

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

POSTAL RATE AND FEE CHANGES

Docket No. R2005-1

**Major Mailers Association's Second Set Of
Interrogatories And Document Production Requests To United States
Postal Service Witness Maura Robinson (MMA/USPS-T27-2-4)
(June 15, 2005)**

Pursuant to Rules 25, 26, and 27 of the Commission's Rules of Practice
And Procedure, Major Mailers Association herewith submits the following
interrogatories and document production requests to United States Postal
Service Witness Maura Robinson (MMA/USPS-T27-2-4).

Respectfully submitted,

Major Mailers Association

By: _____

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**Dated: Middleburg, Virginia
June 15, 2005**

MMA/USPS-T27-2

Please refer to your response to Interrogatory MMA/USPS-T27-1 B where you provide TY 2006 postal finances using the Commission's attributable cost methodology.

- A. Please confirm that, in R2000-1 and R2001-1, the Postal Rate Commission recommended rates for First-Class letters that resulted in cost coverages of 179 and 192, respectively. If you cannot confirm, please provide the correct cost coverages, explain how they were derived, and provide complete references to all source materials used.
- B. Please confirm that the Postal Service's proposed rates in R2005-1 result in a cost coverage for First-Class letters equal to 218. If you cannot confirm, please provide the correct cost coverage, explain how it was derived, and provide complete references to all source materials used.
- C. Please confirm that, in R2000-1 and R2001-1, the Postal Rate Commission recommended rates for First-Class letters that reflected markup indices of 138 and 145, respectively. If you cannot confirm, please provide the correct markup indices, explain how they were derived, and provide complete references to all sources used.
- D. Please confirm that the Postal Service's proposed rates in R2005-1 result in a markup index for First-Class letters equal to 148. If you cannot confirm, please provide the correct markup index, explain how it was derived, and provide complete references to all sources used.
- E. Please explain why the Postal Service's proposed 5.4% across-the-board rate increase significantly raises the cost coverage and markup index for First-Class mail in this case.

MMA/USPS-T27-3

Please refer to your response to Interrogatory MMA/USPS-T27-1 B where you provide TY 2006 postal finances using the Commission's attributable cost

methodology. Please also refer to USPS witness Taufique's response to Interrogatory GCA/USPS-T28-1 where he states, in relevant part:

...although workshared First-Class Mail is not a subclass, the proposal along the lines suggested in your question would cause these workshare rate categories, which have an implicit cost coverage exceeding all of the subclasses and whose unit cost has in fact declined 2.8 percent (between FY2000 and FY2004), to bear a disproportionate share of the escrow burden.

- A. Please confirm that, in R2000-1 and R2001-1, the Postal Rate Commission recommended rates for First-Class workshared letters that resulted in implicit cost coverages of 248 and 266 for, respectively. If you cannot confirm, please provide the correct cost coverages, explain how they were derived, and provide complete references to all source materials used.
- B. Please confirm that, in R2005-1, the Postal Service's proposed rates for First-Class workshared letters result in an implicit cost coverage equal to 313. If you cannot confirm, please provide the correct cost coverage, explain how it was derived, and provide complete references to all source materials used.
- C. Please confirm that, in R2000-1 and R2001-1, the Postal Rate Commission recommended rates for First-Class workshared letters that resulted in implicit markup indices of 260 and 261, respectively. If you cannot confirm, please provide the correct markup indices, explain how they were derived, and provide complete references to all source materials used.
- D. Please confirm that, in R2005-1, the Postal Service has proposed rates for First-Class workshared letters that result in an implicit markup index equal to 267. If you cannot confirm, please provide the correct markup index, explain how it was derived, and provide complete references to all sources used.
- E. Please confirm that, according to USPS witness Abdirhaman's workshare R2005-1 cost savings analysis (as shown in LR-USPS-K-47), the Postal

Service's proposed discounts for First Class workshared letters allegedly exceed the purported cost savings. If you cannot confirm, please provide the correct discounts and related cost savings, explain how they were derived, and provide complete references to all source materials used.

- F. Please explain why, in spite of increased discounts for First Class workshared letters that allegedly exceed the purported cost savings, the Postal Service's proposed 5.4% across-the-board rate increase in R2005-1 would result in significant increases in the implicit cost coverage and implicit markup index for such workshared mail.

MMA/USPS-T27-4

Please refer to your response to Interrogatory MMA/USPS-T27-1 B where you provide TY 2006 postal finances using the Commission's attributable cost methodology. Please also refer to page 9 of USPS witness Thress' direct testimony where he provides estimated price elasticities for various categories of mail.

- A. Please confirm that, according to USPS witness Thress, the own price elasticity for First-Class workshared letters has increased dramatically from $-.071$ in R2001-1 (USPS-T-8, p. 22) to $-.329$ in R2005-1. If you cannot confirm, please explain.
- B. Please confirm that, according to USPS witness Thress, the own price elasticity of $-.329$ for First-Class workshared letters is now higher than the own price elasticity of $-.267$ for standard regular letters. If you cannot confirm, please explain.
- C. Please explain how you took into consideration the own price elasticity for workshared letters, which has more than quadrupled, when determining that the proposed 5.4% across-the-board rate increase, the resulting cost coverage, and the resulting markup index were all fair and equitable according to the standards established in Section 3622(B) of the Act.