

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, 2000

Docket No. R2000-1

**RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS MOELLER TO INTERROGATORIES OF  
ASSOCIATION FOR POSTAL COMMERCE  
(PostCom/USPS-T35—2-3)**

The United States Postal Service hereby provides the response of witness Moeller to the following interrogatories of the Association for Postal Commerce: PostCom/USPS-T35—2-3, filed on March 20, 2000.

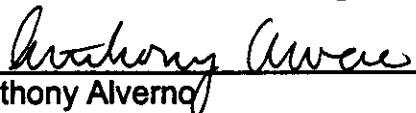
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
Anthony Alverno  
Attorney

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2997; Fax -6187  
April 3, 2000

**U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO  
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PostCom/USPS-T-35-2. Please refer to footnote 4 in LR-I-166, wp1\_comm.xls, worksheet "parcel," which states, "Estimate of reduction in surchargable pieces due to implementation of the surcharge."

- a. Please confirm that the "Estimate of reduction in surchargable pieces due to implementation of the surcharge" is 25% for Standard (A) Regular. If not confirmed, please provide the correct figure.
- b. Please explain how this 25% figure was developed.
- c. Do the pieces that are no longer surchargable leave the Standard (A) Regular mailstream? If so, please provide a citation to where the Postal Service has adjusted Standard (A) Regular cost and volume figures to reflect this change.
- d. Do the pieces that are no longer surchargable become flat-shaped Standard (A) Regular pieces? If so, please provide a citation to where the Postal Service has adjusted Standard (A) Regular cost figures to reflect this change.
- e. If your response to part (c) was no, please describe which test year mailstream includes these no longer surchargable pieces.

**RESPONSE:**

- a. It is an estimate of how many pieces will have successfully avoided the surcharge.
- b. See USPS-T-35, Appendix 1, page 4-5. Since the surcharge was not implemented until January 10, 1999, and the volume data used are from FY98, an estimate was made regarding how many parcel shaped pieces in FY98 would be prepared in a manner that would allow them to avoid the surcharge. No volume data were available upon which to base an estimate. See response to interrogatory NAA/USPS-T35-36(a).
- c. No, rather, the testimony treats these pieces for revenue calculation purposes as having the characteristics of Standard Mail (A) pieces that avoid the surcharge.
- d. As described in USPS-T-35, Appendix 1, page 5, it is likely that some parcel-shaped pieces are being entered as automation flats. No cost adjustment is

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made. It is my understanding that although entered as automation flats, they are usually treated and handled as parcels. See witness Kingsley's testimony (USPS-T-10, pages 16-17).

- e. See response to subpart (d).

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PostCom/USPS-T-35-3. Please refer to footnote 9 in LR-I-166, wp1\_comm.xls, worksheet "parcel," which states, "Estimate of reduction in surchargable pieces due to implementation of the surcharge."

- a. Please confirm that the "Estimate of reduction in surchargable pieces due to implementation of the surcharge" is 50% for Standard (A) ECR. If not confirmed, please provide the correct figure.
- b. Please explain how this 50% figure was developed.
- c. Do the pieces that are no longer surchargable pieces leave the Standard (A) ECR mailstream? If so, please provide a citation to where the Postal Service has adjusted Standard (A) ECR cost and volume figures to reflect this change?
- d. Do the pieces that are no longer surchargable pieces become flat-shaped Standard (A) ECR pieces? If so, please provide a citation to where the Postal Service has adjusted Standard (A) ECR cost figures to reflect this change.
- e. If your response to parts (c) was no, please describe which test year mailstream includes these no longer surchargable pieces.

**RESPONSE:**

- a. It is an estimate of how many pieces will have successfully avoided the surcharge.
- b. See response to interrogatory NAA/USPS-T35-36(a).
- c. As described in USPS-T-35, Appendix 1, page 5, it is assumed that some of the samples may have been reconfigured as flats, or perhaps left the mailstream. It is my understanding that the level of the surcharge is incorporated into the volume forecast for ECR nonletters. The extent to which samples have left the mailstream is unknown, however, and accordingly no adjustment is made to costs. The percentage of ECR nonletters that is

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parcel-shaped is very low (0.2 percent), so the total revenue projection is very insensitive to the surcharge reduction estimate.

- d. See response to subpart (c). There is no adjustment to the cost figures.
- e. See response to subpart (c).

**DECLARATION**

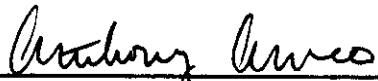
I, Joseph D. Moeller, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

  
JOSEPH D. MOELLER

Dated: 4/3/08

**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.

  
Anthony Alverno

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(202) 268-2997; Fax -6187  
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