

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

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POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS  
TO INTERROGATORIES OF DAVID B. POPKIN  
(DBP/USPS-106(C-E), 117(J-K), 118(H-I), AND 121(A-I, L-T),  
REDIRECTED FROM THE POSTAL SERVICE)

The United States Postal Service hereby provides the responses of witness Davis to the following interrogatories of David B. Popkin: DBP/USPS-106(c-e), 117(j-k), 118(h-i), and 121(a-i, l-t), filed on March 23, 2000, and redirected from the Postal Service.

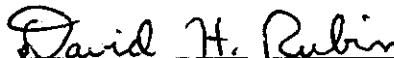
The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
David H. Rubin

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2986; Fax -6187  
April 6, 2000

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**DBP/USPS-106** [c] Confirm, or explain and discuss if you are not able to confirm, that had the changes been implemented, it would have resulted in a cost savings. [d] Quantify the cost savings noted in response to subpart c. [e] How are these costs related to the costs provided to the Postal Rate Commission?

**RESPONSE:**

- c. I am not able to confirm because I have not specifically studied the extent to which additional costs or cost savings would have resulted from such changes. Please see my response to DBP/USPS-79(k-m).
- d. Please refer to my response to subpart [c].
- e. Please refer to my response to subpart [c].

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**DBP/USPS-117.** [j] Is the cost of processing a claim independent of the value? If not, why not? [k] What is the cost of processing a claim?

**RESPONSE:**

j-k. I am not aware of any studies of the cost of processing a claim and its relationship to the value of the item.

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**DBP/USPS-118.** [h] Is the cost of processing a claim independent of the value? If not, why not? [i] What is the cost of processing a claim?

**RESPONSE:**

h-i. I am not aware of any studies of the cost of processing a claim and its relationship to the value of the item.

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**DBP/USPS-121** On page 20 of USPS-T-30 reference is made to a special study that was conducted to determine the costs for post office box key and lock changes. [a] What method was utilized to determine the 30 offices that participated in the survey? [b] How many facilities are there in the country that provide box service? [c] What level of confidence does the choice of a sample of 30 provide when evaluating the costs at the entire universe of facilities provided in response to subpart b? [d] Justify that your level of confidence was appropriate and provide the calculations utilized to determine your response to subpart c. [e] Please provide the raw data of your survey in a similar manner as you did for the response to DFC/USPS-T30-12[a]. [f] Provide a copy of USPS-LR-I-108, pages 68 through 71. [g] Provide data or an estimate of the number of additional post office box keys are requested each year and the number of lock changes made - specify the source of the data for your response. [h] You indicated that the source for lock changes is the post office's preexisting inventory. Are all replacements of key operated locks made by removing the lock mechanism from the box by removing one or more screws and then replacing it with another lock mechanism? If not, please explain. [i] Confirm that all post office boxes are either opened by means of a key or by dialing a combination. If not, explain. [j] Does your proposal for a lock replacement fee also apply for the change of combination to the lock? [k] If not, what will the charge be to change the combination? [l] Please describe the method utilized to change the combination to a combination lock. [m] What percentage of the boxes in the country have key-operated locks, combination locks, and any other method listed in your response to subpart i? [n] What is the source of duplicate or replacement keys? [o] If a customer replaces his lock on the box, how many new keys are provided and what fee, if any, is charged for them? [p] Will there be a different cost for key duplication or replacement based on whether the extra key was already in inventory at the office as opposed to whether one must be obtained? [q] What procedure is followed if the extra key is not in inventory? [r] Provide separate data for key replacements for these two separate conditions listed in subpart p. [s] Provide an estimate of the range of costs for a normal key duplication at a hardware store. [t] Are all post office box keys marked DO NOT DUPLICATE or words of a similar import? [u] Provide any insight as to the comparison of your \$4 fee for key duplication with the value provided in response to subpart s.

**RESPONSE:**

- a. I ensured that the sample selection was representative of the population by stratifying the population of postal facilities and randomly selecting offices

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from within each stratum. I utilized a recently updated database of all postal facilities with box section delivery that was stratified by fee group. Selection within each stratum was conducted using the Microsoft Excel random number generator function. The sampling process resulted in a national sampling of large, medium and small offices.

- b. In FY 1998, there were approximately 32,000 facilities that provided box service.
- c-d. I am confident that the data from this national study serve as a reasonable and sufficient basis for determining the costs associated with post office box key and lock changes. The summary data and cost calculations are presented in USPS-LR-I-108, Section F, pp. 69-70 (electronic file name: "po box lock & key.xls") and Section G, p. 75 (electronic file name: "po box lock & key survey data.xls").
- e. Please see attachment.
- f. These pages are available from the Postal Rate Commission and can be accessed from the PRC's web site, <[www.prc.gov](http://www.prc.gov)>. Select Docket No. "R2000-1", then "Library References", then "USPS", then "USPS-LR-I-108". Then select electronic file "I-108.exe". Pages 68 and 71 are cover pages, which are contained in the electronic file named "covers for USPS-LR-I-108.doc". Pages 69 and 70 correspond to electronic file name "po box lock & key.xls", which is contained in the folder labeled "Section F".

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- g. I am not aware of any such data or estimates.
- h. That is my understanding.
- i. Confirmed to the best of my knowledge.
- j. Redirected to witness Mayo.
- k. Redirected to witness Mayo.
- l. The method utilized for changing the combination to a combination lock requires several steps. First, the clerk must access the post office box and then remove or loosen some of the box hardware (e.g., caps, screws, and plungers) to be able to access the combination lock. Once this has been performed, the clerk will rotate each lock wheel to change the combination. Then, the clerk will manually record the newly set combination. Finally, the clerk must reinsert and/or tighten the box hardware, restoring it to its original condition.
- m. While I am not aware that these percentages have been quantified, it is my understanding that most post office boxes utilize key-operated locks. Furthermore, the percentage of combination locks will become even less significant by the test year, as POM Section 141.423 states that only key-locking models of post office boxes be available for installation in new facilities or for expansion or replacement of existing post office box sections.

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- n. Facilities providing box service are required to maintain in inventory at least one key for each post office box. After issuing the spare key, the facility orders replacement keys from the Mail Equipment Shops.
- o. As proposed in DMCS Section 921.134, two keys would be available with the payment of a refundable deposit. The customer would be able to obtain additional keys with the payment of the proposed fee as described in witness Mayo's testimony, USPS-T-39.
- p. No, I do not believe the distinction is applicable. Postal facilities with box delivery service are required to order a replacement key after issuing the spare key maintained in inventory, so providing a duplicate key causes a replacement key to be produced.
- q. An extra key should always be maintained in inventory. Please refer to my response to subpart [n] above.
- r. Please refer to my response to subpart [p] above.
- s. I have not studied the costs for normal key duplication at a hardware store; this is beyond the scope of my testimony.
- t. That is my understanding.
- u. Redirected to witness Mayo.



Facility #	Date	QUESTION #								
		3A	3B	4A	4B	5A	5B	6A	6B newly c	6C
1	no activity reported									
2	7/9/99							3	0	6
3	6/28/99							9	0	99
3	6/30/99							5	0	56
3	7/1/99							3	0	25
3	7/2/99							2	0	22
3	7/8/99							3	0	32
3	7/10/99							25	0	275
4	6/30/99			1	4					
4	7/3/99			1	4					
5	7/6/99							1	0	5
5	7/8/99							4	0	28
6	no activity reported									
7	7/9/99							1	0	5
8	no activity reported									
9	no activity reported									
10	6/30/99							2	0	10
10	7/7/99							3	0	15
11	no activity reported									
12	no activity reported									
13	no activity reported									
14	6/28/99	3	2							
14	7/1/99	8	1					3	0	10
14	7/6/99	15	10	1	1			2	0	6
14	7/8/99	88	5					1	0	3
14	7/9/99	6	5							
15	no activity reported									
16	6/30/99	17	30							
17	7/7/99	1	10					2	0	20
17	7/10/99							2	0	20
18	6/29/99							1	0	5
18	7/1/99							3	0	15
18	7/1/99							2	0	10
18	7/6/99							2	0	10
18	7/8/99							5	0	25
18	7/9/99							2	0	10
19	6/28/99							1	0	7
19	6/29/99							1	0	7
19	6/30/99							3	0	21
19	7/1/99							2	0	14
19	7/2/99							4	0	28
19	7/3/99							3	0	21
19	7/6/99							2	0	14
19	7/7/99							5	0	35
19	7/8/99							6	0	36
19	7/9/99							1	0	7
19	7/10/99							3	0	21
20	7/1/99							2	0	22
20	7/2/99							13	0	78
20	7/9/99							1	0	4
20	7/12/99			10	10			2	0	18
21	7/7/99	2	2					1	1	5
22	7/1/99							1	0	3
22	7/6/99							1	0	3
22	7/9/99							1	0	5
23	6/29/99							1	0	5
23	6/30/99							1	0	1
24	6/30/99	9	20							
24	7/1/99	6	15							
24	7/2/99	6	20							
24	7/7/99	3	15							
24	7/8/99	3	15							
25	6/28/99							2	0	30
25	6/30/99							4	0	45
25	7/2/99							3	0	45
25	7/8/99							7	0	120
26	7/20/99	10	30					4	0	25
27	7/2/99							11	0	90
27	7/9/99							14	0	75
28	no activity reported									
29	no activity reported									
30	6/30/99							16	0	75
30	7/2/99							25	0	125
<b>TOTAL</b>		<b>177</b>	<b>180</b>	<b>13</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>227</b>	<b>1</b>	<b>1697</b>
<b>UNIT</b>			<b>1.017</b>		<b>1.462</b>					<b>7.476</b>
			minutes		minutes					minutes

**DECLARATION**

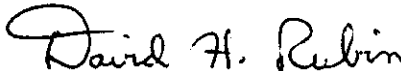
I, Scott J. Davis, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Scott J. Davis

Dated: April 6, 2000

## 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

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
April 6, 2000