

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

RESPONSE OF POSTAL SERVICE WITNESS KELLEY  
TO MMA INTERROGATORY (MMA/USPS-T16-17)  
(June 1, 2005)

The United States Postal Service hereby provides the response of witness Kelley to the following interrogatory of MMA, filed on May 13, 2005: MMA/USPS-T16-17.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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\_\_\_\_\_  
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June 1, 2005

**Response of Postal Service Witness John Kelley to Interrogatories Posed  
by Major Mailers Association**

**MMA/USPS-T16-17**

Please refer to Library Reference LR-USPS-K-101, file tab "Delivery Volumes".

- A. Please confirm that the total RPW Volumes for nonpresorted and presorted First-Class letters shown there is exactly the same as the BY 2000 volumes that USPS witness Schenk provided in LR-USPS-J-117 in R2001-1. If you cannot confirm, please explain.
- B. If you confirm part A, please explain how the implicit p.o. box volumes that are derived from the RPW volumes could be correct for BY 2004 in R2005-1. Please provide any documents or other information that you believe supports your position on this matter.
- C. If your use for BY 2004 in R2005-1 of the same total RPW Volumes for nonpresorted and presorted First-Class letters used by USPS witness Schenk for BY 2000 in R2000-1 was an oversight, please explain how this oversight affects the derived unit delivery costs using the Commission's cost attribution methodology?
- D. Please complete the following table for BY 2004.

	BY City Carrier Volume	BY Rural Carrier Volume	BY P.O. Box Volume	Total BY Volume
Single-Piece Letters				
Single-Piece Flats				
Single-Piece Parcels				
Total Single Piece				
Single Piece Metered Letters				
Presort Letters				
Presort Flats				
Presort Parcels				
Total Presort				
Total S.P. and Presort				

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E. Please complete the following table for TY 2006.

	TY City Carrier Volume	TY Rural Carrier Volume	TY P.O. Box Volume	Total TY Volume
Single-Piece Letters				
Single-Piece Flats				
Single-Piece Parcels				
Total Single Piece				
Single Piece Metered Letters				
Presort Letters				
Presort Flats				
Presort Parcels				
Total Presort				
Total S.P. and Presort				

**Response**

A. Confirmed

B. Please see my response to part c below.

C. The use of the same total BY 2000 RPW nonpresorted and presorted First-Class volumes that witness Schenk used in R2000-1 was an oversight. The table below shows the change in the unit delivery costs derived from the Commission's cost attribution methodology resulting from the correction of this oversight. The correction substitutes FY 2004 RPW volumes for the FY 2000 RPW volumes inadvertently left in column M of the 'Delivery Volumes' worksheet in USPS-LR-K-101. Column 1 of the table below shows the TY 2006 unit costs from LR-K-101. Column 2 shows the revised TY 2006 unit costs that result from substitution of the FY 2004 RPW volumes for the FY 2000 volumes in the 'Delivery Volumes' worksheet. Column 3 shows the change in the unit costs between these original and revised estimates.

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<b>TY 2006 Unit Costs in Cents Per RPW Piece</b>			
	<b>Total Unit Cost, From LR-K-101 As Filed</b>	<b>Total Unit Cost, After Corrections to Delivery Volumes</b>	<b>Unit Cost Change (cents)</b>
<b>Column</b>	(1)	(2)	(3)
<b>First Class Single Piece</b>			
Single-Piece Letters	5.844	5.876	0.032
Single-Piece Flats	11.274	11.301	0.027
Single-Piece Parcels	26.144	23.184	-2.960
Single-Piece Nonletters	12.967	12.654	-0.313
<b>First-Class Presort</b>			
Nonautomation -- Nonmach Mixed ADC	9.810	9.810	0.000
Nonautomation -- Nonmach ADC	9.810	9.810	0.000
Nonautomation -- Mach Mixed AADC	3.972	3.972	0.000
Nonautomation -- Mach AADC	3.972	3.972	0.000
Nonautomation -- Nonmach 3-Digit	9.810	9.810	0.000
Nonautomation -- Nonmach 5-Digit	9.810	9.810	0.000
Nonautomation -- Mach 3-Digit	3.812	3.812	0.000
Nonautomation -- Mach 5-Digit	3.812	3.812	0.000
Automation Mixed AADC	4.155	4.155	0.000
Automation AADC	3.981	3.981	0.000
Auto 3-Digit Letters	3.903	3.902	0.000
Auto 5-Digit Letters CSBCS/Manual Sites	6.280	6.279	0.000
Auto 5-Digit Letters Other Sites	2.973	2.972	0.000
Auto 5-Digit Letters	3.695	3.694	0.000
Auto CR Letters	6.136	6.136	0.000
Presort Letters (Avg)	3.993	3.993	0.000
Presort Flats	8.978	8.990	0.013
Presort Parcels	44.464	45.836	1.372
<i>Presort Nonletters</i>	9.305	9.330	0.025
<b>First-Class Cards</b>			
Single Piece Cards	7.015	7.015	0.000
NonAuto Presort Cards	2.847	2.847	0.000
Auto Mixed AADC Cards	2.981	2.981	0.000
Auto AADC Cards	2.853	2.853	0.000
Auto 3-Digit Cards	2.796	2.796	0.000
Auto 5-Digit Cards CSBCS/Manual Sites	4.534	4.534	0.000
Auto 5-Digit Cards Other Sites	2.116	2.116	0.000
Auto 5-Digit Cards All	2.644	2.644	0.000
Auto CR Cards	4.430	4.430	0.000
Presort Cards (Avg)	2.652	2.652	0.000

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<b>TY 2006 Unit Costs in Cents Per RPW Piece</b>			
	<b>Total Unit Cost, From LR-K-101 As Filed</b>	<b>Total Unit Cost, After Corrections to Delivery Volumes</b>	<b>Unit Cost Change (cents)</b>
<b>Standard Regular</b>			
Nonautomation -- Nonmach Mixed ADC	6.552	6.538	-0.014
Nonautomation -- Nonmach ADC	6.552	6.538	-0.014
Nonautomation -- Mach Mixed AADC	3.733	3.719	-0.014
Nonautomation -- Mach AADC	3.733	3.719	-0.014
Nonautomation -- Nonmach 3-Digit	6.552	6.538	-0.014
Nonautomation -- Nonmach 5-Digit	6.552	6.538	-0.014
Nonautomation -- Mach 3-Digit	3.655	3.642	-0.014
Nonautomation -- Mach 5-Digit	3.655	3.642	-0.014
Automation Mixed AADC	3.821	3.807	-0.014
Automation AADC	3.737	3.723	-0.014
Automation 3-Digit Letters	3.699	3.685	-0.014
Automation 5-Digit Letters	3.599	3.585	-0.014
Std. Reg. Ltrs. (Avg)	3.730	3.717	-0.014
Regular Flat Subtotal	9.795	9.741	-0.054
Regular Parcel Subtotal	31.687	34.064	2.377
<i>Regular Nonletter Subtotal</i>	10.689	10.735	0.046
<b>Standard ECR</b>			
ECR Basic Auto Letters	4.818	4.876	0.057
ECR Basic Letters	9.694	9.751	0.057
ECR High Density Letters	4.436	4.493	0.057
ECR Saturation Letters	4.359	4.416	0.057
ECR Basic Flats	6.152	6.132	-0.020
ECR High Density Flats	4.670	4.651	-0.020
ECR Saturation Flats	4.108	4.088	-0.020

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D. and E. The volumes in the tables below account for the corrections – discussed in the response to part c above - to RPW volumes in column M of the ‘Delivery Volumes’ worksheet in LR-K-101. The volumes below also account for the rural-carrier and city-carrier crosswalks that are implemented in the ‘Rural Crosswalk’ and ‘Delivery Volumes’ worksheets of LR-K-101.

<b>BY 2004</b>	BY City Carrier Volume	BY Rural Carrier Volume	Implicit BY P.O. Box Volume	Total BY Volume
Single-Piece Letters	17,548,389	10,276,825	13,106,846	40,932,061
Single-Piece Flats	1,634,457	913,445	1,200,169	3,748,071
Single-Piece Parcels	320,840	6,557	154,218	481,614
Total Single Piece	19,503,687	11,196,827	14,461,233	45,161,746
Single Piece Metered Letters	5,571,965	3,263,098	4,161,686	12,966,748
Presort Letters	29,201,824	12,391,542	4,915,875	46,509,242
Presort Flats	630,826	99,790	86,351	816,967
Presort Parcels	4,555	2,251	804	7,610
Total Presort	29,837,205	12,493,583	5,003,030	47,333,818
Total S.P. and Presort	49,340,892	23,690,410	19,464,263	92,495,564

<b>TY 2006</b>	TY City Carrier Volume	TY Rural Carrier Volume	TY P.O. Box Volume	Total TY Volume
Single-Piece Letters	16,703,642	9,782,118	12,475,906	38,961,666
Single-Piece Flats	1,555,778	869,473	1,142,395	3,567,646
Single-Piece Parcels	305,395	6,241	146,794	458,430
Total Single Piece	18,564,815	10,657,832	13,765,095	42,987,742
Single Piece Metered Letters	5,291,498	3,098,849	3,952,206	12,342,553
Presort Letters	29,820,360	12,654,012	5,020,000	47,494,372
Presort Flats	644,188	101,904	88,180	834,272
Presort Parcels	4,651	2,298	821	7,770
Total Presort	30,469,199	12,758,214	5,109,001	48,336,414
Total S.P. and Presort	49,034,014	23,416,046	18,874,097	91,324,156

## CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

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June 1, 2005