

DOCKET SECTION

**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 INTERROGATORIES OF KEYSpan ENERGY
REDIRECTED FROM WITNESS CAMPBELL
(KE/USPS-T29-2(e), 9(g), 10(d), 21(a-c) and 22(c))**

The United States Postal Service hereby provides its responses to the following interrogatories of KeySpan Energy: KE/USPS-T33-2(e), 9(g), 10(d), 21(a-c) and 22(c), filed on February 10, 2000. These interrogatories have been redirected from witness Campbell to the Postal Service for response.

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

Responses to KE/USPS-T29-3(b) and (c) are forthcoming.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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March 20, 2000

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF KEYPSAN
REDIRECTED FROM WITNESS CAMPBELL**

KE/USPS-T29-2

On page 8 of your prepared testimony, you show the flow of advanced deposit BRM through the incoming facility. On page 9 of your prepared testimony, you state, "[a]t facilities without BRMAS operations, QBRM is counted, rated and billed using a variety of methods, both manual and automated" and identify the two most commonly used counting methods: manual and end-of-run report counts.

. . .

- (e) What operational factors or other considerations determine whether the QBRM reply mail is processed by a BRMAS operation, other barcode sorter operation, or the manual operation?

RESPONSE:

The following factors are among those which affect whether BRMAS (or a variation thereof) is employed at a given facility: availability of bar code sorters and whether other mail processing operations have priority during critical processing windows; local commitment to upkeep of BRMAS (or similar) sort programs; whether bar code sorters necessary for BRMAS and postage due unit are located in same facility; whether there are accounts with sufficiently high volumes to motivate a facility to seek more efficient counting methods than manual counting; early customer pick-up times which encourage selection of accounting methods most likely to help postage due unit meet customer's needs; local discipline in capture of end-of-run bin counts; degree to which postage due unit finds EOR bin counts reliable; availability of counting machines.

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KE/USPS-T29-3

. . .

- (b) What factors determine whether the rating and billing function is performed manually or through the PERMIT system or other software? Of these factors, what is most important?**
- (c) What is the start-up cost for implementing the PERMIT system or other software at a Postal facility?**

RESPONSE:

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KE/USPS-T29-9

Please refer to Section B, p.2 of USPS LR-I-160, where you determine the Per-Piece Costs for QBRM (high volume).

. . .

- (g) Do field offices choose the method of counting QBRM pieces based on anticipated volume received by particular QBRM recipients? If they do not, please explain why not.**

RESPONSE: Many do. If one or more accounts receive sufficiently high volumes to provide an incentive to use BRMAS, or end-of-run (EOR) bin counts, or weight averaging, or counting machines, then these methods also might be employed on low-volume accounts. Some facilities with high-volume accounts may have available end-of-run bin counts, but find the EOR unreliable and end up relying on counting machines or manual counts, instead. Competition with other operations for bar code sorter utilization during early morning critical mail processing windows (such as delivery point sequencing) may drive an office to rely on manual counts or weight averaging, instead of BRMAS or EOR bin counts, irrespective of volumes. A lot also depends on whether the volumes for a particular high-volume account are steady. Some have constantly high daily volumes; other high-volume accounts fluctuating on a daily, intermittent or seasonal basis. Also, see response to KE/USPS-T29-2(e).

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KE/USPS-T29-10(d)

On page 16, footnote 5 of your testimony you note that "Field observations confirmed that manual distribution productivity has not changed significantly since 1989."

. . .

- (d) Has the Postal Service considered wider implementation of weighing techniques for QBRM pieces received in large quantities, in view of the newly implemented classification for nonletter-size BRM received in bulk? Please explain your answer.**

RESPONSE:

Weight averaging is an accounting method which was employed by some postage due units for Business Reply Mail accounting -- for letters and nonletter-size pieces -- long before the experiment which resulted in establishment of the new classification for weight-averaged nonletter-size BRM. When implemented in accordance with standards developed during the experiment, weight averaging is superior to the standard labor-intensive piece-by-piece weighing and rating method for nonletter-size BRM accounts. It appears to be the only practical alternative accounting method for nonletter-size BRM. Above a certain volume threshold, it is less expensive for high-volume nonletter-size BRM accounts.

Given the availability of BRMAS (and its offshoots) and reliable end-of-run bin counts at many locations, there are a variety of alternatives which are superior to manual rating and billing for QBRM letters. However, implementation and maintenance of the BRMAS system has not been as successful as it was earlier projected to be.

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Response to KE/USPS-T29-10(d) continued

Consequently, there is a lot of QBRM which, arguably, could be counted using automated mail processing equipment, but for a variety of reasons (see the responses to KE/USPS-T29-2(e) and 9(g)), is not.

If properly implemented for sufficiently high volume accounts, weight averaging can be a vastly superior accounting method, when compared to manual QBRM piece counts, where BRMAS or other efficient methods are not available. Weight averaging of QBRM would seem to be less complicated than it is for nonletter-size BRM, considering one would expect to find less weight variability in the mail pieces for a particular account. However, the Postal Service has not analyzed QBRM weight averaging to determine the accuracy or reliability of the various "home-grown" applications. There are no standard procedures in place. Nor has the Postal Service determined whether weight averaging of QBRM is being applied only in circumstances where other efficient methods are unavailable or only in circumstances where it is the best available option.

Given the variety of efficient alternatives to manual accounting of high-volume QBRM, it may not be appropriate to establish a "weight-averaged" category of QBRM. Establishment of such a category could serve to discourage the use of automation-based accounting methods in circumstances where they are otherwise available and superior.

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KE/USPS-21

In Docket No. R97-1, USPS witness Schenk noted that a new version of the BRMAS program was being contemplated by the Postal Service. See USPS-T-27, pages 7-8.

- (a) Has the new version of the BRMAS program been developed? If not, why was it stopped.**
- (b) If your answer to part (a) is yes, please describe how the new BRMAS program will improve upon the old program and provide all documents discussing the benefits of this new BRMAS program.**
- (c) If your answer to part (a) is yes, please provide the date on which the new BRMAS program was implemented or, if it has not yet been implemented, the Postal Service's plans for implementing the new version of the BRMAS program.**

RESPONSE:

- (a) No. It was being contemplated. Development never began and, therefore, did not stop.**
- (b) N/A.**
- (c) N/A.**

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KE/USPS-T29-22

In Docket No. R97-1, USPS witness Schenk noted that Prepaid Reply Mail (PRM) service would be advantageous for some high-volume BRMAS-qualified BRM recipients. If there is migration of BRMAS qualified volumes to PRM, the BRMAS coverage factor would change, which would affect the cost of BRMAS-qualified BRM." USPS-T-27, p.13).

. . .

- (c) Do you agree that a BRM recipient who received large volumes would be the type of Postal customer who would have taken advantage of the proposed PRM service, if it had been implemented, and who will take advantage of the new, 3-cent QBRM fee that the Postal Service proposes in this case. If you do not agree, please explain and provide all documents reviewed by you in connection with the formulation of your response to this interrogatory.

RESPONSE:

It was anticipated that some "large" volume BRM recipients would find PRM attractive. It is anticipated that some of the same "large" volume BRM (now QBRM) recipients will take advantage of the proposed 3-cent fee.

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 "Michael T. Tidwell", written over a horizontal line.

Michael T. Tidwell

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