

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

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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
TO INTERROGATORY OF
MAGAZINE PUBLISHERS OF AMERICA,
REDIRECTED FROM WITNESS SMITH
(MPA/USPS-T21-1(A-C))

The United States Postal Service hereby provides the response of witness
Taufique to the following interrogatory of Magazine Publishers of America:
MPA/USPS-T21-1(a-c), filed on March 21, 2000, and redirected from witness Smith.


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



David H. Rubin

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April 4, 2000

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA, INC.
REDIRECTED FROM WITNESS SMITH (USPS-T-21)

MPA/USPS-T21-1.

- a. Please provide Periodicals Regular Rate billing determinants for FY 1989, FY 1992, and FY 1999. Please provide the billing determinants in an electronic spreadsheet using the rate categories that the Postal Service is proposing in this docket.
- b. Please describe the methodology that you used to develop billing determinants for FY 1989 and FY 1992.
- c. Please confirm that Periodicals Regular Rate mailers performed more worksharing in FY 1999 than they performed in either FY 1989 or FY 1992. If not confirmed, please explain.

RESPONSE

- a. The Billing Determinants are provided in Library Reference I-272 both in hard copy and electronic formats. The adjustment of 1989 and 1992 Billing Determinants to approximate the rate categories used in the current filing was done using 1990 Mail Characteristics Study. The data collection for this Mail Characteristics Study was conducted in 1989 and may not reflect the characteristics of Periodicals mail in 1992. Also, these Billing Determinants were based on presort distribution of pieces in sacks even though this reflects only 52 percent of the pieces. GFY1999 adjustments were done using the distribution after the implementation of Docket No. R97-1 rates.
- b. The original Billing Determinants for FY1989 and FY1992 are provided in the worksheets '1989' and '1992' (Spreadsheets A and B) respectively. The worksheet titled '1990 Mail Chrct Stdy' (Spreadsheet C) contains the data that were used to convert these Billing Determinants into the format used in

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the current filing. Pound data, Carrier Route volume, and discounted pieces were not changed at all. Basic, 3-Digit, and 5-Digit presort were calculated using the information in the '1990 Mail Chrcrct Stdy' worksheet. Since 52 percent of the pieces were in sacks in 1990, presort mix in sacks was used to determine the three levels of presort. 62 percent of level A for both years was moved to the 3-digit level while the other 38 percent was retained at the Basic level. Almost 80 percent of level B volume was moved to the 5-Digit level while the Optional City and Unique 3-Digit volume was retained and combined with the non-unique 3-Digit volume moved from level A. Carrier Route presort level was not affected by this change. In 1989 there were no automation discounts while in GFY1992 only letter shaped pieces received automation discounts as reflected in the final Billing Determinants. The automation letter volume was subtracted from the appropriate levels to avoid double-counting.

GFY1999 Billing Determinants were also adjusted to reflect the categories used in the current filling. The worksheet titled 'FY99-Adj._Fac.' (Spreadsheet F) contains quarterly data for FY99 and reflects both the old 3/5 combined category and the separate 3-Digit and 5-Digit categories implemented on January 10, 1999. The new distribution was used to convert the old categories and a new distribution was developed for combined old and new volumes. This distribution was then applied to GFY volumes. In this case

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also, only Basic, 3-Digit and 5-Digit volumes were affected. Pounds, Carrier Route volume and discount categories were not changed. Adjusted GFY1989, GFY1992, and GFY 1999 Billing Determinants are provided in the worksheet titled 'BD_All_Yrs.' (Spreadsheet G).

- c. Confirmed. Three major changes that stand out in the comparison of these three years are the increase in barcoded, Carrier Route and dropshipped volumes. While these are positive indicators, they may or may not be reflective of other factors such as the number of pieces per container and bundle breakage.

DECLARATION

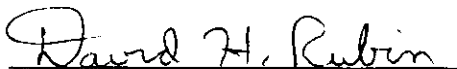
I, Altaf H. Taufique, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



Dated: APRIL 4, 2000

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.


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