

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

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

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Docket No. R2005-1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE  
TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE (OCA/USPS-T28-1-6)

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-T28-1-4, filed on April 19, 2005, and OCA/USPS-T28-5-6, filed on April 26, 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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May 3, 2005

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS ALTAF H. TAUFIQUE TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/USPS-T28-1.** Please refer to your testimony, Tables 11 and 12, the “Summary of Revenues” for the test year before rates and after rates, respectively. Please provide the “Summary of Revenues” for Fiscal Years 2004 and 2005 in the same manner as the test year before rates and after rates “Summary of Revenues” shown in Exhibit USPS-28A, Tables 11 and 12.

**Response:**

The summaries of revenues for Fiscal Years 2004 and 2005 are attached to this response.

**SUMMARY OF REVENUES  
FISCAL YEAR 2004  
(thousands)**

<b>MAIL SERVICE</b>	<b>Volume<sup>1</sup></b>	<b>Postage plus Unallocated Fees<sup>1</sup></b>	<b>Fees<sup>1</sup></b>	<b>Postage Plus Allocated Fees</b>	<b>Revenue per Piece</b>
First-Class Mail					
Letters Subclass					
Single Piece Letters	45,161,746	20,480,266	246,608	\$20,726,874	0.4589
Non-Automation Presort	2,159,312	875,945		875,945	0.4057
Automated and Carrier Route	45,174,506	13,593,917		13,593,917	0.3009
NSA Adjustment <sup>2</sup>	68,385	(2,143)		(2,143)	(0.0313)
Total Worksharing	47,333,818	14,469,862	35,526	14,505,388	0.3064
Total Letters Subclass	92,495,564	34,950,128	282,134	35,232,262	0.3809
Cards Subclass					
Post Cards - Single	2,525,931	601,675	13,011	614,686	0.2434
Non-Automated Presort Cards	394,264	83,559		83,559	0.2119
Automated and Carrier Route Post Car	2,510,637	456,286		456,286	0.1817
Total Worksharing Cards	2,904,901	539,845	2,170	542,015	0.1866
Total Cards Subclass	5,430,832	1,141,520	15,181	1,156,701	0.2130
Business Reply Fees		221,834	(221,834)	-	
Domestic Mail Fees		75,481	(75,481)	-	
Total First-Class Mail	97,926,396	36,388,963	-	36,388,963	0.3716
First-Class Mail postage =		36,091,648			
Priority Mail					
Priority Mail	848,633	4,419,823	1,666	4,421,489	5.2101
Domestic Mail Fees		1,666	(1,666)	-	
Total Priority Mail	848,633	4,421,489	-	4,421,489	5.2101
Express Mail	54,123	852,800	-	852,800	15.7567
Periodicals					
In-County	760,020	71,950	1,640	73,590	0.0947
Outside County					
Regular-Rate	6,462,076	1,753,513	13,947	1,767,460	0.2735
Nonprofit	1,850,746	330,511	3,994	334,505	0.1807
Classroom	62,430	15,926	135	16,061	0.2573
Total Outside County	8,375,252	2,099,951	18,076	2,118,027	0.2529
Domestic Mail Fees		19,716	(19,716)		
Total Periodicals	9,135,272	2,191,617	-	2,191,617	0.2399
Periodicals postage =		2,171,901			

**SUMMARY OF REVENUES  
FISCAL YEAR 2004  
(thousands)**

<b>MAIL SERVICE</b>	<b>Volume <sup>1</sup></b>	<b>Postage plus Unallocated Fees <sup>1</sup></b>	<b>Fees<sup>1</sup></b>	<b>Postage Plus Allocated Fees</b>	<b>Revenue per Piece</b>
Standard Mail					
Regular and Nonprofit					
Regular	50,776,236	11,109,644	15,354	11,124,998	0.2191
Nonprofit	11,791,584	1,553,226	52,041	1,605,267	0.1361
Total Regular and Nonprofit	62,567,820	12,662,870	67,395	12,730,265	0.2035
Enhanced Carrier Route and NECR					
Enhanced Carrier Route	30,345,448	5,108,781	9,176	5,117,957	0.1687
Nonprofit Enhanced Carrier Route	2,650,253	243,189	11,697	254,886	0.0962
Total ECR and NECR	32,995,701	5,351,970	20,873	5,372,843	0.1628
Bulk Mailing Fees		61,252	(61,252)		
Domestic Mail Fees		27,016	(27,016)		
Total Standard Mail	95,563,521	18,103,108	0	18,103,108	0.1894
Package Services					
Parcel Post					
Non Destination Entry	109,963	688,228			
Destination Entry	265,655	553,868			
Total Parcel Post	375,618	1,242,096	910	1,243,005	3.3092
Bound Printed Matter	553,666	583,229	1,122	584,350	1.0554
Media Mail	186,229	348,705	536	349,240	1.8753
Library Rate	16,415	30,297	84	30,380	1.8507
Domestic Mail Fees		2,198	(2,198)	-	
Special Handling		436	(436)	-	
Parcel Airlift Fees		17	(17)	(0)	
Total Package Services	1,131,928	2,206,976	0	2,206,976	1.9497
US Postal Service Mail	529,326	0	0	-	-
Free Mail for the Blind and Handicapped	71,082	0	0	-	-
Total Domestic Mail	205,260,281	\$ 64,164,952	\$ 0	\$64,164,952	0.3126



**SUMMARY OF REVENUES  
FISCAL YEAR 2005  
(thousands)**

<b>MAIL SERVICE</b>	<b>Volume <sup>1</sup></b>	<b>Postage plus Unallocated Fees <sup>2</sup></b>	<b>Fees<sup>2</sup></b>	<b>Postage Plus Allocated Fees<sup>2</sup></b>	<b>Revenue per Piece</b>
First-Class Mail					
Letters Subclass					
Single Piece Letters	44,264,888	20,073,675	247,330	\$20,321,005	0.4591
Non-Automation Presort	1,870,606	758,930		758,930	0.4057
Automated and Carrier Route	46,996,836	14,144,043		14,144,043	0.3010
NSA Adjustment <sup>3</sup>	19,278	2,943		2,943	0.1527
Total Worksharing	48,886,720	14,905,916	36,517	14,942,433	0.3057
Total Letters Subclass	93,151,608	34,979,591	283,847	35,263,438	0.3786
Cards Subclass					
Post Cards - Single	2,517,501	599,654	13,323	612,977	0.2435
Non-Automated Presort Cards	348,444	73,848		73,848	0.2119
Automated and Carrier Route Post Car	2,607,765	473,912		473,912	0.1817
Total Worksharing Cards	2,956,209	547,760	2,198	549,958	0.1860
Total Cards Subclass	5,473,710	1,147,414	15,521	1,162,935	0.2125
Business Reply Fees		223,364	(223,364)	-	
Domestic Mail Fees		76,004	(76,004)	-	
Total First-Class Mail	98,625,318	36,426,373	-	36,426,373	0.3693
First-Class Mail postage =		36,127,005			
Priority Mail					
Priority Mail	846,257	4,407,442	1,664	4,409,106	5.2101
Domestic Mail Fees		1,664	(1,664)	-	
Total Priority Mail	846,257	4,409,106	-	4,409,106	5.2101
Express Mail	54,111	849,080	-	849,080	15.6916
Periodicals					
In-County	766,554	72,580	1,654	74,234	0.0916
Outside County					
Regular-Rate	6,459,821	1,755,371	13,941	1,769,312	0.2739
Nonprofit	1,874,816	334,931	4,046	338,977	0.1808
Classroom	64,945	16,570	140	16,710	0.2573
Total Outside County	8,399,583	2,106,872	18,127	2,124,999	0.2530
Domestic Mail Fees		19,781	(19,781)		
Total Periodicals	9,166,137	2,199,234	-	2,199,234	0.2399
Periodicals postage =		2,179,453			

**SUMMARY OF REVENUES  
FISCAL YEAR 2005  
(thousands)**

<b>MAIL SERVICE</b>	<b>Volume <sup>1</sup></b>	<b>Postage plus Unallocated Fees <sup>2</sup></b>	<b>Fees<sup>2</sup></b>	<b>Postage Plus Allocated Fees<sup>2</sup></b>	<b>Revenue per Piece</b>
Standard Mail					
Regular and Nonprofit					
Regular	53,932,691	11,685,722	16,314	11,702,036	0.2170
Nonprofit	11,973,042	1,566,601	9,766	1,576,367	0.1317
Total Regular and Nonprofit	65,905,733	13,252,323	26,080	13,278,403	0.2015
Enhanced Carrier Route and NECR					
Enhanced Carrier Route	32,297,014	5,454,934	52,842	5,507,776	0.1705
Nonprofit Enhanced Carrier Route	3,264,201	310,198	14,406	324,604	0.0994
Total ECR and NECR	35,561,214	5,765,132	67,248	5,832,380	0.1640
Bulk Mailing Fees		64,638	(64,638)		
Domestic Mail Fees		28,690	(28,690)		
Total Standard Mail	101,466,947	19,110,783	-	19,110,783	0.1883
Package Services					
Parcel Post					
Non Destination Entry	113,242	707,206			
Destination Entry	252,069	521,447			
Total Parcel Post	365,311	1,228,653	888	1,229,541	3.3657
Bound Printed Matter	571,586	602,106	1,158	603,264	1.0554
Media Mail	184,324	345,137	530	345,667	1.8753
Library Rate	16,352	30,179	83	30,262	1.8507
Domestic Mail Fees		2,216	(2,216)	-	
Special Handling		426	(426)	-	
Parcel Airlift Fees		17	(17)	-	
Total Package Services	1,137,573	2,208,734	-	2,208,734	1.9416
US Postal Service Mail	666,104	0	0	-	-
Free Mail for the Blind and Handicapped	72,778	0	0	-	-
Total Domestic Mail	212,035,225	\$ 65,203,310	\$ -	\$ 65,203,310	0.3075

**SUMMARY OF REVENUES  
FISCAL YEAR 2005  
(thousands)**

<b>MAIL SERVICE</b>	<b>Volume <sup>1</sup></b>	<b>Postage plus Unallocated Fees <sup>2</sup></b>	<b>Fees<sup>2</sup></b>	<b>Postage Plus Allocated Fees<sup>2</sup></b>	<b>Revenue per Piece</b>
Special Services					
Registry	4,412	46,563		46,563	10.5529
Insurance	42,547	101,080		101,080	2.3757
COD	1,710	10,085		10,085	5.8988
Certified Mail	272,612	627,008		627,008	2.3000
Delivery Confirmation	662,412	75,293		75,293	0.1137
Signature Confirmation	8,707	13,687		13,687	1.5720
Money Orders <sup>4</sup>	183,861	236,795		236,795	1.2879
Return Receipts	243,960	458,769		458,769	1.8805
Stamped Cards	84,765	1,695		1,695	0.0200
Stamped Envelopes	400,000	15,770		15,770	0.0394
Box/Caller Service	15,762	815,149		815,149	51.7155
Other <sup>5</sup>		20,009		20,009	n/a
<b>Total Domestic Special Services</b>	<b>1,920,749</b>	<b>2,421,903</b>		<b>2,421,903</b>	<b>1.2609</b>
<b>Total Mail &amp; Services</b>	<b>212,035,225</b>	<b>\$ 67,625,213</b>		<b>\$67,625,213</b>	

Notes:

- <sup>1</sup> USPS-T-7, Attachment A, pages 1-2
- <sup>2</sup> Totals for subclasses and Special Services match the totals in Exhibit USPS-27C
- <sup>3</sup> Library Reference K-115, Worksheets FCM5 to FCM11
- <sup>4</sup> Money order revenues include imputed interest of \$8,195,579.
- <sup>5</sup>

<u>Other Special Services</u>	<u>Fees</u>
Address Changes to Election Board	144
Bulk Parcel Return Service	4,445
Correction of Mailing Lists	100
Meter Service	534
Permit Imprint Permits	7,241
Restricted Delivery	7,519
Shipper Paid Forwarding	4
ZIP Coding of Mailing Lists	23

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS ALTAF H. TAUFIQUE TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/USPS-T28-2.** Please refer to LR-K-115, USPST28Aspreadsheets.xls, worksheet "FCM-9 Cap One," showing the Capital One volume and average discount.

- a. For Fiscal Years 2005, 2006, 2007, and 2008, please show the derivation of the Capital One's volume estimate. Provide citations to all figures used, and explain all assumptions.
- b. Please explain the purpose and use of estimates for Capital One's volumes for Fiscal Years 2007 and 2008 in this proceeding.
- c. Please confirm that Capital One's estimated annual volume on which discounts were paid in FY2004 was 63,862,895 (69,184,803 / 13 \* 12). See Docket No. MC2002-2, Data Collection Report, January 31, 2005, at Appendix A: page 1. If you do not confirm, please explain.

**Response:**

- a. The volume estimates for Capital One are derived from the base year 2004 Billing Determinants. Library Reference K-77 (FY 2004 Billing Determinants --, spreadsheet "First-Class Mail BD2004", - worksheet "A-9 NSA Discounts") contains the base year information which was kept constant for subsequent years.
- b. Capital One volumes for Fiscal Years 2007 and 2008 are not used. The distribution of Bank One and Discover volumes was done for FY 2007 and 2008. To keep the format consistent, Capital One volumes were also presented for two years after the test year.
- c. Not confirmed. The discounts were paid on the volume estimate of 69,184,803 for the thirteen month period (September 2003 to September 2004), as they were reported in the data collection report referred to in your question. The volume figure provided in LR-K-77 (referenced above in part a) is based on actual reports for the months October 2003 to September 2004, comprising FY2004.

RESPONSE OF UNITED STATES POSTAL SERVICE  
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**OCA/USPS-T28-3.** Please refer to LR-K-115, USPST28Aspreadsheets.xls, worksheet "FCM-6 Discover AR," and the line "Revenue Lost."

- a. Please confirm that the amount of "Revenue Lost" for FY 2005 should be \$1,711,125. If you do not confirm, please explain.
- b. Please explain the purpose and use of estimates for Discover's volumes and incremental revenue for Fiscal Years 2007 and 2008 in this proceeding.

**Response:**

- a. Confirmed. The rate and fee proposals in this docket would go into affect in FY2006, and thus would not have any impact on the revenue lost calculation for FY 2005.
- b. The volumes for FY 2007 and 2008 are not being used. The distribution of Year1, Year2, and Year3 NSA volumes were reported even though some of these volumes affect years beyond the test year.

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS ALTAF H. TAUFIQUE TO INTERROGATORIES  
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**OCA/USPS-T28-4.** Please refer to LR-K-115, USPST28Aspreadsheets.xls, worksheet "FCM-8 Bank One AR," and the line "Revenue Lost (Standard Mail)."

- a. Please confirm that the amount of "Revenue Lost (Standard Mail)" for FY 2005 should be \$1,686,368. If you do not confirm, please explain.
- b. Please explain the purpose and use of estimates for Bank One's volumes and incremental revenue for Fiscal Years 2007 and 2008 in this proceeding.

**Response:**

- a. Confirmed. The rate and fee proposals in this docket would go into effect in FY2006, and thus would not have any impact on the revenue lost calculation for FY 2005.
- b. The volumes for FY 2007 and 2008 are not being used. The distribution of Year1, Year2, and Year3 volumes were reported even though some of these volumes affect years beyond the test year.

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS ALTAF H. TAUFIQUE TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/USPS-T28-5.** Please refer to USPS-LR-K-115, worksheet “FMC-2,” and the Base Year Volume for the Letters Subclass by Rate Category.

- a. Please confirm that the number of “Additional Ounces” in row (d) should be 15,004,298, the estimate shown by Witness Thress. If you do not confirm, please explain.
- b. Please explain why the Base Year Volume of “Single-Piece Letters” of 45,160,847, representing the sum of the single-piece first-ounce and qualified business reply mail first-ounce, does not equal the RPW total for single-piece volume of 45,161,746 shown by witness Thress.

**Response:**

- a. Not Confirmed. The total in row (d) is correct. The total reflects Additional Ounces for Single–Piece Letters (15,004,298), and Qualified Business Reply Mail Additional Ounces (5,390).
- b. The Base Year Volume of “Single-Piece Letters” does not include the Absentee Ballot volume of 899,000 pieces.

RESPONSE OF UNITED STATES POSTAL SERVICE  
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**OCA/USPS-T28-6.** Please refer to USPS-LR-K-115, worksheet “FMC-2,” and the Base Year Volume for the Letters Subclass by Rate Category. Please confirm that the note for row (bb), explaining the calculation of the “Total Pieces Letters Subclass,” should read (a) + (f) + (l) + (r) + (x). If you do not confirm, please explain.

**Response:**

Not confirmed. The calculation as stated, using (a) + (f) + (k) + (x), is correct. The sum of (l) and (r) equal (k), which is included in the calculation as stated.