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

POSTAL RATE AND FEE CHANGES **Docket No. R2005-1**

Major Mailers Association's Second Set Of Interrogatories And Document Production Requests To United States Postal Service Witness Abdulkadir M. Abdirahman (MMA/USPS-T21-11-35) (April 28, 2005)

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 Abdulkadir M. Abdirahman (MMA/USPS-T21-11-35).

Respectfully submitted,

Major Mailers Association

By: _____

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Dated: Middleburg, Virginia
April 28, 2005

MMA/USPS-T21-11

In your autobiographical sketch, you indicate that you started working for the Postal Service as a letter carrier and later became a distribution and retail window clerk.

A. Please explain specifically how your personal experience in the jobs you have held since joining the Postal Service relates to First-Class worksharing.

B. Have you ever toured the mail preparation facilities of High Volume (HV) First-Class workshare mailers? If yes, please provide the locations and dates of any such tours, and any notes or reports you made regarding the workshare activities performed by such HV mailers. For purposes of this set of interrogatories, please assume that a "High Volume" First-Class workshare mailer is a mailer that mails on its own behalf and/or on behalf of other First-Class mailers at least 5 million pieces per month.

MMA/USPS-T21-12

Please confirm that HV workshare mailers perform all or most of the following mail preparation operations:

A. Traying letters
    1. Unloading empty trays provided by USPS, storing them, and distributing them to appropriate workstations;
    2. Removing old tray labels and printing and inserting new labels;
    3. Sleeving the trays;
    4. Banding the trays;
    5. Preparing and applying Destination and Routing (D&R) labels;
    6. Preparing and applying Air Contract Transportation (ACT) tags;
    7. Postage verification, including the use of Postal One;
    8. Electronic transmission of weight and volume data to Postal data centers, including the use of Postal One;
    9. Electronic transmissions of all postal paperwork, including the use of Postal One; and
    10. Presorting the trays of mail prior to placing them onto pallets, including the use of the Automated Mail Processing System (AMPS).

B. Palletizing the trays

1. Unloading, storing, and distributing to appropriate workstations empty pallets provided by the USPS;
2. Stacking trays onto pallets;
3. Shrinkwrapping full pallets to secure trays during transport by USPS;
4. Labeling pallets; and
5. Separating and presorting pallets prior to the point at which they are loaded onto trucks.

C. Loading mail onto trucks

1. Moving full labeled pallets to the workshare mailer's loading dock;
2. Loading pallets onto USPS trucks;
3. Meeting USPS scheduling requirements; and
4. Presorting trucks with presorted pallets.

If you cannot confirm, please explain and indicate what operations such mailers do not perform or what additional operations HV mailers do perform.

MMA/USPS-T21-13

Please confirm that if HV mailers did not perform the functions described in Interrogatory MMA/USPS-T21-12, Postal Service employees would have to perform them. If you do not confirm, please identify the specific functions Postal Service employees would not have to perform and explain why such employees would not have to perform each function.

MMA/USPS-T21-14

Please confirm your understanding that Low Volume (LV) workshare mailers perform most or all of the following operations. For purposes of this set of interrogatories, please assume that a "Low Volume" First-Class workshare mailer

is a mailer that mails on its own behalf and/or on behalf of other First-Class mailers at least 500 pieces, but not more than 2,500 pieces in a given mailing.

A. Traying the letters; and
B. Dropping their letters off at a window, BMEU or Postal Service loading dock.

If you cannot confirm, please explain and indicate what operations such mailers do not perform or what additional operations LV mailers do perform.

MMA/USPS-T21-15

Please confirm that, except for the functions listed in Interrogatory MMA/USPS-T21-14, postal employees have to perform all functions listed in Interrogatory MMA/USPS-T21-12 for the mailings made by LV mailers. If you do not confirm, please identify the specific functions Postal Service employees would not have to perform and explain why such employees would not have to perform each function.

MMA/USPS-T21-16

Please describe your understanding of Postal One Phase I and explain how this form of worksharing saves the Postal Service money in terms of both reduced processing and transportation costs.

MMA/USPS-T21-17

Please describe your understanding of Postal One Phase II and explain how this form of worksharing saves the Postal Service money.

MMA/USPS-T21-18

Please describe your understanding of AMPS and explain how this form of worksharing saves the Postal Service money.

MMA/USPS-T21-19

Please describe your understanding of plant loading and explain how this form of worksharing saves the Postal Service money.

MMA/USPS-T21-20

Please describe your understanding of special pallet separations that the Postal Service now requires or strongly recommends that some mailers make in order to meet certain transportation requirements and explain how this form of worksharing saves the Postal Service money in terms of both reduced processing and transportation costs.

MMA/USPS-T21-21

What other cost-saving operations are performed by HV First-Class mailers that are not identified in Interrogatories MMA/USPS-T21-12 and 16-20? Please be specific.

MMA/USPS-T21-22

Please state which of the worksharing functions identified in Interrogatories MMA/USPS-T21-12 and 16-18 and any that you identify in response to Interrogatory MMA/USPS-T21-21 are not reflected in your models for deriving workshare cost savings.

MMA/USPS-T21-23

Do you agree that worksharing reduces postal transportation costs? If you do not agree, please explain.

MMA/USPS-T21-24

Do you agree that, to the extent worksharing reduces postal transportation costs, you have not accounted for such savings in your derivation of workshare cost savings? If you do not agree, please explain.

MMA/USPS-T21-25

On page 6 of your testimony, you discuss the Multi-Line Optical Character Reader Input Sub System (MLOCR-ISS) and Remote Computer Read (RCR) finalization rate as reaching 92.3% for the test year.

A. Please provide the actual MLOCR-ISS rates for each accounting period since FY 2002 separately for (1) machine printed addresses and (2) handwritten addresses.
B. Please provide the actual RCR rates for each accounting period since FY 2002 separately for (1) machine printed addresses and (2) handwritten addresses.
C. Did the Postal Service meet its goal of a combined 92.3% rate for TY 2003 in R2001-1? If not, why not?

MMA/USPS-T21-26

In R2000-1, USPS witness Campbell described the Permit system as "an on-line system, which gives authorized USPS employees rapid access to advance deposit accounting information. The system controls advance deposit trust fund deposits, withdrawals, and daily balances for each Post Office permit account. The daily tasks the PERMIT system accomplishes are record keeping, account tracking, postage calculation, withdrawal and deposit posting, data edits, funds verification, customer assistance information searches, daily trial balance calculations and associated mail volume information development." *See* R2000-1, Tr. 14/5918.

A. Please provide, for the base year or the most recent 12-month period for which data are available, a list of all First-Class mailers who send more than 1 million pieces per year. Please provide this information in the same format used for Library Reference USPS LR-I-331 in R2000-1, that is, broken down separately for 1-ounce letters, 2-ounce letters, and cards. Please note that Library Reference USPS LR-I-331 in R2000-1 reports information for QBRM recipients, but this interrogatory relates to First-Class workshare mailers' ***outgoing mail***.
B. MMA understands that as of FY 2000, approximately 52% of First-Class workshare mailings consisted of fewer than 1,500 pieces. Please verify the accuracy of this description of the First-Class workshare market and update the percentage to BY 2004.

C. Please provide, for the base year or the most recent 12-month period for which data are available, whatever data is available that breaks down First-Class workshare letters as to the number of mailings and the volume of each mailing.

MMA/USPS-T21-27

In R2001-1, USPS witness Kingsley stated that the following attributes could cause an otherwise machinable letter to become nonmachinable:

1. aspect ratio of less than 1.3 or more than 2.5;
2. closure device;
3. non-square corners;
4. rigid or odd-shaped contents;
5. stiffness;
6. flimsiness;
7. misplacement of address;
8. self mailer whose folded edge not parallel to longest dimension;
9. booklet whose spine is not the longest edge; and
10. unreadable or improper address.

Source: Docket No. R2001-1, USPS-T-39, pages 9-10.

A. Do you agree or disagree with the above statements of USPS witness Kingsley? If you disagree with USPS witness Kingsley, please explain.

B. Is it your understanding that USPS regulations require First-Class automation letters to be machinable by definition, that USPS acceptance personnel can and do strictly enforce postal qualification regulations, and that such acceptance personnel can and do deny workshare discounts to automation letters that do not meet all applicable machinability standards? If this is not your understanding, please identify the basis for your disagreement and explain it in detail.

C. Is it your understanding that there are no regulations whatsoever that prevent mailers of First-Class single piece letters, including BMM, from mailing letters that have any or all of the nonmachinable attributes identified by USPS witness Kingsley and listed above? If this is not your understanding, please explain.

D. In your BMM cost model, did you assume that BMM would exhibit none of the nonmachinable attributes shown above, and that fully 100% of the pieces would be sent to the Outgoing RBCS for immediate processing? If no, please explain. If yes, please explain why, according to your BMM cost model, the Postal Service's culling operators never remove any BMM pieces before they reach the Outgoing RBCS.

MMA/USPS-T21-28

This is the third consecutive rate case in which the Postal Service has provided somewhat similar methods for deriving workshare cost savings. In all three presentations, the Postal Service mail flow models have understated the unit workshare-related costs for single piece metered mail (and BMM by assumption) compared to the CRA-derived costs.

A. Please confirm the unit costs (cents) and CRA Proportion Factors as shown in the following table.

Docket No.	Bulk Metered Mail		
	CRA Cost	Model Cost	Prop Factor
R2000-1 (1998)	6.979	5.269	1.325
R2000-1 (1999)	6.856	5.407	1.268
R2001-1	6.447	4.276	1.508
R2005-1	6.576	4.461	1.474

If you do not confirm, please make any corrections you think appropriate, explain each correction, specify the record information you believe supports your correction, and provide a copy of any information not yet in the record that you believe supports your correction.

B. Please confirm that the model-derived unit costs for BMM understated the actual CRA unit costs by 50.8% in Docket No. R2001-1 and by 47.4% in R2005-1. If you cannot confirm, please explain.

C. What measures, if any, has the Postal Service taken to determine why its models consistently and significantly understate the actual costs to process single piece and, by assumption, BMM? If the Postal Service

has not taken measures to improve the accuracy of the models, please explain why not?

MMA/USPS-T21-29

This is the third consecutive rate case where the Postal Service has provided somewhat similar methods for deriving workshare cost savings. In all three presentations, the Postal Service mail flow models have overstated the unit workshare-related costs for First-Class automated letters compared to the CRA-derived costs.

A. Please confirm the unit costs (cents) and CRA Proportion Factors as shown in the following table.

Docket No.	Bulk Metered Mail		
	CRA Cost	Model Cost	Prop Factor
R2000-1 (1998)	2.553	2.866	0.891
R2000-1 (1999)	2.630	2.923	0.900
R2001-1	2.138	2.683	0.797
R2005-1	1.892	2.661	0.711

If you do not confirm, please make any corrections you think appropriate, explain each correction, specify the record information you believe supports your correction, and provide a copy of any information not yet in the record that you believe supports your correction.

B. Please confirm that the model-derived unit costs for Automation letters understated the actual CRA unit costs by 20.3% in Docket No. R2001-1 and by 28.9% in R2005-1. If you do not confirm, please make any corrections you think appropriate, explain each correction and specify the information you believe supports your correction.

C. Please confirm that the accuracy of the model-derived unit costs for Automation letters has decreased considerably from R2000-1 to R2005-1. If you cannot confirm, please explain.

D. What measures, if any, has the Postal Service taken to determine why its models consistently and significantly overstate the actual costs to process First-Class automation letters? If the Postal Service has

undertaken measures to improve the accuracy of these models, please describe all such measures and provide all documents that discuss such measures. If the Postal Service has not taken any measures to improve the accuracy of these models, please explain why not.

E. Please confirm that the most significant difference in your models between the costs of processing of BMM and the costs of processing Automation letters is attributable to the fact that BMM letters are processed through the RBCS whereas Automation letters completely bypass that operation. If you cannot confirm, please explain.

MMA/USPS-T21-30

This is the third consecutive rate case where the Postal Service has provided somewhat similar methods for deriving workshare cost savings. In all three presentations, the Postal Service seems to have treated cancellation and mail preparation differently on worksharing's impact on that cost pool.

A. Please confirm that in Docket No. R2000-1, USPS witness Miller assumed a zero cost for the mail preparation operation costs related to BMM and that this was shown in the cost pool entitled 1CANCMMP. If you cannot confirm, please explain.

B. Please confirm that in Docket No. R2000-1, USPS witness Miller treated the costs for 1CANCMMP as non-workshare related. If you cannot confirm, please explain.

C. Please confirm that in Docket No. R2001-1, USPS witness Miller assumed that the single piece metered mail cost for the mail preparation operation could be used, without modification, as a proxy for BMM, and that this was shown in the cost pool entitled 1CANCMMP. If you cannot confirm, please explain.

D. Please confirm that in Docket No. R2001-1, USPS witness Miller treated the costs for 1CANCMMP as workshare-related but fixed. If you cannot confirm, please explain.

E. Please explain the relationship between the cost pool entitled 1CANCEL that you incorporate in this case, and the cost pool entitled 1CANCMMP that was used in the previous two cases.

F. Please confirm that in this case, you have treated the costs associated with 1CANCEL as non-workshare related. If you cannot confirm, please explain.

G. How did the Commission handle this cost pool in its Docket No. R2000-1 Opinion?

H. Please explain why your handling of this cost pool is (1) different from the way the Commission handled 1CANCMMP in Docket No. R2000-1 and (2) different from the way USPS witness Miller handled 1CANCEL in Docket No. R2001-1.

MMA/USPS-T21-31

This is the third consecutive rate case where the Postal Service has provided somewhat similar methods for deriving workshare cost savings. In all three presentations, the Postal Service has eliminated certain cost pools because such cost pools allegedly do not vary as a result of worksharing.

A. Please confirm the non-workshare related unit costs presented by the Postal Service for the last three rate cases, as shown in the table on the following page.

   If you do not confirm, please make any corrections you think appropriate, explain each correction, specify all information of record in R2005-1 you believe supports your correction, and specify and provide a copy of any information not in the R2005-1 record that you believe supports your correction.

First Class Non-Worksharing Related
CRA Mail Processing Costs (Cents)
(USPS Costing Method)

Cost Pools		Docket No. R2005-1			Docket No. R2001-1			Docket No. R2000-1		
		BMM Non Work-Sharing Related	Auto Non Work-Sharing Related	BMM - Auto	BMM Non Work-Sharing Related	Auto Non Work-Sharing Related	BMM - Auto	BMM Non Work-Sharing Related	Auto Non Work-Sharing Related	BMM - Auto
MODS 12	FSM 100	0.037	0.003	0.034						
MODS 12	FSM/	0.000	0.000	0.000	0.027	0.006	0.021			
MODS 12	FSM/1000	0.027	0.004	0.023	0.012	0.002	0.011	0.040	0.009	0.031
MODS 13	MECPARC	0.000	0.000	0.000	0.001	0.001	0.000	0.001	0.000	0.001
MODS 13	SPBS OTH	0.026	0.001	0.024	0.016	0.005	0.010	0.016	0.008	0.007
MODS 13	SPBSPRIO	0.002	0.001	0.001	0.006	0.002	0.005	0.001	0.001	0.000
MODS 13	1SACKS_M	0.000	0.012	-0.012	0.038	0.015	0.023	0.035	0.019	0.016
MODS 13	1TRAYSRT	0.166	0.157	0.009						
MODS 14	MANF	0.021	0.002	0.019	0.022	0.003	0.019	0.020	0.002	0.017
MODS 14	MANP	0.014	0.005	0.010	0.005	0.001	0.004	0.003	0.002	0.001
MODS 14	PRIORITY	0.005	0.007	-0.002	0.006	0.002	0.005	0.004	0.001	0.003
MODS 17	1CANCEL	0.270	0.013	0.256						
MODS 17	1DISPATCH	0.159	0.074	0.085						
MODS 17	1FLATPRP	0.007	0.001	0.007						
MODS 17	1OPTRANS	0.086	0.033	0.053						
MODS 17	1SACKS_H	0.006	0.012	-0.006	0.103	0.043	0.060	0.103	0.053	0.050
MODS 17	1SCAN	0.046	0.038	0.008	0.040	0.018	0.022	0.041	0.021	0.020
MODS 18	BUSREPLY	0.014	0.002	0.012	0.012	0.001	0.010	0.007	0.004	0.003
MODS 18	EXPRESS	0.007	0.001	0.005	0.007	0.001	0.006	0.0013	0.000	0.001
MODS 18	MAILGRAM	0.003	0.002	0.001	0.000	0.000	0.000	0.0000	0.000	0.000
MODS 18	REGISTRY	0.013	0.001	0.012	0.013	0.001	0.012	0.0143	0.001	0.014
MODS 18	REWRAP	0.015	0.001	0.014	0.015	0.002	0.013	0.008	0.003	0.005
MODS 18	1EEQMT	0.030	0.010	0.019	0.026	0.005	0.021	0.031	0.012	0.018
MODS 19	INTL ISC	0.017	0.001	0.016	0.017	0.004	0.014	0.006	0.002	0.004
MODS 19	PMPCS	0.006	0.002	0.004						
MODS 48	LD48 EXP				0.000	0.000	0.000			
MODS 48	LD48_SSV				0.020	0.010	0.010	0.022	0.009	0.013
MODS 99	1SUPP_F1				0.131	0.040	0.091			
MODS 99	1SUPP_F4				0.311	0.062	0.249			
	1CANCMMP							0.000	0.025	-0.025
	1PLATFRM							0.761	0.293	0.468
	1SUPP F1							0.116	0.039	0.077
	1SUPP F4							0.290	0.070	0.221
	ALLIED							0.435	0.185	0.250
MODS Subtotal		**0.977**	**0.385**	**0.593**	**0.829**	**0.224**	**0.606**	**1.955**	**0.760**	**1.195**
NON MODS	MANF	0.027	0.005	0.022	0.008	0.002	0.006	0.006	0.000	0.006
NON MODS	MANP	0.006	0.003	0.003	0.003	0.001	0.002	0.001	0.000	0.000
NON MODS	MISC	0.450	0.123	0.326	0.197	0.080	0.117	0.171	0.079	0.093
NON MODS	REGISTRY	0.072	0.003	0.070	0.023	0.006	0.017	0.008	0.003	0.005
Non MODS Subtotal		**0.555**	**0.134**	**0.421**	**0.231**	**0.088**	**0.142**	**0.186**	**0.082**	**0.104**
Total		**1.532**	**0.519**	**1.014**	**1.060**	**0.312**	**0.748**	**2.141**	**0.842**	**1.299**
		Source: USPS LR-K-53			*Source:* USPS LR-J-53			*Source*: USPS LR-I-81		

B. For each the following cost pools, please explain why the unit costs are always higher for BMM (single piece metered mail), compared to workshare letters for each of the three rate cases:

1. FSM/1000
2. SPBS OTH
3. MANF
4. MANP
5. 1OPTRANS
6. 1SCAN
7. BUSREPLY
8. REGISTRY
9. REWRAP
10. 1EEQMT
11. INTL ISC
12. Non MODS MANF
13. Non MODS MISC
14. Non MODS REGISTRY

MMA/USPS-T21-32

The following questions concern the effect that volume has on workshare cost savings. Please answer the questions based on your experience and knowledge of Postal worksharing operations. Please assume that a High Volume workshare mailer sends out at least 5 million pieces per month, whereas a small workshare mailer sends at least 500 pieces, but not more than 2,500 pieces in a given mailing.

A. Do you agree that the volume presented to the Postal Service for any given mailing impacts the cost savings realized by the Postal Service? If you do not agree, please explain.

B. Please confirm that a small workshare mailer performs only the workshare functions listed in MMA/USPS-T21-14 and does not perform any of the worksharing functions listed in Interrogatory MMA/USPS-T21-12 (Parts A-C) that are performed by a High Volume workshare mailer. If you cannot confirm, please explain.

C. Please confirm that plant loading saves the Postal Service more money on a per-piece basis than the Postal Service would save if the High

Volume mailer brought all its mail to the USPS' loading dock or BMEU. If you cannot confirm, please explain why the Postal Service would offer plant loading service if it did not save money on a per piece basis.

D. Please confirm that the deployment of Postal One saves the Postal Service more money than the Postal Service saves by having mailers fill out paperwork necessary to qualify for workshare discounts. If you cannot confirm, please explain.

E. Please confirm that current rates for High Volume workshare mailers and Low Volume workshare mailers are identical (as long as the degree of presort is the same) and that such rates are unrelated to volume. If you cannot confirm, please explain.

MMA/USPS-T21-33

The following questions concern the Postal Service's deployment of Postal One, Phases I and II.

A. Please describe Postal One Phase I (Phase I) and Postal One Phase II (Phase II) and how each Phase is integrated into the operations of a workshare mailer and the local, regional, and national postal system. Your response should include a description of how the Postal One concept arose, whether, how, and for how long the Postal Service tested Phase I and, separately, Phase II, before they were rolled out to First-Class workshare mailers.

B. How many First-Class workshare mailers are now using (1) just Phase I, and how many are using (2) both Phase I and II?

C. Please provide all documents that describe or discuss the Postal Service's standards or guidelines regarding the conditions under which deployment of Phase I and/or Phase I and Phase II could or should be beneficial to the Postal Service.

D. Please provide all financial cost-benefit analyses produced by or for the Postal Service that are used to determine whether or not a particular

mailer is a suitable candidate for (1) Phase I and (2) both Phase I and Phase II.

E. Please list and describe all factors the Postal Service considers before a recommendation is made that Phase I be implemented by a particular First-Class workshare mailer.

F. Please list and describe all factors the Postal Service considers before a recommendation is made that Phase II be implemented by a particular First-Class workshare mailer that already uses Phase I.

G. If mailer volume is one of the factors considered by the Postal Service, what minimum volume standard does the Postal Service consider necessary to justify the use of (1) Phase I and (2) both Phase I and Phase II?

H. Please provide the lowest volume and the highest volume (per month, per year, or whatever other period the Postal Service considers most relevant) that a particular First-Class workshare mailer had at the time the Postal Service recommended (1) implementation of Postal One Phase I and (2) implementation of Postal One Phase II.

I. What minimum estimated savings does the Postal Service require in order to justify recommending (1) that Phase I should be deployed by a particular mailer and (2) that Phase I and Phase II should be deployed for such a mailer?

J. In FY 2004, how many First-Class workshare letters and cards were sent out by mailers who deployed (1) only Phase 1 and (2) both Phase I and Phase II? If data are not available for FY 2004, please provide data for the most recent 12 months available.

K. What is the total savings that the Postal Service expects for TY 2006 from implementation of (1) Phase I and (2) both Phase I and Phase II?

MMA/USPS-T21-34

Please refer to your model-derived unit costs for BMM and Automation Mixed AADC Automation Letters (MAADC), as shown in Library Reference LR-USPS-K-48, file LR-K-48FCLTRS, pages 3,4,7,8.

A. Does it seem reasonable to you that compared to BMM, Workshared MAADC letters should have more readable addresses (addresses in the correct location, no conflict with colors, simple font), more reliable addresses (fewer UAA pieces), better addresses (full and correct), more likely to be machinable, (correct stiffness, not flimsy, square corners, no enclosures), and are prebarcoded so as to completely bypass the RBCS operation? If not, please explain.

B. Does it seem reasonable to you that the unit costs for the Postal Service to process non-workshared BMM should be more than to process Workshared MAADC letters? If not, please explain.

C. Please confirm that, according to your models (before application of the CRA Proportional Factors), the unit costs to process BMM and MAADC letters are 4.461 and 4.532, respectively? If you cannot confirm, please explain.

D. Please confirm the following unit cost figures in cents, as taken from your library reference.

Operation Category	BMM	MAADC	BMM - MAADC
Outgoing RBCS	1.153		1.153
Other Outgoing	0.368	0.932	-0.564
Incoming Primary	0.970	1.472	-0.502
Incoming Secondary	1.971	2.128	-0.158
Total	**4.461**	**4.532**	**-0.070**

If you do not confirm, please make any corrections you think appropriate, explain each correction, specify the record information you believe supports your correction, and provide a copy of any information not yet in the record that you believe supports your correction.

E. Please explain why, according to your model, MAADC letters incur (1) higher incoming primary sortation costs, and (2) higher incoming secondary sortation costs than BMM letters?

F. Please confirm that after applying your CRA Proportional Factor, your BMM model-derived unit cost is increased from 4.461 to the CRA-derived unit cost of 6.5756. If you cannot confirm, please explain.

G. Please confirm that after applying your CRA Proportional Factor, your MAADC model-derived unit cost is decreased from 4.532 to the CRA-derived unit cost of 3.2213. If you cannot confirm, please explain.

H. Do you believe that the cost of the outgoing RBCS operation, as depicted in your model for BMM letters, is understated? If so, by how much? If not, why not?

I. Please confirm that the DPS percentages that you derived for BMM and MAADC letters are 82.14% and 79.57%, respectively. If you cannot confirm, please provide the correct percentages and explain how they were derived or obtained.

J. Please explain why it is reasonable that the DPS percentage for BMM letters should be higher than the DPS percentage for MAADC letters, in view of the fact that MAADC must be machinable by definition whereas BMM letters are not required to be machinable.

K. Please confirm that the model-derived DPS percentages are based entirely upon the mail flow depicted in the derivation of your model-derived unit costs. If you cannot confirm, please explain what the model-derived DPS percentages are based upon.

L. Please explain why you adjusted the BMM model-derived unit cost upward and the MAADC model-derived unit cost downward, according to your derived CRA Proportional Factors, but made no attempt to adjust model-derived DPS percentages.

M. Please confirm that it is important to derive accurate DPS percentages because the DPS percentages were provided to USPS witness Kelley, who, in turn, relied upon your DPS percentages to compute the unit

delivery cost savings due to worksharing. If you cannot confirm, please explain.

MMA/USPS-T21-35

Please refer to your Automation Letter summary, as shown in Library Reference LR-USPS-K-48, file LR-K-48FCLTRS, page 5.

A. Please confirm that, in order to derive the CRA Proportional Cost Factor for First-Class Automation letters, you have assumed that 7.82% of the letters destinate at "CSBCS/Manual offices." If you cannot confirm, please explain.

B. Please confirm that letters requiring an incoming secondary sortation at "CSBCS/Manual offices" incur additional costs not because of reduced worksharing, but because the Postal Service does not have the necessary automation equipment in place to capture possible cost savings. If you cannot confirm, please explain.

C. What percent of BMM letters destinate at "CSBCS/Manual offices"?

D. What percent of single piece metered letters destinate at "CSBCS/Manual offices"?

E. What percent of BMM letters do you assume will destinate at "CSBCS/Manual offices" in your BMM mail flow model?