

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

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POSTAL RATE AND FEE CHANGES, 2006

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Docket No. R2006-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MITCHUM  
TO INTERROGATORIES OF THE ASSOCIATION FOR POSTAL COMMERCE  
(POSTCOM/USPS-T40-1-6)  
(July 24, 2006)

The United States Postal Service hereby provides the responses of witness Mitchum to the above listed interrogatories of the Association for Postal Commerce, filed on July 10, 2006.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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TO INTERROGATORY OF THE ASSOCIATION FOR POSTAL COMMERCE

**POSTCOM/USPS-T40-1.** Regarding your testimony concerning Address Correction Service (“ACS”):

- a. Please identify and describe the specific “barcoding and other requirements specified by the Postal Service” (proposed DMCS § 911.22 at USPS-T-40 p. 11) necessary to qualify for electronic ACS.
- b. Please identify and describe any and all limitations (including but not limited to shape-based and class limitations) on the use of electronic ACS.
- c. Please identify and describe any and all limitations (including but not limited to class limitations and address hygiene requirements) on the use of automated ACS.
- d. Does the Postal Service plan to change any of these requirements or establish any new requirements during the next eighteen calendar months? Please discuss any potential changes and new requirements.

**RESPONSE:**

- a. There are no plans to change the requirements for the electronic option of Address Correction Service. The requirements for Address Change Service in DMM 507.3.2 should continue to apply.
- b. See sections 507.3.1 and 507.3.2 of the Domestic Mail Manual.
- c-d. The Postal Service has not prepared the draft regulations for publication in the Federal Register. For automated Address Correction Service, the 4-state barcode will require use of the Business Entity Identifier (BEI) in place of the ACS participant code, as well as a unique numeric mailpiece identifier instead of the mailer keyline.

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**POSTCOM/USPS-T40-2.** Please confirm that the Postal Service does not intend to eliminate manual ACS service.

**RESPONSE:**

Confirmed.

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**POSTCOM/USPS-T40-3.** Please refer to page 8 of your testimony where you state, "First-Class Mail service includes forwarding or returning the mail piece in the price of postage, so the additional cost of providing address correction service via the electronic option is lower for First-Class Mail pieces than for other classes of mail." Please provide all of the costing and pricing information upon which you relied in drawing this conclusion, or identify this information if the material has already been provided.

**RESPONSE:**

The costs underlying First-Class Mail postage includes a variety of UAA processing activities. The costs for these activities are not included in the costs underlying Standard Mail postage. For instance, in a pre-PARS environment, the cost for CFS processing of Address Correction Service pieces (preparation, loading, extract code keying, sweeping, etc.) is not covered by Standard Mail postage. This additional cost, \$0.17 per piece (as derived from the pre-PARS Rate Category Cost Model, Appendix C, USPS-LR-L-61), must be recouped through Standard Mail Address Correction Service fees.

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**POSTCOM/USPS-T40-4.** Please refer to page 8 of your testimony where you state, “[w]hile the electronic option for other classes would have a price increase, the mailers choosing this option would benefit from being charged this fee even when they receive manual notices.” In addition, in footnote 2, you state that currently “[t]he application of differential fees can happen even if the mailer has met all of the requirements necessary to receive notices electronically. Please confirm that only the electronic fee will be charged for manual notices received when the mailer elects and meets the requirements for the electronic option under the proposed fee schedule. If confirmed, please describe how the Postal Service will ensure that only the electronic fee will be charged for manual notices received when the mailer elects the electronic option under the proposed fee schedule.

**RESPONSE:**

Confirmed. Specific procedures are being developed to ensure that the electronic price applies in these situations.

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**POSTCOM/USPS-T40-5.** Please refer to your testimony regarding proposed changes to the Domestic Mail Classification Schedule (“DMCS”) (USPS-T-40 at 10-11) and the proposed changes to the DMCS included in Docket No. R2006-1 Request, Attachment B at 27. In your testimony, you propose to add the following DMCS language: "Automated address correction service is limited to First-Class Mail and Standard Mail mailers who meet address hygiene requirements, as specified by the Postal Service." In addition, in your testimony you state that “[o]nly letters would be eligible for the new automated address correction service because only letters are processed through PARS.” The proposed DMCS language attached to the rate request does not, however, limit automated address correction to First-Class Mail and Standard Mail letters.

a. Please confirm that the Postal Service proposes to limit automated address correction to First Class Mail and Standard Mail letters. If you cannot confirm, please explain.

b. Please identify which DMCS language described above the Postal Service proposes.

**RESPONSE:**

a. Confirmed.

b. Please refer to proposed Fee Schedule 911, which notes that the Automated Option is available for letters only.

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**POSTCOM/USPS-T40-6.** Please confirm that automated ACS provides an electronic correction notice.

**RESPONSE:**

Confirmed.