

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

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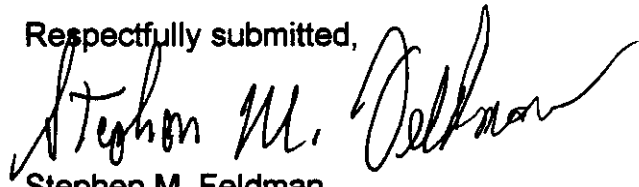
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Docket No. R2001-1

**SECOND INTERROGATORIES OF THE COALITION OF RELIGIOUS PRESS
ASSOCIATIONS (CRPA) AND THE NATIONAL FEDERATION OF INDEPENDENT
PUBLICATIONS TO USPS WITNESS TAUFIQUE (T- 34-10-15)**

CRPA and NFIP respectfully submit, in accordance with Rule 26(a), the above-identified follow-up interrogatories in connection with Witness Taufique's responses to CRPA-NFIP/USPS-T-34-1-9.

Respectfully submitted,



Stephen M. Feldman
Law Offices of Stephen M. Feldman
Counsel for CRPA/NFIP
601 Pennsylvania Ave, N.W.
South Building STE 900
Washington, D.C. 20004
Tel. 202-463-4960
Fax 202-463-4965
E-Mail stephenmark@starpower.net

December 7, 2001

CRPA-NFIP/USPS-T-34-10. Your response to CRPA-NFIP/USPS-T-34-2 states that the Postal Service has chosen "to maintain the unzoned editorial pound rate in this docket."

(a) Confirm that USPS-LR-J-107, p.20 of 30, contains a rate schedule, lines 25-32, entitled "Proposed Editorial Rates and Revenue, which shows the following proposed rates for editorial pounds:

Destination DDU \$0.158 per editorial pound

Destination SCF \$0.180

Destination ADC \$0.191

Unzoned Editorial

Pound Rate \$0.203

(b) Confirm that USPS-LR-J-107, pp. 8, 10, likewise shows the current editorial pound rate to be an identical 17.9 cents per editorial pound for all editorial weight, including periodicals entered at destination DDU's, destination SCF's, destination ADC's, and all other editorial periodical pounds which are transported through advertising postal zones 1-8.

CRPA-NFIP/USPS-T-34-11. Your response to CRPA-NFIP/USPS-T34-3(d) states: "The estimate for palletized volume used by the Postal Service is based on the entry profile study presented by Witness Loetscher in USPS-LR-J-114.". Confirm that the entry profile for palletization of periodicals in USPS-LR-J-114 is based on year 2000 volumes, and does not include or project any data that quantifies periodical palletization in the

Test Year 2003.

CRPA-NFIP/USPS-T-34-12. You state in part in your answer to CRPA-NFIP/USPS-T-34-4(a) that, "One would expect that mailers would perform the additional work only if their cost was less than the discount provided by the Postal Service."

Do mailers perform mail preparation and containerization which exceed USPS requirements for reasons other than cost? If so, identify the reasons. If not, identify the basis for your negative response.

CRPA-NFIP/USPS-T-34-13. You assert in your response to CRPA-NFIP/USPS-T-34-4(b) that worksharing discounts implemented after Docket R90-1 caused FY 1992 mail processing costs per piece for the "combined Outside County subclass" to decrease 3.8%.

(a) Please provide similar mail processing per piece data for Outside County periodicals, year by year, from FY 1993-2000, inclusive.

(b) Is it possible that mail processing costs per piece could vary year to year for reasons other than the expansion or implementation of worksharing discounts? If your answer is affirmative, provide examples of non-discount factors that could increase or reduce per-piece processing costs. If your answer is negative, please provide the data, studies or economic analyses on which you rely.

(c) Your response to CRPA-NFIP/USPS-T-34-4(b) further claims that realized increases per piece in revenue for Outside County periodicals after R90-1 rates and discounts

went into effect were less than recommended per-piece increases in that case. You further claim that, "The implication of this observation is simply that changes in mailer behavior as a result of worksharing incentives could actually reduce the impact of a rate increase on mailers.". Is the purpose of presort and other postal discounts to reduce revenue to the Postal Service while reducing the impact of a rate increase on some mailers who happen to be able to qualify for a discount? Explain any affirmative or negative answer in detail, with mention of specific factors that could cause an increase or a decrease in revenue per piece from a subclass because of presort and "worksharing incentives".

(d) The response to CRPA-NFIP/USPS-T-34-4(b) also refers to a decline in FY 1997 Purchased Transportation costs on a per-piece basis after changes in worksharing discounts were recommended in Docket MC95-1. For each year from FY 1998 through FY 2000, did Purchased Transportation costs increase or decrease on a per-piece basis and were there changes in periodical discounts implemented as a result of either the R97-1, or R2000-1 proceedings, which you believe affected the increase or decrease of Purchased Transportation costs attributed to Periodical mail?

CRPA-NFIP/USPS-T-34-14.

(a) Confirm that neither your response to CRPA-NFIP/USPS-T-34-5(c) nor the attachment referred to in that response provide any volumetric data as to the total number of periodicals which now co-mail, commingle or co-palletize.

(b) Confirm that your response to CRPA-NFIP/USPS-T-34- 5(c) does not provide the

volume of periodical pieces (or pounds) which are co-mailed, commingled, or co-palletized.

(c) Confirm that the USPS-performed scan of the websites of the eight printing companies, listed in the attachment which follows your response to CRPA-NFIP/USPS-T-34-5(c), does not verify that these companies combine, co-mail, or co-palletize periodicals with average circulations of 50,000 copies or less. If you believe that the website information does confirm that this information, or any other documents, brochures or informational material in your possession or in the possession of other USPS employees of whom you are aware, please provide either the originals or copies of such materials.

(d) Confirm that the first two charts (for both nonprofit and regular periodicals) of stratified periodical circulations which follow your response to CRPA-NFIP/USPS-T-34-5(d) show (1) that the only circulation strata therein which display publications which have combined DDU/SCF/Zone 1&2 postal entries in excess of 50% of their total mailed copies are the 500,000-1,000,000 and 1 million + levels for regular rate periodicals, and (2) that there are no strata where nonprofit periodicals of any circulation size mail more than 50% of their circulations to a combination of DDU/SCF/Zones 1 & 2 entries.

(e) Please explain what universe the chart entitled "Regular and Nonprofit" which follows your response to 5(d), *supra*, is supposed to describe, and why that data was not included in the two earlier tables which list Nonprofit and Regular stratified volumes separately.

CRPA-NFIP/USPS-T-34-15. The following two interrogatories follow-up your response to CRPA-NFIP/USPS-T-34-6:

- (a) Do the USPS-proposed advertising pound rates (including ADC-dropshipped volumes) applied to Outside County Periodicals recover all purchased transportation costs attributed by USPS to Outside County Periodicals?. If your answer is either affirmative or negative, explain in detail which costs are recovered and which costs are not recovered by the advertising pound rates, and if not recovered by these rates explain which rates within the rate design do recover these costs.
- (b) Do periodical pound rates which are not specifically allocated to advertising or editorial content, e.g., the so-called "residual" pound rate, contribute anything towards the payment of purchased transportation costs attributed to Outside County Periodicals? If they do, how much revenue do they contribute towards the recovery of purchased transportation costs attributed to Periodical mail and where in your workpapers or workpapers of other USPS witnesses is this information displayed.?

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.



Stephen M. Feldman

December 7, 2001.