

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 INTERROGATORY OF VAL-PAK DIRECT MARKETING
SYSTEMS, INC., VAL-PAK DEALERS' ASSOCIATION, INC., AND CAROL WRIGHT
PROMOTIONS, INC.
(VP-CW/USPS-T35—26)**

The United States Postal Service hereby provides the response of witness Moeller to the following interrogatory of Val-Pak Direct Marketing Systems, Inc., Val-Pak Dealers' Association, Inc., and Carol Wright Promotions: VP-CW/USPS-T35—26, filed on March 23, 2000.

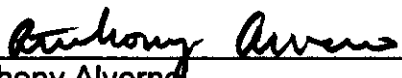
The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


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Attorney

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April 3, 2000

**U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO INTERROGATORY OF
VAL-PAK AND CAROL WRIGHT PROMOTIONS**

VP-CW/USPS-T35-26. Please refer to your testimony at page 24 (ll. 3-6) where you state "[p]arcel-shaped pieces are excluded from ECR unless they are merchandise samples, so the only surchargeable pieces are merchandise samples. Pieces of these dimensions are also required to use Detached Address Labels (DALs), so, merchandise samples with DALs are the only surcharged pieces." You also state at page 23 (l. 17) that the ECR residual shape surcharge "is equivalent to the net surcharge on Regular barcode-discounted parcels."

- a. Do all DALs accompanying ECR parcels qualify for the barcode discount? Please explain your answer.
- b. If the DALs to an ECR mailing currently lack barcodes, what happens to the mailing? For example:
 - (i) Is it deferred?
 - (ii) Does the Postal Service refuse to accept it?
 - (iii) Does the Postal Service run the DALs through an OCR and generate a barcode?
- c. Will the treatment of such DAL ECR mailings change in the Test Year environment (or, "when the docket is implemented")?
- d. Was the ECR parcel surcharge rate set on the expectation that all DALs accompanying ECR parcels would already qualify for the barcode discount in the Test Year?

RESPONSE:

- a. No. Detached Address Labels do not qualify for a parcel barcode discount.
- b. To my knowledge, whether a DAL is barcoded does not affect how the mailing is handled. See witness Kingsley's responses to VP-CW/USPS-T10-1 and NAA/USPS-T10-12.
- c. I am not aware of any changes expected in the Test Year with regard to non-barcoded DALs.
- d. No. The proposed ECR residual shape surcharge has nothing to do with DALs "qualify(ing) for the barcode discount". The proposed discount is set at a level equal to the surcharge in the Regular subclass net of the barcode discount. The operations for which the barcode is of value are bypassed entirely by ECR pieces, so in this case it is reasonable that the ECR surcharge be set at least as low as

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the net surcharge (i.e., the residual shape surcharge less the barcode discount) in

Regular. Please see my response to PSA/USPS-T27-4 redirected from witness

Crum.

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: 4/3/00

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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