

**BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON DC 20268-0001**

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POSTAL RATE AND FEE CHANGES, 2000

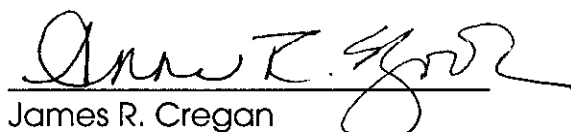
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) Docket No. R2000-1
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**THIRD SET OF INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA, INC.
TO USPS WITNESS DEGEN
(MPA/USPS-T16-12-15)**

(MARCH 23, 2000)

Pursuant to the Commission's Rules of Practice, Magazine Publishers of America hereby submits the attached interrogatories to USPS Witness Degen (MPA/USPS-T16-12-15).

Respectfully submitted,


James R. Cregan
Anne R. Noble
Counsel
Magazine Publishers of America, Inc.
Suite 610
1211 Connecticut Avenue NW
Washington DC 20036
(202) 296 7277

**THIRD SET OF INTERROGATORIES
OF MAGAZINE PUBLISHERS OF AMERICA, INC.
TO USPS WITNESS DEGEN (MPA/USPS-T16-12-15)**

MPA/USPS-T16-12. Please refer to your response to DMA/USPS-T16-2, where you describe results from the 1995 Platform Study: "For tallies where the employee was working 'inbound transportation,' 57% of weighted handling tallies represented mail or equipment where the next operation was recorded as 'another operation.'" Please also refer to the section of your response to the same interrogatory, where you state: "Of the 164 handling tallies recorded for employees working outbound transportation, 41% of the weighted tallies represented mail from another operation within the facility." Please confirm that, according to the 1995 Platform Study, a portion of the work load in the platform operation is driven by work load in other operations.

MPA/USPS-T16-13. Please refer to your Testimony, at page 50, lines 2-8, where you state: "The platform operation group covers a range of activities. Workers clocked into the platform are responsible for unloading inbound trucks (with the exception of some local collection runs, which may be unloaded by workers clocked into culling and cancellation), determining where the mail needs to be taken, moving the mail to staging areas in the plant, moving the mail between operations, moving the mail from the final sorting operation to the outbound dock, and loading outbound trucks." Based upon your description of platform activities, please confirm that if the volume of mail requiring piece-sorting increased, costs in allied labor operations would also increase.

MPA/USPS-T16-14. Please refer to Witness Christensen's rebuttal testimony in Docket No. R97-1, USPS-RT-7, at pages 8-9, where he states: "Suppose that workhours in the manual flats operation did, in fact, depend on both the handlings in the operation and on handlings in letter automation operations. The correct procedure in this case would be to separately identify pools of volume-variable cost associated with each cost driver, and then to distribute each pool of volume-variable cost in proportion to the subclass distribution of the respective cost driver."

- a. Please confirm that your operational analysis, partially described in the passages quoted in MPA/USPS-T16-12 and MPA/USPS-T16-13, indicates that volumes at non-allied operations are a driver of a portion of allied costs.
- b. Please confirm that the econometric analyses of allied costs provided by Witness Bozzo in response to MPA/USPS-T15-1 and

by Witness Bradley in Docket No. R97-1 (USPS-T-14) are consistent with the conclusion in (a).

- c. Pending a complete quantitative analysis of the variability of allied costs with respect to all relevant cost drivers, please confirm that there is sufficiently strong operational and econometric evidence that non-allied volumes drive a portion of allied costs to warrant an adjustment in the allied distribution keys used in the current case to reflect the role of non-allied volumes in driving allied costs.
- d. As an interim adjustment pending a complete quantitative analysis of the variability of allied costs with respect to all relevant cost drivers, please confirm that one way to reflect the cost-driving role of non-allied volumes in the allied distribution keys would be to distribute some portion of allied labor costs using a distribution key based upon tallies from non-allied operations.
- e. Please confirm that the not handling portions of the allied labor cost pools could be distributed broadly as an interim adjustment to reflect the role of non-allied volumes as drivers of allied costs, as described in (d).
- f. Please confirm that the mixed-mail portions of the allied labor cost pools could be distributed broadly as an interim adjustment for the role of non-allied volumes as drivers of allied costs, as described in (d).

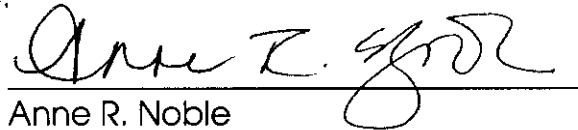
MPA/USPS-T16-15. Please refer to Witness Bozzo's Testimony (USPS-T-15) at page 136, footnote 70, where he states: "Mr. Degen's analysis also indicates that allied operations should be expected to have lower volume-variability factors than sorting operations." Please refer further to your Testimony at page 69, lines 16-18, where you state that, "(t)he Postal Service was not ready to resubmit a method incorporating estimated volume-variabilities for allied cost pools." Finally, please refer to your Testimony at page 69, lines 1-3, where you state: "Pending further study of allied labor cost causation, the 'not handling' portions of the allied labor cost pools should be distributed broadly."

- a. Please confirm that your operational analysis "indicates that allied operations should be expected to have lower volume-variability factors than sorting operations."
- b. Please confirm that the econometric estimates of the variability of allied costs provided by Witness Bozzo in response to MPA/USPS-T15-1 and by Witness Bradley in Docket No. R97-1 (USPS-T-14) are consistent with the conclusions of your operational analysis described in (a).

- c. Pending a complete quantitative analysis of the variability of allied costs with respect to all relevant cost drivers, please confirm that there is sufficiently strong operational and econometric evidence that allied volume-variabilities are below 100 percent to warrant an adjustment in the current case to reflect that fact.
- d. As an interim adjustment pending a complete quantitative analysis of the variability of allied costs with respect to all relevant cost drivers, please confirm that one way to reflect the true lower allied volume-variabilities would be to use variability estimates for allied costs that are substantially below 100 percent.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with the Commission's Rules of Practice.


Anne R. Noble

Washington DC
March 23, 2000