

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  
PITNEY BOWES INC. WITNESS BUC  
(USPS/PB-T2-1-4)

Pursuant to Rules 25 and 26 of the Commission's Rules of Practice and Procedure, the United States Postal Service directs the above-referenced interrogatories to Pitney Bowes, Inc. witness Buc.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

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September 15, 2006

**USPS/PB-T2-1.** On page 2 of your testimony, lines 7 to 8, you state “the cost avoidance estimates presented by United States Postal Service witness Abdirahman for First-Class Mail Automation letters (USPS-T-22) are flawed.”

- a) Please confirm that, as stated in the purpose and scope section of his testimony, witness Abdirahman (USPS-T-22) neither discusses nor performs cost avoidance calculations. If you cannot confirm, please explain.
- b) Please provide citations where witness Abdirahman presents cost avoidance estimates in USPS-T-22.

**USPS/PB-T2-2.** On page 7 of your testimony, lines 17 to 20, you state “the Postal Service has failed to improve its models in other important respects and has made one change that seriously degrades the accuracy of the model (the unexplained and unprecedented exclusions of delivery costs).”

- a) Please confirm that machinability is the one mail characteristic that has a quantifiable impact on delivery costs. If you cannot confirm, please explain.
- b) Please confirm that machinable pieces would be dispatched to delivery units with the Delivery Point Sequence (DPS) mail, while the nonmachinable mail pieces would not. If you cannot confirm, please explain.
- c) Please confirm that DPS percentages that have been calculated in the past were a byproduct of the fact that acceptance rates were assigned to each automation operation. If you cannot confirm, please explain.
- d) Have you conducted any studies which provide evidence to suggest that DPS percentages actually vary among the machinable rate categories? If yes, please describe each study and provide all notes, data files, reports, and other documents that relate to each study.

**USPS/PB-T2-3.** Please refer to your Library Reference PB-LR-L-1 under PB analysis of cost pools.

- a) Please define “Thought Experiment” proportional cost pools.
- b) Please define “Thought Experiment” fixed cost pools.
- c) Have you conducted any econometric, operational, or other studies supporting your “Thought Experiment” cost pool classifications? If so, please provide all notes, data files, reports, and other documents that relate to these studies.

**USPS/PB-T2-4.** Please refer to your Library Reference PB-LR-L-1 under PB analysis of cost pools.

- a) Do you consider your “Thought Experiment” cost pool classification to be independent of mail flow models or dependent on mail flow models? Please explain your answer fully.
- b) Please discuss how switching fixed cost pools to proportional cost pools impacts mail flow models?
- c) Have you visited USPS mail processing plants to observe tasks underlying each cost pool? If so, for each visit, please state what facility you observed, date and time of the observation, and the operations (including MODS operations numbers) observed. In addition, please provide copies of any notes, reports, or other documents related to the observation.
- d) Please see witness Abdirahman’s response to POIR No. 4, question 11(a) in Docket No. R2005-1. Please provide a similar description and rationale for your categorization of each of the letter cost pools. Please identify and explain any pools that have been combined, separated, created, eliminated, renamed, or otherwise changed in definition since the R2000-1 case.