

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

RATE AND SERVICE CHANGES TO IMPLEMENT  
BASELINE NEGOTIATED SERVICE AGREEMENT  
WITH BANK OF AMERICA CORPORATION

Docket No. MC2007-1

**RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS AYUB TO INTERROGATORIES OF THE OFFICE OF CONSUMER  
ADVOCATE (OCA/USPS-T1-21-23)**  
(March 16, 2007)

The United States Postal Service hereby provides the response of witness Ayub to the following interrogatories of the Office of Consumer Advocate: OCA/USPS-T1-21-23, filed on February 28, 2007. The interrogatories are stated verbatim and are followed by the response.

UNITED STATES POSTAL SERVICE

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**OCA/USPS-T1-21.** Please refer to your testimony at Appendix A, "Input Data," Page 3. Please refer to Lines [10] and [14], under the column Standard Mail. Please define and explain the terms "OneCode Electronic Notice" and "Standard Mail OneCode ACS Notice," and discuss the differences between the two.

**RESPONSE:**

The terms "OneCode Electronic Notice" and "Standard Mail OneCode ACS" refer to the process the Postal Service uses to embed Address Change Service data into the Intelligent Mail Barcode. The term "OneCode Electronic Notice" as I use it in Appendix A, Line [10], refers to the unit cost of providing the ACS service. Please see my response to OCA/USPS-T1-18(b) where I describe the distinction between "OneCode Electronic Notice" and "Electronic Letter Returns."

The term "Standard Mail OneCode ACS Notice" refers to the unit price associated with this service. For this reason, I use the phrase "Price of each Standard Mail OneCode ACS Notice" to refer to the data contained in Line [14].

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**OCA/USPS-T1-22.** Please refer to your testimony, Appendix A, "City Delivery Unit Costs," Page 12.

- a. Under "Sources," you cite Excel file "CARMM05\_LL\_Detail\_3RGrpCasing Pure.xls" from USPS-LR-L-67 in Docket No. R2006-1. Please confirm that the Excel file name is "CARMM05\_KLDetail\_3RGrpCasingPure.xls". If you do not confirm, please explain.
- b. In the electronic spreadsheet "Savings-CCS Delivery," please show the derivation of, or provide a citation to the Excel file in USPS-LR-L67, including the spreadsheet tab and cell reference for, the figure 315,540 in cell C20.
- c. In the electronic spreadsheet "Savings-CCS Delivery," please show the derivation of, or provide a citation to the Excel file in USPS-LR-L67, including the spreadsheet tab and cell reference for, the figure 1.0327 in cell C21.
- d. In the electronic spreadsheet "Savings-CCS Delivery," please confirm that in the absence of adjusting the amount in cell D12 to 325,837, the amount in cell D12 would have been 309,239. If you do not confirm, please explain.
- e. In the electronic spreadsheet "Savings-CCS Delivery," please explain the rationale for adjusting cell D12 to 325,837.
- f. In the electronic spreadsheet "Savings-CCS Delivery," please show the derivation of, or provide a citation to the Excel file in USPS-LR-L67, including the spreadsheet tab and cell reference for, the figure 263,998 in cell C24.
- g. In the electronic spreadsheet "Savings-CCS Delivery," please show the derivation of, or provide a citation to the Excel file in USPS-LR-L67, including the spreadsheet tab and cell reference for, the figure 1.213469719 in cell C25.
- h. In the electronic spreadsheet "Savings-CCS Delivery," please confirm that the amount in cell D14 should be 320,354. If you do not confirm, please explain.
- i. In the electronic spreadsheet "Savings-CCS Delivery," please explain the rationale for not of adjusting cell D14 to 320,354.

**RESPONSE:**

- a. Confirmed.
- b. The number contained in cell C20 ("315,543") represents only the pure casing costs for FC Presort – Letter-Shape Pieces, as identified in the file CARMM05\_LL\_Detail\_3RGrpCasing Pure from LR-67, Docket No. R2006-1.  
  
The number in cell C20 in the electronic spreadsheet on page 12 of my Appendix A ("315,543") represents the total of the First-Class Mail Presort values which are set forth in the spreadsheet under the "Tab CARMMDetail" in the category 02 FC – Presort in the above referenced file. The casing costs for each RGroup, when

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added together, yield a total amount of 315,543,408. I rounded that number to the nearest thousand to arrive at the number contained in cell C20 in the electronic spreadsheet on page 12 of my Appendix A.

Table 1 below identifies all First-Class Mail presort casing costs that support the number contained in C20.

TABLE 1:

Rgroup	classCode	class	shapeCode	shapeTxt	source	actgrp	totDol
1	02	02 FC-PRESORT	1	LETTER	K	2	303,476,598
1	02	02 FC-PRESORT	1	LETTER	L	2	5,762,874
2	02	02 FC-PRESORT	1	LETTER	K	2	263,549
3	02	02 FC-PRESORT	1	LETTER	K	2	5,676,009
3	02	02 FC-PRESORT	1	LETTER	L	2	364,379
						TOTAL	315,543,408

- c. The number in cell C21 (“1.0327”) is the same Test Year 2008 (TY) adjustment factor set forth in USPS-LR-L-67. Please see Tab 18, “In-Office Detail TY,” in the worksheet “UDCModel,” USPS column 11.
- d. Not Confirmed. In the absence of adjusting the amount, the value would be 315,543. Please see my response to part (b) above.
- e. The figure in cell D12 (“325,837”) was adjusted to reflect the changes in casing costs that can be attributed to increases in the volume of mail that can be delivery point sequenced (“DPS mail volume”). As background, casing consists of different components. Please see the column “Casing Portion Of In-Office Direct Labor, All Route Groups” in USPS-LR-L-67. Not all of these casing components, and their associated costs, are affected by increases in DPS mail

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volume. Based on my review of USPS-LR-L-67, it is my understanding that only the casing costs identified in part (b) above would be affected by an increase in DPS mail volume. Therefore, I adjusted the number in cell D12 to 325,837 to exclude changes in casing costs associated with casing components that would be unaffected by an increase in DPS mail volume. As a result, my estimate for the savings in casing costs that can be attributed to increases in DPS mail volume under this NSA is less than the savings that could be estimated if all casing components, and their associated costs, were taken into account.

- f. The methodology and rationale for this calculation are analogous to the methodology and rationale I used in my response to part (b) and (e) above for First-Class Mail. Please see Table 2 below which summarizes the pure casing costs for Standard Mail.

RGroup	classCode	class	shapeCode	shapeTxt	source	actgrp	totDol
1	11	11 STD REG - OTHER	1	LETTER	K	2	251,669,590
1	11	11 STD REG - OTHER	1	LETTER	L	2	6,813,218
2	11	11 STD REG - OTHER	1	LETTER	K	2	361,591
3	11	11 STD REG - OTHER	1	LETTER	K	2	4,702,916
3	11	11 STD REG - OTHER	1	LETTER	L	2	451,164

- g. Please see my response to part (c) above.
- h. Confirmed.
- i. The cell should be adjusted to 320,353.579. The rationale for this adjustment is described in my response to part (e).

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**OCA/USPS-T1-23.** Please refer to your testimony, Appendix A, "Rural Delivery Unit Costs," Page 13.

- a. Please refer to the electronic spreadsheet "Savings-RCS Delivery." In column (1) "Letters," please confirm that the volume divisor used to derive the Presort Unit Cost of \$0.0451 in cell D17 is 2,612,095. If you do not confirm, please explain and provide a citation to the Excel file in USPS-LR-L5, including the spreadsheet tab and cell reference for the correct divisor. If you do confirm, please provide a citation to the Excel file in USPS-LR-L5, including the spreadsheet tab and cell reference for the figure 2,612,095.
- b. Please refer to the electronic spreadsheet "Savings-RCS Delivery." In column (5) "DPS," please confirm that the volume divisor used to derive the Presort Unit Cost of \$0.0156 in cell G17 is 10,358,772. If you do not confirm, please explain and provide a citation to the Excel file in USPS-LR-L5, including the spreadsheet tab and cell reference for the correct divisor. If you do confirm, please provide a citation to the Excel file in USPS-LR-L5, including the spreadsheet tab and cell reference for the figure 10,358,772.

**RESPONSE:**

- a. Confirmed. Please see xls worksheet CS10.xls at Tab "Inputs DK," cell F12.
- b. Confirmed. Please see xls worksheet CS10.xls at Tab "Inputs DK," cell D12.

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

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