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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 MOELLER TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE:
(OCA/USPS-T36-19-24)

The United States Postal Service hereby provides responses of witness Moeller to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T36-19-24, filed on August 20, 1997.

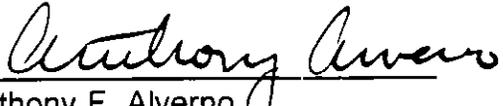
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO INTERROGATORIES
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OCA/USPS-T36-19. Please refer to your testimony at 23, lines 12-19. Is it correct that you have chosen the pound rate for the Enhanced Carrier Route subclass instead of solving for the pound rate using the formula that the Commission preferred in Docket No. MC95-1? If this is not correct, please explain.

RESPONSE.

My testimony adopts the formula used by the Commission in Docket No. MC95-1;

however, instead of solving for the pound rate, I select the pound rate. See response to

OCA/USPS-T36-6.

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OCA/USPS-T36-20. Please confirm that in Docket No MC95-1 (USPS-T-18) at 15 (footnotes omitted) you testified that:

[S]ince the analysis presented in USPS-LR-MCR-12 shows that, even with parcels included, weight plays a small cost-causing role, I am proposing a pound rate of 51 cents for the Enhanced Carrier Route subclass. This lower pound rate is also beneficial in that it is more closely aligned with the price structure of competitive advertising media since rates for other advertising media are not as sensitive to weight.

If you do not confirm, explain why.

RESPONSE:

Confirmed.

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OCA/USPS-T36-21. Please confirm that the Commission dismissed your recommendation that the cost/weight study in LR-MCR-12 should result in the relatively low pound rate you proposed for Enhanced Carrier Route mail; i.e., the Commission held (PRC Op. MC95-1 at para. 5649):

The Postal Service and proponents are concerned with the potential lessons of the Postal Service's cost and weight study in USPS-LR-MCR-12. However, as discussed earlier, using the Docket No. R90-1 methodology reduces the pound rate to dependency on a host of other ratemaking decisions, all of which are cost based. Because the Commission is retaining the Docket No. R90-1 methodology, there is not much latitude in the pound rate. The Commission is satisfied that all the rate design decisions are as cost based as possible and that they balance the relevant pricing criteria of the Act.

If you do not confirm, please explain.

RESPONSE:

I cannot confirm. The question seems to link the rejection of the lower pound rate with some sort of dismissal of the weight study. My reading of the cited passage is that the Commission acknowledges that several parties, including the Postal Service, contend there are lessons to be drawn from the weight study; however, since it is using the Docket No. R90-1 methodology, which reduces the pound rate to dependency on a host of cost-based decisions, there is not much latitude in the pound rate. In other words, the lower pound rate was dismissed because of the decision to use the formula in the manner described by the Commission. The proposed change in the variable for which the formula solves is a device for providing more latitude in determining the pound rate, while retaining the other cost-based ratemaking decisions cited in this passage.

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OCA/USPS-T36-22. In your current testimony, USPS-T-36 at 24, you testify that:

The Postal Service is proposing a pound rate of 53 cents for Enhanced Carrier Route. This is a significant reduction from today's pound rate of 66.3 cents, and is similar to the pound rate proposed by the Postal Service in Docket No. MC95-1. The reduction is warranted for several reasons.

The fourth reason you give for the reduction in the pound rate (at 25) is:

[T]he new cost study in USPS LR-H-182 graphically displays the very small role that weight plays in Enhanced Carrier Route costs. . . . The shape of the cost curve for ECR in the study shows very little increase in costs as weight increases.

The fifth and final reason you give for the reduction in the pound rate (at 26, footnotes omitted) is:

[T]he Enhanced Carrier Route subclass is in a competitive market and is susceptible to diversion to alternative media. As such, the rate structure should be sensitive to, and priced competitively with, the alternatives. A lower pound rate is more consistent with the rates for other advertising media that are not as sensitive to weight.

Aren't your reasons four and five (quoted above) essentially the same as those considered and rejected by the Commission in Docket No. MC95-1 (quoted in interrogatory OCA/USPS-T36-20 above)? If you do not agree, please explain.

RESPONSE:

My reading of the Commission's Opinion in Docket No. MC95-1 does not lead me to conclude that the Commission rejected the lower pound rate because it disagreed with reasons four and five. Please see my response OCA/USPS-T36-21.

U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO INTERROGATORIES
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OCA/USPS-T36-23. You claim in USPS-T-36 at 26 that:

The Postal Service has proposed a modification to the formula that no longer makes the pound rate dependent upon the other ratemaking decisions, and is more cost based in that it results in a pound rate which better reflects the weight-cost relationship for saturation mail.

Also, in response to interrogatory OCA/USPS-T36-2, you state that:

One modification [Postal Service's] is that the proposal solves for i with P as an input; whereas the Commission solved for P with i as an input.

However, isn't it correct that the Commission's calculation of the ECR pound rate in Docket No. MC95-1 is more "cost-based" than yours in this respect: you select the pound rate in the instant proceeding, while the Commission derived the pound rate from a formula that used the piece rate as a central input and the piece rate used was derived from unit mail processing and delivery costs developed by Postal Service witness Takis (USPS-T-12) in Docket No. MC95-1? If you do not agree, please explain.

- a. Please confirm that the intercept 0.018 was used in the formula set forth at page 15 of PRC-LR-2, Docket No. MC95-1 (the Commission's MC95-1 Standard Class rate design workpapers), to derive the pound rate for ECR. If you do not confirm, please explain.
- b. Also confirm that the 0.018 figure was derived in worktables A through E of page 13 of PRC-LR-2. If you do not confirm, please explain.
- c. Confirm that the presort cost differential figures and the letter/flat cost differential figures used in worktable A, page 13, of PRC-LR-2 ultimately can be traced to USPS-T-12C, p.2, Docket No. MC95-1 (see "source" note at bottom of page 4 of PRC-LR-2). If you do not confirm, please explain.
- d. Confirm that USPS-T-12C, Docket No. MC95-1, presented mail processing, delivery, and other unit cost estimates for proposed Standard Mail classes. If you do not confirm, please explain.
- e. Confirm that, given the unit cost estimates developed by Postal Service witness Daniels [sic] in the instant proceeding (USPS-T-29C, page 2; and cited in your WP 1, page 10), and accepting all of your other assumptions in application of the formula that both the Postal Service and the Commission agree is appropriate for determining ECR rates, a pound rate far higher than the 53-cent pound rate you propose would result from deriving the pound rate from an " i " input comparable to that employed by the Commission in Docket No. MC95-1 in determining the pound rate for ECR. If you do not confirm, please explain.

U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO INTERROGATORIES
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OCA/USPS-T36-23. (continued)

RESPONSE:

The question implies that the Commission's method for using the formula is more cost-based than the proposed usage; however, I contend that the proposed usage is just as, if not more, "cost-based." As correctly noted in this question, I select the pound rate by reviewing available data. The Commission calculates the pound rate by selecting a per-piece element for pound-rated mail that results in a zero piece rate for Saturation mail. The crux of the difference between the two methods is that the Commission's method results in rates for pound-rated Saturation mail that double with weight. As described in my testimony at page 24, this outcome does not seem to be as cost-based in that it seems illogical that the Postal Service would be indifferent between delivering one eight-ounce piece, and two four-ounce pieces, yet the total postage in these two cases would be the same. Another outcome is a basic pound rate which implies that weight is much more of a cost driver than is suggested by available weight/cost data. The proposed selection of the pound rate is cost-based in that it considers available cost data. The selection of a piece rate of zero for pound-rated Saturation mail is only cost-based under circumstances where costs for pound-rated saturation mail are solely tied the weight of the piece.

- a. Confirmed.
- b. Confirmed.
- c. Confirmed.
- d. Confirmed.

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- e. Confirmed; the resulting pound rate would be much higher than it should be given the available data which suggest that weight plays a much less significant role in cost.

U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO INTERROGATORIES
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OCA/USPS-T36-24. Please refer to the following tables. Do these tables accurately represent the rates and percentage increases you propose? If not, please make any corrections necessary.

**ENHANCED CARRIER
ROUTE**

**MIN/PC
RATE**

CURRENT
RATES

PROPOSED % INCR
RATES

LETTERS

Automation	14.6	15.7	7.53%
Basic	15.0	16.4	9.33%
High Density	14.2	14.3	0.70%
Saturation	13.3	13.4	0.75%

DBMC disc.

Automation	13.3	14.2	6.77%
Basic	13.7	14.9	8.76%
High Density	12.9	12.8	-0.78%
Saturation	12.0	11.9	-0.83%

DSCF disc.

Automation	12.8	13.9	8.59%
Basic	13.2	14.6	10.61%
High Density	12.4	12.5	0.81%
Saturation	11.5	11.6	0.87%

DDU disc.

Automation	12.3	13.4	8.94%
Basic	12.7	14.1	11.02%
High Density	11.9	12.0	0.84%
Saturation	11.0	11.1	0.91%

U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO INTERROGATORIES
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**ENHANCED CARRIER
ROUTE**

MIN/PC RATE

CURRENT
RATES

PROPOSED % INCR
RATES

NONLETTERS

Basic	15.5	16.4	5.81%
High Density	14.7	15.3	4.08%
Saturation	13.7	14.1	2.92%

DBMC disc.

Basic	14.2	14.9	4.93%
High Density	13.4	13.8	2.99%
Saturation	12.4	12.6	1.61%

DSCF disc.

Basic	13.7	14.6	6.57%
High Density	12.9	13.5	4.65%
Saturation	11.9	12.3	3.36%

DDU disc.

Basic	13.2	14.1	6.82%
High Density	12.4	13.0	4.84%
Saturation	11.4	11.8	3.51%

U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO INTERROGATORIES
OF THE OFFICE OF THE CONSUMER ADVOCATE

Enhanced Carrier Route

Pound Rated Pieces

3.5 Oz piece

	CURRENT RATES			PROPOSED RATES			% INCR
	Per Piece Rate	PLUS Per Lb Rate (none)	Postage	Per Piece Rate	PLUS Per Lb Rate (none)	Postage	
Basic	1.8	66.3	16.3	5.5	53.0	17.1	4.85%
High Density	1.0	66.3	15.5	4.4	53.0	16.0	3.16%
Saturation	0.0	66.3	14.5	3.2	53.0	14.8	2.00%
		PLUS Per Lb Rate (DBMC)	Postage		PLUS Per Lb Rate (DBMC)	Postage	
Basic	1.8	59.9	14.9	5.5	45.8	15.5	4.13%
High Density	1.0	59.9	14.1	4.4	45.8	14.4	2.24%
Saturation	0.0	59.9	13.1	3.2	45.8	13.2	0.88%
		PLUS Per Lb Rate (DSCF)	Postage		PLUS Per Lb Rate (DSCF)	Postage	
Basic	1.8	57.8	14.4	5.5	44.2	15.2	5.02%
High Density	1.0	57.8	13.6	4.4	44.2	14.1	3.11%
Saturation	0.0	57.8	12.6	3.2	44.2	12.9	1.78%
		PLUS Per Lb Rate (DDU)	Postage		PLUS Per Lb Rate (DDU)	Postage	
Basic	1.8	55.2	13.9	5.5	42.0	14.7	5.86%
High Density	1.0	55.2	13.1	4.4	42.0	13.6	3.92%
Saturation	0.0	55.2	12.1	3.2	42.0	12.4	2.59%
Per Pound Rate (by entry discount)							
None	66.3			53.0			
DBMC	59.9			45.8			
DSCF	57.8			44.2			
DDU	55.2			42.0			

U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO INTERROGATORIES
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Enhanced Carrier Route

Pound Rated Pieces

4.0 Oz piece

	CURRENT RATES			PROPOSED RATES			
	Per Piece Rate	PLUS Per Lb. Rate (none)	Postage	Per Piece Rate	PLUS Per Lb. Rate (none)	Postage	% INCR
Basic	1.8	66.3	18.4	5.5	53.0	18.8	2.04%
High Density	1.0	66.3	17.6	4.4	53.0	17.7	0.43%
Saturation	0.0	66.3	16.6	3.2	53.0	16.5	-0.75%
		PLUS Per Lb. Rate (DBMC)	Postage		PLUS Per Lb. Rate (DBMC)	Postage	
Basic	1.8	59.9	16.8	5.5	45.8	17.0	1.04%
High Density	1.0	59.9	16.0	4.4	45.8	15.9	-0.78%
Saturation	0.0	59.9	15.0	3.2	45.8	14.7	-2.17%
		PLUS Per Lb. Rate (DSCF)	Postage		PLUS Per Lb. Rate (DSCF)	Postage	
Basic	1.8	57.8	16.3	5.5	44.2	16.6	1.85%
High Density	1.0	57.8	15.5	4.4	44.2	15.5	0.00%
Saturation	0.0	57.8	14.5	3.2	44.2	14.3	-1.38%
		PLUS Per Lb. Rate (DDU)	Postage		PLUS Per Lb. Rate (DDU)	Postage	
Basic	1.8	55.2	15.6	5.5	42.0	16.0	2.56%
High Density	1.0	55.2	14.8	4.4	42.0	14.9	0.68%
Saturation	0.0	55.2	13.8	3.2	42.0	13.7	-0.72%
Per Pound Rate (by entry discount)							
None	66.3			53.0			
DBMC	59.9			45.8			
DSCF	57.8			44.2			
DDU	55.2			42.0			

U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO INTERROGATORIES
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Enhanced Carrier Route

Pound Rated Pieces

6.0 Oz piece

	CURRENT RATES			PROPOSED RATES			
	Per Piece Rate	PLUS Per Lb Rate (none)	Postage	Per Piece Rate	PLUS Per Lb Rate (none)	Postage	% INCR
Basic	1.8	66.3	26.7	5.5	53.0	25.4	-4.83%
High Density	1.0	66.3	25.9	4.4	53.0	24.3	-6.14%
Saturation	0.0	66.3	24.9	3.2	53.0	23.1	-7.19%

	CURRENT RATES	PLUS		CURRENT RATES	PLUS		% INCR
		Per Lb. Rate (DBMC)	Postage		Per Lb. Rate (DBMC)	Postage	
Basic	1.8	59.9	24.3	5.5	45.8	22.7	-6.54%
High Density	1.0	59.9	23.5	4.4	45.8	21.6	-8.04%
Saturation	0.0	59.9	22.5	3.2	45.8	20.4	-9.29%

	CURRENT RATES	PLUS		CURRENT RATES	PLUS		% INCR
		Per Lb. Rate (DSCF)	Postage		Per Lb. Rate (DSCF)	Postage	
Basic	1.8	57.8	23.5	5.5	44.2	22.1	-5.96%
High Density	1.0	57.8	22.7	4.4	44.2	21.0	-7.50%
Saturation	0.0	57.8	21.7	3.2	44.2	19.8	-8.77%

	CURRENT RATES	PLUS		CURRENT RATES	PLUS		% INCR
		Per Lb. Rate (DDU)	Postage		Per Lb. Rate (DDU)	Postage	
Basic	1.8	55.2	22.5	5.5	42.0	21.3	-5.56%
High Density	1.0	55.2	21.7	4.4	42.0	20.2	-7.14%
Saturation	0.0	55.2	20.7	3.2	42.0	19.0	-8.45%

**Per Pound Rate
(by entry discount)**

None	66.3	53.0
DBMC	59.9	45.8
DSCF	57.8	44.2
DDU	55.2	42.0

**U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO INTERROGATORIES
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Enhanced Carrier Route

Pound Rated Pieces

8.0 Oz piece

	CURRENT RATES			PROPOSED RATES			% INCR
	Per Piece Rate	PLUS Per Lb Rate (none)	Postage	Per Piece Rate	PLUS Per Lb Rate (none)	Postage	
Basic	1.8	66.3	35.0	5.5	53.0	32.0	-8.44%
High Density	1.0	66.3	34.2	4.4	53.0	30.9	-9.52%
Saturation	0.0	66.3	33.2	3.2	53.0	29.7	-10.41%

	PLUS Per Lb. Rate (DBMC)			PLUS Per Lb. Rate (DBMC)			% INCR
	Per Piece Rate	Per Lb. Rate (DBMC)	Postage	Per Piece Rate	Per Lb. Rate (DBMC)	Postage	
Basic	1.8	59.9	31.8	5.5	45.8	28.4	-10.55%
High Density	1.0	59.9	31.0	4.4	45.8	27.3	-11.79%
Saturation	0.0	59.9	30.0	3.2	45.8	26.1	-12.85%

	PLUS Per Lb. Rate (DSCF)			PLUS Per Lb. Rate (DSCF)			% INCR
	Per Piece Rate	Per Lb. Rate (DSCF)	Postage	Per Piece Rate	Per Lb. Rate (DSCF)	Postage	
Basic	1.8	57.8	30.7	5.5	44.2	27.6	-10.10%
High Density	1.0	57.8	29.9	4.4	44.2	26.5	-11.37%
Saturation	0.0	57.8	28.9	3.2	44.2	25.3	-12.46%

	PLUS Per Lb. Rate (DDU)			PLUS Per Lb. Rate (DDU)			% INCR
	Per Piece Rate	Per Lb. Rate (DDU)	Postage	Per Piece Rate	Per Lb. Rate (DDU)	Postage	
Basic	1.8	55.2	29.4	5.5	42.0	26.5	-9.86%
High Density	1.0	55.2	28.6	4.4	42.0	25.4	-11.19%
Saturation	0.0	55.2	27.6	3.2	42.0	24.2	-12.32%

**Per Pound Rate
(by entry discount)**

None	66.3	53.0
DBMC	59.9	45.8
DSCF	57.8	44.2
DDU	55.2	42.0

U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO INTERROGATORIES
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REGULAR AUTOMATION

MIN/PC RATE

CURRENT
RATES

PROPOSED
RATES

% INCR

LETTERS

Basic	18.3	18.9	3.28%
3-Digit	17.5	17.8	1.71%
5-Digit	15.5	16	3.23%

DBMC disc

Basic	17.0	17.4	2.35%
3-Digit	16.2	16.3	0.62%
5-Digit	14.2	14.5	2.11%

DSCF disc

Basic	16.5	17.1	3.64%
3-Digit	15.7	16.0	1.91%
5-Digit	13.7	14.2	3.65%

NONLETTERS

Basic	27.7	24.3	-12.27%
3/5-Digit	18.9	20.7	9.52%

DBMC disc

Basic	26.4	22.8	-13.64%
3/5-Digit	17.6	19.2	9.09%

DSCF disc.

Basic	25.9	22.5	-13.13%
3/5-Digit	17.1	18.9	10.53%

U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO INTERROGATORIES
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REGULAR AUTOMATION FLAT Pound Rated Pieces

3.5 Oz piece

	CURRENT RATES			PROPOSED RATES			% INCR
	Per Piece Rate	PLUS Per Lb. Rate (none)	Postage	Per Piece Rate	PLUS Per Lb. Rate (none)	Postage	
Basic	13.7	67.7	28.5	10.9	65.0	25.1	-11.89%
3/5-Digit	4.9	67.7	19.7	7.3	65.0	21.5	9.18%

	PLUS Per Lb. Rate (DBMC)	Postage	PLUS Per Lb. Rate (DBMC)	Postage	% INCR
Basic	61.3	27.1	57.8	23.5	-13.15%
3/5-Digit	61.3	18.3	57.8	19.9	8.93%

	PLUS Per Lb. Rate (DSCF)	Postage	PLUS Per Lb. Rate (DSCF)	Postage	% INCR
Basic	59.2	26.7	56.2	23.2	-12.97%
3/5-Digit	59.2	17.9	56.2	19.6	9.77%

Per Pound Rate
(by entry discount)

None	67.7	65.0
DBMC	61.3	57.8
DSCF	59.2	56.2
DDU	--	--

U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO INTERROGATORIES
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REGULAR AUTOMATION FLAT Pound Rated Pieces

	4 0 Oz piece						
	CURRENT RATES			PROPOSED RATES			
	Per Piece Rate	PLUS Per Lb. Rate (none)	Postage	Per Piece Rate	PLUS Per Lb. Rate (none)	Postage	% INCR
Basic	13.7	67.7	30.6	10.9	65.0	27.2	-11.35%
3/5-Digit	4.9	67.7	21.8	7.3	65.0	23.6	7.90%
		PLUS Per Lb. Rate (DBMC)	Postage		PLUS Per Lb. Rate (DBMC)	Postage	
Basic	13.7	61.3	29.0	10.9	57.8	25.4	-12.66%
3/5-Digit	4.9	61.3	20.2	7.3	57.8	21.8	7.54%
		PLUS Per Lb. Rate (DSCF)	Postage		PLUS Per Lb. Rate (DSCF)	Postage	
Basic	13.7	59.2	28.5	10.9	56.2	25.0	-12.46%
3/5-Digit	4.9	59.2	19.7	7.3	56.2	21.4	8.38%

Per Pound Rate
(by entry discount)

None	67.7	65.0
DBMC	61.3	57.8
DSCF	59.2	56.2
DDU	-	--

U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO INTERROGATORIES
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REGULAR AUTOMATION FLAT Pound Rated Pieces

	6.0 Oz piece						
	CURRENT			PROPOSED			
	RATES			RATES			
		PLUS			PLUS		% INCR
	Per Piece	Per Lb Rate	Postage	Per Piece	Per Lb. Rate	Postage	
	Rate	(none)		Rate	(none)		
Basic	13.7	67.7	39.1	10.9	65.0	35.3	-9.75%
3/5-Digit	4.9	67.7	30.3	7.3	65.0	31.7	4.58%

		PLUS			PLUS		
		Per Lb Rate	Postage		Per Lb Rate	Postage	
		(DBMC)			(DBMC)		
Basic	13.7	61.3	36.7	10.9	57.8	32.6	-11.21%
3/5-Digit	4.9	61.3	27.9	7.3	57.8	29.0	3.90%

		PLUS			PLUS		
		Per Lb. Rate	Postage		Per Lb. Rate	Postage	
		(DSCF)			(DSCF)		
Basic	13.7	59.2	35.9	10.9	56.2	32.0	-10.93%
3/5-Digit	4.9	59.2	27.1	7.3	56.2	28.4	4.70%

Per Pound Rate
(by entry discount)

None	67.7	65.0
DBMC	61.3	57.8
DSCF	59.2	56.2
DDU	--	--

U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO INTERROGATORIES
OF THE OFFICE OF THE CONSUMER ADVOCATE

REGULAR AUTOMATION FLAT Pound Rated Pieces

		8 0 Oz piece						
		CURRENT RATES			PROPOSED RATES			
	Per Piece Rate	PLUS Per Lb Rate (none)	Postage	Per Piece Rate	PLUS Per Lb Rate (none)	Postage	% INCR	
Basic	13.7	67.7	47.6	10.9	65.0	43.4	-8.73%	
3/5-Digit	4.9	67.7	38.8	7.3	65.0	39.8	2.71%	
	Per Piece Rate	PLUS Per Lb Rate (DBMC)	Postage	Per Piece Rate	PLUS Per Lb Rate (DBMC)	Postage	% INCR	
Basic	13.7	61.3	44.4	10.9	57.8	39.8	-10.26%	
3/5-Digit	4.9	61.3	35.6	7.3	57.8	36.2	1.83%	
	Per Piece Rate	PLUS Per Lb Rate (DSCF)	Postage	Per Piece Rate	PLUS Per Lb Rate (DSCF)	Postage	% INCR	
Basic	13.7	59.2	43.3	10.9	56.2	39.0	-9.93%	
3/5-Digit	4.9	59.2	34.5	7.3	56.2	35.4	2.61%	

Per Pound Rate
(by entry discount)

None	67.7	65.0
DBMC	61.3	57.8
DSCF	59.2	56.2
DDU	--	--

U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO INTERROGATORIES
OF THE OFFICE OF THE CONSUMER ADVOCATE

**REGULAR
PRESORT**

MIN/PC RATE

CURRENT
RATES

PROPOSED
RATES

% INCR

LETTERS

Basic	25.6	24.7	-3.52%
3/5-Digit	20.9	20.9	0.00%

DBMC disc

Basic	24.3	23.2	-4.53%
3/5-Digit	19.6	19.4	-1.02%

DSCF disc

Basic	23.8	22.9	-3.78%
3/5-Digit	19.1	19.1	0.00%

NONLETTERS

Basic	30.6	30.0	-1.96%
3/5-Digit	22.5	24.0	6.67%

DBMC disc

Basic	29.3	28.5	-2.73%
3/5-Digit	21.2	22.5	6.13%

DSCF disc

Basic	28.8	28.2	-2.08%
3/5-Digit	20.7	22.2	7.25%

U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO INTERROGATORIES
OF THE OFFICE OF THE CONSUMER ADVOCATE

REGULAR PRESORT FLAT

Pound Rated Pieces

3.5 Oz piece

	CURRENT RATES				PROPOSED RATES				% INCR
	Per Piece Rate	PLUS Per Lb. Rate (none)	Postage		Per Piece Rate	PLUS Per Lb. Rate (none)	Postage		
Basic	16.6	67.7	31.4		16.6	65.0	30.8		-1.88%
3/5-Digit	8.5	67.7	23.3		10.6	65.0	24.8		6.48%
		PLUS Per Lb. Rate (DBMC)	Postage			PLUS Per Lb. Rate (DBMC)	Postage		
Basic	16.6	61.3	30.0		16.6	57.8	29.2		-2.55%
3/5-Digit	8.5	61.3	21.9		10.6	57.8	23.2		6.09%
		PLUS Per Lb. Rate (DSCF)	Postage			PLUS Per Lb. Rate (DSCF)	Postage		
Basic	16.6	59.2	29.6		16.6	56.2	28.9		-2.22%
3/5-Digit	8.5	59.2	21.5		10.6	56.2	22.9		6.73%

Per Pound Rate
(by entry discount)

None	67.7	65.0
DBMC	61.3	57.8
DSCF	59.2	56.2
DDU	--	--

U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO INTERROGATORIES
OF THE OFFICE OF THE CONSUMER ADVOCATE

REGULAR PRESORT FLAT

Pound Rated Pieces

	4 0 Oz piece							
	CURRENT			PROPOSED				%
	RATES			RATES				INCR
	Per Piece	PLUS	Postage	Per Piece	PLUS	Postage		
	Rate	Per Lb. Rate		Rate	Per Lb. Rate			
		(none)			(none)			
Basic	16.6	67.7	33.5	16.6	65.0	32.9		-2.01%
3/5-Digit	8.5	67.7	25.4	10.6	65.0	26.9		5.60%
		PLUS			PLUS			
		Per Lb. Rate	Postage		Per Lb. Rate	Postage		
		(DBMC)			(DBMC)			
Basic	16.6	61.3	31.9	16.6	57.8	31.1		-2.74%
3/5-Digit	8.5	61.3	23.8	10.6	57.8	25.1		5.14%
		PLUS			PLUS			
		Per Lb. Rate	Postage		Per Lb. Rate	Postage		
		(DSCF)			(DSCF)			
Basic	16.6	59.2	31.4	16.6	56.2	30.7		-2.39%
3/5-Digit	8.5	59.2	23.3	10.6	56.2	24.7		5.79%

Per Pound Rate
(by entry discount)

None	67.7	65.0
DBMC	61.3	57.8
DSCF	59.2	56.2
DDU	--	--

U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO INTERROGATORIES
OF THE OFFICE OF THE CONSUMER ADVOCATE

REGULAR PRESORT FLAT

Pound Rated Pieces

	6 0 Oz piece							
	CURRENT			PROPOSED				%
	RATES			RATES				INCR
	Per Piece	PLUS	Postage	Per Piece	PLUS	Postage		
	Rate	Per Lb. Rate		Rate	Per Lb. Rate			
		(none)			(none)			
Basic	16.6	67.7	42.0	16.6	65.0	41.0		-2.41%
3/5-Digit	8.5	67.7	33.9	10.6	65.0	35.0		3.21%
		PLUS			PLUS			
		Per Lb. Rate	Postage		Per Lb. Rate	Postage		
		(DBMC)			(DBMC)			
Basic	16.6	61.3	39.6	16.6	57.8	38.3		-3.32%
3/5-Digit	8.5	61.3	31.5	10.6	57.8	32.3		2.50%
		PLUS			PLUS			
		Per Lb. Rate	Postage		Per Lb. Rate	Postage		
		(DSCF)			(DSCF)			
Basic	16.6	59.2	38.8	16.6	56.2	37.7		-2.90%
3/5-Digit	8.5	59.2	30.7	10.6	56.2	31.7		3.18%

Per Pound Rate
(by entry discount)

None	67.7	65.0
DBMC	61.3	57.8
DSCF	59.2	56.2
DDU	--	--

U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO INTERROGATORIES
OF THE OFFICE OF THE CONSUMER ADVOCATE

REGULAR PRESORT FLAT

Pound Rated Pieces

	8 0 Oz piece							
	CURRENT			PROPOSED				%
	RATES			RATES				INCR
	Per Piece	PLUS	Postage	Per Piece	PLUS	Postage		
	Rate	Per Lb. Rate		Rate	Per Lb. Rate			
		(none)			(none)			
Basic	16.6	67.7	50.5	16.6	65.0	49.1		-2.68%
3/5-Digit	8.5	67.7	42.4	10.6	65.0	43.1		1.77%
		PLUS			PLUS			
		Per Lb. Rate	Postage		Per Lb. Rate	Postage		
		(DBMC)			(DBMC)			
Basic	16.6	61.3	47.3	16.6	57.8	45.5		-3.70%
3/5-Digit	8.5	61.3	39.2	10.6	57.8	39.5		0.89%
		PLUS			PLUS			
		Per Lb. Rate	Postage		Per Lb. Rate	Postage		
		(DSCF)			(DSCF)			
Basic	16.6	59.2	46.2	16.6	56.2	44.7		-3.25%
3/5-Digit	8.5	59.2	38.1	10.6	56.2	38.7		1.57%

Per Pound Rate
(by entry discount)

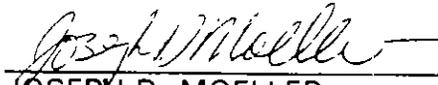
None	67.7	65.0
DBMC	61.3	57.8
DSCF	59.2	56.2
DDU	--	--

RESPONSE:

Yes.

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.

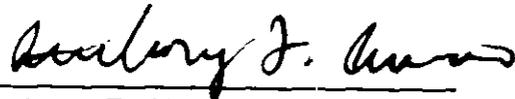


JOSEPH D. MOELLER

Dated: September 3, 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

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
September 3, 1997