

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 MITCHELL
(USPS/TW-T1-1-2)

Pursuant to Rules 25 and 26 of the Commission's Rules of Practice and Procedure, the United States Postal Service directs the following interrogatories to Time Warner Inc. witness Mitchell (USPS-T-1): USPS/TW-T1-1-2.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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USPS/TW-T1-1.

Please refer to your testimony at pages 2-3, where you update a Docket No. C2004-1 comparison of the CPI-U to an index of Periodicals rates (at constant markup index).

- a. Please confirm that, in response to TW et al./USPS-RT2-7 in Docket No. C2004-1 (Tr. 6/2185-90), witness Tang presented the drawbacks of comparing the CPI-U index to your “index of Periodicals rates, at a constant markup index.”
- b. Please refer to Postal Service witness Tang’s response to TW et al./USPS-RT2-7. Do you agree that since 1985 significant structural changes have occurred in rate design and mail mixes? If not, please explain fully.
- c. Do you agree that since 1985, there have been large changes in worksharing opportunities and productivity investments? If not, please explain fully.
- d. Please refer to Postal Service witness Tang’s response to TW et al./USPS-RT2-7, especially Tables 1, 2 and 3. How does a constant markup index recognize the significant structural changes that have occurred in Periodicals rate design and mail mixes, and the large changes in worksharing opportunities and productivity investments?
- e. When there have been large changes in relative costs within Periodicals rate categories, is it useful to examine other

measures, such as unit contribution, as well as markup or cost coverage? If not, please explain fully.

USPS/TW-T1-2.

Please refer to your testimony at page 17, lines 17 – 20, where you express concern about the container rate causing “mailers of 5-digit pallets to merge them into larger 3-digit pallets in order to reduce the container charges. . . .”

- a. Please confirm that the container rate proposed by the Postal service is \$0.85. If you do not confirm, please explain.
- b. Please confirm that the proposed 3-digit automation flat per-piece rate is \$0.327. If you do not confirm, please explain.
- c. Please confirm that the proposed 5-digit automation flat per-piece rate is \$0.255. If you do not confirm, please explain.
- d. Would the differential between the 3-digit and 5-digit piece rates tend to discourage the conversion of 5-digit pallets to 3-digit pallets? If not, please explain.
- e. Do you believe that mailers deciding whether to merge 5-digit pallets into larger 3-digit pallets should consider the impact on the piece rates that result, as well as the container rate? If not, please explain fully.