

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

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OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSES OF UNITED STATES POSTAL SERVICE  
WITNESS MILLER TO INTERROGATORIES OF DOUGLAS CARLSON  
(DFC/USPS-T24-1 THROUGH 7)

The United States Postal Service hereby provides the responses of witness Miller to the following interrogatories of Mr. Carlson: DFC/USPS-T24-1 through 7 (filed on March 23, 2000).

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
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April 6, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MILLER TO  
INTERROGATORIES OF DOUGLAS F. CARLSON**

**DFC/USPS-T24-1** Please refer to your testimony at page 14, lines 6-7. Please explain why stamped cards might be an appropriate benchmark for calculating card worksharing discounts.

**RESPONSE**

On page 14, lines 6-9 of my testimony, I state:

One might hypothesize that stamped cards would be an appropriate benchmark for calculating card worksharing discounts, but there are no cost data that separate the mail processing unit costs for stamped cards from those for postcards.

I have not personally studied the costs related to stamped cards and postcards. However, the key phrase in the referenced sentence is "might hypothesize." For First-Class presort cards, the closest parallel to the Bulk Metered Mail (BMM) letters benchmark that I could draw is stamped cards, to the extent that mailers enter them in bulk. Unfortunately, as I state in my testimony, stamped card data are not available. In addition, it is my understanding that even if it were possible to isolate this data using IOCS, it still might not be possible to use the results due to the relatively low volumes, and therefore tallies, associated with stamped cards. Finally, from a qualitative standpoint, it would be necessary to further investigate whether it would indeed be proper to use stamped cards as a benchmark for First-Class presort cards.

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**DFC/USPS-T24-2** Would you expect costs for stamped cards to be higher or lower than the costs for single-piece post cards that are not stamped cards? Please explain.

**RESPONSE:**

As stated in my response to DFC/USPS-T24-1, I have not personally studied the costs related to stamped cards and postcards. As a result, I have formed no expectations as to whether the mail processing unit costs for stamped cards would be higher, lower, or the same as the corresponding unit costs for single-piece postcards that are not stamped cards.

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**DFC/USPS-T24-3** Would you expect costs for stamped cards to be higher or lower than total costs for single-piece post cards (including stamped cards)? Please explain.

**RESPONSE:**

As stated in my response to DFC/USPS-T24-1 and DFC/USPS-T24-2, I have not personally studied the costs related to stamped cards and postcards. As a result, I have formed no expectations as to whether the mail processing unit costs for stamped cards would be higher, lower, or the same as the corresponding unit costs for all single-piece cards.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MILLER TO  
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**DFC/USPS-T24-4** Please discuss the difference between operation 884, incoming SCF, and operation 885, incoming primary. If possible, please select a P&DC and provide an example (not necessarily based on the facility's actual sort plans) that would explain the difference between these sort plans.

**RESPONSE:**

In general, the Postal Service MODS operation number convention is based on the last digit of the operation number as shown below:

- |   |  |
|---|--|
| 1 | Outgoing Primary                         |
| 2 | Outgoing Secondary                       |
| 3 | Incoming Managed Mail Program (MMP)      |
| 4 | Incoming Sectional Center Facility (SCF) |
| 5 | Incoming Primary                         |

However, variation exists in the field as to how operation numbers are used. This fact is especially true for the Multi-Line Optical Character Reader Input Sub System (MLOCR-ISS).

The MLOCR-ISS has either 44 bins or 60 bins. Prior to the deployment of the Remote Bar Code System (RBCS), the MLOCR-ISS was used to apply barcodes and sort mail. After RBCS implementation, the function of the MLOCR-ISS changed to some extent. It was also used to "lift images" for mail pieces (e.g., handwritten letters) that previously had been routed directly to Letter Sorting Machines (LSM). Since that time, the Advanced Facer Canceler System (AFCS) has also been retrofitted with image lift capabilities. These retrofits have reduced the burden on the MLOCR-ISS. As a result, the MLOCR-ISS is once again primarily used to barcode and sort "readable" mail.

Because of these processing changes and the fact that the MLOCR-ISS has fewer bins than other mail processing equipment, the operation numbers used in the field for MLOCR-ISS operations vary a great deal. In the 1999 Letter/Cards Density Study conducted last fall (see Appendix IV and Miller Workpaper I), the following MLOCR-ISS operation numbers were used by the participating plants:

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**RESPONSE to DFC/USPS-T24-4 (Continued)**

<u>Plant</u>	<u>Strata</u>	<u>Outgoing ISS Op. Nos.</u>	<u>Incoming ISS Op. Nos.</u>
1	Large	N/A	N/A
2	Medium	881	884
3	Large	881	884
4	Medium	881	884
5	Large	881	883
6	Medium	881	883,884
7	Large	881	884,885
8	Large	N/A	N/A
9	Large	881	883,884
10	Medium	881	883,884,885
11	Medium	881	885
12	Large	881	883,884,885
13	Large	881	884
14	Medium	881	883,884
15	Medium	881	883,884,885
16	Large	881	883
17	Small	881	884
18	Large	881	883
19	Large	881	883,884,885
20	Large	881	885
21	Medium	881	884
22	Large	881	884
23	Medium	881	883
24	Medium	881	885
25	Small	881	884
26	Large	881	883
27	Medium	881	884
28	Large	881,882	883,885
29	Small	881	884
30	Small	881	884
31	Large	881	885
32	Medium	881	884,885
33	Large	881	883,884
34	Small	881	883,884
35	Large	881	884
36	Small	881	883,884
37	Medium	881	884,885
38	Large	881,882	883,885
39	Large	881	884
40	Large	881	884

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**RESPONSE to DFC/USPS-T24-4 (Continued)**

As the data indicate, some variation exists as to which operation numbers are used, especially during incoming MLOCR-ISS operations. The majority of the plants use only one incoming MLOCR-ISS operation number. The specific number that is used, however, differs among plants. As a result, there is less of a processing distinction among the operation numbers used for MLOCR-ISS operations than there is for the operations performed on other equipment (e.g., Bar Code Sorter operations).

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**DFC/USPS-T24-5** Please provide the operation number used for programs to sort outgoing FIM mail.

**RESPONSE:**

The automation outgoing primary operation numbers (871 - Mail Processing Bar Code Sorter, and 891 - Delivery Bar Code Sorter) are predominantly used to process the barcoded FIM mail that is separated from the residual single-piece mail stream on the Advanced Facer Canceler System (AFCS). In completing the 1999 Letters/Cards Density Study, however, I did notice that some plants also isolate barcoded FIM mail to a lesser extent in the automation outgoing secondary operations (872 - MPBCS, 892 - DBCS).



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**DFC/USPS-T24-6** Does Postal Service headquarters request or require P&DC's to provide holdouts on their BCS machines for FIM mail destined to certain large-volume recipients? Please discuss and provide the number of such recipients, if available.

**RESPONSE:**

Yes. It is my understanding that plants are currently required to maintain 7 specific firm direct separations in their automation outgoing primary operations. This requirement, however, is undergoing review as some facilities do not receive large volumes of mail for those firms. For the remaining FIM, mail volume dictates what firm direct holdouts receive a dedicated bin on a given sort plan at a given plant.

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**DFC/USPS-T24-7** Please discuss the extent to which P&DC's use DBCS machines, rather than MPBCS machines, for outgoing FIM programs and outgoing secondary (872) programs.

**RESPONSE:**

The DBCS carries the vast majority of the workload for both the automation outgoing primary and the automation outgoing secondary operations. On page I-45 in Appendix I of my testimony, the AP 9 FY 1999 MODS data show that 96.21% of letters and cards were processed in automation outgoing primary operations using the DBCS. The same data show that 92.43% of letters and cards were processed in automation outgoing secondary operations using the DBCS.

**DECLARATION**

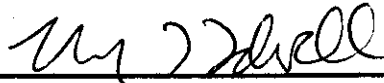
I, Michael W. Miller, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Michael W. Miller

Dated: 4/6/2000

**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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