

ORIGINAL

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS LYONS TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T1-12-14)

The United States Postal Service hereby provides responses of witness Lyons to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T1-12-14, filed on July 15, 1996.

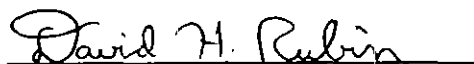
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


David H. Rubin

475 L'Enfant Plaza West, S.W.
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July 29, 1996



RESPONSE OF POSTAL SERVICE WITNESS LYONS TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T1-12. Refer to page 6, lines 14-16, of your testimony where it is stated that the Postal Service "is seeking certain demand-oriented price adjustments that had been previously deferred".

- a. Please identify each demand-oriented price adjustment that has been deferred other than those the subject of this proceeding.
- b. Please summarize and explain the meaning of the phrase "demand-oriented price adjustments".
- c. Are there any other rates or fees that are suitable for demand-oriented price adjustments?"
- d. What are the criteria employed to determine whether a rate or fee is suitable for a demand-oriented price adjustment?

RESPONSE:

- a. I have not determined the appropriateness of demand oriented pricing for other than those special services it was applied to in this proceeding. In stating that demand oriented price adjustments had been previously deferred, I was not referring to any adjustments other than those that are the subject of this proceeding.
- b. I would define demand oriented price adjustments as those that place more emphasis on how sensitive customers are to a change in price. Price sensitivity may be affected by the value of the service to customers, the prices charged by competitors, and the alternative services available.
- c. That determination has not been made. Please refer to part a., above.
- d. Please refer to part b., above.

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OCA/USPS-T1-13. Refer to pages 7 and 8, lines 22 and 1, respectively, of your testimony where it is stated that a FY 1996 test year is “likely to be representative of the period during which the fee changes proposed for the affected special services will be in effect.” Please confirm that the proposed fee increases are not likely to be in effect during FY 1996.

RESPONSE:

Confirmed.

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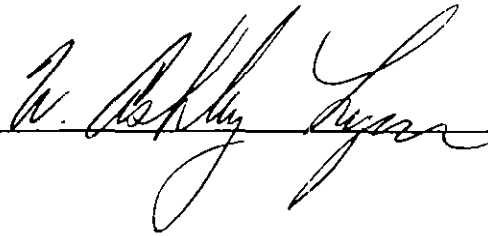
OCA/USPS-T1-14. Refer to the response to OCA/USPS-T-3 concerning COD and money orders. Please confirm that the response to this interrogatory did not make reference to any pricing criteria of the Postal Reorganization Act. If you confirm, to the extent OCA/USPS-T1-3 addresses COD, please provide a responsive answer.

RESPONSE:

Confirmed. The statement you have cited in OCA/USPS-T-1 refers to the special services addressed in this filing only. Since COD was not addressed in this filing, the costs and fees associated with COD have not been evaluated and no changes have been proposed. Since no changes have been proposed, the pricing criteria are not relevant.

DECLARATION

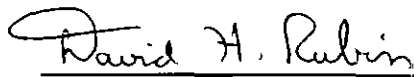
I, W. Ashley Lyons, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



Dated: 7-29-96

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.



David H. Rubin

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