

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, 1997     )

Docket No. R97-1

OFFICE OF THE CONSUMER ADVOCATE  
INTERROGATORIES TO UNITED STATES POSTAL SERVICE  
WITNESS R. TIMOTHY MACDONALD  
(OCA/USPS-T10-2-10)  
August 27, 1997

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatories 1-7 to the United States Postal Service dated July 16, 1997, are hereby incorporated by reference.

Respectfully submitted,



GAIL WILLETTE

Director

Office of the Consumer Advocate



KENNETH E. RICHARDSON

Attorney

Office of the Consumer Advocate

OCA/USPS-T10-2. Please refer to Library Reference H-115, Calculation sheet (not numbered).

- a. Please confirm that the source of the estimated FY 1998 Base Liability, Medical Portion, of \$1,123,828,097 is the LR-H-115 section titled Estimating Run For 1998ANM, page 21. If you do not confirm, please explain. Does the reference ANM mean annual medical? If not, please explain.
  - b. Please confirm that the source of the estimated FY 1998 Base Liability, Compensation Portion, of \$4,300,552,192 is the LR-H-115 section titled Estimating Run For ANC, page 21. If you do not confirm, please explain.
  - c. Please confirm that the source of the "Estimated Cash Outlays" for 1998 of \$563,678,814 should be the total of the two amounts calculated in the respective Estimating Runs for ANM and ANC, pages 21. If you do not confirm, please explain.
  - d. If you do confirm part c, above, please explain why the sum of \$197,809,060 for medical and \$365,902,748 for compensation do not total the amount on the Calculation page of \$563,678,814?
  - e. Please provide "Estimating Runs" for FY 1997 Base Liability like the "Estimating Runs" included in LR-H-115 for FY 1998 ANC and ANM.
  - f. Were the discount rates of 0.1 percent for medical and 3 percent for compensation also used in calculating the FY 1997 Base Liabilities? If not, what discount rates were used and why.
  - g. Please provide the actual DOL Administration Charge which is estimated at \$20,000,000 on the Calculation sheet.
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OCA/USPS-T10-3. In this rate request filing has the Postal Service altered the methodology for calculating workers' compensation estimates which was approved and utilized by the Postal Rate Commission in the most recent rate proceeding? If so, please explain.

OCA/USPS-T10-4. In this rate request filing has the Postal Service altered the methodology for calculating the discount rate for either the medical or compensation portion of the workers' compensation estimation which was approved and utilized by the Postal Rate Commission in the most recent rate proceeding? If so, please explain.

OCA/USPS-T10-5. Please explain which of the exhibits in your testimony are used and how they are applied to derive the 3 percent discount rate for the compensation portion of the workers' compensation liability.

OCA/USPS-T10-6. Please explain which of the exhibits in your testimony are used and how they are applied to derive the 0.1 percent discount rate for the medical portion of the workers' compensation liability.

OCA/USPS-T10-7. Please explain why you do not rely only on future projected interest rates to determine the discount rate of future workers' compensation liability.

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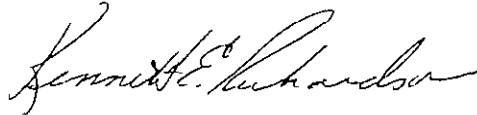
OCA/USPS-T10-8. Please explain what you mean by your testimony (page 7) that, "In the opinion of postal management, the discount rates currently used for medical and compensation claims represent a reasonable difference between medical and societal discount rates and the rates of return on government debt instruments of comparable terms to the approximate likely lives of medical and compensation claims."

OCA/USPS-T10-9. Your response to OCA/USPS-T10-1 indicated an estimated FY 1998 charge to be about \$14.3 million attributable to old Post Office Department workers' compensation liabilities. Please confirm that this amount is an expense for FY 1998 in addition to the \$733,148,477 shown in LR-H-115 as the "Estimated Total Expense" for FY 1998 worker's compensation. If you do not confirm, please explain.

OCA/USPS-T10-10. Please indicate where the amounts for workers' compensation as calculated in LR-H-115 and your exhibits and discussed in your testimony for FY 1998 and for FY 1997 are included in the revenue requirements of the other Postal Service exhibits, testimony and workpapers.

CERTIFICATE OF SERVICE

I hereby certify that I have this date 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 "Kenneth E. Richardson", written in a cursive style.

KENNETH E. RICHARDSON  
Attorney

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