

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 NEEDHAM TO INTERROGATORY OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T8-28)

The United States Postal Service hereby provides the response of witness Needham to the following interrogatory of the Office of the Consumer Advocate: OCA/USPS-T8-28, filed on July 22, 1996.

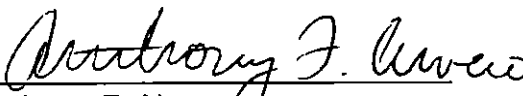
The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Anthony F. Alverno

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August 5, 1996



RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM TO
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OCA/USPS-T8-28. In your testimony at 106, you state,

The 1995 cost to manufacture a postal card was 1.1 cents. This cost is 0.7 cents higher than the cost presented in Docket No. R76-1.

- a) In R90-1, did the Postal Service include selling, shipping, and manufacturing costs of postal cards when developing the postal card pricing proposal presented? Please identify which of the above costs were included and cite the source(s) of your answer.
- b) In R94-1, did the Postal Service include selling, shipping, and manufacturing costs of postal cards when developing the postal card pricing proposal presented? Please identify which of the above costs were included and cite the source(s) of your answer.
- c) In preparing your testimony, please explain why selling and shipping costs were not included in your testimony at 106-107.
- d) Your testimony at 107 indicates that the proposed cost coverage of 170% reflects the high value inherent in the postal card. In establishing the proposed cost coverage, please identify what consideration was given to the lack of privacy a postal card message has.

RESPONSE:

a and b) Yes. In Dockets No. R90-1 and R94-1, the Postal Service proposed that postal card and post card subclass rates cover attributable costs and make reasonable contributions to institutional costs. See Docket No. R90-1, USPS-T-18 at pp. 24-25; Docket No. R94-1, USPS-T-11 at pp. 37 and 77.

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c) Given the time and data available, I determined to only consider the manufacturing costs of postal cards in developing the stamped card fee, as the manufacturing costs are readily available and unique to postal cards. See USPS LR-SSR-106.

d) Please see USPS-T-8, page 110, lines 2-5, where I discuss the privacy feature of postal cards above that of picture postcards.

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: August 5, 1996

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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