

ORIGINAL

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

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Special Services Fees and Classifications

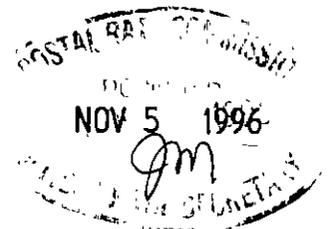
Docket No. MC96-3

ANSWERS OF THE OFFICE OF THE CONSUMER ADVOCATE
TO INTERROGATORIES OF UNITED STATES POSTAL SERVICE
WITNESS: JAMES F. CALLOW (USPS/OCA-T300-18-21)
(NOVEMBER 5, 1996)

The Office of the Consumer Advocate hereby submits the answers of James F. Callow to interrogatories USPS/OCA-T300-18-21, dated October 22, 1996. Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

Shelley S. Dreifuss
SHELLEY S. DREIFUSS
Attorney
Office of the Consumer Advocate



ANSWERS OF OCA WITNESS JAMES F. CALLOW
TO INTERROGATORIES USPS/OCA-T300-18-21

USPS/OCA-T300-18. Please provide the complete derivation, including diskettes for any spreadsheets, of the cost per box data in OCA-LR-3, pages 1 and 3, column 3, as revised October 8, 1996. In particular, please explain how the total costs for post office boxes provided in USPS-T-5, Exhibit E, at 8 are separated into the three components of costs used in LR-SSR-119.

A. See revised library reference, OCA-LR-3, filed November 5, 1996. The library reference has been expanded to include spreadsheets containing calculations used to develop the cost per box figures shown in column 3 on pages 1 and 3 of OCA-LR-3, filed October 8, 1996. Please note that the revisions make no changes in the cost per box figures shown in column 3.

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USPS/OCA-T300-19. Please refer to your testimony at page 26, line 17, to page 27, line 1. Are you saying that post office box customers receive a lower value of service from their post office box service than they get from carrier delivery? If so, why do you think these customers are choosing post office box service, instead of or in addition to carrier delivery?

A. My post office box fee proposal did not raise any additional revenue in order to maintain contribution neutrality, i.e., I designed post office box fees so that the cost coverage resulting from my proposed fees is virtually the same as that recommended by the Commission in the test year under current fees.

Consequently, I have effectively adopted the Commission's value of service determinations for post office boxes. Having said that, however, I do not necessarily believe box service is of lower value than carrier service.

Potential boxholders face trade-offs between the privacy and security of box service at a price, and free delivery to their home. Valued box features, such as privacy and security, are offset by limited hours of access to post office box sections. OCA-T-300 at 27. By contrast, mail delivered via carrier to the home is available 24 hours a day. Moreover, "free" delivery may not be cost free. Theft of carrier-delivered mail may create negative value. For such boxholders, box service is marginally more valuable than free delivery, but it does not follow that box

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CONTINUATION OF ANSWER TO USPS/OCA-T300-19

service has a high value—merely that there is some positive value. The magnitude of that value cannot be determined solely from the decision to purchase the service.

Nevertheless, considerations of the value of box service relative to carrier service, and other postal services, are more appropriate for an omnibus rate case.

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USPS/OCA-T300-20. Please refer to your testimony at page 27, lines 3-5. Please provide specific cites to witness Carlson's testimony where he discusses the low value of post office box service.

A. I relied on the following portions of witness Carlson's testimony concerning the low value of box service:

Page 2, lines 7-14;

Page 3, lines 16-21. At some post offices with box sections, space for automobile parking is nonexistent or difficult to obtain, or involves additional expense for boxholders. To secure 24-hour (or sufficiently long) access to post office box sections, some boxholders obtain box service near their place of employment. If boxholders do not live near their place of employment, additional time and expense is required to obtain mail on Saturdays.

Page 9, lines 13-20. At some post offices with box sections, concern about personal safety related to the location of the post office might preclude the boxholder from obtaining mail at certain times.

Page 9, lines 24-27, and Page 10, lines 1-2; and,

Page 10, lines 20-22.

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USPS/OCA-T300-21. Please refer to your testimony at page 28, lines 15-18. Please provide a table comparable to that provided by witness Needham, at USPS-T-7, Table IV, at 12, showing the percentage difference between your proposed Group I, size 1 fees and the CMRA fees presented in USPS-T-4, Table 11 at 22.

A.

Group	Current Box Size 1 Fee	OCA Proposed Box Size 1 Fee	CMRA	Percent Difference From Current	Percent Difference From OCA Proposed
			Average Fee Smallest Box		
IA	\$24.00	\$24.00	\$144.78	503%	503%
IB	\$22.00	\$22.00	\$80.82	267%	267%
IC	\$20.00	\$16.00	\$60.96	205%	281%

DECLARATION

I, James F. Callow, declare under penalty of perjury that the answers to interrogatories USPS/OCA-T300-18-21 of the United States Postal Service are true and correct, to the best of my knowledge, information and belief.

Executed November 5, 1996

James F Callow

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 3.B(3) of the special rules of practice.

Shelley S. Dreifuss
SHELLEY S. DREIFUSS
Attorney

Washington, DC 20268-0001
November 5, 1996