

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

INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA, INC.
TO UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
(MPA/USPS-T34-13-19)
(October 26, 2001)

Pursuant to Rules 25 through 28 of the Rules of Practice of the Postal Rate Commission, Magazine Publishers of America, Inc. (MPA) directs the following interrogatories to United States Postal Service witness Taufique.

Respectfully submitted,


James Pierce Myers

Counsel for
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MPA/USPS-T34-13. Please refer to your response to MPA/USPS-T34-1(c) where you state, "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 FY 2003."

(a) What types of mailers (in terms of issue size, editorial percentage, and containerization) do you expect will significantly increase their dropshipping to destination area distribution centers (DADCs) in FY 2003? Please explain your response fully.

(b) What types of mailers (in terms of issue size, editorial percentage, and containerization) do you expect will significantly increase their dropshipping to destination sectional center facilities (DSCFs) in FY 2003? Please explain your response fully.

(c) Please confirm that because the Postal Service is not proposing to passthrough the entire transportation and nontransportation cost differentials for editorial pounds, increases in dropshipping (under your proposed rates) will reduce USPS costs more than USPS revenues. If not confirmed, please explain fully.

MPA/USPS-T34-14. Please refer to USPS-LR-J-114, Table 2 and confirm that a total of 4.3 billion Periodicals Outside-County pieces are entered at Origin Bulk Mail Centers (OBMC), Origin Area Distribution Centers (OADC) [not in the Destination Bulk Mail Center (DBMC) service territory], and Origin Sectional Center Facilities (OSCF) [not in the Destination Area Distribution Center (DADC) or Destination Bulk Mail Center (DBMC) service territory]. If not confirmed, please explain fully.

MPA/USPS-T34-15. Please refer to USPS-LR-J-68, USPS-LR-J-100, and USPS-LR-J-107, OC01.xls. Assume that a mailer currently enters 50 3-Digit sacks containing a total of 1,500 pieces at an OADC that is not in the DBMC service territory. Assume further that all of the mail in these sacks destines in the service territory of one Area Distribution Center (ADC). Finally, assume that, in the Test Year, this mailer entered this mail on an ADC pallet at the DADC.

(a) Please describe the mail flows of the OADC-entered 3-Digit sacks and the mail flow of the DADC-entered ADC pallet.

(b) Please discuss and compare the costs avoided by the shift in mail preparation described above and the pallet and DADC nontransportation cost avoidances shown in USPS-LR-J-68 and USPS-LR-J-100.

MPA/USPS-T34-16. Please refer to USPS-LR-J-68, USPS-LR-J-100, and USPS-LR-J-107, OC01.xls. Assume that a mailer currently enters 50 3-Digit sacks containing a total of 1,500 pieces at an OSCF that is not in the DADC or DBMC service territory. Assume further that all of the mail in these sacks destines in the service territory of one ADC. Finally, assume that, in the Test Year, this mailer entered this mail on an ADC pallet at the DADC.

(a) Please describe the mail flows of the OSCF-entered 3-Digit sacks and the mail flow of the DADC-entered ADC pallet.

(b) Please discuss and compare the costs avoided by the shift in mail preparation described above and the pallet and DADC nontransportation cost avoidances shown in USPS-LR-J-68 and USPS-LR-J-100.

MPA/USPS-T34-17. Please refer to USPS-LR-J-68, USPS-LR-J-100, and USPS-LR-J-107, OC01.xls. Assume that a mailer currently enters 50 3-Digit sacks containing a total of 1,500 pieces at an OBMC. Assume further that all of

the mail in these sacks destinates in the service territory of one ADC. Finally, assume that, in the Test Year, this mailer entered this mail on an ADC pallet at the DADC.

(a) Please describe the mail flows of the OBMC-entered 3-Digit sacks and the mail flow of the DADC-entered ADC pallet.

(b) Please discuss and compare the costs avoided by the shift in mail preparation described above and the pallet and DADC nontransportation cost avoidances shown in USPS-LR-J-68 and USPS-LR-J-100.

MPA/USPS-T34-18. Please refer to USPS-LR-J-114, Table 2, and USPS-LR-J-107, OC01.xls.

(a) Please confirm that your Test Year After Rates (TYAR) billing determinants assume that all mail entered at Origin Associate Offices (OAOs) in the Service Territory of the DSCF will be entered at the DSCF in the Test Year and therefore will receive the DSCF discount. If not confirmed, please explain fully.

(b) Please confirm that your TYAR billing determinants assume that half of the mail entered at OAOs and OSCFs in the Service Territory of the DADC will be entered at the DADC in the Test Year and therefore will receive the DADC discount. If not confirmed please explain fully.

(c) Please confirm that 65 percent of the mail entered at OAOs and OSCFs in DSCF/DADC service territories is sacked.

MPA/USPS-T34-19. Please refer to USPS-LR-J-107, OC01.xls, worksheet Pound Data_Ed. and page 7 of your testimony where you discuss your rationale for passing though only 50 percent of the advertising pound rate differential for editorial pounds.

(a) Please confirm that the revenue leakage from the proposed Destination Delivery Unit (DDU) editorial pound rate "discount" relative to Zones 1 and 2 is approximately \$600,000 or 0.024 percent of TYAR Periodicals Outside-County revenue. If not confirmed, please explain fully.


(b) Please confirm that the revenue leakage from passing through 100 percent of the DDU-Zones 1 and 2 cost avoidance in the form of a lower DDU pound rate would increase this revenue leakage by approximately \$600,000 or 0.024 percent of TYAR Periodicals Outside-County revenue. If not confirmed, please explain fully.

(c) Please confirm that your rationale for only passing through 50 percent of the advertising pound rate differential for editorial pounds was to mitigate the rate increase for mailers who do not dropship. If not confirmed, please explain fully.

(d) Taking into account your responses to subparts (a) and (b) of this interrogatory, please confirm that increasing the passthrough for the DDU editorial pound rate to 100 percent will have a minimal, if any, impact on mailers who do not dropship. If not confirmed, please explain fully.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with Rule 12 of the rules of practice.



James Pierce Myers
Counsel for
MAGAZINE PUBLISHERS OF AMERICA, INC.

October 26, 2001
Alexandria, VA