

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 MAYES TO
INTERROGATORY OF THE MAGAZINE PUBLISHERS OF AMERICA
(MPA/USPS-T23—1(A-B))**

The United States Postal Service hereby provides the response of witness Mayes to the following interrogatory of the Magazine Publishers of America: MPA/USPS-T23—1(a-b), filed on November 20, 2001. Responses to interrogatory MPA/USPS-T23—1(c-h) were filed on December 4, 2001.


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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Attorney

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December 5, 2001

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

MPA/USPS-T23-1. Please refer to your response to MPA/USPS-T34-15(b) where you state, "For non-destination SCF [Sectional Center Facility] Zone 1 & 2 pieces entered at the DBMC [destination bulk mail center] or destination transfer hub, it is assumed that 80 percent will be transported directly to the DSCF and 20 percent of the pieces will first travel through an intermediate facility (assumed to be the destination ADC [Area Distribution Center]) then be cross-docked to the DSCF."

(a) Please provide a citation to the original source of your assumption that 80 percent of zones 1 & 2 pieces that are entered at the DBMC or destination transfer hub will be transported directly to the DSCF and that 20 percent of these pieces will first travel through an intermediate facility.

(b) Please confirm that zones 1 & 2 pieces that are not entered at the Destination Area Distribution Center (DADC) or the DSCF can be entered at facilities other than the DBMC. If not confirmed, please explain your response fully. If confirmed, please answer the following questions:

(i) Why did you use zones 1 and 2 DBMC-entered periodicals as your benchmark against which to determine the DSCF and DADC nontransportation cost avoidances?

(ii) What percentage of zones 1 and 2 periodicals that are not entered at the DSCF or the DADC is entered at the DBMC? Please provide the source of your data.

RESPONSE

(a) The assumption that 80 percent of Zone 1&2 Periodicals that are not DSCF experience a transfer through one upstream facility prior to arrival at the DSCF and 20 percent of non-DSCF Zone 1&2 Periodicals experience two transfers is not unique to non-DSCF Zone 1&2 Periodicals entered at a DBMC or destination transfer hub. Rather, this assumption is extended to all non-DSCF Zone 1&2 Periodicals. The DBMC and destination transfer hub facilities were used as illustrations for the example provided in MPA/USPS-T34-15. Although in Docket No. R84-1 witness Byrne (USPS-T-14) first used

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a 1981 study of the percent of mail using the preferential and non-preferential routings to estimate the percentage of second-class (Periodicals) mail that would incur one or more than one dock transfer, the simplifying assumption that 80 percent of Zone 1&2 non-DSCF Periodicals receives one dock transfer and 20 percent receives two dock transfers first appears at pages 25-26 of witness Acheson's testimony (USPS-T-12) in Docket No. R87-1.


(b) Confirmed.

(i) I maintained the use of the same benchmark as has been used in previous calculations of the dropship discounts in order to permit maintenance of continuity in the calculation of the cost avoidances and the development of rate design. The DBMC or destination transfer hub is used as a proxy, or stand-in, for a facility at which a dock transfer takes place upstream from the DADC; it is not meant to imply that this mail necessarily would have been entered at the DBMC. In my response to MPA/USPS-T34-15(b), I was using "DBMC" or "DBMC or destination transfer hub" as shorthand for a transfer hub facility upstream from the DADC in order to draw the distinction between the costs potentially avoided by the ADC pallet entered at the DADC relative to the costs of the 3-Digit sacks entered at the OADC.

(ii) I am unaware of any data source that would permit me to answer this question.

DECLARATION

I, Virginia J. Mayes, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



Virginia J. Mayes

Dated:

12-5-01

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.



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