

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

**POSTAL RATE AND FEE CHANGES**

**Docket No. R2005-1**

**Major Mailers Association's  
Fourth Set Of Interrogatories And Document Production Requests To  
United States Postal Service Witness John Kelley (MMA/USPS-T16-21)  
(June 1, 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-T16-21).

Respectfully submitted,

**Major Mailers Association**

By: \_\_\_\_\_

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**Dated: Middleburg, Virginia  
June 1, 2005**

MMA/USPS-T16-21

Please refer to Library Reference LR-USPS-K-67 (revised), worksheets 9 and 11, where you provide BY 2004 delivery costs for First-Class single piece and workshare letters.

- A. Please review the table below and confirm the delivery costs by cost segment, city carrier volumes and the computed derived unit costs. If there are any incorrect values in the table, please provide corrections and show your computations and sources.

	First-Class Letter Category	CC Volume (000)	6.1 IN-OFFICE DIRECT LABOR, CASING (\$000)	6.1 IN-OFFICE DIRECT LABOR, NON-CASING (\$000)	6.2 IN-OFFICE OVERHEAD, PLUS THE PORTION OF IN-OFFICE DELIVERY PREP THAT IS BURDENED ON OFFICE DIRECT (\$000)	7.1 DIRECT DELIVERY ACTIVITIES (\$000)	7.2 DELIVERY ACTIVITIES SUPPORT (\$000)	6.2 IN-OFFICE DELIVERY PREP BURDENED ON STREET DIRECT (\$000)
(1)	Single Piece	7,565,046	661,059	88,885	204,803	907,399	117,544	39,014
(2)	Unit Cost		0.0376	0.0051	0.0117	0.0517	0.0067	0.0022
(3)	Workshare	29,355,620	350,080	47,317	108,509	541,533	66,004	23,398
(4)	Unit Cost		0.0119	0.0016	0.0037	0.0184	0.0022	0.0008
	Unit Cost:							
(2) - (4)	Difference		0.0257	0.0034	0.0080	0.0332	0.0044	0.0014
(2) / (4)	Ratio		1.46	1.47	1.46	1.56	1.51	1.56

- B. Please discuss exactly what functions comprise each of the six delivery cost functions and explain what causes the unit costs for workshare letters to be so much less than the unit cost for single piece letters. We note that in each cost segment, the cost for a single piece letter is approximately 50% higher than the cost for a workshare letter. As part of your explanation, please consider and discuss the impact, if any, of barcoding on each of the cost segments.
- C. Please review the table below and confirm the delivery costs by rural route carriers, rural carrier volumes and the computed derived unit costs. If

there are any incorrect numbers, please provide corrections and show your computations and sources.

	First-Class Letter Category	RR Volume (000)	10 Rural Route (\$000)
(1)	Single Piece	6,955,698	227,766
(2)	Unit Cost		0.0327
(3)	Workshare	12,293,318	272,420
(4)	Unit Cost		0.0222
	Unit Cost:		
(2) - (4)	Difference		0.0106
(2) / (4)	Ratio		1.48

D. Please discuss exactly what functions comprise cost segment 10 rural route carriers and explain what causes the unit cost for workshare letters to be so much less than the unit cost for single piece letters. We note that for this cost segment, the cost for a single piece letter is approximately 50% higher than the cost for a workshare letter. As part of your explanation, please be sure to consider and discuss the impact, if any, of barcoding on the costs incurred.