

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

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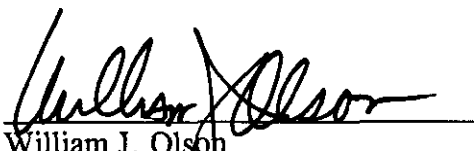
POSTAL RATE AND FEE CHANGES, 2000 )

Docket No. R2000-1

ASSOCIATION OF PRIORITY MAIL USERS, INC.  
FIRST INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE  
WITNESS KAREN MEEHAN (APMU/USPS-T11-1-14)  
(March 22, 2000)

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Association of Priority Mail Users, Inc. hereby submits interrogatories and requests for production of documents. If necessary, please redirect any interrogatories and/or requests to a more appropriate Postal Service witness.

Respectfully submitted,

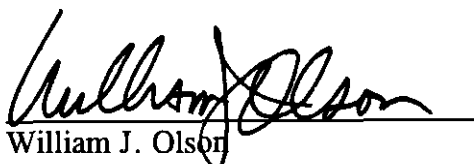


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CERTIFICATE OF SERVICE

I hereby certify that I have this day served this document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



William J. Olson

March 22, 2000

**APMU/USPS-T-11-1.**

With respect to the retroactive assessment for employee benefits of \$347 million noted on page 64 of the United States Postal Service 1998 Annual Report:

- a. Please confirm that this cost is included in your estimate of base year costs. If you do not confirm, please explain.
- b. Please identify the cost segment(s) and sub-segment(s) within which this cost is included.
- c. Please provide the key(s) (and workpaper references) used to distribute the retroactive assessment for employee benefits to products for cost segment and/or sub-segment.
- d. Please describe the methodology used (i) to determine how much of this expense was attributable and (ii) to distribute these costs to classes and subclasses in the base year, and the justification for using this methodology.

**APMU/USPS-T-11-2.**

With regard to the Postal Service's Civil Service Retirement System ("CSRS") current liability:

- a. Please confirm that the \$849 million cost that is reported on page 67 of the United States Postal Service 1998 Annual Report is the sum of sub-account 51212 costs across all labor cost segments and sub-segments. (USPS-LR-I-1, Table A-1, p. 10.) If you do not confirm, please explain and provide the dollar cost and appropriate sub-account numbers.

- b. Please confirm that account 51212 only accrues costs for employees hired before January 1, 1984. If you do not confirm, please explain and identify the latest date that a Postal Service employee could have been hired and have his retirement liability be accrued in this account.
- c. Please provide the distribution key for the total \$1,640 billion CSRS current liability costs to classes and subclasses. Please provide the calculations used to develop this distribution key.

**APMU/USPS-T-11-3.**

With regard to the Postal Service's Federal Employees Retirement System ("FERS") current liability:

- a. Please confirm that the \$1,640 million cost that is reported on page 67 of the United States Postal Service 1998 Annual Report is the sum of sub-account 51211 and sub-account 51215 costs for all labor cost segments and sub-segments. (USPS-LR-I-1, Table A-1, p. 10.) If you do not confirm, please explain and provide the FERS current liability dollar costs and appropriate sub-account numbers for the base year.
- b. Please confirm that sub-account 51211 only accrues costs related to employees hired after December 31, 1983. If you do not confirm, please explain and identify the earliest date that new employees did not automatically participate in CSRS.

- c. Please confirm that sub-account 51215 only accrues costs related to employees hired before January 1, 1984 who voluntarily chose to join FERS. If you do not confirm, please explain.
- d. Please provide a distribution key for the total \$1,640 billion FERS current liability costs to classes and subclasses. Please provide the calculations used to develop this distribution key.

**APMU/USPS-T-11-4.**

With regard to the Postal Service's current CSRS liability for employees in the Dual CSRS/Social Security system ("Dual System"):

- a. Please confirm that the \$36 million cost that is reported on page 67 of the United States Postal Service 1998 Annual Report is the sum of sub-account 51214 costs for all labor cost segments and sub-segments. If you do not confirm, please explain and provide the Dual System current liability dollar costs and appropriate sub-account numbers for the base year.
- b. Please confirm that sub-account 51214 only accrues costs related to employees hired between January 1, 1984 and January 1, 1987 who had prior government experience. If you do not confirm, please provide the correct dates and requirements for employees whose pension costs accrued within this account.
- c. Please provide a distribution key for the total \$36 million Dual System current liability costs to classes and subclasses. Please provide the calculations used to develop this distribution key.

**APMU/USPS-T-11-5.**

Please explain what "PESSA" costs are.

**APMU/USPS-T-11-6.**

Please identify the exhibit or workpaper and the page and column within the exhibit or workpaper where the calculations used to create the following distribution keys can be found:

- a. Component 526 — All salaries key plus other personnel costs from c/s 13, 16, 18, 19.
- b. Component 433 — All salaries key plus other personnel costs from c/s 13, 16, 18, 19. (Cost Component 433 is referenced on page 18.1 of your workpaper A-4.)

**APMU/USPS-T-11-7.**

- a. Please confirm that distribution key 433 is used to distribute the cost sub-segment costs for cost components: 18.3.1, repriced annual leave; 18.3.1, holiday leave; 18.3.2, civil service retirement; 18.3.4, workers compensation; 18.3.5, unemployment compensation; 18.3.6, retiree health benefits; 18.3.7, annuitant life insurance; and 18.3.8, annuitant COLA/principal. If you do not confirm, please identify the correct distribution key.
- b. Please provide a list of all cost segments and sub-segments for which distribution key 433 is used to attribute and distribute costs to classes and subclasses of mail.

**APMU/USPS-T-11-8.**

On page 18-8, in section 18.3.3 of USPS-LR-I-1, Summary Description of USPS Development of Costs By Segments and Components, Fiscal Year 1998, volume variable costs for certain personnel benefits are determined to be variable to the same degree as all Postal Service labor costs in base year 1988. For each of the following costs, please explain the rationale for this assumption:

- a. Accrued repriced annual leave and holiday leave adjustment costs;
- b. Current year CSRS unfunded liability costs;
- c. Prior year CSRS unfunded liability costs;
- d. Current year workers compensation costs;
- e. Unemployment compensation costs;
- f. Annuitant health benefit costs;
- g. Annuitant life insurance benefit costs; and
- h. Annuitant COLA costs.

**APMU/USPS-T-11-9.**

For each of the following costs, please explain the rationale for the current methodology for distributing volume variable costs to classes and subclasses.

- a. Accrued repriced annual leave and holiday leave adjustment costs;
- b. Current year CSRS unfunded liability costs;
- c. Prior year CSRS unfunded liability costs;
- d. Current year workers compensation costs;

- e. Unemployment compensation costs;
- f. Annuitant health benefit costs;
- g. Annuitant life insurance benefit costs; and
- h. Annuitant COLA costs.

**APMU/USPS-T-11-10.**

Please confirm that the accrued interest expenses of retirement costs found in accounts 58111 and 58114 are for liabilities accrued prior to the base year. If you do not confirm, please explain.

**APMU/USPS-T-11-11.**

USPS-LR-I-1, Summary Description of USPS Development of Costs By Segments and Components, Fiscal Year 1998, indicates on page 20.5, section 20.5.3, that volume variable costs for retirement interest expenses are variable to the same degree as all Postal Service labor costs. Please explain the rationale for this assumption.

**APMU/USPS-T-11-12.**

Please explain how either changes in the total labor costs accrued in the base year or the mix of mail handled in the base year would affect the total interest costs found in accounts 58111 and 58114 in the base year.

**APMU/USPS-T-11-13.**

In USPS-LR-I-1, Summary Description of USPS Development of Costs By Segments and Components, Fiscal Year 1998, on page 18.8, section 18.3.1, annuity protection program costs are stated to be unrelated to volume. Does this statement indicate that these costs are unrelated to volume (i) in the base year only, or (ii) in any year? Please explain.

**APMU/USPS-T-11-14.**

- a. Please explain why annuitant COLAs and annuitant health benefit costs are variable to the same degree as base year labor costs, when other costs such as annuity protection program costs are not considered as variable as base year labor costs and are instead considered to be institutional.
- b. Please provide all documents, reports and studies which you believe support your response to part a of this question.