

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

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS KIEFER TO INTERROGATORIES OF
ASSOCIATION FOR POSTAL COMMERCE
(POSTCOM/USPS-T33-15-16)

The United States Postal Service hereby files the response of witness Kiefer to the following interrogatories of the Association for Postal Commerce:

POSTCOM/USPS-T33-16-18, filed on November 26, 2001.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
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Scott L. Reiter

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December 10, 2001

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KIEFER
TO INTEROGATORIES OF ASSOCIATION OF POSTAL COMMERCE**

POSTCOM/USPS-T33-16. Please refer to your response to POSTCOM/USPS-T33-8. Please provide an update to BPM-WP-3 using data from any FY 2001 post-R2000-1 rate implementation period for which the Postal Service has data.

RESPONSE

Please see my response to POSTCOM/USPS-T33-8. Assembling billing determinants requires special data analyses and cannot be simply updated by plugging several RPW figures into a spreadsheet. These special data analyses have not been performed for the FY 2001 post-implementation period yet. Absent these studies, it is not possible to update the billing determinants.

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POSTCOM/USPS-T33-17. Please refer to your response to POSTCOM/USPS-T33-9. Do you believe that the dropship discounts that you discuss these achieved the goals that they were designed to achieve? If not, please explain your belief as to why not.

RESPONSE

If the question is intended to inquire whether it is my belief that the R2000-1 discounts have achieved, within the first few months after implementation, all of the goals described in my response to POSTCOM/USPS-T33-9, then my answer is no. This belief is not based on any studies that compare mailer behavior or costs of transporting and processing BPM mail before and after the inauguration of the discounts. To my knowledge no such studies have been done. My belief is based on the expectation that the impacts and effects of a rate restructuring, such as the introduction of destination entry rates, evolve over time as mailers adjust their practices in response to the new price signals. My belief is that the changes implemented in January and July of 2001 have begun the process of encouraging behaviors that save the Postal Service costs. How successful they will be in achieving these goals can only be fully known in the long run. Certain goals mentioned in my response to POSTCOM/USPS-T33-9, such as “to better align rates with the costs” of BPM were, I believe, achieved with the implementation of the R2000-1 and Governors’ Modification rates in the sense that those rates do reflect underlying costs better than the rates they superseded.

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POSTCOM/USPS-T33-18. Please refer to your response to POSTCOM/USPS-T33-11(d) where you state, "To my knowledge, no data have been collected that identify the number or proportion of flats bearing Postnet barcodes (that is, "flats" barcodes) in FY 2000." Please also refer to USPS-LR-J-106, BPMWP.xls.

(a) Please confirm that the Test Year After Rates (TYAR) revenue leakage from the flats barcode discount for Presort BPM is approximately \$4.6 million.

(b) Please confirm that the revenue leakage from the flats barcode discount results from approximately 154 million TYAR BPM flats having Postnet barcodes on them. If not confirmed, please provide the correct figure.

(c) Please confirm that Carrier Route BPM flats are not eligible for the flats barcode discount. If not confirmed, please explain your response fully.

(d) Please confirm that BPMWP.xls, WP-BPM-26 shows that the total volume of non-Carrier Route Presort BPM flats is approximately 163 million pieces. If not confirmed, please explain your response fully.

(e) Please confirm that BPMWP.xls indicates that, in TYAR, approximately 95 percent of non-Carrier Route Presort BPM flats have Postnet barcodes on them. If not confirmed, please explain your response fully.

(f) Please confirm that the Postal Service has no actual data on the number or proportion of BPM flats bearing Postnet barcodes for any year. If not confirmed, please explain your response fully.

(g) Please confirm that in the Base Year mailers did not receive a discount for putting a Postnet barcode on BPM flats. If not confirmed, please explain your response fully.

RESPONSE

(a) Confirmed.

(b) Confirmed.

(c) Confirmed.

(d) Confirmed.

(e) It can be confirmed that the percentage cited is consistent with my projections for Postnet barcode usage.

(f) Confirmed.

(g) Confirmed.

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.

Scott L. Reiter

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