

Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Rate and Service Changes to Implement)
Baseline Negotiated Service Agreement)
with Bookspan)

Docket No. MC2005-3

AMERICAN POSTAL WORKERS UNION (AFL-CIO)
INTERROGATORIES TO USPS
WITNESS MICHELLE YORGEY (APWU/USPS-T2-1-3)
August 29, 2005

Pursuant to Rules 25 through 28 of the Rules of Practice of the Postal Rate Commission, the American Postal Workers Union, AFL-CIO (APWU) hereby submits interrogatories and requests for production of documents to USPS witness Yorgey. If the witness is unable to respond to any interrogatory, APWU requests that a response be provided by an appropriate person capable of providing an answer.

Respectfully submitted,
/s/
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APWU/USPS-T2-1. In his testimony on June 29, 2005 for the R2005-1 rate case, Mr. Abdirahman indicated that there had been a problem with appropriately allocating costs between the nonautomated and automated presort categories of both First Class and Standard letter mail. This resulted in too many costs being allocated to the nonpresort category and too few costs being allocated to the automated category [R2005-1 Tr. 4 1139-1147].

- a. Please identify all adjustments you performed to Mr. Abdirahman's mail processing cost data to correct for this problem and show your calculations.
- b. If you did not correct for this problem, please explain why it is appropriate to use these cost numbers in calculating the estimated financial impact this NSA might produce for the Postal Service.

APWU /USPS-T2-2.If you had applied the correction to Mr. Abdirahman's data that was suggested on page 4 of his response to R2005-1 POIR 1 part a:

- a. What would be the impact on the cost estimates for each rate category shown on page 4 of Appendix A of your testimony?
- b. What would be the impact on the overall reweighted cost estimate for Bookspan's letter-shaped mail?

Please show any calculations used to respond to this question.

APWU/USPS-T2-3. Based on Appendix A, page 9 of your testimony, almost 70 percent of the positive financial benefit you calculate for the Postal Service comes from the conversion of flat-shaped mail to letter-shaped mail.

- a. In making the calculation of the increase in contribution coming from such a conversion, what assumptions did you make about the characteristics of the letter-shaped piece of mail that would replace the flat-shaped piece of mail? Will this letter-shaped piece of mail would be machinable?
- b. Please confirm that the mail processing cost numbers estimated for flat-shaped standard mail in the R2005-1 rate case are between 12.9 and 28.2

- percent above cost estimates for flat-shaped standard mail in the R2001-1 rate case depending on the type of flat considered. (USPS version of costs).
- c. Did you investigate why there was such a large increase in those costs during this period of time considering: 1) automation of flats processing had increased significantly; 2) the mail processing costs of First Class flats were falling at double-digit rates; and 3) Mr. McCrery, the operations expert, reports that there are no capacity constraints that would result in more manual sorting of Standard flats [R2005-1 Tr.#5, p. 1745]?
 - d. Did you perform any sensitivity analysis to determine the impact on the USPS financial benefits from this case if the Standard mail flats cost are different from those estimated in R2005-1? If so, please describe that analysis and report any results.