

Before THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

STAMPED STATIONERY AND STAMPED CARDS
CLASSIFICATIONS

Docket No. MC2006-7

RESPONSES OF POSTAL SERVICE WITNESS YEH
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T1-27-29)

The United States Postal Service hereby provides the responses of witness Yeh to the following interrogatories of the Office of the Consumer Advocate, filed on April 3, 2007: OCA/USPS-T1-27-29.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YEH
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T1-27. Please refer to your response to OCA/USPS-T1-23 in which you explained how the proposed range of prices for the premium products relate prices to costs. You indicated that you chose multiples of First-Class rates “that are comparable to the ranges in market prices of commercially available products that might serve as substitutes for the stationery and cards if they were not stamped.” Even though your solution is novel, and you lack comprehensive cost information, please confirm that you do not have any evidence that the range of prices selected, or any other range for that matter, to recover the costs of the stationery products bears a relationship, other than coincidence, to the postage price of First-Class letters and cards.

RESPONSE:

Not confirmed. I specifically designed the range of prices to be based on First-Class Mail rates, so the relationship of the range to the rates is not coincidental, but intentional. The range was designed to best reflect the range of prices of comparable products in the private market and to more than cover identifiable costs. Please see my response to OCA/USPS-T1-23.

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OCA/USPS-T1-28. Please confirm that a novel pricing approach for a premium specialty product is not necessarily appropriate, and is probably inappropriate, if there is no underlying fundamental relationship between the proxy used (in this case the prices of First-Class stamps and cards) and the prices established using that proxy.

RESPONSE:

Not confirmed. Please see my response to OCA/USPS-T1-27.

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OCA/USPS-T1-29. Please describe any other alternative novel approaches to pricing these premium products you have considered in which there is a nexus between the costs of the product and the price established. If you did consider such other approaches, please explain your reasons for rejecting them.

RESPONSE:

None.