

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

**POSTAL RATE AND FEE CHANGES, 2006**

**Docket No. R2006-1**

**FIRST SET OF INTERROGATORIES OF  
THE ASSOCIATION FOR POSTAL COMMERCE  
AND THE MAILING AND FULFILLMENT SERVICE ASSOCIATION  
TO USPS WITNESS NINA YEH**

**(POSTCOM/USPS-T38-1 - 6)**

Pursuant to Sections 25 through 27 of the rules of practice, the Association for Postal Commerce and the Mailing and Fulfillment Service Association (herein, collectively "PostCom") directs the attached First Set of Interrogatories to Witness Nina Yeh. If the witness is unable to respond to any interrogatory or request for production of documents, PostCom requests that a response be otherwise provided by the Postal Service.

Respectfully submitted,

Ian D. Volner  
Rita L. Brickman  
Jennifer Mallon  
Venable LLP  
575 7<sup>th</sup> Street, NW  
Washington, DC 20004-1601  
(202) 344-4814  
[idvolner@venable.com](mailto:idvolner@venable.com)

Counsel to  
Association for Postal Commerce  
Mailing and Fulfillment Service Association

July 14, 2006

**POSTCOM/USPS-T38-1.** Please refer to page 9 of your testimony where you state that you propose to “pass along” approximately 123% of the difference in estimated costs between BPM flats and BPM parcels and irregular pieces, and states that this passthrough “will help distinguish flats and parcel rates and aid in providing reasonable contributions from both shapes.”

a. Please confirm that there are three shapes in the Bound Printed Matter category: flats, parcels, and irregular parcels which may otherwise, in fact, meet the dimensions of a flat. If you do not confirm, please explain your answer in detail.

b. Please explain why it is important to your rate design to “distinguish” flats and parcels by an amount that is greater than the cost differential between the types of mail that comprise this category

c. Please provide any data you relied upon showing the number of pieces that meet the definition of a Bound Printed Matter flat, but are treated as “irregular parcels” and therefore subject to the rate differential described in your testimony. If you do not have such data, please set forth in detail the assumptions you made with respect to the volume of irregular parcels.

d. Please provide any worksheets or other calculations you have made in reaching the conclusion that a 123% passthrough of the flat-parcel differential is appropriate to achieve a “reasonable contribution” from each of the shapes of mail matter referred to at page 9 of your testimony. If you have no such calculation, please explain the basis for your statement concerning “reasonable contributions.”

**POSTCOM/USPS-T38-2.** Please refer to your response to P.O.I.R. No. 5, question 2.b in which you state that “in the spirit of recognizing that mail processing cost differences may be an additional cost difference between BPM flats and parcels,” you propose to pass through in excess of 100% of the delivery cost differences for the BPM flat-parcel differential.

a. Please set forth in detail any data upon which you have relied in estimating that the difference in mail processing costs as between BPM flats and BPM parcels may be as much as 23-24% of delivery cost differences.

b. Please confirm that the 124% passthrough of the BPM flat parcel differential you have proposed is based on an average cost difference that does not reflect differences between parcels, irregular parcels and flats by level of sortation or extent of drop entry. If you do not confirm, please explain your answer in detail.

**POSTCOM/USPS-T38-3.** Please refer to page 10 of your testimony where you describe manner in which you have computed the destination entry rates for BPM.

a. Please confirm your understanding that the unit cost saving estimates for drop shipped BPM reflects the combined avoided costs of drop entered flats and drop entered parcels at all of the entry levels specified. If you do not confirm, please state your understanding of the data from witness Miller that you relied upon in the development of the drop entry rates.

b. Please provide any data you relied upon showing separately the average weight of BPM parcels and flats and the average density of BPM parcels and flats. If you

have no such data, please explain any assumptions you made concerning differences in weight and density in developing the BPM drop entry discounts you have proposed.

c. Please provide any worksheets, or other data, showing the manner in which you calculated the passthroughs of cost savings for drop entry rates as set forth at page 11 of your testimony.

**POSTCOM/USPS-T38-4.** Please refer to the attached DMM Advisory and accompanying DMM language concerning a new drop ship “option” applicable to Bound Printed Matter machinable parcels to certain 5-digit zip codes prepared on 3-digit pallets or in 3-digit boxes when entered at a sectional center facility.

a. Is it your understanding that BPM mailers preparing shipments as described in DMM Section 466.3.0 and entering such pallet or pallet boxes at a DSCF will qualify for the DSCF rates you have proposed? If that is not your understanding, please explain your understanding of this “option” and what effect, if any, it will have on the revenues and avoided costs of drop entered Bound Printed Matter parcels under your rate schedule.

b. Were you aware of the drop entry “option” referenced in the DMM Advisory at the time you prepared your testimony concerning BPM rates?

**POSTCOM/USPS-T38-5.** Please refer to page 8, line 4 of your testimony where you state that you "include the standard two cents per pound allowance for weight-related non-transportation costs...". Please identify the source of this "standard" allowance and provide any supporting data.

**POSTCOM/USPS-T38-6.** Please refer to page 16, line 14 of your testimony where you state that you add "the customary two cents per pound add-on for weight-related non-transportation costs...". Please identify the source of this "customary" add-on and provide any supporting data.

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**From:** DMMAdvisory [DMMAdvisory@usps.gov]  
**Sent:** Thursday, July 06, 2006 4:02 PM  
**To:** undisclosed-recipients  
**Subject:** USPS.com/ratecase Updated / July DMM Update

July 6, 2006

## **DMM Advisory**

*Pricing and Classification* — keeping you informed about the prices and mailing standards of the United States Postal Service

### **USPS.com/ratecase Updated**

We've updated and redesigned our Web page at [usps.com/ratecase](http://usps.com/ratecase) to add summaries and frequently asked questions for all classes of mail. For example, click on [First-Class Mail](#) and you will find the First-Class Mail summary, with links to frequently asked questions and side-by-side price comparisons. Let us know what you think.

### **July DMM Update**

You can count on Postal Explorer ([pe.usps.com](http://pe.usps.com)) for up-to-date prices and mailing standards in the DMM. The DMM is fully searchable and includes fly-out menus and cross-reference links for easy navigation. Today we made the following changes:

#### **New Preparation Option for Parcel Select and Bound Printed Matter**

Mailers have a new option to drop ship Parcel Select and Bound Printed Matter machinable parcels to certain 5-digit ZIP Codes prepared on 3-digit pallets or in 3-digit pallet boxes when entered at designated sectional center facilities. This option provides additional workshare opportunities and improves total time-in-transit. We revised [456.2.0](#) and [466.3.0](#) and added new labeling list [L607](#) to reflect this change.

#### **Periodicals Mixed ADC Preparation**

We revised the standards for Periodicals mail prepared in mixed area distribution center (ADC) bundles and sacks. The optional mixed ADC separation is now mandatory. The new standards in chapters [705](#) and [707](#) allow a portion of Periodicals mail to be processed with First-Class Mail, improving service without increasing our processing costs. Mailers continue to have the option to place Automated Flat Sorting Machine 100-compatible mailpieces in ADC and mixed ADC flats trays with lids. You can also read about this change in the [November/December 2005 Mailers Companion](#).

#### **Bound Printed Matter Markings**

We revised [402.2.0](#) and [708.7.0](#) to require a new marking on Bound Printed Matter (BPM) machinable parcels consisting of multiple pieces secured with transparent shrinkwrap. The new marking will enable our automated equipment to recognize that these parcels are intended for a single address. This requirement does not apply to BPM flats or irregular parcels.

#### **DBMC Mailings for ZIP Code 880**

Mailers must prepare destination bulk mail center (DBMC) mailings for 3-digit ZIP Code 880 in containers for Dallas, Texas and enter that mail at the Dallas bulk mail center instead of the Albuquerque auxiliary service facility. We revised the BMC/ASF Service Areas exhibits throughout the DMM to reflect this change.

Check the [Summary of Changes](#) for a complete listing of updates. You will find revisions listed by effective date and also by chapter, with clickable links to revised sections.

Our next update is scheduled for August 3

The *Domestic Mail Manual* (DMM) is available on Postal Explorer ([pe.usps.com](http://pe.usps.com)). To subscribe to the DMM Advisory, send

7/14/2006

an e-mail to [dmmadvisory@usps.com](mailto:dmmadvisory@usps.com). Simply indicate "subscribe" in the subject line.