Postal Rate Commission
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BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

POSTAL RATE AND FEE CHANGES **Docket No. R2006-1**

Major Mailers Association's
First Set Of Interrogatories and Document Production Requests To Postal Service Witness Abdulkadir M. Abdirahman (MMA/USPS-T22-1-26)
(June 19, 2006)

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 Postal Service Witness Abdulkadir M. Abdirahman (MMA/USPS-T22-1-26).

Respectfully submitted,

Major Mailers Association

By: _____

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Dated: Middleburg, Virginia
June 19, 2006

MMA/USPS-T22-1

On page 6 of your testimony you refer to various cost pools that for purposes of your study are either “proportional” or “fixed”. You define the “proportional” cost pools as those being reflected by your mail flow models and the “fixed” cost pools as costs that are “beyond the scope of your model.” Please confirm that the “fixed” cost pools that are beyond the scope of your model reflect costs that do not vary with the level to which mail is presorted. If you cannot confirm, please explain.

MMA/USPS-T22-2

On page 6 of your testimony you discuss the problem associated with separating Nonautomation and Automation letter costs within the in-office cost system. To solve this problem you have obtained combined the costs from the CRA and used the mail flow models as the basis to de-average the CRA costs into Nonautomation and Automation costs. You also indicate that separate costs for Nonautomation and automation letters are no longer available to you.

A. Has the postal service officially combined Nonautomation and Automation costs within the in-office cost system? If so, please provide the date when this change took place. If not, please provide the unit costs separately for Nonautomation and Automation letters as determined by the CRA data system.
B. Please confirm that you show the total unit cost to process an average First-Class presorted letter (Nonautomation and Automation combined) and an average Standard presorted letter (Nonautomation and Automation combined) as 4.59 cents and 4.06 cents, respectively, for TY 2008 in this case. (See USPS-LR-L-48, pages 3 and 45) If not, please provide the correct total unit costs.
C. Please confirm that in R2005-1, you showed that the total unit cost to process an average First-Class and Standard presorted letter (Nonautomation and Automation combined) for TY 2006 was 4.12 and

4.34 cents, respectively, as derived in the following table. If you cannot confirm, please provide the correct unit cost figures.

Rate Category	(1) R2005-1 CRA TY Unit Cost ($)	(2) Associated Volume (000)	(3) Total Cost ($ 000) (1) x (3)	(4) Combined Unit Cost ($) (3) / (2)
First-Class:				
Nonautomation	0.1897	1,949,367	369,707	
Automation (No Car Rt)	0.0350	43,841,671	1,534,799	
Carrier Route	0.0186	718,203	13,352	
Presorted		46,509,242	1,917,859	0.0412
Standard:				
Nonautomation	0.1626	3,517,027	571,957	
Automation	0.0340	44,600,687	1,515,895	
Presorted		48,318,487	2,087,853	0.0434

Source: USPS-LR-K-53

D. Please explain why the total unit cost to process presorted First-Class letters was ***lower*** by 0.22 cents than the total unit cost to process presorted Standard mail for the test year in R2005-1, but ***higher*** by 0.53 cents for the test year in R2006-1.

E. Please confirm that, for First-Class presorted letters, the total unit processing cost is expected to increase by 11.4% (4.59/4.12 -1.00) between the R2005-1 test year (2006) and the R2006-1 test year (2008). If not, please provide the correct percentage increase.

F. Please confirm that, for Standard presorted letters, the total unit processing cost is expected to decrease by 6.5% (4.06/4.34 -1.00) between the R2005-1 test year (2006) and the R2006-1 test year (2008). If not, please provide the correct percentage increase.

MMA/USPS-T22-3

Please refer to Library Reference USPS-LR-L-48, pages 3 and 45, where you divide the CRA unit cost pools for presorted letters between “proportional” and “fixed” for First-Class and Standard presorted letters.

A. Please confirm that you have defined “proportional” cost pools in exactly the same manner as you did in R2005-1. That is, if you deemed a cost pool to be “proportional” in R2005-1, you deem that same cost pool to be “proportional” in this case. If you cannot confirm, please explain any differences and why those changes were made.

B. Please confirm that you show the “proportional” unit cost to process an average First-Class presorted letter (Nonautomation and Automation combined) and an average Standard presorted letter (Nonautomation and Automation combined) as 2.80 cents and 2.40 cents, respectively, for TY 2008 in this case. (See USPS-LR-L-48, pages 3 and 45) If not, please provide the correct “proportional” unit costs.

C. Please confirm that in R2005-1, your data showed that the “proportional” unit costs to process an average First-Class and an average Standard presorted letter (Nonautomation and Automation combined) for TY 2006 were 2.26 and 2.26 cents, respectively, as derived in the following table. If you cannot confirm, please provide the correct unit cost figures.

	(1)	(2)	(3)	(4)
Rate Category	R2005-1 "Proportional" TY Unit Cost ($)	Associated Volume (000)	Total "Proportional" Cost ($ 000) (1) x (3)	Combined "Proportional" Unit Cost ($) (3) / (2)
First-Class:				
Nonautomation	0.1078	1,949,367	210,193	
Automation	0.0189	44,559,875	840,404	
Presorted		46,509,242	1,050,597	0.0226
Standard:				
Nonautomation	0.0901	3,494,388	314,930	
Automation	0.0174	44,824,099	779,437	
Presorted		48,318,487	1,094,366	0.0226

Source: USPS-LR-K-48 Page 6, 20, 61, 62 52, 89

D. Please confirm that in R2005-1, had you defined worksharing related proportional cost pools in the exact same manner as you define “proportional” in R2006-1, then the “proportional” unit costs to process an

average First-Class presorted letter and an average Standard presorted letter (Nonautomation and Automation combined) for TY 2006 would have been 2.41 and 2.53 cents, respectively, as derived in the following table. If you cannot confirm, please provide the correct unit cost figures. (Note that in order to coincide with your cost categories for this case there were several necessary changes. For First-Class Automation letters, the costs for the following pools have been switched from "workshare-related fixed" to "proportional:" 1OPBULK, 1OPPREF, and 1POUCHING. For First-Class Nonautomation, the costs for 1PRESORT have been switched from "workshare-related proportional" to "fixed". For Standard Automation, the following cost pools have been switched from "workshare-related fixed" to "proportional:" SPBS OTH, 1OPBULK, 1OPPREF, 1POUCHING and SPB.

	(1)	(2)	(3)	(4)
Rate Category	R2005-1 "Proportional" TY Unit Cost ($)	Associated Volume (000)	Total "Proportional" Cost ($ 000) (1) x (3)	Combined "Proportional" Unit Cost ($) (3) / (2)
First-Class:				
Nonautomation	0.1073	1,949,367	209,139	
Automation (No Car Rt)	0.0206	43,841,671	904,673	
Carrier Route	0.0106	718,203	7,616	
Presorted		46,509,242	1,121,428	0.0241
Standard:				
Nonautomation	0.0903	3,517,027	317,446	
Automation	0.0202	44,600,687	901,480	
Presorted		48,117,714	1,218,925	0.0253

Source: USPS-LR-K-53

E. Please confirm that the "proportional" unit processing cost of First-Class presorted letters is expected to increase by 16.2% (2.80/2.41-1.00) between the 2006 test year in R2005-1 and the 2008 test year R2006-1. If not, please provide the correct percentage increase and show how you derived it.

F. Please confirm that the “proportional” unit processing cost of Standard presorted letters is expected to decrease by 5.1% (2.40/2.53-1.00) between the 2006 test year in R2005-1 and the 2008 test year R2006-1. If not, please provide the correct percentage increase and show how you derived it.

G. Please explain why cost pools SPBS OTH, SPBSPRIO and SPB are proportional for Standard presorted letters but fixed for First-Class presorted letters, as defined by you in R2006-1.

MMA/USPS-T22-4

Please refer to Library Reference USPS-LR-L-48, page 6 where you compute the CRA unit costs to process First Class Presorted letters, page 45, where you compute the CRA unit costs to process Standard Presorted letters, and Library Reference USPS-LR-L-53, the source for your cost pool data.

A. Please confirm that, if you define cost pools in the exact same manner as you do for First-Class Presorted letters, the test year 2008 total unit cost and proportional unit cost for First-Class single piece letters are 12.02 cents and 7.66 cents, respectively. If you cannot confirm, please provide the correct total unit cost and proportional unit cost for First-Class single piece letters.

B. Please confirm that, if you define cost pools in the exact same manner as you do for First-Class Presorted letters in R2006-1, the total unit cost and proportional unit cost for First-Class single piece letters in the 2006 test year in R2005-1 would be 11.42 cents and 7.16 cents, respectively. If you cannot confirm, please provide the correct total and proportional unit cost for First-Class single piece letters.

C. Please confirm the unit costs and expected increases as shown in the table below. If not, please make any necessary corrections.

	Total Unit Cost			"Proportional" Unit Cost		
Letter Rate Category	TY 2006 R2005-1	TY 2008 R2006-1	Percent Increase	TY 2006 R2005-1	TY 2008 R2006-1	Percent Increase
Single Piece	11.42	12.02	5.3%	7.16	7.66	7.0%
Presorted	4.12	4.59	11.4%	2.41	2.80	16.2%
Standard Presorted	4.34	4.06	-6.5%	2.53	2.40	-5.1%

D. Please confirm that the total unit cost of processing First-Class Presorted letters is expected to increase at more than twice the rate of Single Piece letters (11.4% compared to 5.3%) between the 2006 test year in R2005-1 and the 2008 test year in R2006-1. If you cannot confirm, please explain.

E. Please confirm that the "proportional" unit cost of processing First-Class Presorted letters is expected to increase at more than twice the rate of Single Piece letters (16.2% compared to 7.0%). If you cannot confirm, please explain.

F. Please confirm that, while the total and proportional unit costs for First-Class single piece and presorted letters are expected to rise between TY 2006 and TY 2008, such costs are expected to decline for Standard presorted letters, as shown in the table to part (C). If you cannot confirm, please explain.

MMA/USPS-T22-5

Please refer to R2006-1 Library Reference USPS-LR-L-48, page 40 and R2006-1 Library Reference USPS-LR-K-48, page 52, where you list the Presorted letter volumes by category.

A. Can you confirm the following volumes and percentages by specific rate category for BY 2005 in this case? If not please provide corrections.

	R2006-1	
First-Class Presorted Letter Category	BY 2005 Volume (000)	Volume % Category
Nonautomation Nonmachinable Mixed ADC	10,182	1%
Nonautomation Nonmachinable ADC	4,819	0%
Nonautomation Nonmachinable 3-Digit	6,178	0%
Nonautomation Nonmachinable 5-Digit	1,250	0%
Total Nonautomation Nonmachinable	22,429	1%
Nonautomation Machinable Mixed AADC	716,554	41%
Nonautomation Machinable AADC	238,936	14%
Nonautomation Machinable 3-Digit	625,850	36%
Nonautomation Machinable 5-Digit	135,548	8%
Total Nonautomation Machinable	1,716,887	99%
Total Nonautomation	1,739,317	100%
Automation Mixed AADC	2,875,272	6%
Automation AADC	2,500,365	5%
Automation 3-Digit	22,908,988	49%
Automation 5-Digit	17,449,671	38%
Automation Carrier Route	673,921	1%
Total Automation	46,408,216	100%
Grand Total	48,147,533	

B. Can you confirm the following volumes and percentages by specific rate category for BY 2004 in R2005-1? If not please provide corrections.

	R2005-1	
First-Class Presorted Letter Category	BY 2004 Volume (000)	Volume % Category
Nonautomation Nonmachinable Mixed ADC	79,534	3%
Nonautomation Nonmachinable ADC	78,556	3%
Nonautomation Nonmachinable 3-Digit	391,483	14%
Nonautomation Nonmachinable 5-Digit	308,225	11%
Total Nonautomation Nonmachinable	857,797	31%
Nonautomation Machinable Mixed AADC	271,548	10%
Nonautomation Machinable AADC	156,519	6%
Nonautomation Machinable 3-Digit	524,895	19%
Nonautomation Machinable 5-Digit	138,608	5%
Total Nonautomation Machinable	1,091,570	39%
Total Nonautomation	2,807,164	100%
Automation Mixed AADC	2,770,420	6%
Automation AADC	2,522,102	6%
Automation 3-Digit	22,585,608	51%
Automation 5-Digit	15,963,541	36%
Automation Carrier Route	718,203	2%
Total Automation	44,559,875	100%
Grand Total	47,367,039	

C. Please explain what phenomena caused the percentage of Nonautomation machinable letters to increase from 39% of total Nonautomation mail in the 2004 Base Year in R2005-1 to 99% of total Nonautomation mail in the 2005 Base Year in R2006-1.

D. Please explain what phenomena caused the volume of Nonautomation nonmachinable letters to decrease by 97.4%, from 858,797,000 to 22,429,000, between the 2004 Base Year in R2005-1 and the 2005 Base Year in R2006-1.

E. Please explain in detail how the significant change in the makeup of Nonautomation letters, i.e., a conversion of 835 million letters from nonmachinable to machinable (857,979,000 – 22,429,000), has affected the CRA costs to process this mail between R2005-1 BY 2004 and R2006-1 BY 2005. In other words, should this increase costs, decrease costs or have no impact on costs, all other factors being equal?

MMA/USPS-T22-6

Please refer to the summary of First-Class letter presorted unit processing costs as shown on page 1 of Library Reference USPS-LR-L-48. As shown there, the unit cost for Nonautomation letters (6.302 cents) is lower than the unit cost for automation mixed AADC letters (6.470 cents). Please also refer to R2005-1 Library Reference USPS-LR-K-48.

A. Please confirm the 2005 Base Year volumes and percentages from Library Reference USPS-LR-L-48, page 40 as shown in the following table. If you cannot confirm, please provide the correct volumes and percentages.

	R2006-1	
First-Class Presorted Letter Category	BY 2005 Volume (000)	Volume % Subcategory
Nonautomation Nonmachinable Mixed ADC	10,182	45%
Nonautomation Nonmachinable ADC	4,819	21%
Nonautomation Nonmachinable 3-Digit	6,178	28%
Nonautomation Nonmachinable 5-Digit	1,250	6%
Total Nonautomation Nonmachinable	22,429	100%
Nonautomation Machinable Mixed AADC	716,554	42%
Nonautomation Machinable AADC	238,936	14%
Nonautomation Machinable 3-Digit	625,850	36%
Nonautomation Machinable 5-Digit	135,548	8%
Total Nonautomation Machinable	1,716,887	100%
Total Nonautomation	1,739,317	
Automation Mixed AADC	2,875,272	6%
Automation AADC	2,500,365	5%
Automation 3-Digit	22,908,988	49%
Automation 5-Digit	17,449,671	38%
Automation Carrier Route	673,921	1%
Total Automation	46,408,216	100%
Grand Total	48,147,533	

B. Please confirm the 2004 Base Year volumes and percentages from R2005-1 Library Reference USPS-LR-K-48, page 52 as shown in the following table. If you cannot confirm, please provide the correct volumes and percentages.

First-Class Presorted Letter Category	R2005-1 BY 2004 Volume (000)	R2005-1 Volume % Subcategory
Nonautomation Nonmachinable Mixed ADC	79,534	9%
Nonautomation Nonmachinable ADC	78,556	9%
Nonautomation Nonmachinable 3-Digit	391,483	46%
Nonautomation Nonmachinable 5-Digit	308,225	36%
Total Nonautomation Nonmachinable	857,797	100%
Nonautomation Machinable Mixed AADC	271,548	25%
Nonautomation Machinable AADC	156,519	14%
Nonautomation Machinable 3-Digit	524,895	48%
Nonautomation Machinable 5-Digit	138,608	13%
Total Nonautomation Machinable	1,091,570	100%
Total Nonautomation	2,807,164	
Automation Mixed AADC	2,770,420	6%
Automation AADC	2,522,102	6%
Automation 3-Digit	22,585,608	51%
Automation 5-Digit	15,963,541	36%
Automation Carrier Route	718,203	2%
Total Automation	44,559,875	100%
Grand Total	47,367,039	

C. Please explain what phenomenon caused the volume of Nonautomation nonmachinable letters presorted to 3- and 5-digits to decrease from 82% in BY 2004 to just 34% in BY 2005.

D. Please explain why the cost to process Nonautomation letters that bear no prebarcode is less than the cost to process MAADC automation letters that are prebarcoded.

MMA/USPS-T22-7

Please refer to the cost sheets for First-Class presorted letters shown in Library Reference USPS-LR-L-48, pages 4, 6, 8, 10, 12, 14, 16, 18, 20, and 22. In R2005-1 you provided a derived DPS % on the bottom of each of the cost sheets (see R2005-1 Library Reference USPS-LR-K-48, pages 3, 7, 9, 11, 13, 15, 17, 21, 23, 25, 27, 29 and 31) yet there appears to be no similar derivation of DPS % in this case.

A. Why did you not derive a DPS % for each of the rate categories for which you provide a cost sheet?

B. Did you provide DPS %'s to USPS witness Kelley in this case, as you did in R2005-1? If so, please provide those DPS %s and show how each DPS % was derived. If not, why not?

C. For Automation letters, are the DPS %s different for different presorted levels? If so, please quantify those differences. If not, please explain why they are the same.

D. For NonAutomation letters, are the DPS %s different for different presorted levels? If so, please quantify those differences. If not, please explain why they are the same.

MMA/USPS-T22-8

Please refer to Library Reference USPS-LR-L-48, pages 19, 21, 23, and 25, which depict the mail flow models for letters that require application of a barcode within the Remote Bar Coding System (RBCS).

A. Are there any means by which you are able to reconcile the model costs to actual CRA costs to test the validity of the mail flow models and the accuracy of the results? Please explain your answer.

B. Please confirm that in R2005-1, the mail flow model-derived unit cost for BMM was the only model through which letters required the application of a barcode within the RBCS and for which CRA costs were readily available for *direct* comparison purposes. If you cannot confirm, please provide all such models where you derived unit costs and where CRA costs were directly available for comparison purposes.

C. Please confirm that since R2001-1, the Postal Service's mail flow model for BMM understated actual costs as shown in the following table. (See your answer to Interrogatory MMA/USPS-T21-28A in R2005-1)

	Bulk Metered Mail			
Docket No.	**CRA Cost**	**Model Cost**	**Prop Factor**	**Model % Under-estimate**
R2000-1 (1998)	6.979	5.269	1.3245	-25%
R2000-1 (1999)	6.856	5.407	1.2680	-21%
R2001-1	6.447	4.276	1.5077	-34%
R2005-1	6.476	4.454	1.4540	-31%

D. Please confirm that the 1.4540 CRA Proportional factor in R2005-1 meant that the model failed to recognize 31% of the actual costs incurred to process BMM. If you cannot confirm, please explain.

E. Did you make any material changes to your mail-flow models or input parameters for letters requiring the application of barcodes in the RBCS, such as for the Nonautomation letter categories, which would suggest that your mail flow models in this case are any more accurate than the mail flow models that understated unit costs in previous cases. If so, please describe those changes and explain why the models in this case would account for the apparent missing costs in the last three cases.

MMA/USPS-T22-9

Please refer to Library Reference USPS-LR-L-48, page 2, where you compare the model-derived unit cost to process First-Class Automation letters to the CRA-derived "proportional" unit cost. The computed CRA Proportional Factor is 1.013.

A. Please confirm that since R2001-1, the Postal Service's mail flow model for Automation letters has overstated actual costs as shown in the following table. (See your answer to Interrogatory MMA/USPS-T21-29A in R2005-1)

	Automation Letters			
Docket No.	**CRA Cost**	**Model Cost**	**Prop Factor**	**Model % Over-estimate**
R2000-1 (1998)	2.553	2.866	0.891	12%
R2000-1 (1999)	2.63	2.923	0.900	11%
R2001-1	2.138	2.683	0.797	25%
R2005-1	1.886	2.668	0.707	41%

B. Please confirm that the 0.707 CRA Proportional factor in R2005-1 meant that the models produced nonexistent costs equal to 41% of the actual costs incurred to process the Automation letters. If you cannot confirm, please explain.

C. Did you make any material changes to your Automation mail flow models or your input parameters that would tend to reduce the amount of costs captured by the models? If not, please explain why your model-derived

unit cost to process presorted letters (Nonautomated and Automated letters combined) is so close to your CRA proportional cost. If so, please describe those changes and explain why the models in this case would account for the apparent nonexistent costs that were captured by the models in the last three cases.

D. If you made no material changes to your mail flow models as suggested in Part (D), please confirm that the reason why your model-derived unit cost for presorted letters is so close to your CRA-derived unit cost is either (1) the overstatement in the model-derived costs for Nonautomation letters offsets the understatement in the model-derived costs for Automation letters, or (2) the CRA has attributed more costs to presorted letters than it did in previous cases or (3) a combination of both (1) and (2). Please explain your answer in detail.

MMA/USPS-T22-10

Please refer to page 2 of Library Reference USPS-LR-L-48, specifically where you compute the CRA Proportional Adjustment factor for all presorted letters combined.

A. Please confirm that, in order to compute a combined CRA Proportional Adjustment factor for presorted letters, you needed to assume that your mail flow models accurately reflect the cost relationship that actually exists between letters requiring a barcode to be applied (Nonautomation letters) and prebarcoded letters (Automation letters). If not, please explain.

B. Do you agree that, historically, the Postal Service's mail flow models for nonprebarcoded letters, particularly bulk metered mail, have always understated the actual costs? If not, please explain.

C. Do you agree that, historically, the Postal Service's mail flow models for prebarcoded letters, particularly Automation letters, have always overstated the actual costs? If not, please explain.

D. Did you consider computing separate CRA Proportional Adjustment factors, one for Nonautomation letters that require processing within the

RBCS and one for Automation letters that bypass the RBCS? If so, why did you reject the idea? If not, why not?

MMA/USPS-T22-11

Please refer to Library Reference USPS-LR-L-48, pages 5, 7, 9, and 11, where you provide the mail flow models for First-Class Automation letters for each of the presort categories for 10,000 virtual pieces.

A. Can you confirm the number of letters that are rejected in automation operations as shown in the table below? If not, please make any corrections.

	Rejects From Automation Operations to Manual Operations						
Model	Out Sec Auto	Inc MMP Auto	Inc SCF/Prime Auto	Inc Sec 1 Pass Auto	Inc Sec 2 Pass Auto	Inc Sec 3 Pass Auto	Total Rejects
MAADC	384	182	187	76	277	54	1160
AADC		402	67	78	285	55	887
3-Digit			340	79	289	56	764
5-Digit				82	299	58	439

A. Can you confirm that, as letters are processed manually further downstream, i.e., if entered as 5-digit rather than MAADC, the probability that a letter can be processed by automation from mail acceptance to delivery increases. If not, please explain.

B. Please confirm that, according to your models, the probability of a letter being processed by automation from mail acceptance to delivery is as follows:

Automation Rate Category	Automation Probability
MAADC	88.4%
AADC	91.1%
3-Digit	92.4%
5-Digit	95.6%

If you cannot confirm, please provide the correct probabilities and explain how they are derived.

D. Can you confirm that, to the extent that letters are presorted to a lesser degree, i.e., if entered as MAADC rather than 5-digit, the probability that a

letter will be rejected by automation equipment and therefore must be processed manually increases? If not, please explain.

MMA/USPS-T22-12

Please refer to Library Reference USPS-LR-L-48, page 2, where you compute the weighted average "proportional" unit cost for First-Class presorted letters, and to R2005-1 Library Reference USPS-LR-K-48, page 5, where you compute the weighted average workshare-related unit cost for First-Class automation letters. In R2005-1, you split up Automation 5-digit letters into two categories – "CSCBS/Manual" and "other". In this case you have only one group for Automation 5-digit. Please explain why you no longer need two separate mail flow models to derive Automation 5-digit costs?

MMA/USPS-T22-13

Please refer to page 1 of Library Reference USPS-LR-L-48, where you derive total mail processing unit costs for First-Class Automated 5-digit and carrier route letters. Your analysis indicates that 5-digit letters cost 3.625 cents whereas carrier route letters cost 2.746 cents, a difference of .879 cents.

A. Since the Postal Service has proposed to eliminate carrier route as a separate rate category, do you assume that all letters that are now presorted to carrier route will be presorted to 5-digits? Please explain your answer.
B. Assuming you confirm part (A), has the Postal Service made a separate adjustment to its test year CRA cost estimates to account for the expected .879 cent per piece increase in mail processing costs for each of the 674 million carrier presorted letters? If so, please explain that adjustment. If not, why not?

MMA/USPS-T22-14

Please refer to page 16 of your testimony where you explain that you adopted R2005-1 USPS witness Hatcher's "narrowly defined cost analysis consistent with

that first presented in Docket No. R97-1." In effect, you measure cost differences between processing handwritten addressed letters (HAND) and QBRM letters until each piece receives its first barcoded sortation. Please also refer to Library Reference USPS-LR-L-69, Section A, pages 3 and 5.

A. Please confirm that in R2000-1, the Commission adopted the Postal Service's QBRM cost savings methodology by measuring the costs for HAND and QBRM letters until they reached the delivery operation. If you cannot confirm, please explain.
B. Please confirm that, after its first barcoded sortation, your models indicate that 9.72% of the HAND pieces will require manual processing until they reach the delivery operation. If you cannot confirm, please explain.
C. Please confirm that, after its first barcoded sortation, your models indicate that 4.24% of the QBRM pieces will require manual processing until they reach the delivery operation. If you cannot confirm, please explain.
D. Please confirm that, after the first barcoded sortation, fewer QBRM pieces will require manual processing than HAND letters. If you cannot confirm, please explain how 95.86% of QBRM can be sent on to automation equipment, yet only 90.38% of HAND letters can be sent on to automation equipment, but that the number of QBRM and HAND letters to be processed manually after the first barcoded sortation would be the same.
E. Please explain why, by adopting USPS witness Hatcher's "narrow" approach rather than the Commission's approach, you do not completely exclude cost savings exhibited by QBRM that occur after the first barcoded sortation.

MMA/USPS-T22-15

Please refer to R2000-1 Library Reference PRC-LR-12, Part B, sheets HANDWRITTEN FLOW MODEL and QBRM FLOW MODEL.

A. Please confirm that, according to the Commission's model for HAND letters, 21.46% are unable to be sorted by automation through delivery. If you cannot confirm, please explain.

B. Please confirm that, according to the Commission's model for QBRM letters, 10.71% are unable to be sorted by automation through delivery. If you cannot confirm, please explain.
C. Please confirm that, after the first barcoded sortation, the percentage of HAND letters likely to be processed manually is almost twice that of QBRM letters. If you cannot confirm, please explain.
D. Please confirm that the Commission's model addresses and includes mail processing savings after the first barcoded sortation since, at that point, fewer HAND letters are able to be processed by Automation. If you cannot confirm, please explain.

MMA/USPS-T22-16

Please refer to Library Reference USPS-LR-L-69, Section A, pages 1 and 6, particularly where you use the CRA Adjustment Factor of 1.454 from R2005-1. Please also refer to your response to Interrogatory MMA/USPS-T22-8 in R2005-1.

A. Please confirm that the CRA Adjustment Factor was obtained by dividing the CRA-derived workshare-related unit cost for bulk metered mail by the model-derived unit workshare-related for bulk metered mail. If you cannot confirm, please explain.
B. Please confirm that, by definition, BMM letters and HAND letters are similar in that both are nonprebarcoded and both require processing within the RBCS and that the major difference is that BMM has a machine printed address and HAND has a handwritten address. If you cannot confirm, please explain.
C. Please confirm that, by definition, QBRM and Automation letters are similar in that both are prebarcoded and both completely bypass the RBCS and that the major difference is that QBRM letters enter the mail stream at the mail prep operation while Automation letters enter the

mailstream at later points based on the degree of presort. If you cannot confirm, please explain.

D. Please confirm that it is appropriate to use the CRA Adjustment factor from BMM letters to increase the your model-derived unit cost for HAND letters, as shown on page 1 of Schedule A in Library Reference USPS-LR-L-69, since the models for nonprebarcoded letters (such as BMM and HAND) historically understate the CRA-derived unit costs. If you cannot confirm, please explain.

E. Please explain why it is appropriate to use the CRA Adjustment factor from BMM letters to increase the your model-derived unit cost for QBRM letters, as shown on page 1 of Schedule A in Library Reference USPS-LR-L-69, when the models for prebarcoded letters (such as Automation letters) historically overstate the CRA-derived unit costs.

MMA/USPS-T22-17

Please refer to Library Reference USPS-LR-L-69, Section B, page 6, where you derive the unit counting cost for high volume QBRM.

A. Please confirm that you found from your study that, in Base Year 2005, 26.6% of the 163.5 million high volume QBRM pieces were counted manually. If you cannot confirm, please explain.

B. Please confirm that the Postal Service expends almost 50,000 man hours per year hand counting QBRM letters that are received in high volumes. If you cannot confirm, please explain.

C. Please confirm that counting by weight averaging techniques or special counting machines is at least 12 times more efficient than counting manually. If you cannot confirm, please explain.

D. Please explain why the Postal Service manually counts more QBRM letters received in high volumes, than it does by weighing techniques or special counting machines, when manual counting is only 1/12 as productive.

E. Please explain why the Postal Service counts QBRM letters by hand when it can and does count small parcels 2.5 times faster by using weighing techniques.

MMA/USPS-T22-18

Please refer to Library Reference USPS-LR-L-69, Section B, page 12, where you derive the marginal productivities for high volume QBRM.

A. Please confirm that the 85% volume variability factor means that, if the volume being counted increases by 100%, the cost to count those pieces increases by just 85%. If you cannot confirm, please explain.
B. Please explain specifically why, if you manually count 20,000 pieces of QBRM, the time necessary to count the 20,000 pieces is only 185% of the time to count 10,000 pieces rather than twice the time to count 10,000 pieces.

MMA/USPS-T22-19

Please refer to Library Reference USPS-LR-L-48, pages 39 and 73, where you provide the average mail processing hourly wage rate and premium pay adjustment factors for First-Class and Standard mail.

A. Please provide the average mail processing hourly wage rate for each fiscal year from 1998 through 2005.
B. Please provide the average mail processing hourly wage rate projected for fiscal years 2006, 2007 and 2008.
C. Please provide the premium pay adjustment factors for First-Class Presort, First-Class Single Piece, and Standard letters for each fiscal year from 1998 through 2005.
D. Please provide the premium pay adjustment factors for First-Class Presort, First-Class Single Piece, and Standard letters projected for fiscal years 2006, 2007, and 2008.

MMA/USPS-T22-20

Please refer to R2005-1 Library Reference USPS-LR-K-48, pages 2, 6, 20, 61 and 62, and R2006-1 Library Reference USPS-LR-L-48, pages 3 and 45. These pages show how you derived the CRA proportional and fixed unit costs for the 2006 test year in R2005-1 and the 2008 test year in R2006-1.

A. For cost pool "SPBS OTH", please confirm that you have categorized such costs as shown in the table below. If you cannot confirm, please explain.

Cost Pool	Docket No.	Rate Category	Cost Pool Category
SPBS OTH	R2005-1	First Class Metered	Fixed
SPBS OTH	R2005-1	First Class Automation	Fixed
SPBS OTH	R2005-1	First Class NonAutomation	Fixed
SPBS OTH	R2005-1	Standard Automation	Fixed
SPBS OTH	R2005-1	Standard NonAutomation	Proportional
SPBS OTH	R2006-1	First Class Presorted	Fixed
SPBS OTH	R2006-1	Standard Presorted	Proportional

B. Please explain why these costs were classified as fixed for all First-Class categories and Standard Automation but were classified as proportional for Standard Nonautomation in R2005-1.

C. Please explain why these costs are classified as fixed for First Class Presorted but classified as proportional for Standard Presorted in R2006-1.

D. Are costs reported in cost pool "SPBS OTH" fixed or proportional? Please explain your answer.

MMA/USPS-T22-21

Please refer to R2005-1 Library Reference USPS-LR-K-48, pages 2, 6, 20, 61 and 62, and R2006-1 Library Reference USPS-LR-L-48, pages 3 and 45. These pages show how you derived the CRA proportional and fixed unit costs for the 2006 test year in R2005-1 and the 2008 test year in R2006-1.

A. For cost pool "SPBSPRIO", please confirm that you have classified such costs as shown in the table below. If you cannot confirm, please explain.

Cost Pool	Docket No.	Rate Category	Cost Pool Category
SPBSPRIO	R2005-1	First Class Metered	Fixed
SPBSPRIO	R2005-1	First Class Automation	Fixed
SPBSPRIO	R2005-1	First Class NonAutomation	Fixed
SPBSPRIO	R2005-1	Standard NonAutomation	Fixed
SPBSPRIO	R2005-1	Standard Automation	Fixed
SPBSPRIO	R2006-1	First Class Presorted	Fixed
SPBSPRIO	R2006-1	Standard Presorted	Proportional

B. Please explain why these costs were classified as fixed for all First Class and Standard categories in R2005-1 while in R2006-1 these costs are classified as fixed for First Class Presorted but as proportional for Standard Presorted.

C. Are costs reported in cost pool "SPBSPRIO" fixed or proportional? Please explain your answer.

MMA/USPS-T22-22

Please refer to R2005-1 Library Reference USPS-LR-K-48, pages 2, 6, 20, 61 and 62, and R2006-1 Library Reference USPS-LR-L-48, pages 3 and 45. These pages show how you derived the CRA proportional and fixed unit costs for test year 2006 in R2005-1 and test year 2008 in R2006-1.

A. For cost pool "1OPBULK", please confirm that you have classified such costs as shown in the table below. If you cannot confirm, please explain.

Cost Pool	Docket No.	Rate Category	Cost Pool Category
1OPBULK	R2005-1	First Class Metered	Fixed
1OPBULK	R2005-1	First Class Automation	Fixed
1OPBULK	R2005-1	First Class NonAutomation	Proportional
1OPBULK	R2005-1	Standard Automation	Fixed
1OPBULK	R2005-1	Standard NonAutomation	Proportional
1OPBULK	R2006-1	First Class Presorted	Proportional
1OPBULK	R2006-1	Standard Presorted	Proportional

B. Please explain why these costs were classified in R2005-1 as fixed for First-Class Metered and Automation letters, as fixed for Standard

Automation letters but as proportional for First Class NonAutomation and Standard NonAutomation letters.

C. Please explain why these costs were classified as fixed for some categories in R2005-1 but are classified as proportional for First Class Presorted and Standard Presorted in R2006-1.

D. Are costs reported in cost pool "1OPBULK" fixed or proportional? Please explain your answer.

MMA/USPS-T22-23

Please refer to R2005-1 Library Reference USPS-LR-K-48, pages 2, 6, 20, 61 and 62, and R2006-1 Library Reference USPS-LR-L-48, pages 3 and 45. These pages show how you derived the CRA proportional and fixed unit costs for the 2006 test year in R2005-1 and the 2008 test year in R2006-1.

A. For cost pool "1OPPREF", please confirm that you have classified such costs as shown in the table below. If you cannot confirm, please explain.

Cost Pool	Docket No.	Rate Category	Cost Pool Category
1OPPREF	R2005-1	First Class Metered	Fixed
1OPPREF	R2005-1	First Class Automation	Fixed
1OPPREF	R2005-1	First Class NonAutomation	Proportional
1OPPREF	R2005-1	Standard Automation	Fixed
1OPPREF	R2005-1	Standard NonAutomation	Proportional
1OPPREF	R2006-1	First Class Presorted	Proportional
1OPPREF	R2006-1	Standard Presorted	Proportional

B. Please explain why these costs were classified in R2005-1 as fixed for First-Class Metered and Automation letters and Standard Automation but were classified as proportional for First Class and Standard NonAutomation.

C. Please explain why these costs were fixed for some categories in R2005-1 but are classified as proportional for First-Class Presorted and Standard Presorted in R2006-1.

D. Are costs reported in cost pool "1OPPREF" fixed or proportional? Please explain your answer.

MMA/USPS-T22-24

Please refer to R2005-1 Library Reference USPS-LR-K-48, pages 2, 6, 20, 61 and 62, and R2006-1 Library Reference USPS-LR-L-48, pages 3 and 45. These pages show how you derived the CRA proportional and fixed unit costs for the 2006 test year in R2005-1 and the 2008 test year in R2006-1.

A. For cost pool "1POUCHING", please confirm that you have classified such costs as shown in the table below. If you cannot confirm, please explain.

Cost Pool	Docket No.	Rate Category	Cost Pool Category
1POUCHNG	R2005-1	First Class Metered	Fixed
1POUCHNG	R2005-1	First Class Automation	Fixed
1POUCHNG	R2005-1	First Class NonAutomation	Proportional
1POUCHNG	R2005-1	Standard Automation	Fixed
1POUCHNG	R2005-1	Standard NonAutomation	Proportional
1POUCHNG	R2006-1	First Class Presorted	Proportional
1POUCHNG	R2006-1	Standard Presorted	Proportional

B. Please explain why these costs were classified as in R2005-1 fixed for First-Class Metered and Automation letters and for Standard Automation but classified as proportional for First Class and Standard NonAutomation.

C. Please explain why these costs were classified as fixed for some categories in R2005-1 but classified as proportional for First-Class Presorted and Standard Presorted in R2006-1.

D. Are costs reported in cost pool "1POUCHING" fixed or proportional? Please explain your answer.

MMA/USPS-T22-25

Please refer to R2005-1 Library Reference USPS-LR-K-48, pages 2, 6, 20, 61 and 62, and Library Reference USPS-LR-L-48, pages 3 and 45. These pages show how you derived the CRA proportional and fixed unit costs for test year 2006 in R2001-1and test year 2008 in R2006-1.

A. For cost pool "1PRESORT", please confirm that you have classified such costs as shown in the table below. If you cannot confirm, please explain.

Cost Pool	Docket No.	Rate Category	Cost Pool Category
1PRESORT	R2005-1	First Class Metered	Fixed
1PRESORT	R2005-1	First Class Automation	Fixed
1PRESORT	R2005-1	First Class NonAutomation	Proportional
1PRESORT	R2005-1	Standard Automation	Fixed
1PRESORT	R2005-1	Standard NonAutomation	Fixed
1PRESORT	R2006-1	First Class Presorted	Fixed
1PRESORT	R2006-1	Standard Presorted	Fixed

B. Please explain why these costs were classified as proportional for First-Class NonAutomation letters in R2005-1 but classified as fixed for all other categories in R2005-1 and classified as fixed for all categories in R2006.

C. Are costs reported in cost pool "1 PRESORT" fixed or proportional? Please explain your answer.

MMA/USPS-T22-26

Please refer to R2005-1 Library Reference USPS-LR-K-48, pages 2, 6, 20, 61 and 62, and R2006-1 Library Reference USPS-LR-L-48, pages 3 and 45. These pages show how you derived the CRA proportional and fixed unit costs for test year 2006 in R2001-1and test year 2008 in R2006-1.

A. For cost pool "SPB", please confirm that you have classified such costs as shown in the table below. If you cannot confirm, please explain.

Cost Pool	Docket No.	Rate Category	Cost Pool Category
SPB	R2005-1	Standard Automation	Fixed
SPB	R2005-1	Standard NonAutomation	Proportional
SPB	R2006-1	Standard Presorted	Proportional

B. Please explain why these costs were classified as fixed for Standard Automation and as proportional for Standard NonAutomation in R2005-1 but are classified as proportional for Standard Automation and NonAutomation combined in R2006-1.

C. Are costs reported in cost pool "SPB" fixed or proportional? Please explain your answer.