

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

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POSTAL RATE AND FEE CHANGES, 2000

POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY  
Docket No. R2000-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE  
(OCA/USPS-75-80)

The United States Postal Service hereby provides its responses to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-75 through 80, filed on March 6, 2000.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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April 11, 2000

RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-75

Provide (or estimate) the number of additional window, stamps-by-mail, and online stamp sale transactions resulting from the postage rate increase in January 1999. Provide a comparison of the number of such transactions in a reporting period that includes January 1999 with a comparable period including January 1998.

RESPONSE:

Sites which record Stamps-By-Mail transaction into a computerized database account for approximately 40 percent of transactions. Stamps-By-Mail orders for these sites during FY99 AP4 increased by approximately 70,000, or about 22 percent from the previous year. FY99 AP5 orders increased by approximately 70,000, or about 25 percent over the year before. It is not known what portion of these transactions would not have occurred in the absence of a rate change.

Stamps Online was soft-launched in December of 1998. It is impossible to know how many of the transactions which occurred in January 1999 had anything to do with the fact that new rates were being implemented then.

RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-76

Provide (or estimate) the cost to the Postal Service of each of the following stamp transactions:

- (a) A retail facility window purchase (as part of the answer to this subpart, please update USPS-RT-17C from Docket No. R97-1 with data from Docket No. R2000-1);
- (b) A stamps-by-mail purchase (such as one in response to the USPS mailing attached to OCA/USPS-60); and
- (c) An online stamp order.

RESPONSE:

(a) See attached 3 pages.

(b) It is estimated that the average cost per Stamps-by-Mail transaction is \$0.11 per revenue dollar.

Ann. Vol.	Avg.Cost/ Order	Annual Costs –	Avg. Rev./ Order	Annual Rev.	Avg. Cost/ Rev. \$
9,530,361	\$3.74	\$35,642,894	\$32.91	\$313,686,886	\$0.1136

(c) StampsOnline: From 12/1/98 through FY 2000, AP 6 –

Vol.	Avg.Cost/ Order	Costs	Avg. Rev./ Order	Revenue	Avg. Cost/ Rev. \$
359,106	\$4.52	\$1,623,159	\$46.28	\$16,619,927	\$0.0977

**EXHIBIT USPS-RT-17C: WINDOW SERVICE COSTS  
RESPONSE TO OCA/USPS-76(a)**

(1)	(2)	(3)	(4)
Number of Households	% Households Requiring Additional Trips to Purchase Stamps	Average Additional Trips Per Year	Total Number of Additional Transactions
101,800,000	42.60%	1	43,366,800

**INCURRED COST OF ONE STAMP PURCHASE TRANSACTION.**

(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Mean Time for Single Component Transaction (seconds)	Seconds to Hour Conversion	Window Clerk Wage Rate (\$/hour)	Misc Volume Variable Costs	Variability Factor	Waiting Time Adjustment	Piggyback Factor	Incurred Cost of Transaction (\$)
54.40	0.000278	\$ 29.67	1.066	46.12%	1.428	1.460	\$ 0.4596

**ANNUAL COST FROM STAMP PURCHASE TRANSACTIONS.**

(13)  
Annual Cost  
\$19,932,301

(1) USPS LR-I-116, The Household Diary Study, Fiscal Year 1998, page II-3  
 (2) Docket No. MC95-1, Library Reference MCR-88, page 18  
 (3) USPS Estimate (1 trip per year used as conservative estimate)  
 (4) (1) \* (2) \* (3)  
 (5) USPS LR-H-167, page 160  
 (6) 1/60 min/sec \* 1/60 hr/min  
 (7) USPS LR-I-106, page VIII-2  
 (8) The overhead of Component 3.2 is considered volume variable with respect to window clerk activity costs. The miscellaneous volume variable cost factor is calculated by dividing overhead (\$135.0 million) by total window clerk activity costs (\$2,040.4 million). The result is calculated as follows: \$135.0 / \$2,040.4 = 0.066. See Docket No. R2000-1, Meehan WP-B, p. 56, column 1, lines 55 & 72.

(9) Docket No. R97-1 USPS-T-21, page 23  
 (10) The waiting time factor is calculated by dividing total window clerk waiting time (\$287.0 million) by total attributable window service costs (\$671.2 million). The result is calculated as follows: \$287.0 / \$671.2 = 0.428. See Docket No. R2000-1, Meehan WP-B, p. 58, line 50, columns 16 & 18.  
 (11) Docket No. R2000-1 USPS-T-21, Attachment 11, line 5  
 (12) (5) \* (6) \* (7) \* (8) \* (9) \* (10) \* (11)  
 (13) (4) \* (12)

**EXHIBIT USPS-RT-17C: WINDOW SERVICE COSTS  
 INCURRED COST OF ONE INQUIRY TRANSACTION.  
 RESPONSE TO OCA/USPS-76(a)**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Mean Time for Inquiry Transaction (seconds)	Seconds to Hour Conversion	Window Clerk Wage Rate (\$/hour)	Misc Volume Variable Costs	Variability Factor	Waiting Time Adjustment	Piggyback Factor	Incurred Cost of Transaction (\$)
61.93	0.000278	\$ 29.67	1.066	100.00%	1.000	1.460	\$ 0.7945

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(1) USPS LR-H-167, page 160

(2) 1/60 min/sec \* 1/60 hr/min

(3) USPS LR-I-106, page VIII-2

(4) The overhead of Component 3.2 is considered volume variable with respect to window clerk activity costs. The miscellaneous volume variable cost factor is calculated by dividing overhead (\$135.0 million) by total window clerk activity costs (\$2,040.4 million). The result is calculated as follows:  $\$135.0 / \$2,040.4 = 0.066$ . See Docket No. R2000-1, Meehan WP B, p. 56, column 1, lines 55 & 72.

(5) An inquiry is considered to be 100 percent variable.

(6) An inquiry is not considered to incur any total window clerk waiting time costs.

(7) Docket No. R2000-1 USPS-T-21, Attachment 11, line 5

(8) (1) \* (2) \* (3) \* (4) \* (5) \* (6) \* (7)

**EXHIBIT USPS-RT-17C: WINDOW SERVICE COSTS  
 INCURRED COST OF AN INQUIRY IN A MULTICOMPONENT TRANSACTION.  
 RESPONSE TO OCA/USPS-76(a)**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Incremental Time for Inquiry Transaction (seconds)</b>	<b>Seconds to Hour Conversion</b>	<b>Window Clerk Wage Rate (\$/hour)</b>	<b>Misc Volume Variable Costs</b>	<b>Variability Factor</b>	<b>Waiting Time Adjustment</b>	<b>Piggyback Factor</b>	<b>Incurred Cost of Transaction (\$)</b>
32.69	0.000278	\$ 29.67	1.066	100.00%	1.000	1.460	\$ 0.4194

(1) USPS LR-H-167, page 237

(2)  $1/60 \text{ min/sec} * 1/60 \text{ hr/min}$

(3) USPS LR-H-106, page VIII-2

(4) The overhead of Component 3.2 is considered volume variable with respect to window clerk activity costs. The miscellaneous volume variable cost factor is calculated by dividing overhead (\$135.0 million) by total window clerk activity costs (\$2,040.4 million). The result is calculated as follows:  $\$135.0 / \$2,040.4 = 0.066$ . See Docket No. R2000-1, Meehan WP B, p. 56, column 1, lines 55 & 72.

(5) An inquiry is considered to be 100 percent variable.

(6) An inquiry is not considered to incur any total window clerk waiting time costs.

(7) Docket No. R2000-1 USPS-T-21, Attachment 11, line 5

(8)  $(1) * (2) * (3) * (4) * (5) * (6) * (7)$

RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-77

Provide (or estimate) the number of annual retail window stamp transactions for the following quantities of stamps purchased in one transaction:

- (a) Fewer than 10;
- (b) 10 to 19;
- (c) 20 to 49;
- (d) 50 to 99; and
- (e) 100 or more.

If the Postal Service does not have the information broken out by these quantities, provide available information on the number of window transactions by quantity of stamps per transaction. Include in your response the total number of annual retail window stamp transactions and the average quantity of stamps per transaction.

RESPONSE:

No data from which such estimates could be derived have been located.

RESPONSES OF THE UNITED STATES POSTAL SERVICE  
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OCA/USPS-78

For vending machine stamp sales, what quantities of stamps are available for purchase (i.e., how many stamps to a vending booklet)? Provide (or estimate) the number of each booklet quantity sold annually.

RESPONSE:

Booklet vending machines sell three sizes of booklets: 10, 15 or 20 stamps per booklet. Some coils are also sold through vending machines. In addition, individual stamps and strips of five stamps can be purchased at some vending machines. The Postal Service does not track stamp inventory in a manner which would permit the development of a reliable estimate of the number of each size booklet sold annually.

RESPONSES OF THE UNITED STATES POSTAL SERVICE  
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OCA/USPS-79

On average, how frequently do household consumers purchase stamps in retail window transactions?

RESPONSE:

The average frequency of household stamp purchases is not known, although it is estimated that household consumers visit a post office (for purposes no related to employment) 3.5 times per month, on average.

RESPONSES OF THE UNITED STATES POSTAL SERVICE  
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OCA/USPS-80.

Provide (or estimate) the number of stamp transactions (or, if the number of transactions is not available, the number of stamps sold and average quantity sold) annually through

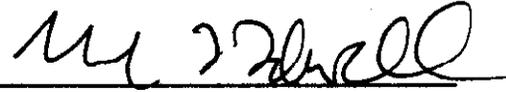
- (a) stamp-by-mail orders;
- (b) online orders;
- (c) vending machines; and
- (d) consignment programs.

RESPONSE:

- (a) Stamps by Mail: it is estimated that there are 8.4 million transactions per year.
- (b) In FY99, the Postal Service processed 129,492 StampsOnLine orders; through AP 6 of FY2000, the Postal Service has processed 229,614 orders.
- (c) See response to OCA/USPS-78.
- (d) Consignment: it is estimated that 2.2 billion stamps are sold through consignment annually.

## 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.

A handwritten signature in black ink, appearing to read "M. Tidwell", written over a horizontal line.

Michael T. Tidwell

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