

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
TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
REDIRECTED FROM WITNESS LION
(OCA/USPS-T4-22-26)

The United States Postal Service hereby provides responses to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T4-22-26, filed on July 24, 1996, and redirected from witness Lion.

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

Respectfully submitted,

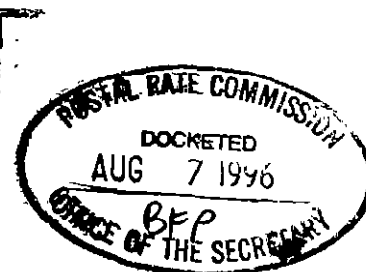
UNITED STATES POSTAL SERVICE

By its attorneys:

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August 7, 1996



U.S. POSTAL SERVICE RESPONSE TO INTERROGATORIES OF
OFFICE OF THE CONSUMER ADVOCATE
(Redirected from Lion USPS-T-4)

OCA/USPS-T4-22. Refer to page 34, lines 18-19, of your testimony concerning rents for floor space located in postal facilities. For postal facilities having lobby floor space, please confirm that the Postal Service pays or imputes the same rent for the lobby floor space and all other floor space in the same facility. If you do not confirm, please explain.

Answer:

Confirmed. Please note, however, that in developing the attributable facility space provision costs, an estimate of the imputed rent per square foot is made for each grouping of facility types (or survey strata) shown in page IV-5 of LR-G-120A, from Docket No. R94-1. These imputed rents per square foot are shown by strata at page IV-10. These rental costs by strata were applied to the appropriate column in Schedule 5, to obtain the rental costs results shown in Schedule 6. Because the relative amount of space in each row of Schedule 5 differs by facility strata (see Schedule 3), the average imputed rent per square foot does differ by row in Schedules 6 and 9. This is shown in USPS-LR-SSR-91, page I-2. Thus, the average imputed rent per square foot for lobby space is different from the average imputed rent per square foot for the other space categories, say in the workroom, because lobby space is found in a different mix of facilities with different imputed rental rates than is true for workroom floor space.

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OCA/USPS-T4-23. Refer to LR-SSR-104, page 1, concerning caller service. Please define and distinguish between the following two key parameters: "Caller Numbers or Separations" and "Total Number of Firms or Callers".

RESPONSE:

"Total Number of Firms or Callers" refers to the number of persons or organizations receiving caller service. See DMM § D920.1.2. "Caller Numbers or Separations" refers to the caller numbers that are assigned to the callers. A caller number is assigned for each separation used, so there can be more than one number per caller. See DMM § D920.1.4. The caller service fee is charged for each number (*i.e.*, separation). DMM § D920.4.1.

Please note that LR-SSR-104 is being revised today so that the 100,770 figure provided in LR-SSR-113 is used as the number of "Caller Numbers or Separations" on Page 1. The "Total Number of Firms or Callers" is then calculated by dividing by the number of separations per caller (2.32). This revision makes LR-SSR-104 consistent with the before-rates number of "Transactions" (101,000) in witness Lyons' workpaper D, page 3.

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OCA/USPS-T4-24. Refer to LR-SSR-104, page 1, concerning caller service.

- a. Please define and explain what constitutes "Large Firms" that are caller service customers.
- b. Please define and explain what constitutes "Small Firms" that are caller service customers.

RESPONSE:

Large firms are caller service customers receiving large volumes of mail. See Docket No. R80-1, USPS-LR-C-5, pages 5, 7. These firms have been determined to be 96.7 percent of all caller service customers. *Id.* at Exhibit V. Small firms are the remaining firms, which receive smaller volumes of mail. The large firms require more time for mail pickups. LR-SSR-104, pages 4-5.

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OCA/USPS-T4-25. Refer to LR-SSR-104, Exhibit I on page 2, concerning caller service. Please confirm that the "Total" of \$67,221,780 represents the total attributable costs for caller service in the FY 96 test year, before rates.

- a. If you do not confirm, please explain and provide the total attributable costs for caller service in the FY 96 test year, before rates.
- b. In addition, please provide the total attributable costs for caller service in the FY 96 test year, after rates.

RESPONSE:

Not confirmed. The total costs for caller service in the test year are shown in witness Lyons' Workpaper D, page 3:

Before rates - \$29,041,000

After rates - \$23,865,000.

The before rates total is slightly different from the total shown in LR-SSR-104, page 2, as revised August 7, 1996, because of rounding.

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OCA/USPS-T4-26. Refer to LR-SSR-104, Exhibit I on page 2, and USPS-T1, WP D, at page 3. Please explain and reconcile the difference between the "Total" annual cost of \$67,221,780 for caller service in LR-SSR-104, Exhibit I, and the cost of caller service before rates of \$29,041,000 in WP D.

RESPONSE:

The revision described in the response to OCA/USPS-T4-23 reduces the total annual cost determined in LR-SSR-104, page 2 from \$67,221,780 to \$28,974,905. The difference from the \$29,041,000 figure in Workpaper D, page 3 is due to the rounding in the workpaper.

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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