

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

MOTION FOR LATE ACCEPTANCE OF AND
RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS MODEN TO INTERROGATORIES OF
THE NATIONAL NEWSPAPER ASSOCIATION
(NNA/USPS-T4-7-8)

The United States Postal Service hereby provides responses of witness Moden to the following interrogatories of the National Newspaper Association: NNA/USPS-T4-7-8, filed on September 17, 1997. Each interrogatory is stated verbatim and is followed by the response.


The Postal Service moves that these response be accepted late. Our records indicated that these interrogatories were not received on the Postal Service. They were brought to our attention by the asking party approximately ten days ago.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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October 28, 1997

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MODEN
TO INTERROGATORIES OF NATIONAL NEWSPAPER ASSOCIATION

Note: Questions were incorrectly designated as numbers eight and nine and therefore have been renumbered to seven and eight.

7. Please refer to your statement on page 12, lines 13-27, referring to the permissive shift of non-barcoded flats to the 5-digit sack for service reasons when the package would otherwise not qualify.
 - a. Please provide any data indicating the volume of Periodicals mail affected by these service-related shifts.
 - b. If you do not have data on the volume involved in these shifts, please indicate whether you believe the publisher's election to use the sacking option have been rising or falling since the base year in R94-1.
 - c. How would you expect the proposed rate structure for Periodicals mail to affect this behavior by publishers?

Response:

- a. There are no data available that indicate the volume of Periodicals mail affected by these service-related shifts.
- b. I would imagine that the publisher's election to use the sacking option is greater today than in the base year of R94-1 primarily because of the financial incentives mentioned on page 12 of my testimony. The other factor could be the lack of an SCF bundle and/or SCF sack. These two presort levels were eliminated with the implementation of Classification Reform in order to simply preparation requirements. Consequently, mail not meeting the minimum requirements for a 3-digit sack could fall to an ADC or Mixed ADC sack. Many publishers, therefore, have elected for service reasons to prepare less than required 5-digit and/or 3-digit sacks in order to keep the

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mail at the local plant level. Note: A proposal to reinstate the SCF sack was recently published in the Federal Register.

c. It is difficult to predict how the proposed rate structure could affect the behavior by publishers. The lower 5-digit rate might cause publishers to prepare more less than required sacks. Also, as exhibited in my response to 7(c), publishers also prepare less than required sacks for service reasons, so the behavior is not entirely driven by the rate structure.

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8. Please refer to your testimony on pages 18-19.
 - a. Please confirm that the Postal Service maintains a Surface Preferential Mail Network.
 - b. Please describe the network.
 - c. Does the network direct Periodicals mail through Bulk Mail Centers or other mail processing facilities or both?
 - d. If both types of facilities are used, how does the Postal Service determine whether to handle Periodicals volume at Bulk Mail Centers as opposed to other mail processing centers.
 - e. What percentage of regular rate subclass Periodicals mail is handled through Bulk Mail Centers?

Response:

- a. Confirmed.
- b. The Postal Service maintains a Surface Preferential Network. One component of the network that specifically applies to Periodical mail is the Periodical Hub Network. This network is an internal network that is used only for the routing of direct containers (i.e., pallets, rolling stock, etc.) of Periodical mail.
- c. Periodicals are directed through Bulk Mail Centers and Processing & Distribution Centers.
- d. The handling of Periodicals is determined locally based on transportation, space, staffing, and ability to meet service commitments.
- e. I do not know the percentage of regular rate subclass Periodicals mail that is handled through Bulk Mail Centers.

DECLARATION

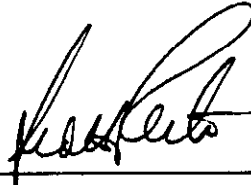
I, Ralph J. Moden, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information and belief.

Ralph J. Moden

Dated: 10/27/97

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.



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