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POSTAL RATE COMMISSION
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POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

AMERICAN BANKERS ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS SECOND SET OF
JOINT INTERROGATORIES TO USPS WITNESS MILLER
(ABA&NAPM/USPS-T24-25-29)
(March 17, 2000)

Pursuant to Sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the American Bankers Association and the National Association of Presort Mailers hereby submit these joint interrogatories and requests for production of documents. The instructions included with interrogatories ABA&NAPM/USPS-T24-1-24 (February 18, 2000) are hereby incorporated by reference.

ABA&NAPM/USPS T 24-25

For the 1995 through 1998 CRA's please describe for each year's CRA, all changes which were made in methodology from the immediately previous year's CRA, which changes affected First Class costs and Standard A Commercial costs.

ABA&NAPM/USPS T24-26

Under your new methodology in this case, unit mail processing cost avoidance has risen for 3 digit presorted First Class letters, over basic, by comparison with USPS estimates in R97-1 (0.89 cents in this case, 0.77 cents in R97-1), but has fallen for 5 digit presorted letters, over basic, (1.0850 cents in this case, 1.5212 cents in R97-1).

- a. How does this discrepancy comport with your generalized conclusion that cost avoidance is shrinking?

- b. Does your view that cost avoidance is shrinking focus on just mail processing cost avoidances?
- c. If your answer to b. is other than an unqualified "Yes.", please explain where delivery cost avoidances are shrinking by comparison with USPS R97-1 numbers for any of the following three rate categories of First Class workshered letter mail: basic automation, automation 3 digit. automation 5 digit.

ABA&NAPM/USPS-T24-27

- a. Please confirm that your Column (l), Mail Processing Total Unit Cost from your Appendix I, page I-1, table "First-Class Letters Summary", is the same methodologically as USPS witness Hatfield's column (4), page 1, of Exhibit USPS-25A from R97-1, labeled "Total Cost" (copy attached).
- b. If you do not confirm in a., please answer only sub-part b. of ABA&NAPM/USPS-T24-28 below, and please explain here in full detail by cost pool or other factor, model or non-model, exactly what the differences are, and do this in a manner which is methodologically consistent with the Hatfield numbers from R97-1.
- c. If you do confirm in a., please answer all sub-parts to the ABA&NAPM/USPS-T24-28 below.

ABA&NAPM/USPS-T24-28

- a. Please confirm that using USPS witnesses Hatfield's, Hume's, and Daniel's methods from R97-1 for both that case and this case, total cost avoidances have increased from 5.698 cents in R97-1 to 6.2170 cents in R2000-1 for a basic automation First Class letter, and have increased (over basic) from 0.8301 cents to 0.9850 cents for a First Class automated, 3 digit letter.

- b. Please confirm that using USPS witnesses Hatfield's, Hume's, and Daniel's methods from R97-1 for those cost avoidances, and your new methods for R2000-1 cost avoidances that: (i) the cost avoidance for a First Class automation 3 digit letter over a First Class automation basic letter has increased from 0.8301 cents to 0.9850 cents.
- c. In creating a new methodology for measuring cost avoidance for basic automation letters in this case, were you at all knowledgeable of or did you suspect the fact that under the R97-1 methodology, cost avoidance of First Class automation basic letters had increased by over 0.5 cents since the last rate case?
- d. If your answer to c. is in the affirmative, in creating your new methodology, were you at all influenced by the increase in cost avoidance noted in c.?

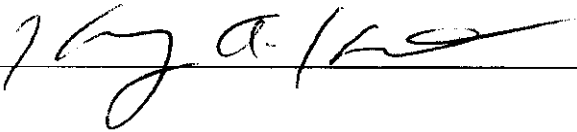
ABA&NAPM/USPS-T24-29

Please refer to the attached table, which reproduces the cost pools used for estimating unit mail processing costs in this case and in R97-1. The items in the four boxes are different categorizations as between the two cases.

- a. For each of the 42 cost pools which have identical labels as between the two rate cases, please define each one and state whether it entails exactly the same operations or work activity as between the two rate cases. If the operations are identical for both cases, and a detailed explanation of each cost pool has been provided in an existing reference, please provide that reference, or a citation to it if it is publicly available.
- b. Please define for R2000-1 cost pools 43 and 44, and state how they differ from cost pool 43 in R97-1.
- c. Please define for R2000-1 cost pools 45-52, and state how they differ from cost pool 46 in R97-1.
- d. For R97-1 cost pools 43-45, please explain why these categories do not appear in R2000-1.

Respectfully submitted,

AMERICAN BANKERS ASSOCIATION
NATIONAL ASSOCIATION OF PRESORT MAILERS

By:  _____

Henry A. Hart, Esq.
Reed Smith Shaw & McClay LLP
1301 K Street N.W.
Suite 1100 - East Tower
Washington, DC 20005
Ph: 202-414-9225
Fax: 202-414-9299

Counsel for
National Association
of Presort Mailers

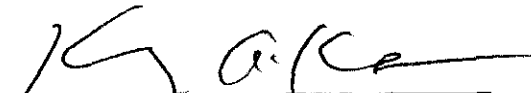
Date: March 17, 2000
Washington, D.C.

Irving D. Warden
Assoc. General Counsel
American Bankers Association
1120 Connecticut Ave., NW
Washington, DC 20036
Ph: 202-663-5035
Fax: 202-828-4548

Counsel for
American Bankers Association

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the instant document on all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.


Henry A. Hart

March 17, 2000

Exhibit A: First-Class Mail Processing Cost Summary
Calculation of Total Mail Processing Costs

First-Class Letters

	[1]	[2]	[3]	[4]
	Model Cost	Proportional Adjustment	Fixed Adjustment	Total Cost
Nonautomation presort	5.9053	1.1586	0.3573	7.1993
Automation basic presort	4.2822	1.1586	0.3573	5.3188
Automation 3-digit presort	3.6167	1.1586	0.3573	4.5477
Automation 5-digit presort	2.3038	1.1586	0.3573	3.0265
Automation carrier route presort				2.2910 <u>1/</u>

First-Class Cards

	[5]	[6]	[7]	[8]
	Model Cost	Proportional Adjustment	Fixed Adjustment	Total Cost
Nonautomation presort	4.1793	1.0869	0.1754	4.7178
Automation basic presort	3.0306	1.0869	0.1754	3.4693
Automation 3-digit presort	2.5596	1.0869	0.1754	2.9574
Automation 5-digit presort	1.6304	1.0869	0.1754	1.9475
Automation carrier route presort				0.6204 <u>2/</u>

Row 1/: Exhibit USPS-25A, page 2 of 3, row 4.

Row 2/: Exhibit USPS-25A, page 3 of 3, row 5.

Column [1]: Exhibit USPS-25A, page 2 of 3, column 5.

Column [2]: Exhibit USPS-25A, page 2 of 3, row 8.

Column [3]: Exhibit USPS-25A, page 2 of 3, row 9.

Column [4]: Column 1 * column 2 + column 3.

Column [5]: Exhibit USPS-25A, page 3 of 3, column 2.

Column [6]: Exhibit USPS-25A, page 3 of 3, row 9.

Column [7]: Exhibit USPS-25A, page 3 of 3, row 10.

Column [8]: Column 6 * column 7 + column 8.

USPS Mail Processing Cost Pools

R-2000-1			R-97-1		
Cost Pool No	Source	Cost Pool Abbreviation	Cost Pool No	Source	Cost Pool Abbreviation
1	BMCS	NMO	1	BMCs	nmo
2	BMCS	OTHR	2	BMCs	Othr
3	BMCS	PLA	3	BMCs	Pla
4	BMCS	PSM	4	BMCs	psm
5	BMCS	SPB	5	BMCs	spb
6	BMCS	SSM	6	BMCs	ssm
7	MODS	BCS/	7	mods	bcs/
8	MODS	OCR/	8	mods	ocr/
9	MODS	FSM/	9	mods	fsm/
10	MODS	LSM/	10	mods	lsm/
11	MODS	MECPARC	11	mods	mecparc
12	MODS	SPBS OTH	12	mods	spbs Oth
13	MODS	SPBSPRIO	13	mods	spbsPrio
14	MODS	1SACKS M	14	mods	1SackS_m
15	MODS	MANF	15	mods	manf
16	MODS	MANL	16	mods	manl
17	MODS	MANP	17	mods	manp
18	MODS	PRIORITY	18	mods	priority
19	MODS	LD15	19	mods	LD15
20	MODS	1BULKPR	20	mods	1Bulk pr
21	MODS	1CANCMP	21	mods	1CancMPP
22	MODS	1OPBULK	22	mods	1OPbulk
23	MODS	1OPREF	23	mods	1OPpref
24	MODS	1PLATFRM	24	mods	1Platfrm
25	MODS	1POUCHING	25	mods	1POUCHNG
26	MODS	1SACKS H	26	mods	1SackS_h
27	MODS	1SCAN	27	mods	1SCAN
28	MODS	BUSREPLY	28	mods	BusReply
29	MODS	EXPRESS	29	mods	express
30	MODS	MAILGRAM	30	mods	MAILGRAM
31	MODS	REGISTRY	31	mods	Registry
32	MODS	REWRAP	32	mods	REWRAP
33	MODS	1EEQMT	33	mods	1EEQMT
34	MODS	INTL	34	mods	INTL
35	MODS	LD41	35	mods	LD41
36	MODS	LD42	36	mods	LD42
37	MODS	LD43	37	mods	LD43
38	MODS	LD44	38	mods	LD44
39	MODS	LD48 EXP	39	mods	LD48 Exp
40	MODS	LD48 SSV	40	mods	LD48_Ssv
41	MODS	LD49	41	mods	LD49
42	MODS	LD79	42	mods	LD79
43	MODS	1SUPP F1	43	mods	1SUPPORT
44	MODS	1SUPP F4	44	mods	1MISC
45	MODS		45	mods	LD48 Oth
46	NONMODS	ALLIED	46	Non Mods	
47	NONMODS	AUTOMECH	47		
48	NONMODS	EXPRESS	48		
49	NONMODS	MANF	49		
50	NONMODS	MANL	50		
51	NONMODS	MANP	51		
52	NONMODS	MISC	52		
53	NONMODS	REGISTRY			