

ORIGINAL

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0000

RECEIVED
OCT 25 4 25 PM '96
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

UNITED STATES POSTAL SERVICE INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO OFFICE OF THE CONSUMER ADVOCATE
WITNESS CALLOW (USPS/OCA-T300-22-29)

Pursuant to rules 25 and 26 of the Rules of Practice and Procedure and rule
2 of the Special Rules of Practice, the United States Postal Service directs the
following interrogatories and requests for production of documents to Office of the
Consumer Advocate witness Callow: (USPS/OCA-T300-22-29).

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Susan M. Duchek

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.


Susan M. Duchek

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2990; Fax -5402
October 25, 1996

POSTAL RATE COMMISSION
DOCKETED
OCT 25 1996
BFP
OFFICE OF THE SECRETARY

USPS/OCA-T300-22. On page 1, column 9 of OCA-LR-3, TYAR Total Costs for post office boxes are reported to be \$466,254,352.

- a. Please explain the derivation of this figure in detail, providing all spreadsheets, workpapers and other related documents.
- b. Please explain in detail why TYAR Total Costs for post office boxes of \$466,254,352 differ from the TYAR total attributable costs for post office boxes of \$516,598,000 shown in Exhibit USPS-T-51, page 2.
- c. In deriving the TYAR Total Costs for post office boxes of \$466,254,352, did you assume that post office box attributable costs would decline in a larger proportion or by a larger percentage than the decrease in the number of post office boxes in use? If so, please explain the rationale underlying this assumption in detail. If not, please explain in detail what assumptions you did make.
- d. Please explain in detail all evidence or other supporting data which indicate that a decrease in the number of post office boxes in use would be accompanied in the test year by a like decrease in the space and rental related costs associated with post office boxes.
- e. Is it your testimony that postal facilities, in the test year, would convert the space to other uses or activities? If so, please explain in detail all evidence or other supporting data for this conclusion.

- f. In USPS-T-5, Appendix B, lines 10-14, witness Patelunas stated, "Additionally, it was assumed that there would be no change in the space and rental related costs associate with the decrease in Post Office Boxes in use because these costs would not respond immediately in the test year, but rather, they would respond some time after the test year." Do you disagree with this statement? If so, please explain why in detail and discuss all evidence or other supporting data for your contrary conclusion.

USPS/OCA-T300-23. At page 23, lines 1-2 of your testimony, you state, "My proposal relies on cost estimates presented by Postal Service witness Lion (USPS-T-4)." Please confirm that you used Postal Service cost data to derive your post office box proposal rather than the Commission's costs presented in PRC-LR-1 and 2.

- a. If you do not confirm, please explain in detail.
- b. If you did not review and/or consider the Commission's costs presented in PRC-LR-1 and 2 to derive your post office box proposal, why did you need an extension of time from September 25, 1996 to September 30, 1996 to prepare and file your testimony?

USPS/OCA-T300-24. OCA witness Sherman says that "[t]here is a broad general problem in pricing post offices boxes that is not considered explicitly in the [Postal

Service's] proposal. That problem is that there may be a cost savings in delivery to a post office box rather than to a business or residence." *OCA-T100, page 27, lines 1-4*. At pages 24-29 of your testimony, you discuss various pricing criteria of the Postal Reorganization Act. In that discussion, you do not address OCA witness Sherman's "problem in pricing post office boxes."

- a. Do you disagree with witness Sherman's assessment? Please explain in detail.
- b. If you do not disagree with witness Sherman, then why did you not address his idea in the context of the pricing criteria of the Act? Please explain in detail.

USPS/OCA-T300-25. Please refer to OCA-LR-3, Post Office Boxes USPS Proposal, page 1.

- a. Please confirm that columns 1 (TYBR number of boxes) and 2 (TYAR number of boxes) represent post office boxes in use. If you do not confirm, please explain in detail.
- b. Please confirm that columns 8 (TYBR Total Costs) and 9 (TYAR Total Costs) were both calculated using the same cost per box from column 3. If you do not confirm, please explain in detail.
- c. Please confirm that the cost per box from column 3 was calculated using witness Patelunas's TYBR post office box attributable cost

figure of \$529,374,000 from Exhibit USPS-T-5E, at 8. If you do not confirm, please explain in detail.

- d. Is it your testimony that the unit cost per box for post office boxes in use would remain the same in the test year before rates and the test year after rates? Please explain fully.

USPS/OCA-T300-26. Please refer to OCA-LR-3, Post Office Box and Caller Service OCA Proposal, page 3.

- a. Please confirm that columns 1 (USPS TYBR number of boxes) and 2 (OCA TYAR number of boxes) represent post office boxes in use. If you do not confirm, please explain in detail.
- b. Please confirm that columns 8 (USPS TYBR Total Costs) and 9 (OCA TYAR Total Costs) were both calculated using the same cost per box from column 3. If you do not confirm, please explain in detail.
- c. Please confirm that the cost per box from column 3 was calculated using witness Patelunas's TYBR post office box attributable cost figure of \$529,374,000 from Exhibit USPS-T-5E, at 8. If you do not confirm, please explain in detail.
- d. Is it your testimony that the unit cost per box for post office boxes in use would remain the same in the test year before rates and the test year after rates? Please explain fully.

USPS/OCA-T300-27. On page 15, line 21- page 16, line 2 of your testimony, you state that "The Postal Service's discriminatory treatment of non-resident boxholders through the proposed non-resident surcharge is unfair and inequitable".

- a. Please provide the criteria upon which you have based your statement that a non-resident surcharge is unfair and inequitable.
- b. Under what circumstances or criteria would a non-resident surcharge be fair and equitable? Please explain fully.
- c. Do you consider the higher charges imposed on Metro riders in the Washington, D.C. area during rush hours to be unfair and inequitable? Please explain why or why not.
- d. With respect to Metro, please assume that the cost per rider is not higher during rush hour than at other times. How would that assumption affect your view about the fairness and equity of higher rush hour fares?

USPS/OCA-T300-28. On page 17 lines 6-8 of your testimony, you state that "[i]mplementing the proposed non-resident surcharge in the absence of critical costing information and demonstrated need would be unfair and inequitable".

- a. Specifically, what need would have to be demonstrated to make the non-resident surcharge fair and equitable and how could it be demonstrated?

- b. What costing data would be needed to make the non-resident surcharge fair and equitable and how could it be obtained? Please explain fully.

USPS/OCA-T300-29. On page 26, line 18 - page 27, line 1 of your testimony, you state that:

Post office box service offers relatively low value. Box features such as privacy and security are offset by more limited boxholder access to the mail at post office box sections, as compared to carrier delivery.

- a. Please explain your conclusion that access to mail is more limited for boxholders than those receiving carrier delivery, including all data and other relevant information to support this claim.
- b. Please explain how you determined that the value of privacy and security are offset by more limited boxholder access to the mail at post office box sections, as compared to carrier delivery, providing all data and other relevant information to support your claim.