

DOCKET SECTION

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS DANIEL TO INTERROGATORIES OF
THE MAJOR MAILERS ASSOCIATION
(MMA/USPS-T29-5-9)

The United States Postal Service hereby provides responses of witness Daniel to the following interrogatories of the Major Mailers Association: MMA/USPS-T29-5-9, filed on September 16, 1997.

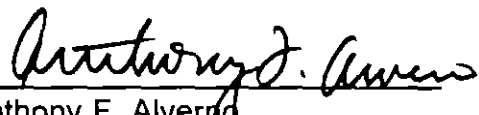
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
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September 30, 1997

**RESPONSE OF U.S. POSTAL SERVICE WITNESS DANIEL TO
INTERROGATORIES OF MAJOR MAILERS ASSOCIATION**

MMA/USPS-T29-5.

Please refer to your response to MMA/USPS-T29-1(G) and LR-H-108, Table 1. Please confirm that from the data provided in the library reference, the average weight of a Standard Mail A bulk regular rate letter-shaped piece of mail [sic] in FY1996 was 1.0 ounces. If you cannot confirm, please explain.

RESPONSE:

The response to MMA/USPS-T29-1(G) is incorrect. Weight per piece by rate category is available and a revised response will be filed. According to the data in LR-H-108, the total weight of Standard Mail A bulk letter-shaped pieces is 1,177,288 pounds. There were 19,075,362 pieces. Thus, the weight per piece in pounds is 0.0617 and in ounces is 0.987.

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MMA/USPS-T29-6.

Please refer to USPS-29C, pages 1 and 2. Please confirm the following unit costs for (mail processing plus delivery) (in cents rounded) and rates shown below that are proposed by the Postal Service in this proceeding. Please assume no destination entry discount for Standard A Regular.

<u>Mail Category</u>	<u>Unit Cost</u>	<u>Unit Rate (1 oz)</u>	<u>Unit Rate (2 oz)</u>
First Class:			
Basic Automation	9.0	27.5	50.5
3-Digit Automation	8.2	26.5	49.5
5-Digit Automation	6.6	24.9	27.9
Standard A Regular:			
Basic Automation	8.7	18.9	18.9
3-Digit Automation	8.15	17.8	17.8
5-Digit Automation	6.8	16.0	16.0

RESPONSE:

Not Confirmed. The unit costs are confirmed as the mail processing and delivery costs of an average weight piece (not necessarily a one or two ounce piece). Moreover, the unit rate for a 2 ounce 5-Digit piece is not 27.9 cents; it is 47.9 cents.

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MMA/USPS-T29-7.

Please confirm that:

(A) The rates for Standard Mail A Regular Automation letter do not change as long as the weight of the letter remains 3 ounces or less. If you cannot confirm, please explain.

(B) You do not know whether or to what extent the cost for a Standard Mail A Automation letter changes as long as the weight of the letter remains three ounces or less. If you cannot confirm, please explain.

RESPONSE:

(A) Confirmed, although the rates may vary based on the level of destination entry.

(B) Confirmed.

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MMA/USPS-T29-8.

Please refer to your responses to paragraphs (A) and (B) MMA/USPS-T29-2-4. There you indicate that you do not agree that the unit cost estimates for mail processing and delivery that are provided in USPS-29C, pages 1 and 2 would accurately reflect the cost of a 1.8 ounce or a .9 ounce letter because the costs shown in you exhibit represent the costs for a letter of "average" weight.

(A) Is this an accurate characterization of your answer to paragraphs (A) and (B) of each of those questions. If not, please explain.

(B) Please provide the "average" weight for each First-Class and Standard Mail A category whose costs are represented in USPS-29C, pages 1 and 2.

(C)(1) Would a 1.8-ounce First-Class Basic Automation letter cost more, less than, or the same as the 9.03 cent cost that you show for an average First-Class Basic Automation letter? Please support your answer.

(C)(2) Would a 1.8-ounce First-Class 3-Digit Automation letter cost more, less than, or the same as the 8.2 cent cost that you show for an average First-Class 3-Digit letter? Please support your answer.

(C)(3) Would a 1.8-ounce First-Class 5-Digit Automation letter cost more, less than, or the same as the 6.6 cent cost that you show for an average First-Class 5-Digit Automation letter? Please support your answer.

(D)(1) Would a .9-ounce First-Class Basic Automation letter cost more, less than, or the same as the 9.03 cent cost that you show for an average First-Class Basic Automation letter? Please support your answer.

(D)(2) Would a .9-ounce First-Class 3-Digit Automation letter cost more, less than, or the same as the 8.2 cent cost that you show for an average First-Class 3-Digit letter? Please support your answer.

(D)(3) Would a .9-ounce First-Class 5-Digit Automation letter cost more, less than, or the same as the 6.6 cent cost that you show for an average First-Class 5-Digit Automation letter? Please support your answer.

(E)(1) Would a .9-ounce Standard Mail A Basic Automation letter cost more, less than, or the same as the 8.7 cent cost that you show for an average Standard Mail A Basic Automation letter? Please support your answer.

(D)(2) Would a .9-ounce Standard Mail A 3-Digit Automation letter cost more, less than, or the same as the 8.1 cent cost that you show for an average Standard Mail A 3-Digit letter? Please support your answer.

(D)(3) Would a .9-ounce Standard Mail A 5-Digit Automation letter cost more, less than, or the same as the 6.6 cent cost that you show for an average Standard Mail A 5-Digit Automation letter? Please support your answer.

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RESPONSE:

A. Yes.

B. The average weight per piece by rate category for Standard (A) mail can be computed using Billing Determinant data provided in LR-H-145. The average weight per piece by rate category for letter-shaped pieces is only available for the Automation Categories. Please see the response to ABA&EEI&NAPM/USPS-T-25-27.

C1-E3. I do not know. Cost avoidances for Standard A categories are calculated for an average weight piece, not for specific weight increments within those rate categories. The discounts do not vary by weight, so such quantification is unnecessary.

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MMA/USPS-T29-9.

Please refer to your responses to paragraphs (C) and (D) MMA/USPS-T29-2-4, where you cannot confirm that the cost (mail processing and delivery) for two .9 ounce letters (one First-Class and one Standard Mail A) is more than the cost for one 1.8 ounce letter (First-Class).

(A) Please confirm that the Postal Service does not know what costs more, two .9 ounce letters (one mailed at First-Class Basic Automation rates and one mailed at Standard Mail A Basic Automation rates) or one 1.8 ounce letter mailed at First-Class Basic Automation rates?

(B) Please confirm that the Postal Service does not know what costs more, two .9 ounce letters (one mailed at First-Class 3-Digit Automation rates and one mailed at Standard Mail A 3-Digit Automation rates) or one 1.8 ounce letter mailed at First-Class 3-Digit Automation rates?

(C) Please confirm that the Postal Service does not know what costs more, two .9 ounce letters (one mailed at First-Class 5-Digit Automation rates and one mailed at Standard Mail A 5-Digit Automation rates) or one 1.8 ounce letter mailed at First-Class Basic 5-Digit rates?

RESPONSE:

The Postal Service has provided detailed information to support the rate design for each subclass. The rate design does not require comparisons across class lines such as those requested in this question. Therefore, the Postal Service has not quantified costs in a manner which would allow for such distinct cost comparisons.

DECLARATION

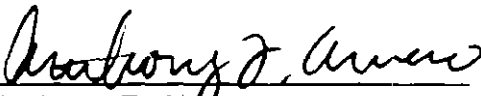
I, Sharon Daniel, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.


SHARON DANIEL

Dated: September 30, 1997

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.


Anthony F. Alverno

475 L'Enfant Plaza West, S.W.
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September 30, 1997