

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

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POSTAL RATE AND FEE CHANGES

Docket No. R2000-1

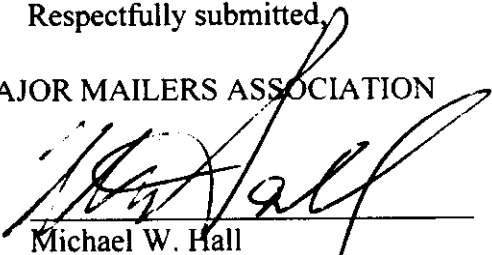
**MAJOR MAILERS ASSOCIATION'S
FIRST SET OF INTERROGATORIES AND DOCUMENT PRODUCTION REQUESTS
TO USPS WITNESS SHARON DANIEL**

Pursuant to Rules 25 and 26 of the Commission's Rules of Practice, Major Mailers Association herewith submits the following interrogatories and document production requests to United States Postal Service witness Sharon Daniel. If the designated witness is unable to answer any of these questions, please direct them to the appropriate witness who can provide a complete response.

Respectfully submitted,

MAJOR MAILERS ASSOCIATION

By:


Michael W. Hall
34693 Bloomfield Road
Round Hill, Virginia 20141
540-554-8880
Counsel for
Major Mailers Association

Dated: Round Hill, VA
February 4, 2000

**Major Mailers Association's First Set Of Interrogatories
And Requests For Production Of Documents
To USPS Witness Sharon Daniel**

MMA/USPS-T28-1 In its R97-1 Opinion and Recommended Decision, the Commission stated:

In repeated Opinions, the Commission has urged the Postal Service and other parties to address the cost of processing additional ounces of First-Class Mail. Regrettably, the Service has again failed to respond to this request. (Op 97-1 at 301 (citations omitted)).

On page 1 of your prepared testimony, you note that the purpose of your testimony is to "[a]nalyze the relationship between weight and cost to support rate design in First-Class, Standard Mail (A), and Periodicals."

- (a) Does your testimony represent the Postal Service's response to the Commission's specific request to "address the cost of processing additional ounces of First-Class Mail"? If your answer is yes, please explain in detail how your testimony provides the required information.
- (b) Please explain the impact of the second ounce on postal costs for processing a First-Class letter.
- (c) Please explain the impact of the second ounce on postal costs for processing a Standard A letter.
- (d) Is the purpose of your testimony to provide cost support for a constant rate per additional ounce up to 13 ounces for First-Class? If your answer is affirmative, please explain how your study meets that objective.
- (e) Is the purpose of your testimony to support a constant rate per piece for letters weighing up 3.5 ounces for Standard Mail A? If your answer is affirmative, please explain how your study meets that objective.

MMA/USPS-T28-2 Please refer to page 2 of your testimony where you state that Sections V through VII present "the results of the relationship between weight and [Test Year unit] cost in First-Class Mail, Standard Mail (A), and Periodicals."

- (a) Please confirm that your testimony does not provide the specific impact of weight on cost for First-Class letter-shaped mail. If you cannot confirm, please explain the specific impact of weight on cost, by

ounce increment, for letters weighing up to four ounces. Please provide all documents that support your answer.

- (b) Please confirm that your testimony does not provide the specific impact of weight on cost for Standard A letter-shaped mail. If you cannot confirm, please explain the specific impact of weight on cost, by ounce increment, for letters weighing up to four ounces. Please provide all documents that support your answer.

MMA/USPS-T28-3 Please provide the average unit weight for:

- (a) a First-Class nonpresorted letter;
- (b) a First-Class presorted letter; and
- (c) a Standard A Regular Rate letter.

For each of the pieces for which you provide the average unit weight, please provide all documents, or references to the appropriate portions of the USPS' filing in this case, that show the source data used by you to determine the average unit weight.

MMA/USPS-T28-4 On page 3 of your prepared testimony, you state:

Isolating the effect of weight on cost is very difficult because weight is rarely the only characteristic that varies between different mail pieces. The shape, origin/destination combination, cube, and level of presorting and dropshipping of mail can affect the cost of mail.

- (a) Please explain the extent, if any, to which the Postal Service has tried to isolate the effect of weight on cost since the last rate proceeding.
- (b) When did you come to the conclusion stated above?

MMA/USPS-T28-5 On page 12 of your prepared testimony, you state that for First-Class nonpresorted letters,

Letter costs rise over the first four ounces before leveling off for pieces over four ounces. This result is consistent with the results of previous engineering studies presented in Docket No. MC95-1 that showed throughput on letter automation equipment declined as weight increased to 4 ounces. (Citation omitted).

- (a) Please confirm that your observation is very general in nature and that you cannot conclude directly from your study that letters weighing between one and two ounces cost more to process than letters weighing under one ounce. Please explain any negative response and provide all documents, or references to the appropriate portions of the USPS' filing in this case, relied upon by you in formulating your response.
- (b) Please confirm that your observation is very general in nature and that you cannot conclude directly from your study that letters weighing between two and three ounces cost more to process than letters weighing under two ounces. Please explain any negative response and provide all documents, or references to the appropriate portions of the USPS' filing in this case, relied upon by you in formulating your response.
- (c) Please confirm that the MC95-1 engineering studies to which you refer indicated that throughput rates decrease only gradually as a letter's weight increases to about 2.5 ounces and that throughput rates decrease at a faster rate as a letter's weight increases from 2.5 ounces to 4.5 ounces. Please explain any negative response and provide all documents, or references to the appropriate portions of the USPS' filing in this or any earlier case, relied upon by you in formulating your response.
- (d) Please confirm that the MC95-1 engineering studies to which you refer indicated nothing about how decreased throughput would specifically affect costs. Please explain any negative response and provide all documents, or references to the appropriate portions of the USPS' filing in this or any earlier case, relied upon by you in formulating your response.
- (e) Please confirm that only a small fraction of First-Class letters could be considered "heavy" as that term was used in the MC95-1 engineering studies to which you refer and that such engineering analyses studied test runs made up exclusively of "heavy" letters. Please explain any negative response and provide all documents, or references to the appropriate portions of the USPS' filing in this or any other case, relied upon by you in formulating your response.
- (f) Please confirm that the MC95-1 engineering studies to which you refer indicated that when "heavier mailpieces" constituting 3% of total pieces were intermixed with typical #10 envelope pieces, then throughput decreased by only 2%. Please explain any negative response and provide all documents, or references to the appropriate portions of the

USPS' filing in this or any earlier case, relied upon by you in formulating your response.

- (g) Please confirm that the MC95-1 engineering studies to which you refer studied letters in packets of 1000 pieces that weighed between 2.0 ounces and 3.5 ounces. Please explain any negative response and provide all documents, or references to the appropriate portions of the USPS' filing in this or any earlier case, relied upon by you in formulating your response.
- (h) Please confirm that the MC95-1 engineering studies to which you refer did not study letters that weigh between one and two ounces. Please explain any negative response and provide all documents, or references to the appropriate portions of the USPS' filing in this or any earlier case, relied upon by you in formulating your response.

MMA/USPS-T28-6 In its R87-1 Opinion and Recommended Decision, the Commission concluded that "letters up to two ounces for the most part can be processed on the new automation [sic] at a cost no higher than a one ounce letter." (Op. R87-1 at 448). In its R94-1 Opinion and Recommended Decision, the Commission stated, "letters processed with automation incur minimal or possibly no extra cost for letters weighing up to three ounces." (Op. R94-1 at V-9).

- (a) Is your study in this case intended to respond to the Commission's stated position in the R87-1 and R94-1 proceedings regarding the cost of processing letters up to two ounces?
- (b) If your answer to part (a) is yes, do the results of your study support or refute the Commission's stated position in the R87-1 and R94-1 proceedings regarding the cost of processing letters up to two ounces?
- (c) If your answer to part (a) is no, has the Postal Service performed any studies on the impact of weight on mail processing costs for letters weighing two ounces or less?
- (d) If your answer to part (c) is yes, please provide copies of any such studies.

MMA/USPS-T28-7 Please refer to the relevant portions of the record in Docket No. R97-1.

- (a) Please confirm that in Docket No. R97-1, you and USPS witness Hatfield intended to use the exact same productivities for the same operations in your cost models for Standard Mail (A) and First-Class letters, respectively. If you cannot so confirm, please explain any negative response and provide all documents, or references to the

appropriate portions of the USPS' filing in the R97-1 case, relied upon by you in formulating your response.

- (b) Assuming your answer to part (a) is affirmative, did you and USPS witness Hatfield assume the exact same productivities, and therefore costs, to process First-Class letters on the one hand, and heavier Standard Mail (A) letters on the other hand? Please explain any negative response and provide all documents, or references to the appropriate portions of the USPS' filing in the R97-1 case, relied upon by you in formulating your response.

MMA/USPS-T28-8 Please refer to LR-I-92, Section 1, page 1 which is a table entitled "Std. A Regular Letters Test year Unit Costs by Detailed (1/2 ounce) Weight Increments". Please refer also to a corresponding table in LR-I-91 for presorted letters, Section 2, page 1, which is entitled "Presort Letters Test year Unit Costs by Detailed (1/2 ounce) Weight Increments."

- (a) Do you agree that, based on your study, the overall average cost to process each incremental ounce for Standard A Regular letters is virtually zero for between 0.5 and 3.5 ounces? Please explain any negative response and provide all documents, or references to the appropriate portions of the USPS' filing in this case, relied upon by you in formulating your response.
- (b) Do you agree that based on your study, the overall average cost to process each incremental ounce for First Class presort letters increases significantly as weight increases between 0.5 and 3.5 ounces? Please explain any negative response and provide all documents, or references to the appropriate portions of the USPS' filing in this case, relied upon by you in formulating your response.
- (c) Please explain the disparity of results exhibited in the overall average costs to process each incremental ounce of First-Class presort letters and Standard A letters.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon the United States Postal Service, Ted P. Gerarden, Director of the Office of the Consumer Advocate, and the representatives of parties requesting copies of discovery requests and related documents in accordance with Rules 12, 25, and 26 of the Rules of Practice.

Dated at Round Hill, VA this 4th day of February, 2000.



Michael W. Hall