

ORIGINAL

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

DOUGLAS F. CARLSON
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS SUSAN W. NEEDHAM

August 5, 1996

Pursuant to section 25 of the Rules of Practice, I,
Douglas F. Carlson, hereby submit interrogatories to United
States Postal Service witness Susan W. Needham.

Dated: August 5, 1996

Douglas F. Carlson

DOUGLAS F. CARLSON



DFC/USPS-T7-1. On page 7, lines 13-14, you stated, "In some offices, customers have convenient 24-hour access to their boxes."

a. Do you confirm that hours of access may affect a customer's decision as to where to obtain post-office-box service? If not, please explain the basis for your contention.

b. Do you confirm that a customer may value access to his post-office box 24 hours a day, 7 days a week higher than access between, for example, 6:00 AM and 6:00 PM, Monday through Saturday?

DFC/USPS-T7-2. If the nonresident fee is approved, does the Postal Service plan to standardize the hours at all post offices during which customers have access to their post-office boxes?

DFC/USPS-T7-3. On page 25, lines 1-3, you stated that "The proposed \$18.00 semi-annual fee for nonresidents would be applied in all offices, and would reflect the added value of service non-residential box customers receive." Suppose two customers, A and B, live one block from each other in City X. A and B have different five-digit ZIP Codes. The post office serving A's five-digit ZIP Code allows access to the post-office boxes between 8:00 AM and 6:00 PM Monday through Saturday; the box lobby at A's post-office is closed on Sunday. The post office serving B's five-digit ZIP Code provides access to the boxes 24 hours a day, 7 days a week. Both A and B work in another city and do not arrive home from work until 7:00 PM. (A and B leave for work in the morning before mail is distributed to the boxes.) Neither A nor B would rent a box at a semiannual rate of \$20 at the post office serving A's part of the city because the post office would be closed by 7:00 PM. Both A and B would rent

a box for the semiannual rate of \$20 at the post office serving B's area.

a. Do you confirm that the situation described above could exist?

b. According to 39 U.S.C. § 3622(b), postal rates and fees must be fair and equitable. Please explain why a rate schedule that charged A, but not B, an \$18 nonresident fee would be fair and equitable.

c. According to 39 U.S.C. § 3622(a), the Postal Service may request a recommended decision from the Postal Rate Commission on changes in fees if the Postal Service determines that such changes would be in the public interest. Please explain how the Postal Service determined that a rate schedule that charged A, but not B, an \$18 nonresident fee would be in the public interest.

d. Do you confirm that A would be required to pay an \$18 nonresident fee to obtain 24-hour access to his post-office box due to a condition--box-lobby hours--within the control of the Postal Service?

e. Please explain why \$18, and not some other amount, reflects the added value to A of having a box at the post office serving B's area.

f. In your response to OCA/USPS-T7-5(b), you stated that three dollars per month is a "reasonable" fee to pay for the "value associated with box service at an office of the customer's choosing." Response to Interrogatories OCA/USPS-T7-5(b). Please explain why three dollars per month would be a reasonable fee to charge A given that B, who lives one block away from A, would pay no extra monthly charge.

g. Is it possible that a box at A's local post office would be worth only a semiannual fee of \$15 to him because he would not be able to pick up his mail until the following day?

h. If your answer to (g) is yes, is it possible that a box at the post office serving B's area is worth \$20 to A?

i. If your answers to (g) and (h) are yes, would the added value to A of nonresident box service be \$5, not \$18?

DFC/USPS-T7-4. In your testimony, you implied that the nonresident fee would make more boxes available for residents and that the Postal Service would view this outcome favorably. See, e.g., USPS-T-7 at p. 25.

a. Excluding general delivery, do you confirm that a resident, as defined for this case, who wishes to receive mail delivery in City R, which provides city carrier delivery, has two choices about how to receive mail directly from the Postal Service: (1) Receive mail at his residence address in City R; and (2) Obtain a post-office box at the post office in City R?

b. Excluding general delivery, do you confirm that a nonresident, as defined for this case, who wishes to receive mail delivery in City R has available to him only a post-office box (Choice (2) in (a) above)?

c. Please explain why the Postal Service is more concerned that the customer in (a) be able to obtain a box in City R in a timely fashion than the customer in (b).

DFC/USPS-T7-5. In Section IX, you introduced newspaper articles as evidence of the "high value of service from, and

the demand for, post-office-box service." USPS-T-7 at p. 25, lines 19-20.

a. Do you confirm that post offices in towns and cities with vanity addresses experience a demand for boxes by nonresidents that is atypically higher than the general pattern of demand for boxes by nonresidents that the entire pool of post offices in the country experiences? If not, please explain and provide available data.

b. If your answer to (a) is yes, for typical, non-vanity post offices do you confirm that factors other than prestige of the address may be most significant for nonresidents who obtain box service at other than their local post office?

DFC/USPS-T7-6. In your response to OCA/USPS-T7-5(b), you stated that the \$18 nonresident fee "was not determined based on costs." Response to Interrogatories OCA/USPS-T7-5(a). Please explain how the \$18 nonresident fee meets the requirement of 39 U.S.C. § 3622(b) that each type of mail service bear the direct and indirect postal costs attributable to that service plus that portion of all other costs that are reasonably assignable to that service.

DFC/USPS-T7-7. In your response to OCA/USPS-T7-5(c), you stated that you rejected a semiannual nonresident fee lower than \$18 (\$3 per month) because the lower fee was not divisible by six in a whole dollar amount. Response to Interrogatories OCA/USPS-T7-5(c). Why did you not consider a monthly fee of \$2 or \$1?

DFC/USPS-T7-8. In your response to OCA/USPS-T7-5(d), you implied that a nonresident fee would "alleviate the problems caused by nonresident box customers." Response to Interrogatories OCA/USPS-T7-5(d).

a. Please explain how the fee would alleviate the problems, given that the fee is not based on costs (see Response to Interrogatories OCA/USPS-T7-5(a)).

b. In your testimony, you suggested that the nonresident fee would likely cause nonresidents to give up their boxes. USPS-T-7, p. 25, lines 5-6. Earlier, you stated that the fee would reflect the added value of service nonresidential box customers receive. USPS-T-7, page 25, lines 2-3. If the \$18 nonresident fee truly reflected--and did not exceed--the added value of the nonresident service to the nonresident boxholder, why would you expect these boxholders to give up their boxes?

DFC/USPS-T7-9. On page 37, lines 21-22, you stated that some video rental stores within a chain charge a fee when customers rent a video at one store and return it to another store.

a. Is it possible that the stores charge this fee to recover the cost of transporting videos back to the original store or correcting a resulting imbalance in inventory?

b. Please confirm that a letter delivered to a post-office box in City X for a customer who lives in City Y is not also delivered in City Y or otherwise transported to City Y after delivery in City X.

DFC/USPS-T7-10. On page 38, lines 2-4, you stated that many ATM customers will pay a transaction fee "if they use their ATM card at a bank other than their own bank or branch of their main bank."

a. Please cite an example of a bank that charges a customer an extra fee for using an ATM that is owned and

operated by that same bank but located at a branch other than the branch where the customer's account is located.

b. Do you confirm that a large majority of the ATM charges you described in lines 2-4 occur when customers of one bank use the ATM of another bank?

c. Might the charges described in (b) reflect the cost of the second bank's involvement in the transaction?

d. Please confirm that a letter delivered to a post-office box in City X for a customer who lives in City Y does not involve the postal services of an agency other than the Postal Service.

DFC/USPS-T7-11. On page 38, lines 8-14, you stated that local county governments in Northern Virginia charge nonresident fees for nonresidents who use county recreational facilities.

a. Are these county recreational programs in any way subsidized by taxes paid by county residents?

b. Do residents who live in the five-digit service area of a post office contribute tax dollars that subsidize the operation of their local post office?

DFC/USPS-T7-12. On page 37, lines 15-17, you stated that nonresident box patrons can take advantage of many opportunities for "increased prestige, business, and convenience, as reflected in their choice of an address other than where they reside or have their businesses."

a. Please state the percentage of nonresident boxholders who choose to have a nonresident box for either prestige or business reasons.

b. Please explain why it is fair to charge a nonresident fee for customers who choose to have a nonresident box solely for convenience reasons when they perceive their local post office as comparatively less convenient because of factors within the discretion and control of the Postal Service--e.g., lobby hours and speed of window service.

DFC/USPS-T7-13. Suppose that a person lives in City X but obtains a driver's license using the street address of a CMRA located in the five-digit ZIP Code service area of Post Office Y. (Suppose, for example, that his driver's license lists his CMRA address as 2500 Main Street, Apartment 100.) This customer then applies for a post-office box at Post Office Y and shows his driver's license as proof of local residence.

a. Please confirm that this customer is, according to the definition for this rate case, a nonresident.

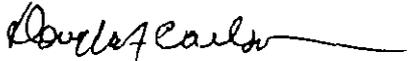
b. If you confirm in (a), how would the Postal Service identify that this customer is not, in fact, a resident and assess the proper \$18 nonresident fee?

DFC/USPS-T7-14. Please explain how a nonresident fee that is assessed against nonresident customers who obtain a post-office box at a post office that does not suffer from a shortage of boxes meets the 39 U.S.C. § 3622(a) "public interest" requirement.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon the required participants of record in accordance with section 12 of the Rules of Practice and sections 3(B)(2) and 3(C) of the Special Rules of Practice.

August 5, 1996
Emeryville, California



DOUGLAS F. CARLSON