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

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000–1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS CAMPBELL TO INTERROGATORIES OF RECORDING INDUSTRY ASSOCIATION OF AMERICA (RIAA/USPS–T29-1 THROUGH 4)

The United States Postal Service hereby provides the responses of witness Campbell to the following interrogatories of Recording Industry Association of America: RIAA/USPS–T29-1 (filed on March 9, 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 23, 2000

RESPONSE OF THE UNITED STATES POSTAL SERVICE
WITNESS CAMPBELL TO
INTERROGATORY OF RECORDING INDUSTRY ASSOCIATION
OF AMERICA

RIAA/USPS-T29-1.

Note 1 to LR-I-110 Table 5.2.2.2 discloses that ACS and non-ACS key stroke costs are derived on the assumption that ACS costs are twice as high as non-ACS costs because approximately twice as many key strokes "are required for keying Non-ACS information as for keying ACS information." Please confirm that the note ought to disclose that one half as many keystrokes are required for keying non-ACS information as for keying ACS information.

(a) If not confirmed, explain the logic of this assumption.

(b) If confirmed, provide any evidence that you have that the assumption is valid.

RESPONSE:

(a) Confirmed. The note contains an error. An erratum is forthcoming to correct the error.

(b) The assumption that Address Change Service (ACS) (*i.e.*, electronic notification) keystroke costs are twice as high as non-ACS (*i.e.*, manual notification) keystroke costs is based on the premise that doubling the number of keystrokes doubles the cost.

More specifically, non-ACS mail pieces require a clerk to key a seven-digit extract code and an endorsement code (three characters) into a computer terminal. The seven-digit code is composed of the first four letters of the recipient's last name plus the last three digits of the recipient's old address. The <ENTER> key is keyed twice – once after the extract code and once after the endorsement code. The preceding keystrokes result in a total of 12 keystrokes.

Response to RIAA/USPS-T29-1 (continued)

On the other hand, ACS (without nixie notification) requires a clerk to key a seven-digit extract code, an endorsement code (three characters), and a seven-digit participant code into a terminal. The <ENTER> key is keyed three times – once after the extraction code, once after the endorsement code, and once after the participant code. The total number of keystrokes is 20.

Based on the above keystroke analysis, the study assumed that ACS keystroke costs are approximately twice those of Non-ACS keystroke costs.

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RIAA/USPS-T29-2.

Please describe the methodology on which the "sample period" described in note 3 of Table 5.2.2 of LR-I-110 was constructed, and provide the data on which the calculation of ACS 2nd Generation/Nixie Hours/Piece was calculated.

RESPONSE:

The sampling methodology is discussed on page 5 of the study entitled "Volumes, Characteristics, and Costs of Processing Undeliverable-As-Addressed Mail." The study will be filed as USPS LR-I-82. The data on which the calculation of ACS 2nd Generation/Nixie Hours/Piece is based will be filed as USPS LR-I-245. The data consists of an Excel file containing the Daily Operation Analysis (Form 3925 report) for FY98. The requested calculation is made by dividing Cell U2 by Cell AR2.

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RIAA/USPS-T29-3.

Please provide the sources for all values that are not calculated in column D of Table 5.2.2.2 of LR-I-110.

RESPONSE:

The values in Column D are derived from other cells within Table 5.2.2.2 of LR-I-110. Each cell's formula can be seen when viewed in Excel. For convenience, I have presented each cell's formula below. Please see the attached spreadsheet for column and row headings.

H12 = (D12+F12)*B12

H13 = F13*B13

H17 = (D17+F17)*B17

H18 = F18*B18

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RIAA/USPS-T29-4.

If an Undeliverable As Addressed letter has an eleven digit zip code and is barcoded, could the costs reported at Library Reference-I-160 Section A page 3 of 3 at notes 5 and 6 be avoided?

(a) If your answer is in the affirmative, to what extent could such costs be avoided and what additional costs would be incurred?

RESPONSE:

No.

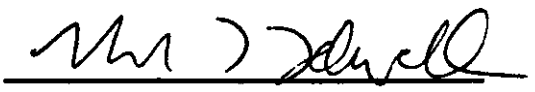
(a) Currently, Address Change Service does not employ bar code readers at the Computer Forwarding System (CFS) processing sites. Rather, CFS clerks manually key an extract code, indicia code, and mailer participant code into a computer terminal for each mail piece (see response to RIAA/USPS-T29-1).

Attachment to Response RIAA/USPS-T29-3

	A	B	C	D	E	F	G	H	I	J
1	Table 5.2.2.2									
2	Development of Keying Costs for ACS and Non-ACS Mailpieces, by Terminal Type									
3										
4		A		B		C		D		E
5		Volume (Thousands)		ACS Keystroke Cost (1)		Non-ACS Keystroke Cost (1)		Total Cost (Thousands)		Total Cost/Piece
6	Overall CFS Operations									
7	ACS Mailpieces	106,245	(2)							
8	Non-ACS Mailpieces	2,753,443	(3)							
9	Total	2,859,688	(4)							
10										
11	I. Mechanized Terminal									
12	ACS Mailpieces	90,387	(5)	$0.1154	(6)	$0.0577	(6)	$15,647		$0.1731
13	Non-ACS Mailpieces	2,283,248	(7)			$0.0577	(6)	$131,749		$0.0577
14	Subtotal	2,373,634	(8)					$147,395	(9)	$0.0621
15										
16	II. Non-Mechanized Terminal									
17	ACS Mailpieces	15,858	(10)	$0.4527	(11)	$0.2263	(11)	$10,768		$0.6790
18	Non-ACS Mailpieces	470,195	(12)			$0.2263	(11)	$106,422		$0.2263
19	Subtotal	486,054	(8)					$117,190	(13)	$0.2411
20										
21										
35	(1) It is estimated that the cost to key ACS information (Column B) is twice the cost to key Non-ACS information (Column C), within terminal type. This is based on the fact that twice as many keystrokes (approximately) are required for keying Non-ACS information as for keying ACS information.									
36	(2) Refer to National Annual 3925 Report: this is the difference of Total ACS Records Processed (Line 33) and ACS 2nd Generation/Nixie Volume (Line M32). This volume represents only those ACS records which produced electronic notices. Hence, this is an extremely conservative estimate.									
37	(3) This is the difference of Overall CFS Total Volume and Overall CFS ACS Volume.									
38	(4) Refer to section 4.0, Volume Profile, Table 4.3.2, "Disposition at CFS Units", Overall Total.									
39	(5) This is a portion of the Overall CFS Operations, ACS Volume. For factor development, refer to Table 5.2.2, Column F, Row II.D., Mechanized Terminal.									
40	(6) This cost was developed by solving the ACS and Non-ACS equations (product of: Column B and/or C with A) such that the sum of Column D, ACS Mailpieces and Non-ACS Mailpieces for the Mechanized Terminal is equal to Column D, Subtotal.									
41	(7) This is a portion of the Overall CFS Operations, Non-ACS Volume. For factor development, refer to Table 5.2.2, Column F, Row I.B. Non-ACS.									
42	(8) This is the sum of the ACS and Non-ACS Volume, within a given terminal type.									
43	(9) This is the sum of the ACS and Non-ACS Total Cost, for the Mechanized Terminal (the product of Column A, Subtotal, and Table 5.2.2, Column E, Row I.B.									
44	(10) This is a portion of the overall CFS Operations, ACS Volume. For factor development, refer to table 5.2.2, Column E, Row I.B.)									
45	(11) This cost was developed by solving the ACS and Non-ACS equations (product of: Column B and/or C with A) such that the sum of Column D, ACS Mailpieces and Non-ACS Mailpieces for the Non-Mechanized Terminal is equal to Column D, Subtotal.									
46	(12) This is a portion of the Overall CFS Operations, Non-ACS Volume. For factor development, refer to Table 5.2.2, Column F, Row I.B., ACS.									
47	(13) This is the sum of the ACS and Non-Acs Total Cost, for the Non-Mechanized Terminal (the product of Column A, Subtotal, and Table 5.2.2, Column E, Row I.C, Keying.)									

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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