

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CUTTING TO
INTERROGATORY OF THE ASSOCIATION FOR POSTAL COMMERCE AND THE
MAILING AND FULFILLMENT SERVICE ASSOCIATION
(POSTCOM/USPS-T26-1a)

The United States Postal Service hereby files the response of Witness Cutting to the above-listed interrogatory part, filed on July 14, 2006. Interrogatory part 1b has been redirected to the Postal Service.

The interrogatory is stated verbatim and followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Nan K. McKenzie
Attorney

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3089; Fax -5402
July 28, 2006

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CUTTTING TO
INTERROGATORY OF THE ASSOCIATION FOR POSTAL COMMERCE AND THE
MAILING AND FULFILLMENT SERVICE ASSOCIATION

POSTCOM/USPS-T26-1

In your testimony at p. 11, line 9 you state that unit cost differences in the processing of electronic notices "are primarily driven by shape." Witness McCrery states in USPS-T-42 at 18 that PARS will be implemented for flats at all processing plants that handle flat mail and the delivery units they service beginning in February 2008.

- a. How will the implementation of PARS for flats affect the unit-cost differences by class for Address Correction Service notices in the test year?
- b. Please provide any and all studies and data related to the implementation of PARS for flats and its effects on the test year costs of Address Correction Service.

RESPONSE:

- a. I did not consider PARS implementation for flats when calculating test-year unit costs by class for Address Correction Service electronic notices. If I had, the overall effect on unit costs would likely have been small. This is because most of the implementation period for this program occurs after the test year, meaning that most of the cost savings would likely occur after the test year as well.
- b. Redirected to the Postal Service.

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.

Nan K. McKenzie

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
July 28, 2006