

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

POSTAL RATE AND FEE CHANGES

Docket No. R2006-1

**RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF
MAJOR MAILERS ASSOCIATION (MMA/USPS-T22-27), REDIRECTED FROM
WITNESS ABDIRAHMAN**
(July 6, 2006)

The United States Postal Service hereby provides its response to the above-referenced interrogatory of Major Mailers Association filed on June 22, 2006, and redirected from witness Abdirahman (USPS-T-22).

The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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Chief Counsel, Ratemaking

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July 6, 2006

**Response of United States Postal Service
To Interrogatory of Major Mailers Association, MMA/USPS-T22-27
Redirected from Witness Abdirahman**

MMA/USPS-T22-27

Please refer to Library Reference USPS-LR-L-110, pages 3 and 45 where you derive the total and proportional unit costs for First-Class Presorted and Standard Presorted letters using the Commission's attributable cost methodology.

- A. Please confirm that you show the total unit costs to process an average First-Class presorted letter (Nonautomation and Automation combined) and an average Standard presorted letter (Nonautomation and Automation combined) are 5.000 cents and 4.314 cents, respectively, for TY 2008 in this case. If you cannot confirm, please provide the correct total unit costs and explain how you derived them.
- B. Please confirm that, in R2005-1, the total unit costs to process an average First-Class presorted letter (Nonautomation and Automation combined) and an average Standard presorted letter (Nonautomation and Automation combined) for TY 2006 were 4.580 and 4.621 cents, respectively, as derived in the following table. If you cannot confirm, please provide the correct unit cost figures and explain how you derived them.

	(1)	(2)	(3)	(4)
Rate Category	R2005-1 CRA TY Unit Cost (\$)	Associated Volume (000)	Total Cost (\$ 000) (1) x (3)	Combined Unit Cost (\$) (3) / (2)
First-Class:				
Nonautomation	0.22275	1,949,367	434,216	
Automation (No Car Rt)	0.03836	43,841,671	1,681,930	
Carrier Route	0.01930	718,203	13,859	
Presorted		46,509,242	2,130,006	0.04580
Standard:				
Nonautomation	0.17303	3,517,027	608,537	
Automation	0.03621	44,600,687	1,614,990	
Presorted		48,117,714	2,223,527	0.04621

Source: USPS-LR-K-99

- C. Please explain why the total unit cost to process an average presorted First-Class letter was **lower** by 0.041 cents than the total unit cost to process an average presorted Standard mail letter in the TY 2006 in R2005-1, but **higher** by 0.686 cents for TY 2008 in R2006-1.
- D. Please confirm that, for First-Class presorted letters, the total unit processing cost is expected to increase by 9.2% (5.000/4.580 -1.00) between the TY 2006 in R2005-1 and TY 2008 in R2006-1. If you cannot confirm, please provide the correct percentage increase and explain how it was derived.
- E. Please confirm that, for Standard presorted letters, the total unit processing cost is expected to decrease by 6.6% (4.314/4.621 -1.00) between the TY 2006 in R2005-1 and TY 2008 in R2006-1. If you cannot

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confirm, please provide the correct percentage increase and explain how it was derived.

RESPONSE:

- A. Confirmed.
- B. Confirmed.
- C. See the response of witness Bozzo, USPS-T-46, to MMA/USPS-T22-2, part d.
- D. Confirmed.
- E. Confirmed.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

Frank R. Heselton

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