

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSES OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF
MAJOR MAILERS ASSOCIATION
(MMA/USPS-4-8, 13)

The United States Postal Service hereby files its responses to the above-listed interrogatories, filed on July 6, 2006.

Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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July 20, 2006

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY
OF MAJOR MAILERS ASSOCIATION

MMA/USPS-4 How many First Class workshare mailers were there in R2006-1
BY 2005?

RESPONSE:

The Postal Service organizes mailing statement data entered in the PostalOne! system by permit number. Entities submitting mail may have multiple permit numbers. The Postal Service does not maintain a comprehensive mapping of permit number to entity. However, in FY 2005 32,016 unique permit numbers were used to submit First Class workshare letter mailings at PostalOne! equipped offices.

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MMA/USPS-5 Please provide the total number of First Class workshare letters mailed by the 100 largest volume mailers during R2006-1 BY 2005 and specify the data system source(s) for the information.

RESPONSE:

The Postal Service organizes mailing statement data entered in the PostalOne! system by permit number. Entities submitting mail may have multiple permit numbers. The Postal Service does not maintain a comprehensive mapping of permit number to entity. However, in FY 2005 the largest 100 First Class workshare letter permit numbers entered 20,208,386,457 First Class workshare letters at PostalOne! equipped offices.

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MMA/USPS-6 Please provide the total number of First Class workshare letters mailed by the 200 largest volume mailers during R2006-1 BY 2005 and specify the data system source(s) for the information.

RESPONSE:

The Postal Service organizes mailing statement data entered in the PostalOne! system by permit number. Entities submitting mail may have multiple permit numbers. The Postal Service does not maintain a comprehensive mapping of permit number to entity. However, in FY 2005 the largest 200 First Class workshare letter permit numbers entered 26,679,811,493 First Class workshare letters at PostalOne! equipped offices.

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MMA/USPS-7

For R2006-1 BY 2005, how many First Class workshare mailers had arrangements with the Postal Service whereby the Postal Service regularly picks up workshare mail at the mailer's facility? What was the total volume of First Class workshare letters sent by such mailers during R2006-1 BY 2005?

Response:

These arrangements are made locally and there is no central record available.

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MMA/USPS-8

What specific criteria does the Postal Service use to determine whether it will enter into an agreement with a First Class workshare mailer to pick up the mail at the mailer's facility?

Response:

The following excerpt from *Handbook PO-512 - Plant Loading Authorization and Procedures Guidelines* (October 2002), Section 1-3 (Plant Load Eligibility), defines the criteria:

Mailers — including government agencies — generating sufficient volumes of mail, with the potential to prepare vehicle loads that can bypass handling at one or more Postal Service facilities and demonstrate a cost savings for the Postal Service, are eligible for plant load authorization.

a. Plant load authorizations must demonstrate a clear advantage for the Postal Service. Clear advantage is generally defined as a net recoverable cost savings to the Postal Service after all expenses associated with providing plant load operations are considered.

b. Plant load operations may also be authorized due to operational constraints. In the event that the originating local facility cannot adequately handle the additional volume of mail generated by the mailer, or if the local origin Postal Service facility will exceed its mail processing capacity, then plant load authorization may be granted.

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c. Plant load regulations and procedures do not apply to the collection of mail.

Collection of mail is an operation in which the Postal Service transports mail from a mailer's plant or other authorized nonPostal Service location to the local Post Office or other designated local acceptance point. Unlike plant-loaded mail, collection of mail generally does not include mail that bypasses handling or requires a postage statement.

d. Plant loads involving Postal Service transportation to the same facility where a mailer would normally be required to deposit mail, or which operates only to the advantage of a mailer, will not be approved.

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MMA/USPS-13

Please refer to your answer to TW/USPS-T32-2 (b) (redirected from USPS witness Taufique) where you indicate that the QBRM unit cost savings using the Commission's most recently approved methodology from R2000-1 is 3.980 cents.

A. In order to derive the 3.980 cents unit cost savings figure, please provide separately the derived unit costs for QBRM letters and hand addressed (HAND) letters before applying the CRA Proportional Adjustment factor and after applying the CRA Proportional Adjustment factor.

B. Please confirm that you applied the CRA Proportional Adjustment factor for BMM (derived in R2005-1) for both QBRM letters and HAND letters. If you cannot confirm, please explain exactly what was done.

C. Please confirm that you used the cost pools that result from application of the Commission's attributable cost methodology. If you cannot confirm please explain.

D. Please confirm that the major difference between the mail flows of QBRM and HAND letters is that HAND letters require processing within the Remote Bar Code System (RBCS) and QBRM letters completely bypass the RBCS.

E. Please confirm that, just as with the case of HAND letters, BMM letters also require processing within the RBCS? If you cannot confirm, please explain.

F. Please provide the actual, complete cost savings analysis that resulted in the QBRM cost savings of 3.980 cents.

Response:

A. The derived unit cost savings figure is 4.140 cents as shown in the revised response to TW/USPS-6 filed on July 20, 2006. The derived unit cost for QBRM and Handwritten Reply mail before applying the CRA Proportional Adjustment factor is 6.768 cents and 4.122 cents respectively. The derived unit cost for QBRM and handwritten reply mail after applying the CRA Proportional Adjustment factor is 10.589 cents and 6.449 cents respectively. Please see the revised response to TW/USPS-6 (b).

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- B. Confirmed.
- C. Confirmed.
- D. Confirmed.
- E. Confirmed.
- F. Please see the attachment to the revised response to TW/USPS-6 (b),
filed on July 20, 2006.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

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