

**BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON DC 20268-0001**

RATE ADJUSTMENT DUE TO )  
EXTRAORDINARY OR EXCEPTIONAL ) Docket No. R2010-4  
CIRCUMSTANCES )

**QUESTIONS PROPOSED BY  
PERIODICAL AND CATALOG MAILERS  
FOR HEARINGS ON AUGUST 10-12, 2010  
(August 5, 2010)**

Pursuant to 39 C.F.R. § 3010.65(c) and Order No. 485 at 6, 75 Fed. Reg. 40853, 40854 (July 14, 2010), the undersigned periodical and catalog mailers propose that the Commission ask the Postal Service the following questions during the public hearings on August 10-12, 2010. These questions concern the cost coverage of Periodical Mail and Standard Mail Flats.

**PROPOSED QUESTIONS**

1. The CRA unit cost of Periodicals increased by 82 percent between FY 1996 and FY 2009, correct? (Source: Cost and Revenue Analysis)
2. The CPI-U increased by only 37 percent between FY 1996 and FY 2009, correct? (Source: <http://stats.bls.gov>, Consumer Price Index – All Urban Consumers, Series Id CUUR0000SA0.)
3. The AFSM 100 deployment occurred between FY 1996 and FY 2009, correct?

4. The productivity of the AFSM 100 machine (in sorts per workhour) is more than double the productivity of previous flat sorting equipment, correct?
5. As of FY 2009, AFSM 100s had been deployed at the postal facilities that process essentially all flats, correct?
6. The amount of co-mailing performed in the Periodicals class increased between FY 1996 and FY 2009, correct?
7. The percentage of Periodicals that are entered at destination facilities increased between FY 1996 and FY 2009, correct? (Source: Billing Determinants)
8. The percentage of Periodicals that are presorted to Carrier Route increased between FY 1996 and FY 2009, correct? (Source: Billing Determinants)
9. The overall amount of worksharing in the Periodicals class increased between FY 1996 and FY 2009, correct?
10. Why did the CRA unit cost of Periodicals Mail increase by more than double the rate of inflation between FY 1996 and FY 2009 despite the deployment of AFSM 100s and the increased amount of worksharing performed in the Periodicals class?

11. The reported unit cost of mail processing and delivery for Standard Mail Flats more than doubled between FY 1999 and FY 2009, correct?<sup>1</sup>
12. The CPI-U increased by only 29 percent between FY 1999 and FY 2009, correct? (Source: <http://stats.bls.gov>, Consumer Price Index – All Urban Consumers, Series Id CUUR0000SA0.)
13. The percentage of Standard Mail Non-ECR Nonletters (which are primarily Standard Mail Flats) that are entered at destination facilities increased between FY 1999 and FY 2009, correct? (Source: Billing Determinants)
14. The percentage of Standard Mail Flats that are presorted to 5-Digit (the finest level of presort in the Standard Mail Flat product) increased slightly between FY 1999 and FY 2009, correct?<sup>2</sup>
15. The overall amount of worksharing in the Standard Mail Flat product increased between FY 1999 and FY 2009, correct?

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<sup>1</sup> In FY 2009, unit mail processing and delivery costs for the Standard Mail Flat product were 26.0 cents and 15.1 cents, respectively. Docket No. ACR2009, USPS-FY09-19 and USPS-FY09-26. In FY 1999, unit mail processing and delivery costs for Standard Mail Other (i.e., Commercial Non-ECR) Flats (which comprise most of what is now the Standard Mail Flat product) were 12.7 and 7.2 cents, respectively. Docket No. R2000-1, PRC-LR-9, MP SHAPBN-PRC99-99.xls, "ATTACHMENT 17" and PRC-LR-11, LR95del-PRC2.xls, "summary BY." From the same sources, FY 2009 unit mail processing and delivery costs for Standard Mail Nonprofit Other (Non-ECR) flats were 13.2 cents and 6.0 cents, respectively.

<sup>2</sup> Because 5-Digit presorted flats did not constitute a separate rate category in FY 1999, the percentage of flat that are presorted to 5-Digit cannot be found in billing determinants. This information, however, can be found in Docket No. R2000-1, USPS-LR-I-90, R2000\_1\_Flats Cost Model\_Final.xls, "Vols-Std (A) Reg" and "Vols-Std (A) Non." The source of FY 2009 data is Billing Determinants.

16. Why did the reported unit cost of mail processing and delivery for the Standard Mail Flat product increase by more than triple the rate of inflation between FY 1999 and FY 2009 despite the deployment of AFSM 100s and the increased amount of worksharing performed for Standard Mail Flats?
17. Why did the reported unit costs of delivery for Periodicals Flats and Standard Mail Flats increase by 24 percent and 36 percent, respectively, between FY 2007 and FY 2009? (Sources: Unit Delivery Costs by Shape – Docket No. ACR2007, USPS-FY07-19 and Docket No. ACR2009, USPS-FY09-19.)
18. Were these reported increases in unit costs due to the presence of excess capacity in the delivery network?
19. The Periodicals Rate Study required by the Postal Accountability and Enhancement Act of 2006 is to analyze “(1) the quality, accuracy, and completeness of the information used by the Postal Service in determining the direct and indirect postal costs attributable to periodicals; and (2) any opportunities that might exist for improving efficiencies in the collection, handling, transportation, or delivery of periodicals by the Postal Service, including any pricing incentives for mailers that might be appropriate.”  
Correct?
20. Why is it appropriate to increase Periodicals rates disproportionately before the completion of the study mandated by Congress?

Respectfully submitted,

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