

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Notice of Price Adjustment and
Classification Changes Related to
Move Update Assessments

Docket No. R2010-1

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued October 28, 2009)

To clarify the basis of the Postal Service's proposed Move Update assessment charge, filed October 15, 2009, the Commission requests the Postal Service to provide a written response to the following questions. Answers to the questions should be provided as soon as they are developed, but no later than November 3, 2009.

1. Please refer to the calculations of the revenue effects of the assessment charge for First-Class Mail (in Appendix B2) and Standard Mail (in Appendix B3).¹ The calculations imply that the charge will apply to all shapes of Standard Mail, but only letter-shaped First-Class Mail.
 - a. Please confirm that the assessment charge will apply to all shapes of Standard Mail, but only to letter-shaped First-Class Mail. If not confirmed, please explain and revise the Appendices to reflect the intended application of the assessment charge.
 - b. Please also confirm that the "Assessed Pieces as % of RPW Volume" percentages calculated in Appendix B1 utilize letter-shaped volumes in the numerator (from MERLIN tests) and denominator (from RPW) for First-Class Mail, and volumes for all shapes in the numerator and

¹ See United States Postal Service Notice of Market Dominant Price Adjustment and Classification Changes, October 15, 2009 (Notice).

denominator for Standard Mail. If not confirmed, please explain and revise Appendix B1 as necessary.

2. Has the Postal Service evaluated the potential for mailers to respond to the proposal by using an exceptional address format (e.g., “or current occupant”) as a means of avoiding the assessment charge? If so, please describe the evaluation, provide the results and conclusions, and explain the effect of this on the cost and revenue impact of the proposal.
3. The Postal Service asserts that the assessment charge will encourage compliance with rules for cleaner addresses, thus reducing the Postal Service’s costs. *See id.* at 12.
 - a. Please provide an estimate of the additional costs associated with mailings that do not satisfy the allowable 30 percent tolerance. Please show all calculations, identify all sources, and explain all assumptions.
 - b. Please explain the rationale for the relationship between the level of the charge (7 cents) and these additional costs.
 - c. Does the Postal Service have any plans or intention to implement rate incentives to ensure compliance with other rules for cleaner addresses (e.g., CASS certification)? Please explain.
4. Please refer to Appendix A, which contains proposed changes to the Mail Classification Schedule (MCS).
 - a. The MCS is being developed as a stand-alone document with either limited or no reference to other documents or parties (e.g., the DMM, IMM, or “as specified by X”). So that the pertinent parameters of the service or product can be fully described in the MCS, please explain what is meant

by each use of the phrase “as specified by the Postal Service” in the proposed MCS language.

- b. Please confirm that the Postal Service does not intend to apply the Move Update Assessment Charge to single-piece First-Class Mail. If not confirmed, please explain.
5. The Postal Service states that “Performance Based Verification does not by itself establish compliance or noncompliance with the Move Update standards.” *Id.* at 5. It also states that mailings that do not meet the Move Update requirement will be subject to single-piece First-Class Mail prices. *Id.* at 2, n.1. Please describe all other measures and procedures, in addition to Performance Based Verification, that the Postal Service will employ to establish compliance or noncompliance with Move Update standards. Please explain how a final determination of compliance or noncompliance will be made.
6. The Postal Service states that it intends to reduce the 30 percent tolerance “as necessary to ensure that address quality improves.” *Id.* at 4. Does the Postal Service intend to eventually phase out the tolerance? Please explain.

Ruth Y. Goldway
Chairman