

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes,
2006

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Docket No. R2006-1

SECOND SET OF INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA, INC.
AND ALLIANCE OF NONPROFIT MAILERS
TO USPS WITNESS TANG
(MPA/USPS-T35-3-7)
(June 7, 2006)

Pursuant to sections 25, 26 and 27 of the rules of practice, Magazine Publishers of America, Inc., and Alliance of Nonprofit Mailers direct the following interrogatories to United States Postal Service witness Rachel Tang (USPS-T-35). If the witness cannot answer a question or subpart, we request that the Postal Service answer through another witness or submit an institutional response.

Respectfully submitted,

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MPA/USPS-T35-3. Please refer to USPS-LR-L-126, R2006-1 Outside County.xls, worksheet 'Rates.'

(a) Please confirm that the average pound rate for destination-entered advertising pounds is 16.7 cents less than the average pound rate for Zones 1-8 advertising pounds. If not confirmed, please provide the correct figure and your underlying calculations.

(b) Please confirm that the average pound rate for destination-entered editorial pounds is 3.7 cents less than the average pound rate for Zones 1-8 editorial pounds. If not confirmed, please provide the correct figure and your underlying calculations.

(c) Please confirm that the average passthrough of the pound-related costs avoided by dropshipping editorial pounds is only 22% (3.7 cents divided by 16.7 cents). If not confirmed, please explain fully and provide the correct figure.

(d) Taking into account your responses to subparts (a)-(c) of this interrogatory, would you agree that, under the proposed rates, dropshipping an editorial pound increases the Periodicals Outside County subclass contribution by an average of 13 cents per editorial pound? If not confirmed, please provide the correct figure.

MPA/USPS-T35-4. Please refer to USPS-LR-L-126, R2006-1 Outside County.xls, 'Piece Discounts.'

(a) Please confirm that 30 percent of Periodicals Outside County volume is entered at the 5-Digit Automation Flat rate. If not confirmed, please provide the correct figure.

(b) Please confirm that 47 percent of Periodicals Outside County volume is entered at Carrier Route rates. If not confirmed, please provide the correct figure.

(c) Please confirm that two percent of Periodicals Outside County volume is entered at the 5-Digit Nonautomation rate. If not confirmed, please provide the correct figure.

(d) Based upon your knowledge of comailing, would you expect that one major effect of comailing on mail preparation is the upgrading of flats from the 5-Digit Automation rate to the Carrier Route Basic rate? Please explain your response fully.

(e) Would you expect that, for most publications, the savings available from upgrading 5-Digit Automation Flats to the Carrier Route Basic piece rate provide the single largest postage incentive to comail? Please explain your response fully.

(f) Given your response to subparts (a) through (e) of this interrogatory, would you agree that the relationship between the 5-Digit Automation Flat rate and the Carrier Route Basic rate has more practical importance than the relationship between the 5-Digit Nonautomation rate and the Carrier Route Basic rate? Please explain your response fully.

MPA/USPS-T35-5. Please refer to Section IV.A of your testimony, which discusses the container charge. Assume that a publisher has 400 pounds of Periodicals Outside County Carrier Route flats for each of the following four ZIP Codes: 200AA, 200BB, 200CC, and 200DD.

(a) Please confirm that such a publisher has the option of entering this mail on four 5-Digit pallets. If not confirmed, please explain fully.

(b) Please confirm that the publisher has the option of entering this mail on one 3-Digit pallet. If not confirmed, please explain fully.

(c) Please confirm that under the proposed rates entering this mail on four 5-Digit pallets (as opposed to one 3-Digit pallet) would increase the publisher's postage. If not confirmed, please explain fully.

MPA/USPS-T35-6. Please refer to page 6 of PRC Order No. 1446, which states that "progress towards a more cost-based structure is both possible and necessary to increase efficiencies in the Periodicals rates." Do you agree with the quoted statement? If not, please explain your response fully.

MPA/USPS-T35-7. Please refer to lines 8 through 13 on page 11 of your testimony where you state:

I propose replacing the per-piece pallet discounts and the experimental co-palletization discounts with a combination of the introduction of editorial pound dropship rates, the increased per-piece dropship discounts, and the container rate discussed above in the pound rate section. An assessment of the impact makes me expect that mailers would have comparable if not better incentives under these proposals.

Does your statement that "[a]n assessment of the impact makes me expect that mailers would have comparable if not better incentives under these proposals" mean that, on average, your proposal only marginally increases the postage

incentive to palletize and dropship periodicals? Please explain your response fully.