

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-T6-42-44)
(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,

SHELLEY S. DREIFUSS
Director
Office of the Consumer Advocate

KENNETH E. RICHARDSON
Attorney

1333 H Street, N.W.
Washington, D.C. 20268-0001
(202) 789-6830; Fax (202) 789-6819
e-mail: richardsonke@prc.gov

OCA/USPS-T6-42. Your testimony at page 16 states, "In FY 2006, if rates were not to change, the Postal Service expects that it would need to borrow money to fund the escrow provision."

a. Based on your response to OCA/USPS-T6-33, and considering the Postal Service's earnings as of April 30 of \$2,025.3 millions for FY 2005, please confirm that even if the Postal Service rates do not change in FY 2006, borrowing would occur only in the very last days of the fiscal year, and probably only the last day or two of the fiscal year or on September 30, 2006, in order to fund the escrow amount. If you do not confirm, please explain.

b. Based on the Postal Service's earning to date in FY 2005, please state the amount of money, if any, the Postal Service would need to borrow in the last days of September 2006 if the proposed rate change does not become effective during FY 2006. Please provide your calculations and citations supporting your response.

c. Your response to OCA/USPS-T6-33 states the Postal Service filing anticipates an FY 2005 net income of over \$1.6 billion. As of April 30, 2005, the Postal Service's Financial and Operating Statement indicates actual earnings of \$2,025.3 millions. What amount of net income in FY 2005 will be necessary to avoid borrowing funds in FY 2006, if the Postal Service rates do not change in FY 2006.

OCA/USPS-T6-43. Please refer to USPS-LR-K 50 at page 256 to which you referred in response to OCA/USPS-T6-26. The statement of cash flow indicates

for FY 2005 a payment of debt of \$800 million when the beginning debt balance was \$1.8 billion.

- a. When was this cash flow statement originally prepared?
- b. Please explain why that cash flow statement does not project a debt payment of \$1.8 billion to pay off the entire debt which is what actually occurred early in FY 2005.

OCA/USPS-T6-44. Please confirm that your testimony at page 16, lines 27-29, stating, "If borrowing were used to fund the escrow, we would likely exceed the annual borrowing limit of \$3 billion in FY 2007" is based on the assumption that rates would not increase in either FY 2006 or FY 2007 and that it does not apply if rates did not increase in FY 2006 but did increase in FY 2007 pursuant to a rate proceeding. If you do not confirm, please explain.