

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

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
POSTCOM, ET AL. WITNESS LUBENOW
(USPS/Postcom-T3-1-10)

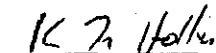
Pursuant to rules 25 and 26 of the Rules of Practice and procedure, the United States Postal Service directs the following interrogatories and requests for production of documents to Postcom, et al., witness Lubenow: USPS/Postcom-T3-1-10.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Kenneth N. Hollies

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.



Kenneth N. Hollies

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June 15, 2000

**INTERROGATORIES OF UNITED STATES POSTAL SERVICE TO
POSTCOM, et al., WITNESS LUBENOW, USPS/POSTCOM-T3-1-10**

USPS/PostCom-T3-1. Please refer to your testimony at p. 21, line 28 through p. 22, line 1, where you refer to the "small and subtle costs that occur during the processing of address information". Please explain your basis for stating in line 31 that such costs add up to an "impressive" total. Please provide the data and analyses that support this claim.

USPS/PostCom-T3-2. Please refer to your testimony at p. 22, lines 9-26.

- a. Please explain your derivation of the address quality cost curve for the USPS. If it is more than just a theoretical notion, please provide any data or specific evidence on which this cost curve may be based.
- b. Please explain how your address quality cost curve changes (e.g., curve flattens) as mail processing technology improves.

USPS/PostCom-T3-3. What is the typical percentage of letter-shaped mail that, before undergoing certified address quality processes, has deficient address data or poor address hygiene? Please provide any data or studies that support your response.

USPS/PostCom-T3-4. What is the typical percentage of letter-shaped mail that, after undergoing certified address quality processes, has deficient address data or poor address hygiene? Please provide any data or studies that support your response.

USPS/PostCom-T3-5. What is the typical percentage of flat-shaped mail that, before undergoing certified address quality processes, has deficient address data or poor address hygiene? Please provide any data or studies that support your response.

USPS/PostCom-T3-6. What is the typical percentage of flat-shaped mail that, after undergoing certified address quality processes, has deficient address data or poor address hygiene? Please provide any data or studies that support your response.

USPS/PostCom-T3-7. Please assume that mail piece A is nonbarcoded and has perfect address quality and that mail piece B is nonbarcoded and has poor address quality. Further, assume that mail piece C is mail piece A after successful completion of the barcoding and certified address quality processes and that mail piece D is mail piece B after successful completion of the barcoding and certified address quality processes. Please confirm that the mail processing cost difference (i.e., barcode-related savings) of handling mail piece A versus handling mail piece C is less than the mail processing cost difference (i.e., barcode-related savings) of handling mail piece B versus handling mail piece D? If you do not confirm, please explain.

USPS/PostCom-T3-8. Please confirm that barcode-related mail processing savings increase as address quality of the "pre-barcoded and pre-address quality processed" mail base decreases. If you do not confirm, please explain.

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USPS/PostCom-T3-9. Please refer to your testimony at page 16 where you discuss the address quality cost curve for the mailer. Please confirm that it is less expensive for a mailer to barcode a mail piece that begins with perfect address quality than to barcode a mail piece that begins with poor address quality. If you do not confirm, please explain.

USPS/PostCom-T3-10. Please refer to your testimony at page 23 at 19-21 where you state that "in this testimony, I have argued that automation discounts should be increased...in consideration of the costs to the mailer of attaining high address quality and maintaining it through regular certifications." Please discuss how your statement relates to efficient-component pricing.