

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268B0001

POSTAL RATE AND FEE CHANGES  
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005B1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KAREN MEEHAN  
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE  
(OCA/USPS-T9-7.a-.c)  
(July 5, 2005)

The United States Postal Service hereby provides its responses to the following  
interrogatory of the Office of the Consumer Advocate, filed on June 24, 2005:

OCA/USPS-T9-7.a-.c

Subpart d has been redirected to witness Smith (USPS-T-13). 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

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RESPONSE OF USPS WITNESS KAREN MEEHAN (USPS-T-9) TO  
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/USPS-T9-7** Please refer to your response to OCA/USPS-T9-6(c). Your response calculates a unit cost change based upon a revised total BY 2004 volume variable cost for Registered Mail of \$77,999,150, citing Footnote 1, which references your testimony, USPS-T-9, at new page 14, entitled “Base Year 2004 Supplemental Information on Registered Mail.”

a. Please confirm that the unit cost change between BY 2000 and BY 2004 is 65.59 percent ( $(\$77,999,150 / 5,008,595) / (\$83,824,000 / 8,913,000) - 1$ ). If you do not confirm, please explain.

b. Please confirm that the Revised Total BY 2004 Volume Variable cost for Registry of \$77,999,150 can be calculated as follows:  $(\$81,268 - ((\$4,883 - \$2,101) * 1.175))$ . If you do not confirm, please explain.

c. Please confirm that the piggyback factor of 1.175 applied to the difference between the as filed and revised BY 2004 C/S10 rural carrier costs of \$4,883,000 and \$2,101,000, respectively, accounts for all changes in each of the cost segments of Registered Mail.

d. To calculate the Revised Total BY 2004 Volume Variable cost for Registry of \$77,999,150, please provide an algebraic equation demonstrating that the piggyback factor of 1.175 applied to the difference between the as filed and revised BY 2004 C/S10 rural carrier costs of \$4,883,000 and \$2,101,000, respectively, accounts for all changes in each of the cost segments of Registered Mail. Please show all calculations and provide citations for all figures used.

**RESPONSE:**

a. Not confirmed. The response to OCA/USPS-T9-6(c) shows the calculation for the percentage change with only FY 2004 adjusted to remove the international Registry costs. Judging from the figures used in your calculation, it appears that both FY 2004 and BY 2000 were adjusted to remove the international rural carrier cost. However, because the rural carrier costs affect some other cost segments, the resulting BY 2000 costs are actually a bit smaller than \$83,824,000. The revised BY 2000 total volume variable cost for Registry is reported in the response to OCA/USPS-

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183(c). To make the adjustment to both BY 2000 and FY 2004, the calculation can be made using all the numbers you provided, except the \$83,824,000. Instead use the figure provided in response to OCA/USPS-183(c).

- b. Confirmed.
- c. Confirmed.
- d. Redirected to witness Smith (USPS-T-13).

## **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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