

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
OFFICE OF THE CONSUMER ADVOCATE (OCA/USPS-T1-1-2)

The United States Postal Service hereby files the responses of witness Altaf H. Taufique to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T1-1-2, filed on March 17, 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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March 24, 2004

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OCA/USPS-T1-1. The PRC version of the 2003 CRA shows a cost coverage for outside county of 97.4 percent. If the rates proposed in this docket had been in effect for all of FY 2003, would the cost coverage of outside county be different? If so, how?

Response:

As shown in pages 2 and 3 of my Exhibit A, I expect cost savings to exceed revenue leakage for this experiment. Therefore, if the discounts proposed in this docket had been in effect for all of FY 2003 the Outside County cost coverage would have been slightly higher.

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OCA/USPS-T1-2. Is it correct that daily and weekly periodicals are unlikely to be able to avail themselves of the proposed discount because there would be insufficient time both to produce the mailpieces and add extra processing steps for co-palletizing? Please explain your answer.

Response:

Based on my understanding of the process of preparing co-palletized mail, daily and weekly periodicals would be unlikely to avail themselves of the proposed discounts because there would be insufficient time both to produce the mailpieces and add extra processing steps for co-palletizing.

While unlikely, co-palletization is not impossible for weekly publications. I am aware of one instance in which a publisher is able to co-palletize weekly titles it produces. This is feasible because the publisher controls the editorial and printing schedules for all the titles that are co-palletized. In any case, I am not aware of many weekly or daily titles that meet the advertising content (15 percent or less) and copy weight (9 ounces or more) criteria required to qualify for the proposed discounts.

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.

David H. Rubin

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