

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

POSTAL RATE AND FEE CHANGES
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

RESPONSES OF UNITED STATES POSTAL SERVICE
WITNESS ABDIRAHMAN TO INTERROGATORIES
OF MAJOR MAILERS ASSOCIATION
(MMA/USPS-T21-1-10)

The United States Postal Service hereby files the responses of witness
Abdirahman to the following interrogatories of the Major Mailers Association:
MMA/USPS-T21-1-10, filed on April 26, 2005.

The interrogatories are stated verbatim and are followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ABDIRAHMAN TO INTERROGATORY OF THE MAJOR MAILERS ASSOCIATION

MMA/USPS-T21-1

Please refer to page 2 of your direct testimony where you state “[t]he cost methodology that was used in Docket No. R2001-1 has again been used in this docket to develop letter and card total mail processing unit cost estimates and worksharing related savings estimates by rate category.” Please refer also to USPS witness Miller’s testimonies in R2000-1 and R2001-1 and R2000-1, and Library References USPS-LR-I-162 and USPS-LR-J-60.

- A. Please confirm that you have made no methodological changes from the workshare cost savings methodology used by USPS witness Miller in R2001-1 and provided in R2001-1 Library Reference USPS-LR-J-60. If you cannot confirm, please identify separately each change in methodology that you made and the reason for such change.
- B. Please confirm that, in R2001-1 Library Reference USPS-LR-J-60, USPS witness Miller made certain changes in the workshare cost savings methodology that he had presented in R2000-1 Library Reference USPS-LR-I-162. If you cannot confirm, please explain why not.
- C. If you confirm that, in R2001-1 Library Reference USPS-LR-J-60, USPS witness Miller made certain changes in the workshare cost savings methodology that he had presented in R2000-1 Library Reference USPS-LR-I-162, please confirm that the Commission did not approve any of the changes in methodology that USPS witness Miller made in his R2001-1 presentation. If you cannot confirm, please explain.
- D. If you confirm that, in R2001-1 Library Reference USPS-LR-J-60, USPS witness Miller made certain changes in the workshare cost savings methodology that he had presented in R2000-1 Library Reference USPS-LR-I-162, please list each of Mr. Miller’s R2001-1 methodological changes that you have adopted and used for your presentation of First-Class workshare cost savings in R2005-1.
- E. Please indicate where in your testimony or Library References you provide any additional reasons why the Commission should adopt the changes in methodology that you list in your response to Interrogatory MMA/USPS-T21-1 D.

RESPONSE:

A. Not confirmed. In Docket No. R2001-1, witness Miller took exception to the Commission's Docket No. R2000-1 cost pool classification for the "1suppf1" and "1suppf4" cost pools. In Docket No. R2000-1, the Commission classified these cost pools as "worksharing related fixed." In Docket No. R2001-1, witness Miller classified these cost pools as "non worksharing related fixed." In the instant proceeding, I have

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relied upon the Commission's Docket No. R2000-1 cost pool classifications, to the extent that it has been possible to do so. The "1SUPP_F1" cost pool has been classified as "worksharing related fixed" in USPS-LR-K-48. There is, however, no longer a "1SUPP_F4" cost pool.

B. Confirmed.

C. It can be confirmed that, in Docket No. R2001-1, the Commission relied on the cost models for final adjustments only and that those models contain the Docket No. R2000-1 cost pool classifications. It cannot be confirmed that the Commission rejected the changes in cost pool methodology that witness Miller presented in R2001-1, as the question suggests. The Commission did not discuss the changes in its decision.

D. In Docket No. R2001-1, witness Miller made the following changes: the two cost pool classifications were revised as described in USPS-T-22, p. 8 at 10-11 and the Bulk Metered Mail (BMM) letters delivery unit cost estimate was revised as described in USPS-T-22, p. 20 at 18-23. Of those changes, I have adopted the revised BMM letters delivery unit cost estimate.

E. As stated above, I relied on the Docket No. R2000-1 Commission-approved cost pool classifications. I also relied on witness Miller's revised BMM letters delivery unit cost estimate, which was discussed in his Docket No. R2001-1 testimony, interrogatory responses, and hearing. These issues were therefore not revisited in my testimony.

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MMA/USPS-T21-2

Please refer to pages 3-4 of your direct testimony where you discuss the different types of CRA mail processing costs and their relationship to worksharing.

- A. For each cost pool that is “worksharing related fixed”, please explain how such costs would be expected to vary with volume but not the degree of presort.
- B. For each cost pool that is “non-worksharing related fixed”, please explain what factors other than worksharing would affect these costs.
- C. For each cost pool that is “non-worksharing related fixed”, please explain why worksharing does not affect these costs.

RESPONSE:

A-C In my testimony and library references, I have relied on the Commission-approved cost pool classifications from Docket No. R2000-1, to the extent it was possible to do so (e.g., some cost pools have since been revised). I did not reanalyze these cost pool classifications during the course of preparing my testimony and library references.

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MMA/USPS-T21-3

On page 5 of your testimony, you indicate that the entry profiles for each First-Class rate category were obtained from a R97-1 mail characteristics study.

A. Please confirm that according to the entry profile the study conducted for R97-1, First-Class presorted volumes were as follows:

<u>Degree of Presort</u>	<u>Percent of Pieces</u>
NonAuto	16.7
Mixed AADC	5.3
AADC	5.6
3-Digit	49.5
5-Digit	<u>22.9</u>
Total	100.0

Source: USPS- LR-K-48, page 53.

If you cannot confirm, please provide the correct percentages and provide the source(s) of such information.

B. Please confirm that according to the entry profile projected for TY 2006 in R2005-1, First-Class presorted volumes are as follows:

<u>Degree of Presort</u>	<u>Percent of Pieces</u>
NonAuto	4.7
Mixed AADC	6.0
AADC	5.5
3-Digit	49.1
5-Digit	<u>34.7</u>
Total	100.0

Source: USPS- LR-K-7, file First-Class Mail BD 2004, schedules A-2 and A-3.

If you cannot confirm, please provide the correct percentages and provide the source(s) of such information.

- C. Please explain how your results would be affected if you used the entry profile projected for TY 2006 rather than the 8 year old entry profile from the R97-1 mail characteristics study that you used.
- D. Please explain why the Commission should accept data from an 8-year old study in view of the fact that the Postal Service's mail processing flows and mailers worksharing operations have undergone significant changes during that time period.

RESPONSE:

A-C It is difficult to provide a meaningful response to this interrogatory, given that no actual volume figures have been provided. In addition, the automation carrier route

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Response continued

presort letters rate category has not been included. The 1997 mail characteristics data in the USPS-LR-K-48 cost model are only used to estimate the volume distribution, in percentage terms, for the eight nonautomation presort letters subcategories, which were estimated to support the nonmachinable surcharge. Please see USPS-LR-K-48, page 52, cells E42:E49. Those nonautomation percentages were then applied to the total nonautomation presort letters volume from the Government Fiscal Year (GFY) 2004 Revenue, Pieces, and Weights (RPW) extract file. The volumes for the other First-Class Mail presort letters rate categories also reflect the GFY 2004 RPW volumes. The volumes and percentages are shown below:

FCM Presort Letters

<u>Rate Category</u>	<u>GFY 2004 RPW Volume</u>	<u>Percent</u>
Nonautomation	1,949,367	4.19 %
Automation Mixed AADC	2,770,420	5.96 %
Automation AADC	2,522,102	5.42 %
Automation 3-Digit	22,585,608	48.56 %
Automation 5-Digit	15,963,541	34.32 %
Automation Carrier Route	<u>718,203</u>	<u>1.54 %</u>
Total	46,509,242	100.00 %

D. As stated above, the 1997 mail characteristics data in the USPS-LR-K-48 cost model are only used to estimate the volume distribution, in percentage terms, for the eight nonautomation presort letters subcategories. To the best of my knowledge, there are not other data available at this time which could be used as an alternative.

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MMA/USPS-T21-4

On page 6 of your testimony, you indicate that the mail flow densities for First-Class mail processing that you use in R2005-1 were updated in a field study conducted for the purposes of USPS witness Miller's presentation in R2000-1.

- A. Please provide copies of all documents referenced directly or indirectly in footnote 10 of your testimony.
- B. When, prior to the referenced update resulting from the field study for R2000-1, were the mail flow densities for First-Class mail processing updated?
- C. Please explain why you have assumed that the mail densities from the field study used in R2000-1 would still be accurate in TY 2006, in view of intervening changes in mail processing, including but not limited to deployment by the USPS of new sorting equipment (with higher numbers of possible sortations) and changes in the way mail is workshared.

RESPONSE:

- A. This information can be found in Docket No. R2000-1, USPS-LR-I-162.
- B. To the best of my knowledge, the next previous density study was conducted in 1994.
- C. In general, letter automation operations have remained relatively stable over the past few years. There are some exceptions. For example, the Remote Computer Read (RCR) finalization rate continues to improve. Density tables are affected by bin capacity on the Bar Code Sorters (BCS). During the 1999 to 2004 time period, it is my understanding that the bin capacity for those machines did not change dramatically. The usage of the Docket No. R2000-1 density tables was therefore appropriate.

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MMA/USPS-T21-5

On page 7 of your testimony, you explain that you used the actual RBCS leakage rate of 6.1% in your models. Please provide the source of that leakage rate percentage.

RESPONSE:

The Remote Bar Code System (RBCS) leakage rate and the Remote Computer Read (RCR) finalization rate are contained in USPS-LR-K-48, page 51 and represent Government Fiscal Year (GFY) 2004 figures that were obtained from the RBCS data system.

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MMA/USPS-T21-6

As discussed on page 10 of your testimony, you derive both delivery point sequence percentages (DPS %'s) and model unit costs for each First-Class rate category.

- A. Please explain why you adjusted the model-derived unit costs to reconcile to the actual CRA costs.
- B. Does the Postal Service have actual DPS %'s for BY 2004 that would allow you to reconcile your model-derived DPS %'s for automation letters and metered mail (either single piece or BMM)? If yes, please provide the actual DPS %'s. If the Postal Service does not have the actual DPS %'s, please explain why such information is not collected.
- C. Do you believe there is a relationship between the accuracy of the model-derived unit costs and the accuracy of the model-derived DPS %'s. Please explain your answer.
- D. Please confirm that (all other things being equal), as the DPS % increases, the model-derived unit cost decreases and alternatively, as the DPS % decreases, the model-derived unit cost increases. If you cannot confirm, please explain.
- E. Please confirm that if (all other things being equal), a derived unit cost is found to be too low then it is likely that the associated derived DPS % will be too high and, alternatively, if a derived unit cost is found to be too high, then it is likely that the associated derived DPS % will be too low. If you cannot confirm, please explain.

RESPONSE:

A. CRA adjustment factors are applied to the model costs to account for the following:

- (1) the fact that average data are used, (2) the fact that all tasks are not modeled, and
- (3) the fact that the cost models are, by definition, a simplified representation of reality.

Furthermore, a hybrid cost methodology was also relied upon by both the Postal Service and the Commission in Docket Nos. R97-1, R2000-1, and R2001-1.

B. The Postal Service does not collect DPS percentages by rate category. It is therefore not possible to reconcile the model-derived DPS percentages with actual DPS percentages.

C. I would not use such a characterization. DPS data are not used as inputs to the model. The DPS percentages are a function of other model inputs, such as acceptance rates, density tables, etc. The extent to which other model inputs are accurate estimates

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Response continued

would obviously affect the accuracy of the model cost estimates by rate category. This is one reason, as discussed in the response to MMA/USPS-T21-6A, why the weighted average of the model cost estimates are compared to the corresponding CRA-derived costs.

D. Confirmed. As stated in the response to MMA/USPS-T21-6C, however, the various inputs are what affect the model cost estimates. The DPS percentages are only the results of those inputs.

E. It is not possible to confirm or not confirm the interrogatory as written. As stated in the response to MMA/USPS-T21-6B, DPS data by rate category are not available. It is therefore not possible to determine, at the rate category level, whether a DPS percentage is too high or too low. As stated above, the model inputs are what affect the model cost estimates. The DPS percentages are only a reflection of those inputs.

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MMA/USPS-T21-7

As discussed on page 11 of your testimony, you have used bulk metered mail (BMM) as the benchmark from which to measure workshare cost savings. As a proxy for BMM, you have used the CRA costs for single piece metered mail.

- A. Is the purpose of the benchmark to estimate the cost savings due to worksharing on mail that is already clean and machinable, i.e., similar to workshared mail prior to workshared attributes? If not, please explain.
- B. Please explain how using BMM as the benchmark for non-automation presort letters isolates the impact of workshare cost savings, when a significant portion of these workshared letters are not clean or machinable.
- C. Please confirm that your use of BMM as the benchmark for non-automation presort letters incorporates a cost savings that results from worksharing that is entirely offset by the additional manual cost required to process nonmachinable letters. If you cannot confirm, please explain how your methodology removes the impact of machinability from the workshare cost savings analysis.
- D. Do you agree that the unit cost for First-Class single piece metered letters is a good proxy for BMM because First-Class processing costs are not affected by the manner in which metered mail is presented to the Postal Service? If you do not agree, please explain.
- E. Please describe in detail how you confirmed to your satisfaction that, in fact, there are significant volumes of BMM and that such BMM mailers pay the full First-Class single piece rate and voluntarily bring such mail to a local post office in Postal Service trays.
- F. Please explain why a First-Class mailer with 500 or more pieces would apply the single piece First-Class postage by meter, and then voluntarily tray his mail and voluntarily bring his mail to a local post office.

RESPONSE:

A. The Postal Service endorses the Commission view, expressed in PRC Op. R2000-1, paragraph [5089], that Bulk Metered Mail (BMM) letters is the appropriate cost benchmark for the First-Class Mail presort letters rate categories. BMM letters are generally considered to be "clean," machinable, homogeneous, non-barcoded mail pieces with machine printed addresses that are entered, properly faced, in trays.

B. Machinable nonautomation presort letters exhibit mail characteristics similar to those for BMM letters, which were described in the response to MMA/USPS-T21-7A. In my testimony, I have calculated a savings estimate for machinable nonautomation presort

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Response continued

letters. Please see USPS-LR-K-48, page 1, cell L19. In Docket No. R2001-1, a similar calculation supported rate design for the 1.8-cent discount. In the instant proceeding, a cost difference is measured between BMM letters and the aggregate of the eight nonautomation presort letters subcategories. This figure can be found in USPS-LR-K-48, page 1, cell L10. A similar estimate was contained in Docket No. R2001-1, USPS-LR-J-60, but was not used to support rate design. Furthermore, nonmachinable nonautomation presort letters are subject to the nonmachinable surcharge, which is supported by an analysis found in USPS-LR-K-48, page 38.

C. Not confirmed. Please see the response to MMA/USPS-T21-7B.

D. No. The IOCS system cannot be used to isolate BMM letters mail processing unit cost estimates by shape. Consequently, the cost estimate for all metered letters are used as a proxy for BMM letters.

E. As a Delivery Unit distribution clerk preparing the mail that was to be dispatched to the plant each day, I collected trays of BMM letters from various customers. I have also seen BMM letters while conducting field observations in postal facilities. The term "significant" is obviously subjective. It should be noted, however, that this issue becomes moot in light of the Commissions view expressed in PRC Op. R2000-1, paragraph [5089]) "The Commission also views a benchmark as a 'two-way street.' It represents not only the mail most likely to convert to worksharing, but also, to what category current worksharing mail would be most likely to revert if the discounts no longer outweigh the cost of performing the worksharing activities."

F. I do not know. This is an interrogatory that would best be answered by BMM letters mailers.

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MMA/USPS-T21-8

In Table 1 on page 16 of your testimony, you show that nonautomation letters produce a negative savings of 1.4 cents per piece, i.e., they actually cost more to process because of worksharing.

- A. How much of these extra costs are due to the fact that almost half of nonautomation letters (which must be processed manually whether they are presorted or not) incur manual processing costs whereas very few of your benchmark BMM letters incur such costs? Please provide your computations.
- B. What percent of BMM is prebarcoded? Please provide the source(s) for this information. If you do not know what percent of BMM is prebarcoded, do you agree that it is likely to be zero or very close to zero? If you do not agree, please explain.
- C. What proportion of BMM is likely to be courtesy return mail, i.e., a prebarcoded envelope that is being sent back to the party who originally sent out the envelope to the mailer in the first place? Please explain your answer.
- D. What percent of single piece metered mail is prebarcoded? Please provide the source(s) for this information. If you do not know what percent of single piece metered mail is prebarcoded, do you agree that it is likely to be significantly greater than zero. If you do not agree, please explain.
- E. What proportion of single piece mail is likely to be courtesy return mail, i.e., a prebarcoded envelope that is being sent back to the party who originally sent out the envelope to the mailer in the first place? Please explain your answer.
- F. Do you agree that, to the extent that single piece metered mail is prebarcoded more often than BMM, using single piece metered mail costs as a proxy for BMM is likely to understate the actual CRA*** BMM costs? If you do not agree, please explain.

RESPONSE:

A. It is assumed that this interrogatory refers to the portion of nonautomation presort letters that is nonmachinable. The savings 1.4-cent savings estimate, however, relates to machinable nonautomation presort letters. Therefore none of that savings is driven by the fact that the mail pieces are not machinable.

B. To the best of my knowledge, this information is not available. As BMM letters are generally defined, I would agree that the percentage of barcoded BMM letters would be zero, or close to zero.

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Response continued

C. To the best of my knowledge, this information is not available. As BMM letters are generally defined, I would not think any portion of that mail consists of Courtesy Reply Mail (CRM).

D. To the best of my knowledge, this information is not available. I do not know what percentage of single-piece metered letters are barcoded.

E. To the best of my knowledge, this information is not available. I do not know what percentage of single-piece metered letters consists of CRM.

F. I can not agree or disagree with this statement. There are also costs incurred by single-piece letter mail, in general, that would not be incurred by BMM letters. For example, the costs for isolating, sorting, and traying metered letters bundles are imbedded within the single-piece metered letters mail processing unit cost estimate, but would not actually be incurred by BMM letters.

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MMA/USPS-T21-9

On page 11 of your testimony, you indicate that you have adopted USPS witness Miller's assumption that the delivery cost of nonautomation machinable mixed AADC (NAMMA) presort letters is a good proxy for BMM delivery cost.

- A. Please confirm that you have included delivery cost savings as part of your overall derivation of First-Class workshare cost savings. If not, please explain.
- B. Is the purpose of including delivery cost savings in your derivation of total First-Class workshare cost savings to derive delivery cost savings that can be specifically tied to worksharing? If not, please explain.
- C. Have you studied the actual impact worksharing has upon delivery costs? Please explain your answer.
- D. Do you agree with USPS witness Schenk testimony in R2001-1 that the unit cost to process presorted DPSed letters by city carriers could not be assumed to be the same as the unit cost to process nonpresorted DPSed letters? See R2001-1, TR 5/666, 817. If not, please explain.
- E. Do you agree with USPS witness Schenk's testimony in R2001-1 that, if two letters are able to be DPSed, while one is presorted and the other is not, that presortation favorably impacts the delivery cost? See R2001-1, TR 5/859. If not, please explain.
- F. Do you agree that if two letters are unable to be DPSed, while one is presorted and the other is not, that presortation favorably impacts the delivery cost? If not, please explain.
- G. Could you have derived unit delivery costs for single piece metered mail and used that as a proxy for the unit delivery costs of BMM? If not, why not? If you can derive the unit delivery costs for single piece metered mail, please provide that calculation with appropriate data source(s) and footnotes.
- H. Please confirm that you compared the delivery unit costs for a workshared rate category (automation letters) to the delivery unit costs of another workshared rate category (NAMMA), which was a proxy for a non-workshared rate category (BMM), in order to measure delivery cost savings that result from worksharing. If you cannot confirm, please explain.
- I. Please explain the logic of using a workshared rate category (NAMMA) as a proxy for a non-workshared rate category (BMM) in order to isolate and estimate the impact of worksharing.

RESPONSE:

- A. Confirmed.
- B. The delivery unit cost estimates have been included in the analysis to reflect cost differences associated with the percentage of mail processed in Delivery Point Sequence by rate category.

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Response continued

C. No.

D. The average in-office delivery unit cost estimates for presort DPS letters and non-presort DPS letters may or may not be the same. I am not aware of any studies in which an attempt was made to answer the question posed in this interrogatory.

E. The extent to which mail pieces are processed in delivery point sequence is a primary cost driver for in-office carrier costs. DPS letters that are presorted and non-presorted would not have to be sorted to the delivery point by the carrier. Non-DPS letters that are presorted and non-presorted would have to be sorted to the delivery point by the carrier. I am not aware of any studies in which an attempt was made to answer the question posed in this interrogatory.

F. Please see the response to MMA/USPS-T21-9E.

G. I did not calculate delivery unit cost estimates as part of my testimony, but did provide DPS percentages by rate category to the witness that made those calculations. Cost models have not historically been developed for components of the single-piece mail stream. DPS percentages for those components were therefore not available as a tool to further de-average delivery unit cost estimates.

H. The costs listed under automation presort letters line items in USPS-LR-K-48 were not compared to the costs listed under any nonautomation presort line items. It can be confirmed, however, that the nonautomation machinable mixed AADC presort letters delivery unit cost estimate was used as a proxy for BMM letters, due to the fact that they exhibit similar mail piece characteristics.

I. See the response to MMA/USPS-T21-9H.

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MMA/USPS-T21-10

Please refer to the testimony of USPS witness Hatfield in R97-1 and the testimony of USPS witness Miller in R2000-1.

- A. Please confirm that USPS witness Hatfield in R97-1 and USPS witness Miller in R2000-1 both assumed that nonautomation presort delivery costs could be used as a reasonable proxy for BMM delivery costs. If you cannot confirm, please explain.
- B. Please confirm that the Commission accepted the Postal Service's assumptions that nonautomation presort delivery costs could be used as a reasonable proxy for BMM delivery costs in R97-1 and again in R2000-1. If you cannot confirm, please explain.
- C. Please confirm that in R2001-1 the Commission did not reach a different conclusion as to assumptions that nonautomation presort delivery costs could be used as a reasonable proxy for BMM delivery cost. If you cannot confirm, please explain.
- D. Please confirm that the only support USPS witness Miller offered in R2001-1 for departing from the Service's and the Commission's assumptions that nonautomation presort delivery costs could be used as a reasonable proxy for BMM delivery cost was in his response to Interrogatory MMA/USPS-T22-49G, as follows:

- Q. Please confirm that the only explanation that you provide in your Direct Testimony and Library References for changing the assumption from the last case concerning BMM delivery costs is found on page 20 of your Direct Testimony. There you state:

In this docket, I have refined that assumption and have assumed that delivery unit costs for BMM letters are the same as the delivery unit costs for First-Class machinable mixed AADC nonautomation presort letters.

If you cannot confirm, please provide all other record citations where you explain the rationale for your "refined" assumption.

- A. Confirmed.

If you do not confirm, please provide citations to any other support USPS witness Miller provided for departing from the Commission's approved methodology on this issue.

- E. Please confirm that the impact of USPS witness Miller's new assumption in R2001-1 that the unit delivery costs of for BMM were the same as the delivery unit costs for First-Class machinable mixed AADC nonautomation presort letters reduced derived workshare savings by an average of 1.86 cents per pieces in that case. If you cannot confirm, please provide your estimate of by how much derived workshare savings was reduced as a result of USPS witness Miller's "refined" assumption that delivery unit costs for BMM letters are

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the same as the delivery unit costs for First-Class machinable mixed AADC nonautomation presort letters.

- F. Please confirm that your adoption in R2005-1 of USPS witness Miller's "refined" assumption in R2001-1, namely that the unit delivery costs of BMM are the same as the unit delivery costs for First-Class machinable mixed AADC nonautomation presort letters, reduced derived workshare savings by 3.01 cents for each rate category within First-Class workshare letters. If you cannot confirm, please provide your own computations that derive the specific quantitative impact of this particular assumption that you have adopted from R2001-1.

RESPONSE:

A. Confirmed.

B. Confirmed.

C. It can be confirmed that this issue was not addressed in PRC Op. R2001-1.

D. Not confirmed. The correct response to the referenced interrogatory was,

"Confirmed. In addition, please see the response to MMA/USPS-T22-19(B)." The

interrogatory itself only directed a response based on the content of the testimony and a

library reference. Interrogatory MMA/USPS-T21-10(D) above asks about the supporting

rationale in Docket No. R2001-1 as a whole. In Docket No. R2001-1, the responses to

other parts of MMA/USPS-T22-49 (Tr. 14/5584-5586), as well as the responses to

MMA/USPS-T22-19 (Tr. 7/1378-1379) provided rationale concerning the proxy that was

used for the BMM letters delivery unit cost estimate.

E. Please see the response to MMA/USPS-T22-49(C) and (D) in Docket No. R2001-1

(Tr. 14/5586).

F. It can be confirmed that had the aggregate nonautomation presort letters delivery unit

cost estimate been used as the proxy for BMM letters, the worksharing related savings

estimates for the First-Class Mail presort letters rate categories would have increased

by 3.01 cents.

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.

Nan K. McKenzie

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
May 10, 2005