

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO INTERROGATORIES OF VALPAK
REDIRECTED FROM WITNESS MITCHUM
(VP/USPS-T40-1(a), 2(a) and 4)

The United States Postal Service hereby files the responses of witness Taufique to the above listed interrogatories, filed on May 19, 2006, and redirected from witness Mitchum.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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June 2, 2006

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO INTERROGATORY OF VALPAK
REDIRECTED FROM WITNESS MITCHUM**

VP/USPS-T40-1.

- a. Under the fees which you propose for special services, will the Postal Service continue its practice of returning to sender, free of charge, non-forwardable UAA First-Class Mail that (i) bears no special address correction service or return service endorsements, and (ii) has been mailed in the presort or automation rate categories? In your response, please focus on First-Class Mail that is not submitted under negotiated service agreements (“NSAs”) that contain special provisions and endorsements for handling UAA mail.
- b. What is the Postal Service’s unit cost for physical return to sender of nonforwardable UAA First-Class Mail?

RESPONSE:

- a. Yes.
- b. Response to be provided by witness Cutting.

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VP/USPS-T40-2.

- a. Please refer to your testimony at page 8, lines 6-7. If a piece of discounted (*i.e.*, "bulk") First-Class Mail is UAA and non-forwardable, when it is returned to sender does the Postal Service indicate the reason for the return?
- b. Could the stated reason(s) for the return be transmitted electronically to "bulk" First-Class Mail mailers?
- c. In FY 2005, what is the Postal Service's unit cost for electronic return to sender of relevant information concerning non-forwardable UAA First-Class Mail?

RESPONSE:

- a. Yes
- b. Response to be provided by witness Mitchum.
- c. Response to be provided by witness Cutting.

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VP/USPS-T40-4.

Please refer to your testimony at page 9, lines 20-22, where you note that address correction service covers all of its own costs.

- a. From an economic perspective, would you agree that it would be appropriate to regard the free return to sender of UAA First-Class Mail as having a price (implicit) of \$0.00? If not, please explain why not. If so, please explain why that (implicit) price should not be subjected to the pricing criteria of the Act in the same manner as are fees for address correction service.
- b. Please explain the extent to which the physical return of UAA First-Class Mail that cannot be forwarded covers its costs.
- c. Please explain why “bulk,” or discounted (*i.e.*, presort and automation), First-Class Mail should not be required to pay a fee for physical return of nondeliverable UAA mail that is designed to cover the cost of such physical return service.

RESPONSE:

- a. No. I do not believe that returning UAA First-Class Mail to the sender for no additional charge should be regarded as having a price of \$0.00. This is a feature of the First-Class Mail product.
- b. This is not a service that is provided to First-Class Mail. This is a characteristic of First-Class Mail and, as such, the First-Class Mail product is the item that needs to cover its costs.
- c. See the response to subpart (b).