

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES, INC.
REDIRECTED FROM POSTAL SERVICE WITNESS MARC D. MCCRERY
[PB/USPS-T42-10]
(July 6, 2006)

The United States Postal Service hereby provides its response to the above-listed interrogatory of Pitney Bowes, Inc., filed on June 22, 2006. The interrogatory was redirected from Postal Service witness Marc D. McCrery. The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Sheela A. Portonovo

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3012, Fax -6187

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF PITNEY BOWES INC.

PB/USPS-T42-10. Please refer to USPS-LR-L-110, page 3, column H headed "Fixed (Cents)" showing total fixed costs of 1.766 cents. Please provide any operational studies or information you have supporting the premise that these costs actually are fixed with respect to presort level.

Response: The Postal Service is not aware of any studies that relate to the cost pool classifications. Witness Van-Ty-Smith (USPS-T-11) documents the mechanics by which the Postal Service proposes to create cost pools for mail processing operations. The cost pool classifications are based on the operations/tasks mapped to given cost pool, as described in USPS-LR-L-100. The "proportional" cost pools contain the costs for tasks that were actually modeled. The "fixed" cost pools represent tasks that were not modeled.