

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

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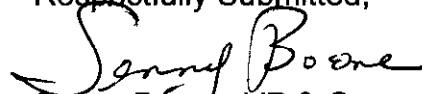
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Postal Rate and Fee Changes )  
\_\_\_\_\_)

Docket No. R2000-1

**First Set of Interrogatories of  
National Newspaper Association  
to USPS Witness Taufique  
(NNA/USPS T38 -1-6)**

Pursuant to Section 20 of the Commission's Rules of Practice, the National Newspaper Association (NNA), hereby submits the attached interrogatories to USPS Witness Taufique (NNA/USPS T38-1-6).

Respectfully Submitted,



Senny Boone, VP & General Counsel  
National Newspaper Association  
1010 N. Glebe Road  
Arlington, VA 22201  
[Sboone@nna.org](mailto:Sboone@nna.org)

Tonda F. Rush  
KING & BALLOW  
PO Box 50301  
Arlington VA 22205  
(703) 241-1480  
(703) 534-5751(fax)  
[NewsBizLaw@aol.com](mailto:NewsBizLaw@aol.com)

*Counsel for the National Newspaper Association*

March 17 2000

## QUESTIONS

Please respond in detail to the questions submitted. If you cannot answer a question because it is beyond your area of expertise, please refer it to another USPS witness who can respond.

NNA/USPS T-38-1. You list the volume and cost estimate instability as a problem of the current Periodicals subclass classification, and improved volume and cost estimate stability as a benefit of the proposed combination of the Nonprofit, Classroom, and Regular subclasses and you also note that a rate anomaly was one reason for your decision to combine the three subclasses.

- a. In what way is volume and cost estimate instability related to the Periodicals rate anomaly that led to the decision to combined these three subclasses?
- b. Is one rationale for the proposed merger of three subclasses the difficulty of capturing Nonprofit and Classroom mail in a sampling system? Please explain your response.
- c. What level of instability is deemed too great by the Postal Service to warrant continued support of a subclass?
- d. Please confirm that greater stability of the volume and cost estimates of Periodical subclasses could be obtained if increased sampling of the existing subclasses were carried out. If not confirmed, please explain.

- e. Would greater volume and cost estimate stability have allowed the Postal Service to devise rates that eliminated the rate anomaly without combining the three subclasses? Please explain.
- f. If you answered the preceding question in the affirmative, did the Postal Service consider seeking greater volume and cost estimate stability in the Nonprofit and Classroom subclasses by increasing the sample sizes? If so, please explain why this option was rejected. If not, please explain why this option was not considered.
- g. Did the Postal Service determine that a change in the Revenue Forgone Requirement Act (RFRA) would be preferable to seeking new rates for the existing subclasses before it calculated the effects of costs upon rates in the filing of this case?
- h. Were there any other elements in the decision to seek a change in RFRA besides the desire to increase stability in the cost data and to correct a rate anomaly? If so, please list them and explain.
- i. Did the Postal Service consider the merger of the Within County subclass with the other three subclasses in its current decision to seek a combination of the other three subclasses? If such a merger was considered and rejected, please explain why. If it was not considered at all, please explain why it was not.
- j. Does the Postal Service currently have any plans for future rate cases to seek a combination of the Within County subclass with the other three Periodicals subclasses?

NNA/USPS T-38-2. Please confirm that you are using FY 99 volume data in calculating cost coverages for the Within County subclass.

NNA/USPS T-38-3. Please provide the cost coverages that would have applied to the Within County subclass if you had used FY 98 volumes for the Within County subclass.

NNA/USPS T-38-4. Please refer to p. 14, lines 3-4 of your testimony, where you state “the passthroughs for Within County are by necessity much smaller than other classes because the cost study is for nonprofit mail.”

a. Notwithstanding the Postal Service’s proposal to merge Nonprofit mail with Regular Periodicals mail, what would the passthroughs of Nonprofit mail have been?

b. Does the Postal Service use Nonprofit mail cost studies as a proxy for Within County costs? If so, please provide a reference to all uses within R2000-1 where such a proxy is used for Within County costs and explain why this proxy is used. If not, please explain the meaning of your statement.

c. What elements of “necessity” did you have in mind in this statement?

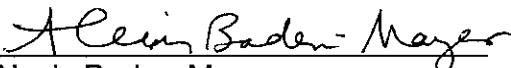
d. If RFRA is amended as the Postal Service proposes, how will development of cost studies, rates, cost coverages or rate designs for Within County mail in future cases be affected?

NNA/USPS T-38-5. How did the Postal Service select a 5 percent discount from Regular rate mail as an appropriate rate level for Nonprofit and Classroom mail, as opposed to any other percentage discount?

NNA/USPS T-38-6. Is it possible in an environment of low cost coverages for Periodicals mail that mail priced at a set pricing discount below Periodicals prices will be carried by the Postal Service for a price that does not cover the direct and indirect costs of that mail?

#### **Certificate of Service**

I hereby certify that I have on this 17<sup>th</sup> day of March, 2000, served the foregoing document in accordance with the Commission's Rules of Practice.

  
Alexis Baden-Mayer