

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

RECEIVED
FEB 22 5 04 PM '00
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS YACOBUCCI TO INTERROGATORY OF
MAGAZINE PUBLISHERS OF AMERICA
REDIRECTED FROM WITNESS SMITH (USPS-T-21)
(MPA/USPS-T21—1(d)-(I))**

The United States Postal Service hereby provides the response of witness Yacobucci to the following interrogatory of Magazine Publishers of America redirected from witness Smith (USPS-T-21): MPA/USPS-T21—1(d) through (i), 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


Anthony Alverno
Attorney

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2997; Fax -6187
February 22, 2000

**RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORY OF MAGAZINE PUBLISHERS OF AMERICA REDIRECTED
FROM WITNESS SMITH**

MPA/USPS-T21-1. Please refer to Table 4 from witness Degen's testimony in R97-1 (USPS-T-12) and to Table 1 from witness Van-Ty-Smith's testimony in R2000-1 (USPS-T-17). These two sources give total mailing processing costs by cost pool for 1996 and 1998, respectively. A comparison of these figures shows that the FSM cost pool increased by 41 percent over this two-year period, from \$737 million to \$1.04 billion. Over the same period, the MANF cost pool decreased by 11 percent, from \$515 million to \$460 million. Combining the figures for these two cost pools shows that the total costs for both mechanized and manual flats processing increased by 20 percent, from \$1.25 billion to \$1.50 billion.

* * * * *

- (d) State what percentage of machinable flats is processed by manual methods and what percentage is processed by machine methods. Please provide figures for 1996, for 1998, and those projected for 2001.
- (e) State what percentage of machinable periodicals flats is processed by manual methods and what percentage is processed by machine methods. Please provide figures for 1996, for 1998, and those projected for 2001.
- (f) State what percentage of machinable First Class flats is processed by manual methods and what percentage is processed by machine methods. Please provide figures for 1996, for 1998, and those projected for 2001.
- (g) State what percentage of machinable Standard A flats is processed by manual methods and what percentage is processed by machine methods. Please provide figures for 1996, for 1998, and those projected for 2001.
- (h) State what percentage of machinable flats is projected to be processed on ASFM [sic] 100s in 2001.
- (i) State what percentage of machinable periodicals flats is projected to be processed on ASFM [sic] 100s in 2001.

RESPONSE:

d. - g. It is my understanding that data do not exist in order to develop the percentages of machinable flats processed by manual and machine

**RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORY OF MAGAZINE PUBLISHERS OF AMERICA REDIRECTED
FROM WITNESS SMITH**

methods for 1996 and 1998. For test year 2001 projections, please refer to USPS LR-I-90, Flats Mail Processing Cost Model. This library reference develops costs by modeling mailflows across prospective bundle and piece distribution activities for First-Class presort, Periodicals Regular, Periodicals Nonprofit, Standard Mail (A) Regular, and Standard Mail (A) Nonprofit flats. As such, data exist in the cost model that can be utilized to project the degree of test year processing activities. For all other flats such as First-Class single piece, Standard Mail (A) Regular ECR, and Standard Mail (A) Nonprofit ECR flats, data do not exist in order to develop prospective percentages of machinable flats processed by manual and machine methods for 2001.

In USPS LR-I-90, the worksheet entitled '*Mailflow Model Costs*' provides the number of pieces per modeled mail processing activity for a distinct mailflow and the worksheet entitled '*Scenario Costs*' provides the volume percentages for each distinct mailflow (please refer to USPS-T-25, pages 8-10, for a discussion on the modeling methodology). Further, the worksheets entitled '*Vols-First*,' '*Vols-Per Reg*,' '*Vols-Per Non*,' '*Vols-Std (A) Reg*,' and '*Vols-Std (A) Non*' provide total volumes.

The number of pieces and volume percentages can be combined to compute weighted pieces *per mail processing activity*. Total volumes can be used to compute weighted pieces per mail processing activity across subclasses. The weighted pieces per mail processing activity can be combined in numerous ways to compute various percentages of machinable flats processed by manual and machine methods.

**RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORY OF MAGAZINE PUBLISHERS OF AMERICA REDIRECTED
FROM WITNESS SMITH**

The resultant percentages vary and answer different questions based on (1) how the percentages' numerators treat flats that are handled multiple times possibly by both manual and machine methods through the course of outgoing and incoming distribution and (2) if the percentages' denominators are either (a) all flats, (b) all non-carrier route flats, or (c) all piece handlings.

- h. - i. It is my understanding that data do not exist in order to compute the percentage of all machinable flats that is projected to be processed on the AFSM 100s in 2001. However, USPS LR-I-90, Flats Mail Processing Cost Model, provides data as discussed in the response to (d) - (g) of this interrogatory that can be combined to compute the percentage of machinable Periodicals flats that is projected to be processed by AFSM 100s in 2001.

DECLARATION

I, David Yacobucci, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

David Yacobucci

DAVID YACOBUCCI

Dated: 2/22/00

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.


Anthony Alverio

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2997; Fax -6187
February 22, 2000