

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

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MILLER
TO INTERROGATORIES OF MAJOR MAILERS ASSOCIATION
REDIRECTED FROM WITNESS ROBINSON
(MMA/USPS-T29-14 AND 17(D))

The United States Postal Service hereby provides the responses of witness Miller to the following interrogatories of Major Mailers Association: MMA/USPS-T22-29-14 and 17(D), filed on November 14, 2001.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
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November 28, 2001

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MILLER
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REDIRECTED FROM WITNESS ROBINSON

MMA/USPS-T29-14 Please refer to your response to Interrogatory MMA/USPS-T29-1, USPS witness Miller's answer to Interrogatory MMA/USPS-T22-10, and the Commission's Docket No. R2000-1 Opinion and Recommended Decision at 242, paragraph 5095. As you know the Commission relied upon BY 99 in Docket No. R2000-1 to reduce the Automation letter rates from those proposed by the Postal Service. The only exception was for 5-digit Automation letters, where the Commission left the Postal Service's proposed rate unchanged. Please discuss your understanding of how the relationship among derived Automation cost savings changed between the Postal Service's use of BY 98 data and its use of BY 99 data.

RESPONSE:

It is my understanding that the difference between the BY98 and BY99 methodologies concerned the treatment of presort mail pieces that were determined to have 9-digit barcodes when sampled in the In-Office Cost System.

In BY98, mail pieces with 9-digit barcodes were classified as automation. In BY99, the methodology was changed and mail pieces with 9-digit barcodes were classified as nonautomation. This methodology change shifted costs from automation to nonautomation.

Given the fact that the nonautomation presort mail volume is substantially lower than the automation presort mail volume, the net effect was a substantial increase in the nonautomation presort letters mail processing unit costs, while the automation presort letters mail processing unit costs decreased to a lesser extent. Consequently, the worksharing related savings estimate for nonautomation presort letters decreased, while the worksharing related savings estimates for the automation presort letters rate categories increased.

This issue is discussed in detail in Docket No. R2000-1 in Tr. 46C/21033.

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MMA/USPS-T29-17 Please refer to your response to Interrogatory MMA/USPS-T29-13 where you indicate that you do not know whether cross subsidization within First-Class of light weight flats by letters exists.

D. In Part A of Interrogatory MMA/USPS-T29-13, you were asked whether shape is the most important cost driver for mail weighing less than 3 ounces within First-Class **single piece**. Please explain how, in your response to Part A, the reference to the response to OCA/USPS-2 (b), which refers to First-Class **Automation mail**, answers the question posed to you. If you find that your original answer was incorrect, please provide a more responsive answer.

RESPONSE:

Please see the response to OCA/USPS-2(a).

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.

Michael T. Tidwell

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