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

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POSTAL RATE AND FEE CHANGES, 2001 :

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Docket No. R2001-1

**AMERICAN BANKERS ASSOCIATION AND NATIONAL ASSOCIATION OF  
PRESORT MAILERS JOINT INTERROGATORIES AND REQUEST FOR  
PRODUCTION OF DOCUMENTS TO AMERICAN POSTAL WORKERS  
UNION (APWU) WITNESS MICHAEL RILEY (ABA&NAPM/APWU-T-1-8)**

(February 6, 2002)

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/APWU-T1-1** - You argue that USPS should receive a return on its investment in automation equipment.

- a. Are you saying that ONLY USPS should receive such a return on investment in automation equipment, and that private mailers who have also invested hundreds of millions of dollars in automation equipment should receive no return?
- b. If automation investment by the USPS enables the USPS to process mail in a less costly manner than it would be able to without automation investment, is this a return on investment?
- c. Is it your position that when the USPS invests in automation equipment, it should price its mail services so as to return a profit to the USPS on such investment?

**ABA & NAPM/APWU-T1-2**

Please confirm that your discount proposals, in light of the other test year financial evidence entered into this case by the Postal Service, would produce a profit to the USPS of several hundred million dollars well beyond the break even requirement of CFR Title 39.

**ABA & NAPM/APWU-T1-3**

Please confirm that one way to address the Postal Service's "dire financial straights" is to cut postal costs, including labor costs.

**ABA & NAPM/APWU-T1-4** - You argue a large shift from workshared mail to single piece mail is unlikely as a result of your slashing discounts by 3 or more cents per piece. Have you done any studies of the breakpoint beyond which it would pay business mailers to simply abandon USPS entirely in favor of accelerating the existing trend toward more and more bill presentment and payment by electronic commerce?

**ABA & NAPM/APWU-T1-5** - If, as you imply, your discount proposals do not lead to a diversion of FCM outside of the Postal Service or into the single piece mailstream within the Service, please explain how your discount proposals benefit postal "employees", as you assert they do on page 6, line 25, of your testimony.

**ABA & NAPM/APWU-T1-6** - On page 10 of your testimony, you argue that the CRA with its "actual" costs should pick up higher costs from poor barcode readability. Please confirm that the cost difference between FCM single piece letters and presort letters has since 1990 consistently grown right through to the latest CRA, that for PFY 2000.

**ABA & NAPM/APWU-T1-7** - At page 15, lines 14 and 15 of your testimony you state that it is "good economics and good public policy" to limit discounts to the maximum of cost avoided. Are you purporting to provide advice to the Commission on allocatively efficient pricing? Are you qualified as an expert to provide advice on allocatively efficient pricing, and if your answer is yes, please provide your qualifications to provide such advice as an expert

**ABA & NAPM/APWU-T1-8** - If in fact good economics and good public policy do require a limit of discounts to a maximum of cost avoided, please confirm that the "cost avoided" which should serve as the maximum on discounts, should be accurately measured cost avoided

Respectfully submitted,

AMERICAN BANKERS ASSOCIATION  
NATIONAL ASSOCIATION OF PRESORT  
MAILERS

By: 

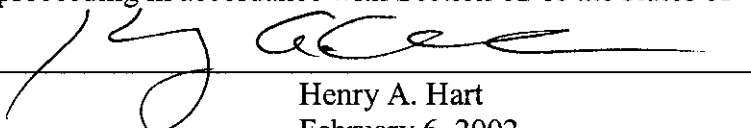
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Date: February 6, 2002  
Washington, D.C.

**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  
February 6, 2002