

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS
ABDIRAHMAN TO INTERROGATORY OF DISCOVER FINANCIAL SERVICES, LLC &
MORGAN STANLEY, INC
(DFS&MSI/USPS-T22-1(a))

The United States Postal Service hereby files the response of Witness
Abdirahman to the above-listed interrogatory, filed on July 14, 2006. Interrogatory parts
(b) – (g) have been redirected to witness McCrery.

The interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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July 28, 2006

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS
ABDIRAHMAN TO INTERROGATORY OF DISCOVER FINANCIAL SERVICES, LLC &
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DFS-MSI/USPS-T-22-1.

Attached please find two figures from USPS witness Shah's testimony in N2006-1, one labeled "Current Network Complexities", the other labeled "Network Simplification".

- (a) Using the Shah figure, please indicate for each modeled rate category of First Class Presort letters in this case, how your mail flow model would change under Network Simplification. For example, indicate changed entry points, consolidation of steps in the existing mail flow model, and elimination of redundant steps. For purposes of your answer, assume that DIOSS and DBCS with 300 bin capacities are fully deployed.
- (b) Assuming Network Realignment moves forward along the lines currently envisioned by the USPS, will the relative value to the Postal Service of presorting letters to the 3 digit level and the 5 digit level remain the same as today or will it be different? If different please fully explain your answer.
- (c) Assuming Network Realignment is completed according to the Postal Service's current plans, will the value to the Postal Service of presorting letters to the 3 digit level under existing DMM guidelines become diminished versus presorting just to the AADC level. If your answer is anything other than an unqualified "No.", please fully explain.
- (d) If your answer to (c) was in the affirmative, does the Postal Service envision dropping the 3 digit presort requirement currently in the DMM in favor of an AADC presort requirement?
- (e) If your answer to (d) was in the affirmative, does the Postal Service envision eliminating the 3-digit presort rate category?
- (f) If your answer to (e) was in the affirmative, has the Postal Service contemplated the financial impact on the private sector?
- (g) If your answer to (e) was in the affirmative, please explain fully whether such a change would, or would not, involve avoiding fewer costs for the Postal Service in mail processing than are avoided at present.

Response:

(a) The cost models reflect the TY 2008 operational reality. I did not consider Network Realignment programs because the expected change impacts on mail processing mail flows are expected to be very small in the Test Year 2008. Furthermore, to the extent that the additional bin capacities on DOISS and DBCS reduce our costs, this would show up in

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ABDIRAHMAN TO
INTERROGATORY OF AMERICAN BANKERS ASSOCIATION AND NATIONAL
ASSOCIATION OF PRESORT MAILERS

cost savings included in the rollforward and would be reflected in the sense that the model costs are compared to rollforward CRA's cost by shape

(b-g) Redirected to witness McCrery.

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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