

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
TO INTERROGATORY OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-88)

The United States Postal Service hereby provides the response to the following interrogatory of the Office of the Consumer Advocate: OCA/USPS-88, filed on October 16, 1996.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

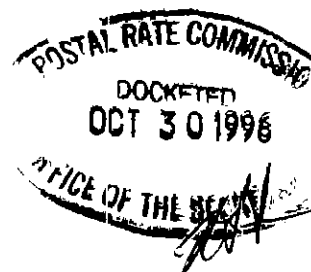
By its attorneys:

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October 30, 1996



Response of United States Postal Service to Interrogatory OCA/USPS-88

OCA/USPS-88. Please refer to the attached exhibits, OCA Exhibits 1 and 2, and to the September 25 comments of NAPUS. In order to assist the OCA (and the Commission) in evaluating the NAPUS comments on proposed fees at non-city delivery (Group II) offices, please answer the following questions.

OCA Exhibits 1 and 2 are tabulations of post office box data from LR-SSR-113 at the CAG/delivery group level. OCA Exhibit 1 summarizes the installed box data and Exhibit 2 summarizes the rented box data.

Exhibits 1 and 2 demonstrate that each delivery group, other than Group IA, contains many different CAG level post offices. A comparison across delivery groups also reveals that the same CAG level post offices can occur in several delivery groups. This raises questions about the costs associated with post offices by CAG as opposed to costs by delivery group.

- a. Please confirm that the number of post office boxes installed, for each box size, by CAG in each delivery group is the number shown in OCA Exhibit 1. If you do not confirm, please provide corrections.
- b. Please confirm that the number of boxes in use, for each box size, by CAG in each delivery group is the number shown in OCA Exhibit 2. If you do not confirm, please provide corrections.
- c. Please confirm that the rental cost in dollars per square foot for each delivery group represents an average of the rental cost per square foot of the CAGs in the delivery group. If you do not confirm, please explain.
- d. Please confirm that each delivery group (except Group III) has CAG A facilities. If you do not confirm, please provide corrections.
- e. Please confirm that over 140,000 Group II boxes are installed at CAG A-D facilities. If you do not confirm, please provide corrections.
- f. Please confirm that over 200,000 Group 1C boxes are installed at CAG H-J facilities. If you do not confirm, please provide corrections.
- g. Have any studies been conducted that demonstrate that CAG A offices in Group 1C have higher rental costs per square foot than CAG A offices in Group II? If yes, please provide all such studies, reports, data, and other information.
- h. Have any studies been conducted to determine which of these two, CAG size or delivery group, drive rental costs per square foot? If yes, please provide all such studies, reports, data and other information.
- i. Please provide the average rental cost per square foot by CAG by delivery

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group. If you are unable to provide this information, provide the SAS data set FMSRTE of LR-SSR-99, page 30, line 57.

- j. Please provide the average rental cost per square foot by CAG by box size. If you are unable to provide this information, please provide the SAS data set FMSRTE of LR-SSR-99, page 30, line 57.
- k. Please provide post office box attributable costs by CAG.
- l. Please provide post office box attributable costs by CAG by box size.
- m. Please confirm that there is an inverse relationship between unit attributable post office box costs and CAG. If you do not confirm, please explain.
- n. Please confirm that a station or branch of a CAG A office is unlikely to be found in a rural area. If you do not confirm, please explain.
- o. Please confirm that a CAG J office is unlikely to be found in an urban area. If you do not confirm, please explain.

RESPONSE:

- a. Confirmed.
- b. Confirmed.
- c. Partially confirmed. Rental cost per square foot was calculated from the FMS file by determining the delivery group for each record and then calculating the average for each delivery group. (Each record represents a leased facility, either a main post office or a station or branch.) Outliers in the data were eliminated using a "1% tails test" for each CAG. See the description in USPS LR-SSR-99, Item 1.
- d. Confirmed.
- e. Confirmed.

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- f. Confirmed.
- g. No.
- h. We have conducted no such studies, but the following information is relevant.

USPS LR-SSR -99 shows that average rental cost per square foot varies by delivery group. Data on rental cost by CAG are summarized in the table below.

CAG	Number of Facilities	Average Rental Cost (\$ / square foot)
A	1,185	9.13
B	691	9.07
C	1,111	9.29
D	495	8.54
E	815	7.65
F	1,008	7.13
G	2,284	6.35
H	3,400	6.04
J	4,650	5.75
K	9,055	5.76
L	1,572	5.57

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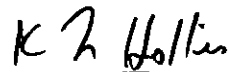
Note that Group III facilities are included in these totals. The SAS code and database from which this table was derived are included in library reference LR-SSR-156, filed contemporaneously with this response.

There was also a study done in May 1988 and submitted in a previous proceeding (LR-F-183 in R90-1).

- i. The rental cost per square foot by CAG and delivery group has not been developed. The data file FMSRTE.DAT is being provided as part of this response (USPS LR-SSR-156). It identifies the CAG, delivery group, and rental cost per square foot for each facility in the database. (Group III is not included in this database).
- j. Rental cost per square foot does not vary by box size. Rental cost by CAG is given in subpart h above.
- k-l. The data in OCA/ USPS-88, Exhibit 2 can be combined with the data in FMSRTE.DAT (provided in response to subpart h above) to allocate total attributable costs by CAG and box size. The procedure is the same as that explained in USPS-T-4, pages 41-43.
- m. Unable to confirm. We have not calculated or allocated attributable costs by CAG.
- n-o. Unable to confirm. Postal data systems do not identify postal facilities as either rural or urban.

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.



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