

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-000

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POSTAL RATE COMMISSION  
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POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORY OF  
THE OFFICE OF THE CONSUMER ADVOCATE  
REDIRECTED FROM WITNESS PATELUNAS  
(OCA/USPS-ST44-11(e))

The United States Postal Service hereby provides its response to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-ST44-11(e), filed on July 22, 2000, and redirected from witness Patelunas.

The interrogatory 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

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August 2, 2000

**Response of United States Postal Service to Interrogatories of  
Office of the Consumer Advocate  
(Redirected from witness Patelunas, USPS-ST44)**

**OCA/USPS-ST44-11.** The following interrogatory refers to the Postal Service's response to P.O. Information Request No. 14 (June 29, 2000), part d, Attachment I.

- (a) In preparing your supplemental filing, did you incorporate the cost reduction programs listed under the column identified as "Order No. 1294," of Attachment I? If not, for each program listed on Attachment I, please indicate the total amount of the cost reduction you did incorporate.
- (b) For each program identified in the column identified as "Order No. 1294" of Attachment I, please provide the date(s) each forecast was reviewed and/or updated. If the specific date is not known, please confirm that you used the most current data available. If you are unable to confirm, please explain.
- (c) In Attachment I, the column identified as "Order No. 1294" has a line item identified as "Field Reserve" with a value of (\$200) million. Please confirm that the (\$200) million reduces the total cost reduction projection from \$744 million to \$544 million. If you are unable to confirm, please explain.
- (d) In Attachment I, please confirm that the column identified as "POIR 13" has a line item identified as "Field Reserve" with a value of (\$200) million. Please confirm that the (\$200) million reduces the total cost reduction projection from \$750 million to \$550 million. If you are unable to confirm, please explain.
- (e) Is the "Field Reserve" of \$200 million similar to a "contingency provision?" If not, please explain.

**Response:**

- (e) The "Field Reserve" of \$200 million is not similar to the rate case "contingency provision." The Field Reserve is a budget technique or strategy to leverage further cost reductions during FY 2001. The Field is challenged to achieve greater cost reductions than called for by the National budget goal. There is a high degree of risk that the field may not be able to accomplish their aggressive cost reduction targets. In those situations, budget relief can be granted, if warranted, without jeopardizing the national goal. The intent is to push the field to accomplish as much as possible, while still recognizing the magnitude of the challenge.

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The rate case contingency provision on the other hand, refers to the concept of providing protection against future unknown events and forecasting errors.

**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.

A handwritten signature in cursive script, appearing to read "Susan M. Duchek", written over a horizontal line.

Susan M. Duchek

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