

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSES OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF
TIME WARNER INC., REDIRECTED FROM WITNESS TAUFIQUE
(TW/USPS-T32-2(b) and 3)

The United States Postal Service hereby files its responses to the above-listed interrogatories, filed on June 12, 2006 and due on June 26, 2006.

Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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June 29, 2006

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF TIME
WARNER, INC., REDIRECTED FROM WITNES TAUFIQUE

TW/USPS-T32-2 Please refer to page 24, line 20, of your testimony, where you reference a cost avoidance for QBRM of 1.52 cents, and to the following observation of the Commission in Docket No. R2005-1 (PRC Op. 2005-1, pp. 121-22, ¶ 6028):

The model used to estimate the mail processing costs avoided by Qualified Business Reply Mail (QBRM) in the current and previous rate cases differs from the method last approved by the Commission. ... [Two differences are discussed.] The validity of these changes should be tested.

- a. Please provide a discussion of all Postal Service reasons for deviating from the cost analysis “last approved by the Commission.”
- b. Please provide the test year cost avoidance that would be implied by the “method last approved by the Commission.”

RESPONSE:

- a. Redirected to witness Abdirahman (USPS-T-22).
- b. The test year cost avoidance that would be implied by the “method last approved by the Commission” is 3.980 cents.

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TW/USPS-T32-3. Please refer to the Commission's statement in Docket No. R97-1 that its recommendation was "based on a finding that there is evidence of some savings in both mail processing and delivery" (PRC Op. R97-1, p. 318, 5166) and to Postal Service witness Schenk's testimony in that docket "showing that only 25 percent of BRM, as opposed to 66 percent of First-Class Mail, requires rural or city delivery" (Docket No. R97-1, Tr. 15001 [citing response to MPA/USPS-T27-7 (Tr. 830)]).

Please provide an estimate of the extent to which QBRM mail has lower delivery costs than other First-Class Mail due to such things as the use of post office boxes, caller service, being handled as firm holdouts, other customer pickup arrangements, bulk delivery, or any other factors that you are aware of, providing quantification where possible.

RESPONSE:

Postal Service has not measured any QBRM costs in these areas. QBRM probably is not the only mail with these characteristics.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

Nan K. McKenzie

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