

DOCKET SECTION

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

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POSTAL RATE COMMISSION
OFFICE OF THE
Docket No. R97-1

POSTAL RATE AND FEE CHANGES, 1997

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
THE OFFICE OF THE CONSUMER ADVOCATE WITNESS CALLOW
(USPS/OCA-T500-22-28)


Pursuant to rules 25 and 26 of the Rules of Practice and Procedure and rule 2 of the Special Rules of Practice, the United States Postal Service directs the following interrogatories and requests for production of documents to the Office of the Consumer Advocate witness Callow: USPS/OCA-T500-22-28.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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January 20, 1998

USPS/OCA-T500–22. Please refer to your testimony at page 6, line 14. Clarify the meaning of "larger CAG offices". Does this refer to larger offices in each CAG category, or higher CAG offices (with CAG A the highest and CAG L the lowest)?

USPS/OCA-T500–23. Please refer to your testimony at page 7, lines 8 to 9, where you state that:

Average postal rental costs are higher in larger offices, as measured by CAG.

- (a) Please confirm that, according to Table 2 on page 17 of your testimony, the CAG rankings by average rental costs start with CAG E with the highest cost, followed by CAGs F, C, D, G, H, B, J, K, and L, with the lowest cost. If you do not confirm, please explain why not.
- (b) Please confirm that your statement on page 7 therefore does not hold true for non-city offices. If you do not confirm, please explain why not.
- (c) Is the reason that average rental costs are greater for CAGs E through L non-city offices than for CAGs E through L city-other offices, respectively (according to your Table 2), that the non-city offices are larger on average than the city offices in each of those CAGs? Please explain your answer fully.

USPS/OCA-T500–24. Please refer to your testimony at page 8, lines 12 to 13, and page 9, lines 1 to 2 and 18 to 19.

- (a) Please explain what you mean by "proportionately" and "proportionally".
- (b) Does each of the cited statements apply to costs per box? Please provide any data supporting an affirmative response.

USPS/OCA-T500–25. Please refer to Table 1 on page 11 of your testimony.

- (a) Please confirm that the average rental costs for CAG A through D city-other offices are all within 84 cents of each other, while each of these costs (excluding CAG A, for which there is no non-city comparison) are at least \$1.26 more than the average rental cost for the comparable CAG B through D non-city office (e.g., CAG B city-other is \$3.09 greater than CAG B non-city). If you do not confirm, please explain why not.
- (b) Please confirm that the average rental costs for CAG H through L non-city offices are all within 61 cents of each other, while each of these costs are at least \$1.05 more than the average rental cost for the comparable CAG H through L city-other office (e.g., CAG H non-city is \$1.05 greater than CAG H city-other). If you do not confirm, please explain why not.

OCA/USPS-T500–26. Please refer to Table 3, on page 18 of your testimony.

- (a) Please confirm that the difference between the total installed boxes (14,190,165) in Table 3 and the corresponding total (14,290,298) in Table 1 of witness Lion's testimony (USPS-T-24) is due entirely to your omission of boxes from records in Postal Service library reference H-278 for which there is no data on Delivery Group or CAG. If you do not confirm, please explain why not.
- (b) Do you know the effect on your analysis of omitting these records? If so, please explain the effect.

OCA/USPS-T500-27. Please refer to Table 17, at pages 61-62 of your testimony.

- (a) Please confirm that your proposed fees for proposed fee groups C-II and C-III are higher than your proposed fees for proposed fee groups D-I, D-II, and D-III, even though group D-I consists of higher CAGs than either group C-II or C-III, and group D-II consists of higher CAGs than group C-III. If you do not confirm, please explain why not.
- (b) Is it reasonable to conclude that your proposed fees for groups C-I, C-II, C-III, D-I, D-II, and D-III are based primarily on delivery group, and only secondarily on CAG? Please explain.

OCA/USPS-T500-28. Please refer to your testimony at page 72, lines 12-13, where you state that:

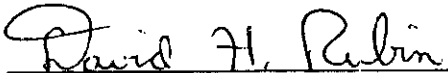
Restructuring Fee Groups C and D based upon CAG produces more rent-homogeneous fee groups that better reflect cost in larger and smaller offices.

- (a) With reference to the upper table on page 15 of OCA-LR-2, please confirm that the coefficients of variation for new groups CD1, CD2, and CD3 are 76.6 percent, 64.3 percent, and 47.7 percent, respectively. If you do not confirm, please explain why not.
- (b) With reference to the upper table on page 15 of OCA-LR-2, and considering those rents (RCSF) that are within one standard deviation of the mean rent for each of groups CD1, CD2, and CD3, please confirm that there is substantial overlap of the variable RCSF among these three groups. If you do not confirm, please explain why not.

- (c) Based on the coefficients of variation and the overlap of rents for new groups CD1, CD2, and CD3, do you consider each of these new groups to be "rent-homogeneous"? Please explain your reasoning.
- (d) With reference to the lower table on page 15 of OCA-LR-2, please confirm that the coefficients of variations for rental cost per square feet for CAGs A through L range from 45.5 percent (CAG J) to 80.7 percent (CAG A). If you do not confirm, please explain why not.
- (e) With reference to the lower table on page 15 of OCA-LR-2, and considering those rents (RCSF) that are within one standard deviation of the mean rent for each CAG, please confirm that there is substantial overlap of the variable RCSF among the CAGs. If you do not confirm, please explain why not.
- (f) Based on the coefficients of variation and the overlap of rents that can be derived from the lower table on page 15 of OCA-LR-2 for each CAG, do you consider each of CAGs A through L to be "rent-homogeneous"? Please explain your reasoning.
- (g) Please provide a version of the upper table on page 15 of OCA-LR-2 that divides groups CD1, CD2, and CD3 into the fee groups you propose in your testimony - C-I, C-II, C-III, D-I, D-II, and D-III.

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.



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