

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

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS LION TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T24-73-77)

The United States Postal Service hereby provides responses of witness Lion to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T24-73-77, filed on September 5, 1997. Interrogatory OCA/USPS-T24-73a was redirected to the Postal Service, interrogatory OCA/USPS-T24-74b was redirected to witness Patelunas, and interrogatory OCA/USPS-T24-75 was redirected to witness Needham. Mr. Lion's declaration will be provided later.

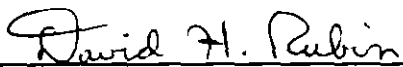
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



David H. Rubin

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September 19, 1997

OCA/USPS-T24-73. Please refer to your testimony at page 1, lines 17-22.

- a. Please confirm that "contract postal units" (herein contract stations) can be grouped by the type of carrier delivery service provided, i.e., as a city delivery office, a non-city delivery office, or a nondelivery office. If you do not confirm, please explain.
- b. Please provide the number of contract stations in each group referred to in part a. above.
- c. Please provide, and file as a library reference, a file containing data for each of the past five fiscal years on
 - i. the number of contract stations by CAG,
 - ii. the number of post office boxes by box size in contract stations by CAG, and
 - iii. the total amount of Postal Service payments to contractors for contract stations with post office boxes by CAG.

RESPONSE:

a. Redirected to Postal Service.

<u>Delivery Group</u>	<u>Contract Stations</u>
City-A	0
City-B	41
City-Other	3,290
Non-City	713
<u>Nondelivery</u>	<u>88</u>
Total	4,132

Source: Delivery Statistics File.

c. c. i. i. This information is available only for 1995, 1996, and 1997.

<u>CAG</u>	<u>Sept. 1997</u> <u>Contract</u> <u>Stations</u>	<u>Sept. 1996</u> <u>Contract</u> <u>Stations</u>	<u>Sept. 1995</u> <u>Contract</u> <u>Stations</u>
A	632	639	554

B	439	441	348
C	930	1007	870
D	394	409	337
E	559	541	439
F	320	313	258
G	278	277	249
H	210	220	195
J	176	188	161
K	184	176	142
L	11	20	7
NA	9	10	26
Total	4,142	4,241	3,586

Source: Address List Management System.

ii. This information is not available for the reasons cited in my response to OCA/USPS-T24-71e.

iii. The aggregate total of payments to contractors provided in response to OCA/USPS-T24-71e has not been broken down by CAG.

OCA/USPS-T24-74. Please refer to your testimony at page 20, line 8.

- a. Please confirm that the cost of post office boxes located in contract stations is not included in the TYBR "Total Volume-Variable Costs" of \$607,734,000. If you do not confirm, please explain.
- b. Please confirm that the cost of post office boxes located in contract stations is treated as an institutional cost. If you do not confirm, please explain.

RESPONSE:

- a. Confirmed.
- b. Redirected to witness Patelunas.

OCA/USPS-T24-75. Please refer to your testimony at page 16, Table 8.

- a. Please confirm that, to the extent that post offices vary from year to year in the type of carrier service provided, the number of post office boxes in each fee group would change. If you do not confirm, please explain.
- b. Please confirm that where post offices vary from year to year in the type of carrier service provided, and the number of post office boxes in each fee group change as a result, the Postal Service changes the post office box fees. If you do not confirm, please explain.
- c. Please explain how and when the Postal Service changes post office box fees for boxes that are placed in a new fee group where such boxes are located in post offices that vary from year to year in the type of carrier service provided.

RESPONSE:

Redirected to witness Needham.

OCA/USPS-T24-76. Please refer to your response to OCA/USPS-T24-60a. Is it your testimony that there will be no change in total Space Support and total Space Provision costs in the test year associated with the decrease in the total number of post office boxes? If this is not your testimony, please state the changes in Space Support and Space Provision costs resulting from the decrease in the number of boxes and show their derivation.

RESPONSE:

As stated in my response to OCA/USPS-T24-60a, I made no assumptions in my testimony or elsewhere concerning changes in total Space Support or total Space Provision costs in the test year. I have not estimated any test year changes in total Space Support or total Space Provision costs in the test year.

OCA/USPS-T24-77. Please refer to your testimony at page 20, line 6, and the following table which shows the development of attributable costs for the "Space Provision" category.

**FY98 TYBR ACCRUED AND ATTRIBUTABLE SPACE
PROVISION COSTS 1/**

COST SEGMENT AND COMPONENT	TOTAL ACCRUED (\$1,000)	ATTRIBUTABLE TO POST OFFICE BOXES (\$1,000)
	[1]	[2]
C/S 15.1 Building Occupancy, Rents	\$688,501	\$111,399
C/S 20.3 Bldg & Leasehold Depreciation	\$581,680	\$94,115
C/S 20.5 Interest Expense - Bldg & Leasehold (Component 215)	\$362,214	\$17,712
TOTAL SPACE PROVISION	\$1,632,395	\$223,226

Notes and Sources

1/ USPS-T-15, WP E, Table D, for the cost segments listed, except C/S 20.5 Interest Expense, see Table C, at 32.

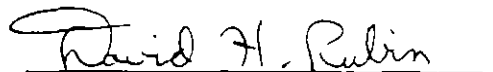
- a. Please confirm that the figures in column [1] are correct. If you do not confirm, please explain and provide the correct figures. Please show all calculations and provide citations to any figures used.
- b. Please confirm that the figures in column [2] are correct. If you do not confirm, please explain and provide the correct figures. Please show all calculations and provide citations to any figures used.

RESPONSE:

- a. Confirmed.
- b. Confirmed.

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

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