

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes

Docket No. R2006-1

SECOND SET OF INTERROGATORIES OF TIME WARNER INC.
TO UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
(TW/USPS-T32-2-5)
(June 12, 2006)

Pursuant to sections 25, 26 and 27 of the rules of practice, Time Warner Inc. directs the following interrogatories to United States Postal Service witness Taufique (USPS-T-32).

If witness Taufique is incapable of providing an answer, it is requested that an answer be provided by the Postal Service as an institution or by another person capable of providing an answer.

Respectfully submitted,

s/ _____
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**SECOND SET OF INTERROGATORIES TO WITNESS TAUFIQUE
(USPS-T-32)**

TW/USPS-T32-2 Please refer to page 24, line 20, of your testimony, where you reference a cost avoidance for QBRM of 1.52 cents, and to the following observation of the Commission in Docket No. R2005-1 (PRC Op. 2005-1, pp. 121-22, ¶ 6028):

The model used to estimate the mail processing costs avoided by Qualified Business Reply Mail (QBRM) in the current and previous rate cases differs from the method last approved by the Commission. ... [Two differences are discussed.] The validity of these changes should be tested.

- a. Please provide a discussion of all Postal Service reasons for deviating from the cost analysis “last approved by the Commission.”
- b. Please provide the test year cost avoidance that would be implied by the “method last approved by the Commission.”

TW/USPS-T32-3 Please refer to the Commission’s statement in Docket No. R97-1 that its recommendation was “based on a finding that there is evidence of some savings in both mail processing and delivery” (PRC Op. R97-1, p. 318, ¶ 5166) and to Postal Service witness Schenk’s testimony in that docket “showing that only 25 percent of BRM, as opposed to 66 percent of First-Class Mail, requires rural or city delivery” (Docket No. R97-1, Tr. 15001 [citing response to MPA/USPS-T27-7 (Tr. 830)]).

Please provide an estimate of the extent to which QBRM mail has lower delivery costs than other First-Class Mail due to such things as the use of post office boxes, caller service, being handled as firm holdouts, other customer pickup arrangements, bulk delivery, or any other factors that you are aware of, providing quantification where possible.

TW/USPS-T32-4 Please refer to pages 12-17 of your testimony, where you discuss recognizing the “full range of differences between” (p. 14, ll. 9-10) single-piece and presorted letters, including, among other factors, “the readability of the

mail, the proportions of the mail that are undeliverable-as-addressed, the utilization of retail facilities for entry, etc.” (*id.* at ll. 15-17).

- a. Do you agree that virtually all QBRM pieces have highly readable addresses and barcodes, as well as accurate addresses? Please explain if you do not agree.
- b. Do you agree that QBRM pieces are almost never undeliverable as addressed and are almost never forwarded or returned? Please explain if you do not agree.
- c. Are any Postal Service constraints placed on the return addresses on QBRM pieces? If yes, please explain.
- d. Does QBRM have any countervailing characteristics which you believe would make recognizing its low-cost characteristics ill-advised? If it does, explain what they are.

TW/USPS-T32-5. Please refer to pages 12-17 of your testimony, where you discuss QBRM rates, and to the Commission’s observation in Docket No. R97-1 (PRC Op. R97-1, p. 303, fn. 21) that QBRM pieces are “pre-address[ed] to a Postal Service-designated ZIP Code.”

Please discuss the control and guidance functions performed by the Postal Service in designating these ZIP Codes, including the consideration given by the Postal Service to the equipment it has at the locations and the extent to which it will be able to handle projected volumes efficiently and at a low cost.