

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

POSTAL RATE AND FEE CHANGES

Docket No. R2006-1

**Major Mailers Association's
Third Set Of Interrogatories and Document Production Requests To APWU
Witness Kathryn L. Kobe (MMA/APWU-T1-30-31)
(October 3, 2006)**

Pursuant to the Commission's Rules of Practice, Major Mailers Association submits the following interrogatories and document production requests to APWU Witness Kathryn L. Kobe (MMA/APWU-T1-30-31).

Respectfully submitted,

Major Mailers Association

By: _____

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**Dated: Middleburg, Virginia
October 3, 2006**

MMA/APWU-T1-30

Please refer to APWU-LR-1, page 1, column 3 where you show the worksharing-related unit delivery costs that you have utilized in your workshared cost savings analysis. Your unit delivery costs are shown in the table below:

| First-Class Presort Category | Unit Delivery Cost | Unit Delivery Cost Savings |
|------------------------------|--------------------|----------------------------|
| Nonautomation | 4.696 | |
| Auto MAADC | 4.260 | 0.436 |
| Auto AADC | 4.110 | 0.586 |
| Auto 3-Digits | 4.050 | 0.646 |
| Auto 5-Digits | 3.770 | 0.926 |

- A. Please confirm that the delivery unit costs, and unit delivery cost savings, as shown in the table, are correct. If you cannot confirm, please explain why not, provide a table in the same form as that above with any corrected figures, and show how your corrected figures are derived.
- B. Please confirm that your source for the Nonautomation unit delivery cost of 4.696 cents is Library Reference USPS-LR-L-67 (UDCModel.USPS.xls, Table 1). If you cannot confirm, please explain and provide your source for this information.
- C. Please confirm that the source for your Automation unit delivery costs is Tr. 12/3336, USPS witness Kelley’s response to ABA-NAPM/USPS-T2(b). If you cannot confirm, please explain and provide your source for this information.
- D. Please confirm that the Nonautomation unit delivery cost has been de-averaged from all Presorted unit delivery costs in Library Reference USPS-LR-L-67 based on Delivery Point Sequencing percentages (DPS %) that USPS witness Kelley obtains from carrier data systems. See Tr. 12/3350, USPS Kelley’s Response to MMA/USPS-T30-5. If you cannot confirm, please explain.
- E. Please confirm that, in his response to Interrogatory ABA-NAPM/USPS-T22-2 (b), USPS witness Kelley claims, “. . .the results in the table below

are driven by DPS percentages derived from a theoretical model which we no longer believe to be valid.” See Tr. 12/3335. If you cannot confirm, please explain.

- F. Please confirm that the theoretical DPS %s that are used to de-average Automation delivery costs to the various presort levels you show in APWU-LR-1, page 1, column 3 are based on the cost analyses (and associated mail flow models) that you show on pages 5-9 of APWU-LR-1. If you cannot confirm, please provide the source of the DPS %s that you relied upon to de-average Presorted letters costs utilized in APWU-LR-1, page 1, column 3.
- G. Please explain why it is appropriate to derive unit delivery cost savings by comparing unit delivery costs for Nonautomation letters (derived on the basis of DPS %s obtained from the USPS carrier data systems) to the separate presort categories within Automation letters (derived on the basis of DPS %s obtained from a theoretical model which the Postal Service no longer believes is valid)?

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Please refer to APWU-LR-1, page 3, especially where you indicate that the model-derived workshared related unit cost (before any CRA adjustment) for Automation Mixed AADC letters (Auto MAADC) is 4.616 cents.

- A. Please confirm that the source of this unit cost figure is APWU-LR-1, page 5, which in turn, comes from Library Reference USPS-LR-L-48, p. 4. If you cannot confirm, please explain and provide your source for this figure.
- B. Please confirm that the original source for this figure from Library Reference USPS-LR-L-48, p. 4 is based on the mail-flow model that is shown on p. 5 of that same library reference. If you cannot confirm, please explain and provide your source for this figure.
- C. Please confirm that, as shown in the mail-flow model on page 5 of Library Reference USPS-LR-L-48, all 10,000 of the theoretical letters are shown

- to enter the mailstream at the Outgoing Secondary Automation (Out Sec Auto) operation. If you cannot confirm, please explain.
- D. Please confirm that Auto MAADC letters are assumed to enter the mailstream at the Out Sec Auto operation because such letters are prebarcoded, meaning they bypass the Remote Bar Code System (RBCS), and are presorted to such a degree that they bypass the Outgoing Primary Automation operation. If you cannot confirm, please explain,
 - E. Please confirm that, if Auto MAADC letters were assumed to be nonprebarcoded and nonpresorted, these letters would enter the mailstream at the Outgoing ISS (Out ISS) operation within the outgoing RBCS. If you cannot confirm, please explain.
 - F. Please confirm that, as shown in USPS-LR-L-141, p 4, BMM is assumed to enter the mailstream at the Out ISS operation within the outgoing RBCS. If you do not confirm, please explain where BMM enters the mailstream and support your answer.
 - G. Please confirm that, if Auto MAADC letters were assumed to be nonprebarcoded and nonpresorted, and the model shown on p. 5 of Library Reference USPS-LR-L-48 was modified to enter all 10,000 letters in the Out ISS operation of the outgoing RBCS, the resulting unit cost would be 4.505 cents. If you cannot confirm, please explain.
 - H. If you confirm Part G, please confirm that, according to the mail flow model that you relied on, it would cost the Postal Service less to process Auto MAADC letters if mailers did not provide a prebarcode and did not presort the mail. If you cannot confirm, please explain.