

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

FURTHER RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS SMITH TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 7,  
QUESTION NO. 6

The United States Postal Service hereby provides the further response of witness Smith to question no. 6 of Presiding Officer's Information Request No. 7, issued December 19, 2001, and initially responded to on January 2, 2002. In his initial response, witness Smith indicated that correcting an error in computer programs used to calculate base year and test year city carrier piggyback factors would result in a reduction of about 2 percent in the factors, and that corresponding errata would be filed.

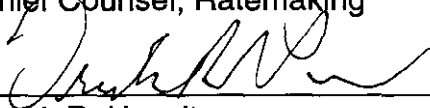
Witness Smith's further response to Question 6 is attached. The corrections do not affect piggyback factors for final adjustments, and do not materially affect the testimony of other witnesses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
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January 3, 2002

**FURTHER RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS SMITH TO PRESIDING OFFICER'S INFORMATION REQUEST NO.  
7, QUESTION NO. 6**

6. Library Reference USPS-J-52 contains a matrix table that details the calculations used to develop the piggyback factors for the test year (LR-J-52) and the base year (LR-J-46). In regard to the base year piggyback calculations, specifically those that compute the rents and building & leasehold depreciation costs, an attempt to replicate these costs for city delivery carriers and rural carriers show significant differences. For example, the calculation for the base year city delivery carrier rents in LR-J-46, produces costs that are nearly twice as much as produced using the formula in the matrix table in LR-J-52.

(a) Please provide a walkthrough, showing all computations, for the city carrier & rural carrier base year and test year piggyback calculations for rents and the building & leasehold depreciation as shown at page 58 and 59 of USPS LR-J-46.

(b) Please provide a walkthrough of the calculations used to determine the results of the costs associated with the column labeled "Joint Superv" in the test year mail processing piggyback factor computations at page 5 of LR-J-52.

**FURTHER RESPONSE:**

This provides my further response to Question No. 6 of Presiding Officer's Information Request No. 7, issued December 19, 2001, and initially responded to on January 2, 2002. In my initial response, I indicated that correcting an error in computer programs used to calculate base year and test year city carrier piggyback factors would result in a reduction of about 2 percent in the factors, and that corresponding errata would be filed.

The corrections would change Attachments 10 and 13 to my testimony, USPS-T-15, and certain pages in each of three library references, as follows:

USPS-LR-J-46, at pages 54, 58-61, and 72;

USPS-LR-J-52, at pages 133, 134, 139-141, and 153;

USPS-LR-J-80, at pages 92, 93, 98-100, and 112.

Revised Attachments 10 and 13 to USPS-T-15 are attached. I also provide revisions to the indicated library references as noticed in a separate filing of today's date. The revisions do not affect piggyback factors for final adjustments.

Attachment 10

TEST YEAR PIGGYBACK FACTORS BY MAJOR FUNCTION

CLASSES, SUBCLASSES, SPECIAL SERVICES	MAIL PROCESSING	WINDOW SERVICE	CLERK/ MESSENGER	CITY DELIVERY CARRIER	VEHICLE SERVICE DRIVER	RURAL CARRIER
FIRST-CLASS :-SINGLE PC. LTRS	1.599	1.465	1.821	1.336	1.583	1.247
PRESORTED LETTERS	1.622	1.465	1.811	1.333	1.536	1.244
TOTAL LETTERS	1.605	1.465	1.832	1.335	1.562	1.245
SINGLE-PIECE CARDS	1.543	1.465	1.611	1.337	1.581	1.246
PRESORTED CARDS	1.588	1.465	1.750	1.338	1.542	1.245
TOTAL CARDS	1.552	1.465	1.769	1.337	1.563	1.245
TOTAL FIRST-CLASS MAIL	1.603	1.465	1.831	1.335	1.562	1.245
PRIORITY MAIL	1.472	1.465	1.818	1.372	1.555	1.245
EXPRESS MAIL	1.516	1.465	1.828	1.397	1.544	1.244
MAILGRAMS	1.471	-	1.800	1.436	1.000	1.067
PERIODICALS: WITHIN COUNTY	1.498	-	1.000	1.341	1.573	1.247
PERIODICALS: OUTSIDE THE COUNT	1.539	1.464	1.545	1.334	1.569	1.246
TOTAL PERIODICALS	1.538	1.464	1.500	1.335	1.569	1.246
STANDARD: ENHANCED CARR. RTE.	1.574	1.464	1.333	1.339	1.553	1.245
STANDARD: REGULAR	1.590	1.464	1.500	1.330	1.539	1.244
TOTAL STANDARD MAIL	1.589	1.465	1.600	1.333	1.545	1.245
PACKAGE SERVICES: PARCELS	1.579	1.465	1.619	1.392	1.516	1.243
BOUND PRINTED MATTER	1.606	1.461	1.000	1.410	1.548	1.245
MEDIA MAIL	1.647	1.464	1.000	1.426	1.633	1.251
TOTAL PACKAGE SERVICES	1.595	1.465	1.609	1.404	1.528	1.244
US POSTAL SERVICE	1.576	1.464	1.600	1.331	1.567	1.246
FREE MAIL	1.632	-	-	1.337	1.553	1.245
INTERNATIONAL MAIL	1.527	1.465	1.828	1.367	1.527	1.244
TOTAL ALL MAIL	1.581	1.465	1.828	1.338	1.548	1.245
SPECIAL SERVICES: -REGISTRY	1.722	1.465	1.870	1.342	-	1.249
CERTIFIED	1.688	1.465	-	1.330	-	1.244
INSURANCE	1.391	1.465	-	1.331	-	1.244
C.O.D.	1.765	1.463	1.500	1.334	-	1.250
MONEY ORDERS	1.286	1.465	-	-	-	1.242
STAMPED ENVELOPES	1.266	1.464	-	-	-	-
SPECIAL HANDLING	3.314	1.458	-	-	-	-
POST OFFICE BOX	1.287	1.465	-	1.318	-	-
OTHER	1.840	1.465	1.545	1.313	-	1.200
TOTAL SPECIAL SERVICES	1.724	1.465	1.833	1.326	-	1.245
TOTAL VOLUME VARIABLE	1.583	1.465	1.828	1.337	1.548	1.245

Additional Piggyback Factors and Other Costs

Test Year Accounting and Auditing Piggyback Factor 1.529  
(Source: LR-J-52, page 66)

Test Year Window Service Piggyback Factor:  
    All subclasses & Spec. Ser. Except P.O. Box 1.465  
    All subclasses & Spec. Ser. Except P.O. Box,  
        excluding space related 1.264  
(Source: LR- J-52, page 35)

Test Year City Carrier Piggyback Factor,  
Using Total Special Services Costs:  
    Office 1.315  
    Street 1.330  
    Total 1.326  
(Source: LR- J-52, page 133R)

Test Year Cost per Square Foot:  
    Rent 9.02  
    Facility-Support 6.92  
    Total 15.95  
(Source: LR- J-52, page III-11)

DECLARATION

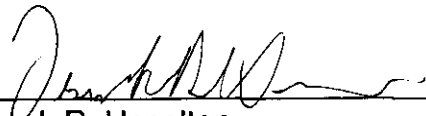
I, Marc A. Smith, hereby declare, under penalty of perjury, that the foregoing revisions submitted in further response to POIR No. 7, Question No. 6, are true to the best of my knowledge, information, and belief.

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

11/3/02  
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.

  
\_\_\_\_\_  
Frank R. Heselton

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January 3, 2002