

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, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS DANIEL TO INTERROGATORY OF
THE MAJOR MAILERS ASSOCIATION
(MMA/USPS-T29-1)

The United States Postal Service hereby provides the response of witness Daniel to the following interrogatory of the Major Mailers Association: MMA/USPS-T29-1, filed on August 13, 1997.

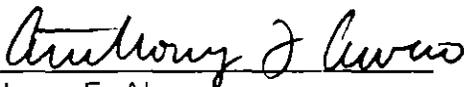
The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


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August 27, 1997

**RESPONSE OF U.S. POSTAL SERVICE WITNESS DANIEL TO
INTERROGATORY OF MAJOR MAILERS ASSOCIATION**

MMA/USPS-T29-1.

Please refer to USPS-29C, pages 1 and 2. Comparing First-Class Automated unit costs for mail processing and delivery versus Standard Mail Regular Automation costs (rounded):

- (A) Why is the Standard Mail Basic letter unit cost (8.7 cents) lower than for a First-Class Basic letter (9.0 cents)?
- (B) Why is the Standard Mail 3-Digit letter unit cost (8.15 cents) about the same as for a First-Class 3-Digit letter (8.2 cents)?
- (C) Why is the Standard Mail 5-Digit letter unit cost (6.8 cents) higher than for a First-Class 5-Digit letter (6.6 cents)?
- (D) Confirm the following unit costs and rates (in cents, rounded) shown below are proposed by the Postal Service in this proceeding.

<u>Mail Category</u>	<u>Unit Cost</u>	<u>Unit Rate (1 oz)</u>	<u>Unit Rate (2 oz)</u>
First Class:			
Basic	9.0	26.1	49.1
Automated 3-digit	8.2	25.4	48.4
Automated 5-digit	6.6	23.8	45.8
Standard A Regular:			
Basic Automation	8.7	18.9*	18.9*
Automated 3-digit	8.15	17.8*	17.8*
Automated 5-digit	6.8	16.0*	16.0*

*Assumes no destination entry discount

- (E) Confirm that the rates for Standard Mail Regular Automation are the same for all pieces that weigh up to 3 oz. If you cannot, please explain.
- (F) Please confirm that the average First-Class presorted letter weighs .6 ounces whereas the average Standard Mail non-carrier route presorted letter weighs 2.3 ounces. (See USPS-T-5, pages 15 and 18.)
- (G) What is the average weight of (1) a First-Class Automation letter and (2) a Standard Mail Regular Automation letter? If this information is not available, which weighs on average more, a First-Class Automation letter or a Standard Mail Regular Automation letter? Support your answer.

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RESPONSE:

(A - C) The cost of First-Class letters is outside the scope of my testimony. However, factors which are class-specific such as (i) mail characteristics including the percent of automation compatible letters in the mailstream and percentage of letters in Mixed AADC/ADC trays versus AADC/ADC trays, (ii) coverage factors, (iii) premium pay factors, (iv) accept and upgrade rates, (v) CRA adjustments, and (vi) percentage of letters which are sorted in delivery point sequence (DPS), can vary between the Standard (A) and First-Class letter cost models and contribute to the cost differences.

(D) Not Confirmed. First, it is unclear to what "Basic" refers in the question. Second, the unit rates for First-Class are *current* rates and not *proposed* rates, as indicated in the question. Finally, the costs reported in the column with the heading "unit costs" are for mail processing and delivery only.

(E) Not Confirmed. The question does not specify the presort tier, mail shape, or dropship level. These factors determine the applicable rate.

(F) Not Confirmed. Standard Mail (A) non-carrier route presort weighs 2.1 ounces on average according to page 18 of Exhibit USPS-5C. Standard Mail (A) carrier route presort weighs 2.3 ounces on average also according to page 18 of Exhibit USPS-5C. The average First-Class presorted letter weighs .6 ounces according to page 15 of Exhibit USPS-5C.

(G) The average weight of letters by rate category, or combinations thereof, is not available. Standard (A) Regular letters in general weigh more on average than First-Class Presort letters.

DECLARATION

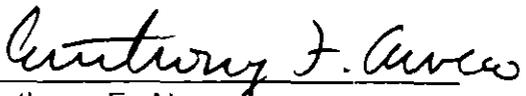
I, Sharon Daniel, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.


SHARON DANIEL

Dated: August 27, 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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