

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

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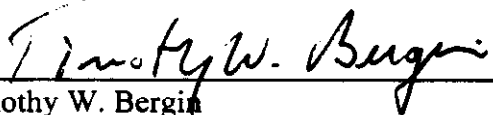
POSTAL RATE AND FEE CHANGES, 2001

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Docket No. R2001-1

**INTERROGATORIES AND DOCUMENT REQUESTS OF
AMERICAN BUSINESS MEDIA AND THE MCGRAW-HILL
COMPANIES DIRECTED TO UNITED STATES POSTAL
SERVICE WITNESS ALTAF H. TAUFIQUE
(ABM-MH/USPS-T34-50-56)**


Pursuant to the Commission's Rules of Practice, American Business Media and The McGraw-Hill Companies, Inc. hereby direct the attached interrogatories and document requests to United States Postal Service witness Taufique (ABM-MH/USPS-T34-50-56). If any request should be answered by a different witness, it should be referred to that witness.

Respectfully submitted,



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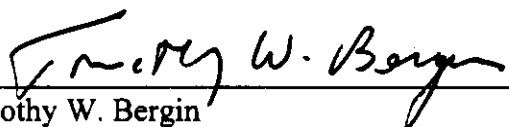


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Counsel for American Business Media

CERTIFICATE OF SERVICE

I hereby certify that I have this date served this document in accordance with Section 12 of the Commission's Rules of Practice.



Timothy W. Bergin

Dated: December 7, 2001

ABM-MH/USPS-T34-50

In the Worksheet — Pound Data Advertising of USPS-LR-J-107 at cells E 56 and F 56, Mr. Taufique reports negative transportation costs per pound and negative revenue. Please explain how these Periodicals can have negative transportation costs. If these cells are in error, please provide a corrected worksheet.

ABM-MH/USPS-T34-51

In cell E 56 of the Worksheet — Pound Data Advertising of USPS-LR-J-107, please explain why the reference to cell E 57 appears in the underlying formula. If any underlying reference in cell E 56 is in error, please correct it and provide a narrative explanation of the corrected cell references.

ABM-MH/USPS-T34-52

In the Worksheet — Pound Data Advertising of USPS-LR-J-107, at cells E 56, E 57 and E 58, there are underlying references to cells E 47, E 48 and E 49. These cells appear to reflect the “Final Discount” figures that are reported after having taken account of the proposed 50% passthrough for the Pound Rate Dropship Discount. Please explain why 50% passthroughs of the reported Pound Rate Dropship Cost Savings are used in the derivation of these Advertising Pound Rates. If these cell references are in error, please provide a narrative explanation of any correction and a corrected worksheet.

ABM-MH/USPS-T34-53

USPS witness Mayes (USPS-T23) calculates the non-transportation dropship cost savings associated with DSCF-entered Periodicals as \$0.0350 per pound and the non-transportation dropship cost savings associated with DDU-entered Periodicals as \$0.0748 per pound. Based on these calculations, the increase in cost savings for DDU-entered Periodicals relative to DSCF-entered Periodicals appears to be \$0.0398 per pound (\$0.0748 less \$0.035). Mr Taufique’s proposed advertising pound rates are \$0.204 per pound for destinating SCF Periodicals and \$0.16 per pound for destinating DDU-entered Periodicals. The proposed increased rate incentive to drop ship at the DDU thus appears to be \$0.044 per pound (\$0.204 less \$0.16). If these calculations are correct, please confirm them and explain fully why the USPS is proposing advertising pound rates in which the dropship rate incentives for DDU-entered Periodicals (relative to DSCF-entered Periodicals) appear to exceed the dropship cost savings that the USPS would realize from this activity.

ABM-MH/USPS-T34-54

Please confirm the following. If you are unable to confirm, please explain fully.

(a) In the Worksheet — Pound Data Editorial of USPS-LR-J-107 at cell C3, Mr Taufique shows total “Revenue needed” from editorial pounds prior to the addition of revenue leakage in the amount of \$475,222,712. In the same worksheet, at cell C7, Mr. Taufique shows “editorial pounds” in the amount of 2,452,358,762. Dividing the editorial pound rate revenues from cell C3 by the editorial pounds in cell C7 yields an average editorial pound rate of \$0.194

per pound. All else equal, if the USPS had not decided to propose drop ship rates for editorial pounds in this case, a flat editorial pound rate of \$0.194 would have been sufficient to provide the total revenue required for editorial pounds of Outside-County Periodicals mailers in this case.

(b) A flat editorial pound rate of \$0.187 would result if the traditional rule that the flat editorial pound rate for Outside-County (Regular-Rate) Periodicals should be set at 75 percent of the Zone 1 & 2 advertising pound rate for such mail is applied to the proposed Zone 1 & 2 advertising pound rate of \$0.250.

(c) A flat editorial pound rate of \$0.192 would result if the traditional rule that the flat editorial pound rate for Outside-County (Regular-Rate) Periodicals should be set at 75 percent of the Zone 1 & 2 advertising pound rate for such mail is applied to the proposed Zone 1 & 2 advertising pound rate of \$0.256 which, according to your response to Presiding Officer's Information Request No. 3, Question 3(d), is derived by using the traditional methodology for determining the advertising pound rates for such mail.

ABM-MH/USPS-T34-55

In the four page Attachment to his response to CRPA-NFIP/USPS-T34-5(c), Mr. Taufique presents a summary of an "Internet Search" for comailing and co-palletization services. With respect to this "Search," please provide hard copies of all underlying web pages and site references that are relied upon to support the statements and conclusions that appear in the four page Attachment.

ABM-MH/USPS-T34-56

On page 2 of the four page Attachment to his response to CRPA-NFIP/USPS-T34-5(c), Mr. Taufique mentions that "an attempt was made to determine if the co-mail, co-palletization and drop shipping services [of certain printing and/or distribution companies] were available to publishers of periodicals with an average circulation of approximately 50,000 copies per issue."

(a) Please list the companies reviewed for which co-mail, copalletization and drop shipping services were not apparently available to publishers of periodicals with an average circulation of approximately 50,000 copies per issue.

(b) Please confirm that each company reviewed does not appear to offer co-mail, co-palletization, and drop shipping services to publishers whose average circulation was substantially less than 50,000 copies per issue. If you do not confirm, please explain fully.

(c) Please explain why the Postal Service did not undertake to determine whether co-mail, co-palletization, and drop shipping services were available to publishers whose average circulation was substantially less than 50,000 copies per issue.