

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, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF  
UNITED PARCEL SERVICE  
(UPS/USPS-22-26)

The United States Postal Service hereby provides responses to the following interrogatories of United Parcel Service: UPS/USPS-22-26, filed on August 27, 1997.

Each 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



Scott L. Reiter

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September 10, 1997

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF UNITED PARCEL SERVICE

**UPS/USPS-22.** Please refer to the response to interrogatory UPS/USPS-T-15-5 (redirected from Patelunas). Please describe whether and how different classes and/or subclasses of mail are or might be affected differently by the use of postal packs, and describe how the Postal Service has measured the cost effects described.

RESPONSE:

A special study would be needed to provide this information; no such study has been conducted.

RESPONSE OF THE U.S. POSTAL SERVICE TO INTERROGATORIES  
OF UNITED PARCEL SERVICE

**UPS/USPS-23.** Please indicate where in the filed testimony, workpapers, exhibits, and other supporting materials the costs of purchasing postal packs are reflected in test year costs, and identify the cost segment and component in which these costs are included. If postal packs are not specifically reflected and identified in the test year, please explain why.

RESPONSE:

The cost of postal packs is included in general ledger account 52106, component 184 (16.3.2), cost segment 16, along with other operating equipment and supplies. Actual costs for account 52106 and component 184 can be found on page 133 of LR H-9 and in Table A-1 in LR H-1. The estimated cost of component 184 (16.3.2) in the outyears can be found in the Witness Patelunas's exhibits USPS-15B (Fiscal Year 1997), USPS-15E (Test Year 1998 Before Rates) and USPS-15H (Test Year 1998 After Rates). The cost of postal packs is not specifically identified because Postal Service accounting records do not account for these costs separately.

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF UNITED PARCEL SERVICE

**UPS/USPS-24.** Please indicate whether, and in what proportion, the trays and sacks in postal packs contain parcels or other shapes of mail.

RESPONSE:

Postal Paks are used to transport trays, sacks, parcels, and other shapes of mail.

Generally, Postal Paks that contain trays and sacks do not contain parcels or other shapes of mail. We do not have data to indicate the proportion of contents in postal packs.

RESPONSE OF THE U.S. POSTAL SERVICE TO INTERROGATORIES  
OF UNITED PARCEL SERVICE

**UPS/USPS-25.** Please indicate where in the filed testimony, workpapers, exhibits, and other supporting materials the costs of IMHS are reflected in test year costs, and identify the cost segment and component in which these costs are included. If IMHS costs and cost savings are not specifically reflected and identified in the test year, please explain why.

RESPONSE:

The costs and savings of IMHS are included in several general ledger accounts, cost components, and cost segments along with other costs. The most significant costs associated with IMHS include equipment depreciation (general ledger account 54330, component 232, cost segment 20), and trays, pallets and other containers (general ledger account 52106, cost segment 16, component 184). The most significant savings are the personnel costs of mail handlers (cost segment 3). Actual costs for these segments and components can be found in LR H-9 and H-1. The estimated cost changes for FY 97 and the test year associated with programs which include IMHS can be found in Exhibits A-C of Library Reference H-10 and Chapter V, Sections a. and b. of Library Reference H-12. The estimated costs associated with programs which include IMHS can also be found in Witness Patelunas's exhibits USPS-15B (Fiscal Year 1997), USPS-15E (Test Year 1998 Before Rates) and USPS-15H (Test Year 1998 After Rates). The total cost of IMHS is not specifically identified because Postal Service accounting records do not account for these costs separately.

RESPONSE OF THE U.S. POSTAL SERVICE TO INTERROGATORIES  
OF UNITED PARCEL SERVICE

**UPS/USPS-26** Please describe how IMHS costs and cost savings are (a) calculated, and (b) allocated to classes and subclasses of mail.

RESPONSE:

(a) Please see my response to UPS/USPS-25. IMHS cost changes are calculated by the program manager as described on pages 3,4,8 and 9 of Library Reference H-10.

(b) To understand how IMHS costs and cost savings are distributed to classes of mail, please refer to the following sources:

1. Docket No. R94-1, USPS Library Reference G-5, Costs and Revenue/Roll Forward, Listings of Programs, Job Control Language, and Command Procedures,
2. Docket No. R97-1, Library Reference H-5, and
3. the testimony of Witness Patelunas, USPS-T-15, page 13 and for mail processing specific treatment, Appendix A .

## 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.

A handwritten signature in cursive script, appearing to read "Scott L. Reiter", is written above a horizontal line.

Scott L. Reiter

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