

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

EXPERIMENTAL PREMIUM  
FORWARDING SERVICE

Docket No. MC2005-1

RESPONSES OF UNITED STATES POSTAL SERVICE  
WITNESS ABDULKADIR M. ABDIRAHMAN  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE  
(OCA/USPS-T3-6-13)  
(December 22, 2004)

The United States Postal Service hereby provides its responses to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T3-6-13, filed on December 8, 2004.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

/s/ \_\_\_\_\_  
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RESPONSE OF POSTAL SERVICE WITNESS ABDIRAHMAN  
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/USPS-T3-6.** Please refer to the electronic version of the appendix attached to your testimony at page 2, Notes 3 and 4, citing “Docket No. R2001-1, USPS-T-11, WP B3 W/3.2.1” as the source for the “Overhead Cost Factor” and the “Waiting Time Factor.” Please provide a copy of the relevant page from the referenced citation highlighting the Overhead Cost Factor of 1.0911 and the Waiting Time Factor of 1.2156.

**RESPONSE:**

For the corrected Overhead Cost Factor and Waiting Time Factor, please see page 2 of the revised appendix to my testimony, filed on December 20, 2004. The relevant source pages are available at <http://www.prc.gov/docs/27/27105/workpapb.zip> (Cs03.xls). For the Overhead Cost Factor, please refer to 1+Cell C64/(Cell C81-Cell C64) a1+Cell K76/(Cell U59-Cell K76) and for the Waiting Time Factor, please refer to 1+Cell K76/(Cell U59-Cell K76).

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**OCA/USPS-T3-7.** Please refer to the electronic version of the appendix attached to your testimony at page 2, Note 5, citing "Docket No. R2001-1, USPS-T-15, Attachment 10" as the source for the "Piggyback Factor for Window Service."

- a. Please confirm that the window service piggyback factor for "Post Office Box" in Attachment 10 is 1.465. If you do not confirm, please explain.
- b. Please confirm that the window service piggyback factor for "Total Volume Variable" in Attachment 10 is 1.465. If you do not confirm, please explain.
- c. Please confirm that the window service piggyback factor for "C.O.D." in Attachment 10 is 1.463. If you do not confirm, please explain.
- d. Please explain why you used the window service piggyback factor for "C.O.D." of 1.463 as the "Piggyback Factor for Window Service" for calculating "Labor Cost: Window Acceptances of Customer Request for Premium Forwarding Service Application."

**RESPONSE:**

- a. Confirmed.
- b. Confirmed.
- c. Confirmed.
- d. Please see the revised Appendix to my testimony, filed on December 20, 2004.

The "Piggyback Factor for "C.O.D." of 1.463" is no longer used. Instead, I am using the Piggyback Factor for Post Office Box, which is 1.465.

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**OCA/USPS-T3-8.** Please refer to the electronic version of the appendix attached to your testimony at page 2. The “Labor Cost: Clerk Collecting Fees and Postage” is \$0.0203, which is based upon the “Collection of Postage Due at Call Window was used as Proxy.” Note 6 cites “LR-J-69 Table 5.2.5.4 N8.”

- a. Please confirm that “N8” in Note 6 refers to cell N8 in Table 5.2.5.4 of LR-J-69. If you do not confirm, please explain.
- b. Please confirm that figure in cell N8 is \$0.018342. If you do not confirm, please explain.
- c. Please show all calculations used to derive the “Collection of Postage Due at Call Window was used as Proxy” of \$0.0203.
- d. Please confirm that the “Collection of Postage Due at Call Window was used as Proxy” of \$0.0203 includes an adjustment for inflation out to 2005. If you do not confirm, please explain.

**RESPONSE:**

- a. Confirmed.
- b. Confirmed. However, please refer to my response to part (c) below.
- c. Please see pages 2 and 4 of the revised appendix to my testimony, filed on December 20, 2004. Table 5.2.5.4 of LR-J-69, cell N8, contains \$0.018342 as the cost for “Collection of Postage Due at Call Window.” When that number is adjusted for inflation out to 2005, that figure becomes \$0.020.
- d. Confirmed. Please see my response to part (c). The \$0.020 includes an adjustment for inflation out to 2005.

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**OCA/USPS-T3-9.** Please refer to the electronic version of the appendix attached to your testimony at page 2. The “Labor Cost: Back Office Setup” is \$1.5276, which is based upon the “PFS Back Office Setup (cost of processing Change-of-Address card used as proxy).” Note 7 cites and states “LR-J-69 Table 5.2.1.1 Row 2. Clerk is allowed two minutes”.

- a. Please confirm that the cost of \$1.5276 found in Table 5.2.1.1 Row 2 of LR-J-69 is the cost per piece of processing a change-of-address card. If you do not confirm, please explain.
- b. Please explain the meaning and purpose of the phrase “Clerk is allowed two minutes” in Note 7.
- c. Please confirm that the “PFS Back Office Setup (cost of processing Change-of-Address card used as proxy)” of \$1.5276 includes an adjustment for inflation out to 2005. If you do not confirm, please explain.

**RESPONSE:**

- a. Confirmed that this was the original number. However, please refer to my response to part (c) below and to the errata filed on December 20, 2004.
- b. Please refer to the footnote noted under carrier processing found in Table 5.2.1.1 of LR-J-69. In PFS, a clerk will be performing this task instead of a carrier, so I applied the two minute time period to clerk costs when formulating this proxy.
- c. Please see the revised Appendix to my testimony, filed on December 20, 2004. The “PFS Back Office Setup (cost of processing Change-of-Address card used as proxy)” revised figure of \$1.652 includes an adjustment for inflation out to 2005.

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**OCA/USPS-T3-10.** Please refer to your testimony at page 4, lines 7-9.

- a. Please identify and describe the activities of a carrier that is “separating the mail of a customer when mail is being held or forwarded.” In particular, please discuss the handling of mail to be held or forwarded that is received from the P&DC (or other facility) in delivery point sequence in trays, and mail which must be cased.
- b. Please compare and contrast the activities identified and described in subpart a. above with the activities expected to be undertaken by the carrier with respect to the separation of PFS mail.

**RESPONSE:**

- a. The expectation is that the activities a carrier undertakes to sort out PFS mail would resemble those used when processing Hold Mail. As the carrier cases her mail for the day, any mail that would be cased to a delivery point for which a Hold Mail request is on file would be set aside. The carrier may also flip through her Delivery Point Sequenced mail for the pieces destined to addresses for which a Hold Mail request is on file.
- b. Please refer to the response to part (a). PFS mail would have to be set aside in a special location for PFS mail such that it can easily be identified and aggregated for repackaging on the designated days.

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**OCA/USPS-T3-11.** Please refer to the electronic version of the appendix attached to your testimony at page 3. The "Labor Cost: Mail Separation" is \$0.19, which is based upon the "Cost of Carrier Preparation of Forwarded and Hold Mail used as Proxy" of \$0.031435 times 6 days a week. Note 1 cites "LR-J-69 Table 5.1.1." Please confirm that the "Cost of Carrier Preparation of Forwarded and Hold Mail used as Proxy" of \$0.031435 includes an adjustment for inflation out to 2005. If you do not confirm, please explain.

**RESPONSE:**

Please see the revised Appendix to my testimony, filed on December 20, 2004. The Cost of Carrier Preparation of Forwarded and Hold Mail was used as a proxy for the mail separation activities that would take place for PFS. That cost, representing the six days of mail separation required for a weekly PFS shipment, is \$0.204, which includes an adjustment for inflation out to 2005.

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**OCA/USPS-T3-12.** Please refer to the electronic version of the appendix attached to your testimony at page 3, Note 4, citing “Docket No. R2001-1, USPS-T-15, Attachment 10” as the source for the “Piggyback Factor for Window Service w/o PO Boxes” of 1.464. Please provide a copy of the relevant page from the referenced citation highlighting the “Piggyback Factor for Window Service w/o PO Boxes.”

**RESPONSE:**

Please see the revised appendix to my testimony, filed on December 20, 2004. The “Piggyback Factor for Window Service w/o PO Boxes” is no longer used. Instead, I am using the Piggyback Factor for city delivery carrier for Total Special Services. The page cited in the revised appendix is available at

<http://www.prc.gov/docs/27/27181/attach1to15no13.xls>. The piggyback factor for Total Special Services is found in cell E43 of Attachment 10.

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**OCA/USPS-T3-13.** Please refer to the electronic version of the appendix attached to your testimony at page 4, where it states "Source: USPS annual average labor rates."

- a. For the "Base Salary 02," please provide a specific citation for the Clerk Wage Rate of \$30.29.
- b. Please confirm that the Average Hourly Rate for clerks is \$29.0544. See National Payroll Hour Summary Report, Accounting Period 13-2002, Clerks/Special Delivery, Post Office, Consolidated, at page 27. If you do not confirm, please explain.
- c. Please explain why you did not use the Average Hourly Rate for clerks of \$29.0544 as the "Base Salary 02."
- d. For the "Base Salary 02," please provide a specific citation for the Carrier Wage Rate of \$31.95.
- e. Please confirm that the Average Hourly Rate for city delivery carriers is \$29.6786. See National Payroll Hour Summary Report, Accounting Period 13-2002, City Delivery Carrier, Consolidated, at page 40. If you do not confirm, please explain?
- f. Please explain why you did not use the Average Hourly Rate for city delivery carriers of \$29.6786 as the "Base Salary 02."

**RESPONSE:**

- a. Please see the revised Appendix to my testimony, filed on December 20, 2004.  
The revised Appendix now uses the National Payroll Hour Summary Report as the source for wage rates. See the responses to parts (c) and (f).
- b. Confirmed.
- c. Please see the revised Appendix to my testimony, filed on December 20, 2004.  
My revised testimony relies on the \$32.4431 Average Hourly Rate for clerks contained in the National Payroll Hours Summary Report, Pay Period-FY 21-2004, Clerks/Special Delivery, Post Office, Consolidated, at page 27 (wage rate at bottom right of page). These wage rates are available at, [http://www.prc.gov/show\\_document.asp?docid=42410](http://www.prc.gov/show_document.asp?docid=42410); select bb2104.pdf.

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- d. Please refer to my response to part (a) above.
- e. Confirmed
- f. Please refer to my response to part (c) above. My revised testimony relies on the \$32.884 Average Hourly Rate for clerks contained in the National Payroll Hours Summary Report, Pay Period-FY 21-2004, City Delivery Carrier, Consolidated, at page 40 (wage rate at bottom right of page). These wage rates are available at [http://www.prc.gov/show\\_document.asp?docid=42410](http://www.prc.gov/show_document.asp?docid=42410); select bb2104.pdf.

## 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.

/s/ \_\_\_\_\_

David H. Rubin

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December 22, 2004