

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

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ABDIRAHMAN TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T42-1-5)

The United States Postal Service hereby provides the responses of witness Abdirahman to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T42-1-5, filed on November 28, 2001. Interrogatory OCA/USPS-T42-6 has been redirected to witness Nieto.

Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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December 12, 2001

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OCA/USPS-T42-1. The following interrogatory refers to USPS-LR-J-69 at page 35. Your testimony refers to USPS-LR-J-69, pages 2 to 17, in section B.

- (a) Please confirm that the Test Year unit manufacturing cost of a number 10 aggregate printed-stamped envelope is \$0.04177. (See USPS-LR-J-69 at page 33.) If you are unable to confirm, please provide the corrected amount and provide its complete derivation. Cite the sources for all calculated values.
- (b) Please confirm that the total unit Test Year selling cost for a printed envelope is estimated to be \$0.0058. (See USPS-LR-J-69 at page 35.) If you are unable to confirm, please provide the corrected amount and provide its complete derivation. Cite the sources for all calculated values.
- (c) Please confirm that the total unit cost of a printed household number 10 envelope is the sum of \$0.04177 + \$0.0058, which is \$0.04757. If you are unable to confirm, please provide the step-by-step derivation and include specific cites for all calculated values.
- (d) Appendix A, page 3, of your testimony indicates that the average cost of a printed household box lot of number 10 envelopes consisting of 50 envelopes costs \$2.38. Confirm that the unit cost of a printed household number 10 envelope is \$0.0476 ($\$2.38 / 50$). If you are unable to confirm, please provide the corrected amount and provide its complete derivation. Cite the sources for all calculated values.
- (e) Please explain how the costs in USPS-LR-J-69 at page 36 for Test Year Distribution Costs are factored into the costs for the aggregated unit printed envelope cost of \$0.04177 and/or the unit selling cost of \$0.0058. If the Test Year Distribution Costs are not factored into either the aggregated printed stamp envelope cost or the unit selling cost, please explain the purpose of the distribution costs and where they are incorporated into Postal Service costs.

Response:

a) Confirmed for the envelopes with existing features. These costs might not apply to envelopes with the types of features (barcode, taggant) that might be needed for a Delivery Confirmation envelope.

b) Confirmed.

c) Confirmed for envelopes with existing features. These costs might not be applicable for envelopes with other types of features, such as barcodes or taggants that might be needed for a Delivery Confirmation envelope.

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d) Confirmed, assuming that the envelopes are sold in a 50-pack through the Stamp Fulfillment Services center. Moreover, this unit cost might not be applicable to envelopes with other types of features (barcode, taggant) such as might be needed for a Delivery Confirmation envelope.

e) Distribution costs are those costs incurred by the Postal Service to ship envelopes from the manufacturer's dock to a post office or Postal Distribution Center that will sell the envelopes at the window. Printed envelopes are not sold at the window and hence do not incur distribution costs.

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OCA/USPS-T42-2. Please explain the differences among the printed household number 10 envelopes, as designated in your Appendix A, page 3, numbered 2127, 2135, 2146, 2147 and 2148.

Response:

2127 contains the Love stamp. 2135 contains the Lincoln stamp. 2146 contains the Eagle stamp. 2147 contains the Lovebird stamp. 2148 contains the Community College stamp. Some envelope designs (e.g., Community College) require jet printing in a separate station, while others only require a normal one-pass print. These differences in printing requirements can result in differences in costs.

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OCA/USPS-T42-3. Please explain the differences between [sic] the printed household number 6³/₄ envelopes, as designated in your Appendix A, page 3, numbered 2623, 2643 and 2644.

Response:

2623 contains the Flag stamp. 2643 contains the Eagle stamp. 2644 contains the Lovebird stamp. Some designs require jet printing in a separate station, while others only require a normal one-pass print. These differences in printing requirements may result in differences in costs.

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OCA/USPS-T42-4. The following interrogatory refers to USPS-LR-J-69 at page 34. Footnotes 6, 12 and 13 refer to SFS data.

- (a) Please explain what the abbreviation SFS data refers to.
- (b) Please provide a copy of the SFS data used in preparing USPS-LR-J-69 if one has not been previously provided in this docket.

Response:

- (a) SFS data refers to data supplied by Stamp Fulfillment Services.
- (b) To prepare USPS-LR-J-69, I used the data provided in an electronic mail message from SFS that read as follows: "The cost per wk/hr through AP 13 FY2000 was \$28.56. This is an average of all employees that work at SFS. The total number of wk/hrs used to process PEP for FY2000 was 20,559.87. If you multiply that by \$28.56 you get a grand total of \$587,189.89."

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OCA/USPS-T42-5. The following interrogatory refers to USPS-LR-J-69 at page 34, "PFSC Customer Service Cost." Please explain what the abbreviation "PFSC" stands for.

Response:

PFSC stands for Philatelic Fulfillment Service Center. This name changed a few years ago to "Stamp Fulfillment Services" (SFS).

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.

Nan K. McKenzie

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