

DOCKET SECTION

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 1997)

Docket No. R97-1

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
(OCA/USPS-104-106)
November 7, 1997

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatories 1-7 to the United States Postal Service dated July 16, 1997, are hereby incorporated by reference.

Respectfully submitted,



GAIL WILLETTE

Director

Office of the Consumer Advocate



KENNETH E. RICHARDSON

Attorney

OCA/USPS-104. The November 4, 1997 release of the Postal News quotes Chief Financial Officer Riley as reporting at the Board of Governors' meeting of the same date that the Postal Service's Federal Financing Bank(FFB) debt was "\$5.86 billion, as of September 30, 1997."

- a. Please confirm that such debt represents a change in the previously estimated balance of \$7,607,905,(000) for September 30, 1997, shown on the schedule "FFB Note Interest Expense Computation for GFY 1997" in library reference H-12, Chapter VI-b (at 130). If you do not confirm, please explain.
- b. If part a, above, is confirmed, please further confirm that it represents a reduction in the estimated note debt as of the end of FY97 of \$1,747,905,(000). If you do not confirm, please explain.
- c. Please confirm that the actual amount of debt outstanding at the end of FY97 is 22.97% less ($\$7,607,905,(000) - \$5,860,000,000 / \$7,607,905,(000)$) than estimated in the above cited library reference. If you do not confirm, please explain.

OCA/USPS-105. Total GFY Interest Expense for 1998 (before rates) shown on library reference H-12, Chapter VI.b (at 132) is estimated to be \$429,232,000.

- a. Please confirm that this amount underlies the "Interest on Debt" listed by witness Patelunas under "other programs" for cost segment 20 in exhibit-15A, at 2, and taken from his workpaper WP-A, Pt 2 of 2, Table 7 at 856. If not, please explain.
- b. Please provide for FY97 and FY98 the amounts by accounts for capitalized interest, interest-bonds, interest-notes, and interest mortgages, which make up

the subtotal for component 587, "Interest on Debt" reflected in witness Patelunas' workpapers WP-A, Pt 2 of 2, Table 1, at 854, Imputed Interest Land/Building, Vehicle & Equipment in the amount of \$368,039,(000) for FY97 and WP-D, Pt 2 of 2, Table A.7, at 754 in the amount of \$362,214,(000) for FY98.

- b. Please confirm that the FY98 savings in interest resulting from lower year end FY97 note debt will be around \$100,000,000 assuming a pro rata reduction of estimated interest expense (22.97% of \$429,232,000 = \$98,594,590). If you do not confirm, please explain.
- c. Please confirm that the average interest rate on the outstanding notes at the end of FY97 is less than the average interest rate estimated for notes outstanding at the end of FY97 on "FFB Note Interest Expense Computation for GFY 97", referenced above. If you do not confirm, please explain.

OCA/USPS-106. The Postal News release also states the Board of Governors has authorized the agency to borrow up to an additional \$1.7 billion in FY98.

- a. Is it anticipated that all of these funds will be borrowed from the Federal Financing Bank(FFB)? If not, please explain.
- b. Please state whether this amount for FY98 will result in a reduction in the total amount of FY98 borrowing which was estimated to total \$10,606,905,(000) at year end (September 30, 1998) in library reference H-12, Chapter VI.b (at 132). If not, please explain.

- c. Please provide an updated schedule of the before rates and after rates "FFB Note Interest Expense Computation for GFY 1998" schedule shown in library reference H-12, Chapter VI.b (at 132-133) based upon the revised information presented at the Board of Governors meeting.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.


KENNETH E. RICHARDSON
Attorney

Washington, D.C. 20268-0001
November 7, 1997