

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 NEEDHAM TO INTERROGATORY OF  
THE AMERICAN BANKERS ASSOCIATION  
REDIRECTED FROM WITNESS LYONS  
(ABA/USPS-T1-1)

The United States Postal Service hereby provides the response of witness Needham to the following interrogatory of the American Bankers Association: ABA/USPS-T1-1, filed on July 16, 1996, redirected from witness Lyons.

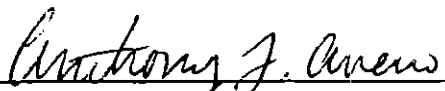
The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

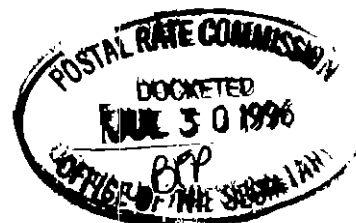
UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
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475 L'Enfant Plaza West, S.W.  
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July 30, 1996



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ABA/USPS-T1-1. At pages 12 through 20 of your testimony you discuss policy aspects of the changes requested by the Postal Service in this proceeding. Was any consideration given to mailers who are required by law or contract to use certified mail?

ABA/USPS-T1-1 RESPONSE:

Yes. The Postal Service conducted market research to evaluate the reasons for certified mail use. USPS LR-SSR-110 at 7. Indeed, one of the survey questions specifically asked if customers used certified mail to satisfy a legal requirement. Of the survey respondents, 29 percent cited a legal requirement as one reason, among others, for using certified mail. USPS LR-SSR-110 at 20. For those customers that use certified mail for this purpose, the proposed price of \$1.50 would still be a bargain, regardless of any legal requirement, given that the alternatives are several multiples more costly, averaging more than \$10 per piece. USPS LR-SSR-110 at 21. Additionally, the proposed fee would be three times smaller than the fee of \$4.85 for uninsured registry, which, in the context of legal requirements, often is a permissible substitute. The increase in the fee should be manageable from the customer's perspective, since the fee would be increased a mere 40 cents per transaction, which, according to witness Lyons, will not result in a "large additional expenditure" for business customers. See USPS-T-1 at 18 lines 1-2. The resulting cost coverage of 146 percent is modest, thereby reflecting the fact that some certified mail users must use this service to meet a legal requirement. I would also note that the mere fact that in some contexts certified mail usage may be required by law should not, in and of

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itself, compel the cost coverage for certified mail to be held exceptionally low. The usage of a variety of products, such as child car seats, smoke alarms, and insurance is often required by state and local law, and vendors of these products generally seek to set prices in accordance with market conditions, much as the Postal Service is proposing here.

**DECLARATION**

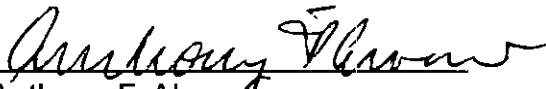
I, Susan W. Needham, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Susan W Needham

Dated: 7/30/96

**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.

  
Anthony F. Alverno

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