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POSTAL RATE DIVISION
OFFICE OF THE SECRETARY

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

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS PATELUNAS
TO INTERROGATORY OF
THE MAJOR MAILERS ASSOCIATION
REDIRECTED FROM WITNESS MILLER
(MMA/USPS-T24-22)

The United States Postal Service hereby provides the response of witness Patelunas to the following interrogatories of the Major Mailers Association:
MMA/USPS-T24-22, filed on July 24, 2000, and redirected from witness Miller.

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



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August 7, 2000

**Response of United States Postal Service witness Patelunas
to Interrogatories of
Major Mailers Association
(Redirected from Witness Miller, USPS-T-24)**

MMA/USPS-T24-22 Please refer to USPS-T-32B and USPS-ST-44W. There the Postal Service provides the original (revised) volume variable costs and the updated volume variable costs for First-Class Mail.

- (a) Please confirm that the original (revised) total volume variable costs (in \$000s) for First Class Single Piece and Workshare letters are 13,326,042 and 5,019,464, respectively. If you cannot confirm, please explain and provide the correct original (revised) volume variable costs.
- (b) Please confirm that the updated total volume variable costs (in \$000s) for First Class Single Piece and Workshare letters are 13,565,269 and 5,081,635, respectively. If you cannot confirm, please explain and provide the correct volume variable costs resulting from the FY 1999 update.
- (c) Please confirm that the USPS projected TYAR volumes (in 000s) for First-Class Single Piece and Workshare letters are 52,877,658 and 46,979,736, respectively. If you cannot confirm, please explain and provide the correct First-Class volumes.
- (d) Please confirm that the USPS original (revised) TYAR unit volume variable costs for First Class Single Piece and Workshare letters are .2520 and .1068 cents, respectively. If you cannot confirm, please explain and provide the correct original (revised) unit volume variable costs.
- (e) Please confirm that the USPS updated TYAR unit volume variable costs for First Class Single Piece and Workshare letters are .2565 and .1082 cents, respectively. If you cannot confirm, please explain and provide the correct update unit volume variable costs as a result of the update to FY 1999.
- (f) Please confirm that the unit variable cost for First-Class Single Piece letters is projected to increase by .45 cents as a result of the update to FY 1999. If you cannot confirm, please explain and provide the correct unit cost increase for First-Class Single Piece letters.
- (g) Please confirm that the unit variable cost for First-Class Workshare letters is projected to increase by .14 cents as a result of the update to FY 1999. If you cannot confirm, please explain and provide the correct unit cost increase for First-Class Workshare letters.

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- (h) Please confirm that the unit variable cost for First-Class Single Piece letters is projected to increase by .31 cents more than the unit variable cost increase for First-Class Workshare letters as a result of the update to FY 1999. If you cannot confirm please explain and provide the correct amount by which First-Class Single Piece letters increase more than Workshare letters.
- (i) Please explain how this difference in unit variable cost increases, i.e., .31 cents more for First-Class Single Piece letters than for Workshare letters, impacts your derived 5.2-cent worksharing cost savings.

Response:

- a) Confirmed that Test Year After Rates costs (\$000s), as shown in Exhibit USPS-32B, page 1 of 2 (revised 4/21/00) for First Class Single Piece is 13,326,042 and for Presort Letters is 5,019,464.
- b) Not confirmed. Test Year After Rates costs (\$000), as shown in Exhibit USPS-ST44W, page 1 of 2, for First Class Single Piece is 13,565,268 and for Presort Letters is 5,081,634.
- c) Confirmed assuming Workshare letters are the same as Presort Letters.
- d) Not confirmed. The unit costs calculated using the information from parts a) and c) of this question are: First Class Single Piece of \$.2520/piece and Presort Letters of \$.1068/piece.
- e) Not confirmed. The unit costs calculated using the information from parts b) and c) of this question are: First Class Single Piece of \$.2565/piece and Presort Letters of \$.1082/piece.
- f) Confirmed.

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- g) Confirmed.
- h) Confirmed.
- i) It is my understanding that an updated workshare cost savings calculation has not been prepared as part of the response to Order No. 1294.

DECLARATION

I, Richard Patelunas, declare under penalty of perjury that the foregoing answers to interrogatories 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: 8/7/00

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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