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

| 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–T10–8-9)

The United States Postal Service hereby provides the responses of witness

Kingsley to the following interrogatories of the Association for Postal Commerce:

POSTCOM/USPS–T10-8-9, filed on March 15, 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 29, 2000

POSTCOM/USPS-T10-8

a) Please list and describe all of the factors that cause an automation letter to be less expensive for the Postal Service to handle than a similarly presorted non-automation letter.

(b) Individually for each factor listed in part (a), indicate whether the resulting savings are modeled in the mail processing cost model presented by witness Miller. If only a portion of the savings resulting from a particular factor are modeled by witness Miller, please explain which portion is modeled by witness Miller and which portion is not modeled by witness Miller.

(c) For each factor not modeled by witness Miller, please describe in detail why it reduces Postal Service costs. Please also quantify the savings that result from the factor.

(d) For each factor not modeled by witness Miller, please provide a copy of all studies and reports that discuss the benefits to the Postal Service of the factor.

(e) If the average wage rate for clerks that primarily handle automation letters is different than the average wage rate for clerks that primarily handle non-automation letters, please quantify the difference in average wage rate for handling automation letters and handling non-automation letters.

(f) If the container handling productivity is different for containers with automation letters and containers with non-automation letters, please provide productivities for handling containers with automation letters and containers with non-automation letters.

RESPONSE:

(a) Factors vary slightly between automation (barcoded) and non-automation letters as well as between letters and flats. We DPS letters, which requires a finer depth of sort, and we barcode letters for subsequent operations, which is currently not the case for flats. Similar to my response to PostCom/USPS-T10-2 related to flats, holding presortation constant, the automation related factors are:

1. The accept rate for barcoded letters on a BCS is higher than the OCR accept rate for non-barcoded letters.

2. Barcoded letters, whether barcoded by the customer, OCR, RCR or REC keyers, allow use of a lower-paid clerk in comparison with a manual clerk.

3. Barcoded tray labels are required for automation and automation –compatible rate mail, which allows for more efficient tray handlings at sites, particularly with TMS.

4. Productivities for BCS operations are higher than for manual operations and in some instances higher than for OCR operations.

5. Depth of sort for a handling is higher on a BCS than for an OCR (except the low cost OCR since it is essentially a DBCS with an OCR) or manual operations.

6. Address Quality. Please see response to PostCom/USPS-T10-3.

7. Machinability requirements of prebarcoded (automation rate) *and* automation-compatible letters are more stringent than for other letters.

(b)

1. Yes, equipment accept rates are taken into account in witness Miller's models.

2. No. It is my understanding that average mail processing wage rates are used with CRA proportional adjustment factors.

3. No. I am told the container handling is not part of the mailflow models. However, given the benchmark for automation letters is automation – compatible letters, which has the same labeling requirement, there would be no expected cost difference.

4. Yes, productivity differences are included.

5. Yes, depth of sort is reflected in the downflow densities.

6. Yes, I am told that any differences in address quality, to the extent they have an effect on cost, would be among the factors that cause automation and non-automation rate mail to have different accept rates and lower productivities. For example, a non-automation piece without all of the necessary information to barcode to delivery point is rejected by an OCR, unable to be resolved by RCR, is keyed by the REC and may end up with only a 5-digit result, and is then sorted to carrier manually would be reflected within witness Miller's models.

7. Yes, machinability is a characteristic of the benchmark mail as well.

(c) and (d) 2. Automation allows for Casual and PS-04 level clerks which have lower hourly wage rates than PS-05 and PS-06 for manual and manual scheme clerks. Please see TW/USPS-T10-1 for FY 99 average wage rates by level.

3. Barcoded tray labels should be more human–readable as well as eliminating the need for us to re-label non-barcoded trays inducted at TMS facilities. I know of no studies that discuss or quantify this value.

(e) Please see TW/USPS-T10-1 for FY 99 average wage rates by level. However, barcoded letters refers both to automation AND non-automation rate letters barcoded by customers, the OCR, RCR or the REC. The wage difference would come into play for only the portion of volume that is sorted manually. These volumes are estimated by witness Miller's models.

(f) I have no basis to consider that container handling productivity would vary between automation and non-automation letters since letters are required to all be presented in trays for presorted rates.

POSTCOM/USPS-T10-9

(a)   Please confirm that there is a difference in address quality between automation letters and non-automation letters. If not confirmed, please provide your rationale.

(b)   Please describe why there is a difference in address quality between automation letters and non-automation letters.

(c)   Please confirm that better address quality stems directly from requirements imposed on automation mail.

(d)   Please confirm that ignoring the difference in address quality between automation letters and non-automation letters understates the cost difference between automation letters and non-automation letters.

(e)   Please provide copies of all Postal Service studies and reports that quantify the difference in address quality between automation letters and non-automation letters.

(f)   Please describe all potential mail flows for a letter that is mailed to the wrong address. In particular, please describe the mail flows individually for the following types of address problems.

> (i)   Incorrect name
> (ii)   Incorrect street number
> (iii)   Missing or incorrect directionals
> (iv)   Incorrect apartment number
> (v)   No apartment number
> (vi)   Incorrect zip code (sic)

(g)   For each mail flow described in part (f), please describe all incremental Postal Service handling required because the letter was addressed incorrectly.

(h)   For each mail flow described in part (f), please quantify the unit cost to the Postal Service of the letter being addressed incorrectly.

(i)   If the mail flows and unit costs for flats that are addressed incorrectly are different than the mail flows and unit costs for letters that are addressed incorrectly, please provide the same information for flats as you provided in parts (f)-(h) of this interrogatory for letters.

RESPONSE:

(a) Please see response to PostCom/USPS-T10-3(a).

(b) Please see response to PostCom/USPS-T10-3(b).

(c) Please see response to PostCom/USPS-T10-3(c).

(d) Not confirmed. Please see PostCom/USPS-T10-8(b) and MMA/USPS-T24-14(b).
Address quality is reflected in the accept rate and productivites.

(e) Please see PostCom/USPS-T10-3(e).

(f) and (g)

(i) Incorrect name – if it is labeled as "or current resident" or there is no current
forwarding order on file, the piece would be delivered by the carrier, who may be
able to make a correction based on her knowledge of customers on the route. If
there is a forwarding order specifying all occupants, the mail piece will be handled
in accordance with the Ancillary Service Endorsement. See the Domestic Mail
Manual, sections 015 and F010, for details.

(ii) Incorrect street number – If it is valid but incorrect for the intended recipient,
the piece will generally be delivered to the incorrect address. However, the
carrier may be able to determine the correct address using information related to
customers on the route. If for example it looked like an 8 and should have been a
6 and it matches with the name, the carrier will make the correction either in the
office or on the street. If no such address exists, the piece will be handled in
accordance with the Ancillary Service Endorsement.

(iii) Missing or incorrect directionals - If the directional is missing, RBCS can
correct the situation in some instances. For example, if the address is 4310
Quebec Rd, the system is able to check with our national directory to see if the
only viable option is N. Quebec within that ZIP Code if a S. Quebec also exists
but not for that address range within the ZIP Code. Most of the time the
East/West or North/South directionals occur within different ZIP Codes.
Otherwise, If a manual clerk and carrier is familiar with the situation, and they
generally are, they will forward the piece to the correct address.

(iv) Incorrect apartment number – If it is a valid apartment number for the address
(just not for the intended recipient), it will be coded to the wrong ZIP+4 or delivery
point and the carrier may correct it at destination based on his knowledge of

customers on the route. If it is not a valid apartment number for the address according to our national directory, the OCR, RCR, and REC results will usually code to a building default and again will have to be corrected by the carrier at the destination. Suite numbers for an address with multiple firms, will have an opportunity to be correctly barcoded if the firm is in our national database.

(v) No apartment number - The piece will be coded to the building default and the carrier will have to correct. For addresses without a suite number, just as mentioned in (iv) above, if the firm is in our national directory we have an opportunity to code it to delivery point. Again, the carrier will have to sort at destination based on the name or knowledge of the route.

(vi) Incorrect ZIP Code – If the ZIP Code on the piece is not valid, the OCR, RCR and REC will next look to the city and state and address information to make a determination of the accurate ZIP Code. If the ZIP Code applied is valid (and is not a unique ZIP Code) yet does not match the city, state, and address, again, the system will provide a correction if a match is found. If the piece does not get corrected and gets to the wrong ZIP Code, the delivery unit will cross out the incorrect ZIP Code and return it to the plant.

(h) I do not know of any unit cost estimates for the examples in (f). In some instances there are no cost differences if a correction can be made based on information in our national directory.

(i) The mailflows are slightly different for flats when they are either not read by the OCR on the FSM 881 or AFSM since these are the only opportunities for flats to access the correction abilities afforded by information in the national database. The other difference, is that we do not barcode flats like we do for letters, nor do we currently DPS flats, so the absence of, or an incorrect apartment number would totally fall to the carrier at the destination. All of the other mailflows would essentially be the same.

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.

Lynda A. Kingsley

Date: _3-29-00_

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.

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