

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

POSTAL RATE AND FEE CHANGES, 2006

DOCKET NO. R2006-1

**REVISED RESPONSE OF WITNESS GLICK TO INTERROGATORY OF
THE UNITED STATES POSTAL SERVICE
USPS/POSTCOM-T1-5
(ERRATA)**

The Association for Postal Commerce and the Mailing and Fulfillment Service Association (herein collectively "PostCom") hereby provide the revised response of Witness Glick to Postal Service interrogatory USPS/POSTCOM-T1-5, filed September 27, 2006.

The revised response reflects the witness's further review and interpretation of a prior Commission decision addressing the issue raised by the question.

The interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

Ian D. Volner
Rita L. Brickman
Jennifer Mallon
Venable LLP
575 7th Street, NW
Washington, DC 20004-1601
(202) 344-4814
idvolner@venable.com
Counsel to PostCom and MFSA

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UNITED STATES POSTAL SERVICE
(REVISED OCTOBER 30, 2006)

USPS/POSTCOM-T1-5. Please refer Postcom-LR-1, worksheet “Proposed Rates”.

(a) Please confirm that the destination entry cost savings that you use are estimated on a per-pound basis and are therefore assumed to vary with the weight of the piece.

(b) Please confirm that you estimated the destination entry discounts for all minimum-per-piece rated pieces (i.e., those weighing less than 3.3 ounces) by multiplying your proposed discounts per pound by 3.3/16. If you do not confirm, please explain how you obtained the destination entry discounts for these pieces.

(c) Please confirm that using the methodology described in part (b) of this question, all drop-shipped pieces that weigh less than 3.3 ounces will receive a discount that passes through more than 100% of the destination entry cost savings based on the weight of the piece. Please explain fully any failure to confirm.

(d) Please confirm that using the methodology described in part (b) of this question, a one-ounce piece would receive a drop ship discount that is 3.3 times the discount that the piece would have received – and a two-ounce piece would receive a drop ship discount that is 1.65 times the discount that the piece would have received – if the savings were passed through in proportion to the piece’s weight (as is the case for pieces weighing over 3.3 ounces). Please explain fully any failure to confirm.

RESPONSE:

(a) Confirmed. However, the Commission has found that “it appears that factors other than (or in addition to) weight render a linear assumption below the breakpoint inappropriate for these discounts.” R90-1 Op., Para. 6024.

(b) Confirmed.

(c) Not confirmed. See my response to subpart (a) of this interrogatory and to USPS/POSTCOM-T1-1.

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(d) Confirmed. Further, if dropship discounts for piece-rated pieces were estimated at the piece's weight (rather than the breakpoint weight), the rate for a dropshipped 3.3-ounce piece (all else being equal) would be lower than the rate for a dropshipped 2-ounce piece, a somewhat curious result.