

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 MOELLER TO INTERROGATORIES OF  
SMARTMAIL, INC.  
(SMARTMAIL/USPS-T36-1-2)

The United States Postal Service hereby provides responses of witness Moeller to the following interrogatories of Smartmail, Inc.: SMARTMAIL/USPS-T36-1-2, filed on September 17, 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

  
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October 1, 1997

U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO  
INTERROGATORIES OF SMARTMAIL, INC.

SMARTMAIL/USPS-T36-1. Assume that a national retail stock brokerage firm sent by First-Class mail monthly statements of activity to each of its individual customers. Further assume that it is not economical for such firms to send the copies of such statements to its sales agents by First-Class mail, but that it would be economical for such firm to send copies to its sales agents by Standard mail. Would it not benefit the Postal Service financially if the firm in the above example sent such copies to its sales agents by Standard mail, rather than to send such copies outside of the U.S. mail system by means such as the Internet?

RESPONSE:

As a general matter, assuming that a given piece of mail covers its costs and meets the eligibility requirements for a particular service, the Postal Service would benefit financially if that piece of mail were mailed rather than conveyed via the Internet. However, this question appears to ask whether changing the definition of what may be mailed as Standard Mail is in the best interest of the Postal Service and its customers. The Postal Service has not proposed changes in content restrictions and does not intend to revisit its policies in this regard. I have not performed any analysis regarding the costs and benefits of different definitions of what may be mailed as Standard Mail. However, any such analysis would need to consider the potential consequences of the change in definition. Specifically, some would argue that the Postal Service cannot allow only new volume to take advantage of a new, relaxed definition of what may be sent as Standard Mail. An analysis would consider not only the positive financial effect of potential new mail volume, but also the negative financial effect of the migration of existing volume from high-contribution subclasses to lower contribution subclasses.

U.S. POSTAL SERVICE WITNESS MOELLER RESPONSE TO  
INTERROGATORIES OF SMARTMAIL, INC.

SMARTMAIL/USPS-T36-2. Assume that the Domestic Mail Classification Schedule were amended by adding the following sentence to the end of Section 312 ("Printed Matter"):

"Printed matter also includes photocopies or duplicate printed copies of bills, statements of account or other personal correspondence, which photocopies or duplicate printed copies are sent not to the original addressee listed on such photocopies or duplicate printed copies, but rather to a third party with a business purpose and right to receive a copy of such information."

- a. Do you believe it more likely than not that such a modification would add to the revenue of the USPS by attracting some mail as Standard mail which would not otherwise be sent through the U.S. mail system?
- b. Do you have any reason to believe that mail sent under such an amended DMCS provision would be more expensive for the USPS to accept, process and deliver than would other Printed Matter sent under the current version of Section 312 of the Domestic Mail Classification Schedule?

RESPONSE:

- a. Regardless of how it is generated, additional volume results in additional revenue, as long as the volume is not migrating from a higher priced subclass. I have no information as to whether this particular modification would result in a net increase in revenue, or a net increase in contribution. Presumably, some of the new Standard volume generated by this modification would have otherwise been sent as First-Class Mail as indicated in my response to SMARTMAIL/USPS-T36-2.
- b. I have no information regarding costs for the specific groupings of mail requested in this subpart. I have no basis on which to state a belief as to whether mail sent under such an amended DMCS provision would be more expensive, or less expensive, than mail sent under the current version.

## DECLARATION

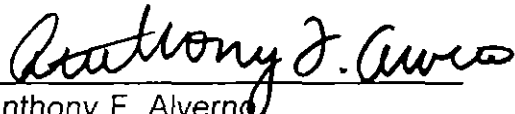
I, Joseph D. Moeller, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

  
JOSEPH D. MOELLER

Dated: October 1, 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

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