

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

ORIGINAL

SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
NASHUA/MYSTIC/SEATTLE WITNESS HALDI
(USPS/NMS-T1-1-39)

Pursuant to rules 25 and 26 of the Rules of Practice and Procedure and rule 2 of the Special Rules of Practice, the United States Postal Service directs the following interrogatories and requests for production of documents to Nashua/Mystic/Seattle witness Haldi: USPS/NMS-T1-1-39.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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October 23, 1996



INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE
TO NMS WITNESS JOHN HALDI

USPS/NMS-T1-1.

Please refer to the statement in your testimony at page 12, lines 101-11, that, under the manifest system employed by Nashua, "Postal Service revenues are **fully** protected." (Emphasis added.)

- (a) Completely explain the basis for your statement.
- (b) Is it your testimony that the Postal Service is satisfied that the manifest system fully protects postal revenues?
 - (i) If so, please provide copies of all documents generated by the Postal Service which support your assertion.
 - (ii) If so, please identify all postal officials who have made representations which support your assertion, and indicate the date on which such representations were made, and identify the persons to whom they were made.

USPS/NMS-T1-2.

Please refer to your testimony at page 13, lines 8-10, and fully explain the basis for your assertion that the Nashua incoming manifest system constitutes a "reliable means by which the Postal Service is able to collect all First-Class Mail postage and fees." Provide copies of all documents which support your assertion or identify any documents already filed in this proceeding on which that assertion is based.

USPS/NMS-T1-3.

Please refer to page 16, lines 15-16 of your testimony and fully explain the basis for your assertion that the Seattle FilmWorks weight averaging system "has worked successfully and without problems" Please provide copies of all documents which support your assertion or identify any documents already filed in this proceeding on which that assertion is based.

INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE
TO NMS WITNESS JOHN HALDI

USPS/NMS-T1-4.

Please refer to page 57 of your testimony, lines 2-3, and state the complete basis for your conclusion that "the Postal Service already has in place fully adequate procedures for sampling and revenue protection." Please provide copies of all documents which support your assertion or identify any documents already filed in this proceeding on which that assertion is based.

USPS/NMS-T1-5.

Please refer to page 11, lines 1-2, of your testimony and confirm that the 50-piece incoming manifest sample size has not been adjusted since the reverse manifest system was implemented.

USPS/NMS-T1-6.

Please refer to page 57, lines 3-4, of your testimony, and

- (a) describe in full and specific detail each existing procedure which has been in place for 15 years;
- (b) fully describe each other procedure and specify the length of time each has been employed.
- (c) Please explain the basis for each change in procedure which has occurred during this time period.

USPS/NMS-T1-7.

Please refer to page 57, lines 7-8, of your testimony. As specifically as possible, please describe and explain all changes to the Domestic Mail Manual that the Postal Service would need to promulgate in order to conform it to each of your proposed Domestic Mail Classification Schedule amendments and to existing practice.

INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE
TO NMS WITNESS JOHN HALDI

USPS/NMS-T1-8.

Please refer to page 57, lines 4-5, of your testimony. State the complete basis for your assertion that "[n]o new procedures need be drawn up and promulgated, nor is any employee training or re-training required."

USPS/NMS-T1-9.

Please provide your best estimate, on an annual basis, of the number of BRM recipients to which the Postal Service currently tenders mail which would qualify as "non-automation bulk BRM."

USPS/NMS-T1-10.

Please provide your best estimate, on an annual basis, of the number of BRM recipients to which the Postal Service would tender "non-automation bulk BRM" in the test year if either of your alternative classification and fee proposals were recommended by the Commission and implemented by the Postal Service.

USPS/NMS-T1-11.

Please provide your best estimate of the number of postal facilities at which the Postal Service could be expected to tender "non-automation bulk BRM" to BRM recipients in the test year, if either of your alternative classification and fee proposals were recommended by the Commission and implemented by the Postal Service.

USPS/NMS-T1-12.

Please refer to your testimony at page 10, lines 11-13 and fn. 8, and list all months during which the incoming manifest system utilized by Nashua has experienced postage/fee errors of 1.5 percent or less, the level of accuracy required by the USPS publication referenced at fn. 8.

INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE
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USPS/NMS-T1-13.

Please confirm that to the extent that alternative BRM accounting procedures expedite the processing of film and the ultimate return of the finished product to the customers of Nashua, Mystic, and Seattle FilmWorks, these procedures increase the value of the photo processing service to NMS customers.

USPS/NMS-T1-14.

Please confirm that, to the extent that alternative BRM accounting procedures expedite the processing of film and the return of the finished product to Nashua, Mystic, and Seattle FilmWorks customers, these procedures also increase the value of BRM service to Nashua, Mystic, and Seattle FilmWorks.

USPS/NMS-T1-15.

Please refer to your testimony at page 11, line 17 through page 12, line 2. Is the only basis for your statement that "the system . . . has no consistent bias one way or the other . . ." the response of the Postal Service to interrogatory NM/USPS-34? Explain fully any negative response.

USPS/NMS-T1-16.

Please identify each rate category or special service for which the Domestic Mail Classification Schedule requires prebarcoding of each piece as a condition of rate or fee qualification, but for which the DMCS also permits pieces which are not prebarcoded to qualify for that same rate or fee.

USPS/NMS-T1-17.

Please identify each rate category or special service for which the Domestic Mail Classification Schedule requires prebarcoding of each piece as a condition of rate or fee qualification, but for which the DMCS requires the Postal Service to charge a different rate or fee on those qualified prebarcoded pieces because of (i) the unavailability of barcode readers where these latter pieces are being processed, or (ii) a failure on the part of the Postal Service to use available barcode readers, or (iii) the failure of USPS barcode readers to successfully read the barcodes on those pieces.

INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE
TO NMS WITNESS JOHN HALDI

USPS/NMS-T1-18.

Please refer to your testimony at page 19, lines 5-12.

- (a) Explain how seasonality could affect the accuracy of BRM postage due calculations when sampling is used.
- (b) Fully describe how the current sampling of 50 pieces of mail each day at Nashua takes into account the seasonal volume fluctuations that you describe at page 19.
- (c) Is the 50-piece sample drawn from all of Nashua's incoming non-automatable BRM, or are certain types of mail pieces culled out before the sample is taken? If the latter, please describe the culling process and describe the basis for it.

USPS/NMS-T1-19.

For the most recent year available, separately for each mailer, and separately for BRMAS and non-BRMAS, please indicate the percentage of incoming BRM received by Nashua, by Mystic, and by Seattle FilmWorks by day of the week.

USPS/NMS-T1-20.

For the most recent year available, separately for each mailer, and separately for BRMAS and non-BRMAS, please indicate the percentage of incoming BRM received by Nashua, Mystic, and Seattle FilmWorks by week of the month.

USPS/NMS-T1-21.

For the most recent year available, separately for each mailer, and separately for BRMAS and non-BRMAS, please indicate the percentage of incoming BRM received by Nashua, Mystic, and by Seattle FilmWorks by month of the year.

INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE
TO NMS WITNESS JOHN HALDI

USPS/NMS-T1-22.

Please refer to your testimony at page 60, lines 1-6, and provide your best estimate of the annual impact on postal revenues if either of your alternative classification and fee proposals were implemented by the Postal Service and the new classification and fee were utilized by all "bulk non-automation BRM" recipients, not just your three clients.

USPS/NMS-T1-23.

Please refer to page 60, lines 13-14, of your testimony and indicate:

- (a) (i) the share of incoming orders for which Nashua currently uses BRM; and
- (ii) the share of incoming orders for which Nashua was using BRM immediately before it began using the incoming manifest system;
- (b) (i) the share of incoming orders for which Mystic currently uses BRM; and
- (ii) the share of incoming orders for which Mystic was using BRM immediately before it began using the weight averaging system;
- (c) (i) the share of incoming orders for which Seattle FilmWorks currently uses BRM; and
- (ii) the share of orders for which Seattle FilmWorks was using BRM immediately before it began using the weight averaging system.

USPS/NMS-T1-24.

Please refer to page 60, line 19, and to page 61, line 14, of your testimony and specifically indicate what volume of BRM received by day, week, month, or some other period should be used to distinguish a "high volume mailer" from other BRM recipients.

INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE:
TO NMS WITNESS JOHN HALDI

USPS/NMS-T1-25.

Please refer to your testimony at page 20, line 13, and explain the basis for your assertion that BRM sampling should take a postal clerk no more than one hour per day.

USPS/MNS-T1-26.

Please refer to your testimony at page 12, lines 12-20, where you describe Nashua's cost to develop and operate its incoming manifest system.

- (a) Is it your testimony that the incoming manifest system was initially developed for the purpose of calculating postage due? If not, please explain.
- (b) Provide an estimate of all developmental and operational costs uniquely attributable to the postage due calculation function and explain the basis for that estimate.

USPS/NMS-T1-27.

Please refer to page 15, lines 3-4, of your testimony, where you indicate that the price-per-pound for Mystic sacks is calculated through "periodic sampling."

- (a) Define "periodic." How often is the sample drawn?
- (b) On page 19, lines 5-7, of your testimony, you state, "It is no secret that the film-developing business is somewhat seasonal" In your opinion, does the frequency of sampling used for Mystic adequately account for this seasonality?

USPS/NMS-T1-28.

Explain the basis for your estimates on page 21 of your testimony that it takes a postal clerk 1.4 to 2.0 hours per day to weigh and rate Mystic's BRM, and 1.5 to 2.25 hours a day to weigh and rate Seattle FilmWorks BRM.

INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE
TO NMS WITNESS JOHN HALDI

USPS/NMS-T1-29.

In your opinion, will the weight averaging approach to calculating BRM postage due, as used by Mystic and Seattle Filmworks, yield as accurate an estimate as the incoming manifest approach used by Nashua? Please explain your answer.

USPS/NMS-T1-30.

Assume that the weight averaging systems used by Nashua and Seattle Filmworks cost at least twice as much per piece (to calculate the postage due) as the Nashua incoming manifest system costs. How would your proposal, as set forth in your Appendix II, change?

USPS/NMS-T1-31.

In your testimony at page 41, lines 3-4, you state that the requirement of pre-barcoding is actually met by both Mystic and Seattle FilmWorks. What information is contained in these barcodes? Is it your contention that these barcodes meet the BRMAS ZIP+4 requirements?

USPS/NMS-T1-32.

Please refer to your testimony at page 11, lines 15-16, and describe the refinements implemented by Nashua to make its incoming manifest system more accurate.

USPS/NMS-T1-33.

Please explain the basis for your proposal to define bulk BRM as "100 pounds per day, or 500 pounds per week, or 2000 pounds per month," as described at page 48, lines 1-4, of your testimony.

INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE
TO NMS WITNESS JOHN HALDI

USPS/NMS-T1-34.

On page 12, lines 5-8 of your testimony, the estimated postage on the Nashua manifest is shown as a percentage of the postage for the pieces in the sample for four different months. Please confirm that for all four months shown, the Nashua manifest underestimates the actual postage due.

USPS/NMS-T-35.

Please refer to your testimony at page 21, lines 5-10. What would the per-piece costs be for a mailer whose volume is exactly the minimum definition of bulk (100 pounds per day) you propose at page 48, lines 1-2, assuming all pieces average exactly two ounces (page 48, fn. 67).

NMS/USPS-T1-36.

Please refer to page 14, fn. 12, of your testimony. Is it your assertion that the automation equipment used to process BRMAS has been purchased and deployed solely or primarily for the processing of BRMAS mail? Please provide your best estimate of the total "high capital outlay" attributable to automated equipment and the percentage of this outlay which should be attributed to BRMAS.

USPS/NMS-T1-37.

Please refer to your testimony at page 5, lines 10-11, where you state that "through-the-mail film processors account for approximately 6 percent of the domestic film processing market. Please identify the source(s) for the 6 percent figure and provide the underlying calculation for this number.

INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE
TO NMS WITNESS JOHN HALDI

USPS/NMS-T1-38.

In your testimony, at page 9 (lines 9-15) and page 10 (lines 1-7), you describe Nashua's current incoming manifest system.

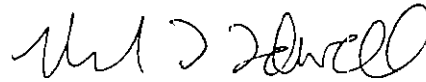
- (a) As a general principle, would you agree that if the Postal Service is drawing a sample of incoming BRM pieces to verify whether the mailer later calculates the correct postage due, that the identity of the pieces in the sample should be unknown to the mailer?
- (b) If the Postal Service is unable to draw a sample that is unknown or unidentifiable to the mailer, how can the Postal Service be sure that the mailer will not focus on the sample and be less careful about the accuracy of the postage due calculation on the large remainder of the mail?
- (c) Under Nashua's current incoming manifest system, does the Postal Service draw a sample that is unknown or unidentifiable to Nashua?

USPS/NMS-39.

- (a) Please confirm that the Postal Service has recently experienced a problem with Seattle FilmWorks applying the wrong ZIP+4 Code and/or barcode in the return address of some of its BRM pieces.
- (b) Please describe in full when and how the problem developed and all steps that have been taken to correct it.
- (c) Please indicate how many outgoing envelopes with the wrong ZIP+4 Code and/or barcode were printed and distributed to the mailing public and how many have been mailed in to Seattle FilmWorks.
- (d) Please provide sample copies of the Seattle FilmWorks BRM pieces involved.
- (e) Please provide copies of (i) all correspondence between the Postal Service and Seattle FilmWorks which addresses this problem and (ii) copies of all Seattle FilmWorks internal correspondence and other documents which pertain to this problem.

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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