

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES

Docket No. R2001-1

**Major Mailers Association's Second Set Of Interrogatories And Document
Production Requests To USPS Witness Maura Robinson**

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 Maura Robinson:

MMA/USPS-T29-14-17. 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: 

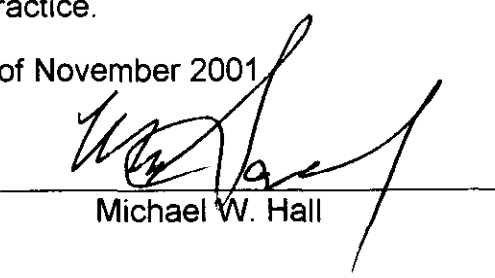
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Counsel for
Major Mailers Association

Dated: Round Hill, VA
November 14, 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 14th day of November 2001


Michael W. Hall

**Major Mailers Association's Second Set Of Interrogatories And Document
Production Requests For USPS Witness Maura Robinson**

MMA/USPS-T29-14 Please refer to your response to Interrogatory MMA/USPS-T29-1, USPS witness Miller's answer to Interrogatory MMA/USPS-T22-10, and the Commission's Docket No. R2000-1 Opinion and Recommended Decision at 242, paragraph 5095. As you know the Commission relied upon BY 99 in Docket No. R2000-1 to reduce the Automation letter rates from those proposed by the Postal Service. The only exception was for 5-digit Automation letters, where the Commission left the Postal Service's proposed rate unchanged. Please discuss your understanding of how the relationship among derived Automation cost savings changed between the Postal Service's use of BY 98 data and its use of BY 99 data.

MMA/USPS-T29-15 Please refer to your response to Part B of Interrogatory MMA/USPS-T29-2 where you maintain that the Postal Service has not, historically, predicted that the alleged cost savings that its witnesses have estimated would decrease in the future.

- A. The following is a quotation from the Commission's Opinion and Recommended Decision in Docket No. R90-1, page V-27:

[5071] With greater automation and corresponding processing cost reductions, the Service argues that the value of mailer presortation to the Postal Service is anticipated to decline. USPS-T-18 at 107. Witness Lyons states that offering further incentives to presort mailers "sends a confusing signal as it overshadows automation-related worksharing" Id. at 110. This anticipated reduced role for presorted mail is reflected in the Service's proposal to keep the presort discount at the Docket No. R84-1 and R87-1 level of four cents. Id. at 108.

If this is not a prediction of lower anticipated workshare cost savings, please explain exactly what you think that USPS witness Lyons meant by his argument that the "value of mailer presortation to the Postal Service is anticipated to decline."

- B. The following is a quotation from the USPS witness Fronk's testimony in Docket No. R2000-1 that he repeated at least two times:

"If the cost data presented in this docket are the beginning of a new cost trend indicating that the value of worksharing to the Postal Service has peaked, then the mailing community might anticipate smaller discounts in the future." See Docket No. R2000-1, USPS-T-33 at 20 and 27.

If this is not a prediction of lower anticipated workshare cost savings, please explain exactly what you think USPS witness Fronk meant by his sworn testimony that "[i]f the cost data presented in this docket are the beginning of a new cost trend indicating that the value of worksharing to the Postal Service has peaked, then the mailing community might anticipate smaller discounts in the future."

- C. The following is a quotation from the USPS witness Miller's Direct testimony in this case (at USPS-T22, page 7) where he refers to future processing technologies for processing First-Class letters and cards:

"These enhancements 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."

If this is not a prediction of lower anticipated workshare cost savings, please explain exactly what you think USPS witness Miller meant by his sworn testimony that postal 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."

MMA/USPS-T29-16 Please refer to your answer to Part A of Interrogatory MMA/USPS-T29-4 where you note that "some unknown factors" contribute to the high implicit cost coverage for workshare letters?

- A. Please explain when the Postal Service first recognized that the workshare implicit cost coverage was high and caused by these unknown factors?
- B. What, if anything, has the Postal Service done to identify the "unknown factors" that have caused the implicit cost coverage of workshare letters to be high? If the Postal Service has not done anything to identify the "unknown factors," why has it not done so.
- C. What specific plans or recommendations does the Postal Service have for mitigating the high implicit cost coverage for workshare mailers?
- D. In your response, you indicate that any further increase in the automation discounts from those you proposed would shift the revenue burdens within First-Class Mail to the detriment of single piece. You note that you did not want to propose this without a better understanding of the reasons for the high implicit cost coverage for workshare mail. Is this a correct paraphrasing of your statement? If no please explain.
- E. Please confirm that your proposed First-Class workshare mail rates (excluding fees), compared to current rates, result in an average increase of 9.3 %. If no, please explain.

- F. Please confirm that your proposed First-Class single piece rates (excluding fees), compared to current rates, result in an average increase of 7.4 %. If no, please explain.
- G. Please confirm that the implicit cost coverages (excluding fees) for First-Class single piece and workshare mail recommended by the Commission in Docket No. R2000-1 were 153 and 248 respectively. If no, please explain.
- H. Please confirm that your proposed implicit cost coverages (excluding fees) using the PRC cost methodology for First-Class single piece and workshare mail are 158 and 267, respectively.
- I. Within First Class, do your proposed First-Class rates increase, decrease, or maintain the revenue burden for workshare mail compared to single piece? Please explain your answer.
- J. Please confirm that had you proposed an average of 7.4% increase for First-Class workshare rates, as you do for single piece, the resulting implicit cost coverage for workshare mail (excluding fees) using the PRC cost methodology would be 262. If no, please explain.
- K. If you had proposed an average of 7.4% increase for First-Class workshare rates, as you do for single piece, would the workshare revenue burden within First Class increase, decrease, or remain the same. Please explain your answer.
- L. Please confirm that notwithstanding your stated concern for the high implicit cost coverage for workshare letters, you still propose to increase it further. If you cannot confirm, please explain.
- M. Please confirm that your proposed average 9.3 % average increase for First-Class workshare mail, compared to a 7.4 % average increase for single piece mail, shifts approximately \$284 million in revenue burden from First-Class single piece to workshare mail. If you cannot confirm, please explain.
- N. Please explain how your proposal to raise workshare rates 26% (9.3% / 7.4%) more than single piece rates is consistent with your stated concern, as expressed in your response to Part F of Interrogatory MMA/USPS-T29-13, "not [to] dramatically" change "the existing rate relationships" so as "to avoid unduly shifting the revenue burden among the various First-Class rate elements."

MMA/USPS-T29-17 Please refer to your response to Interrogatory MMA/USPS-T29-13 where you indicate that you do not know whether cross subsidization within First-Class of light weight flats by letters exists.

- A. Please confirm that a 2-ounce letter and a 2-ounce flat each pay the same postage. If no, please explain.
- B. Please explain *your* understanding of whether or not 2-ounce letters and flats follow separate sorting and processing operations within the Postal Service from the originating office to the destinating office. If you cannot confirm that letters and flats follow different mail processing flows, please explain
- C. Please explain *your* understanding of whether or not 2-ounce letters and flats incur the same processing costs by the Postal Service. Please note that USPS witness Smith finds that the average mail processing costs for First-Class letters and flats are 12.35 cents and 38.75 cents, respectively, as shown on worksheet "Summary (2)" of Library Reference USPS-LR-J-53. Also, please note the significantly different productivities as reported and used by USPS witness Miller in his mail simulation models for letters and flats at page 46 of Library References USPS-LR-J-60 and page 25 of Library Reference USPS-LR-J-61, respectively. If you do not conclude that the processing of flats is more costly than letters, please justify your answer.
- D. In Part A of Interrogatory MMA/USPS-T29-13, you were asked whether shape is the most important cost driver for mail weighing less than 3 ounces within First-Class ***single piece***. Please explain how, in your response to Part A, the reference to the response to OCA/USPS-2 (b), which refers to First-Class ***Automation mail***, answers the question posed to you. If you find that your original answer was incorrect, please provide a more responsive answer.
- E. Are you familiar with a study entitled "Three-In-One Pricing--Building New Value Into the Postal System" that was performed by the Postal Service and presented in Docket No. R94-1 as Library Reference G-177? If yes, please describe the conclusions and recommendations drawn by this study, explain the current status of those recommendations within the Postal Service and how, if at all, you took each of those conclusions and recommendations into account in the First-Class letter rates you are proposing in this case. If not, why not.