

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 INTERROGATORY OF
THE MCGRAW HILL COMPANIES, INC. (MH/USPS-T34-1-6),
AND MOTION FOR LATE ACCEPTANCE
(October 2, 1997)

The United States Postal Service hereby provides the response of witness Taufique to the following interrogatory of The McGraw Hill Companies, Inc.: MH/USPS-T34-1-6, filed on September 17, 1997. The Postal Service also moves for acceptance of these responses one day late. Responses were completed on yesterday's due date, but too late to be copied for filing then, because of peak load issues.

The 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
David H. Rubin

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2986; Fax -5402
October 2, 1997

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO INTERROGATORIES OF THE MCGRAW HILL COMPANIES

MH/USPS-T34-1. With reference to your testimony on p. 19, lines 10-14:

- a) Please explain fully (including all analytical steps and calculations) how you determined that editorial content would cover approximately 89 percent of its costs under your proposed rate design for Periodicals mail.
- b) What editorial content cost coverage would result under your proposed rate design for Periodicals Regular mail assuming that you were constrained to set the editorial pound charge at 75 percent of the zone 1/2 charge? Please explain your answer and calculation fully.
- c) Please explain fully all factors that cause the editorial content cost coverage under your proposed rate design for Periodicals Regular mail, and under the scenario posited in part (b) above, to be lower than the 95.5 percent editorial content cost coverage under the rate design recommended in Docket R94-1 (Op. & Rec. Dec. 1 5150).
- d) Please explain fully the extent to which your methodology in estimating editorial content cost coverage is or is not consistent with the methodology employed by witness Foster in Docket R94-1 (see USPS-T-11, WP V.B, V.C. (as modified September 29, 1994) (attached hereto).
- e) Please confirm that your estimate of editorial content cost coverage is necessarily only a rough estimate because (among other things) it is based on the zone distribution for advertising pounds, which has no necessary or likely correspondence with the zone distribution for editorial pounds, and it also likely underestimates the piece revenue from high-editorial publications, which tend not to qualify for substantial presort discounts. To the extent you are unable to confirm, please explain fully.

RESPONSE

- a) Please see USPS-T-34 Workpaper RR-C for the calculation of the implicit cost coverage for editorial content. The electronic version of this and other workpapers is available in LR-H-205. The calculation of editorial content cost coverage is analytically a straightforward proposition. The total number of pounds are multiplied by the editorial pound rate to derive pound revenues. The piece revenues are calculated by multiplying the

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO INTERROGATORIES OF THE MCGRAW HILL COMPANIES

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piece rates by volumes in each of the presort categories. The revenue leakage from the editorial discount is calculated using 100 percent editorial content, which means multiplying the total pieces by the discount rate. These figures are added together and divided by the test year costs to derive the cost coverage.

- b) The editorial content cost coverage would be 87 percent if the editorial pound change is constrained to 75 percent of the zone 1 & 2 charge. The calculation basically requires changing the last cell in the second to last column on page 3 of USPS-T-34, Workpaper RR-G (LR-H-205). This change is carried through automatically to the editorial content worksheet (USPS-T-34, WP RR-C).
- c) The factors that cause the editorial content cost coverage to be lower in my proposed rate design as well as under the scenario posited in part (b) are:
 - 1. The major reason for the difference in the editorial content cost coverage, based on my analysis, is the difference in the target cost coverage for the Regular Rate subclass itself. The cost coverage for Regular Rate Periodicals in Docket No. R94-1 was 116.2 percent, whereas the target cost coverage in the present Docket is 107 percent.

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2. The revenue from Science of Agriculture (DDU, DSCF, and Zones 1 & 2, which should have been included, was not included in my calculation of the cost coverage. Inclusion of this revenue would cause a very small increase (about 7/100 of a percent) in the cost coverage.
 3. I have used TYBR costs with contingency instead of TYAR costs with contingency. Once again, a small increase (about 4/10 of a percent) results in the cost coverage.
 4. A review of PRC-LR-13 in Docket No. R94-1 showed that the Science of Agriculture and Science of Agriculture commingled, Zones 1 & 2, DSCF, and DDU pound revenues were double counted, which when corrected for reduces the 95.5 cost coverage by a small percent (about 2/10 of a percent).
- d) The methodology for calculating editorial content cost coverage that I have used is consistent with the methodology employed by Witness Foster in Docket No. R94-1. Two differences are the non-inclusion of the Science of Agriculture Pound revenue and the use of TYBR costs instead of TYAR costs, as discussed in part (c) above.
- e) Not necessarily. There are three possible scenarios: 1) The distribution of editorial pounds is the same as advertising pounds in which case the

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calculation of the editorial pound rate and the resulting cost coverage is reasonable. 2) The distribution of the editorial pound is concentrated more in the lower zones, which means that the editorial pound rate should be lower than what I have estimated. But, since the editorial content cost coverage is significantly lower than 100 percent , this issue does not become critical until the cost coverage starts to approach 100 percent. In other words, the editorial cost coverage can increase another 11 percent before it becomes a problem. 3) The last possibility is that the editorial content is concentrated in the higher zones in which case the proposed rate for editorial pounds is lower than what it should be.

If high editorial publications do not qualify for substantial presort discounts, as you have asserted, and I have no way to either confirm or refute this statement, then it is possible that the editorial cost coverage is underestimated. But, given that the presort discounts are worksharing discounts, this mail, that according to you does not receive substantial presort discount, also has a higher processing cost. Also, if the opposite is true, that high editorial content publications qualify for more presort discounts, then the cost coverage for editorial content is overestimated.

Once again, as the cost coverage for editorial content approaches 100 percent, the pound distribution of editorial content could be researched.

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Presort discount qualification is a non-issue since it is directly related to cost saving activities of the mailers.

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TO INTERROGATORIES OF THE MCGRAW HILL COMPANIES

MH/USPS-T34-2. With reference to your response to ABP/USPS-T34-9:

- (a) What editorial content cost coverage would result assuming that 30 percent of Periodicals Regular revenues are to be generated by the pound rates, and assuming an editorial pound charge that is 17 percent of the zone 1/2 charge? Please explain your calculation fully.
- (b) What editorial content cost coverage would result assuming that 30 percent of Periodicals Regular revenues are to be generated by the pound rates, and assuming an editorial pound charge that is 80 percent of the zone 1/2 charge? Please explain your calculation fully.
- (c) What editorial content cost coverage would result assuming that 35 percent of Periodicals Regular revenues are to be generated by the pound rates, and assuming an editorial pound charge that is 75 percent of the zone 1/2 charge? Please explain your calculation fully.
- (d) What editorial content cost coverage would result assuming that 35 percent of Periodicals Regular revenues are to be generated by the pound rates, and assuming an editorial pound charge that is 80 percent of the zone 1/2 charge? Please explain your calculation fully.
- (e) In the scenario posited in part (d) above, what average increase in piece rates (over current rates) would result? Please explain your calculation fully.
- (f) In the scenario posited in part (d) above, to what extent do you estimate that the rate increase (over current rates) for any piece rate cell would exceed 10 percent? Please explain your answer fully.
- (g) In your view, could the increase in piece rates under the scenario posited in part (d) above be justified, in view of the reduced editorial pound charge, under statutory ratemaking criterion no. 8 (ECSI) (see USPS-T-30, p. 2)? Please explain your answer fully.

RESPONSE

- a) The editorial content cost coverage is estimated to be approximately 88 percent. In USPS-T-34 WP RR-G page 2, the editorial rate was changed from .174 to .125 and in USPS-T-34 WP RR-D page 1, the proportion of revenue

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO INTERROGATORIES OF THE MCGRAW HILL COMPANIES

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to get from piece rates was changed from .59 to .70. The attached
spreadsheets detail the cost coverage calculations.

- b) The editorial content cost coverage is estimated to be approximately 89 percent. In USPS-T-34 WP RR-G page 2, the editorial rate was changed from .174 to .134 and in USPS-T-34 WP RR-D page 1 proportion of revenue to get from piece rates was changed from .59 to .70. The attached spreadsheets detail the cost coverage calculations.
- c) The editorial content cost coverage is estimated to be approximately 87 percent. In USPS-T-34 WP RR-G page 2, the editorial rate was changed from .174 to .125 and in USPS-T-34 WP RR-D page 1, the proportion of revenue to get from piece rates was changed from .59 to .65. The attached spreadsheets detail the cost coverage calculations.
- d) The editorial content cost coverage is estimated to be approximately 88 percent. In USPS-T-34 WP RR-G page 2, the editorial rate was changed from .174 to .134, and in USPS-T-34 WP RR-D page 1, the proportion of revenue to get from piece rates was changed from .59 to .65. The attached spreadsheets detail the cost coverage calculations.
- e) The average increase in piece rates is estimated to be 16.6 percent. This result was obtained by further modifications to the appropriate workpapers having the modifications described in part (d) above. First USPS-T-34 WP RR-J was modified to calculate Piece Revenue per piece by summing piece

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revenue generated by the scenario described in d above then dividing by the number of pieces. This yielded the value \$0.155, a weighted average revenue per piece. Next, USPS-T-34 WP RR-E was used to calculate the weighted average revenue per piece under current rates, i.e., the piece revenue value of \$950,922,206 divided by the piece count of 7,172,571,146 to yield a weighted average piece revenue per piece of \$0.133. The difference between \$0.133 and \$0.155, divided by \$0.133, equals the weighted average percent change in the piece rates that would result under the scenario described in (d) above.

- f) According to WP RR-L page 1, under the scenario described in (d), 9 out of 12 piece rate cells would increase more than 10 percent – the highest by more than 25 percent. See attached.
- g) No. Rate designs must be evaluated in view of all nine criteria. The scenario posited in part (d), results in rate cell changes ranging from a decline of 27.8 percent rate cell change, for pound rate zoned delivery unit, to an increase of 25.3 percent, for carrier route high density pieces. The proposed rates exhibit a much more conservative degree of change in order to meet all nine of the rate making criteria. (see attached spreadsheet which lists each cell change, also see USPS-T-34 WP RR-L page 1.

IMPLICIT COST COVERAGE FOR EDITORIAL AND ADVERTISING MATTER

Attachment To
Responses To
MH/USPS-T34-2 (a)
Page 1 of 3

	Test Year Volume	Zone Volume Percents	Redistributed Editorial Lbs.	Redistributed Total Pounds	Proposed Rates	100% Advertising	100% Editorial
Delivery Unit	9,960,014	0.66%	11,915,650	21,875,665	0.092	\$ 2,012,561	
SCF	457,295,412	30.14%	547,084,783	1,004,380,195	0.114	\$ 114,499,342	
Zones 1&2	269,903,539	17.79%	322,898,754	592,802,293	0.137	\$ 81,213,914	
Zone 3	145,102,052	9.56%	173,592,655	318,694,706	0.150	\$ 47,804,206	
Zone 4	220,078,772	14.51%	263,290,958	483,369,730	0.185	\$ 89,423,400	
Zone 5	220,894,738	14.56%	264,267,138	485,161,876	0.239	\$ 115,953,688	
Zone 6	78,534,156	5.18%	93,954,237	172,488,392	0.295	\$ 50,884,076	
Zone 7	61,296,260	4.04%	73,331,702	134,627,962	0.350	\$ 47,119,787	
Zone 8	53,983,612	3.56%	64,583,226	118,566,838	0.408	\$ 48,375,270	
Advertising Total	1,517,048,553	100.00%				\$ 597,286,244	
Editorial Pounds	1,814,919,103		1,814,919,103		0.103	\$ -	\$ 342,359,677
Total Pounds	3,331,967,657			3,331,967,657		Deleted(Not needed)	\$ 342,359,677
	Pieces				Pc. Rate	Pc. Revenue	
BASIC NON-AUTOMATION	359,096,511				0.295	\$ 105,933,471	\$ 105,933,471
BASIC AUTOMATION LETTER	32,390,359				0.214	\$ 6,931,537	\$ 6,931,537
BASIC AUTOMATION FLAT	107,675,736				0.253	\$ 27,241,961	\$ 27,241,961
BASIC NON-AUTOMATION 3 DIGIT	999,671,188				0.249	\$ 248,918,126	\$ 248,918,126
BASIC AUTOMATION 3 DIGIT LETTER	12,071,964				0.198	\$ 2,390,249	\$ 2,390,249
BASIC AUTOMATION 3 DIGIT FLAT	575,067,526				0.220	\$ 126,514,856	\$ 126,514,856
BASIC NON-AUTOMATION 5 DIGIT	1,165,017,357				0.246	\$ 286,594,270	\$ 286,594,270
BASIC AUTOMATION 5 DIGIT LETTER	22,616,168				0.194	\$ 4,387,537	\$ 4,387,537
BASIC AUTOMATION 5 DIGIT FLAT	1,077,357,740				0.218	\$ 234,863,987	\$ 234,863,987
CARRIER ROUTE BASIC	2,785,226,710				0.160	\$ 445,636,274	\$ 445,636,274
CARRIER ROUTE HIGH DENSITY	19,901,228				0.148	\$ 2,945,382	\$ 2,945,382
CARRIER ROUTE SATURATION	16,478,658				0.134	\$ 2,208,140	\$ 2,208,140
WKSHARING DISCNTDELIVERY OFFICE ENTRY	39,442,931				-0.023	\$ (907,187)	\$ (907,187)
WKSHARING DISCNT SCF ENTRY	2,151,456,669				-0.012	\$ (25,817,480)	\$ (25,817,480)
PERCENTAGE EDITORIAL DISCOUNT @ 100%	7,172,571,146	100.00%			-0.059		\$ (423,181,698)
Total						\$ 1,467,841,121	\$ 1,044,659,424
Total Revenues Pieces & Pounds						\$ 2,065,127,365	\$ 1,387,019,100
RPW Adjustment Factor						100.0837%	100.0837%
Revenue * RPW Adjustment Factor						2,066,855,095	1,388,179,510
Fees						14,651,000	14,651,000
Revenue with Fees						2,081,506,095	1,402,830,510
TYBR Cost with Contingency						1,586,273,680	1,586,273,680
Cost Coverage						1.312198596	0.884355914

Periodicals: Regular Rates

RATE DEVELOPMENT: COMPARISON OF CURRENT TO PROPOSED RATES

Rate Element	Type	Proposed	Current	Percent Change
ZONED ADVRTSG DELIVERY UNIT	POUNDS	0.092	0.169	-45.6%
ZONED ADVRTSG SCF	POUNDS	0.114	0.190	-40.0%
ZONED ADVRTSG ZONES 1&2	POUNDS	0.137	0.214	-36.0%
ZONED ADVRTSG ZONE 3	POUNDS	0.150	0.224	-33.0%
ZONED ADVRTSG ZONE 4	POUNDS	0.185	0.251	-26.3%
ZONED ADVRTSG ZONE 5	POUNDS	0.239	0.292	-18.2%
ZONED ADVRTSG ZONE 6	POUNDS	0.295	0.336	-12.2%
ZONED ADVRTSG ZONE 7	POUNDS	0.350	0.388	-9.8%
ZONED ADVRTSG ZONE 8	POUNDS	0.408	0.432	-5.6%
NONADVERTISING	POUNDS	0.103	0.161	-36.2%
SCI. OF AGRICULTURE, DELIVERY OFFICE	POUNDS	0.069	0.127	-45.7%
SCI. OF AGRICULTURE SCF	POUNDS	0.086	0.143	-39.9%
SCI. OF AGRICULTURE ZONES 1&2	POUNDS	0.103	0.161	-36.0%
SCI. OF AGRICULTURE ZONE 3	POUNDS	0.150	0.224	-33.0%
SCI. OF AGRICULTURE ZONE 4	POUNDS	0.185	0.251	-26.3%
SCI. OF AGRICULTURE ZONE 5	POUNDS	0.239	0.292	-18.2%
SCI. OF AGRICULTURE ZONE 6	POUNDS	0.295	0.336	-12.2%
SCI. OF AGRICULTURE ZONE 7	POUNDS	0.350	0.388	-9.8%
SCI. OF AGRICULTURE ZONE 8	POUNDS	0.408	0.432	-5.6%
SCI. OF AGRICULTURE - NONADVERTISING	POUNDS	0.103	0.161	-36.2%
SCI OF AGI. COMMNGLD NONSBSCRBR DELIVERY UNIT	POUNDS	0.092	0.169	-45.6%
SCI OF AGI. COMMNGLD NONSBSCRBR SCF	POUNDS	0.114	0.190	-40.0%
SCI OF AGI. COMMNGLD NONSBSCRBR ZONES 1&2	POUNDS	0.137	0.214	-36.0%
SCI OF AGI. COMMNGLD NONSBSCRBR NONADVERTISING	POUNDS	0.103	0.161	-36.2%
BASIC NON-AUTOMATION	PIECES	0.295	0.240	22.9%
BASIC AUTOMATION LETTER	PIECES	0.214	0.194	10.3%
BASIC AUTOMATION FLAT	PIECES	0.253	0.209	21.1%
BASIC NON-AUTOMATION 3 DIGIT	PIECES	0.249	0.202	23.3%
BASIC AUTOMATION 3 DIGIT LETTER	PIECES	0.198	0.173	14.5%
BASIC AUTOMATION 3 DIGIT FLAT	PIECES	0.220	0.175	25.7%
BASIC NON-AUTOMATION 5 DIGIT	PIECES	0.246	0.202	21.8%
BASIC AUTOMATION 5 DIGIT LETTER	PIECES	0.194	0.173	12.1%
BASIC AUTOMATION 5 DIGIT FLAT	PIECES	0.218	0.175	24.6%
CARRIER ROUTE BASIC	PIECES	0.160	0.119	34.5%
CARRIER ROUTE HIGH DENSITY	PIECES	0.148	0.111	33.3%
CARRIER ROUTE SATURATION	PIECES	0.134	0.095	41.1%
PERCENTAGE EDITORIAL DISCOUNT	PIECES	-0.059	-0.057	3.5%
WKSHARING DISCNT DELIVERY OFFICE ENTRY	PIECES	-0.023	-0.021	9.5%
WKSHARING DISCNT SCF ENTRY	PIECES	-0.012	-0.011	9.1%
BASIC NONAUTOMATION	PIECES	0.295	0.240	22.9%
BASIC AUTOMATION LETTER	PIECES	0.214	0.194	10.3%
BASIC AUTOMATION FLAT	PIECES	0.253	0.209	21.1%
3 DIGIT NONAUTOMATION	PIECES	0.249	0.202	23.3%
3 DIGIT AUTOMATION LETTER	PIECES	0.198	0.173	14.5%
3 DIGIT AUTOMATION FLAT	PIECES	0.220	0.175	25.7%
5 DIGIT NONAUTOMATION	PIECES	0.246	0.202	21.8%
5-DIGIT AUTOMATION LETTER	PIECES	0.194	0.173	12.1%
5 DIGIT AUTOMATION FLAT	PIECES	0.218	0.175	24.6%
CARRIER ROUTE	PIECES	0.160	0.119	34.5%
HIGH DENSITY	PIECES	0.148	0.111	33.3%
SATURATION	PIECES	0.134	0.095	41.1%
SCI OF AGRICULTURE - Editorial Discount	PIECES	-0.059	-0.057	3.5%
SCI. OF AGRICULTURE - Pc. Disc. Delivery Unit	PIECES	-0.023	-0.021	9.5%
SCI. OF AGRICULTURE - Pc. Disc. SCF	PIECES	-0.012	-0.011	9.1%
SCI OF AGI. COMMNGLD NONSBSCRBR - Basic Nonautomation	PIECES	0.295	0.240	22.9%
SCI OF AGI. COMMNGLD NONSBSCRBR - Basic Automation Flat	PIECES	0.000	0.000	
SCI OF AGI. COMMNGLD NONSBSCRBR - Editorial Discount	PIECES	-0.059	-0.057	3.5%
SCI OF AGI. COMMNGLD NONSBSCRBR - Pc. Disc. SCF	PIECES	-0.012	-0.011	9.1%

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RATE DEVELOPMENT: TYBR VOLUMES, TYAR RATES, AND REVENUE				
Rate Element	Type	TYBR Volume	Rate	Revenue
ZONED ADVRTSG DELIVERY UNIT	POUNDS	9,960,014	0.092	\$ 916,321
ZONED ADVRTSG SCF	POUNDS	457,293,337	0.114	\$ 52,131,440
ZONED ADVRTSG ZONES 1&2	POUNDS	269,890,184	0.137	\$ 36,974,955
ZONED ADVRTSG ZONE 3	POUNDS	144,862,455	0.150	\$ 21,729,368
ZONED ADVRTSG ZONE 4	POUNDS	219,942,082	0.185	\$ 40,689,285
ZONED ADVRTSG ZONE 5	POUNDS	220,818,387	0.239	\$ 52,775,594
ZONED ADVRTSG ZONE 6	POUNDS	78,528,726	0.295	\$ 23,165,384
ZONED ADVRTSG ZONE 7	POUNDS	61,288,769	0.350	\$ 21,451,069
ZONED ADVRTSG ZONE 8	POUNDS	53,977,529	0.408	\$ 22,022,832
NONADVERTISING	POUNDS	1,814,919,103	0.103	\$ 186,482,938
SCI OF AGRICULTURE, DELIVERY OFFICE	POUNDS	21,317	0.069	\$ 1,471
SCI OF AGRICULTURE SCF	POUNDS	1,112,830	0.086	\$ 95,703
SCI OF AGRICULTURE ZONES 1&2	POUNDS	4,795,307	0.103	\$ 493,917
SCI OF AGRICULTURE ZONE 3	POUNDS	239,597	0.150	\$ 35,940
SCI OF AGRICULTURE ZONE 4	POUNDS	136,690	0.185	\$ 25,288
SCI OF AGRICULTURE ZONE 5	POUNDS	76,351	0.239	\$ 18,248
SCI OF AGRICULTURE ZONE 6	POUNDS	7,429	0.295	\$ 2,192
SCI OF AGRICULTURE ZONE 7	POUNDS	7,491	0.350	\$ 2,622
SCI OF AGRICULTURE ZONE 8	POUNDS	6,083	0.408	\$ 2,482
SCI OF AGRICULTURE - NONADVERTISING	POUNDS	1,142,415	0.10275	\$ 117,383
SCI OF AGI COMMNGLD NONSBSCRBR DELIVERY UNIT	POUNDS	0	0.092	\$ -
SCI OF AGI COMMNGLD NONSBSCRBR SCF	POUNDS	2,075	0.114	\$ 237
SCI OF AGI COMMNGLD NONSBSCRBR ZONES 1&2	POUNDS	13,355	0.137	\$ 1,830
SCI OF AGI COMMNGLD NONSBSCRBR NONADVERTISING	POUNDS	2,988	0.103	\$ 307
BASIC NON-AUTOMATION	PIECES	359,096,511	0.295	\$ 105,933,471
BASIC AUTOMATION LETTER	PIECES	32,390,359	0.214	\$ 6,931,537
BASIC AUTOMATION FLAT	PIECES	107,875,736	0.253	\$ 27,241,961
BASIC NON-AUTOMATION 3 DIGIT	PIECES	999,671,188	0.249	\$ 248,918,126
BASIC AUTOMATION 3 DIGIT LETTER	PIECES	12,071,904	0.198	\$ 2,390,249
BASIC AUTOMATION 3 DIGIT FLAT	PIECES	575,067,526	0.220	\$ 126,514,856
BASIC NON-AUTOMATION 5 DIGIT	PIECES	1,185,017,357	0.246	\$ 286,594,270
BASIC AUTOMATION 5 DIGIT LETTER	PIECES	22,616,168	0.194	\$ 4,387,537
BASIC AUTOMATION 5 DIGIT FLAT	PIECES	1,077,357,740	0.218	\$ 234,863,987
CARRIER ROUTE BASIC	PIECES	2,785,226,710	0.160	\$ 445,636,274
CARRIER ROUTE HIGH DENSITY	PIECES	19,901,228	0.148	\$ 2,945,382
CARRIER ROUTE SATURATION	PIECES	16,478,658	0.134	\$ 2,208,140
PERCENTAGE EDITORIAL DISCOUNT	PIECES	4,205,041,617	-0.059	\$ (248,097,455)
WKSHARING DISCNT DELIVERY OFFICE ENTRY	PIECES	39,442,931	-0.023	\$ (907,187)
WKSHARING DISCNT SCF ENTRY	PIECES	2,151,456,669	-0.012	\$ (25,817,480)
BASIC NONAUTOMATION	PIECES	0	0.295	\$ -
BASIC AUTOMATION LETTER	PIECES	0	0.214	\$ -
BASIC AUTOMATION FLAT	PIECES	0	0.253	\$ -
3 DIGIT NONAUTOMATION	PIECES	0	0.249	\$ -
3 DIGIT AUTOMATION LETTER	PIECES	0	0.198	\$ -
3 DIGIT AUTOMATION FLAT	PIECES	0	0.220	\$ -
5 DIGIT NONAUTOMATION	PIECES	0	0.246	\$ -
5-DIGIT AUTOMATION LETTER	PIECES	0	0.194	\$ -
5 DIGIT AUTOMATION FLAT	PIECES	0	0.218	\$ -
CARRIER ROUTE	PIECES	0	0.160	\$ -
HIGH DENSITY	PIECES	0	0.148	\$ -
SATURATION	PIECES	0	0.134	\$ -
SCI OF AGRICULTURE - Editorial Discount	PIECES	2,842,356	-0.059	\$ (167,699)
SCI OF AGRICULTURE - Pc Disc Delivery Unit	PIECES	227,567	-0.023	\$ (5,235)
SCI OF AGRICULTURE - Pc Disc SCF	PIECES	594,939	-0.012	\$ (7,139)
SCI OF AGI COMMNGLD NONSBSCRBR - Basic Nonautomation	PIECES	32,413	0.295	\$ 9,562
SCI OF AGI COMMNGLD NONSBSCRBR - Basic Automation Flat	PIECES	0	0.000	\$ -
SCI OF AGI COMMNGLD NONSBSCRBR - Editorial Discount	PIECES	11,635	-0.059	\$ (686)
SCI OF AGI COMMNGLD NONSBSCRBR - Pc Disc SCF	PIECES	0	-0.012	\$ -
Total Revenue				\$ 1,678,591,890
Total Regular Rate & SOA Pieces		7,172,571,146		
Total Pieces		7,172,571,146		
RPW Adjustment Factor				100.084%
RPW Adjusted Revenue				\$ 1,679,996,236
Fee Revenue				\$ 14,651,000
Total Revenue including fees				\$ 1,694,647,236
TYBR Cost				\$ 1,586,273,680
Cost Coverage				1.0683
Desired Cost Coverage				1.0700

Average Total RPW Adjusted Revenue Per Piece, W/O Fees \$ 0.234

IMPLICIT COST COVERAGE FOR EDITORIAL AND ADVERTISING MATTER

	Test Year Volume	Zone Volume Percents	Redistributed Editorial Lbs.	Redistributed Total Pounds	Proposed Rates	100% Advertising	100% Editorial
Delivery Unit	9,960,014	0.66%	11,915,650	21,875,665	0.092	\$ 2,012,561	
SCF	457,295,412	30.14%	547,084,783	1,004,380,195	0.114	\$ 114,499,342	
Zones 1&2	269,903,539	17.79%	322,898,754	592,802,293	0.137	\$ 81,213,914	
Zone 3	145,102,052	9.56%	173,592,655	318,694,706	0.150	\$ 47,804,206	
Zone 4	220,078,772	14.51%	263,290,958	483,369,730	0.185	\$ 89,423,400	
Zone 5	220,894,738	14.56%	264,267,138	485,161,876	0.239	\$ 115,953,688	
Zone 6	78,534,156	5.18%	93,954,237	172,488,392	0.295	\$ 50,884,076	
Zone 7	61,296,260	4.04%	73,331,702	134,627,962	0.350	\$ 47,119,787	
Zone 8	53,983,612	3.56%	64,583,226	118,566,838	0.408	\$ 48,375,270	
Advertising Total	1,517,048,553	100.00%				\$ 597,286,244	
Editorial Pounds	1,814,919,103		1,814,919,103		0.110	\$ -	\$ 365,183,655
Total Pounds	3,331,967,657			3,331,967,657		Deleted(Not needed)	\$ 365,183,655
	Pieces				Pc. Rate	Pc. Revenue	
BASIC NON-AUTOMATION	359,096,511				0.293	\$ 105,215,278	\$ 105,215,278
BASIC AUTOMATION LETTER	32,390,359				0.212	\$ 6,866,756	\$ 6,866,756
BASIC AUTOMATION FLAT	107,675,736				0.251	\$ 27,026,610	\$ 27,026,610
BASIC NON-AUTOMATION 3 DIGIT	999,671,188				0.247	\$ 246,918,783	\$ 246,918,783
BASIC AUTOMATION 3 DIGIT LETTER	12,071,964				0.196	\$ 2,366,105	\$ 2,366,105
BASIC AUTOMATION 3 DIGIT FLAT	575,067,526				0.218	\$ 125,364,721	\$ 125,364,721
BASIC NON-AUTOMATION 5 DIGIT	1,165,017,357				0.244	\$ 284,264,235	\$ 284,264,235
BASIC AUTOMATION 5 DIGIT LETTER	22,616,168				0.192	\$ 4,342,304	\$ 4,342,304
BASIC AUTOMATION 5 DIGIT FLAT	1,077,357,740				0.216	\$ 232,709,272	\$ 232,709,272
CARRIER ROUTE BASIC	2,785,226,710				0.158	\$ 440,065,820	\$ 440,065,820
CARRIER ROUTE HIGH DENSITY	19,901,228				0.146	\$ 2,905,579	\$ 2,905,579
CARRIER ROUTE SATURATION	16,478,658				0.132	\$ 2,175,183	\$ 2,175,183
WKSHARING DISCNT DELIVERY OFFICE ENTRY	39,442,931				-0.023	\$ (907,187)	\$ (907,187)
WKSHARING DISCNT SCF ENTRY	2,151,456,669				-0.012	\$ (25,817,480)	\$ (25,817,480)
PERCENTAGE EDITORIAL DISCOUNT @ 100%	7,172,571,146	100.00%			-0.059		\$ (423,181,698)
Total						\$ 1,453,495,979	\$ 1,030,314,281
Total Revenues Pieces & Pounds						\$ 2,050,782,223	\$ 1,395,497,936
RPW Adjustment Factor						100.0837%	100.0837%
Revenue * RPW Adjustment Factor						2,052,497,951	1,396,665,440
Fees						14,651,000	14,651,000
Revenue with Fees						2,067,148,951	1,411,316,440
TYBR Cost with Contingency						1,586,273,680	1,586,273,680
Cost Coverage						1.303147734	0.889705514

Periodicals: Regular Rates

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PERIODICALS DEVELOPMENT COMPARISON OF CURRENT RATES AND PERCENT CHANGES				
Rate Element	Type	Rates Proposed	Current Rates	Percent Change
ZONED ADVRTSG DELIVERY UNIT	POUNDS	0.092	0.169	-45.6%
ZONED ADVRTSG SCF	POUNDS	0.114	0.190	-40.0%
ZONED ADVRTSG ZONES 1&2	POUNDS	0.137	0.214	-36.0%
ZONED ADVRTSG ZONE 3	POUNDS	0.150	0.224	-33.0%
ZONED ADVRTSG ZONE 4	POUNDS	0.185	0.251	-26.3%
ZONED ADVRTSG ZONE 5	POUNDS	0.239	0.292	-18.2%
ZONED ADVRTSG ZONE 6	POUNDS	0.295	0.336	-12.2%
ZONED ADVRTSG ZONE 7	POUNDS	0.350	0.388	-9.8%
ZONED ADVRTSG ZONE 8	POUNDS	0.408	0.432	-5.6%
NONADVERTISING	POUNDS	0.110	0.161	-31.9%
SCI OF AGRICULTURE DELIVERY OFFICE	POUNDS	0.069	0.127	-45.7%
SCI OF AGRICULTURE SCF	POUNDS	0.086	0.143	-39.9%
SCI OF AGRICULTURE ZONES 1&2	POUNDS	0.103	0.161	-36.0%
SCI OF AGRICULTURE ZONE 3	POUNDS	0.150	0.224	-33.0%
SCI OF AGRICULTURE ZONE 4	POUNDS	0.185	0.251	-26.3%
SCI OF AGRICULTURE ZONE 5	POUNDS	0.239	0.292	-18.2%
SCI OF AGRICULTURE ZONE 6	POUNDS	0.295	0.336	-12.2%
SCI OF AGRICULTURE ZONE 7	POUNDS	0.350	0.388	-9.8%
SCI OF AGRICULTURE ZONE 8	POUNDS	0.408	0.432	-5.6%
SCI OF AGRICULTURE - NONADVERTISING	POUNDS	0.110	0.161	-31.9%
SCI OF AGI COMMNGLD NONSBSCRBR DELIVERY UNIT	POUNDS	0.092	0.169	-45.6%
SCI OF AGI COMMNGLD NONSBSCRBR SCF	POUNDS	0.114	0.190	-40.0%
SCI OF AGI COMMNGLD NONSBSCRBR ZONES 1&2	POUNDS	0.137	0.214	-36.0%
SCI OF AGI COMMNGLD NONSBSCRBR NONADVERTISING	POUNDS	0.110	0.161	-31.9%
BASIC NON-AUTOMATION	PIECES	0.293	0.240	22.1%
BASIC AUTOMATION LETTER	PIECES	0.212	0.194	9.3%
BASIC AUTOMATION FLAT	PIECES	0.251	0.209	20.1%
BASIC NON-AUTOMATION 3 DIGIT	PIECES	0.247	0.202	22.3%
BASIC AUTOMATION 3 DIGIT LETTER	PIECES	0.196	0.173	13.3%
BASIC AUTOMATION 3 DIGIT FLAT	PIECES	0.218	0.175	24.6%
BASIC NON-AUTOMATION 5 DIGIT	PIECES	0.244	0.202	20.8%
BASIC AUTOMATION 5 DIGIT LETTER	PIECES	0.192	0.173	11.0%
BASIC AUTOMATION 5 DIGIT FLAT	PIECES	0.216	0.175	23.4%
CARRIER ROUTE BASIC	PIECES	0.158	0.119	32.8%
CARRIER ROUTE HIGH DENSITY	PIECES	0.146	0.111	31.5%
CARRIER ROUTE SATURATION	PIECES	0.132	0.095	38.9%
PERCENTAGE EDITORIAL DISCOUNT	PIECES	-0.059	-0.057	3.5%
WKSHARING DISCNT DELIVERY OFFICE ENTRY	PIECES	-0.023	-0.021	9.5%
WKSHARING DISCNT SCF ENTRY	PIECES	-0.012	-0.011	9.1%
BASIC NONAUTOMATION	PIECES	0.293	0.240	22.1%
BASIC AUTOMATION LETTER	PIECES	0.212	0.194	9.3%
BASIC AUTOMATION FLAT	PIECES	0.251	0.209	20.1%
3 DIGIT NONAUTOMATION	PIECES	0.247	0.202	22.3%
3 DIGIT AUTOMATION LETTER	PIECES	0.196	0.173	13.3%
3 DIGIT AUTOMATION FLAT	PIECES	0.218	0.175	24.6%
5 DIGIT NONAUTOMATION	PIECES	0.244	0.202	20.8%
5-DIGIT AUTOMATION LETTER	PIECES	0.192	0.173	11.0%
5 DIGIT AUTOMATION FLAT	PIECES	0.216	0.175	23.4%
CARRIER ROUTE	PIECES	0.158	0.119	32.8%
HIGH DENSITY	PIECES	0.146	0.111	31.5%
SATURATION	PIECES	0.132	0.095	38.9%
SCI OF AGRICULTURE - Editorial Discount	PIECES	-0.059	-0.057	3.5%
SCI OF AGRICULTURE - Pc Disc Delivery Unit	PIECES	-0.023	-0.021	9.5%
SCI OF AGRICULTURE - Pc Disc SCF	PIECES	-0.012	-0.011	9.1%
SCI OF AGI COMMNGLD NONSBSCRBR - Basic Nonautomation	PIECES	0.000		
SCI OF AGI COMMNGLD NONSBSCRBR - Basic Automation Flat	PIECES	0.293	0.240	22.1%
SCI OF AGI COMMNGLD NONSBSCRBR - Editorial Discount	PIECES	0.000	0.000	
SCI OF AGI COMMNGLD NONSBSCRBR - Pc Disc SCF	PIECES	-0.059	-0.057	3.5%
SCI OF AGI COMMNGLD NONSBSCRBR - Pc Disc SCF	PIECES	-0.012	-0.011	9.1%

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RATE DEVELOPMENT: TYBR VOLUMES, TYAR RATES, AND REVENUE				
Rate Element	Type	TYBR Volume	Rates	Revenue
ZONED ADVRTSG DELIVERY UNIT	POUNDS	9,960,014	0.092	\$ 916,321
ZONED ADVRTSG SCF	POUNDS	457,293,337	0.114	\$ 52,131,440
ZONED ADVRTSG ZONES 1&2	POUNDS	269,890,184	0.137	\$ 36,974,955
ZONED ADVRTSG ZONE 3	POUNDS	144,862,455	0.150	\$ 21,729,368
ZONED ADVRTSG ZONE 4	POUNDS	219,942,082	0.185	\$ 40,689,285
ZONED ADVRTSG ZONE 5	POUNDS	220,818,387	0.239	\$ 52,775,594
ZONED ADVRTSG ZONE 6	POUNDS	78,526,726	0.295	\$ 23,165,384
ZONED ADVRTSG ZONE 7	POUNDS	61,288,769	0.350	\$ 21,451,069
ZONED ADVRTSG ZONE 8	POUNDS	53,977,529	0.408	\$ 22,022,832
NONADVERTISING	POUNDS	1,814,919,103	0.110	\$ 198,915,134
SCI OF AGRICULTURE DELIVERY OFFICE	POUNDS	21,317	0.069	\$ 1,471
SCI OF AGRICULTURE SCF	POUNDS	1,112,830	0.086	\$ 95,703
SCI OF AGRICULTURE ZONES 1&2	POUNDS	4,795,307	0.103	\$ 493,917
SCI OF AGRICULTURE ZONE 3	POUNDS	239,597	0.150	\$ 35,940
SCI OF AGRICULTURE ZONE 4	POUNDS	136,890	0.185	\$ 25,288
SCI OF AGRICULTURE ZONE 5	POUNDS	76,351	0.239	\$ 18,248
SCI OF AGRICULTURE ZONE 6	POUNDS	7,429	0.295	\$ 2,192
SCI OF AGRICULTURE ZONE 7	POUNDS	7,491	0.350	\$ 2,622
SCI OF AGRICULTURE ZONE 8	POUNDS	6,083	0.408	\$ 2,482
SCI OF AGRICULTURE - NONADVERTISING	POUNDS	1,142,415	0.1098	\$ 125,209
SCI OF AGI COMMNGLD NONSBSCRBR DELIVERY UNIT	POUNDS	0	0.092	\$ -
SCI OF AGI COMMNGLD NONSBSCRBR SCF	POUNDS	2,075	0.114	\$ 237
SCI OF AGI COMMNGLD NONSBSCRBR ZONES 1&2	POUNDS	13,355	0.137	\$ 1,830
SCI OF AGI COMMNGLD NONSBSCRBR NONADVERTISING	POUNDS	2,988	0.110	\$ 328
BASIC NON-AUTOMATION	PIECES	359,096,511	0.293	\$ 105,215,278
BASIC AUTOMATION LETTER	PIECES	32,390,359	0.212	\$ 6,866,756
BASIC AUTOMATION FLAT	PIECES	107,675,736	0.251	\$ 27,026,610
BASIC NON-AUTOMATION 3 DIGIT	PIECES	999,671,188	0.247	\$ 246,918,783
BASIC AUTOMATION 3 DIGIT LETTER	PIECES	12,071,964	0.196	\$ 2,366,105
BASIC AUTOMATION 3 DIGIT FLAT	PIECES	575,067,526	0.218	\$ 125,364,721
BASIC NON-AUTOMATION 5 DIGIT	PIECES	1,165,017,357	0.244	\$ 284,264,235
BASIC AUTOMATION 5 DIGIT LETTER	PIECES	22,616,168	0.192	\$ 4,342,304
BASIC AUTOMATION 5 DIGIT FLAT	PIECES	1,077,357,740	0.216	\$ 232,709,272
CARRIER ROUTE BASIC	PIECES	2,785,226,710	0.158	\$ 440,065,820
CARRIER ROUTE HIGH DENSITY	PIECES	19,901,228	0.146	\$ 2,905,579
CARRIER ROUTE SATURATION	PIECES	16,478,658	0.132	\$ 2,175,183
PERCENTAGE EDITORIAL DISCOUNT	PIECES	4,205,041,617	-0.059	\$ (248,097,455)
WKSHARING DISCNT DELIVERY OFFICE ENTRY	PIECES	39,442,931	-0.023	\$ (907,187)
WKSHARING DISCNT SCF ENTRY	PIECES	2,151,456,689	-0.012	\$ (25,817,480)
BASIC NONAUTOMATION	PIECES	0	0.293	\$ -
BASIC AUTOMATION LETTER	PIECES	0	0.212	\$ -
BASIC AUTOMATION FLAT	PIECES	0	0.251	\$ -
3 DIGIT NONAUTOMATION	PIECES	0	0.247	\$ -
3 DIGIT AUTOMATION LETTER	PIECES	0	0.196	\$ -
3 DIGIT AUTOMATION FLAT	PIECES	0	0.218	\$ -
5 DIGIT NONAUTOMATION	PIECES	0	0.244	\$ -
5-DIGIT AUTOMATION LETTER	PIECES	0	0.192	\$ -
5 DIGIT AUTOMATION FLAT	PIECES	0	0.216	\$ -
CARRIER ROUTE	PIECES	0	0.158	\$ -
HIGH DENSITY	PIECES	0	0.146	\$ -
SATURATION	PIECES	0	0.132	\$ -
SCI OF AGRICULTURE - Editorial Discount	PIECES	2,842,356	-0.059	\$ (167,699)
SCI OF AGRICULTURE - Pc Disc Delivery Unit	PIECES	227,597	-0.023	\$ (5,235)
SCI OF AGRICULTURE - Pc Disc SCF	PIECES	594,939	-0.012	\$ (7,139)
SCI OF AGI COMMNGLD NONSBSCRBR - Basic Nonautomation	PIECES	32,413	0.293	\$ 9,497
SCI OF AGI COMMNGLD NONSBSCRBR - Basic Automation Flat	PIECES	0	0.000	\$ -
SCI OF AGI COMMNGLD NONSBSCRBR - Editorial Discount	PIECES	11,635	-0.059	\$ (686)
SCI OF AGI COMMNGLD NONSBSCRBR - Pc Disc SCF	PIECES	0	-0.012	\$ -
Total Revenue				\$ 1,676,678,900
Total Regular Rate & SOA Pieces		7,172,571,146		
Total Pieces		7,172,571,146		
RPW Adjustment Factor				100.084%
RPW Adjusted Revenue				\$ 1,678,081,645
Fee Revenue				\$ 14,551,000
Total Revenue including fees				\$ 1,692,732,645
TYBR Cost				\$ 1,586,273,680
Cost Coverage				1.0671
Desired Cost Coverage				1.0700
Average Total RPW Adjusted Revenue Per Piece, w/o Fees				\$ 0.234

Attachment 10
Responses To

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IMPLICIT COST COVERAGE FOR EDITORIAL AND ADVERTISING MATTER

	Test Year Volume	Zone Volume Percents	Redistributed	Redistributed	Proposed Rates	100% Advertising	100% Editorial
			Editorial Lbs.	Total Pounds			
Delivery Unit	9,960,014	0.66%	11,915,650	21,875,665	0.122	\$ 2,668,831	
SCF	457,295,412	30.14%	547,084,783	1,004,380,195	0.144	\$ 144,630,748	
Zones 1&2	269,903,539	17.79%	322,898,754	592,802,293	0.167	\$ 98,997,983	
Zone 3	145,102,052	9.56%	173,592,655	318,694,706	0.180	\$ 57,365,047	
Zone 4	220,078,772	14.51%	263,290,958	483,369,730	0.215	\$ 103,924,492	
Zone 5	220,894,738	14.56%	264,267,138	485,161,876	0.269	\$ 130,508,545	
Zone 6	78,534,156	5.18%	93,954,237	172,488,392	0.325	\$ 56,058,728	
Zone 7	61,296,260	4.04%	73,331,702	134,627,962	0.380	\$ 51,158,625	
Zone 8	53,983,612	3.56%	64,583,226	118,566,838	0.438	\$ 51,932,275	
Advertising Total	1,517,048,553	100.00%				\$ 697,245,274	
Editorial Pounds	1,814,919,103		1,814,919,103		0.125	\$ -	\$ 417,328,949
Total Pounds	3,331,967,657			3,331,967,657		Deleted(Not needed)	\$ 417,328,949
	Pieces				Pc. Rate	Pc. Revenue	
BASIC NON-AUTOMATION	359,096,511				0.282	\$ 101,265,216	\$ 101,265,216
BASIC AUTOMATION LETTER	32,390,359				0.201	\$ 6,510,462	\$ 6,510,462
BASIC AUTOMATION FLAT	107,675,736				0.240	\$ 25,842,177	\$ 25,842,177
BASIC NON-AUTOMATION 3 DIGIT	999,671,188				0.236	\$ 235,922,400	\$ 235,922,400
BASIC AUTOMATION 3 DIGIT LETTER	12,071,964				0.185	\$ 2,233,313	\$ 2,233,313
BASIC AUTOMATION 3 DIGIT FLAT	575,067,526				0.207	\$ 119,038,978	\$ 119,038,978
BASIC NON-AUTOMATION 5 DIGIT	1,165,017,357				0.233	\$ 271,449,044	\$ 271,449,044
BASIC AUTOMATION 5 DIGIT LETTER	22,616,168				0.181	\$ 4,093,526	\$ 4,093,526
BASIC AUTOMATION 5 DIGIT FLAT	1,077,357,740				0.205	\$ 220,858,337	\$ 220,858,337
CARRIER ROUTE BASIC	2,785,226,710				0.147	\$ 409,428,326	\$ 409,428,326
CARRIER ROUTE HIGH DENSITY	19,901,228				0.135	\$ 2,686,666	\$ 2,686,666
CARRIER ROUTE SATURATION	16,478,658				0.121	\$ 1,993,918	\$ 1,993,918
WKSHARING DISCNT DELIVERY OFFICE ENTRY	39,442,931				-0.023	\$ (907,187)	\$ (907,187)
WKSHARING DISCNT SCF ENTRY	2,151,456,669				-0.012	\$ (25,817,480)	\$ (25,817,480)
PERCENTAGE EDITORIAL DISCOUNT @ 100%	7,172,571,146	100.00%			-0.059		\$ (423,181,698)
Total						\$ 1,374,597,696	\$ 951,415,999
Total Revenues Pieces & Pounds						\$ 2,071,842,970	\$ 1,368,744,948
RPW Adjustment Factor						100.0837%	100.0837%
Revenue * RPW Adjustment Factor						2,073,576,318	1,369,890,069
Fees						14,651,000	14,651,000
Revenue with Fees						2,088,227,318	1,384,541,069
TYBR Cost with Contingency						1,586,273,680	1,586,273,680
Cost Coverage						1.31643571	0.8728261

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RATE DEVELOPMENT: TYBR VOLUMES, TYAR RATES, AND REVENUE					
Rate Element	Type	TYBR Volume	Rates	Revenue	
ZONED ADVRTSG DELIVERY UNIT	POUNDS	9,960,014	0.122 \$	1,215,122	
ZONED ADVRTSG SCF	POUNDS	457,293,337	0.144 \$	65,850,240	
ZONED ADVRTSG ZONES 1&2	POUNDS	269,890,184	0.167 \$	45,071,661	
ZONED ADVRTSG ZONE 3	POUNDS	144,862,455	0.180 \$	26,075,242	
ZONED ADVRTSG ZONE 4	POUNDS	219,942,082	0.215 \$	47,287,548	
ZONED ADVRTSG ZONE 5	POUNDS	220,818,387	0.269 \$	59,400,146	
ZONED ADVRTSG ZONE 6	POUNDS	78,528,726	0.325 \$	25,521,186	
ZONED ADVRTSG ZONE 7	POUNDS	61,288,769	0.380 \$	23,289,732	
ZONED ADVRTSG ZONE 8	POUNDS	53,977,529	0.438 \$	23,642,158	
NONADVERTISING	POUNDS	1,814,919,103	0.125 \$	227,318,618	
SCI OF AGRICULTURE DELIVERY OFFICE	POUNDS	21,317	0.092 \$	1,961	
SCI OF AGRICULTURE SCF	POUNDS	1,112,830	0.108 \$	120,186	
SCI OF AGRICULTURE ZONES 1&2	POUNDS	4,795,307	0.125 \$	599,413	
SCI OF AGRICULTURE ZONE 3	POUNDS	239,597	0.180 \$	43,127	
SCI OF AGRICULTURE ZONE 4	POUNDS	136,690	0.215 \$	29,388	
SCI OF AGRICULTURE ZONE 5	POUNDS	76,351	0.269 \$	20,538	
SCI OF AGRICULTURE ZONE 6	POUNDS	7,429	0.325 \$	2,415	
SCI OF AGRICULTURE ZONE 7	POUNDS	7,491	0.380 \$	2,846	
SCI OF AGRICULTURE ZONE 8	POUNDS	6,083	0.438 \$	2,664	
SCI OF AGRICULTURE - NONADVERTISING	POUNDS	1,142,415	0.12525 \$	143,087	
SCI OF AGI COMMNGLD NONSBSCRBR DELIVERY UNIT	POUNDS	0	0.122 \$	-	
SCI OF AGI COMMNGLD NONSBSCRBR SCF	POUNDS	2,075	0.144 \$	299	
SCI OF AGI COMMNGLD NONSBSCRBR ZONES 1&2	POUNDS	13,355	0.167 \$	2,230	
SCI OF AGI COMMNGLD NONSBSCRBR NONADVERTISING	POUNDS	2,988	0.125 \$	374	
BASIC NON-AUTOMATION	PIECES	359,096,511	0.282 \$	101,265,218	
BASIC AUTOMATION LETTER	PIECES	32,390,359	0.201 \$	6,510,462	
BASIC AUTOMATION FLAT	PIECES	107,675,736	0.240 \$	25,842,177	
BASIC NON-AUTOMATION 3 DIGIT	PIECES	999,671,188	0.236 \$	235,922,400	
BASIC AUTOMATION 3 DIGIT LETTER	PIECES	12,071,964	0.185 \$	2,233,313	
BASIC AUTOMATION 3 DIGIT FLAT	PIECES	573,067,528	0.207 \$	119,038,978	
BASIC NON-AUTOMATION 5 DIGIT	PIECES	1,165,017,357	0.233 \$	271,449,044	
BASIC AUTOMATION 5 DIGIT LETTER	PIECES	22,616,168	0.181 \$	4,093,526	
BASIC AUTOMATION 5 DIGIT FLAT	PIECES	1,077,357,740	0.205 \$	220,858,337	
CARRIER ROUTE BASIC	PIECES	2,785,226,710	0.147 \$	409,428,326	
CARRIER ROUTE HIGH DENSITY	PIECES	19,901,228	0.135 \$	2,686,866	
CARRIER ROUTE SATURATION	PIECES	18,478,658	0.121 \$	1,993,918	
PERCENTAGE EDITORIAL DISCOUNT	PIECES	4,205,041,617	-0.059 \$	(248,097,455)	
WKSHARING DISCNT DELIVERY OFFICE ENTRY	PIECES	39,442,931	-0.023 \$	(907,187)	
WKSHARING DISCNT SCF ENTRY	PIECES	2,151,456,669	-0.012 \$	(25,817,480)	
BASIC NONAUTOMATION	PIECES	0	0.282 \$	-	
BASIC AUTOMATION LETTER	PIECES	0	0.201 \$	-	
BASIC AUTOMATION FLAT	PIECES	0	0.240 \$	-	
3 DIGIT NONAUTOMATION	PIECES	0	0.236 \$	-	
3 DIGIT AUTOMATION LETTER	PIECES	0	0.185 \$	-	
3 DIGIT AUTOMATION FLAT	PIECES	0	0.207 \$	-	
5 DIGIT NONAUTOMATION	PIECES	0	0.233 \$	-	
5 DIGIT AUTOMATION LETTER	PIECES	0	0.181 \$	-	
5 DIGIT AUTOMATION FLAT	PIECES	0	0.205 \$	-	
CARRIER ROUTE	PIECES	0	0.147 \$	-	
HIGH DENSITY	PIECES	0	0.135 \$	-	
SATURATION	PIECES	0	0.121 \$	-	
SCI OF AGRICULTURE - Editorial Discount	PIECES	2,842,356	-0.059 \$	(167,699)	
SCI OF AGRICULTURE - Pc Disc Delivery Unit	PIECES	227,597	-0.023 \$	(5,235)	
SCI OF AGRICULTURE - Pc Disc SCF	PIECES	594,939	-0.012 \$	(7,139)	
SCI OF AGI COMMNGLD NONSBSCRBR - Basic Nonautomation	PIECES	32,413	0.282 \$	9,140	
SCI OF AGI COMMNGLD NONSBSCRBR - Basic Automation Flat	PIECES	0	0.000 \$	-	
SCI OF AGI COMMNGLD NONSBSCRBR - Editorial Discount	PIECES	11,635	-0.059 \$	(686)	
SCI OF AGI COMMNGLD NONSBSCRBR - Pc Disc SCF	PIECES	0	-0.012 \$	-	
Total Revenue				\$ 1,671,825,717	
Total Regular Rate & SOA Pieces		7,172,571,146			
Total Pieces		7,172,571,146			
RPW Adjustment Factor				100.084%	
RPW Adjusted Revenue				\$ 1,673,224,402	
Fee Revenue				\$ 14,651,000	
Total Revenue including fees				\$ 1,687,875,402	
TYBR Cost				\$ 1,586,273,680	
Cost Coverage				1.0641	
Desired Cost Coverage				1.0700	
Average Total RPW Adjusted Revenue Per Piece, W/O Fees				\$	0.233

Periodicals: Regular Rates

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Rate Element	Type	Rates Proposed	Current Rates	Percent Change
ZONED ADVRTSG DELIVERY UNIT	POUNDS	0.122	0.169	-27.8%
ZONED ADVRTSG SCF	POUNDS	0.144	0.190	-24.2%
ZONED ADVRTSG ZONES 1&2	POUNDS	0.167	0.214	-22.0%
ZONED ADVRTSG ZONE 3	POUNDS	0.180	0.224	-19.6%
ZONED ADVRTSG ZONE 4	POUNDS	0.215	0.251	-14.3%
ZONED ADVRTSG ZONE 5	POUNDS	0.269	0.292	-7.9%
ZONED ADVRTSG ZONE 6	POUNDS	0.325	0.336	-3.3%
ZONED ADVRTSG ZONE 7	POUNDS	0.380	0.388	-2.1%
ZONED ADVRTSG ZONE 8	POUNDS	0.438	0.432	1.4%
NONADVERTISING	POUNDS	0.125	0.161	-22.2%
SCI OF AGRICULTURE DELIVERY OFFICE	POUNDS	0.092	0.127	-27.6%
SCI OF AGRICULTURE SCF	POUNDS	0.108	0.143	-24.5%
SCI OF AGRICULTURE ZONES 1&2	POUNDS	0.125	0.161	-22.4%
SCI OF AGRICULTURE ZONE 3	POUNDS	0.180	0.224	-19.6%
SCI OF AGRICULTURE ZONE 4	POUNDS	0.215	0.251	-14.3%
SCI OF AGRICULTURE ZONE 5	POUNDS	0.269	0.292	-7.9%
SCI OF AGRICULTURE ZONE 6	POUNDS	0.325	0.336	-3.3%
SCI OF AGRICULTURE ZONE 7	POUNDS	0.380	0.388	-2.1%
SCI OF AGRICULTURE ZONE 8	POUNDS	0.438	0.432	1.4%
SCI OF AGRICULTURE - NONADVERTISING	POUNDS	0.125	0.161	-22.2%
SCI OF AGI COMMNGLD NONSBSCRBR DELIVERY UNIT	POUNDS	0.122	0.169	-27.8%
SCI OF AGI COMMNGLD NONSBSCRBR SCF	POUNDS	0.144	0.190	-24.2%
SCI OF AGI COMMNGLD NONSBSCRBR ZONES 1&2	POUNDS	0.167	0.214	-22.0%
SCI OF AGI COMMNGLD NONSBSCRBR NONADVERTISING	POUNDS	0.125	0.161	-22.2%
BASIC NON-AUTOMATION	PIECES	0.282	0.240	17.5%
BASIC AUTOMATION LETTER	PIECES	0.201	0.194	3.6%
BASIC AUTOMATION FLAT	PIECES	0.240	0.209	14.8%
BASIC NON-AUTOMATION 3 DIGIT	PIECES	0.236	0.202	16.8%
BASIC AUTOMATION 3 DIGIT LETTER	PIECES	0.185	0.173	6.9%
BASIC AUTOMATION 3 DIGIT FLAT	PIECES	0.207	0.175	18.3%
BASIC NON-AUTOMATION 5 DIGIT	PIECES	0.233	0.202	15.3%
BASIC AUTOMATION 5 DIGIT LETTER	PIECES	0.181	0.173	4.6%
BASIC AUTOMATION 5 DIGIT FLAT	PIECES	0.205	0.175	17.1%
CARRIER ROUTE BASIC	PIECES	0.147	0.119	23.5%
CARRIER ROUTE HIGH DENSITY	PIECES	0.135	0.111	21.6%
CARRIER ROUTE SATURATION	PIECES	0.121	0.095	27.4%
PERCENTAGE EDITORIAL DISCOUNT	PIECES	-0.059	-0.057	3.5%
WKSHARING DISCNTDELIVERY OFFICE ENTRY	PIECES	-0.023	-0.021	9.5%
WKSHARING DISCNT SCF ENTRY	PIECES	-0.012	-0.011	9.1%
BASIC NONAUTOMATION	PIECES	0.282	0.240	17.5%
BASIC AUTOMATION LETTER	PIECES	0.201	0.194	3.6%
BASIC AUTOMATION FLAT	PIECES	0.240	0.209	14.8%
3 DIGIT NONAUTOMATION	PIECES	0.236	0.202	16.8%
3 DIGIT AUTOMATION LETTER	PIECES	0.185	0.173	6.9%
3 DIGIT AUTOMATION FLAT	PIECES	0.207	0.175	18.3%
5 DIGIT NONAUTOMATION	PIECES	0.233	0.202	15.3%
5-DIGIT AUTOMATION LETTER	PIECES	0.181	0.173	4.6%
5 DIGIT AUTOMATION FLAT	PIECES	0.205	0.175	17.1%
CARRIER ROUTE	PIECES	0.147	0.119	23.5%
HIGH DENSITY	PIECES	0.135	0.111	21.6%
SATURATION	PIECES	0.121	0.095	27.4%
SCI OF AGRICULTURE - Editorial Discount	PIECES	-0.059	-0.057	3.5%
SCI OF AGRICULTURE - Pc Disc Delivery Unit	PIECES	-0.023	-0.021	9.5%
SCI OF AGRICULTURE - Pc Disc SCF	PIECES	-0.012	-0.011	9.1%
SCI OF AGI COMMNGLD NONSBSCRBR - Basic Nonautomation	PIECES	0.000	0.240	17.5%
SCI OF AGI COMMNGLD NONSBSCRBR - Basic Automation Flat	PIECES	0.000	0.000	
SCI OF AGI COMMNGLD NONSBSCRBR - Editorial Discount	PIECES	-0.059	-0.057	3.5%
SCI OF AGI COMMNGLD NONSBSCRBR - Pc Disc SCF	PIECES	-0.012	-0.011	9.1%

IMPLICIT COST COVERAGE FOR EDITORIAL AND ADVERTISING MATTER

	Test Year Volume	Zone Volume Percents	Redistributed Editorial Lbs.	Redistributed Total Pounds	Proposed Rates	100% Advertising	100% Editorial
Delivery Unit	9,960,014	0.66%	11,915,650	21,875,665	0.122	\$ 2,668,831	
SCF	457,295,412	30.14%	547,084,783	1,004,380,195	0.144	\$ 144,630,748	
Zones 1&2	269,903,539	17.79%	322,898,754	592,802,293	0.167	\$ 98,997,983	
Zone 3	145,102,052	9.56%	173,592,655	318,694,706	0.180	\$ 57,365,047	
Zone 4	220,078,772	14.51%	263,290,958	483,369,730	0.215	\$ 103,924,492	
Zone 5	220,894,738	14.56%	264,267,138	485,161,876	0.269	\$ 130,508,545	
Zone 6	78,534,156	5.18%	93,954,237	172,488,392	0.325	\$ 56,058,728	
Zone 7	61,296,260	4.04%	73,331,702	134,627,962	0.380	\$ 51,158,625	
Zone 8	53,983,612	3.56%	64,583,226	118,566,838	0.438	\$ 51,932,275	
Advertising Total	1,517,048,553	100.00%				\$ 697,245,274	
Editorial Pounds	1,814,919,103		1,814,919,103		0.134	\$ -	\$ 445,150,879
Total Pounds	3,331,967,657			3,331,967,657		Deleted(Not needed)	\$ 445,150,879
	Pieces				Pc. Rate	Pc. Revenue	
BASIC NON-AUTOMATION	359,096,511				0.280	\$ 100,547,023	\$ 100,547,023
BASIC AUTOMATION LETTER	32,390,359				0.199	\$ 6,445,682	\$ 6,445,682
BASIC AUTOMATION FLAT	107,675,736				0.238	\$ 25,626,825	\$ 25,626,825
BASIC NON-AUTOMATION 3 DIGIT	999,671,188				0.234	\$ 233,923,058	\$ 233,923,058
BASIC AUTOMATION 3 DIGIT LETTER	12,071,964				0.183	\$ 2,209,169	\$ 2,209,169
BASIC AUTOMATION 3 DIGIT FLAT	575,067,526				0.205	\$ 117,888,843	\$ 117,888,843
BASIC NON-AUTOMATION 5 DIGIT	1,165,017,357				0.231	\$ 269,119,009	\$ 269,119,009
BASIC AUTOMATION 5 DIGIT LETTER	22,616,168				0.179	\$ 4,048,294	\$ 4,048,294
BASIC AUTOMATION 5 DIGIT FLAT	1,077,357,740				0.203	\$ 218,703,621	\$ 218,703,621
CARRIER ROUTE BASIC	2,785,226,710				0.145	\$ 403,857,873	\$ 403,857,873
CARRIER ROUTE HIGH DENSITY	19,901,228				0.133	\$ 2,646,863	\$ 2,646,863
CARRIER ROUTE SATURATION	16,478,658				0.119	\$ 1,960,960	\$ 1,960,960
WKSHARING DISCNTDELIVERY OFFICE ENTRY	39,442,931				-0.023	\$ (907,187)	\$ (907,187)
WKSHARING DISCNT SCF ENTRY	2,151,456,669				-0.012	\$ (25,817,480)	\$ (25,817,480)
PERCENTAGE EDITORIAL DISCOUNT @ 100%	7,172,571,146	100.00%			-0.059		\$ (423,181,698)
Total						\$ 1,360,252,554	\$ 937,070,856
Total Revenues Pieces & Pounds						\$ 2,057,497,828	\$ 1,382,221,735
RPW Adjustment Factor						100.0837%	100.0837%
Revenue * RPW Adjustment Factor						2,059,219,175	1,383,378,132
Fees						14,651,000	14,651,000
Revenue with Fees						2,073,870,175	1,398,029,132
TYBR Cost with Contingency						1,586,273,680	1,586,273,680
Cost Coverage						1.307384848	0.881329085

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RATE DEVELOPMENT: TYBR VOLUMES, TYAR RATES, AND REVENUE				
Rate Element	Type	TYBR Volume	Rates	Revenue
ZONED ADVRTSG DELIVERY UNIT	POUNDS	9 960,014	0.122 \$	1,215,122
ZONED ADVRTSG SCF	POUNDS	457 293 337	0.144 \$	65,850,240
ZONED ADVRTSG ZONES 1&2	POUNDS	269 890 184	0.167 \$	45,071,661
ZONED ADVRTSG ZONE 3	POUNDS	144 862,455	0.180 \$	26,075 242
ZONED ADVRTSG ZONE 4	POUNDS	219 942 082	0.215 \$	47,287,548
ZONED ADVRTSG ZONE 5	POUNDS	220 818,387	0.269 \$	59,400,146
ZONED ADVRTSG ZONE 6	POUNDS	78,526,726	0.325 \$	25,521,186
ZONED ADVRTSG ZONE 7	POUNDS	61 288 769	0.380 \$	23,289,732
ZONED ADVRTSG ZONE 8	POUNDS	53 977 529	0.438 \$	23,642,158
NONADVERTISING	POUNDS	1 814 919,103	0.134 \$	242,473,192
SCI OF AGRICULTURE DELIVERY OFFICE	POUNDS	21 317	0.092 \$	1,961
SCI OF AGRICULTURE SCF	POUNDS	1 112,830	0.108 \$	120,186
SCI OF AGRICULTURE ZONES 1&2	POUNDS	4 795,307	0.125 \$	599,413
SCI OF AGRICULTURE ZONE 3	POUNDS	239,597	0.180 \$	43,127
SCI OF AGRICULTURE ZONE 4	POUNDS	136 690	0.215 \$	29,388
SCI OF AGRICULTURE ZONE 5	POUNDS	75 351	0.269 \$	20,538
SCI OF AGRICULTURE ZONE 6	POUNDS	7 429	0.325 \$	2,415
SCI OF AGRICULTURE ZONE 7	POUNDS	7 491	0.380 \$	2,846
SCI OF AGRICULTURE ZONE 8	POUNDS	6 083	0.438 \$	2,664
SCI OF AGRICULTURE - NONADVERTISING	POUNDS	1 142 415	0.1336 \$	152,627
SCI OF AGI COMMNGLD NONSBSCRBR DELIVERY UNIT	POUNDS	0	0.122 \$	-
SCI OF AGI COMMNGLD NONSBSCRBR SCF	POUNDS	2 075	0.144 \$	299
SCI OF AGI COMMNGLD NONSBSCRBR ZONES 1&2	POUNDS	13 355	0.167 \$	2,230
SCI OF AGI COMMNGLD NONSBSCRBR NONADVERTISING	POUNDS	2 988	0.134 \$	399
BASIC NON-AUTOMATION	PIECES	359 096 511	0.280 \$	100,547,023
BASIC AUTOMATION LETTER	PIECES	32,390 359	0.199 \$	6,445,682
BASIC AUTOMATION FLAT	PIECES	107 675 736	0.238 \$	25,626,825
BASIC NON-AUTOMATION 3 DIGIT	PIECES	999 671 188	0.234 \$	233 923,058
BASIC AUTOMATION 3 DIGIT LETTER	PIECES	12,071 964	0.183 \$	2,209,169
BASIC AUTOMATION 3 DIGIT FLAT	PIECES	575 067 526	0.205 \$	117,888,843
BASIC NON-AUTOMATION 5 DIGIT	PIECES	1,165,017 357	0.231 \$	269,119 009
BASIC AUTOMATION 5 DIGIT LETTER	PIECES	22 616,168	0.179 \$	4,048,294
BASIC AUTOMATION 5 DIGIT FLAT	PIECES	1 077 357 740	0.203 \$	218,703,621
CARRIER ROUTE BASIC	PIECES	2,785,226,710	0.145 \$	403,857,873
CARRIER ROUTE HIGH DENSITY	PIECES	19 901 228	0.133 \$	2,646,863
CARRIER ROUTE SATURATION	PIECES	16 478 658	0.119 \$	1,960,960
PERCENTAGE EDITORIAL DISCOUNT	PIECES	4 205,041,617	-0.059 \$	(248,097,455)
WKSHARING DISCNTDELIVERY OFFICE ENTRY	PIECES	39 442 931	-0.023 \$	(907,187)
WKSHARING DISCNT SCF ENTRY	PIECES	2 151 456 669	-0.012 \$	(25,817,480)
BASIC NONAUTOMATION	PIECES	0	0.280 \$	-
BASIC AUTOMATION LETTER	PIECES	0	0.199 \$	-
BASIC AUTOMATION FLAT	PIECES	0	0.238 \$	-
3 DIGIT NONAUTOMATION	PIECES	0	0.234 \$	-
3 DIGIT AUTOMATION LETTER	PIECES	0	0.183 \$	-
3 DIGIT AUTOMATION FLAT	PIECES	0	0.205 \$	-
5 DIGIT NONAUTOMATION	PIECES	0	0.231 \$	-
5-DIGIT AUTOMATION LETTER	PIECES	0	0.179 \$	-
5 DIGIT AUTOMATION FLAT	PIECES	0	0.203 \$	-
CARRIER ROUTE	PIECES	0	0.145 \$	-
HIGH DENSITY	PIECES	0	0.133 \$	-
SATURATION	PIECES	0	0.119 \$	-
SCI OF AGRICULTURE - Editorial Discount	PIECES	2 842 356	-0.059 \$	(167,699)
SCI OF AGRICULTURE - Pc Disc Delivery Unit	PIECES	227,597	-0.023 \$	(5 235)
SCI OF AGRICULTURE - Pc Disc SCF	PIECES	564,939	-0.012 \$	(7,139)
SCI OF AGI COMMNGLD NONSBSCRBR - Basic Nonautomation	PIECES	32 413	0.280 \$	9,076
SCI OF AGI COMMNGLD NONSBSCRBR - Basic Automation Flat	PIECES	0	0.000 \$	-
SCI OF AGI COMMNGLD NONSBSCRBR - Editorial Discount	PIECES	11 635	-0.059 \$	(686)
SCI OF AGI COMMNGLD NONSBSCRBR - Pc Disc SCF	PIECES	0	-0.012 \$	-
Total Revenue			\$	1,672,635,110
Total Regular Rate & SQA Pieces		7,172,571,146		
Total Pieces		7,172,571,146		
RPW Adjustment Factor				100.084%
RPW Adjusted Revenue			\$	1,674,034,472
Fee Revenue			\$	14,651,000
Total Revenue including fees			\$	1,688,685,472
TYBR Cost			\$	1,586,273,680
Cost Coverage				1.0646
Desired Cost Coverage				1.0700
Average Total RPW Adjusted Revenue Per Piece, W/O Fees				\$ 0.233

Periodicals: Regular Rates

Rate Element	Type	Proposed Rates	Current Rates	Percent Change
ZONED ADVRTSG DELIVERY UNIT	POUNDS	0.122	0.169	-27.8%
ZONED ADVRTSG SCF	POUNDS	0.144	0.190	-24.2%
ZONED ADVRTSG ZONES 1&2	POUNDS	0.167	0.214	-22.0%
ZONED ADVRTSG ZONE 3	POUNDS	0.180	0.224	-19.6%
ZONED ADVRTSG ZONE 4	POUNDS	0.215	0.251	-14.3%
ZONED ADVRTSG ZONE 5	POUNDS	0.269	0.292	-7.9%
ZONED ADVRTSG ZONE 6	POUNDS	0.325	0.336	-3.3%
ZONED ADVRTSG ZONE 7	POUNDS	0.380	0.388	-2.1%
ZONED ADVRTSG ZONE 8	POUNDS	0.438	0.432	1.4%
NONADVERTISING	POUNDS	0.134	0.161	-17.0%
SCI OF AGRICULTURE DELIVERY OFFICE	POUNDS	0.092	0.127	-27.6%
SCI OF AGRICULTURE SCF	POUNDS	0.108	0.143	-24.5%
SCI OF AGRICULTURE ZONES 1&2	POUNDS	0.125	0.161	-22.4%
SCI OF AGRICULTURE ZONE 3	POUNDS	0.180	0.224	-19.6%
SCI OF AGRICULTURE ZONE 4	POUNDS	0.215	0.251	-14.3%
SCI OF AGRICULTURE ZONE 5	POUNDS	0.269	0.292	-7.9%
SCI OF AGRICULTURE ZONE 6	POUNDS	0.325	0.336	-3.3%
SCI OF AGRICULTURE ZONE 7	POUNDS	0.380	0.388	-2.1%
SCI OF AGRICULTURE ZONE 8	POUNDS	0.438	0.432	1.4%
SCI OF AGRICULTURE - NONADVERTISING	POUNDS	0.134	0.161	-17.0%
SCI OF AGI COMMNGLD NONSBSCRBR DELIVERY UNIT	POUNDS	0.122	0.169	-27.8%
SCI OF AGI COMMNGLD NONSBSCRBR SCF	POUNDS	0.144	0.190	-24.2%
SCI OF AGI COMMNGLD NONSBSCRBR ZONES 1&2	POUNDS	0.167	0.214	-22.0%
SCI OF AGI COMMNGLD NONSBSCRBR NONADVERTISING	POUNDS	0.134	0.161	-17.0%
BASIC NON-AUTOMATION	PIECES	0.280	0.240	16.7%
BASIC AUTOMATION LETTER	PIECES	0.199	0.194	2.6%
BASIC AUTOMATION FLAT	PIECES	0.238	0.209	13.9%
BASIC NON-AUTOMATION 3 DIGIT	PIECES	0.234	0.202	15.8%
BASIC AUTOMATION 3 DIGIT LETTER	PIECES	0.183	0.173	5.8%
BASIC AUTOMATION 3 DIGIT FLAT	PIECES	0.205	0.175	17.1%
BASIC NON-AUTOMATION 5 DIGIT	PIECES	0.231	0.202	14.4%
BASIC AUTOMATION 5 DIGIT LETTER	PIECES	0.179	0.173	3.5%
BASIC AUTOMATION 5 DIGIT FLAT	PIECES	0.203	0.175	16.0%
CARRIER ROUTE BASIC	PIECES	0.145	0.119	21.8%
CARRIER ROUTE HIGH DENSITY	PIECES	0.133	0.111	19.8%
CARRIER ROUTE SATURATION	PIECES	0.119	0.095	25.3%
PERCENTAGE EDITORIAL DISCOUNT	PIECES	-0.059	-0.057	3.5%
WKSHARING DISCNT DELIVERY OFFICE ENTRY	PIECES	-0.023	-0.021	9.5%
WKSHARING DISCNT SCF ENTRY	PIECES	-0.012	-0.011	9.1%
BASIC NONAUTOMATION	PIECES	0.280	0.240	16.7%
BASIC AUTOMATION LETTER	PIECES	0.199	0.194	2.6%
BASIC AUTOMATION FLAT	PIECES	0.238	0.209	13.9%
3 DIGIT NONAUTOMATION	PIECES	0.234	0.202	15.8%
3 DIGIT AUTOMATION LETTER	PIECES	0.183	0.173	5.8%
3 DIGIT AUTOMATION FLAT	PIECES	0.205	0.175	17.1%
5 DIGIT NONAUTOMATION	PIECES	0.231	0.202	14.4%
5-DIGIT AUTOMATION LETTER	PIECES	0.179	0.173	3.5%
5 DIGIT AUTOMATION FLAT	PIECES	0.203	0.175	16.0%
CARRIER ROUTE	PIECES	0.145	0.119	21.8%
HIGH DENSITY	PIECES	0.133	0.111	19.8%
SATURATION	PIECES	0.119	0.095	25.3%
SCI OF AGRICULTURE - Editorial Discount	PIECES	-0.059	-0.057	3.5%
SCI OF AGRICULTURE - Pc Disc Delivery Unit	PIECES	-0.023	-0.021	9.5%
SCI OF AGRICULTURE - Pc Disc SCF	PIECES	-0.012	-0.011	9.1%
		0.000		
SCI OF AGI COMMNGLD NONSBSCRBR - Basic Nonautomation	PIECES	0.280	0.240	16.7%
SCI OF AGI COMMNGLD NONSBSCRBR - Basic Automation Flat	PIECES	0.000	0.000	
SCI OF AGI COMMNGLD NONSBSCRBR - Editorial Discount	PIECES	-0.059	-0.057	3.5%
SCI OF AGI COMMNGLD NONSBSCRBR - Pc Disc SCF	PIECES	-0.012	-0.011	9.1%

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REGULAR RATE TYAR: BILLING DETERMINANT, VOLUMES, RATES, AND REVENUE				
Rate Element	Type	Billing Det.	Rates	Revenue
ZONED ADVRTSG DELIVERY UNIT	POUNDS	9 925 303	0 122 \$	1,210,887
ZONED ADVRTSG SCF	POUNDS	455 599 522	0 144 \$	65,620,746
ZONED ADVRTSG ZONES 1&2	POUNDS	288 949 589	0 167 \$	44,914,581
ZONED ADVRTSG ZONE 3	POUNDS	144 357 594	0 180 \$	25,984,367
ZONED ADVRTSG ZONE 4	POUNDS	219 175 561	0 215 \$	47,122,746
ZONED ADVRTSG ZONE 5	POUNDS	220 048 812	0 269 \$	59,193,130
ZONED ADVRTSG ZONE 6	POUNDS	78 253 053	0 325 \$	25,432,242
ZONED ADVRTSG ZONE 7	POUNDS	61 075 171	0 380 \$	23,208,585
ZONED ADVRTSG ZONE 8	POUNDS	53 789 412	0 438 \$	23,559,763
NONADVERTISING	POUNDS	1 808 593 924	0 134 \$	241,628,148
SCI OF AGRICULTURE DELIVERY OFFICE	POUNDS	21 242	0 092 \$	1,944
SCI OF AGRICULTURE SCF	POUNDS	1,108 952	0 108 \$	119,767
SCI OF AGRICULTURE ZONES 1&2	POUNDS	4 778 595	0 125 \$	598,519
SCI OF AGRICULTURE ZONE 3	POUNDS	238 762	0 180 \$	42,977
SCI OF AGRICULTURE ZONE 4	POUNDS	136 214	0 215 \$	29,286
SCI OF AGRICULTURE ZONE 5	POUNDS	76 085	0 269 \$	20,467
SCI OF AGRICULTURE ZONE 6	POUNDS	7 403	0 325 \$	2,406
SCI OF AGRICULTURE ZONE 7	POUNDS	7 465	0 380 \$	2,837
SCI OF AGRICULTURE ZONE 8	POUNDS	6 062	0 438 \$	2,655
SCI OF AGRICULTURE - NONADVERTISING	POUNDS	1,138 434	0 1336 \$	152,095
SCI OF AGI COMMNGLD NONSBSCRBR DELIVERY UNIT	POUNDS	0	0 122 \$	-
SCI OF AGI COMMNGLD NONSBSCRBR SCF	POUNDS	2 068	0 144 \$	298
SCI OF AGI COMMNGLD NONSBSCRBR ZONES 1&2	POUNDS	13 306	0 167 \$	2,222
SCI OF AGI COMMNGLD NONSBSCRBR NONADVERTISING	POUNDS	2 978	0 1336 \$	398
BASIC NON-AUTOMATION	PIECES	357 845 033	0 280 \$	100,196,606
BASIC AUTOMATION LETTER	PIECES	32,277 478	0 199 \$	6,423,216
BASIC AUTOMATION FLAT	PIECES	107 300 475	0 238 \$	25,537,513
BASIC NON-AUTOMATION 3 DIGIT	PIECES	996 187 232	0 234 \$	233,107,812
BASIC AUTOMATION 3 DIGIT LETTER	PIECES	12 029 892	0 183 \$	2,201,470
BASIC AUTOMATION 3 DIGIT FLAT	PIECES	573 063 357	0 205 \$	117,477,988
BASIC NON-AUTOMATION 5 DIGIT	PIECES	1,160 957 152	0 231 \$	268,181,102
BASIC AUTOMATION 5 DIGIT LETTER	PIECES	22,537 348	0 179 \$	4,034,185
BASIC AUTOMATION 5 DIGIT FLAT	PIECES	1 073 603 038	0 203 \$	217,941,417
CARRIER ROUTE BASIC	PIECES	2 775 519 910	0 145 \$	402,450,387
CARRIER ROUTE HIGH DENSITY	PIECES	19 831 870	0 133 \$	2,637,639
CARRIER ROUTE SATURATION	PIECES	16 421 229	0 119 \$	1,954,126
PERCENTAGE EDITORIAL DISCOUNT	PIECES	4 190 388 616	-0 059 \$	(247,232,810)
WKSHARING DISCNT DELIVERY OFFICE ENTRY	PIECES	39 305 488	-0 023 \$	(904,026)
WKSHARING DISCNT SCF ENTRY	PIECES	2,143 958 621	-0 012 \$	(25,727,503)
BASIC NONAUTOMATION	PIECES	0	0 280 \$	-
BASIC AUTOMATION LETTER	PIECES	0	0 199 \$	-
BASIC AUTOMATION FLAT	PIECES	0	0 238 \$	-
3 DIGIT NONAUTOMATION	PIECES	0	0 234 \$	-
3 DIGIT AUTOMATION LETTER	PIECES	0	0 183 \$	-
3 DIGIT AUTOMATION FLAT	PIECES	0	0 205 \$	-
5 DIGIT NONAUTOMATION	PIECES	0	0 231 \$	-
5 DIGIT AUTOMATION LETTER	PIECES	0	0 179 \$	-
5 DIGIT AUTOMATION FLAT	PIECES	0	0 203 \$	-
CARRIER ROUTE	PIECES	0	0 145 \$	-
HIGH DENSITY	PIECES	0	0 133 \$	-
SATURATION	PIECES	0	0 119 \$	-
SCI OF AGRICULTURE - Editorial Discount	PIECES	2 832 450	-0 059 \$	(167,115)
SCI OF AGRICULTURE - Pc Disc Delivery Unit	PIECES	226 804	-0 023 \$	(5,216)
SCI OF AGRICULTURE - Pc Disc SCF	PIECES	592 865	-0 012 \$	(7,114)
SCI OF AGI COMMNGLD NONSBSCRBR - Basic Nonautomation	PIECES	32,300	0 280 \$	9,044
SCI OF AGI COMMNGLD NONSBSCRBR - Basic Automation Flat	PIECES	0	0 199 \$	-
SCI OF AGI COMMNGLD NONSBSCRBR - Editorial Discount	PIECES	11 595	-0 059 \$	(684)
SCI OF AGI COMMNGLD NONSBSCRBR - Pc Disc SCF	PIECES	0	-0 012 \$	-
Total Revenue				\$ 1,666,806,591
Piece Revenue				\$ 1,108,108,039
Total Regular Rate & SOA Pieces		7,147,574,000		
Piece Revenue per piece		\$ 0 155		
Total Pieces		7,147,574,000		
RPW Adjustment Factor (WP RR-D Line 15)				100 084%
RPW Adjusted Revenue				\$ 1,668,201,077
Fee Revenue				\$ 14,598,000
Total Revenue including fees				\$ 1,682,799,077
TYAR Cost				\$ 1 578 995,620
Cost Coverage				1 06574
Desired Cost Coverage				1 0700
Average Total RPW Adjusted Revenue Per Piece, W/O Fees (RPW Adjusted Revenue/Total Pieces)				\$ 0 233

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TYBR BILLING DETERMINANTS - REGULAR RATE PERIODICALS			
	Volume	Rate	Revenue
	(1)	(2)	(3)
Delivery Unit	9,960,014	0.169	1,683,242
SCF	457,293,337	0.190	86,885,734
Zones 1&2	269,890,184	0.214	57,758,493
Zone 3	144,862,455	0.224	32,449,190
Zone 4	219,942,082	0.251	55,205,463
Zone 5	220,818,387	0.292	64,478,969
Zone 6	78,526,726	0.336	26,384,980
Zone 7	61,258,769	0.388	23,780,042
Zone 8	53,977,529	0.432	23,318,293
Nonadvertising - Including SOA & Commingled	1,814,919,103	0.161	292,201,976
	3,331,478,586		
SCI OF AGRICULTURE DELIVERY OFFICE	21,317	0.127	2,707
SCI OF AGRICULTURE SCF	1,112,830	0.143	159,135
SCI OF AGRICULTURE ZONES 1&2	4,785,307	0.161	772,044
SCI OF AGRICULTURE ZONE 3	239,597	0.224	53,670
SCI OF AGRICULTURE ZONE 4	136,890	0.251	34,309
SCI OF AGRICULTURE ZONE 5	76,351	0.292	22,295
SCI OF AGRICULTURE ZONE 6	7,429	0.336	2,496
SCI OF AGRICULTURE ZONE 7	7,481	0.388	2,906
SCI OF AGRICULTURE ZONE 8	6,083	0.432	2,628
	6,403,095		
SOA COMMINGLED NONSBSCRBR DELIVERY UNIT	0	0.169	0
SOA COMMINGLED NONSBSCRBR SCF	2,075	0.190	394
SOA COMMINGLED NONSBSCRBR ZONES 1&2	13,355	0.214	2,858
	15,430		
BASIC NON-AUTOMATION	983,823,728	0.240	236,117,695
BASIC AUTOMATION LETTER	32,388,539	0.194	6,283,377
BASIC AUTOMATION FLAT	368,786,431	0.209	77,076,364
3/5 NON-AUTOMATION	1,537,315,793	0.202	310,537,790
3/5 AUTOMATION LETTER	34,687,605	0.173	6,000,956
3/5 AUTOMATION FLAT	1,391,136,007	0.175	243,448,801
CARRIER ROUTE BASIC	2,781,919,485	0.119	331,048,420
CARRIER ROUTE HIGH DENSITY	19,898,416	0.111	2,208,724
CARRIER ROUTE SATURATION	16,478,658	0.095	1,565,473
PERCENTAGE EDITORIAL DISCOUNT	4,205,041,517	(0.057)	(239,687,372)
WKSHARING DISCNT DELIVERY OFFICE ENTRY	39,442,931	(0.021)	(828,302)
WKSHARING DISCNT SCF ENTRY	2,151,456,669	(0.011)	(23,666,023)
	7,166,434,673		
SCI OF AGRICULTURE - Basic Nonautomation	735,942	0.240	176,626
SCI OF AGRICULTURE - Basic Automation Letter	1,820	0.194	353
SCI OF AGRICULTURE - Basic Automation Flat	33,702	0.209	7,044
SCI OF AGRICULTURE - 3/5 Nonautomation	1,877,180	0.202	379,190
SCI OF AGRICULTURE - 3/5 Automation Letter	526	0.173	91
SCI OF AGRICULTURE - 3/5 Automation Flat	144,861	0.175	25,351
SCI OF AGRICULTURE - Carrier Route	3,307,215	0.119	393,559
SCI OF AGRICULTURE - High Density	2,812	0.111	312
SCI OF AGRICULTURE - Saturation	0	0.095	0
SCI OF AGRICULTURE - Editorial Discount	2,842,356	(0.057)	(162,014)
SCI OF AGRICULTURE - Pc Disc Delivery Unit	227,587	(0.021)	(4,780)
SCI OF AGRICULTURE - Pc Disc SCF	594,939	(0.011)	(6,544)
	6,104,060		
SCI OF AGI COMMINGLED NONSBSCRBR - Basic Nonautomation	32,413	0.240	7,779
SCI OF AGI COMMINGLED NONSBSCRBR - Basic Automation Flat	0	0.209	0
SOA COMMINGLED NONSBSCRBR EDITORIAL DISCOUNT	11,635	-0.057	(663)
Pounds	3,337,897,111		665,199,830
Pieces	7,172,571,146	\$ 0.133	950,922,206
Total Revenue			1,616,122,036
RPW Adjustment Factor			1.00
RPW Adjusted Revenue			1,617,474,118
Fees			14,651,000
Revenue Including Fees			1,632,125,118
TYBR Cost including contingency			1,566,273,680
Cost Coverage			1.0289
Average Revenue per piece w/o fees			0.226
(1) Base Year Volume multiplied by TYBR Scaling Factor from Rate Design Input (Worksheet RR-D)			
(2) Current Phase 5 Rates			
(3) Rates multiplied by Volume			

Periodicals: Regular Rates

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RATE DEVELOPMENT: COMPARISON OF CURRENT TO PROPOSED RATES				
Rate Element	Type	Proposed Rates	Current Rates	Percent Change
ZONED ADVRTSG DELIVERY UNIT	POUNDS	0.122	0.169	-27.8%
ZONED ADVRTSG SCF	POUNDS	0.144	0.190	-24.2%
ZONED ADVRTSG ZONES 1&2	POUNDS	0.167	0.214	-22.0%
ZONED ADVRTSG ZONE 3	POUNDS	0.180	0.224	-19.6%
ZONED ADVRTSG ZONE 4	POUNDS	0.215	0.251	-14.3%
ZONED ADVRTSG ZONE 5	POUNDS	0.269	0.292	-7.9%
ZONED ADVRTSG ZONE 6	POUNDS	0.325	0.336	-3.3%
ZONED ADVRTSG ZONE 7	POUNDS	0.380	0.388	-2.1%
ZONED ADVRTSG ZONE 8	POUNDS	0.438	0.432	1.4%
NONADVERTISING	POUNDS	0.134	0.161	-17.0%
SCI. OF AGRICULTURE DELIVERY OFFICE	POUNDS	0.092	0.127	-27.6%
SCI. OF AGRICULTURE SCF	POUNDS	0.108	0.143	-24.5%
SCI. OF AGRICULTURE ZONES 1&2	POUNDS	0.125	0.161	-22.4%
SCI. OF AGRICULTURE ZONE 3	POUNDS	0.180	0.224	-19.6%
SCI. OF AGRICULTURE ZONE 4	POUNDS	0.215	0.251	-14.3%
SCI. OF AGRICULTURE ZONE 5	POUNDS	0.269	0.292	-7.9%
SCI. OF AGRICULTURE ZONE 6	POUNDS	0.325	0.336	-3.3%
SCI. OF AGRICULTURE ZONE 7	POUNDS	0.380	0.388	-2.1%
SCI. OF AGRICULTURE ZONE 8	POUNDS	0.438	0.432	1.4%
SCI. OF AGRICULTURE - NONADVERTISING	POUNDS	0.134	0.161	-17.0%
SCI OF AGI COMMNGLD NONSBSCRBR DELIVERY UNIT	POUNDS	0.122	0.169	-27.8%
SCI OF AGI COMMNGLD NONSBSCRBR SCF	POUNDS	0.144	0.190	-24.2%
SCI OF AGI COMMNGLD NONSBSCRBR ZONES 1&2	POUNDS	0.167	0.214	-22.0%
SCI OF AGI COMMNGLD NONSBSCRBR NONADVERTISING	POUNDS	0.134	0.161	-17.0%
BASIC NON-AUTOMATION	PIECES	0.280	0.240	16.7%
BASIC AUTOMATION LETTER	PIECES	0.199	0.194	2.6%
BASIC AUTOMATION FLAT	PIECES	0.238	0.209	13.9%
BASIC NON-AUTOMATION 3 DIGIT	PIECES	0.234	0.202	15.8%
BASIC AUTOMATION 3 DIGIT LETTER	PIECES	0.183	0.173	5.8%
BASIC AUTOMATION 3 DIGIT FLAT	PIECES	0.205	0.175	17.1%
BASIC NON-AUTOMATION 5 DIGIT	PIECES	0.231	0.202	14.4%
BASIC AUTOMATION 5 DIGIT LETTER	PIECES	0.179	0.173	3.5%
BASIC AUTOMATION 5 DIGIT FLAT	PIECES	0.203	0.175	16.0%
CARRIER ROUTE BASIC	PIECES	0.145	0.119	21.8%
CARRIER ROUTE HIGH DENSITY	PIECES	0.133	0.111	19.8%
CARRIER ROUTE SATURATION	PIECES	0.119	0.095	25.3%
PERCENTAGE EDITORIAL DISCOUNT	PIECES	-0.059	-0.057	3.5%
WKSHARING DISCNT DELIVERY OFFICE ENTRY	PIECES	-0.023	-0.021	9.5%
WKSHARING DISCNT SCF ENTRY	PIECES	-0.012	-0.011	9.1%
BASIC NONAUTOMATION	PIECES	0.280	0.240	16.7%
BASIC AUTOMATION LETTER	PIECES	0.199	0.194	2.6%
BASIC AUTOMATION FLAT	PIECES	0.238	0.209	13.9%
3 DIGIT NONAUTOMATION	PIECES	0.234	0.202	15.8%
3 DIGIT AUTOMATION LETTER	PIECES	0.183	0.173	5.8%
3 DIGIT AUTOMATION FLAT	PIECES	0.205	0.175	17.1%
5 DIGIT NONAUTOMATION	PIECES	0.231	0.202	14.4%
5-DIGIT AUTOMATION LETTER	PIECES	0.179	0.173	3.5%
5 DIGIT AUTOMATION FLAT	PIECES	0.203	0.175	16.0%
CARRIER ROUTE	PIECES	0.145	0.119	21.8%
HIGH DENSITY	PIECES	0.133	0.111	19.8%
SATURATION	PIECES	0.119	0.095	25.3%
SCI OF AGRICULTURE - Editorial Discount	PIECES	-0.059	-0.057	3.5%
SCI OF AGRICULTURE - Pc Disc Delivery Unit	PIECES	-0.023	-0.021	9.5%
SCI. OF AGRICULTURE - Pc Disc SCF	PIECES	-0.012	-0.011	9.1%
SCI OF AGI COMMNGLD NONSBSCRBR - Basic Nonautomation	PIECES	0.000		
SCI OF AGI COMMNGLD NONSBSCRBR - Basic Automation Flat	PIECES	0.280	0.240	16.7%
SCI OF AGI COMMNGLD NONSBSCRBR - Basic Automation Flat	PIECES	0.000	0.000	
SCI OF AGI COMMNGLD NONSBSCRBR - Editorial Discount	PIECES	-0.059	-0.057	3.5%
SCI OF AGI COMMNGLD NONSBSCRBR - Pc Disc SCF	PIECES	-0.012	-0.011	9.1%

9 out of 12.

1 ✓
2 ✓
3 ✓
4 ✓
5 ✓
6 ✓
7 ✓
8 ✓
9 ✓
10 ✓
11 ✓
12 ✓

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO INTERROGATORIES OF THE MCGRAW HILL COMPANIES

MH/USPS-T34-3. With reference to your proposal (p. 13, lines 18-19) that contrary to past practice (see R80-1 Op. & Rec. Dec. 888, 894-95), the editorial pound rate should be calculated independently of any of the zone rates:

- (a) What if any specific constraints do you envision on future increases in the editorial pound charge? Please explain your answer fully.
- (b) Do you envision that the Postal Service may in the future propose an increase in the editorial pound charge that would result in an editorial cost coverage exceeding 100 percent? Do you envision that the maximum level of the editorial pound charge would be subject to open-ended litigation in each future rate case?

RESPONSE

- a) I have no way of forecasting future increases in editorial pound charges.
- b) Once again, I cannot forecast the future increase in editorial pound charge.

The maximum level of the editorial pound charge, like any other rate would be subject to 'open-ended' litigation in future rate cases.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO INTERROGATORIES OF THE MCGRAW HILL COMPANIES

MH/USPS-T34-4. With reference to your testimony (p. 6, lines 14-15) that under your proposal, "all Periodicals subclasses will have 3-digit and 5-digit piece rates for both letters and flats for automation compatible mail," please explain the effect of your proposal on non-automation-compatible Periodicals mail.

RESPONSE

Non-automation compatible mail will also have 3-digit and 5-digit rates, just like the automation compatible mail. The only difference is that non-automation compatible rates do not distinguish between letters and flats.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO INTERROGATORIES OF THE MCGRAW HILL COMPANIES

MU/USPS-T34-5. With reference to your testimony (p. 10, lines 13-15) that the "letter categories were not affected by this shift [to the proposed new 3-digit and 5-digit categories], and retained the same level of volume as the base year," please explain the effect of your proposal on letter-sized Periodicals mail.

RESPONSE

The mail characteristic study that was used to determine the estimated volume for the proposed new 3-digit and 5-digit categories was exclusively done for flat-shaped pieces. The letter volumes for the 3-digit and 5-digit categories were derived based on the distribution of flats for these sortation levels. The letter-sized Periodicals mail in the current proposal will also receive sortation discounts for both 3-digit and 5-digit presort levels.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO INTERROGATORIES OF THE MCGRAW HILL COMPANIES

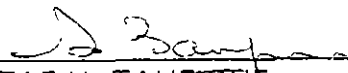
MH/USP-T34-6. In view of the ongoing deployment of the FSM 1000, when will the Postal Service extend the automation discounts to tabloid-sized periodicals, and/or periodicals weighing more than one pound?

RESPONSE

Because barcode readers have not yet been approved for deployment on the FSM 1000, it is premature to speculate on when the Postal Service might extend automation discounts to tabloid-sized periodicals and/or periodicals weighing more than one pound. Please see witness Moden's response to MPA/USPS-T4-10(b) and (c) for the deployment status of barcode readers on FSM 1000s.

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.



ALTAF H. TAUFIQUE

Dated: 10/2/97

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
David H. Rubin

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
October 2, 1997