

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 ALTAF H. TAUFIQUE
TO INTERROGATORIES OF THE OFFICE OF CONSUMER ADVOCATE
(OCA/USPS-T32-1, 3 AND 4)

The United States Postal Service hereby files the responses of witness Altaf H. Taufique to the following interrogatories of the Office of Consumer Advocate: OCA/USPS-T32-1, 3 and 4, filed on June 2, 2006.

The interrogatories are stated verbatim and are followed by the responses.

Interrogatory OCA/USPS-T32-2 has been redirected to the Postal Service for an institutional response. Interrogatories OCA/USPS-T32-5 through 7 have been redirected to witness Scherer for response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAUFIQUE
TO INTERROGATORY OF THE OFFICE OF CONSUMER ADVOCATE**

OCA/USPS-T32-1. Assume that the USPS had not proposed shape based rates in this docket. Please provide what the proposed Test Year After Rates rates would have been for the first ounce for each of the following:

- a. The First-Class Single Piece letter rate,
- b. The First-Class Single Piece Additional-ounce rate, and
- c. The First-Class Single Piece Nonmachinable surcharge.
- d. First-Class Automation Letters,
 - (i) Mixed AADC,
 - (ii) AADC,
 - (iii) 3-digit,
 - (iv) 5-digit, and
 - (v) The Additional ounce rate.
- e. First-Class Automation Flats,
 - (i) Mixed AADC,
 - (ii) AADC,
 - (iii) 3-digit,
 - (iv) 5-digit,
 - (v) Additional ounce rate, and
 - (vi) The Nonmachinable surcharge.

RESPONSE

a-e. I have not developed an alternate set of rates based on the rate design premise that is described in your question. Also, it is not possible to develop such rates, because it would involve a comprehensive evaluation of our entire pricing proposal and would be subject to management review.

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OCA/USPS-T32-3. Please provide ball park estimates of the annual postage that an average, or typical, household would likely pay using: (1) the USPS proposed Test Year Rates and (2) the USPS Test Year Rates under the former non-shaped based structure. Include in your response the derivation of all calculated values, cite all sources, and provide copies of those source documents not previously filed in this docket.

RESPONSE

USPS Library Reference L-138, the 2005 Household Dairy Study, is the only source available to me that provides some information on the outgoing mail profile for households. Prior years' reports have been on file since long before Docket R2006-1. The information in the Dairy Study is very limited and would require numerous assumptions in order to build a mailing profile for an average or typical household. The Household Dairy study does not ask questions about shapes that are a hallmark of the proposal in this case. Thus, I have no empirical basis for estimating the proportion of First-Class Mail letters, flats and parcels mailed by households or the proportion of each mail piece type at different weight increments. Accordingly, I am reluctant to offer official "ballpark" estimates in response to subparts (1) and (2) that would be dependent on guesswork. That aside, in order to answer subpart (2), I would have to know what alternative (non-shape-based) First-Class Mail rates I might have proposed in lieu of the First-Class Mail rate schedule reflected in my testimony. Please see my response to OCA/USPS-T32-1.

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OCA/USPS-T32-4. Please explain why you recommend passing through 50 percent of the cost differential between First Class Single-Piece first-ounce letter and First-Class Single Piece first-ounce flats as opposed to a lower (or higher) percentage pass through.

RESPONSE

My proposal passes through 55 percent, not 50 percent, of the cost differential between First-Class Single-Piece first-ounce letter and First-Class Single-Piece first-ounce flats. For the discussion of my rationale on the choice of passthroughs, please see my testimony (USPS-T-32) at page 18, lines 5-18; page 23, lines 5-20; and page 24, lines 1-8.