### OFFICE OF THE SECRETARY POSTAL RATE COMMISSION WASHINGTON, D.C. 20268-0001

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POSTAL RATE OR MUSELD : OFFICE OF THE SECHEDARY

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

## AMERICAN BANKERS ASSOCIATION AND NATIONAL ASSOCIATION OF PRESORT MAILERS JOINT INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL WITNESS LESLIE M. SCHENK(USPS T43) ABA& NAPM/USPS (T43-13-41)

(November 26, 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-T43-13:

Please refer to your USPS LR-J-58, Excel file, LR58ASP.xls, Worksheet titled "SP all (by function)" for "First-Class Single-Piece All Shapes Test Year Unit Costs by Function."

- a. Please confirm that the marginal cost weight ounce difference for the range "1 to 2" is \$0.273.
- b. Please provide marginal cost difference for the entire extra ounce increment for all ranges in your table.

# ABA&NAPM/USPS-T43-14:

Please refer to your USPS LR-J-58, Excel file, LR58ASP.xls, Worksheet titled "SP all (by function)" for "First-Class Single-Piece All Shapes Test Year Unit Costs by Function."

- a. Please confirm that the unit mail processing cost is rising from 12.155 cents to 44.118 cents between the ranges "0 to 1" and "3 to 5".
- b. Please confirm that unit cost mail processing cost drops to 30.585 cents in the range "5 to 7".
- c. Please explain what factors contribute to such a erratic results in mail processing costs in the range "5 to 7" as compared to preceding ranges.

# ABA&NAPM/USPS-T43-15:

Please refer to your USPS LR-J-58, Excel file, LR58ASP.xls, Worksheet titled "SP all (by function)" for "First-Class Single-Piece All Shapes Test Year Unit Costs by Function."

- a. Please confirm that unit mail processing costs are 12.155 cents and 32.779 cents for the ranges "0 to 1" and "1 to 2" respectively.
- b. Please explain in detail and provide all supporting documents regarding the factors contributing to unit mail processing cost for the "1 to 2" range to be 2.7 times (32.779/12.155) larger as compared to the "0 to 1" range.

# ABA&NAPM/USPS-T43-16:

Please refer to your USPS LR-J-58, Excel file, LR58ASP.xls, Worksheet titled "SP all (by function)" for "First-Class Single-Piece All Shapes Test Year Unit Costs by Function" and Excel file, LR58AREG.xls, Worksheet titled "3CREG all (by function)" for "Standard Mail Reg. All Shapes Test Year Unit Costs by Function."

- a. Please confirm that unit mail processing costs are 12.155 cents and 32.779 cents for ranges "0 to 1" and "1 to 2" for First-Class and are 5.9 and 8.7 for the Standard Mail.
- b. Please explain what factors contribute the unit mail processing cost of First-Class mail in the "1 to 2" range to being 2.7 times larger (32.779/12.155) than its "0 to 1" range

whereas the unit mail processing cost of the Standard mail in the "1 to 2" range to being only 1.5 times (8.7/5.9) larger than its "0 to 1" range.

c. Please explain in detail what factors contribute to the unit mail processing cost in the "1 to 2" range for the first-class mail to being 3.8 times (32.779/8.7) larger than that of unit mail processing cost in the "1 to 2" range for the standard mail.

# ABA&NAPM/USPS-T43-17:

Please refer to your USPS LR-J-58, Excel file, LR58ASP.xls, Worksheet titled "SP all (by function)" for "First-Class Single-Piece All Shapes Test Year Unit Costs by Function" and Excel file, LR58AREG.xls, Worksheet titled "3CREG all (by function)" for "Standard Mail Reg. All Shapes Test Year Unit Costs by Function."

- a. Please refer to charts you have provided in these worksheets. Explain what factors are responsible for the graph for the unit mail processing cost for First-Class mail being erratic whereas for the standard mail to be smoother and upward sloping.
- b. Please provide all the Tallies (sample sizes) and the corresponding CVs (Coefficient of Variations) for all the ranges in your tables for these worksheets.

# ABA&NAPM/USPS-T43-18:

Please refer to your USPS LR-J-58, Excel file, LR58ASP.xls, Worksheet titled, "SP Letters (by function)" for "First-Class Single-Piece Letters Test Year Unit Costs by Function" and Excel file, LR58PRE.xls, Worksheet titled, "Pre Letters (by function)" for "First-Class Presort Letters Test Year Unit Costs by Function"

- a. Please confirm that unit mail processing cost for the "5 to 7" range for the First-Class Single-Piece is 26.465 cents and for the First-Class Presort Letters is 570.431 cents.
- b. Please explain why presort mail should cost 21.6 times (570.431/26.465) more to process in the "5 to 7" range as compared to First-class mail letters in the same range.

# ABA&NAPM/USPS-T43-19:

Please refer to your USPS LR-J-58, Excel file, LR58ASP.xls, Worksheet titled, "SP Letters (by function)" for "First-Class Single-Piece Letters Test Year Unit Costs by Function" and Excel file, LR58PRE.xls, Worksheet titled, "Pre Letters (by function)" for "First-Class Presort Letters Test Year Unit Costs by Function"

- a. Please confirm that unit mail processing cost for the "7 to 9" range for the First-Class Single-Piece Letters is 58.689 cents and for the First-Class Presort Letters is 1725.835 cents.
- b. Please explain why presort mail should cost 29.4 times (1725.835/58.689) more to process in this range compared to First-class single-piece mail letters. If these values are wrong, please provide the correct values.

## ABA&NAPM/USPS-T43-20:

Please refer to your USPS LR-J-58, Excel file, LR58PRE.xls, Worksheet titled, "Pre Letters (by function)" for "First-Class Presort Letters Test Year Unit Costs by Function"

- a. Please confirm that unit mail processing cost for the "7 to 9" and "over 9" ranges for the First-Class Presort Letters is 1725.835 cents and 8.258 cents respectively.
- b. Please explain why presort mail should cost 209 times (1725.835/8.258) more to process in "7 to 9" range as compared to "over 9" range. If these values are wrong, please provide the correct values.

## ABA&NAPM/USPS-T43-21:

Please refer to your USPS LR-J-58, Excel file, LR58ASP.xls, Worksheet titled, "SP Letters (by function)" for "First-Class Single-Piece Letters Test Year Unit Costs by Function" and Excel file, LR58PRE.xls, Worksheet titled, "Pre Letters (by function)" for "First-Class Presort Letters Test Year Unit Costs by Function"

a. Please confirm the following values are correct for "Marginal Cost Difference" reported in your worksheets:

	1 to 2	2 to 3	3 to 5	5 to 7	7 to 9	over 9
First-Class Single-Piece All Shapes \$0.236	\$0.273	\$0.072	\$0.133	\$(0.080)		\$0.160
First-Class Single-Piece Letters \$0.378	\$0.201	\$0.212	\$0.220	\$(0.183)		\$0.542
Ratio (Letters/All Shapes)	1.4x	2.9x	1.7x	2.3x	3.4x	1.6x
First-Class Presort All Shapes (\$0.085)	\$0.179	\$0.066	\$0.230	(\$0.009)		(\$0.003)
First-Class Presort Letters (\$14.104)	\$0.160	\$0.139	\$0.413	\$6.635	\$11.13	0
Ratio (Letters/All Shapes)	1.1x	2.1x	1.8x	737.2x	3710x	165.9x

- b. Please explain why for the "2 to 3" to "over 9" ranges the marginal cost difference as you have calculated is many times larger for First-Class single-piece letters as compared to First-Class single-piece all shapes. If these differences are due to wrong values in these worksheets please provide the revised worksheets. If the differences are due to the sampling procedure, please explain in detail and provide all the supporting documents as to how sampling has contributed to this problem and why this problem (which was also prevalent in the R2000-1 rate case) was not resolved.
- c. Please explain why for the "2 to 3" to "over 9" ranges the marginal cost difference as you have calculated is many times larger for FC presort letters as compared to FC single-piece all shapes. If these differences are due to wrong values in these worksheets please provide the revised worksheets. If the differences are due to the sampling procedure, please explain in detail and provide all the supporting documents as to how sampling has contributed to this problem and why this problem, which was also prevalent in the R2000-1 rate case, was not resolved.

- d. Please explain why the marginal cost difference for the FC single-piece all shapes in the "2 to 3" ounce range compared to "1 to 2" ounce range is 3.8 times (.273/0.073) lower whereas for the FC single piece letters it in fact rises from \$0.201 to \$0.212. If these differences are due to wrong values in these worksheets please provide the revised worksheets. If the differences are due to the sampling procedure, please explain in detail and provide all the supporting documents as to how sampling has contributed to this problem and why this problem, which was also prevalent in the R2000-1 rate case, was not resolved.
- e. Please explain why the marginal cost difference for the FC presort letters in the "7 to 9" ounce range is \$11.130 compared to only \$0.542 for the FC Single Piece letters. If these differences are due to wrong values in these worksheets please provide the revised worksheets. If the differences are due to the sampling procedure, please explain in detail and provide all the supporting documents as to how sampling has contributed to this problem and why this problem, which was also prevalent in the R2000-1 rate case, was not resolved.

## ABA&NAPM/USPS-T43-22:

Please refer to your USPS LR-J-58, Excel file, LR58ASP.xls, worksheet titled, "SP Letters (by function) for "First-Class Single-Piece Letters Test Year Unit Costs by Function" and Excel file LR58AREG.xls, worksheet titled, "3CREG Letters" for "Standard Mail Reg. Letters Test Year Unit Costs by Function."

- a. Please confirm that the marginal cost difference reported in these worksheets for "1 to 2" range for FCM is \$0.201 and for the Standard mail is \$0.003.
- b. Please explain what factors contribute to the marginal cost difference for the FCM in the "1 to 2" range to be 67 times (.201/003) larger than the one for the standard mail.

#### ABA&NAPM/USPS-T43-23:

Please refer to your USPS LR-J-58, Excel file, LR58ASP.xls, worksheet titled, "SP Letters (by function) for "First-Class Single-Piece Letters Test Year Unit Costs by Function" and Excel file LR58AREG.xls, worksheet titled, "3CREG Letters" for "Standard Mail Reg. Letters Test Year Unit Costs by Function."

a. Please confirm the following values for the "Other" unit costs are correct (cents): 0 to 1 1 to 2 2 to 3

Other:			
First-Class Single-Piece	0.482	1.616	2.833
Standard Mail	0.068	0.163	0.307
Ratio (FC/Std)	7.0X	9.9X	9.2X

- b. Please explain in detail what are the "Other" unit costs.
- c. Please explain what factors contribute to the "Other" unit costs for the First Class letters to be 7 to 10 times larger than standard mail letters.

## ABA&NAPM/USPS-T43-24:

Please refer to your USPS LR-J-58, Excel file, LR58ASP.xls, worksheet titled, "SP Letters (by function) for "First-Class Single-Piece Letters Test Year Unit Costs by Function" and Excel file LR58AREG.xls, worksheet titled, "3CREG Letters" for "Standard Mail Reg. Letters Test Year Unit Costs by Function."

a. Please confirm the following values for the mail processing costs are correct (cents):

	0 to 1	1 to 2	2 to 3
Mail Processing:			
First-Class Single-Piece	11.508	24.674	40.169
Standard Mail	4.975	4.632	6.378
Ratio (FC/Std)	2.3X	5.3X	6.3X

- b. Please explain in detail why the mail processing unit costs for the FC mail letters are almost doubling across weight increments whereas for the standard mail letters they are almost constant.
- c. Please explain in detail why the mail processing unit costs for the FC mail to be 2 to 6 times larger than that of standard mail letters for the above ranges.

## ABA&NAPM/USPS-T43-25:

Please refer to your USPS LR-J-58, Excel file, LR58ASP.xls, worksheet titled, "SP Letters (by function) for "First-Class Single-Piece Letters Test Year Unit Costs by Function" and Excel file LR58AREG.xls, worksheet titled, "3CREG Letters" for "Standard Mail Reg. Letters Test Year Unit Costs by Function."

a. Please confirm the following values for the sum of the "City Delivery in-Office," "City Delivery Street," "Vehicle Service," Rural Delivery," and "Transportation" are correct (cents):

0 to 1	1 to 2	2 to 3
6.386	12.193	16.953
	91%	39%
4.000	4.597	6.381
	15%	39%
1.6X	2.7X	2.7X
	0 to 1 6.386 4.000 1.6X	0 to 1 1 to 2 6.386 12.193 91% 4.000 4.597 15% 1.6X 2.7X

b. Please explain in detail why delivery unit costs across the above weight increments are several times larger for FC mail as compared to Standard mail.

c. Please explain in detail why delivery unit cost as given above rises by 91% between "0 to 1" and "1 to 2" ounce ranges for FC mail as compared to only 15% for the standard mail.

# ABA/NAPM/USPS-T43-26:

Please refer to your R2001-1, LR-J-58, Table, "First-Class Single-Piece Letters Test Year Unit Costs by Function" and the corresponding table in R2000-1, LR-I-91.

a. Please confirm that the figures in the follow	ving table are	correct:	
	R2001-1	R2000-1	%Change
City Delivery In-Office Total Unit Cost (cents)	3.6	2.9	24.1%
Overall Unit Cost (\$)	0.211	0.204	3.4%

b. Please explain in detail what changes might have occurred between these two rate cases that justify 24% increase in the "City Delivery In-Office Total Unit Cost" given the overall unit cost increase of only 3.4%.

# ABA/NAPM/USPS-T43-27:

Please refer to your R2001-1, LR-J-58, Table, "First-Class Single-Piece Letters Test Year Unit Costs by Function" and the corresponding table in R2000-1, LR-I-91.

a. Please confirm that the total unit costs (\$) across weight increments given in the following table are correct:

	<u>0 to 1</u>	<u>1 to 2</u>	<u>2 to 3</u>	<u>3 to 5</u>	<u>5 to 7</u>	<u>7 to 9</u>	over 9	<u>Overall</u>
R2001-1	0.199	0.400	0.612	0.832	0.649	1.191	1.570	0.211
R2000-1	0.195	0.330	0.476	0.707	0.812	0.900	1.041	0.204
% Change	2.1%	21.2%	28.6%	17.7%	-20.1	32.3%	50.8%	3.4%

- b. Please explain in detail what changes might have occurred between these two rate cases resulting in the unit cost for the 1 to 2 oz. range in R2001-1 to be 21.2 % higher than that in R2000-1 rate case compared to overall rise of only 3.4%.
- c. Please explain in detail what changes might have occurred between these two rate cases resulting in the unit cost for the 2 to 3 oz. range in R2001-1 to be 28.6 % higher than that for R2000-1 as compared to overall rise of only 3.4%.
- d. Please explain in detail what changes might have occurred between these two rate cases resulting in the unit cost for the 4 to 5 oz. range in R2001-1 to be 17.7% higher than that for R2000-1 as compared to overall rise of only 3.4%.
- e. Please explain in detail what changes might have occurred between these two rate cases resulting in the unit cost for the 7 to 9 oz. range in R2001-1 to be 32.3% higher than that for R2000-1 as compared to overall rise of only 3.4%.
- f. Please explain in detail what changes might have occurred between these two rate cases resulting in the unit cost for the over 9 oz. range in R2001-1 to be 50.8% higher than that for R2000-1 as compared to overall rise of only 3.4%.

f. Please explain in detail what changes might have occurred between these two rate cases resulting in the unit cost for the 5 to 7 oz. range in R2001-1 to drop by 20.1% as compared to R2001-1.

## ABA/NAPM/USPS-T43-28:

Please refer to your R2001-1, LR-J-58, Table, "First-Class Presort Letters Test Year Unit Costs by Function" and the corresponding table in R2000-1, LR-I-91.

a. Please confirm that the total unit costs (\$) across weight increments given in the following table are correct:

	<u>0 to 1</u>	<u>1 to 2</u>	<u>2 to 3</u>	<u>3 to 5</u>	<u>5 to 7</u>	<u>7 to 9</u>	over 9	<u>Overall</u>
R2001-1	0.094	0.253	0.392	0.805	7.44	18.571	4.467	0.099
R2000-1	0.098	0.249	0.383	0.908	1.47	3.797	5.212	0.103
% Change	-4.1%	1.6%	2.3%	-11.3%	406%	389%	-14.3%	-3.9%

- b. Please explain in detail why the total unit cost in the weight increments of "5 to 7" and "7 to 9" are essentially 4 times larger in R2001-1 compared to the R2000-1 rate case.
- c. Please explain in detail for the R2001-1 rate case what additional tasks are performed on the First-Class Presort Letter mail in "5 to 7" oz. range costing \$7.44 as compared to only \$0.805 for the "3 to 5" oz. range, a difference of more than 9 times (\$7.44/\$0.805). Whereas, in the R2000-1 rate case the corresponding rise was only 1.6 times (\$1.47/\$0.908) between these two oz. ranges.

# ABA/NAPM/USPS-T43-29:

Please refer to your R2001-1, LR-J-58, tables, "First-Class Presort Letters Test Year Unit Costs by Function" and the "Standard Mail Reg. Letters Test Year Unit Costs by Function" and the corresponding tables in R2000-1, LR-I-91.

a. Please confirm that the total unit costs (\$) across weight increments given in the following table are correct:

-	First-C	lass Pro	esort Le	etters	Std. Mail Reg. Letters				
	<u>0 to 1</u>	<u>1 to 2</u>	<u>2 to 3</u>	<u>Overall</u>	<u>0 to 1</u>	<u>1 to 2</u>	<u>2 to 3</u>	<u>Overall</u>	
R2001-1	0 094	0.253	0 392	0 099	0.092	0.095	0.132	0.096	
R2000-1	0.098	0.249	0.383	0.103	0.107	0.111	0.146	0.113	
% Change	-4.1%	1.6%	2.3%	-3.9%	-14%	-14.4%	-9.6	-15%	

b. Please explain in detail what changes might have occurred between these two rate cases regarding the operations performed by the USPS on the Standard Mail Regular Letters and the First-Class Presort Letters resulting in the total unit costs across the weight increments and the overall to drop significantly for the former while dropping by a smaller percentage or even rising for the latter.

## ABA/NAPM/USPS-T43-30:

Please refer to your R2001-1, LR-J-58, tables, "First-Class Presort Letters Test Year Unit Costs by Functions" and "First-Class Presort Flats Test Year Unit Costs by Functions."

a. Please confirm that the unit costs (in cents) in the following table for the weight increment "2 to 3" oz. range are correct:

	FC Presort Letters	FC Presort Flat	%Difference (Letters over Flats)
Mail Processing	22.072	16.864	31%
City Delivery In-Office	6.758	5.088	33%
City Delivery Street	5.075	1.988	155%
Total Unit Cost in cents	39.231	29.774	32%

- b. Please confirm that the total unit cost across all weight increments for the First-Class Presort Letters is 9.859 cents and for the First-Class Presort Flats is 43.038 cents.
- c. Please explain in detail why then the FC Presort Letters unit costs for the above categories are significantly larger than those of FC Presort Flats in this weight increment ounce range despite that its overall unit cost being less than 1/4<sup>th</sup> (9.859ents/43.038cents) of FC Presort Flats. If these values are wrong, please provide the revised table for the "First Class Presort Letters Test Year Unit Costs."

## ABA&NAPM/USPS-T43-31:

Please refer to your R2001-1, LR-J-58, tables, "First-Class Presort Letters Test Year Unit Costs by Function" and "Standard Mail Reg. Letters Test Year Unit Costs by Function."

a. Please confirm the following values for the sum of the "City Delivery in-Office," "City Delivery Street," "Vehicle Service," Rural Delivery," and "Transportation" are correct (cents):

0 to 1	1 to 2	2 to 3
4.783	10.311	16.148
	116%	57%
4.000	4.597	6.381
	15%	39%
1.2X	2.2X	2.5X
	0 to 1 4.783 4.000 1.2X	0 to 1 1 to 2 4.783 10.311 116% 4.000 4.597 15% 1.2X 2.2X

- b. Please explain in detail why delivery unit costs across the above weight increments are several times larger for First-Class Presort Letters as compared to Standard regular mail letters.
- c. Please explain in detail why delivery unit cost as given above rises by 116% between "0 to 1" and "1 to 2" ounce ranges for FC presort letters mail as compared to only 15% for the Standard regular mail letters.
- d. Please explain in detail why delivery unit cost as given above rises by 57% between "1 to 2" and "2 to 3" ounce ranges for FC presort letters mail as compared to only 39% for the Standard regular mail letters.

## ABA&NAPM/USPS-T43-32:

Please refer to your R2001-1, LR-J-58, tables, "First-Class Presort Letters Test Year Unit Costs by Function" and "Standard Mail Reg. Letters Test Year Unit Costs by Function."

a. Please confirm the values for the total unit cost for the following weight increments are correct (cents):

	0 to 1	1 to 2	2 to 3
First-Class Presort Letters	9.361	25.329	39.231
% Change		171%	55%
Standard Mail Letters	9.186	9.533	13.201
% Change		4%	38%
Ratio (FC/Std)	1.02X	2.66X	2.97X

- b. Please explain in detail why total unit costs in the "1 to 2" and "2 to 3" ranges are several times larger for First-Class Presort Letters as compared to Standard regular mail letters.
- c. Please explain in detail why total unit costs rises by 171% between "0 to 1" and "1 to 2" ounce ranges for FC presort letters mail as compared to only 4% for the Standard regular mail letters.
- d. Please explain in detail why total unit costs rises by 55% between "0 to 1" and "1 to 2" ounce ranges for FC presort letters as compared to only 38% for the Standard regular mail letters

**ABA&NAPM/USPS-T43-33** In the library Reference you sponsor, USPS-LR-J-117, under Section II. Organization, page 4, you state the underlying city carrier in-office cost data is estimated in "a similar manner" to the last rate case.

- a. Is it estimated in an identical manner, or not?
- b. If your answer to a. is other than an unequivocal "Yes.", please explain all differences.

ABA&NAPM/USPS-T43-34 Between the base year from the last rate case (BY98) and the base year for this rate case (BY2000), the history indicates that total unit delivery costs have fallen by a greater percentage for Standard A Regular workshared letter mail than for First Class workshared letter mail. Specifically, for automation 3D letters, for FCM workshared, it has dropped by 14% from 4.05 cents to 3.48 cents, while for Standard A Regular workshared, it has dropped from 4.22 cents to 3.33 cents, a 21% drop. For automation 5D letters, total unit delivery costs have dropped by 15% for FCM workshared letters but also by 21% for Standard A Regular letters.

- a. By detailed city and rural carrier cost segment, please explain how and why such costs have dropped more for Standard A Regular than for FCM workshared.
- b. Please list all cost cutting efforts that would explain both reductions in unit costs, and explain why any such efforts would produce greater cost savings for Standard A Regular than FCM workshared.
- c. In dollar amounts, how much effort between this rate case and the last one was devoted to cutting delivery costs for Standard A Regular versus FCM workshared letter mail?

**ABA&NAPM/USPS-T43-35** For your base year and test year summary tables in USPS-LR-J-117, please present the following rows of data for all column costs:

- a. non-automation presort letters for FCM letters, as defined in USPS witness Daniel's corresponding table from the last rate case;
- b. basic automation FCM letters, as defined in USPS witness Daniel's corresponding table from the last rate case.

ABA&NAPM/USPS-T43-36 Your summary unit delivery cost tables for FCM and Standard differ from USPS witness Daniel's in having city carrier unit cost and rural carrier unit cost columns. Yet, the new methodology was completed for the last rate case and discussed at length in USPS LR-I-173 in that case. Please provide if possible the same two columns of data referenced above for BY98 and TY2000 for cost dynamics comparison purposes.

ABA&NAPM/USPS-T43-37 The following questions pertain to a comparison of test year unit costs for c.s. 6.1, city carrier in office direct labor, and 6.2, city carrier in office support, for TY2003 in this case compared to TY2001 from R2000-1 (see for your convenience the attached summary spread sheet comparing the LR-I-95 figures from R2000-1 and the LR-J-117 figures from R2001-1).

- a. Why are these 6.1 unit costs going up for FCM single piece (31.1% increase) and workshared (15.5% for 3D; 14.2% for 5D) while they are going down for Standard A Regular (-5.4% for 3D; -5.9% for 5D)? Please list all factors explaining the differences, or if in error, please provide the correct figures.
- b. Why would in office support costs drop by a greater percentage for Standard A Regular letters (-18.7% for 3D; -19.1% for 5D) between the two test years than for FCM workshared letters (-12.4% for 3D; -13.4% for 5D)? Please list all factors explaining the differences, or if in error, please provide the correct figures.

ABA&NAPM/USPS-T43-38 The following question pertain to a comparison of test year unit costs for c.s. 7.1, city route costs for TY2003 in this case compared to TY2001 from R2000-1. Why would route costs drop by 56.1% for a Standard A Regular automated letter, 3D and 5D, but by only 44.5% for its FCM counterparts?

ABA&NAPM/USPS-T43-39 The following questions pertain to a comparison of test year unit costs for c.s. 7.2, city access costs, for TY2003 in this case compared to TY2001 from R2000-1.

- a. Please define fully in your own words what cost activities encompass this cost segment.
- b. Why are these costs rising by substantial double digits for both FCM letters and their Standard A Regular counterparts between the two test years?
- c. Why are they rising by over twice the rate for FCM letters workshared than their Standard A Regular counterparts, namely by 59.6% for FCM letters 3D and 5D, but by 22.1% for Standard A Regular letters, 3D and 5D?

ABA&NAPM/USPS-T43-40 The following questions pertain to a comparison of test year unit costs for c.s. 7.4, city carrier street support costs, for TY2003 in this case compared to TY2001 from R2000-1.

- a. Please define fully in your own words what cost activities encompass this cost segment.
- b. Please confirm that these unit costs are nearly identical as between 3D and 5D letters, and as between FCM workshared and Standard A Regular workshared letters.
- c. Why are these costs falling by more for Standard A Regular 3D and 5D than for their FCM counterparts, roughly by 23% as opposed to 19/20% for FCM workshared?

ABA&NAPM/USPS-T43-41 The following questions pertain to a comparison of test year unit costs for c.s. 10, rural carrier costs, for TY2003 in this case compared to TY2001 from R2000-1.

- a. Please confirm that these costs are rising for FCM letters overall while they are falling for Standard A Regular according to your data.
- b. Why would rural carrier costs be rising for FCM workshared letters (6.4% for 3D; 6.7% for 5D) while they are falling for Standard A Regular counterparts (-20.8% for 3D; -20.4% for 5D)?
- c. In your expert opinion, is it harder for a rural carrier to put a First Class letter in a mail box than to put a Standard A Regular advertising letter in a mail box?

Respectfully submitted,

NATIONAL ASSOCIATION OF PRESORT MAILERS

AMERICAN BANKERS ASSOCIATION

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First-Cla	ss Mail								
D0004	Quala Di sa Latta a	6.1	6.2	7.1	7.2	7.3	7,4	10	Total
R2001	Single-Piece Letters	0.0222	0.0042	0.0002	0.0021	0.0044	0.0053	0.0062	0.0604
R2000	Single-Piece Letters	0.0170	0.0042	0.0003	0.0014	0.0059	0.0054	0.0055	0.0536
		31.1%	1.0%	-37.5%	58.4%	-24.7%	-1.6%	13.0%	12.6%
R2001	First-Class Single-Piece TY*	0.0234	0.0045	0.0002	0.0021	0.0051	0.0056	0.0067	0.0642
R2000	First-Class Single-Piece TY*	0.0177	0.0044	0.0003	0.0014	0.0066	0.0056	0.0060	0.0568
		32.4%	2.1%	-37.5%	58.4%	-22.7%	-0.9%	11.4%	13.0%
R2001	Auto 3-Digit Letters	0.0111	0.0021	0.0002	0.0011	0.0058	0.0032	0.0063	0.0398
R2000	Auto 3-Digit Letters	0.0096	0.0024	0.0003	0.0007	0.0086	0.0040	0.0059	0.0423
		15.5%	-12.4%	-44.5%	59.6%	-32.4%	-18.9%	6.4%	-6.0%
R2001	Auto 5-Digit Letters	0.0102	0.0019	0.0002	0.0011	0.0058	0.0031	0.0061	0.0380
R2000	Auto 5-Digit Letters	0.0089	0.0022	0.0003	0.0007	0.0086	0.0038	0.0057	0.0408
	-	14.2%	-13.4%	-44.5%	59.6%	-32.4%	-20.0%	6.7%	-6.9%
R2001	Auto CR Letters	0.0205	0.0038	0.0002	0.0011	0.0058	0.0050	0.0088	0.0606
R2000	Auto CR Letters	0.0154	0.0038	0.0003	0.0007	0.0086	0.0053	0.0080	0.0568
		32.8%	0.7%	-44.5%	59.6%	-32.4%	-5.9%	9.6%	6.7%
R2001	Presort Letters	0.0119	0.0022	0.0002	0.0011	0.0058	0.0034	0.0066	0.0417
R2000	Presort Letters	0.0101	0.0025	0.0003	0.0007	0.0086	0.0041	0.0061	0.0436
		18.1%	-10.5%	-44.5%	59.6%	-32.4%	-17.3%	6.9%	-4.4%
R2001	First-Class Presort TY*	0.0123	0.0023	0.0002	0.0011	0.0058	0.0035	0.0065	0.0426
R2000	First-Class Presort TY*	0.0104	0.0026	0.0003	0.0007	0.0086	0.0042	0.0062	0.0443
		18.9%	-9.9%	-44.5%	59.6%	-32.2%	-16.7%	6.4%	-3.9%
Stand ma	ail								
R2001	Automation 3-Digit Letters	0.0108	0.0020	0.0004	0.0007	0.0056	0.0031	0.0059	0.0381
R2000	Automation 3-Digit Letters	0.0115	0.0025	0.0009	0.0006	0.0077	0.0040	0.0075	0.0463
		-5.4%	-18.7%	-56.1%	22.1%	-27.0%	-22.9%	-21.1%	-17.6%
R2001	Automation 5-Digit Letters	0.0106	0.0020	0.0004	0.0007	0.0056	0.0030	0.0057	0.0374
R2000	Automation 5-Digit Letters	0.0112	0.0024	0.0009	0.0006	0.0077	0.0039	0.0072	0.0455
		-5.9%	-19.1%	-56.1%	22.1%	-27.0%	-23.2%	~20.8%	-17.9%
R2001	Regular Letters	0.0113	0.0021	0.0004	0.0007	0.0056	0.0032	0.0063	0.0394
R2000	Regular Letters	0.0118	0.0025	0.0009	0.0006	0.0077	0.0040	0.0079	0.0473
	-	-4.0%	-17.5%	-56.1%	22.1%	-27.0%	-22.0%	-20.4%	-16.8%
R2001	Regular TY*	0.0161	0.0030	0.0004	0.0007	0.0064	0.0042	0.0102	0.0546
R2000	Regular TY*	0.0154	0.0033	0.0009	0.0006	0.0097	0.0051	0.0112	0.0617
	-	5.0%	-9.8%	-56.1%	22.1%	-33.9%	-18.7%	-8.7%	-11.5%

Date: November 26, 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 26, 2001