

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS ABDIRAHMAN TO
INTERROGATORIES OF AMERICAN BANKERS ASSOCIATION
AND NATIONAL ASSOCIATION OF PRESORT MAILERS
(ABA-NAPM/USPS-T22-3-5)

The United States Postal Service hereby files the responses of Witness
Abdirahman to the above-listed interrogatories, filed on June 14, 2006 and
due on June 28.

Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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June 29, 2006

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ABDIRAHMAN TO
INTERROGATORY OF AMERICAN BANKERS ASSOCIATION AND NATIONAL
ASSOCIATION OF PRESORT MAILERS

ABA-NAPM/USPS-T-22-3. In your testimony (USPS-T-22) at page 6, lines 18-19, you state: "Each cost pool is now classified as being proportional or fixed...". You go on to state that you only use proportional cost factors in your model.

a. Please confirm that compared to R2005-1, you have moved *three* cost pools that were classified as worksharing related fixed into the proportional column in LR-L-48: MODS 17: 1OPPREF, 1OPTRANS, and 1POUCHNG. Please explain fully any failure to confirm without qualification.

b. Please explain why each cost pool identified in part a. was not included as proportional in R2005-1.

c. Please explain why the USPS has changed course in this case by including each of the three cost pools as proportional.

Response:

a. Partially confirmed. In Docket No. R2005-1, the costs pools mentioned in this interrogatory were classified as follows:

For Auto letters, MODS 17: The 1OPPREF and 1POUCHNG cost pools were classified as worksharing related fixed cost pools. MODS 17: 1OPTRANS cost pool was classified as a non worksharing related fixed cost pool.

For Nonauto letters, MODS 17: The 1OPPREF and 1POUCHNG cost pools were classified as worksharing related proportional cost pool. The 1OPTRANS cost pool was classified as non worksharing related fixed.

In the instant proceeding, the First Class Presort Letters CRA cost pools are now classified as being proportional or fixed, as shown in USPS-LR-L-48 on page 3. These cost pools classifications are as follows:

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MODS 17: The 1OPPREF and 1POUCHNG cost pools are classified as proportional cost pools. The 1OPTRANS cost pool is classified as a fixed cost pool.

b. Please see my response to part a. The 1OPTRANS cost pool was classified as non worksharing related fixed in Docket No. R2005-1. It contains the costs related to transporting containers of mail between work areas and distributions in MODS facilities. These operations are not related to piece distribution or package distribution of letters or cards. Therefore, the "fixed" classification is used.

c. As stated in parts a and b, the 1OPTRANS cost pool is not classified as proportional. The 1OPPREF and 1POUCHING cost pools are classified as proportional because the Docket No. R2005-1 nonauto classifications for these cost pools was worksharing related proportional. The cost by shape estimate used in the instant proceeding is for all presort letters (auto and nonauto combined). In Docket No. R2005-1, separate cost by shape estimates were used for auto presort letters and nonauto presort letters.

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ABA-NAPM/USPS-T-22-4. In your testimony (USPS-T-22) at page 6, lines 18-19, you state: "Each cost pool is now classified as being proportional or fixed...". You go on to state that you only use proportional cost factors in your model.

a. Please confirm that *eight* cost pools that were classified as worksharing related fixed in R2005-1 were *not* moved into the proportional column in your LR-L-48 in the this case: MODS 17: 1CANCEL, 1MTRPREP, 1PLATFRM, 1PRESORT; MODS 49: LD49; MODS 79: LD79; MODS 99: 1SUPP_F1; and NON MODS ALLIED. Please explain fully any failure to confirm without qualification.

b. Please explain why the eight cost pools identified in part a. were not included as proportional in R2006-1.

Response:

a. Confirmed.

b. In Docket No.R2005-1, the following cost pools were classified as Worksharing related fixed: MODS 17: 1CANCEL, 1MTRPREP, 1PLATFRM, 1PRESORT; MODS 49: LD49; MODS 79: LD79; MODS 99: 1SUPP_F1; and NON MODS ALLIED. They were not part of the modeled/proportional cost pools. In the instant proceeding, they still are not part of the modeled/proportional cost. Therefore, the "fixed" classification is used.

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ABA-NAPM/USPS-T-22-5. Please confirm that, if the USPS had moved all workshared FCLM cost pools previously classified as worksharing related fixed into your proportional category, the total direct mail processing costs for the test year in R2006-1 would be as follows:

Automation mixed AADC:	7.231 cents
Automation AADC:	5.623 cents
Automation 3 –digit:	5.063 cents
Automation 5-digit:	3.237 cents
Automation carrier route:	2.003 cents

If you fail to confirm without qualification, please state what you believe to be the correct figures under the assumptions of the question, and provide sufficient documentation to replicate your calculations.

Response:

Confirmed.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

Nan K. McKenzie

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