

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

REVISED RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KELLEY  
(USPS-T-30) TO INTERROGATORY OF MMA (MMA/USPS-T30-25) -- ERRATA  
(August 15, 2006)

The United States Postal Service hereby provides the revised response of witness Kelley to the following interrogatory of the Major Mailers Association., filed on July 14, 2006: MMM/USPS-T30-25. This replaces the response filed on July 28. One number has been changed, as indicated in the revised response.

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

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August 15, 2006

**Revised Response of Postal Service Witness Kelley to Interrogatories  
Posed by the Major Mailers Association**

**MMA/USPS-T30-25**

Please refer to your revised response to Interrogatory MMA/USPS-T30-2. In that revised answer you show that, if a letter is delivered by a city or rural carrier, it costs the Postal Service 13.01 cents to deliver a First-Class metered letter and 4.55 cents to deliver a First-Class automation letter.

A. Please confirm that, on average, a single piece metered letter costs 8.46 (13.01 – 4.55) cents more to prepare for delivery and deliver than a First-Class automation letter. If you cannot confirm without qualification, please explain.

B. Please confirm that on average, 89.6% of First-Class automation letters are delivered by city or rural carriers. (See your response to MMA/USPS-T30-11). If you cannot confirm, please explain.

C. Please confirm that of the 8.46 cent difference between the cost of preparing for delivery and delivering a First-Class single piece metered letter and the comparable cost for a First-Class automation letter, 89.6% of the difference, or 7.58 cents, is the result of delivery cost differences and 10.4% of the difference or 0.88 cents is due to the fact that 10.4% of automation letters do not require delivery service. If you cannot confirm, please explain.

**Response**

A. Not confirmed. My interpretation of “prepare for delivery and deliver” is that collection costs should be excluded. However, the 13.01 unit cost for metered letters, per delivered piece, includes collection costs. The unit collection cost for metered letters per delivered piece is approximately 4.22 cents. Subtracting the unit collection cost from the total delivery cost equals a unit cost of 8.79 cents “to prepare for delivery and deliver” metered letters. Comparing this cost with the 4.65 (revised August 15, 2006) cents for First Class automation letters (which incur no collection costs) gives a difference of 4.14 cents between the two delivery (without collection) costs.

B. Confirmed.

C. Not confirmed. The unit costs of 13.01 and 4.65 (revised August 16, 2006) cents for metered and automation letters respectively are per delivered piece. If

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these figures were per originating piece, then differences in the proportion of delivered pieces between the two categories might explain part of the discrepancy. Since these are per delivered piece, however, I do not see how the differences between the unit costs can be divided between the delivered and non-delivered proportions.

## 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.

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