

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

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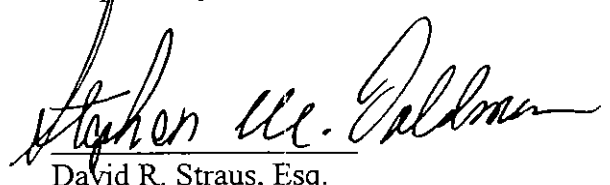
POSTAL RATE AND FEE CHANGES, 1997

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Docket No. R97-1

**THE AMERICAN BUSINESS PRESS' FIRST SET OF
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF
DOCUMENTS DIRECTED TO USPS WITNESS TAUFIQUE
(ABP/USPS-T34-1-15)**

Pursuant to Sections 25 and 26 of the Commission's Rules of Practice, the American Business Press hereby submits the attached interrogatories and requests for production of documents to USPS Witness Taufique (ABP/USPS-T34-1-15). If the designated witness is unable to respond to any interrogatory, we request a response by some other qualified witness.

Respectfully submitted,



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FIRST INTERROGATORIES
OF AMERICAN BUSINESS PRESS (ABP)
TO USPS WITNESS ALTAF TAUFIQUE (USPS-T-34)

ABP/USPS-T-34-1

[a] Confirm that the zone and regular rate periodical advertising pound rates that are listed on p. 2, Table II of your testimony for the delivery unit, sectional center facility, Zones 1 and 2, and Zone 3 are all lower than the corresponding rate elements recommended by the Postal Rate Commission in Docket R94-1.

[b] Confirm that the advertising pounds to which the DDU-Zone 3 rate elements referred to above are applied represent approximately 58% of total regular rate advertising volume in the test year (before rates), as derived from USPS-T-34 W/P RR-E, p.1.

[c] Confirm that the pound rate for nonadvertising weight that you propose in Table II of 17.4¢ per pound is 9.4% higher than the corresponding nonadvertising pound rate of 15.9¢ per pound recommended by the Commission in Docket R94-1.

ABP/USPS-T-34-2

Referring to your work paper USPS-T-34, RR-E please complete the chart below which would show the postage in cents per piece and percent increase per piece for a periodical weighing 7.4 ounces, with 58% editorial content, 42% advertising; nonmachinable under current USPS rules (and thus ineligible for automation), sorted to the five digit package level under past and proposed rates, and mailed to Zone 5.

RATES ADOPTED IN R94-1 (1/5/95 EFFECTIVE)	RATES ADOPTED IN MC95-1 (RATES EFFECTIVE 7/1/96)	RATES PROPOSED IN R97-1 (ASSUME EFFECTIVE 7/1/97)
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**POSTAGE (¢ PER
PIECE)**

% INCREASE N/A

ABP/USPS-T-34-3

Refer to your description of the "compound annual growth of 2.8% for regular rate periodicals 'between FY 1992 and FY 1996'." USPS-T-34, p. 5, lines 1-9.

[a] What is the total cumulative revenue growth, compounded by year, for regular rate periodicals between FY 1992 and FY 1996?

[b] Assuming the Commission recommends the USPS-proposed rates for regular rate periodicals in R97-1, what would be the total cumulative revenue growth of this subclass between FY 1992 and FY 1998 inclusive?

ABP/USPS-T-34-4

Refer to p. 5, lines 10-15. Do you agree that some periodical copies that qualified for the Level B discount (five digit and three digit unique city) prior to the effective date of MC95-1 rates actually moved into a higher-cost per-piece rate category (i.e. "Basic") as a result of that decision? If you can explain why this happened, please provide that information.

ABP/USPS-T-34-5

[a] Elaborate on what you mean by "rate shock" as used in line 11, p. 7 of your testimony.

[b] Which particular presort tiers are you referring to when you describe why USPS chose cost savings passthroughs designed to "mitigate the 'rate shock' effect on the higher cost presort tiers"?

[c] Was the deliberate attempt to mitigate rate shock in part or in whole influenced by rate element adjustments approved by the Commission and the Governors in Docket MC95-1, even though the total revenues otherwise required from regular rate periodicals for FY 1995 (the test year of Docket MC95-1) did not change from that established in Docket R94-1?

ABP/USPS-T-34-6

On pp. 9-10 of your testimony you refer to Library Reference H-190, the "Mail Characteristics Study."

[a] Were you personally involved in that study?

[b] Specify the time period for which the data for H-190 were collected.

[c] Do you assume that the presort composition of regular rate periodicals, the quantity of automation-qualified periodical flats, and the number of pieces in packages and/or containers will remain unchanged from the time period H-190 data were collected through the test year? If there will be changes, explain them in detail, giving reasons for each change. If you do not think that the regular rate composition as described in H-190 will change, explain why.

ABP/USPS-T-34-7

[a] Please refer to p. 11, lines 10-16 of your testimony. Does USPS anticipate more 3 digit sacks in the test year than formerly were ADC or mixed ADC sacks as a result of the proposed application of 3 digit presort discounts to 3 digit packages? If your answer is no, please explain the response.

[b] Will SCF sacks be allowed for periodicals in the test year? If they are going to be allowed, what will be the effect on USPS mail processing costs if (1) automated 3 and 5 digit packages, now in ADC or mixed ADC sacks, are placed in SCF sacks and (2) if

nonautomated 3 and 5 digit packages, now in ADC or mixed ADC sacks, are placed in SCF sacks?

[c] Would copies of periodicals within 3 or 5 digit packages placed in SCF sacks be eligible for 3 or 5 digit piece discounts if the carrier route sort of these pieces is performed at the SCF within which delivery of each piece occurs?

ABP/USPS-T-34-8

[a] Explain why pound rate revenue in periodical regular rate as a percent of total subclass revenue would increase from the 40% allocation established by the Commission in Dockets R90-1 and R94-1 to 41%.

[b] Since the approval of R94-1 rates by the Governors, did USPS perform any studies intended to re-examine, as repeatedly requested by the Postal Rate Commission in past rate cases since Docket R87-1, the appropriate proportion of revenues that ought to be obtained from pound rates as opposed to per-piece rates?

[c] If studies were performed, please produce all such studies.

[d] If studies were not performed, please explain why they were not performed.

ABP/USPS-T-34-9

If USPS obtained, hypothetically, 70% of periodical regular revenues from pieces, and 30% from pounds, would it not be possible for editorial pounds to achieve "100 percent cost coverage" while either avoiding any increase in the editorial pound rate, or at least raising the editorial pound rate less than the 8.1% increase that USPS proposes? Was this option or some other increase in the proportion of revenue obtained from pieces rather than pounds considered, and if not, why not? If it was considered, why was it rejected?

ABP/USPS-T-34-10

On p. 14, line 23, you refer to "average haul" as a factor in allocation of distance related transportation costs to periodical rate zones.

[a] How are the average hauls calculated?

[b] Was the Highway Contract Support System (HCSS) database consulted to calculate average haul per zone? If not, why not?

[c] Confirm that HCSS contains a route length measure for each USPS-purchased highway contract, the annual cost of the contract, the annual miles traveled on the contract, the number of trucks on a contract and their cubic capacity and the highway cost account for the contract.

[d] Confirm that data comparable to that described in part C above is also available for rail contracts.

ABP/USPS-T-34-11

Is the proper percent of non-advertising content for rates in the periodical regular subclass that dividend that can be found in W/RR-G, p. 1, by dividing editorial pounds by total pounds, (54.5%) or is it found in W/P RR-D, line 20, which uses a figure of 58.7%? Explain the differences between the two percentages.

ABP/USPS-T-34-12

Does USPS's recognition of non-distance dropship shipment cost savings (p. 19, lines 16-19) by reducing piece rates, not pound rates, result from a belief that platform and cross-docking costs that may be avoided are piece related and not pound-related? If your answer is negative, please explain the reason piece and not pound rates were reduced in this instance?

ABP/USPS-T-34-13

Confirm that there are transportation costs incurred by USPS for mail dropshipped by the mailer into a SCF from which intra-SCF mail is transported to a delivery station or unit. How are these costs allocated in your periodical rate design?

ABP/USPS-T-34-14

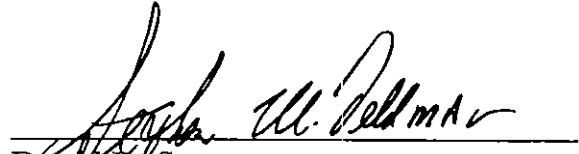
With respect to your testimony at page 14, lines, 14-21, do you agree that editorial content should have an "inherent" cost coverage of 100%? Explain why or why not. If you have no opinion on the subject, please refer this question to the appropriate Postal Service witness.

ABP/USPS-T-34-15

At page 16, lines 8-9, should the reference to "0.01 cents" be corrected to "1 cent"?

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing documents in
accordance with Section 12 of the Commission's Rules of Practice.



David R. Straus
Stephen M. Feldman

Dated: August 20, 1997