

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268B0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS KOROMA TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS--T37-1-6)

The United States Postal Service hereby provides the responses of
witness Koroma to the following interrogatories of the Office of the Consumer
Advocate: OCA/USPS-T37-1 to 6, filed on October 2, 2001

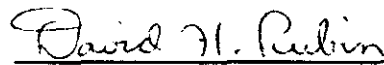
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



David H. Rubin

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October 16, 2001

**RESPONSE OF POSTAL SERVICE WITNESS KOROMA (USPS-T-37) TO
INTERROGATORIES OF THE OFFICE OF CONSUMER ADVOCATE
(OCA/USPS-T37-1-6)**

OCA/USPS-T37-1. Under the current fee schedule for domestic money orders, one fee is charged for money orders valued up to \$700.00. Per your testimony, the Postal Service is not proposing to increase the money order fee for money orders up to \$500.00. However, your testimony at page 40 states, "[P]urchasers of money order [sic] with face value of \$500.01 – \$1000 are receiving a higher value service, so a reasonable fee increase is proposed."

- (a) Given that the existing domestic money order fee is \$0.90 for a money order valued up to \$700.00, please explain your rationale for claiming that money orders from \$500.01 to \$700.00 now provide a higher value service and thus should be charged the higher fee of \$1.25.
- (b) Please confirm that you indicate at page 40 of your testimony that you are proposing two tiers for money orders -- \$0.01 to \$500.00 and \$500.01 to \$1,000.00.
- (c) Please explain why the Fee Schedule 971 provided in the USPS request indicates that the Postal Service is proposing three distinct domestic moneyorder categories - \$0.01 - \$500.00; \$500.01 - \$700.00; and \$700.01 - \$1,000.00.

RESPONSE:

- (a) My testimony at page 40 specifically referred to money orders valued from \$500.01 to \$1000 as receiving a higher value service. Consistent with the proposed two-tiered structure, I consider money orders with face value of \$500.01-\$1000 as having a higher value of service compared to money orders with face value of \$0.01-\$500. The \$500.01-\$1,000 money orders have a higher monetary value than the \$0.01-\$500 money orders. As discussed in my testimony, moreover, the \$500.01-\$700 money orders

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have a higher value than the lower value money orders because of the lack of competitive alternatives at comparable prices.

(b) Confirmed.

(c) The Postal Service is not proposing three distinct domestic money order fee categories but two as confirmed in (b) above. The fee schedule is presented as three lines so that we can present the current and proposed fees together. Our intent is to have two fee categories, with the higher category for \$500.01 to \$1000.

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OCA/USPS-T37-2. Please confirm that in January 7, 2001, the money order fee was \$0.75 for money orders valued between \$0.01 and \$700.00. If you are unable to confirm, please explain.

RESPONSE:

Confirmed. However, this was a result of the Decision of the Governors of the United States Postal Service to allow the Commission's recommendations to take effect under protest.

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OCA/USPS-T37-3. Please confirm that the domestic money order fee was increased to \$0.90 in July 1, 2001, for money orders valued between \$0.01 and \$700.00. If you are unable to confirm, please explain.

RESPONSE:

Confirmed.

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OCA/USPS-T37-4. The USPS August 2001, Billing Determinants for FY 2000, indicates that there were 582,140 APO/FPO money order transactions totaling \$174,642. For FY 2000, in \$50.00 increments beginning with \$0.01 - \$50.00, please provide the number of transactions and the total value of APO/FPO money order transactions purchased.

RESPONSE:

This information is being obtained from the Accounting Service Center, Money Order Branch.

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OCA/USPS-T37-5. Your testimony at page 41 states, "Increasing the limit to \$1000 also eliminates the need to purchase two money orders to pay for high dollar value COD purchases. . . . Additionally, it reduces the need to purchase multiple money orders for higher value expenditures such as rent." Please explain why the limit of \$700.00 on Military (APO/FPO) money orders was not increased to \$1,000.00.

RESPONSE:

We are proposing to increase the limit for APO/FPO money orders to \$1000.00.

As discussed on pages 35 and 41 of my testimony, the classification change to increase the money order limit to \$1,000 applies to both domestic and APO/FPO money orders. Also see Table 8 of my testimony. An erratum to proposed Fee Schedule 971 to state the new limit for APO/FPO money orders will be filed shortly.

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OCA/USPS-T37-6. Your testimony at page 42 states, "The highest value of money order readily available through alternative means is \$500.00." Please identify the "readily available alternative means" you are referring to.

RESPONSE:

The readily available alternative means I am referring to are drug stores, convenience stores, liquor stores, and check cashing establishments.

DECLARATION

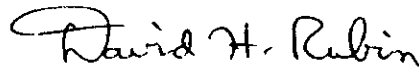
I, Samuel J. Koroma, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.


SAMUEL J. KOROMA

Dated: OCTOBER 16, 2001

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.

A handwritten signature in cursive script that reads "David H. Rubin". The signature is written in dark ink and is positioned above a horizontal line.

David H. Rubin

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