

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 THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-183-185)
(July 7, 2005)

The United States Postal Service hereby provides its institutional responses to the following interrogatories of the Office of the Consumer Advocate, filed on June 23, 2005:

OCA/USPS-183-185

The Postal Service has filed objections to questions 183.c-.d, 184a, and 185.c-.d, but, without waiving those objections, is providing responses to those interrogatories. Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,
UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO OCA INTERROGATORY

OCA/USPS-183. Please refer to the response to OCA/USPS-132(b), regarding Registered Mail costs.

a. For BY 2000, please confirm that the cost associated with international Registered Mail pieces inadvertently included in the domestic Registered Mail C/S10 (Rural Carrier) Volume Variable Cost is \$795,000 (\$2,486,000 - \$1,691,000). If you do not confirm, please explain.

b. For BY 2004, please confirm that the cost associated with international Registered Mail pieces inadvertently included in the domestic Registered Mail C/S10 (Rural Carrier) Volume Variable Cost is \$2,782,000 (\$4,883,000 - \$2,101,000). If you do not confirm, please explain.

c. For BY 2000, please confirm that the total cost for Registered Mail is \$83,824,000 based on the costs for each cost segment shown in the table below. If you do not confirm, please explain and provide the correct figures.

	BY2000
	\$
C/ S 1	375
CS / 2	4,133
CS / 3	43,556
C/S 4	56
C/ S 6	1,047
C/ S 7	5,337
C/ S 10	1,691
C/ S 11	4,722
C/ S 12	141
C/ S 13	12
C/ S 15	4,946
C/ S 16	2,031
C/ S 18	5,132
C/ S 20	10,645
TOTAL	83,824

d. For BY 2004, please confirm that the total cost for Registered Mail is \$78,487,000 based on the costs for each cost segment shown in the table below. If you do not confirm, please explain and provide the correct figures.

	BY2004
	\$
C/ S 1	303
CS / 2	4,341
CS / 3	46,975
C/S 4	51

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C/ S 6	1,459
C/ S 7	5,692
C/ S 10	2,101
C/ S 11	3,489
C/ S 12	306
C/S 13	3
C/ S 15	3,528
C/ S 16	2,150
C/ S 18	3,408
C/ S 20	4,681
TOTAL	78,487

e. For BY 2000, please confirm that the C/S 10 Unit Cost figure of \$0.19 was calculated using a total Registered Mail volume of 8,913,000. If you do not confirm, please explain.

f. For BY 2004, please confirm that the C/S 10 Unit Cost figure of \$0.42 was calculated using a total Registered Mail volume of 5,008,595. If you do not confirm, please explain.

g. After removing the costs associated with international Registered Mail pieces inadvertently included in the domestic Registered Mail C/S10 (Rural Carrier) Volume Variable Costs for BY 2000 and BY 2004, please discuss the causes of the 121.1 percent increase in C/S10 volume variable Registry costs.

RESPONSE:

a. Confirmed.

b. Confirmed.

c. Not confirmed entirely. The figure for C/S 10 is correct. The total of the other segments should sum, in thousands (000s), to \$81,946.18, for a TOTAL of \$83,637.18.

The figure of \$83,637.18 is calculated as follows: \$84,619 - (\$795 x 1.235*)

* piggyback from Docket No. R2001-1, USPS-LR-J-46, pp109-135.

d. Not confirmed entirely. The figure for C/S 10 is correct. The total of the other segments should sum to \$75,898,150 for a TOTAL of \$77,999,150. The figure of \$77,999,150 is calculated as follows: \$81,268,000 - (2,782,000 x 1.175)

e. Confirmed

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f. Confirmed within rounding error. The \$0.42 was calculated using a total Registered Mail volume of 5,009,000.

g. Although the Postal Service verifies that rural carrier costs have increased, the reasons are not known with certainty. However, a few things have happened in rural carriers. Even though the volume of registry mail has declined between FY 2000 and FY 2004, the number of rural routes has increased. Delivering less pieces over more routes implies an increase in unit cost.

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OCA/USPS-184. Please refer to the response to OCA/USPS-132(b), regarding Registered Mail costs.

a. Please confirm that for Fiscal Years 2001, 2002, and 2003, the Postal Service inadvertently included the costs associated with international Registered Mail pieces in the domestic Registered Mail C/S10 (Rural Carrier) Volume Variable Cost. If you do not confirm, please explain. If you do confirm, please provide for each fiscal year the correct domestic Registered Mail C/S10 (Rural Carrier) Volume Variable Costs, and the correct domestic Registered Mail costs for all other cost segments.

b. To what extent has the Postal Service inadvertently included the costs associated with international Registered Mail pieces in the domestic Registered Mail C/S10 (Rural Carrier) Volume Variable Costs for fiscal years prior to BY 2000? Please explain.

RESPONSE:

a. Confirmed. The original FY 2001 C/S 10 volume variable cost, in thousands (000), was \$2,504. The revised FY 2001 C/S 10 volume variable cost is \$1,619. The difference is \$885 (000). When multiplied by the FY 2001 piggyback of 1.24, the amount of change in the other cost segments is \$212 (000), for a total FY 2001 CRA Registry cost reduction of \$1,097 (000), and a new volume variable total Registry cost of \$89,699 (000).

The original FY 2002 C/S 10 volume variable cost, in thousands (000), was \$3,099. The revised FY 2002 C/S 10 volume variable cost is \$1,708. The difference is \$1,391 (000). When multiplied by the FY 2002 piggyback of 1.254 the amount of change in the other cost segments is \$353 (000), for a total FY 2002 CRA Registry cost reduction of \$1,744 (000), and a new volume variable total Registry cost of \$78,925 (000).

The original FY 2003 C/S 10 volume variable cost, in thousands (000), was \$3,899. The revised FY 2003 C/S 10 volume variable cost is \$1,789. The difference is

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\$2,110 (000). When multiplied by the FY 2003 piggyback of 1.181 the amount of change in the other cost segments is \$382 (000), for a total FY 2003 CRA Registry cost reduction of \$2,492 (000), and a new volume variable total Registry cost of \$79,587 (000).

b. The Postal Service does not have the data available to make this determination. No data was collected prior to Q3 of FY 1999.

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OCA/USPS-185. Please refer to the response to OCA/USPS-132(b), regarding Registered Mail costs.

a. For BY 2000, please confirm that under the PRC Costing Methodology, the domestic Registered Mail C/S10 (Rural Carrier) cost would be \$1,691,000. If you do not confirm, please explain and provide the correct figure.

b. For BY 2004, please confirm that under the PRC Costing Methodology, the domestic Registered Mail C/S10 (Rural Carrier) cost would be \$2,101,000. If you do not confirm, please explain and provide the correct figure.

c. For BY 2000, please confirm that under the PRC Costing Methodology, the total cost for Registered Mail is \$60,790,000 based on the Commission costs for each cost segment shown in the table below. If you do not confirm, please explain and provide the correct figures.

	BY2000
	PRC
	\$
C/ S 1	375
CS / 2	2,634
CS / 3	24,993
C/S 4	20
C/ S 6	1,047
C/ S 7	5,152
C/ S 10	1,691
C/ S 11	4,848
C/ S 12	171
C/ S 13	11
C/ S 15	4,880
C/ S 16	1,427
C/ S 18	3,546
C/ S 20	9,995
TOTAL	60,790

d. For BY 2004, please confirm that under the PRC Costing Methodology, the total cost for Registered Mail is \$50,227,000 based on the Commissions costs for each cost segment shown in the table below. If you do not confirm, please explain and provide the correct figures.

	BY2004
	PRC
	\$
C/S 1	303
CS / 2	2,261
CS / 3	20,893
C/S 4	15

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C/ S 6	1,200
C/ S 7	4,848
C/ S 10	2,101
C/ S 11	4,722
C/ S 12	208
C/S 13	5
C/ S 15	4,742
C/ S 16	1,375
C/ S 18	2,091
C/ S 20	5,463
TOTAL	50,227

a. Confirmed

b. Confirmed.

c. Not confirmed entirely. The figure for C/S 10 is correct. The total of the other segments should sum, in thousands (000's) to \$58,912.18 for a TOTAL of \$60,603.18

The figure of \$60,603.18 is calculated as follows: $\$61,585 - ((2,486 - 1,691) \times 1.235)$

* piggyback from Docket No. R2001-1, USPS-LR-J-46, pp. 109-135 (BY 2000 USPS piggyback since no PRC BY 2000 piggyback is available).

d. Not confirmed entirely. The figure for C/S 10 is correct. The total of the other segments, in thousands (000's) should sum to \$47,603.77 for a TOTAL of \$49,704.77.

The figure of \$49,704.77 is calculated as follows: $\$53,007 - ((4,883 - 2,101) \times 1.187^*)$. *

USPS-LR-K-98, BYPack.PRC.xls. Please see also the revised page to USPS-LR-K-94 filed on June 22, 2005 for any sources that are not noted in this response.

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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