

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 INTERROGATORY OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T1-19)

The United States Postal Service hereby provides the response of witness Lyons to the following interrogatory of the Office of the Consumer Advocate: OCA/USPS-T1-19, filed on July 22, 1996.

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

Respectfully submitted,

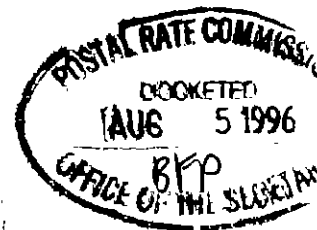
UNITED STATES POSTAL SERVICE

By its attorneys:

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August 5, 1996



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

OCA/USPS-T1-19. Your testimony at 2 states,

[T]he Postal Service has clarified customers' choices for postal cards by creating a special fee that separates the cost of the mailpiece from the postage. This also has the advantage of establishing a sounder cost basis for these products.

- a. Please explain how the creation of a special fee that separates the cost of the mailpiece from the postage clarifies customers choices.
- b. Please specifically identify the types of customers whose choice will be clarified by the special fee separating the cost of the mailpiece from the postage.
- c. Please explain why changing the name from postal card to stamped card is not sufficient to help clarify a customer's choice.
- d. Please confirm that in raising the rate for a postal card from \$0.21 to \$0.23, the Postal Service is clarifying a customer's choice through the use of a pricing mechanism. If you are unable to confirm, please explain your response.

RESPONSE:

- a. Currently the Postal Service charges 20 cents for a postal card. The portion of that charge which relates to the card is not identified separately from the amount of postage. Moreover the current product name, "postal card", implies that the product is a postcard. As a result, a customer may be confused about what the product is and what the 20-cent charge covers. Separating the cost of the card from the cost of the postage makes the charge for each component clearer. Moreover, changing the name of the product to stamped cards makes it clearer that the product involves both a card and postage, as in the case of stamped envelopes.

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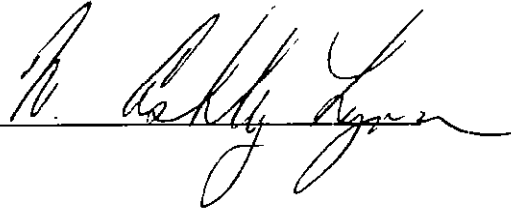
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- b. Those customers who may be confused by the current pricing and product name.
- c. Changing the name from postal card to stamped card should help clarify the customer's choice. However, I suspect that the new fee may send a clearer signal to the customer than the official name of the product. Moreover, clarification of the customer's choice is not the only goal of the proposed changes. As stated at page 2, line 19 of my testimony, the separate fee for the card "also has the advantage of establishing a sounder cost basis for these products."
- d. Not confirmed. First, we are not proposing to raise the rate for postal cards, which would remain the same as the rate for postcards (20 cents, not 21 cents as in your question). Rather, we are proposing a new 2-cent fee for postal cards. Second, as explained in parts a. and c., above, the separate fee for the card and the change in the product name, rather than a "pricing mechanism", clarify the customer's choice. In addition to helping clarify the customer's choice the separate fee for the card also "separates the recovery of the costs of producing the physical mailpiece from the rate of postage." (See page 14, line 16 of my testimony.)

DECLARATION

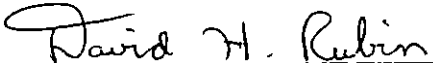
I, W. Ashley Lyons, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



Dated: 8-5-96

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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