

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

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POSTAL RATE AND FEE CHANGES, 2006

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Docket No. R2006-1

RESPONSES OF POSTAL SERVICE WITNESS TANG  
TO INTERROGATORIES OF PITNEY BOWES INC.  
(PB/USPS-T35-1-2)

The United States Postal Service hereby files the responses of Witness Tang to the above listed interrogatories, filed on June 20, 2006.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

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David H. Rubin

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2986; Fax -6187  
July 5, 2006

RESPONSE OF POSTAL SERVICE WITNESS TANG  
TO INTERROGATORY OF PITNEY BOWES INC.

**PB/USPS-T35-1.** Please confirm that the Postal Service's current and proposed rate design for Periodicals Mail incorporates dropship and zoning discounts. If you cannot confirm fully, please provide a detailed explanation why.

**RESPONSE:**

Confirmed.

RESPONSE OF POSTAL SERVICE WITNESS TANG  
TO INTERROGATORY OF PITNEY BOWES INC.

**PB/USPS-T35-2.** Please refer to page 8 of your testimony, where you state, “[j]ust as it is important to encourage the dissemination of editorial content throughout the country, it is also important to allow such content to share in the efficiency associated with deposit of the mail closer to the point of delivery.” Please provide a detailed description of the efficiency associated with the deposit of mail closer to the point of delivery.

**RESPONSE:**

A good example of the efficiency associated with the deposit of Periodicals mail closer to the point of delivery is embodied in the co-palletization experiment. In Docket No. MC2002-3, the Postal Service introduced co-palletization incentives to encourage Periodicals mailers, especially smaller publications, to co-palletize their mail and dropship it closer to the point of delivery, either at destination Area Distribution Centers (ADCs) or destination Sectional Center Facilities (SCFs).

The co-palletization incentives were designed to address the substantial amount of sacked, non-dropshipped Periodicals mail, most of which is flat-shaped and costly to handle and transport across the country. To palletize and dropship Periodicals mail requires mail volume and density. For smaller publications, and larger publications with disparate subscribers, it may be difficult to achieve the necessary volume and density. However, the co-palletization dropship discounts provide incentives for the combination of different publications on pallets which enables efficient preparation and dropship.