

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

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSES OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF
AMERICAN BANKERS ASSOCIATION &
NATIONAL ASSOCIATION OF PRESORT MAILERS
REDIRECTED FROM WITNESS ROBINSON
(ABA&NAPM/USPS-T29-7(d), 12(c) AND 13)

The United States Postal Service hereby provides its responses to the following interrogatories of American Bankers Association & National Association of Presort Mailers: ABA&NAPM/USPS-T29-7(d), 12(c) and 13, filed on December 10, 2001.

These interrogatories have been redirected from witness Robinson to the Postal Service for response.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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December 26, 2001

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF AMERICAN BANKERS ASSOCIATION &
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ABA&NAPM/USPS-T29-7

- d. Please see the Postal Service response to interrogatory ABA&NAPM/USPS-T22-4 where the Postal Service calculated cost avoidance for automated FCLM mixed AADC (7.835 cents), AADC (8.918 cents), 3-Digit (9.280 cents) and 5-Digit (10.552 cents), using the PRC methodology of R2000-1, including the use of non-automated presort as proxy for bulk metered mail to calculate delivery costs. Compare those cost avoidance findings to those found by the Commission in R2000-1 using this methodology [(see page 243 of PRC Rec. Dec. and Op. In R2000-1: automated FCLM Basic (6.2 cents), 3-digit (7.3 cents) and 5-Digit (8.7 cents)]. Please confirm that under this apples-to-apples comparison, automated FCLM workshare savings have increased from R2000-1 to R2001-1. Please confirm that the above-listed PRC version-derived cost avoidance figures for R2000-1 exceed the discounts which you have proposed for automated FCLM mixed AADC, AADC, 3-digit and 5-digit.

RESPONSE:

- (d) The Postal Service did not "calculate" these costs in the response to ABA&NAPM/USPS-T22-4. In that response, the Postal Service confirmed the findings of the ABA&NAPM.

The statements made in this interrogatory cannot be confirmed as the analysis being forwarded by the ABA&NAPM does not truly involve an "apples-to-apples" comparison. In Docket No. R2000-1, the Commission made an adjustment to the Bulk Metered Mail (BMM) letters benchmark (please see PRC R2000-1 at [5090]) that has not been made in this docket. In addition, the classification for the "1SUPPF1" and the "1SUPPF4" cost pools has been changed in this docket.

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ABA&NAPM/USPS-T29-12 On page 14, lines 10-12 of your testimony, you claim any smaller increase in the first ounce rate for single piece FCM letters would impose unreasonably large increases on other classes of mail.

. . .

- c. Please state what your understanding is of the allocation, currently, of total delivery costs (not so-called volume variable costs and not so called “attributable” costs) across the major mail subclasses.

RESPONSE:

Delivery costs that are reasonably identifiable to a particular mail class as either volume variable or specific fixed costs are attributed to that mail class in accordance with 3622(b). Any delivery costs not attributed to a particular mail class are part of the institutional cost pool which, in the aggregate, is assigned to the various mail classes and special services in accordance with section 3622(b). These unattributed costs are not disaggregated on the basis of operational function for the purpose of assignment to the various mail classes.

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ABA&NAPM/USPS-T29-13. On page 14 of your testimony at line 14, you talk about a mail class's "fair share of the institutional cost burden".

- a. What is FCM's share per mail piece and per ounce of the total delivery costs that are defined to be "institutional"?
- b. What is Standard A mail's share per mail piece and per ounce of the same large slice of institutional costs that are delivery costs?
- c. What is periodical mail's share of those delivery costs per mail piece and per ounce?

RESPONSE:

- a. – c. See the response to ABA&NAPM/USPS-T29-12(c).

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

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