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POSTAL RATE AND FEE CHANGES, 2001

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: Docket No. R2001-1
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AMERICAN BANKERS ASSOCIATION AND NATIONAL ASSOCIATION OF PRESORT
MAILERS JOINT INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS
TO UNITED STATES POSTAL WITNESS MICHAEL W. MILLER (USPS T22) ABA/USPS
(T22-1-14)

(November 15, 2001)

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/USPS-T22-1. At page 10, line 3 of your Direct Testimony you state that you have reclassified cost pools "lsuppf1" and "lsuppf4" as "nonworksharing related fixed." Please see page 1 of USPS-LR-J-84 ("First-Class Mail Presort Letters Summary PRC Version") revised 11-5-01 where you calculate Workshare Related Savings for the First-Class letters automated rate categories using the PRC Version. In calculating the Worksharing Related Savings reflected in column 5 of this USPS-LR-J-84, revised 11-5-01, did you treat these two cost pools, lsuppf1 and lsuppf4, as "nonworksharing related fixed," thereby excluding them from the calculation of Worksharing Related Savings? If you did not, please explain fully. If you did exclude all or any portion of these two cost pools, please provide a revised page 1 of Library Reference USPS-LR-J-84 (First-Class Mail Presort Letters Summary PRC Version), revised 11-05-01, showing the effect of treating cost pools "lsuppf1" and "lsuppf4" as "worksharing related fixed" cost pools instead of as "nonworksharing related fixed."

ABA & NAPM/USPS-T22-2 - At page 9, line 30 through page 10, line 4 of your Direct Testimony, you state that the cost pools "lsuppf1"

and "1suppf4" relate to tasks performed in Function 1 (the accounting definition of "mail processing") and the identical tasks performed in Function 4 (the accounting definition of "customer service") respectively, and that the tasks included in these cost pools are for union activities, quality of working life programs, travel time for training or other reasons, and clerical administrative activities, and that such tasks "are not affected by whether an individual mail piece is presorted and/or prebarcoded." How then do you explain why the costs for these cost pools are .4428 cents per piece for metered letters and only .1011 cents for automated letters?

ABA & NAPM/USPS-T22-3 - Please confirm that had you used delivery unit costs of First-Class Mail Nonautomation Presort Letters as the proxy for delivery unit costs of the benchmark, Metered Letters, as both you and the Commission did in R2000-1, the Worksharing Related Savings shown in column 5 of page 1 of USPS-LR-J-60 ("First-Class Mail Presort Letters Summary"), revised 11-05-01, would have been 1.867 cents higher for each of the FCLM automation rate categories shown on such page 1, resulting in the following "Worksharing Related Savings": 6.94 cents for "Automation Mixed AADC Letters; 7.815 cents for Automation AADC Letters; 8.131 cents for Automation Three-Digit Presort Letters; and 9.268 cents for Automation Five-Digit Presort Letters." If you cannot confirm, please explain why.

ABA & NAPM/USPS-T22-4 - Please confirm that had you used delivery unit costs of First-Class Mail Nonautomation Presort Letters as the proxy for delivery unit costs of the benchmark, Metered Letters, as both you and the Commission did in R2000-1, the Worksharing Related Savings shown in column 5 of page 1 of USPS-LR-J-84 ("First-Class Mail

Presort Letters Summary PRC Version"), revised 11-05-01, would have been 1.867 cents higher for each of the FCLM automation rate categories shown on such page 1, resulting in the following "Worksharing Related Savings": 7.825 cents for "Automation Mixed AADC Letters; 8.907 cents for Automation AADC Letters; 9.27 cents for Automation Three-Digit Presort Letters; and 10.542 cents for Automation Five-Digit Presort Letters." If you cannot confirm, please explain why.

ABA & NAPM/USPS-T22-5 - Are all First-Class Metered Letters machineable? Are any First-Class Metered Letters handwritten?

ABA & NAPM/USPS-T22-6 - See Library Reference USPS-LR-J-60, page 1 ("First-Class Mail Presort Letters Summary") revised 11-05-01. At column 3 thereof you set forth "Delivery Worksharing Related Unit Costs" for various types of Nonautomated Nonmachineable First-Class letters and Nonautomated Machineable First-Class letters. Explain why the Delivery Worksharing Related Unit Costs of Nonautomated Nonmachineable First-Class letters is the same for ADC and Mixed AADC as it is for 3-Digit and 5-Digit (i.e., 8.408 cents), while such unit costs for Nonautomated Machineable First-Class Letters differ between Mixed AADC and AADC (4.066 cents) and 3-Digit and 5-Digit (3.937 cents).

ABA & NAPM/USPS-T22-7 - Is part of the volume of First-Class Bulk Metered Mail which you claim exists, Bulk Metered Mail delivered to the Postal Service from other Postal Service sites? If so, can you quantify what percentage of the volume of First-Class Bulk Metered Mail letters which you claim exists comes from mailers and presort bureaus on the one hand and from other Postal Service sites on the

other hand? Did you make any effort in the preparation of your testimony to quantify these percentages?

NAPM & NAPM/USPS-T22-8 - Major Mailer Association Interrogatory
MMA/USPS-T22-5(a) asked you to describe "in detail" the "cases" in which you claimed that increased wage rates do not appear to have offset the impact that Letter Recognition Enhancement Programs have had on Workshare Related Savings. In your November 5, 2001 response to this question, you state that, "the most obvious example is the QBRM Cost Study" Please answer the above-referenced MMA interrogatory fully by identifying each case of which you are aware that the increased wage rates do not appear to have offset the impact that Letter Recognition Enhancement Programs have had on Worksharing Related Savings

ABA & NAPM/USPS-T22-9

a) Please confirm that mail delivered in all Automated First-Class Letter Mail rate categories is required, in order to qualify for the automated rate category discounts, to be sleeved, banded and ACT tagged.

b) Please confirm that this requirement was imposed upon implementation of MC95-1 on July 1, 1996.

c) Please confirm that there is no such requirement for First-Class Bulk Metered Letters that they be sleeved, banded or ACT tagged.

ABA & NAPM/USPS-T22-10

a) Please confirm that mail delivered in all Automated First-Class Letter Mail rate categories is required, in order to qualify for the automated rate category discounts, to comply with specified Postal Service move update requirements.

b) Please confirm that First-Class Bulk Metered Letters are not required to comply with any Postal Service move update requirements. If you cannot confirm, please explain why.

ABA & NAPM/USPS-T22-11

a) Please confirm that the Postal Service itself has acknowledged that the move update program saved it more than \$1.5 Billion in forwarding and return costs in FY 98 alone (see response of United States Postal Service to Interrogatory MMA/USPS-1(j) at Tr Vol 21 pages 8897 and 8899 in R2000-1.

b) Please indicate whether the Postal Service has obtained any updates to the Price Waterhouse 1995 study on First-Class Undeliverable As Addressed ("UAA") mail, or any other studies since 1995, quantifying USPS forwarding and return costs of UAA First-Class Mail, and please produce such studies.

c) What are the most recent cost figures which the Postal Service has for the cost per piece of forwarded First-Class UAA Mail and the cost per piece of returned First-Class UAA mail?

d) What percent of First Class Automated Letters is UAA mail? What percent of First Class Metered Letters is UAA mail?

ABA & NAPM/USPS-T22-12

a) Please see the Direct Testimony of Linda Kingsley (USPS-T39) at page 4, line 22 and footnote 7) where she assumes that MLOCRs can be staffed by two clerks, with one feeding and the other sweeping its 60 stackers. Was your calculation of worksharing savings for the Automated First-Class Letter Mail rate categories affected by the assumption that MLOCRs are staffed by two clerks?

b) Please recalculate the Worksharing Related Savings set forth in column 5 of page one of Library Reference USPS-LR-J-60 ("First-Class Mail Presort Letters Summary"), revised 11-05-01, for all Automated First-Class Letter Mail rate categories, assuming that three clerks are used to staff a MLOCR. Please do the same assuming that four clerks are used to staff the MLOCR.

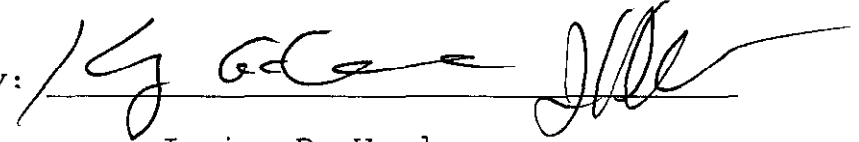
c) Please provide the same revised Worksharing Related Savings shown on Library Reference USPS-LR-J-84 ("First-Class Mail Presort Letters Summary PRC Version"), revised 11-05-01, assuming MLOCRs are staffed by three clerks, and then assuming that MLOCRs are staffed by four clerks.

ABA & NAPM/USPS-T22-13 - Your testimony relies on certain library references for unit mail processing cost pools for letters. LR-81 presents PRC version by test year and also by base year. LR-53 using the USPS methodology presents data for the test year only. Please cite where the corresponding base year unit costs for letters appears that corresponds to the LR-53 spread sheet for the test year.

ABA & NAPM/USPS-T22-14 - Do you agree, that all else being equal, cost avoidance of First Class workshare mail can be more accurately measured by use of a benchmark which is a grouping of mail which is a rate category, than by use of a grouping of mail which is not a rate category?

Respectfully submitted,

AMERICAN BANKERS ASSOCIATION
NATIONAL ASSOCIATION OF PRESORT MAILERS

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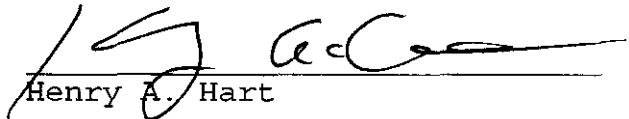
Counsel for
American Banker Association

Date: November 15, 2001

Washington, D.C.

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

November 15, 2001