

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 WITNESS KIEFER
TO INTERROGATORY OF PARCEL SHIPPERS ASSOCIATION
(PSA/USPS-T36-7)

The United States Postal Service hereby files the response of witness Kiefer to above-listed interrogatory, filed on June 26, 2006.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Nan K. McKenzie

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3089; Fax -5402
July 10, 2006

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INTERROGATORY OF PARCEL SHIPPERS ASSOCIATION

PSA/USPS-T36-7. Please refer to lines 24 through 27 on page 17 of your testimony, which states, “[i]t gains visibility for these parcels in the Postal Service’s cost and volume reporting systems. Because of this enhanced visibility, we will expect to have better information on which to base pricing decisions for parcels in the future.”

(a) Please explain fully how your rate design proposal will gain “visibility for [Standard Mail] parcels in the Postal Service’s cost and volume reporting systems.”

(b) Please explain fully how the enhanced visibility will yield “better information on which to base pricing decisions for parcels in the future.”

RESPONSE

a-b. At present, parcel-shaped Standard Mail pieces pay postage as either RSS pieces or automation flats. The Postal Service’s RPW by Shape Report uses postage statement data for its source of Standard Mail data. Standard Mail parcel shaped pieces that can qualify for automation flat rates are recorded on postage statements as having a flat shape. Therefore, an unknown number of Standard Mail pieces that have parcel characteristics are not identified as such in the RPW by Shape Report totals. In contrast, the principal source of mail processing information, the IOCS, identifies the shape of Standard Mail based on its physical characteristics so there are cases when IOCS would identify a Standard Mail item as a parcel when the RPW by Shape report would report it as a flat. Under my proposals, parcel-shaped pieces will be separately distinguished and pay postage as parcels. This will eliminate the data disconnect between the RPW by Shape Report and IOCS. Furthermore, because of the enhanced presort and drop ship categories being proposed, the Postal Service will have reasonably accurate Standard Mail parcels data by detailed presort, machinability and entry levels. The more accurate cost information, together with a better picture of Standard Mail parcels’ mail characteristics are the “better information” I was referring to in my testimony. This information will significantly improve the Postal Service’s resources for pricing Standard Mail parcels in the future.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

Nan K. McKenzie

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