

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 THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF THE LEXINGTON INSTITUTE
(LI/USPS-1-2)

The United States Postal Service hereby provides its responses to the following interrogatories of the Lexington Institute, filed on June 10, 2005: LI/USPS-1-2.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
By its attorneys:

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June 23, 2005

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF THE LEXINGTON INSTITUTE

LI/USPS-1. There have been reports that the Postal Service is planning to file for a rate increase again in 2006.

- a. In light of those concerns, please explain the necessity for the currently-proposed increase in the R2005-1 rate case.

Response:

The currently proposed increase is necessary in order to fund the escrow obligation created by Public Law 108-18.

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LI/USPS-2. We appreciate and support the recent cost reductions the Postal Service has already achieved, particularly in the area of labor costs.

- a. Please list the major cost reductions that have been achieved under Postmaster General Potter.
- b. Please estimate what the revenue requirements of the current rate case would now be had these cost controls not been put into place by Postmaster General Potter.

Response:

- a. Information on the major cost reductions achieved under Postmaster General Potter are contained in the Annual Reports of the United States Postal Service and the Comprehensive Statements on Postal Operations that have been filed since he became Postmaster General.
- b. These estimates have not been calculated.

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.

Scott L. Reiter

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