

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 UNITED STATES POSTAL SERVICE
WITNESS ABDIRAHMAN TO INTERROGATORY OF AMERICAN BANKERS
ASSOCIATION AND NATIONAL ASSOCIATION OF PRESORT MAILERS
(ABA&NAPM/USPS-T21-47 a-c)

The United States Postal Service hereby files the response of witness Abdirahman to the above listed interrogatory of the American Bankers Association and the National Association of Presort Mailers, filed on May 20, 2005. The following interrogatories have been redirected to witness Smith: ABA&NAPM/USPS-T21-37-46, 47 d, and 48-54.

The interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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June 3, 2005

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS
ABDIRAHMAN TO INTERROGATORIES OF THE AMERICAN BANKERS
ASSOCIATION AND NATIONAL ASSOCIATION OF PRESORT MAILERS**

ABA&NAPM/USPS-T21-47. In LR-K-53, "Test Year Mail Processing Unit Costs by Cost Pool for Letters", page 3 of 4, please respond to the following concerning First Class automated presort letters:

- a. In defining the costs related to computerized forwarding systems (CFS), namely cost pool MODS 49 LD49, in response to an ABA/NAPM interrogatory in R2000-1, the Postal Service stated "First Class presort mailers are required to meet strict addressing standards. However, these costs are not included in the cost models." Please confirm that whether or not the Postal Service includes such costs in their cost models, the presort mailers costs avoid these costs for the Postal Service.
- b. Consider a hypothetical mail processing - related, transportation - related, cost incurred by presort mailers that, were it not incurred by them, would be incurred by the Postal Service. Assume further that the Postal Service does not measure this cost or define it in a cost pool because in fact it does not have to engage in the activity since presort mailers are. Please confirm that such an activity would be an avoided cost for the Postal Service.
- c. Please confirm that if the presort industry supplied the Postal Service or the Commission with essentially MODS productivities for such activities, an adjustment for USPS wage rates could be applied to the productivity data and unit costs avoided estimated.

Response:

- a. The "LD49" cost pool includes those tasks performed at computerized forwarding System (CFS) units. In Dockets No. R2000-1 and R2001-1, the Commission classified this cost pool as "work sharing related fixed." I have used that classification in this docket. My cost studies do not, however, contain cost savings analyses based on compliance with addressing standards.
- b. Confirmed that, in the hypothetical scenario, the costs for the activities the Postal Service would have had to perform are avoided.

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Response to ABA&NAPM/USPS-T21-47continued

- c. Not confirmed. Mailer productivities are the result of their operational processes, including but not limited to the use of equipment, layouts, or processing methods, or the allocation of labor. If the Postal Service did the same work, it might not use the same equipment, layouts, or processing methods, allocation of labor or other operational processes. As a result, mailer productivities would not be applicable and a unit cost avoided estimate could not be estimated.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

Nan K. McKenzie

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