

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
WITNESS TAUFIQUE TO INTERROGATORIES OF
THE MCGRAW-HILL COMPANIES, INC.
(MH/USPS-T38-1-3)

The United States Postal Service hereby provides the responses of witness Taufique to the following interrogatories of The McGraw-Hill Companies, Inc.:
MH/USPS-T38-1-3, filed on March 22, 2000.

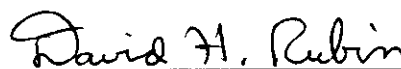
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



David H. Rubin

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(202) 268-2986; Fax -6187
April 5, 2000

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO INTERROGATORIES OF MCGRAW-HILL COMPANIES, INC.

MH/USPS-T38-1. Please produce all reports, memoranda, and correspondence created by in-house or outside economists, cost analysts or consultants for the Postal Service since July 1, 1998 concerning possible causes of the rapid cost increases attributed to Periodicals Regular mail by the Postal Service costing systems.

RESPONSE

LR-I-217 and LR-I-193 contain what has been identified.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO INTERROGATORIES OF MCGRAW-HILL COMPANIES, INC.

MH/USPS-T38-2. With respect to your testimony (p. 4, ll. 18-19) that "Nonprofit... mail is not believed to have different cost causing characteristics compared to Regular mail of the same profile:"

- a. Please explain all the reasons for the disparity in mail processing unit costs for Periodicals Regular mail Periodicals Nonprofit mail, respectively, as set forth in attachment 17 to the testimony of witness Smith (USPS-T-21).
- b. Please confirm that the disparity is not fully explained by billing determinant data. If you do not confirm, please explain fully.

RESPONSE

- a. Please see the response of witness Smith (USPS-T-21) to McGraw-Hill interrogatory, MH/USPS-T21-2.
- b. I am unable to determine whether the disparity is fully explained by billing determinant data. Please see the response of witness Smith (USPS-T-21) to McGraw-Hill interrogatory, MH/USPS-T21-2.

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MH/USPS T38-3. Please explain the extent to which the "significant decline in the value of a barcode," referred to p. 12, lines 16-17 of your testimony, is caused by the failure of the Postal Service to process machinable, prebarcoded, flats in automation operations, as indicated in USPS LR-I-193, Strategic Improvement Guide for Flats Processing, September 1999, p. 3 ("alarming statistic" that "in FY 1997 more than 50% of all non-Carrier Routed barcoded flats ... presented by mailers at automation discount rates was processed and distributed in operations other than automation").

RESPONSE

It is my understanding that the value of a barcode is based on Test Year data and mailflows and not on any historical barcode utilization. Please refer to witness Yacobucci's testimony (USPS-T25) for a discussion on isolating barcode-related savings. It is also my understanding that any prospective utilization of a barcode may partly explain the magnitude of a barcode's value but other factors such as improvements to processing nonbarcoded mail and the degree of mail presortation may more fully explain the magnitude of a barcode's value.

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.

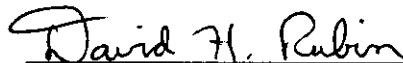


A handwritten signature in black ink, appearing to read 'A. Taufique', is written over a horizontal line.

Dated: APRIL 5, 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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