

ORIGINAL

RECEIVED

005699

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

Oct 16 4 11 PM '96

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

RESPONSE OF UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 4,
(QUESTION 17)
(October 16, 1996)

The United States Postal Service hereby provides a response to the following question of Presiding Officer's Information Request No. 4, filed on October 2, 1996: 17. On October 15, 1996, the Postal Service filed responses to questions 7, 8, 9, and 12. Responses to the remaining questions will be filed as soon as they are completed.

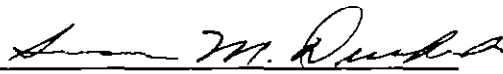
The question is stated verbatim and is followed by the response.

Respectfully submitted,

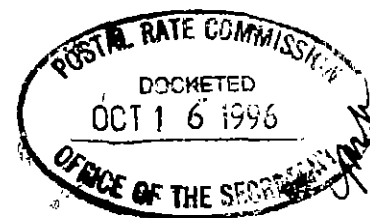
UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Susan M. Duchek

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2990; Fax -5402
October 16, 1996



Answer of Richard Patelunas to
Presiding Officer's Information Request No. 4
to United States Postal Service

POIR No. 4 Question 17.

The additional workday effect (AWE) for cost segment 18 components Repriced Annual Leave (Comp. 199), Holiday Leave Variance (Comp. 200), Civil Service Retirement Fund Deficit-Current (Comp. 201), and Workers Compensation (Comp. 204) is described in Postal Service Library Reference SSR-5, Section 3 at 710 - 715 (handwritten page numbers). This description indicates that the AWE for these components is a redistribution of cost change (control string "18") using a distribution key comprised of 67 components (Total labor costs less costs for segment 11 Postal Operating Equipment Maintenance Labor, component no. 75). This description is also noted in USPS Library Reference SSR-4, filename VBL4 at 513 - 514 (handwritten page numbers).

The AWE treatment for these four cost components does not appear to be consistent with either the Volume effect or the Non-volume Workload effect. For these two cost effects, the control string is the same but the distribution key is different as it includes the costs from segment 11 component no. 75. Additionally, the USPS Library Reference SSR-8, **Rollforward: Volume Variable Cost Report Footnotes**, refers to the volume effect as the treatment of the AWE for these four components. Attachments 1 and 2 detail the AWE for the four segment 18 components. Attachment 1 shows the effect as is reported in USPS LR-SSR-4 and 5, excluding segment 11 component 75 from the distribution key. Attachment 2 shows the effect as is reported in USPS LR-SSR-8, including the segment 11 component 75 in the distribution key.

Please confirm the accuracy of the description of the segment 18 AWE in Library References SSR-4 and 5. If these descriptions are accurate, please explain the reasons why the segment 11 component no. 75 was excluded from the segment 18 AWE distribution key. If the descriptions are not accurate please provide the correct distribution key and show any effect on the Test Year After Rates costs for the segment 18 components 199, 200, 201, and 204.

Answer of Richard Patelunas to
Presiding Officer's Information Request No. 4
to United States Postal Service

POIR No. 4 Question 17 Response.

The accuracy of the description of the segment 18 AWE in Library References SSR-4 and 5 is not confirmed. The description in USPS LR-SSR-8 is the correct description. The distribution key for these four components includes component 75. Attachment 1 to this response shows the AWE for the four segment 18 components using the distribution key including component 75.

Class	Additional Workday Adjustment				
	Repriced Annual Leave (199)	Holiday Leave Variance (200)	CSRS Current (201)	Workers' Comp Current (204)	
FIRST-CLASS MAIL:					
LETTERS & PARCELS	101	-5	-1	-8	-75
PRESORT LTR & PCL	102	-2	0	-3	-23
POSTAL CARDS	103	0	0	0	0
PRIVATE POSTCARDS	104	0	0	-1	-2
PRESORT PRVT P CS	105	0	0	0	-1
TOTAL FIRST	107	-7	-1	-12	-101
PRIORITY MAIL:					
PRIORITY MAIL	110	-1	0	-1	-5
EXPRESS MAIL	111	0	0	0	0
MAILGRAMS	112	0	0	0	0
SECOND-CLASS MAIL:					
WITHIN COUNTY	113	0	0	0	-1
OUTSIDE COUNTY:					
REG RATE PUB	117	0	0	-1	-7
NONPROFIT PUB	118	-1	0	0	-1
CLASSROOM PUB	119	0	0	0	0
TOTAL SECOND	123	-1	0	-1	-9
THIRD-CLASS MAIL:					
SINGLE PIECE RATE	125	0	0	0	-1
BULK RATE-REG:					
CAR PRESORT	126	-1	0	-1	-11
OTHER	127	-1	0	-2	-24
TOTAL REGULAR	128	-2	0	-3	-35
BULK RATE-NONPROF:					
CAR PRESORT	131	0	0	0	-1
OTHER	132	0	0	-1	-6
TOTAL NONPROF	133	0	0	-1	-6
TOTAL THIRD	135	-2	0	-4	-43
FOURTH-CLASS MAIL:					
PARCELS ZONE RATE	136	0	0	0	-2
BOUND PRNT MATTER	137	0	0	0	-1
SPC 4TH-CL. RATE	139	0	-1	0	-1
LIBRARY RATE	140	0	0	0	0
TOTAL FOURTH	141	0	-1	0	-4
US POSTAL SERVICE:					
US POSTAL SERVICE	142	0	0	0	-1
FREE MAIL-BLIND & HNDC	147	0	0	0	0
INTERNATIONAL MAIL	161	0	0	0	-3
TOTAL ALL MAIL	162	-11	-2	-18	-166
SPECIAL SERVICES:					
REGISTRY	163	0	0	0	0
CERTIFIED	164	0	0	0	-2
INSURANCE	165	0	0	0	0
COD	166	0	0	0	0
SPECIAL DELIVERY	167	0	0	0	0
MONEY ORDERS	168	0	0	0	-2
STAMPED ENVELOPES	169	0	0	0	0
SPECIAL HANDLING	170	0	0	0	0
POST OFFICE BOX	171	0	0	0	-1
OTHER	172	0	0	-1	-1
TOTAL SPC SVCS	173	0	0	-1	-6
ATTRIBUTABLE:					
ATTRIBUTABLE	198	-11	-2	-19	-172
OTHER	199	11	2	19	172
TOTAL COSTS	200	0	0	0	0

DECLARATION

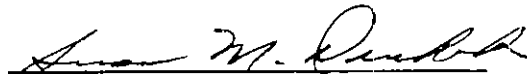
I, Richard Patelunas, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



Dated: 10-16-96

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

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