

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS
L. PAUL LOETSCHER (USPS-T-28) TO INTERROGATORY OF
TIME WARNER, INC. (TW/USPS-T28-17 a, c-d)
(June 26, 2006)

The United States Postal Service hereby provides the response of witness L. Paul Loetscher (USPS-T-28) to the following interrogatory of Time Warner, Inc., filed on June 14, 2006:

TW/USPS-T-28-17 a, c-d

The Postal Service has, today, filed an objection to subpart b, and a partial objection to subpart d. 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 USPS WITNESS LOETSCHER (USPS-T-28) TO
INTERROGATORY OF TIME WARNER, INC.

TW/USPS-T28-17 Please refer to your answers to TW/USPS-T28-1 regarding the similarities and differences between the study you presented in LR-K-91 in Docket No. R2005-1 and the corresponding study presented in LR-L-91 in the present docket. Please refer also to Tables 3 and 4 in LR-K-91 entitled respectively “FY 2004 Periodicals Outside County Distribution of Sacks by Presort Level and Number of Pieces” and “Periodicals Outside County Pieces in Under 24 Piece Sacks By Modeled Presort Rate.”

- a. Please confirm that it is possible, based on the information you collected for the LR-L-91 study, to produce tables similar to Tables 3 and 4 in LR-K-91. If not confirmed, please explain.
- b. Please produce tables similar to Tables 3 and 4 in LR-K-91, in spreadsheet form, using the most current data.
- c. Please confirm that the type of information referred to in parts a and b above is needed to derive the conclusions you present in Table 5 of LR-L-91, regarding the number of Periodicals sacks (in FY2005) that had less than 24 pieces in them, and the average number of pieces in different types of sacks.
- d. Please explain how you did derive the estimates in Table 5 of LR-L-91 and provide any data necessary to replicate the derivation of those estimates that have not already been filed in your testimony or in response to other interrogatories.

RESPONSE:

- a. Confirmed. However it was not necessary to develop tables similar to Tables 3 and 4 of LR-K-91 in order to derive the estimates I present in Table 5 of LR-L-91. Please see my response to c-d below.
- b. Objection filed.
- c-d. Partial objection filed to d. Not confirmed. It is not necessary to develop the estimates presented in Tables 3 and 4 of LR-K-91 in order to develop

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RESPONSE TO TW/USPS-T28 (continued)

estimates of average container sizes of containers with different characteristics like those presented in LR-L-91. In the development of the Table 5 estimates presented in LR-L-91 a simpler approach was taken because the only sack estimates required were the average number of pieces in sacks with 24 or more pieces and the proportion of pieces in sacks with 24 or more pieces.

To develop the Table 5 estimates, the container type variable for sacks was changed to separately identify sacks with less than 24 pieces. The estimation procedure described in LR-L-91 was repeated with the addition of the new container type (i.e. sacks with less than 24 pieces). The exercise yielded estimates of average number of pieces in sacks with 24 or more pieces (45.11 pieces) and the percent of sacked pieces that were in sacks with 24 or more pieces (82.22 percent).

Because the volume estimates presented in Table 3 of LR-L-91 were developed under the assumption that Periodicals mail is either sacked or palletized (see my response to TW/USPS-T28-4b-c) it was necessary to develop container estimates consistent with this assumption. Total sack counts were derived by dividing the Periodicals sacked volume from Table 3 (1,937,591,710) by the estimated average pieces per sack of all sacks (28.76).

RESPONSE OF USPS WITNESS LOETSCHER (USPS-T-28) TO
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RESPONSE TO TW/USPS-T28 (continued)

$$1,937,591,710/26.76 = 67,371,061 \text{ sacks}$$

The count of 24 or more piece sacks was derived by multiplying Periodicals Outside County sacked volume by the proportion of sacked pieces in sacks with 24 or more pieces, then dividing by the estimated average number of pieces in sacks with 24 or more pieces.

$$(0.8222 \times 1,937,591,710) / 45.11 = 35,311,995 \text{ sacks}$$

The count of sacks with fewer than 24 pieces was derived by subtracting the 24 or more piece sacks from the total number of sacks.

$$67,371,061 - 35,311,995 = 32,059,066 \text{ sacks}$$

The estimate of average number of pieces in sacks with less than 24 pieces was calculated by dividing the pieces in sacks with less than 24 pieces by the number of sacks with less than 24 pieces.

$$((1-0.8222) \times 1,937,591,710) / 32,059,066 = 10.75 \text{ pcs/sack}$$

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.

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