

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

NOTICE OF MARKET-DOMINANT
PRICE ADJUSTMENT

Docket No. R2013-10

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 3,
QUESTION 3
(October 28, 2013)

The Postal Service hereby files its responses to question 3 of Chairman's Information Request No. 3, issued on October 18, 2013. The question is stated verbatim, and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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3. On page 16 of its Notice, the Postal Service states that it plans to require the "previously optional FSS preparation for all flat-shaped mail pieces destinating in FSS zones."
- a. Please provide the implementation date for this requirement.
 - b. Please indicate what prices will apply to flat-shaped mailpieces destinating in FSS zones that do not meet the FSS preparation requirements.
 - c. Please specify what adjustments were made to the billing determinants pursuant to 39 CFR 3010.23(d) to reflect this change. If no adjustments were made, please explain in detail how the redefinition of the automation flat rate cells is accounted for in the CPI-based price cap calculations.
 - d. Please provide the affected volume by rate category for First-Class Mail, Periodicals, Standard Mail, and Bound Printed Matter and cap calculation spreadsheets for First-Class, Standard Mail, Periodicals, and Bound Printed Matter that reflect the new prices that will be charged for these volumes.

RESPONSE:

- a. January 26, 2014
- b. As this implementation goes forward we will work with mailers on FSS preparation, explaining that the required preparation actually would reduce their preparation costs, by allowing mailers to create fewer bundles. Therefore, it is counterintuitive that mailers would not take advantage of this opportunity. As we have seen in other implementations of this nature, we expect to see mailers comply by the time FSS preparation is required. Mailers with pieces that do not meet the FSS preparation requirements will be able to withdraw the mailing, and bring it back once it meets those requirements. They can also choose a different level of service that allows their level of preparation, such as First-Class Mail single piece.
- c-d. The workpapers (including the CPI-based price cap calculations) reflect the reasonable expectation that all mail destinating in FSS zones will meet

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the FSS preparation requirements. No billing determinant adjustments are possible because the Postal Service does not have data on the affected volume, that is, the proportion of mail during the billing determinants year that did not meet the FSS preparation requirements.