

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

POSTAL RATE AND FEE CHANGES

Docket No. R2005-1

**Major Mailers Association's Follow-up
Interrogatories And Document Production Requests
To The United States Postal Service (INSTITUTIONAL) (MMA/USPS-14-15)
(August 11, 2005)**

Pursuant to Rules 25 and 26 of the Commission's Rules of Practice, Major Mailers Association herewith submits the following follow-up interrogatories and document production requests to the United States Postal Service for institutional responses (**MMA/USPS-14-15**).

Respectfully submitted,

Major Mailers Association

By: _____

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**Dated: Middleburg, Virginia
August 11, 2005**

MMA/USPS-14

Please refer to Library Reference MMA-LR-1, page 1, where the collection costs are summarized for BY 2004 and TY 2006 using the Commission's and newly proposed USPS cost attribution methodologies for city delivery carriers.

- A. Please confirm that BY 2004 collection costs are \$752 million higher using the Postal Service's methodology (\$904 million) than using the Commission methodology (\$152 million). If you cannot confirm, please explain.
- B. Please confirm that TY 2006 collection costs are \$717 million higher using the Postal Service's methodology (\$910 million) than using the Commission methodology (\$193 million). If you cannot confirm, please explain.
- C. Please explain precisely why the collection costs using the Postal Service's newly proposed methodology are so much higher than the collection costs using the Commission's methodology.
- D. Please explain precisely how collection costs are defined under (1) the Postal Service's methodology and (2) the Commission's methodology, and state precisely where these definitions differ.
- E. Please explain why the collection costs increase 26.4% (\$193 million vs. \$152 million) between BY 2004 and TY 2006 under the Commission's methodology, but increase only 0.6% (\$910 million vs. \$904 million) under the Postal Service's methodology.

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The following cost data are taken directly from Library References USPS-LR-K-3 and USPS-LR-K-94 for BY 2004.

**City Carrier Delivery Costs for BY 2004 Using the USPS and PRC
Cost Attribution Methodologies
(\$ 000's)**

Cost Category	Rate Category	USPS Methodology	PRC Methodology	USPS-PRC
Segment 6 (In-Office)	Single Piece	1,231,576	1,143,214	88,362
Segment 6 (In-Office)	Workshare	566,736	522,968	43,768
Segment 6 (In-Office)	First Class	1,798,312	1,666,182	132,130
Segment 6 (In-Office)	All Other	2,071,648	1,922,576	149,072
Segment 6 (In-Office)	Total	3,869,960	3,588,758	281,202
Segment 7 (Delivery)	Single Piece	1,044,816	500,222	544,594
Segment 7 (Delivery)	Workshare	552,395	483,177	69,218
Segment 7 (Delivery)	First Class	1,597,211	983,399	613,812
Segment 7 (Delivery)	All Other	1,773,951	1,650,190	123,761
Segment 7 (Delivery)	Total	3,371,162	2,633,589	737,573
Segment 7 (Support)	Single Piece	134,689	272,342	(137,653)
Segment 7 (Support)	Workshare	67,279	170,113	(102,834)
Segment 7 (Support)	First Class	201,968	442,455	(240,487)
Segment 7 (Support)	All Other	235,152	604,645	(369,493)
Segment 7 (Support)	Total	437,120	1,047,100	(609,980)
Segment 7 (Total)	Single Piece	1,179,505	772,564	406,941
Segment 7 (Total)	Workshare	619,674	653,290	(33,616)
Segment 7 (Total)	First Class	1,799,179	1,425,854	373,325
Segment 7 (Total)	All Other	2,009,103	2,254,835	(245,732)
Segment 7 (Total)	Total	3,808,282	3,680,689	127,593
Total City Carrier Delivery Costs	Single Piece	2,411,081	1,915,778	495,303
Total City Carrier Delivery Costs	Workshare	1,186,410	1,176,258	10,152
Total City Carrier Delivery Costs	First Class	3,597,491	3,092,036	505,455
Total City Carrier Delivery Costs	All Other	4,080,751	4,177,411	(96,660)
Total City Carrier Delivery Costs	Total	7,678,242	7,269,447	408,795

- A. Please confirm that the data in the table above are correct. If they are not correct, please reproduce the table with the correct data.
- B. Please explain why, as a result of implementing the Postal Service's methodology, Segment 6 (In-Office) attributable costs increase by \$281 million and why First-Class letters constitutes 47% of that total.

- C. Please explain why, as a result of implementing the Postal Service's methodology, Segment 7 (Delivery) attributable costs increase by \$738 million and why First-Class letters constitutes 83% of that total.
- D. Please explain why, as a result of implementing the Postal Service's methodology, Segment 7 (Support) attributable costs decrease by \$610 million and why First-Class letters constitutes 39% of that total.
- E. Please explain why, as a result of implementing the Postal Service's methodology, Segments 6 and 7, Total City Carrier Delivery attributable costs increase by \$409 million, and why these costs increase by \$505 million for First Class while they decrease by \$97 million for all other categories of mail.
- F. Please explain why \$505 million of Segments 6 and 7, Total City Carrier Delivery Costs, which were heretofore deemed to be institutional costs, are now deemed to be attributable to First-Class, as a result of implementing the Postal Service's methodology.
- G. Please explain why \$97 million of Segments 6 and 7, Total City Carrier Delivery Costs, which were heretofore deemed to be attributable to all categories other than First-Class letters, are now deemed to be institutional, as a result of implementing the Postal Service's methodology.