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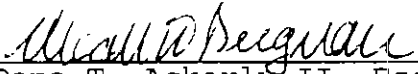
BEFORE THE POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001
SEP 2 4 59 PM '97
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

) POSTAL RATE AND FEE CHANGES, 1997)
) Docket No. R97-1)
_____)

THE DIRECT MARKETING ASSOCIATION, INC.'S SECOND SET OF INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS DIRECTED TO USPS WITNESS MOELLER (DMA/USPS-T36-2-8)

Pursuant to Sections 25 and 26 of the Commission's Rules of Practice, the Direct Marketing Association, Inc. hereby submits the attached second set of interrogatories and requests for production of documents to USPS witness Moeller (DMA/USPS-T36-2-8). If the designated witness is unable to respond to this interrogatory, we request a response by some other qualified witness.

Respectfully submitted,



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September 2, 1997

Witness Moeller (USPS-T-36)

DMA/USPS-T36-2. Please refer to LR-H-108, page 6, Table 1, and confirm that in GFY 1996:

- a. There were 938.9 million nonletter, nonflat Standard (A) commercial pieces.
- b. There were 26.5 billion flat Standard (A) commercial pieces.
- c. A ten cent residual shape surcharge for the Standard (A) commercial subclasses would have raised approximately \$93.9 million in revenues if the surcharge did not affect nonletter, nonflat volume.
- d. If the increase in revenue from the residual shape surcharge were used to reduce the Standard (A) commercial flat rates, the average rate per piece for Standard (A) commercial flats in GFY 1996 could have been lowered by .35 cents while keeping revenue constant.

DMA/USPS-T36-3. Please assume that there is a nonletter, nonflat piece that has cost-causing characteristics similar to a flat and that this piece is subject to the ten cent residual shape surcharge.

- a. Do you think that this would be fair and equitable as contemplated in 39 U.S.C. § 3622(b)? Please explain fully.
- b. Do you think that applying the ten cent surcharge to this piece of mail would properly take into account the cost of service of this piece of mail? Please explain fully.

DMA/USPS-T36-4. Please explain fully why the Postal Service chose not to propose a four cent discount for prebarcoded Standard (A) machinable parcels as it did for prebarcoded Standard (B) machinable parcels.

DMA/USPS-T36-5. Please refer to pages 3 through 6 of your direct testimony in which you propose the elimination of the Standard (A) single-piece subclass. Please explain why costs for this subclass are such that increasing rates to cover its costs would result in rates that would exceed First class mail rates and would result in "illogical rate relationships." Please explain whether this anomaly reflects a fundamental problem with the Postal Service's cost attribution systems (e.g., IOCS)?

DMA/USPS-T36-6. Please refer to page 10 of your direct testimony. Was the need to "temper the increase on any one rate category" considered with the decision to impose a ten cent residual shape surcharge? Please explain fully.

DMA/USPS-T36-7. Please define machinable and nonmachinable letters, flats and parcels in terms of minimum and maximum dimensions and weight.

DMA/USPS-T36-8. Please refer to page 16, lines 7-8, and page 27, lines 1-2, your direct testimony. Please explain fully how the proposed breakpoint weight was calculated for both Standard (A) Commercial Regular and Enhanced Carrier Route subclasses.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with Rule 12 (section 3001.12) of the Postal Rate Commission's Rules of Practice and Procedure and Rule 3 of the Commission's Special Rules of Practice in this proceeding.



Michael D. Bergman

September 2, 1997