

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

**POSTAL RATE AND FEE CHANGES**

**Docket No. R2005-1**

**Major Mailers Association's Fifth Set Of  
Interrogatories And Document Production Requests To United States  
Postal Service Witness Abdulkadir M. Abdirahman (MMA/USPS-T21-42-54)  
(May 17, 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-T21-42-54).

Respectfully submitted,

**Major Mailers Association**

By: \_\_\_\_\_

Michael W. Hall  
35396 Millville Road  
Middleburg, Virginia 20117  
540-687-3151

Counsel for  
**Major Mailers Association**

**Dated: Middleburg, Virginia  
May 17, 2005**

### **MMA/USPS-T21-42**

In your response to Interrogatory MMA/USPS-T21-1A, you state that the "1SUPP\_F1" cost pool has been classified as "worksharing related fixed" in USPS-LR-K-48, in order to be consistent with the Commission's treatment of such costs in Docket No. R 2000-1.

- A. Please explain why, in this instance, you deviated from USPS witness Miller's methodology in R2001-1 and decided instead to follow the Commission's R2000-1 treatment of this cost pool.
- B. Please confirm that, in R2001-1, the Postal Service indicated that costs for "1SUPP\_F4" were reported under cost pools "MODS 48,LD48 OTH" and "MODS 48, LD48-ADM". See the Postal Service's answer to Interrogatory MMA/USPS-T22-7E, originally directed to USPS witness Miller. If you cannot confirm, please explain.
- C. Please explain why, in USPS-LR-K-110, you did not follow the Commission's classification of cost pools "MODS 48, LD48 OTH" and "MODS 48, LD48-ADM" as "worksharing related fixed"?
- D. Under the Postal Service's cost attribution methodology, where are the costs that are currently reported in cost pools "LD48 OTH" and "LD48-ADM"? Please explain how you classified such costs.

### **MMA/USPS-T21-43**

You refer to the RBCS data system in your response to Interrogatory MMA/USPS-T21-5.

- A. Please explain exactly what the RBCS data system is and what data it collects.
- B. Please provide a summary of the data collected for GFY 2004.

### **MMA/USPS-T21-44**

In your answer to Interrogatory MMA/USPS-T21-6B, you indicate that the Postal Service does not collect DPS percentages by rate category.

- A. If the Postal Service does not collect DPS %'s by rate category, how is such information broken down, if at all?
- B. Please provide whatever DPS volumes and DPS % the Postal Service did collect for FY 2004.

**MMA/USPS-T21-45**

In response to Interrogatory MMA/USPS-T21-7D, you indicate that, because the IOCS does not provide cost estimates for BMM, you use the IOCS costs of single piece metered mail as a proxy for BMM.

- A. Is this a correct characterization of your testimony? If no, please explain.
- B. Do you agree that, notwithstanding your claim that you have estimated BMM costs, you have nevertheless used the processing costs for single piece metered letters, ***without modification***, as the benchmark from which workshare processing cost savings were measured? If you do not agree, please explain.

**MMA/USPS-T21-46**

Please refer to your responses to Interrogatories MMA/USPS-T21-9B and 9C. You state that you have not studied the impact of worksharing on delivery costs and that the purpose of including delivery costs is to derive "Delivery Worksharing Related Unit Costs" and then to incorporate that result into "Total Worksharing Related Unit Cost Savings" (as you use those words in Library Reference LR-USPS-K-48, page 1) is to not to reflect the effect of worksharing, but to reflect "cost differences associated with the percentage of mail processed in Delivery Point Sequence by rate category".

- A. Please state what effect, if any, worksharing has on the ability for letters to be DPSed in the incoming secondary sort.
- B. Please explain why you categorize your analysis of delivery unit costs as "Delivery Worksharing Related Unit Costs" when deriving "Total Worksharing Related Unit Costs", yet you fail to agree that

your derived delivery cost savings results from worksharing. Please explain why the delivery cost savings shown in your workshare cost savings do not result from worksharing?

**MMA/USPS-T21-47**

Please refer to your responses to Interrogatories MMA/USPS-T21-9D, 9E and 9F. You state that you know of no studies that examine the impact of worksharing on the delivery costs for a letter that is (1) DPSed or a letter that is (2) non-DPSed. If the Postal Service has not studied this issue, please explain how the Commission should quantify the cost savings that worksharing provides for delivery operations for the purpose of determining workshare discounts.

**MMA/USPS-T21-48**

Please refer to your responses to Interrogatories MMA/USPS-T21-9H and 9I. You attempt to justify the use of the delivery costs for a workshared category, Nonautomation, machinable Mixed AADC letters (NAMMA), as a proxy for BMM letters. You state that they exhibit similar mail piece characteristics.

- A. Please confirm that, at the very least, these categories differ in that NAMMA letters are workshared including rigorous address hygiene requirements whereas BMM letters are not. If you cannot confirm, please explain.
- B. Please confirm that, as reflected by your mail flow models, there are no differences whatsoever between NAMMA letters and BMM letters. If you cannot confirm, please explain.
- C. Please confirm that as derived by your mail flow models, there are no unit processing cost differences whatsoever between NAMMA letters and BMM letters. If you cannot confirm, please explain.
- D. Please explain why, according to your final results, the processing workshare-related unit cost for BMM is 1.822 cents less than the comparable cost for NAMMA letters. In your explanation, please concentrate upon the logic reflected by your results rather than rehashing

how application of different CRA Proportional Adjustment factors causes this disparate result.

**MMA/USPS-T21-49**

Please refer the derivation of BMM processing costs, based on your mail flow model, as provided on pages 3 and 4 of Library Reference LR-USPS-K-48. You show that BMM mail enters the mailstream at the “Out ISS” operation, and that there are 12 other possible entry points at which mail can be introduced.

- A. Please confirm that, in practice and theory, mail processing costs decline as the point at which a particular rate category enters is further down the Postal mail stream. If you cannot confirm, please explain.
- B. Please confirm that the “Out Prim Auto” is further downstream than the “Out ISS”. If you cannot confirm, please explain.
- C. Please confirm that, if you altered your BMM model so that the 10,000 theoretical pieces are entered at the “Out Prim Auto” rather than the “Out ISS”, this would imply that all BMM letters were prebarcoded and allow such pieces to completely bypass the RBCS. If you cannot confirm, please explain.
- D. Please confirm that if BMM were prebarcoded as suggested in Part C of this interrogatory, the unit costs that you derived for BMM should decline since the Postal Service would not have to apply barcodes to the letters. If you cannot confirm, please explain.
- E. Please confirm that if you altered your BMM model so that the theoretical 10,000 pieces are entered at the “Out Prim Auto” rather than the “Out ISS,” the BMM model-derived unit cost increases from 4.461 cents to 4.712 cents. If you cannot confirm, please provide the correct answer and explain how you obtained that answer.

**MMA/USPS-T21-50**

Please refer the derivation of BMM processing costs, based on your mail flow model, as provided on pages 3 and 4 of Library Reference LR-USPS-K-48.

- A. Please confirm that if you altered your BMM model so that the theoretical 10,000 pieces are entered at the “Out Prim Auto” rather than the “Out ISS,” the DPS % is reduced, from 82.14% to 79.16%. If you cannot confirm, please provide the correct answer and explain how you obtained that answer.
- B. Please explain the logic behind why your model shows the DPS % is lower if the mailer rather than the Postal Service applies the barcode?
- C. Do you agree that this phenomenon is an unrealistic reflection of the real world processing? If you do not agree, please explain.

**MMA/USPS-T21-51**

Please refer the derivation of BMM processing costs, based on your mail flow model, as provided on pages 3 and 4 of Library Reference LR-USPS-K-48.

- A. Please confirm that the “Out SEC Auto” is further downstream than the “Out ISS”. If you cannot confirm, please explain.
- B. Please confirm that, if you altered your BMM model so that the 10,000 theoretical pieces are entered at the “Out Sec Auto” rather than the “Out ISS”, this would imply that all BMM letters were prebarcoded and presorted to allow such pieces to completely bypass the RBCS and the “Out Prim Auto”. If you cannot confirm, please explain.
- C. Please confirm that if BMM were prebarcoded and presorted as suggested in Part B of this interrogatory, the unit costs that you derived for BMM should decline since the Postal Service would not have to apply barcodes to the letters or sort them in the outgoing primary operation. If you cannot confirm, please explain
- D. Please confirm that, if you altered your BMM model so that the theoretical 10,000 pieces are entered at the “Out Sec Auto” rather than the “Out ISS”, the BMM model-derived unit cost increases from 4.461 cents to 4.532 cents. If you cannot confirm, please provide the correct cost and explain how you obtained that answer.

- E. Is it possible that your models significantly understate the cost of the RBCS operation? If that is not possible, please explain.
- F. If, according to your models, BMM letters cost less to process than “prebarcoded” Mixed AADC letters, how would this affect USPS witness Hatcher’s derived unit cost savings, which relies on aspects of your model to estimate the cost savings between hand-addressed letters and QBRM letters? Please explain your answer.

**MMA/USPS-T21-52**

Please refer to the derivation of BMM processing costs, based on your mail flow model, as provided on pages 3 and 4 of Library Reference LR-USPS-K-48.

- A. Please confirm that, if you altered your BMM model so that the theoretical 10,000 pieces are entered at the “Out Sec Auto” rather than the “Out ISS”, the DPS % decreases from 82.14% to 79.57%. If you cannot confirm, please provide the correct answer and explain how you obtained that answer.
- B. Please explain the logic behind why your model shows that the DPS % is lower if the Postal Service does not have to barcode the letters because the mailer both prebarcoded and presorted the letters so they can completely bypass the outgoing primary sort?
- C. Do you agree that this phenomenon is an unrealistic reflection of the real world processing? If you do not agree, please explain.

**MMA/USPS-T21-53**

Please refer the derivation of automation mixed AADC processing costs, based on your mail flow model, as provided on pages 7 and 8 of Library Reference LR-USPS-K-48. You show that this mail enters the mailstream at the Out Auto Sec operation, meaning that it is prebarcoded and able to bypass the entire RBCS operation.

- A. Please confirm that if automation mixed AADC letters were not already prebarcoded or presorted by the mailer, such letters should cost more for the Postal Service to process simply because the Postal Service would

- have to spray on a barcode and provide an outgoing primary sortation. If you cannot confirm, please explain.
- B. Please confirm that if automation mixed AADC letters were not already prebarcoded or presorted by the mailer, they should exhibit a lower DPS%. If you cannot confirm, please explain.
  - C. Please confirm that if you altered your Auto MAADC model so that the theoretical 10,000 pieces are entered at the “Out ISS” rather than the “Out Sec Auto,” the Auto MAADC model-derived unit cost decreases from 4.532 cents to 4.461 cents. If you cannot confirm, please provide the correct answer and explain how you obtained that answer.
  - D. Please confirm that if you altered your Auto MAADC model so that the theoretical 10,000 pieces are entered at the “Out ISS” rather than the “Out Sec Auto,” the DPS % increases from 79.57% to 82.14%. If you cannot confirm, please provide the correct answer and explain how you obtained that answer.

**MMA/USPS-T21-54**

Please refer to the summary of results on page 1 of your Library Reference USPS-LR-K-48. If you had used prebarcoded BMM as your benchmark, as discussed in Interrogatories MMA/USPS/T21-49 and 50, please confirm that your workshare cost savings would have increased by .252 cents for each of the automation rate categories. If you cannot confirm, please indicate by how much your results would have changed and provide a complete explanation of how you derived your revised workshare cost savings.