

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

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-107, 109 - 111, 113 - 116)

The United States Postal Service hereby provides its responses to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-107, 109 through 111, and 113 through 116, which were filed on March 31, 2000.

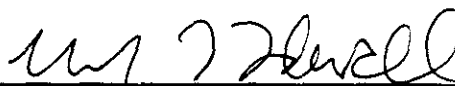
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSE OF THE U.S. POSTAL SERVICE TO
INTERROGATORIES OF THE OCA

OCA/USPS-107. Since 1997 has the Postal Service considered creating a 0.5-ounce rate element for First Class letters (analogous to the newly proposed one-pound element in Priority Mail or the existing 0.5-ounce element in International Mail)? Has the Postal Service ever considered such a rate element since Reorganization? If so, please explain why the Service has not requested establishment of such a category and provide copies of all documents relating to this interrogatory. If not, why not?

RESPONSE: The Postal Service has not considered a 0.5-ounce rate element for First Class letters since 1997. It has been unable to locate any evidence that such a domestic rate element has been considered since reorganization. Such a rate element would create 26 weight steps within First-Class Mail rather than the present 13, and would affect ease of use by introducing considerable complexity into the rate schedule. Customers would have to determine weight to the 0.5 ounce. From a policy and ratemaking perspective, the Postal Service has considered it desirable to have a single first-ounce rate and a single additional ounce rate. There is no reason to believe that a 0.5-ounce schedule would better track costs than the current 1-ounce schedule since both involve a considerable amount of averaging.

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RESPONSE OF THE U.S. POSTAL SERVICE TO
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OCA/USPS-109. Since 1997 has the Postal Service considered specific means for making letter-shaped First Class Letters more competitive with electronic bill presentment and payment? If so, please describe what means were considered and provide copies of all documents related to this interrogatory. If not, why not?

RESPONSE: On January 10, 1999, the Postal Service implemented Qualified Business Reply Mail (QBRM), with a discounted postage rate of 3 cents below the basic single-piece rate. In this docket, the Postal Service is proposing the same postage discount of 3 cents and a QBRM fee option that would involve a per piece fee of 3 cents and a quarterly fee of \$850. (The quarterly fee becomes very small on a per-piece basis when spread over a large volume.) Please see USPS-T-33 at page 22 and USPS-T-39 at page 21. If the Docket No. R2000-1 proposals are adopted, they will have the effect of reducing per piece postage plus fees for larger volume QBRM recipients, from 35 cents (30-cent postage + 5-cent fee) to 34 cents (31-cent postage + 3-cent fee). This can have the effect of making QBRM a more attractive option for bill presenters who may wish to prepay the postage for remittances.

The Postal Service has also been working with the vendors of IBI and PC postage products and approved the first products for commercial distribution in 1999. The Postal Service recognizes that these products may make postage easier to acquire and enhance the convenience of the mail.

To make letter mail competitive, the Postal Service has also worked to keep the increases in the stamp price as small as possible (a 1-cent increase as a result of Docket No. R97-1 and a proposed 1-cent increase in this docket). It also continually strives to meet its service standards in delivery.

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OCA/USPS-110. Please refer to Table 4-60 (page IV-142) of the 1998 Household Diary Study. Please provide a similar table showing absolute annual numbers of transactions on a national basis in place of percentages on a monthly basis. If you cannot provide the requested data for "Phone" or "Other," please provide the absolute annual numbers of pieces for "Mail."

RESPONSE:

The data in Table 4-60 are from the entry questionnaire administered to each household at the beginning of the Household Diary survey process. The USPS does not have absolute annual numbers for any of the transaction types in the table.

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OCA/USPS-111

Please refer to the response to OCA/USPS-32 in Docket No. MC95-1. Please provide analogous data for FYs 1998 and 1999 broken down by subclass and shape. In other words, please provide DRPW single-piece First-Class volumes by Secondary Sampling Unit (SSU) by subclass by shape. Also, please provide documentation for interpreting SSU codes and linking them to Primary Sampling Units. If different terminology or procedures were used in FY98 or FY99, please provide data that most closely match the requested breakdown plus any necessary documentation.

RESPONSE:

Beginning in FY 1995, DRPW modified the definition of a SSU from a delivery unit to a Mail Exit Point (MEP). The definition of a MEP is a physical place in the mail processing stream between the mail processing plant and final delivery unit. Most MEPs are defined and tested as mail enters a post office. Beginning in FY 95, all information regarding the old SSU codes became obsolete. There are no data available that would permit even an approximation of the requested breakdown.

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OCA/USPS-113

Please refer to the attachment to the response to interrogatory OCA/USPS-42. Please confirm that the line labeled "PERMIT FIM" contains all Business Reply Mail volume. If you do not confirm, please provide a version of the attachment with BRM volumes broken out. Please identify where in the attachment the BRM volumes reported in response to OCA/USPS-43 appear.

RESPONSE:

Not confirmed. Small amounts of Government BRM, metered BRM, and BRM bearing stamps are not included in the line "PERMIT FIM." These volumes cannot be broken out in the referenced attachment because, in ODIS, they lose their identification as BRM. For example, the "Govt FIM" line contains some BRM, but it is impossible to break it out. The Permit Imprint portion of the BRM volumes reported in response to OCA/USPS-42 would be contained in "Permit FIM."

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OCA/USPS-114

Does the Postal Service have data on the proportion of CREs that are automation compatible and bear the proper FIM? If so, please provide any such data for FYs 1998 and 1999. Can the data provided in response to interrogatory OCA/USPS-45 be used to develop this proportion? If not why not?

RESPONSE:

No. No. With respect to the response to OCA/USPS-45, it should be noted that the Household Diary Study does not record information on automation-compatibility or the correctness of the FIM. In addition, it is not clear whether survey respondents included as "barcoded" envelopes on which the barcode is printed on an insert and appears through the reply envelope window, since they were asked to identify pieces on which the barcode was printed across the front of the envelope.

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OCA/USPS-115 Please refer to Tables 4-11, 4-14, and 4-48 of the 1998 Household Diary Study. Please provide similar tables containing annual national volumes rather than pieces per household per month.

RESPONSE:

A conversion from the tables in Chapter IV of the Household Diary study to annual volumes can be made using the data in Appendix E of the Household Diary Study, "Sample and Weighted Demographics", page E-1. Thus, for Table 4-11, multiplying each cell by the corresponding cell in the "Weighted Households" section of the table in Appendix E, and further multiplying the resultant product by twelve (to get from monthly to annual values) yields:

Income	Pieces Per Year (Millions)					
	Entry Interview ① (Perceived Volume)			Diary Data (Perceived Volume)		
	1987	1997	1998	1987	1997	1998
<\$7K	341.6	96.0	122.8	148.9	23.0	78.1
\$7K - \$9.9K	380.6	132.0	129.0	270.8	47.5	41.3
\$10K - \$14.9K	612.0	309.6	252.0	269.3	92.9	100.8
\$15K - \$19.9K	414.0	187.2	146.6	207.0	81.1	62.0
\$20K - \$24.9K	398.2	248.9	191.2	417.1	87.8	63.7
\$25K - \$29.9K	434.5	233.6	205.3	213.0	85.0	70.8
\$30K - \$34.9K	430.6	249.6	281.5	271.4	117.0	99.4
\$35K - \$49.9K	610.2	603.8	553.0	420.4	457.0	184.3
\$50K - \$64.9K	459.4	384.1	423.7	301.0	163.0	154.1
\$65K - \$79.9K	148.7	480.5	395.5	95.8	142.0	123.6
\$80K - \$99.9K	83.5	176.6	211.2	51.8	44.2	171.6
\$100K+	60.5	324.7	258.7	86.4	88.6	79.2
Total	4,373.8	3,426.7	3,170.5	2,752.9	1,429.0	1,228.9

① Includes thank-you notes.

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Similarly, for Table 4-14, after multiplying by the appropriate cell (after aggregating the rows "\$65K - \$79.9K", "\$80K - \$99.9K", and "Over \$100K"):

Income	Christmas/Hanukkah/New Year's Cards Pieces Per Year (Millions)		
	1987	1997	1998
<\$7K	150.4	57.9	59.8
\$7K - \$9.9K	162.9	99.0	77.8
\$10K - \$14.9K	322.3	197.8	169.7
\$15K - \$19.9K	223.6	114.4	136.8
\$20K - \$24.9K	256.8	160.4	159.3
\$25K - \$29.9K	267.7	156.4	151.6
\$30K - \$34.9K	303.4	176.2	182.9
\$35K - \$49.9K	504.0	455.6	408.3
\$50K - \$64.9K	334.6	381.2	362.7
\$65K +	276.3	797.4	834.3
Total	2,801.9	2,596.3	2,543.2

For Table 4-48, multiply each cell by the aggregate of the "Weighted Households" and multiply by 52:

Mail Sent	Pieces Per Year (Millions)		
	1987	1997	1998
Business Transactions - In Response to Advertising:			
Total Response to Advertising	2,401.2	1,010.9	775.9
Business Transactions - Not In Response to Advertising:			
Transaction to phone/utility company	1,377.7	1,305.7	1,250.1
Transaction to credit card company	984.1	1,179.4	1,077.7
All other business mail	3,542.8	3,790.8	3,664.2
Total Business Not In Response to Advertising	5,904.6	6,275.9	5,992.0
Don't know / No answer	39.4	463.3	301.8
Total Mail Sent by Households to Nonhouseholds	8,345.2	7,750.1	7,069.7

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USPS/OCA-116

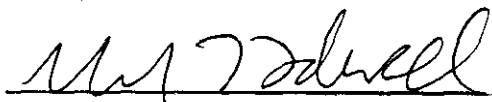
Witness Campbell has stated that the Postal Service does not collect caller service mail volumes. Response to OCA/USPS-T29-10(d), filed March 27, 2000. Is witness Campbell correct, or can a reasonable approximation of caller service volumes be derived from the material requested in interrogatory OCA/USPS-111? If so, please provide the reasonable approximation. If not, please explain.

RESPONSE:

Witness Campbell is correct. Please see the response to OCA/USPS-111 for an explanation.

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.

A handwritten signature in black ink, appearing to read "M. Tidwell", written over a horizontal line.

Michael T. Tidwell

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