

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 NEEDHAM TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T7-27(A) AND 28-34)

The United States Postal Service hereby provides responses of witness Needham to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T7-27(a), filed on July 23, 1996, and OCA/USPS-T7-28-34, filed on August 1, 1996. Objections to interrogatories OCA/USPS-T7-27(a) and 30 were filed on August 2, 1996; however, responses are being provided to those interrogatories pursuant to an informal agreement between counsel for the Postal Service and the Office of the Consumer Advocate.

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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August 15, 1996



**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-T7-27. Refer to your response to OCA/USPS-T7-10.

- a. Please confirm that there are no restrictions in the DMM or DMCS that would prevent the Postal Service from giving priority to residents. If you do not confirm, please explain.

RESPONSE:

- a. It is my understanding that, in response to a Postal Service objection to this question, the Office of the Consumer Advocate has agreed to limit this question to my personal knowledge. In developing my proposal, I did not have personal knowledge of any DMM or DMCS restrictions that would prevent the Postal Service from giving priority to residents. However, I have not investigated this matter because my proposal does not involve giving priority to residents. If my proposal had included such priority, I expect it would have undergone legal review by the Law Department.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T7-28. Refer to your response to Presiding Officer's Information Request No. 1, question 8, and the response of witness Lion to question 9. Does the Postal Service propose that the estimated "1,839,816 of the Group II post office boxes in use [that] are located in offices which do not provide city or rural delivery service" pay the proposed Delivery Group D fees?

- a) If you answer yes, please provide the number of boxes by box size for the estimated "1,839,816 of the Group II post office boxes in use."
- b) If you answer anything other than yes, please explain.

RESPONSE:

No, unless the boxes are used by nonresidents.

- a) Not applicable.
- b) The Postal Service proposes that resident post office box service customers in offices without carrier delivery pay the proposed Delivery Group E fee. Under the proposal nonresidents would pay Group D fees and the nonresident fee.

REVISED AUGUST 28, 1996

**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-T7-28. Refer to your response to Presiding Officer's Information Request No. 1, question 8, and the response of witness Lion to question 9. Does the Postal Service propose that the estimated "1,839,816 of the Group II post office boxes in use [that] are located in offices which do not provide city or rural delivery service" pay the proposed Delivery Group D fees?

- a) If you answer yes, please provide the number of boxes by box size for the estimated "1,839,816 of the Group II post office boxes in use."
- b) If you answer anything other than yes, please explain.

RESPONSE:

Yes, assuming the box customers are eligible for delivery from another office. See my testimony, USPS-T-7, at 21-22, and my response to question 5, and witness Lyons' response to question 7, of Presiding Officer's Information Request No. 2.

- a) See the response of witness Lyons to question 7, part a, of Presiding Officer's Information Request No. 2.
- b) The Postal Service proposes that post office box service customers in offices without carrier delivery service pay the proposed Delivery Group E fee only if they are not otherwise eligible for carrier delivery. Customers who are eligible for delivery would pay the proposed Group D fees (and the non-resident fee for non-residents).

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
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OCA/USPS-T7-29. Refer to page 28, lines 8-9, concerning non-resident box holders.

- a) Please provide the number of non-resident box holders in towns bordering Canada and Mexico that are foreign nationals.
- b) How many box holders in border towns are US citizens who reside in both US and Canada or the US and Mexico?

RESPONSE:

a and b) The Postal Service does not collect information on the number of non-resident boxholders in United States border towns that are foreign nationals or the number of boxholders in United States border towns that are United States citizens residing in both the United States and Canada or Mexico.

**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO
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OCA/USPS-T7-30. Refer to page 28, lines 8-9, concerning non-resident box holders. Are there any applicable international treaties or agreement which would prevent limiting the non-resident box fee to foreign nationals, whether businesses or individuals? Please provide citations.

RESPONSE:

It is my understanding that, in response to a Postal Service objection to this question, the Office of the Consumer Advocate has agreed to limit this question to my personal knowledge. In developing my proposal, I did not have personal knowledge of any international treaties or agreements which would prevent limiting the non-resident fee to foreign nationals. However, I have not investigated this matter because my proposal does not involve such a limit. If my proposal had included such a limit, I expect it would have undergone legal review by the Law Department.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
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OCA/USPS-T7-31. Refer to pages 34-40 of your testimony concerning the pricing criteria of the Postal Reorganization Act.

- a) Have there been any changes in the value of service provided users of post office box service since the Postal Service requested a cost coverage of 100.8 percent for post office boxes in Docket No. R90-1? Please explain and provide documentary support, if any.
- b) Have there been any changes in "the effect of rate increases" on users of post office box service since the Postal Service requested a cost coverage of 100.8 percent for post office boxes in Docket No. R90-1? Please explain and provide documentary support, if any.
- c) Have there been any changes in the availability of alternatives for users of post office box service since the Postal Service requested a cost coverage of 100.8 percent for post office boxes in Docket No. R90-1? Please explain and provide documentary support, if any.

RESPONSE:

I think it is important to note that the proposed 100.8 percent cost coverage for post office boxes in Docket No. R90-1 was deliberately kept low to allow for the space cost allocation proposal presented by witness Smith. Docket No. R90-1, USPS-T-22, at 12. In fact, the Commission, by rejecting witness Smith's proposal, was able to lower the fees proposed by the Postal Service, but raise the cost coverage to 132.8 percent. PRC Op., R90-1, Vol. 1, at V-401-402; Vol. 2, App. G, Sched. 1. The Postal Service is using the Commission's space costing methodology in this docket, so the cost coverages presented by the Postal Service are comparable to the 132.8 percent figure, rather than the 100.8 percent figure.

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OCA/USPS-T7-31

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- a) Please see my response to OCA/USPS-T7-16, filed July 30, 1996

- b) I am not aware of any changes in the effect of fee increases on users of post office box service since Docket No. R90-1.

- c) Yes. With respect to Mail Boxes, Etc. (MBE), a major alternative for post office box service, between 1990 and 1996, the total number of centers increased 129 percent, from 1,119 to 2,564. (Sources: MBE 1990 Annual Report, page 18; January, 1996 MBE Form 10-Q.)

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
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OCA/USPS-T7-32. Refer to pages 22-23 of your testimony concerning caller service.

- a) Please identify the types of Postal Service or other equipment that are used by caller service customers to take delivery of caller service mail.
- b) Please provide the dimensions of the Postal Service or other equipment identified in "a" above.

RESPONSE:

a and b) The Postal Service makes available to caller service customers various types of carts and bags to take delivery of caller service mail, if these customers do not bring their own carts or bags. As the Postal Service and customer carts and bags vary by size, there would be numerous possibilities for dimensions. An important point to remember is that the Postal Service carts and bags are primarily used by postal employees to transport mail around and out of postal facilities. The various types of carts and bags are not purchased for delivery of caller service mail, although they may be used in that function.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
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OCA/USPS-T7-33. Refer to pages 25-31 of your testimony concerning post office box service media attention.

- a) Has the post office box service media attention coincided with a large and rapid increase in the number of non-resident box holders? Please quantify the increase.
- b) "Over the past few years," has the increase in the number of non-resident box holders been significantly above average in comparison to other periods? Please explain. See, USPS-T-7, page 25, line 12.
- c) What are the causes of this increase in the number of non-resident box holders?

RESPONSE:

- a) The Postal Service does not have any information on changes in the number of non-resident boxholders over time. Therefore, I do not know if there has been a large and rapid increase in the number of non-resident boxholders. I can only agree that the media has brought the non-resident potential and current customer base into the spotlight recently.
- b) I do not know. Please see my response to part (a).
- c) Not applicable.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
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OCA/USPS-T7-34. Refer to your response to OCA/USPS-T7-10(b).

- a) Is it the position of the Postal Service that non-residents who can afford to pay the non-resident fee should be given priority over residents?
- b) Assuming the Commission recommends the proposed non-resident fee, please identify all circumstances where it will be possible for a resident on a waiting list to receive post office box service prior to a non-resident on the same waiting list, even though the non-resident was placed on the list before the resident? In your opinion, how likely is it that this would occur?

RESPONSE:

- a) Absolutely not.
- b) I cannot identify any circumstances where it would be possible for any potential boxholder to receive priority over a potential boxholder placed on the same waiting list first.

DECLARATION

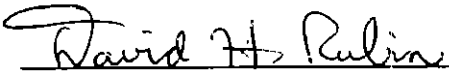
I, Susan W. Needham, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Susan W Needham

Dated: August 15, 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.


David H. Rubin

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August 15, 1996