

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO FOLLOW UP
INTERROGATORIES OF MAJOR MAILERS ASSOCIATION
REDIRECTED FROM POSTAL SERVICE WITNESS MAYES
(MMA/USPS-T32-2-3)

The United States Postal Service hereby provides its responses to the following interrogatories of Major Mailers Association, redirected from witness Mayes: MMA/USPS-T32-2-3 (filed on April 4, 2000).

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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April 20, 2000

RESPONSE OF UNITED STATES POSTAL SERVICE TO MMA INTERROGATORIES
REDIRECTED FROM WITNESS MAYES

MMA/USPS-T32-2 Please refer to your response to Interrogatory MMA/USPS-T32-1. There you explain where to find postal costs under the Commission's cost methodology for the test year.

- (a) Please confirm the following cost figures (in \$000's) including contingency (but not prior year losses) for the test year before rates. If you cannot confirm these cost figures, please provide the correct cost figures and the derivation and/or source thereof.

	(1) PRC TY BR LR-I-131, Vol H, Table E	(2) USPS TY BR Exhibit USPS-32A	(3) Difference (1) - (2)
Variable Costs	\$ 45,317,267	\$ 41,754,751	\$ 3,562,516
Institutional Costs	\$ 24,592,811	\$ 27,992,970	\$ (3,400,159)
Total Costs	\$ 69,910,078	\$ 69,747,721	\$ 162,357

- (b) If you confirm the cost figures in part (a), please explain why the total costs reported using the Commission's cost methodology are \$162.357 million higher than the total costs reported using the Postal Service's costing methodology. If you did not confirm the cost figures in part (a), please explain any difference in the total costs for your corrected cost figures, if there is a difference.

- (c) Please confirm the following cost figures (in \$000's) including contingency (but not prior year losses) for the test year after rates. If you cannot confirm these cost figures, please provide the correct cost figures and the derivation and/or source thereof.

	(1) PRC TY AR LR-I-131, Vol J, Table E	(2) USPS TY AR Exhibit USPS-32B	(3) Difference (1) - (2)
Variable Costs	\$ 44,387,115	\$ 40,891,695	\$ 3,495,420
Institutional Costs	\$ 24,584,124	\$ 27,978,701	\$ (3,394,577)
Total Costs	\$ 68,971,239	\$ 68,870,396	\$ 100,843

- (d) If you confirm the cost figures in part (c), please explain why the total costs incurred reported by using the Commission's cost methodology are \$100.843 million higher than if reported by using the Postal Service's costing methodology. If you did not confirm the cost figures in part (c), please explain any difference in the total costs for your corrected cost figures, if there is a difference.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO MMA INTERROGATORIES
REDIRECTED FROM WITNESS MAYES**

Response to MMA/USPS-T32-2:

- (a) Confirmed for "Volume Variable Total Including Contingency." The "Institutional Costs" in the USPS version includes specific fixed costs as well.
- (b) To understand the Commission's costing methodology, please refer to the Opinion and Recommended Decision, Docket No. R97-1 and PRC library references PRC LR-4, LR-5 and LR-19 from Docket No. R97-1.

To understand the Postal Service's costing methodology in the R2000-1 proposal, please refer to the testimonies of postal witnesses Meehan (USPS-T-11), Kashani (USPS-T-14), Bozzo (USPS-T-15), Degen (USPS-T-16), Baron (USPS-T-12), Pickett (USPS-T-19), Bradley (USPS-T-18), Stevens (USPS-T-20), Smith (USPS-T-21), Raymond (USPS-T-13), among others.

- (c) Confirmed for "Volume Variable Total Including Contingency." The "Institutional Costs" in the USPS methodology include specific fixed costs.
- (d) Please refer to the response to subpart (b) above.

RESPONSE OF UNITED STATES POSTAL SERVICE TO MMA INTERROGATORIES
REDIRECTED FROM WITNESS MAYES

MMA/USPS-T32-3 Please refer to your response to interrogatory MMA/USPS-T32-1 and to LR-I-130A (Revised on 3-24-00) where you show the attributable costs using the Commission's cost methodology for the base year. The total attributable cost for Periodicals appears to be in error and the total cost for the test year, including institutional costs, appears to be missing. Please provide a revised LR-I-130A with those corrections and additions.

Response:

The attributable costs for Periodicals do not appear to be in error, so there are no corrections. The total cost for the test year, including institutional costs, is not missing; test year costs are supplied in USPS LR-I-131 as described in the response to MMA/USPS-T32-1, redirected from witness Mayes to the Postal Service.

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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