

DOCKET SECTION

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

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POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 10
(February 13, 1998)

The United States Postal Service hereby provides its response to Presiding Officer's Information Request No. 10, issued January 30, 1998. The question 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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February 13, 1998

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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POIR NO. 10. In response to interrogatory MA/USPS-T-25-1(c), redirected to the United States Postal Service, the Service calculated the unit costs for First-Class Mail using the Commission approved methodology. These costs were based on:

- a. Models with productivities based on volume variabilities of 100 percent;
- b. Operation-specific piggyback factors; and
- c. Costs by shape calculated consistent with LR-MCR-10 in Docket No. MC95-1.

Please provide the same calculations for all classes, subclasses, or rate categories that incorporate discount methodology in rate setting (periodicals, Standard (A), Standard (b), etc.). Please also provide all data supporting these calculations in electronic format as was done in LR H-3-1 in support of the response to MA-USPS=T-25-1(c).

POIR NO. 10 RESPONSE:

The Postal Service has provided the requested information, as best as it was able. This information is presented in the following library references, filed today:

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| H-330 | POIR NO. 10/Development of Selected FY 1996 Piggyback and Premium Pay Factors (Hard Copy) |
| H-331 | POIR NO. 10/Standard A Mail Processing Unit Costs by Shape (Diskette) |
| H-332 | POIR NO. 10/Dropship Savings for Periodicals and Standard (A) (Diskette) |
| H-333 | POIR NO. 10/Standard Mail (A) Mail Processing ECR Costs (Diskette) |
| H-334 | POIR NO. 10/Standard Mail (B) Parcel Post Mail Processing and Acceptance Costs (Diskette) |
| H-335 | POIR NO. 10/Witness Seckar's Unit Mail Processing costs for First-Class, Periodicals and Standard A Flats (Diskette) |

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- H-336 POIR NO. 10/Witness Daniel's Unit Mail Processing Costs for Standard A Letters, Standard A ECR Results, and Certain Standard B Parcels (Diskette)
- H-337 POIR NO. 10/Witness Crum's Unit Costs for Certain Standard A and Standard B Mail (Diskette)
- H-338 POIR NO. 10/Witness Miller's Unit Mail Processing Costs for PRM and QBRM (Diskette)

It was felt that organizing the materials into the above library references would provide the clearest guide and easiest access to the materials, as well as the most expeditious way for the Postal Service to respond, given the effort that was required. Where applicable, the library references contain a cross walk between the above list and their precursor materials as well as a note explaining citation changes. In order to expedite this response, entirely new footnotes were not prepared in all instances; rather, explanations are offered concerning what references in previous footnotes would change.

Providing the requested information was neither a simple nor an "automatic" exercise. Where differing assumptions or deviations in calculations were required, explanations are provided in the relevant library references.

Provision of this information should not be read as a Postal Service endorsement of or agreement with the results. The Postal Service believes that the costing methodology it has presented in this docket, through the testimony, exhibits and workpapers of its witnesses and related library references, is superior and provides the most accurate costing information for ratesetting purposes.

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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February 13, 1998