

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, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS SMITH TO INTERROGATORY OF  
MAJOR MAILERS ASSOCIATION REDIRECTED  
FROM WITNESS KINGSLEY  
(MMA/USPS-T39-3)

The United States Postal Service hereby provides the response of witness Smith to the following interrogatory of Major Mailers Association: MMA/USPS-T39-3, filed on October 26, 2001, and redirected from witness Kingsley.

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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November 9, 2001

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH  
TO INTERROGATORIES OF MAJOR MAILERS ASSOCIATION  
REDIRECTED FROM WITNESS KINGSLEY**

**MMA/USPS-T-39-3.** How does the Postal Service categorize the following costs (either First-Class volume variable or institutional) associated with the RBCS?

- A. Hardware costs;
- B. Software costs;
- C. Maintenance costs;
- D. Space costs; and
- E. Labor costs.

**Response:**

A.-B. RBCS hardware and most all software costs have been capitalized. The annual depreciation associated with these costs is shown in Attachments 2 and 3 of my testimony, USPS-T-15, for the base year and test year respectively. The variability of these costs is 100 percent as indicated in Attachment 4 of my testimony. The distribution of these costs is based on the IOCS tallies for the MPBCS OSS operations (as indicated in Attachment 5, line 7). It is in these MPBCS operations that letter mail obtains barcodes based on the work of the Remote Encoding Centers (RECs). The First-Class share of these costs is 88.5 percent, with much of the balance going to Standard Mail. The above description of the *variability and distribution for depreciation costs also applies to interest costs* as indicated in page 5, footnote 3. See pages 5-9 of my testimony for more information.

C. Maintenance costs for RBCS consists of maintenance labor, cost segment 11.2, and parts and supplies, cost segment 16.3.2. The base year RRBCS maintenance costs are shown in Attachment 1 of my testimony. The variability and distribution of these costs is the same as for capital

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costs, described in part A-B. See pages 5-9 of my testimony for more information, particularly page 7.

- D. The space related costs are described on page 11 of my testimony. My Attachments 6 to 8 provide the RBCS portion of these costs for the base year, FY2001 and test year, respectively. The variability of these costs is 80 percent as indicated in my Attachment 9, line 25. These costs are distributed in the same way as the equipment costs, described in parts A to C, also as indicated in Attachment 9, line 25. See pages 11 to 15 of my testimony, USPS-T-15, for more information.
- E. The variability and distribution of RBCS labor costs are provided by witness Van-Ty-Smith, USPS-T-13. These costs are the cost pool called "LDC 15-RBCS." The variability of these costs is 100 percent as shown in witness Van-Ty-Smith's testimony at page 23. The distribution of these costs is shown in witness Van-Ty-Smith's testimony at pages 28-9.

DECLARATION

I, Marc A. Smith, hereby declare, under penalty of perjury, that the foregoing Docket No. R2001-1 interrogatory responses are true to the best of my knowledge, information, and belief.

  
\_\_\_\_\_  
Marc A. Smith

11-9-01  
Date

## 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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