

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-T7-35-38)

The United States Postal Service hereby provides responses of witness Needham to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T7-35-38, filed on August 6, 1996.

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 20, 1996



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

OCA/USPS-T7-35. Please refer to page 25, lines 1-8 of your testimony where you state that "non-residents facing higher fees, would be more likely to give up their boxes, thus making them available for residents."

- a. Please confirm that proposed resident fees are less than the cost of providing box service. If you do not confirm, please explain how to interpret the figures of your Table I and Table 15 of USPS-T-4.
- b. If you confirm part "a," please confirm that the Postal Service will actually lose money for every box rented to a resident. If you do not confirm, please explain.
- c. Please confirm that the only proposed post office box fees that exceed the cost of providing the box service are for non-residents. If you do not confirm, please explain how to interpret the figures of your Table II and Table 15 of USPS-T-4.
- d. If you confirm part "b," please confirm that the postal service can only make money on boxes rented to non-residents. If you do not confirm, please explain.
- e. If the waiting list for boxes at a post office includes both residents and non-residents, please confirm that the postal service has an economic incentive to lease boxes first to the waiting non-residents.
- f. Please confirm that adding new box capacity is cost-effective at the proposed rates only when the new boxes can be rented to non-residents. If you do not confirm, please explain how renting new boxes below cost to residents is cost-effective.
- g. Please confirm that the proposed box fee structure creates an economic incentive for postmasters to prefer non-resident box holders and to accept resident applicants for boxes only when the available supply of non-residents is exhausted. If you do not confirm, please explain. If you confirm, please elaborate on your claim that these new fees will make more boxes available for residents.

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RESPONSE:

- a. Not confirmed. The proposed Group A, B, and C resident fees cover costs. The proposed Group D resident fees are less than the costs of providing box service (see USPS-T-7, Table VII).
- b. Not confirmed. The fees for residents are less than the costs for Group D boxes only. However, the Postal Service's proposal would make the Group D fees closer to the costs than they are now.
- c. Not confirmed. See the response to part a.
- d. Not applicable. See the responses to parts a and b.
- e. Although revenue from non-resident box customers would be greater on a same-size box, same-type group basis, the Postal Service intends to provide box service to customers on a first-come basis, regardless of resident status.
- f. Not confirmed. See the responses to parts a and b.
- g. Please see my response to part e.

**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO
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OCA/USPS-T7-36. Refer to your response to interrogatory OCA/USPS-T7-5(c).

- a. What were the amounts of the higher and lower fees that were rejected?
- b. What percentage of post office box customers terminate box service before their rental period has expired?

RESPONSE:

- a. The higher semi-annual fee rejected was \$24. The lower semi-annual fee rejected was \$10.
- b. To the best of my knowledge, the Postal Service does not collect that type of information.

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
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OCA/USPS-T7-37. Refer to your response to interrogatory OCA/USPS-T7-14, where you state that the "decision whether or not to maintain a waiting list is made individually by each postmaster." If postmasters do not maintain a waiting list, by what means do postmasters determine to whom boxes will be rented when the demand for boxes exceeds the number of boxes available for rent at a postal facility?

RESPONSE:

It is my understanding that, for those offices where waiting lists are not maintained, potential customers are given box service on an as-available basis. When box service is terminated by a customer at an office with no available boxes, the next potential customer requesting box service is offered the box just vacated. See also response of witness Landwehr to OCA/USPS-T3-2c-e, filed July 24, 1996.

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

OCA/USPS-T7-38. Refer to your response to interrogatory OCA/USPS-T7-15(a), where you state that the Postal Service "is unable to identify all offices in which management has complained to supervisors regarding the problems caused by non-resident box holders." Other than the postal facilities discussed in the testimony of witnesses in this proceeding, please identify any postal facilities where there have been complaints concerning non-resident box holders. Please provide supporting details.

RESPONSE:

As explained in the response to OCA/USPS-T7-15(a), the Postal Service maintains no system of records that would permit a simple answer to this question; nor is it prepared to commission a study that would permit it to identify all offices that have had problems with nonresident boxholders.

Notwithstanding, we have identified two additional offices which have complaints regarding nonresident boxholders: Sault Sainte Marie, Michigan and Savannah, Georgia.

The Postal Service will provide additional information as it becomes available.

DECLARATION

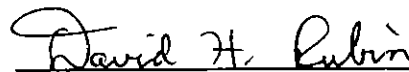
I, Susan W. Needham, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Susan W Needham

Dated: August 20, 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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