

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

RATE AND SERVICE CHANGES TO IMPLEMENT
BASELINE NEGOTIATED SERVICE AGREEMENT WITH
WASHINGTON MUTUAL BANK

Docket No. MC2006-3

**RESPONSES OF UNITED STATES POSTAL SERVICE
WITNESS AYUB TO INTERROGATORIES OF THE AMERICAN POSTAL WORKERS
UNION (APWU/USPS-T1-1-2)**

June 21, 2006

The United States Postal Service hereby provides the responses of witness Ayub to the following interrogatories of the American Postal Workers Union: APWU/USPS-T1-1-2, filed on May 10, 2006. Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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June 21, 2006

**RESPONSE OF USPS WITNESS AYUB TO INTERROGATORIES
OF THE AMERICAN POSTAL WORKERS UNION**

APWU/USPS-T1-1. In his testimony on June 29, 2005 for the R2005-1 rate case, Mr. Abdirahman indicated that there had been a problem with appropriately allocating costs between the non-automated and automated presort categories of both First Class and Standard letter mail. This resulted in too many costs being allocated to the non-presort category and too few costs being allocated to the automated category [R2005-1 Tr. 4 1139-1147].

- a. Please identify all adjustments you performed to Mr. Abdirahman's mail processing cost data to correct for this problem and show your calculations.
- b. If you did not correct for this problem, please explain why it is appropriate to use these cost numbers in calculating the estimated financial impact this NSA might produce for the Postal Service.

RESPONSE:

- a. I used costs that are consistent with the USPS filing in Docket No. R2005-1. In my revised Appendix A, I used data from the Docket No. R2006-1. At the time of the Washington Mutual filing I was aware that the R2006-1 costs would reflect the appropriate corrections and anticipated that we would provide updated analysis when those costs became available.
- b. Please see my response to Part (a).

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APWU/USPS-T1-2. On May 3, 2006, the Postal Service filed an omnibus rate case (R2006-1) that contains updated cost data and rates that, if approved, will take effect during the proposed three-year time period for this agreement. Please update your cost and revenue analysis to show the financial impacts that you now anticipate given this additional information.

RESPONSE:

Please see my revised Appendix A, filed on June 8, 2006, which is updated with the proposed rates and estimated costs from Docket No. R2006-1.

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.

Frank R. Heselton

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