

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
WITNESS TAUFIQUE TO INTERROGATORIES OF
THE AMERICAN BUSINESS PRESS
(ABP/USPS-T34-23-24)

The United States Postal Service hereby provides responses of witness Taufique to the following interrogatories of the American Business Press: ABP/USPS-T34-23-24, filed on September 17, 1997.

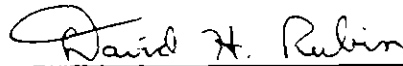
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



David H. Rubin

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October 1, 1997

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO INTERROGATORIES OF THE AMERICAN BUSINESS PRESS (ABP)

ABP/USPS-T-34-23

Does your workpaper RR-G explicitly explain or show how advertising zone rates for regular-rate periodicals are derived and calculated? If your answer is affirmative, identify the line or cell location that would explain the derivation of these rates from underlying data, in particular distance-related purchased transportation costs. If your answer is negative, please identify the workpaper, whether prepared by you or by another witness, that displays the requested calculations and the *underlying distance-related transportation costs attributed to regular-rate periodicals* that would answer this interrogatory.

RESPONSE

The calculations for advertising zone rates are displayed in the workpaper RR-G. For example, the purchased transportation cost total (WP RR-G, p. 1, line 19) is multiplied by the distance-related transportation cost factor (line 20) to derive total distance-related transportation cost (line 23). This is then allocated to editorial pounds (line 30) and advertising pounds (line 37). The dollar amount in cell d37 (\$100,414,182), which represents the distance related transportation costs for advertising pounds, is then allocated to zones based on pound miles (product of average haul miles and test year pounds by zones) on WP RR-G, page 2. Specifically, on page 2, the 'Average Haul Miles' are multiplied by the numbers in column labeled 'Test Year Pounds Before Rates From WP RR-E' to derive pound miles which are distributed as percents in the next column. The dollar amount in cell d37 from page 1 is distributed to the zones using these weights. The electronic version of my workpapers is available in LR-H-205.

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ABP/USPS-T-34-24

Do you agree that zoned pound rates for regular-rate periodicals are not accurate models of the progression of distance-related transportation costs over distance, particularly since the highway cost database, HCSS, described by Witness Bradley in USPS-T13, does not contain any mail-specific information, according to your earlier response to ABP/USPS-T34-10(b); see also FGSA/USPS-T13-11 (redirected from Witness Bradley to USPS for response)? If you do not agree, explain why you do not agree.

RESPONSE

No, I do not agree. The average haul miles reflect the relative differences in the distance traveled, and when combined with the pounds mailed in each of the zones, provide a reasonable method to allocate distance related transportation cost.

I do not rely on the HCSS database described by witness Bradley.

DECLARATION

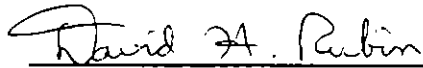
I, Altaf H. Taufique, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.


ALTAH H. TAUFIQUE

Dated: OCTOBER 1, 1997

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.



David H. Rubin

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October 1, 1997