

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

POSTAL RATE AND FEE CHANGES, 2005)

Docket No. R2005-1

AMERICAN BANKERS ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS
ADDITIONAL INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE
WITNESS JOHN KELLEY (ABA&NAPM/USPS-T16-13-17)

(June 17, 2005)

Pursuant to sections 26 and 27 of the Postal Rate Commission rules of practice, American Bankers Association and National Association of Presort Mailers hereby submit these joint interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

If data requested are not available in the exact format or level of detail requested, any data available in (1) substantially similar format or level of detail or (2) susceptible to being converted to the requested format and detail should be provided.

Responses to requests for explanations or the derivation of numbers should be accompanied by workpapers. The terms "workpapers" shall include all backup material whether prepared manually, mechanically or electronically, and without consideration to the type of paper used. Such workpapers should, if necessary, be prepared as part of the witness's responses and should "show what the numbers were, what numbers were added to other numbers to achieve a final result." The witness should "prepare sufficient workpapers so that it is possible for a third party to understand how he took data from a primary source and developed that data to achieve his final results." Docket No. R83-1, Tr. 10/2795-96.

Respectfully submitted,

AMERICAN BANKERS ASSOCIATION
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MAILERS

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ABA&NAPM/USPS-T16-13.

- a. Please explain fully why you believe the non-automation machinable mixed AADC unit delivery cost figure of 3.029 cents is a good “proxy” for corresponding BMM unit delivery costs.
- b. Is BMM a residual mail category that is the result of an initial 3 digit sort, like mixed AADC mail is?
- c. In what sense does mixed AADC mail have the attributes BMM is supposed to have, namely the mail next most likely to convert to worksharing?
- d. In light of your BMM proxy, please explain why machinable mixed AADC mail would be the next most likely mailstream to convert to worksharing, when in fact it is a rate category already workshared.

ABA&NAPM/USPS-T16-14.

- a. Since most single piece letters are now machinable because of improved RCR read rates, why did you not use the single piece unit delivery cost of 7.189 cents as your BMM proxy?
- b. Please confirm that the BMM mail processing costs in USPS witness Smith’s LR-K-53 TY2006 total mail processing unit costs (Page VI-, TY Letters (4) 4 of 4) are very close to those for single piece, 10.906 cents versus 11.421 cents.
- c. Please explain in light of your answer to b. why you would use a BMM proxy for unit delivery costs that is not only unrelated to single piece mail generally, but in fact has a unit delivery cost below that of the two de-averaged basic automation categories.
- d. Please provide a table using both USPS and PRC methodology for workshared unit delivery cost savings using single piece as the proxy for BMM unit delivery costs.

ABA&NAPM/USPS-T16-15.

As between R2001-1 and R2005-1, the shares of various delivery cost segments as a percent of total unit delivery costs appears to have shifted, specifically out of C. S. 6.1 and into C. S. 7.1. While this is not true for all rate categories, it is true for about 2/3 of them.

- a. Is this one result of the use of the new delivery cost study? If so, please explain what elements of that study have caused this shift.
- b. If your answer to a. is “No.”, please explain what other factors have caused this shift, such as increased DPS, increased use of DIOSS and quad stacker modules, etc.

ABA&NAPM/USPS-T16-16.

Please explain what c. s. 6.1 “in office direct labor non-casing” activities are, and please differentiate such activities from C. S. 7.1 activities.

ABA&NAPM/USPS-T16-17.

- a. Would you agree that the greater the degree of worksharing in FCLM, the greater the proportion of delivery cost savings in the total worksharing savings, and the less the proportion of mail processing cost savings?
- b. In light of your answer to a., is the reason an extremely low cost proxy is used as the benchmark against which workshared delivery cost savings are measured to dampen the magnitude of those savings? If your answer is anything other than an unqualified “Yes”, please explain fully.
- c. Please provide the unit delivery cost for non-automation presort letters as a whole for this case, on the same methodological basis as it was provided in R2000-1, where its value was 5.479276 cents.
- d. Please provide the FCLM unit delivery cost for “Auto Basic Letters” as a whole for this case as well as for R2001-1, on the same methodological basis as it was provided in R2000-1, where its value was 4.319397 cents.