

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

POSTAL RATE AND FEE CHANGES

Docket No. R2005-1

**Major Mailers Association's
Third Set Of Interrogatories And Document Production Requests To
United States Postal Service Witness John Kelley (MMA/USPS-T16-18-20)
(May 31, 2005)**

Pursuant to Rules 25 and 26 of the Commission's Rules of Practice, Major Mailers Association submits the following interrogatories and document production requests to United States Postal Service Witness John Kelley **(MMA/USPS-T16-18-20)**.

Respectfully submitted,

Major Mailers Association

By: _____

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**Dated: Middleburg, Virginia
May 31, 2005**

MMA/USPS-T16-18

Please refer to Library Reference LR-USPS-K-67 (revised), worksheets 11 and 14, where you analyze segment 6.1 costs for First-Class mail.

- A. The total segment 6.1 direct labor in-office - casing costs for nonautomation letters is \$43,031,000, as shown for all 8 subcategories on worksheet 11. The total segment 6.1 direct labor in-office - casing costs for nonautomation letters is \$92,993,908 as shown on worksheet 14. Please reconcile these two figures.
- B. The total segment 6.1 direct labor in-office – non-casing costs for nonautomation letters is \$1,983,000, as shown for all 8 subcategories on worksheet 11. The total segment 6.1 direct labor in-office – non-casing costs for nonautomation letters is \$14,384,417 as shown on worksheet 14. Please reconcile these two figures.

MMA/USPS-T16-19

Please refer to Library Reference LR-USPS-K-67 (revised), worksheet 9, and Library Reference LR-USPS-K-101, worksheet “Delivery Volumes”. There you list the First-Class volumes delivered by rural carriers, city carriers and the First-Class volumes delivered to post office boxes. Please explain why the total number of First-Class single piece letters (all shapes) delivered by rural carriers is 11,196,625 in Library Reference LR-USPS-K-101, but the corresponding number is 7,714,656 in Library Reference LR-USPS-K-67. Which is correct?

MMA/USPS-T16-20

Please refer to Library Reference LR-USPS-K-67 (revised), worksheet 2, where you compute the “Total Unit Cost” in the last column for the various categories of First-Class mail.

- A. Please confirm that these “Total Unit Cost” figures are derived by dividing total delivery costs for rural and city carriers by the total RPW volume. If you cannot confirm, please explain.

- B. Please confirm that the RPW volume used to derive these “Total Unit Cost” figures includes not only volumes that are delivered by rural or city carriers but also volumes that are delivered to post office boxes or returned for postage due. If you cannot confirm, please explain.
- C. Please confirm that the total unit cost figures that you derive in Table 1 of Library Reference LR-USPS-K-67 (and provided to USPS witness Abdirhaman) do not represent the volume variable cost of a First-Class letter that is actually delivered by a city or rural carrier. If you cannot confirm, please explain.
- D. Please confirm that the table below isolates the unit delivery costs for pieces that are actually delivered by city or rural carriers.

First-Class Letter Category	Total Delivery Costs (\$000)	Total Volume Delivered (000)	Unit Delivery Cost Per Piece Delivered (Cents)
Single Piece Letters	2,789,330	24,520,744	11.375
Single Piece Nonletters	577,493	2,658,213	21.725
Total Single Piece	3,366,823	27,178,957	12.388
Workshare Letters	1,739,773	41,648,938	4.177
Workshare Nonletters	74,454	676,303	11.009
Total Workshare Letters	1,814,227	42,325,240	4.286

- E. If you can confirm the computations in part D, please explain how the 7.198 cent difference in the unit delivery costs for workshare and single piece letters (11.375 – 4.177) compares to the difference in the unit delivery costs of only 3.235 cents (7.189 – 3.954) that you show on Library Reference LR-USPS-K-67, page 1.

- F. Please confirm that worksharing has no impact on the delivery costs if the letter is not delivered by a rural or city carrier. If you cannot confirm, please explain.
- G. Please explain why the “unit cost per RPW”, as you use that term in the last five columns of Library Reference LR-USPS-K-67, page 11, has any relevance to the concept of workshare-related unit delivery costs.