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

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS MOELLER TO INTERROGATORIES OF THE ASSOCIATION FOR
POSTAL COMMERCE
(POSTCOM/USPS-T32—1-5)**

The United States Postal Service hereby provides the responses of witness Moeller to the following interrogatories of the Association for Postal Commerce: POSTCOM/USPS-T32—1-5, filed on October 18, 2001.

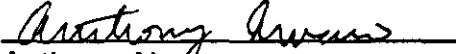
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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November 1, 2001

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
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POSTCOM/USPS-T32-1. Please list all changes in mail preparation requirements for Standard Mail and eligibility requirements for Standard Mail discounts that have been implemented since the beginning of FY 2000 or are expected to be implemented before the end of FY 2003. Please also provide a summary of each change, its actual or planned implementation date, and an explanation of the reason for the change. If there is no planned implementation date for a particular change, please provide your best estimate for the implementation date.

RESPONSE:

This Summary of Changes provided below lists all of the revisions to the *Domestic Mail Manual* since the publication of Issue 56 (1-7-01), which coincided with implementation of the Docket No. R2000-1 omnibus rate case. In addition to these changes, the USPS frequently revised labeling lists to reflect changes in mail processing operations. These changes affect the labeling of containers of Standard Mail.

Effective October 4, 2001

E620.2.0 is amended to clarify that commingled Standard Mail machinable and irregular parcels are eligible for 3/5 rates. Published in Postal Bulletin (PB) 22060 (10-4-01).

Effective September 6, 2001

A930 and M050 are revised to change the documentation requirements for Periodicals and Standard Mail mailings sequenced in line-of-travel (LOT) order and to fully describe the sequencing product options. Published in PB 22058 (9-6-01).

Effective September 1, 2001

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E610, E752, M011, M041, M045, M130, M610, M620, M723, M820, M910,

M920, M930, and M940 are revised to implement mail preparation changes for First-Class Mail, Standard Mail, and Bound Printed Matter flats. Published in PB 22052 (6-14-01).

Effective July 15, 2001

M031, M045, M920, M930, and M940 are revised to require pallets of Periodicals and Standard Mail containing carrier route mail and/or Presorted rate mail to show "NONBARCODED" or "NBC" in the pallet label. These pallet label standards were originally revised effective January 7, 2001, in conjunction with implementation of the R2000-1 omnibus rate case. Mailers were given until July 15, 2001, to comply. Published in PB 22052 (6-14-01).

Effective July 12, 2001

E610, E620, E713, E714, E751, E752, E753, M011, M032, M041, M045, M073, M610, M710, M722, M723, M730, and M740 are revised and labeling list L606 is added for the new optional 5-digit scheme preparation for Standard Mail machinable and irregular parcels and for Package Services machinable and nonmachinable parcels. Published in PB 22054 (7-12-01).

M031.4.7 is amended to correct information about the mailer information line on pallet labels. Published in PB 22054 (7-12-01).

Effective July 1, 2001

M020 is revised to improve package integrity for Periodicals and Standard Mail by prescribing basic standards for preparing and securing all packages and

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incorporating standards that pertain individually to packages on pallets, packages in sacks, and packages in trays. Published in PB 22050 (5-17-01).

Effective June 14, 2001

M013 is revised to provide mailers with two new optional endorsement lines (OEL). These new format options allow mailers to list carrier route line-of-travel (LOT) information for Periodicals and Standard Mail within an OEL. Published in PB 22051 (5-31-01).

M031.4.0 is amended to clarify the required information that must appear on a pallet label. This revision provides descriptions of what should appear on the destination line (Line 1), content line (Line 2), and office of mailing or mailer information line (Line 3) of pallet labels. Published in PB 22052 (6-14-01).

M041.5.3 is revised to remove the minimum weight requirement for pallets of Periodicals, Standard Mail, and Package Services mail dropped at a destination delivery unit by the mailer or mailer's agent. Published in PB 22052 (6-14-01).

Effective April 5, 2001

E670.8.1, G091.2.1, G091.2.2, G091.3.0, and G091.4.1 are revised to introduce an option to mail at Nonprofit Standard Mail rates via the NetPost Mailing Online experiment. Published in PB 22047 (4-5-01).

Effective January 1, 2001

E670.5.11 is revised to reflect an increase for low-cost products mailable at Nonprofit Standard Mail rates. Published in PB 22043 (2-8-01).

Planned Changes

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The following list describes planned changes to Standard Mail.

- On August 28, 2001, the Postal Service published in the *Federal Register* a notice proposing to add a new preparation option named "co-packaging." Specifically, this notice proposed that mailers be allowed to combine flat-sized automation rate pieces and flat-sized Presorted rate pieces of the same mail class within the same package. This change is scheduled to be implemented in Spring, 2002.
- The Postal Service is considering a DMM revision to allow a new optional level of pallet sort for a limited number of SCF service areas. This option would be available for Periodicals, Standard Mail, and Bound Printed Matter flats prepared on pallets. In some areas of the country, a single SCF service area is served by multiple mail processing facilities. This is most prevalent in large metropolitan areas such as Manhattan and Chicago. Current labeling lists direct all of the mail for an SCF service area to a single facility, even though not all of the mail is processed at that facility. New labeling list L006 would direct flats for specific 5-digit ZIP Codes directly to the facility (sometimes called an "annex") where that mail is processed. To implement this change, the Postal Service would add a new optional pallet level, tentatively called an "SCF Split" pallet; it would contain mail for certain 5-digit ZIP Codes that is all processed within a single facility. In the sortation hierarchy, the SCF Split pallet would fall after the 5-digit sort and before the 3-digit sort. The tentative date for this change is Spring 2002.

Although specific requirements have not yet been drafted, a number of changes may be implemented as a result of Docket No. R2001-1. Specifically, DMM changes will be needed to implement the proposed separation of the basic tier in Regular and Nonprofit, nonmachinable letter surcharge, and the barcode requirement for ECR letter rates.

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POSTCOM/USPS-T32-2. Is page 59 of USPS LR-J-60 the source of the “added cost[s] due to non-machineability” that you recite at page 15 lines 19-21 of your testimony?

RESPONSE:

Yes.

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POSTCOM/USPS T32-3. Should the parenthetical at the end of the sentence beginning at line 21 of page 15 and ending at line 2 of page 16 read "(4.9 cents for 5-digit nonautomation)."

RESPONSE:

Yes.

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POSTCOM/USPS T32-4. Why have you chosen to set the surcharge slightly below the "lowest cost differential" that you found in LR-J-60?

RESPONSE:

The surcharge was not explicitly chosen to be slightly below the lowest cost differential. For simplicity, one surcharge was proposed to apply to all levels of sortation. The statement referred to in the question was merely noting that even the piece with the lowest cost differential was being surcharged at less than 100% passthrough.

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POSTCOM/USPS T32-5. Please define the term "nonmachinable" as it is used in section IV(C)(5)(c) of your testimony and explain every difference between that definition and the provisions of DMM § M810.

RESPONSE:

It is expected that the definition will be refined through the rulemaking process. As an initial matter, however, it should be noted that the DMM M810, which is cited in the interrogatory, describes mail preparation standards for automation letters. This provision does not list characteristics of nonmachinability.

The current working definition of a nonmachinable letter is as follows:

Any letter-size piece is considered nonmachinable if it meets any of the following criteria:

- Has an aspect ratio of less than 1.3 or more than 2.5.
- Is polybagged or polywrapped.
- Has clasps, strings, buttons, or similar closure devices.
- Is non-rectangular (i.e., does not have 90 degree corners).
- Contains rigid or odd-shaped items (e.g., pens, pencils, keys, and loose coins).
- Does not bend easily when subjected to a transport belt tension of 40 pounds
Has around an 11-inch diameter turn (e.g., wooden postcards).
- Is too flimsy such that the equipment could damage the mailpiece.
- Contains an address parallel to the shortest dimension instead of the longest dimension.
- Is a folded self-mailer where the folded edge is not parallel to the longest dimension, regardless of the use of tabs, wafer seals, or other fasteners.

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- **Is a booklet-type piece where the bound edge (spine) is not the longest edge of the piece, or is not at the bottom, regardless of the use of tabs, wafer seals, or other fasteners.**
- **Is a certain type of glossy postcards that would require letter mail labeling machine (LMLM) labels. When labels applied to the front or the back would cover the address and/or message.**
- **Is labeled for "manual only" processing by the mailer, which also indicates that tabbing equipment and LMLM labels should not be used.**

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: 11-1-01

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.



Anthony Alveho

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