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

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
REDIRECTED FROM WITNESS PATELUNAS
(OCA/USPS-T5-25)

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-T5-25, filed on August 6, 1996, and redirected from witness Patelunas.
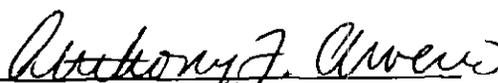
The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Anthony F. Alvergno

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2997; Fax -5402
August 20, 1996

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE
REDIRECTED FROM WITNESS PATELUNAS

OCA/USPS-T5-25. The following interrogatory refers to your response to OCA/USPS-T5-11.

a) Exhibit USPS-T-5C at 10 shows a per piece postal card cost of $0.075. Given that the current post card mailing rate is $0.20, please confirm that the implicit postal card cost coverage is 266.7 percent ($0.20/$0.075). If you are unable to confirm, please explain.

b) Assume that the Commission approves the additional $0.02 postal card fee. Please confirm that the implicit postal card cost coverage excluding the postal card fee of $0.02 is 316.2 percent ($0.20/($0.075-$0.01175)). See also USPS-T-8 at 107. If you are unable to confirm, please explain.

c) Refer to exhibit USPS-T-5C at 10. Please confirm that the implicit single post card cost coverage is 126.5 percent ($0.205/$0.162). If you are unable to confirm, please explain.

d) Please confirm that in Docket No. R94-1, the Commission recommended a postal card subclass cost coverage of 136.7 percent. PRC Op. R94-1. para. 5103. If you are unable to confirm, please explain.

e) Refer to exhibit USPS-T-5C at 10. Given that the implicit cost coverage for single post cards is 126.5 percent ($0.205/$0.162) as opposed to 262.7 percent ($0.197/$0.075) for postal cards, please explain the rationale for leaving single post cards cost coverage below the Commission's R94-1 recommendation, while increasing that of postal cards.

RESPONSE:

a) Not confirmed. Using the revenue per piece of 19.7 cents from Exhibit USPS-T-5C at 10, the cost coverage is 263 percent.

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OCA/USPS-T5-25
Page 2 of 2

b) Not confirmed. If the Commission approved the stamped card fee, there would be a

new stamped card cost coverage of 170 percent (see Exhibit USPS-T-1C).

c)   Confirmed.

d)   Not confirmed. The Commission recommended a 136.7 percent cost coverage

for the postal card and postcard subclass in Docket No. R94-1.

e)   I note that in subpart a) of this interrogatory your "implicit" cost coverage for

postal cards is 267 percent, yet in this subpart your "implicit" cost coverage

changes to 263 percent. Nevertheless, the proposal in this filing is for a new

special service, namely a stamped card fee and the resulting proposed revenues

and costs are not intended to be a part of the postal card revenues and costs.
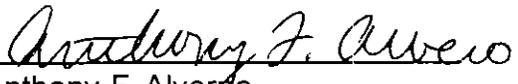
DECLARATION

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 20, 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. Alverdo

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