

ORIGINAL

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Docket No. MC96-3

SPECIAL SERVICES REFORM, 1996

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS LION TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
AND UNITED PARCEL SERVICE
(OCA/USPS-T4-27, AND 35-37
AND UPS/USPS-T1-1 REDIRECTED FROM WITNESS LYONS)

AUG 16 1996

OFFICE OF THE SECRETARY

The United States Postal Service hereby provides responses of witness Lion to the following interrogatories of the Office of the Consumer Advocate (OCA/USPS-T4-27, and 35-37, filed on August 2, 1996), and United Parcel Service (UPS/USPS-T1-1, filed on August 2, 1996, and redirected from witness Lyons). Interrogatories OCA/USPS-T4-28-34 were redirected to the Postal Service.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

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August 16, 1996

OCA/USPS-T4-27. Refer to your response to OCA/USPS-T4-15(d).

(a) Please explain why the calculation of Delivery Group E attributable costs is impossible. Please identify any data necessary to make the calculations.

(b) What evidence to the contrary do you have that the attributable cost of Delivery Group E is not 1.6 percent of total post office box attributable costs for the test year?

(c) Assume the attributable cost of Delivery Group E is 1.6 percent of total post office box attributable costs. Please explain the rationale for not treating these costs as institutional costs.

RESPONSE:

- a. It is not possible to apply the methodology used given the data available. The distribution of boxes by box size is required to allocate costs. This information was not collected for Delivery Group III. Moreover, it is my understanding that Group E would be a different group than Group III. Thus the portion of attributable costs allocated to Group E would likely be different from those for Group III.
- b. First, the 1.6 percent is based on an analysis for Group III for Docket No. R90-1. The proportion of total attributable costs might well have changed since then. Second, as discussed in the response to (a), Group E as proposed is different from Group III. No analysis of the proportion of post office box service costs that will be allocated to Group E has been attempted.
- c. These costs are volume variable costs, rather than institutional costs. See the description of these costs in USPS-T-4 at 34-35. The rationale for charging no fee for Group E boxes is given in USPS-T-7 at page 21.

Response of Witness Lion to Interrogatories of the OCA, MC96-3

OCA/USPS-T4-35. Refer to your response to Presiding Officer's Information Request No. 1, question 8. Please provide the average number of post office boxes installed in contract offices administered by non-city delivery offices.

RESPONSE:

227, as shown in LR-SSR-93, Item 2, page 15 (denoted mean).

Response of Witness Lion to Interrogatories of the OCA, MC96-3

OCA/USPS-T4-36. Refer to LR-SSR-119, at page 5. Please provide the average rental cost per square foot for Delivery Group III.

RESPONSE:

\$6.72, as shown in LR-SSR-99, Item 3, page 31. Since SSR-119 is a diskette, it has no page 5.

Response of Witness Lion to Interrogatories of the OCA, MC96-3

OCA/USPS-T4-37. Refer to your responses to OCA/USPS-T4-10-11 and LR-SSR-119. Please confirm that the sheet entitled "CRA" in LR-SSR-119 was used in the calculation of post office box attributable costs. If you do not confirm, please explain.

RESPONSE:

Not confirmed. As stated in the response to OCA/USPS-T4-12, the calculations can be tracked using only the sheets labeled "All Other", "Space Support", "Space Provision", and "Unit Costs", plus the FY 1994 Cost Sgments and Components Report. Sheet "CRA" was not used, contains errors, and should have been deleted.

UPS/USPS-T1-1. Please refer to page 18 of your testimony at lines 8-10.

- (a) Please state the number of residences and businesses in the United States for which the Postal Service does not provide carrier delivery.
- (b) Please state the total number of post office boxes for which the boxholders do not have the option of receiving carrier delivery.
- (c) Please state the number of postal and contract facilities that provide no carrier delivery services for any residences and businesses in the area served by that by postal or contract facility.
- (d) Please state the number of postal and contract facilities that do not provide carrier delivery services for at least some of the residences and businesses in the area served by that by postal or contract facility.
- (e) Please state the number of individuals in the United States for whom carrier delivery at their residence is not currently provided.

RESPONSE:

- a. We have no particular basis for determining the number of residences and businesses to which the Postal Service does not provide delivery.
- b. Postal Service information systems do not collect this information because they do not record residence status or whether a local customer of a post office is eligible for delivery from some other office.
- c. The only information available, the Delivery Statistics File (DSF), shows 5,248 post offices (defined by finance numbers) as providing no city, rural, or highway contract delivery services.
- d. Available Postal Service information systems do not collect this information. Using the DSF and ALMS files, we can determine how many routes of each type are assigned to a finance number (post office). We cannot determine whether these routes serve twenty percent, fifty percent, or 100 percent of the addresses in that area.
- e. The Postal Service does not have information on the numbers of individuals at residences.

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: 8/16/96

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.



David H. Rubin

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