

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

POSTAL RATE AND FEE CHANGES

Docket No. R2005-1

**Major Mailers Association's
First Set Of Interrogatories And Document Production Requests To
United States Postal Service Witness Jatona S. Hatcher (MMA/USPS-T22-1-6)
(May 25, 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 Jatona S. Hatcher. **(MMA/USPS-T22-1-6)**. If the designated witness cannot answer part or all of any interrogatory, the witness and his counsel should redirect the request to another USPS witness who can respond.

Respectfully submitted,

Major Mailers Association

By: _____

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**Dated: Middleburg, Virginia
May 25, 2005**

MMA/USPS-T22-1

Please refer to page 4 of your direct testimony where you state “[t]he methodology for the cost study I am presenting in this case is unchanged from the model presented by witness Miller...The model has been updated to include test year 2006 equipment changes, test year finalization factors, piggyback factors, volume variability factors, and wage rates.”

- A. Please confirm that you have made no methodological changes from the QBRM 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 QBRM cost savings methodology that USPS witness Campbell had presented in R2000-1 Library Reference USPS-LR-I-160. 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 USPS witness Campbell had presented in R2000-1 Library Reference USPS-LR-I-160, 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 USPS witness Campbell had presented in R2000-1 Library Reference USPS-LR-I-160, please list each of Mr. Miller’s

R2001-1 methodological changes that you have adopted and used for your presentation of QBRM 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-T22-1D.

MMA/USPS-T22-2

Please refer to Library Reference LR-USPS-K-69, pages 3 and 5, where you show the mail flow models for hand addressed letters (HAND) and QBRM letters.

- A. Please confirm that, although you show that HAND letters and QBRM letters are not processed after the outgoing primary operation, both types of letters are, in fact, processed through the outgoing primary, the outgoing secondary, the incoming primary, and the incoming secondary operations, in order to be delivered. If you cannot confirm, please explain.
- B. Please confirm that the HAND model is precisely the same as USPS witness Abdirhaman's Bulk Metered Mail (BMM) model in that HAND letters and BMM both require USPS-applied barcodes and enter the mail stream at the RBCS operation. We note that the only apparent difference is that BMM first goes to the "OUT ISS" whereas HAND letters go to the "OUT RCR". If you cannot confirm, please explain how the processing of HAND letters differs from the processing of BMM letters insofar as the mail flow models are concerned.
- C. Please confirm that the QBRM model is precisely the same as USPS witness Abdirhaman's Automation Mixed AADC (MAADC) model in that neither QBRM letters nor MAADC letters require USPS-applied barcodes and both enter the mail stream after the RBCS operation. We note that the only apparent difference is that QBRM first goes to the "OUT PRIM AUTO" whereas MAADC letters go to the "OUT PRIM SEC". If you cannot confirm, please explain. If you cannot confirm, please explain how the processing of QBRM letters differs from the processing of MAADC letters insofar as the mail flow models are concerned.

MMA/USPS-T22-3

Please refer to Library Reference LR-USPS-K-69, pages 3 and 5, where you show the mail flow models for hand addressed letters (HAND) and QBRM letters.

- A. Please confirm that, according to your HAND mail flow model, 92.49% of the 10,000 HAND letters are successfully barcoded and are sent to automation operations downstream for further processing. If you cannot confirm, please explain.
- B. Please confirm that, according to your QBRM mail flow model, 95.76% of the QBRM letters are successfully processed by the automation primary sort, and then sent to automation operations downstream for further processing.
- C. Please confirm that you assume that, after HAND letters are processed in the RBCS operation and QBRM letters are processed in the outgoing automation primary, there are no differences in the costs to process HAND and QBRM letters through all of the remaining operations until the letters are delivered. If you cannot confirm, please explain.

MMA/USPS-T22-4

Please refer to USPS witness McCrery's response to Interrogatory MMA/USPS-T29-3A.

- A. Please confirm that his answer indicates that in general, the Postal Service successfully barcodes approximately 82% of all non-prebarcoded letters that enter the mail stream. If you cannot confirm, please explain.
- B. Do you have any reason to believe that the Postal Service barcodes more than 82% of the letters that enter the postal mailstream. If so, please explain your position and provide any studies or other information you believe support your position.

MMA/USPS-T22-5

Please refer to your Library Reference LR-USPS-K-69, page 6, where you derive the unit variable costs to justify the QBRM per piece fee for high volume recipients.

- A. Please confirm that you have made no methodological changes from the QBRM per piece fee cost methodology used by USPS witness Miller in

R2001-1 and presented 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 to the QBRM per piece fee cost methodology that USPS witness Campbell presented in R2000-1 Library Reference USPS-LR-I-160. 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 QBRM per piece fee cost methodology that USPS witness Campbell presented in R2000-1 Library Reference USPS-LR-I-160, 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 to the QBRM per piece fee cost methodology that USPS witness Campbell presented in R2000-1 Library Reference USPS-LR-I-160, please list each of the methodological changes that Mr. Miller made in R2001-1 that you have adopted and used for your presentation of the QBRM per piece fee cost 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-T22-5D.

MMA/USPS-T22-6

Please refer to of your Library Reference LR-USPS-K-69, Section B, page 6, where you derive the unit variable costs to justify the QBRM per piece fee for high volume recipients. Please focus on the costs reported for BRMAS processing.

- A. Please confirm that, in R2000-1, USPS witness Campbell assumed that the extra variable costs associated with processing QBRM letters that were counted, rated and billed using BRMAS automated equipment for high volume QBRM recipients was zero. If you cannot confirm, please explain.
- B. Please confirm that, in R2001-1, the Commission assumed that the extra variable costs associated with QBRM letters that were counted, rated and billed using BRMAS automated equipment for high volume QBRM recipients was zero. If you cannot confirm, please explain.
- C. Please confirm that the extra costs you show for BRMAS processing reflect not the variable costs associated with counting, rating and billing QBRM, but the fixed cost of printing out bills on the system computer-and the placing of bills with the corresponding mail pieces before they are sent to the postage due section. If you cannot confirm, please explain.
- D. Please confirm that the Postal Service already has in place a charge for collecting revenues that are designed to reflect the fixed accounting costs associated with QBRM received by large volume recipients. If you cannot confirm, please explain.
- E. Please confirm that the cost of the BRMAS functions that you derive to support the QBRM per piece fee has no relation whatsoever to the volume received by large volume QBRM recipients. If you cannot confirm, please explain.
- F. Please confirm that, when deriving your productivity and costs associated with bill printing for the BRMAS operation, you relied upon data collected during a study presented in R97-1, as shown on page 11 of your library reference. If you cannot confirm, please explain.
- G. Please confirm that the productivity and cost data for bill printing, from which you derive your BRMAS unit cost of .722 cents, was collected before the high volume QBRM category existed. If you cannot confirm, please explain.
- H. Please provide the average volume received per QBRM recipient when the Postal Service produced its study of BRMAS costs in R97-1. If you do not

know, please explain how you adjusted the fixed printing and other associated costs to derive a unit variable cost that would be appropriate for high volume QBRM recipients. Please provide all documents that support your answer.

- I. Please confirm that, if the BRAMS cost for printing and other associated functions was \$10, then the unit cost would be 10.0 cents if a particular QBRM recipient received 100 pieces. If you cannot confirm, please explain.
- J. Please confirm that, if the BRAMS cost for printing and other associated functions was \$10, then the unit cost would be 0.1 cents per piece if a particular QBRM recipient received 10,000 pieces. If you cannot confirm, please explain.