

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF POSTAL SERVICE WITNESS TANG
TO INTERROGATORY OF MAGAZINE PUBLISHERS OF AMERICA, INC.
(MPA/USPS-T35-13)

The United States Postal Service hereby files the response of Witness Tang to the above listed interrogatory, filed on June 29, 2006. Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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July 14, 2006

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MPA/USPS-T35-13. Please refer to your response to MPA/USPS-T35-7, where you state:

In the process of rate design, I applied the proposed rates to a number of the co-palletized or co-mailed magazines to assess the postage impact. The purpose is to see if these publications would receive comparable, if not greater, incentives to continue efficient mail preparation and dropshipping, under the proposed rates.

(a) For each of the co-mailed magazines you analyzed, by what percentage would the postage “incentive” to co-mail (i.e., the postage difference between mailing the magazine as a solo mailing and as part of a co-mail pool) increase under your proposal? If you did not analyze the postage difference between mailing the magazine as a solo mailing and as part of a co-mail pool, how did you determine whether “these publications would receive comparable, if not greater, incentives to continue efficient mail preparation and dropshipping, under the proposed rates.”

(b) For each of the co-palletized magazines you analyzed, by what percentage would the postage “incentive” to co-palletize (i.e., the postage difference between mailing the magazine as a solo mailing and as part of a co-palletization pool) increase under your proposal? If you did not analyze the postage difference between mailing the magazine as a solo mailing and as part of a co-palletization pool, how did you determine whether “these publications would receive comparable, if not greater, incentives to continue efficient mail preparation and dropshipping, under the proposed rates.”

(c) In your analysis, how did you determine the number of sacks that each magazine would use if entered as a solo mailing? Please explain fully.

(d) In your analysis, how did you determine where the magazine would be entered if entered as a solo mailing? Please explain fully.

RESPONSE:

(a-b) The purpose of my analysis was to assess the postage impact of changing the rate design, with a focus on incentives for palletization and dropshipping. I analyzed the postage statements of a number of the co-palletized magazines to compare the incentives at the current rates with those under the proposed rates, the incentives being the difference in postage before and after co-palletization. For the twelve publications analyzed, the percentage increases of the incentives are: 2, 5, 34, 35, 35, 39, 40, 40,

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47, 48, 54, and 56. The impact on co-mailed publications is expected to be similar to that on the co-palletized ones, in terms of palletization and dropshipping. Of course, co-mailing offers advantages beyond palletization and dropshipping, but I did not analyze any other factors.

(c-d) This information is available in PS Forms 3541 and 3541-X, the postage statements.