

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 STEIDTMANN TO INTERROGATORY OF  
THE NEWSPAPER ASSOCIATION OF AMERICA  
(NAA/USPS-T2-2)

The United States Postal Service hereby provides the response of witness Steidtmann to the following interrogatory of the Newspaper Association of America: NAA/USPS-T2-2, filed on August 7, 1996. Interrogatory NAA/USPS-T2-1 was redirected to witness Patelunas.

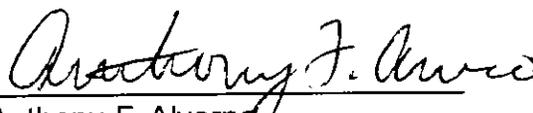
The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
Anthony F. Alverno

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2997; Fax -5402  
August 21, 1996

POSTAL RATE COMMISSION  
DOCKETED  
AUG 21 1996  
OFFICE OF THE SECRETARY

U.S. POSTAL SERVICE WITNESS CARL E. STEIDTMANN RESPONSE TO  
INTERROGATORIES OF THE NATIONAL ASSOCIATION OF POSTMASTERS OF  
THE UNITED STATES

NAA/USPS-T2-2

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NAA/USPS-T2-2. Suppose an entity is able successfully to raise price in a market in which it faces competition. Would one explanation for this phenomenon be that it previously had been pricing below cost?

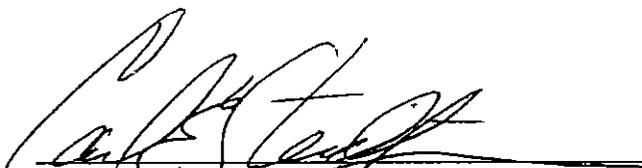
NAA/USPS-T2-2 Response.

Assuming that the phrase "able successfully to raise price in a market in which it faces competition," means that the entity is able to raise prices and increase profits, then yes, one possible explanation for this would be that it had previously been pricing below cost. Another explanation would be that the entity was previously pricing above cost but below the market price. A third explanation could be that there is an upward sloping demand curve, which can be the case for high status goods.



## DECLARATION

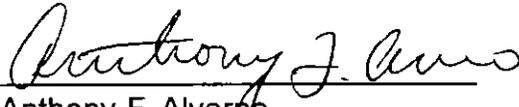
I, Carl E. Steidtmann, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

  
CARL E. STEIDTMANN

Dated: August 21, 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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