

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

RECEIVED

Postal Rate and Fee Changes, 1997

Docket No. R97-1

SEP 17 2 14 PM '97
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

**NEWSPAPER ASSOCIATION OF AMERICA
INTERROGATORIES TO
UNITED STATES POSTAL SERVICE WITNESS
JOSEPH D. MOELLER (NAA/USPS-T36-41-55)
(September 17, 1997)**

The Newspaper Association of America hereby submits the attached interrogatories to United States Postal Service witness Joseph D. Moeller and respectfully requests a timely and full response under oath.

Respectfully submitted,

NEWSPAPER ASSOCIATION OF AMERICA

By: William B. Baker

Robert J. Brinkmann
NEWSPAPER ASSOCIATION OF AMERICA
529 14th Street, N.W.
Suite 440
Washington, D.C.
(202) 638-4792

William B. Baker
WILEY, REIN & FIELDING
1776 K Street, N.W.
Washington, DC 20006-2304
(202) 429-7255

CERTIFICATE OF SERVICE

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

September 17, 1997

William B. Baker
William B. Baker

NEWSPAPER ASSOCIATION OF AMERICA
INTERROGATORIES TO
UNITED STATES POSTAL SERVICE WITNESS
JOSEPH D. MOELLER (USPS-T36-1-40)

NAA/USPS-T36-41. Please refer to your direct testimony at page 25.

- a. You state that the new cost study presented in USPS LR-H-182 indicates that weight plays a "very small role" in ECR costs. Does this cost study provide the only data used to determine the appropriate pound rate for ECR mail? If no, please provide all other data or analyses that you used when determining the appropriate pound rate for ECR mail.
- b. In your opinion, do the cost data in USPS LR-H-182 provide an adequate basis for determining the appropriate pound rate for ECR mail? Please explain why or why not. If not, please explain what additional data or information are necessary or desirable when determining the pound rate for ECR mail.
- c. Did you perform any independent analysis to determine whether the cost data presented in LR-H-182 appeared reasonable? If so, please provide copies of all analyses performed. If not, please explain why not.

NAA/USPS-T36-42. Please refer to the response of the Postal Service to

NAA/USPS-T36-25. Please confirm that one ounce flats are dropshipped less often, are presorted more finely, and are less automated than three ounce flats. If you cannot confirm this statement, please explain why.

NAA/USPS-T36-43. Please refer to the response of the Postal Service to

NAA/USPS-T36-21.

- a. Please confirm that the level of dropshipping varies by weight increment. If you cannot confirm this statement, please explain why not.
- b. Please confirm that the new cost study presented in USPS LR-H-182 did not adjust the costs for the different levels of dropshipping by weight increment. If you cannot confirm this statement, please explain what adjustment was made to remove the different levels of dropshipping by weight increment.

NEWSPAPER ASSOCIATION OF AMERICA
INTERROGATORIES TO
UNITED STATES POSTAL SERVICE WITNESS
JOSEPH D. MOELLER (USPS-T36-1-40)

- c. When determining the appropriate pound rate for ECR mail, did you adjust the costs provided in USPS LR-H-182 for the different levels of dropshipping by weight increment? If so, please provide the cost data after this adjustment. If no, please explain why you did not adjust the data to remove this effect.

NAA/USPS-T36-44. Please refer to the response of the Postal Service to NAA/USPS-T36-27(d).

- a. Please confirm that the proportion of lower-cost high density and saturation mail increases from 25 percent at one ounce to 53 percent at three ounces.
- b. Please refer to the response of the Postal Service to NAA/USPS-T36-27(g). Please confirm that the costs for ECR flats within the different weight increments, as presented in USPS LR-H-182, were not adjusted for differences in density (basic, high density and saturation). If you cannot confirm this statement, please explain what adjustment was made to remove the density differences by weight increment.
- c. When determining the appropriate pound rate for ECR mail, did you adjust the costs presented in USPS LR-H-182 to remove the effect of the varying densities of mail within the different weight increments? If yes, please provide the adjusted cost data. If no, please explain why not.

NAA/USPS-T36-45. Please refer to the Postal Service response to NAA/USPS-T36-25.

- a. Please confirm that one-ounce flats are less likely to be automated than three-ounce flats. If you cannot confirm this statement, please explain why.
- b. Please confirm that the cost study LR-H-182 does not adjust the cost data to account for the differences in the percentages of automated flats by weight increment. If you cannot confirm this statement, please indicate where this adjustment is made.

NEWSPAPER ASSOCIATION OF AMERICA
INTERROGATORIES TO
UNITED STATES POSTAL SERVICE WITNESS
JOSEPH D. MOELLER (USPS-T36-1-40)

- c. When determining the appropriate pound rate for ECR mail, did you adjust the costs presented in USPS LR-H-182 to remove the effects of differences in the percentages of automated flats by weight increment? If yes, please provide the adjusted cost data. If no, please explain why not.

NAA/USPS-T36-46. Please refer to the Postal Service's response to NAA/USPS-T36-17.

- a. Please confirm that the cost study presented in LR-H-182 assumed that city carrier street costs do not vary with weight. If you cannot confirm this statement, please provide your understanding of how city carrier street costs are distributed to weight increment in this study.
- b. Please confirm that weight has an effect on city carrier street costs. If you cannot confirm this statement, please explain why.
- c. Please confirm that the cost study presented in LR-H-182 assumed that city carrier street costs do not vary with shape. If you cannot confirm this statement, please provide your understanding of how city carrier street costs are distributed to weight increment in this study.
- d. Please confirm that shape has an effect on city carrier street costs. If you cannot confirm this statement, please explain why.
- e. When determining the appropriate pound rate for ECR mail, did you make any attempt to consider the effects of weight on city carrier street costs? If yes, please explain how. If no, please explain why not.

NAA/USPS-T36-47. Please refer to the Postal Service response to NAA/USPS-T36-27(e). Please provide all data and analyses which quantify the likelihood of error in the process of recording the weight when the IOCS tally is recorded.

NEWSPAPER ASSOCIATION OF AMERICA
INTERROGATORIES TO
UNITED STATES POSTAL SERVICE WITNESS
JOSEPH D. MOELLER (USPS-T36-1-40)

NAA/USPS-T36-48. When determining the appropriate pound rate for ECR mail, did you consider the appropriate contribution to institutional costs of heavier weight versus lighter weight mail? If no, please explain why not. If yes, please explain what effect this consideration had on the selection of the pound rate.

NAA/USPS-T36-49. When determining the appropriate pound rate for ECR mail, did you consider the relationship between the rates for First-Class letter mail of different weights and the rates for Standard A Mail? If no, please explain why not. If yes, please explain what effect this consideration had on the selection of the pound rate.

NAA/USPS-T36-50. Does the Postal Service plan to further reduce the pound rate for ECR mail in subsequent rate proceedings? Please describe any plans with respect to the amount of the reduction in the pound rate and any limits on this reduction.

NAA/USPS-T36-51. Please refer to your direct testimony at pages 27-28.

- a. Please explain why you propose to reduce the pound rate for ECR mail while at the same time you propose to pass through very little of the letter/flat cost differences in the ECR rates.
- b. Does the lower proposed pound rate, together with the low passthroughs of shape-based cost differences serve to increase the rates for ECR letter mail while decreasing the rates for ECR flat mail, all other things being equal? If your answer is other than an unqualified "yes," please explain. Please explain why such a result is fair and reasonable to ECR letter mailers.

NEWSPAPER ASSOCIATION OF AMERICA
INTERROGATORIES TO
UNITED STATES POSTAL SERVICE WITNESS
JOSEPH D. MOELLER (USPS-T36-1-40)

NAA/USPS-T36-52.

- a. What is the average weight per piece for letter-shaped mail within the Standard ECR subclass?
- b. What is the average weight per piece for non-letter-shaped mail below the breakpoint within the Standard ECR subclass?
- c. What is the average weight per piece for letter-shaped mail within the Standard Regular subclass?
- d. What is the average weight per piece for non-letter-shaped mail below the breakpoint within the Standard Regular subclass?

NAA/USPS-T36-53. In Docket No. MC95-1, you testified that the Enhanced Carrier Route subclass was “basically designed for flats.” Docket No. MC95-1, USPS-T-18 at 13. Is the Enhanced Carrier Route subclass still designed primarily for flat-shaped mail?

NAA/USPS-T36-54. In Docket No. MC95-1, in response to Interrogatory NAA/USPS-T18-26 (to you) in that proceeding, you stated (in part), that one goal in rate design was “to encourage letters with the density for carrier route presort to choose the Automation subclass and be sequenced on automation.” Is that still a goal of the rate design for ECR mail today?

NEWSPAPER ASSOCIATION OF AMERICA
INTERROGATORIES TO
UNITED STATES POSTAL SERVICE WITNESS
JOSEPH D. MOELLER (USPS-T36-1-40)

NAA/USPS-T36-55. In Docket No. MC95-1, the Commission did not adopt your proposed pound rate for ECR mail, preferring its "R90-1 approach" as "more appropriate, because the resulting piece charge for pound rate mail reflects the presort cost differential for flats, and thus is cost based." *Docket No. MC95-1 Recommended Decision* at ¶ 5642. Does the piece charge for pound rate mail under your proposal reflect the cost differential for flats?