

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

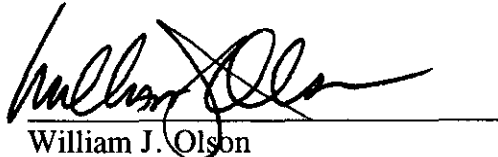
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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY
Docket No. R2000-1

POSTAL RATE AND FEE CHANGES, 2000)

RESPONSE OF ASSOCIATION OF PRIORITY MAIL USERS, INC.
WITNESS JOHN HALDI TO INTERROGATORIES OF
UNITED STATES POSTAL SERVICE (USPS/APMU-T1-29-33)
(July 3, 2000)

Association of Priority Mail Users, Inc. ("APMU") hereby provides responses of
witness John Haldi to the following interrogatories of United States Postal Service:
USPS/APMU-T1-29-33, filed on June 19, 2000. Each interrogatory is stated verbatim and is
followed by the response.

Respectfully submitted,

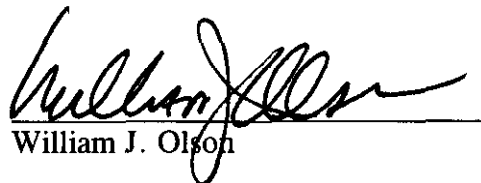


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CERTIFICATE OF SERVICE

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.



William J. Olson

July 3, 2000

**Response of APMU Witness John Haldi Response to Interrogatory
of United States Postal Service**

USPS/APMU-T1-29.

Does your proposal exclude pieces 5 pounds and under from eligibility for your proposed "Discount for destination SCF delivery of Priority Mail"? If so, do you believe this might result in any potential rate anomalies? Please explain.

Response:

Yes. No actual rate anomaly would result from my proposal, as any comparison between Priority Mail pieces receiving delivery and Priority Mail pieces which would qualify for my proposed dropship discount would be an "apples to oranges" comparison.

**Response of APMU Witness John Haldi Response to Interrogatory
of United States Postal Service**

USPS/APMU-T1-30.

Please confirm that some portion of Priority Mail currently destines as firm hold-outs or in P.O. Boxes and receives no rate discount. If not confirmed, please explain fully.

Response:

Confirmed; see my response to USPS/APMU-T1-18.

**Response of APMU Witness John Haldi Response to Interrogatory
of United States Postal Service**

USPS/APMU-T1-31.

Please refer to the rules regarding DSCF Parcel Post dropship in Section 650 of the DMM (Domestic Mail Manual) Quick Service Guide.

- a. Do you intend for these preparation requirements to be applicable to the Priority Mail pieces in your discount for destination SCF delivery proposal?
- b. If anything other than an unqualified yes, please explain how you expect the costs of DSCF Parcel Post that you use as a proxy in your analysis will be consistent with the actual costs resulting from your proposal.

Response:

- (a) No.
- (b) The Postal Service has imposed a 50 piece minimum to qualify for the DSCF-entry Parcel Post rate. It is generally understood that such minimums are imposed to reduce the costs incurred by such work-shared mailpieces. To the extent that the requirement for a minimum number of pieces does in fact reduce costs, the cost to process and deliver a single piece of Priority Mail would presumably be greater than the unit cost for a piece of DSCF-entry Parcel Post. Because of this fact, my use of Parcel Select cost data to model the costs avoided by individual pieces of Priority Mail (eligible to receive my proposed DSCF discount) further understates the actual costs avoided by such Priority Mail pieces. In other words, my reliance on Parcel Select cost data results in a smaller, more conservative discount.

**Response of APMU Witness John Haldi Response to Interrogatory
of United States Postal Service**

USPS/APMU-T1-32.

Do you intend for the various Standard Mail (A) preparation requirements presented in the DMM to be fully applicable to the pieces inside the Priority Mail sacks in your proposal? If your answer is no, could this create additional costs not associated with other Standard Mail (A) nonletter pieces?

Response:

See my response to USPS/APMU-T1-33. My proposal would make no change in existing Standard Mail (A) dropship requirements. Further, I do not limit my proposal to nonletter pieces.

**Response of APMU Witness John Haldi Response to Interrogatory
of United States Postal Service**

USPS/APMU-T1-33.

Please provide flow models and/or a verbal description of exactly how, under your proposal, SCF Priority Mail would be handled operationally in Postal Service plants, on a nationally representative scale if possible. Please quantify the additional costs associated with these handlings, preferably on a nationally representative scale.

Response:

Assuming that the phrase "SCF Priority Mail" refers to mailpieces eligible to receive my proposed destination entry discount, such mailpieces would likely be handled no differently than they are currently being handled. Specifically, the mail would be plant loaded; *i.e.*, accepted and entered at the plant. Most mailers that currently use Priority Mail dropship prepare an electronic manifest. Acceptance at the plant obviates the need for a Form 8125 and subsequent acceptance procedures upon receipt at the SCF. The mail is prepared under DMM M610 generally (*see* DMM M610.4.6 for preparation of sacks of Priority Mail for dropship to SCFs). In those instances where a plant serves more than one 3-digit area, mail for each separate 3-digit area is placed in white sacks, which are then loaded inside of orange Priority Mail sacks.¹ Upon receipt at the DSCF, orange Priority Mail sacks are opened and mail for that SCF is directed to the appropriate place for incoming sortation, while white sacks for other facilities served by the plant are handled in accordance with local operating instructions.

¹ All dropshipped Priority Mail is sacked, to the best of my knowledge, and sacks of dropshipped Priority Mail containing Standard A Mail are explicitly exempted from the 125 piece, 15 pound minimum for Standard A.


**Response of APMU Witness John Haldi Response to Interrogatory
of United States Postal Service**

I note witness Kingsley's observation that "Sacks are opened in the plants and delivery units with manual labor." USPS-T-10, p. 22, ll. 5-6. However, I can identify no additional per-piece costs which would be incurred from the adoption of my proposal.

Also see my responses to USPS/APMU-T1-11, 13 and 15.

DECLARATION

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


John Haldi

Dated: July 3, 2000