

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0004

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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 PATELUNAS TO
INTERROGATORIES OF DOUGLAS F. CARLSON
(DFC/USPS-T15-1-4) AND MOTION FOR LATE ACCEPTANCE

The United States Postal Service hereby provides responses of witness Patelunas to the following interrogatories of Douglas F. Carlson: DFC/USPS-T15-1-4, filed on August 29, 1997. While these responses are being filed within 14 days of receipt by the Postal Service, and filing at the Postal Rate Commission, they were mailed to the Postal Service on August 25, 1997, more than 14 days ago. If these responses are therefore late, the Postal Service moves for late acceptance. The Postal Service is sending these responses by Express Mail to Douglas F. Carlson.

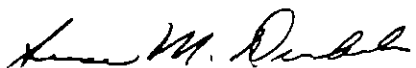
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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September 11, 1997

Response of United States Postal Service Witness Patelunas
to Interrogatories of
Douglas F. Carlson

DFC/USPS-T15-1

Please provide the Fiscal Year 1997 per-piece revenue and per-piece volume variable costs for stamped cards. Please specify whether these costs include the manufacturing costs of the cards.

DFC/USPS-T15-1 Response:

In the rollforward for Fiscal Year 1997, there are only costs for Single Piece Cards; there is no distinction between private post cards and stamped cards. USPS Exhibit-15D, page 15, shows the per-piece revenue and cost for single piece cards for Fiscal Year 1997. The manufacturing costs of stamped cards is included in the unit cost shown in USPS Exhibit-15D. The Test Year 1998 Before Rates costs for Single Piece Cards without manufacturing costs is presented in Appendix D to my testimony.

Response of United States Postal Service Witness Patelunas
to Interrogatories of
Douglas F. Carlson

DFC/USPS-T15-2

Please provide the Test Year 1998 per-piece revenue and per-piece volume variable costs for stamped cards. Please specify whether these costs include the manufacturing costs of the cards.

DFC/USPS-T15-2 Response:

In Test Year 1998, there are only costs for Single Piece Cards; there is no distinction between private post cards and stamped cards. USPS Exhibit-15G, page 15, shows the per-piece revenue and cost for single piece cards for Test Year 1998 at current rates. USPS Exhibit-15J, page 15, shows the per-piece revenue and cost for single piece cards for Test Year 1998 at proposed rates. The manufacturing costs of stamped cards is included in the unit costs shown in USPS Exhibits 15G and 15J. The Single Piece Card Test Year 1998 Before Rates costs without the manufacturing costs is presented in Appendix D of my testimony.

Response of United States Postal Service Witness Patelunas
to Interrogatories of
Douglas F. Carlson

DFC/USPS-T15-3

Please provide the Test Year 1998 per-piece revenue and per-piece volume variable costs for return receipt and return receipt for merchandise. Also, please provide a citation to the precise location in your testimony where this information is located.

DFC/USPS-T15-3 Response:

The per-piece revenue for return receipt is included in the revenue of the special service to which the return receipt was attached: certified, registered, insured, or COD. The per-piece revenue for return receipt for merchandise is included in the revenue for certified mail.

It is not possible to isolate the per-piece volume variable costs for return receipt and return receipt for merchandise. See my Docket No. MC96-3 response to Presiding Officer's Information Request No. 4, Question 16 b.

Response of United States Postal Service Witness Patelunas
to Interrogatories of
Douglas F. Carlson

DFC/USPS-T15-4

Please explain, with references to your testimony, all reasons why First-Class Mail single-piece cards have a lower volume-variable cost than First-Class Mail letters. Are there any reasons why, or cost segments in which, First-Class Mail single-piece cards have higher volume-variable costs than First-Class Mail letters? If yes, please explain.

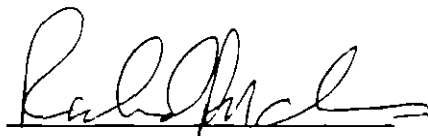
DFC/USPS-T15-4 Response:

I'm not sure what you mean when you say "with references to your testimony" because my testimony does not project the volume variable cost of First Class Mail letters. Rather, the first line of the First Class Mail category is "Letters and Parcels." As such, it is understandable that First Class Mail "Letters and Parcels" are more costly to process and deliver than Single Piece Cards. Please refer to page 15 of my Exhibit USPS-15J, Test Year 1998 costs at proposed rates. Nonpresort Letters and Parcels have a per piece weight of .7 ounces and nonpresort Single Piece Cards have a per piece weight of .1 ounces. With this in mind, the former category is heavier and in all likelihood, more costly to handle. Additionally, even if the first line of the First Class Mail category was for letters only and did not include the more costly parcels, the above discussion would apply because letters by themselves weigh more than cards. I think the above discussion provides the most fundamental reason for this cost relationship and it holds throughout the segments and components.

No, there are no segments in which in which First-Class Mail single-piece cards have higher volume-variable costs than First-Class Mail letters."

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: 9/11/97

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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