

DOCKET SECTION

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

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OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

UNITED STATES POSTAL SERVICE  
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO  
THE COALITION OF RELIGIOUS PRESS ASSOCIATIONS WITNESS STAPERT  
(USPS/CRPA-T1-5-10)

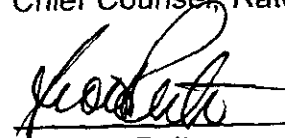
Pursuant to rules 25 and 26 of the Rules of Practice and Procedure and rule 2 of the Special Rules of Practice, the United States Postal Service directs the following interrogatories and requests for production of documents to the Coalition of Religious Press Associations witness Stapert: USPS/CRPA-T1-5-10.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



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January 27, 1998

INTERROGATORIES OF UNITED STATES POSTAL SERVICE  
TO CRPA WITNESS STAPERT

USPS/CRPA-T1-5. On page 4 lines 2-7 of your testimony you state: "The Commission is aware of the phasing schedule of annual postal-rate increases for preferred-rate mailers. While the congressional action that created these increases was taken totally apart from any Rate Commission action, nevertheless preferred-rate mailers have experienced a rate increase each October 1 for several years. The reality of this annual rate increase makes nonprofit mailers more financially vulnerable to general postal-rate increases."

- (a) Would nonprofit mailers be less financially vulnerable if simply charged the full cost coverage requirement from the beginning, rather than having the advantage of a phasing schedule?
- (b) Confirm that a nonprofit basic nonautomation piece weighing 0.5 pounds with 50% editorial content, has paid \$0.004 per piece less than Step 6 in Step 4 and \$0.002 less per piece than Step 6 in step 5.
- (c) Given the combined circulations given on Page 2 of your testimony and assumptions shown below, would it not be unreasonable to suggest that phasing, conservatively estimated, has saved your members nearly \$1.8 million in two years alone?

| <b>Estimated Annual Pieces and Step Savings Based on Stapert Testimony and Assumed Annual Mailings.</b> |                     |                                  |                         |
|---|---------------------|----------------------------------|-------------------------|
| <i>Entity</i>   | <i>Circulation</i>  | <i>Assumed Annual Mailings</i>   | <i>Estimated Pieces</i> |
| American Jewish Press   | 4,500,000           | 4                                | 18,000,000              |
| Associated Church Press   | 8,400,000           | 4                                | 33,600,000              |
| Catholic Press Association  | 26,500,000          | 4                                | 106,000,000             |
| Evangelical Press Association   | 20,000,000          | 4                                | 80,000,000              |
| Southern Baptist  | 1,700,000           | 4                                | 6,800,000               |
| Seventh Day Adventist   | 46,200,000          | 1                                | 46,200,000              |
| Methodist Conference Papers   | 24,000,000          | 1                                | 24,000,000              |
| <b>TOTAL</b>  | <b>131,300,000</b>  |                                  | <b>314,600,000</b>      |
|   | <i>Rate Savings</i> | <i>Estimated Postage Savings</i> |                         |
| Step 4  | \$ 0.004            | \$ 1,258,400                     |                         |
| Step 5  | \$ 0.002            | \$ 629,200                       |                         |
| <b>TOTAL</b>  |                     | <b>\$ 1,887,600</b>              |                         |

USPS/CRPA-T1-6. Please refer to your testimony at page 4, lines 8-20:

- (a) Please confirm that nonprofit mailers were not required to incorporate *all* of the preparation changes that went into effect for regular rate mailers on July 1, yet they were still affected by the changes because the Postal Service changed its processing and distribution networks and all mailers were required to incorporate certain changes to correspond to the network changes.
- (b) Specifically, please confirm that nonprofit mailers had to eliminate their *state and mixed states mail preparation* and replace that with *ADC and Mixed ADC preparation*.
- (c) Please confirm that all mailers were allowed and encouraged to sort according to *all* of the new rules that became effective July 1, 1996.
- (d) Please confirm that if nonprofit mailers were using software to presort their mail, and the software they were using was designed only for nonprofit mail, the software vendor(s) may not have made the necessary changes that the nonprofit mailers were required to adopt in July to reflect the new processing network.
- (e) Please confirm that the way in which many nonprofit mailers dealt with this situation was to use the same presort software that regular rate mailers were using.

USPS/CRPA-T1-7. Please refer to your testimony at pages 4, lines 21-23, through page 5, lines 1-2: "Postal Service witness O'Hara, questioned for ABP by Mr. Strauss, acknowledged that smaller-circulation periodicals experienced rate increases as a consequence of MC95-1." Can you confirm that the reason for these rate increases was due to the de-averaging of costs and thus these rate increases reflect the higher costs of these less dense mailings?

USPS/CRPA-T1-8. Please refer to your testimony at page 2, line 23 through page 3, lines 1-5. You state that one of the purposes of your testimony is "to

assist the Commission in understanding the impact of higher rates and deteriorating service on non-profit, Periodicals-class and Standard-A-class mailers....” Please also refer to page 6, lines 13-14: “CRPA members have noted a distinct decline in the value of the Postal Service’s service over the past few years. Some have suffered tangible harm as a consequence.” Besides the single example given in your testimony of United Methodist Reporter, do you have any quantified documentation, other than anecdotal, of decline in service for religious publications? Identify all communications received from your members relating poor service, including date, time, and form of communication.

USPS/CRPA-T1-9. Please refer to your testimony at page 7, lines 11-13: “The Postal Service is requesting higher rates. But the value of service actually provided to small-circulation, preferred-rate periodicals has declined. In face of this, any rate increase for Periodicals-class mail should be kept to a minimum.”

- (a) Please confirm that the value of service is only one consideration in setting rates.
- (b) Please confirm that the level of attributable costs must also be considered in setting periodical rates before the remaining eight pricing criteria can be applied.

USPS/CRPA-T1-10. Please refer to your testimony at page 8, lines 2-10. After suggesting there is a problem with mail processing costs, you state, parenthetically: “(A return to the methodology used in R94-1 (by implication, R90-1) might be preferable to the methodology used in the instant case.)” Do you have any objective scientific data which would demonstrate the superiority of the previous costing methodology over the proposed methodology, or is your statement based on your understandable desire to retain a previous methodology that had a more favorable result with regard to small-circulation periodicals?

**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.

A handwritten signature in black ink, appearing to read "Scott L. Reiter", written in a cursive style.

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Scott L. Reiter

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