

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
ALTAF H. TAUFIQUE
TO INTERROGATORY OF TIME WARNER INC.
(TW/USPS-T32-1)

The United States Postal Service hereby files the responses of witness
Altaf H. Taufique to the following interrogatory of Time Warner Inc.:

TW/USPS-T32-1, filed on May 25, 2006.

The interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO INTERROGATORY OF TIME WARNER INC.**

TW/USPS-T32-1 Please refer to page 24 of your testimony, USPS-T-32, beginning on line 16, where you say: “The proposed increase in the QBRM postage rate will maintain the QBRM discount at 2.5 cents below the single-piece rate, which is the same discount that prevailed prior to the across-the-board increases of Docket No. R2005-1.”

Please refer also to page 5 of Attachment A of the Postal Service Request, Docket No. R2005-1, which shows a “Current” first-ounce rate of \$0.370 and a QBRM rate of \$0.340.

Please reconcile your statement that a 2.5-cent discount “prevailed prior to the across-the-board increases of Docket No. R2005-1” with the apparent difference shown in the Request of that docket of 3.0 cents ($(\$0.370 - \$0.340) * 100 \text{ ¢}/\$$).

RESPONSE

My statement on page 24 of my testimony, “The proposed increase in the QBRM postage rate will maintain the QBRM discount at 2.5 cents below the single-piece rate, which is the same discount that prevailed prior to the across-the-board increases of Docket No. R2005-1.” is incorrect.

Witness Robinson in Docket R2001-1 proposed a reduction in the QBRM discount from 3 cents to 2.5 cents. But, as a result of the settlement in that case, the proposed discount increased to 3 cents. This 3-cent discount was recommended by the Commission and was implemented by the Postal Service after the approval by the Governors.

My proposal is to reduce this discount to 2.5 cents, even though the measured cost savings are 1.52 cents. Therefore, I am proposing a passthrough of 165 percent of this measured cost savings.