

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

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POSTAL RATE COMMISSION
Docket No. R97-1

Postal Rate and Fee Changes, 1997)

ASSOCIATION OF PRIORITY MAIL USERS, INC.
FIRST INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS
TO UNITED STATES POSTAL SERVICE
WITNESS DONALD O'HARA (APMU/USPS-T30-1-6)
(September 10, 1997)

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Association of Priority Mail Users, Inc. hereby submits interrogatories and requests for production of documents. If necessary, please redirect any interrogatories and/or requests to a more appropriate Postal Service witness.

Respectfully submitted,

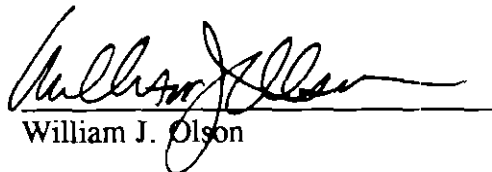


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CERTIFICATE OF SERVICE

I hereby certify that I have this day served this document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



William J. Olson

September 10, 1997

APMU/USPS-T30-1.

In your testimony, at page 27, you state that Priority Mail "enjoys the convenience of the collection system for the unzoned two-pound rate packages that constitute a large share of its volume." As you know, however, all Priority Mail pieces weighing more than one pound currently must be entered at a post office counter. This requirement will continue to be enforced during the Test Year. (See response to NDMS/USPS-T33-11.)

- a. When you were setting the cost coverage for Priority Mail, did you consider that nearly 45 percent of unzoned two-pound rate mailpieces (see response to NDMS/USPS-T33-7), and nearly 56 percent of total Priority Mail volume, weigh more than one pound?
- b. Does the fact that less than half of total Priority Mail volume in the Test Year will enjoy the convenience to which you refer support your proposed cost coverage? Please explain your answer fully.
- c. Please confirm that all First-Class Mail "enjoys the convenience of the collection system." If you do not confirm, please explain your answer fully.

APMU/USPS-T30-2.

- a. Please confirm that local Priority Mail has an overnight service commitment/standard identical to that for First-Class Mail (*i.e.*, the geographic areas with an overnight service commitment are identical). If you do not confirm, please explain in full how they differ.
- b. Please confirm that Priority Mail has a two-day service commitment/standard identical to that for First-Class Mail (*i.e.*, the geographic areas with an two-day service

commitment are identical). If you do not confirm, please explain in full how they differ.

- c. Please confirm that Priority Mail has a three-day service commitment/standard identical to that for First-Class Mail (*i.e.*, the geographic areas with an three-day service commitment are identical). If you do not confirm, please explain in full how they differ.

APMU/USPS-T30-3.

Please refer to your testimony, on page 27, that “the Priority Mail [own] price elasticity (-0.77) is **considerably higher** than that of First-Class Mail, indicating a lower economic value of service” (emphasis added). In light of:

- the fact that all First-Class Mail “enjoys the convenience of the collection system,” while less than half of Priority Mail enjoys such convenience;
- the existing differences between First-Class Mail and Priority Mail service commitments; and
- the fact that Priority Mail has a considerably higher own price elasticity;

how does the application of rate-setting criterion 2 (39 U.S.C. sec. 3622(b)(2)) to both First-Class Mail and Priority Mail support nearly equal (within 0.6 percent) cost coverages? Please explain your answer fully.

APMU/USPS-T30-4.

When the new Priority Mail network becomes operational, within the states served by this new network, will the areas with

- a. an overnight service commitment/standard (i) remain the same, (ii) be enlarged, or (iii) be reduced? Please explain your answer, and quantify changes in service where possible.
- b. a two-day service commitment/standard (i) remain the same, (ii) be enlarged, or (iii) be reduced? Please explain your answer, and quantify changes in service where possible.
- c. a three-day service commitment/standard (i) remain the same, (ii) be enlarged, or (iii) be reduced? Please explain your answer, and quantify changes in service where possible.

APMU/USPS-T30-5.

Are window clerks provided information, specific to their postal facility, as to which 3-digit zip codes do not have:

- a. an overnight service commitment/standard for Priority Mail?
- b. a two-day service commitment/standard for Priority Mail?

Please explain your answer, and provide samples of such information provided to window clerks.

APMU/USPS-T30-6.

Some Priority Mail users currently plant-load directly to airmail centers. Will these mailers be permitted to continue that practice if they are located within the area served by the network? If not, how will the Postal Service ensure that they receive the same expeditious service that they currently receive?