

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 INTERROGATORIES OF
THE NEWSPAPER ASSOCIATION OF AMERICA
(NAA/USPS-T1-1-2)

The United States Postal Service hereby provides responses of witness Lyons to the following interrogatories of the Newspaper Association of America: NAA/USPS-T1-1-2, filed on August 7, 1996.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

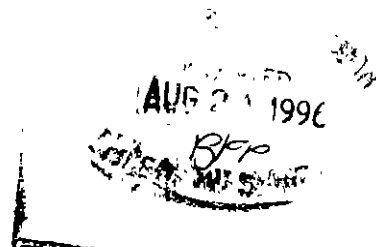
By its attorneys:

Daniel J. Foucheaux, Jr.
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David H. Rubin

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August 21, 1996



RESPONSE OF POSTAL SERVICE WITNESS LYONS TO
INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T1-1. Please refer to Library Reference SSR-112 ("A Report On The Need For Equity Restoration And The Recovery Of Prior Years' Losses" and Resolution of the Board of Governors of the United States Postal Service No. 95-9)

a. Please confirm that on the first page of the Executive Summary, the report states:

The Postal Service's current negative equity position must be analyzed in light of the benefits associated with equity restoration, as well as the costs associated with continued equity erosion. A positive equity position is of critical importance to any business, but it is particularly important to the Postal Service.

b. Please confirm that in Resolution No. 95-9 the Board of Governors state:

The Board of Governors hereby adopts the following Policy Statement affirming the Postal Service's commitment to the goals of breaking even over time and taking action to improve its equity position.

c. Please enumerate and describe in detail each benefit associated with equity restoration.

d. Please describe in detail why a positive equity position is important to the Postal Service.

e. Please enumerate and describe each of the postal Service's other medium- to long-range goals.

f. Please describe how the Postal Service's goal of equity restoration compares with the importance of the goals identified in part e above.

g. Does the Postal Service perceive any tension between its goals of (1) restoration of its net equity and (2) its goal of rate stabilization?

RESPONSE:

a. Confirmed.

b. Confirmed.

RESPONSE OF POSTAL SERVICE WITNESS LYONS TO
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NAA/USPS-T1-2, Page 2 of 2

- c. The benefits of equity and its restoration are enumerated and described in Chapter II of "A Report On The Need For Equity And Restoration And The Recovery Of Prior Years' Losses", in Library Reference SSR-112.
- d. Please see my response to part c. above.
- e. The Postal Service's primary goal, which can be found inside the front cover of the 1995 Annual Report of the Postmaster General, is "to evolve into a premier provider of 21st century postal communications by providing postal products and services of such quality that they will be recognized as the best value in America". There are numerous sub-goals, objectives, and strategies which support this primary goal. Sub-goals, objectives, and strategies are detailed in various places such as speeches and testimony given by Postal officials, the Annual Report of the Postmaster General, the Comprehensive Statement on Postal Operations.
- f. All of the Postal Service's goals are important and contribute to the accomplishment of our primary goal. However, I am not aware of any ranking of Postal Service goals, objectives, and strategies according to their relative importance.
- g. Since both goals are important but not mutually exclusive, it is the Board Of Governors' prerogative to strike a reasonable balance.

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NAA/USPS-T1-2. Please refer to Library Reference SSR-112.

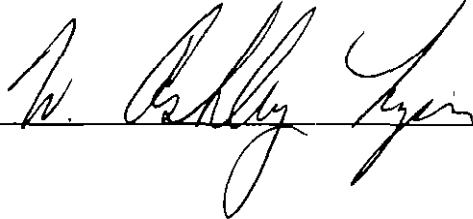
- a. Please confirm that, on page 7, the Report states that the Postal Service's cumulative net losses were \$9 billion as of September 30, 1994.
- b. Is that the most current figure for cumulative net losses available? If not please provide the most recent figure.
- c. Please provide the projected cumulative net losses for the current and next fiscal year, assuming approval and implementation of this Request in this case, and no omnibus case next year.

RESPONSE:

- a. Confirmed.
- b. No. For the latest figures available please refer to Exhibit B in my testimony.
- c. Based on the before rates FY 96 net income of \$934 million reflected in Exhibit A in my testimony, the cumulative net loss through the end of FY 96 would be \$6.291 billion. Based on the FY 97 net loss of \$652 million reflected in the FY 97 President's Budget, the cumulative net loss through the end of FY 97 would be \$6.943 billion. Assuming approval of the changes requested in this filing and depending on the date of implementation, the cumulative net loss of \$6.943 billion would be reduced by some portion of the \$339.438 million annual impact of the proposed changes reflected in Exhibit A in my testimony.

DECLARATION

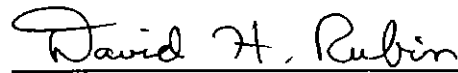
I, W. Ashley Lyons, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



Dated: 8-21-96

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.

A handwritten signature in cursive script that reads "David H. Rubin". The signature is written in black ink and is positioned above a horizontal line.

David H. Rubin

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