

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

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE
[OCA/USPS-T27-1]

The United States Postal Service hereby provides the response of witness Robinson to the above-listed interrogatory of the Office of the Consumer Advocate, filed on June 10, 2005. 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

Michael T. Tidwell

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2998, Fax -5402
Michael.t.tidwell@usps.gov
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**RESPONSE OF USPS WITNESS ROBINSON TO INTERROGATORY
OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-T27-1. Please refer to your testimony at page 17, lines 3 and 4, regarding the cost coverage of 102.8 percent for Registered Mail, and Exhibit USPS-27F, at page 6.

- a. Since the Before Rates cost per piece is calculated to be \$11.24 (see OCA interrogatory to witness Waterbury, OCA/USPS-T10-7), based upon the PRC version of costs, please confirm that the Before Rates cost coverage for Registered Mail is 93.9 percent ($\$10.55 / \11.24). If you do not confirm, please explain and provide the correct percent.
- b. Please confirm that a cost coverage of 102.8 percent applied to the After Rates cost per piece of \$11.34 (see OCA interrogatory to witness Waterbury, OCA/USPS-T10-7), based upon the PRC version of costs, would result in an After Rates revenue per piece of \$11.65 ($\$11.34 * 1.028$). If you do not confirm, please explain and provide the correct figure.
- c. Based upon the PRC version of costs, please confirm that an After Rates revenue per piece of \$11.65 represents an After Rates percentage change for Registered Mail of 10.4 percent ($(\$11.65 - \$10.55) / \$10.55$). If you do not confirm, please explain and provide the correct percent.

RESPONSE:

This response incorporates revisions to Registered Mail costs reflected in the responses to OCA/USPS-T10-6 and OCA/USPS-T10-7.

- a. Not confirmed. For the test-year-before-rates, the estimated unit costs using the Postal Rate Commission costing methodology is \$10.54. Response to OCA/USPS-T10-7(b). The test-year-before rates unit revenue is \$10.55.

This results in a cost coverage of 100 percent.

In comparison, for the test-year-before-rates, the estimated unit costs using the Postal Service costing methodology is \$16.71. Response to

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RESPONSE to OCA/USPS-T27-1 (continued):

OCA/USPS-T10-7(b). The test-year-before rates unit revenue is \$10.55.

This results in a cost coverage of 63 percent.

b. – c

Not confirmed. A cost coverage of 102.8 percent applied to the test-year-after-rates unit cost of \$10.63 (PRC methodology, see response to OCA/USPS-T10-7(b)) would result in an after-rates revenue per piece of \$10.92 ($=\$10.63 * 1.028$). A \$10.92 revenue per piece results in an after-rate percentage change of 3.5 percent ($= (\$10.92 - \$10.55) / \$10.55$).

In comparison, a cost coverage of 102.8 percent applied to the test-year-after-rates unit cost of \$16.77 (USPS methodology, see response to OCA/USPS-T10-7(b)) would result in an after-rates revenue per piece of \$17.24 ($=\$16.77 * 1.028$). A \$17.24 revenue per piece results in an after-rate percentage change of 63 percent ($= (\$17.24 - \$10.55) / \$10.55$).