

**BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20068-0001**

Postal Rate and Fee Changes, 2006

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Docket No. R2006-1

**RESPONSES OF NATIONAL NEWSPAPER ASSOCIATION WITNESS HEATH TO
INTERROGATORIES OF UNITED STATES POSTAL SERVICE
(USPS/NNA T1-1-6)**

NNA hereby responses to interrogatories of the United States Postal Service,
USPS/NNA T1-1-6. Each interrogatory is repeated verbatim and a response follows.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have filed the foregoing document online in accordance with
the Commission's Rules of Practice.

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October 3, 2006
Arlington, VA 22206

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USPS/NNA-T1-1. Please refer to section III(A) of your testimony. Please provide the underlying calculations, along with specific cites to supporting materials, for all of the percentage rate increases you report in that section. Also, please provide the underlying calculations, along with specific cites to supporting materials, for Tables 1 and 2 on page 20 of your testimony.

RESPONSE:

My worksheet is attached as NNA Appendix B. An erratum to correct a percentage error in the tables has been filed.

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USPS/NNA-T1-2. Please refer to your testimony, section I(B), and to the Domestic Mail Manual (DMM), sections 707.7 and 707.11.3.

- a. Please confirm that according to DMM 707.11.3.3, a publisher may mail non-subscriber copies at Within-County rates up to 10 percent of the number of subscriber copies mailed annually at Within-County rates. If you do not confirm, please explain fully.
- b. Please confirm that according to DMM 707.7.3 advertising copies can be mailed at Within-County rates, subject to the limitation identified in part (a). If you do not confirm, please explain fully.
- c. Please confirm according to DMM 707.7.6 that copies mailed to subscribers whose subscription expired within the past six months are still considered subscriber copies that pay Within-County rates provided the publisher makes a good-faith attempt to obtain payment for a renewal during the six-month period. If you do not confirm, please explain fully.
- d. Please confirm that according to DMM 707.7.6 copies mailed to subscribers whose subscription expired more than six months previous are non-subscriber copies that may be mailed at Within-County rates, subject to the limitation identified in part (a). If you do not confirm, please explain fully.
- e. Please confirm that according to DMM 707.7.7 complimentary copies are non-subscriber copies that can be mailed at Within-County rates, subject to the limitation identified in part (a). If you do not confirm, please explain fully.
- f. Please confirm that according to DMM 707.7.8 one proof copy may be mailed to each advertiser (or representative agent) at Within-County rates. If you do not confirm, please explain fully.
- g. Please confirm that according to DMM 707.7.8 additional proof copies may be mailed to each advertiser (or representative agent) at Within-County rates, subject to the limitation identified in part (a). If you do not confirm, please explain fully.

RESPONSE:

- a. Confirmed
- b. Not confirmed. I do not understand what is meant by “advertising copies” other than the meaning I presume is referenced in subsections f and g. Please see my response to that subsection.
- c. Confirmed.
- d. Confirmed.
- e. Confirmed.
- f. Confirmed.
- g. Confirmed.

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USPS/NNA-T1-3. Please refer to the testimony of witness Siwek, p. 7, lines 14-18, where he states, "A Periodical's paid circulation may vary based on a number of considerations including changes in subscription discounts. Such changes may render certain Periodicals unable to qualify for Within-County discounts or may even affect the overall eligibility of the publication."

- a. Please list each Landmark Community Newspaper that has lost its eligibility to mail at Within-County rates in the past three years. Please explain the circumstances surrounding each change in status.
- b. Please list each former Landmark Community Newspaper that has lost the eligibility to mail at Outside-County rates in the past three years. Please explain the circumstances surrounding each change in status.
- c. Please list each Landmark Community Newspaper that lost its eligibility to mail at Within-County rates in the past three years and then regained it. Please explain the circumstances surrounding each change in status, including the timing of respective changes.

RESPONSE:

- a. None, to my knowledge.
- b. None, to my knowledge.
- c. None, to my knowledge.

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USPS/NNA-T1-4.

- a. Please confirm that the proposed Within-County per piece rates are reduced from the Outside-County per piece rates by percentages ranging from 64 percent to 83 percent, and that Outside-County rates are higher than Within-County by factors of 2.74 to 5.80. If you do not confirm, please provide the correct ranges of differences.
- a. Do you agree that publishers are strongly motivated to mail eligible pieces at the lower Within-County rates rather than higher Outside-County rates? If you do not agree, please explain fully.

RESPONSE:

- a. confirmed
- b. I agree

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USPS/NNA-T1-5. Please refer to your testimony, page 9, lines 16-17, where you state, “All of these circumstances could combine, in an environment where small errors loom large, to cause a tally to be wrongly marked.” Please also refer to the response to the interrogatory NNA/USPS-T1-16.

- a. Do you agree that there were 193 direct Within-County tallies in FY2005? If not, please explain.
- b. Do you agree that an error in one tally would affect the estimated costs of Within-County Periodicals on average by less than 1 percent—i.e., approximately 1/193? If not, please explain.

RESPONSE:

- a. I have not examined the tally total. I understand from NNA Witness Siwek that there were 193 direct tallies relating specifically to Clerks and Mail Handlers Mail Processing costs and to City Carrier In-Office costs for Within County.
- b. I neither agree nor disagree. I have not examined the full scope of IOCS tallies for Within County.

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USPS/NNA-T1-6. Please refer to your testimony, section I(A)(1)(b), and your response to USPS/NNA-T1-2.

- a. You identify situations in which a Periodicals mailpiece may appear to qualify for Within-County rates yet actually pays Outside-County rates. Please confirm that such situations can arise only when the number of nonsubscriber mailpieces exceeds ten percent of Within-County subscriber pieces. If you do not confirm, please explain.
- b. Please confirm that the quantitative significance of the situations you identify for classifying tallies as Within-County or Outside County depends on how many ineligible nonsubscriber pieces there are, relative to pieces claiming Within-County rates. That is, the fewer pieces there are fitting the situations you identify, the smaller is the potential tally classification problem. If you do not confirm, please explain.
- c. Please also refer to Dr. Bozzo's response to NNA/USPS-T46-9 (Tr. 9/2336), listing the titles for publications classified as Within-County Periodicals in the Postal Service's analysis. Based on your experience, please estimate the size of the group of nonsubscriber pieces ineligible for Within-County rates relative to the actual Within-County (subscriber and nonsubscriber) volumes -- i.e., please provide an estimated ratio or percentage of ineligible pieces to Within-County pieces.

RESPONSES:

- a. Not confirmed. An Outside County mailpiece so qualified because of one of the conditions I explain in my testimony is not likely to be considered by the publisher to be a "sample copy" within the 10 percent allowance and therefore would not be mailed at Within County rates. I believe most publishers carefully plan for the use of the sampling allowance.
- b. I believe that the USPS would not know how many such pieces there are in the Postal mail stream at any given time. As I result, I cannot confirm your interrogatory as it is currently phrased.
- c. I have not measured the size of the group and do not believe either I or the Postal Service have the ability to do so at present.