

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

POSTAL RATE AND FEE CHANGES
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON
TO INTERROGATORY OF GREETING CARD ASSOCIATION
[GCA/USPS-T27-1]

The United States Postal Service hereby provides the response of witness Maura Robinson to the above-listed interrogatory of Greeting Card Association, filed on June 10, 2005. The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON**

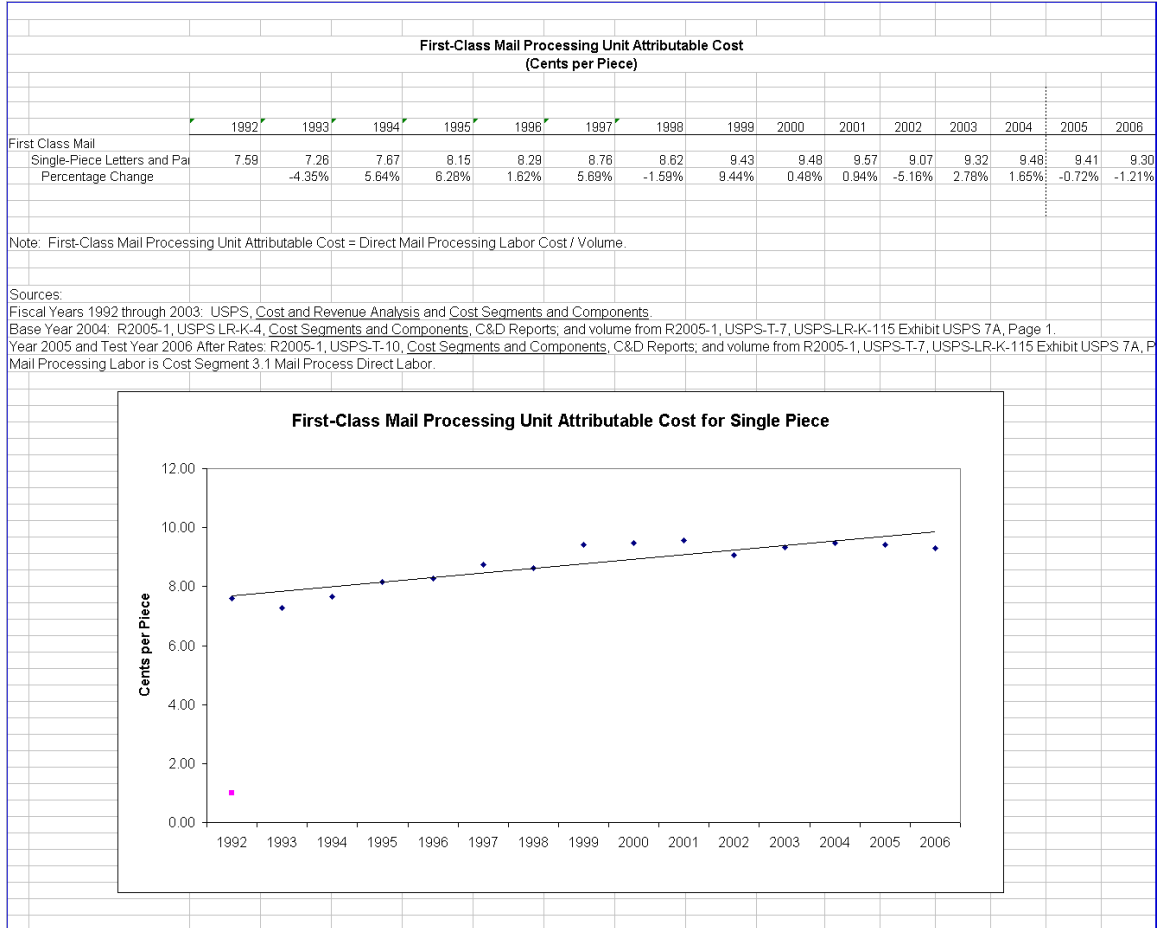
GCA/USPS-T27-1.

Please consider the chart attached below, which shows the history of CRA cost segment 3.1 direct unit costs for mail processing labor for First Class single piece mail. And for 2005 and 2006, adds estimates for those costs made by the Postal Service in this rate case.

- a. In a rate case in general, would the observed decline in the attachment in mail processing unit costs for single piece FCM be one factor you would consider in deciding on the rate for First Class single piece letter mail?
- b. In this rate case, did you take the observed trend in the attachment into account in any way in proposing the First Class single piece rate?
- c. In this rate case, were you aware of the trend observed in the attachment when you settled upon your 39 cent proposed rate?
- d. In the next rate case, if any, assuming the observed trend were to be realized, is that a factor you would take into consideration in proposing a rate for single piece First Class letters?

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GCA/USPS-T27-1 (continued):



RESPONSE:

- a. Yes, relative changes in costs for a subclass or rate category are considered in rate cases, in general.
- b. – c.

I was aware of the trends in mail processing costs for First-Class Mail when the 39-cent proposed rate for single-piece First-Class Mail weighing one ounce or less was developed. However, as discussed in my testimony, in this case, the Postal Service is proposing a 5.4 percent,

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RESPONSE to GCA/USPS-T27-1 (continued):

across-the-board rate increase for the sole purpose of recovering the Congressionally-mandated escrow requirement. Because the escrow requirement is not affected by mail processing costs for single-piece, First-Class Letters, changes in these costs were not used to adjust this rate proposal.

- d. Yes, trends in mail processing costs for First-Class Mail – both single-piece and presorted -- will be considered when rates are proposed in a future docket.