

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE TO
MAJOR MAILERS ASSOCIATION WITNESS BENTLEY
(USPS/MMA-T1-1-9)

Pursuant to Rules 25 and 26 of the Commission's Rules of Practice and Procedure, the United States Postal Service directs the following interrogatories to Major Mailers Association witness Bentley: USPS/MMA-T1-1-9.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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USPS/MMA-T1-1 Please refer to Table 4 of your testimony.

- a) Please confirm that in Docket Nos. R2000-1, R2001-1, and R2005-1, the USPS and PRC used BMM cost as the benchmark and not the MML cost, as shown in your table. If you cannot confirm, please explain.
- b) Please confirm that in the instant proceeding, witness Abdirahman classifies the CRA cost pools into proportional and fixed, with the distinction being only to separate the costs for which the model develops estimates (the proportional costs) from the costs which are beyond the scope of the model (fixed costs). If you cannot confirm, please explain.
- c) Please confirm that in developing your automation proposal in Docket No. R97-1, you used bulk metered mail as your benchmark. If you cannot confirm, please explain.

USPS/MMA-T1-2 Please refer to page 7 of your testimony, lines 17 to 18 where you state “The serious limitations of the mail flow model, particularly as they relate to costs incurred by the benchmark category within the RBCS, have greatly limited the usefulness of the models.”

- a) Please identify and describe every time you visited USPS mail processing plants to observe the actual mail flows, including those through RBCS. Please provide the dates of the visits, the approximate time of the day of the visits, the specific operations observed, and provide all notes taken during or in connection with the visit.
- b) Please confirm RBCS is defined to include the ISS, RCR, REC, OSS, and LMLM operations. If you cannot confirm, please explain and provide both your alternative definition of RBCS and the basis for your definition.
- c) Please confirm that on page 5 of MMA-LR-1, where you present the modeled First-Class Metered Mail letters costs, the Outgoing RBCS contains a weighted unit cost for ISS is 1.162 cents which is fairly close to the OCR cost pool value of 1.146 cents shown on page 4 . If you cannot confirm, please explain.
- d) Please confirm that on page 5 of MMA-LR-1, where you present the modeled First-Class Metered Mail letters costs, the Outgoing RBCS RCR, REC, and LMLM weighted unit costs, when aggregated, lower than the LD 15 cost pool value on page 4. If you cannot confirm, please explain.
- e) Please confirm the Outgoing RBCS OSS weighted unit costs on page 5 of MMA-LR-1 are imbedded in the BCS/DBCS cost pool on page 4 of MMA-LR-1. If you cannot confirm, please explain and demonstrate where the OSS costs are to be found.

- f) Please confirm that cost pool values on page 4 of MMA-LR-1 are for all single-piece metered letters, not just the BMM letters. If you cannot confirm, please explain.

USPS/MMA-T1-3 Please see footnote 4 on page 7 of your testimony, where you state “Application of CRA Proportional Adjustment factors tends to correct for this deficiency, but problems still persist.”

- a) Please confirm that the CRA Proportional Adjustment factors are applied to the modeled cost to account for the fact that average data are used. If you cannot confirm, please explain.
- b) Please confirm that the CRA Proportional Adjustment factors are applied to the modeled cost to account for the fact that the cost models are simplified representations of reality. If you cannot confirm, please explain.
- c) Please confirm that the CRA Proportional Adjustment factors are applied to the modeled cost to account for the fact that all tasks are not modeled. If you cannot confirm, please explain.
- d) Please confirm that a hybrid cost methodology was relied upon by both the Postal Service and the Commission in Docket Nos. R97-1, R2000-1, R2001-1, R2005-1, and R2006-1. If you cannot confirm, please explain.

USPS/MMA-T1-4 In Appendix 1, page 13, lines 29-30, you state “witness Abdirahman incorrectly applies one CRA Proportional Adjustment factor for all Presorted letters combined.” Please confirm that you did not make any changes to the input parameters to the mail flow mail model that was presented by witness Abdirahman. If you cannot confirm, please list and explain the changes you made to the mail flow model.

USPS/MMA-T1-5 Please confirm that the method used to collect and assign IOCS tallies changed from base year FY2004 to base year FY2005, and the changes have caused some costs to shift as discussed by witness Bozzo in USPS-T-46. See, for example, USPS-T-46, p 31-34 and Tr. 9/2326, Response to MMA/USPS-T22-2 (D). If you cannot confirm, please explain.

USPS/MMA-T1-6 Please refer to Appendix 1, page 15 and the statement that “the Postal Service agrees that the BMM costs understate the CRA-derived unit cost standard by 2.1915 cents or 36%. Tr. ____ (Response to USPS/MMA [sic] T22-32 (A)).”

- a. Please confirm that the Postal Service’s response to MMA/USPS T22-32(A) confirmed that “compared to the CRA cost for processing BMM, the model-derived unit cost is low by 2.915 cents or 36%.”

- b. Please confirm that the Postal Service's response to MMA/USPS-T22-35(E) stated that it "cannot confirm that the [BMM model] differ[s] from actual BMM costs because we do not know the actual BMM costs."

USPS/MMA-T1-7 Please refer to page 18 of your testimony where you discuss the nonautomation and MAADC costs.

- a) Please discuss the mail characteristics of nonautomation letters and MAADC letters, including their respective levels of presortation.
- b) Please discuss the similarities and differences of characteristics of nonautomation machinable mixed AADC letters and BMM letters.
- c) Please confirm that the Postal Service used nonautomation machinable mixed AADC delivery costs as a benchmark for BMM in Docket Nos. R2001-1, and R2005-1. If you cannot confirm, please explain.

USPS/MMA-T1-8 Please refer to your Library Reference MMA-LR-1.

- a) Please confirm that you have deviated from the latest Commission-approved methodology for deriving workshare cost savings that was provided in library reference PRC-LR-12 part B in Docket No. R2000-1. If you confirm, please list the changes in your methodology. If you cannot confirm, please explain.
- b) Please confirm that you have deviated from the latest Commission-approved methodology for cost pool classifications that was provided in library reference PRC-LR-12 part B in Docket No. R2000-1. If you confirm, please list the changes in your methodology. If you cannot confirm, please explain.
- c) Please indicate why the Commission should adopt the changes in methodology that you list in your response to interrogatory USPS/MMA-T1-10(a) and (b), and indicate where in your testimony or Library References you provide any additional reasons for such changes.

USPS/MMA-T1-9 Please refer to page 23 of your testimony where you discuss large volume mailers versus small volume mailers.

- a) What is your definition of large volume mailer? How did you arrive at this definition?
- b) What is your definition of small mailer? How did you arrive at this definition?
- c) Have you done any studies of the work performed by small mailers versus large mailers? If yes, please describe each study and provide all notes, data files, reports, and other documents that relate to these studies.
- d) Have you done any studies of the work performed by the Postal Service for the small mailers versus large mailers. If yes, please describe each study and provide all notes, data files, reports, and other documents that relate to these studies.