

# 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

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF DAVID POPKIN  
AND MOTION FOR LATE ACCEPTANCE  
(DBP/USPS-13(h)-(l))**

The United States Postal Service hereby provides its responses to the following interrogatories of David Popkin: DBP/USPS-T13(h) - (l), filed on September 10, 1997.

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

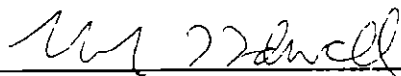
Because of the variety of areas covered by Mr. Popkin's interrogatories, and the press of responding to other discovery and preparing for hearings and attending to motion practice, the Postal Service was not been able to complete responses to these interrogatories in a timely fashion. Resources are being devoted to producing responses to the remaining interrogatories. The Postal Service anticipates filing those responses later this week.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



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October 6, 1997

## RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES OF DBP

### DBP/USPS-13

- (h) Confirm, or explain if you are unable to do so, that if the "break point" between the per ounce rates and the flat rate were to be changed from 11 ounces to a greater weight, that the proposed rate for a 12 ounce letter would be \$2.86 and for a 13 ounce letter would be \$3.09 and that both of these rates would be less than the proposed \$3.20 rate.
- (i) Was any consideration given to changing the "break point" from 11 ounces to either 12 or 13 ounces?
- (j) If so, provide details and the reasons for not adopting such a change.
- (k) If not, explain why not?
- (l) Explain why it is believed that such a high difference between the 11 or 12 ounce rates being proposed is fair and equitable?

### RESPONSE:

(h) Not confirmed. Whether or not these would be the proposed rates if the break point were changed would depend upon the reconciliation of a variety of factors bearing on both First-Class Mail and Priority Mail. For example, it would depend on volume forecasts for any new or changed weight steps and the corresponding costs associated with them in light of cost coverage targets. Also, it would depend on proposed service differences between the two classes.

(i) Yes.

(j) The gap between the First-Class Mail and Priority Mail rate schedules was an issue in rate design. As witness Sharkey noted in his response to NDMS/USPS-T33-1(c), keeping the gap as small as possible, subject to the cost coverage target, was considered. This was a factor in why he proposed passing along a less-than-average percentage increase in the two-pound rate.

Also, please recognize that the 2-pound rate is an average rate based on pieces weighing between 12 and 32 ounces. Because it encompasses a relatively wide range of weights, a gap between the first Priority Mail rate step and the top weight in the First-Class rate schedule is inevitable arithmetically.

As such, it is not unreasonable to have the proposed breakpoint, particularly given differences in service levels as explained in (l) below.

(k) Not applicable.

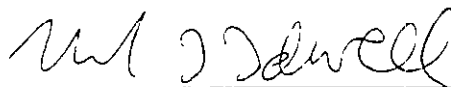
## RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES OF DBP

### RESPONSE to DBP/USPS-T13, parts (h)-(l) (Continued)

(l) As explained in part (j) above, there is a rational basis for the proposed break point across the subclasses. There are significant service differences between Priority Mail and First-Class Mail which help explain the gap. For Priority Mail, these include more rigorous service performance standards, the availability of delivery confirmation, and a special transportation network for expedited handling.

# CERTIFICATE OF SERVICE

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

A handwritten signature in black ink, appearing to read "Michael T. Tidwell", written over a horizontal line.

Michael T. Tidwell

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October 6, 1997