

DOCKET SECTION

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-T24-90-91, 92(A), AND 93)

The United States Postal Service hereby provides responses of witness Lion to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T24-90-91, 92(a), and 93, filed on September 17, 1997. Interrogatories OCA/USPS-T24-92(b-d, f) were redirected to witness Needham; interrogatory OCA/USPS-T24-92(e) was redirected to the Postal Service.

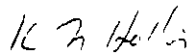
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Kenneth N. Hollies

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October 1, 1997

OCA/USPS-T24-90. Please refer to the supplement to LR-H-188, Workbook "Cost98.xls," Sheet "TY98 Costs." Please confirm that the figures in the table, "Attributable Costs for Post Office Boxes," represent the TYBR attributable costs. If you do not confirm, please explain.

RESPONSE:

Not confirmed. Sheet "TY98 Costs" is from an old version of Workbook

"Cost98.xls". It was included by mistake when the workbook was revised. The correct numbers are given in witness' Patelunas response to OCA/USPS-T24-25.

OCA/USPS-T24-91. Please refer to the supplement to LR-H-188, Workbook "Cost98.xls," Sheet "TY98 Costs," and the column "TOTAL ACCRUED (\$000)."

- a. For the "ALL OTHER" category, please show the derivation of the figure \$55,716,746. Please show all calculations, and provide citations to any figures used.
- b. For the "TOTAL" row, please provide a specific page citation for the figure \$60,790,731.

RESPONSE:

a-b. See response to OCA/USPS-T24-90. These numbers were not used in my calculations.

OCA/USPS-T24-92. Please refer to the supplement to LR-H-188, Workbook "Cost98.xls," Sheet "Unit Costs."

- a. Please confirm that the TYBR attributable "Allocated Costs" of Fee Group E are \$34,179,581. If you do not confirm, please explain.
- b. Please confirm that the post office box fee for all box sizes in Fee Group E is \$0. If you do not confirm, please explain.
- c. Assuming the same cost coverage for post office boxes in the TYBR, please confirm that post office box fees in Fee Groups A, B, C and D are higher than they otherwise would be in order to cover the attributable allocated costs of Fee Group E. If you do not confirm, please explain.
- d. Please confirm that boxholders paying Fee Group E fees, i.e., \$0, are generating costs which are paid for by boxholders paying Fee Group A, B, C and D fees. If you do not confirm, please explain.
- e. Please explain why the Postal Service does not treat the attributable allocated costs of Fee Group E as an institutional cost.
- f. Would it be more consistent with the policy that *mailers* pay the delivery costs of carrier delivery (rather than recipients) if Fee Group E costs were paid for by all mailers and not other boxholders alone? Please explain fully.

RESPONSE:

- a. Not confirmed. The correct number is \$33,269,251. The number cited, "\$34,179,581", results when the average rents for Groups D and E (input on Sheet "Space Provision") are \$6.00 per square foot and \$7.19 per square foot respectively. However, as explained in the errata on USPS LR-H-188, dated August 11, these are rents for delivery groups rather than fee groups. The correct average rents for Fee Groups D and E are \$6.19 and \$6.70 per square foot, respectively. When these values are entered, the resulting cost for Fee Group E is \$33,269,251.
- b-d. Redirected to witness Needham.
- e. Redirected to the United States Postal Service.
- f. Redirected to witness Needham.

OCA/USPS-T24-93. Please refer to the supplement to LR-H-188, Workbook "POBox98.xls," Sheet "TYAR Revenues."

- a. Please confirm that the figure \$43, "Revenue per box (w/oE)," was computed by dividing the "TYAR Revenues" (\$632,143,987) by the "TYBR Number of Boxes" (14,699,437). If you do not confirm, please explain.
- b. Please confirm that the TYAR "Revenue per box (w/oE)" should be \$45.42 (\$632,143,987 / 13,918,499). If you do not confirm, please explain.
- c. Please confirm that the figure \$40.47, "Revenue per box (w/E)," was computed by dividing the "TYAR Revenues" (\$632,143,987) by the "TYBR Number of Boxes" (15,620,769). If you do not confirm, please explain.
- d. Please confirm that the TYAR "Revenue per box (w/E)" should be \$42.60 (\$632,143,987 / 13,918,499). If you do not confirm, please explain.

RESPONSE:

- a. Confirmed.
- b. Confirmed.
- c. Confirmed.
- d. Confirmed.

DECLARATION

I, Paul M. Lion, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Paul M. Lion

Dated: 10/1/72

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.

K N Hollies

Kenneth N. Hollies

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