

ORIGINAL

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Special Services Fees and Classifications

Docket No. MC96-3

NOTICE OF THE OFFICE OF THE CONSUMER ADVOCATE
CONCERNING RESPONSE TO SUBPART E OF INTERROGATORY
USPS/OCA-T100-22 DIRECTED TO WITNESS SHERMAN
(OCTOBER 28, 1996)

It has come to the attention of the Office of the Consumer Advocate that the response to USPS/OCA-T100-22, subpart e, was omitted from the answers of the Office of the Consumer Advocate to interrogatories of the United States Postal Service to Witness Sherman (USPS/OCA-T100-19-22) dated October 25, 1996. The response is attached.

OCA regrets any inconvenience this may have caused.

Respectfully submitted,

Emmett Rand Costich

EMMETT RAND COSTICH
Assistant Director
Office of the Consumer Advocate



ANSWERS OF OCA WITNESS ROGER SHERMAN
TO INTERROGATORIES USPS/OCA-T100-19-22

CONTINUATION OF ANSWER TO USPS/OCA-T100-22:

costs, not by changes in prices. A public enterprise with monopoly power may not fully use its power by setting profit maximizing price levels, because it is charged with serving the public. At any time it might be possible, however, for such an enterprise to exploit its monopoly situation in a particular market by raising its price there. Whether the price increase would be reasonable or exploitative would be determined by an evaluation of the overall pricing policies of the enterprise, which is most easily done, of course, in an omnibus rate case.

e. Not confirmed. To be able to raise price without concern for rivals' actions would indicate a value of service above some minimal level, but many postal services may occupy that value-of-service position. Just how great is the value of one service, relative to others, would be one of the questions raised about all rate increase in an omnibus rate case.

f. No, the problem in considering a fee increase for Certified Mail has little to do with the level of alternative prices. That they are high merely indicates that the Postal Service would seem to have market power that would permit it to

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increase price for Certified Mail. Whether price should be increased depends on cost coverages and value of service for this service relative to others, and on other pricing criteria.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 3.B(3) of the special rules of practice.


EMMETT RAND COSTICH
Attorney

Washington, D.C. 20268-0001
October 28, 1996