

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 WITNESS
ALEXANDROVICH TO INTERROGATORIES OF THE OFFICE OF THE
CONSUMER ADVOCATE REDIRECTED FROM WITNESS LION
(OCA/USPS-T24-66(a)-(c) and (f) AND 67)

The United States Postal Service hereby provides the responses of witness Alexandrovich to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T24-66(a)-(c) and (f) and 67 filed on August 27, 1997, and redirected from witness Lion.

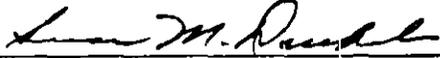
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


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September 10, 1997

Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of OCA
(Redirected from Witness Lion, USPS-T24)

OAC/USPS-T24-66. At page 20, line 12 of your testimony you state that labor costs relating to provision of post office box service do not vary with location.

- a. Please confirm that attributable costs of postmasters vary by CAG. If you do not confirm, please explain.
- b. Please confirm that the salaries of postmasters vary by CAG. If you do not confirm, please explain.
- c. Please confirm that attributable costs of clerks and mailhandlers vary by CAG (e.g., some CAGs have no clerks or mailhandlers). If you do not confirm, please explain. In any event, please provide a tabulation of total (i.e., not just post office box) FY 1996 Clerk/Mailhandler costs by CAG by subaccount (e.g., .104, .105, .107). See library reference H-1, Tables A-1, A-2.
- d. Please confirm that if fee group D were redefined as boxes at those CAGs that do not employ clerks and mailhandlers not in fee group E, labor costs would vary across fee groups. If you do not confirm, please explain.
- e. Please confirm that if fee group C were redefined as boxes at CAG A-D facilities not in fee groups A, B, or E and if fee group D were defined as boxes at CAG E-L facilities not in fee group E, then labor costs would vary across fee groups. If you do not confirm, please explain.
- f. Please confirm that costs allocated in proportion to clerk and mailhandler costs (e.g., supervisors) vary by CAG. If you do not confirm, please explain. In any event, please provide a tabulation of total (i.e., not just post office box) FY 1996 All Other costs by CAG by subaccount. See library reference H-1, Tables A-1, A-2.

Response to OAC/USPS-T24-66

- a. Not confirmed. Information on volume variable costs by CAG does not exist because volume variable costs are not developed by CAG.
- b. Confirmed. The postmaster salary schedule is based, in part, on the CAG level of the office.
- c. Not confirmed. It cannot be stated that the volume variable costs vary by CAG because volume variable costs are not developed by CAG.
Additionally, because volume variable costs are not developed by CAG,

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Response to OAC/USPS-T24-66 (cont.)

the data to produce the requested tabulation do not exist. Incidentally, the assertion that some CAGs have no clerks or mailhandlers is incorrect. In FY 1996, all CAGs, A through L, include at least some clerks. See Attachment 1 of the response to OCA/USPS-T5-11-13.

d. - e. Answered by witness Lion

f. Not confirmed. Assuming that your question refers to the process by which the distribution of volume variable supervisor costs is piggybacked on the volume variable costs of the underlying clerks and mailhandlers, the process has nothing to do with CAG level. In the "A file" of the CRA/Rollforward model, the distribution of supervisor costs relies on the distribution of the direct labor costs for the particular functions. In this example, the distribution of the supervisor costs for mail processing is piggybacked on the distribution of the clerk and mailhandler costs for mail processing. In any event, because neither the clerk and mailhandler volume variable costs nor the supervisor volume variable costs are developed and built-up from the CAG level, the data required to produce the requested tabulation by CAG does not exist.

Response of United States Postal Service Witness Alexandrovich
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OCA/USPS-T24-67. Please confirm that some facilities and some CAGs incur no Space Support costs (other than, perhaps, inspection service costs). If you do not confirm, please explain. In any event, please provide a tabulation of total (i.e., not just post office box) FY 1996 Space Support costs by CAG by subaccount (e.g., .121, .125, .171, .172) and account (e.g., 52101, 52102, 54142, 54143, etc.). See library reference H-1, Tables A-1, A-2.

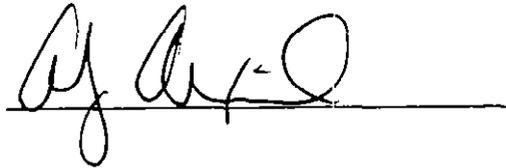
Response to OCA/USPS-T24-67

Not confirmed. Volume variable Space Support costs, as defined by witness Lion include: Cleaning and Protection, Plant and Building, Postal Inspection Service, Fuel and Utilities, Custodial and Building and Contract Cleaners. Some or all of these types of costs are incurred at each facility, and certainly all of them are incurred at the CAG level.

Additionally, all of the types of volume variable costs that comprise Space Support are PESSA costs that receive their distribution in the "B file" of the CRA/Rollforward model. The calculation of the volume variable portion of these costs occurs well after any CAG level detail has ceased to exist in the model. As such, the requested tabulation by CAG cannot be produced.

DECLARATION

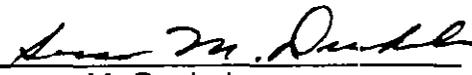
I, Joe Alexandrovich, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

A handwritten signature in black ink, appearing to read "Joe Alexandrovich", is written over a horizontal line.

Dated: 9/10/97

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.



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