

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

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POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF
MAGAZINE PUBLISHERS OF AMERICA
(MPA/USPS-70)

The United States Postal Service hereby provides its response to the following
interrogatory of Magazine Publishers of America: MPA/USPS-70, filed on July 31,
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



Susan M. Duchek

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August 15, 2000

**Response of United States Postal Service
to Interrogatories of
Magazine Publishers of America**

MPA/USPS-70. Please refer to Table 1 on Page 3 of MPA-T-1 and Exhibit-ST-44Z.

- (a) Please state the amount of cost savings for Periodicals for the implementation of new mail preparation standards related to "Carrier Route Sacks, L001, and Combining Automation and Nonautomation Flats in Sacks and on 5-Digit Pallets" that is included in the Postal Service's July 7 update. In what cost reduction program are these savings included?
- (b) Please state the amount of cost savings for Periodicals for the implementation of the new Line of Travel standard for Carrier Route Basic Periodicals that is included in the Postal Service's July 7 update. In what cost reduction program are these savings included?
- (c) Please state the amount of cost savings for Periodicals for expected reductions in bundle breakage and improvements in bundle recovery that is included in the Postal Service's July 7 update. In what cost reduction program are these savings included?
- (d) Please state the amount of cost savings for Periodicals for savings expected from the Memorandum of Understanding on Vertical Flats Casing that is included in the Postal Service's July 7 update. In what cost reduction program are these savings included?
- (e) Please state the amount of cost savings for Periodicals (above the savings included in the original filing) for "Equipment and Productivity Enhancements" that is included in the Postal Service's July 7 update. In what cost reduction program are these savings included?
- (f) Please state the amount of additional cost savings in the "Additional AFSM to Upper Bound" and "Accelerate FSM Buy into 2001" shown in Exhibit USPS-ST-44Z that are for Periodicals.
- (g) Please provide a description of each cost reduction program shown on Exhibit USPS-ST-44Z in a format similar to USPS-LR-I-126.
- (h) Please provide a description of each individual cost reduction effort that is included in the "Highway Breakthrough Productivity" cost reduction program and a quantification of the cost savings from each effort.

Response:

The best place to see all the cost savings amounts is USPS-LR-I-408. At the bottom of page 3 there appears a Summary of Periodicals Initiatives and the distribution of all the test year mail processing cost reductions is shown on page 10.

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- a) The amount of cost savings for Periodicals for the implementation of new mail preparation standards related to "Carrier Route Sacks, L001, and Combining Automation and Nonautomation Flats in Sacks and on 5-Digit Pallets" that is included in the Postal Service's July 7 update is \$9.211 million. This figure differs from the \$14.885 million savings shown in USPS-LR-I-332 because it does not include piggybacks. The difference between the \$9.211 million and \$14.885 million would be included in other cost reductions and in the PESSA redistribution in the rollforward. The distribution of \$9.211 million savings is shown in the column headed "1456" on page 10 of USPS-LR-I-408 and is included in mail processing cost reductions.
- b) The amount of cost savings for Periodicals for the implementation of new Line of Travel standard for Carrier Route Basic Periodicals that is included in the Postal Service's July 7 update is \$23 million, which is included in city carrier cost reductions.
- c) The amount of cost savings for Periodicals for expected reductions in bundle breakage and improvements in bundle recovery that is included in the Postal Service's July 7 update is \$10.323 million. This figure differs from the \$15 million savings shown in the response to MPA/USPS-ST42-10 because it does not include piggybacks. The difference between the \$10.323 million and \$15 million would be included in other cost reductions and in the PESSA redistribution in the rollforward.

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The distribution of \$10.323 million savings is shown in the column headed "1457" on page 10 of USPS-LR-I-408 and is included in mail processing cost reductions.

- d) The amount of cost savings for Periodicals for savings expected from the Memorandum of Understanding on Vertical Flats Casing that is included in the Postal Service's July 7 update is \$7 million, which is included in city carrier cost reductions.
- e) The amount of cost savings for Periodicals (above the savings included in the original filing) for "Equipment and Productivity Enhancements" that is included in the Postal Service's July 7 update is \$6.266 million. These savings are in mail processing and they can be found on page 10 of USPS-LR-I-408 under the distribution key headings: 1461, 1458 and 1462.
- f) Please refer to page 2 of USPS-LR-I-408, midway down the page to the section showing the distribution key "1448." Five mail processing programs (Flat Mail OCR, Accelerate FSM Buy Into 2001, Additional AFSM to upper bound, Improve FSM and Increase manual flat productivity) are combined because they share a common distribution key 1448 (sorting to flat cases). The sum of the five programs, \$250.532 million, is distributed on distribution key 1448 and this is shown on page 10 of USPS-LR-I-408 under the column headed 1448 – the Periodicals portion of the savings is \$40.904 million.
- g) The narrative description in USPS-LR-I-126 is still applicable to most of the cost reductions shown in the update filed July 7, 2000. Additional information can be

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found in Attachment II to witness Patelunas's response to Presiding Officer's Information Request No. 14.

- h) A description of the "Highway Breakthrough Productivity" cost reduction program is provided in Attachment II and the quantification of the cost savings is provided in Attachment I of witness Patelunas's response to Presiding Officer's Information Request No. 14.

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, appearing to read "Susan M. Duchek", is written over a horizontal line.

Susan M. Duchek

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