

USPS/PB-T1-15 Please refer to your testimony at page 8, lines 18 - 20. Where, and by whom, is a “policy objective” of a “universal workshare discount” stated? How would you define the term “universal workshare discount”?

RESPONSE

The phrase “universal workshare discount” as I use it in the context of my testimony, is intended to mean expanded workshare opportunities, based on rates that comport with ECPR for a larger group of mail users who may not currently take advantage of workshare discounts. I state in my testimony that the promotion of postal sector productive efficiency, the reduction of the Postal Service’s end-to-end costs, and lower postal rates for mail users is a policy objective worth pursuing.

USPS/PB-T1-16 Please refer to your testimony at page 10, lines 1 - 3. Your statement about the average haul of First-Class Mail relative to the average haul of all other classes of mail is stated as an expectation. Do you have any empirical information to confirm that expectation? If empirical information were to contradict that expectation, would not that necessarily imply that the magnitude of potential benefits of distance related rates for First-Class Mail is likely to be smaller than your testimony suggests? Please explain fully.

RESPONSE

No. According to the response of the Postal Service to PB/USPS-T32-49, the Postal Service does not have any empirical information to contradict my expectation. My testimony does not attempt to quantify the “magnitude of potential benefits” of distance-related rates for First-Class Mail. Rather, my testimony simply states that in FY 2005, transportation costs for First-Class Presort Letters totaled \$432 million or about .9 cents per piece, and points out that some fraction of the \$2.372 billion mail processing costs and their associated piggybacks in FY 2005 could be avoided by entering mail deeper into the system. I performed no specific calculations based on average haul. Moreover, regardless of the average haul of First-Class Mail, a distance-related discount would save some of these costs.

USPS/PB-T1-17 Please refer to your testimony at page 15, lines 17 - 19. How would you propose to implement a discount for properly addressed mail pieces (e.g., considering that when pieces are mailed, whether or not they are properly addressed is not known)?

RESPONSE

My testimony discusses the concept of expanding worksharing to include address quality rather than the implementation of that concept. It bears noting that in Standard Mail, the Postal Service charges a forwarding fee for Standard Mail letters and flats that require forwarding as requested by the mailer, notwithstanding the fact that the quality of the address is unknown when the pieces are mailed. Thus, in that case, an indirect “worksharing discount” is accomplished through unbundling the forwarding component of end to end service. Presumably, something similar could be applied to First-Class Mail.

USPS/PB-T1-18 Please refer to your testimony at page 18, lines 10 - 11. Please explain how “the costs of the Postal Service would fall by more than the revenues lost through the discount” if (a) “the Postal Service saves \$0.10 for each piece” (pg. 16, lines 23 - 24), and (b) the discount is \$0.10 (pg. 18, line 8).

RESPONSE

This is a typographical error. The phrase should read “the costs of the Postal Service would fall by the amount of the revenues lost through the discount.” My testimony will be changed to reflect this.