

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 SCHENK TO INTERROGATORY OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T43-2)

The United States Postal Service hereby provides the responses of witness Schenk to the following interrogatory of the Office of the Consumer Advocate: OCA/USPS-T43-2, filed on December 7, 2001.

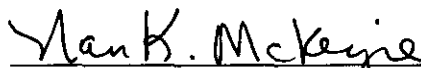
The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Nan K. McKenzie

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December 21, 2001

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SCHENK
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OCA/USPS-T43-2. Please refer to USPS-LR-J-58, which is cited in the response to VP/USPS-4, Attachment A.

- a. Please refer to the table entitled "TY 03 Unit Mail Processing Costs" in Attachment A. Please confirm that the sum of each of the 0-1 oz, 1-2 oz, and 2-3 oz columns equals the mail processing unit costs for First-Class Single Piece, First-Class Presort, and Standard Regular for each weight range found in USPS-LR-J-58. If you do not confirm, please explain and provide the unit costs by cost pools to permit calculation of First-Class Single Piece, First-Class Presort, and Standard Regular mail processing unit costs for the 0-1 oz, 1-2 oz, and 2-3 oz weight ranges.
- b. Please refer to the table entitled "Unit Cost Difference 2-3 oz. To 0-1 oz." In Attachment A. Please explain the reasons for calculating the unit cost difference in the "All but 'Other'" row. Why were the unit cost difference figures in the "Other pools" excluded from the calculation of the "All but 'Other'" row?
- c. Please provide the electronic spreadsheets used in the development of Attachment A.

RESPONSE:

- a. Confirmed.
- b. VP/USPS-4 asked for an explanation as to "which MODS operations are the major cause for mail processing unit costs of First-Class Single Piece Mail between 2-3 ounces to increase by 249 percent..., while the unit cost for 2-3 ounce Standard Regular Mail increases by only 28 percent...over that of 0-1 ounce Standard Regular Mail." The 'Other' category in the tables in Attachment A of the response to VP/USPS-4 includes all those MODS operations that were not identified as major causes of the cost differences. The "All but 'Other'" row was provided to show the total effect of all the MODS operations that were identified as major causers of the cost differences. The "Total difference" row includes the 'Other' category. The "Percent of total" row shows

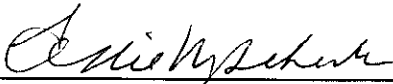
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that the majority of the "Total difference" is accounted for by the "All but 'Other'" cost pools.

c. See USPS-LR-J-192, "TY03 Volume Variable Mail Processing Costs by Cost Pool, Provided in Response to VP/USPS-4."

DECLARATION

I, Leslie M. Schenk, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

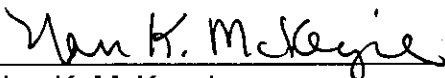


Leslie M. Schenk

Dated: 12/21/01

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.



Nan K. McKenzie

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December 21, 2001