

ORIGINAL

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001
SPECIAL SERVICES FEES AND CLASSIFICATIONS, 1996)
MC96-3

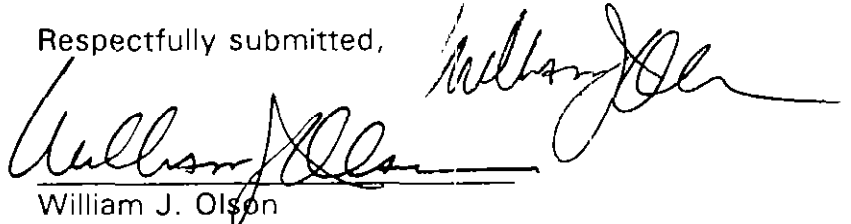
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Docket No.
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

RESPONSE OF
NASHUA PHOTO INC., MYSTIC COLOR LAB, AND SEATTLE FILMWORKS,
INC. WITNESS JOHN HALDI TO INTERROGATORIES OF
UNITED STATES POSTAL SERVICE
(USPS/NMS-T1-40-48)
(November 14, 1996)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Nashua Photo Inc., Mystic Color Lab, and Seattle FilmWorks, Inc., hereby provide the responses of witness John Haldi to the following interrogatories of the United States Postal Service: USPS/NMS-T1-40-48. Each interrogatory is stated verbatim and is followed by the response.


Nashua Photo Inc., Mystic Color Lab, and Seattle FilmWorks, Inc., have previously objected to interrogatory USPS/NMS-T1-42.

Respectfully submitted,



William J. Olson
John S. Miles
William J. Olson, P.C.
8180 Greensboro Drive, Suite 1070
McLean, Virginia 22102-3823
(703) 356-5070

Counsel for Nashua Photo Inc.,
Mystic Color Lab, and
Seattle FilmWorks, Inc.



USPS/NMS-T1-40.

Please refer to Table WP2-1 of NMS Workpaper 2. Explain the derivation of the daily hours used in calculating the annual hours shown in Columns 2a and 2b.

Response:

The hours shown in columns 2a and 2b are the product of (i) the number of days worked per year *times* (ii) the number of hours per day that Postal Service employees are estimated to spend on functions pertaining to computation and billing for BRM for each respective recipient.

For my assumptions concerning (i) the number of days worked per year, see NMS-WP2, p. 3.

For my assumptions concerning (ii) the number of hours worked per day, see my testimony, NMS-T1, p. 20, line 12, through p. 21, line 4. For additional discussion concerning the justification for my assumptions about hours worked per day, see my responses to USPS/NMS-T1-25, 28 and 32, footnote 1.

USPS/NMS-T1-41.

Please refer to page 5 of NMS Workpaper 2, where it states that "the unit cost data for Nashua should be highly indicative, if not completely robust, to similar operations."

- context.
- (a) Describe in detail the "similar operations" to which you refer.
 - (b) Explain what you mean by the term "robust" in this context.
 - (c) Please describe the method by which you obtain your daily cost estimates and provide all underlying documentation.
 - (d) Explain why you believe Nashua's costs are highly indicative of other BRM users which may qualify for the new special service classifications you propose at Appendices II-1 and II-2.
 - (e) Identify all reasons why Nashua's operation may not be "completely robust to similar operations."
 - (f) In your opinion, are the weight averaging costs of Mystic and Seattle FilmWorks also highly indicative of other BRM mailers
 - (i) which are currently using weight averaging?
 - (ii) which could employ weight averaging to qualify for the new special service classifications you propose at Appendices II-1 and II-2?
 - (g) Other than the three film processors, Nashua, Mystic, and Seattle FilmWorks,
 - (i) are there any other all [sic] Business Reply Mail users whose operations you have studied? If so, please list them and

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- (ii) identify which ones have reverse manifest or weight averaging systems, and
- (iii) indicate which ones identified in response to (iii) you have studied and
- (iv) provide the results of all such studies and the *underlying documentation*.

Response:

- (a) The term "similar operations" includes all those covered by and included in the Postal Service response to NM/USPS-27, which states that

Some plants have entered into local agreements with customers and have established "reverse manifest" procedures; however, there is no national policy which requires uniformity in the precise terms of these agreements.

Please note that the Postal Service response uses the plural with respect to the words "plants," "agreements," and "customers." For details concerning the specific plants, customers and agreements alluded to in the above-cited response, I suggest you consult with the author. I am curious myself about the identity of plants and customers alluded to in the above-quoted response, but historically the Postal Service has been reluctant to disclose such details in response to interrogatories.

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- (b) In the context used here, the term robust means applicable," or "fully transferrable to."
- (c) Please see my response to USPS/NMS-T1-40, and references cited therein.
- (d) As explained in my response to USPS/NMS-T1-35, for a BRM recipient of the minimum volume (at my suggested threshold for non-automatable bulk BRM), the Postal Service's unit cost would range between \$0.026 and \$0.031. As pointed out there, it seems highly unlikely that an incoming manifest system would be developed and put in place for such a comparatively low volume. As volume increases above the lower threshold limit, the unit cost would decline because the time required to sample arriving BRM does not increase proportionately with volume. Furthermore, as I discuss in part e, *infra*, daily sampling by the Postal Service may not be necessary with all incoming manifest systems. Whenever the frequency of sampling can be reduced, the Postal Service's unit cost should fall to a very low figure indeed.

- (e) The error rate on Nashua's incoming manifest has not been consistently below 1.5 percent (see my responses to USPS/NMS-T1-12 and 34). Consequently, the Postal Service has continued sampling every day in accordance with the instructions contained in LR-SSR-148, and this continued sampling has kept the Postal Service's costs at Nashua higher than they otherwise would be. At the facilities of some of the other customers covered by the agreements alluded to in the Postal Service's response to NM/USPS-27, the error rate may be consistently less than 1.5 percent, requiring little sampling by the Postal Service, in which case the Postal Service's unit costs should be much lower than at Nashua.

As noted in my testimony, a detached mail unit was located at Nashua for many years prior to the time Nashua started using its incoming manifest system to compute postage due. Daily Postal Service sampling at Nashua is accomplished at *no additional out-of-pocket cost* by Postal Service employees who were already assigned to the detached mail unit. In the case of Nashua, my estimated cost is nothing more than a reallocation of costs that were pre-existing and "fixed" vis-a-vis the detached mail unit. If, however, an incoming manifest system were to be initiated where a detached mail unit does

not already exist, the cost of sampling would represent an additional out-of-pocket cost to the Postal Service.

(f)

(i)-(ii) I have no specific knowledge concerning the practices or costs at post offices serving other BRM recipients for whom weight averaging is currently used to compute postage due. With respect to other BRM recipients for whom, hypothetically, the Postal Service might employ weight averaging, my response to USPS/NMS-T1-35 discusses the unit cost at my suggested minimum threshold. At that minimum volume, unit cost is estimated to range downward from \$0.021 to the unit costs for Seattle FilmWorks in NMS-WP2. Depending upon the volumes received by other BRM recipients, I would consider the unit costs at Mystic and Seattle FilmWorks to be "indicative" or "highly indicative."

(g) (i) No.

(ii), (iii) & (iv) N/A.

USPS/NMS-T1-42.

Please refer to your testimony at page 15, fn. 15. Please describe the percentage of business reply mail pieces, with the associated weight for each, received by Nashua, Mystic and Seattle, which have the following contents:

- (a) a roll [sic] 35mm 24 exposure film;
- (b) a roll of 35mm 36 exposure film;
- (c) each roll described in (a) and (b) inside its respective plastic canister;
- (d) 2 rolls of 35mm 24 exposure film;
- (e) 2 rolls of 35mm 36 exposure film;
- (f) each roll described in (d) and (e) inside its respective plastic canister;
- (g) a disposable camera with exposed film;
- (h) each piece described in (a) through (g) with a cash payment enclosed.
- (i) each package described [sic] above in (a) through (g) with a payment enclosed which includes coins.

Response:

Objection filed. Including Business Reply Envelope, order form and check,

Nashua's weight (in ounces) for each of the above-listed items is as follows:

	Total Weight (ounces)
(a) a roll of 35mm 24 exposure film	0.984
(b) a roll of 35mm 36 exposure film	1.084

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(c)	a roll of 35 mm 24 exposure film in plastic canister	1.236
	a roll of 35 mm 36 exposure film in plastic canister	1.336
(d)	2 rolls of 35mm 24 exposure film	1.674
(e)	2 rolls of 35mm 36 exposure film	1.874
(f)	2 rolls of 35mm 24 exposure film in plastic canister	1.488
	2 rolls of 35mm 36 exposure film in plastic canister	1.588
(g)	a disposable camera with exposed film	3.894

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USPS/NMS-T1-43.

Please refer to your testimony at page 29, lines 9-10. What is the basis for your assertion that "perhaps, some abstract commitment to automation" was one factor in the Commission's deaveraging of fees for advance deposit BRM?

Response:

First, it would seem self-evident that automation is not an end in itself. Rather, the promise of automation is — and always has been — higher productivity, lower unit costs, and lower rates. To facilitate and promote more widespread use of automation, the Postal Service has proposed, and the Commission has approved, a variety of discounts and, more recently, classification changes. Such proposals have been given a favorable recommendation almost without exception, despite the evidence indicating lack of "bottom-line" payoff from such investment. See "Automation Is Restraining But Not Reducing Costs," GAO Report No. GAO/GGD-92-58 (May 1992); "Planned Benefits Of Iowa Automated Mail Facility Not Realized," GAO Report No. GAO/GGD-92-58 (April 1994); and "Postal Service Automation is Taking Longer and Producing Less Than Expected," GAO Report No. GAO/GGD-95-89BR (February 22, 1995).

With respect to the Commission's deaveraging of fees for advance deposit BRM, one needs to go back to the record in Docket No. R87-1, when the deaveraging first occurred, and ascertain the extent to which the Commission acted on the basis of solid cost evidence, and the extent to

which it had to exercise judgement based on projections and promises. In its *Opinion and Recommended Decision* in that docket, the Commission stated:

[B]ecause of the *dearth of current information on BRM processing* we have been forced to apply our judgment [sic] more often than we would like. . . . the Service has made *piecemeal attempts* to update the 1972 study. [pp. 792-3, ¶6138, emphasis added.]

To reiterate, the Service has proposed a rate structure for advance deposit BRM assuming implementation of a technological system impacting 70 percent of BRM mail *without providing more than a superficial analysis* [p. 794, ¶6141, emphasis added.]

To recapitulate, *because of the deplorable state of the record*, we have been forced to make numerous costing assumptions regarding BRM costs. As explained above, we are dealing with a costing presentation based on 17 year old data . . . *The Service's insistence on relying on this study . . . is incomprehensible*. Because of the state of the record, *at best, our analysis represents a compromise attempt* to recognize significant cost changes due to technology without endangering the Service financially. . . . *we strongly recommend that the Service immediately study this area* [p. 799, ¶6156, emphasis added.]

Instead of recommending a discount for barcoded ZIP + 4 mail, we recommend dividing advance deposit account BRM rates into two categories. The first category, which will represent most BRM mail, is being labelled as pre-barcoded BRM mail. This category represents the mail afforded a two cents discount under the Service's proposal. *The second category, which we anticipate will be significantly less than 30 percent of mail volume*, we are labelling as other advance deposit BRM mail. [p. 800, ¶6159, emphasis added.]

Today, more than eight years after that decision, non-BRMAS Business Reply Mail still represents 47 percent of all BRM (not the 30 percent which was predicted),¹ and of the mail that pays only 2 cents per piece, a significant but unknown amount is still being processed manually.² Under these circumstances, it would appear that the Commission acted not so much on the basis of hard evidence, but something else, which I decided to describe in my testimony as "some abstract commitment to automation."

¹ Advance deposit account BRM accounts for 95 percent of all BRM, of which 42 percent consists of "other advance deposit BRM;" see response to NM/USPS-10.

² See Docket No. R94-1, rebuttal testimony of USPS witnesses Mallonee and Pham, USPS-RT-6 and 7, respectively (submitted but not admitted into evidence).

USPS/NMS-T1-44.

Please refer to DMM §922.5 and confirm that qualifying for BRMAS and preparing an envelope to meet BRMAS specifications involve much more than "preprinting a designated barcode on an envelope."

Response:

Based on my layman's reading of the DMM, in order to meet BRMAS specifications, it is correct that preprinted barcodes can neither be printed "in any old way" nor located anywhere on the envelope at the mailer's choosing (including the address block), but instead must have a ZIP + 4 barcode and meet all barcode readability standards specified "in 5.3 through 5.11 and the ZIP + 4 barcode technical standards in C840." (DMM, Sec. S922.5.12) For BRMAS, a FIM C must also be used for prebarcoded BRM (DMM, Sec. S922.5.2).

The preceding requirements for envelopes to meet BRMAS printing specifications, although more exacting than those for non-BRMAS reply envelopes, do not in any way detract from the point that my testimony was endeavoring to make. Namely, BRM recipients who pay a fee of 10 cents per piece invariably supply their customers with a preprinted reply envelope (or card), which admittedly is not required to meet all BRMAS printing standards, in exactly the same way as do BRMAS recipients who pay a fee of only 2 cents per piece. Aside from the more exacting design and printing requirements, BRMAS recipients, in return for their 8-cent discount, do not

perform any worksharing in the sense of performing functions normally performed by the Postal Service. Moreover, many of the "ordinary" BRM envelopes also have barcodes, and a significant percentage is processed using BRMAS software (see my response to USPS/NMS-T1-48).

It is inappropriate and incorrect to view the 8-cent difference in the per- piece BRM fee (amounting to an 80 percent reduction in the 10-cent fee) as a *discount for worksharing*. The lower fee may indeed reflect lower unit costs, and that is my point precisely. Namely, *dramatically* lower costs – *however achieved* – should justify a lower fee, because otherwise there could exist blatant and undue discrimination as between mailers who cause the Postal Service to incur equally low costs.

USPS/NMS-T1-45.

Assuming that no other mailers qualify for the classification changes that you propose, do you believe that those classification and fee changes should be adopted solely for your clients?

Response:

The classification and fee changes that I propose should be adopted and implemented in a manner that treats all recipients of non-automatable bulk BRM in an even-handed and non-discriminatory manner. It seems abundantly clear that wherever a weight averaging or incoming manifest system is used for computing postage due on non-automatable bulk BRM, the recipients are being *unduly* discriminated against because the Postal Service's unit cost is at least as low as the average unit cost for all mail that qualifies for the 2-cent BRMAS rate, which is based entirely on such cost savings.

For BRM recipients with advance deposit accounts, the BRM fee has been "de-averaged," and the underlying rationale used by the Postal Service to support the lower rate of 2 cents per piece is the lower unit cost which it incurs on account of the functions uniquely occasioned by the BRM feature (see my testimony, pp. 25-26 and 28-29). However, when de-averaging is proposed on the basis of cost, it should be done in a non-discriminatory manner.

The existence and perpetuation of such undue discrimination does not further the development of a cost-based structure of rates and fees. Moreover, as an organization that is allegedly trying to become less bureaucratic and more customer-focused and market-driven, it is "unbecoming" – to say the least – for the Postal Service to treat some customers in a discriminatory and unfair manner, even though the combined volume of those recipients (of non-automatable bulk BRM) may be small in the context of total Postal Service volume. On grounds of fairness and equity alone, such undue discrimination has no place in the classification and fee structure of a public service organization. Moreover, from a policy perspective discrimination of this sort is particularly intolerable when one realizes that BRM is part of First-Class Mail, the principal product subject to the Private Express Statutes. Even though the pricing of BRM may be unfair and unreasonable, the monopoly acts to protect the Postal Service's BRM market. Based on the preceding, and in the absence of any other proposal that would better serve the non-discrimination requirement of the Act, my answer is: YES.

The preceding is a general answer to the question. Your assumption that no mailers – other than Nashua, Mystic and Seattle FilmWorks -- would currently qualify for my proposed classification changes does not lessen the need to eradicate undue discrimination from the classification and fee

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structure, so my answer would still be YES, absent any other proposal that would better serve the non-discrimination requirement of the Act.

USPS/NMS-T1-46.

- (a) Is it your belief that the average unit cost for the accounting function for pieces that qualify for BRMAS is actually 2 cents? If your answer is anything other than an unqualified affirmative response, please explain.
- (b) What would be the impact of your proposal on the cost coverage for BRM, assuming that mail from only the customers who take advantage of your lower proposed fees is already processed using a reverse manifest system of [sic] weight averaging?
- (c) Please refer to Docket No. R94-1, USPS Exhibit USPS-11F, page 3, which shows that for the Postal Service's initial 6-cent fee proposal in that proceeding, the cost coverage for BRM was only 109.3 percent, and that almost all of the contribution for BRM was derived from the BRM Other category, for which you propose that the fee be substantially lowered. If either of your classification proposals were adopted, to what degree are you confident that the resulting cost coverage for BRM would be above 100 percent?

Response:

- (a) I cannot answer this question as posed, for reasons which I will endeavor to explain. In the first place, you have not defined what you mean by the "accounting function." Specifically, I do not know whether it was intended to refer to (i) the entire operation of running mail through automated equipment (where such equipment is used; see the discussion *infra*) or counting, weighing and rating (where such functions are done manually), **and** then doing all the work necessary to prepare an invoice (*i.e.*, multiplying quantities by rates, adding, preparing instructions to deduct money from advance deposit

accounts, etc.) *after* the preliminary functions are done, or (ii) just the latter.

In the second place, the question asks about "the pieces that qualify for BRMAS." I do not know whether the question refers to *all* pieces that *qualify* for BRMAS, including those handled or processed manually, or *only* those BRMAS-qualifying pieces that are processed on automated equipment.

In the third place, as I explain in my Appendix I, the model presented by USPS witness Pham in Docket No. R94-1 shows the cost of BRMAS mail to be a weighted average of (i) pieces processed on automation equipment, at a unit cost of 0.63 cents per piece, and (ii) pieces processed manually at a unit cost of 10.19 cents per piece. The problem is, neither the Postal Service nor anyone else knows the respective percentages of BRMAS-qualified mail that are processed (i) manually and (ii) on automation.

In the fourth place, in response to NM/USPS-22, the Postal Service itself has stated that:

Until the Postal Service is able to complete a comprehensive review of BRM, including a study of costs associated with provision of that service, the Postal Service is unable to state whether "the fee which mailers pay for BRM is based on the attributable costs which the Postal Service incurs to count, rate and bill BRM pieces, and which according to witness Pham, 'constitute the unique

special service features of BRM, above and beyond those pertaining to regular First-Class Mail.' "

If the Postal Service is in no position to state whether the BRM fees cover the attributable cost which the Postal Service incurs to count, rate and bill BRM pieces, then certainly I am in no position to make such a judgement.

- (b) Eliminating undue and unreasonable discrimination by reducing the BRM fee for customers who currently are being grossly overcharged in relation to the cost that the Postal Service incurs to process their BRM, obviously will have the immediate effect of reducing the contribution to overhead. The total impact will depend on the number of customers whose BRM is already being processed "using a reverse manifest system or weight averaging."

With respect to firms other than Nashua using a reverse manifest system, see my response to USPS/NMS-T1-4(a), and with respect to firms which use weight averaging, see my workpapers, NMS-WP-2. Moreover, the Postal Service apparently does not have any better information; see response to NM/USPS-30 and 70, which responses have not been updated with more recent information, despite the Postal Service's ongoing study.

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- (c) In Docket No. R94-1, Exhibit UPS-11F, p. 3, shows total attributable costs for Business Reply Mail of \$146,704,320. It is my understanding that this figure, along with all the component cost figures shown there, is not the CRA attributable cost for Business Reply Mail, but rather represents the sum of cost figures that resulted from the special study in LR-G-136.¹

Interestingly, the study in LR-G-136 was not sponsored by any Postal Service witness at the time the case was filed. Nor, apparently, did the Postal Service plan initially to sponsor the study, even though the Postal Service knows full well that library references do not constitute good evidence unless and until sponsored by a witness.² In fact, the Postal Service itself has cogently argued that "[t]he proper way to make a case is to present evidence in the form of testimony, not library references."³

In Docket No. R94-1 the Postal Service did ultimately produce a sponsoring witness for LR-G-136. It is my understanding, however,

¹ I note that for test year in this Docket, the FY 1995 CRA attributable cost for Business Reply Mail is \$105,393,000, which is 28 percent less than the amount in the above-cited exhibit; see response to NM/USPS-23.

² In Docket No. MC95-1 the Postal Service similarly submitted and relied on an unsponsored library reference, LR-MCR-12, dealing with the relationship between weight and cost.

³ See Docket No. MC96-1, Reply Brief of the United States Postal Service, p. 25, fn. 17.

that the Commission nevertheless determined that LR-G-136 was so speculative as to be totally unreliable and fatally flawed. Just how many errors were contained in LR-G-136 will never be known, because the Commission finally put an end to that particular saga by striking it in its entirety, as well as all related materials. I perceive no reason to have any more confidence in cost figures based on LR-G-136 than did the Commission.

The Postal Service's own CRA data show that in Base Year 1995 the contribution to overhead from Business Reply Mail will amount to \$31.3 million; see NMS-WP1, table WP1-1. On this basis I feel highly confident that if either of my classification proposals was to be adopted, the resulting cost coverage for BRM would remain comfortably above 100 percent.

USPS/NMS-T1-47.

Please refer to page 58, lines 13-15 of your testimony. For the alternative classification proposal in which you suggest that the BRMAS category be redefined, why do you believe that "the problem of undue discrimination against bulk BRM can be solved without consideration of any [other] BRMAS-related problem.[?]", sic]

Response:

In Docket No. R87-1, for purposes of costing and analysis, Postal Service witness Larson subdivided BRM into three groups, described by her as follows:¹

- BRMAS
- Manual
- Weight conversion

Despite the *high* unit cost exhibited by "manual" and the *low* unit cost exhibited by "weight conversion," the Commission grouped both under the rubric "other" and averaged their cost.² As a result of what has been learned since Docket No. R87-1, witness Larson's three groups can be further subdivided according to (i) the fee paid and (ii) how mail is actually handled, as shown in the attachment to this response. The table in the

¹ See *Opinion and Recommended Decision*, Docket No. R87-1, p. 791, ¶6135. For the "weight conversion" group, the procedure for computing postage due "involves using a weight conversion factor to count and rate large volumes of BRM." (*Id.*, ¶6134, emphasis added.)

² *Id.*, p. 801, ¶6163.

attachment provides a framework that, hopefully, enables a succinct yet meaningful answer to the question posed above. BRMAS-qualifying mail, which pays a fee of 2 cents per piece, is shown in columns 1-2. "Other" BRM is shown in columns 3-6, which pays a fee of 10 cents per piece. Small-volume recipients of "other" BRM are depicted in columns 3-4, while larger-volume recipients (where the weight averaging or incoming manifest system is used) are depicted in columns 5-6.

First, incoming BRM that is handled using a weight averaging system (column 5) – or the more recently developed incoming manifest system (column 6) – has characteristics that clearly and significantly distinguish it from "OTHER" (columns 3-4) or BRMAS (columns 1-2). For any recipient in columns 5-6, the incoming volume is such that weight averaging (or incoming manifest) provides the Postal Service with a practical alternative to handling individual pieces manually, whereas the remainder of "OTHER" has volumes too small to qualify for weight averaging.³ Second, when the weight averaging or incoming manifest system is used, it is safe to assume that a recipient's pieces could not qualify for BRMAS because they are of

³ BRM for recipients in column 3 is processed on BRMAS; see my response to USPS/NMS-T1-48. These recipients pay a fee of 10 cents per piece. However, since their mail is run on BRMAS, they presumably have the option of applying for the BRMAS 2-cent rate. Since they have this option, but for reasons of their own elect not to exercise it, perceiving them as victims of undue discrimination is troublesome.

non-uniform weight and/or are non-automatable; this clearly distinguishes them from BRMAS (columns 1-2).⁴ To sum up, recipients of BRM in columns 5-6 are uniquely distinguishable from other BRM recipients.

In previous dockets, BRMAS has been examined in considerable detail with little discussion or apparent need to consider what I have described in my testimony as "non-automatable bulk BRM." The two have been and are separable, and it therefore stands to reason that issues pertinent to non-automatable bulk BRM are equally unrelated to BRMAS.

By way of further explanation, in my testimony, I categorized issues pertinent to BRMAS as being either *internal* or *external* to the Postal Service. A number of the BRMAS-related problems that are *internal* to the Postal Service were described in eloquent detail in Docket No. R94-1 by USPS witness Mallonee.⁵ Although some of the Postal Service's *internal* problems discussed there may be serious, ***not one pertains to the way non-automatable bulk BRM is handled.*** The same thing is true with respect to those problems that are *external* to the Postal Service, such as BRMAS low

⁴ In view of the very large differential in the BRM fee, if a large-volume recipient could qualify for BRMAS, it would make no sense to pay the higher fee and use weight averaging.

⁵ USPS-RT-6 (submitted but not admitted into evidence). Also see responses to NM/USPS-13, 14 and 16.

volumes⁶ or the inter-mixing of other mail with BRMAS and the need to recount the mail manually.⁷

Issues pertaining to BRM, including BRMAS, have suffered from the Postal Service's benign neglect for many years, despite repeated urging from the Commission to conduct an adequate study. It is not necessary to address any of the BRMAS-related problems in order to redress the existing undue discrimination against recipients of non-automatable bulk BRM, as each passing day without redress works to their continued economic disadvantage. There is no reason whatsoever to delay implementing a solution for the users of non-automatable bulk BRM until the Postal Service chooses to devote sufficient resources to study and develop modifications to the BRMAS program.

⁶ See responses to NM/USPS-17, 18 and 19.

⁷ See response to NM/USPS-15.

ADVANCE DEPOSIT ACCOUNT BUSINESS REPLY MAIL

	BRMAS: Fee = 2 cents		----- OTHER: Fee = 10 cents -----			
			Volume < Threshold For Weight Conversion		Volume > Threshold For Weight Conversion	
	(1)	(2)	(3)	(4)	(5)	(6)
Method used for Counting, rating & billing	BRMAS	Manual	BRMAS	Manual	Weight	Incoming
Average Unit Cost	< 1 cent > 10 cents		< 1 cent > 10 cents		< 1 cent < 1 cent	

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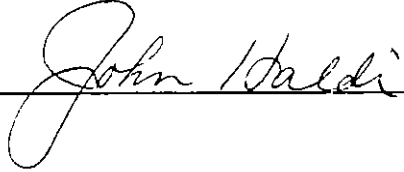
- (a) Please refer to Docket No. R90-1, Exhibit USPS-23C, page 2, and confirm that the record in that proceeding reflects witness Pham's finding that over 27 percent of the mail paying the non-BRMAS fee was actually being processed using BRMAS.
- (b) Please refer to Docket No. R94-1, USPS Library Reference G-136, page 18, as revised on July 13, 1994, and confirm that the record in that proceeding reflects witness McCartney's finding that nearly 26 percent of the mail paying the non-BRMAS fee was processed on BRMAS.

Response:

- (a) Confirmed.
- (b) Confirmed.

DECLARATION

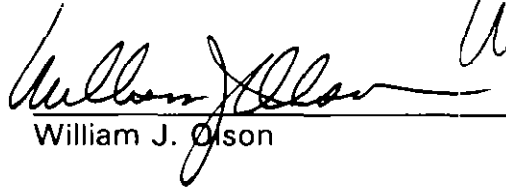
I, John Haldi, declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information and belief.



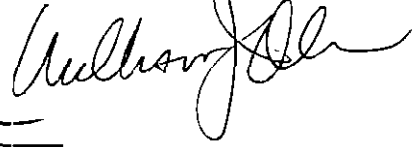
Dated: November 14, 1996

CERTIFICATE OF SERVICE

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



William J. Olson



November 14, 1996