Prepare Form 1538 (Receipt for Box Rent and Caller Service Fee)		
		17,216
Prepare Form 1093 (Application for Post Office Box or Caller Number for New		
		8,736
Prepare Form 1091, Form 1091A or B for New Customer		
		9,400
Large Firms		
<u>Number of Pickups</u>	<u>Firms</u>	<u>Total Minutes</u>
1st	157	6,832
2nd	66	2,281
3rd	22	809
4th	<u>9</u>	<u>237</u>
Total	254	10,159
Small Firms		
<u>Number of Pickups</u>	<u>Firms</u>	<u>Total Minutes</u>
1st	84	2503
2nd	27	665
3rd	10	131
4th	<u>3</u>	<u>58</u>
Total	124	3357

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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(REDIRECTED FROM WITNESS LION)**

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b. It would take approximately 6 months to update the studies, materials, and analyses referred to in a. above at an expense ranging from \$100,000 to \$250,000.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(REDIRECTED FROM WITNESS LION)**

OCA/USPS-T4-29. Refer to LR-SSR-104 in this proceeding, and USPS LR-F-180, which presents updated caller service costs for Docket No. R90-1.

- a. Please confirm that the average time per separation of 8.1851 minutes used to determine the cost of window service-accounting functions for caller service in LR-SSR-104 was based on data and computed using the same methodology as LR-F-180. If you do not confirm, please explain.
- b. Please explain whether the average time per separation of 8.19 minutes used to determine the cost of window service-accounting functions for caller service in LR-F-180 is based on studies, materials or analyses conducted in FY 1979 or earlier? See Docket No. R90-1, USPS LR-F-180, Update of Cost Analysis for Caller Service, February 1990 at 11.
- c. Please identify any data used to calculate the average time per separation in LR-SSR-104 that have been updated since 1979.
- d. For any data used in the calculation of the average time per separation in LR-SSR-104 that have not been updated since the 1979, please identify the data and explain why they were not updated for this proceeding.

RESPONSE:

- a. Confirmed.
- b. The average time per separation of 8.19 minutes is based on the FY 1979 caller service cost study.
- c. The average time per separation has not been updated.
- d. The data used in the calculation of average time per separation have not been updated because of time and resource constraints. As the proposed caller service fees are well above the study costs, and there is no indication that caller service operations have changed, it was determined that updating the caller service cost study for only wage rates and general cost level changes

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was in order. The time measurements, number of separations per caller or firm, and space requirement components were not re-examined. There is no reason to believe these figures are significantly less accurate than when they were originally measured.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(REDIRECTED FROM WITNESS LION)**

OCA/USPS-T4-30. Refer to LR-SSR-104, Exhibit II, concerning the average time per separation.

- a. What efforts were taken to verify that the average time per separation determined in LR-SSR-104 is currently 8.1851 minutes? Please explain any such efforts and provide any documentation.
- b. If no efforts were taken, please explain your basis for believing that the average of 8.1851 minutes per separation remains accurate.

RESPONSE:

- a. No efforts were taken to verify that the average time per separation determined in LR-SSR-104 is currently 8.1851 minutes.
- b. Based on the fact that caller service operations have not changed, the 8.1851 should still be accurate.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(REDIRECTED FROM WITNESS LION)**

OCA/USPS-T4-31. Refer to LR-SSR-104 in this proceeding, and USPS LR-F-180, which presents updated caller service costs for Docket No. R90-1.

- a. Other than the hourly labor rate of \$23.939 and the number of large and small firms, please confirm that the determination of window and platform delivery costs for large and small firms in LR-SSR-104 was based on data and computed using the same methodology as LR-F-180. If you do not confirm, please explain.
- b. Please explain whether the calculations used to derive the total annual window/platform delivery costs for large and small firms in LR-F-180 are based on studies, materials or analyses conducted in FY 1979 or earlier? See Docket No. R90-1, USPS LR-F-180, Update of Cost Analysis for Caller Service, February 1990 at 12-13.
- c. Please identify any data used to calculate the total annual window/platform delivery costs for large and small firms in LR-SSR-104 that have been updated since 1979.
- d. For any data used in the calculation of total annual window/platform delivery costs for large and small firms in LR-SSR-104 that have not been updated since the 1979, please identify that data and explain why they were not updated for this proceeding.

RESPONSE:

- a. Confirmed.
- b. The calculations used to derive the total annual window/platform delivery costs for large and small firms in LR-F-180 are based on studies, materials, and analyses conducted in FY 1979.
- c. The clerk & mailhandler productive hourly wage rate, and the piggyback factors for window service and mail processing.
- d. See the response to OCA/USPS-T4-29(d).

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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(REDIRECTED FROM WITNESS LION)**

OCA/USPS-T4-32. Refer to LR-SSR-104, page 1, concerning the number of separations per caller.

- a. What efforts were taken to verify that the number of separations per caller is currently 2.32? Please explain any such efforts and provide any documentation.
- b. If no efforts were taken, please explain why the number of separations per caller was not reevaluated for this proceeding.
- c. If no efforts were taken, please explain your basis for believing that the 2.32 separations per caller remains accurate.

RESPONSE:

- a. There were no such efforts.
- b. See the response to OCA/USPS-T4-29(d).
- c. See the response to OCA/USPS-T4-29(d).

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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(REDIRECTED FROM WITNESS LION)**

OCA/USPS-T4-33. Refer to LR-SSR-104, page 6, concerning the determination of storage costs for caller service.

- a. What efforts were taken to verify that the number of square feet allocated per firm is currently 4.1 square feet? Please explain any such efforts and provide any documentation.
- b. If no efforts were taken, please explain why the number of square feet allocated per firm was not reevaluated for this proceeding.
- c. If no efforts were taken, please explain your basis for believing that the 4.1 square feet allocated per firm remains accurate.

RESPONSE:

- a. See the response to OCA/USPS-T4-29(d).
- b. See the response to OCA/USPS-T4-29(d).
- c. See the response to OCA/USPS-T4-29(d).

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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(REDIRECTED FROM WITNESS LION)**

OCA/USPS-T4-34. Refer to LR-SSR-104, Exhibit I, concerning the calculation of attributable costs for caller service.

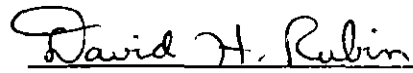
- a. Please confirm that the figure of 100,770 represents the number of entities that pay a caller service fee. If you do not confirm, please explain what it does represent and why it is used in the calculation of caller service costs.
- b. In determining caller service attributable costs, please explain why the annual cost per caller of \$667.08 is divided by 2.32 to reach an annual cost of \$287.54 *per call number or separation*. Please explain why the \$287.54 amount rather than the \$667.08 amount used to calculate the attributable cost of caller service.

RESPONSE:

- a. Not confirmed. Please see the response to OCA/USPS-T4-23, filed August 7, 1996.
- b. As stated in the response to OCA/USPS-T4-23, filed August 7, 1996, the caller service fee is charged for each separation, rather than for each caller. To be comparable with the fee, therefore, the caller service cost needs to be determined per separation.

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.



David H. Rubin

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
August 16, 1996