

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268B0001

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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 TAUFIQUE TO INTERROGATORIES OF  
THE MAGAZINE PUBLISHERS OF AMERICA, INC.  
(MPA/USPS-T34-1, 5-7)

The United States Postal Service hereby provides the responses of witness Taufique to the following interrogatories of the Magazine Publishers of America, Inc.: MPA/USPS-T34-1 and 5 to 7, filed on October 4, 2001. Interrogatories MPA/USPS-T34-2 to 4 have been redirected to witness Loetscher.

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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October 18, 2001

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE  
TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA, INC.

**MPA/USPS-T34-1.** In your testimony, you propose dropship discounts for editorial pounds, new per-piece and per-pound dropship discounts for mail entered at destination area distribution centers (DADC), and a per-piece pallet discount.

- (a) Has the Postal Service or any of its contractors performed any analyses to estimate the change in dropship patterns that will result from these rate design changes? If so, please provide a summary of all analyses performed.
- (b) Has the Postal Service or any of its contractors performed any analyses to estimate the change in containerization that will result from these rate design changes? If so, please provide a summary of all analyses performed.
- (c) Please provide your opinion on the extent to which these discounts will affect the number of Periodicals that will be dropshipped in FY2003.
- (d) Please provide your opinion on the extent to which these discounts will affect the number of Periodicals that are presented on pallets in FY2003.

**RESPONSE**

- a. No.
- b. No.
- c. It is difficult to quantify the change in dropship patterns due to the proposed discounts, but discussions with an industry expert leads me to believe that we could see a significant increase in the dropshipped volume in FY2003.
- d. In my opinion the proposed pallet discount alone may not cause a significant shift in the number of Periodicals that are presented on pallets in FY2003, but this proposal in combination with the additional dropship incentives that are proposed in this docket could increase palletized volume in FY2003. My understanding is that all dropshipped Periodicals pieces are on pallets.

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**MPA/USPS-T34-5.** Has the Postal Service or any of its contractors ever estimated the revenue that would be generated by and/or cost savings that would result from limiting the eligibility of piece in small sacks (e.g., containing less than 24 pieces) for presort discounts? If so, please provide the date each estimate was developed, the cost saving estimate, and all underlying calculations.

**RESPONSE**

No. My understanding is that the Postal Service or its contractors have not estimated such revenue or cost impact.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE  
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**MPA/USPS-T34-6.** On page 13 of your testimony, you state, "While Optical Character Readers (OCRs) have reduced the value of barcodes, plans for processing flats (including delivery point sequencing) may make a slightly different (11-digit) barcode more valuable, in the longer term."

- (a) Please explain operationally why delivery point sequencing will make barcodes more valuable in the longer term.
- (b) What other plans for processing flats will make barcodes more valuable in the longer term?

**RESPONSE**

- (a) It is my understanding that in order to delivery point sequence, addresses on non-barcoded mail would need to be converted, either by an OCR or on-line video coding, to the full 11-digit level as opposed to the 9-digit level required in today's carrier-route sequencing environment. Due to this additional requirement, and since there are no plans to apply barcodes to non-barcoded flats, prebarcoded 11-digit flats will be more valuable in this environment. In addition, delivery point sequencing will likely require at least two passes on a flats sorter, so the non-barcoded flats would need to be handled multiple times by the OCR or on-line video coding in the DPS environment.
- (b) I am not aware of other plans that will affect the value of barcodes longer term.

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**MPA/USPS-T34-7.** Please confirm that the Test Year After Rates mail mix for the Periodicals Outside-County subclass used in USPS-LR-J-107, OC01.xls to calculate TYAR revenue is exactly the same as the FY 2000 Periodicals Outside-County mail mix. If not confirmed, please explain all differences.

**RESPONSE**

Not confirmed. In general FY2000 Periodicals Outside County billing determinants form the basis of TYAR revenues, but there are some exceptions, which can be evaluated by comparing FY2000 billing determinants to the Base Year billing determinants. These changes take place for Regular Rate, Science of Agriculture, Nonprofit and Classroom billing determinants.

On the pound side the estimation of Destinating ADC and Zones 1 & 2 and editorial pounds for dropship destinations is based on the calculation performed in worksheet 'calc. of new cells'.

On the piece side all the 3/5 combined volume in FY2000 billing determinants is added to 3-Digit in the Base year. Volumes for per-piece discount for pieces entered at the destinating ADC and palletized pieces are also calculated in the worksheet 'calc. of new cells'.

The reported TYAR revenue is the sum of individual revenues for Regular Rate (including SOA), Nonprofit (after 5 percent discount), and Classroom (after 5 percent discount). Ride-Along and fee revenue is also included.

## DECLARATION

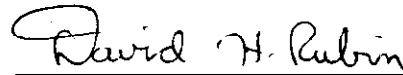
I, Altaf H. Taufique, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

  
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ALTAF H. TAUFIQUE

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.

  
\_\_\_\_\_  
David H. Rubin

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