

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

RECEIVED
DEC 12 4 33 PM '01
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PATELUNAS TO INTERROGATORY OF
GREETING CARD ASSOCIATION REDIRECTED
FROM WITNESS ROBINSON
(PSA/USPS-T29-33(b))

The United States Postal Service hereby provides the response of witness Patelunas to the following interrogatory of Greeting Card Association: GCA/USPS-T29-33(b), filed on November 30, 2001, and redirected from witness Robinson.

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
December 12, 2001

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PATELUNAS TO INTERROGATORIES OF
GREETING CARD ASSOCIATION
(REDIRECTED FROM WITNESS ROBINSON)**

GCA/USPS-T29-33. Please refer to your response to GCA/USPS-T29-22(b).

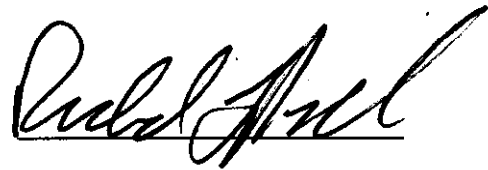
- (a) Is it your testimony or understanding that revenue would not be foregone if discounts exceed the Postal Service's costs?
- (b) Please identify and provide all accounting studies that address the accuracy with which Postal service's costs of First-Class mail may be subdivided to calculate a separate cost coverage for workshared letters.

Response:

- (a) Response provided by witness Robinson, USPS-T-29.
- (b) Assuming that "workshared" letters in the question refers to First Class Mail "Presort Letters" in the rollforward, there are no accounting studies that address the accuracy of these costs. Total First Class Mail is not "subdivided" into Presort Letters and the other categories of First Class Mail. The First Class Mail categories of Single-Piece Letters, Presort Letters, Single-Piece Cards and Presort Cards are "rolled-forward" from the base year to the test year using the six rollforward effects and any appropriate final adjustments, as I explain in my testimony. Since at least the mid-1980s, this methodology has been used by both the Postal Service and the Postal Rate Commission in all general rate cases. As such, the "accuracy" of the methodology used to project test year costs from base year costs has been the subject of numerous rate proceedings through written discovery and oral cross-examination.

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 black ink, appearing to read "Richard Patelunas", written over a horizontal line.

Dated: 12/12/01

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.



Susan M. Duchek

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2990; Fax -5402
December 12, 2001