

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

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OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF AMERICAN BUSINESS MEDIA  
AND MCGRAW-HILL COMPANIES  
(ABM/USPS-1-8)

The United States Postal Service hereby provides its responses to the following  
interrogatories of American Business Media and McGraw-Hill Companies:

ABM/USPS-1-8, filed on November 21, 2001.

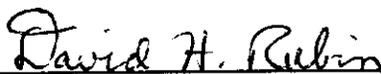
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
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December 5, 2001

RESPONSE OF UNITED STATES POSTAL SERVICE TO INSTITUTIONAL  
INTERROGATORIES OF AMERICAN BUSINESS MEDIA AND MCGRAW-HILL  
COMPANIES

**ABM-MH/USPS-1.** Please provide all studies conducted by or on behalf of the Postal Service since 1995 that analyzed or considered in any way separate editorial drop ship pound rates for Periodicals. If the USPS has not studied these issues since 1995, please so state.

**RESPONSE:**

The idea of editorial drop-ship pound rates has been discussed in the context of customized or specialized rate options designed to reduce costs.

Representatives of a couple of publications separately approached the Postal Service with a variety of cost saving proposals. As these ideas were being developed, one item that came under discussion was a discount on dropshipped editorial pounds. A preliminary proposal that was discussed was to provide a portion of the cost savings to marginal editorial pounds. That is, the discounted rate would only apply to the editorial pounds that were dropshipped as a result of this discount and would not have applied to the editorial pounds that were already being dropshipped.

The analysis that two separate mailers provided in response to the proposal suggested that 20 to 30 percent more volume would be entered at the SCF. These promises were not based on a study in a traditional sense, but they suggested that such a rate structure would lead to significant change in behavior. The mailers that use the discount would be able to reduce their postage. The Postal Service would gain by avoiding transportation and handling that mailers can provide more efficiently. The mailers that did not use the discounted editorial pound rates would also gain because only a portion of the cost saving was being

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passed on to the users of the rates. The other portion would benefit the whole Periodicals class.

As plans for the current rate case were being developed, one issue that arose was how to develop incentives to reduce Periodicals costs. It was apparent that Periodicals mail was not dropshipped to the same extent as similar Standard Mail. While more than one factor could account for that, what we learned from our earlier discussions suggested that additional dropship incentives might be appropriate. With that in mind we looked to develop enhanced incentives that would encourage more dropshipping while addressing the concerns discussed in the testimony of witness Taufique (USPS-T-34).

The Postal Service or its contractors did not conduct any responsive studies.

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**ABM-MH/USPS-2.** Please provide all studies conducted by or on behalf of the Postal Service since 1995 that analyzed or considered in any way a per-piece pallet discount for Periodicals. If the USPS has not studied these issues since 1995, please so state.

**RESPONSE**

The study that was used to support the per-piece pallet discount proposed in this docket is provided by witness Schenk (USPS-T-43) in Library Reference J-100.

No other studies have been conducted since 1995.

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AMERICAN BUSINESS MEDIA AND THE MCGRAW-HILL COMPANIES

**ABM/USPS-3:**

Please provide all studies conducted by or on behalf of the Postal Service since 1995 that analyzed the particular characteristics of periodicals publications and/or Periodicals mailers who drop ship. Possible characteristics studied might include publication circulation or density, time sensitivity or other factors. If the USPS has not studied these issues since 1995, please so state.

**RESPONSE:**

There are no studies that meet the criteria set forth in this interrogatory. The closest studies would be USPS LR-I-87 from Docket No. R2000-1, and USPS LR-J-114 from Docket No. R2001-1.

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**ABM/USPS-4:**

Please provide all studies conducted by or on behalf of the Postal Service since 1995 that analyzed the particular characteristics of Periodicals publications and/or Periodicals mailers who do not drop ship. Possible characteristics studied might include publication circulation or density, time sensitivity or other factors. If the USPS has not studied these issues since 1995, please so state.

**RESPONSE:**

There are no studies that meet the criteria set forth in this interrogatory. The closest studies would be USPS LR-I-87 from Docket No. R2000-1, and USPS LR-J-114 from Docket No. R2001-1.

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**ABM-MH/USPS-5** Please provide all studies conducted by or on behalf of the Postal Service since 1995 that analyzed or considered in any way co-palletizing in which different Periodicals are combined in a single pallet. If the USPS has not studied these issues since 1995, please so state.

**Response:**

There were no studies conducted related to co-palletizing Periodicals.

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**ABM-MH/USPS-6.** Please provide all studies or estimates available to the USPS of the number of Periodicals and the number of pieces for each such Periodical that are not now drop shipped but will begin to be drop shipped in response to the USPS's proposed editorial drop ship pound rate in Periodicals. If the USPS has not studied this issue, please so state.

**RESPONSE:**

Please see the response to ABM-MH/USPS-1.

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**ABM-MH/USPS-7.** . Please provide all studies or estimates available to the USPS of the number of Periodicals and the number of pieces for each such Periodical that are not now mailed on pallets but will begin to be mailed on pallets in response to the USPS's proposed per piece pallet discount in Periodicals. If the USPS has not studied this issue, please so state.

**RESPONSE:**

The Postal Service has not studied this issue in isolation, but the entry profile study presented in LR-J-114 indicates that more than 80 percent of dropshipped volume is on pallets.

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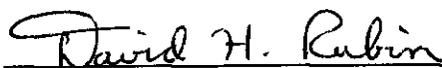
**ABM-MH/USPS-8.** Please provide all studies or estimates available to the USPS of the number of Periodicals and the number of pieces for each such Periodical that are neither drop-shipped nor entered on pallets at present but that will begin to be both drop shipped and entered on pallets in response to the combined effects of the USPS's proposed editorial drop ship and per piece pallet discount in Periodicals. If the USPS has not studied these issues in combination, please so state.

**RESPONSE:**

Please see the response to ABM-MH/USPS-1.

## 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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