

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

POSTAL RATE AND FEE CHANGES
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T28-7-12)
(May 26, 2005)

The United States Postal Service hereby files the responses of witness Taufique to the following interrogatories of the Office of the Consumer Advocate:
OCA/USPS-T28-7-10, filed on May 12, 2005, and OCA/USPS-T28-11-12, filed on May 17, 2005.

The interrogatories are stated verbatim and are followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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**RESPONSE OF POSTAL SERVICE WITNESS TAUFIQUE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-T28-7. Please refer to USPS-LR-K-115, worksheet "SS-28 Registered Mail," and cell "AA20," which shows for FY 2004 "Domestic Fees" of \$52,794,628. Please confirm that for FY 2004 Domestic Fees from Registered Mail transactions, excluding Handling Charges, with and without insurance should be \$52,794,754, as shown in the table below. If you do not confirm, please explain and show all calculations reconciling the difference.

REGISTRY MAIL							
GOVERNMENT FISCAL YEAR 2004							
Value Up To	Without Postal Insurance			With Postal Insurance			
Domestic	Fee	Transactions	Revenue	Fee	Transactions	Revenue	
\$100	\$7.50	1,659,547	\$12,446,604	\$8.00	398,244	\$3,185,954	
500				\$8.85	506,413	\$4,481,759	
1,000				\$9.70	412,720	\$4,003,385	
2,000				\$10.55	527,119	\$5,561,108	
3,000				\$11.40	292,745	\$3,337,296	
4,000				\$12.25	168,698	\$2,066,549	
5,000				\$13.10	260,884	\$3,417,579	
6,000				\$13.95	127,123	\$1,773,363	
7,000				\$14.80	49,217	\$728,404	
8,000				\$15.65	50,380	\$788,443	
9,000				\$16.50	54,256	\$895,227	
10,000				\$17.35	62,602	\$1,086,146	
11,000				\$18.20	29,719	\$540,893	
12,000				\$19.05	31,972	\$609,063	
13,000				\$19.90	19,754	\$393,101	
14,000				\$20.75	11,381	\$236,151	
15,000				\$21.60	35,344	\$763,436	
16,000				\$22.45	9,707	\$217,915	
17,000				\$23.30	8,606	\$200,516	
18,000				\$24.15	19,771	\$477,470	
19,000				\$25.00	7,394	\$184,843	
20,000				\$25.85	61,474	\$1,589,110	
21,000				\$26.70	3,470	\$92,659	
22,000				\$27.55	8,349	\$230,022	
23,000				\$28.40	3,141	\$89,208	
24,000				\$29.25	9,907	\$289,791	
25,000				\$30.10	103,281	\$3,108,762	
		1,659,547	\$12,446,604		3,273,672	\$40,348,150	
TOTAL TRANSACTIONS W AND W/O INSURANCE					4,933,219		
TOTAL DOMESTIC FEE REVENUE							\$52,794,754

RESPONSE:

Not confirmed. The calculations in the table, with respect to multiplication of the fee by the respective volume to arrive at the associated revenue, appear to be correct.

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However, the revenues used in the billing determinants are aggregates from the special reports that are derived from the Revenue, Pieces, and Weight Adjustment Report System. These revenues often do not exactly match revenues computed by multiplying volumes by rates or fees.

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OCA/USPS-T28-8. Please refer to USPS-LR-K-115, and the worksheet "SS-28 Registered Mail."

- a. For Fiscal Year (FY) 2001, 2002, and 2003, please provide for Registered Mail the number of transactions covered by postal insurance at each level of value.
- b. For FY 2001, 2002, and 2003, please provide for Registered Mail the number of transactions not covered by postal insurance.
- c. For FY 2001, 2002, and 2003, please provide for Registered Mail the number of handling charges.

RESPONSE:

a-c. See table below.

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**Registered Mail Transactions by Value Level,
FY 2001 to 2003 (Source: Billing Determinants)**

	Transactions		
	2001	2002	2003
Without Insurance			
No Value	2,375,278	2,120,828	1,754,784
With Insurance - Value Up To			
\$100	713,493	441,771	402,504
500	1,133,735	820,183	599,168
1,000	871,551	639,778	597,042
2,000	690,531	579,208	499,253
3,000	410,428	367,304	378,113
4,000	251,628	167,679	226,410
5,000	306,231	176,382	161,262
6,000	123,062	144,714	117,535
7,000	83,816	93,906	71,255
8,000	102,363	69,255	63,668
9,000	61,117	45,702	40,244
10,000	132,604	89,637	119,212
11,000	50,125	43,996	47,077
12,000	46,719	33,205	21,610
13,000	25,292	43,834	23,632
14,000	34,212	26,739	14,974
15,000	54,261	42,730	37,845
16,000	19,653	19,192	21,331
17,000	17,701	10,050	16,254
18,000	14,536	18,030	17,416
19,000	14,203	18,145	17,721
20,000	41,615	31,673	41,867
21,000	12,877	6,910	8,150
22,000	18,714	18,884	10,307
23,000	8,440	10,027	11,578
24,000	18,691	14,258	11,433
25,000	93,939	91,674	74,316
Sub Total	7,726,815	6,185,694	5,405,958
Handling Charges	96,123	91,068	81,191
Total	7,822,938	6,276,762	5,487,150

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OCA/USPS-T28-9. Please refer to USPS-LR-K-115, worksheet "SS-28 Registered Mail," and cell "AA21," which shows for FY 2004 "Handling Charges" of \$3,765,085. Please show all calculations used to derive Handling Charges, and provide sources for all figures.

RESPONSE:

The Handling Charges revenue and volume are presented in the Billing Determinants, USPS-LR-K-77, page K-6. The revenue and volume is derived from a special report produced using data from the Revenue, Pieces and Weight Adjustment Report System.

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OCA/USPS-T28-10. Please refer to USPS-LR-K-115, worksheet “SS-28 Registered Mail,” and cells “AH19” and “AH21,” which shows TYBR and TYAR volume forecasts of 3.990 and 3.738, respectively. Please provide a source for these volume forecasts.

RESPONSE:

The source for the TYBR and TYAR volume forecasts are Exhibit USPS-7A, pages 4 and 7, respectively.

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OCA/USPS-T28-11. Please refer to USPS-LR-K-115, and the worksheet "SS-28 Registered Mail." Please provide the TYBR and TYAR estimate of the number of Registered Mail pieces representing internal use by the Postal Service.

RESPONSE:

Based on the volume forecast data for Registered Mail, the estimate for Postal Service use of Registered Mail would be 9,799,793 pieces for TYBR and 9,180,858 pieces for TYAR.

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OCA/USPS-T28-12. Please refer to USPS-LR-K-115, worksheet "SS-28 Registered Mail," and the number of Registered Mail transactions for FY 2004 of 5,008,595.

a. Please confirm that the number of Registered Mail transactions (Domestic and Handling Charges) for FY2000 was 8,930,748. See Docket No. R2001-1, USPS-LR-J-110, worksheet "Registered Mail." If you do not confirm, please explain.

b. Please identify and explain the factors causing the 44 percent (5,008,595 / 8,930,748 – 1) decline in Registered Mail transactions between FY 2000 and FY 2004.

c. Please provide any economic, marketing or other research or documents addressing the decline in Registered Mail transactions.

RESPONSE:

a. Confirmed.

b-c. See USPS-T-8, at 205-209.