

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORY OF DAVID B. POPKIN (DBP/USPS-238)  
(July 21, 2006)

The United States Postal Service hereby provides its institutional response to the following interrogatory of David B. Popkin, filed on July 7, 2006:

DBP/USPS-238

The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSE OF UNITED STATES POSTAL SERVICE TO  
INTERROGATORY OF DAVID B. POPKIN

**DBP/USPS-238.** Has the Postal Service made any estimates as to the level of expected compliance with their proposals to institute shape based rates for First-Class Mail and dimension weights for Priority Mail? If so, please provide the estimates including any breakdowns by the type of mailer and the period of time evaluated. The level of compliance is defined as the payment of the proper postage for the specific mailpiece. Please discuss the rationale for each of the estimates.

**RESPONSE:**

The Postal Service did not make any such estimates for First-Class Mail. This was based on the notion that the distinction among letters, flats and parcels is something that is familiar to Postal Service mail acceptance personnel, or at least is something that will be learned relatively easily. In addition, the great majority of letters, flats and parcels should be readily identifiable by shape. The Postal Service acknowledges that 100 percent compliance is not theoretically possible, but has no basis for positing any particular compliance rate short of 100 percent. To the extent that compliance turns out to be less than 100 percent, the revenue estimate for First-Class Mail is probably overstated.

Priority Mail dim-weighting, on the other hand, will require a new kind of mail piece distinction (parcels exceeding one cubic foot in volume), new measurement specifications (length, width and height, as opposed to the traditional length and girth for balloon-rate, oversized-rate and maximum-permissible-parcel-size determinations), and will affect parcels that typically are not seen all that often by the retail associate (*e.g.*, per USPS-T-33, at 27, lines 9 - 12, only an estimated two dim-weight parcels daily per post office, on average). Therefore a Test Year compliance rate below 100 percent was posited. An "estimate" was made in the sense that another postal administration,

RESPONSE OF USPS WITNESS PAJUNAS (USPS-T-45) TO  
INTERROGATORY OF THE ASSOCIATION OF PRIORITY MAIL USERS, INC.

**RESPONSE TO DBP/USPS-238 (cont.)**

Australia Post, was benchmarked. Australia Post conjectured retrospectively “over 50 percent” compliance in the first year after implementation of dim-weighting in 1993. See USPS-T-33 at 16, lines 2 - 4. Witness Scherer (USPS-T-33) chose, in comparison, a conservative compliance rate, the midpoint of 25 to 50 percent (37.5 percent). This was posited on the basis of dim-weighting representing an acknowledged “culture change,” and the U.S. Postal Service having larger and more diffuse operations than Australia Post. See USPS-T-33 at 27, lines 13 - 18. Please also note the unavoidable uncertainty associated with dim-weighting referenced in witness Scherer’s USPS-LR-L-120, at 4: “As an entirely new pricing paradigm, dim-weighting is uncharted territory for Priority Mail. Information is not available to model the four posited behavioral responses in a strictly empirical manner. Invariably, some assumptions have to be made.”

## **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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