

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

Postal Rate and Fee Changes, 2006

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Docket No. R2006-1

**INTERROGATORIES OF THE GREETING CARD ASSOCIATION
TO POSTAL SERVICE WITNESS DONALD J. O'HARA (GCA/USPS-T31-1)**

(June 12, 2006)

Pursuant to Sections 25 and 26 of the Postal Rate Commission's rules of practice, Greeting Card Association hereby submits interrogatories. If necessary, please redirect any interrogatory to a more appropriate Postal Service witness.

Respectfully submitted,

/s/ James Horwood _____

James Horwood
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Date: June 12, 2006

GCA/USPS-T31-1

USPS witness Taufique remarks that a goal of rate design in First Class is “obtaining similar unit contributions for Single-Piece Letters in the aggregate and from Presort Letters in the aggregate”. (USPS-T-32, page 15, lines 20-21.) Please refer to the attached Excel spread sheet, which lists certain financials derived from your testimony and others from R2006-1 and the same information from the last litigated rate case, in R2000-1.

- a. Please confirm that the per unit contribution toward USPS institutional costs proposed in this case is only 10 cents for Standard A Regular commercial and non-profit mail while it is 23.5 cents for First Class Single Piece mail, a gap of 13.5 cents.
- b. Please confirm that the per unit contribution toward USPS institutional costs proposed in R2000-1 was only 5.5 cents for Standard A Regular commercial and non-profit mail while it was 18.1 cents for First Class Single Piece mail.
- c. Please confirm that measured in cents, the gap in per unit contributions to institutional costs is growing between First Class Mail and Standard A Regular mail, from a 12.7 cent difference in R2000-1 to a 13.5 cent difference in R2006-1.

R2006-1

First-Class Mail
Financials for Single-Piece and Presort Letters

Test Year After Rates Financials		
	Single Piece	Presort
Total Revenue	\$ 19,124,695	\$ 16,673,609
Volume	37,056,128	48,693,069
Revenue Per Piece	\$ 0.516	\$ 0.342
Rollforward Cost	\$ 10,424,565	\$ 5,263,369
Cost Per Unit	\$ 0.281	\$ 0.108
Per Unit Contribution	\$ 0.235	\$ 0.234
Implicit Cost Coverage	183.5%	316.8%

Standard Mail
Financials for Standard Mail Regular

Test Year After Rates Financials			
	Commercial	Nonprofit	Total Regular
Total Revenue	\$ 15,521,094	\$ 1,843,033	\$ 17,364,127
Volume	62,815,558	12,372,554	75,188,113
Revenue Per Piece	\$ 0.247	\$ 0.149	\$ 0.231
Rollforward Cost			\$ 9,835,815
Cost Per Unit			\$ 0.131
Per Unit Contribution			\$ 0.100
Implicit Cost Coverage			176.5%

Difference SP - STD	
	\$ 0.285
	\$ 0.151
	\$ 0.135
	\$ 0.069

FCM data are obtained from R2006-1, USPS-LR-L-129, WP-FCM-12.

STDM volumes and revenues are obtained from R2006-1, USPS-T-36, WP-STDREG-30 through 32.

Rollforward costs are obtained from R2006-1, USPS-T-10, FY 2008 After Rates D Report, Exhibit USPS-10M.

R2000-1

First-Class Mail
Financials for Single-Piece and Presort Letters

Test Year After Rates Financials		
	Single Piece	Presort
Postage Revenue	\$ 22,746,522	\$ 13,229,830
Total Revenue	\$ 22,913,594	\$ 13,252,350
Volume	52,877,658	46,979,736
Revenue Per Piece	\$ 0.433	\$ 0.282
Rollforward Cost	\$ 13,326,042	\$ 5,019,464
Cost Per Unit	\$ 0.252	\$ 0.107
Per Unit Contribution	\$ 0.181	\$ 0.175
Implicit Cost Coverage	171.9%	264.0%

Standard Mail
Financials for Standard Mail Regular

Test Year After Rates Financials			
	Commercial	Nonprofit	Total Regular
Total Revenue			\$ 9,070,437
Volume			40,998,656
Revenue Per Piece			\$ 0.221
Rollforward Cost			\$ 6,823,933
Cost Per Unit			\$ 0.166
Per Unit Contribution			\$ 0.055
Implicit Cost Coverage			132.9%

Difference SP - STD	
	\$ 0.212
	\$ 0.086
	\$ 0.127
	\$ 0.390

FCM revenue, cost, and volume are obtained from R2000-1, USPS-T-33, Workpaper, page 2, revised 4/17/00.

STD mail revenue, cost, and volume are obtained from R2000-1, USPS-LR-l-166, WP1, pages 21 & 25.