

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

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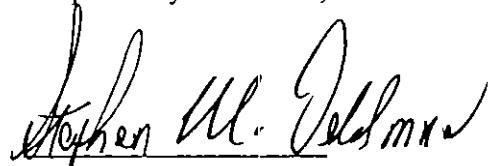
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POSTAL RATE AND FEE CHANGES, 1997 )  
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Docket No. R97-1

THE AMERICAN BUSINESS PRESS' FIRST SET OF  
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF  
DOCUMENTS DIRECTED TO USPS  
(ABP/USPS-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 (ABP/USPS-1-15). It is requested that a designated representative respond to the interrogatories.

Respectfully submitted,



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FIRST INTERROGATORIES AND REQUEST  
FOR PRODUCTION OF DOCUMENTS  
OF AMERICAN BUSINESS PRESS  
TO UNITED STATES POSTAL SERVICE (ABP/USPS-1-15)

ABP/USPS-1

Identify the person or person(s) under whose direction USPS-LR-H-111, "Dropship Savings In Periodicals and Standard Mail (A)" was prepared, whether or not that person(s) is a witness in this case. If the person under whose direction USPS-LR-H-111 was prepared is not a current witness in R97-1, identify any USPS witnesses who are qualified to respond to discovery about the assumptions and underlying data which support the final data presented.

ABP/USPS-2

[a] Was the update of data affecting Standard A Mail in Docket MC95-1, referred to on p.1 of USPS-LR-H-111, performed by a current USPS witness in Docket R97-1? If a R97-1 witness updated the data, who is that witness or witnesses, and if someone else performed the update, who is that person(s)?

[b] If the data affecting periodicals in Docket MC95-1 by Witness Byrne, referred to on p.1 of USPS-LR-H-111, has been updated by a USPS witness in Docket R97-1, who is that witness, and is the "new input data and update of parameters" (USPS-LR-H-111, p.1) included in the testimony of that witness? If the update was not done by a USPS witness in this case, who performed the update?

ABP/USPS-3

On p.2 of USPS-LR-H-111, three tables (2.1, 2.2, 2.3) are presented that display costs supposedly avoided by dropshipment of Standard Mail (A), Periodicals (Regular) and Periodicals (Nonprofit). Table 2.1 combines transportation and non-transportation avoided costs for Standard (A) mail, whereas Tables 2.2 and 2.3 describe only non-transportation costs avoided by periodicals. Why are transportation costs excluded in Tables 2.2 and 2.3?

ABP/USPS-4

Given that Tables 2.2 and 2.3 do not include any transportation costs that may or may not be avoided by dropshipping, please explain, with cross-references to USPS testimony, exhibits and/or library references as necessary, the reasons why avoided costs shown in Table 2.2 for regular rate periodicals dropshipped to a DDU, instead of to an SCF entry, are 4.62¢ per pound less than costs avoided by dropshipment to an SCF, whereas according to Table 2.1 the similar avoided costs of Standard (A), regular rate mail, with bypass of the SCF and entry at DDU, are 2.74¢ per pound.

ABP/USPS-5

On p. 6 of USPS-LR-H-111, it is stated that the “methodology for developing the periodicals dropship cost avoidance is exactly the same as that used by Witness Byrne in Docket MC95-1 (USPS-T-1).”

[a] Confirm that the parameters for productivities for BMC and SCF cross-docking operations used by Mr. Byrne in MC95-1 are identical to those that he developed for use in Docket R84-1, Exhibit USPS-T-14KK. If you do not confirm, what was the source of the productivities (units per man-hour) that he did use?

[b] Why has USPS not updated productivities for BMC and SCF cross-docking operations for regular rate and nonprofit periodicals described at p.7 of USPS-LR-H-111, listed in detail on p. 1 of Appendix F, and on p. 1 of Appendix G?

[c] Has the Integrated Mail Handling System (IMHS) had no positive effect on cross-docking or platform productivities since Mr. Byrne’s testimony in MC95-1 (e.g. “Fiscal 1996 saw the installation of 640 pack loaders/unloaders...when completed in FY 1997, over 1,000 pieces of IMHS equipment will have been deployed to processing facilities.” 1996 Comprehensive Statement on Postal Operations, p. 47)?

ABP/USPS-6

On p.6 of USPS-LR-H-111, the term “intermediate facilities” as entry points for periodical mail is used. Examples of these facilities are given as “transfer hubs” and “area distribution centers.”

[a] Define the term and identify all transfer hubs for periodicals.

[b] Define an “area distribution center.”

[c] Since March , 1995, when USPS filed its testimony in Docket MC95-1, has the definition a “transfer hub” or area distribution center changed, and has the function of these facilities changed as facilities where periodicals are cross-docked?

[d] Please provide and identify all changes of locations of transfer hubs (for periodicals) and area distribution centers since 1995, and identify any new transfer hubs and/or ADCS since 1995.

[e] Are all transfer hubs and area distribution centers available for periodical origin entry? If not, how many are available, and how many are not?

[f] Are some or all transfer hubs and area distribution centers (1) sectional/center facilities or (2) bulk mail centers? If the answer is affirmative in whole or in part, please list which transfer hubs are sectional center facilities and which are located in bulk mail centers.

[g] Is periodical mail distributed in bulk mail centers or are the BMCs used solely for cross-docking of periodical mail?

[h] Since 1995, has USPS issued any regulations that restrict (or expand) the availability of area distribution centers for periodicals to use as destination entry facilities?

[i] What are "postal pak" containers and describe their use as periodical containers, for either sacks, bundles or packages.

#### ABP/USPS-7

On pp. 8-9 of USPS-LR-H-111, the claim is made that, based on past cases, "non-destination SCF Zone 1 and 2 Periodicals will always incur one transfer through a non-destination SCF or ADC/SCF before it is dispatched to its destination SCF."

[a] Do current data support that claim?

[b] How many ADC facilities are SDC facilities, and have the functions of SDC facilities changed since March 1995? If so, describe those changes.

[c] Have ADC facilities replaced SDC facilities, and if they have, how has this change affected mail flow models of Periodicals as presented in the testimonies of Witnesses Moden, Secklar, Bradley, Taufique, cost assumptions presented in USPS-LR-H-111, the mail characteristics study, USPS-LR-H-190, and other USPS library references and exhibits used to support dropship savings for periodicals?

[d] Please estimate by periodical zone how many transfer hub cross-dockings occur for zones used by a periodical other than zones 1 and 2. (USPS-LR-H-111, p.7). Provide all studies and analyses that support cross-docking estimates applying to zones 3-8, the persons making those estimates or performing such studies, and the time period for which these estimates were made.

#### ABP/USPS-8

Can the number of cross-dockings vary between two periodicals originating in the same postal zone that cross the same number of postal zones? If the answer is affirmative, explain why the number of cross-dockings may vary, although the zones traveled are the same. If the question is answered in the negative, please explain why cross dockings always correlate with zones used.

#### ABP/USPS-9

Why are the weighted average costs incurred both for regular and for nonprofit periodicals (p. 7 of USPS-L-H-111) approximately .5¢ per pound less for a SCF cross-docking than for a BMC cross-docking?

ABP/USPS-10

Define "BMC realization factor." (USPS-LR-H-111, p. 8).

ABP/USPS-11

Confirm that, if the productivities listed in Appendices F and G of USPS LR-H-111 had changed since 1984, the cost/piece and cost/pound data for SCF and DDU entry periodicals shown in Appendix F, Tables (SCF Rate Periodicals Mail Regular) and Appendix G, Table 3 (SCF Rate Nonprofit Periodicals Mail) would also have changed.

ABP/USPS-12

Appendices F and G of USPS-LR-H-111 both contain data inputs (among others) like those shown in Section 4.0, "Other Inputs":

- 11.13% proportion of SCFs that are mechanized
- 88.87% proportion of SCFs that are not mechanized
- 49.09% proportion of mail in sacks
- 50.91% proportion of mail on pallets

[a] Are the above percentages accurate in the current mail processing and operating environment described by Witness Moden (USPS-T-4) and

[b] Will the above percentages be accurate for the test year beginning October 1, 1997? Please explain fully a positive or negative response to either or both parts of the interrogatory, and provide updated percentages for each category if the percentages cited from Section 4.0 above are out-of-date.

ABP/USPS-13

According to the response to UPS/USPS-T15-7, "All shapes of mail primarily within the Standard and Periodicals classes are affected by IMHS (Integrated Mail Handling System)." What cost components of the MODS System employed by USPS in this case to identify mail processing costs will be affected by IMHS in the test year, and will this effect result in fewer sacks, or greater platform, opening, and pouching productivities for periodicals than would otherwise be true?

ABP/USPS-14

Christensen Associates is identified as the author of the "Second-Class Mail Characteristics Study," USPS-LR H-190, which is used by Witness Taufique to estimate volumes for various periodical rate elements. Please identify any employee of Christensen Associates who is a USPS witness in this case and was the author, co-author, or a participant in the preparation and compilation of the study. If the author or author(s) of the study are not USPS witnesses, to which USPS witness should discovery about the study be addressed?

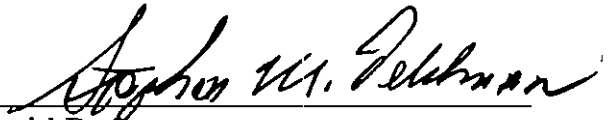
ABP/USPS-15

Postal Bulletin 21951 (7-31-97) states on p. 9 that effective immediately, the Postal Operations Manual is changed to reflect changes in platform operations. The changes appear on pp. 75-92.

- [a] Please provide the parties with copies of these pages as a library reference.
- [b] Identify and explain major changes in platform operations that these revisions have made.

**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.

  
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David R. Straus  
Stephen M. Feldman

Dated: August 20, 1997