ABA&NAPM-USPS-T13-1

In ABA&NAPM/USPS-T21-38, which was re-directed to you from USPS witness Abdirahman, one issue we were seeking to address was the following. If the Postal Service is replacing MLOCR's with DIOSS and DIOSS-EC this year and next, what is the unit cost associated with DIOSS in test year TY2006? Your response states "I do not have unit operating costs for DIOSS".

a. If DIOSS is going to be the main automation machinery in place, or a major operating part of what is in place, by the test year for this rate case, why do you not have unit mail processing costs for it?
b. How reliable are your test year unit mail processing costs without the DIOSS unit costs?
c. Since there are already several DIOSS and DIOSS-ES machines operating in the field, why were no unit mail processing costs by relevant cost pool developed for this rate case?

ABA&NAPM-USPS-T13-2

In your response to ABA&NAPM-USPS-T21-40 c., redirected from USPS witness Abdirahman, you note "Finally, this [the reduction in unit costs for MODS 15 LD 15] may also reflect mail piece improvements, such as better barcodes."

a. Are you referring to mailer applied barcodes, presort bureau applied barcodes or USPS applied barcodes at an originating plant?
b. What percentage of REC activity entails reading a bad quality barcode, as opposed for example to reading a hand written letter or a metered letter with a typed address and no barcode?
c. If you agreed in a. that some of the "better barcodes" are mailer applied please answer the following. Do you agree that whatever portion of the MODS 15 LD 15 cost reduction from 0.13 to 0.06 cents is due to better barcodes applied by mailers represents an increase in avoided costs for the USPS?
d. If you answered "yes" to c., please show in detail how worksharing mailers get credit for this increase in costs they avoid for USPS.

ABA&NAPM-USPS-T13-3

In your response to ABA&NAPM-USPS-T21-41 a., redirected from USPS witness Abdirahman, you state "We do not have this information." Referring to a breakdown of how workshared FCLM is received at a dock.

a. Would you agree that a mailer prepared pallet of FCLM that is shrinkwrapped to keep all trays stable and that is all going, e.g. to the Houston area, avoids more handling costs for the Postal Service than an equivalent number of trays dropped off on the same USPS dock on rolling stock with (i) the same destinations but not labeled; (ii) different destinations.

b. For original question 41. a., if you have this information for Standard A mail or can construct it from information you do have, please provide the data.

ABA&NAPM-USPS-T13-4

In your response to ABA&NAPM-USPS-T21-42 a., redirected from USPS witness Abdirahman, you state with regard to MODS 17 1OPBULK and referring to USPS-T-11, p. 39, "Standard Mail accounts for about 68 percent of the labor costs in this cost pool and First-Class presort accounts for about 4 percent."

a. Isn't it ALSO true that First Class single piece has far larger costs than First Class presort in this area, over 13% of the total compared to 4% for presort?
b. In reference to your answer to T21-42. b., you state "some of this processing" for presort FCLM is included in this cost pool. What other cost pools include these activities for presort FCLM?
c. Do these other cost pools also cover the same activities for single piece FCLM? If not why not? Why would the same activities be measured differently for single piece and presort when one of the major goals of cost finding systems is to estimate differences in these costs between rate categories within a subclass?

ABA&NAPM-USPS-T13-5

In your response to a number of ABA&NAPM-USPS-T21 interrogatories, redirected from USPS witness Abdirahman, you state that the cost pool in question exhibits "lower volume variability" in this case compared to R2001-1.

a. For all MODS and NONMODS mail processing cost pools, by 3 digit code as well, please state how many exhibit lower volume variabilities and identify them in a list, what percentage that is of the total cost pools, and total number of code operations, and on a unit cost weighted basis, what percentage it is of all such cost pools.
b. Please explain for each cost pool with a lower volume variability in this case than the last case, what management cost savings, technological change, or other factor may have caused the result.

ABA&NAPM-USPS-T13-6

In your response to some ABA&NAPM-USPS-T21 interrogatories, redirected from USPS witness Abdirahman, you state that the cost pool in question exhibits "higher volume variability" in this case compared to R2001-1.

a. For all MODS and NONMODS mail processing cost pools, by 3 digit code as well, please state how many exhibit higher volume variabilities and identify them

in a list, what percentage that is of the total cost pools, and total number of code operations, and on a unit cost weighted basis, what percentage it is of all such cost pools.

b. Given your long expertise in this area, please explain for each cost pool with a higher volume variability in this case than the last case, what management cost savings, technological change, or other factor may have caused the result.

ABA&NAPM-USPS-T13-7

In your response to ABA&NAPM-USPS-T21-43, redirected from USPS witness Abdirahman, you state that your current list of 3 digit code operations for MODS 17 1OPPREF "differs from the list of operations contained in the question". The list in the question is from R2000-1, the last litigated rate case. For all MODS 3 digit code operations, grouped by MODS or NONMODS category, please show side by side charts of the "old" MODS groupings and operations codes and corresponding "new" MODS groupings with changed, added, or deleted operations codes.

ABA&NAPM-USPS-T13-8

In your response to ABA&NAPM-USPS-T21-44 a., redirected from USPS witness Abdirahman, you state that wage increases in the 1PLATFRM activity for MODS 17 "have almost been offset by the declines in variabilities and piggyback factors."

a. Is this an accident or by design in rate case cost modeling?
b. Is this an accident or by design in terms of management goals for keeping unit wage costs adjusted for productivity constant in order to keep costs stable and rates the same?
c. If management goals are involved in your answer to b., why would management settle on keeping unit wage costs steady rather than lowering them, as happens when a piece of letter mail is processed by worksharing mailers rather than the Postal Service?

ABA&NAPM-USPS-T13-9

In your response to ABA&NAPM-USPS-T21-44 g., [and -50 h.] redirected from USPS witness Abdirahman, you state: "There is no costing of the time mail is staged on the dock waiting to be worked".

a. If there is labor available to work mail that is staged on the dock, e.g. at 7 p.m. but it is not worked until a later time, say 8 p.m. please confirm that there is a true dollar cost, and an economic opportunity cost, associated with not moving that mail to the processing stations inside a USPS plant.
b. Assume, hypothetically, the time example in a. with the further proviso that the 7 p.m. time is a locally mandated time for worksharing mailers to enter their presort automation mail at the USPS plant unloading dock. Assume

further that if the mandated time of entry were moved from 7 to 8 p.m., more of that presort mail would have been presorted to 5 digits and less to 3 digits. Please confirm that moving the mandated entry time would avoid more costs for the Postal Service.

c. Please confirm that in the example in b. there is a measurable social and private cost to the one hour that the presorted mail sits on the dock before being worked consisting of: (a) the avoided costs that were not avoided; (b) the wage bill for the available USPS employees that did not start working the staged mail on the dock.

ABA&NAPM-USPS-T13-10

In your response to ABA&NAPM-USPS-T21-46 c., redirected from USPS witness Abdirahman, you state with respect to PostalOne! that "Customers provide the staff for the AAA and SWYB done on their sites and may purchase the equipment used in their mail production facilities as well." You go on to state that these customer activities "should enable reductions [in] the 1SCAN cost pool".

a. Shouldn't these savings have been realized at least in past by TY2006 given the already wide distribution and operationalization of PostalOne! in 2004?
b. Please confirm that the worksharing mailer staffing you refer to in the quote above entails for worksharing mailers labor costs but avoids costs for the Postal Service.
c. Please state where these avoided costs should appear, or should have appeared, in your TY2006 cost models by MODS and operation code(s).

ABA&NAPM-USPS-T13-11

In your response to ABA&NAPM-USPS-T21-46 c., redirected from USPS witness Abdirahman, you state with reference to MODS 79 LD 79 "The increase in the variability from .299 to .83 is the main factor in the higher unit costs."

a. Can you explain, or direct this question to a witness who can explain what factors are actually at work in the real world of BMC's that would cause this variability to escalate so dramatically?
b. Is this an indication of greater efficiency (greater variability, and consequently managerial ability to control in the absence of estimated volume) or less efficiency (higher unit cost).
c. For mail processing labor that is redundant on a slow night, what cost reducing activities does management engage them in? If your answer is "none", what do they do during their shift?

ABA&NAPM-USPS-T13-12

In your response to ABA&NAPM-USPS-T21-21, redirected from USPS witness Abdirahman, you state there is a "shift" going on within USPS from the older MPBCS machinery to the newer DBCS machinery.

a. Are the unit costs, and the throughput productivity in pph, for labor and machinery per hour using DBCS higher or lower than for MPBCS?
b. Is the reduction in unit costs noted in the interrogatory due solely to the mix shift between lower utilization of MPBCS and higher utilization of DBCS?
c. Why would your cost measurement system show the per piece or unit cost of processing a letter on MPBCS going down solely as a result of putting more mail on DBCS machines and less on MPBCS? When you run an hour's worth of mail through MPBCS, wouldn't the unit cost be the same as in R2000-1adjusted up for wage rate increases?

ABA&NAPM-USPS-T13-13

In your response to ABA&NAPM-USPS-T21-34 redirected from USPS witness Abdirahman, you state that the bar code sorter unit costs have increased even more than indicated in the original interrogatory, from 2.10 cents to 2.42 cents.

a. With this in mind, please be responsive to question a. Put differently, why is the USPS changing its mix of sorting equipment to "newer technology" barcode sorters if it is simply adding to unit costs rather than making the process more cost-efficient.
b. In your answer you stated the newer BCS technology creates an "overall decline" in unit mail processing costs. Please be specific and show by cost pool or operation code within a MODS cost pool, exactly where DBCS is driving down unit mail processing costs and by how much.
c. Is DBCS driving down unit mail processing costs for certain types of mail by more than it is for others, for single piece more than metered, for single piece more than automated presort, or vice versa?
d. If your answer to c. is anything other than an unequivocal "no", please explain or redirect this question to someone who can explain fully why USPS R&D and/or investment strategy would emphasize improving cost efficiencies for one type of mail over another.

ABA&NAPM-USPS-T13-14

In your response to ABA&NAPM-USPS-T21-47 redirected from USPS witness Abdirahman, you state that the Commission classified the MODS 49 LD49 cost pool as "worksharing related fixed" in R2001-1.

a. Please confirm that the Postal Service also classified this cost pool as wrf in R2001-1.

b. In your response to part c. of this question you answered “Not confirmed” on the grounds that mailer processes may yield different productivities than USPS processes through different types of machinery, different organization of labor processes, etc. Assume as a hypothetical that this is not rocket science, and that about the same types of postal processing machinery are generally available to the private sector, not just the Postal Service. Further, assume as a hypothetical that labor costs for mail processing within the Postal Service are at least a couple multiples of what they are in the private sector for essentially the same types of work. Under these assumptions, would not a very conservative “lower bound” estimate of the costs avoided by the Postal Service for not having to do this work, be the actual costs worksharing mailers incur in doing this work? If your answer is not an unequivocal “Yes” to this hypothetical, please fully explain your answer.