

Before The  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

Postal Rate and Fee Changes, 2005 )

Docket No. R2005-1

OFFICE OF THE CONSUMER ADVOCATE  
INTERROGATORIES TO UNITED STATES POSTAL SERVICE  
WITNESS WILLIAM P. TAYMAN, JR. (OCA/USPS-T6-38-41)  
(June 10, 2005)

Pursuant to Rules 25 through 28 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatory OCA/USPS-T1-1, dated April 12, 2005, are hereby incorporated by reference.

Respectfully submitted,

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OCA/USPS-T6-38. Please refer to your response to OCA/USPS-T6-15. Your response indicates that, in addition to appropriations, property transfers to and from the Postal Service are included in the \$1,348.207 million difference between the initial Postal Service equity of \$1,685,717 million and “Cumulative Net Income “of \$2,540.712 million.

a. Please list the types of properties involved in the transfers to which you are referring (for instance: real, intellectual or plant and equipment).

b. Please confirm that the initial equity position of the USPS in 1971 was \$1,685.717 million. If you are unable to confirm, please explain.

c. Please specifically identify, by type, the amount of each type of property included in the original \$1.685.717 million equity position. For example: real property, plant and equipment, cash, good will, or intellectual property. In your response, please cite your sources.

d. Please provide a break-out of the amount of net property transfers included in the Postal Service’s equity in your Exhibit No. USPS 6I that are related to property used to provide domestic postal services.

e. By year, for FY 1972 through FY 2004, please identify the type and amount of “property transfers” to the Postal Service included in the \$1,348.207 million referred to above. Please cite all sources and provide the derivation of all calculated values. Include in your response the annual amount of gain or loss the Postal Service recognized as a result of the property being transferred to the Postal Service.

f. By year, for FY 1972 through FY 2004, please identify the amount of property transferred from the Postal Service included in the \$1,348.207 million referred to above. Please cite all sources and provide the derivation of all calculated values. Include in your response the annual amount of gain or loss by year as a result of the property transferred from the Postal Service.

OCA/USPS-T6-39. Please refer to your response to OCA/USPS-T6-15. Are any items other than the net of property transfers, appropriations and accumulated net income included in the \$1,348.207 million difference between the initial equity position of the Postal Service and the sum of accumulated net income and appropriations as shown on your Exhibit No. USPS 6I? If so, please provide a description of the items and the amounts, by year, from FY 1972 through FY 2004.

OCA/USPS-T6-40. Please refer to your response to OCA/USPS-T6-17 in which you indicate the cost of land has not been included in the revenue requirement.

a. Is the cost of land ever included in the revenue requirement? If so, please explain.

b. Are any costs associated with the cost of land included in the revenue requirement, such as the interest on debt used to purchase land or the payments to repay debt incurred to purchase land? If so, please explain your statement that the cost of land has not been included in the revenue requirement.

OCA/USPS-T6-41. Please refer to your response to OCA/USPS-T6-17 in which you refer to land investment costs and the Postal Service's increased investment in land since 1971 and state, "Accordingly, it is appropriate for the Postal Service to maintain cumulative net income."

a. The accumulated net income or loss of the Postal Service does not appear to bear a relationship to the Postal Service's land investment. Please explain the relationship.

b. What is basis for determining the amount of cumulative net income to be maintained?

c. Is there any maximum amount of cumulative net income appropriate for the Postal Service? If so, is \$5 billion an appropriate maximum cumulative net income? Is \$50 billion an appropriate maximum cumulative net income? If so, please explain and indicate what that amount may be.

d. Please explain why the Postal Service's maintaining a cumulative net income is consistent with a policy for the Postal Service that revenue from postal rates and fees plus appropriations equal the costs of the Postal Service.