

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

POSTAL RATE AND FEE CHANGES, 2006

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) Docket No. R 2006-1
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**First Set of Interrogatories of
Discover Financial Services LLC & Morgan Stanley, Inc. (DFS & MSI)
To USPS Witness Taufique (DFS & MSI/USPS-T32-1-2)
(June 28, 2006)**

Discover Financial Services, LLC & Morgan Stanley, Inc. (DFS & MSI) hereby submit the attached interrogatories to USPS witness Altaf H. Taufique (USPS-T-32) and respectfully request a timely and complete response. If the witness cannot answer a question, or any part of a question, we request that the Postal Service answer through another witness or institutionally.

Respectfully submitted,

/S/ Robert Brinkmann
Robert J. Brinkmann
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CERTIFICATE OF SERVICE

I hereby certify that I have this date served the instant document on all participants requesting such service in this proceeding in accordance with section 12 of the Rules of Practice.

/S/ Robert Brinkmann
Robert J. Brinkmann

**Discover Financial Services LLC & Morgan Stanley, Inc
Interrogatories To
USPS Witness Taufique (DFS & MSI/USPS-T32-1-2)**

DFS & MSI/USPS-T32-1: Separately for First-Class Single Piece mail and First-Class Presort mail, please provide the calculated values of revenue per piece, attributable cost per piece, and contribution per piece for each shape category (letters, flats, and parcels). Also, please provide the sources and details of the procedures used to make these calculations.

DFS & MSI/USPS-T32-2: Please refer to page 37 of your testimony, where you discuss the First-Class nonautomation presort rate. At lines 13-14, you mention that witness Abdirahman measures the "additional cost of nonautomation machinable letters at 1.317 cents." Presumably, this difference is assumed to be the additional cost of nonautomation presort letters relative to the benchmark automation mixed AADC letter cost. However, Table 1 at page 15 of witness Abdirahman's testimony shows that the total mail processing unit cost for nonautomation presort letters is 6.302 cents, which is actually 0.168 cents lower than the automation mixed AADC presort letter cost of 6.470 cents. Please explain this apparent inconsistency, or provide corrected values.