

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
TO INTERROGATORY OF
THE OFFICE OF THE CONSUMER ADVOCATE
REDIRECTED FROM WITNESS NEEDHAM
(OCA/USPS-T8-41)

The United States Postal Service hereby provides the response to the following interrogatory of the Office of the Consumer Advocate: OCA/USPS-T8-41, filed on August 1, 1996, and redirected from witness Needham.

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 15, 1996

POSTAL RATE COMMISSION
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SECRETARY

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OCA/USPS-T8-41. Library Reference SSR-104 develops the unit attributable costs for return receipts service. At page 10, it calculates a weighted average cost for non-merchandise:

Total attributable cost	Weight	
To whom and date delivered	\$0.86	97.31%
To whom, where and date delivered	<u>1.10</u>	<u>2.69%</u>
Weighted average unit cost	\$0.87	100.00%

Witness Lyons utilizes these costs in WP D, page 3, to determine Before and After Rates Costs and Cost Coverages. These costs also are shown in his Exhibit C, USPS-T-1.

- a) Does this mean that providing customers with the "address if different" option will increase the average unit cost by only one cent?
- b) If not, please provide an explanation, the appropriate unit cost, and calculations supporting this unit cost.
- c) If so, please confirm that you propose to charge customers a \$0.40 higher fee to offset a one cent cost increase.

RESPONSE:

- a) Yes, assuming a forwarding percentage of 2.69 percent.
- b) N/A
- c) Not confirmed. As explained in witness Needham's testimony, a variety of factors inform the classification and fee changes for return receipts. See USPS-T-8 at 86-94.

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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