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WASHINGTON, D.C. 20268-0001

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,
(QUESTIONS 11 AND 15)
(October 17, 1996)

The United States Postal Service hereby provides responses to the following questions of Presiding Officer's Information Request No. 4, filed on October 2, 1996: 11 and 15. On October 15, 1996, the Postal Service filed responses to questions 7, 8, 9, and 12, and on October 16, 1996, the Postal Service filed a response to question 17. Responses to the remaining questions will be filed as soon as they are completed.

Each 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
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October 17, 1996

OFFICE OF THE SECRETARY
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POSTAL RATE COMMISSION

**RESPONSE OF WITNESS LION
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 4**

11. In LR SSR-1, page 1-1, footnote 1 states "Costs for these contract stations are included in Cost Segment 13." On page 13-2 of the same document, it states "Because the costs of [contract stations] are classified as institutional, no accrued costs are attributable." Please confirm that the costs for all current Group III boxes are institutionalized. If you cannot confirm, please explain.

RESPONSE:

Confirmed. None of the costs considered in the post office box cost allocation in my testimony are attributable to Group III boxes, and therefore it is correct to allocate the entire sum (\$481,885,000) to Group I and Group II post office boxes.

My response to OCA/USPS-T4-15, in which I estimated Delivery Group III costs as 1.6 percent of the total (and thus negligible) should be modified to the effect that Group III costs are in fact 0 percent of the total used in my testimony. My response to OCA/USPS-T4-27 is based on specified assumptions on proposed Group E and is correct as written. However, I would not now repeat the 1.6 percent figure in answering that question.

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: 10/17/96 .

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

POIR No. 4 Question 15. Other IOCS.

Based on Patelunas' workpaper C-2, 89 percent of the mail processing direct labor cost for certified mail is contained in uniform operation code 06, Nixie (\$27.9 million out of \$31.2 million). Since the mail piece contains the incorrect, illegible, or insufficient address, what is the rationale for assigning the cost of the nixie section clerk to certified mail rather than the subclass of the mail piece? Please describe the activities that occur in operation code 06, NIXIE.

POIR No. 4 Question 15 Response.

As stated in footnote 1 on page c-1 of the Summary Description for Fiscal Year 1995 (USPS-LR-SSR-123), for mail processing, the codes 18, 22, and 23 are included with code 06. All costs for uniform operation code 06, Nixie, are the result of uniform operation code 23, Other Accountable Work. The activities performed in operation code 06 and its component parts are described on pages 67-70 of Handbook F-45, In-Office Cost System (USPS-LR-SSR-12). In general, this is a miscellaneous operation in which a money transfer or signature is required and the activity occurs in an area not designated to a particular special service.

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.

A handwritten signature in cursive script, appearing to read "Richard Patelunas", is written over a horizontal line.

Dated: 10-17-96

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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