

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 DIRECT MARKETING ASSOCIATION, INC.  
(DMA/USPS-T10-48-60)

The United States Postal Service hereby provides the responses of witness Kingsley to the following interrogatories of the Direct Marketing Association, Inc.: DMA/USPS-T10-48-60, filed on February 25, 2000.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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March 10, 2000

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**DMA/USPS-T10-48.** In your response to DMA/USPS-T10-4, you say "New software will be tested in March with contract award expected sometime after that." When do you anticipate contract award? When do you anticipate the start of implementing this new software? When will the implementation be complete?

**Response:**

I am told that the new MLOCR contract award is expected in June, 2000. I am also told that implementation of the new software will begin sometime after contract award. No specific dates are available. In this particular case, however, we don't know whether the new software will suffice or additional hardware or hardware modifications will be necessary. Software deployment generally takes approximately one month, however, in the case where additional hardware or modifications are necessary, a longer deployment time could be expected.

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**DMA/USPS-T10-49.** Please estimate the labor savings and the cost savings associated with the implementation of the new software cited in your response to DMA/USPS-T10-4.

**Response:**

I am told that since the DAR for the new MLOCR software is not completed, projected savings have not yet been calculated.

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**DMA/USPS-T10-50.** Please refer to your response to DMA/USPS-T10-6. What are the employees of the RECs who are not TEs? Please confirm that the ratio of non-TEs to TEs is estimated to increase according to your response. Please explain why.

**Response:**

The other Postal Service employees in the RECs are career keying positions, the installation heads, supervisors, industrial engineers, maintenance employees, and secretaries. It is my understanding that the ratio of non-TEs to TEs will increase slightly based on the 2001 estimates. This slight increase would be expected because the TEs are, by name, temporary employees and terminated as the amount of images to key decreases.

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**DMA/USPS-T10-51.** Please refer to your response to DMA/USPS-T10-8. If service standards for First-Class Mail were less stringent than they are now, but more stringent than those for Standard A Mail, could staffing be reduced?

**Response:**

Assuming a sufficient relaxation in FCM service standards to allow some FCM processing to be deferred, I would expect the primary effect of the hypothetical change to be modification of FCM processing schedules to reduce premium pay for night work and overtime, as per my response to DMA/USPS-T10-8.

Manual cases are staffed to:

1. Sort the mail pieces.
2. Provide the ancillary setup, takedown, and mail movement activities associated with scheme changes and dispatches.
3. Accommodate the uncertain volume and timing of mail arrival, much of it non-machinable or rejected from automated operations, that must be sorted and dispatched in a relatively short processing window.

Factors 1 and 2 are driven by mail volume and network requirements, respectively. A relaxation in service standards would have little, if any, effect on staffing related to factors 1 and 2. As I explained in my testimony (page 31), to satisfy the third factor, "Postal Service supervisors can move personnel from operation to operation as needed, but there is an unavoidable loss in productivity due to lost time in the move, using people with less skill, and difficulty in getting the timing just right given the less than predictable workload." A relaxation in service standards could potentially allow some reduction of staffing due to this factor.

However, since FCM would not be indefinitely deferrable in the hypothetical situation, staffing due to factor 3 could not be eliminated altogether. The extent to which a staffing reduction would be possible, net of any labor required to stage the deferred mail, is a matter of conjecture.

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**DMA/USPS-T10-52.** Please refer to your response to DMA/USPS-T10-16. Is there any anticipated schedule for when technical and procurement issues will be resolved? If so, please provide it.

**Response:**

Please see MPA/USPS-T10-4.

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**DMA/USPS-T10-53.** Please refer to your response to DMA/USPS-T10-24. Please provide an estimate of the work year and the cost savings from this shift.

**Response:**

For the Phase I buy of AFSM 100s, it was assumed that at least half of the savings would come from moving Incoming Secondary flats sorted manually to the AFSM 100. We are still assessing the savings associated with the second buy of AFSM 100s; they will be site-specific.

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**DMA/USPS-T10-54.** Please refer to your response to DMA/USPS-T10-26. Please provide an estimate of the work year and the cost savings from this increase in the percentage of barcoding on non-carrier route flats.

**Response:**

I am not aware of any analysis that has isolated the cost savings from the increase in the percentage of barcoding of non-carrier route flats, holding all other things constant, including new machine deployment and local management initiatives (e.g. increasing FSM utilization). For isolated cost savings due to barcoding in the Test Year, please refer to USPS-T25 Witness Yacobucci's testimony. The savings would vary depending on the presort level and whether the mail was FSM 881 or FSM 1000 compatible. AFSM equipment savings presented in LR-I-126 include savings for barcoded and non-barcoded (with OCR and video encoding results) volumes.



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**DMA/USPS-T10-55.** Please refer to your response to DMA/USPS-T10-36. In your response, you say, "If a site has too many sacks to dump, the savings are not there" as one of two explanations as to why not all "SPBS machines will have feed systems.

Please explain why "too many sacks" changes the economics of feed systems. How many sacks are "too many"? Please provide studies or analysis in support of this number.

Please provide an electronic spreadsheet showing how many sacks are dumped at the sites with feed systems and at those sites with feed systems under contract. Please provide another spreadsheet showing the number of sacks to be dumped at those sites where you have concluded feed systems would not be economic.

**Response:**

After gaining experience from the initial deployment of feed systems, it was discovered that the benefits of the feed system are reduced when manually dumping sacks compared to dumping other containers via mechanized unloaders.

Consequently, sacks result in smaller savings for the feed system compared to other containers (e.g. pallets). There is not a specific number of sacks that results in a feed system becoming non-economical for any and all locations. Sites were required to generate approximately 5,000 hours of annual savings for an economic

justification. For every hour spent manually dumping sacks into the SPBS, it was estimated that the feed system would generate approximately 143 hours of annual savings. For every hour spent dumping non-sacks into the SPBS, it was estimated that the feed system would generate approximately 572 hours of annual savings.

Sites with the appropriate combination of existing daily machine run time were able to justify a feed system based on the full economic requirements. Again, requirements were based on run time which is a byproduct of the site's SPBS

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productivity, so sack quantities by site were not collected and are not maintained in our site specific data systems.

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**DMA/USPS-T10-56.** Please refer to your response to DMA/USPS-T10-37. Please describe the status of USPS plans to improve existing equipment.

**Response:**

The SPBS hardware and software upgrade project is still under review by senior management. It is scheduled for presentation to and possible approval of the Board of Governor's in June of this year. Pending approval, modifications will occur between July 2000 and December 2001. The modifications will involve hardware and software upgrades that will accommodate potential barcode and optical character reader technology in the future, install on-demand label printers, add bin displays, improve scheme maintenance to a level comparable to our other equipment, and increase the management tools available to Postal supervisors. These modifications are not expected to impact SPBS throughput or productivity.

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**DMA/USPS-T10-57.** Please refer to your response to DMA/USPS-T10-37. When do you anticipate piloting the next generation of SPBS machines? Are these engineering designs, conceptual, or preconceptual designs for these machines?

**Response:**

Based on progress from the multiple vendors, it is possible that one or more prototypes could be in the field by the end of this calendar year. The designs are still conceptual in nature. The earliest projections estimate that deployments will take place sometime between 2003 and 2005 at the earliest.

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**DMA/USPS-T10-58.** Please refer to your response to DMA/USPS-T10-33. Is the rate-limiting factor in SPBS throughput the keying rate? If not, what is the rate-limiting factor? Please fully explain your answer and provide any studies, which support it.

**Response:**

Assuming enough mail is available for continuous SPBS processing, the machine throughput is typically limited by the keying operation. It should be understood, however, that this function requires tasks in addition to simply keying. Grabbing, orienting, and deciphering which sort code to key are also required. These tasks, along with keying, impact throughput in addition to other factors such as the number of keying consoles, the mix of mail (e.g. shape, presort, bundle machinability, piece machinability), and the ability to keep mail available for the keyers.

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**DMA/USPS-T10-59.** On page 14 of your testimony you say "In AP 13, FY 99, Processing and Distribution plants processed 48 percent of their incoming flat secondary volume using the BCR/OCR on flat sorters..." Please provide an estimate of this percentage for the Test Year.

**Response:**

The estimates for FY 2001 are not available at this time. We are currently assessing the addition of AFSM 100s to our plants and the subsequent relocation or disposal of existing FSM 881 equipment. These changes will impact the amount of incoming secondary volume that will be processed on the AFSM 100s and remaining FSM 881s.

We are also considering the addition of an OCR (and automatic feeder) to the FSM 1000. Deployment of this enhancement, assuming it is feasible and economically justified, has not yet been determined. (See MPA/USPS-T10-4) However, there is a chance that it could also impact the amount of incoming secondary flat volume processed using the BCR/OCR in FY 2001.

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**DMA/USPS-T10-60.** You go on to say "Keying operations on the flat sorter accounted for another 12 percent of their total incoming secondary flat volume." Please provide an estimate of this percentage for the Test Year.

**Response:**

See DMA/USPS-T10-59. Given we do not know the amount of incoming secondary volume sorted using BCR/OCR on the FSMs in the Test Year, we do not know the amount that needs to be keyed.

**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: 3-10-2000



**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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