

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

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES
OF MAJOR MAILERS ASSOCIATION REDIRECTED FROM WITNESS MILLER
(MMA/USPS-T22-1-33(K,O,P), 38(A,B,E), 39(C,D))

The United States Postal Service hereby provides its responses to the following interrogatories of Major Mailers Association: MMA/USPS-T22-33(K,O,P), 38(A,B,E) and 39(C,D), filed on November 5, 2001. The interrogatories have been redirected to the Postal Service for response.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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November 23, 2001

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MMA/USPS-T22-33 Please consider two mailings of 600,000 pieces each and identical in all respects except the following: Mailing A is sent by one large First-Class presort mailer whereas Mailing B is sent by 1,000 BMM mailers. For purposes of this Interrogatory, please assume that the First-Class presort mailer conforms to all of the requirements that apply to design, preparation, and acceptance of Automation letters and that the BMM mailers all conform to the requirements that are applicable to BMM letters. Assume further that each tray of BMM letters contains 600 letters whose addresses are machine printed.

- K. Please estimate the transportation costs for the (1) Automation letters and (2) the BMM letters? If you cannot estimate these costs, please state whether the transportation costs for the Automation letters would be higher, lower or the same as the BMM letters. Please explain all the reasons for your conclusion and support your explanation with appropriate record citations or copies of studies or any other documents you review in reaching your conclusion.
- O. Is it reasonable to conclude that on average, 2.7% of all BMM (3.09% x 87.67%) will be UAA? If no, please explain.
- P. Please estimate the UAA (mail processing and delivery) costs for (1) the 600,000 Automation letters and (2) the 600,000 BMM letters? If you cannot estimate these costs, please state whether the UAA costs for the Automation letters would be higher, lower or the same as the BMM letters. Please explain all the reasons for your conclusion and support your explanation with appropriate record citations or copies of studies or any other documents you review in reaching your conclusion.

RESPONSE:

- (K) The Postal Service does not have data responsive to this request.
- (O) No. The Postal Service does not have data that quantifies the percentage of undeliverable-as-addressed BMM letters.
- (P) The Postal Service does not have data responsive to this request.

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MMA/USPS-T22-38 Please refer to page 8 of Library Reference USPS-LR-J-60 where you derive the unit cost for BMM letters.

- A. What proportion of BMM letters is prebarcoded by mailers because they consist of a courtesy reply envelope? Please support your answer.
- B. What proportion of metered letters is prebarcoded by mailers because they consist of a courtesy reply envelope? Please support your answer.
- E. Please provide the proportion of letters that are prebarcoded by mailers for (1) metered letters and (2) BMM letters. Please provide the sources for your answers.

RESPONSE:

(A) The Postal Service does not have data responsive to this request.

(B) The Postal Service does not have data responsive to this request.

(E) The Postal Service does not have data responsive to this request.

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MMA/USPS-T22-39 Please refer to pages 41 and 43 of USPS-LR-J-60 where you derive the unit cost estimate for nonstandard single piece and nonstandard presort letters.

- C. Please explain why the Postal Service proposes to charge nonstandard single piece letters less than 2-ounce single piece letters, when your cost analysis indicates that the nonstandard letters cost the Postal Service more to process.
- D. Please explain why the Postal Service proposes to charge nonstandard presort letters less than 2-ounce presorted letters, when your cost analysis indicates that the nonstandard letters cost the Postal Service more to process.

RESPONSE:

- (C) The nonstandard surcharge cost estimates do not use a methodology that warrants a comparison to mail pieces at additional weight steps. The nonstandard surcharge has only applied to the first-ounce weight step since its inception. In PRC Op. MC73-1, the Commission stated on page 26,

A surcharge is recommended only for mail in the first weight steps of first-class, airmail, and single piece third-class. This is because the purpose of the surcharge is to compensate the Service for the added costs of handling nonstandard mail. Above the first weight step revenues are sufficient to cover extra costs.

- (D) Please see the response to MMA/USPS-T22-39(C).

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.

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