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

POSTAL RATE AND FEE CHANGES **Docket No. R2001-1**

MAJOR MAILERS ASSOCIATION'S FIRST SET OF INTERROGATORIES AND DOCUMENT PRODUCTION REQUESTS TO USPS WITNESS MICHAEL W. MILLER

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 Michael W. Miller:

MMA/USPS-T22-1-24. 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: _____

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Dated: Round Hill, VA
October 17, 2001

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing discovery request upon the United States Postal Service, the Designated Officer of the Commission, and participants who requested service of all discovery documents, in compliance with the Commission's Rules of Practice.

Dated this 17th day of October 2001.

_____
Michael W. Hall

Major Mailers Association's First Set Of Interrogatories And Document Production Requests For USPS Witness Michael W. Miller

MMA/USPS-T22-1 On page iv of your Direct Testimony you indicate that in Docket R2000-1 you testified as the Postal Service's expert witness on First-Class Mail cost savings resulting from worksharing operations performed by mailers.

A. Please confirm that in Docket No. R2000-1, you testified that you did not visit any First-Class workshare mailer facilities to view first hand how mailers perform worksharing operations. If you cannot confirm, please explain.

B. Since you testified in Docket No. R2000-1, please indicate what workshare mailer facilities you have visited in order to get a better understanding of worksharing operations that First-Class mailers perform. Please provide the dates and places of such visits, what you saw, and copies of any notes that you took or handouts that were provided to you.

C. If you have observed workshare mailers' operations first hand, please confirm that, depending upon the volumes of workshared letters mailed, worksharing operations can include the following:

1. Traying the letters
    a. Unloading and distributing empty trays provided by USPS to appropriate workstations;
    b. Removing old labels and printing and inserting new labels;
    c. Sleeving the trays;
    d. Banding the trays;
    e. Preparing and applying Destination and Routing ("D&R") labels;
    f. Preparing and applying ACT tags;
    g. Postage verification; and
    h. Presorting the trays.

2. Palletizing the trays
    a. Unloading and distributing empty pallets provided by USPS to appropriate workstations;
    b. Stacking Trays onto pallets;
    c. Shrinkwrapping pallets to secure trays during transport by USPS;
    d. Labeling pallets; and
    e. Presorting the pallets

3. Loading mail onto trucks
    a. Moving pallets;
    b. Meeting USPS scheduling requirements; and
    c. Presorting the trucks with presorted pallets

If you cannot confirm, please explain.

D. If you have not observed workshare mailers' operations first hand, please confirm your understanding that, depending upon the volumes of workshared letters mailed, workshare mailers perform some or all of the following operations:

1. Traying the letters
    a. Unloading and distributing empty trays provided by USPS to appropriate workstations;
    b. Removing old labels and printing and inserting new labels;
    c. Sleeving the trays;
    d. Banding the trays;
    e. Preparing and applying D&R labels;
    f. Preparing and applying ACT tags;
    g. Postage verification; and
    h. Presorting the trays.

2. Palletizing the trays
    a. Unloading and distributing empty pallets provided by USPS to appropriate workstations;
    b. Stacking Trays onto pallets;
    c. Shrinkwrapping pallets to secure trays during transport by USPS;
    d. Labeling pallets; and
    e. Presorting the pallets

3. Loading mail onto trucks
    a. Moving pallets;
    b. Meeting USPS scheduling requirements; and
    c. Presorting the trucks with presorted pallets

If you cannot confirm, please explain.

E. Do you agree that in Docket No. R2000-1, your derivation of workshare cost savings did not include the cost savings to the USPS of the additional worksharing activities, listed in Part C of this interrogatory, that mailers perform. If you do not agree, please fully explain your answer.

F. Are you aware that First-Class workshare mailers are required to sort and load pallets of letters onto trucks, as specified by the Postal Service, so that the trucks can bypass local and intermediate postal facilities and go directly

to an airport or Hub and Spoke ("HASP") facility? Please explain your answer.

G. If you agree that mailers who comply with Postal Service requirements to presort trucks that routinely bypass local and intermediate postal facilities, would not such transportation cost savings be considered worksharing? Please explain your answer.

H. Can BMM be prepared in such a manner that the trucks carrying the mail can bypass the routes normally taken by those trucks? Please explain your answer.

MMA/USPS-T22-2

A. Please describe your understanding of what mailers must do in order to meet the USPS physical requirements so that their First-Class automation letters qualify for First-Class automation discounts. Please reference all USPS requirements in your answer and provide copies of all applicable requirements.

B. Have you ever seen a First-Class mailer's course manual explaining these USPS requirements? If not, why not?

C. Are you aware that First-Class mailers often teach Postal Service personnel about these requirements? Please explain your answer.

D. Please explain how you take into account, if at all, the worksharing procedures that First-Class mailers follow in order to make sure the design of their letters meets the requirements set out by the Postal Service in order to qualify for First-Class automation discounts.

MMA/USPS-T22-3 On page 3 of your Direct Testimony you refer to USPS-LR-J-50 as a source for wage rates. Please fill in the average clerk/mailhandler wage rates for the remaining boxes as shown in the table below. Please make corrections to the rates already provided, if necessary.

Average Clerk/Mailhandler Wage Rates
Used and Projected By the Postal Service
In Docket Nos. R2000-1 and R2001-1

Docket No.	Base Year	Fiscal Year	Average M/H Wage Rate
R2000-1	1998	1998 (Actual)	
R2000-1	1998	1999 (Projected)	
R2000-1	1998	2000 (Projected)	
R2000-1	1998	2001 (Projected)	$28.25
R2000-1	1999	1999 (Actual)	
R2000-1	1999	2000 (Projected)	
R2000-1	1999	2001 (Projected)	$28.68
R2001-1	2000	2000 (Actual)	
R2001-1	2000	2001 (Projected)	
R2001-1	2000	2002 (Projected)	
R2001-1	2000	2003 (Projected)	$30.84

MMA/USPS-T22-4 On page 5 of your Direct Testimony you discuss management plans to boost the percentage of letters that can be barcoded in the Remote Computer Read System (RCR) to 93.2% and reference the Decision Analysis Request ("DAR") entitled "Letter Recognition Enhancement Program" a redacted version of which has been filed as Library Reference USPS LR-J-62.

A. Please provide the RCR final percentage rates for the latest fiscal year available, similar to that which you provided in Docket No. R2000-1. See Docket No. R2000-1, Library Reference USPS LR-I-62, page I-41.

B. Please explain the reasons why, in FY 1999, 50% of the letters could not be read and barcoded by the RCR.

C. Please explain how the Postal Service intends to increase the percentage rate from the 69% it expects to achieve in FY 2001 to the 93.2% it expects to achieve in FY 2003.

D. Please explain the reasons why, in FY 2003, 6.8% of the letters will not be read and barcoded by the RCR.

E. Please provide copies of the following documents:

1. The 1988 Corporate Automation Plan; and
2. DARs and any other documents that discuss the six RCR enhancement programs undertaken since 1996.

F. For each fiscal year since implementation of the RCR program, please provide a table comparing the RCR percentage that the USPS expected to achieve for that period with the actual RCR percentage achieved during such period. Please provide references to appropriate source documents and copies of such documents.

MMA/USPS-T22-5 Please refer to footnote 16 on page 7 of your Direct Testimony where you indicate that cost savings due to additional automation technology may or may not be offset by increases in wage rates for processing metered letters.

A. Please describe in detail the "cases" in which you claim that increased wage rates do not appear to have offset the impact that letter recognition enhancement programs have had on the worksharing related savings.

B. Have you tested your conclusion that cost differences between prebarcoded, machine printed, and handwritten letters are likely to decrease over time? If yes, please provide the results of this analysis. If no, please explain why not?

C. Please provide separate unit mail CRA processing costs for First-Class single piece and metered mail letters for each year from FY 1998 through TY 2003.

D. Please provide separate unit mail CRA processing costs for First-Class single piece and metered mail letters, adjusted for wage rate increases, for each year from FY 1998 until TY 2003.

MMA/USPS-T22-6 On page 7 of your Direct Testimony you state that postal automation technology "could also result in worksharing related savings estimates that shrink over time, if the impact of these changes are not offset by increased wage rates."

A. Have you tested your conclusion that worksharing cost savings are likely to shrink over time? If yes, please provide the results of this analysis. If no, please explain why not?

B. In Docket No. R2000-1, in its response to Order 1289, the Postal Service provided Attachment A, page 2, which included time series unit costs in constant dollars for First-Class single piece and presort. Please confirm the following data from that table. If you cannot confirm, please provide the correct costs and explain.

Comparison of First-Class Single Piece and Presort Unit Processing and In-Office City Carrier Costs For Letter-Shaped Mail (Constant 1989 Cents)

Year	Nonpresort	Presort	Difference
1989	10.36	5.46	4.90
1990	9.71	5.36	4.35
1991	9.51	5.28	4.23
1992	8.99	5.07	3.92
1993	8.86	5.02	3.84
1994	9.09	5.01	4.08
1995	9.40	4.37	5.03
1996	9.55	3.98	5.57
1997	9.08	3.48	5.60
1998	8.66	3.45	5.21
1999	8.30	3.39	4.91

C. Please update the table shown in Part B to include FY 2000 and cost projections through TY 2003. Please provide support for your answer.

MMA/USPS-T22-7 On page 9 of your Direct Testimony you indicate why you have modified the classification of two cost pools, namely 1suppf1 and 1suppf4.

A. Please confirm that these two cost pools, when combined, cost metered letters and automation letters .4428 and .1011 cents, respectively. If you cannot confirm, please explain.

B. Please confirm that your data shows that, for these two cost pools, meter letters cost .3417 cents more than automation letters. If you cannot confirm, please explain.

C. Please explain fully why metered letters cost on average more than 1/3 of a cent more than automation letters for these two cost pools.

D. Please confirm that, in its Docket No. R2000-1 Opinion (PRC-LR-18) the Commission found that the 1suppf1 and 1suppf4 cost pools combined were found to be .2926 cents for metered letters and .1217 cents for automation letters, indicating a "fixed" difference of .1709 cents. If you cannot confirm, please explain.

E. In Library Reference USPS-LR-J-84, p. 8, your analysis is duplicated using the PRC cost methodology. Please explain why the cost pools for 1suppf1 and 1suppf4 are each zero.

MMA/USPS-T22-8 On page 10 of your Direct Testimony you describe how model-based mail processing unit costs are required when isolated CRA mail processing unit costs are unavailable.

A. Why has the Postal Service not modified its CRA system to separately obtain actual costs for the various rate categories within presorted First Class?

B. Please describe how the CRA cost pools that you have selected to constitute mail processing costs reflect the cost operations that you attempt to cost out in you model-based mail flow cost models.

C. In your development of CRA unit costs for bulk metered mail letters (page 8 of USPS-LR-J-60), please indicate which cost pools include the following operations.

1. Distributing empty trays to the appropriate workstations;
2. Removing old labels and printing and inserting new labels;
2. Sleeving trays;
3. Banding trays;
4. Labeling trays;
5. Sorting trays;
6. Distributing empty pallets to the appropriate workstations;
7. Placing trays on pallets;
8. Shrinkwrapping the pallets;
9. Labeling the pallets;
10. Sorting the pallets;
11. Transporting the pallets within an office; and
12. Loading the pallets onto trucks.

D. In your development of model-based unit costs for bulk metered mail letters (pages 15 and 16 of USPS-LR-J-60), please indicate which operations include the following operations.

1. Distributing empty trays to the appropriate workstations;
2. Removing old labels and printing and inserting new labels;
2. Sleeving trays;
3. Banding trays;
4. Labeling trays;
5. Sorting trays;
6. Distributing empty pallets to the appropriate workstations;
7. Placing trays on pallets;
8. Shrinkwrapping the pallets;
9. Labeling the pallets;
10. Sorting the pallets;

11. Transporting the pallets within an office; and
12. Loading the pallets onto trucks.

MMA/USPS-T22-9 On page 2 of your Direct Testimony you refer to Miller WP1 from Docket No. R2000-1 as your source of mail densities. On page 12 of your Direct Testimony you note that the exact same densities from Docket No. R2000-1 are used in this case.

A. Please confirm that the data in Docket No. R2000-1 was collected towards the end of FY 1999? If you cannot confirm, please explain.

B. In its endeavor to use the best and latest equipment, won't the Postal Service achieve more separations in the primary and secondary sortations as time passes? Please explain your answer.

C. Please justify your use of the same density percentages for the test year in this case on data collected for the year you indicate in Part A of this interrogatory.

MMA/USPS-T22-10 On page 17 of your Direct Testimony, you discuss the derivation of your CRA adjustment factors.

A. Please confirm that following data that are used to compute your CRA adjustment factors. If you cannot confirm, please correct the figures.

Computation of Mail Processing CRA Adjustment Factors
Costs in Cents

Rate Category	CRA W R Cost Pools	Weighted Model Cost	CRA Adjustment Factor
First Class			
Metered Letters	6.447	4.193	1.538
Nonautomation Letters	9.887	6.439	1.536
Automation Letters	2.116	2.683	0.789
Standard Mail			
Nonautomation Letters	8.155	5.436	1.500
Automation Letters	2.150	2.656	0.809

B. Please confirm that the data above indicate that actual CRA costs for First-Class metered letters are 53.8% higher than your model-based costs for First-Class metered letters. If you cannot confirm, please explain.

C. Please confirm that the data above indicate that actual CRA costs for First-Class nonautomation letters are 53.6% higher than your model-based costs for First-Class nonautomation letters. If you cannot confirm, please explain.

D. Please confirm that the data above indicate that actual CRA costs for First-Class automation letters are 21.1% lower than your model-based costs for First-Class automation letters. If you cannot confirm, please explain.

E. Please confirm that the data above indicate that actual CRA costs for Standard nonautomation letters are 50.0% higher than your model-based costs for Standard nonautomation letters. If you cannot confirm, please explain.

F. Please confirm that the data above indicate that actual CRA costs for Standard automation letters are 19.1% lower than your model-based costs for Standard automation letters. If you cannot confirm, please explain.

G. Do you believe that your mail flow cost models as designed tend to understate non-automation letter processing, and overstate automation letter processing? Please explain your answer.

MMA/USPS-T22-11 On page 17 you indicate that you derived unit worksharing related savings by rate category in the same manner as in Docket No. R2001-1.

A. Please confirm that in the last case, you did not agree that your methodology, of subtracting a rate category's unit workshare-related cost from the benchmark costs, inherently assumes that all other exogenous factors affect costs similarly, in order to isolate differences due to worksharing. If you cannot confirm, please explain.

B. Do you agree that your methodology inherently assumes that all other exogenous factors affect costs similarly in order to isolate differences due to worksharing? If you do not agree, then please explain how the exogenous factors affect your results and how you can claim that the derived cost differences, as shown on USPS-LR-J-60, page 1, represent cost differences due to worksharing.

MMA/USPS-T22-12 On page 18 of your Direct Testimony you discuss the existence of bulk metered mail ("BMM") and MODS operation 020.

A. In your study of mail densities referred to on page 52 of Library Reference USPS-LR-J-60, from where did the letters entering MODS operation 020 originate?

B. Is the MODS operation 020 considered a mail preparation operation? Please explain your answer.

C. In your development of CRA unit costs for BMM letters (page 8 of Library Reference USPS-LR-J-60), please indicate which cost pool includes MODS operation 020.

D. In your development of model-based unit costs for BMM letters (pages 15 and 16 of Library Reference USPS-LR-J-60), please indicate which operation includes the costs associated with MODS operation 020.

MMA/USPS-T22-13 On page 18 of your Direct Testimony you describe your e-mail survey to find out more about the existence of BMM.

A. Of the 96 responses that you received from offices that had an 020B operation, how many indicated that the mail entering that operation came directly from trays given to them by customers?

B. Please provide a summary of the answers provided by those offices that received BMM in trays from postal customers.

C. Of the BMM that was received in trays directly from postal customers please answer the following questions.

1. What was the average size for each mailing, i.e., the number of pieces and the number of trays?
2. How was the BMM accepted by the Postal Service, i.e., at a window, a dock, or a BMEU?
3. How did the mailers obtain the trays that were used to present the mail?

D. Please describe the various procedures employed by the Postal Service in accepting First-Class mail at a BMEU, a dock, and a window. In your answer, please indicate any limitations or restrictions upon mailers' ability to tender BMM at a BMEU, a dock, or a window.

E. Please provide copies of your email(s) to the 158 In-Plant support managers and copies of all responses, including followup or clarifying communications, if any.

F. Please identify the 158 plants to which your email survey was sent.

G. Please state how many additional plants there are in the USPS system and explain how you chose the plants to include in your survey.

MMA/USPS-T22-14 On pages 18 and 19 of your Direct Testimony, you describe how some postal sites had made agreements with local delivery units

where employees at those facilities would tray up metered mail collected at that facility. Whose employees would tray up the metered mail, postal employees or customer employees?

MMA/USPS-T22-15 On page 19 of your Direct Testimony, you state that you visited three USPS facilities and observed the operations where BMM letters were entered in full trays by business customers.

A. Please provide all notes or memoranda you produced in connection with such field observations.

B. Please indicate for each of the three facilities you visited:

1. the date of your visit;
2. the location of the facility;
2. the duration of your observations;
3. the number of business customers who entered BMM letters during your visit;
4. the total number of full trays that each business customer entered;
5. the number and weight of letters in each tray;
6. the location within the facility (e.g. window, loading dock, BMEU) where such trays were delivered to USPS representatives;
7. conversations, if any, you had with business customers who entered BMM in full trays to determine why they were not taking advantage of workshare discounts.

MMA/USPS-T22-16 On page 19 you discuss two sources of mailer supplied BMM.

A. One source appears to be mailers that, as you say, "for whatever reason, are not currently engaged in worksharing activities." You also note that "It was difficult to discern why some mailers engaged in worksharing while others did not."

1. Do you agree you do not quite understand why such mailers do not prepare their mail in such a manner as to qualify for workshare discounts, or why such mailers do not use the services of a presort bureau to reduce their postage? If you do not agree, please explain.
2. Does such mail meet the physical requirements for First-Class automation letter discounts? Please explain your answer.
3. Do you agree that the chances of such mailers being able to take advantage of presort discounts are likely to be higher today than it was, say 10 years ago? If not, please explain.

B. A second source of BMM letters is presort houses that fail to reach the Postal Service in time to enter their mail.

1. Do you agree that such mailers are likely to reduce the amount of mail that is delivered late to post offices to the extent possible? If not, please explain.
2. Does such mail meet the physical requirements for First-Class automation letter discounts? Please explain your answer.
3. Do you agree that the chances of such mailers being able to take advantage of presort discounts are likely to be higher today than it was, say 10 years ago? If not, please explain.

C. Can you think of any other likely sources of BMM? If so, please explain.

D. How much customer-trayed BMM is likely to be provided to the Postal Service for the test year in this case? Please support your answer.

MMA/USPS-T22-17 Currently there are several postal requirements that workshare mailers must meet in order to qualify for First-Class automation rates. These requirements include move update requirements, mail piece design requirements, and requirements that mailers obtain USPS approval in advance for any reply envelopes included in their outgoing mail.

A. In Docket No. R2000-1 did you include any specific credit for First-Class workshare mailers who incurred costs to comply with such USPS requirements? If yes, please quantify this credit and provide references to the applicable portion of the record. If no, please explain why not.

B. In measuring workshare cost savings in this case, what credit, if any, did you include did you include any specific credit to reflect mailers' compliance with any of these requirements? If yes, please quantify this credit and provide references to the applicable portion of the record. If no, please explain why not.

C. Please explain why each of these requirements exists and how each of these requirements saves costs for the Postal Service.

MMA/USPS-T22-18 A. Please confirm that presorted First-Class mail can only be tendered to the Postal Service at a BMEU, a dock, a Detached Mail Unit, or the mailer's own facility in the case of mail that is plant loaded. If you cannot confirm, please explain why not.

A. Do you agree that workshare mailers have no need for window service?

B. Do you agree that workshare mailers pay the same as single piece mailers for window service?

C. Do you agree that under the Postal Service's cost methodology, the cost for providing window service to First-Class mailers is approximately 1.5 cents per piece? (See Library Reference USPS-LR-J-58)

D. Please confirm that you made no adjustment to your derivation of workshare cost savings to reflect the fact the workshare mailers, by definition, do not require window service. If no, please explain.

E. What is the rationale for charging First-Class workshare letters, which make up more than 50 percent of the subclass, the full cost of the Postal Service to provide window service that it cannot and does not use?

F. Are costs incurred for the Postal Service to collect single piece First-Class letters considered volume variable by the Postal Service?

G. If your answer to Part F is yes, please provide the average unit cost for collecting First-Class single piece letters.

H. Please confirm that you made no adjustment to your derivation of workshare cost savings to reflect the fact the workshare mailers, by definition, do not incur collection costs that single piece letters do. If no, please explain.

I. Please confirm that you know that BMM is accepted in trays at windows of post offices. If no, please explain.

J. What is the rationale for charging First-Class workshare letters, which make up more than 50 percent of the subclass, the full cost of the Postal Service to collect raw mail that it cannot and does not use?

MMA/USPS-T22-19 On page 20 of your Direct Testimony, you state that in this case you have "refined" your assumption in Docket No. R2000-1 that the unit delivery cost for BMM letters would be the same as the unit delivery cost for nonautomation presort letters, even though the Commission subsequently employed that same methodology. In this case, you use machinable mixed AADC nonautomation presort letter delivery costs as a proxy for BMM delivery costs.

A. Please state what impact this change has on your derivation of workshare cost savings and provide support for your calculations.

B. Please explain why it is necessary to make this change from the Commission's methodology in the last case.

C. Why didn't the Postal Service estimate a delivery cost for BMM directly?

MMA/USPS-T22-20 Please refer to Library Reference USPS-LR-J-117 and page 7 of your Direct Testimony. In the library reference, USPS witness Schenk

found that the unit delivery cost for an average First-Class single piece letter is 6.037 cents. You estimate the unit delivery cost for metered mail is 4.016 cents. You also note that postal technology now and in the future tends to reduce cost differences that might exist between prebarcoded, machine printed and handwritten.

A. Why is the unit delivery cost for all First-Class letter-shaped single piece mail not a better proxy for metered mail?

B. What is the average weight for all single piece letter-shaped mail?

C. What is the average weight for all metered letter-shaped mail?

D. What percent of metered letters is not barcoded?

E. What percent of all First-Class single piece letters is not barcoded?

F. Please explain why the unit delivery cost for all single piece letter mail is approximately 50% higher than for metered mail?

MMA/USPS-T22-21 Please refer to the delivery costs that you obtain from Library Reference USPS-LR-J-117 in Library Reference USPS-LR-J-60, page 1 for First Class and Standard Mail, respectively.

A. Please confirm that the following table correctly shows the delivery costs that you use in your workshare cost savings analyses for First Class and Standard Mail. If you cannot confirm, please make any corrections.

Comparison of First-Class and Standard Mail Letter Delivery Costs (Cents)

Rate Category	Delivery Costs First Class	Standard	Difference FC - Std
Nonautomation Letters:			
Nonautomation Presort Letters	5.933	4.368	1.56
Nonautomation Nonmachinable Mixed ADC	8.408	5.592	2.82
Nonautomation Nonmachinable ADC	8.408	5.592	2.82
Nonautomation Machinable Mixed AADC	4.066	3.847	0.22
Nonautomation Machinable AADC	4.066	3.847	0.22
Nonautomation Nonmachinable 3-Digit	8.408	5.592	2.82
Nonautomation Nonmachinable 5-Digit	8.408	5.592	2.82
Nonautomation Machinable 3-Digit	3.937	3.795	0.14
Nonautomation Machinable 5-Digit	3.937	3.795	0.14

Comparison of First-Class and Standard Mail Letter Delivery Costs (Cents) (continued)

Rate Category	Delivery First Class	Costs Standard	Difference FC - Std
Automation Letters:			
Automation Mixed AADC Letters	4.165	3.887	0.28
Automation AADC Letters	4.016	3.827	0.19
Automation 3-Digit Presort Letters	3.980	3.812	0.17
Automation 5-Digit Presort Letters	3.795	3.738	0.06

B. Please confirm that the average weights for First-Class letters and Standard Mail letters are .47 ounces and .77 ounces, respectively. See Library Reference USPS-LR-J-58.

C. Please confirm that First-Class and Standard Mail letters are often intermixed during the delivery operation. If you cannot confirm, please explain.

D. Does the weight of a letter have any impact on the cost of processing the letter in the delivery operation? Please explain your answer.

E. Does the weight of a letter have any impact on the cost to of processing the letter in the mail processing operation? Please explain your answer.

F. Please explain how Standard letters sorted to the same degree as First-Class letters can cost so much less for the delivery operation when they weigh 64% more per piece.

MMA/USPS-T22-22 Please refer to Library Reference USPS-LR-J-60, page 8, where you show CRA costs, by cost pool, for First-Class metered mail, nonautomation letters, and automation letters.

A. Please explain each of the following cost pools and your reason for concluding that such costs are not related to worksharing.

1. MODS 12 FSM/
2. MODS 12 FSM/1000
3. MODS 13 SPBS OTH
4. MODS 13 1SACKS_M
5. MODS 14 MANF
6. MODS 17 1SACKS_H
7. MODS 17 1SCAN

8. MODS 18 BUSREPLY
9. MODS 18 REGISTRY
10. MODS 18 REWRAP
11. MODS 18 1EEQMT
12. MODS 19 INTL
13. MODS 48 LD49
14. NONMODS MISC

B. Please explain why some automation cost pools, for example MODS18 EXPRESS that you discuss in your Direct Testimony, have a positive, finite cost associated with them, when logic dictates that such costs are probably reported in error.

C. Please confirm that some workshare mailers are required by the Postal Service to sort trays onto pallets and pallets onto specific trucks. If you cannot confirm, please explain.

D. Do you agree that the density of sort for trays and pallets will affect the amount of platform operations associated with mail? Please explain your answer.

E. Please justify your decision to treat platform costs as workshare-related but fixed, in view of your answers to parts C and D.

F. Please fully explain each of the following cost pools and your reason for concluding that such costs are related to worksharing but not related to the degree of presort.

1. MODS 17 1CANCMPP
2. MODS 17 1OPBULK
3. MODS 17 OPPREF
4. MODS 17 POUCHING
5. MODS 49 LD49
6. NONMODS ALLIED

G. Please confirm that the chances of a piece of mail requiring re-wrap service is directly related to the number of times that piece is processed on postal machinery. If you cannot confirm, please explain.

MMA/USPS-T22-22 Please refer to Library Reference USPS-LR-J-60, particularly pages 8 and 15, and the attachments to this interrogatory.

A. Please provide a crosswalk between your modeled cost operation and the CRA cost pools (using the Postal Service's cost methodology) by placing an "X" in the appropriate boxes of Attachment A (USPS Costs) where the modeled cost operation represents an actual cost pool.

B. Please provide a crosswalk between your modeled cost operation and the CRA cost pools (using the Commission's cost methodology) by placing an "X" in the appropriate boxes of Attachment A (PRC Costs) where the modeled cost operation represents an actual cost pool.

MMA/USPS-T22-23 In Docket No. R2000-1, USPS witness Campbell described the Permit system as "an on-line system, which gives authorized USPS employees rapid access to advance deposit account information. The system controls advance deposit trust fund deposits, withdrawals, and daily balances for each Post Office permit account. The daily tasks the PERMIT system accomplishes are record keeping, account tracking, postage calculation, withdrawal and deposit posting, data edits, fund verification, customer assistance information searches, daily trial balance calculations and associated mail volume information development." See Docket No. R2000-1, Tr. 14/5918.

A. Please provide for the base year and the most recent 12-month period for which data are available, a list of all First-Class mailers who send more than 1 million pieces per year. Please provide this information in the same format used for Library Reference USPS LR-I-331 in Docket No. R2000-1, that is, broken down separately for 1-ounce letters, 2-ounce letters and cards.

B. Is there any other data collection system that provides volume and revenue information for First-Class mailers by individual mailer? If yes, please provide, for the base year and the most recent 12-month period for which data are available, volume and revenue information for all individual mailers that sent more than 1 million pieces per year. Please provide this information in the same format used for Library Reference USPS LR-I-331 in Docket No. R2000-1, that is, broken down separately for 1-ounce letters, 2-ounce letters and cards. If no, please explain what data collection systems are in use and what information they collect, as they relate to individual First-Class mailers.

MMA/USPS-T22-24 Please refer to Library Reference USPS-LR-J-60, particularly pages 15 and 16, and USPS witness Kingsley's testimony on pages 9 and 10. Ms. Kingley's testimony describes several factors that would make a letter non-machinable, requiring manual processing throughout the Postal mailstream.

A. Please confirm that for purposes of estimating metered mail letter costs, you assumed that 100% of the letters would not culled out or rejected by the mailed prep operation and sent directly to the RBCS for processing. If you cannot confirm, please explain.

B. Please indicate what Postal requirements, if any, regulate single piece metered letters to make sure that they are not culled out or rejected by the mail prep operation?

C. Please confirm that according to USPS witness Kingsley, the following factors can make an otherwise machinable letter non-machinable. If you cannot confirm, please explain.
   1. aspect ratio of less than 1.3 or more than 2.5;
   2. closure device;
   3. non-square corners;
   4. rigid or odd-shaped contents;
   5. stiffness;
   6. flimsiness;
   7. misplacement of address;
   8. self mailer whose folded edge not parallel to longest dimension;
   9. booklet whose spine is not the longest edge; and
   10. unreadable or improper address.

D. Why is it that the metered mail letter processing mail flow that you use to derive its unit processing cost fails to include metered mail letters that might not be machinable because any of these factors?

E. By using BMM as the benchmark from which to measure Automation cost savings, do you implicitly assume that BMM would be designed in the same manner as Automation letters, in the absence of the discount? Please explain your answer.

MMA/USPS-T22-25 Please refer to Library Reference USPS-LR-J-60, particularly pages 11 through 16. There you show the model cost derivations for QBRM and metered mail letters.

A. Please confirm that for handwritten-addressed (HAND) letters, you assume that 130 of 10,000 originating letters (1.3%) cannot be successfully barcoded by the Postal Service in the RBCS (109 pieces) or processed in the outgoing primary automation operation (20 pieces), and will require manual processing in the outgoing primary operation. If you cannot confirm, please explain. (Note that the numbers do not add up because of rounding.)

B. Please confirm that for HAND letters you assume that an additional 145 of 10,000 originating letters (1.45%) are successfully barcoded in the RBCS but are rejected from the outgoing primary automation sort. Such pieces therefore will require manual processing in the outgoing secondary operation. If you cannot confirm, please explain.

C. Please confirm that for HAND letters you assume that a total of 274 of 10,000 originating letters (2.74%) will be processed manually by the Postal Service from the originating office until it reaches the destination office. If you cannot confirm, please explain.

D. Please confirm that for metered mail letters, you assume that 41 of 10,000 originating letters (.41%) cannot be successfully barcoded by the Postal Service in the RBCS (26 pieces) or processed in the outgoing primary automation operation (16 pieces), and will require manual processing in the outgoing primary operation. If you cannot confirm, please explain. (Note that the numbers do not add up because of rounding.)

E. Please confirm that for metered mail letters you assume that an additional 113 of 10,000 originating letters (1.13%) are successfully barcoded in the RBCS but are rejected from the outgoing primary automation sort. Such pieces therefore will require manual processing in the outgoing secondary operation. If you cannot confirm, please explain.

F. Please confirm that for metered mail letters you assume that a total of 155 of 10,000 originating letters (1.55%) will be processed manually by the Postal Service from the originating office until it reaches the destination office.

G. Please confirm that QBRM letters are prebarcoded and pre-approved by the Postal Service to make sure that they are automation-compatible. If you cannot confirm, please explain.

H. Please confirm that for QBRM letters, you assume that 490 of 10,000 originating letters (4.9%) cannot be successfully processed by the Postal Service in the outgoing primary automation operation and will require manual processing in the outgoing primary operation. If you cannot confirm, please explain.

I. Please confirm that for QBRM letters, you assume that an additional 30 of 10,000 originating letters (.3%) cannot be successfully processed by the Postal Service in the outgoing secondary auto operation and will require manual processing in the outgoing secondary operation. If you cannot confirm, please explain.

J. Please confirm that for QBRM letters you assume that a total of 520 of 10,000 originating letters (5.2%) will be processed manually by the Postal Service from the originating office until it reaches the destination office.

K. Please explain why you assume that the number of QBRM letters that are processed manually throughout the Postal mailstream is almost twice the number for HAND letters, in view of the much stricter requirements that QBRM must meet.

L. Please explain why you assume that the number of QBRM letters that are processed manually throughout the Postal mailstream is more than three times the number for metered mail letters, in view of the much stricter requirements that QBRM must meet.

M. Please confirm that on page 11 of her Direct Testimony, USPS witness Kingsley states that 8.9 % of all First-Class letters are not barcoded. If you cannot confirm, please explain.

Source	Cost Pool Abbreviation	Outgoing RBCS				Outgoing Pri		Outgoing Sec		Incoming RBCS				Inc MMP		Inc SCF/Pri		5-Digit Bar Code Sort	Incoming Secondaries						
		ISS/RCR	REC	OSS	LMLM	Auto	Manual	Auto	Manual	ISS/RCR	REC	OSS	LMLM	Auto	Manual	Auto	Manual		Auto CR	Auto 3-Pass DPS	Auto 2-Pass DPS	Man Inc Sec Final at Plant	Man Inc Sec Final at DU	Box Sec Sort DPS	Box Se Sort O
MODS 11	BCS/																								
MODS 11	BCS/DBCS																								
MODS 11	OCR/																								
MODS 12	FSM/																								
MODS 12	FSM/1000																								
MODS 12	LSM/																								
MODS 13	MECPARC																								
MODS 13	SPBS OTH																								
MODS 13	SPBSPRIO																								
MODS 13	1SACKS_M																								
MODS 14	MANF																								
MODS 14	MANJ																								
MODS 14	MANP																								
MODS 14	PRIORITY																								
MODS 15	LD15																								
MODS 17	1BULK PR																								
MODS 17	1CANCMPP																								
MODS 17	1OPBULK																								
MODS 17	1OPPREF																								
MODS 17	1PLATFRM																								
MODS 17	1POUCHNG																								
MODS 17	1SACKS_H																								
MODS 17	1SCAN																								
MODS 18	BUSREPLY																								
MODS 18	EXPRESS																								
MODS 18	MAILGRAM																								
MODS 18	REGISTRY																								
MODS 18	REWRAP																								
MODS 18	1EEQMT																								
MODS 19	INTL																								
MODS 41	LD41																								
MODS 42	LD42																								
MODS 43	LD43																								
MODS 44	LD44																								
MODS 48	LD48 EXP																								
MODS 48	LD48_SSV																								
MODS 49	LD49																								
MODS 79	LD79																								
MODS 99	1SUPP_F1																								
MODS 99	1SUPP_F4																								
NON MODS	ALLIED																								
NON MODS	AUTO/MEC																								
NON MODS	EXPRESS																								
NON MODS	MANF																								
NON MODS	MANL																								
NON MODS	MANP																								
NON MODS	MISC																								
NON MODS	REGISTRY																								

Source	Cost Pool Abbreviation	Outgoing RBCS				Outgoing Pri		Outgoing Sec		Incoming RBCS				Inc MMP		Inc SCF/Pri		5-Digit Bar Code Sort	Incoming Secondaries						
		ISS/RCR	REC	OSS	LMLM	Auto	Manual	Auto	Manual	ISS/RCR	REC	OSS	LMLM	Auto	Manual	Auto	Manual		Auto CR Car Rt	Auto 3-Pass DPS	Auto 2-Pass DPS	Man Inc Sec Final at Plant	Man Inc Sec Final at DU	Box Sec Sort DPS	Box Sec Sort OT
MODS 11	BCS/																								
MODS 11	BCS/DBCS																								
MODS 11	ICR/																								
MODS 12	FSM/																								
MODS 12	FSM/1000																								
MODS 12	LSM/																								
MODS 13	MECPARC																								
MODS 13	SPBS OTH																								
MODS 13	SPBSPRIO																								
MODS 13	1SACKS_M																								
MODS 14	MANF																								
MODS 14	MANL																								
MODS 14	MANP																								
MODS 14	PRIORITY																								
MODS 15	LD15																								
MODS 17	1BULK PR																								
MODS 17	1CANCMPP																								
MODS 17	1OPBULK																								
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MODS 17	1PLATFRM																								
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MODS 17	1SCAN																								
MODS 18	BUSREPLY																								
MODS 18	EXPRESS																								
MODS 18	MAILGRAM																								
MODS 18	REGISTRY																								
MODS 18	REWRAP																								
MODS 18	1EEQMT																								
MODS 18	1MISC																								
MODS 18	1SUPPORT																								
MODS 19	INTL																								
MODS 41	LD41																								
MODS 42	LD42																								
MODS 43	LD43																								
MODS 44	LD44																								
MODS 48	LD48 EXP																								
MODS 48	LD48 OTH																								
MODS 48	LD48_ADM																								
MODS 48	LD48_SSV																								
MODS 49	LD49																								
MODS 79	LD79																								
MODS 99	1SUPP_F1																								
MODS 99	1SUPP_F4																								
NON MODS	ALLIED																								
NON MODS	AUTO/MEC																								
NON MODS	EXPRESS																								
NON MODS	MANF																								
NON MODS	MANL																								
NON MODS	MANP																								
NON MODS	MISC																								
NON MODS	REGISTRY																								