

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

POSTAL RATE AND FEE CHANGES, 2006

DOCKET NO. R2006-1

**RESPONSE OF WITNESS GLICK TO INTERROGATORY OF
THE UNITED STATES POSTAL SERVICE
USPS/POSTCOM-T1-1**

The Association for Postal Commerce and the Mailing and Fulfillment Service Association (herein collectively "PostCom") hereby provide the response of Witness Glick to Postal Service interrogatory USPS/POSTCOM-T1-1, filed September 19, 2006.

Pursuant to an errata filed on September 27, 2006, the Postal Service renumbered this interrogatory as USPS/PSA-POSTCOM-T1-1. However, this question addresses Dr. Glick's testimony number POSTCOM-T-1. We are informed that counsel for the Postal Service is today filing a further pleading to renumber this question as USPS/POSTCOM-T1-1. Therefore, we are concurrently filing the response to the question consistent with the Postal Service's latest (and original) numbering.

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UNITED STATES POSTAL SERVICE

The interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

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USPS/POSTCOM-T1-1. Please refer to Table 1 on page 4 of your testimony. What is the effective passthrough of the cost avoided by a (i) one-ounce letter and a (ii) one-ounce flat under your proposed Standard Mail Regular destination entry discounts?

RESPONSE:

The effective passthroughs for one-ounce letters and flats are approximately 330 percent under the PostCom proposal, and approximately 285 percent for DBMC entry and 275 percent for DSCF entry under the USPS proposal.

Higher effective passthroughs for lightweight pieces result from calculating the costs avoided for piece-rated volume using the breakpoint weight. In Docket No. MC95-1 (in which USPS proposed Standard Mail destination entry passthroughs ranging from 95 to 100 percent, similar to what I am proposing in this case), USPS witness Joe Moeller (USPS-T-18) explained why calculating costs avoided using the breakpoint weight is “require[d]” (response to NAA/USPS-T18-26 (page 2)) by the Postal Service’s “minimum-per-piece rate design” in Standard Mail.

I have calculated the savings to be used for piece-rated volume by using the breakpoint weight. This is consistent with the existing destination-entry discounts and avoids rate anomalies and discontinuity in the rates. Using the actual weight of the piece for pieces below the breakpoint would result in a lower rate for heavier piece-rate pieces. Using a weight lower than the breakpoint for all piece-rated pieces, but recognizing the full weight of pound-rated pieces would create a discontinuity in the rates at the breakpoint. Rates for dropshipped pieces would fall as they moved past the breakpoint weight.

USPS-T-18, Appendix A at 2-3.