

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

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORY OF  
MAGAZINE PUBLISHERS OF AMERICA  
(MPA/USPS-T0-1)

The United States Postal Service hereby provides its response to the following interrogatory of Magazine Publishers of America: MPA/USPS-1, filed on February 8, 2000.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



Susan M. Duchek

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2990 Fax -5402  
February 22, 2000

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE  
MAGAZINE PUBLISHERS OF AMERICA

**MPA/USPS-1.** Please refer to Columns (1)-(4) of Base Year 1998 – USPS Version WS 10.0.3 P1 and Columns (1)-(4) of Fiscal Year 1998 – PRC Version WS 10.0.3 P1.

- (a) Please confirm that total letters and flats pieces from FY 1998 2858R Survey Data are approximately half the total letters and flats pieces from the FY 1996 2858R Survey Data. If confirmed, please explain in detail why this is so. If not confirmed, please provide the appropriate percentage change figure between the two years and provide an explanation of the change.
- (b) Please confirm that according to the National Mail Count, flats (as a percentage of total flats and letters) decreased from 42 percent in 1996 to 40 percent in FY 1998, while according to the 2858R Survey, flats (as a percentage of total flats and letters) increased from 33 percent in FY 1996 to 36 percent in FY 1998. If confirmed, please explain in detail these conflicting trends. If not confirmed, please provide the correct figures and explain the trends.

**RESPONSE:**

- (a) Confirmed. For FY 1996, four (4) weeks of 2858R Survey data was used, whereas for FY 1998, only two (2) weeks of 2858R Survey data was used. The FY 1998 data are being revised to reflect four (4) weeks of 2858R data.
- (b) Not confirmed. For FY 1998, the percentage of flats for the 2858R Survey Data shown in the cited work papers is incorrect. The correct percentage should be 33.91, which is about one-half percent higher than the FY 96 flats proportion. Two potential reasons for the difference in trends between the two systems are sampling error in the 2858R Survey Data, and improved training for 2858R Survey data collectors. The 2858R Survey, otherwise known as the Rural Carrier Cost System, is designed to produce precise annual estimates, with a sample size of over 6,000 tests. However, for the four-week period of the National Mail Count, only 352 Rural Carrier Cost

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System tests were conducted. Sampling error associated with the small sample size may account for some of the observed difference. Furthermore, because of the disparity in the flats proportion between the National Mail Count and the Rural Carrier Cost System in previous years, extensive training was provided to data collectors to ensure that they properly recorded non-DPS (delivery point sequence) mailpieces over five (5) inches high as flats, to ensure the 2858R Survey Data is consistent with the way routes are evaluated. This improved training may have contributed to the divergent trends while reducing the disparity between the two data sources. As the attached spreadsheet indicates, changes resulting from the discovery of this error are very small.

Base Year 1998 - USPS Version  
 C/S 10 RURAL CARRIERS  
 VOLUME VARIABLE COST WITH NEW FLATS ADJUSTMENT

LINE NO	CLASS, SUBCLASS, OR SPECIAL SERVICE	C/S 10 EVALUATED AND OTHER ROUTES, BY 98	C/S 10 EVALUATED AND OTHER ROUTES, BY 98, USING NEW FLATS ADJUSTMENT	BY 98, TOTAL VVC	BY 98, TOTAL VVC WITH NEW FLATS ADJUSTMENT (ESTIMATED WITH PIGGYBACK FACTOR OF 1.24%)	DIFFERENCE - NOTE THAT INCREMENTAL COST WILL HAVE THE SAME DIFFERENCE, BECAUSE IC=VVC FOR RURAL CARRIERS
1	COLUMN NUMBER	(1)	(2)	(3)	(4)	
1	FIRST-CLASS MAIL:					
2	SINGLE-PIECE LETTERS	288,432	295,423	12,412,946	12,421,615	8,669
3	PRESORT LETTERS	222,696	233,548	4,167,656	4,181,112	13,456
4	TOTAL LETTERS	511,128	528,971	16,580,602	16,602,727	22,125
5	SINGLE-PIECE CARDS	16,411	16,837	519,574	520,102	528
6	PRESORT CARDS	10,164	10,458	147,145	147,510	365
7	TOTAL CARDS	26,575	27,295	666,719	667,612	893
8	TOTAL FIRST-CLASS	537,703	556,266	17,247,321	17,270,339	23,018
9	PRIORITY MAIL	24,079	23,810	2,395,877	2,395,543	(334)
10	EXPRESS MAIL	6,133	6,133	384,614	384,614	-
11	MAILGRAMS	167	172	1,105	1,111	6
12	PERIODICALS:					
13	IN-COUNTY	15,355	14,715	76,873	76,079	(794)
14	OUTSIDE COUNTY:					
15	REGULAR	119,587	114,601	1,749,726	1,743,543	(6,183)
16	NON-PROFIT	35,517	34,036	362,146	360,310	(1,836)
17	CLASSROOM	1,010	969	13,991	13,940	(51)
18	TOTAL PERIODICALS	171,469	164,321	2,202,736	2,193,872	(8,864)
19	STANDARD MAIL (A):					
20	SINGLE-PIECE RATE	1,072	1,061	213,627	213,613	(14)
21	COMMERCIAL STANDARD:					
22	ENHANCED CARR RTE	326,363	319,324	2,234,485	2,225,757	(8,728)
23	REGULAR	350,762	346,272	5,535,163	5,529,595	(5,568)
24	TOTAL COMMERCIAL	677,125	665,596	7,769,648	7,755,352	(14,296)
25	AGGREGATE NONPROFIT:					
26	NONPROF ENH CARR RTE	13,918	13,785	169,833	169,668	(165)
27	NONPROFIT	69,221	69,841	1,130,549	1,131,318	769
28	TOTAL AGGREG NONPROF	83,139	83,626	1,300,382	1,300,986	604
29	TOTAL STANDARD (A)	761,336	750,283	9,283,657	9,269,951	(13,706)
30	STANDARD MAIL (B):					
31	PARCELS ZONE RATE	11,511	11,488	861,780	861,751	(29)
32	BOUND PRINTED MATTER	11,761	11,651	394,443	394,307	(136)
33	SPECIAL STANDARD	4,192	4,168	247,598	247,568	(30)
34	LIBRARY MAIL	805	802	41,051	41,047	(4)
35	TOTAL STANDARD (B)	28,269	28,109	1,544,872	1,544,674	(198)
36	US POSTAL SERVICE	1,336	1,362	262,798	262,830	32
37	FREE MAIL	734	730	33,441	33,436	(5)
38	INTERNATIONAL MAIL	2,786	2,827	1,311,481	1,311,532	51
39	TOTAL MAIL	1,534,012	1,534,013			
40	SPECIAL SERVICES:					
41	REGISTRY	2,588	2,588	99,336	99,336	-
42	CERTIFIED	62,423	62,423	402,771	402,771	-
43	INSURANCE	4,870	4,870	61,658	61,658	-
44	COD	2,872	2,872	14,171	14,171	-
45	SPECIAL DELIVERY	-	-	1	1	-
46	MONEY ORDERS	1,087	1,087	122,800	122,800	-
	STAMPED CARDS	-	-	3,208	3,208	-
47	STAMPED ENVELOPES	-	-	13,111	13,111	-
48	SPECIAL HANDLING	-	-	2,221	2,221	-
49	POST OFFICE BOX	-	-	473,477	473,477	-
50	OTHER	22	22	90,832	90,832	-
51	TOTAL SPECIAL SERVICES	73,862	73,862	1,283,586	1,283,586	-
52	TOTAL VOLUME VARIABLE	1,607,874	1,607,875			
53	OTHER	1,742,818	1,742,818			
54	TOTAL COSTS	3,350,692	3,350,693			

**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.

A handwritten signature in black ink, appearing to read "Susan M. Duchek", is written over a solid horizontal line.

Susan M. Duchek

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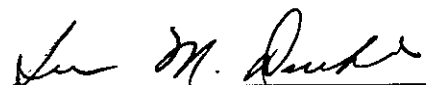
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Susan M. Duchek

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