

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

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POSTAL RATE AND FEE CHANGES

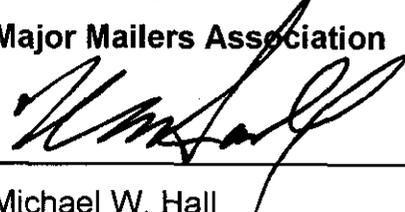
Docket No. R2001-1

**Major Mailers Association's Fifth 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-T22-59-65**. 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: 

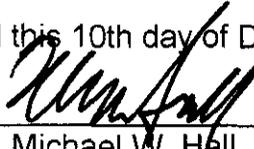
Michael W. Hall  
34693 Bloomfield Road  
Round Hill, Virginia 20141  
540-554-8880

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 10th day of December 2001.

  
Michael W. Hall

**Major Mailers Association Fifth Set Of Interrogatories And Document  
Production Requests For USPS Witness Michael W. Miller**

**MMA/USPS-T22-59** Please refer to your response to Interrogatory MMA/USPS-T29-14 where you discussed your understanding of the two methodologies used to estimate CRA costs for automation letters. There you discuss a cost "shift" from automation letters to nonautomation letters. Please explain how this shift ended up more than tripling Automation carrier route cost savings, from .348 cents to 1.145 cents, as shown, respectively, in Library References USPS-LR-I-162A and USPS-LR-I-477 from Docket No. R2000-1.

**MMA/USPS-T22-60** Please refer to your response to Part A of Interrogatory MMA/USPS-T22-22A where you were asked to show a crosswalk between the postal operations included in you simulated mail flow models and the CRA cost pools for which you have collected actual data.

- A. Please confirm that, on some occasions, the outgoing ISS consists of a retrofitted Advanced Facer Cancellor System (AFCS-ISS). If you cannot confirm, please explain.
- B. Please confirm that on other occasions, the outgoing ISS consists of a retrofitted MLOCR (MLOCR-ISS) or a retrofitted DBCS (DIOSS). If you cannot confirm, please explain.
- C. If the outgoing ISS consists of an AFCS-ISS, what cost pool includes the costs of this operation?
- D. If the outgoing ISS consists of an MLOCR-ISS or DIOSS, what cost pool includes the costs of this operation?
- E. Please confirm that when deriving the CRA-based unit worksharing cost, you exclude mail preparation costs from the total of costs that you deem to be worksharing-related and proportional. If you cannot confirm, please explain.
- F. Please confirm that, when deriving the model-based unit worksharing cost, you excluded mail preparation costs but included outgoing ISS costs, even if this operation consists of an AFCS-ISS. If you cannot confirm, please explain.
- G. Please confirm that your CRA-based unit worksharing costs understate the outgoing ISS costs to the extent that this operation consists of an AFCS-ISS. If no, please explain.

**MMA/USPS-T22-61** Please refer to your response to Parts A and B of Interrogatory MMA/USPS-T43-19 where you take as a given that BMM are the considered to be the most likely pieces to convert to worksharing.

- A. Please provide all information, including record references and copies of other documents, that you relied on to reach this conclusion.
- B. Please confirm that an in-depth study of why BMM mailers do not engage in worksharing is "outside the scope" of your testimony and has never been performed by you or anyone that you know of. (See also your response to Part A (1) of Interrogatory MMA/USPS-T22-16.
- C. Please fully explain whether you believe that the two examples of BMM letters that you discuss on page 19 of your testimony are likely to convert to worksharing. If so, please fully explain your answer.
- D. Do you believe that, if BMM mailers were likely to convert their mail to worksharing, such mailers would have been more likely to already have done so during the 20+ years that worksharing discounts have been in effect? Please explain your answer.

**MMA/USPS-T22-62** Please refer to your response to Part C of Interrogatory MMA/USPS-T43-19 where you discuss the difference between delivery costs for BMM and metered letters. You note that the DPS percentage for BMM letters was developed by you in Library Reference USPS-LR-J-60, but you did not develop a DPS percentage for metered mail letters.

- E. Please confirm that you use metered mail letters as a proxy to derive CRA BMM letter costs as shown on page 8 of Library Reference USPS-LR-J-60.
- F. Please explain what changes you would make, if any, to your simulated mail flow model-derived BMM unit cost if it was used to estimate metered mail costs.
- G. Please confirm that, until you revised your prepared testimony for the first time on November 5, 2001, the title on page 15 of USPS-LR-J-60 was "First-Class Mail Single-Piece Metered Letters". If you cannot confirm, please explain.
- D. Please confirm that, until you revised your prepared testimony for the first time on November 5, 2001, the mail flow model estimated the unit cost and DPS percentage for meter mail letters. If you cannot confirm, please explain.
- E. Please confirm that for BMM your model-derived unit cost (4.276 cents) is low by 34% compared to your CRA-derived unit cost (6.447 cents). If you cannot confirm, please explain.

- F. Assuming that you confirm Part E, please explain why it is appropriate to use the DPS percentage from your BMM model, without any adjustment, as an accurate measure of the percent of BMM that will be DPSed in the test year.
- G. Please confirm that your use of the DPS percentage from your BMM model, to support your use of non-automation, mixed AADC delivery costs as a proxy for BMM, resulted in a reduction of automation cost savings of 1.86 cents. (Please see your response to Interrogatory ABA&NAPM/USPS-T22-4).
- H. Please confirm that the amount of BMM processed by automation vs. manual operations, as simulated in your mail flow model, has no bearing on the fact that your model-derived unit cost is low? If you cannot confirm, please explain.
- I. Please confirm that the amount of BMM processed by automation vs. manual operations, as simulated in your mail flow model, has no bearing on the derived DPS percentage. If you cannot confirm, please explain.

**MMA/USPS-T22-63** Please refer to your response to Interrogatory ABA&NAPM/USPS-22-7 where you indicate that metered mail packages are unpackaged and trayed by postal service employees at some delivery units. You note that mail processed as such would not be considered BMM when deriving your CRA-based worksharing unit cost

- A. Please confirm that your CRA-derived unit BMM worksharing cost uses metered mail CRA costs as a proxy for BMM. If no, please explain
- B. Please indicate precisely which CRA cost pool, if any, includes the costs for postal employees to unpackage and tray metered mail at postal delivery units.
- C. Assuming that your answer Part B is that such costs are not included in any CRA cost pool, please confirm that the mail preparation costs for single piece metered mail, as shown in MODS 17 1CANCMPP, are understated. If no, please explain.

**MMA/USPS-T22-64** Please refer to Part B of Interrogatory MMA/USPS-T43-22 where the DPS unit cost to process machinable presorted letters from your mail flow models are provided. Those computations are reproduced in the table below.

**Computation of Unit DPS Costs For Presorted Letter Categories From  
USPS Witness Millers Models  
(Cents)**

Model		Total Pieces Handled (TPH)	Total Cents Per Piece	DPS %	Unit DPS Cost
BMM	Auto 3-Pass	3,205	0.187	75.73%	0.0793
	Auto 2-Pass	13,536	0.594	75.73%	1.0624
	Avg DPS Cost				1.1416
Mach MAADC-AADC	Auto 3-Pass	3,182	0.187	75.17%	0.0793
	Auto 2-Pass	13,436	0.594	75.17%	1.0624
	Avg DPS Cost				1.1416
Mach 3D-5D	Auto 3-Pass	3,276	0.187	77.40%	0.0793
	Auto 2-Pass	13,835	0.594	77.40%	1.0624
	Avg DPS Cost				1.1416
Auto Mix AADC	Auto 3-Pass	3,122	0.187	73.76%	0.0793
	Auto 2-Pass	13,184	0.594	73.76%	1.0624
	Avg DPS Cost				1.1416
Auto AADC	Auto 3-Pass	3,232	0.187	76.35%	0.0793
	Auto 2-Pass	13,646	0.594	76.35%	1.0624
	Avg DPS Cost				1.1416
Auto 3D	Auto 3-Pass	3,258	0.187	76.98%	0.0793
	Auto 2-Pass	13,759	0.594	76.98%	1.0624
	Avg DPS Cost				1.1416

Source: USPS-LR-J-60 (Revised 11/14/01)

Note that Unit DPS Cost = (TPH x Total Cents Per Piece) / DPS % /10,000

- A. Is the 1.14 cents for each level of presort shown an accurate derivation of the unit test year cost for the DPS operation for presorted letters? If not please provide the correct unit test year cost and show all your computations and sources.
- B. Why didn't you offer USPS witness Schenk your derivation of DPS unit costs, enabling her to forego the use of a methodology that indirectly derives DPS unit costs from updated FY 1993 nonDPS cost and volume data?
- C. Below are the DPS unit costs that are derived from the two machinable single piece mail flow models that you present in Library Reference USPS-LR-J-60. Please confirm that the test year unit DPS cost of 1.14 cents is correct. If not, please provide corrected costs.

**Computation of Unit DPS Costs For Single Piece Letter Categories From USPS Witness Millers Models (Cents)**

Model		TPH	Total Cents Per Piece (Cents)	DPS %	Unit DPS Cost (Cents)
BMM	Auto 3-Pass	3,205	0.187	75.73%	0.0793

	Auto 2-Pass	13,536	0.594	75.73%	1.0624
	Average DPS Cost				1.1416
S.P. Mach	Auto 3-Pass	3,209	0.187	75.81%	0.0793
	Auto 2-Pass	13,550	0.594	75.81%	1.0624
	Average DPS Cost				1.1416

Source: USPS-LR-J-60 (Revised 11/14/01)

Note that Unit DPS Cost = (TPH x Total Cents Per Piece) / DPS % /10,000

- D. Please confirm that the DPS unit cost is not dependent upon whether a letter is mailed at the single piece or workshare rates and, therefore, should be the same. If you cannot confirm, please explain.
- E. Please confirm that the nonDPS unit cost is not dependent upon a letter is mailed at the single piece or workshare rates and, therefore, should be the same. If you cannot confirm, please explain.

**MMA/USPS-T22-65** Does worksharing begin with the design of a mail piece?  
Please explain your answer.