

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

ANSWER OF THE OFFICE OF THE CONSUMER ADVOCATE
TO INTERROGATORY USPS/OCA-T300-27, PARTS C.-D., OF THE UNITED
STATES POSTAL SERVICE, REDIRECTED TO WITNESS: ROGER SHERMAN
(NOVEMBER 8, 1996)

The Office of the Consumer Advocate hereby submits the answer
of Roger Sherman to interrogatory USPS/OCA-T300-27, parts c.-d.,
(October 25, 1996), redirected from witness Callow. The
interrogatory is stated verbatim and is followed by the response.

Witness Sherman is out of town and his declaration will be
filed later.

Respectfully submitted,

Emmett Rand Costich

EMMETT RAND COSTICH
Assistant Director
Office of the Consumer Advocate



ANSWER OF OCA WITNESS ROGER SHERMAN
TO REDIRECTED INTERROGATORY USPS/OCA-T300-27

USPS/OCA-T300-27. On page 15, line 21- page 16, line 2 of your testimony, you state that "The Postal Service's discriminatory treatment of non-resident boxholders through the proposed non-resident surcharge is unfair and inequitable".

c. Do you consider the higher charges imposed on Metro riders in the Washington, D.C. area during rush hours to be unfair and inequitable? Please explain why or why not.

d. With respect to Metro, please assume that the cost per rider is not higher during rush hour than at other times. How would that assumption affect your view about the fairness and equity of higher rush hour fares?

A. c. No. There is not enough information to discuss fairness or equity of Metro fares. In any case, the difference between rush-hour and non-rush-hour charges would very likely be caused by differences in costs, with expansion of rush-hour travel requiring additions to capacity and thus higher costs. It is also possible that rush-hour and non-rush-hour travelers may share capacity, so expanding usage by either group would require more capacity, and then their combined willingness to pay for capacity would affect fares. In that case, though, the higher rush-hour demand would lead to a higher rush-hour fare because capacity would be filled at rush hour with a higher fare.

d. Even with equal costs, which could be claimed in the second case of sharing capacity in question c. above, the optimal sharing rule could still lead to higher prices at the rush hour. To say more would require information about the different customer groups that is not available to us in this case.

DECLARATION

I, Roger Sherman, declare under penalty of perjury that the answer to redirected interrogatory USPS/OCA-T300-27, parts c.-d. of the United States Postal Service is true and correct, to the best of my knowledge, information and belief.

Executed Nov. 8, 1996

Roger Sherman

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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
EMMETT RAND COSTICH
Attorney

Washington, D.C. 20268-0001
November 8, 1996