

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

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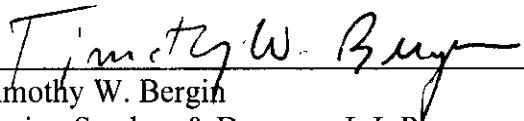
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POSTAL RATE AND FEE CHANGES, 2001  
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) Docket No. R2001-1  
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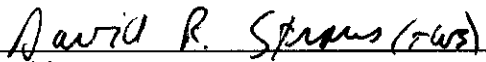
**INTERROGATORIES OF AMERICAN BUSINESS MEDIA  
AND THE MCGRAW-HILL COMPANIES DIRECTED TO  
U.S. POSTAL SERVICE WITNESS JOSEPH D. MOELLER  
(ABM-MH/USPS-T28-1-3)**

Pursuant to the Commission's Rules of Practice, American Business Media and The McGraw-Hill Companies, Inc. hereby direct the attached interrogatories to United States Postal Service witness Moeller (ABM-MH/USPS-T28-1-3). If any request should be answered by a different witness, it should be referred to that witness.

Respectfully submitted,

  
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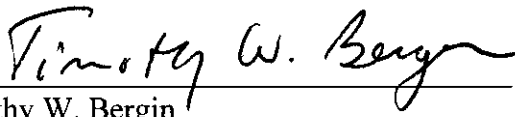
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**CERTIFICATE OF SERVICE**

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 10, 2001  
**ABM-MH/USPS-T28-1:**

#### **ABM-MH/USPS-T28-1:**

Please confirm each of the following. To the extent that you are unable to confirm, please explain fully.

(a) The Commission recommended a 101 percent cost coverage for Regular-Rate Periodicals in Docket R97-1, where Regular-Rate Periodicals received a rate increase that was about 1.6 percentage points higher than the system average.

(b) The Commission recommended a 100.6 percent cost coverage for Outside-County Periodicals in Docket R2000-1, where Regular-Rate mailers in that subclass received an above-average rate increase of 12.8 percent.

(c) In this case, the proposed cost coverage for the Outside-County Periodicals subclass as a whole is 108.6 percent, despite the above-average rate increase of 10.4 percent proposed for the subclass (1.7 percentage points higher than the system average), and the effective cost coverage that would be borne by Regular-Rate mailers in the subclass (referred to in Exhibit USPS-28B) would be 109.3 percent, as indicated in the testimony of Postal Service witness Taufique, USPS-T-34, pp. 3-4.

#### **ABM-MH/USPS-T28-2**

Please refer to your testimony at page 39, lines 16-21, and page 40, line 18, through page 41, line 7, to the effect that the cost coverage for Parcel Post, which was constrained in Docket R2000-1 in order to mitigate an above-average rate increase, should be held to very nearly the same level in this case (despite increasing system-wide coverage) because “[i]f the coverage were higher, either the already relatively large rate increase for [‘some mailers who . . . do not, or cannot, avail themselves of the worksharing opportunities offered’] would have to be higher, or the cost-reducing price incentives offered for destination entry would have to be reduced.”

(a) Please confirm that this analysis is likewise applicable to the cost coverage for Outside-County Periodicals in this case because unless it is held close to the coverage recommended for that subclass in R2000-1, rate increases as high as 14 percent or more will be imposed on many Outside-County Periodicals mailers, particularly mailers with relatively high editorial content, who do not or cannot avail themselves of the newly-proposed discounts for destination entry and palletization (unless those price incentives are reduced or eliminated). If you do not confirm, please explain fully.

(b) Please confirm that this analysis is also applicable to Outside-County Periodicals for the further reasons that: (i) like some Parcel Post mailers, addressed in your testimony at page 39, lines 1 through 8, most Periodicals mailers presently have “no practical alternative” to using the Postal Service; and (ii) unlike other Parcel Post mailers, the rates for Periodicals mailers can be constrained without concern for the ability of competitors of the Postal Service to compete effectively, given the current dearth of any such competition for delivering Periodicals. If you do not confirm, please explain fully.

**ABM-MH/USPS-T28-3**

Please refer to your testimony at page 7, lines 10 through 17, that the Postal Service's approach to measuring volume-variable costs in this case "affects the measured volume-variable costs of the different mail classes to different degrees (when compared to the costs estimated by the method used by the Postal Rate Commission in Docket No. R2000-1)." If the Commission in this case were to recommend the rates proposed by the Postal Service for Outside-County Periodicals mail, but estimated volume-variable costs by the method used by the Commission in Docket No. R2000-1 (and otherwise accepted the cost data presented by the Postal Service in this case), please specify the cost coverage for Outside-County Periodicals that would result, and explain fully how your calculation can be verified.