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

POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

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POSTAL RATE AND FEE CHANGES, 2000

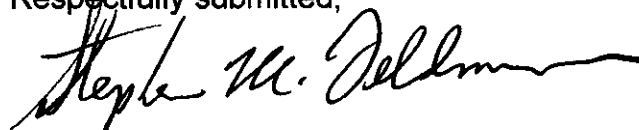
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)  
)      Docket No. R2000-1

**FIRST INTERROGATORIES OF THE COALITION OF RELIGIOUS PRESS  
ASSOCIATIONS (CRPA) TO USPS WITNESS TAUFIQUE (CRPA/USPS-T-38-1- 19)**

CRPA respectfully submits the attached interrogatories and document requests to USPS Witness Taufique (USPS-T-38). If Witness Taufique is not the appropriate witness to answer a particular question, CRPA requests that the interrogatory be re-directed for response.

Respectfully submitted,



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March 23, 2000

**CRPA /USPS-T-38-1**

Referring to your proposal in Docket MC99-3 to solve the "anomaly" between Nonprofit and Regular Rate Periodicals, see USPS-T-1, at 7, you there stated that "This proposed classification change is also consistent with criteria 2 and 5, by maintaining the special Nonprofit and Classroom classifications, rather than pushing Nonprofit and Classroom mailers into the Regular subclass." Your testimony in R2000-1, however, proposes to eliminate these classifications by, in your words, "formation of an Outside County subclass...". USPS-T-38 at 1.

Please reconcile these statements made in MC99-3 which was decided less than a year ago, with your foregoing statement in this case.

**CRPA/USPS -T-38-2**

Why is USPS maintaining eligibility of Nonprofit and Classroom mailers using Rate Schedule 421 to claim 100 percent editorial content if they have 10 percent or less advertising content in light of the desire of USPS to "simplify" the Periodicals Class by making the rates for Nonprofit periodicals practically identical to Regular Rates, and by the proposal to eliminate Nonprofit Periodicals as a separate subclass?

**CRPA/USPS T-38-3**

- (a) How many periodical nonprofit permits are currently active?
- (b) How many periodical regular rate permits are currently active?
- (c) How many nonprofit periodicals pay regular-rates as a result of the decision in Docket MC99-3?
- (d) If the rates that you propose are implemented by creation of the Outside County Subclass, how many nonprofit periodicals will pay lower rates than they would otherwise pay if the subclasses had been kept separate as illustrated in your response to ANM/USPS-T-38-2 and in your response to POIR No.2, Question 1?

**CRPA/USPS-T-38-4**

On p.2 of your testimony, you state: "Only in some instances when Regular rates are combined with some relatively large Regular discounts, a preferred mailer may pay lower postage using the Regular schedule rather than the preferred rate schedule."

- (a) Are there currently more instances when a preferred mailer may pay lower postage using the Regular schedule because of "relatively large Regular discounts" than instances when a preferred mailer would pay higher postage using the Regular schedule?
- (b) Identify the "relatively large Regular discounts" to which you refer.
- (c) Would one alternative to creation of an Outside County Subclass which combines Regular, Nonprofit and Classroom publications be adjustments to the "relatively large

Regular discounts” to which your testimony refers?

CRPA/USPS-T-38-5

Please demonstrate how USPS-T-32, Exhibit USPS-32B, p.1, validates your statement on p.3 of your testimony, line 14, that Periodicals’ costs have increased at a higher rate than most other mail classes. If the referred Exhibit does not demonstrate what you claim, please identify and reproduce in your answer any other data presented by USPS in this case, with sources cited, that verify your statement.

CRPA/USPS-T-38-6

On p.3, line 5 of your testimony you state that “half the Regular mark-up” will not keep preferred postage below Regular postage in all instances when the Periodicals markup is low.

- (a) Confirm that when the Periodicals markup was not “low”, that some periodicals which qualified for nonprofit rates mailed at regular rates.
- (b) Confirm that during these years referred to in (a), some periodicals that qualified for nonprofit periodical rates mailed at third-class (Standard A) nonprofit rates.
- (c) If you confirm (a) and (b), please illustrate why these periodicals would have chosen not to mail at a “preferred” rate for which they qualified.
- (d) If “half” of the Regular markup won’t keep preferred rates lower all instances at present, would some other percent of the Regular markup achieve that goal, assuming that the goal is desirable to begin with?

CRPA/USPS-T-38-7

Explain why “legislative change is the only certain way to avoid rate anomalies in the current rate case as well as future proceedings”, when you premise your statement on a “potential”, not a certainty, that there will be “relatively low Periodicals markups in the near future”. USPS-T-38 at 4, lines 14-15.

CRPA/USPS-T-38-8

(a) Is true that if some costs now attributed to Periodicals were found to be non-variable institutional costs, that the markup for Periodicals would be higher, all other factors being held constant?

(b) If the result described in (a) occurred, would legislative change be the only certain way to avoid rate anomalies like those that you describe?

CRPA/USPS-T-38-9

(a) Are you certain that if the “5%” solution for Nonprofit Periodicals were adopted, that rates for nonprofit periodicals reclassified to Outside County, would be lower than regular rate periodicals in every instance?

(b) If your answer to (a) is no, or that you don't know, identify or give examples of which kinds of regular rate periodicals would continue to have rates lower than nonprofit periodicals.

(c) If you provide examples as requested in (b), is it your opinion that most nonprofit periodicals, (as opposed to volumes per se) would find themselves in a situation where their rates would exceed rates for those regular rate periodicals identified in (b)?

CRPA/USPS-T-38-10

Would the increase for a separate Nonprofit Subclass like that set forth in your response to ANM/USPS-T-38-2 exceed the increase of 12.7 percent which you project for the Outside County subclass on p.5 of your testimony?

CRPA/USPS-T-38-11

(a) Using the billing determinants for periodicals now in the periodical nonprofit subclass, and using the costs, weight and volumes found in the Cost and Revenue Reports set forth in the testimonies of witnesses Kashani and Meehan, assuming current subclasses were maintained in the test year, would the attributable cost per piece for an average (e.g., as set forth in the CRA data) nonprofit periodical in the test year be higher or lower than an average regular rate periodical in the test year, and what would those respective figures be?

(b) If your answer to (a) is that the average attributable cost for a nonprofit periodical would be lower than that for a regular rate periodical, why would legislation to eliminate a separate classification for nonprofit periodical mail be the best solution for the so-called rate anomaly that you discuss?

CRPA/USPS-T-38-12

(a) Why is USPS using delivery unit cost data for Standard A mail to calculate delivery unit costs for Periodicals? See, USPS-T-38, at 11, lines 6-8.

(b) What particular delivery costs and functions are referred to on p. 11 of your testimony?

CRPA/USPS-T-38-13

Do you agree with the following statement: "There is no basis for granting discounts which are much larger than the Postal Service savings."

CRPA/USPS -T-38-14

If a mailer receives a worksharing discount that exceeds the savings caused by the worksharing, does this excess cause other mailers in the same subclass to pay a rate higher than otherwise would be the case? If your answer is affirmative, please give an

example.

#### CRPA/USPS-T-38-15

Please fill in the per-piece periodical nonprofit and regular per-piece rates for carrier sorted pieces for the following years:

1/1/95      1/1/96      1/1/97      1/1/98      1/1/99      1/1/00      1/1/01(if R2000  
rates ok'd)

non-profit

regular rate

#### CRPA/USPS-T-38-16

What is the correlation between carrier-route sorted mail and mail which is entered in SCF and in DDU destination facilities? If USPS has documentation of such a correlation, please produce such documentation and/or evidence.

#### CRPA/USPS-T-38-17

Your rates passthrough 112% of avoided costs for pieces in the Outside County subclass (proposed) sorted to carrier route. USPS-T-38 at 12. You likewise passthrough 109% of savings for Basic automation pieces in this subclass, and 119% for three-digit Automation pieces. Id, at 13. You do not specify a passthrough for five-digit Automation pieces in this subclass.

(a) What is your proposed passthrough of costs savings for five-digit Automation pieces in this category?

(b) If all per-piece rates passed through 100% of costs savings, what per-piece rates would you propose

(1) for the proposed Outside County subclass?

2) for separate Regular and Non-Profit Subclasses as illustrated in your response to POIR 2, Question 1?

#### CRPA/USPS-T-38-18

You justify a new Outside County subclass by review of the standards of Section 3623 of the Postal Reorganization Act, USPS-T-38 at 15-16.

Please consider the following:

“The key distinguishing consideration between class/subclass and rate category has, since early cases, been the differential pricing for separate and distinct products. To identify groupings of mail, which should be accorded subclass rather than rate category

treatment, the Commission traditionally has sought to identify differences in both cost and market, or demand.”

*PRC Opinion and Recommended Decision, Docket MC95-1, para. 3022.*

(a) What demand analysis has USPS made to ascertain that Nonprofit and Regular Rate Periodical Mail should be merged into one subclass?

(b) What cost data similarities justify the elimination of the Nonprofit Periodical Subclass and its merger with Regular Rate Periodicals in a new Outside County Subclass?

CRPA/USPS-T-38-19

(a) In support of the Outside County subclass classification change, you state, at 15, that Nonprofit and Classroom publishers receive “a discount in recognition of their preferred status”. Is a “discount” a rate element or a separate classification?

(b) In light of USPS support for legislation to merge the Periodical subclasses, with the exception(for now) of the Within County Subclass, is it the position of the Postal Service that Congress is the primary actor in mail reclassification?

(c) Is USPS support for legislation like H.R. 22, now pending in the House of Representatives, consistent with its support of Congressional action to eliminate a separate nonprofit periodical subclass? Please explain either an affirmative or a negative response.

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon all parties of record in this proceeding in accordance with Section 12 of the Rules of Practice.

  
Dr. John Stapert

March 23, 2000