

# DOCKET SECTION

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

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U.S. DEPARTMENT OF JUSTICE  
OFFICE OF THE ATTORNEY GENERAL

Postal Rate and Fee Changes, 1997 )

Docket No. R97-1

## CORRECTIONS TO THE TESTIMONY AND REVISED ANSWERS OF OFFICE OF THE CONSUMER ADVOCATE WITNESS CALLOW (February 18, 1998)

The Office of the Consumer Advocate hereby gives notice of the filing of corrections to the testimony of James F. Callow (OCA-T-500), and revised answers to interrogatories USPS/OCA-T500-6, -17, and -23, initially filed on January 23, 1998, January 30, 1998, and February 3, 1998, respectively.

The correction to the testimony changes the stated percentage fee increase for reserve call numbers from 43 percent to 33 percent at page 60, line 15.

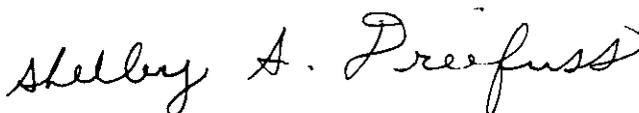
The revision to the answer to USPS/OCA-T500-6 inserts, in the second sentence of part "(b)," the word "be" between "would" and "to." The revision to the answer to USPS/OCA-T500-17 inserts, in the first sentence of part "(b)," the word "of" between "examples" and "this." The revised answer to USPS/OCA-T500-23 changes the first sentence in part "(b)" by deleting "offices" and inserting "CAG levels."

The change to the testimony is set forth below. The corrected page of the testimony is attached. The corrections and revised answers are attached.

OCA-T-500

<u>Page</u>	<u>Line</u>	<u>Correction</u>
60	15	Change "43" to "33"

Respectfully submitted,



SHELLEY S. DREIFUSS  
Attorney  
Office of the Consumer Advocate

1 V. PROPOSED POST OFFICE BOX FEES SHOULD REFLECT THE HIGHER  
2 COSTS OF PROVIDING BOX SERVICE IN LARGER VERSUS SMALLER POST  
3 OFFICES, AND ENSURE A REASONABLE CONTRIBUTION TO INSTITUTIONAL  
4 COSTS  
5

6 Under my proposal, post office box fees would increase for Fee Groups A, B,  
7 C-I, C-II, D-I, D-II and D-III. No fee increase is proposed for Fee Group C-III, or the  
8 \$0 fee for Fee Group E boxholders. Proposed fee increases for boxholders in Fee  
9 Group A range from 32 to 56 percent, and from 30 to 46 percent in Fee Group B.  
10 Proposed fees for new Fee Groups C-I and C-II would increase by 40 percent and  
11 15 to 16 percent, respectively. For new Fee Group D-I, fees increase by 100  
12 percent. For new Fee Groups D-II and D-III, fees increase 50 to 51 percent and 25  
13 percent, respectively.

14 I propose fee increases for caller service averaging 22 percent, and I propose  
15 a 33 percent increase for reserve call numbers. Table 17 presents the current  
16 annual fees, the fees proposed by the Postal Service, and my proposed fees. The  
17 percentage change in fees is also presented.

ANSWERS OF OCA WITNESS JAMES F. CALLOW  
TO INTERROGATORIES USPS/OCA-T500-1-11

USPS/OCA-T500-6. Please refer to your testimony at page 14, lines 5 through 14.

(a) When an office's revenue changes so that it moves between CAGS D and E, or between CAGS G and H, would that office be reclassified into a different fee group under your proposal?

(b) If so, would that reclassification be at the same time as the CAG move, or later. If later, how much later?

A. (a) Yes.

(b) The reclassification of an office into a different fee group, where the office is placed in a new CAG level caused by the office's change in revenues, could be addressed in several ways. One possible approach would be to reclassify an office into a different fee group at the time changes in post office box fees are implemented by the Postal Service. Ultimately, however, the determination of when to make such a reclassification should rest with the Postal Service, in a manner that is administratively convenient to the Postal Service.

ANSWERS OF OCA WITNESS JAMES F. CALLOW  
TO INTERROGATORIES USPS/OCA-T500-12-21

USPS/OCA-T500-17. Please refer to page 14, line 8 of your testimony where you state:

I propose to restructure post office box fee groups by creating six new fee groups. Three new fee groups would be formed from the current Fee Group C and three from current Fee Group D, based upon CAG. CAG A-D post offices in Fee Groups C and D would become new Fee Groups C-I and D-I, respectively.

(a) In determining that CAG A-D city delivery offices are analogous to and properly included in the same group as CAG A-D non-city delivery offices, have you examined the individual characteristics of any CAG A-D non-city delivery offices in this category and compared them to CAG A-D city delivery offices? If so, please present any conclusions you reached based on your examination.

(b) Are you aware that CAG A-D non-city delivery offices may be very small offices in towns having a very large plant load mailer providing enough revenue to qualify the office for a CAG A-D classification?

(c) To what extent would the type of CAG A-D non-city delivery office described in part (b) share cost characteristics with CAG A-D city delivery offices? Please explain.

(d) Should small CAG A-D non-city delivery offices in towns having a very large plant load mailer have the same post office box fees as much larger CAG A-D city delivery offices? Please explain your answer fully.

(e) How does your post office box fee proposal address the issue discussed in part (d)?

A. (a) No

(b) I have no personal knowledge of the situation described, and I doubt that there are very many examples of this situation. Since I did not examine the individual characteristics of any CAG A-D non-city delivery offices, however, I do not know the extent of the situation described.

(c) I did not examine the cost characteristics of any CAG A-D city delivery or non-city delivery offices. Therefore I am unable to answer this question.

(d) Yes, in the absence of data concerning the extent of the situation

ANSWERS OF OCA WITNESS JAMES F. CALLOW  
TO INTERROGATORIES USPS/OCA-T500-22-28

only two CAG levels have average rental costs greater than CAG C; six CAG levels have average rental costs below CAG C. Similarly, for CAG D offices, only three CAG levels have average rental costs higher than CAG D, and five have average rental costs below CAG D.

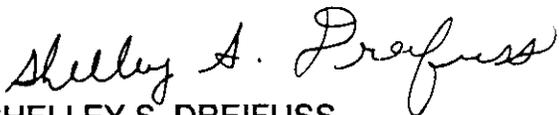
Moreover, I rejected establishing my new fee groups based upon individual CAG levels. Thus, my fee groups are unaffected by the fact that the average rental costs by CAG are not monotonic. Instead, my new fee groups are based upon groupings of CAG levels. The result is that the groupings of the highest CAG levels (e.g., A-D) have, with one exception, higher average rental costs than groupings of lower CAG level offices (e.g., E-G, and H-L). It should be noted that when the average rental cost for the three non-city CAG B offices is excluded, the weighted average rental cost for CAG A-D non-city delivery offices has a higher average rental cost (\$7.38) than the other two grouping of offices by CAG.

In developing my new fee groups, I considered that the six fee groups I proposed would be merged into three in a future proceeding. Consequently, the existence of one new fee group (e.g., D-I) with an average rental cost one percent less than average for D-II did not seem problematic.

(c) I do not know.

CERTIFICATE OF SERVICE

I hereby certify that I have this date 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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Attorney

Washington, D.C. 20268-0001  
February 18, 1998