

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 THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF MAJOR MAILERS ASSOCIATION
(MMA/USPS-10)

The United States Postal Service hereby responds to the above-listed
interrogatory of the Major Mailers Association, filed on June 16, 2005.

The interrogatory is stated verbatim and followed by the response.

Respectfully submitted,
UNITED STATES POSTAL SERVICE

By its attorneys:

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June 30, 2005

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MMA/USPS-10

Please refer to USPS witness Abdul Abdirahman's response to POIR 1 (a) and, specifically, the following passage:

The Postal Service's across-the-board rate increase proposals do not rely on the results of the special cost studies presented in this case; those results have only been used to estimate final adjustments to the rollforward model. Under these circumstances, the Postal Service used the cost methodology from the R2001-1 case, the BY 1999 nonautomation / automation cost methodology, to develop the cost studies found in USPS-LR-K-48 and USPS-LR-K-110. However, the Postal Service expects to continue consideration of alternative cost study approaches prior to the filing of the next omnibus case.

In addition, please refer to USPS witness Alaf Taufique's response to POIR 1 (b), and specifically, the following passage (emphasis added):

This filing is designed to fairly and equitably distribute the escrow burden to the classes of mail, and within the mail classes to individual rate categories. The proposed prices are based on the application of a 5.4 percent target increase for each rate category, adhering to the rounding conventions for that particular rate category. In a traditional omnibus case we could potentially reexamine costing methodologies and the alignment of discounts, as well as consider potential classification changes. These issues will be reviewed prior to the filing of the next omnibus rate filing. ***In fact, we believe it is more appropriate to examine the entire array of discounts at that time.***

- A. Please confirm that the new delivery cost study sponsored by USPS witness John Kelley in Library Reference LR-USPS-K-67 is one of the "special cost studies" to which USPS witness Abdirahman referred.
- B. Please confirm that USPS witness Taufique's proposed application of the 5.4 percent target increase for each rate category does not rely on the derived workshare cost savings that result from the analyses presented in Library References LR-USPS-K-48 (Abdirahman) and LR-USPS-K-67 (Kelley).

Response:

- A. Confirmed.
- B. Confirmed.

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.

Nan K. McKenzie

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