

DOCKET SECTION

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 NEEDHAM TO INTERROGATORY OF
THE OFFICE OF THE CONSUMER ADVOCATE
REDIRECTED FROM WITNESS LION
(OCA/USPS-T24-92, PARTS B, C, D, AND F)

The United States Postal Service hereby provides the response of witness Needham to the following interrogatory of the Office of the Consumer Advocate: OCA/USPS-T24-92, parts b, c, d, and f, filed on September 17, 1997, and redirected from witness Lion.

The 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
David H. Rubin

475 L'Enfant Plaza West, S.W.
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(202) 268-2986; Fax -5402
October 1, 1997

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

OCA/USPS-T24-92. Please refer to the supplement to LR-H-188, Workbook "Cost98.xls," Sheet "Unit Costs."

- b. Please confirm that the post office box fee for all box sizes in Fee Group E is \$0. If you do not confirm, please explain.
- c. Assuming the same cost coverage for post office boxes in the TYBR, please confirm that post office box fees in Fee Groups A, B, C and D are higher than they otherwise would be in order to cover the attributable allocated costs of Fee Group E. If you do not confirm, please explain.
- d. Please confirm that boxholders paying Fee Group E fees, i.e., \$0, are generating costs which are paid for by boxholders paying Fee Group A, B, C and D fees. If you do not confirm, please explain.
- f. Would it be more consistent with the policy that mailers pay the delivery costs of carrier delivery (rather than recipients) if Fee Group E costs were paid for by all mailers and not other boxholders alone? Please explain fully.

RESPONSE:

b. Confirmed.

c-d) Not confirmed. The fact that a fraction of the boxes are free is taken into account when the appropriate cost coverage proposal is determined. I consider the proposed cost coverage to be low. The cost coverage without the Group E costs included would still be low:

$$(683,362,079/(595,853,540-33,269,251)) = 121.5 \text{ percent}$$

- f. The Postal Service believes it is indirectly making mailers, rather than recipients, pay Group E box costs by holding down the cost coverage for post office box and caller service below what it would be absent these costs. See my response to OCA/USPS-T24-92 (c-d).

DECLARATION

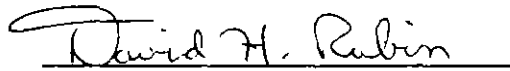
I, Susan W. Needham, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Susan W Needham

Dated: OCTOBER 1, 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.


David H. Rubin

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