

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS
MICHAEL W. MILLER (USPS-T-21) TO INTERROGATORY OF
AMAZON.COM, INC., REDIRECTED FROM WITNESS MCCRERY
(AMZ/USPS-T42-7)
(July 27, 2006)

The United States Postal Service hereby provides the response of Postal Service witness Miller (USPS-T-21) to interrogatory AMZ/USPS-T42-7, which has been redirected from witness McCrery (USPS-T-42).

The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Keith E. Weidner

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-6252, Fax -3084

RESPONSE OF POSTAL SERVICE WITNESS MILLER TO
INTERROGATORY OF AMAZON.COM, INC.,
REDIRECTED FROM WITNESS MCCRERY

AMZ/USPS-T42-7 Please provide in a format that can be compared both the (i) productivities and (ii) unit cost of sorting small parcels (e.g., BPM and Media Mail parcels) on (a) Parcel Sorting Machines ("PSMs"), (b) SSIUs, (c) Small Parcel and Bundle Sorters ("SPBSs"), and (d) APPSs.

RESPONSE:

(a) - (d) Please see pages 1 through 5 of the attachment to this interrogatory response, which is also being filed electronically. The attachment shows productivity data and includes Test Year 2008 cost estimates for First-Class Mail, Standard Mail, Parcel Post, Bound Printed Matter, and Media Mail parcels.

The First-Class Mail estimates have been calculated using MODS plant volume variability factors and include cost estimates for Small Parcel and Bundle Sorter (SPBS) and Automated Package Processing Systems (APPS) operations only. Cost estimates for the Parcel Sorting Machine (PSM) operations are not included, as First-Class Mail is not processed in Bulk Mail Centers (BMCs). The Standard Mail, Parcel Post, Bound Printed Matter, and Media Mail estimates have been calculated using BMC volume variability factors and include cost estimates for PSM, SPBS, and APPS operations. Please note that the Singulation Scan Induction Unit (SSIU) is part of the Secondary Parcel Sorting Machine (SPSM) and would therefore be included in the cost estimates for that operation.

The premium pay factors which are specific to each category of mail have also been used in this analysis. All other inputs (e.g., wage rates, piggyback factors, productivity values) are the same for all five mail categories.

FIRST-CLASS MAIL PARCELS PRODUCTIVITY VALUES AND TY 2008 MAIL PROCESSING UNIT COST ESTIMATES

<u>Operation Description</u>	(1) MODS Productivity <u>Value</u>	(2) Volume Variability <u>Factor</u>	(3) Marginal Productivity <u>Value</u>	(4) TY 2008 <u>Wage Rate</u>	(5) Premium Pay <u>Factor</u>	(6) Adjusted TY 2008 <u>Wage Rate</u>	(7) Direct Dollars <u>Per Piece</u>	(8) Piggyback <u>Factor</u>	(9) Total Dollars <u>Per Piece</u>
Small Parcel and Bundle Sorter (SPBS) Outgoing	343	0.87	394	\$37.992	1.01308	\$38.489	\$0.10	1.677	\$0.16
SPBS Incoming	259	0.87	298	\$37.992	1.01308	\$38.489	\$0.13	1.677	\$0.22
Automated Package Processing System (APPS) Outgoing	443	0.87	509	\$37.992	1.01308	\$38.489	\$0.08	2.421	\$0.18
APPS Incoming	580	0.87	667	\$37.992	1.01308	\$38.489	\$0.06	2.421	\$0.14

(1) USPS-LR-L-56

(2) USPS-T-11, Table 1

(3) (1) / (2)

(4) USPS-LR-L-55

(5) USPS-LR-L-55

(6) (4) * (5)

(7) (6) * 100 / (3)

(8) USPS-LR-L-52 (Note: The APPS Piggyback factor includes REC keying costs)

(9) (8) * (7)

STANDARD MAIL PARCELS PRODUCTIVITY VALUES AND TY 2008 MAIL PROCESSING UNIT COST ESTIMATES

<u>Operation Description</u>	(1) MODS Productivity <u>Value</u>	(2) Volume Variability <u>Factor</u>	(3) Marginal Productivity <u>Value</u>	(4) TY 2008 <u>Wage Rate</u>	(5) Premium Pay <u>Factor</u>	(6) Adjusted TY 2008 <u>Wage Rate</u>	(7) Direct Dollars <u>Per Piece</u>	(8) Piggyback <u>Factor</u>	(9) Total Dollars <u>Per Piece</u>
Primary Parcel Sorting Machine (PPSM)	431	0.85	507	\$37.992	0.97389	\$37.000	\$0.07	1.756	\$0.13
Secondary Parcel Sorting Machine (SPSM, including SSIU)	349	0.85	411	\$37.992	0.97389	\$37.000	\$0.09	2.464	\$0.22
Small Parcel and Bundle Sorter (SPBS) Outgoing	343	0.85	404	\$37.992	0.97389	\$37.000	\$0.09	1.677	\$0.15
SPBS Incoming	259	0.85	305	\$37.992	0.97389	\$37.000	\$0.12	1.677	\$0.20
Automated Package Processing System (APPS) Outgoing	443	0.85	521	\$37.992	0.97389	\$37.000	\$0.07	2.421	\$0.17
APPS Incoming	580	0.85	682	\$37.992	0.97389	\$37.000	\$0.05	2.421	\$0.13

(1) USPS-LR-L-56

(2) USPS-T-11, Table 1

(3) (1) / (2)

(4) USPS-LR-L-55

(5) USPS-LR-L-55

(6) (4) * (5)

(7) (6) * 100 / (3)

(8) USPS-LR-L-52 (Note: The APPS Piggyback factor includes REC keying costs)

(9) (8) * (7)

PARCEL POST PARCELS PRODUCTIVITY VALUES AND TY 2008 MAIL PROCESSING UNIT COST ESTIMATES

<u>Operation Description</u>	(1) MODS Productivity <u>Value</u>	(2) Volume Variability <u>Factor</u>	(3) Marginal Productivity <u>Value</u>	(4) TY 2008 <u>Wage Rate</u>	(5) Premium Pay <u>Factor</u>	(6) Adjusted TY 2008 <u>Wage Rate</u>	(7) Direct Dollars <u>Per Piece</u>	(8) Piggyback <u>Factor</u>	(9) Total Dollars <u>Per Piece</u>
Primary Parcel Sorting Machine (PPSM)	431	0.85	507	\$37.992	0.98989	\$37.608	\$0.07	1.756	\$0.13
Secondary Parcel Sorting Machine (SPSM, including SSIU)	349	0.85	411	\$37.992	0.98989	\$37.608	\$0.09	2.464	\$0.23
Small Parcel and Bundle Sorter (SPBS) Outgoing	343	0.85	404	\$37.992	0.98989	\$37.608	\$0.09	1.677	\$0.16
SPBS Incoming	259	0.85	305	\$37.992	0.98989	\$37.608	\$0.12	1.677	\$0.21
Automated Package Processing System (APPS) Outgoing	443	0.85	521	\$37.992	0.98989	\$37.608	\$0.07	2.421	\$0.17
APPS Incoming	580	0.85	682	\$37.992	0.98989	\$37.608	\$0.06	2.421	\$0.13

(1) USPS-LR-L-56

(2) USPS-T-11, Table 1

(3) (1) / (2)

(4) USPS-LR-L-55

(5) USPS-LR-L-55

(6) (4) * (5)

(7) (6) * 100 / (3)

(8) USPS-LR-L-52 (Note: The APPS Piggyback factor includes REC keying costs)

(9) (8) * (7)

BOUND PRINTED MATTER PARCELS PRODUCTIVITY VALUES AND TY 2008 MAIL PROCESSING UNIT COST ESTIMATES

<u>Operation Description</u>	(1) MODS Productivity <u>Value</u>	(2) Volume Variability <u>Factor</u>	(3) Marginal Productivity <u>Value</u>	(4) TY 2008 <u>Wage Rate</u>	(5) Premium Pay <u>Factor</u>	(6) Adjusted TY 2008 <u>Wage Rate</u>	(7) Direct Dollars <u>Per Piece</u>	(8) Piggyback <u>Factor</u>	(9) Total Dollars <u>Per Piece</u>
Primary Parcel Sorting Machine (PPSM)	431	0.85	507	\$37.992	0.98971	\$37.601	\$0.07	1.756	\$0.13
Secondary Parcel Sorting Machine (SPSM, including SSIU)	349	0.85	411	\$37.992	0.98971	\$37.601	\$0.09	2.464	\$0.23
Small Parcel and Bundle Sorter (SPBS) Outgoing	343	0.85	404	\$37.992	0.98971	\$37.601	\$0.09	1.677	\$0.16
SPBS Incoming	259	0.85	305	\$37.992	0.98971	\$37.601	\$0.12	1.677	\$0.21
Automated Package Processing System (APPS) Outgoing	443	0.85	521	\$37.992	0.98971	\$37.601	\$0.07	2.421	\$0.17
APPS Incoming	580	0.85	682	\$37.992	0.98971	\$37.601	\$0.06	2.421	\$0.13

(1) USPS-LR-L-56

(2) USPS-T-11, Table 1

(3) (1) / (2)

(4) USPS-LR-L-55

(5) USPS-LR-L-55

(6) (4) * (5)

(7) (6) * 100 / (3)

(8) USPS-LR-L-52 (Note: The APPS Piggyback factor includes REC keying costs)

(9) (8) * (7)

MEDIA MAIL PARCELS PRODUCTIVITY VALUES AND TY 2008 MAIL PROCESSING UNIT COST ESTIMATES

<u>Operation Description</u>	(1) MODS Productivity <u>Value</u>	(2) Volume Variability <u>Factor</u>	(3) Marginal Productivity <u>Value</u>	(4) TY 2008 <u>Wage Rate</u>	(5) Premium Pay <u>Factor</u>	(6) Adjusted TY 2008 <u>Wage Rate</u>	(7) Direct Dollars <u>Per Piece</u>	(8) Piggyback <u>Factor</u>	(9) Total Dollars <u>Per Piece</u>
Primary Parcel Sorting Machine (PPSM)	431	0.85	507	\$37.992	0.98827	\$37.546	\$0.07	1.756	\$0.13
Secondary Parcel Sorting Machine (SPSM, including SSIU)	349	0.85	411	\$37.992	0.98827	\$37.546	\$0.09	2.464	\$0.23
Small Parcel and Bundle Sorter (SPBS) Outgoing	343	0.85	404	\$37.992	0.98827	\$37.546	\$0.09	1.677	\$0.16
SPBS Incoming	259	0.85	305	\$37.992	0.98827	\$37.546	\$0.12	1.677	\$0.21
Automated Package Processing System (APPS) Outgoing	443	0.85	521	\$37.992	0.98827	\$37.546	\$0.07	2.421	\$0.17
APPS Incoming	580	0.85	682	\$37.992	0.98827	\$37.546	\$0.06	2.421	\$0.13

(1) USPS-LR-L-56

(2) USPS-T-11, Table 1

(3) (1) / (2)

(4) USPS-LR-L-55

(5) USPS-LR-L-55

(6) (4) * (5)

(7) (6) * 100 / (3)

(8) USPS-LR-L-52 (Note: The APPS Piggyback factor includes REC keying costs)

(9) (8) * (7)