

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

Complaint of Time Warner Inc. et al.
Concerning Periodicals Rates

Docket No. C2004-1

FIRST SET OF INTERROGATORIES OF MAGAZINE PUBLISHERS OF
AMERICA, INC. TO UNITED STATES POSTAL SERVICE WITNESS TANG
(MPA/USPS-RT2-1-7)
(September 30, 2004)

Pursuant to Rules 25 through 28 of the Rules of Practice of the Postal Rate Commission, the Magazine Publishers of America, Inc., (MPA) hereby submits interrogatories and requests for production of documents to United States Postal Service witness Tang (USPS-RT-2).

If witness Tang is incapable of providing an answer to any question, it is requested that an answer be provided by the Postal Service as an institution or by another person capable of providing an answer.

Respectfully submitted,

James Pierce Myers

Counsel for
MAGAZINE PUBLISHERS OF AMERICA, INC.

James Pierce Myers
Attorney at Law
Suite 610
1211 Connecticut Ave. NW
Washington, DC 20036
Phone: 202-331-8315
Fax: 202-331-8318
jpm@piercemyers.com

**FIRST SET OF INTERROGATORIES OF MAGAZINE PUBLISHERS OF
AMERICA, INC. TO UNITED STATES POSTAL SERVICE WITNESS TANG
(MPA/USPS-RT2-1-7)
(September 30, 2004)**

MPA/USPS-T2-1. Please refer to page 1, lines 7-8 of your testimony where you state, “The Postal Service agrees with much of the rationale provided by the complainants for this structural change.” Please refer further to page 8, lines 3-5 where you state, “[t]here is no doubt that increasing efficiency is an important aspect of rate design and should be assigned considerable weight. In fact, we believe there is considerably more that can be done to advance such efficiency.”

- a. Please confirm that the Postal Service supports encouraging Periodicals mailers through rate incentives to reduce the number of sacks they use (e.g., by increasing sack minimums, comailing, co-palletization). If not confirmed, please explain your response fully.
- b. Please confirm that the Postal Service supports encouraging Periodicals mailers through rate incentives to increase the amount of mail that they enter at destination facilities. If not confirmed, please explain your response fully.
- c. Please confirm that the Postal Service supports the concepts specified in subparts (a) and (b) because the Postal Service believes that these changes in mailer behavior will reduce Postal Service costs for handling periodicals. If not confirmed, please explain your response fully.

MPA/USPS-T2-2. Please refer to page 2, lines 11-13 where you state, “The Postal Service believes the benefits of substantive structural changes must be evaluated in the context of other factors such as...ease of implementation for all customers and post offices, both large and small.” Given that advertising pound rates are already zoned, wouldn't you expect that mail preparation software and business mail entry systems could be modified fairly easily to accommodate

zoned editorial pound rates or other weight-related rate elements that vary by zone? If not, please explain fully.

MPA/USPS-T2-3. Please refer to page 8, line 17 through page 9, line 1.

- a. How many pieces have qualified for either of the Docket No. MC2002-3 experimental co-palletization discounts since they were introduced in October 2003?
- b. How many sacks were eliminated by co-palletizing the pieces specified in subpart (a)?

MPA/USPS-T2-4. Please confirm that the pieces specified in your response to MPA/USPS-T2-3(a) represent the Postal Service's best estimate of the number of Periodicals Outside-County flats that have migrated from sacks to pallets through comailing or co-palletization as a result of the co-palletization experiment. If not confirmed, please provide the Postal Service's best estimate of the number of pieces that have migrated from sacks to pallets.

MPA/USPS-T2-5. Please refer to page 8, line 17 through page 9, line 1. Please provide the total number of Periodicals Outside-County flats that did not qualify for any pallet or co-pallet discount as a result of the co-palletization experiment and confirm that these pieces represent the Postal Service's best estimate of the number of Periodicals Outside-County flats that are currently entered in sacks. If not confirmed, please provide the Postal Service's best estimate of the number of Periodicals Outside-County flats that have been entered in sacks since the beginning of the co-palletization experiment.

MPA/USPS-T2-6. Based upon your responses to MPA/USPS-T2-3-5, please estimate the proportion of Periodicals Outside-County pieces that have migrated from sacks to pallets through comailing and co-palletization since the beginning of the co-palletization experiment. Please also estimate the proportion of sacked

Periodicals Outside-County flats that have migrated to pallets through comailing and co-palletization as a result of the co-palletization experiment.

MPA/USPS-T2-7. Please refer to page 8, line 15 through page 9, line 1 where you state, “[t]he Postal Service has been striving to improve efficiency and contain cost increases for Periodicals. And we appreciate the efforts of Time Warner et al. to work with us in past and ongoing efforts. Periodicals rate design has helped with these goals by sending consistent and positive signals to the Periodicals community – introduction of various worksharing discounts, e.g., dropship discounts and pallet discounts, and the recent co-palletization experiments (Docket Nos. MC2002-3 and MC2004-1).”

- a. Would you agree that, in most instances, despite the “introduction of various worksharing discounts” the difference in Postal Service costs between Periodicals entered in sacks and those entered on pallets is substantially more than the difference in postage paid for Periodicals entered on sacks and those entered on pallets? If not, please explain fully.
- b. Would you agree that, in most instances, despite the “introduction of various worksharing discounts”, the difference in Postal Service costs between Periodicals entered at origin facilities and those entered at destination facilities is substantially more than the difference in postage paid for Periodicals entered at origin facilities and those entered at destination facilities? If not, please explain fully.
- c. Do you believe that the recent introduction of pallet and co-pallet discounts has increased the proportion of Periodicals mail volume that is co-palletized and dropshipped? Please explain your response fully.
- d. Do you believe that the recent introduction of pallet and co-pallet discounts has made co-palletization and dropshipping services more widely available than they were previously? Please explain your response fully.

- e. Would you agree that, despite the introduction of pallet and co-pallet discounts, the current Periodicals rate design is not likely to provide enough incentive to encourage Periodicals mailers to switch the majority of sacked Periodicals Outside-County flats to pallets? Please explain your response fully.
- f. Would you agree that, despite the introduction of pallet and co-pallet discounts, the current Periodicals rate design provides essentially no incentive to increase the size of sacks used by mailers? Please explain your response fully.
- g. Holding all else equal, do you believe that increasing the rate differential between sacks and pallets would encourage the Periodicals industry to increase the proportion of mail that is co-palletized, comailed, and dropshipped? Please explain your response fully.
- h. Holding all else equal, do you believe that increasing the rate differential between origin-entered and destination-entered Periodicals would encourage the Periodicals mailing industry to increase the proportion of mail that is co-palletized, comailed, and dropshipped? Please explain your response fully.
- i. Holding all else equal, do you believe that increasing the rate differential between Periodicals entered in small sacks and those entered in large sacks would encourage the Periodicals industry to increase the average size of sacks that it uses? Please explain your response fully.