

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

Postal Rate Commission
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POSTAL RATE AND FEE CHANGES, 2005)

Docket No. R2005-1

AMERICAN BANKERS ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS
ADDITIONAL INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE
WITNESS ABDULKADIR M. ABDIRAHMAN (ABA&NAPM/USPS-T21-20-36)
(May 11, 2005)

Pursuant to sections 26 and 27 of the Postal Rate Commission rules of practice, American Bankers Association and National Association of Presort Mailers hereby submit these joint interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

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.

Respectfully submitted,

AMERICAN BANKERS ASSOCIATION
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ABA&NAPM/USPS-T21-20. The Commission's POIR #3 at Table 1 shows a passthrough percentage on the spread between FCLM AADC and 3-digit presort letters of 218%, and a corresponding passthrough in Table 3A for a Standard A Regular 3-digit presort letter of 49%.

- a. Please confirm that the difference in passthroughs between 218% and 49% is based in part on using a relatively high cost non-automation presort letter for benchmarking the Standard A 3 digit "costs avoided" versus using a relatively low cost basic automation presort letter for benchmarking the FCLM 3 digit costs avoided.
- b. Please create two columns, one each for the 3 digit FCLM letter and 3 digit Standard A Regular letter, and list each activity, productivity, and unit cost from your mail flow models by 3 digit MODS associated with producing that 3 digit letter in each case.
- c. If differences in these activities in b., or differences in the "costs avoided" benchmark in a. do not fully explain the differences between the above percentages, please break down the difference by percentage difference accounted for, e.g. 30% of the 169% difference is due to factor x, another 40% is due to factor y, etc.

ABA&NAPM/USPS-T21-21. Please explain what factors have caused the MODS 11 BCS/ unit cost for BMM to fall from 0.512 cents in R2001-1 to 0.252 cents in this case (ref. LR-K-48, page 2 and LR-J-60, page 8, rev. 11/05/01); while the unit costs for the MODS 11 BCS/DBCS operation have risen from 1.634 cents to 2.002 cents.

ABA&NAPM/USPS-T21-22.

- a. For each change in the BMM mail processing and delivery cost cells between R2001-1 and R2005-1, at the most disaggregated level such as 3 digit MODS or other, please cross walk the old categories to the new categories. Please note in each instance where a MODS or other cost proxy is being used to estimate a BMM cost pool.
- b. In your cost pool re-partitioning did you identify any new cost avoidances not previously measured? Please list.
- c. In your cost pool re-partitioning did you identify any old cost avoidances that have been deleted, or reclassified from worksharing related into nonworksharing related, or worksharing related proportional into worksharing related fixed? Please list.
- b. In your cost pool re-partitioning did you identify any old cost avoidances that have been reclassified from worksharing related fixed into worksharing related proportional, or nonworksharing related into worksharing related? Please list.

ABA&NAPM/USPS-T21-23. For the BMM mail flow model, please explain the notable decline in the pieces per hour for incoming secondaries during the "Auto 3-Pass DPS" operation, down from 32,363 pieces per hour in R2001-1 to 21,505 in R2005-1 (Ref. LR-K-48, page 3, and LR-J-60, page 15, rev, 11/15/01).

ABA&NAPM/USPS-T21-24. Please refer to LR-K-48, p. 11 and LR-J-60, page 33 from R2001-1. Confirm that under the Outgoing RBCS operation, while the productivity or pieces per hour under the ISS operation have increased by 7.2%, the wage rate has increased by even more, namely by 16%.

ABA&NAPM/USPS-T21-25.

- a. Please confirm that in R2000-1, the entire difference in unit mail processing costs between bulk metered mail (BMM) and single piece metered mail was assumed to be the MODS 17 cost pool 1CANCMPP, which was set at 0.30 cents for single piece metered in the test year for that case, and set with no entry for BMM in USPS witness Smith's spread sheets from LR-I-81. (See TY Letters (4), page 2 of 4, rows 45 and 47, column V; and column BC, total unit costs.)
- b. Please confirm that in this case, you have eliminated the 1CANCMPP cost pool.
- c. Please confirm that in this case you have replaced the 1CANCMPP cost pool with a MODS 17 cost pool 1MTRPREP and/or 1CANCEL and/or 1DISPATCH.
- d. Please confirm that the BMM unit cost for 1CANCMPP in R2001-1 was 0.668 cents, LR-J-60, (p. 8 rev. 11/05/01) whereas the new value in R2005-1 for the 1MTRPREP cost pool is 0.10 cents.
- e. What has been the level of craft wages associated with this meter prep activity by year since 1999?
- f. What factor(s) explain the fall in your BMM unit cost estimate for this activity, however labeled, from 0.668 cents to 0.100 cents? If more cost pools in MODS 17 than this one replace the 1CANCMPP cost pool, then please do the appropriate "apples to apples" comparison, and then answer the question.
- g. Why have you chosen to label this MODS 17 activity 1MTRPREP worksharing related proportional, whereas you did not label 1CANCMPP worksharing related proportional?
- h. Why are the new cost pools that may have been part of 1CANCMPP, 1 CANCEL and 1DISPATCH classified as non-worksharing related when the older category, 1CANCMPP was listed as worksharing related fixed?

ABA&NAPM/USPS-T21-26. In LR-K-53, the row of MODS costs for BMM is missing, and only single piece metered figures are provided, unlike the corresponding LR's for the past two rate cases, LR-I-81 and LR-J-60. Further, the BMM total provided in LR-K-48, page 2, is 10.906 cents, the same as the single piece metered total provided in LR-K-53.

- a. Are you using a BMM or single piece metered benchmark for FCLM in this case?
- b. Please provide the full comparison by MODS and NON MODS cost categories between BMM and single piece unit mail processing costs for this case in the LR-K-53 format.
- c. If the source of the BMM MODS unit costs is not "From USPS LR-K-53" as stated on page 2 of LR-K-48, then please provide the full citations as to where to find these cost derivations. In all cases where these are cost proxies borrowed from other rate categories, and not directly measured or modeled BMM costs, please so state and cite for each cost component from which rate category the proxy for BMM comes from.

ABA&NAPM/USPS-T21-27. Since it appears that you could be using a single piece metered benchmark for mail processing costs, please answer the following questions:

- a. Why would single piece metered letters be any more likely to be the mailstream most likely to convert to worksharing than any other single piece letter?
- b. According to the figures in LR-K-53, "calculated total" in column BN relative to those in the last fully litigated case in R2000-1, mail processing unit costs have come down by 0.879 cents for single piece letters but have increased for single piece

metered letters by 0.136 cents. Why would metering a letter rather than putting a stamp on it and depositing it, for example, in a USPS blue collection box with a stamped letter, cause the two single piece letter mail processing costs to have exhibited such totally different cost dynamics between R2000-1 and R2005-1?

ABA&NAPM/USPS-T21-28. Please define the new cost pool MODS 17 1OPTRANS for BMM and explain why it is not worksharing related. Why was this not identified in R2001-1? Does it replace a portion of any previous cost pool(s), if so which one(s) and by how much?

ABA&NAPM/USPS-T21-29. Please define the new cost pool MODS 17 1PRESORT for BMM. Why was this not identified in R2001-1? Does it replace a portion of any previous cost pool(s), if so which one(s) and by how much.

ABA&NAPM/USPS-T21-30. For the following cost pools for BMM, please explain why the unit mail processing costs have fallen so dramatically since R2001-1, and list the craft wages associated with each activity for the appropriate time periods.

1OPBULK from 0.154 cents to 0.032 cents in R2005-1
1OPPREF from 0.525 cents to 0.321 cents in R2005-1
1POUCHNG from 0.368 cents to 0.023 cents in R2005-1

ABA&NAPM/USPS-T21-31. Please confirm that total unit worksharing related mail processing costs for BMM, as you estimate them, have fallen from 9.763 cents in R2001-1 to 9.372 cents in R2005-1, or by 0.391 cents. What are the associated craft wage rates for all these activities making up the total mail processing costs for each period?

ABA&NAPM/USPS-T21-32. Between R2000-1 and R2005-1, the changes in USPS unit mail processing costs in cents are as follows for the following FCLM letters:

Single piece	-0.879
Single piece metered	+0.136
BMM	-0.391
Non-auto presort average	+3.381
Non-auto presort machinable AADC and mixed	+1.839
Automation 3 digit presort	-0.324

- a. Why would machinable non-auto presort letters exhibit an increase in worksharing related (and total) unit mail processing costs while single piece letters (machinable and non-machinable) exhibit a decrease?
- b. Why would BMM exhibit a decrease while single piece metered letters exhibited an increase?

- c. Why would BMM exhibit a larger decrease in worksharing related unit mail processing costs than 3-digit automation presort letters (other than the obvious answer of accomplishing the mission of further compressing measured cost avoidances)?

ABA&NAPM/USPS-T21-33. Please explain the two new cost pools for MODS 12, AFSM100 and FSM/1000.

ABA&NAPM/USPS-T21-34. In MODS 11 BCS/ the unit cost for single piece letters from R2000-1 was 2.10 cents for the test year, whereas in R2005-1 the test year unit cost for the new MODS11 category BCS/DBCS is higher, at 2.13 cents.

- a. If unit costs are going up, where are the alleged efficiencies from conversion to DBCS?
- b. Is this a weighted average number between BCS and DBCS?
- c. What are the factor(s) driving up the unit costs of MODS11?
- d. Are the MODS11 cost pools additive? That is, for example, for the First Class automated letter category, is the appropriate comparison with R2000-1's unit cost of 1.17 cents the R2005-1 0.98 cent cell or the 0.98 cent cell plus the 0.10 cent cell?

ABA&NAPM/USPS-T21-35. What has become of the following cost pools from R2000-1, which do not appear in R2005-1: MODS 41, 42, 43, 44 and 48 (two cost pools); MODS 99 1SUPP_F4? Please cross-walk these to any new replacement cost pools, and include the unit cost levels from the updated old cost pools that are cross-walked, not just the operations. Please do the cross walks by 2 digit as well as 3 digit MODS categories.

ABA&NAPM/USPS-T21-36. Please explain fully how the following new cost pools relate to the cost pools from R2000-1, cross walk them from new to old at the 2 digit and 3 digit MODS levels, operation to operation, and by unit cost: MODS 13, 1TRAYSRT; MODS17 1CANCEL, 1DSPATCH, 1FLATPRP, 1MTRPREP, 1OPTRANS, 1PRESORT; MODS 19 INTL ISC, and PMPC.