

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes,
2006

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Docket No. R2006-1

FIRST SET OF INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA, INC.
AND ALLIANCE OF NONPROFIT MAILERS
TO USPS WITNESS VAN-TY-SMITH
(MPA/USPS-T11-1)
(June 15, 2006)

Pursuant to sections 25, 26 and 27 of the rules of practice, Magazine Publishers of America, Inc., and Alliance of Nonprofit Mailers direct the following interrogatories to United States Postal Service witness Elaine Van-Ty-Smith (USPS-T-11). If the witness cannot answer a question or subpart, we request that the Postal Service answer through another witness or submit an institutional response.

Respectfully submitted,

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MPA/USPS-T11-1. Please refer to USPS-LR-L-43, PER OC FLATS.xls, 'CRA FLATS' and line 19 on page 18 through line 8 on page 19 where you state:

As was proposed by the Postal Service in Docket No. R2005-1, the two support cost pools at the plants are consolidated into one "piggyback" cost pool (see discussion in USPS-T-12, section III E, Docket No. R2005-1). The two plant support cost pools are quasi-administrative pools characterized by a high percentage of not-handling-mail activities. The volume-variable costs for the "piggyback" cost pool are distributed to subclasses in proportion to the distribution of volume-variable costs of subclasses in the cost pools they support. The supported cost pools do not include the ISC mail processing cost pool, since these facilities have their own support operations.

More specifically, the "Mail Processing Support" and "Miscellaneous" cost pools (1SUPPORT and 1MISC) are combined into a Function 1 support cost pool. The volume-variability factor for the pool is the cost-weighted average of the econometric volume-variable factors (see B.2.1 above). The handling tallies in these pools are not used in the distribution keys, following the rationale in witness Degen's testimony in Docket No. R2000-1. Instead, the distribution key shares for the Function 1 support cost pool are the subclass shares of volume variable costs in the supported operations. Thus, the volume-variable cost for the Function 1 support pool is distributed in proportion to all Function 1 and LDC 79 volume-variable costs.

- (a) Please confirm that you used the "piggyback" distribution approach for the 1SUPPF1 cost pool shown on USPS-LR-L-43, PER OC FLATS.xls, 'CRA FLATS.'
- (b) Did you use this piggyback approach for any other cost pools shown on USPS-LR-L-43, PER OC FLATS.xls, 'CRA FLATS'? If so, please identify those cost pools.
- (c) Please list all cost pools that you believe are quasi-administrative, and explain why you believe they are quasi-administrative.