

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

POSTAL RATE AND FEE CHANGES
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

RESPONSES OF POSTAL SERVICE WITNESS ELIANE VAN-TY-SMITH
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T11-1-3)
(May 10, 2005)

The United States Postal Service hereby responds to the above-listed interrogatories of the Office of the Consumer Advocate, filed on April 26, 2005. The interrogatories are stated verbatim and are followed by the response.

Respectfully submitted,
UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSES OF POSTAL SERVICE WITNESS VAN-TY-SMITH
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OCA/USPS-T11-1.

The following interrogatory refers to your testimony at page 8, lines 5 through 9, and Table 1 (pages 32 and 33), of your Attachment "BY 04 Cost Segment 3 Clerk and Mailhandler Cost Pools."

- a. If the "Pool Volume-Variable Factor[s]" were to differ from those shown in Table 1, would one replace the former factor with the new factor? If not, please explain how the new factor would be incorporated into the data.
- b. Referring to part a of this interrogatory, would one multiply the "Pool Total Costs" by the new "Pool Volume-Variable Factor" to yield an updated "Pool Volume-Variable Cost?" If not, please explain fully and provide the specific steps needed to manually recalculate the "Pool Volume-Variable Cost."

RESPONSE:

In providing the responses to a) and b), I am assuming that instead of page 8, lines 5 through 9, you mean page 8, lines 1 through 5.

- a. Yes, provided that an alternative method to derive the volume-variability factor is consistent with the volume-variability/distribution key methodology described in LR-K-1 Appendix H, and also in Dr Christensen's testimony from R97-1, at Tr. 34/18217-18227.
- b. Yes.

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OCA/USPS-T11-2.

The following interrogatory refers to Table 3, "BY04 Mail Processing Volume-Variable Costs - Plants Group," of your testimony.

- a. If a volume-variable cost calculated in Table 1, "BY 04 Cost Segment 3 Clerk and Mailhandler Cost Pools," changed, would each percentage shown for each class and subclass as "Col. Pct" remain the same — i.e. MODS 11 BCS/902, Letters-Single Piece, Col. Pct. = 48.85? If not, please explain fully and provide the derivation of all calculated values shown in Table 3, "BY04 Mail Processing Volume-Variable Costs – Plants Group), cite all source documents relied upon and provide copies of source documents not previously provided in this docket.
- b. Please refer to the "Col. Pct" values by mail class by cost pool. Do the "Col. Pct" values remain the same if the PRC total volume variable costs change? If not, please explain fully and provide the derivation of all calculated values, cite all sources relied upon, and provide copies of source documents not previously provided in this docket.

RESPONSE:

- a. Yes, assuming that the distribution keys were calculated using the volume-variability/distribution key methodology referred in the response to Q. 1a.
- b. Yes. (The PRC total volume-variable costs are not an input into Table 3. For the PRC version of Table 3, see USPS-LR-100 Part II.)

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OCA/USPS-T11-3.

The following interrogatory refers to Table 5.1, “BY 04 Subclass Volume-Variable Costs by Subgroups of Cost Pools, USPS and PRC Versions – Plants.”

- a. Assume that the “Pool Volume-Variable Factor[s]” provided in Table 1, “BY 04 Cost Segment 3 Clerk and Mailhandler Cost Pools,” changed for the USPS data. Further assume that the “Col. Pct[s]” referred to in Table 3, “BY04 Mail Processing Volume-Variable Costs – Plants Group” remained the same. Would the new USPS calculated value(s) be summed and reflected in an updated Table 5.1, Total for Plants – USPS column? If not, please explain fully.
- b. Please refer to part a of this interrogatory. Once the new “Total For Plants” by subclass volume variable costs were calculated, would the updated values be used in witness Meehan’s Base Year, Workpaper B, “WS 3.1.1a Development of Mail Processing Intermediate Cost Distribution?” If not, please explain fully.
- c. Please refer to the column labeled “Total for Plants,” column labeled “PRC.” If the PRC Base Year was re-run, would the revised values in the PRC column, be used in witness Meehan’s Base Year, Workpaper B, “WS 3.1.1a Development of Mail Processing Intermediate Cost Distribution” to produce a PRC version of WS 3.1.1a? If not, please explain where the revised PRC values would be incorporated into the Workpaper B provided by witness Meehan for the Base Year.

RESPONSE:

- a. Yes, under the assumptions given in the responses to Q.1a and Q.2a.
- b. Yes.
- c. No. They would be used in the PRC version of the Workpaper B, in WS 3.1.1a of cs03.xl of LR-K-93 (Witness Meehan does not sponsor LR-K-93).

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

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