

DOCKET SECTION

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-9000

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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
INTERROGATORY OF UNITED PARCEL SERVICE REDIRECTED FROM WITNESS
HATFIELD
(UPS/USPS-T16-36)

The United States Postal Service hereby provides the response of witness Patelunas to the following interrogatory of United Parcel Service: UPS/USPS-T16-36, filed on September 30, 1997 and redirected from witness Hatfield.

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

Response of United States Postal Service Witness Patelunas
to Interrogatories of
United Parcel Service
(Redirected from Witness Hatfield, USPS-T16)

UPS/USPS-T16-36

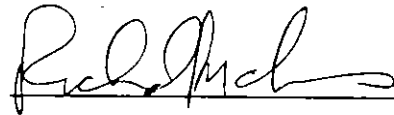
Please refer to page 12 of Appendix I of your testimony. In general, provide all reasons why you believe that Highway service costs decrease 3.27% from the Base Year to the Test Year.

UPS/USPS-T16-36 Response:

Assuming that "Highway service costs" refers to Purchased Highway Transportation, component 143 in Cost Segment 14 in the Postal Service's cost model is the component to examine. All of the detail by class and subclass of mail for each of the rollforward effects: cost level, mail volume, nonvolume, additional workday, cost reductions and other programs can be found in the following workpapers that accompany my testimony: USPS-T15 WP-A (Fiscal Year 1997 development), and following through to workpaper WP-D (Test Year 1998 Before Rates development). Each of the listed rollforward effects is a result of the factors found in my Exhibit USPS-15A and the cover page to that exhibit shows the sources for these factors. Thus, the mechanics of why the "highway service costs" change can be seen on a class and subclass of mail level in my workpapers and the reasons why the factors were developed as they were can be found in the sources listed in my Exhibit USPS-15A.

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 cursive script, appearing to read "Richard Patelunas", 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

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Washington, D.C. 20260-1137
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