

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 TIME WARNER INC. WITNESS STRALBERG (USPS/TW-T2-10-18)
(October 4, 2006)

Pursuant to Rules 25 through 27 of the Commission's Rules of Practice and Procedure, the United States Postal Service hereby directs the following interrogatories to Time Warner Inc. witness Stralberg: USPS/TW-T2-10-18.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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USPS/TW-T2-10 Please quantify the impact that your FLATPRP cost pool modification, discussed on pages 9 to 11 of your testimony, had on your cost estimates by rate category. In other words, what would the results have been had you not made this modification?

USPS/TW-T2-11 Please refer to Section III.3 of your testimony, beginning on page 14, where you discuss a cost model modification for the UFSM1000, in which 5-digit nonmachinable flats would not be processed during incoming secondary Automated Flats Feeder (AFF) operations on that machine.

(a) Is it your understanding that nonmachinable flats mail pieces cannot be processed on the UFSM1000 when it is operating in AFF mode?

(b) Are any of the operational conclusions concerning the UFSM1000 that you appear to reach in this Section of your testimony based on any direct field observations or data collection effort in which it was estimated that a specific percentage of nonmachinable mail pieces were, or were not, processed during AFF incoming secondary operations on the UFSM1000? If so, please provide an explanation of your observations or the results from any data collection efforts which you may have conducted.

(c) Please quantify the impact that this specific modification had on your cost estimates by rate category. In other words, what would the results have been had you not made this modification?

USPS/TW-T2-12 In your testimony on page 22, lines 16 to 19, you state, "Finally, Miller assumes that in each subsequent bundle sorting operation ten percent of the remaining bundles break. I have not changed that assumption, except as noted above in the case of manual sorting operations. However, there is no empirical basis for it and I tend to think it is excessive." Please provide an empirical basis for your conclusion that a ten percent subsequent bundle breakage rate is excessive. If there is no empirical basis for your conclusion, please explain qualitatively why you believe it is excessive.

USPS/TW-T2-13 In Section III.4 of your testimony you discuss issues pertaining to broken bundles.

(a) Please confirm that you were a member of the MTAC Package Integrity Work Group that conducted the study upon which USPS-LR-I-297 from Docket No. R2000-1 was based.

(b) If you were a member of the MTAC Work Group discussed in part (a), please explain how you defined a "broken bundle" in that study and indicate where that determination was made (e.g., the bundles were manually removed from their containers and examined, the bundles were dumped onto conveyors feeding the SPBS and examined, etc.). Please be specific.

(c) Regardless of how you responded to part (a), please provide your current understanding as to what constitutes a broken bundle.

- i) Would a bundle that is completely removed from its packaging constitute a broken bundle?
- ii) Would a bundle that is partially removed from its packaging constitute a broken bundle?
- iii) Would a bundle in which the integrity of the packaging appears to be giving way, yet the bundle is still intact, constitute a broken bundle?

USPS/TW-T2-14 On page 24 of your testimony you describe a modification that you have made to the NonMODS "allied" cost pool. The basis for your adjustment is an IOCS tally analysis indicating that 37% of the costs attributed to that cost pool were for bundle sorting tasks.

(a) Please confirm that there are some cost pools that are classified as "proportional" in your cost model which also contain costs for activities that are not contained in the mail flow model. For example, the "OPBULK" and "OPPREF" cost pools, which represent the opening units, reflect costs for bundle sorting tasks (which are actually modeled) and container sorting tasks (which are not actually modeled). If you do not confirm, please explain.

(b) For the cost pools such as those described in part (a), did you make any attempt to modify those cost pools to remove activities that are not actually included in the mail flow model? If not, why not?

(c) Please quantify the impact that the NonMODS allied cost pool modification had on your cost estimates by rate category. In other words, what would the results have been had you not made this modification?

USPS/TW-T2-15 On page 24 of your testimony you describe your model's reliance on a cost by shape estimate for Outside County Periodicals nonletters (flats and parcels) rather than Outside County flats.

(a) Please quantify the impact that this specific modification had on the CRA adjustment factor.

(b) Please quantify the impact that this specific modification had on your cost estimates by rate category. In other words, what would the results have been had you not made this modification?

USPS/TW-T2-16 In your testimony from page 24, line 26, to page 25, line 1, you state, "I have therefore, unlike Miller, included in the CRA adjustment non-letter Outside County costs recorded at all piece sorting operations, including letter operations."

(a) Please list all the cost pools which were classified as "fixed" in USPS-LR-L-43 but which you have now classified as "proportional."

(b) Please quantify the impact that this specific modification had on your cost estimates by rate category. In other words, what would the results have been had you not made this modification?

USPS/TW-T2-17 In your testimony from page 24, line 26, to page 25, line 1, you state, "I have therefore, unlike Miller, included in the CRA adjustment non-letter Outside County costs recorded at all piece sorting operations, including letter operations."

(a) Please confirm that the issue you describe would affect the costs studies for all classes and shapes of mail. For example, the flats cost pools are not classified as proportional in the letters cost models. If you do not confirm, please explain.

(b) Please indicate whether you think the modifications should be made to the cost studies depicting other classes and shapes of mail. If you do not think these changes should be made to the cost studies depicting the other classes and shapes of mail, please explain why this change should be made to the Periodicals Outside County cost study only.

USPS/TW-T2-18 Please refer to page 31, lines 15 to 21, of your testimony. Please also refer to witness Tang's testimony (USPS-T-35) at page 5, lines 15 to 18, to the worksheet "Container" in R2006-1 Outside County.xls in USPS-LR-L-126, to the response of witness Tang to NNA/USPS-T35-18 (Tr. 7/1734), and to the oral cross-examination of witness Tang by NNA found at Tr. 7/1863-1865. Please confirm that rather than making an assumption "that as the 32 million skin sacks disappear they will be replaced by 35% of 32 million larger and generally less presorted sacks," as you state in your testimony, witness Tang in fact assumed that 35% of 32 million "skin sacks" will remain in the mailstream. If you do not confirm, please explain.