

UNITED STATES OF AMERICA  
Before the  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 2000 )

Docket No. R2000-1

OFFICE OF THE CONSUMER ADVOCATE  
FOLLOW-UP INTERROGATORIES TO  
UNITED STATES POSTAL SERVICE  
WITNESS: PETER BERNSTEIN (OCA/USPS-T41-1-4)  
March 28, 2000

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Pursuant to sections 26 and 27 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits follow-up interrogatories and requests for production of documents. Instructions included with OCA interrogatories OCA/USPS-1-14 to the United States Postal Service, dated January 24, 2000, are hereby incorporated by reference.

Respectfully submitted,



TED P. GERARDEN  
Director  
Office of the Consumer Advocate

EMMETT RAND COSTICH  
Attorney

1333 H Street, N.W.  
Washington, D.C. 20268-0001  
(202) 789-6830; Fax (202) 789-6819

OCA/USPS-T41-1. Please refer to your response to interrogatory MOAA/USPS-T41-3. You state, "An equal across-the-board rate increase approach does not take account of changes in relative costs which will generally lead to rates that are not economically efficient."

- (a) Would you agree that an attempt to minimize deviations from an "equal across-the-board rate increase approach" in order to mitigate rate increases for categories of mail that have experienced relatively larger increases in volume variable costs "will generally lead to rates that are not economically efficient"? If not, why not?
- (b) Would you agree that a ten-year history of attempting to mitigate rate increases for categories of mail that have experienced relatively larger increases in volume variable costs will almost certainly "lead to rates that are not economically efficient"? If not, why not?

OCA/USPS-T41-2. Please refer to your response to interrogatory GCA/USPS-T41-60(b). You state, "Products can be substitutes without being price substitutes. It may be the case that any substitution between First-Class letters and electronic alternatives is based on service characteristics and not price."

- (a) Would you agree that there will be at least one consumer on the price margin (i.e., "on the fence") between using First Class Mail and using an electronic alternative during the period that proposed rates are in effect? If not, why not?
- (b) Are you suggesting that *all* consumers who switch from First Class Mail to electronic alternatives do so without comparing future costs and benefits of such a switch? If not, what point are you trying to make?

- (c) Do you agree with the Postal Service's response to part (c) of that interrogatory?  
Please provide a factual foundation for your response.
- (d) Please explain why the "rate increases in First-Class worksharing of the variety proposed by the Postal Service in this proceeding" do not affect the speed with which bills and bill payments mail leaves the Postal Service.

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 12 of the rules of practice.

  
Stephanie Wallace

Washington, D.C. 20268-0001  
March 28, 2000