

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

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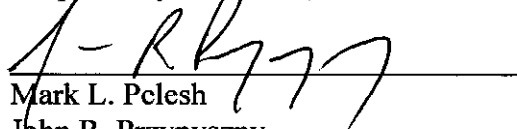
POSTAL RATE AND FEE CHANGES, 2000)

Docket No. R2000-1

**SECOND SET OF INTERROGATORIES OF
ASSOCIATION OF AMERICAN PUBLISHERS
TO USPS WITNESS KIEFER (AAP/USPS-T37-15-24)**

Pursuant to Section 25 and 26 of the Commission's Rules of Practice and Procedure, the Association of American Publishers (AAP), hereby submits the following interrogatories and request for production of documents to USPS witness Kiefer (USPS-T-37). AAP incorporates by reference the instructions in OCA interrogatories OCA/USPS-1-14 (filed January 24, 2000). If the designated witness is unable to respond to any interrogatory, we request a response by some other qualified witness.

Respectfully submitted,

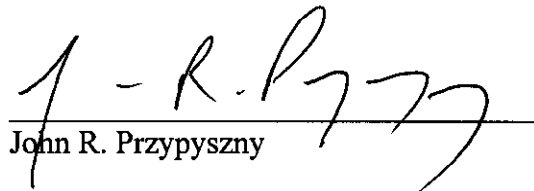


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CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document, by First-Class Mail, upon the participants in this proceeding.



Date: March 21, 2000

**INTERROGATORIES OF ASSOCIATION OF AMERICAN PUBLISHERS
TO UNITED STATES POSTAL SERVICE WITNESS KIEFER**

AAP/USPS-T37-15 Please refer to your response to AAP/USPS-T37-4. In your response you refer to discussions within the Postal Service that “led to the proposal to develop a full range of drop ship discounts and the elimination of the Local rate as a solution to these problems.” With respect to this statement:

- (a) Please address whether any consideration was given to phasing in the drop ship discounts for BPM, much in the same manner that such discounts were phased in for the Parcel Post subclass.
- (b) Please provide all documents which pertain to the discussions and the proposal to eliminate the Local rate and to develop the full range of drop ship discounts, including any documents which constitute such proposal.

AAP/USPS-T37-16 Please refer to your response to AAP/USPS-T-37-5. In your response, you state that “the possibility of offering both a Local Rate that was considerably higher than the current Local Rate as well as a lower DDU rate was briefly considered” but that this alternative was rejected. You also state that “no formal studies, reports, data or other evidence describing this or other alternatives exist” that address alternatives to the elimination of the Local zone rates. With respect to your response to AAP/USPS-T-37-5:

- (a) Please describe the extent and substance of all discussions regarding such alternatives.
- (b) Please explain, in further detail, why such alternatives were rejected.
- (c) Please provide all documents which describe or pertain to such alternatives and the rejection of these alternatives.

AAP/USPS-T37-17 Please refer to your response to AAP/USPS-T37-6. In your response, you state that “Postal Service finance personnel did review the cost assumptions that underlay the Local rates.” You also state that “[t]his review consisted of informational gathering, and produced no report.” Please provide all documents that describe the “cost assumptions” and the analysis of those assumptions referred to by your response.

AAP/USPS-T37-18 Please refer to the attachment to your response to AAP/USPS-T37-12. Please provide a complete explanation of the savings and per piece discounts shown in the right hand columns of the attachment.

AAP/USPS-T37-19 Please refer to WP-BPM-1 and WP-BPM-2. Both workpapers show input values used to prepare the BPM rates proposed in this case. With respect to these input values, please confirm that the correct mathematical procedure for eliminating the proposed DSCF and DDU discounts without changing the overall BPM TYAR cost coverage shown by Mr. Kiefer would be as described below. If this procedure is not correct, please provide a full explanation of the correct procedure to be followed for eliminating the proposed DSCF and DDU discounts.

- 1) On WP-BPM-15, under the heading "Presort Bound Printed Matter" at columns (B), (D), (G) and (J), set DSCF and DDU rates and rate adjustments to equal the rates and rate adjustments shown for Zone 1&2.
- 2) Set inputs 13 (c) and 13 (d) to zero.
- 3) Reduce the Cost Coverage Markup Factor (WP-BPM-1, Input (2)) from 117.62% to 115.80% in order to bring the cost coverage to its previous level of 117.6%.

AAP/USPS-T37-20 Please provide any documents that show the derivation of the same test-year after rate revenue and cost coverage for BPM currently proposed by the Postal Service but that retain the existing BPM rate structure.

AAP/USPS-T37-21 With respect to Single Piece BPM revenue to be recovered in the test year (See WP-BPM-28), please provide any data or estimates regarding the amount of such revenue that will result from Postal Service charges to mailers for BPM returns back to the mailer. Please estimate the portion of those returns that constitute books.

AAP/USPS-T37-22 Please provide any mailer makeup requirements that you relied upon in estimating the amount of BPM mail that would qualify for the DBMC, DSCF and DDU discounts.

AAP/USPS-T37-23 Please refer to Table 14 found on page 31 of your testimony. With respect to Table 14:

- (a) Please identify the source of the BPM volume data shown in Table 14 of your testimony and identify all alternative sources for BPM volume data that are available to the Postal Service.
- (b) Please update Table 14 to reflect FY 1999 volume figures for BPM.
- (c) Please explain footnote 2 of Table 14 which states that "1998 is recast to account for a Parcel Post reclassification."

AAP/USPS-T37-24 Please provide a complete and detailed explanation describing why proposed rates for Basic Presort BPM mail are increasing from between 21.8% to 25.9%, depending on weight and zone. In responding to this question, please address the following issues:

- (a) Identify, in detail, each factor which contributed to the increase.
- (b) Please justify the need and basis for a 25.9% increase since the last rate case.
- (c) Explain whether each of the factors which contributed to the rate increase existed or was known, at the time of the Postal Service's filing in R97-1.
- (d) Please address whether the Postal Service considered the effect that a 25.9% increase might have on the BPM mailers and the future viability of the BPM subclass.
- (e) Does a 25.9% increase constitute rate shock?