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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

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

Postal Rate and Fee Changes, 2000)	Docket No. R2000-1
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**AMERICAN BANKERS ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS
JOINT INTERROGATORIES TO E-STAMP WITNESS PRESCOTT
(ABA&NAPM/E-STAMP-T2-1-12)**

(June 19, 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. If the witness to whom an interrogatory is directed is unable to answer the interrogatory or produce the requested documents and another person is able to do so, the interrogatory or request should be referred to such person.

If data requested are not available in the exact format or level of detail requested, any data available in (1) substantially similar format or level of detail or (2) susceptible to being converted to the requested format and detail should be provided.

Responses to requests for explanations or the derivation of numbers should be accompanied by workpapers. The terms "workpapers" shall include all backup material whether prepared manually, mechanically or electronically, and without consideration to the type of paper used. Such workpapers should, if necessary, be prepared as part of the witness's responses and should "show what the numbers

were, what numbers were added to other numbers to achieve a final result." The witness should "prepare sufficient workpapers so that it is possible for a third party to understand how he took data from a primary source and developed that data to achieve his final results."

Docket No. R83-1, Tr. 10/2795-96.

ABA&NAPM/ E-Stamp-T2- 1. Please refer to Tables 1 and 2 of your testimony wherein you calculate cost savings for IBI First Class Letter Mail ("FCLM").

- a. Please confirm that your calculation of cost savings in your Table 1 assumes that IBI FCLM has all of the cost savings of presort automated FCLM, except for the basic presortation feature. If you cannot confirm, please explain why not.
- b. Please confirm that your calculation of cost savings in your Table 2 assumes that IBI FCLM has all of the cost savings of automated basic FCLM, except for the basic presortation feature. If you cannot confirm, please explain why not.

ABA&NAPM/ E-Stamp-T2- 2. Please confirm that IBI FCLM is delivered to the USPS collection system as single piece mail, and that non-automated presort FCLM is delivered to the USPS as bulk mail. If you cannot confirm, please explain why not.

ABA&NAPM/E-Stamp-T2- 3. Please confirm that the USPS will have to perform sorting functions to separate the IBI FCLM which it receives, from non-automated mail. If you cannot confirm, please explain why not.

ABA&NAPM/E-Stamp-T2- 4. Please confirm that in your calculation of cost savings for IBI FCLM, you have assumed the following (and in each instance if you cannot so confirm, explain why not):

- a. That the indicia on IBI FCLM will be legible.

- b. That all IBI FCLM will have been produced from authorized software and will entail no fraud or other unauthorized use of the indicia.
- c. That the USPS will not inspect IBI FCLM to assure that the envelopes are sealed.
- d. That the USPS will not inspect IBI FCLM to assure that it has not been short paid, and that it has been honestly and accurately weighed.
- e. That the USPS will not inspect IBI FCLM to assure that it is the proper size, shape and dimensions, even if the IBI FCLM has been placed on such mail by means of a label.

ABA&NAPM/ E-Stamp-T2- 5. Please confirm that IBI FCLM is not delivered to the postal service in banded and sleeved trays.

ABA&NAPM/ E-Stamp-T2- 6 Please confirm that your calculation of cost savings of IBI FCLM in your Tables 1 and 2 assumes that the value of the average degree of presortation of all presorted automated FCLM (in the case of your Table 1) and of automated basic presorted FCLM (in the case of your Table 2) is identical to the value of the presortation provided with presort non-automated FCLM. If you cannot confirm this fact, please explain why not.

ABA&NAPM/ E-Stamp-T2- 7. Assume that the USPS can receive FCLM in three possible forms: 1) barcoded but not presorted, 2) presorted but not barcoded, or 3) presorted and barcoded. If the USPS recognizes savings of one unit where it receives Category 1 mail (barcoded but not presorted), and savings of one unit where it receives Category 2 mail (presorted but not barcoded), is it not possible that the USPS would recognize savings of more than two units where it receives Category 3 mail (presorted and barcoded) due to the efficiencies in the sortation schemes which can be utilized by the USPS

when it receives such Category 3 mail? Did you consider this possibility in your cost savings measurements in your Tables 1 and 2?

ABA&NAPM/E-Stamp-T2-8. Please confirm that nowhere in LR-I-81 or in USPS witness Miller's testimony is there a cost category for the following classifications used in your testimony:

- a. "presorted automation BMM", p. 7 and p. 8, Table 1
- b. "presorted non-automation BMM", p. 7 and p. 8, Table 1
- c. "presorted BMM", p. 8, Table 1

ABA&NAPM/E-Stamp-T2-9. Please confirm that in Table 1, the calculated "cost savings for presorted automation" in line 3 is based on subtracting a 3 rate category aggregate (automation presort) from a single rate category aggregate (non-automation presort).

ABA&NAPM/E-Stamp-T2-10.

- a. Please confirm that the 3 rate category aggregate you use in Table 1 includes letters subject to 3 digit presortation and 5 digit presortation, for which USPS witness Miller estimated cost avoidance due to presortation of 0.986 cents and 1.239 cents, respectively.
- b. Please confirm in light of your answer to a. that cost savings you measure in line 3 of Table 1 do not measure the cost avoidance associated with automation alone, but include substantial savings for 3 digit and 5 digit presortation.
- c. Please confirm that the cost savings you measure in line 7 of Table 1 do not measure the cost avoidance associated with automation alone, but include substantial savings for 3 digit and 5 digit presortation.

ABA&NAPM/USPS-T2-11.

- a. Please confirm that in Table 1, you have not used any cost figure from LR-I-81 that relates to single piece mail, and

that your label single piece BMM refers to bulk entered letter mail, not single piece letters.

- b. In light of your answer to a., how can you claim in the header for line 7 that you have measured the "cost savings for single piece automation"?

ABA&NAPM/E-Stamp-T2-12. On page 9 of your testimony you state that "witness Miller's analysis must be adjusted to eliminate the cost savings related to single piece versus BMM."

- a. Please confirm that nowhere in your testimony, including Table 2, do you make such an adjustment to calculate the cost savings associated with a single piece automation letter.
- b. Please confirm that all the worksharing cost categories you use in Table 2 are for bulk entered mail, and not single piece entered mail.

Respectfully submitted,

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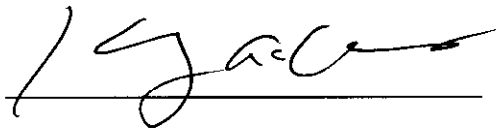
Date: June 19, 2000
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CERTIFICATE OF SERVICE

I hereby certify that I have this date caused the foregoing document to be served upon all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.

A handwritten signature in black ink, appearing to read "Hart", is written over a horizontal line.

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