

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

**POSTAL RATE AND FEE CHANGES**

**Docket No. R2006-1**

**Major Mailers Association's  
First Set Of Interrogatories and Document Production Requests To  
United States Postal Service Witness John P. Kelley (MMA/USPS-T30-1-16)  
(June 13, 2006)**

Pursuant to Rules 25 and 26 of the Commission's Rules of Practice, Major Mailers Association submits the following interrogatories and document production requests to United States Postal Service Witness John P. Kelley (MMA/USPS-T30-1-16).

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  
June 12, 2006**

### **MMA/USPS-T30-1**

Please refer to footnote 1 on page 3 of your direct testimony, and Table 1 on page 4, where you show a combined unit delivery cost for First-Class “Automation Letters.”

- A. Who decided to combine all of the First-Class Automation presort categories into one average unit delivery cost rather than to derive individual unit delivery costs for each presort level?
- B. Please provide the exact reason(s) as to why this decision was made.

### **MMA/USPS-T30-2**

On page 5 of your testimony you provide an equation that you employ for deriving unit delivery costs.

- A. Please confirm that the unit delivery costs you derive are not the volume variable cost to deliver a piece of mail, but are the average volume variable delivery cost per originating piece. If you cannot confirm, please explain.
- B. Assuming that you confirm part A, is it possible to derive the unit delivery cost for mail that is actually delivered by rural or city carriers? If not, why not? If so, please provide the volume variable unit cost to deliver a First-Class (1) single piece letter, (2) metered letter, (3) Nonautomation letter, and (4) Automation letter.
- C. If you can provide unit delivery costs as requested in part B, please provide the volume variable unit delivery cost for Automation letters presorted to (1) Mixed AADC, (2) AADC, (3) 3-digits and (4) 5-digits. If you cannot do so, please explain.

### **MMA/USPS-T30-3**

On page 5 of your testimony you discuss your assumption that 10% of DPS letters will not be DPSed and will require some direct labor casing costs.

- A. Are these pieces DPSed and then processed manually, or simply processed manually without being DPSed. Please explain.
- B. Please explain the basis for your assumption and why you feel the figure of 10% is reasonable. Please provide all documents that you reviewed in connection with use of your 10% assumption.
- C. How does the full implementation of PARS affect this assumption?

#### **MMA/USPS-T30-4**

In R2005-1, USPS witness Abdirahman stated the following in response to Interrogatory MMA/USPS-T21-46 (B):

The delivery unit costs are included in the worksharing related savings calculations to reflect the fact that, to varying degrees, different mail categories capture different levels of Delivery Point Sequencing (DPS).

Please state whether or not you agree or disagree with USPS witness Abdirahman's statement. If you disagree with this statement, please explain why you disagree and provide all documents that you reviewed in formulating your position.

#### **MMA/USPS-T30-5**

On page 6 of your testimony you indicate that you derived DPS %s for First-Class Presorted letters from city and rural delivery volumes.

- A. Was the information you use to derive DPS %s for First-Class Automation and Nonautomation letters available to you in R2005-1? If so, why did you not incorporate that data in your delivery cost analysis in that case and provide such figures to USPS witness Abdirahman as a basis for reconciling his theoretically derived DPS %s? If this information was not available to you in R2005-1, how did it become available for this case?
- B. Please explain specifically how you used total city and rural delivery volumes to derive First-Class Automation and Non-Automation letter DPS %s.

### **MMA/USPS-T30-6**

Please provide the unit and total cost segment delivery costs for First-Class single piece (1) stamped letters, (2) metered mail letters, and (3) “other” letters in the same manner that you did in response to R2005-1 Interrogatory MMA/USPS-T16-6.

### **MMA/USPS-T30-7**

Please refer to Library Reference LR-USPS-L-67, Book UDCInputs.USPS.xls, sheet DPS%, where you derive DPS %s for First-Class presorted letters.

- A. Please confirm that you show that, of the 48.148 billion total presorted letters, 43.134 billion pieces were delivered by city and rural carriers? If you cannot confirm, please provide the correct information, reference your sources and explain.
- B. If you confirm part (A), were the remaining 5.014 billion pieces delivered to post office boxes? If not, please explain.
- C. Please confirm that you show that of 46.408 billion total Automation letters, 34.559 billion were delivered by city and rural carriers? If you cannot confirm, please provide the correct information, reference your sources and explain.
- D. If you can confirm part (C), were the remaining 11.849 billion pieces delivered to post office boxes? If not, please explain.
- E. Please confirm that you show that, of the total 1.739 billion Nonautomation letters, 8.575 billion were delivered by city and rural carriers? If you cannot confirm, please provide the correct information, reference your sources and explain.
- F. Please explain the apparent anomaly suggested in part (E) whereby the total number of pieces delivered by city and rural carriers exceeds the total number of pieces.

### **MMA/USPS-T30-8**

Please refer to Library Reference LR-USPS-L-67, Book UDCInputs.USPS.xls, sheet DPS%, where you derive DPS %'s for First-Class presorted letters. Please provide the exact source and derivation for each of the following:

- A. 24.062 billion First-Class Automation letters delivered by city carriers;
- B. 5.903 billion First-Class Nonautomation letters delivered by city carriers;
- C. 10.498 billion First-Class Automation letters delivered by rural carriers;
- D. 2.672 billion First-Class Nonautomation letters delivered by rural carriers;
- E. 21.054 billion First-Class Automation letters DPSed and delivered by city carriers;
- F. 4.666 billion First-Class Nonautomation letters DPSed and delivered by city carriers;
- G. 8.403 billion First-Class Automation letters DPSed and delivered by rural carriers; and
- H. 1.955 billion First-Class Nonautomation letters DPSed and delivered by rural carriers.

### **MMA/USPS-T30-9**

Please refer to Library Reference LR-USPS-L-67, Book UDCInputs.USPS.xls, sheet DPS%, where you derive DPS %'s for First-Class presorted letters. Should the volumes shown in columns (2), (5) and (6) be in thousands as they are in columns (1) and (3)? If not, please explain.

### **MMA/USPS-T30-10**

Please refer to LR-USPS-L-67, book UDCInputs.USPS.xls, sheet DPS%, where you derive DPS %s for First-Class presorted letters.

- A. Please provide comparable volumes for all First-Class single piece letters and for First-Class single piece letters broken down by (1) stamped, (2) metered, and (3) "other."

B. Please provide the derived DPS %s for all First-Class single piece letters and for First-Class single piece letters broken down by (1) stamped, (2) metered, and (3) “other.”

**MMA/USPS-T30-11**

Please refer to Library Reference LR-USPS-L-67, book UDCModel.USPS.xls, sheet 9.DeliveryVols, where you provide First-Class presorted volumes of letters delivered by city and rural carriers and sheet 11.SummaryBY where you provide the RPW First-Class presorted letter volumes Please confirm the volumes as shown in the following table for the rate categories within First-Class presorted letters. If you cannot confirm, please provide corrected figures.

First-Class Presorted Category	Permit Volume (000)	CC Volumes (Based on Permit Volume) (000)	Rural Route Volume (Based on Permit Volume) (000)	Implicit P.O. Box Volume (Based on Permit Volume) (000)
Auto Mixed AADC	2,875,272	1,789,429	786,747	299,095
Auto AADC	2,500,365	1,556,106	684,163	260,096
Auto 3-Digit	22,908,988	14,257,440	6,268,482	2,383,065
Auto 5-Digit	17,449,671	10,859,827	4,774,674	1,815,170
Auto Carrier Route	673,921	419,416	184,402	70,103
Total Automation	46,408,216	28,882,218	12,698,469	4,827,530
Nonauto	1,739,317	1,082,466	475,921	180,929
Total Presorted	48,147,533	29,964,684	13,174,390	5,008,459

**MMA/USPS-T30-12**

Please refer to Library Reference USPS-LR-L-67, book UDCModel.USPS.xls, sheet 20.In-Office TY. Are the costs shown in column (1) for BY 2006 as indicated or for TY 2008? If the costs shown in column (1) are for BY 2006, then why are they set equal to the TY 2008 costs shown in column (1) of Library Reference USPS-LR-L-67, book UDCInputs.USPS.xls, sheet TYCosts?

**MMA/USPS-T30-13**

Please refer to Library Reference USPS-LR-L-67, book UDCModel.USPS.xls, sheets 2.Summary TY and 11.Summary BY and your response to R2005-1 Interrogatory MMA/USPS-T16-13. Please provide a similar table of delivery

costs with collection costs removed for BY 2005 and TY2008 in this case, in the same manner as you answered R2005-1 Interrogatory MMA/USPS-T16-13.

**MMA/USPS-T30-14**

On page 7 of your direct testimony, you indicate that the DPS %s that you derived were “very similar” to those derived by USPS witness Abdiraham in his mail flow models. Please provide the analyses comparing your DPS %s to those derived by USPS witness Abdiraham that you believe supports your position that the DPS %s derived from both methodologies are “very similar.”

**MMA/USPS-T30-15**

Please refer to Library Reference USPS-LR-L-67, book UDCModel.USPS.xls, sheet 2.Summary TY. When applying the piggyback factors for First-Class presorted letters in columns 12 and 13, why did you use the First-Class single piece piggyback factor rather than the presorted piggyback factor from UDCInputs.xls, sheet TYPBack?

**MMA/USPS-T30-16**

Please refer to page 7 of your direct testimony where you state that the DPS %s are an important distribution key for First-Class presorted letters since Nonautomation letters require more manual processing to prepare the mail for delivery. Is it true that MAADC letters required more manual processing than 5-digit letters to prepare the mail for delivery? Please explain your answer.