

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSES OF UNITED STATES POSTAL SERVICE
WITNESS ALTAF H. TAUFIQUE TO
INTERROGATORIES OF GREETING CARD ASSOCIATION
(GCA/USPS-T32-1-4)

The United States Postal Service hereby files the responses of witness Altaf H. Taufique to the following interrogatories of the Greeting Card Association: GCA/USPS-T32-1-4, filed on May 17, 2006.

The interrogatories are stated verbatim and are followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSE OF UNITED STATES POSTAL SERVICE
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OF THE GREETING CARD ASSOCIATION

GCA/USPS-T32-1. Please confirm that under the rate and classification changes proposed in this Docket, a single-piece First-Class letter which (i) weighs one ounce or less, and (ii) is less than 11.5 in. by 6.125 in. by 0.25 in. thick, but (iii) has an aspect ratio less than 1:1.3 or greater than 1:2.5 –

(a) Would be classed as a Flat, and

(b) Would pay a rate of \$0.62.

If you do not confirm, please explain why.

RESPONSE

(a) Not confirmed. Under the current proposal, they would pay a higher rate because the aspect ratio of the piece falls outside the automation compatibility range.

(b) Confirmed.

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GCA/USPS-T32-2. Please refer to page 17, lines 15 et seq., of your prefiled testimony.

- (a) Please identify and provide the "preliminary cost studies" which you state suggest that lightweight flats and parcels may not cover costs.
- (b) Please state your understanding of how the authors of the above-mentioned preliminary cost studies would classify (as between "letter" and "flat") the mailpiece described in the introductory portion of GCA/USPS-T32-1?

RESPONSE

- (a) The preliminary cost studies that I am referring to were included in Docket No. R2001-1 as Library Reference LR-J-58.
- (b) The authors of the study did not use aspect ratio as a criterion to make a distinction between flats and parcels, i.e., if the aspect ratio was less than 1.3 or greater than 2.5, but all other letter dimension requirements were met, the mail piece was classified as a letter, not a flat.

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GCA/USPS-T32-3. Please refer to page 18, lines 5 et seq., of your prefiled testimony. Would it be consistent with your intention to mitigate the impact of your proposed singlepiece First-Class Letters rate design (insofar as it separates letters, flats, and parcels) if that rate design caused an identifiable type of mail, with distinct cost-causing characteristics, to pay an increase in rates greater than any additional cost it imposes? If your answer is not an unqualified "no," please explain.

RESPONSE

Yes, that is my intention. I would like to note that letter shaped pieces that do not meet the aspect ratio requirements may end up being processed manually.

Manual processing costs are significantly higher than the costs for automated processing. See USPS-T-42, page 12, line 4, for letter shaped pieces comparison of automated versus manual processing, and page 19, line 31 for the comparison for flat shaped pieces.

It is my understanding that a recent test conducted by the Postal Service at the request of the Greeting Card Association shows that any significant deviation from the automation-compatible aspect ratio causes the cancellation rates on the Advance Facer Cancellor (AFCS) to drop below 55 percent, compared to the 98 percent cancellation rates for pieces within or close to the automation-compatible aspect ratio requirement.

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GCA/USPS-T32-4. Please state, for Base Year FY 2005 –

(a) The volume of single-piece First-Class Letters pieces paying the nonmachinable surcharge; and

(b) The respective volumes, within the category described in part (a), of

- (i) letters,
- (ii) flats, and
- (iii) parcels,

as those shape descriptions are applied currently.

RESPONSE

(a) 124,339,997 single-piece First-Class Mail letter shaped pieces paid the nonmachinable surcharge in FY 2005. 303,325,567 flat shaped pieces paid the nonmachinable surcharge in FY 2005, and 12,016,863 parcel shaped pieces. The total number of pieces that paid the nonmachinable surcharge added up to 439,682,427. Please refer to RPW by shape sponsored by witness Loetscher, USPS-T-28, LR-L-87.

(b) Please see my response to subpart (a) above.