

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS KINGSLEY TO INTERROGATORIES OF
THE MAJOR MAILERS ASSOCIATION
(MMA/USPS-T10-1-2)

The United States Postal Service hereby provides the responses of witness Kingsley to the following interrogatories of the Major Mailers Association:
MMA/USPS-T10-1-2, filed on February 9, 2000.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
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February 24, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF MAJOR MAILERS ASSOCIATION**

MMA/USPS-T10-1. On page 8 of your prepared testimony, you indicate that almost 71% of the total letter mail barcodes were provided by mailers in AP13 of FY99.

(a) Please provide the breakdown of that 71% among Standard Mail (A), First-Class Presorted, and First-Class Single Piece.

(b) Do you know what percent of the First-Class Single Piece prebarcoded letters were prebarcoded, automation compatible reply pieces that were sent to nonpresort mailers inside First-Class presorted envelopes?

(c) Are the Postal Service's barcoding capabilities at or near their peak operating capacity? If not, what additional percentage of total barcodes could the Postal Service provide before its existing systems and equipment reached capacity?

(d) By the beginning of the Test Year, how much money will the Postal Service have spent on the equipment that makes up the Remote Bar Coding System?

(e) During the Test Year, how much money will the Postal Service spend on implementing the Remote Bar Coding System?

Response:

a. There were 5.90 billion customer letter barcodes in AP 13 of FY 99. Out of the total, 2.51 billion were Standard Mail (A), 2.86 billion were First-Class Presorted (includes basic automation rate), and 532 million were First-Class Single Piece.

b. Almost all prebarcoded First-Class Single Piece letters fall in the automation compatible reply category. We do not collect data pertaining to how these reply pieces were originally provided (by class, shape, or other means).

c. Yes.

d. I am told the capital expenditures for the first three phases of RBCS program that included some DBCS equipment to provide needed capacity totaled

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approximately \$1.09 billion. Additional capital expenditures for the RCR technology totaled to approximately \$420 million. The total cost of all capital expenditures related to RBCS (w/ RCR) is expected to be approximately \$1.5 billion by FY 2001.

- e. I am told that there are no major capital expenditures planned for the implementation of RBCS during the Test Year.

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MMA/USPS-T10-2. Please refer to page 8 of your prepared testimony, where you state "customer incentives have produced substantial growth in prebarcoded letters."

(a) Please identify all the "customer incentives" that you are referring to, state when the incentive was first implemented, and provide all documents that quantify or discuss the extent to which such incentives have contributed to the growth in prebarcoded letters.

(b) Please identify any additional customer incentives that the Postal Service is considering implementing in order to generate additional growth in prebarcoded letters, state when you expect such customer incentives to be implemented, and provide all documents that quantify or discuss the extent to which the Postal Service expects such additional incentives will contribute to the growth in prebarcoded letters.

(c) Does the term "customer incentive," as you have used it in the referenced portion of your prepared testimony, include the Postal Service's requirement that First Class mailers who want to include reply envelopes in their outgoing automation letters must apply prebarcodes to such reply envelopes?

Response:

The customer incentives referred to in my testimony are the following:

- a. 1) On April 3, 1988, the first discount for barcoding letter size mail became effective. 2) The concept of allowing requests for value added refunds was intended to facilitate the efforts of business entities, such as presort service bureaus, who receive mail from multiple sources and then upgrade the mail by adding ZIP + 4 barcodes. By allowing the presenter of the mail to request a refund of the difference between the Presort First-Class Mail postage paid on the mail and any applicable barcoded mail rate, the Postal Service hoped to encourage these entities to make additional investment in barcoding equipment and software required to document the value added to the pieces in each mailing. Implementation of this procedure became effective August 6, 1990.
- 3) Implementation of discounts for basic and 3-digit optional rate for First-Class Mail and required Standard Mail (A) and Periodical letters rate became effective

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on February 3, 1991. 4) Reclassification, which eliminated the need to make small bundles, became effective in July, 1996. 5) Also, effective January 1, 1997, any courtesy enclosure must contain a barcode if automation rate is claimed on the mailing. Please reference OCA/USPS-35. I am unaware of any such documents, but I am informed that witnesses Thress (USPS-T-7) and Bernstein (USPS-T-41) include discussion in their testimony that may be relevant.

b. I am not aware of any additional customer incentives.

c. Yes.

DECLARATION

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

Linda A. Kingsley

Date: 2-24-2000

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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