

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, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS LION TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T24-38-39, 40(D-F))

The United States Postal Service hereby provides responses of witness Lion to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T24-38-39, 40(d-f), filed on August 5, 1997. Interrogatory OCA/USPS-T24-37 was redirected to the Postal Service, while interrogatory 40 (parts a-c) was redirected to witness Needham.

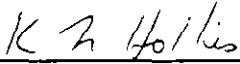
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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August 19, 1997

OCA/USPS-T24-37.

RESPONSE:

Redirected to the Postal Service.

OCA/USPS-T24-38. Please refer to your testimony at page 15, Table 7D. In the column "Pre 96-3 Boxes," please explain the origin and development of the figure, 110,370, for caller service. Please show all calculations and provide citations for any figure used.

RESPONSE:

The number "110,370" should read "100,770". An erratum has been filed to correct this.

OCA/USPS-T24-39. Please refer to your testimony at page 15, Table 7D., and PRC Op. MC96-3, Appendix D, Schedule 3, Table 12.

- a. In Table 7D., please confirm that the figure for "Post 96-3 Boxes" for Caller Service is 110,370. If you do not confirm, please explain.
- b. Please confirm that the TYAR number for caller service from Table 12 is 89,055. If you do not confirm, please explain.
- c. Please explain why you did not use the Commission's TYAR figure of 89,055 for caller service as the figure for "Post 96-3 Boxes" for Caller Service in Table 7D?
- d. Please explain the discrepancy between the figure in part a. above and the figure, 89,055, from Table 12.

RESPONSE:

- a. Not confirmed. The number should read "100,770". An erratum has been filed to reflect this.
- b. Confirmed.
- c. The TYAR number should read "89,055", as in PRC Op. MC96-3, Appendix D, Schedule 3, Page 17, Table 12. An erratum has been filed to reflect this.
- d. See c.

OCA/USPS-T24-40. Please refer to your testimony at page 15, Table 7D, and the table below.

<u>Delivery/Fee Group</u> [A]	<u>Pre 96-3 Fees</u> [B]	<u>Post 96-3 Fees</u> [C]
IA/A	\$500	\$500
IB/B	\$480	\$480
IC/C	\$450	\$450
II/D	\$134	\$450

- a. Please confirm that the annual fees for caller service prior to PRC Op. MC96-3 are those shown in column [B]. If you do not confirm, please explain.
- b. Please confirm that the annual fees for caller service recommended by the Commission in PRC Op. MC96-3, are those shown in column [C]. If you do not confirm, please explain.
- c. Please confirm that caller service customers in Delivery/Fee Group II/D experienced a fee increase of 236 percent. If you do not confirm, please explain.
- d. Please show the origin and development of the figure, \$451, in the column "Pre 96-3 Fees" in Table 7D. Please show all calculations and provide citations for any figure used.
- e. Please explain why there is no elasticity for caller service in the column, "Elasticity," in Table 7D.
- f. Please confirm that the elasticity for caller service in Table 7D. should be -0.152210643231. If you do not confirm, please explain and provide the correct figure.

RESPONSE:

a - c. Redirected to witness Needham.

d. The figure \$451 is taken from PRC Op. MC96-3, Appendix D, Schedule 3, Page 17, Table 12, Column 2, Row "Caller Service". It is a weighted average of the PRC-recommended annual fees.

e. The elasticity for caller service should be -0.398. This is the implied elasticity when the groups are taken as a whole. An erratum has been filed to reflect this.

f. Not confirmed. The elasticity cited (-0.152) applies to caller service in Delivery Group II (in PRC Op. MC96-3, Appendix D, Schedule 3, Page 17, Table 12), which faces a 236 percent increase based on a weighted average. See witness Needham's response to OCA/USPS-T24-40(c). When calculating the caller service results for all groups together (which collectively face a fee increase of 29 percent) the appropriate elasticity is the weighted average elasticity, -0.398.

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.



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