

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

POSTAL RATE AND FEE CHANGES

Docket No. R2005-1

**Major Mailers Association's
Fifth Set Of Interrogatories And Document Production Requests To
United States Postal Service Witness John Kelley (MMA/USPS-T16-22)
(June 3, 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-T16-22).

Respectfully submitted,

Major Mailers Association

By: _____

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**Dated: Middleburg, Virginia
June 3, 2005**

MMA/USPS-T16-22

Please refer to Library Reference LR-USPS-K-67 (revised), worksheet 9; Library Reference LR-USPS-K-101, worksheet “Delivery Volumes”; and your response to MMA-USPS-T16-17D. You provide BY 2004 volumes for First-Class letters in all three sources.

- A. Please confirm and correct the volumes shown below from all three sources for rural route carriers and explain any differences.

Rural Route Volumes (000)			
First-Class Category	LR-K-67	LR-K-101	Int. MMA 17D
Single Piece Letters	6,955,698	10,276,825	10,276,825
Single Piece Flats	645,373	913,445	913,445
Single Piece Parcels	113,585	6,557	6,557
Total Single Piece	7,714,656	11,196,827	11,196,827
Presort Letters	12,293,318	12,391,555	12,391,542
Presort Flats	198,472	99,790	99,790
Presort Parcels	1,793	2,251	2,251
Total Presort	12,493,583	12,493,595	12,493,583

- B. Please confirm and correct the volumes shown below from all three sources for city carriers and explain any differences.

City Carrier Volumes (000)			
First-Class Category	LR-K-67	LR-K-101	Int. MMA 17D
Single Piece Letters	17,565,046	17,565,046	17,548,389
Single Piece Flats	1,701,042	1,701,042	1,634,457
Single Piece Parcels	237,599	237,599	320,840
Total Single Piece	19,503,687	19,503,686	19,503,687
Presort Letters	29,355,620	29,355,620	29,201,824
Presort Flats	477,831	470,464	630,826
Presort Parcels	3,754	11,121	4,555
Total Presort	29,837,205	29,837,205	29,837,205

- C. Are the BY 2004 Single Piece Metered Letter volumes for City Carriers and Rural Carriers, that you provided in response to Interrogatory MMA/USPS-T17D, an actual volume or official USPS estimate? If so, please provide source(s) for those figures. If city and rural carriers for all

single piece letters, please state so and explain why you provided such estimates collection effort

- D. Please provide a fully revised Library Reference LR-USPS-LR-101 with the corrected volumes for the base year.

MMA/USPS-T16-23

Please refer to your response to MMA/USPS-T16-16 where you provide the unit delivery costs of DPSed and non-DPSed presorted letters.

- A. Please confirm that the BY 2004 unit costs of 2.28 and 10.35 cents for DPSed and Non-DPSed letters, respectively, represent not the actual unit costs to deliver each piece but unit costs calculated by dividing (1) the total cost to deliver all pieces that are delivered by rural and city carriers by (2) all presorted letters, including those that are not actually delivered by city or rural carriers. If you cannot confirm, please explain.
- B. Please provide the BY volume variable unit cost incurred by the Postal Service to deliver (via a city carrier or rural carrier) a (1) DPSed and (2) Non-DPSed presorted letter and provide your computations and sources.

MMA/USPS-T16-24

Please refer to your responses to MMA/USPS-T16 B and C. In MMA/USPS-T16 B, you were asked to provide a judgment as to how the unit cost of a nonpresorted letter would compare to the unit cost of a workshare letter if neither letter was DPSed. You responded as follows:

I do not know. I have not compared the unit delivery costs between a workshared letter and a single piece letter that is not DPSed.

In MMA/USPS-T16 C, you were asked to provide a judgment as to how the unit cost of a nonpresorted letter would compare to the unit cost of a workshare letter, if both letters were DPSed. Again, you responded as follows:

I do not know. I have not compared the unit delivery costs between a workshared letter and a single piece letter that are DPSed.

- A. Please confirm that for letters that are not DPSed, you have not provided the Commission with unit costs for single piece letters compared to workshared letters, and that you do not even have any intuition as to which letter would cost more. If you cannot confirm, please provide your best judgment on this matter (as MMA's original question requested) and explain.
- B. Please confirm that for letters that are DPSed, you have not provided the Commission with unit costs for single piece letters compared to workshared letters, and that you do not even have any intuition as to which letter would cost more. If you cannot confirm, please provide your best judgment on this matter (as MMA's original question requested) and explain.
- C. In order for the Commission to understand the cost savings impact that result from worksharing on delivery operations, do you think it would be important to know the unit costs for workshared and non-workshared letters that are not DPSed? If no, please explain. If yes, why did the Postal Service not attempt to study this type of information?
- D. In order for the Commission to understand the cost savings impact that result from worksharing on delivery operations, do you think it would be important to know the unit costs for workshared and non-workshared letters that are DPSed? If no, please explain. If yes, why did the Postal Service not attempt to study this type of information?

Please refer to your response to MMA/USPS-T16G. There you compute the implied DPS % for single piece letters as 43.8% under the assumption given to you: that DPSed nonpresorted and workshared letters would cost the same to deliver and that non-DPSed nonpresorted and workshared letters would cost the same to deliver.

- A. Can you categorically reject that 43.8% as being a reasonable DPS % for all First-Class nonpresorted letters? If not, please explain.
- B. Do you have any intuition or judgment as to what the approximate magnitude is for the DPS % of nonpresorted letters? If so, please provide your best estimate and explain the basis for it.
- C. If you feel that the implied DPS % of 43.8% is too low, will this support a contention that the unit cost for nonpresorted letters that are not DPSed is very likely higher than the unit cost for workshared letters that are not DPSed? If no, please explain.
- D. If you feel that the implied DPS % of 43.8% is too low, will this support a contention that the unit cost for nonpresorted letters that are DPSed is very likely higher than the unit cost for workshared letters that are DPSed? If no, please explain.