

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

POSTAL RATE AND FEE CHANGES

Docket No. R2006-1

**Major Mailers Association's
Second Set Of Interrogatories and Document Production Requests To
United States Postal Service Witness John P. Kelley (MMA/USPS-T30-17-20)
(June 28, 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 United States Postal Service Witness John P. Kelley (MMA/USPS-T30-17-20).

Respectfully submitted,

Major Mailers Association

By: _____

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**Dated: Middleburg, Virginia
June 28, 2006**

MMA/USPS-T30-17

Please refer to Library References USPS-LR-K-67 from R2005-1, pages 1 and 2, and USPS-LR-L-67, page 1. These pages summarize your derived unit delivery costs for various rate categories for TY 2006 in R2005-1 and TY 2008 in R2006-1.

- A. Please confirm the unit costs (cents) and percentage changes as shown in the following table. If you cannot confirm, please provide the correct unit costs as well as your computations.

Rate Category	R2005-1 TY 2006			R2006-1 TY 2008			% Increase (Decrease)		
	Letters	Flats	Parcels	Letters	Flats	Parcels	Letters	Flats	Parcels
FC Single Piece	7.189	12.416	30.049	7.734	14.327	35.094	7.6%	15.4%	16.8%
FC Automation	3.824			4.144			8.4%		
FC Nonautomation	6.939	9.424	20.636	4.696	11.588	35.790	-32.3%	23.0%	73.4%
FC Presorted	3.954			4.164			5.3%		
Std Reg Automation	3.710			3.596			-3.1%		
Std Reg Nonautomation	5.985	9.290	28.948	7.362	9.413	32.671	23.0%	1.3%	12.9%
Std Presorted	3.873			3.798			-1.9%		

- B. Please explain why the unit delivery cost for First-Class Single Piece is expected to rise by 7.6% while the unit delivery cost for First-Class Automation letters is expected to rise by 8.4%.
- C. Please explain why the unit delivery cost for First-Class Automation letters is expected to rise by 8.4% while the unit delivery cost for Standard Automation letters is expected to decline by 3.1%.
- D. Please explain why the unit delivery cost for First-Class Nonautomation letters is expected to decline by 32.3%.
- E. Please explain why the unit delivery cost for Standard Nonautomation letters is expected to rise by 23.0%.
- F. Please explain why the unit delivery cost for First-Class Presorted letters is expected to increase by 5.3% while the unit delivery cost for Standard Presorted letters is expected to decline by 1.9%.

Where more than one factor is responsible for the projected increase or decrease in particular unit delivery costs, please identify each factor separately and provide

your best estimate of contribution such factor makes to the overall percentage increase or decrease in unit delivery costs.

MMA/USPS-T30-18

Please refer to your responses to Interrogatory MMA/USPS-T30-6 where you provide a breakdown of delivery costs for First Class letters by indicia. That answer indicates that the TY 2008 unit delivery costs per originating piece for stamped letters, metered letters and other letters are 7.608 cents, 9.316 cents and 5.300 cents, respectively.

- A. Please confirm that the unit costs you provide are not directly comparable in that you cannot conclude that it costs more to deliver a metered letter than a stamped letter simply because the number of originating pieces that do not incur delivery costs (i.e., such pieces are delivered to a post office box) may not be proportional for each category of letters. If you cannot confirm, please explain.
- B. Given your reported results, is it likely that stamped letters cost more to deliver than metered letters? Please explain your answer.
- C. Please compare your First Class single piece unit delivery costs by indicia to your response to Interrogatory MMA/USPS-T16-6 in R2005-1, particularly where you have provided the BY 2004 unit delivery cost for cost segment 6.1. Why has the unit delivery cost for “other” letters decreased by 76%, from 2.21 cents to .53 cents, between BY 2004 and BY 2005?

MMA/USPS-T30-19

Please refer to your response to Interrogatory MMA/USPS-T30-2. Part (C) of that question asked you to provide unit delivery costs per delivered letters for various categories off First-Class letters.

- A. Please provide the source and derivation of each of the cost figures shown in your table.
- B. Please provide the source and derivation of each of the volume figures that you used in order to compute the unit costs as shown in your table.
- C. Please explain why it might cost the same to deliver a Mixed AADC Automation letter (4.464 cents) and a 5-digit Automation letter (4.464 cents).
- D. Please explain why it might cost more to deliver a single piece metered letter (15.23 cents) than a single piece stamped letter (12.64 cents).
- E. Please explain why it might cost more than three times as much to deliver a single piece metered letter (15.23 cents) as it costs to deliver an automation letter (4.55 cents).

MMA/USPS-T30-20

Please refer to your response to Interrogatory MMA/USPS-T30-7, specifically where you acknowledge the anomaly suggested by Part (e) and your explanation in Part (f). Please explain why you feel it is appropriate to rely on this data for your purposes of deriving DPS %s for First Class Automation and Nonautomation letters when the volume of Nonautomation letters is clearly outside the bounds of reasonableness?