

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

INTERROGATORY OF THE UNITED STATES POSTAL SERVICE TO  
MAJOR MAILERS ASSOCIATION WITNESS BENTLEY  
(USPS/MMA-T1-27)

Pursuant to Rules 25 and 26 of the Commission's Rules of Practice and Procedure, the United States Postal Service directs the following interrogatory to Major Mailers Association witness Bentley: USPS/MMA-T1-27.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

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October 4, 2006

**USPS/MMA-T1-27** Please refer to your (revised) response to USPS/MMA-T1-17. In part b. of the question, you were asked:

If “Presorted letters cost, on average, 3.38 cents less to deliver than single piece letters” as you say, then there must be some Presorted letters unit delivery cost  $X$ , such that  $X$  times the Presorted letters volume equals the total delivery costs for Presorted letters (\$1.977 billion), and  $(X + 3.38 \text{ cents})$  times the Single Piece volume equals the total delivery costs for Single Piece letters (\$1.782 billion). Using the total delivery cost figures and either set of volume figures in the table above, please derive such a value of  $X$  that reconciles with the total delivery cost figures for both categories.

In your response to part b., you did not specifically derive a value you identify as  $X$  (as requested in the question), and you did not specifically tie back to the total delivery costs of \$1.782 billion for Single Piece letters and \$1.977 billion for Presorted letters (as requested in the question). You did, however, present a table at the end of your (revised) response to part b. which in Column (4) shows unit delivery costs “per Originating Piece if Equal % Delivered” of 7.54 cents for Single Piece and 4.16 cents for Presorted, such that, if  $X$  is 4.16 cents,  $X + 3.38 = 7.54$  cents.

- a. Please confirm that your 4.16 cent Presorted unit delivery cost per originating piece (as derived in your table as described above), times the Presorted originating volume of 47,482,864(000), equals the actual Presorted total delivery cost of \$1.977 billion. If not confirmed, please explain fully.
- b. Please confirm that your 7.54 cent Single Piece unit delivery cost per originating piece (as derived in your table as described above), times the Single Piece originating volume of 34,594,330(000), equals \$2.608 billion, which does not equal the actual Single Piece total delivery cost of \$1.782 billion, and in fact

exceeds that amount by over \$800 million, or approximately 46 percent. If not confirmed, please explain fully.

c. Please confirm that your statement that “Presorted letters cost, on average, 3.38 cents less to deliver than single piece letters” is not correct, because it presupposes over \$800 million of single piece delivery costs that do not exist. If you do not confirm, please explain fully.