

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, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS PATELUNAS TO INTERROGATORY OF  
MAGAZINE PUBLISHERS OF AMERICA, INC.  
(MPA/USPS-T12-1)

The United States Postal Service hereby provides the response of witness Patelunas to the following interrogatory of Magazine Publishers of America, Inc.: MPA/USPS-T12-1, filed on October 4, 2001.

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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October 18, 2001

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
WITNESS PATELUNAS TO INTERROGATORIES OF  
MAGAZINE PUBLISHERS OF AMERICA  
(MPA/USPS-T12-1)**

**MPA/USPS-T12-1.** Please refer to the column titled "Final Adjustments Free Mail" on Exhibit 12A. This column appears to shift \$410,000 of cost from Free Mail to the Periodicals Outside-County subclass. Please explain fully why costs should be shifted from Free Mail to the Periodicals Outside-County subclass.

**Response:**

The final adjustment that appears in Fiscal Years 2001-2003 is a continuation of the Base Year 2000 adjustment that is shown on Exhibit USPS-11B of witness Meehan's testimony (USPS-T-11). An adjustment was made to the Fiscal Year 2000 Revenue, Pieces and Weight report (RPW) to account for potential double counting of Periodicals pieces as free Mail for the Blind pieces. A cost adjustment was needed to coincide with this volume adjustment and it is assumed that the adjustment will continue into the future.

I am told that Free Mail for the Blind volume in the RPW report is obtained from the Domestic RPW sampling system which relies on the endorsement of Free Mail for the Blind for identification. There is a potential for some small amount of Periodicals mail bearing a Free Mail for the Blind endorsement to not qualify for this rate, thus causing an overstatement of the Free Mail for the Blind volume. An adjustment was made in RPW to decrease the Free Mail for the Blind volume to compensate for this potential overstatement. No similar adjustment was needed for Periodicals because these calculations rely on information from mailing statements and as such, there was no possibility of sampling error.

Periodicals and Free for the Blind Base Year 2000 costs rely on sampling mail as endorsed; therefore, adjustments were needed for both classes. The volume of Free

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**Response continued:**

Mail for the Blind that was adjusted in RPW was multiplied by the unit cost of Free Mail for the Blind to yield the final adjustment. This was a negative volume adjustment, hence, the negative final adjustment.

The volume that was removed from Free Mail for the Blind was actually Periodicals volume and the Periodicals cost did not reflect that. The unit cost of Periodicals was multiplied by the volume amount removed from Free Mail for the Blind to yield the final adjustment. In this case, the increased volume resulted in a positive final adjustment.

DECLARATION

I, Richard Patelunas, declare under penalty of perjury that the foregoing answers to interrogatories are true and correct to the best of my knowledge, information, and belief.

A handwritten signature in black ink, appearing to read "Richard Patelunas", written over a horizontal line.

Dated: 10/18/01

## 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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Susan M. Duchek

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