

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 Follow Up Interrogatories And Document
Production Requests To USPS Witness Leslie M. Schenk**

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 Leslie M. Schenk:

MMA/USPS-T43-20. 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

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 3d day of December 2001.

Michael W. Hall

**Major Mailers Association's Follow Up Interrogatories And Document
Production Requests For USPS Witness Leslie M. Schenk**

MMA/USPS-T43-20 Please refer to your response to Interrogatory MMA/USPS-T43-10. There you state that the implied DPS percentage for First-Class single piece letters is not available from your analysis of First-Class delivery costs as provided by Library Reference USPS-LR-J-117. Please refer also to worksheet "summary BY" of USPS-LR-J-117 (revised 11/20/01).

A. Please confirm that in order to compute the presorted "DPS unit cost by solving equation" as shown in cell A32, you used the following equation:

$$\begin{aligned} A32 &= (C27 - (1 - B29) \times A31) / B29 \\ &= (.0106 - (1 - .73693) \times .0265) / .736931 \\ &= .0050 \end{aligned}$$

If you cannot confirm, please provide the correct formula and computation.

B. Please confirm that in the formula shown in Part A, the cells shown refer to the following information:

$$\begin{aligned} C27 &= \text{average presorted unit 6.1 cost} = .0106 \\ B29 &= \text{average presorted DPS percentage} = 73.693\% \\ A31 &= \text{nonDPS unit cost from [letters 93] H15} = .0265 \end{aligned}$$

If you cannot confirm, please provide corrections.

C. Please confirm that for First-Class single piece letters, all of that same information is available from your analysis. For example, the following information is shown on that same worksheet:

$$\begin{aligned} C3 &= \text{average single piece unit 6.1 cost} = .0202 \\ \text{[Letters 93] H8} &= \text{nonDPS unit cost} = .0255 \\ A32 &= \text{DPS unit cost} = .0050 \end{aligned}$$

If you cannot confirm, please explain. If you determine that the average DPS unit cost for presorted letters cannot be used as the DPS unit cost for single piece letters, please provide precisely your reasons and support for making such a conclusion.

D. If you can confirm part C, please explain why the implicit single piece DPS percentage for the base year cannot be derived using the following equation:

$$\begin{aligned} \text{S.P. DPS \%} &= (C3 - A32) / (\text{[letters 93] H8} - A32) \\ &= (.0222 - .0050) / (.0255 - .0050) \end{aligned}$$

=73.87%

Where [letters 93] H8 is your nonDPS base year unit cost for single piece letters.

- E. Please explain why the test year implied DPS % for single piece letters, which yields a result of 68.86%, cannot be computed in the same manner.
- F. Please confirm that you derive the following nonDPS average unit base year costs for First-Class letters:

Single Piece	2.55 Cents
Presorted	2.65 Cents

- G. By comparing the two unit costs in Part F, is it possible to conclude that it costs the Postal Service .1 cent less to nonDPS process single piece letters than for presorted letters? Please explain how this is a valid comparison when, as you stated in response to Interrogatory MMA/USPS-T43- 7, you do not know the actual volume of letters that incurred the nonDPS costs as shown in worksheet "letters 93".
- H. Please confirm that the two unit costs in Part F are not the unit costs incurred by nonDPS processing, but are the total nonDPS costs incurred divided by all letters, a significant unknown portion of which were delivered to post office boxes and did not cause those costs to be incurred. If you cannot confirm, please explain how all of the total volumes shown in column 4 of worksheet "letters 93", including those delivered to post office boxes, caused the costs shown in columns 1-3 to be incurred.
- I. Please explain why the DPS unit costs for First-Class single piece letters and workshare letters, for those letters that are DPS sorted, should not be the same.
- J. Please explain why the nonDPS unit costs for First-Class single piece letters and workshare letters, for those letters that are nonDPS sorted, should not be the same.