



**DOCKET NO. R2006-1  
ANSWER OF MPA/ANM WITNESS GLICK  
TO MH/MPA/ANM-T2-9**

**MH/MPA/ANM-T-9:** With respect to your responses to MH/MPA/ANM-T2-7(a) and (b):

(a) MH/MPA/ANM-T2-7(a) requested that you provide a modified version of the MPA/ANM-proposed rate design and rates that “eliminates only the proposed 5-digit pallet discount, with corresponding adjustments to piece rates.” Please explain fully why your response included adjustments to the MPA/ANM-proposed pound rates.

(b) Please explain fully why those adjustments to the proposed pound rates are larger than the adjustments to the proposed pound rates that you made in response to MH/MPA/ANM-T2-7(b), which requested a modified version of the MPA/ANM-proposed rate design and rates that “eliminates both the proposed 5-digit pallet discount and the proposed per-piece pallet discount, and substitutes an 85-cent container charge as proposed by the Postal Service, with corresponding adjustments to piece rates.”

(c) In the event that you are unable to justify the adjustments to the proposed pound rates referenced above, please provide any corrected responses to MH/MPA/ANM-T2-7(a) and/or (b) that may be indicated.

**RESPONSE**

(a) See my response to MH/MPA/ANM-T2-7, where I state, “Note that the pound rates provided in response to subparts (a) and (b) of this interrogatory are similar to, but not exactly the same as in MPA/ANM-LR-1. This is because, due to rounding, the piece rates for the requested rate designs do not generate exactly the same revenue as the piece rates in the MPA/ANM rate design. This, in turn, affects the revenue required from pound rates.”

(b) Due to rounding, the piece-rate revenue from the rate design I developed in response to MH/MPA/ANM-T2-7(a) deviated more from the piece-

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rate revenue generated by the MPA/ANM proposal than did the piece-rate revenue from the rate design I developed in response to MH/MPA/ANM-T2-7(b). Thus, to generate approximately the same total revenue as the MPA/ANM proposal from the MH/MPA/ANM-T2-7(a) rates, my rate design spreadsheets automatically made a larger adjustment to the MH/MPA/ANM-T2-7(a) pound rates.

(c) Not applicable.

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TO MH/MPA/ANM-T2-10**

**MH/MPA/ANM-T2-10:** With respect to your responses to MH/MPA/ANM-T2-7(a) and (b);

(a) Please confirm that in response to MH/MPA/ANM-T2-7(a), you decreased each proposed piece rate (Basic Non-Automation through Carrier Route Saturation) by a uniform \$0.002, and in response to MH/MPA/ANM-T2-7(b), you decreased each such piece rate by a uniform \$0.024. If you do not confirm, please explain fully.

(b) Please explain fully the reasons why, in response to MH/MPA/ANM-T2-7(a) and (b), you adjusted the proposed piece rates by uniform amounts (cents per piece) rather than uniform percentages.

(c) Please confirm that reducing the proposed piece rates by a uniform amount (cents per piece), rather than a uniform percentage, tends to provide relatively greater benefit to more workshared mail that would pay relatively low piece rates. If you do not confirm, please explain fully.

(d) Please confirm that reducing the proposed piece rates by a uniform percentage, rather than a uniform amount (cents per piece), would tend to provide greater savings to less workshared mail that would pay relatively high piece rates. If you do not confirm, please explain fully.

(e) Please provide responses to MH/MPA/ANM-T2-7(a) and (b) that are based on uniform percentage decreases in piece rates, rather than decreases in uniform amounts (cents per piece).

**RESPONSE**

(a) I can confirm that these were the results of making the requested changes to my rate design spreadsheets. Making the requested changes reduced “revenue leakage”, which in turn resulted in Basic Nonautomation piece rates that were, respectively, 0.2 cents and 2.4 cents less than in the MPA/ANM rate proposal. All other piece rates are determined by subtracting worksharing

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discounts from the Basic Nonautomation piece rate. Since McGraw-Hill did not request that I change the magnitude of any other worksharing discounts, all of the other pieces rates were also 0.2 cents and 2.4 cents, respectively, less than in the MPA/ANM rate proposal.

(b) Periodicals Outside County worksharing discounts are determined by multiplying cost avoidance estimates by passthrough percentages. McGraw-Hill did not indicate in MH/MPA/ANM-T2-7 that either of these figures should be changed.

(c) Confirmed. Note that reducing the proposed piece rates by a uniform amount maintains the passthroughs of worksharing cost avoidances that underlie the MPA/ANM-proposed worksharing discounts.

(d) Confirmed. Note that reducing the proposed piece rates by a uniform percentage would reduce the passthroughs of worksharing cost avoidances that underlie the MPA/ANM-proposed worksharing discounts. I saw no reason to reduce these passthroughs in response to MH/MPA/ANM-T2-7.

(e) MPA and ANM have objected to this part.

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ANSWER OF MPA/ANM WITNESS GLICK  
TO MH/MPA/ANM-T2-11**

**MH/MPA/ANM-T2-11:** With respect to your response to MH/MPA/ANM-T2-7(c), which requested that you provide a modified version of the MPA/ANM-proposed rates in which “the only changes are to set the unzoned editorial pound charge at 75% of the Zone 1&2 advertising pound charge, with the revenue leakage spread over (recovered from) pound charges:”

(a) Please confirm that you lowered the unzoned editorial pound charge by \$0.008, and increased all advertising pound charges by \$0.010-.011. If you do not confirm, please explain fully.

(b) Please explain fully the reasons why, in response to MH/MPA/ANM-T2-7(c), you adjusted the proposed advertising pound rates by more or less uniform amounts (cents per piece) rather than uniform percentages.

(c) Please provide a response to MH/MPA/ANM-T2-7(c) based on uniform percentage increases in advertising pound rates, rather than increases in more or less uniform amounts (cents per piece).

**RESPONSE**

(a) Confirmed. I also lowered the destination-entered editorial pound rates by 0.7-0.8 cents.

(b) See my response to USPS/MPA/ANM-T2-34 where I explain how I developed the MPA/ANM-proposed advertising pound rates. The approach that you suggest – increasing advertising pound rates by uniform percentages – is inconsistent with my rate design approach.

(c) MPA and ANM have objected to this part.