

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE TO
ASSOCIATION FOR POSTAL COMMERCE ET AL. WITNESS HOROWITZ
(USPS/POSTCOM-T6-1-6)

Pursuant to Rules 25 and 26 of the Commission's Rules of Practice and Procedure, the United States Postal Service directs the following interrogatories to Association for Postal Commerce et al. witness Horowitz: USPS/ POSTCOM-T6-1-6.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2999 Fax -5402
scott.l.reiter@usps.gov
September 19, 2006

USPS/Postcom-T6-1 Please provide the calculations that support the 47% postage increase figure reported on page 6 of your testimony. What would the comparable figure be if Cosmetique's current average unit postage were used as the base for the comparison?

USPS/Postcom-T6-2 Please refer to page 5 of your testimony, lines 13-14. Do Cosmetique's retail competitors have incur types of costs that Cosmetique does not? Please explain fully.

USPS/Postcom-T6-3 Please refer to page 5 of your testimony, lines 16-19.

- (a) Please describe whether Cosmetique's current average unit postage increased between July 1, 2002 and January 7, 2006. If so, please describe the nature and cause of any such postage increases.
- (b) Please confirm that a 15.85 ounce machinable Standard Mail Regular parcel that is drop shipped to the DBMC would pay postage of \$1.51 under the Postal Service's current rate proposals.
- (c) Please confirm that the residual shape surcharge is a rate element, not a total price, and that prices for individual packages did not increase by 240%.
- (d) Please provide your understanding of the reasons that the Commission has recommended the residual shape surcharge for Standard Mail parcels.
- (e) Please provide your understanding of why the residual shape surcharge has been increased at an above-average pace.

USPS/Postcom-T6-4 Please refer to page 6 of your testimony at lines 11-18. Please provide Cosmetique's shipping and handling charges that have been in effect since 1999 showing, for each charge, the dates the charge was in effect.

USPS/Postcom-T6-5 Please refer to page 8 of your testimony, lines 1 to 3.

- (a) Please explain why Cosmetique would curtail its use of the mail as a *marketing channel* due to the proposed rate increases for Standard Mail parcels.
- (b) Is your testimony asserting that if Standard Mail parcel prices were not increased that Cosmetique would not "expand our exploration of alternative media channels to obtain customers"?
- (c) Is it your testimony that alternative media channels are likely to be less expensive than the mail? If so, why hasn't Cosmetique used them more extensively heretofore? If not, is Cosmetique's objective to lower its postal costs, even if its overall expenses increase? Please explain your answer fully.

USPS/Postcom-T6-6 Please provide the average density of a typical Cosmetique 15.85 ounce parcel. If that figure is not available, please provide the external dimensions (length, width, height) of one or more typical shipping boxes for a Cosmetique parcel.