

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

**REVISED RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS LOUTSCH TO INTERROGATORY DMA/USPS-T6-6(d))**

The United States Postal Service hereby provides a revised response of witness Loutsch to interrogatory DMA/USPS-T6-6(d), filed on July 6. A complete replacement of the originally filed interrogatory 6 is provided.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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July 18, 2006

REVISED RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LOUSCH  
TO INTERROGATORY OF THE DIRECT MARKETING ASSOCIATION

**DMA/USPS-T6-6.** As you know, the Postal Service is redesigning its processing and transportation network.

- a) Does the Postal Service intend to sell any real estate as a result of consolidating its processing network?
- b) If the Postal Service does not intend to sell any real estate, please explain why not and what it will do with the excess real estate.
- c) How would any proceeds from the sale of real estate be treated on the books of the Postal Service?
- d) Have any proceeds from the sale of real estate been accounted for in your estimates of revenue in 2006, 2007, and 2008?

**Response:**

- a) Redirected to the United States Postal Service.
- b) Redirected to the United States Postal Service.
- c) I am informed that the following entries would be recorded assuming the sale of a 20 year old Postal Service building along with the land for \$100,000 with a 6% commission. The original cost of the building is recorded at \$60,000, the land cost was \$15,000 and the depreciation to date is \$30,000.

Debit: Cash	\$94,000	
Credit: Escrow, Account 23465		\$94,000

This entry records the receipt of cash at the time of the sale.

(\$100,000 gross sales amount less the commission of \$6,400.)

Debit Escrow, Account 23465	\$94,000	
Debit: Commission Fee, Account 54129	\$6,000	
Debit: Reimbursement and Cost Reduction Control, Account 45960	\$100,000	
Credit: Land and Buildings Collection from Sales, Account 45961		\$100,000
Credit: Gain/Loss on PL&EQ – Gain/Loss-Sale of Land and Buildings, Account 45610		\$100,000

REVISED RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LOUSCH  
TO INTERROGATORY OF THE DIRECT MARKETING ASSOCIATION

This entry records the sale based on the receipt of the property disposal letter provided by asset management.

Debit: Accumulated Depreciation, Account 17910	\$30,000
Debit: Gain/Loss on PL&EQ – Gain/Loss-Sale of Land and Buildings, Account 45610	\$45,000
Credit: Building Asset, Account 17121	\$60,000
Credit: Land, Account 17111	\$15,000

This entry removes the assets from the books and reduces the gain from the sale for the net book value of the assets. The result of the combined entries is to recognize a gain on the sale of the property of \$55,000 and commissions of \$6,000.

- d) The account for collections from the sale of real estate and buildings (account 45961) was unintentionally omitted from the miscellaneous income estimate. The “Other Income Calculation” contained in Chapter X.e. of LR L-50 (workbook other income.xls) contained errors in FY 2003 – 2005 actual data and did not reflect a separate estimate for FY 2006-2008 real estate gains. It is being modified and an errata will be filed to separately identify gains on real estate sales as follows:

Fiscal Year	Amount (\$ in millions)
2003	27.799
2004	12.194
2005	15.436
2006	18.476
2007	15.369
2008	16.427