

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE TO
ASSOCIATION FOR POSTAL COMMERCE, *et al.*, WITNESS PURSLEY
(USPS/POSTCOM-T2-2-6)

Pursuant to Rules 25 and 26 of the Commission's Rules of Practice and
Procedure, the United States Postal Service hereby directs interrogatories
USPS/POSTCOM-T2-2-6 to Association for Postal Commerce et al., witness Pursley.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE
TO ASSOCIATION FOR POSTAL COMMERCE WITNESS PURSLEY

USPS/POSTCOM-T2-2. Please refer to your testimony at page 2, lines 19 to 21, where you claim that destination entry discounts must keep pace with increases in mailer costs.

- a. Please confirm that destination entry discounts must be based on avoidance of costs incurred by the Postal Service. Please provide a full explanation of any failure to confirm.
- b. Please explain why, if the costs of mailers performing worksharing activities have risen faster than the costs of the Postal Service performing such activities, the Postal Service should increase the incentive for mailers to perform the work, rather than performing the tasks itself, as the low cost provider?

USPS/POSTCOM-T2-3. Please refer to your testimony at page 3 where, at line 8 you identify the proposed passthroughs of 87 percent, 85 percent and 85 percent, and at line 18 where you note that the passthroughs recommended by the PRC in Docket No. R2000-1 ranged from 82 percent to 84 percent. Please also refer to line 20 where you note that in Docket No. R2001-1, the Postal Service proposed passthroughs of 85 percent. Please confirm that the passthroughs proposed in this docket of 87 percent, 85 percent and 85 percent are consistent with or higher than those proposed or recommended in Docket Nos. R2000-1, R2001-1, and R2005-1.

USPS/POSTCOM-T2-4. Please refer to your testimony at page 5, lines 7 through 10, where you state that a mailer's decision to drop ship is based on whether the mail is palletized and whether the cost of drop shipping exceeds postage savings.

- a. Please confirm that, according to Table 8 of Appendix C of USPS-LR-L-88, more than half of Standard Mail in sacks is entered at a destination facility.
- b. Please confirm that a mailer's decision to transport mail on pallets may depend on the following considerations:
 - i. the volume of mail destinating to one geographic area;
 - ii. the production process in the mailer's/printer's plant
- c. Please confirm that if the cost of drop shipping exceeds the postage savings, it would be inefficient for the mailer to continue dropshipping.
- d. If your response to part (c) is affirmative, please confirm that under such circumstances, mailers may continue to dropship for service performance reasons.

USPS/POSTCOM-T2-5. Please refer to your testimony at pages 5-6, where you state that your proposed passthroughs will increase the differential between DBMC and DSCF entry rates to provide incentive for mailers to bring mail closer to the ultimate destination.

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TO ASSOCIATION FOR POSTAL COMMERCE WITNESS PURSLEY

- a. Please confirm that, according to Table 8 of Appendix C of USPS-LR-L-88, 50 percent of Standard Mail on pallets is already entered at the DSCF, and 8 percent of Standard Mail on pallets is entered at the DDU.
- b. Please confirm that the same table shows that 29 percent of Standard Mail in sacks is already entered at the DSCF, and 19 percent of Standard Mail in sacks is entered at the DDU.
- c. Please identify the source of the mail that will shift from origin entry to destination entry as a result of the incentives your proposed rate design would offer.

USPS/POSTCOM-T2-6. Please refer to page 8 of your testimony at lines 3 through 8.

- a. Please confirm that any particular mailing job for a Periodicals publication will have a fixed, or nearly fixed, number of pieces destinating to any given 5-Digit ZIP Code. If not confirmed, please explain.
- b. Please confirm that the ability to create a pallet of mail to any given 5-Digit ZIP Code destination will depend on the number of pieces destinating within that ZIP Code. If not confirmed, please explain.
- c. Please confirm that efficient use of the floor space on a given truck transporting mail to a given destination will be based on the number of pallets that can fit on the truck, and the volume of mail on each pallet. If not confirmed, please explain.
- d. In light of your responses to parts (a) through (c), please explain how deeper destination entry discounts can:
 - i. Affect any of the responses to (a) through (c); and
 - ii. Increase the number of pieces entered for any given 5-Digit ZIP Code.