

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

POSTAL RATE AND FEE CHANGES, 2006

:
: Docket No. R2006-1
:

RESPONSE OF TIME WARNER INC. WITNESS STRALBERG (TW-T-2)
TO INTERROGATORY OF
THE UNITED STATES POSTAL SERVICE (USPS/TW-T2-19)
(October 30, 2006)

Time Warner Inc. (Time Warner) hereby provides the response of witness Halstein Stralberg (TW-T-2) to United States Postal Service interrogatory USPS/TW-T2-19 (filled October 18, 2006).

The interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

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**RESPONSE OF WITNESS HALSTEIN STRALBERG TO INTERROGATORY OF THE
UNITED STATES POSTAL SERVICE**

USPS/TW-T2-19 Please refer to your response to USPS/TW-T2-7. Please confirm that the 85 percent and 15 figures were not derived from any empirical data (e.g. from postal data collection systems), but were used to achieve a certain model result with respect to the percentage of flats that receive manual incoming secondary sorts. If you do not confirm, please explain.

USPS/TW-T2-19. I cannot confirm, inasmuch as my choice of the 85% and 15% figures was guided by the empirical finding, reported by witness McCrery, that 44.7% of flats receive manual incoming secondary sorts, and my view that mail flow models used for rate setting ought to correspond as closely as possible to operational reality.

It is true, however, that using the 85% and 15% figures in my model leads to an estimate that only about 40% of flats receive manual incoming secondary, rather than the 44.7% reported by McCrery. Using 80% and 20% would come closer to the McCrery figure. However, as explained in my testimony, I chose 85% and 15% because they represent an assumption that the Postal Service will, in the test year, have succeeded in bringing more incoming secondary sorting onto its sorting machines.

Please see also my response to USPS/TW-T2-6, which discusses the empirical basis for McCrery's 44.7% estimate.