

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

POSTAL RATE AND FEE CHANGES

Docket No. R2006-1

**RESPONSE OF UNITED STATES POSTAL SERVICE TO INSTITUTIONAL
INTERROGATORY OF DISCOVER FINANCIAL SERVICES LLC & MORGAN
STANLEY, INC. (DFS & MSI): DFS & MSI/USPS-2**
(July 28, 2006)

The United States Postal Service hereby provides its response to the above-referenced institutional interrogatory, filed on July 14, 2006.

The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Frank R. Heselton
Attorney

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-5204; Fax -6187
July 28, 2006

Institutional Response of the United States Postal Service
To Interrogatory of Discover Financial Services, LLP, and Morgan Stanley, Inc.

DFS & MSI/USPS-2 Library Reference USPS-LR-L-139 documents the development of test year unit costs by shape and ounce increment for First-Class Single Piece using inputs developed under the Postal Service cost methodology.

Please provide comparable information for First-Class Single Piece using the PRC cost methodology.

Response.

The requested information is provided in USPS-LR-L-163.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

Frank R. Heselton

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-5204, FAX: -6187
July 28, 2006