

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes,  
2006

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Docket No. R2006-1

THIRD SET OF INTERROGATORIES OF  
MAGAZINE PUBLISHERS OF AMERICA, INC.  
AND ALLIANCE OF NONPROFIT MAILERS  
TO USPS WITNESS TANG  
(MPA/USPS-T35-8-12)  
(June 15, 2006)

Pursuant to sections 25, 26 and 27 of the rules of practice, Magazine Publishers of America, Inc., and Alliance of Nonprofit Mailers direct the following interrogatories to United States Postal Service witness Rachel Tang (USPS-T-35). If the witness cannot answer a question or subpart, we request that the Postal Service answer through another witness or submit an institutional response.

Respectfully submitted,

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**MPA/USPS-T35-8.** Please refer to lines 7 through 8 on page 7 of witness Mayes' testimony (USPS-T-25), where she states, regarding her estimate of the Periodicals non-transportation destination entry cost savings: "The savings estimates generated in Appendix F of library reference USPS-LR-L-88 are calculated relative to Zone 1&2 Periodicals mail processing costs." Assume that a goal of Periodicals Outside County rate design were to reflect in rates the non-transportation destination entry cost savings relative to the mail processing costs of Zones 1-8, not Zones 1 and 2.

- (a) Please confirm that the rate design goal specified above could, in theory, be achieved by using non-transportation destination entry cost savings relative to average Zones 1-8 mail processing costs, rather than relative to Zones 1&2 mail processing costs, in developing destination entry rates and discounts. If not confirmed, please explain fully.
- (b) Please confirm that the rate design goal specified above could, in theory, be accomplished by estimating the average "bulk transfer" costs (which are the non-transportation costs that witness Mayes estimates are avoided by destination entry) by zone, and building these costs into rates individually for each zone. If not confirmed, please explain fully,
- (c) Please confirm that, all else being equal, the option outlined in subpart (a) of this interrogatory would result in lower rate increases for the higher zones than would the option outlined in subpart (b) of this interrogatory. If not confirmed, please explain fully.
- (d) Please confirm that the Standard Mail non-transportation destination entry cost avoidance is calculated relative to all origin-entered Standard Mail, not relative to just Zones 1&2 origin-entered Standard Mail. If not confirmed, please explain fully.

**MPA/USPS-T35-9.** Please refer to your response to MPA/USPS-T35-1(b), where you state, "Any pallet that contains Periodicals mail is subject to the container charge." Please confirm that pallets containing only Periodicals Within County mail would not be subject to the container charge. If not confirmed, please explain fully.

**MPA/USPS-T35-10.** Please refer to USPS-LR-L-126, R2006-1 Outside County.xls and your response to MPA/USPS-T35-1(f), where you state:

The vast majority of Periodicals mail is in sacks or pallets. Nevertheless, the container rate is an integral part of Periodicals pricing and all Outside County mailings will be subject to it, including those that are not in sacks or on pallets. We are currently reviewing the other possible containerization methods and how the 85-cent container rate will apply.

Have you included container-rate revenue for containers other than sacks and pallets in your TYAR revenue estimate? If so, please explain how you calculated container-rate revenue for containers other than sacks and pallets.

**MPA/USPS-T35-11.** Please refer to the table you provided in response to MPA/USPS-T35-2(b) and your response to MPA/USPS-T35-2(c), where you state that “the average weight of a Ride-Along piece is 1.45 ounces.”

- (a) Please confirm that the Periodicals Outside County advertising pound revenue per piece (at proposed rates) for 1.45 ounces of advertising with the FY 2005 zone distribution of Ride-Along pieces is 2.9 cents. If not confirmed, please provide the correct figure and underlying calculations.
- (b) Please confirm that the advertising pound revenue (at proposed rates) for 3.3 ounces of advertising with the FY 2005 zone distribution of ride-along pieces is 6.6 cents per piece. If not confirmed, please provide the correct figure and underlying calculations.
- (c) Do you believe that the proposed advertising pound rates cover the weight-related cost of advertising pounds? If not confirmed, please explain fully.

**MPA/USPS-T35-12.** Please refer to lines 12 through 15 on page 9 of witness Taufique’s testimony in Docket No. MC2000-1, where he stated:

Second, the only potential additional cost [of Ride-Along pieces] would be caused by the additional weight. Piece-related costs, either in mail processing or delivery, are not expected to change due to the physical requirements discussed under 'Eligibility.'

Do you have any reason to disagree with the quoted statement? If so, please explain your rationale fully.