

ORIGINAL

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS LION TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T4-1-7)

The United States Postal Service hereby provides responses of witness Lion to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T4-1-7, filed on June 27, 1996.

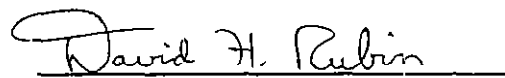
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

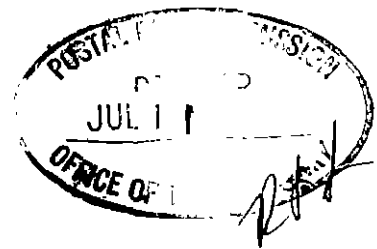
UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
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July 11, 1996



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OCA/USPS-T4-1. Please refer to pages 34 and 35 of your testimony concerning attributable costs.

- a. Are there any differences between the attributable costs of providing post office box service to
 - (1) resident versus non-resident box holders? If yes, please specify these cost differences.
 - (2) non-resident US citizens versus non-resident foreign national box holders? If yes, please specify these cost differences.
- b. Please identify in the three main categories of post office box attributable costs, "Space Support," "Space Provision," and "All Other," the differences in attributable costs associated with providing box service to residents, non-residents, non-resident US citizens, and non-resident foreign nationals.

To the extent possible, the information requested in this interrogatory should be provided separately by fee Group and box size. Also, if Postal Service data are unavailable to support these cost differences, please provide the best estimates of the cost differences, and provide documentary or other support for the estimates.

RESPONSE:

(a) & (b) The data sources we have examined are not designed to, and thus do not, identify any attributable cost differences associated with providing box service to residents, non-residents, non-resident U.S. citizens, and non-resident foreign nationals. Witness Landwehr discusses the additional workload that can result from providing box service to non-residents. USPS-T-3 at 4-5, 7-8, 9-10.

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OCA/USPS-T4-3. Please refer to page 35, lines 7-14, of your testimony concerning the attribution of costs to post office boxes. To the best of your knowledge, does the methodology of allocating attributable costs to post office boxes by fee Group and box size conform to the Commission's methodology of allocating attributable costs to post office boxes in Docket Nos. R90-1 and R94-1. If you cannot confirm, please explain all known differences from the Commission's methodology and the effect of those differences on the allocation of attributable costs to post office boxes.

RESPONSE:

It is unclear what is specifically meant by "the Commission's methodology of allocating attributable costs to post office boxes in Docket Nos. R90-1 and R94-1". To the best of my knowledge, our methodology basically conforms to that of the Commission, as described in the Commission's Opinion, Docket No. R94-1, page V-158.

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OCA/USPS-T4-4. Please refer to page 19, lines 1-6, of your testimony.

- a. Please confirm that the first stage of sampling in your Subgroup I-C sample was to select a stratified sample of ZIP Codes from a universe of approximately 12,000 ZIP Codes. If you do not confirm, please describe exactly what was sampled at this first step.
- b. Please confirm that the term "representative sample" refers to a probability sample of the ZIP Codes containing CMRAs. If you do not confirm, please explain.
- c. If the sample of ZIP Codes is differential by strata, please provide the stratum sampling rates for each of the strata.

RESPONSE:

- a. Not confirmed. The first step was the creation of a file (CITYZIPS.XLS), as explained in USPS-LR-SSR-118, Item 2. This file lists all ZIP Codes with city routes. The goal and result of all six steps on pages 19-20 of my testimony was to produce a sample of CMRAs in Delivery Group I-C ZIP Codes that was stratified by business cost areas and distributed among geographic regions.
- b. Not confirmed. The sample selected is representative in the sense described in USPS-T-4, p.20, lines 19-22.
- c. Sampling rates by stratum are shown in USPS-LR-SSR-118, Item 6, Table SSR-118-1.

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OCA/USPS-T4-5. Please refer to the six steps described on pages 19-20 of your testimony.

- a. Please provide the number of ZIP Codes remaining eligible for sampling at the conclusion of step 1.
- b. Please provide the number of ZIP Codes remaining eligible for sampling at the conclusion of step 2.
- c. Please provide a list of the 32 metropolitan areas that are referred to in step 3.
- d. Please provide the number of unique ZIP Codes that were represented by the 291 CMRAs identified at the conclusion of step 4.
- e. Please confirm that ZIP Codes that did not match ZIP Codes of the 291 CMRAs identified in step 4 were eliminated from the sampling universe. If you do not confirm, please explain.
- f. Please confirm that the list of CMRAs was expanded to 327 by augmenting the sample only in ZIP Codes already identified in the CMRA list of step 4. If you do not confirm, then please explain how you determined which additional ZIP Codes to the new CMRAs would be selected from.
- g. Please confirm that the 327 CMRAs referred to in step 6 consisted of all CMRAs that could be located in either the Yellow Pages or the Phone Disc file for the 32 metropolitan areas identified in step 3. If you do not confirm, please explain.
- h. Please describe the Phone Disc file referred to in step 6.
- i. Please confirm that the Yellow Pages phone books were all the 1995 editions of the phone books. If you do not confirm, please provide the name of each metropolitan area and the corresponding phone book date. If a metropolitan area has several Yellow Pages phone books, separately list each one. (For example, the Washington DC metro area includes Northern Virginia, Montgomery Co. (MD), Prince Georges Co. (MD), and the District of Columbia.)
- j. Please provide the date associated with the entries on the Phone Disc file.
- k. Please confirm that the portions of the Phone Disc file used correspond with the same geography as that covered by the Yellow Pages phone books relied upon.

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RESPONSE:

- a. 11,941. See USPS-LR-SSR-118, Item 6.
- b. 11,903. See USPS-LR-SSR-118, Item 6.
- c. Boston MA, Jersey City NJ, Buffalo NY, Rochester NY, Pittsburgh PA, Harrisburg PA, Wilmington DE, Washington DC, Baltimore MD, Charlotte NC, Tampa FL, Toledo OH, Cleveland OH, Detroit MI, Dayton OH, Cincinnati OH, Minneapolis MN, St. Louis MO, Kansas City MO, Omaha NE, Baton Rouge LA, Dallas TX, Houston TX, San Antonio TX, Austin TX, Salt Lake City UT, Phoenix AZ, Las Vegas NV, Los Angeles CA, San Francisco CA, Sacramento CA, Portland OR.
- d. 235.
- e. The question assumes that some ZIP Codes did not match. In fact, ZIP Codes for all 291 CMRAs were successfully matched to the Delivery Subgroup I-C database; none were eliminated.
- f. Not confirmed. Several metropolitan areas and towns for which we did not have Yellow pages, but which were on the Phone Disc file, were added. New ZIP Codes were therefore included, so as to satisfy the criterion in USPS-T-4, page 19, lines 4-6.
- g. Not confirmed. The 327 CMRAs do not include all CMRAs that could be located in the "32 metropolitan areas". First, additional metropolitan areas were added based on the Phone Disc file. Second, if the ZIP Code of a CMRA listed in the Yellow Pages could not

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be identified, that CMRA was not included in the 327. Third, when we reached the appropriate sampling level for each stratum, no further CMRAs in that stratum were called.

h. The Phone Disc file is an electronic compilation of addresses and telephone numbers marketed by Digital Directory Assistance of Bethesda MD. It is available in the Postal Service Library. A brief description is included as Item 3 of USPS-LR-SSR-124.

i. Unable to confirm. The most recent versions of the Yellow Pages available in the Department of Commerce Library as of late 1995 were used. Copies of these pages, with the metropolitan area handwritten in, are included as Item 1 in USPS-LR-SSR-124.

j. The most recent versions of the Phone Disc file available in the Postal Service Library as of early 1996 were used. A printout of the Phone Disc listings used is included as Item 2 in USPS-LR-SSR-124.

k. Not confirmed. Although there is some overlap, the portion of the Phone Disc file used added geographic areas to those covered by the Yellow Pages relied upon. See my response to 5(f), above.

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OCA/USPS-T4-6. Please refer to page 22 of your testimony. You state that only 50 of the 299 CMRAs provided data on mailbox size. You then go on to display the average box sizes in Table 12.

- a. Are these figures meant to be representative of CMRA box sizes in general? If not, then what is the purpose of Table 12?
- b. Do you view these 50 CMRAs as a representative sample of the total 299 CMRAs interviewed? Please explain.
- c. Please confirm that you only attempted to determine box size characteristics for the 299 CMRAs of Delivery Subgroup I-C. If you do confirm, please explain why Delivery Subgroups I-A and I-B were excluded. If you do not confirm, please reconcile with lines 1-4 of page 22 of your testimony.
- d. Are these average box sizes weighted by the number of boxes of each size at each responding CMRA? If not, explain why not and what these numbers represent. If so, please cite the portion of the supporting spreadsheet file (BOXSIZE.XLS) that computes the weighted averages.

RESPONSE:

- a. Only 50 CMRAs provided this information. The purpose of Table 2 is to summarize the data presented in Figures 7-9.
- b. The 50 CMRAs that did respond to this question are distributed across geographic areas and business cost areas. In that sense, the sample is representative.
- c. Not confirmed. We attempted to get box-size data from all 420 CMRAs successfully interviewed. Of the 50 CMRAs that did respond, 42 are in Subgroup I-C and 8 are in Subgroup I-B. No CMRA in Subgroup I-A provided this information. The first sentence on page 22, while substantially correct, should read "420" instead of "299".

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d. No. These are simple averages of the data reported. We thought it appropriate to assign equal weight to each respondent, since the unit of interest is the individual business establishment.

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OCA/USPS-T4-7. Is it more accurate to describe the Subgroup I-C sample as a probability sample of ZIP Codes or as a census of CMRAs in the 32 identified metropolitan areas? Please explain.

RESPONSE:

It is accurate to describe the Subgroup I-C sample as a representative sample across geographic areas and business cost areas. In the 32 identified metropolitan areas, the Subgroup I-C sample is about 30 percent of the Subgroup I-C CMRAs listed in the Yellow Pages.

DECLARATION

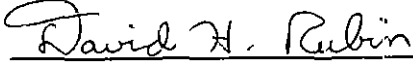
I, Paul M. Lion, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Paul M Lion

Dated: 7/11/96

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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