

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 KIEFER TO INTERROGATORY OF DAVID B. POPKIN
REDIRECTED FROM THE POSTAL SERVICE
(DBP/USPS-66)

The United States Postal Service hereby provides the response of witness Kiefer to the following interrogatory of David B. Popkin: DBP/USPS-66, filed on March 20, 2000, and redirected from the Postal Service.

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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April 12, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KIEFER
TO INTERROGATORIES OF DAVID B. POPKIN
REDIRECTED FROM THE UNITED STATES POSTAL SERVICE**

DBP/USPS-66 [a] In comparing the proposed rates for Media Mail [presently called Special Standard Mail] and Library Mail, confirm that the rates for all of the 350 rate cells [Single Piece / 5-digit / BMC / with and without barcoded discount] the rate for Media Mail is always one cent greater than the corresponding rate for Library Mail. [b] Confirm that there are special criteria to determine the eligibility for a mailer to utilize the Library Mail rate. [c] Confirm that a mailer who is eligible to utilize the Library Mail rate will always be able to utilize the Media Mail rate. [d] Confirm that only certain types of material may be mailed at both the Media Mail and/or Library Mail rates. [e] Provide a complete listing of the type of material, if any, that qualifies for mailing at the Library Mail rate but does not qualify for mailing at the Media Mail rate. [f] With respect to any categories listed in response to subpart e, provide data, or an estimate if data is not available, of the percentage of all Library Mail packages that these items represent. [g] Confirm that the one cent discount for all of the 350 rate cells is not cost based. [h] Confirm that the one cent discount represents a "token discount" only with the main purpose of making the Library Mail rate less than the Media Mail rate. [i] Provide and discuss the historical and current reasons for maintaining a separate Library Mail rate. [j] Provide reasons why you feel that the one cent discount will continue to provide a continuing utilization of the service. [k] Explain and discuss any items that you are unable to confirm.

RESPONSE

[a] Confirmed.

[b] Confirmed.

[c] Confirmed to the extent that the question focuses on the mailer rather than the material mailed.

[d] Confirmed.

[e] The types of material eligible for mailing at the Media Mail rate are described in the current DMCS in section 323.11. The types of materials eligible for mailing at the Library Mail rate are described in the current DMCS in sections 323.213, 323.214 and 323.215. In general, in section 323.213, the items described in paragraphs c, d, f, and g are eligible for mailing at the Library Mail rate, but not at the Media Mail rate. Books described in section 323.213, paragraph a, will generally be eligible for mailing at both

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the Library Mail rate and the Media Mail rate, although the restrictions on number of pages and incidental advertising appears to be tighter in section 323.11, paragraph a (Media Mail). In general, in section 323.214, the items described in paragraphs c, d, and e are eligible for mailing at the Library Mail rate, but not at the Media Mail rate. In section 323.214, paragraph a, only 16mm or narrower width films appear to be eligible for mailing at both the Library Mail rate and the Media Mail rate.

[f] The Postal Service has no data on the volume or percentage of Library Mail that is not also eligible to be mailed at the Media Mail rate; however, the amount and percentage are believed to be small.

[g] Confirmed.

[h] The discount is intended to serve two chief purposes: to provide Library Mail with a preferred rate relative to Media Mail; and to benefit the Postal Service and ultimately, Library Mail mailers, by providing mailers with an incentive to mark their mail as Library Mail, so that the Postal Service can continue to track this mail and estimate its volume, weight, costs and revenue. Since Library Mail rates with a one-cent discount were already below the rates that would emerge by applying the markup formula in the RFRA, the Postal Service decided not to propose any deeper discount than it believed was necessary to accomplish its purposes. The one-cent discount meets these criteria.

[i] The Library Mail rate has existed as a separate rate since it was established by Congress in 1928. Although the law has been amended many times since the Library Mail rate was established, Congress has continued to recognize Library Mail as a separate mail classification with its own rate structure.

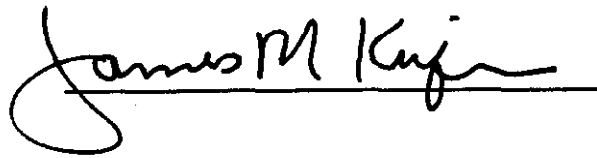
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[j] For an eligible mailer, the only difference between entering a mailpiece as Library Mail or as Media Mail is the way the piece is marked. Since there is no incremental cost to the mailer to take advantage of the lower rate, the Postal Service believes it is reasonable to assume that mailers will do so.

[k] See items [a] to [j].

DECLARATION

I, James M. Kiefer, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

A handwritten signature in black ink that reads "James M. Kiefer". The signature is written in a cursive style and is positioned above a solid horizontal line.

Dated: 4/12/00

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.



Scott L. Reiter

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