

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

RECEIVED
Nov 15 4 56 PM '01
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

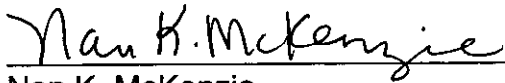
NOTICE OF UNITED STATES POSTAL SERVICE OF FILING OF REVISED
RESPONSE TO INTERROGATORY MPA/USPS-T-43-2(b) and (c) (ERRATA)

The United States Postal Service hereby gives notice that it has today filed the attached revised response to interrogatory MPA/USPS-T-43-2(b) and (c). The revisions provide a more complete explanation about how the calculations in USPS-LR-J-118 were conducted.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:


Nan K. McKenzie

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3089 Fax -5402
November 15, 2001

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SCHENK TO INTERROGATORY OF
MAGAZINE PUBLISHERS OF AMERICA, INC.

MPA/USPS-T43-2. Please refer to your analysis of Test Year cost savings for bundle breakage reduction for flats mail, USPS-LR-J-118, and USPS-LR-61.

- (a) Please confirm that running USPS-LR-J-61 without piggyback factors produces the test year unit costs as provided in USPS-LR-J-118. If you cannot confirm, please explain.
- (b) Please describe the steps necessary to be taken to eliminate the piggyback factors from USPS-LR-J-61.
- (c) Please provide references to all cells in USPS-LR-J-61 that must be adjusted to replicate the unit cost figures you used in USPS-LR-J-118 and explain how they must be adjusted.

RESPONSE:

- (a) Not confirmed. Running the models in USPS-LR-J-61 (in workbooks FCM.xls, Period.xls, and Standard.xls) without piggyback factors produces the test year unit costs *for the current bundle breakage rates* (see column 2a of Table 1, Table 2, and Table 3 of USPS-LR-J-118) for First-Class flats, Periodicals Outside County flats, and Standard Regular flats, respectively. The test year unit costs *for the reduced bundle breakage rates*, which are reported column 3a of Tables 1-3 in USPS-LR-J-118, are produced by running the models in USPS-LR-J-61 without piggyback factors and with the reduced bundle breakage rates.
- (b) There are two main steps used to eliminate piggyback factors from USPS-LR-J-61. Unless otherwise noted, each step is applied to the indicated spreadsheets in FCM.xls, Period.xls, and Standard.xls in USPS-LR-J-61.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SCHENK TO INTERROGATORY OF
MAGAZINE PUBLISHERS OF AMERICA, INC.

The first step is to set the piggyback factors given in cells B5:B11 in the spreadsheet 'Piggybacks' equal to 1.000.

The second step is to incorporate CRA costs without piggybacks in spreadsheet 'CRA Flats'. This step is achieved by the following steps: in USPS-LR-J-53 workbook Shp03usps.xls spreadsheet 'Pool', change the non-zero values in cells B29:B139 to 1.000 and in spreadsheet 'Class' change cells L7:L39 to 1.000; copy B21:BC21 from spreadsheet 'Flats(3)' in Shp03usps.xls; paste (with options special, values, and transpose) to cells H12:H65 in 'CRA Flats' in Period.xls in USPS-LR-J-61 (for FCM.xls copy cells B11:BC11, for Standard.xls copy cells B29:BC29). Column [13] with the column heading 'Total Mail Proc Unit Cost' in sheet 'CRA ADJ UNIT COSTS' provides the unit costs reported in column [2a] of Tables 1 – 3 in USPS-LR-J-118.

- (c) In addition to the adjustments made to the piggyback factors (see response to 2(b)), two steps are needed to replicate the Test Year costs savings for a 25 percent reduction in bundle breakage rates. After the piggyback factor adjustments described in part (b) have been done, the next step is that the cell labeled [9] in sheet 'CRA ADJ UNIT COSTS' (i.e., for the CRA Proportional Adjustment, which is in cell F25 in FCM.xls, in cell F27 in Periodicals.xls, and in cell F24 in Standard.xls) must be copied and the values pasted to the same cell. Then the bundle breakage rates

REVISED NOVEMBER 15, 2001

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SCHENK TO INTERROGATORY OF
MAGAZINE PUBLISHERS OF AMERICA, INC.

are adjusted by multiplying the current rates in cells C8, C10, C12, C14, D8, D10, D12, and D14 of sheet Package Data in FCM.xls, Period.xls, and Standard.xls in USPS-LR-J-61 by 0.75. Column [13] with the column heading 'Total Mail Proc Unit Cost' in sheet 'CRA ADJ UNIT COSTS' then provides the unit costs reported in column [3a] of Tables 1 – 3 in USPS-LR-J-118.

DECLARATION

I, Leslie M. Schenk, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

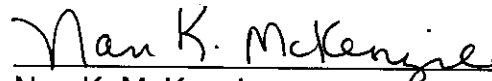


Leslie M. Schenk

Dated: 11.15.01

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.


Nan K. McKenzie

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
November 15, 2001