

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes,
2006

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Docket No. R2006-1

EIGHTH SET OF INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA, INC.,
AND ALLIANCE OF NONPROFIT MAILERS
TO USPS WITNESS TANG
(MPA/USPS-T35-18-22)
(July 18, 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 Rachel Tang (USPS-T-35). 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,

David M. Levy
Paul A. Kemnitzer
SIDLEY AUSTIN LLP
1501 K Street, N.W.
Washington, DC 20005-1401
(202) 736-8000

*Counsel for Magazine Publishers of America,
Inc., and Alliance of Nonprofit Mailers*

QUESTIONS

MPA/USPS-T35-18. Please refer to the version of worksheet “Discounts” in USPS-LR-L-126, REV 7-13-2006 LR 126 Outside County Revised.xls. Please confirm that the unit mail processing cost estimates in this worksheet do not reflect the errata to USPS-LR-L-43 filed on June 28, 2006.

MPA/USPS-T35-19. Please refer to the following statements in the document entitled “Summary of Changes to LR-L-126,” which is attached to the notice of errata to Library Reference L-126 filed by the Postal Service on July 13, 2006:

1. Page 2 – “However, in worksheet “Piece Discounts”, cell C3, “required revenue”, the total fees used as an input to the formula has been held at the original 18,072,000, in order to maintain the proposed rates.”
2. Page 3 – “The original ride-along revenue is used as an input in the formula to derive “required revenue” (cell C3) in worksheet “Piece Discounts,” in order to maintain the proposed rates.”
3. Page 5 – “Revised TYBR and TYAR cost [sic] numbers (see witness Waterbury’s errata filed on July 11, 2006) have been included in worksheet “FY 2008 Summary”....These updated costs are included only in the final financial summary to show the adjusted cost coverages for both Outside County and Within County. They are not included in the rate design inputs, so that the proposed rates are maintained.”

As the above statements from the “Summary of Changes to LR-L-126” document indicate, you have “held” some figures at their original values “in order to maintain the proposed rates.”

(a) Please provide a list of all cells in which you have “held” values or formulae at original values “in order to maintain the proposed rates.”

(b) For each of the cells listed in subpart (a) of this interrogatory, please provide the corrected value or formula.

MPA/USPS-T35-20. Please refer to POIR No. 6, Question 1, which requests estimates of current and proposed per-piece postage for seven publications. For each of the publications, please provide Postage Statement information in sufficient detail to allow the replication of your results.

MPA/USPS-T35-21. Please refer to Page 5 of the document entitled “Summary of Changes to LR-L-126,” which is attached to the notice of errata to Library Reference L-126 filed by the Postal Service on July 13, 2006. Please also refer to USPS-LR-L-126, REV 7-13-2006 LR 126 Outside County Revised.xls, worksheet “Rate Design Input,” cell C18, which shows “Proportion of Transportation Cost That is Distance Related.”

(a) Please confirm that witness Waterbury’s errata (filed on July 11, 2006) eliminate almost all Test Year Periodicals Outside County air transportation costs. If not confirmed, please explain fully.

(b) Please confirm that the “Proportion of Transportation Cost That is Distance Related” was calculated as a percentage of all Base Year Periodicals Outside County transportation costs. If not confirmed, please explain fully.

(c) Please confirm that, excluding air transportation costs, the Base Year “Proportion of Transportation Cost That is Distance Related” for the Periodicals Outside County subclass is 0.6234. If not confirmed, please provide the correct figure, along with its derivation.

MPA/USPS-T35-22. Please refer to USPS-LR-L-126, REV 7-13-2006 LR 126 Outside County Revised.xls, worksheet “Pound Data_Adv, cell E57, which contains the formula “E59-D59-(E48-E49).”

(a) Please confirm that the purpose of this formula is to calculate the transportation cost (less dropship discount) per pound for DSCF-entered Periodicals. If not confirmed, please explain fully.

(b) Please confirm that the DSCF transportation cost per pound is calculated by subtracting the Zones 1&2 distance-related transportation cost per pound (D59) from the total Zones 1&2 transportation cost per pound (E59). If not confirmed, please explain fully.

(c) Please confirm that the DSCF dropship discount subtracted by the formula in cell E57 from the DSCF transportation cost per pound equals the DSCF dropship discount (E48) net of the DADC dropship discount (E49).

(d) Please confirm that the DSCF dropship cost avoidance (from which the DSCF dropship discount is calculated) was calculated relative to Zones 1&2 Periodicals. If not confirmed, please explain fully.

(e) Please explain fully why the formula in cell E57 subtracts the DSCF dropship discount (net of the DADC dropship discount) from DSCF transportation costs, rather than subtracting the *entire* DSCF dropship discount from DSCF transportation costs.