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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

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

POSTAL RATE AND FEE CHANGES, 2001)
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Docket No. R2001-1

FIRST INTERROGATORIES OF THE COALITION OF RELIGIOUS PRESS
ASSOCIATIONS AND THE NATIONAL FEDERATION OF INDEPENDENT
PUBLICATIONS TO USPS WITNESS ALTAF H. TAUFIQUE
(CRPA-NFIP/USPS-T34-1-7)
(November 15, 2001)

Pursuant to Rules 25 through 28 of the Rules of Practice of the Postal Rate Commission, the Coalition of Religious Press Associations(CRPA) and the National Federation of Independent Publications(NFIP) direct the following interrogatories to United States Postal Service Witness Taufique, (USPS-T-34). If Witness Taufique cannot answer any particular request, USPS should refer the question to an appropriate witness.

Respectfully submitted,



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CRPA-NFIP/USPS-T-34-1. On p. 5 of your testimony, you state: "The editorial pound rate for Zones 1 & 2 through Zone 8 remains a uniform un-zoned rate."

(a) Please confirm that periodicals drop-shipped to Area Distribution Centers (ADC) which would qualify for the new ADC discount, could travel in postal transportation further than the 63 mile average haul input for Zones 1 & 2. (USPS-LR-J-107, p. 18). If you do not confirm, please explain why not.

(b) Please confirm that a periodical drop-shipped for delivery within an ADC area could then travel within USPS transportation a distance equal to Zone 3 (150-300 miles). If you do not confirm, please explain why not.

(c) Could a periodical dropshipped to an ADC area within which it is delivered, travel in postal transportation to a delivery point further than a Zone 3 distance? If not, explain why not.

CRPA-NFIP/USPS-T-34-2. On p. 5 of your testimony you refer to recognition by Commission's R90-1 opinion and recommended decision of a ratemaking balance between social policy and economic efficiency. Please confirm that the Commission recommended and maintained an unzoned editorial pound rate in R90-1, despite a USPS proposal to the contrary, and that the Commission subsequently turned back another USPS effort to zone editorial content in Docket MC95-1 (reclassification case).

CRPA-NFIP/USPS-T-34-3. Based on your assertion that “proposed increased incentives for dropshipment, combined with a per-piece pallet discount...would help mitigate further cost increases” (USPS-T-34, at 6),

(a) is it your assumption that private common carriers or non-postal over-the-road transportation are usually cheaper than USPS highway carriers, or where applicable, rail carriers with contracts with USPS?

(b) Please explain a positive or a negative answer to part (a) above, including the provision of market studies and comparisons upon which your conclusion is based.

(c) Please provide all customer surveys, market studies or minutes of meetings with mailer groups including, but not limited to, MTAC, since the issuance of the Commission’s R2000-1 recommended opinion and decision, which demonstrate (1) the added quantity of palletized volumes in outside county Periodicals subclass if a discount for pallets were offered and (2) if available, the number of publications which now do not palletize, but would palletize, and their annual mailed circulations, if the Commission were to recommend a per-piece discount equal to or larger than the discount for pallets proposed in this case.

(d) If no such data requested in part (c) are available, do you have any basis, and if so, what is it, for estimation of the number of periodicals and their volumes which would palletize their pieces if the Commission were to adopt your pallet proposal?

CRPA-NFIP/USPS-T-34-4. On line 10 of p. 6 you state that additional work performed by mailers “may lead to a reduction in reported volume-variable costs and lower overall

combined costs”.

(a) Since worksharing discounts have existed for over 20 years, yet postal costs of periodicals continue to increase more than other subclasses for reasons not fully understood by USPS, why do you believe added and deeper worksharing discounts might reduce current costs, prior to a better understanding of what drives periodical costs?

(b) Please give examples of instances where worksharing discounts quantitatively resulted in a reduction in the *rate* of year-to-year periodical mail processing and transportation increases lower than comparable year-to-year increases in the cost of living (CPI index).

CRPA-NFIP/USPS-T-34-5. Referring to your testimony, USPS-T-34, at 6, lines 14-17, you assume that “Larger destination entry discounts would provide further incentive for smaller and medium mailers to combine their mailings or versions to achieve the volumes necessary to justify the transportation for deeper downstream entry.”

(a) Have you or other postal witnesses made similar claims in past rate or classification cases? If so, identify each such reference.

(b) If you or other postal witnesses have made similar claims in past rate or classification cases, please quantify the number of “smaller and medium mailers” who now combine mailings of different periodicals to achieve the volumes necessary to justify purchasing non-postal transportation for deeper downstream entry.

(c) Can you identify either particular printing plants (by name and location) or specific periodical mailers using those plants, or consolidation facilities owned, leased or used

by these plants, which in response to deeper postal discounts, have combined or comailed different publications of the same organization or mailings of different publications of different organizations? If you can identify these organizations and publications, provide if you can the volumes per mailing or the annual volumes mailed from these plants and/or facilities.

(d) Is it more likely or less likely that larger destination discount benefits proposed in your testimony will primarily benefit higher-volume periodicals, (rather than smaller circulation periodicals) which already are palletized and dropshipped to SCF or DDU facilities? For the purpose of the interrogatory, assume a periodical with an average circulation per issue of less than 50,000 copies per issue, (see, e.g., your response to MPA/USPS-T34-13a), is smaller circulation.

(e) According to USPS data from the PERMIT system (i.e., see Table 2, provided in response to MPA/USPS-T34-3) how many periodicals mail less than 50,000 copies per issue in the regular rate and in the nonprofit categories respectively? How many mail more than 50,000 copies per issue?

CRPA-NFIP/USPS-T-34-6. On p. 7 of your testimony, you state that "I have chosen to allocate 50 percent of the transportation cost to advertising pounds to maintain this balance [i.e., mitigation of the effect of larger dropship discounts on advertising pounds entered into the more distant zones]. Explain and demonstrate how the rest of the transportation costs of Out-of-county Periodical Class are allocated?

CRPA-NFIP/USPS-T-34-7. On pp.8-9 of your testimony you state that the USPS proposal to zone editorial content "provides time for mailers to take a fresh look at comailing and commingling".

(a) Please define your use of the terms "comailing" and "commingling".

(b) Was past USPS expectations of "comailing" and "commingling" as a means for small volume publications to dropship their volumes based on fact or supposition?

(c) Is current USPS expectation of Periodical Class comailing and/or commingling related to dropshipped added volumes not now dropshipped based on fact or supposition?

(d) If the expectation referred to in (c) above is based on fact, please supply underlying data and analyses which support or justify any such expectation.


(e) Do you assume that, given the above-"average" postal costs increases borne by smaller-volume national periodicals since R90-1, smaller circulation periodicals which are not palletized or dropshipped have not investigated the feasibility of comailing or commingling?

CRPA-NFIP/USPS-T-34-8. Identify the "industry expert" and his/her title and place of employment to whom you refer in your response to MPA/USPS-T34-13a.

CRPA-NFIP/USPS-T-34-9. In your response to MPA/USPS-T34-13a, you refer to "small to medium (50,000-300,000 copies) publications and in part b, you refer to medium to large publications (150,000> 1 million copies). Of the total number of periodicals in both the nonprofit and regular rate Outside of County categories, how many are small, how many are medium, and how many are large, according to your definitions of those terms?

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all parties of record in accordance with Rule 12 of the rule of practice.



Stephen M. Feldman

November 15, 2001