

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes,
2006

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Docket No. R2006-1

FIRST SET OF INTERROGATORIES OF
AMERICAN BANKERS ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS
TO USPS WITNESS TAUFIQUE
(ABA-NAPM/USPS-T32-1-2)
(June 14, 2006)

Pursuant to sections 25, 26 and 27 of the Commission's rules of practice, the American Bankers Association and the National Association of Presort Mailers direct the following interrogatories to United States Postal Service witness Altaf H. Taufique (USPS-T-32). If the witness cannot answer a question or subpart, we request that the Postal Service answer through another witness or submit an institutional response.

Respectfully submitted,

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ABA-NAPM/USPS-T-32-1. On page 30, lines 10-12 of your testimony (USPS-T-32), you state:

The passthroughs and the discounts that underlie the proposed rates were selected to balance several goals, including: (1) achieving the cost coverage target provided by witness O'Hara (USPS-T-31) . . .

You also state, beginning at line 18, page 15:

The Postal Service proposes that the rate design process begin with the establishment of separate revenue requirements for Single-Piece Letters and Presort Letters, with the goal of obtaining similar unit contributions from Single-Piece Letters in the aggregate and from Presort Letters in the aggregate.

a. Please confirm from your sponsored library reference, LR-L-129 WP-FCM-12, that the per unit after rates TY2008 unit contributions are 23.5 cents for Single Piece Letters and 23.4 cents for Presort Letters.

b. Please confirm that the unit contributions from a. above are based on the USPS volume variable cost methodology.

c. What are the corresponding unit cost contributions for Single Piece and Presort letters using the Commission's volume variable cost methodology?

ABA-NAPM/USPS-T-32-2. Beginning on page 15, line 21, of your testimony (USPS-T-32), you state that "The objective of the approach introduced here is to gradually achieve a rate design paradigm in which both workshare and single-piece mail contribute equally to institutional costs on a unit contribution basis."

a. Please confirm that your unit contributions for presort and single piece First-Class Mail also only differed by 1/10th of a cent in the test year after

rates from R2005-1, namely 22.5 cents per piece for Single Piece, and 22.4 cents per piece for Presort.

b. Please confirm in the last fully litigated rate case, R2000-1, the per piece test year contribution proposed by USPS for single piece was somewhat higher than for presort, namely 18.1 cents for single piece and 17.5 cents for presort.