

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 THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF
THE MAJOR MAILERS ASSOCIATION
(MMA/USPS-1)

The United States Postal Service hereby provides its response to the following interrogatory of the Major Mailers Association: MMA/USPS-1, filed on February 25, 2000.

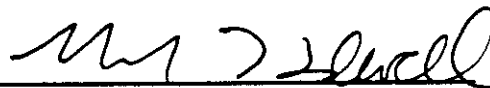
The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Michael T. Tidwell

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2998 Fax -5402
March 16, 2000

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES
FROM MAJOR MAILERS ASSOCIATION**

MMA/USPS-1 Please refer to the Executive Summary of the Address Deficiency Study which appears at the following Uniform Resource Locator:
<http://ribbs.usps.gov/files/uaa/uaasum.pdf>.

- (a) Please confirm that the referenced study was performed during 1998 by Pricewaterhouse Coopers for the Postal Service Office of Address Management. If you cannot confirm, please explain why not.
- (b) Please provide a copy of the complete Address Deficiency Study.
- (c) Please confirm that the term "Move Update" refers to Postal Service programs whose objective is to make sure that customers' address lists are kept up-to-date. If you cannot confirm, please explain.
- (d) Please confirm that "Move Update" programs include the following:
 - (1) National Change of Address (NCOA);
 - (2) FAST forward (MLOCR and MLC);
 - (3) Address Change Service (ACS); and
 - (4) Computerized Forwarding Systems (CFS).
- (e) Please state which of the Move Update programs listed in part (d) must be utilized by First-Class Automation mailers in order for them to remain eligible for discounted First Class rates?
- (f) Please confirm that the term "Address Quality" refers to Postal Service programs whose objective is to make sure that customers' addresses are of sufficient quality and accuracy to be read by automated equipment. If you cannot confirm, please explain.
- (g) Please confirm that "Address Quality" programs include the following:
 - (1) Delivery Sequence File (DSF);
 - (2) Address Element Correction (AEC);
 - (3) Coding Accuracy Support System (CASS);
 - (4) Multiline Accuracy Support system (MASS);
 - (5) Locatable Address Conversion System (LACS); and
 - (6) National Deliverability Index (NDI).
- (h) Please state which of those programs listed in part (g), must be utilized by First-Class Automation mailers in order for them to remain eligible for discounted First Class rates?

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES
FROM MAJOR MAILERS ASSOCIATION**

MMA/USPS-1 continued

- (i) Please confirm that in 1998, it cost the Postal Service an average of 28.56 cents to process Undeliverable-As-Addressed (UAA) mail? See page 6 of the Executive Summary of the Address Deficiency Study. If you cannot confirm, please explain.
- (j) Please confirm that in 1998, "Move Update" and "Address Quality" programs saved the Postal Service at least \$1.505 billion because of reduced forwarding and return services that had to be provided? See page 7 of the Executive Summary of the Address Deficiency Study. If you cannot confirm, please explain.
- (k) Please confirm the following quote from page 8-9 of the Executive Summary of the Address Deficiency Study.

In 1997, the USPS introduced the Move Update requirement. The purpose of this requirement was to encourage customers to use mailing list maintenance practices that would maximize the number of First Class mail pieces that are deliverable as addressed. The primary purpose is to maintain the focus on updating due to change-of-address. The Move Update requirement requires mailers to select from one of the following four methods to remain eligible for discounted First Class rates:

- National Change of Address (NCOA)
- Address Change Service (ACS)
- FASTforward
- Ancillary Service Endorsements

- (l) Please confirm that, according to the Executive Summary of the Address Deficiency Study (p. 14), in 1998, 5.392% of all mail would have required forwarding and/or return service, but as a direct result of the Move Update programs, i.e. mailers checking and correcting their mailing lists, only 2.73% of all mail required such service. If you cannot confirm, please explain.
- (m) What was the average clerk/mailhandler hourly wage rate in FY 1998, comparable to the Test Year average rate of \$28.24 as provided in LR-I-106?

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES
FROM MAJOR MAILERS ASSOCIATION**

RESPONSE to MMA/USPS-1:

The document which appears at the referenced website address is an electronic Summary of an Undeliverable-As-Addressed (UAA) Mail Study, not the Address Deficiency (AD) Study.

- (a) The UAA study was performed in 1999.
- (b) A copy of the AD study will be filed as USPS Library Reference I-192.
- (c) The Move Update is a UAA Mail program which exists to minimize the number of mail pieces that cannot be delivered to the person or business at the address indicated on the mail piece. In other words, the program goal is to maximize delivery to the initially identified addressee at the initially identified address.
- (d) Confirmed, except the product identified in (d)(4) is not a Move Update product. See response to part (e) below.
- (e) See Domestic Mail Manual E140.1.1d-f. Mailers must use NCOA, *FASTforward*, ACS, or another USPS-approved method; or the mail must bear an ancillary service endorsement under DMM F010.
- (f) Confirmed.


**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES
FROM MAJOR MAILERS ASSOCIATION**

Response to MMA/USPS-1 (continued)

- (g) Confirmed, with respect to all of these products, except MASS. It does not affect the quality of an address; it affects the quality and accuracy of a barcode applied to a mail piece. Bear in mind that the list provided in the question is not exhaustive.
- (h) See response to part (e).
- (i) Confirmed, that page 6 of the electronic Summary of the UAA Study includes such an estimate.
- (j) Confirmed, that page 7 of the electronic Summary of the UAA Study includes such an estimate.
- (k) The quote appears at pages 8-9 of the electronic Summary of the UAA Study.
- (l) Confirmed, that page 14 of the electronic Summary of the UAA Study includes such an estimate.
- (m) \$25.12.

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 cursive script, appearing to read "Michael T. Tidwell", written over a horizontal line.

Michael T. Tidwell

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