

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

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Postal Rate and Fee Changes, 1997


Docket No. R97-1  
OFFICE OF THE SECRETARY

NEWSPAPER ASSOCIATION OF AMERICA  
INTERROGATORY TO  
ADVERTISING MAIL MARKETING ASSOCIATION  
WITNESS GARY M. ANDREW (NAA/AMMA-T2-1)  
January 27, 1998

The Newspaper Association of America hereby submits the attached interrogatories to Advertising Mail Marketing Association witness Gary M. Andrew (AMMA-T-2) and respectfully requests a timely and full response under oath.

Respectfully submitted,

NEWSPAPER ASSOCIATION OF AMERICA

By:   
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**CERTIFICATE OF SERVICE**

I hereby certify that I have this date served the instant document on all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

January 27, 1998

  
William B. Baker

NEWSPAPER ASSOCIATION OF AMERICA  
INTERROGATORY TO  
ADVERTISING MAIL MARKETING ASSOCIATION  
WITNESS GARY M. ANDREW (NAA/AMMA-T2-1)

NAA/AMMA-T2-1. Please refer to page 9, lines 7-9 of your direct testimony

where you state:

"Under Witness Moeller's proposal, mail that is dropshipped will have a greater contribution to institutional costs than mail that is not dropshipped." (footnote omitted)

- a. Please confirm that under the Postal Service's proposal and under your proposal the dropship discount for piece-rate mail is equivalent to 3.3 ounces of the pound rate discount. (That is, the piece rate dropship discount equals  $(3.3 \times \text{per pound dropship discount})/16$ .) If you cannot confirm this relationship, please explain.
- b. Please confirm that if the dropship discounts equal 100 percent of the avoided costs, then each piece of mail below the breakpoint that is dropshipped will be given a discount equal to  $3.3/16$ th of the costs savings per pound. If you cannot confirm this statement, please explain why.
- c. Please confirm that the average weight per piece for non-letter-shaped pieces below the breakpoint within the Standard ECR subclass is 2.01 ounces. (See Tr. 6/2812, USPS Witness Moeller's response to NAA/USPS-T36-52.)
- d. Please confirm that the cost savings from dropshipping the average non-letter piece below the breakpoint to the DDU will be 13.78 cents/pound  $\times$  2.01 ounces/16 ounces or 1.73 cents per piece. If you cannot confirm this calculation, please provide the cost savings for dropshipping the average non-letter piece below the breakpoint to the DDU.
- e. Please confirm that you are recommending a discount of 2.84 cents for mail pieces dropshipped to the DDU.
- f. Under your proposal, please confirm that Standard A ECR non-letters below the breakpoint will receive a discount of 2.84 cents per piece and avoid costs of 1.73 cents per piece for dropshipping to the DDU. If you cannot confirm this statement, please explain why.
- g. Under the Postal Service's proposal, please confirm that Standard A ECR non-letters below the breakpoint will receive a discount of 2.3 cents and avoid costs of 1.73 cents per piece for dropshipping to the DDU. If you cannot confirm this statement, please explain why.

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- h. Please reconcile the discrepancy noted in part (g) above with your statement that, under the Postal Service's proposal, mail that is dropshipped will make a greater contribution to institutional costs. In particular, if discounts exceed the costs avoided, how will the contribution to institutional costs be greater for dropshipped non-letters below the breakpoint?
- i. Please confirm that the average weight per piece for letter-shaped mail below the breakpoint within the Standard ECR subclass is 1.02 ounces. (See Tr. 6/2812, USPS Witness Moeller's response to NAA/USPS-T36-52.)
- j. Please confirm that the cost savings from dropshipping the average letter to the DDU will be  $13.78 \text{ cents/pound} \times 1.02 \text{ ounces}/16 \text{ ounces}$  or 0.88 cents per piece. If you cannot confirm this calculation, please provide the cost savings for dropshipping the average letter to the DDU.
- k. Under your proposal, please confirm that Standard A ECR letters will receive a discount of 2.84 cents per piece and avoid costs of 0.88 cents per piece for dropshipping to the DDU. If you cannot confirm this statement, please explain why.
- l. Under the Postal Service's proposal, please confirm that Standard A ECR letters will receive a discount of 2.3 cents and avoid costs of 0.88 cents per piece for dropshipping to the DDU. If you cannot confirm this statement, please explain why.
- m. Please reconcile the discrepancy noted in part (l) above with your statement that, under the Postal Service's proposal, mail that is dropshipped will make a greater contribution to institutional costs. If the discounts exceed the average costs avoided, how will the contribution to institutional costs be greater for dropshipped letter mail?