

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

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POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS MOELLER TO INTERROGATORY OF
THE DIRECT MARKETING ASSOCIATION, INC.
REDIRECTED FROM WITNESS MODEN
(DMA/USPS-T4-12(A) AND (B))

The United States Postal Service hereby provides the response of witness Moeller to the following interrogatory of the Direct Marketing Association, Inc.: DMA/USPS-T4-12(a) and (b), filed on July 25, 1997, and redirected from witness Moden.

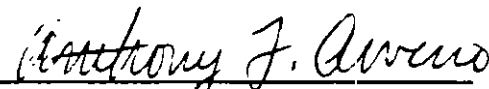
The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Anthony F. Ayerno

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August 8, 1997

U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO
INTERROGATORY OF DIRECT MARKETING ASSOCIATION REDIRECTED FROM
WITNESS MODEN

DMA/USPS-T4-12. At page 28 of his testimony, USPS witness Moeller (USPS-T-36) refers to the "Postal Service's concern regarding its letter automation program" (lines 1-2) and cites your testimony as support for the proposition that a zero percent pass-through of the letter/nonletter differential is appropriate in light of this concern. See also the testimony of USPS witness O'Hara (USPS-T-30) at page 36.

- a. Please confirm that, under the USPS proposal, a mailer of Standard (A) letters with density adequate to meet Basic ECR requirements would have four choices: (1) apply barcodes and sort the mail to five digits, in which case he would pay 16.0 cents per piece; (2) sort the mail to ECR specifications and apply a barcode, in which case he would pay 15.7 cents per piece for pieces destined for delivery offices where either a CSBCS was available or where letters were sequenced manually and pay 16.0 cents per piece for the remaining pieces; (3) sort his mail to ECR specifications (without adding a barcode) and pay 16.4 cents per piece; or (4) neither sort to ECR specifications nor add a barcode, in which case his mail would travel at the "Presort-3/5-Digit" level, and he would be charged 20.9 cents per piece.
- b. Would it be fair to conclude from the Postal Service's proposals in this case that, for letters, mailer-applied barcodes yield cost savings to the Postal Service at least 0.4 cents per piece greater than carrier route presortation? Please explain fully any "no" answer.

RESPONSE:

- a. Yes, these are the primary options available within Standard Mail (A). Three-digit automation is also a possibility; five-digit preparation is not required for automation rates.
- b. No. The two rate categories to which this question presumably refers, 5-digit automation and ECR Basic, are in two separate subclasses. The rates for these two categories, therefore, are derived separately as described in my testimony at pages 6-31, and the difference between the rates is not based on a cost avoidance methodology.

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.

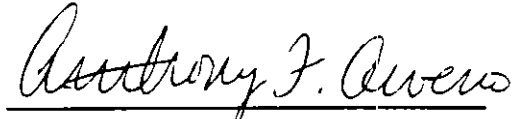


JOSEPH D. MOELLER

Dated: August 8, 1997

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 F. Alverno

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