

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

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 1997 )

Docket No. R97-1

OFFICE OF THE CONSUMER ADVOCATE  
INTERROGATORIES TO UNITED STATES POSTAL SERVICE  
WITNESS PAUL M. LION  
(OCA/USPS-T24-65-67)  
August 27, 1997

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatories 1-7 to the United States Postal Service dated July 16, 1997, are hereby incorporated by reference.

Respectfully submitted,

*Gail Willette*

GAIL WILLETTE

Director

Office of the Consumer Advocate

*Shelley S. Dreifuss*

SHELLEY S. DREIFUSS

Attorney

OCA/USPS-T24-65. Please refer to your responses to OCA/USPS-T24-42, -44, and -47.

- a. In your response to part f of interrogatory 44, you appear to justify the equal weighting of rental rates at different-size facilities on the ground that the result conforms to "intuitive" preconceptions regarding relative *nonpostal* retail rental rates across geographic areas associated with fee groups. Is this a correct interpretation of your response? If not, why not?
- b. Are you recommending that space provision costs be allocated on a basis that differs from the actual incurrence of costs by the Postal Service? If not, what is the relevance of *nonpostal* retail rental rates to the choice of distribution key?
- c. In your response to part b of interrogatory 42 you appear to justify the inclusion of rental rates from facilities with no post office boxes on the ground that "they are valid *postal* rental rates . . . ." (Emphasis added.) Have you examined whether postal rental rates differ systematically between facilities with and without post office boxes? If so, what was the result of your examination? If not, what is the basis for your statement?
- d. Please confirm that if postal rental rates do not differ systematically between facilities with and without post office boxes, then it makes no difference whether they are included in the development of a distribution key. If you do not confirm, please explain.
- e. Please confirm that if postal rental rates *do* differ systematically between facilities with and without post office boxes, then inclusion of rental rates from facilities

without post office boxes runs the risk of biasing the distribution key. If you do not confirm, please explain.

- f. Please confirm that inclusion of rental rates from facilities that do not have post office boxes means that your distribution key allocates space provision costs to fee groups and box sizes on a basis other than actual incurrence of costs by the Postal Service. If you do not confirm, please explain.
- g. In your response to part q of interrogatory 47 you state that your allocation method satisfies three conditions:

- (1) Space provision costs are proportional to average rent.
- (2) Space provision costs are proportional to equivalent capacity.
- (3) Total space provision costs are equal to a specified total.

Please explain why conditions (1) and (2) are desirable.

- h. Please list all other features of your distribution key that commend it over a key based on actual cost incurrence.
- i. Please confirm that an allocation method using weighted average rent by fee group (where the weights were equivalent capacity by facility) would satisfy all conditions and criteria that you have so far identified as justifying your allocation method using unweighted average rent by fee group. If you do not confirm, please explain. In any event, please provide all reasons you are aware of for favoring an unweighted average rent over a weighted average rent when allocating space provision costs.

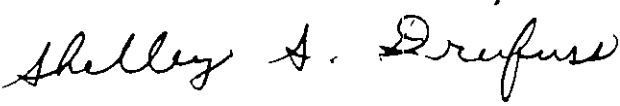
OAC/USPS-T24-66. At page 20, line 12 of your testimony you state that labor costs relating to provision of post office box service do not vary with location.

- a. Please confirm that attributable costs of postmasters vary by CAG. If you do not confirm, please explain.
- b. Please confirm that the salaries of postmasters vary by CAG. If you do not confirm, please explain.
- c. Please confirm that attributable costs of clerks and mailhandlers vary by CAG (e.g., some CAGs have no clerks or mailhandlers). If you do not confirm, please explain. In any event, please provide a tabulation of total (i.e., not just post office box) FY 1996 Clerk/Mailhandler costs by CAG by subaccount (e.g., .104, .105, .107). See library reference H-1, Tables A-1, A-2.
- d. Please confirm that if fee group D were redefined as boxes at those CAGs that do not employ clerks and mailhandlers not in fee group E, labor costs would vary across fee groups. If you do not confirm, please explain.
- e. Please confirm that if fee group C were redefined as boxes at CAG A-D facilities not in fee groups A, B, or E and if fee group D were defined as boxes at CAG E-L facilities not in fee group E, then labor costs would vary across fee groups. If you do not confirm, please explain.
- f. Please confirm that costs allocated in proportion to clerk and mailhandler costs (e.g., supervisors) vary by CAG. If you do not confirm, please explain. In any event, please provide a tabulation of total (i.e., not just post office box) FY 1996 All Other costs by CAG by subaccount. See library reference H-1, Tables A-1, A-2.

OCA/USPS-T24-67. Please confirm that some facilities and some CAGs incur no Space Support costs (other than, perhaps, inspection service costs). If you do not confirm, please explain. In any event, please provide a tabulation of total (i.e., not just post office box) FY 1996 Space Support costs by CAG by subaccount (e.g., .121, .125, .171, .172) and account (e.g., 52101, 52102, 54142, 54143, etc.). See library reference H-1, Tables A-1, A-2.

#### 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 12 of the rules of practice.

  
SHELLEY S. DREIFUSS  
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August 27, 1997