

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

EXPERIMENTAL PERIODICALS  
CO-PALLETIZATION DROPSHIP DISCOUNTS FOR  
HIGH EDITORIAL PUBLICATIONS, 2004

Docket No. MC2004-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS ALTAF H. TAUFIQUE TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE (OCA/USPS-T1-3-7)

The United States Postal Service hereby files the response of witness Altaf H.

Taufique to the following interrogatories of Office of Consumer Advocate:

OCA/USPS-T1-3-7, filed on March 19, 2004.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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Chief Counsel, Ratemaking

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March 24, 2004

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OCA/USPS-T1-3. To the best of your knowledge, how many printers are currently capable of performing co-palletization?

**RESPONSE**

I do not know the exact number, but my understanding is that most large printers and several mid-size printers are able to co-palletize mail for their clients (publishers). There are currently five printers at eight locations authorized to co-palletize under the current experiment. Two applications are pending authorization.

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OCA/USPS-T1-4. To the best of your knowledge, how many (1) publishers and (2) printers are likely to take advantage of the co-palletization dropship discount proposal?

**RESPONSE**

I do not have the exact counts, but I expect that about 250 to 300 small circulation titles are likely to take advantage of this proposal. The number of publishers is substantially less because some publishers have multiple titles. I am aware of 3 to 4 printers that have titles that would qualify for the proposed discounts, and I expect that at least two, and probably all of them, will participate. Ultimately, however, one goal of the experimental classification is to determine the response of publishers and printers to the proposed discounts.

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OCA/USPS-T1-5. What impact do you anticipate your co-palletization dropship discount will have on the distinct number of printers and consolidators prior to and subsequent to the implementation of the USPS proposal? Please explain your response.

**RESPONSE**

My hope is that all printers that have eligible publications would, with the consent of their clients (publishers), either co-palletize this mail and dropship to destination ADCs and SCFs on their own, or contact a consolidator to provide similar service to take advantage of the proposed discounts.

I have no expectation that the experiment would have an impact on the number of printers and consolidators. The Postal Service is proposing an experimental classification to gauge these impacts.

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OCA/USPS-T1-6. Assume that a publisher is not currently co-palletizing his publications and his current bindery/printer is unable to co-palletize his publications. In order to take advantage of the co-palletization dropship discount, will the publisher need to find another printer who is able to co-palletize shipments? Please explain your response.

**RESPONSE**

Not necessarily. As I have explained in my response to OCA/USPS-T1-5, we do not expect that all printers would be able to provide co-palletization and dropshipment of the titles that they print. However, it is possible for a printer to use a consolidator to provide such service for the printer's titles.

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OCA/USPS-T1-7. In Exhibit A of your testimony at pages 7 - 10, you provide zone entry data for forty-nine magazines. For each magazine, please provide the following data: (1) the percentage of editorial content for each of the forty-nine magazines and (2) the total weighted average of the editorial content for all forty-nine magazines.

**RESPONSE**

	<b>Editorial %</b>
Magazine 1	86.0%
Magazine 2	99.0%
Magazine 3	96.0%
Magazine 4	89.1%
Magazine 5	100.0%
Magazine 6	85.0%
Magazine 7	86.1%
Magazine 8	100.0%
Magazine 9	100.0%
Magazine 10	100.0%
Magazine 11	89.1%
Magazine 12	100.0%
Magazine 13	89.8%
Magazine 14	89.1%
Magazine 15	100.0%
Magazine 16	89.1%
Magazine 17	100.0%
Magazine 18	100.0%
Magazine 19	100.0%
Magazine 20	100.0%
Magazine 21	100.0%
Magazine 22	86.0%
Magazine 23	100.0%
Magazine 24	100.0%
Magazine 25	100.0%
Magazine 26	100.0%
Magazine 27	100.0%
Magazine 28	100.0%
Magazine 29	100.0%
Magazine 30	100.0%
Magazine 31	100.0%
Magazine 32	100.0%
Magazine 33	100.0%
Magazine 34	100.0%
Magazine 35	100.0%
Magazine 36	100.0%
Magazine 37	100.0%
Magazine 38	100.0%

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OCA/USPS- T1-7 Cont'd	
Magazine 39	100.0%
Magazine 40	100.0%
Magazine 41	92.0%
Magazine 42	86.2%
Magazine 43	100.0%
Magazine 44	85.0%
Magazine 45	84.4%
Magazine 46	100.0%
Magazine 47	100.0%
Magazine 48	84.3%
Magazine 49	86.0%
Weighted Avg.	94.6%

## **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.

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