

DOCKET SECTION

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

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POSTAL RATE AND FEE CHANGES, 1997

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

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS LION TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE  
(OCA/USPS-T24-99-101)

The United States Postal Service hereby provides responses of witness Lion to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T24-99-101, filed on October 21, 1997.

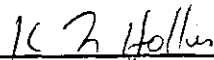
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
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Kenneth N. Hollies

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-3083; Fax -5402  
November 4, 1997

**OCA/USPS-T24-99.** Please refer to your response to OCA/USPS-T24-96b.

- a. Please give the duration of, and provide the beginning and ending dates for, the period over which you assumed the 1.9 percent growth factor would apply.
- b. Please provide the monthly growth rate associated with the 1.9 percent growth factor.

**RESPONSE:**

- a. The 1.9 percent growth factor was applied to the April, 1997 box counts (from the Delivery Statistics File) to estimate box counts as of April, 1998, a representative mid-point of the test year.
- b. Assuming that 1.9 percent is an annual growth factor and that growth is steady over the year, the monthly growth rate is .157 percent.

**OCA/USPS-T24-100.** Please refer to your response to OCA/USPS-T24-96d, which references your response to OCA/USPS-T24-22.

- a. Please provide all studies, reports, analyses or other documents showing how "It was decided to use a more conservative factor of 1.9 percent," if such documents are not already on file with the Commission. Otherwise, please provide page and line citations to documents already on file.
- b. If the decision to use a factor of 1.9 percent was based on discussions with individuals employed by, or under contract with, the Postal Service, please identify those individuals (including position held) and summarize those discussions.

**RESPONSE:**

- a. The estimate was based on professional judgment and not on any specific studies. It is a reasonable estimate, given the growth rate of 1.2 percent between April 1996 and April 1997 as calculated from the DSF, and the historical growth rate of 3.9 percent (see my response to OCA/USPS-T24-22).
- b. The estimate of 1.9 percent was discussed with pricing specialists in the Marketing Department of the Postal Service and with colleagues at Foster Associates. They concurred that it was reasonable.

**OCA/USPS-T24-101.** Please refer to your response to OCA/USPS-T24-96b (“the ‘implementation date’ [ ] has not been determined”), and your response to OCA/USPS-T24-98, where it states, “If the implementation date were to remain the same, one would need to reduce the growth rate to reflect the fact that the growth between April and September 1997 has already been accounted for.”

- a. Please specify the implementation date alluded to in the quoted response to OCA/USPS-T24-98 (or state your assumption with regard to the implementation date).
- b. Please explain how an implementation date that has not been decided can “remain the same.”
- c. Please explain the logic of reducing the 1.9 percent growth rate to reflect growth between April and September 1997 if there is no specific assumption as to the implementation date.
- d. Please confirm that, in the absence of a specific assumption as to the implementation date, the 1.9 percent growth factor represents an arbitrary figure. If you do not confirm, please explain.
- e. Please confirm that, in the absence of a specific assumption as to the implementation date, the 1.9 percent growth factor is applicable to a time period of any duration. If you do not confirm, please explain.

**RESPONSE:**

- a-e. See the revised responses to OCA/USPS-T24-96b and OCA/USPS-T24-98.

**DECLARATION**

I, Paul M. Lion, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Paul M Lion

Dated: 11/4/97

## 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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Kenneth N. Hollies

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