

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
DISTRICT PHOTO, INC., MYSTIC COLOR LAB, AND COX SAMPLING
(DMC/USPS-T35—7-8)**

The United States Postal Service hereby provides the response of witness Moeller to the following interrogatories of District Photo, Inc., Mystic Color Lab, and Cox Sampling: DMC/USPS-T35—7-8, filed on March 23, 2000.

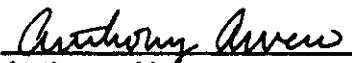
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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Attorney

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April 6, 2000

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DMC/USPS-T35-7. At pages 1-2 of your testimony, you discuss the Standard Mail parcel barcode discount. According to Attachment A of the Request of the United States Postal Service for a Recommended Decision on Changes in Rates of Postage and Fees for Postal Services (January 12, 2000) at page 16, this discount applies to residual shape mailpieces that are entered at designated facilities, bear a barcode specified by the Postal Service, are prepared as specified by the Postal Service, and meet all other preparation and machinability requirement of the Postal Service.

- a. Which facilities have been and/or will be designated to receive parcels receiving the discount? If not known, what type of facilities will be designated?
- b. What are the specifications for the barcode which the parcel must bear to qualify for the discount?
- c. In order for parcels to qualify for the discount, must they conform with any specified dimensions (e.g., minimum or maximum)?
- d. Will any address placement requirements be imposed on parcels to qualify for the discount?
- e. Can all Standard A parcels (i.e., IPP machinable, IPP non-machinable, Parcel machinable and Parcel Outside) qualify for the barcode discount? If not, what machinability requirements will the Postal Service impose on parcels to qualify for the discount? Will they be the same as DMM C050.4.0 and DMM 5.0?
- f. Please identify any other mail makeup requirements which will be imposed on parcels before they qualify for the discount.
- g. What cost savings have been modeled or identified with the discount requirements?
- h. How much of a passthrough of cost savings does the discount represent?
- i. What is the TYAR volume estimate for parcels receiving the barcode discount?

RESPONSE:

- a. It is my understanding that specific DMM language regarding the applicability of the parcel barcode discount for Standard Mail (A) parcels has not been drafted. It is not unreasonable to expect that the discount will be available to pieces entered into the mailstream in a manner that will enable the barcode to be used to facilitate sortation, or prepared in a manner that will allow the sortation operations to be avoided altogether. See my testimony (USPS-T-35 at page 14, lines 4-13).
- b. The DMM language has not been drafted, but it is reasonable to expect that the specifications will be the same as those for the existing parcel barcode discounts.

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- c. The DMM language has not been drafted, but it is reasonable to expect that the size limitations will be similar to those that apply to pieces eligible for the existing Standard Mail (B) parcel barcode discounts. Of course, since Standard Mail (A) has a weight limit of 16 ounces, that will also be the maximum weight for a piece claiming the parcel barcode discount for Standard Mail (A) categories.
- d. The DMM language has not been drafted, but it is reasonable to expect that the address placement requirements will be similar to those that apply to pieces eligible for the existing parcel barcode discounts.
- e. The DMM language has not been drafted, but the expectation that all parcels will be eligible for the discount is not reasonable. It is reasonable to expect that machinability requirements will be similar to those for pieces eligible for the current parcel barcode discounts. See response to subpart (a).
- f. The DMM language has not been drafted; however, I am not aware of any additional requirements that will be applied to Standard Mail (A) parcels.
- g. The Standard Mail (A) parcel barcode discount is based on the discount proposed for Standard Mail (B). See my response to Presiding Officer's Information Request No. 3, Question 11.
- h. Based on witness Eggleston's cost calculations (USPS-T-26, Attachment B, page 1), the three-cent discount represents a 100 percent passthrough of the cost savings.

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- i. For revenue estimation purposes, the volume of pieces estimated to receive the barcode discount in Standard Mail (A) Regular is 490 million, and in Standard Mail (A) Nonprofit is 12 million.

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DMC/USPS-T35-8. Please identify all competitors of the Postal Service which impose a parcel or "residual shape" surcharge on packages.

RESPONSE:

I am not aware of any competitor that has a "residual shape" surcharge; although it is my understanding that UPS has rates that are cube-based. I am also not aware of competitors charging rates that are below cost, or are based exclusively on costs of delivering letter- and flat-shaped pieces.

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: 4/6/00

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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