

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

POSTAL RATE AND FEE CHANGES

Docket No. R2005-1

**Major Mailers Association's Eighth Set Of
Interrogatories And Document Production Requests To United States
Postal Service Witness Abdulkadir M. Abdirahman (MMA/USPS-T21-75-79)
(June 10, 2005)**

Pursuant to Rules 25 and 26 of the Commission's Rules of Practice, Major Mailers Association herewith submits the following interrogatories and document production requests to United States Postal Service Witness Abdulkadir M. Abdirahman (MMA/USPS-T21-75-79).

Respectfully submitted,

Major Mailers Association

By: _____

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**Dated: Middleburg, Virginia
June 10, 2005**

MMA/USPS-T21-75

Please refer to your response to Interrogatory MMA/USPS-T21-9 where you discuss your assumption that delivery cost for Mixed AADC Automation (MAADC) letters is a good proxy for BMM letters. In your response to part B you state that the unit delivery costs provided to you by USPS witness Kelley “reflect cost differences associated with the percentage of mail processed in Delivery Point Sequence by rate category.”

- A. Do you assume that the DPS % for MAADC letters is similarly a good proxy for BMM letters? If not, please explain.
- B. Do you assume that if a MAADC letter and a BMM letter are both DPSed, the unit cost for the MAADC letter is a good proxy for the BMM letter? If not, please explain.
- C. Do you assume that if a MAADC letter and a BMM letter are both nonDPSed, the unit cost for the MAADC letter is a good proxy for the BMM letter? If not, please explain.
- D. Is it inappropriate to assume that, if a workshared and non-workshared letter are both DPSed, the unit cost for the DPSed workshared letter is a good proxy for the non-workshared letter? Please explain your answer.
- E. Is it inappropriate to assume that if a workshared and non-workshared letter are both nonDPSed, the unit cost for the workshared letter is a good proxy for the non-workshared letter? Please explain your answer.

MMA/USPS-T21-76

Please refer to your response to Interrogatory MMA/USPS-T21-62 where you indicate that you do not know why certain cost pools are consistently and reliably higher for single piece metered letters than for workshared letters.

- A. In evaluating these cost pools, why has the Postal Service not seriously considered the possibility that worksharing does, in fact, favorably affect the costs associated with the functions reflected in these cost pools?

- B. Why has the Postal Service not further studied these cost pools to find out why the costs incurred for workshared letters are lower?
- C. In the absence of such a study, why does the Postal Service simply assume that the factors that cause the costs for workshared letters to be lower than the costs for single piece metered letters are not related to worksharing?

MMA/USPS-T21-77

Please refer to your responses to Interrogatories MMA/USPS-T21-63 and MMA/USPS-T21-64. You seem to agree that BMM should be less machinable than Mixed AADC letters, stating “I would expect MAADC mail to be more machinable than BMM mail.” However, you also indicate that “the model is not designed to compare modeled costs of BMM and MAADC and therefore such a comparison should not be made.”

- A. Please confirm that your models indicate that, prior to application of your CRA Proportional Factors, Mixed AADC letters cost more to process and have a higher DPS % than BMM letters. If you cannot confirm, please explain.
- B. Please explain why the model is not designed to compare the modeled cost between your benchmark (BMM) and one of the workshared rate categories (MAADC)?
- C. Please explain what your modeled costs are designed to compare.

MMA/USPS-T21-78

Please refer to your response to Interrogatory MMA/USPS-T21-66. In response to part D you confirm that, historically, the modeled unit costs for rate categories that require RBCS processing, i.e., BMM and non-automation letters, have always been low compared to the actual CRA costs. In part C, you are unwilling to concede a strong possibility that the models overestimate the efficiency of the RBCS operation and thereby understate RBCS costs. In part E, you were asked why the first, historical fact (Part D) does not lead to the conclusion that there is a

strong possibility that your models overestimate the efficiency of the RBCS operation and thereby understate RBCS costs, but you did not answer the question. Please explain why the overwhelming evidence – that the models consistently and reliably significantly understate the costs for categories of mail that require RBCS processing – does not lead you to conclude anything at all about whether the models understate or overstate the costs for the RBCS operation.

MMA/USPS-T21-79

Please refer to your response to Interrogatory MMA/USPS-T21-67 where you compare the DPS % outputs from your BMM and MAADC letter models and conclude they are “close” and based on “the best input data possible.”

- A. Please confirm that, when you apply your CRA Proportional Factors to each of these categories, the BMM model-derived unit cost was raised by 45.4% and the MAADC model-derived unit cost was lowered by 29.3%. If you cannot confirm, please explain.
- B. Please confirm that, as the degree of machinability increases for a rate category, the unit cost will decrease and the DPS % will increase. If you cannot confirm, please explain.
- C. When raising your model-derived unit cost as a result of applying the CRA Proportional Factor, as was the case for BMM letters, do you think it would have been appropriate to lower the BMM model-derived DPS % by an equivalent amount, if this could be done? If yes, why did you not caution USPS witness Kelley that the DPS % could be overstated when you provided the BMM DPS % to him? If not, why not?
- D. When lowering your model-derived unit cost as a result of applying the CRA Proportional Factor, as was the case for MAADC letters, do you think it would have been appropriate to increase the MAADC model-derived DPS % by an equivalent amount, if this could be done? If yes, why did you not caution USPS witness Kelley that the DPS % could be

understated when you provided the MAADC DPS % to him? If not, why not?