

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

RATE AND SERVICE CHANGES TO IMPLEMENT
BASELINE NEGOTIATED SERVICE AGREEMENT
WITH BANK OF AMERICA CORPORATION

Docket No. MC2007-1

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS AYUB TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 1,
QUESTIONS 1 (IN PART) AND 2
(April 13, 2007)**

The United States Postal Service hereby provides responses to Presiding Officer's Information Request (POIR) No. 1, questions 1 (in part) and 2, issued April 3, 2007. Postal Service witness Ayub (USPS-T1-1) is sponsoring these responses. Each question is stated verbatim and is followed by the response. Bank of America Corporation will provide a partial response to question 1 and a response to question 3.

UNITED STATES POSTAL SERVICE

By its attorneys:

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**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS AYUB (USPS-T-1)
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1, QUESTION 1**

1. Please provide the derivation (including the mathematical formula) for the term "Increase in USPS First-Class Mail Read/Accept Rates" for FY 2009 appearing in MC2007-1_Ayub.xls, worksheet "Model Assumptions," cell E19.

RESPONSE:

I did not use a mathematical formula to derive the improvement figure in cell E19. This improvement estimate was included only because the Commission's Rules of Practice and Procedure require that the proponents of an NSA provide a dollar estimate of its value. The value that we assumed is consistent with a range of improvement estimates discussed during the negotiations between the Postal Service and BAC. I believe that it is reasonable to expect that BAC will show improvement in its read/accept rates under this NSA. Regardless of BAC's actual improvement, however, the Postal Service will achieve savings under this Agreement as long as some performance improvement occurs. Please see my response to OCA/USPS-T1-31.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS AYUB (USPS-T-1)
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1, QUESTION 2**

2. Please provide the source (including filename and cell location) for USPS Forwarding, Letters, reported in USPS-T-1 Appendix A, page 3, Line 11.

RESPONSE:

The presort First-Class Mail forwarding cost for letters (“\$.134”) contained in Appendix A, page 3, Line 11, was derived from data contained in USPS-LR-L-62, Tables 4.5 and 4.8. USPS-LR-L-62 contains measurements on the costs and volumes of forwarded presort First-Class Mail letters in Test Year 2008.

In the spreadsheet attached to this interrogatory response, titled "PARS08 ClassTabs_v.for_NSA.xls," I have provided the calculations and reference cells I used to combine the nonauto and auto cost costs. The combination of these cost data provided a basis from which I was able to derive the presort First-Class Mail forwarding cost for letters. I have filed an xls workbook titled “UAA Mail Class, Rate Category and Shape Data, Volume and Cost Tables, PARS Environment, TY 2008,” containing Tables 4.5 and 4.8 from USPS-LR-L-62 concurrently with this response as library reference USPS-LR-2/MC2007-1. The spreadsheet "PARS08 ClassTabs_v.for_NSA.xls" may be found in the workbook under the pink tab labeled “Derivation.”

Attachment to response of USPS witness Ayub to Presiding Officer's Information Request No. 1, Question 2

Derivation of FCM Presort Letters Forwarding Unit Cost

TY 08

Category	Cost (\$000)	Volume (000)	Unit Cost	Source
Nonauto	\$4,174	30,348	\$0.1375	USPS-LR-L-62, Table 4.5
Auto	\$139,109	1,035,736	\$0.1343	USPS-LR-L-62, Table 4.8
Total Presort	\$143,283	1,066,083	\$0.1344	

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.

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April 13, 2007