

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

PARCEL RETURN SERVICE

Docket No. MC2006-1

**RESPONSES OF POSTAL SERVICE WITNESS KOROMA
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T3-1-6)**

The United States Postal Service hereby provides the responses of witness Koroma to the following interrogatories of the Office of the Consumer Advocate filed on November 8, 2005: OCA/USPS-T3-1-6.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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November 23, 2005

OCA/USPS-T3-1. The following interrogatory refers to your WP-PRS-6. In footnote [1], the second calculation referring to the Balloon row refers to "(Proposed Parcel Post Rates (WP-PRS-3, ...)." Please confirm that the WP-PRS-3 should be WP-PRS-2. If you are unable to confirm, please explain fully.

RESPONSE:

Confirmed.

OCA/USPS-T3-2. The following interrogatory refers to your WP-PRS-6, items 4a, 4b, 4c and 4d. Please provide a copy of the Base Year RBMC zone distribution used in developing your estimated distributions for “PSRS RBMC” volumes.

RESPONSE:

WP-PRS-6 refers to RDU cost savings calculations by weight. There is no reference to items 4a, 4b, 4c, and 4d in WP-PRS-6. However, assuming you are referring to items 4a, 4b, 4c, and 4d in WP-PRS-1 which describes RBMC zone distribution, the “Base Year” RBMC zone distribution is calculated from WP-PRS-3, which is a volume distribution for the most recently available 4 quarters.

OCA/USPS-T3-3. Please update your workpapers to reflect the Postal Rate Commission's R2005-1 Opinion and Recommended Decision. If your workpapers are not impacted by any of the Commission's decisions, please so state and provide an explanation.

RESPONSE:

Updated workpapers are attached. My workpapers are not affected by the Commission's recommended decision with the exception of differences in volume forecast. Even though both the recommended rates and the rates proposed in this case are the same, this difference in volume forecast affects the calculated revenue.

OCA/USPS-T3-4. Section 561 of the DMCS states that the list of ancillary services (which includes the certificate of mailing) are available to Package Services mail, except for Parcel Post mail entered under the return services sections 521.27 or 521.28. Please confirm that the proposed change to the DMCS to add section 562 providing for a Certificate of Mailing service for Parcel Select Return Service, as shown in Attachment A, page 3 of the application herein, is not also reflected, but should be reflected, in the DMCS language for section 561. If you do not confirm, please explain.

RESPONSE:

In our proposal, Section 560 was split into sections 561 and 562 in effort to clarify that Parcel Select Return Service (PSRS) is different from other Package Service categories, because the only ancillary service available for PSRS is Certificate of Mailing. Since the heading of section 561 specifically says “except for Parcel Select Return Service”, technically there may be no need to note that Certificate of Mailing is available for PSRS in that section, especially since Section 562 follows immediately and states that Certificate of Mailing is available for PRS. Nonetheless, as evidenced by the interrogatory, this approach to the DMCS may not be as clear as it should be. The text of section 561 (rather than its title) would imply that Certificate of Mailing is not available for PSRS. One solution would be to amend line b by adding “(See Section 562 regarding availability for Parcel Select Return Service)”. Another solution would be to keep section 560 intact, as in the current DMCS, but change the leading paragraph to read: “Package Services mail, except Parcel Select Return Service mail entered under sections 521.27 or 521.28 (which is eligible for Certificates of mailing only),....” This solution would seem to be the simplest and clearest approach.

OCA/USPS-T3-5. If you confirm OCA/USPS-T3-4, above, please indicate whether addition of the language in DMCS section 561 “(subject to section 562)” after “521.28” would satisfactorily remove the potential for confusion by an inconsistency of the proposed language in section 562 with section 561. If you do not confirm, please explain.

RESPONSE:

See my response to OCA/USPS-T3-4.

OCA/USPS-T3-6. In the Postal Rate Commission's Docket No. R2005-1 Opinion and Recommended Decision, Appendix G, page 17 shows PRS Test Year revenue of \$11,219,443. Your workpaper (WP-PRS-11) shows total FY2006 forecasted PSRS RDU revenue of \$6,752,195 and PSRS RBMC revenue of \$28,418,984, or total PSRS revenue of \$35,171,180.

- a. Please explain the reasons for the differences.
- b. Please update your workpapers to reflect the Commission's Test Year volumes and revenues for PSRS parcels.

RESPONSE:

- a. Since the rates in the Opinion and Recommended Decision are the same as those proposed in this case, the difference in the total revenue calculation is driven by volume forecast differences. In the omnibus rate filing, a simplifying assumption was made regarding PRS volume. A more specific volume projection was made in this docket by witness Daniel. See witness Daniel's testimony, MC2006-1, USPS-T-1, Section III for a detailed explanation of Fiscal Year 2006 volume projection.
- b. Please see my response to OCA/USPS-T3-3. Using the TYAR volumes from the Postal Rate Commission's Recommended Decision in Docket No. R2005-1, my workpapers generate a revenue calculation of \$11,059,465. This figure is different from the figure presented in this interrogatory (\$11,219,443) because the nonmachinable surcharges are calculated differently. The Commission's figure relies on the nonmachinable percentage as presented by the Postal Service in the omnibus filing. However, the calculation of the revenue from the nonmachinable surcharge was calculated slightly differently in my workpapers in this filing.

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.

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