

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

RECEIVED

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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
(MPA/USPS-T25—8)**

The United States Postal Service hereby provides the response of witness Yacobucci to the following interrogatory of Magazine Publishers of America, Inc.: MPA/USPS-T25—8, filed on March 23, 2000.

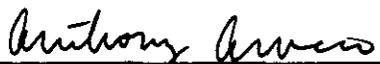
The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Anthony Alverno
Attorney

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April 3, 2000

**RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
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MPA/USPS-T25-8. Please refer to LR-I-90. In particular, refer to Worksheet "Scenario Costs" and the tables entitled "Periodicals Regular Cost Averages - Actual" and "Periodicals Regular Cost Averages - Normalized Auto-Related Cost Savings" on Worksheet "Cost Averaging." Please also refer to your response to PostCom/USPS-T25-3b, where you confirmed that: "The unit costs for 3/5-digit, nonautomation flats are the weighted averages of the unit costs of eligible 3-digit, nonautomation flats and eligible 5-digit, nonautomation flats."

a. Please confirm that the unit cost for 5-digit, nonautomation flats is the weighted average of the unit costs of eligible 5-digit, nonautomation flats on 5-digit pallets and the unit costs of eligible 5-digit, nonautomation flats not on 5-digit pallets.

b. Please confirm that the unit cost for 5-digit, automation flats is the weighted average of the unit costs of eligible 5-digit, automation flats on 5-digit pallets and the unit costs of eligible 5-digit, automation flats not on 5-digit pallets.

c. Please confirm that the unit cost for carrier route flats is the weighted average of the unit costs of eligible carrier route flats on 5-digit pallets and the unit costs of eligible carrier route flats not on 5-digit pallets.

d. Please explain in detail how to modify LR-I-90 to deaverage the unit costs for Periodicals Regular flats on 5-digit pallets from unit costs for Periodicals Regular flats on 5-digit pallets [sic] to provide actual cost averages and normalized cost averages for ten types of Periodicals Regular flats: (1) basic nonautomation; (2) basic automation; (3) 3-digit nonautomation; (4) 3-digit automation; (5) 5-digit nonautomation (not on 5-digit pallet); (6) 5-digit nonautomation (on 5-digit pallet); (7) 5-digit automation (not on 5-digit pallet); (8) 5-digit automation (on 5-digit pallet); (9) carrier route (not on 5-digit pallet); and (10) carrier route (on 5-digit pallet).

e. Please confirm that LR-I-90 does not explicitly model container sorting costs (i.e., container sorting costs are simply taken into account using CRA adjustment factors). If not confirmed, please explain your response.

f. Please confirm that the following differentials would be different if container sorting costs were explicitly modeled:

- (i) Unit cost of 5-digit nonautomation flats not on 5-digit pallets minus unit cost of 5-digit nonautomation flats on 5-digit pallets
- (ii) Unit cost of 5-digit automation flats not on 5-digit pallets minus unit cost of 5-digit automation flats on 5-digit pallets
- (iii) Unit cost of carrier route flats not on 5-digit pallets minus unit cost of carrier route flats on 5-digit pallets

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RESPONSE:

- a. Confirmed.
- b. Confirmed.
- c. Confirmed.
- d. All modifications to USPS LR-I-90 occur in the worksheet entitled '*Cost Averaging.*' For the first and second steps, please refer to Attachment 1 to this subpart which depicts part of the worksheet with row and column headings after modifications are made.

For the first step, enter the following in cells: T6:T7, U2:U5, W6:W7, and X2:X5.

Cells T6:T7 and W6:W7:

5= 5-Digit, Nonautomation (non 5D pallet)

6= 5-Digit, Automation (non 5D pallet)

Cells U2:U5 and X2:X5:

7= 5-Digit, Nonautomation (5D pallet)

8= 5-Digit, Automation (5D pallet)

9= Carrier Route (non 5D pallet)

10= Carrier Route (5D pallet)

For the second step, enter either a blank or one of the numbers from one through ten into cells: T9:U55 and W9:X55 as depicted in Attachment 1.

For the third step, select row 65 and insert three new rows.

For the fourth step, modify the formulae in cells: A65:A68, C65:C68, E65:E68, H65:H66, and K65:K66 as follows.

Cell A65:

=IF(AND(\$A\$1="PERIODICALS",\$A\$2="REGULAR"),U2,IF(AND(\$A\$1="PERIODICALS",\$A\$2="NONPROFIT"),AA2,""))

Cell A66:

=IF(AND(\$A\$1="PERIODICALS",\$A\$2="REGULAR"),U3,"")

Cell A67:

=IF(AND(\$A\$1="PERIODICALS",\$A\$2="REGULAR"),U4,"")

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Cell A68:

=IF(AND(\$A\$1="PERIODICALS", \$A\$2="REGULAR"), U5, "")

Cell C65:

=IF(A65="", "", IF(\$A\$1="FIRST
CLASS", SUMIF(\$N\$9:\$O\$55, 7, \$D\$9:\$E\$55)/SUMIF(\$N\$9:\$O\$55, 7, \$B\$9:\$C\$55), IF(AN
D(\$A\$1="PERIODICALS", \$A\$2="REGULAR"), SUMIF(\$T\$9:\$U\$55, 7, \$D\$9:\$E\$55)/SUMI
F(\$T\$9:\$U\$55, 7, \$B\$9:\$C\$55), IF(AND(\$A\$1="PERIODICALS", \$A\$2="NONPROFIT"), SU
MIF(\$Z\$9:\$AA\$55, 7, \$D\$9:\$E\$55)/SUMIF(\$Z\$9:\$AA\$55, 7, \$B\$9:\$C\$55), IF(AND(\$A\$1="
STANDARD
(A)", \$A\$2="REGULAR"), SUMIF(\$AF\$9:\$AG\$55, 7, \$D\$9:\$E\$55)/SUMIF(\$AF\$9:\$AG\$55,
7, \$B\$9:\$C\$55), IF(AND(\$A\$1="STANDARD
(A)", \$A\$2="NONPROFIT"), SUMIF(\$AL\$9:\$AM\$55, 7, \$D\$9:\$E\$55)/SUMIF(\$AL\$9:\$AM\$5
5, 7, \$B\$9:\$C\$55), ""))))))

Cell C66:

=IF(A66="", "", IF(\$A\$1="FIRST
CLASS", SUMIF(\$N\$9:\$O\$55, 8, \$D\$9:\$E\$55)/SUMIF(\$N\$9:\$O\$55, 8, \$B\$9:\$C\$55), IF(AN
D(\$A\$1="PERIODICALS", \$A\$2="REGULAR"), SUMIF(\$T\$9:\$U\$55, 8, \$D\$9:\$E\$55)/SUMI
F(\$T\$9:\$U\$55, 8, \$B\$9:\$C\$55), IF(AND(\$A\$1="PERIODICALS", \$A\$2="NONPROFIT"), SU
MIF(\$Z\$9:\$AA\$55, 8, \$D\$9:\$E\$55)/SUMIF(\$Z\$9:\$AA\$55, 8, \$B\$9:\$C\$55), IF(AND(\$A\$1="
STANDARD
(A)", \$A\$2="REGULAR"), SUMIF(\$AF\$9:\$AG\$55, 8, \$D\$9:\$E\$55)/SUMIF(\$AF\$9:\$AG\$55,
8, \$B\$9:\$C\$55), IF(AND(\$A\$1="STANDARD
(A)", \$A\$2="NONPROFIT"), SUMIF(\$AL\$9:\$AM\$55, 8, \$D\$9:\$E\$55)/SUMIF(\$AL\$9:\$AM\$5
5, 8, \$B\$9:\$C\$55), ""))))))

Cell C67:

=IF(A67="", "", IF(\$A\$1="FIRST
CLASS", SUMIF(\$N\$9:\$O\$55, 9, \$D\$9:\$E\$55)/SUMIF(\$N\$9:\$O\$55, 9, \$B\$9:\$C\$55), IF(AN
D(\$A\$1="PERIODICALS", \$A\$2="REGULAR"), SUMIF(\$T\$9:\$U\$55, 9, \$D\$9:\$E\$55)/SUMI
F(\$T\$9:\$U\$55, 9, \$B\$9:\$C\$55), IF(AND(\$A\$1="PERIODICALS", \$A\$2="NONPROFIT"), SU
MIF(\$Z\$9:\$AA\$55, 9, \$D\$9:\$E\$55)/SUMIF(\$Z\$9:\$AA\$55, 9, \$B\$9:\$C\$55), IF(AND(\$A\$1="
STANDARD
(A)", \$A\$2="REGULAR"), SUMIF(\$AF\$9:\$AG\$55, 9, \$D\$9:\$E\$55)/SUMIF(\$AF\$9:\$AG\$55,
9, \$B\$9:\$C\$55), IF(AND(\$A\$1="STANDARD
(A)", \$A\$2="NONPROFIT"), SUMIF(\$AL\$9:\$AM\$55, 9, \$D\$9:\$E\$55)/SUMIF(\$AL\$9:\$AM\$5
5, 9, \$B\$9:\$C\$55), ""))))))

Cell C68:

=IF(A68="", "", IF(\$A\$1="FIRST
CLASS", SUMIF(\$N\$9:\$O\$55, 10, \$D\$9:\$E\$55)/SUMIF(\$N\$9:\$O\$55, 10, \$B\$9:\$C\$55), IF(
AND(\$A\$1="PERIODICALS", \$A\$2="REGULAR"), SUMIF(\$T\$9:\$U\$55, 10, \$D\$9:\$E\$55)/
SUMIF(\$T\$9:\$U\$55, 10, \$B\$9:\$C\$55), IF(AND(\$A\$1="PERIODICALS", \$A\$2="NONPROF
IT"), SUMIF(\$Z\$9:\$AA\$55, 10, \$D\$9:\$E\$55)/SUMIF(\$Z\$9:\$AA\$55, 10, \$B\$9:\$C\$55), IF(AN
D(\$A\$1="STANDARD
(A)", \$A\$2="REGULAR"), SUMIF(\$AF\$9:\$AG\$55, 10, \$D\$9:\$E\$55)/SUMIF(\$AF\$9:\$AG\$55
, 10, \$B\$9:\$C\$55), IF(AND(\$A\$1="STANDARD
(A)", \$A\$2="NONPROFIT"), SUMIF(\$AL\$9:\$AM\$55, 10, \$D\$9:\$E\$55)/SUMIF(\$AL\$9:\$AM\$
55, 10, \$B\$9:\$C\$55), ""))))))

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Cell E65:

```
=IF(A65="", "", IF($A$1="FIRST  
CLASS",SUMIF($N$9:$O$55,7,$B$9:$C$55),IF(AND($A$1="PERIODICALS", $A$2="RE  
GULAR"),SUMIF($T$9:$U$55,7,$B$9:$C$55),IF(AND($A$1="PERIODICALS", $A$2="N  
ONPROFIT"),SUMIF($Z$9:$AA$55,7,$B$9:$C$55),IF(AND($A$1="STANDARD  
(A)", $A$2="REGULAR"),SUMIF($AF$9:$AG$55,7,$B$9:$C$55),IF(AND($A$1="STAND  
ARD (A)", $A$2="NONPROFIT"),SUMIF($AL$9:$AM$55,7,$B$9:$C$55), ""))))))
```

Cell E66:

```
=IF(A66="", "", IF($A$1="FIRST  
CLASS",SUMIF($N$9:$O$55,8,$B$9:$C$55),IF(AND($A$1="PERIODICALS", $A$2="RE  
GULAR"),SUMIF($T$9:$U$55,8,$B$9:$C$55),IF(AND($A$1="PERIODICALS", $A$2="N  
ONPROFIT"),SUMIF($Z$9:$AA$55,8,$B$9:$C$55),IF(AND($A$1="STANDARD  
(A)", $A$2="REGULAR"),SUMIF($AF$9:$AG$55,8,$B$9:$C$55),IF(AND($A$1="STAND  
ARD (A)", $A$2="NONPROFIT"),SUMIF($AL$9:$AM$55,8,$B$9:$C$55), ""))))))
```

Cell E67:

```
=IF(A67="", "", IF($A$1="FIRST  
CLASS",SUMIF($N$9:$O$55,9,$B$9:$C$55),IF(AND($A$1="PERIODICALS", $A$2="RE  
GULAR"),SUMIF($T$9:$U$55,9,$B$9:$C$55),IF(AND($A$1="PERIODICALS", $A$2="N  
ONPROFIT"),SUMIF($Z$9:$AA$55,9,$B$9:$C$55),IF(AND($A$1="STANDARD  
(A)", $A$2="REGULAR"),SUMIF($AF$9:$AG$55,9,$B$9:$C$55),IF(AND($A$1="STAND  
ARD (A)", $A$2="NONPROFIT"),SUMIF($AL$9:$AM$55,9,$B$9:$C$55), ""))))))
```

Cell E68:

```
=IF(A68="", "", IF($A$1="FIRST  
CLASS",SUMIF($N$9:$O$55,10,$B$9:$C$55),IF(AND($A$1="PERIODICALS", $A$2="R  
EGULAR"),SUMIF($T$9:$U$55,10,$B$9:$C$55),IF(AND($A$1="PERIODICALS", $A$2="N  
ONPROFIT"),SUMIF($Z$9:$AA$55,10,$B$9:$C$55),IF(AND($A$1="STANDARD  
(A)", $A$2="REGULAR"),SUMIF($AF$9:$AG$55,10,$B$9:$C$55),IF(AND($A$1="STAND  
ARD (A)", $A$2="NONPROFIT"),SUMIF($AL$9:$AM$55,10,$B$9:$C$55), ""))))))
```

Cell H65:

```
=IF(AND($A$1="PERIODICALS", $A$2="REGULAR"),A65, "")
```

Cell H66:

```
=A66
```

Cell K65:

```
=IF(A65="", "", IF(AND($A$1="PERIODICALS", $A$2="REGULAR"),SUMIF($W$9:$X$55,7  
, $K$9:$L$55)/SUMIF($W$9:$X$55,7, $I$9:$J$55), ""))
```

Cell K66:

```
=IF(A66="", "", IF(AND($A$1="PERIODICALS", $A$2="REGULAR"),SUMIF($W$9:$X$55,8  
, $K$9:$L$55)/SUMIF($W$9:$X$55,8, $I$9:$J$55), ""))
```

- e. Confirmed. Though USPS LR-I-90 does not explicitly decompose container handling activities, it does adjust modeled unit costs using CRA costs that comprise *all* flats mail processing costs.

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- f. In all likelihood, confirmed. It is possible that there could be an unanticipated instance where the differentials would not be different.**

	T	U	V	W	X
1	PERIODICALS REGULAR			PERIODICALS REGULAR - NORMALIZED AUTO-RELATED SAVINGS	
2	1= Basic, Nonautomation	7= 5-Digit, Nonautomation (5D pallet)		1= Basic, Nonautomation	7= 5-Digit, Nonautomation (5D pallet)
3	2= Basic, Automation	8= 5-Digit, Automation (5D pallet)		2= Basic, Automation	8= 5-Digit, Automation (5D pallet)
4	3= 3-Digit, Nonautomation	9= Carrier Route (non 5D pallet)		3= 3-Digit, Nonautomation	9= Carrier Route (non 5D pallet)
5	4= 3-Digit, Automation	10= Carrier Route (5D pallet)		4= 3-Digit, Automation	10= Carrier Route (5D pallet)
6	5= 5-Digit, Nonautomation (non 5D pallet)			5= 5-Digit, Nonautomation (non 5D pallet)	
7	6= 5-Digit, Automation (non 5D pallet)			6= 5-Digit, Automation (non 5D pallet)	
8	Sacked: Rate Eligibility	Non-Sacked: Rate Eligibility		Sacked: Rate Eligibility	Non-Sacked: Rate Eligibility
9		1	1		1
10		1	1		1
11		2	2		2
12		2	2		2
13		1	1		1
14		1	1		1
15		2	2		2
16		2	2		2
17		1	3		3
18		1	3		3
19		4	4		4
20		4	4		4
21		1	5		5
22		1	5		5
23		6	6		6
24		6	6		6
25		1	1	1	1
26		1	1	1	1
27		2	2	2	2
28		2	2	2	2
29		1	3		3
30		1	3		3
31		4	4		4
32		4	4		4
33		1	5		5
34		1	5		5
35		6	6		6
36		6	6		6
37		9	9		9
38		9	9		9
39		3	3	3	3
40		3	3	3	3
41		4	4	4	4
42		4	4	4	4
43		3	5		5
44		3	5		5
45		6	6		6
46		6	6		6
47		9	9		9
48		9	9		9
49		5	7	5	7
50		5	7	5	7
51		6	8	6	8
52		6	8	6	8
53		9	10		10
54		9	10		10
55		9	9		9

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.

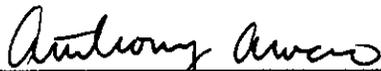
David Yacobucci

DAVID YACOBUCCI

Dated: 4/3/00

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 Alverno

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April 3, 2000