

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

REVISED RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS THRESS
TO INTERROGATORY OF ABA-NAPM (ABA-NAPM/USPS-T22 -13),
REDIRECTED FROM WITNESS ABDIRAHMAN -- ERRATA
(August 3, 2006)

The United States Postal Service hereby provides the revised response of witness Thress to the following interrogatory of ABA-NAPM, filed on July 14, 2006: ABA-NAPM/USPS-T22-13. The revision consists of correcting the designation at the beginning of the question from "ABA-NAPM/USPS-T7-13" to "ABA-NAPM/USPS-T22-13." The response itself is unchanged from the original response filed July 28, 2006.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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August 3, 2006

**RESPONSE OF POSTAL SERVICE WITNESS THRESS
TO INTERROGATORY OF ABA-NAPM
RE-DIRECTED FROM WITNESS ABDIRAHMAN**

ABA-NAPM/USPS-T22-13

Please refer to Table One below. Data from this table indicate that 5-digit presort letters have been growing at a faster rate than 3-digit presort letters during the period from 2001 through the last year of actual data available in 2005.

(a) Please explain why, starting with 2006 and through 2009, your before-rates forecasts show an abrupt end to the growth of 5 digit presort letters, with growth reverting back to the same patterns as 3-digit presort letters, well under 1.0% a year.

(b) In light of your proposed rate structure for 3-digit and 5-digit presort letters, and specifically in light of the change in relative rates that creates incentives to sort to 5 digits, please explain why your before rates and after-rates volumes for 5 digit-presort differ by such a small amount.

Table One
3-Digit & 6-Digit Automation Presort Letters
Actual and Before Rates & After Rates Forecast Volumes

FY	Before Rates				After Rates					
	3-D Auto	% Change	5-D Auto	% Change	5-D % of Total 3&5-D	3-D Auto	% Change	5-D Auto	% Change	5-D % of Total 3&5-D
1995	12,093,963		8,583,411		41.51%	12,093,963		8,583,411		41.51%
1996										
1997	19,419,949		9,082,395		31.87%	19,419,949		9,082,395		31.87%
1998	19,631,232	1.09%	10,203,174	12.34%	34.20%	19,631,232	1.09%	10,203,174	12.34%	34.20%
1999 ^f		5.46%		11.66%			5.46%		11.66%	
2000 ^f	21,832,339	5.46%	12,720,447	11.66%	36.81%	21,832,339	5.46%	12,720,447	11.66%	36.81%
2001	22,474,264	2.94%	14,038,959	10.37%	38.45%	22,474,264	2.94%	14,038,959	10.37%	38.45%
2002	22,511,948	0.17%	14,761,937	5.15%	39.60%	22,511,948	0.17%	14,761,937	5.15%	39.60%
2003	22,571,248	0.26%	14,911,024	1.01%	39.78%	22,571,248	0.26%	14,911,024	1.01%	39.78%
2004	22,585,608	0.06%	15,963,541	7.06%	41.41%	22,585,608	0.06%	15,963,541	7.06%	41.41%
2005	22,908,988	1.43%	17,449,571	9.31%	43.24%	22,908,988	1.43%	17,449,571	9.31%	43.24%
2006 ^f	22,958,131	0.21%	17,480,153	0.17%	43.23%	22,958,131	0.21%	17,480,153	0.17%	43.23%
2007 ^f	22,895,498	-0.27%	17,425,913	-0.31%	43.22%	22,822,544	-0.16%	17,460,997	-0.11%	43.24%
2008 ^f	23,042,350	0.64%	17,530,278	0.60%	43.21%	23,024,390	0.44%	17,558,039	0.56%	43.27%
2009 ^f	23,112,451	0.30%	17,576,842	0.27%	43.20%	22,966,685	-0.25%	17,514,886	-0.25%	43.27%

Notes: ^f denotes forecast.
^{*} Annualized growth rate between 1998-2000.

Sources: Actual volumes from Billing Determinants.
2006-2009 forecast volumes from R2006-1, USPS LR-L-66.

RESPONSE:

(a) The relative share of First-Class workshared letters which will take advantage of automation letters discounts is projected from a single equation based upon the historical share of First-Class workshared letters which have been automated. The decision to use a single equation in this case was not made

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specifically with reference to the individual rate categories identified in your question, but because it produced what I considered to be more reasonable forecasts of the *overall* level of automation.

(b) The after-rates volume forecasts shown in Table One above are not correct for 5-digit presorted letters. As shown in Attachment A of my testimony (USPS-T-7), the correct after-rates figures are as follows:

	3-D Auto	% Change	After-Rates 5-D Auto	% Change	5-D % of Total 3&5-D
2006	22,958.131	0.21%	17,480.163	0.17%	43.23%
2007	22,922.544	-0.16%	17,725.547	1.40%	43.61%
2008	23,024.390	0.44%	18,233.989	2.87%	44.19%
2009	22,966.685	-0.25%	18,188.884	-0.25%	44.20%

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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