

Before the  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Transferring Selected Post Office Box Service  
Locations to the Competitive Product List

Docket No. MC2011-25

PUBLIC REPRESENTATIVE MOTION FOR  
ISSUANCE OF INFORMATION REQUEST

(June 1, 2011)

On May 13, 2011, the Postal Service filed a Request<sup>1</sup> seeking to add a new product, Post Office box service (Competitive), to the competitive product list. Commission Order No. 732 established Docket No. MC2011-25, and the undersigned as Public Representative.<sup>2</sup> In considering the proposal the Public Representative believes additional information is necessary.

The motion requests that the Commission present the following questions to the Postal Service. Answers to the questions will provide further understanding of the proposal and will facilitate Commission review. The information sought is in accordance with the advice of the Commission, within the scope of this proceeding and is relevant to the interests of the general public.<sup>3</sup>

WHEREFORE the Public Representative requests that the Commission present the following questions to the Postal Service:

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<sup>1</sup> Request of the United States Postal Service, May 13, 2011 (Request).

<sup>2</sup> Notice and Order Concerning Request to Transfer Selected Post Office Box Service Locations to the Competitive Product List, May 18, 2011 (Order).

<sup>3</sup> The Commission expressly advised the United States Postal Service that it would be "prudent to address the requirements of 39 U.S.C. 3642 thoroughly," in any future proposals regarding the expansion of a competitive P.O. Box Service. (Order 432, at 12).

1. In Docket No. MC96-3, Postal Service witness Paul M. Lion (USPS-T-4) sponsored a study concerning Commercial Mail Receiving Agents (CMRAs) and witness Timothy D. Ellard (USPS-T-6) sponsored market research measuring the reaction of existing customers to a range of fee increases for post office boxes.

- a. Since Docket No. MC96-3, please confirm that the Postal Service has updated the CMRA study sponsored by witness Lion or otherwise conducted subsequent survey studies to ascertain the pricing practices and services offered by CMRAs. If confirmed, please provide such studies. If not confirmed, please explain.
- b. Since Docket No. MC96-3, please confirm that the Postal Service has updated the market research sponsored by witness Ellard or otherwise conducted subsequent market research to measure customer reaction to a range of fee increases for post office boxes. If confirmed, please provide such market research. If not confirmed, please explain.

2. In Docket No. MC96-3, in his rebuttal testimony (USPS-RT-3), Lion states, in relevant part:

“the decision to obtain box service is not driven primarily by price, but by specific needs and by convenience. This is corroborated by the fact that so many people are willing to pay much higher fees for CMRA boxes.”  
(USPS-RT-3, at 12)

Please confirm that the Postal Service does not possess any documentation or other evidence to refute witness Lion’s statement concerning customer decisions to obtain box service. If not confirmed, please explain and identify any sources that support the explanation provided.

3. Please refer to the Postal Service’s Request, Attachment B, at page 4, where it states, in relevant part:

“On January 14, 2011, the Postal Service instituted a 25 percent price increase at the 49 locations [covered by Order No. 473]. During February, March, and April, the 49 locations experienced a customer non-renewal rate of 31 percent compared to a non-renewal rate for the three months before the increase (October to December) of 11 percent.” [footnote omitted]

- a. With respect to the 49 locations, please provide (under seal, if necessary) the total number of installed boxes, occupied boxes, boxes eligible for renewal, boxes renewed by existing boxholders, and boxes rented by new boxholders for

the following months: October, November, and December 2010, and February, March and April 2011.

- b. With respect to the 49 locations, please provide (under seal, if necessary) the total number of potential customers on waiting lists, and the number of locations with waiting lists (or, in the alternative, the number of locations where occupied boxes constitute 98 to 100 percent of installed boxes).
- c. Of the 11 percent of boxes made available by non-renewal during the three-month period prior to the January price increase, what percent of those boxes were rented again during that period?
- d. During the three-month period after the January price increase, please confirm that the rate of non-renewal caused by the price increase was 20 percent (31 percent – 11 percent). If not confirmed, please explain.

4. Please refer to the Postal Service's Request, Attachment B, at page 4, which references January 14, 2011, implementation of the 25 percent price increase at the 49 locations covered by Order No. 473. During the period January 2007 through April 2011, the cumulative inflation was 8.843% ( $219.0 / 201.9 - 1$ ).

- a. Please confirm that the 25 percent price increase is 2.83 (25 percent / 8.843 percent) times the cumulative inflation over this four and a third year period. If not confirmed, please explain.
- b. Please confirm that the 25 percent price increase implemented in January 2011 remains in effect at all 49 locations, *i.e.*, the increase has not been repealed or reduced at any of the 49 locations. If not confirmed, please explain.

5. Please refer to the Postal Service's Request, Attachment B, at page 9, where it states:

"At the same time [February through April 2011], however, the Postal Service has been able to sign up enough new customers to offset much of the increased rate of non-renewals."

The Postal Service asserts that this was possible because of expanded access hours, the "Baker's Dozen" pricing initiative, and Signature on File service.

Please discuss the role played by waiting lists of potential post office box customers, and offices where occupied boxes constitute 98 to 100 percent of installed

boxes, at the 49 locations in permitting the Postal Service to offset much of the increased rate of non-renewals.

6. Please refer to the Postal Service's Request, Attachment B, at page 9, which references a list of PMBs developed by a Postal Service contractor. Please provide (under seal, if necessary) the referenced list.

- a. How many of the PMBs on the referenced list consist of PMBs where rented mail receptacles constitute 98 to 100 percent of installed mail receptacles. Please explain.
- b. Please confirm that the referenced list consists only of PMBs with more than 250 rented mail receptacles. If not confirmed, please explain.

Respectfully submitted,

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