



**MH/MPA/ANM-T2-10:** With respect to your responses to MH/MPA/ANM-T2-7(a) and (b);

(a) Please confirm that in response to MH/MPA/ANM-T2-7(a), you decreased each proposed piece rate (Basic Non-Automation through Carrier Route Saturation) by a uniform \$0.002, and in response to MH/MPA/ANM-T2-7(b), you decreased each such piece rate by a uniform \$0.024. If you do not confirm, please explain fully.

(b) Please explain fully the reasons why, in response to MH/MPA/ANM-T2-7(a) and (b), you adjusted the proposed piece rates by uniform amounts (cents per piece) rather than uniform percentages.

(c) Please confirm that reducing the proposed piece rates by a uniform amount (cents per piece), rather than a uniform percentage, tends to provide relatively greater benefit to more workshared mail that would pay relatively low piece rates. If you do not confirm, please explain fully.

(d) Please confirm that reducing the proposed piece rates by a uniform percentage, rather than a uniform amount (cents per piece), would tend to provide greater savings to less workshared mail that would pay relatively high piece rates. If you do not confirm, please explain fully.

(e) Please provide responses to MH/MPA/ANM-T2-7(a) and (b) that are based on uniform percentage decreases in piece rates, rather than decreases in uniform amounts (cents per piece).

## **OBJECTION**

MPA and ANM object to part (e) as unduly burdensome because it asks MPA and ANM to perform calculations and analyses that McGraw-Hill can perform as readily as MPA and ANM. To develop the requested rate designs, McGraw-Hill would need to first replicate the steps that I undertook to respond to develop the rate designs requested in MH/MPA/ANM-T2-7(a) and (b), which are described below. Then, McGraw-Hill could iteratively adjust the passthrough percentages in MPA/ANM-LR-1, worksheet "Piece Discounts 2" to achieve the

desired relationship between piece rates. Since MPA and ANM have not attempted to design rates using such a method, MPA and ANM believe that McGraw-Hill can undertake this final step just as readily as could MPA and ANM.

**Steps to Replicate MH/MPA/ANM-T2-7(a) Rates**

- Set the passthrough in MPA/ANM-LR-1, worksheet “Piece Discounts 2”, cell D21 to 0.

**Steps to Replicate MH/MPA/ANM-T2-7(b) Rates**

- Set the passthroughs in MPA/ANM-LR-1, worksheet “Piece Discounts 2”, cells D21 and D22 to 0.
- Set the value in MPA/ANM-LR-1, worksheet “Container”, cell B19 to \$0.85.

**MH/MPA/ANM-T2-11:** With respect to your response to MH/MPA/ANM-T2-7(c), which requested that you provide a modified version of the MPA/ANM-proposed rates in which “the only changes are to set the unzoned editorial pound charge at 75% of the Zone 1&2 advertising pound charge, with the revenue leakage spread over (recovered from) pound charges.”

(a) Please confirm that you lowered the unzoned editorial pound charge by \$0.008, and increased all advertising pound charges by \$0.010-.011. If you do not confirm, please explain fully.

(b) Please explain fully the reasons why, in response to MH/MPA/ANM-T2-7(c), you adjusted the proposed advertising pound rates by more or less uniform amounts (cents per piece) rather than uniform percentages.

(c) Please provide a response to MH/MPA/ANM-T2-7(c) based on uniform percentage increases in advertising pound rates, rather than increases in more or less uniform amounts (cents per piece).

## **OBJECTION**

MPA and ANM object to part (c) as unduly burdensome because it asks MPA and ANM to perform calculations and analyses that McGraw-Hill can perform as readily as MPA and ANM. Further, McGraw-Hill also requests MPA and ANM to develop rate designs that are inconsistent with the method (discussed in witness Glick’s response to USPS/MPA/ANM-T2-34) that MPA and ANM used to develop advertising pound rates.

To develop the requested rate design, McGraw-Hill would need to first replicate the step that Mr. Glick undertook to respond to develop the rate designs requested in MH/MPA/ANM-T2-7(c), which is to set the value in MPA/ANM-LR-1, worksheet “Pound Data\_Ed.”, cell C8 to \$0.036. Then, McGraw-Hill would need

to adjust the formulae in MPA/ANM-LR-1, "Pound Data\_Adv" , cells E56 through E65 to achieve the desired relationships between advertising pound rates.

Note also that worksheet "Pound Data\_Adv" is an input into worksheet "Pound Data\_Ed." Thus, changes that McGraw-Hill makes to worksheet "Pound Data\_Adv" will result in changes to the editorial pound rates so McGraw-Hill will need to work iteratively to achieve the desired rate relationships.