

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  
AMERICAN BANKERS ASSOCIATION & NATIONAL ASSOCIATION OF  
PRESORT MAILERS WITNESS CLIFTON  
(USPS/ABA&NAPM-T1-1-4)

Pursuant to Rules 25 and 26 of the Commission's Rules of Practice and Procedure, the United States Postal Service directs the above-listed interrogatories to American Bankers Association and National Association of Presort Mailers witness Clifton.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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Chief Counsel, Ratemaking

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September 15, 2006

**USPS/ABA&NAPM-T1-1** Please refer to Table Two and Table Three of your testimony and the accompanying text found at page 27, lines 8-11 where you present two different classifications of cost pools: one “in the case of a de-linked benchmark”, and the other “in the case of Single-Piece benchmarks.”

- a) Please confirm that the term “de-linked benchmark” refers to Mixed AADC presort letters. If you cannot confirm, please define what you mean.
- b) Please confirm that the term “Single-Piece benchmarks” refers to the cost of all Single-Piece letters and not the cost of BMM letters which is sub-set of First-Class Single-Piece letters. If you cannot confirm, please define what you mean.
- c) Please confirm that the benchmark used by both the USPS and PRC in Docket Nos. R2000-1, R2001-1 and R2005-1 was the BMM modeled cost and not the First-Class Single Piece letters cost. If you cannot confirm, please explain.
- d) 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 cannot confirm, please explain.
- e) Please confirm that you did not provide mail flow models to support your cost pool classifications. If you cannot confirm, please explain.
- f) Please confirm that there are no tasks in the cost models that estimate costs for the operations listed at the bottom of Table 2 as “Handling Associated Overhead and Allied and General Overhead Piggybacked to Direct Handling Operations” tasks. If cannot confirm, please explain.
- g) Please explain the rationale behind your proposal to change the proportional cost pool classifications when a delinking methodology, rather than a BMM letters benchmark methodology, is used.
- h) Please clarify what the second USPS Methodology heading on Table 3 on page 29 should be.

**USPS/ABA&NAPM-T1-2** Please refer to pages 32-33 of your testimony, where you discuss your “visits to presort bureaus.”

- a) Please confirm that USPS costing witnesses have provided studies to show costs incurred by the Postal Service during mail processing and delivery and have not claimed to capture costs incurred by presort bureaus or mailers. If you cannot confirm, please explain.
- b) Have you visited USPS mail processing plants to observe the 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.
- c) Please discuss the details of your visits to presort bureaus. Please state what facility you observed, date and time of the observation, and the operations observed. In addition, please provide copies of any notes, reports, or other documents related to the observation.

**USPS/ABA&NAPM-T1-3.** Please confirm that you propose changes to the cost pool classifications based solely on the methodology the Commission chooses in its opinion and recommendation decision in this case. If you confirm, please explain why the cost pools should not be classified based on the mail flows and the related postal operations. If you do not confirm, please describe all bases for the your recommended changes to cost pool classifications.

**USPS/ABA&NAPM-T1-4.** Please refer to page 41, lines 14-16, of your testimony where you state, “Witness Abdirahman proposed solution to data anomalies with Non-automation Presort is to abandon direct CRA measurement from IOCS tallies in favor of a modeled cost approach.”

- a) Please confirm that a hybrid cost methodology, which incorporates elements of CRA costs and modeled costs, was relied upon by the both Postal Service and the Commission in Docket Nos. 97-1, R2000-1, R2001-1, R2005-1 and R2006-1. If you cannot confirm, please explain.
- b) Please confirm that all analyses of workshare-related activities are constrained within the self-contained CRA set of costs associated with Presort letters. If you cannot confirm, please explain.
- c) Please confirm that nonautomation model costs have been calculated in R97-1, R2000-1, R2001-1, R2005-1, and R2006-1 and that the only difference between the current docket and past dockets is that nonautomation costs are included in a CRA cost by shape for all letters.