

ORIGINAL

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0007

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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 INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T7-39-43)

The United States Postal Service hereby provides responses of witness
Needham to the following interrogatories of the Office of the Consumer Advocate:
OCA/USPS-T7-39-43, filed on August 12, 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.
Chief Counsel, Ratemaking

David H. Rubin
David H. Rubin

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2986; Fax -5402
August 26, 1996

POSTAL RATE COMMISSION
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BETICE [signature]

**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-T7-39. Refer to your response to OCA/USPS-T7-22.

- a. Please confirm that the Postal Service does not need an increase in post office box fees in order to decide to "expand box service where appropriate." If you do not confirm, please explain.
- b. Please explain the purpose of fee increases for post office boxes if the resulting revenues are not dedicated to expansion of box service.

RESPONSE:

- a. Confirmed, but the increase in fees would make more expansion appropriate. See my response to OCA/USPS-T7-21, and the testimony of witness Lyons, USPS-T-1, at 18-19.
- b. Please see my testimony at page 1, lines 10 to 19.

**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM TO
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OCA/USPS-T7-40. Refer to your response to OCA/USPS-T7-23(b).

- a. If there is "no financial incentive to limit box availability," why didn't the Postal Service propose higher fees than it presented in this proceeding?
- b. If box service is a "high demand service," please confirm that raising fees higher than those proposed will shorten waiting lists and obviate the need for more post office boxes. If you do not confirm, please explain fully.

RESPONSE:

- a. Your quote refers to my comments about Group I fees. Increasing Group I fees even more than the proposed average 24 percent would increase the disparity between city delivery and rural delivery fees, and would lead to a greater loss of box usage in Group I.
- b. Not confirmed. While waiting lists might be shorter, any location with a waiting list would benefit from more boxes.

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OCA/USPS-T7-41. Refer to page 7, lines 4-7, of your testimony.

- a. Please describe the type of communities (i.e., cities, suburbs, unincorporated towns and villages, etc.) that are served by Delivery Group I-C post offices.
- b. Please describe the type of communities (i.e., cities, suburbs, unincorporated towns and villages, etc.) that are served by Delivery Group II post offices.

RESPONSE:

- a and b) I do not know. The determination of whether a post office is Group IC or II is based on the type of carrier delivery service offered by the office. This is often not related to the type of community that is served by the office.

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OCA/USPS-T7-42. Refer to pages 34-40 of your testimony. In proposing increased fees for post office boxes, please explain what consideration was given to the fact that mail destined for boxes does not incur delivery costs?

RESPONSE:

I assume you are referring to the lack of carrier street delivery costs for post office box service. My fee design is not based on this lack. However, witness Patelunas analyzed the tradeoff between post office box cost savings and increased carrier delivery costs when boxholders shift to carrier delivery. See USPS-T-5, Appendix B.

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OCA/USPS-T7-43. Refer to pages 34-40 of your testimony. Do you believe that it would fair and equitable to provide a discount to post office box holders because box holders permit the Postal Service to avoid carrier delivery? Please explain.

RESPONSE:

No. I agree with the Commission's repeated rejections of cost avoidance as a factor in determining post office box service fees. PRC Op., R84-1, at 597; PRC Op., R80-1, paras. 1170 *et seq.*; PRC Op., R77-1, at 456-459. Moreover, please note that often post office box customers also receive carrier delivery of some mail at their homes or businesses.

DECLARATION

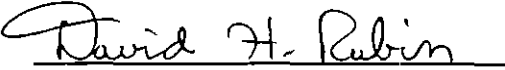
I, Susan W. Needham, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Susan W Needham

Dated: 8/26/96

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.


David H. Rubin

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