

DOCKET SECTION

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

RECEIVED

POSTAL RATE COMMISSION
REGULATORY SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS PATELUNAS TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T15-17 AND 18)

The United States Postal Service hereby provides the responses of witness Patelunas to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T15-17 and 18, filed on September 11, 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



Susan M. Duchek

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September 25, 1997

Response of United States Postal Service Witness Patelunas
to Interrogatories of
Office of the Consumer Advocate

OCA/USPS-T15-17. Please refer to your response to OCA/USPS-T24-60b, redirected to you by Witness Lion.

a. Confirm that, in the rollforward model, you used growth factors from the Base Year (BY) 1996 to the TY98AR to inflate post office boxes installed and in use. If you do not confirm, please explain. Please show the derivation of the growth factors, and provide citations to any figures used.

b. Please list, and provide citations to, all cost components to which the growth factors referred to in part a. above were applied.

OCA/USPS-T15-17 Response:

a. Part a. is confirmed. The growth factors used in the rollforward model were from an early forecast based on the Docket No. MC96-3 Recommended Decision and preliminary FY 1997 RPW data.

b. See Attachment I to my response to OCA/USPS-T15-14.

Response of United States Postal Service Witness Patelunas
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OCA/USPS-T15-18. The following interrogatory relates to systemwide labor costs.

- a. Please provide, and show the derivation of, the total amount of labor costs for the Postal Service in the TYBR. Please provide citations to any figures used.
- b. Please provide, and show the derivation of, the total amount of labor costs for the Postal Service as a percent of total TYBR attributable costs. Please provide citations to any figures used.
- c. Please provide a list of the Cost Segments and Components that are used to develop the total amount of labor costs for the Postal Service in TYBR.

OCA/USPS-T15-18 Response:

- a. In your question, I understand "labor costs for the Postal Service" to be the sum of the salaries paid to Postal employees. The best way to answer this question is to examine the All Salaries Key (Component 526) in the Postal Service's cost model. For TYBR, the total expenses in Component 526 are \$42,564,234. Component 526 is the summation of the 92 different salary components in the cost model and member B of any of the control files in the CRA/Rollforward model shows the control strings that control the components and the summation process. For example, the all salaries calculation for the base year can be seen on pages 59-61 of USPS Library Reference H-4.

The derivation of the 92 individual components that make-up component 526 has to be seen through the development provided in my workpapers WP-A through WP-G. These workpapers are formatted on a component by component basis showing the costs for all the classes, subclasses and special services. Additionally, each of the six steps of the rollforward, the development of the PESSA factors and the distribution of the PESSA costs are shown individually to enable one to follow the derivation step-by-step. I cannot provide a simpler system to show the derivation of the TYBR labor costs than that provided in my workpapers.

Response of United States Postal Service Witness Patelunas
to Interrogatories of
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OCA/USPS-T15-18 Response continued:

- b. The calculation can be accomplished by dividing the total salaries amount in component 526 into the total volume variable costs in the "D file" of the TYBR rollforward. Thus, divide the Component 526 amount of \$42,564,234 from part a. of this response into the TYBR Volume Variability Total Including Contingency amount of \$34,679,376 from my Exhibit USPS-15F.
- c. Please see the 92 components that make up component 526 as was discussed in part a. of this response.

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: 9/25/97

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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