

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

ORIGINAL

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

NOTICE OF ERRATA TO RESPONSES OF WITNESS NEEDHAM TO  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE  
(OCA/USPS-T8-8, -15, -42, AND -43)

The Postal Service hereby gives notice of errata to the responses of witness Needham to interrogatories OCA/USPS-T8-8 (revised August 15, 1996), -15, -42, and -43. Upon further review, it has been determined that the proposed certified mail cost coverage in Docket No. R90-1 that witness Needham reported in her response to interrogatory OCA/USPS-T8-8, filed prior to the filing of an erratum on August 15, 1996, was correct, since that figure was calculated using certified mail revenues and costs exclusive of ancillary service revenue and costs. The erratum filed on August 15, 1996 to witness Needham's response to OCA/USPS-T8-8, however, rests on the premise that ancillary service costs were included in the proposed certified mail costs which were used to determine the certified mail cost coverage. That notice of erratum is effectively withdrawn with the filing of this notice. Corresponding changes are made to witness Needham's responses to OCA/USPS-T8-15, -42 (page 2), and -43. Revised copies are attached.

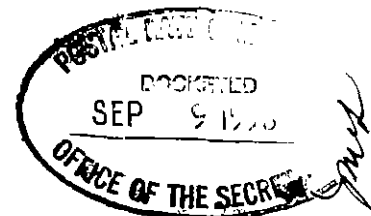
Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel  
Rate-making

*Anthony F. Alverno*  
Anthony F. Alverno



475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
September 9, 1996

RESPONSE OF U.S. POSTAL SERVICE WITNESS NEEDHAM  
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methodology applied by the Postal Service in this proceeding. The certified mail cost coverages in Table I of the question are inflated because they are calculated with ancillary service revenues. I have accordingly backed out the ancillary service revenue from certified mail revenue in the revised table below.

Table I (Revised)  
Certified Mail (\$ millions)

	Cost	Revenue	Coverage
Docket No. R90 Postal Service	288.6	188.4	65%
Docket No. R94 Postal Service	305.8	293.2	96%
Docket No. MC96-3 Postal Service*	285.9	416.7	146%

\*Source: Exhibit USPS-T-1C

Table II  
Return Receipt (\$ millions)

	Cost	Revenue	Coverage
Docket No. R90 Postal Service	158.8	191.9	121%
Docket No. R94 Postal Service	178.0	236.8	133%
Docket No. MC96-3 Postal Service*	214.0	365.6	171%

\*Source: Exhibit USPS-T-1C

Revised September 9, 1996

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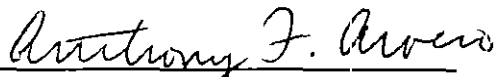
OCA/USPS-T8-15. In Docket No. R94-1 the Postal Service proposed and the Commission recommended a 10.2 percent rate increase for certified mail. This increased the certified mail fee from \$1.00 to \$1.10. Assuming implementation of the Postal Service's proposal in this proceeding, the certified mail fee will have increased by 50 percent by the next omnibus rate case. Other than instances where the Commission recommended substantial rate increases to cover attributable costs, are you aware of any instance since Docket No. R84-1 where the Postal Service proposed, or the Commission recommended, a 50 percent rate increase for a class, subclass or special service? Please identify all instances.

RESPONSE:

Certain post office box fees were increased by more than 50 percent following Docket No. R90-1. I must also note that I know of no instance since Docket No. R90-1 where the coverage for certified mail has exceeded 100%.

## 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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