

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

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS TAUFIQUE TO INTERROGATORY OF
THE MAGAZINE PUBLISHERS OF AMERICA, INC.
(MPA/USPS-T34-20(A-C))

The United States Postal Service hereby provides the responses of witness Taufique to the following interrogatory of the Magazine Publishers of America, Inc.: MPA/USPS-T34-20(a-c), filed on November 1, 2001. Parts d to f of this interrogatory have been redirected to the Postal Service.

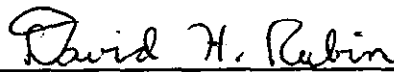
The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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November 15, 2001

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

MPA/USPS-T34-20. Please refer to USPS-LR-J-107, OC01 .xls, worksheet Pound Data-Adv and set cells D47-D49 of this worksheet equal to 0.

(a) Please confirm that the average cost per pound for transporting periodicals from the destination area distribution center (DADC) to the destination delivery unit (DDU) can be calculated by subtracting the unit transportation cost per pound figure in cell e56 of this worksheet from the unit transportation cost per pound figure in cell e58 of this worksheet. If not confirmed, please explain fully.

(b) Please confirm that the average cost per pound for transporting periodicals from the DADC to the destination sectional center facility (DSCF) can be calculated by subtracting the unit transportation cost per pound figure in cell e57 of this worksheet from the unit transportation cost per pound figure in cell e58 of this worksheet. If not confirmed, please explain fully.

(c) Please confirm that the average cost per pound for transporting periodicals from the DSCF to the DDU can be calculated by subtracting the unit transportation cost per pound figure in cell e56 of this worksheet from the unit transportation cost per pound figure in cell e57 of this worksheet. If not confirmed, please explain fully.

(d) Please confirm that the unit cost per pound for transporting periodicals from an Origin Associate Office (OAO) that is not in the DSCF service territory to the DADC is likely to be similar to the unit cost per pound for transporting periodicals from the DADC to the DDU. If not confirmed, please explain fully.

(e) Please confirm that the unit cost per pound for transporting periodicals from an Origin Sectional Center Facility (OSCF) to the DADC is likely to be similar to the unit cost per pound for transporting periodicals from the DADC to the DSCF. If not confirmed, please explain fully.

(f) Please confirm that the unit cost per pound for transporting periodicals from an OAO within the DSCF service territory to the DSCF is likely to be similar to the unit cost per pound for transporting periodicals from the DSCF to the DDU. If not confirmed, please explain fully.

RESPONSE:

(a-c) I will start with the explanation of how transportation costs are allocated in the current proposal. This allocation is not significantly different from past Commission practice except in one respect. In this Docket the allocation is being done **solely for advertising pounds** and an assumed allocation of transportation cost to these pounds is used.

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Transportation costs have been separated into Distance-Related Costs (DRC) and Nondistance-Related Costs (NDRC). Per unit NDRC is a constant and shared equally by all zones except DDU. DRC varies by zones, based on pound-mile proportions. DRC is allocated to DADC through Zone 8. In summary, transportation costs (DRC + NDRC) have been allocated as follows:

1. DDU rate has no transportation cost allocated to it.
2. DSCF rate only pays NDRC.
3. DADC through Zone 8 rates pay both the allocated DRC and the constant NDRC.

Given the rate design assumptions, i.e. allocation of transportation costs to advertising, the allocation factor for the distance-related portion, and the assumptions regarding which rate cells pay what type of transportation costs, the difference between cells e58 and e56 could be an estimate of the average cost per pound for transporting periodicals from the destination area distribution center (DADC) to the destination delivery unit (DDU). Changes in any of these assumptions could change this estimate.

In the same vein the difference between cells e58 and e57 could be an estimate of average cost per pound for transporting periodicals from the DADC to the destination sectional center facility (DSCF). Once again the same caveats apply.

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The difference between cells e57 and e56 could be an estimate of average cost per pound for transporting periodicals from the DSCF to DDU, but once again, as discussed above, changes in rate design assumptions could change this estimate.

(d-f) *Redirected to the Postal Service.*

DECLARATION

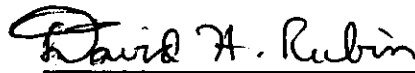
I, Altaf H. Taufique, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



Dated: NOVEMBER 15, 2001

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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