

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
TO INTERROGATORIES OF
THE MAJOR MAILERS ASSOCIATION
(MMA/USPS-1-6)

The United States Postal Service hereby provides responses to the following interrogatories of the Major Mailers Association: MMA/USPS-1-6, filed on September 16, 1997.

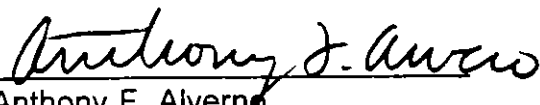
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Anthony F. Alverno

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September 30, 1997

RESPONSE OF UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE MAJOR MAILERS ASSOCIATION

MMA/USPS-INST-1. Please confirm that, as reported in the December 1995 article from the AMMA Bulletin 52-95 (attached hereto), Deputy Postmaster General Michael Coughlin told AMMA that the Postal Service was pleased with the results of tests it has been conducting with a group of AMMA-member companies involving pieces weighing up to 3.5 ounces. If you cannot confirm, please explain why and state the Postal Service's policy about the maximum permissible weight for automation-rated letters.

RESPONSE:

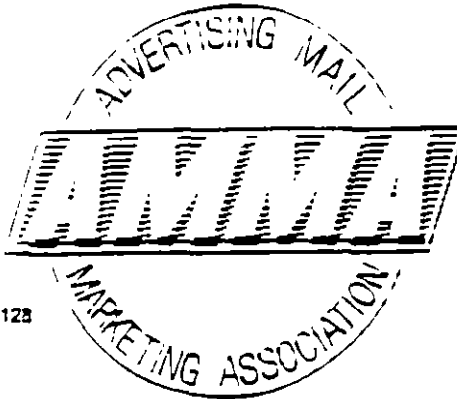
The Postal Service has no specific record of the remarks by Deputy Postmaster General Michael Coughlin and thus cannot confirm that the remarks were in fact made. However, the Postal Service can confirm that AMMA reported on results of tests the Postal Service had been conducting with a group of AMMA-member companies involving pieces weighing up to 3.5 ounces. The Postal Service's policy with regard to maximum weight limits for automation letters are as stated in the Domestic Mail Manual.

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MMA/USPS-INST-2. Please confirm that, as reported in the December 1995 article from the AMMA Bulletin 52-95 (attached hereto), the Postal Service announced in late 1995 that it had approved AMMA's request to increase the maximum permissible weight for automation-rated letters above the then-present 3.0 ounces. If you cannot confirm, please explain why and state the Postal Service's policy about the maximum permissible weight for automation-rated letters.

Response:

Confirmed.

BULLETIN**BULLETIN**

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AMMA BULLETIN 52-95

DECEMBER 15, 1995

HIGHLIGHTS.....

.....**USPS APPROVES AMMA HEAVY-WEIGHT LETTER PETITION**—The U.S. Postal Service (USPS) announced it has approved the Advertising Mail Marketing Association's request to increase the maximum permissible weight for automation-rated letters above the present 3.0 ounces. Deputy Postmaster General Michael Coughlin told AMMA that the USPS has been pleased with the results of the tests it has been conducting with a group of AMMA-member companies involving pieces weighing up to 3.5 ounces. USPS officials intend to make the change permanent as soon as the appropriate steps are completed through the DMM regulatory process, which might take as little as three months. In the meantime, mail weighing up to the present minimum per-piece-per-pound break-point (3.5067 ounces for regular rate mail) will continue to be accepted at automation rates on an experimental basis to allow mailers to gain more experience with the preparation of heavier weight automation-rated letters.

[Unrelated Material Deleted]**OFFICERS**

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General Manager
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MMA/USPS-INST-3. Has the Postal Service taken the steps necessarily to implement a higher weight limit for Standard Mail A automation letters on a permanent basis? If yes, please explain. If no, why not?

Response:

Yes, see Postal Bulletin 21913, dated 2-15-96.

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MMA/USPS-INST-4.

- Q) Please refer to our answer to MMA/USPS-T32-24(B). There you indicate that the unit cost derived for First-Class Single Piece letters includes the cost pool for mail preparation and acceptance, including culling, facing, and canceling stamped mail. Please state precisely in LR-H-106 where that cost pool is shown as being included for First-Class single piece letters.

RESPONSE:

The mail processing unit costs for First-Class single piece letters are shown in LR-H-106 at page II-5. The cost pool containing information on culling, facing, canceling and other mail preparation is labeled "1CancMMP." This is described in the Postal Service's response to ABA&EEI&NAPM/USPS-T25-24, subpart a. Acceptance costs, primarily for bulk entered mailings, are contained in the cost pool labeled "LD79" and also in the cost pool "NonMODS." These cost pools are described in the Postal Service's response to ABA&EEI&NAPM/USPS-T25-17.

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MMA/USPS-INST-5.

- Q) Please refer to your answer to MMA/USPS-T32-25(D) and USPS witness Hatfield's answer to MMA/USPS-T25-3(E). If the Commission finds that labor processing costs are 100% variable with volume, do you agree that the difference between the unit costs for First-Class single piece letters and First-Class presorted letters will increase in similar fashion as the unit costs derived by USPS witness Hayfield [sic] in his cost models. If not, please explain.

RESPONSE:

It is likely that if an assumption of 100 percent volume variable mail processing costs were used in place of the current volume variability study, then the cost difference between single piece First-Class Mail letters and presorted First-Class Mail letters would increase.

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MMA/USPS-INST-6.

In answer to NDMS/USPS-T32-29 you estimate the percentage of BY 1996 First-Class single piece nonstandard letters that have paid the nonstandard surcharge. Please estimate the number of First-Class single piece 2-ounce letters that have paid 32 cents for the second ounce (total postage of 64 cents) in BY 1996.

RESPONSE:

The number of First-Class single piece 2-ounce letters that paid 32 cents for the second ounce (total postage of 64 cents) in FY 1996 was approximately 202.1 million.

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