

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE TO  
AMERICAN POSTAL WORKERS UNION WITNESS KOBE  
(USPS/APWU-T1-9-10)

Pursuant to Rules 25 and 26 of the Commission's Rules of Practice and Procedure, the United States Postal Service directs the above-referenced interrogatories to APWU witness Kobe.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

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October 4, 2006

## **USPS/APWU/T1-9**

Please refer to your testimony on page 4 where you state:

In stating that the Presort letter rates would no longer look to the cost base of Single Piece letters, the Postal Service is deaveraging Presort letters and Single Piece letters. From the inception of First Class workshare discounts, there has been an understanding by both the Postal Service and the Commission that discounts must be justified by costs avoided so that similar letters being provided First Class service bear the same amount of the institutional costs of the Postal network.

- a. Please confirm that the delinking methodology proposed by the Postal Service makes it a target that the per-unit contribution from single-piece and presort mail categories are equal and in fact achieve very similar per-unit contribution from these mail categories. If you cannot confirm, please explain.
- b. Please confirm that by making equal per-unit contribution a target for single-piece and presort mail, the Postal Service's proposal seeks to achieve the goal of ensuring that "similar letters being provided First Class service bear the same amount of the institutional costs of the Postal network." If you cannot confirm, please explain

## **USPS/APWU-T1-10**

Please refer to your testimony on page 7 where you state:

Thus, the proposed methodology, which essentially applies equal contributions to the straight CRA costs, would result in the mailer of the Single Piece "clean" letter paying a larger contribution to overhead than the mailer of the Presort "clean" letter and would constitute a change in an important postal policy.

Assume that, even with a cost avoidance methodology using BMM as a

benchmark, the rate for Single-Piece First-Class Mail recommended by the Commission could be 42 cents, instead of the 41 cents that you propose. Please confirm that the under that scenario, the Single-Piece “clean” letter would pay the same larger contribution to the overhead described in your testimony as it would under the proposed delinking methodology. If you do not confirm, please explain.