

DOCKET SECTION

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF
MAGAZINE PUBLISHERS OF AMERICA AND MOTION FOR LATE ACCEPTANCE
(MPA/USPS-2)

The United States Postal Service hereby provides a response to the following interrogatory of Magazine Publishers of America: OCA/USPS-2, filed on September 16, 1997. The Postal Service moves that this response be accepted one day late. The press of other discovery resulted in the response being ready too late to be copied and filed on the due date.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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October 1, 1997

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MPA/USPS-2 The Commission, in the past, has tried to examine unexplained cost increases analogous to the "peculiar outputs" and cost increases identified by witnesses Moden, USPS-T-4 at 11-12, and O'Hara, USPS-T-30 at 30. In its Order Terminating Docket No. RM92-2 it noted "[a]t issue is the seemingly excessive and unexplained growth in two cost areas – the costs of 'nonproductive time' time and of mail processing for second-class regular and third-class carrier route mail." PRC Order No. 1002 (January 14, 1994) at 1.

- a. Since January 14, 1994, has the Postal Service undertaken any analysis or study of "seemingly excessive and unexplained growth" in the costs of nonproductive time and mail processing for Regular Periodicals?
- b. If the answer to a is yes, please provide any such analyses or studies.
- c. If the answer to a. is no, please describe any such analyses or studies which are planned.

RESPONSE:

a ,b, c. "Nonproductive time" is a misnomer for time spent moving empty equipment, clocking in and out, and breaks and personal needs time. In Postal Service reports this time is referred to as "Overhead."

In past proceedings the Postal Service has provided plausible reasons for the growth in overhead costs and the attributable costs for various classes of mail, including Regular Periodicals. The rebuttal testimony of Peter Hume in R90-1 and the rebuttal testimony of Dana Barker in R94-1 are examples. As has been explained, the data have not existed to quantify the specific impact of any particular reason we have identified as contributing to the growth in these cost


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categories. This has not, however, caused the Postal Service to doubt the reliability of the cost data that have been available. The Postal Service monitors annual changes in overhead and the attributable costs for all classes and subclasses of mail. Changes from year to year are reviewed for reasonableness and anomalous changes are investigated. Any anomalous changes that are the result of data collection or processing errors are corrected before publication of the *Cost and Revenue Analysis*. *No formal studies or analyses have been conducted regarding trends in overhead or Regular Periodicals costs since January 14, 1994. An internal, operations review of Regular Periodicals is planned. It is anticipated that Periodicals mailers will join in this review after the conclusion of the current rate case.*

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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