

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 COALITION OF RELIGIOUS PRESS ASSOCIATIONS  
(CRPA/USPS-T38-1-19)

The United States Postal Service hereby provides the responses of witness Taufique to the following interrogatories of the Coalition of Religious Press Associations: CRPA/USPS-T38-1 to 19, filed on March 23, 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



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April 10, 2000

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**CRPA/USPS-T38-1.** 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.

**RESPONSE**

The purpose of filing Docket No. MC99-3 was to assure that Nonprofit Periodicals mailers were not required to pay higher postage than their Regular counterparts for mail with identical characteristics. To achieve that objective, the Postal Service requested and the Commission recommended that Nonprofit mailers have the flexibility to shift between the Regular and Nonprofit rate schedules on an issue-by-issue basis. The Postal Service also requested that less than 10 percent advertising be counted as 0 percent advertising for Nonprofit mailers, even if they were using the Regular schedule. Also, at the time of filing, the Postal Service hoped that rate anomalies could be avoided in the next omnibus filing. See Docket No. MC99-3, USPS-T-1, p. 3, lines 16-18.

The hope during Docket No. MC99-3 was that rate anomalies could be avoided without changing the subclasses. In preparation of Docket No. R2000-1, however, it became clear that rate anomalies were a more persistent problem. The Postal Service was faced with the choice between proposing more rate anomalies or seeking a change in RFRA that would solve this problem in the

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CRPA/USPS-T38-1, page 2 of 2.

current as well as future filings. Recognizing that rate anomalies could be a long-term problem, the Postal Service opted for the latter option, which would guarantee that preferred publications would pay lower postage than a comparable Regular publication.

There is no inconsistency between my statement in Docket MC99-3 and the proposal to form an Outside County subclass in the current docket in the sense that in both situations the desire was to ensure that Nonprofit mail would pay no more than Regular mail of identical characteristics.

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**CRPA/USPS-T38-2.** 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?

**RESPONSE**

This was done in recognition of the preferred status of Nonprofit mailers.

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**CRPA/USPS-T38-3.**

- (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?

**RESPONSE**

- a) 9,679.
- b) 22,798.
- c) Records show that there are 1,218 Nonprofit Periodical permits that mail both under Nonprofit and Regular rates.
- d) It is not possible for me to calculate the impact of the proposed rate schedules on each individual mailer. The overall increase for Nonprofit Periodicals would be lower under the Outside County subclass scenario, compared to a stand-alone Nonprofit rate schedule.

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**CRPA/USPS T38-4.** 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?

**RESPONSE**

a) Based on the number of permits that utilize both Nonprofit and Regular schedules (see my response to CRPA-T38-3, part c), only 1218 out of 9,679 active Nonprofit permits are using both schedules. This shows that approximately 12.6 percent of active Nonprofit permit holders may have found their postage calculated under the Regular schedule lower than when using the Nonprofit schedule. But depending on the volume mailed by these mailers the percent of volume paying lower postage using Regular schedule could be significantly higher or lower.

b) One relatively large discount that causes this anomaly is the per piece editorial discount. Currently, this discount for Regular is \$0.00059 for each 1 percent of nonadvertising content compared to \$0.00044 for Nonprofit. Also the SCF and DDU dropshipment discounts for Regular are larger than for Nonprofit.

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- c) There are two possible ways of adjusting the discounts. One is to reduce the discounts for Regular mailers and the other would be to increase the discounts for preferred mailers. Limiting the increase in the Regular editorial discount significantly below the overall increase carries the risk that periodicals with less advertising would face larger increases than periodicals with more advertising. The alternative possibility is to increase the editorial discount for preferred classes, but like any other discount it is a leakage from the revenue stream and would lead to higher increases in other rate cells. Given the overall increase, that was not deemed to be a desirable option. Another problem with adjusting the discounts is that, generally, the dropship discounts are based on actual cost savings as measured for the respective subclasses.

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**CRPA/USPS-T38-5.** 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.

**RESPONSE**

In my testimony the citation of USPS-T-32, Exhibit USPS-32B, p.1 was used to show the low cost coverage proposed by witness Mayes for the Periodicals subclass. The statement regarding the increases in Periodicals' costs being higher than most other classes can be indirectly verified by looking at Exhibit USPS-32D, page 1 of 1, where witness Mayes presents the summary of changes in proposed over current rates. The rate increase for Outside County Periodicals is 12.7 % even though this subclass has the lowest cost coverage. Also, witness Bernstein (USPS-T-41) presents the change in Marginal cost in Table 14D of his testimony. My understanding is that this table compares TYBR costs filed by the Postal Service in Docket No. R97-1 to TYBR costs filed in the current docket. This table supports my statement on page 3, line 14 of my testimony.



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**CRPA/USPS-T38-6.** 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?

**RESPONSE**

- a) I cannot confirm the statement, but it is possible that some periodicals that qualified for Nonprofit rates mailed at Regular rates.
- b) I cannot confirm the statement, but it is possible that some periodicals that qualified for Nonprofit Periodicals rates mailed at Standard (A) nonprofit rates.
- c) Not Applicable.
- d) Given the fact that the Regular mark-up is so small, I do not expect that a smaller fraction would have led to the desired result, i.e. mail with identical characteristics should find the Nonprofit schedule lower than the Regular schedule in all instances.

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**CRPA/USPS-T38-7.** 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.

**RESPONSE**

My statement on page 4, lines 13-15 reads "Given the potential of relatively low Periodicals markups in the near future, this legislative change is the only certain way to avoid rate anomalies in the current rate case as well as future proceedings." Relatively low markups are not certain, but if the low Regular Periodicals markups continue, then I believe that the only certain way to avoid rate anomalies is the proposed legislative change.

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**CRPA/USPS-T38-8.**

(a) Is it 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?

**RESPONSE**

a) Depending on the proportion of costs moved from attributed to institutional, it is possible that the Postal Service would be in a position to propose a higher markup for Periodicals.

b) As I have stated in my testimony "Given the potential of relatively low Periodicals markups in the near future, this legislative change is the only certain way to avoid rate anomalies in the current rate case as well as future proceedings." But if the markups are higher, then legislative change might not be required to avoid rate anomalies. The proposed legislative change would nonetheless provide a more direct method to ensure lower Nonprofit postage than Regular postage for mail of identical characteristics.

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**CRPA/USPS-T38-9.**

(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)?

**RESPONSE**

a) I am certain that mail with identical characteristics would pay lower postage with a 5 percent discount than without a 5 percent discount. So if two mailers, one with Nonprofit qualification and the other without, have identical pieces, and presort, automate and dropship their mail to the same level, than the one with the Nonprofit discount would have lower postage compared to the other.

b) Not applicable.

c) Not applicable

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**CRPA/USPS-T38-10.** 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?

**RESPONSE**

Yes. The overall percent increase for the Nonprofit subclass would be greater than the 12.7 percent increase for the Outside County subclass.

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**CRPA/USPS-T38-11.**

(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?

**RESPONSE**

- a) The cost per piece for Regular Periodicals in the Test Year is 26.262 cents, LR-I-167, Spreadsheet OC-G, page 1 of 1 (TYBR cost (w/o contingency) divided by TY Before Rates Volume). The cost per piece for Nonprofit Periodicals in the Test Year is 18.483 cents, LR-I-167, Spreadsheet OC-G, page 1 of 1 (TYBR cost (w/o contingency) divided by TY Before Rates Volume). Therefore, the average cost per piece for Nonprofit Periodicals is lower than the average cost per piece for Regular Periodicals.
- b) The legislation to combine the Regular, Nonprofit and Classroom subclasses into one Outside County subclasses to avoid rate anomalies is necessary because the final rates are based on a variety of factors including billing determinants (weight of the piece, editorial content, distribution of advertising pounds to various zones, level of presort, volume of barcoded pieces and dropshipped volume at various destination facilities, etc.), volume variable costs, cost saving estimates for worksharing, and the proposed cost coverage. Given these factors, the rates that resulted for the Regular and

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CRPA/USPS-T38-11, page 2 of 2

Nonprofit subclasses in Docket No. R97-1 caused the anomaly that is discussed in my testimony. The rate anomalies concern the Regular and preferred rates for mail of the same characteristics, and thus with the same costs. Average costs for the Regular and preferred classes are not directly related to rate anomalies.

I disagree with the characterization "so-called rate anomaly" in your question. Nonprofit mailers, the Postal Service, and the Commission all agreed on the existence of this anomaly. The Postal Service filed Docket No. MC99-3 to provide an alternative to Nonprofit mailers and the Commission recommended the proposed changes which were subsequently approved by the Board of Governors.

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**CRPA/USPS-T38-12.**

(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?

**RESPONSE**

a) Delivery cost estimates for Standard (A) provide the best proxy.

b) The delivery costs referred to in my testimony are in LR-I-167, Spreadsheet OC-H, page 1 of 1. Witness Daniel (USPS-T-28) discusses the derivation of these estimates.



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**CRPA/USPS-T38-13.** Do you agree with the following statement: "There is no basis for granting discounts which are much larger than the Postal Service savings."

**RESPONSE**

No.

Section 39 U.S.C. § 3622(b), criterion number 4 requires the Postal Service to take into account the effect of rate increases upon the general public, business mail users, and enterprises in the private sector of the economy engaged in the delivery of mail matter other than letters.

Given the magnitude of the overall increase and lower cost savings for barcoded mail, the Postal Service proposes to mitigate the impact of this rate increase for mailers that prepare barcoded pieces. Passthroughs are a tool to mitigate the impact of changing operational and cost conditions. For instance, in Docket No. R97-1, I used less than 100 percent passthroughs for more finely presorted and barcoded mail to mitigate the impact of a rate increase on mailers that prepared less presorted and non-automated mail.

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**CRPA/USPS-T38-14.** 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.

**RESPONSE**

Yes. Assuming a given cost coverage the impact of any worksharing discount increases the overall revenue required from the rest of the subclass and flows through all the rate cells.

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**CRPA/USPS-T38-15.** 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

**RESPONSE**

Basic Carrier Route Rate

	Regular Rate Cents	Nonprofit Cents
January 1, 1995	13.9	11.1
January 1, 1996	13.9	11.2
January 1, 1997	11.9	10.4
January 1, 1998	11.9	10.5
January 1, 1999	11.9	10.7
January 1, 2000	12.2	11.3

The proposed Carrier Route rate for the Outside County subclass is 14.1 cents.

Nonprofit and Classroom mailers receive a 5 percent discount on all postage elements except advertising pounds.

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**CRPA/USPS-T38-16.** 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.

**RESPONSE**

Mail entered at the Destination Delivery Unit (DDU) is required to be Carrier Route sorted. Destination SCF mail is not required to be Carrier Route sorted, but could contain some Carrier Route sorted mail. Beyond this, I am not aware of any correlation.

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**CRPA/USPS-T38-17.** 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?

**RESPONSE**

a) The passthrough for the 5-Digit automation category is 284 percent.

b) 1. Please see the attachment labeled Periodicals Outside County Rate –

CRPA/USPS-T38-17b. 1 Rates

2. Please see the attachments labeled: Regular – POIR 2 Rates

Adjusted for CRPA/USPS-T38-17b. 2 and Nonprofit – POIR 2 Rates

Adjusted for CRPA/USPS-T38-17b. 2.

**PERIODICALS OUTSIDE COUNTY RATE - CRPA/USPS-T-38-17b. 1 RATES\***

	<b>CRPA 17b.1</b>
	<b>Rate</b>
<b>Outside County Rate Pounds</b>	
Delivery Unit	\$ 0.182
SCF	\$ 0.212
Zones 1&2	\$ 0.249
Zone 3	\$ 0.264
Zone 4	\$ 0.304
Zone 5	\$ 0.363
Zone 6	\$ 0.425
Zone 7	\$ 0.501
Zone 8	\$ 0.565
Nonadvertising	\$ 0.187
<b>Outside County Rate Pieces</b>	
BASIC NON-AUTOMATION	\$ 0.308
BASIC AUTOMATION LETTER	\$ 0.122
BASIC AUTOMATION FLAT	\$ 0.279
3-DIGIT NON-AUTOMATION	\$ 0.264
3-DIGIT AUTOMATION LETTER	\$ 0.086
3-DIGIT AUTOMATION FLAT	\$ 0.241
5-DIGIT NON-AUTOMATION	\$ 0.212
5-DIGIT AUTOMATION LETTER	\$ 0.020
5-DIGIT AUTOMATION FLAT	\$ 0.202
CARRIER ROUTE BASIC	\$ 0.149
CARRIER ROUTE HIGH DENSITY	\$ 0.115
CARRIER ROUTE SATURATION	\$ 0.108
PERCENTAGE EDITORIAL DISCOUNT	\$ (0.066)
WKSHARING DISCNTDELIVERY OFFI	\$ (0.021)
WKSHARING DISCNT SCF ENTRY	\$ (0.012)

\* Nonprofit and Classroom mailers pay the same rates and receive a 5% discount on postage. Discount is not applicable to advertising pound postage

**REGULAR - POIR 2 RATES ADJUSTED FOR CRPA/USPS-T38-17b.2**

<b>CRPA 17b.2</b>	
<b>Rate</b>	
<b>Regular Pounds</b>	
Delivery Unit	\$ 0.171
SCF	\$ 0.200
Zones 1&2	\$ 0.235
Zone 3	\$ 0.250
Zone 4	\$ 0.288
Zone 5	\$ 0.347
Zone 6	\$ 0.408
Zone 7	\$ 0.482
Zone 8	\$ 0.545
Nonadvertising	\$ 0.176
<b>Regular Pieces</b>	
BASIC NON-AUTOMATION	\$ 0.311
BASIC AUTOMATION LETTER	\$ 0.125
BASIC AUTOMATION FLAT	\$ 0.282
3-DIGIT NON-AUTOMATION	\$ 0.267
3-DIGIT AUTOMATION LETTER	\$ 0.089
3-DIGIT AUTOMATION FLAT	\$ 0.244
5-DIGIT NON-AUTOMATION	\$ 0.215
5-DIGIT AUTOMATION LETTER	\$ 0.023
5-DIGIT AUTOMATION FLAT	\$ 0.205
CARRIER ROUTE BASIC	\$ 0.152
CARRIER ROUTE HIGH DENSITY	\$ 0.118
CARRIER ROUTE SATURATION	\$ 0.111
PERCENTAGE EDITORIAL DISCOUNT	\$ (0.065)
WKSHARING DISCNTDELIVERY OFFICE ENTRY	\$ (0.021)
WKSHARING DISCNT SCF ENTRY	\$ (0.012)

**NONPROFIT - POIR 2 RATES ADJUSTED FOR CRPA/USPS-T38-17b. 2**

	CRPA 17B. 2 Rate
<b>Nonprofit Pounds</b>	
Delivery Unit	\$ 0.171
SCF	\$ 0.200
Zones 1&2	\$ 0.235
Zone 3	\$ 0.250
Zone 4	\$ 0.288
Zone 5	\$ 0.347
Zone 6	\$ 0.408
Zone 7	\$ 0.482
Zone 8	\$ 0.545
Nonadvertising	\$ 0.180
<b>Nonprofit Pieces</b>	
BASIC NON-AUTOMATION	\$ 0.261
BASIC AUTOMATION LETTER	\$ 0.136
BASIC AUTOMATION FLAT	\$ 0.245
3-DIGIT NON-AUTOMATION	\$ 0.234
3-DIGIT AUTOMATION LETTER	\$ 0.112
3-DIGIT AUTOMATION FLAT	\$ 0.220
5-DIGIT NON-AUTOMATION	\$ 0.199
5-DIGIT AUTOMATION LETTER	\$ 0.066
5-DIGIT AUTOMATION FLAT	\$ 0.194
CARRIER ROUTE BASIC	\$ 0.146
CARRIER ROUTE HIGH DENSITY	\$ 0.092
CARRIER ROUTE SATURATION	\$ 0.087
PERCENTAGE EDITORIAL DISCOUNT	\$ (0.051)
WKSHARING DISCNTDELIVERY OFFICE ENTRY	\$ (0.013)
WKSHARING DISCNT SCF ENTRY	\$ (0.007)



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**CRPA/USPS-T38-18.** 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?

**RESPONSE**

- a) The Postal Service has not conducted any demand studies in this regard.
- b) Please see the response of witness Smith (USPS-T-21) to the McGraw-Hill interrogatory MH/USPS-T21-2 for a discussion of mail processing unit costs for Periodicals Regular and Periodicals Nonprofit mail. It appears from that discussion that a significant amount of cost dissimilarities can be explained by the Billing Determinants of these two subclasses. Moreover, I do not see any reason why a Nonprofit piece would cost less than a Regular piece with identical mail characteristics.

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**CRPA/USPS-T38-19.**

- (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.

**RESPONSE**

- a) Under our proposal, there would remain separate classification provisions for Nonprofit and Classroom periodicals. These categories, however, would no longer constitute separate subclasses.
- b) Congress has identified certain mail for which it has directed that rate preferences be maintained, and prescribed the methodology for maintaining these preferences. The Postal Service and the Commission lack independent authority to expand or contract the types of mail eligible for these preferences or change the method prescribed for maintaining these preferences. Congress has not, however, constrained under current law the authority of the agencies to reclassify preferred rate matter, as long as the required preferences and the prescribed method for providing preferences are observed.
- c) It is not entirely clear that the two are related. Also see witness Mayes (USPS-T-32) response to CRPA/USPS-T32-10.

## 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.

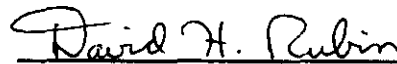


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Dated: APRIL 10, 2000

## 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.

A handwritten signature in cursive script that reads "David H. Rubin". The signature is written in black ink and is positioned above a horizontal line.

David H. Rubin

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April 10, 2000