

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

CUSTOMIZED MARKET MAIL MINOR
CLASSIFICATION CHANGES

Docket No. MC2003-1

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS ASHE TO INTERROGATORIES OF THE OFFICE OF CONSUMER
ADVOCATE (OCA/USPS-T1—22-27)**

The United States Postal Service hereby provides the response of witness Ashe to the following interrogatories of the Office of Consumer Advocate: OCA/USPS-T1—22-27, filed on March 27, 2003. The interrogatories are stated verbatim and are followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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OCA/USPS-T1-22. At page 1 of your testimony, you state:

CMM would be Standard Mail, typically consisting of advertising matter, designed and produced in a unique and unusual shape, with other distinctive features of color or content, to serve as a high impact marketing piece for the delivery of the sender's message.

a. Given the Nonprofit advertising restrictions, how is the Postal Service going to ensure that a Nonprofit CMM Standard Mail piece meets each of the six eligibility requirements (known as the "Six-Step Process") stated in USPS Publication 417, "Nonprofit Standard Mail Eligibility"?

b. Please explain fully how the USPS will ensure that a Nonprofit CMM Standard Mail piece meets all other requirements that must be considered when determining that a mail piece may be mailed, at the Nonprofit CMM Standard mail piece rate? "For example, see the cooperative mail rule and other requirements in 4-3[]" as referred to in USPS Publication 417, at page 25.

c. Please explain fully where the determination of nonprofit eligibility will be made for a Nonprofit CMM Standard Mail piece; for example, the entry DDU.

d. If one Nonprofit CMM Standard mailing is entered at multiple DDUs, will each DDU make its own determination that the CMM mail piece is eligible for nonprofit status?

RESPONSE:

(a) & (b) The Postal Service, through implementation regulations to be proposed, will utilize existing entry and verification procedures to ensure that Nonprofit CMM Standard Mail mailings meet each of the six eligibility requirements stated in USPS Publication 417, "Nonprofit Standard Mail Eligibility", as well as all other relevant requirements for Nonprofit Standard Mail.

(c) The determination would be made depending upon how the Customized MarketMail mailing is entered into the postal network. If entered under the Plant Verified Drop Shipment program, the determination would be made at the

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appropriate plant. If the mailing was entered at individual DDUs, the determination would be made at each respective DDU.

(d) Yes.

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OCA/USPS-T1-23. At page 2 of your testimony, you note that the requirement, among others, of a regular, rectangular shape for the typical letter or flat-size mail piece was established for "efficient handling and delivery of that mail." Please confirm that it is less efficient to handle and deliver a nonrectangular or irregular shape Standard Mail piece than a regular, rectangular shape Standard Mail piece. If you do not confirm, please explain why you do not.

RESPONSE:

A non-rectangular, irregularly-shaped Standard Mail piece may not be automation compatible, and may require manual processing by the Postal Service. This is why the proposal is designed to enable CMM pieces to bypass mail processing operations. In the case of delivery operations, (i) the method by which pieces enter into the delivery unit (either drop shipped by the customer to the delivery unit or entered upstream and processed by the Postal Service), (ii) the degree of sortation, and/or (iii) size and shape could influence the degree of difficulty in the handling and delivery of nonrectangular/irregular mail pieces. Given the aforementioned factors, I cannot confirm that in all cases that it is less efficient to handle and deliver a nonrectangular or irregularly-shaped Standard Mail piece than a regular, rectangular-shaped Standard Mail piece.

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OCA/USPS-T1-24. Have you or anyone in the Postal Service done any studies to determine the impact on the efficiency of handling and delivering mail that is nonrectangular or irregular shape Standard Mail as compared to regular, rectangular shape Standard Mail? If so, please provide those studies, documentation and workpapers.

RESPONSE:

While there are studies on the record from previous rate cases that support the existing residual shape surcharge (RSS) and the non-machinable letter surcharge in Standard Mail, they do not isolate the cost effects of rectangularity versus non-rectangularity. Rather, the studies support the broad groupings of mail to which those surcharges are applicable. Incidentally, the RSS is applied to *anything* that is entered as Standard Mail that is *not* letter- or flat-shaped.

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OCA/USPS-T1-25. You say at page 7, lines 19-21, that the minimum volume requirement would apply to the entire plant-verified drop shipment program (PVDS) mailing rather than the quantity for each DDU. If a large shipment that in total met the minimum volume requirement but was not first verified at an upstream plant under the drop shipment (PVDS) program, and so was delivered to the DDU without prior verification, and if the volume at an individual DDU did not meet the minimum volume, would the mailer lose the opportunity to meet the minimum volume requirement and therefore not qualify for CMM at that DDU?

RESPONSE:

The mailing described in this hypothetical would not qualify for entry as Customized MarketMail at the DDU.

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OCA/USPS-T1-26. Please refer to your testimony at page 11, line 15. Although you say there would not be a requirement for Postal Service design approval, physical or graphic content would be subject to existing standards and statutes. Have you or anyone else in the Postal Service undertaken any studies to determine the per piece and total cost of approving physical or graphic content of these low-volume targeted mailings? Is so, please provide the studies and related documentation.

RESPONSE:

No studies have been undertaken by the Postal Service to determine the per-piece and total cost of approving physical or graphic content of Customized MarketMail mailings.

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OCA/USPS-T1-27. Please refer to your testimony at page 12, line 11. Have you or anyone else in the Postal Service undertaken any studies to determine the per piece savings and total cost savings arising from discarding undeliverable-as-addressed CMM? If so, please provide the studies and related documentation.

RESPONSE:

No studies have been performed by the Postal Service to determine the per-piece savings and total cost savings that would arise from discarding undeliverable-as-addressed Customized MarketMail pieces.