

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY
Docket No. R97-1

POSTAL RATE AND FEE CHANGES, 1997

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS NEEDHAM TO INTERROGATORIES OF
THE ASSOCIATION OF ALTERNATE POSTAL SYSTEMS (AAPS/USPS-T39-1),
AND THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T24-75 REDIRECTED FROM WITNESS LION)

The United States Postal Service hereby provides the response of witness Needham to the following interrogatories: : AAPS/USPS-T39-1, filed by the Association of Alternate Postal Systems on September 5, 1997; and OCA/USPS-T24-75, filed by the Office of the Consumer Advocate on September 5, 1997, and redirected from witness Lion.

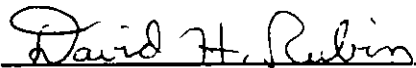
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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September 19, 1997

RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM
TO INTERROGATORY OF THE ASSOCIATION OF
ALTERNATE POSTAL SYSTEMS

AAPS/USPS-T39-1.

At page 24, you state the Postal Service does not charge for sequencing cards in carrier route walk sequence. (a) Would it therefore follow that the cost of sequencing cards is an institutional cost? (b) If so, is it correct that most of the cost of sequencing cards into walk sequence is paid for by mailers that do not walk sequence their mail and therefore do not obtain the discounts related to walk sequencing? Please explain.

RESPONSE:

(a&b) I am assuming that when you refer to institutional costs you mean what the Postal Service now refers to as "other" costs. While the Postal Service fee design does not specifically charge for sequencing cards in carrier route walk sequence, the Postal Service recovers the costs for this service by charging 17 cents (proposed to be 20 cents) for each card removed due to an incorrect or undeliverable address and for each card added with a new address. Note that the fee design does not determine the treatment of costs as either other or volume variable. It is my understanding that the costs of sequencing cards would be reflected in cost segments 2, 3, and 6, most of which are not other.

**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE
REDIRECTED FROM WITNESS LION**

OCA/USPS-T24-75. Please refer to your testimony at page 16, Table 8.

- a. Please confirm that, to the extent that post offices vary from year to year in the type of carrier service provided, the number of post office boxes in each fee group would change. If you do not confirm, please explain.
- b. Please confirm that where post offices vary from year to year in the type of carrier service provided, and the number of post office boxes in each fee group change as a result, the Postal Service changes the post office box fees. If you do not confirm, please explain.
- c. Please explain how and when the Postal Service changes post office box fees for boxes that are placed in a new fee group where such boxes are located in post offices that vary from year to year in the type of carrier service provided.

RESPONSE:

- a. Not confirmed. Groups A, B, and E are not defined by the types of carrier service provided.
- b. The Postal Service generally changes post office box fees only pursuant to a Governors' Decision following a Recommended Decision by the Postal Rate Commission. Changes in the application of post office box fees for a particular post office can occur as a result of changes in the type of carrier delivery at the post office, but such changes are not at all common.

**RESPONSE OF POSTAL SERVICE WITNESS NEEDHAM
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OCA/USPS-T24-75 Continued.

- c. See DMM § D910.4.4. The new fee group would affect a particular customer only when the customer renews a box, or commences new box service. It would be very rare for the type of carrier service to change more than once over a period of several years.

DECLARATION


I, Susan W. Needham, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Susan W Needham

Dated: September 18, 1997

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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