

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

NOTICE OF PRICE ADJUSTMENT

Docket No. R2009-2

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 6
(March 12, 2009)

Chairman's Information Request (ChIR) No. 6 was issued on March 6, 2009. The request sought answers no later than March 12, 2009. Attached is the Postal Service's response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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March 12, 2009

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Q. In comments submitted March 2, 2009, the Governor of Alaska makes reference to an “existing administrative solution” related to Alaska bypass mail that would help lower the impact of proposed rates on Alaska residents. Further, in comments filed March 2, 2009, the Alaska Congressional Delegation makes reference to a potential approach that contains similar attributes.

Please comment on whether the Postal Service is actively working to implement administrative changes that would have the effect of reducing the impact of proposed rate increases on parcels destined for delivery within Alaska, and your expectations as to whether and when any such efforts might provide relief.

RESPONSE:

The Postal Service is working together with shippers and air carriers in Alaska to change (and simplify) the acceptance process for Alaska Bypass mail. The current method involves counter-productive banding and strapping of goods on a pallet into distinct packages weighing up to 70 pounds¹. These constructed packages serve little purpose other than to facilitate the current administration of the prices. The new method will allow for simpler preparation of this mail that forgoes the combination of goods into distinct packages. This will reduce handlings for those preparing the shipments and result in more densely built pallets. In addition, a more even distribution of airlift “load factors” throughout the week can be achieved.

Under this administrative change, the Parcel Post prices still apply. The total weight of the palletized items is determined, and that weight is divided by 70 to determine the minimum number of packages that could have been created. The 70-pound price will apply to this quantity.² A consequence of the administrative change, which can be implemented on May 11, 2009, is a reduction in the impact of the proposed price increases. The reduced impact is due to the ability to claim the 70-pound price (which is lower on a per-pound

¹ 70 pounds is the maximum weight of a package in the Mail Classification Schedule. Due to the nature of the contents, most of the packages constructed to meet the preparation requirements in this instance are lighter than 70 pounds.

² Any residual weight would be priced at the relevant price for a package of that weight. For example, a pallet with 1000 pounds of goods would be priced at the 70-pound price for 14 units (covering 980 pounds), and the 20-pound price for the residual.

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basis than pieces of lighter weight) for a larger proportion of the pallet than is the case under the current method. The current preparation likely results in packages of lighter weight than 70 pounds, and the postage is applied to the weights of these individual packages. The ability to apply this 70-pound price helps offset the effect of the price increase, which, all else equal, would have resulted in large increases as noted in the comments filed March 2, 2009. Of course, the extent of the reduced impact depends on the characteristics of an individual shipment, and the weight of the packages would have been created; nevertheless, this administrative change is the one referred to in many of the comments filed in this docket and has the consequence of limiting the increased postage for these shipments.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

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