

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

SECOND REVISED RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS
PATELUNAS TO INTERROGATORY OF THE OFFICE OF THE CONSUMER
ADVOCATE REDIRECTED FROM WITNESS LION
(OCA/USPS-T24-25)

The United States Postal Service hereby provides the second revised response of witness Patelunas to the following interrogatory of the Office of the Consumer Advocate: OCA/USPS-T24-25, filed on July 25, 1997, and redirected from witness Lion. The original response was filed on August 8, 1997 and the initial revised response was filed on August 20, 1997.


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



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September 19, 1997

OCA/USPS-T24-25. Please refer to your testimony at page 20, line 7, and the following table, which shows the development of attributable costs for the "All Other" category.

DETAIL FOR "ALL OTHER" CATEGORY
TYBR 98

COST SEGMENT	ACCRUED COSTS (\$1,000)	ATTRIBUTABLE TO PO BOXES (\$1,000)
	[1]	[2]
C/S 1	1,714,555 1/	\$3,183 1/
C/S 2	\$3,514,728 1/	\$7,531 1/
C/S 3	\$17,707,467 1/	\$71,527 1/
C/S 4	\$10,053 1/	\$0
C/S 6&7	\$11,987,730 1/	\$353 1/
C/S 8	\$452,791 1/	\$0
C/S 9	\$115,083 2/	\$0
C/S 10	\$3,730,577 2/	\$0
C/S 11	\$1,065,756 3/	\$0
C/S 12	\$648,559 2/	\$0
C/S 13	\$291,673 2/	\$0
C/S 14	\$4,364,702 2/	\$0
C/S 15	\$423,682 4/	\$0
C/S 16	\$2,121,647 5/	\$0
C/S 17	\$57,201 6/	\$0
C/S 18	\$4,235,424 7/	\$14,550 8/
C/S 19	\$38,973 9/	\$0
C/S 20	<u>\$3,211,638</u> 10/	<u>\$7,431</u> 11/
SUBTOTAL	\$55,692,237	\$104,575
TOTAL	ALL C/S \$60,766,222 12/	

NOTES AND SOURCES

- 1/ USPS-T-15. WP E. Table D, at 2.
- 2/ USPS-T-15. WP E. Table D, at 4.
- 3/ USPS-T-15. WP E. Table D, at 36.
- 4/ USPS-T-15. WP E. Table D, at 48.
- 5/ \$2,121,647 = \$3,529,646 - \$1,407,999 USPS-T-15, WP E Table D, at 52 & 54.
- 6/ USPS-T-15. WP E, Table D, at 6.

Response of United States Postal Service Witness Patelunas
to Interrogatories of
Office of Consumer Advocate
(Redirected from Witness Lion, USPS-T24)

Revised
9/19/97

OCA/USPS-T24-25 continued:

- 7/ \$4,235,424 = \$4,595,701 - \$360,277 USPS-T-15, WP E, Table D, at 56 & 64.
- 8/ \$14,550 = \$21,804 - \$7,254 USPS-T-15, WP E Table D, at 56 & 64.
- 9/ USPS-T-15, WP E, Table D, at B.
- 10/ \$3,211,638 = \$4,155,532 - (\$581,680 + \$362,214) USPS-T-15, WP E, Table C, at 32, and Table D, at 66 & 68.
- 11/ USPS-T-15, WP E, Table C, at 32.
- 12/ USPS-T-15, WP E, Table D, at 8.

a. Please confirm that the figures in column [1] are correct. If you do not confirm, please explain and provide the correct figures. Please show all calculations and provide citations to any figures used.

b. Please confirm that the figures in column [2] are correct. If you do not confirm, please explain and provide the correct figures. Please show all calculations and provide citations to any figures used.

c. Please refer to the "Notes and Sources." Please confirm that the citations, and calculation of figures based upon those citations, in the "Notes and Sources" accompanying the table above are correct. If you do not confirm, please explain and provide the correct citations and figures. Please show all calculations and provide citations to any figures used.

OCA/USPS-T24-25 Response:

a. Part a is confirmed.

b. Part b is not confirmed. I misunderstood the question when I originally responded. I interpreted the question as asking me to confirm that the amounts accompanied by a footnote could be found on the pages cited in the "Notes and Sources" section and that is what I did. I should have verified that not only could the amounts be found on the cited pages, but also that these were indeed the correct amounts of Post Office Box volume variable costs. There are two amounts in column [2] that are not correct amounts to use in this calculation: C/S 12 should be \$3 and C/S 20 should be \$7,432. As such, these two amounts are not confirmed.

Response of United States Postal Service Witness Patelunas Revised
to Interrogatories of 9/19/97
Office of Consumer Advocate
(Redirected from Witness Lion, USPS-T24)

OCA/USPS-T24-25 Response continued:

In an effort to clarify the confusion this has caused, I am providing Attachment I to this response. Attachment I shows the detail and sources of the underlying Space Provision, Space Support and All Other costs for Test Year 1998 for both Before Rates and After Rates. Using the three categories as defined by Witness Lion, USPS-T-24, page 1 displays the detail for the Space Support and Space Provision categories, page 2 displays the detail for the All Other category for Before Rates and page 3 displays the detail for the All Other category for After Rates.

c. Part c is confirmed.

DEVELOPMENT OF TY98 ACCRUED AND VOLUME
 VARIABLE COSTS FOR SPACE SUPPORT, SPACE
 PROVISION AND ALL OTHER COST CATEGORIES FOR POST
 OFFICE BOXES

COST CATEGORY	COST SEGMENT AND COMPONENT	TYBR98 ACCRUED AND VOLUME VARIABLE COSTS 1/		TYAR98 ACCRUED AND VOLUME VARIABLE COSTS 2/	
		TOTAL ACCRUED (\$1,000)	VOLUME VARIABLE TO POST OFFICE BOXES (\$1,000)	TOTAL ACCRUED (\$1,000)	VOLUME VARIABLE TO POST OFFICE BOXES (\$1,000)
SPACE SUPPORT	C/S 11.1.1 CLEANING & PROTECTION	\$802,065	\$70,977	\$802,065	\$70,696
	C/S 11.1.2 CONTRACT CLEANERS	\$53,401	\$4,726	\$53,401	\$4,707
	C/S 11.3 PLANT & BUILDING EQUIP MAINT	\$389,346	\$34,454	\$389,346	\$34,318
	C/S 15.2 BUILDING OCCUPANCY, FUEL & UTILITIES	\$428,502	\$37,919	\$428,502	\$37,769
	C/S 16.3.1 CUSTODIAL & BUILDING	\$1,407,999	\$124,598	\$1,407,999	\$124,105
	C/S 18.1.2 POSTAL INSPECTION SERVICE	\$360,277	\$7,254	\$360,277	\$7,226
	TOTAL SPACE SUPPORT	\$3,441,590	\$279,928	\$3,441,590	\$278,821
SPACE PROVISION	C/S 16.1 BUILDING OCCUPANCY, RENTS	\$688,501	\$111,399	\$688,501	\$111,071
	C/S 18.2.5 (FY94) C/S 20.5 (FY96) INTEREST EXPENSE - BLDG & LEASEHOLD (COMPONENT 215) 4/	\$362,214	\$17,712	\$306,214	\$14,930
	C/S 20.3 BLDG & LEASEHOLD DEPRECIATION	\$581,680	\$94,115	\$581,680	\$93,838
	TOTAL SPACE PROVISION	\$1,632,395	\$223,226	\$1,576,395	\$219,839
ALL OTHER	TOTAL ALL OTHER 3/	\$55,692,237	\$104,579	\$55,672,136	\$91,293
TOTAL		\$60,766,222	\$607,733	\$60,690,121	\$589,953

NOTES AND SOURCES

- 1/ USPS-T-15, Exhibit E, for the cost segments (C/S) listed
- 2/ USPS-T-15, Exhibit H, for the cost segments (C/S) listed.
- 3/ See Sheets "BR AO Detail" and "AR AO Detail" for development of All Other costs in the test year before rates and the test year after rates, respectively.
- 4/ USPS-T-15, WP E for Before Rates or WP G for After Rates, Table C at 32

DETAIL FOR "ALL OTHER" CATEGORY
TYBR 98

COST SEGMENT	TOTAL ACCRUED COSTS (\$1,000)	VOLUME VARIABLE TO PO BOXES (\$1,000)
C/S 1	\$1,714,555 1/	\$3,183 1/
C/S 2	\$3,514,726 1/	\$7,531 1/
C/S 3	\$17,707,467 1/	\$71,527 1/
C/S 4	\$10,053 1/	\$0 1/
C/S 6&7	\$11,987,730 1/	\$353 1/
C/S 8	\$452,791 1/	\$0 1/
C/S 9	\$115,083 2/	\$0 2/
C/S 10	\$3,730,577 2/	\$0 2/
C/S 11	\$1,065,756 3/	\$0 3/
C/S 12	\$648,559 2/	\$3 2/
C/S 13	\$291,673 2/	\$0 2/
C/S 14	\$4,364,702 2/	\$0 2/
C/S 15	\$423,682 4/	\$0 4/
C/S 16	\$2,121,647 5/	\$0 5/
C/S 17	\$57,201 6/	\$0 6/
C/S 18	\$4,235,424 7/	\$14,550 8/
C/S 19	\$38,973 9/	\$0 9/
C/S 20	\$3,211,638 10/	\$7,432 11/
SUBTOTAL	\$55,692,237	\$104,579
TOTAL ALL C/S	\$60,766,222	

NOTES AND SOURCES

- 1/ USPS-T-15, Exhibit E, at 2.
2/ USPS-T-15, Exhibit E, at 4.
3/ USPS-T-15, Exhibit E, at 36.
4/ USPS-T-15, Exhibit E, at 48.
5/ \$2,121,647 USPS-T-15, Exhibit E, at 52 & 54.
6/ USPS-T-15, Exhibit E, at 6.
7/ \$4,235,424 USPS-T-15, Exhibit E, at 56 & 64.
8/ \$14,550 USPS-T-15, Exhibit E, at 56 & 64.
9/ USPS-T-15, Exhibit E, at 8.
10/ \$3,211,638 USPS-T-15, Exhibit E, at 66 & 68.
11/ \$7,432 USPS-T-15, Exhibit E, at 66 & 68.

DETAIL FOR "ALL OTHER" CATEGORY
TYAR 98

COST SEGMENT	TOTAL ACCRUED COSTS (\$1,000)	VOLUME VARIABLE TO PO BOXES (\$1,000)
C/S 1	\$1,712,615 1/	\$2,721 1/
C/S 2	\$3,517,945 1/	\$6,465 1/
C/S 3	\$17,759,605 1/	\$61,217 1/
C/S 4	\$10,073 1/	\$0 1/
C/S 6&7	\$11,960,532 1/	\$302 1/
C/S 8	\$448,972 1/	\$0 1/
C/S 9	\$114,111 2/	\$0 2/
C/S 10	\$3,721,604 2/	\$0 2/
C/S 11	\$1,070,905 3/	\$0 3/
C/S 12	\$647,994 2/	\$3 2/
C/S 13	\$291,625 2/	\$0 2/
C/S 14	\$4,326,522 2/	\$0 2/
C/S 15	\$423,682 4/	\$0 4/
C/S 16	\$2,123,396 5/	\$0 5/
C/S 17	\$57,201 6/	\$0 6/
C/S 18	\$4,235,424 7/	\$13,625 8/
C/S 19	\$38,973 9/	\$0 9/
C/S 20	\$3,210,957 10/	\$6,960 11/
SUBTOTAL	<u>\$55,672,136</u>	<u>\$91,293</u>
TOTAL ALL C/S	\$60,690,121	

NOTES AND SOURCES

1/ USPS-T-15, Exhibit H, at 2.
2/ USPS-T-15, Exhibit H, at 4.
3/ USPS-T-15, Exhibit H, at 36.
4/ USPS-T-15, Exhibit H, at 48.
5/ \$2,123,396 USPS-T-15, Exhibit H, at 52 & 54.
6/ USPS-T-15, Exhibit H, at 6.
7/ \$4,235,424 USPS-T-15, Exhibit H, at 56 & 64.
8/ \$13,625 USPS-T-15, Exhibit H, at 56 & 64.
9/ USPS-T-15, Exhibit H, at 8.
10/ \$3,210,957 USPS-T-15, Exhibit H, at 66 & 68.
11/ \$6,960 USPS-T-15, Exhibit H, at 66 & 68.

DECLARATION

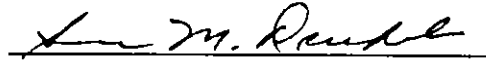
I, Richard Patelunas, declare under penalty of perjury that the foregoing answers to interrogatories are true and correct to the best of my knowledge, information, and belief.

Richard Patelunas

Dated: 9/19/97

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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September 19, 1997