

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, 2001

Docket No. R2001-1

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS MOELLER TO INTERROGATORY OF THE ASSOCIATION OF
POSTAL COMMERCE
(POSTCOM/USPS-T32—8)**

The United States Postal Service hereby provides the response of witness
Moeller to the following interrogatory of the Association of Postal Commerce:
POSTCOM/USPS-T32—8, filed on November 6, 2001.

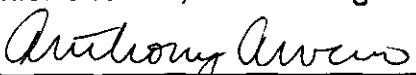
The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Anthony Alverno
Attorney

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November 20, 2001

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORY OF ASSOCIATION FOR POSTAL COMMERCE

POSTCOM/USPS-T32-8. In your answer to Postcom/USPS T32-4, you note that "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% pass-through." Did you consider using different surcharges for different categories of surchargeable mail?

- (a) If your answer is negative, on consideration of this possibility would you continue to take the approach that you have and if so, why?
- (b) If your answer is affirmative, why did you decline to adopt different surcharges?

RESPONSE:

No.

- a.) There are several reasons to have one level of surcharge for both of the letter presort tiers. The nonmachinable surcharge is a new rate element, and, as such, can cause significant rate increases for the affected mail if not moderated initially. If, for example, a higher surcharge were proposed for the Basic tier, it is possible that the rate impact might be deemed too severe. Also, one level of surcharge limits the added complexity that is associated with new rate elements. Moreover, the surcharged rate categories are relatively low-volume: only 12 percent of Regular letters are in the presort categories, and of those letters, only about one-fourth are expected to be assessed the surcharge. Nevertheless, it is possible (after successful implementation of the initial surcharge) that future proposals might include separate surcharges by presort tier.
- b.) Not applicable.

DECLARATION

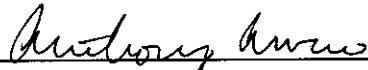
I, Joseph D. Moeller, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.


JOSEPH D. MOELLER

Dated: 11-20-01

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 Alverno

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