

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

EXPERIMENTAL PERIODICALS
CO-PALLETIZATION DROPSHIP
DISCOUNTS, 2002

Docket No. MC2002-3

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS ALTAF H. TAUFIQUE TO
CHAIRMAN'S INFORMATION REQUEST NO. 1

The United States Postal Service hereby files the response of witness Altaf H. Taufique to Chairman's Information Request No. 1, filed on October 11, 2002.

The requests are stated verbatim and are followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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October 25, 2002

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CHAIRMAN'S INFORMATION REQUEST NO. 1

1. Witness Taufique's testimony (USPS-T-1 at 16) regarding the proposed data collection plan lacks the specificity and related explanation contemplated by Commission rule 67c(b). This rule requires the Service to provide, among other things, a detailed description of the data involved in the anticipated collection effort. The testimony also omits any reference to periodic reporting.

- a. Please list the data that the Postal Service intends to collect during the experiment in order to determine whether the experiment is successful. Specifically, will the Postal Service collect the following information:
 - number of permit holders using the discount
 - number of pallets per ADC, SCF
 - number of pounds Per ADC, SCF
 - number of pieces earning each discount per ADC, SCF?
- b. If the service does not plan to provide such information to the Commission at least every six months, please explain why.

RESPONSE:

- a. We are planning to collect the data that would be reported in the RPW system, which would provide us with the number of pieces receiving the ADC or SCF dropship discounts. The RPW data, however, would not provide us with the number of permit holders, pallets or pounds.

During the settlement process, we plan to discuss the possibility of getting these data from participating mailers/printers/consolidators as part of the documentation that will be provided to the Postal Service. The information thus provided would be maintained by the Postal Service and a summary could be provided to the Commission every six months during the experiment.

- b. Please see my response to subpart a above.

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2. Please refer to USPS-T-1, pages 5-6. Has any new information been collected to support the \$0.0209 per piece savings of pallets over sacks at destination facilities? If so, please provide the information.

RESPONSE:

No. My understanding is that no new information has been collected in this regard. The derivation of the \$0.0209 estimate is shown in Library Reference J-100/R2001-1.

Note that "all of the cost savings that are being considered in the derivation of these [the proposed] discounts are related to dropshipment and not palletization." USPS-T-1 at 12. Thus, the cost saving estimate of \$0.0209 is not the basis of the discounts proposed in this classification. We believe that by linking these discounts to co-palletization as well as dropshipment, the Postal Service can encourage mailers to cooperate with each other to achieve the densities needed to both palletize and dropship their mail.

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3. Please describe any plans to further study the cost differences (not limited to destination facilities) between sacks and pallets.

RESPONSE:

The Postal Service plans to update, as necessary and possible, the Docket No. 2001-1 library references underlying Periodicals costs in future omnibus rate filings, but does not currently have any plans to conduct new studies of the cost differences (not limited to destination facilities) between sacks and pallets. For the purpose of this proposed classification change the cost differences between sacks and pallets (including in transit) are not necessary. See my response to question 2.

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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