

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

POSTAL RATE AND FEE CHANGES

Docket No. R2006-1

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH, USPS-T13,
TO INTERROGATORY OF MAGAZINE PUBLISHERS OF AMERICA, INC., AND
ALLIANCE OF NONPROFIT MAILERS: MPA/USPS-T13-1
(July 13, 2006)**

The United States Postal Service hereby provides its response to the above-referenced interrogatory, filed on June 29, 2006.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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July 13, 2006

**RESPONSE OF POSTAL SERVICE WITNESS MARC A. SMITH TO
INTERROGATORY OF MAGAZINE PUBLISHERS OF AMERICA, INC., AND
ALLIANCE OF NONPROFIT MAILERS**

MPA/USPS-T13-1. Please refer to your attachment to PSA/USPS-T13-3, your response to PSA/USPS-T13-9(d), and page 41 of USPS-LR-L-43.

(a) Do you believe that the most likely explanation for the difference between the RPW estimate of 1.8 million Periodicals Outside County parcels and the ODIS estimate of 36.6 million Periodicals Outside County parcels is that ODIS records Periodicals Outside County automation flats that are between $\frac{3}{4}$ inch and $1\frac{1}{4}$ thick as parcels, and RPW records these mailpieces as flats? If not confirmed, please explain fully.

(b) Please confirm that IOCS records the costs for Periodicals Outside County automation flats between $\frac{3}{4}$ inch and $1\frac{1}{4}$ thick as Periodicals Outside County parcel costs. If not confirmed, please explain fully.

(c) Please confirm that the vast majority of mail processing costs reported for Periodicals Outside County parcels are probably incurred processing Periodicals Outside County flats. If not confirmed, please explain fully.

(d) Please provide the unit cost for Periodicals Outside County nonletters by cost pool for each of the cost pools shown on page 41 of USPS-LR-L-43. Produce documents sufficient to verify your response.

RESPONSE:

- a. I do not know. As indicated in my response to PSA/USPS-T13-3, I have only looked into these sorts of issues with regard to Standard Regular. It may be of help to see the response of witness Harahush to POIR No. 5, question 16, part b.
- b. Confirmed.
- c. I do not know. See my response to PSA/USPS-T13-1, part e.
- d. This is provided in the attachment. The attached spreadsheet, Periodicals Outside County Non-Letters.xls, contains the calculations using data from shp08usps.xls of USPS LR-L-53.

RESPONSE OF POSTAL SERVICE WITNESS MARC A. SMITH TO
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TEST YEAR MAIL PROCESSING UNIT COSTS
BY COST POOL FOR NON-LETTERS

	Volumes	MODS 11 D/BCS	MODS 11 OCR/	MODS 12 AFSM100	MODS 12 FSM/1000	MODS 13 MECPARC	MODS 13 SPBS OTH	MODS 13 SPBSPRIO	MODS 13 1SACKS_M	MODS 13 1TRAYSRT	MODS 14 MANF	MODS 14 MANL	MODS 14 MANP	MODS 14 PRIORITY
PERIODICALS OUTSIDE COUNTY--FLATS (FROM sph08usps.xls, Flats (4), row 21)	8,207,322	0.038	0.012	1.148	0.546	0.003	1.215	0.047	0.110	0.107	0.615	0.095	0.042	0.019
PERIODICALS OUTSIDE COUNTY--PARCELS (FROM sph08usps.xls, Parcels (4), row 21)	1,713	2.086	-	26.123	21.392	0.589	744.889	12.116	36.481	15.783	40.309	0.357	0.669	46.820
PERIODICALS OUTSIDE COUNTY--NON-LETTERS (WEIGHTED AVERAGE OF FLATS AND PARCELS)	8,209,035	0.038	0.012	1.153	0.550	0.003	1.370	0.050	0.118	0.111	0.623	0.095	0.042	0.029

NOTE: COSTS INCLUDE LABOR AND PIGGYBACK COSTS.

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	MODS 15	MODS 17	MODS 17	MODS 17	MODS 17	MODS 17	MODS 17	MODS 17	MODS 17	MODS 17	MODS 17	MODS 17	MODS 17	MODS 18
	LD15	1CANCEL	1DSPATCH	1FLATPRP	1MTRPREP	1OPBULK	1OPREF	1OPTRANS	1PLATFRM	1POUCHNG	1PRESORT	1SACKS_H	1SCAN	BUSREPLY
PERIODICALS OUTSIDE COUNTY--FLATS (FROM sph08usps.xls, Flats (4), row 21)	0.024	0.048	0.277	0.978	0.010	0.177	0.489	0.108	1.514	0.160	0.021	0.171	0.044	0.000
PERIODICALS OUTSIDE COUNTY--PARCELS (FROM sph08usps.xls, Parcels (4), row 21)	3.279	0.001	106.039	57.209	0.022	37.699	63.599	17.900	392.758	60.620	0.962	117.958	1.625	0.108
PERIODICALS OUTSIDE COUNTY--NON-LETTERS (WEIGHTED AVERAGE OF FLATS AND PARCELS)	0.025	0.048	0.299	0.990	0.010	0.184	0.502	0.111	1.596	0.173	0.021	0.196	0.044	0.000

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	MODS 18	MODS 18	MODS 18	MODS 18	MODS 18	MODS 19	MODS 49	MODS 79	MODS 99	BMCS	BMCS	BMCS	BMCS	BMCS
	EXPRESS	MAILGRAM	REGISTRY	REWRAP	1EEQMT	INTL ISC	LD49	LD79	1SUPP_F1	NMO	OTHR	PLA	PSM	SPBS
PERIODICALS OUTSIDE COUNTY--FLATS (FROM sph08usps.xls, Flats (4), row 21)	0.004	0.000	0.004	0.033	0.061	0.034	0.561	0.087	0.441	0.000	0.105	0.192	0.003	0.066
PERIODICALS OUTSIDE COUNTY--PARCELS (FROM sph08usps.xls, Parcels (4), row 21)	0.304	-	2.635	0.231	11.473	8.677	22.511	-	96.529	-	64.495	71.020	14.548	7.470
PERIODICALS OUTSIDE COUNTY--NON-LETTERS (WEIGHTED AVERAGE OF FLATS AND PARCELS)	0.004	0.000	0.005	0.033	0.063	0.036	0.566	0.087	0.461	0.000	0.119	0.207	0.006	0.067

NOTE: COSTS INCLUDE LABOR AND PIGGYBACK COSTS.

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TEST YEAR MAIL PROCESSING UNIT COSTS
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	BMCS	PO/STA/BR								
	SSM	ALLIED	AUTO/MEC	EXPRESS	MANF	MANL	MANP	MISC	REGISTRY	
PERIODICALS OUTSIDE COUNTY--FLATS (FROM sph08usps.xls, Flats (4), row 21)	0.127	1.045	0.022	-	2.279	0.081	0.030	0.496	0.003	13.693
PERIODICALS OUTSIDE COUNTY--PARCELS (FROM sph08usps.xls, Parcels (4), row 21)	58.396	87.465	-	43.448	72.629	17.211	175.021	46.206	2.779	2,610.443
PERIODICALS OUTSIDE COUNTY--NON-LETTERS (WEIGHTED AVERAGE OF FLATS AND PARCELS)	0.139	1.063	0.022	0.009	2.294	0.084	0.067	0.505	0.004	14.235

NOTE: COSTS INCLUDE LABOR AND PIGGYBACK COSTS.

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.

Frank R. Heselton

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