

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF POSTAL SERVICE WITNESS KANEER  
TO INTERROGATORIES OF DAVID B. POPKIN  
(DBP/USPS-T41-1-8)  
(July 7, 2006)

The United States Postal Service hereby provides the response of witness Kaneer to the following interrogatories of David B. Popkin: DBP/USPS-T41-1-8, filed on June 23, 2006.

Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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**DBP/USPS-T41-1** Please provide a file similar to the file contained in Library Reference 125 Part C with two additional columns placed between columns D and E and showing the current Erent values and the percent change from current to proposed Erent values.

**RESPONSE:**

Please see the Excel spreadsheet filed with this response, which provides the two additional columns of requested data together with the first four columns of the existing Part C, in order to limit the file size.

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**DBP/USPS-T41-2** Please fully explain how Erent values are calculated and showing the specific criteria that are considered.

**RESPONSE:**

See USPS-LR-L-125, Part A (Estimating Rents (Erents) For Postal Facilities), page 1-9.

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**DBP/USPS-T41-3** Please refer to pages 15 and 16 of your testimony.

- [a] Please confirm, or explain if you are not able to confirm, that the greatest change in fee groups is limited to only one group, i.e. an existing Group 4 facility will either gain one group to Group 3, stay the same, or drop one group to Group 5.
- [b] With respect to the fee group specifications that are shown on the bottom of page 15 and the top of page 16, please confirm, or explain if you are unable to confirm, that these specifications are proposed for implementation in the current Docket.
- [c] Please provide a chart showing the fee group specifications that are being utilized currently.
- [d] If there was a change between the proposed information noted in subpart b above and in the current information noted in subpart c above, please discuss the rationale for making the changes that were made.

**RESPONSE:**

[a] Confirmed that changes in fee group assignments for respective facilities are limited to a one level increase or decrease. See my testimony, page 15, lines 2-6.

[b] Confirmed that the fee group specifications are planned to be implemented by the Postal Service.

[c] See Docket No. R2001-1, USPS-T-38, page 10.

[d] See USPS-T-41, page 2, lines 12-22. There has been no change in the general approach of basing fee group assignments on the Erent and the current fee group.

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**DBP/USPS-T41-4**

- [a] Please confirm, or explain if you are unable to confirm, that the Erent for Englewood NJ 07631 is \$19.75; for Englewood Cliffs NJ 07632 is \$27.70, and for Tenafly NJ 07670 is \$23.50.
- [b] Please confirm, or explain if you are unable to confirm, that Englewood will change from Fee Group 2 to Fee Group 1, Englewood Cliffs will stay at Fee Group 1, and Tenafly will change from Fee Group 3 to Fee Group 2.
- [c] Please provide specific details with actual numbers showing how the Erents for these three offices was [sic] calculated.

**RESPONSE:**

[a-b] Confirmed; however, note minor rounding differences for Englewood and Englewood Cliffs.

[c] See Tables 1 through 3 below in conjunction with my response to DBP/USPS-T41-2.

Table 1.

FACILITY NAME	ENGLEWOOD		
ZIP5	07631		
Current Fee Group	2		
Equation	NYC		
<i>Erent</i>	19.75940067		
<i>constant</i>	=	45.5187388	
<i>Dbranch</i>	+	-4.020174 *	0
<i>Dload</i>	+	0.532282 *	1
<i>EastWest</i>	+	-0.1663608 *	1.457192982
<i>Gret</i>	+	6.683776 *	0
<i>Income</i>	+	0.0000132 *	35898
<i>LNSize</i>	+	-3.092533 *	9.612934697
<i>Masonry</i>	+	-2.237599 *	0
<i>Nopark</i>	+	-1.020844 *	0
<i>Northsou</i>	+	-0.0910814 *	15.57453145
<i>Othr</i>	+	1.466022 *	0
<i>PriceRM</i>	+	8.02E-06 *	26451.6129
<i>RentRM</i>	+	0.0204871 *	211.1428571
<i>Shop</i>	+	3.961431 *	0
<i>SomePark</i>	+	0.0859672 *	1
<i>Stor</i>	+	2.378496 *	0
<i>Wood</i>	+	-1.367893 *	0

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Table 2.

FACILITY NAME	TENAFLY		
ZIP5	07670		
Current Fee Group	3		
Equation	NYC		
<i>Erent</i>	23.50232483		
<i>constant</i>	=	45.5187388	
<i>Dbranch</i>	+	-4.020174 *	0
<i>Dload</i>	+	0.532282 *	1
<i>EastWest</i>	+	-0.1663608 *	1.223795317
<i>Gret</i>	+	6.683776 *	0
<i>Income</i>	+	0.0000132 *	76050
<i>LNSize</i>	+	-3.092533 *	9.319284459
<i>Masonry</i>	+	-2.237599 *	0
<i>Nopark</i>	+	-1.020844 *	0
<i>Northsou</i>	+	-0.0910814 *	17.7017458
<i>Othr</i>	+	1.466022 *	0
<i>PriceRM</i>	+	8.02E-06 *	46478.26087
<i>RentRM</i>	+	0.0204871 *	327.5609756
<i>Shop</i>	+	3.961431 *	0
<i>SomePark</i>	+	0.0859672 *	0
<i>Stor</i>	+	2.378496 *	0
<i>Wood</i>	+	-1.367893 *	0

Table 3.

FACILITY NAME	ENGLEWOOD CLIFFS		
ZIP5	07632		
Current Fee Group	1		
Equation	NYC		
<i>Erent</i>	27.70619485		
<i>constant</i>	=	45.5187388	
<i>Dbranch</i>	+	-4.020174 *	1
<i>Dload</i>	+	0.532282 *	0
<i>EastWest</i>	+	-0.1663608 *	0.51565524
<i>Gret</i>	+	6.683776 *	0
<i>Income</i>	+	0.0000132 *	106478
<i>LNSize</i>	+	-3.092533 *	7.451822237
<i>Masonry</i>	+	-2.237599 *	1
<i>Nopark</i>	+	-1.020844 *	0
<i>Northsou</i>	+	-0.0910814 *	14.64083287
<i>Othr</i>	+	1.466022 *	0
<i>PriceRM</i>	+	8.02E-06 *	63387.5
<i>RentRM</i>	+	0.0204871 *	339.1525424
<i>Shop</i>	+	3.961431 *	1
<i>SomePark</i>	+	0.0859672 *	1
<i>Stor</i>	+	2.378496 *	0
<i>Wood</i>	+	-1.367893 *	0

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**DBP/USPS-T41-5**

- [a] Please confirm, or explain if you are unable to confirm, that my Size 2 Post Office Box in Englewood NJ 07631 will experience a change in actual dollars than more than approximately 99.9% of the box holders in the country.
- [b] Please explain why Englewood was chosen for this large increase.

**RESPONSE:**

[a] Not confirmed. If my fee proposals are adopted, Englewood would experience a change in actual dollars greater than 98.936 percent of boxes in the country. See USPS-T-41, page 35, Table 21, and compare lines 74 to 75.

[b] Englewood, NJ 07631 was not 'chosen', per se. New planned fee group assignments, and concomitant post office box fees, are defined by Erents and current fee group assignments. As such, no office is 'chosen' for specific fee changes. ZIP Code 07631 moves from Group 2 to Group 1 because of the general post office box fee group re-specifications that improve the alignment of cost and post office box fees. In absolute terms, a size 2 box in Englewood, NJ would experience a price increase from \$47 to \$64 (36 percent) based on the Erent associated with this facility and its previous fee group. Please note that changes in the fee group assignments for respective offices have been limited to one step in this and prior cases. So it is possible that Englewood would receive a smaller increase now if its increase had not been limited in prior cases.

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**DBP/USPS-T41-6** Please provide data that shows the number of ZIP Codes that fall into each of the various scenarios of existing Fee Group to proposed Fee Group. This chart would show the number of ZIP Codes in each of the categories such as, Group 1>Group 1, Group 1>Group 2, Group 2>Group 1, Group 2>Group 2, Group 2>Group 3, etc. In addition to the number of ZIP Codes, please also show the number of boxes that are in each category.

**RESPONSE:**

The requested ZIP Code information, which was not needed for my testimony or fee development, can be compiled using common spreadsheet software and the data described and filed in USPS-LR-L-125, Part C. For the box counts in each category, see USPS-T-41, page 22, Table 11.

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**DBP/USPS-T41-7** Since the proposed Fee Groups will be affected by the original Fee Group that a specific office had, please advise how each of these groups was determined and show the progression of fee group specifications that have evolved in each of the Dockets since then.

**RESPONSE:**

The information has been provided in previous dockets, and is still available in records of those dockets. See Docket No. R2000-1, USPS-T-38, pages 7-15; and Docket No. R2001-1, USPS-T-38, pages 1-11.

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**DBP/USPS-T41-8** Are there plans in future Dockets to shift to a greater reliance on the econometrically calculated local real estate costs and away from the original or current fee group? Please fully explain your response.

**RESPONSE:**

There are no specific plans at this time; however, current fee groups would likely continue to play a role in planned fee group specifications for the foreseeable future.