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

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

Major Mailers Association's Fourth 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-T22-41-58.** 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.
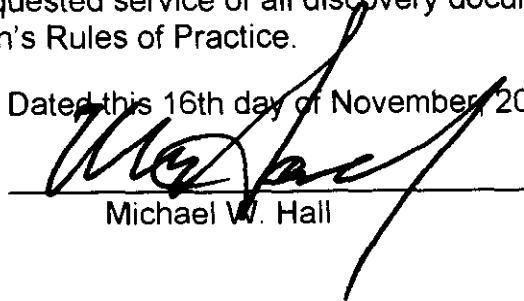
Respectfully submitted,

Major Mailers Association

By:

Michael W. Hall
34693 Bloomfield Road
Round Hill, Virginia 20141
540-554-8880

Counsel for
Major Mailers Association

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 16th day of November 2001.

Michael W. Hall

g. Postage Verification; and

h. Presorting the trays

2. **Palletizing the trays**

   a. Unloading and distributing empty pallets provided by the USPS to appropriate workstations in the mailer's facility;

   b. Stacking Trays onto pallets;

   c. Shrinkwrapping pallets to secure trays during transport by the USPS;

   d. Labeling pallets; and

   e. Presorting the pallets.

3. **Loading mail onto USPS trucks**

   a. Moving pallets;

   b. Meeting USPS scheduling requirements; and

   c. Presorting the trucks with presorted pallets.

MMA/USPS-T22-42 Please refer to your response to Interrogatory MMA/USPS-T22-2 where you indicate your understanding that workshare mailers must meet the mail preparation requirements of the DMM.

A. Please explain your understanding of the CASS certification process that automation mailers' address lists are subjected to. In your explanation, please discuss the differences, in terms of availability of automation discounts, between addresses that are:

   1. Codeable;

   2. Confirmed;

   3. Non-confirmed; and

   4. Invalid.

B. Please confirm that mailers of BMM letters do not have to undergo CASS certification prior to mailing.

C. Please explain the additional costs incurred by the Postal Service if an address on a BMM letter is:

   1. Confirmed;

   2. Non-confirmed; and

   3. Invalid.

D. Please explain your understanding of Delivery Point Validation ("DPV") and whether the Postal Service plans to make DPV a mandatory requirement in order for letters to be eligible for Automation discounts. As part of your answer, please provide copies of all USPS documents discussing whether the Postal Service plans to make DPV a mandatory requirement in order for letters to be eligible for Automation discounts and the resulting benefits for the USPS.

E. Please confirm that, in order qualify for Automation rates, the addresses must be printed such that:

   1. The spacing between each letter is 1 to 3 points wide;

   2. The height of each letter must be between 8 and 18 points;

   3. The height of an uppercase letter must be at least 8 point;

   4. The thickness of each letter must be uniform, between ¾ and 2 points wide;

   5. The font must be simple, without serifs;

   6. The space between two words must be at least 1 point;

   7. The space between two lines must be at least 2 points;

   8. The skew or slant of an address can be no more than +/- 5 degrees;

   9. No dark colored or intricate backgrounds are allowed;

   10. There must be 1/8 of clear space around the address;

   11. The address must be placed no less than ½ " from the left side;

   12. The address must be placed no more than ½ " from the right side;

13. The address must be placed no more 2 ¾ " from the bottom;

14. The address must be placed no less than 5/8" from the bottom;

15. The envelope may not be less than 3½ " high;

16. The envelope may not be more than 6 1/8 " high;

17. The envelope may not be less than 5 " wide;

18. The envelope may not be more than 11½ " wide;

19. The aspect ratio must be between 1.3 and 2.5;

20. The first bar of the barcode must start between 3½ " and 4¼ " inches from the right side;

21. The barcode clear zone must have no printing or background;

22. The barcode clear zone runs 4¾ " long and 5/8 " high from the right side.

23. The barcode must fit between 3/16 " and 7/16 "from the bottom, preferably starting from ¼ " from the bottom; and

24. The barcode must end no closer than 3/10 " from the right side;

MMA/USPS-T22-43   Please refer to your response to Part C of Interrogatory MMA/USPS-T22-8 where you indicate that postal employees do not place trays of First-Class letters and cards on pallets, label the pallets, sort the pallets and transport the pallets within an office.

A. Please explain what happens to outgoing First-Class letters after they have been sorted, placed into trays, and after the trays have been sleeved, banded, labeled and sorted, prior to the trays of letters being loaded onto trucks.

B. In your development of CRA unit costs for bulk metered mail letters (page 8 of Library Reference USPS LR-J-60), please indicate which cost pools, if any, include the costs associated with each of the operations you discuss in response to Part A to this interrogatory.

MMA/USPS-T22-44   Please refer to your response to Parts A, B, and C of Interrogatory MMA/USPS-T22-10.

A. For part A, you failed to reproduce the table as part of your response to the interrogatory and did not answer the question. The table is reproduced here. Please confirm the CRA adjustment factors. If you cannot confirm, please correct the figures, explain the reason for each such correction, and provide appropriate record citations or copies of other documents to support each correction.

Computation of Mail Processing CRA Adjustment Factors

Rate Category	CRA W R Cost Pools (Cents)	Weighted Model Cost (Cents)	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. In your response to Part B you state that the low model-derived cost estimate for BMM (4.193 cents) compared to the CRA-derived metered mail unit cost (6.447 cents) is "yet another indication that the BMM letters mail processing unit cost estimate may be overstated..." Did you consider that another explanation could be that your model-derived unit cost estimate for BMM is not very accurate? If not, why is that not a plausible explanation for why your model-derived unit cost estimate is low compared to the CRA-derived unit cost.

C. In your response to Part C you state that had the "Base Year 1998" methodology been employed by the Postal Service for estimating nonautomation and automation letters, both the CRA proportional adjustment factors would have moved closer to 1.000.

1. Please explain all the difference between the "Base Year 1998" and the "Base Year 1999" methodologies.

2. Please provide all computations that support your contention and copies of all source documents or citations to the record in this case

3. Is the Postal Service convinced that the "Base Year 1999" methodology is more accurate than the "Base Year 1998" methodology? Please explain your response.

D. In your response to Part C, you state that the "Base Year 1998" methodology may have resulted in more accurate estimates for nonautomation and automation letters. Which cost estimates are more accurate, the model-derived costs or the CRA-derived costs? Please explain your response.

E. In your response to Part C, you indicate that, if the "Base Year 1998" methodology had been used, the derived cost savings would have decreased. Please provide the computations that support this contention, appropriate citations to the record in this case, and copies of any other source documents.

MMA/USPS-T22-45   Please refer to your response to Part C of Interrogatory MMA/USPS-T22-13 where you indicate that BMM was accepted at either the BMEU or the dock.

A. Please state precisely in your cost derivations where the BMM acceptance costs are included for your:

1. CRA-derived BMM unit cost, and

2. mail flow model-derived BMM unit cost.

B. Please explain how you came to this conclusion based on the responses to your survey.

MMA/USPS-T22-46   Please refer to your response to Part A of Interrogatory MMA/USPS-T22-15 where you show that two mailers sent out 42 trays of 16,296 letters and 7 trays of 2,364 letters, respectively.

A. Please explain fully why these two mailers engaged in no worksharing and decided to pay the full First-Class rate.

B. How was postage paid on these letters?

C. Where did the Postal Service accept these letters?

D. At what time were these letters accepted?

E. Were these letters presorted?

F. Were the addresses on these letters pre-certified by CASS?

G. Did the mailer's employees or Postal Service employees unload the letters from the mailers' trucks?

MMA/USPS-T22-47   Please refer to your response to Interrogatories MMA/USPS-T22-2 and MMA/USPS-T22-16.

A. In Part A (2) of Interrogatory MMA/USPS-T22-16, you were asked if BMM met the physical requirements for First-Class automation letter discounts. You answered that BMM would not qualify because such letters are not barcoded. Please answer the question in terms of *all* of the physical attribute requirements listed in the DMM that you referred to in your response to Interrogatory MMA/USPS-T22-2. These physical attributes concern the color, weight and stiffness of the paper, letter dimensions, quality and place of the address, the need to maintain a barcode clear space, etc.

B. In part B (1) of Interrogatory MMA/USPS-T22-16, you state that, if a presort bureau had not collected BMM from local firms, the mail likely would have undergone normal collection procedures. Please explain specifically what you mean by normal collection procedures.

MMA/USPS-T22-48   Please refer to your response to Interrogatory MMA/USPS-T22-18. There you state that you have no way to determine whether workshare mailers have need for window service.

A. Please provide copies of USPS written guidelines, instructions, or rules that indicate where mailers must present their eligible First-Class automation letters. Is a window of a post office an option?

B. Please state the average test year after rates window service cost for

    1. A First-Class single piece letter, and

    2. A First-Class presorted letter.

C. For the two unit costs that you provide in response to Part B, please state the reasons, if you know, why the unit costs are different.

D. Please explain why collection costs, which you state are volume variable and are allegedly incurred by single piece but not workshare letters, are not included in your analysis of workshare cost savings. (Please do not simply refer to your response to Part J of Interrogatory MMAUSPS-T22-18, which was not responsive to that original question).

E. Why are collection cost data not available?

MMA/USPS-T22-49   Please refer to Part A of Interrogatory MMA/USPS-T22-19 where you were asked about the impact of your decision to use machinable nonautomation mixed AADC letters as a proxy for BMM in order to estimate delivery unit costs and your response thereto.

A. In part A, you were asked about how this decision impacted your derived workshare cost savings. Your response indicates that you feel it made your derived workshare cost savings more accurate. Please provide the actual data, appropriate citations to the record in this case, and copies of any other source documents that you believe support that claim.

B. Please confirm the unit delivery costs as shown in the table below. Please make any corrections, if necessary.

Comparison of Delivery Costs From Docket Nos. R2000-1 and R2001-1

First-Class Category	Delivery Unit Costs In Cents		Difference
	R00-1	R01-1	R01-1 - R00-1
Single Piece	5.362	6.037	0.675
BMM	5.479	4.066	-1.413
Nonautomation Presort Letters	5.479	5.933	0.454
Nonautomation Nonmachinable Mixed ADC		8.408	
Nonautomation Nonmachinable ADC		8.408	
Nonautomation Machinable Mixed AADC		4.066	
Nonautomation Machinable AADC		4.066	
Nonautomation Nonmachinable 3-Digit		8.408	
Nonautomation Nonmachinable 5-Digit		8.408	
Nonautomation Machinable 3-Digit		3.937	
Nonautomation Machinable 5-Digit		3.937	
Nonautomation Machinable Letters (All Presort Levels)		3.988	
Automation Mixed AADC Letters		4.165	
Automation AADC Letters		4.016	
Automation Basic Letters	4.319		
Automation 3-Digit Presort Letters	4.196	3.980	-0.216
Automation 5-Digit Presort Letters	2.966	3.795	0.829
Automation 5-Digit Presort Letters (CSBCS/Manual Sites)	6.160	6.161	0.001
Automation Carrier Route Presort Letters	6.059	6.060	0.001
Source:	USPS-LR-I-95 (rev)	USPS-LR-J-117	

C. Please confirm that had you used nonpresorted letter delivery costs as a proxy for BMM, as you did in the last case, the BMM delivery cost would have increased by 1.867 cents. If you cannot confirm, please explain.

D. Please confirm that had you used nonpresorted letter delivery costs as a proxy for BMM, as you did in the last case, your workshare cost savings would have increased by 1.867 cents for *each* automation letter category. If you cannot confirm, please explain.

E. Please confirm that the test year after rates Automation letter volume is 47.743 billion pieces. If no, please provide the correct volume figure.

F. Please confirm that your assumption concerning BMM delivery costs reduced potential workshare savings by .01867 x 47.743 billion or $891 million. If you do not agree, then please provide the correct amount, and explain the reason for such correction.

G. Please confirm that the only explanation that you provide in your Direct Testimony and Library References for changing the assumption from the last case concerning BMM delivery costs is found on page 20 of your Direct Testimony. There you state: "

> In this docket, I have refined that assumption and have assumed that delivery unit costs for BMM letters are the same as the delivery unit costs for First-Class machinable mixed AADC nonautomation presort letters".

If you cannot confirm, please provide all other record citations where you explain the rationale for your "refined" assumption.

H. In Part B of your response, you indicate that the DPS percentage for BMM is 76.35% and is virtually identical to that for nonautomation machinable mixed AADC presort letters.

1. Please confirm that, as your BMM model is constructed, if you have overstated the amount of letters processed by automation, then the very likely result would be an understatement of the true BMM unit costs. If you cannot confirm, please explain.

2. Please confirm that, as your BMM model is constructed, if you have overstated the amount of letters processed by automation, then the very likely result would be an overstatement of the DPS percentage. If you cannot confirm, please explain.

3. Please confirm that as your BMM model is constructed, if you have understated the true BMM unit cost, then the very likely result would be an overstatement of the DPS percentage. If you cannot confirm, please explain.

4. Please confirm that, as your BMM model is constructed, if you had assumed that every BMM letter was prebarcoded, then the resulting unit BMM cost increases from 4.193 cents to 4.63 cents. If you cannot confirm, please indicate by how much the unit cost increases and support your response with appropriate citations to the record in this case. If the unit cost decreases, please support your response.

5. Please confirm that, as your BMM model is constructed, if you had assumed that every BMM letter was prebarcoded, then the resulting BMM DPS percentage decreases from 76.35% to 72.97%. If you cannot confirm, please indicate by how much the DPS percentage decreases and support your response. If the DPS percentage increases, please support your response.

6. Please confirm that application of the CRA adjustment factor, which you claim compensates for the use of aggregated data (see your answer to Part J of Interrogatory MMA/USPS-T22-21), in no way relates to your model-derived DPS percentage. If you cannot confirm, please explain.

I. In your response to Part C, you state that the IOCS system does not track costs for BMM letters.

   1. Does the IOCS track costs for metered letters? If yes, please explain why you could not have used metered mail costs as you did for mail processing costs?

   2. Doesn't an assumption that potentially impacts almost a $1 billion warrant more attention that you gave it?

MMA/USPS-T22-50   Please refer to your response to Part E of Interrogatory MMA/USPS-T22-20 where you attempt to explain why the unit delivery cost for single piece letters is about 50% higher than your proxy for metered mail.

A. Please explain what you mean when you note that single piece letters must pass through Delivery Units on both the originating and destinating ends.

B. Are metered letters as likely as single piece letters to pass through Delivery Units on both the original and destinating ends? Please explain your response.

C. Please explain why, with almost a $1 billion is at stake, you did not perform an in depth study to explore the reasons that single piece letters should cost 50% more than BMM letters.

D. Did you consider using single piece letters as a proxy for estimating BMM letter costs? If not, why not? If yes, please explain why you did not do so.

E. What is the average DPS rate for First-Class single piece letters? Please provide a source and support for your response. If you do not have an estimate, what is the implied estimate based on USPS witness Schenk's delivery cost study? Please provide the source and support for your response.

MMA/USPS-T22-51 Please refer to USPS witness Schenk's response to Part E of Interrogatory MMA/USPS-T22-21 where she states that there is "no information available" as to the nature of the relationship of weight on mail processing costs.

A. In your analysis of workshare cost savings, please confirm that your model results would not have changed had you assumed that all letters were either one ounce (or less) or between one and two ounces. If you cannot confirm, please explain.

B. Please explain your opinion as to whether the relationship between weight (up to two ounces) and mail processing costs is linear or monotone. Please explain the terms "linear" and "monotone", as you understand them.

MMA/USPS-T22-52 Please refer to your response to Part A of Interrogatory MMA/USPS-T22-22. There seems to be some confusion with your original response as the CRA cost pools from the original question have been modified. For example, the cost pools for using the USPS cost methodology should not be identical to those of the PRC cost methodology. Yet your response indicates that they are identical.

A. Please review the attachments to this interrogatory and answer the question again, using the cost pools as shown separately for the USPS and PRC cost methodologies.

B. Is your original answer correct where you indicate that incoming secondary costs for "auto CR", "3-Pass DPS" and "2-Pass DPS" are reported in the

MODS 19 INTL cost pool? If yes, please explain why such costs are treated in your analysis as not related to worksharing.

C. Please confirm that the CRA cost pools using the USPS cost methodology that are reflected by the models are, in every case, cost pools that you have deemed to be workshare-related and proportional. If no, please provide a listing of cost pools that (1) are either workshare-related (fixed) or non-workshare related (fixed) but are included in the mail flow models or (2) are workshare-related proportional but are not included in the mail flow models.

D. Please confirm that the CRA cost pools using the PRC cost methodology that are reflected by the models are, in every case, cost pools that you have deemed to be workshare-related and proportional. If no, please provide a listing of cost pools that (1) are either workshare-related (fixed) or non-workshare related (fixed) but are included in the mail flow models or (2) are workshare-related proportional but are not included in the mail flow models.

MMA/USPS-T22-53   Please refer to your response to Interrogatory MMA/USPS-T22-23. There seems to be some confusion with your original response as the question asked for information about First-Class mailers and your library reference referred to QBRM recipients. Could you please answer the original question with regard to First-Class mailers, particularly First-Class workshare mailers?

MMA/USPS-T22-54 Please refer to your response to Part E of Interrogatory MMA/USPS-T22-24.

A. 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 except that they would not be prebarcoded? If no, please explain.

B. By using BMM as the benchmark from which to measure Automation cost savings, do you implicitly assume that BMM would be addressed in the same manner as Automation letters except that they would not be prebarcoded? If no, please explain.

MMA/USPS-T22-55 Please refer to your answer to MMA/USPS-T22-22, part B where you indicate that you agree with USPS witness Eggleston's testimony concerning cost pools where automation letters have a positive, finite cost associated with them, when logic dictates that such costs are probably reported in error. Please indicate which statement you agree to;

1. The costs reported in cost pools for Automation letters, such as MODS 18 EXPRESS that logically should be zero, are costs that are actually incurred by automation letters but should be reported in a different cost pool.

2. The costs reported in cost pools for Automation letters, such as MODS 18 EXPRESS that logically should be zero, are costs that are incurred by another rate category and should have been reported as such in that cost pool.

MMA/USPS-T22-56   Please refer to page 18 of your Direct Testimony where you state that the benchmark in your worksharing cost savings analysis is Bulk Metered Mail (BMM) letters. Please also refer to page 16 of USPS-LR-J-60 (Revised) where you show the mail flow for BMM letters.

A. Please confirm that as shown in your BMM mail flow model, none of the BMM letters are prebarcoded. If no, please explain.

B. Please confirm that the benchmark from which you measure workshare cost savings is a nonprebarcoded metered letter that is entered in bulk. If no, please explain.

C. Please confirm that you derive workshare cost savings not from the model-derived BMM unit cost but from the CRA-derived BMM unit cost. If no, please explain.

D. Please confirm that the CRA-derived BMM unit cost that you use includes BMM letters that are prebarcoded. If no, please explain.

E. Please explain all the circumstances in which prebarcoded CRM would be metered and mailed in bulk quantities.

F. Are BMM letters prebarcoded to the same degree as single piece metered letters? Please fully explain your answer.

G. What percent of BMM letters is prebarcoded?

H. What percent of metered mail letters is prebarcoded?

MMA/USPS-T22-57   Please refer to your response to Parts B and C of Interrogatory MMA/USPS-T22-27. Why did USPS witness Schenk use data that implied that 13% and 33% of workshare and single piece letters, respectively, were addressed to post office boxes, yet the data you relied upon from Docket No. MC95-1 indicates that only 8.9% of workshare letters and 8.9% of single piece bulk metered letters were addressed to post office boxes.

MMA/USPS-T22-58   Please refer to your response to Part D of Interrogatory MMA/USPS-T22-29. As part of the question, you were specifically asked which cost pools would include the costs incurred when BMM was entered *at a USPS window for acceptance and verification*. Your response referred to cost pools when BMM is entered *at a dock or BMEU*. Please answer the question originally posed to you by stating which cost pool includes the costs associated with having the USPS personnel accept and verify First-Class bulk metered mail when such mail is delivered to *a USPS window*. As part of your response, please provide appropriate citations to the record in this proceeding or copies of documents that describe the cost pools affected by acceptance and verification of BMM at a window.

Cost Pool No	Source	Cost Pool Abbreviation	Outgoing RBCS				Outgoing Pri		Outgoing Sec		Incoming RBCS				Inc MMP		Inc SCF/Pri		5-Digit Bar Code Sort	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 Sort C
			ISS/RCR	REC	OSS	LMLM	Auto	Manual	Auto	Manual	ISS/RCR	REC	OSS	LMLM	Auto	Manual	Auto	Manual								
1	BMCS	1NMO																								
2	BMCS	OTHR																								
3	BMCS	PLA																								
4	BMCS	PSM																								
5	BMCS	SPB																								
6	BMCS	SSM																								
7	MODS 11	BCS/																								
8	MODS 11	BCS/DBCS																								
9	MODS 11	OCR/																								
10	MODS 12	FSM/																								
11	MODS 12	FSM/1000																								
12	MODS 12	LSM/																								
13	MODS 13	MECPARC																								
14	MODS 13	SPBS OTH																								
15	MODS 13	SPBSPRIO																								
16	MODS 13	1SACKS_M																								
17	MODS 14	MANF																								
18	MODS 14	MANL																								
19	MODS 14	MANP																								
20	MODS 14	PRIORITY																								
21	MODS 15	LD15																								
22	MODS 17	1BULK PR																								
23	MODS 17	1CANCMPP																								
24	MODS 17	1OPBULK																								
25	MODS 17	1OPPREF																								
26	MODS 17	1PLATFRM																								
27	MODS 17	1POUCHNG																								
28	MODS 17	1SACKS_H																								
29	MODS 17	1SCAN																								
30	MODS 18	BUSREPLY																								
31	MODS 18	EXPRESS																								
32	MODS 18	MAILGRAM																								
33	MODS 18	REGISTRY																								
34	MODS 18	REWRAP																								
35	MODS 18	1EEQMT																								
36	MODS 18	1MISC																								
37	MODS 18	1SUPPORT																								
38	MODS 19	INTL																								
39	MODS 41	LD41																								
40	MODS 42	LD42																								
41	MODS 43	LD43																								
42	MODS 44	LD44																								
43	MODS 48	LD48 EXP																								
44	MODS 48	LD48 OTH																								
45	MODS 48	LD48_ADM																								
46	MODS 48	LD48_SSV																								
47	MODS 49	LD49																								
48	MODS 79	LD79																								
49	MODS 99	1SUPP_F1																								
50	MODS 99	1SUPP_F4																								
51	NON MODS	ALLIED																								
52	NON MODS	AUTO/MEC																								
53	NON MODS	EXPRESS																								
54	NON MODS	MANF																								
55	NON MODS	MANL																								
56	NON MODS	MANP																								
57	NON MODS	MISC																								
58	NON MODS	REGISTRY																								