

DOCKET SECTION

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

OCT 24 4 55 PM '97

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Docket No. R97-1

POSTAL RATE AND FEE CHANGES, 1997

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO QUESTION POSED AT OCTOBER 17, 1997 HEARING

The United States Postal Service hereby provides the response of witness Taufique to a question posed by the Presiding Officer at the hearing on October 17, 1997. The question is restated 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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October 24, 1997

RESPONSE OF POSTAL SERVICE WITNESS TAUFIQUE TO THE PRESIDING OFFICER'S QUESTION DURING THE HEARINGS ON OCTOBER 17, 1997

Question:

Please submit a short note describing the exact nature of the Commission error, where it exists in the spreadsheet, and how one may go about correcting it. The error referred to was discussed by witness Taufique in the response to MH/USPS-T34-1(c). (Paraphrased from Tr. 10/4960-4961).

RESPONSE

The following discussion relates to the 2C spreadsheet provided in PRC-LR-13, SECOND-CLASS WORKPAPERS in Docket No. R94-1.

Cell BQ68 sums the range of cells from BQ1 to BQ66. Three cells within this range involve double counting of revenues from Science of Agriculture (SOA) and Commingled Science of Agriculture pounds in DDU, SCF and Zones 1 & 2. Cell BQ18 (See EQ. 1 below) calculates revenue based on pounds in cell BJ34. Cell BJ34 is the sum of BJ33, BJ27 and BJ20 (See EQ.2). Cells BQ26 and BQ32 also contain the revenue associated with pounds in cells BJ27 and BJ33, respectively (see EQ. 3 & EQ. 4). Therefore, the revenue in Cell BQ68 is overstated. Specifically:

$$\text{Cell BQ18} = \text{Cell BL18} \times \text{Cell BJ34} / 100, \quad \text{EQ.1}$$

Where: BQ18 = 505,592,145 (New Editorial Revenue (Dollars)),
BL18 = 15.90 (New Editorial Rate (Cents)),
BJ34 = 3,179,824,812 (Total Pounds W/SOA).

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Cell BJ34 = BJ33 + BJ27 + BJ20, EQ. 2

Where: BJ33 = 32,160 (Commingled SOA: DDU, SCF, & Zone 1&2 (Pounds)),
BJ27 = 8,095,736 (SOA: DDU, SCF, & Zone 1&2 (Pounds)),
BJ20 = 3,171,696,916 (Total without SOA (Pounds)).

Cell BQ26 = BL18 x BL27 / 100, EQ. 3

Where: BL18 = 15.90 (New Editorial Rate (Cents)),
BL27 = 8,095,736 (SOA: DDU, SCF, & Zone 1&2 (Pounds)),

Cell BQ32 = BL18 x BJ33 / 100, EQ. 4

Where: BL18 = 15.90 (New Editorial Rate (Cents)),
BJ33 = 32,160 (Commingled SOA: DDU, SCF, & Zone 1&2 (Pounds)).

This error can be corrected by removing the references to BJ33 and BJ27 from
EQ. 2. The revised EQ 2 would read as follows:

Cell BJ34 = BJ20 revised EQ. 2

DECLARATION

I, Altaf H. Taufique, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

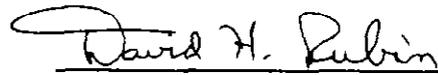


ALTAH H. TAUFIQUE

Dated: October 24, 1997

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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