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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-T4-10-16)

The United States Postal Service hereby provides responses of witness Lion to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T4-10-16, filed on July 10, 1996.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

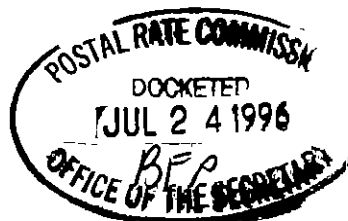
By its attorneys:

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July 24, 1996



OCA/USPS-T4-10. Refer to LR-SSR-119, Sheet 8, which contains the subtotal for "Space Support".

- a. Please confirm that the subtotal for Space Support is \$193,853,000. If you do not confirm, please explain.
- b. Please explain the difference between the amount for Space Support in "a." above, and amount for the Space Support category on page 35, line 11 of your testimony.
- c. Please provide the correct amount for the Space Support category.

RESPONSE:

(a)-(c) Not confirmed. The total should be \$193,493, the same as on line 11, page 35 of USPS-T-4. The difference between \$193,493 (which is correct) and \$193,853 (which is on Sheet 8) results from a transposition of numbers in Category 11.1.2 on Sheet 8 (\$4,517 instead of \$4,157).

Sheet 8 of LR-SSR-119 was not used in the calculations and should have been deleted.

Note also that there is a typographical error in the last line of Table 16, page 40. The Grand Total should be \$193,493 instead of \$193,453. A correction will be submitted as an erratum.

OCA/USPS-T4-11. Refer to LR-SSR-119, Sheet 8, which contains the subtotal for "All Other."

- a. Please confirm that the amount for All Other is \$108,799,000. If you do not confirm, please explain.
- b. Please explain the difference between the amount for All Other in "a." above, and amount for the All Other category on page 35, line 13 of your testimony.
- c. Please provide the correct amount for the All Other category.

RESPONSE:

(a)-(c) Not confirmed. The total should be \$109,159, the same as on line 13, page 35 of USPS-T-4. The source of the difference between \$109,159 (which is correct) and \$108,799 (which is on Sheet 8) is a result of the same transposition error described in the response to OCA/USPS-T4-10, above. Thus, the total for "All Other" on Sheet 8 increased by the same amount that "Space Support (erroneously) decreased (\$360 = \$4,517 - \$4,157).

Sheet 8 of LR-SSR-119 was not used in the calculations and should have been deleted.

OCA/USPS-T4-12. Refer to LR-SSR-119, Sheet 8, and the amount \$217,853 in the column "TOTAL ACCRUED (\$1,000)" for "C/S 18.2.5 INTEREST EXPENSE-BLDG & LEASEHOLD (COMPONENT 215)".

- a. Please provide the calculations used to derive the amount \$217,853.
- b. To the extent cost figures used in the calculations of the amount referred to in "a." above are not contained in the document "Cost Segments and Components, Fiscal Year 1994", please provide documents containing those figures.

RESPONSE:

As previously noted, Sheet 8 of LR-SSR-119 contains errors, is not used in USPS-T-4, and should have been deleted. The calculations can be tracked using just the sheets labeled "All Other", "Space Support", "Space Provision", and "Unit Costs", plus the FY 1994 Cost Segments and Components Report.

OCA/USPS-T4-13. Refer to page 34, lines 5-6, of your testimony where it states "[a]ttributable costs are derived from the Cost Segments and Components Report for FY 1994". Please explain why attributable costs for post office boxes are derived from the Cost Segments and Components Report for FY 1994 rather than the Cost Segments and Components Report for FY 1995.

RESPONSE:

The FY 1995 Cost Segments and Components Report was not available in time. Since other witnesses make use of my results, I could not wait for the FY 1995 report.

OCA/USPS-T4-14. Refer to page 35, line 6, of your testimony. Please confirm that the number "4." was inadvertently placed there. If you do not confirm, please explain.

RESPONSE:

Confirmed.

OCA/USPS-T4-15. Refer to page 44, Table 18, of your testimony.

- a. Please confirm that no attributable costs are allocated to Delivery Group III post office boxes. If you do not confirm, please explain.
- b. Please confirm that attributable costs for Delivery Group III post office boxes are allocated to Delivery Group I-A, I-B, I-C, and Delivery Group II post office boxes. If you do not confirm, please explain.
- c. Please provide attributable costs per box for Delivery Group III in the same form as Table 18, or in the alternative, provide total attributable costs for Delivery Group III.
- d. Please explain why the attributable costs for Delivery Group III (proposed Group E) post office boxes should not be treated as institutional costs.

RESPONSE:

(a) Confirmed.

(b) Confirmed.

(c) There are no data upon which to base the allocation requested. Based on a study submitted to the Commission in an earlier proceeding, attributable costs of Delivery Group III can be estimated at approximately 1.6 percent of total P.O. box attributable costs (Docket No. R90-1, LR F-183), as shown below.

Refer to Table 9 in LR-F-183. To derive the percentage of Delivery Group III costs first sum the "Revenues" for Delivery Group III in column 8 as follows (dollars in thousands):

<u>Box size</u>	<u>Annual Fee</u>	<u>Revenues</u>
1	\$13.56	\$2,016
2	\$19.03	\$1,031
3	\$35.46	\$ 652
4	\$68.32	\$ 70
5	\$134.03	<u>\$ 70</u>
		\$3,839

Since the table calculates "breakeven fees and revenues", the sum represents total attributable costs for Delivery Group III post office boxes. Dividing \$3,839 by the total attributable costs for all three delivery groups (\$234,464) results in 1.6 percent for Group III.

(d) Given the data available, the calculation is impossible. Even if possible, as the study cited above shows, the change would be small.

OCA/USPS-T4-16. Refer to LR-SSR-93, Item 1, page 3.

- a. Please define and describe the following box types:
- (1) business and residential facility boxes,
 - (2) contract boxes, and
 - (3) detached boxes.
- b. Please identify where each box type defined and described in "a." above is located in relation to Delivery Group I-A, I-B, I-C, Delivery Group II, and Delivery Group III post offices.

RESPONSE:

- (a) These terms are defined on page 5-20 of the Address Information Products Guide (July 1995), published by the Postal Service. A copy of the relevant page is appended.
- (b) While each type of box can be found in each delivery group, we do not have the distribution across delivery groups.

V. DATA ELEMENT DEFINITIONS

**Scheme Possible
Residential Centralized
Count**

This is the number of possible mail deliveries made to residential non-NDCBU central delivery equipment (i.e., apartment house receptacles, delivery centers, or mailroom receptacles). Generally, this pertains to any mail receiving unit where the carrier has access to more than one individual customer's receptacle by opening only one door or a single Arrow lock. This count does not include any curbside receptacles.

For rural delivery, this field is a count of the number of residential rural mail receiving units where the rural carrier has access to more than one individual customer's mail receptacle by opening one door.

**Scheme Possible
Residential Contract
Box Count**

This is a count of the number of possible residential mail deliveries made to Post Office Boxes that are located in contract stations.

**Scheme Possible
Residential Curb Count**

This is the number of possible mail deliveries made to residential receptacles that are located at the curb.

**Scheme Possible
Residential Detached
Box Count**

This is a count of the number of possible residential mail deliveries made to Post Office Boxes that are located in detached box units (a box section that is not located in a Post Office building, but one for which the USPS collects box rent).

**Scheme Possible
Residential Facility Box
Count**

This is a count of the number of possible residential mail deliveries made to Post Office Boxes that are located in postal facilities.

**Scheme Possible
Residential NDCBU
Count**

This is the number of possible mail deliveries made to residential cluster boxes, also known as NDCBU's (Neighborhood Delivery and Collection Box Units). An NDCBU is a USPS-installed, free-standing unit which contains mail compartments in groups of 8, 12, 16, or 18.

**Scheme Possible
Residential NPU Count**

This is a count of the number of possible residential Non-Personnel deliveries on a delivery route.

**Scheme Possible
Residential Other
Count**

This is a count of the number of possible mail deliveries made to residences by means other than curb, Post Office Box, or NDCBU. Examples of this type of delivery include door-to-door (walking route) or door-slot delivery.

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: July 24, 1996.

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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