

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 ASSOCIATION FOR POSTAL COMMERCE
(POSTCOM/USPS-T10-2-3)

The United States Postal Service hereby provides the responses of witness Kingsley to the following interrogatories of the Association for Postal Commerce: POSTCOM/USPS-T10-2-3, filed on February 23, 2000. It should be noted that POSTCOM/USPS-T10-3 contains subparts (a)-(c) and (e)-(h), but no subpart (d).

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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March 8, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE**

POSTCOM/USPS-T10-2 Please list and describe all of the factors that cause an automation flat to be less expensive for the Postal Service to handle than a similarly presorted non-automation flat.

(a) Individually for each factor, indicate whether the resulting savings are modeled in the flats mail processing cost model contained in LR-1-90.

(b) For each factor not modeled in LR-1-90, please describe in detail why it reduces Postal Service costs.

(c) For each factor not modeled in LR-1-90, please provide a copy of all studies and reports that discuss the benefits to the Postal Service of the factor.

Response:

Holding presortation constant, the automation related factors are:

1. The accept rate on the FSM 881 BCR/OCR is higher for an automation flat than a nonautomation flat.
2. Barcoded flats allow use of a lower-paid clerk in comparison with the clerk required for keying nonbarcoded flats on the FSM 1000 and nonbarcoded OCR rejects on the FSM 881.
3. Barcoded sack labels, which allow more efficient sack handling, are required for flat automation mailings in sacks.
4. Productivity is higher for barcoded flats than for nonbarcoded flats on the AFSM-100 since there are fewer read rejects that require encoding. Keying productivity on the FSM 881 and FSM 1000 is lower compared to OCR and BCR modes on these machines, and nonbarcoded flats are proportionately more likely to require keying than barcoded flats.
5. Address quality. See my answer to POSTCOM/USPS-T10-3 below.
6. Machinability.

a. Factors used in LR-1-90:

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1. Yes, I am told that different accept rates are used.
 2. No, I am told that the average rate is used.
 3. No, I am told that container handling is not deaveraged in the CRA benchmark that LR-I-90 ties to.
 4. Yes, I am told that different productivities are used.
 5. Yes, I am told that any differences in address quality, to the extent that they have an effect on costs, would be among the factors that cause automation and non-automation mail to have different accept rates with subsequent processing of rejects in operations with lower productivity.
 6. Yes, I am told that differences in machinability would be reflected in differing flow percentages within the flats model.
- b.
2. The reduction in wages paid per workhour is self evident.
 3. Reading barcoded sack labels with a BCR on a sack sorter should be more productive than keying.
- c. I am not aware of any such studies.

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POSTCOM/USPS-T10-3 Please confirm that there is a difference in address quality between automation flats and non-automation flats. If not confirmed, please provide your rationale.

- (a) Please describe why there is a difference in address quality between automation flats and non-automation flats.
- (b) Please confirm that better address quality stems directly from requirements imposed on automation mail.
- (c) Please confirm that ignoring the difference in address quality between automation flats and non-automation flats understates the cost difference between automation flats and non-automation flats.
- (e) Please provide copies of all postal Service studies and reports that quantify the difference in address quality between automation flats and non-automation flats.
- (f) Please describe why poor address quality increases Postal Service costs.
- (g) Please describe the mail flow of a flat mailed to the wrong address.
- (h) Please provide all Postal Service estimates of the cost of poor address quality.

RESPONSE:

I would assume yes, but have no data to support.

- (a) Automation rate flats must bear addresses that are sufficiently complete to allow matching to the current USPS ZIP+4 File and must be matched using current CASS-certified address matching software to obtain the correct numeric ZIP+4 code. These are not requirements for non-automation non-carrier route presort flats and this could result in some differences in address quality.

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- (b) I would assume so, but I have no data to support this. Non-automation rate mailers may also use in-house or purchased mailing lists that have good address quality.
- (c) I am not aware of any studies on this subject, therefore, I cannot confirm. However, I have also seen automated flats, all with the wrong +4, causing any incoming secondary processing to require keying instead of using the barcode. In any case, the impact of address quality differences, if any, is reflected in the flats model as discussed in my response to POSTCOM/USPS-T10-2 above.
- (d) The question omits subpart (d).
- (e) The Address Management System group, that would be most likely to have such information, does not have any such reports or studies.
- (f) Assuming the ZIP Code is correct, we may be unable to sort to the correct carrier, post office box, or to the correct recipient. If the mailpiece is then undeliverable as addressed, then, depending upon class, the disposition of the mailpiece incurs more costs if it must be returned to sender.
- (g) It depends on the nature of the addressing problem (i.e. incorrect name, incorrect street number, missing or incorrect directionals, incorrect apartment number, no apartment number, etc.). Often clerk or carrier knowledge of the address or addressee can correct missing or incorrect elements. For example, 100 Pine, without a suffix, could be St., Rd., or Ct., but all belong in the same development. The carrier(s) would then look at the addressee to determine which address the piece should be delivered to.

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- (h) I am not aware of any studies or estimates of the cost of poor address quality.

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: 3/8/00

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.

A handwritten signature in black ink, appearing to read "Susan M. Duchek", is written over a horizontal line.

Susan M. Duchek

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