

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

POSTAL RATE AND FEE CHANGES

Docket No. R2006-1

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOZZO
(USPS-T-12) TO INTERROGATORY OF AMERICAN BANKERS ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS (ABA-NAPM/USPS-T12-1)
(July 26, 2006)**

The United States Postal Service hereby provides the response of witness Bozzo (USPS-T-12) to the following interrogatory of American Bankers Association and National Association of Presort Mailers: ABA-NAPM/USPS-T12-1, filed on July 12, 2006.

The 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

Frank R. Heselton
Attorney

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-5204; Fax: -6187
July 26, 2006

Response of United States Postal Service Witness A. Thomas Bozzo
To Interrogatory of American Bankers Association and National Association of
Presort Mailers

ABA-NAPM/USPS-T12-1. Starting on page 6, line 19, of your testimony (USPS-T-12), you indicate that one change you have made since R2005-1 is: “I reorganized the BCS and MPBCS cost pools” to reflect the fact of “gradual withdrawal of MPBCS equipment from service in favor of DBCS equipment.”

(a) Because deployment of DIOSS is expected to be completed in 2007, have you similarly controlled for the phase out of older technology in favor of DIOSS technology? If so, please fully explain what you have done and how it affects your productivities and shares. If not, please explain fully why you have not controlled for this change, as you have done for DBCS.

(b) Similarly, because Phase 2 of PARS is expected to be completed in 2007, how, if at all, have you reflected this productivity improvement for UAA mail into your models? Please explain your answer fully.

(c) Have you incorporated into your model the “availability of extra sort bins on the DBCS equipment” that USPS witness McCrery refers to in his testimony (USPS-T-42) at page 11, line 11? If your answer is “yes,” please explain fully how you have accounted for extra bins on DBCS equipment. If your answer is “no,” why have you not incorporated the extra bins and how does that affect your productivities and shares?

Response.

- a. No, for the period covered by my analysis, DBCS-ISS and DIOSS-ISS hours have been small relative to MLOCR and other DBCS operations. The relevant change potentially requiring additional controls and/or cost pool reorganization going forward would be a large increase in DIOSS-ISS hours versus MLOCR hours.
- b. Presently, PARS (CROSS) operations are included in the outgoing BCS cost pool without specific controls for their presence. In FY 2005, the first year with appreciable CROSS data, those operations constitute only 3.3 percent of pool workhours and have average productivities in the range of other outgoing BCS operations. In this respect, CROSS handlings are similar to

Response of United States Postal Service Witness A. Thomas Bozzo
To Interrogatory of American Bankers Association and National Association of
Presort Mailers

other BCS handlings from the perspective of my models. Possible effects of PARS on UAA mailflows are beyond the scope of my analysis.

- c. No. The availability of the extra bins affects the amount of sorting improvement that can be carried out in a single sort, as witness McCrery describes, rather than the unit cost of the sort (or, the productivity in TPF/hour). Effects of the availability of extra sort bins for DBCS equipment on mailflows are beyond the scope of my analysis.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

Frank R. Heselton

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-5204, FAX: -6187
July 26, 2006