

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

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF
THE PARCEL SHIPPERS ASSOCIATION
REDIRECTED FROM WITNESS PATELUNAS
(PSA/USPS-ST44-1)

The United States Postal Service hereby provides its response to the following interrogatory of the Parcel Shippers Association: PSA/USPS-ST44-1, filed on July 28, 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

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2990 Fax -5402
August 14, 2000

**Response of United States Postal Service
to Interrogatories of
Parcel Shippers Association
(Redirected from witness Patelunas, USPS-ST-44)**

PSA/USPS-ST44-1. Please refer to Exhibit USPS-ST-44Z. In particular, please refer to the rows titled "Parcel Drop[ship Volume Shift." Please also refer to LR-I-126, pages 19 and 33.

- a) Please confirm that the meaning of the "7,952" figure in the Parcel Dropship Volume Shift row in the Personnel Cost Reduction section implies that this cost reduction program will reduce cost by \$7.952 million less than was originally projected. If not confirmed, what does it mean?
- b) Please confirm that the meaning of the "44,206" figure in the Parcel Dropship Volume Shift row in the Non-personnel Cost Reduction section implies that this cost reduction program will reduce cost by \$44.206 million less than was originally projected. If not confirmed, what does it mean?
- c) Please confirm that the changes identified in part (a) and (b) effectively cancel out all of the FY 2001 cost savings for these programs. If confirmed, please explain why the Postal Service no longer expects any cost savings to result from the Parcel Dropship Volume Shift cost reduction program.
- d) Please confirm that these cost reduction programs take into account "...the change in the mix of parcel post resulting from the growth of the drop shift portion of the volume. The mail volume effect in the rollforward model does not take this shift into account; therefore, it is handled as a cost reduction adjustment." (LR-I-126, p. 33) If not confirmed, please provide an explanation of these cost reduction programs.

Response:

(a - d) Confirmed that in Exhibit USPS-ST44Z these are no longer cost reduction programs, but that is only part of the story. See the Postal Service response to OCA/USPS-ST44-12(b) redirected from witness Patelunas, USPS-ST44, for an explanation of the treatment used in the Order No. 1294 response filed 7/7/00.

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.

A handwritten signature in black ink, appearing to read "Susan M. Duchek", is written over a solid horizontal line.

Susan M. Duchek

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