

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

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POSTAL RATE AND FEE CHANGES, 2006

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Docket No. R2006-1

RESPONSES OF POSTAL SERVICE WITNESS TANG  
TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA, INC.  
(MPA/USPS-T35-27-28)

The United States Postal Service hereby files the responses of witness Tang to the above listed interrogatories, filed on August 7, 2006.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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August 9, 2006

RESPONSE OF POSTAL SERVICE WITNESS TANG  
TO INTERROGATORY OF MAGAZINE PUBLISHERS OF AMERICA, INC.

**MPA/USPS-T35-27.** This is a follow-up to your response to MPA/USPS-T35-22 and to USPS-LR-L-126, REV 7-13-2006 LR 126 Outside County Revised.xls, worksheet "Pound Data\_Adv."

(a) Please confirm that USPS-LR-L-126 allocates 1.2 cents per pound in distance-related transportation costs to DADC-entered mail. If not confirmed, please explain fully.

(b) Please confirm that USPS-LR-L-126 allocates no distance related transportation costs to DSCF-entered mail. If not confirmed, please explain fully.

(c) Please confirm that USPS-LR-L-126 develops a 0.3-cent per pound DADC dropship discount (based upon a 50% passthrough of the DADC nontransportation cost avoidance). If not confirmed, please explain fully.

(d) Please confirm that USPS-LR-L-126 develops a 1.5-cent per pound DSCF dropship discount (based upon a 50% passthrough of the DSCF nontransportation cost avoidance). If not confirmed, please explain fully.

(e) Please confirm that, based upon your response to the above subparts, the advertising pound rate difference between DADC and DSCF entry should be 2.4 cents (1.2 cents + 1.5 cents - 0.3 cents). If not confirmed, please explain fully.

(f) Please confirm that USPS-LR-L-126 calculates a 2.1-cent advertising pound rate difference between DADC and DSCF entry. If not confirmed, please explain fully.

(g) Taking into account your response to the above subparts, please explain why the 2.1-cent advertising pound rate difference between DSCF and DADC entry calculated in USPS-LR-L-126 is accurate.

**RESPONSE:**

(a-d) Confirmed.

(e) Not confirmed. It seems that the 0.3-cent DADC dropship discount may have been double counted in your calculation. Please see the table below:

	Distance-Related Transportation Cost	Non-Distance Related Transportation Cost	Residual Cost	Handling Cost Savings	Rate
DADC	0.012	0.033	0.209	-0.003	0.251
DSCF	0.000	0.033	0.209	-0.012	0.230

(f) Confirmed.

(g) Please see my response to (e).

RESPONSE OF POSTAL SERVICE WITNESS TANG  
TO INTERROGATORY OF MAGAZINE PUBLISHERS OF AMERICA, INC.

**MPA/USPS-T35-28.** This is a follow-up to your response to MPA/USPS-T35-17. Please refer to the spreadsheet provided in response to MPA/USPS-T35-17(i).

(a) Please confirm that, in the “After” scenario, the spreadsheet shows that the 12 publications will use a total of 1178 containers to mail 250,204 pieces, which translates into approximately 212 pieces per container. If not confirmed, please provide the correct figures.

(b) Please confirm that the average pieces per container for co-palletized publications will generally be significantly higher than 212. If not confirmed, please explain fully.

(c) Please explain (i) the source of your data on the number of containers for the “after” scenario; (ii) whether the source takes into account the effect of the May 11 rule requiring 24 pieces in most sacks; and (iii) any other reasons why the source may overstate the number of containers for the twelve publications in the “after” scenario.

**RESPONSE:**

(a-b) Confirmed.

(c) The data come from mailing statements for the publications and do not reflect the 24-piece rule, since the mailings were prior to the rule change. The source may overstate the number of containers for the twelve publications in the “after” scenario, because the container count reflects the containers for the entire co-palletization pool, while the piece count reflects only one publication. Therefore, while I still believe that the proposed Periodicals rates would provide at least as much of an incentive to co-palletize as the current rates, I no longer believe I have data that would allow me to calculate percentage increases in the incentives for particular publications, like the percentage figures provided in my responses to MPA/USPS-T35-13 and 17.