

DOCKET SECTION

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 INTERROGATORY OF MAJOR MAILERS ASSOCIATION
(MMA/USPS-T5-8)

The United States Postal Service hereby provides the response of witness Alexandrovich to the following interrogatory of Major Mailers Association: MMA/USPS-T5-8, filed on September 16, 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

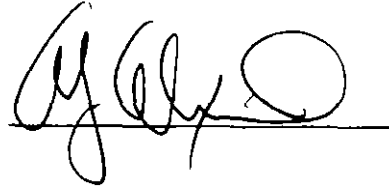


Susan M. Duchek

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2990; Fax -5402
September 30, 1997

DECLARATION

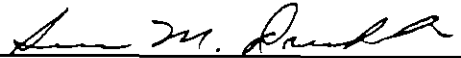
I, Joe Alexandrovich, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

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

Dated: 9/30/97

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.



Susan M. Duchek

475 L'Enfant Plaza West, S.W.
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Response of United States Postal Service Witness Alexandrovich
to
Interrogatories of MMA

MMA/USPS-T5-8. In your response to DMA/USPS-T4-27 you indicate that the calculations for the peak load adjustments have been modified in this proceeding from those similar calculations in previous dockets since Docket No. R87-1 "to be consistent with the testimonies of witnesses Bradley, USPS-T14 and Degen, USPS-T12."

- a. Please confirm that the calculations have been modified to reflect the proposed Postal Service's position that labor processing costs are not 100% variable. If you cannot confirm, please explain.
- b. Do you agree that the impact of the peak load cost adjustment is smaller because of the position referred to in paragraph (a)? If not, please explain.
- c. Please explain how an intervenor in this proceeding can derive comparable peak load adjustments for First-Class Mail and Standard (A) mail under the assumption that labor processing costs are 100 percent variable?
- d. Please provide the peak load cost adjustments for First-Class and Standard (A) mail under the assumption that labor processing costs are 100% variable. (footnote omitted)

Response to MMA/USPS-T5-8

- a. Confirmed.
- b. Yes.
- c. My response to OCA/USPS-T12-61 describing the premium pay adjustment provides the information needed. It is the first step which needs to be modified, to recalculate the amount of the non-BMC volume variable night-shift differential and Sunday premium pay to be redistributed, using 100 percent volume variability. Total night shift differential and Sunday premium pay are shown in my Workpaper B-3, W/S 3.0.13, line 5. The percentages of these costs which are volume variable non-BMC mail processing, is given at line 6. As indicated in my

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Interrogatories of MMA

Response to MMA/USPS-T5-8 (cont.)

response, these percentages are derived as follows. LR-H-146, page V-14, shows the percentage of clerk and mailhandler direct tallies involving night-shift differential premium pay which is for mail processing at non-BMCs to be 96.31. When multiplied times the average mail processing labor variability for MODS 1 & 2 operations of 76.5 (see witness Degen, USPS-T-12, Table 4) this provides 73.68 percent as shown at page V-14. Using 100 percent in this calculation in place of 76.5 percent results in 96.31 percent. Similarly, the Sunday premium pay percentage in line 6 of W/S 3.0.13 can be modified in the same manner. That is, the calculation shown in LR-H-146, page V-17, shows the percentage of clerk and mailhandler direct tallies involving Sunday premium pay which is for mail processing at non-BMCs to be 92.35. Instead of multiplying times the average mail processing labor variability for MODS 1 & 2 operations of 76.5 (see witness Degen, USPS-T-12, Table 4), multiply by 100 percent. This results in 92.35 percent. Using these percentages for line 6 will result in larger volume variable non-BMC night shift differential and Sunday premium pay in line 7. This is the amount of premium pay which needs to be redistributed as described in my response.

- d. This calculation can be done as indicated in subpart c.