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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  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1  
QUESTIONS 1-8, 11-13

The United States Postal Service hereby provides responses to Presiding Officer's Information Request No. 1, questions 1-8 and 11-13, issued on July 12, 1996. The Postal Service has this day filed a motion for extension of time to respond to questions 9 and 10.

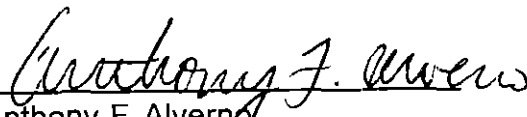
Each question is stated verbatim and is followed by the response.

Respectfully submitted,

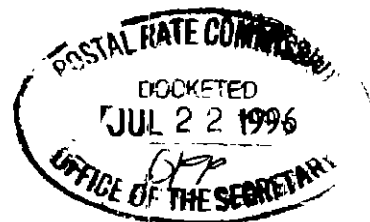
UNITED STATES POSTAL SERVICE

By its attorneys:

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July 22, 1996



Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 1  
to United States Postal Service

1. In his testimony, witness Lion states that, "All other costs are primarily labor costs for sorting mail to boxes and related supervisory activities." USPS-T-4, page 35. Please indicate which costs in USPS LR SSR-3 attributable to post office boxes include labor costs related to "sorting mail to boxes."

RESPONSE:

Labor costs related to "sorting mail to boxes" is a portion of the costs shown on page 20 of USPS LR SSR-3, column (3.1), Mail Process Direct Labor. This column is the total of all Mail Processing direct labor costs. The "sorting mail to boxes" portion of the total is \$451,581,000 and it appears on page 10 of USPS LR SSR-103.

Answer of Richard Patelunas to  
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2. Summary definitions for activity codes are given in Table B-2 of the Summary Description of USPS Development of Costs by Segments and Components. However, activity code 5041, which is shown in witness Patelunas' WP C, W/S 3.0.3 as being applicable to post office boxes, is not defined. Please define activity code 5041 and describe the types of activities covered by this activity code.

RESPONSE:

Activity code 5020 is renamed 5041 in Program 40 in LIOCATT because the range that the program recognizes begins at 5040. Thus, the definition of activity code 5020 given in Table B-2 of the Summary Description of USPS Development of Costs by Segments and Components is also the definition of activity code 5041: "At Window Serving a Customer - Post Office Box".

Answer of Richard Patelunas to  
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3. Line 3 of the sample USPS Facilities Costing Study Questionnaire, Docket No. R94-1 LR G-120, asks for the square feet for "Post Office Boxes and Parcel Lockers (floor area and lobby in front of boxes)." Line 7 asks for the square feet for the "Work area behind Post Office Boxes and Parcel Lockers." There do not appear to be any instructions dealing specifically with these two lines.

a. How does the Postal Service determine how much of the floor area and lobby in front of boxes is allocated to post office boxes?

b. How does the Postal Service determine how much of the work area in the back of the boxes is allocated to post office boxes?

c. Is all front lobby space directly allocated to one of the categories of Lobby Services? If not, how is any remaining space allocated?

d. How does the Postal Service ensure that the space measurements are done in a consistent manner for each facility?

RESPONSE:

All front lobby space is categorized as either: 1) window service, 2) self-service postal center (SSPC), or 3) post office boxes and parcel lockers as shown in the survey questionnaire at page C-15 of LR-G-120 of Docket No. R94-1, lines 1-3. The amount of lobby space in front of post office boxes determined to be associated with post office boxes and included in line 3 of the survey is the space used by customers when accessing their post office boxes. This space is readily recognizable if the post office boxes and parcel lockers

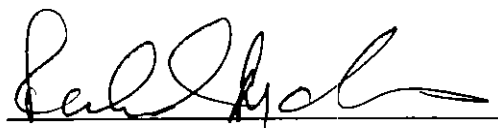
Answer of Richard Patelunas to  
Presiding Officer's Information Request No. 1  
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POIR No. 1 Question 3 (a) - (d) continued:

are in a separate room or distinct area of the post office, though judgment may be needed in some cases. Similarly, the work area in the back of the boxes is that space used for post office boxes on a daily basis. Though no instructions are specifically provided on lines 3 and 7 of the questionnaire, the approach to be applied for these lines is described in the general instructions on pages C-8 to C-12 and by responses to questions asked by the surveyors, shown at pages C-29 to C-40.

**DECLARATION**

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

  
\_\_\_\_\_

Dated: 7/22/96

RESPONSE OF WITNESS NEEDHAM TO PRESIDING OFFICER'S  
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TO UNITED STATES POSTAL SERVICE

4. According to the Domestic Mail Manual, in Group I offices if a customer's post office box mail volume exceeds the capacity of the box on 12 of any 20 consecutive business days the customer can be required to use caller service. D920.1.7. Caller Service is only available in Group II offices when there are no post office boxes of the appropriate size available.

D920.4.3b. What is current policy for Group II offices when a customer's post office box mail volume routinely exceeds box capacity? What are the current fees for such a customer?

RESPONSE:

The current policy for Group II offices when a customer's post office box mail volume routinely exceeds box capacity is the same as the policy for Group I offices. According to the Domestic Mail Manual, when the mail exceeds the box capacity on 12 of any 20 consecutive business days the customer must use caller service, change to a larger box, or use one or more additional boxes (subject to availability). D910.3.5. The current semi-annual Group II fees for larger boxes is \$13.00 (annual) for a size 2 box, \$12.00 for a size 3 box, \$17.50 for a size 4 box, and \$27.50 for a size 5 box. The current semi-annual fee for caller service is either the fee for the largest size box at the office, or the \$225 Group IC caller service fee, if additional separations are requested.

RESPONSE OF WITNESS NEEDHAM TO PRESIDING OFFICER'S  
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5. Is highway delivery considered equivalent to rural delivery for purposes of determining post office box fees?

RESPONSE:

Yes. That is why the term "non-city delivery" is used for Group II.



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6. For purposes of post office box fees, in what group (I, II, or III) are community post offices included?

RESPONSE:

The Domestic Mail Manual (DMM) provides that a community post office (CPO) can fall into Groups I or III, depending upon the type of delivery provided by its administering office. The general rule is provided in DMM § D910.4, which makes the fee schedule at an independent post office applicable at all of its subordinate branches and stations, including contract units. Thus a CPO administered by a Group I post office should also charge Group I fees. Under the provisions of DMM § D910.4.3.a, however, box customers at CPOs administered by Group I offices who are ineligible for carrier delivery of any type may nonetheless qualify for one Group II box. In some such Group I CPOs, this may mean that most customers actually pay Group II fees. A CPO administered by a Group II or non-city delivery post office is defined by DMM § D910.4.5 as falling within Group III.

RESPONSE OF WITNESS NEEDHAM TO PRESIDING OFFICER'S  
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7. Are there any post offices which do not offer city, rural, highway, or general delivery service? If yes, please describe the type of office that falls under this category. Please provide a list of all such post offices.

RESPONSE:

Since "General delivery is intended for use primarily at [] [p]ost offices without carrier delivery," Domestic Mail Manual (DMM) § D930.1.1, the answer should be "no," and I am not aware of any such post offices. See also DMM D910.4.8, which states that a Group II eligible customer is entitled to a single general delivery separation without time limit. Unique post office box sections if operated on a stand-alone basis may not offer any of the other four enumerated types of delivery service and so might appear to be a contrary example, but they are subordinate to post offices, rather than post offices themselves.

RESPONSE OF WITNESS NEEDHAM TO PRESIDING OFFICER'S  
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8. In his response to OCA/USPS-T7-2, witness Lion states, "For Group E offices, as proposed, no city or rural delivery service is available." Are offices that provide no city, rural or highway delivery, but do provide general delivery, currently considered Group III offices for purposes of post office box fees? Are box holders at these offices currently paying \$2 a year for box rental?

RESPONSE:

Contract offices that share these attributes and are administered by non-city delivery offices all charge Group III fees, currently \$2 per year. In keeping with the definition of Group III offices as including only contract facilities, Domestic Mail Manual (DMM) § D910.4.5, postal operated offices of the type described in the question charge Group II fees. A description of such a Group II post office (San Luis, Arizona) appears in the testimony of witness Landwehr, USPS-T-3 at 5-8.

Response to Presiding Officer's Information Request No. 1, question 9, Revised as of August 16, 1996.

9. USPS-T-4, Table 16 shows 7,790,631 as the number of Group II post office boxes in use. Are any of these boxes located in offices which do not provide city or rural service but do provide general delivery? If yes, how many?

RESPONSE:

Yes. Based on the responses to the post office box inventory described in Part II of my testimony, and the Delivery Statistics File, I estimate that 1,460,254 of the Group II post office boxes in use are located in offices that do not provide city or rural service, but do provide general delivery. To be comparable with the number from Table 16, this number includes the "factoring up" described on pages 36-37 of my testimony.

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11. Are there any customers in group II offices who are not eligible for rural delivery? If yes, what is the current box rental fee for such customers? What is the proposed box rental fee for such customers?

RESPONSE:

Yes. If such customers are box holders, they pay Group II fees. Assuming the office is a postal-operated office with no carrier routes of any type (see my Responses to POIR 1, questions 5 and 8), these box holders would find themselves in Group E under our proposal. For customers in offices which offer some form of non-city delivery, the customers would pay proposed Group D fees.

**DECLARATION**

I, Susan W. Needham, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Susan W Needham

Dated: July 22, 1996

RESPONSE OF WITNESS LYONS TO PRESIDING OFFICER'S  
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12. Please identify where specifically in LR SSR-109, pages 7-11, the insured pieces in range \$500.01 to \$600 (USPS-T-1 WP A, page 3, column 1) appear. If the exact number of pieces in range \$500.01 to \$600 does not appear in LR SSR-109, please explain the derivation of the numbers in USPS-T-1 WP A, page 3, column 1.

RESPONSE:

The numbers on page 11 of Library Reference SSR-109 are combined, as shown in the attached page, to develop the numbers that should appear in my Workpaper A, page 3, column 1. However, the numbers in the workpaper were unnecessarily multiplied by the same factor, and are a carry over from a developmental worksheet. A revised workpaper page is being filed today. As the figures in column 1 are used only as a distribution key, this revision has no impact on the workpaper results.

POIR NO. 1 QUESTION 12  
ATTACHMENT

QUESTION 12 PRESIDING OFFICER'S REQUEST NO 1

Docket No MC96-3

Class/Subclass (1)	Parent Class (2)	Insured Description (3)	Insured Class (4)	Unadjusted RPW Volume 1/ (5)
1-C PRIORITY MAIL	7500	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	329,003
1-C FLAT RATE ENVELOPE PRIORITY MAIL	7520	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	183
Priority				329,186
3-C FREE FOR THE BLIND	3500	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	94
SPECIAL 4-C SP	4300	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	16,589
4-C ZONE RATE INTER-BMC MACH PARCEL POST	4100	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	182,824
4-C ZONE RATE INTRA-BMC MACH PARCEL POST	4105	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	22,423
4-C BULK ZONE RATE INTER-BMC MACH PARCEL POST	4120	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	388
4-C BULK ZONE RATE INTRA-BMC MACH PARCEL POST	4125	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	1,663
4-C ZONE RATE INTER-BMC NONMACH ZONE RATE PARCEL POST	4130	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	197
4-C ZONE RATE INTER-BMC NONMACH PARCEL POST	4150	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	36,825
4-C ZONE RATE INTRA-BMC NONMACH PARCEL POST	4155	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	24,211
Fourth Class Parcels Zone Rate				268,531
3-C SP FLATS	3130	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	184
3-C SP IPPS	3140	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	1,743
Third Class Single Piece Rate				1,927
1-C SP LTRS FLATS & IPPS	1100	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	119,934
1-C NONSTD FLATS & IPPS	1120	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	661
First Class Letters and Parcels				120,595
4-C LIBRARY RATE	4400	DOMESTIC INSURED MAIL \$500.01 TO \$600	8460	920

1/- SSR-109, Attachment 2



RESPONSE OF WITNESS LYONS TO PRESIDING OFFICER'S  
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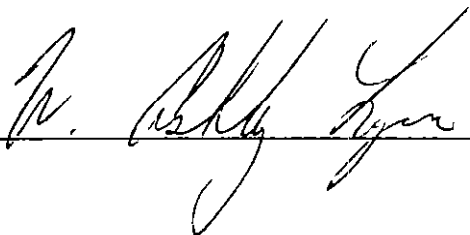
13. In the Value Level column of USPS-T-1 WP A, page 4, where does the value level increment \$800-\$900 appear? Should the average step for the increment \$900-\$1,000 be \$950 rather than \$850?

RESPONSE:

The value level labeled "\$900-\$1,000" should be labeled "\$800-\$900". The "average of step" of \$850 is correct. The value level labeled "\$1,000-\$1,500" should be labeled "\$900-\$1,500", and its "average of step" should be \$1200, instead of \$1250. This revision from \$1250 to \$1200 lowers the result of this table from \$1,378.30 to \$1,369.81. However, since this result is still within the \$1301 to \$1400 fee level, the correction does not affect anything else in the workpaper calculation. A revised workpaper page is being filed today.

**DECLARATION**

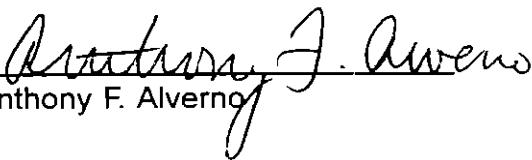
I, W. Ashley Lyons, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

  
\_\_\_\_\_

Dated: 7-22-96

**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.

  
Anthony F. Alverno

475 L'Enfant Plaza West, S.W.  
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July 22, 1996