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 MILLER TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE (OCA/USPS–T24-5 AND 6(a-d,f-h)

The United States Postal Service hereby provides the responses of witness Miller to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS–T24-5 and 6 (filed on March 23, 2000).

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

Interrogatory T24-6(e) has been redirected to the Postal Service for response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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April 6, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MILLER TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

**OCA/USPS-T24-5** Please refer to your testimony at page 20, lines 23-30. You describe how a mail piece with a nonstandard aspect ratio might not be culled by an AFCS. (Please consult witness Kingsley if necessary.)

(a) When you refer to a piece that may end up on its side rather than its long edge, are you referring to "square" pieces - i.e., pieces with an aspect ratio less than 1.3? If not please explain why a piece with an aspect ratio greater than 2.5 would be likely to end up on its side.

(b) Please confirm that perfectly square pieces (aspect ratio of 1.0) should be properly faced 50 percent of the time simply by chance. If you do not confirm, please explain.

(c) Please confirm that pieces with an aspect ratio between 1.0 and 1.3 should be properly faced more than 50 percent of the time - i.e., such pieces have less propensity to "tumble" than perfectly square pieces and therefore are more likely to be properly faced. If you do not confirm, please explain.

(d) Please describe the specific operations and pieces of equipment where a piece with an aspect ratio of less than 1.3 would be likely to "tumble."

(e) Please provide an estimate of the proportion of pieces with an aspect ratio less than 1.3 that are properly faced and canceled by AFCSes.

(f) Please provide an estimate of the proportion of pieces that are nonstandard solely because of an aspect ratio less than 1.3

**RESPONSE:**

(a) The comments made on page 20, lines 23-30 of my testimony refer to mail pieces that have aspect ratios of 1 (i.e., are square shaped), or mail pieces that have aspect ratios close to 1 (i.e., are nearly square shaped).

(b) Not confirmed. Cancellation operations are not performed in a controlled laboratory environment. Mail pieces processed through the AFCS are affected by the mail pieces next to them as well as their own mail piece characteristics. I would have no basis for hypothesizing that a specific mail piece would tumble 50 percent of the

**RESPONSE to OCA/USPS-T24-5 (Continued)**

time. In addition, the question relates this probability to "facing." For a mail piece to be properly faced, it must pass through multiple systems on the AFCS, all of which would, I assume, have separate probabilities associated with their ability to successfully process a mail piece. I have not conducted any studies that would attempt to address aspect ratios and how they might, or might not, "tumble" on postal mail processing equipment.

(c) Not confirmed. See my response to (b).

(d) Aspect ratios could become problematic in any operation performed on mail processing equipment that is used to process letters and cards. However, as I stated in my response to (b), I have not conducted any studies that would attempt to address aspect ratios and how they might, or might not, cause "tumbling" on postal mail processing equipment.

(e) (f) To the best of my knowledge, these data do not exist. In addition, these data would be very difficult to obtain in a "real world" environment due to the fact that the volume of nonstandard letters is quite small and nonstandard letters are mixed with other letters as they move through the postal mail processing network.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MILLER TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

**OCA/USPS-T24-6** Please refer to Attachment USPS-T24B. (Please consult witnesses Kingsley or Pafford if necessary.)

(a) Please describe precisely how the nonstandard volumes by shape of First Class single piece mail are estimated.

(b) Is a First Class piece that is nonstandard solely because its aspect ratio is less than 1.3 just as likely to be counted as other nonstandard pieces? Please explain how equal likelihood is ensured.

(c) Are nonstandard First Class pieces identified by RPW solely on the basis of the postage they pay? By measurement? How are they identified?

(d) Do the proportions of nonstandard First Class pieces by shape found in AFCS reject bins match the RPW proportions of nonstandard pieces by shape? Please explain the basis for your response.

(e) Please explain how the estimates of under and over payment of postage provided in response to interrogatory OCA/USPS-69 are made.

(f) Please provide a version of your Appendix I, pages 34-35, that reflects the actual proportions of and down flow densities for nonstandard (i) First Class letter-shaped pieces that enter automation mail flows from the AFCS and (ii) First Class letter-shaped pieces with an aspect ratio less than 1.3 that enter automation mail flows from the AFCS. If you cannot provide a complete response to this request, please provide all input data you can and state whether the estimates of nonstandard letter-shaped First Class unit cost would increase or decrease if full data were available.

(g) Please explain why the cost difference between CRA SP flats and letters is a reasonable proxy for the additional costs of nonstandard First Class flats and parcels. Please provide a version of Part B of Attachment USPS-T-24B that uses the unit costs from LR-I-91.

(h) Please provide a version of Part B of Attachment USPS-T-24B that uses the unit costs from LR-I-91 and reflects the actual proportions of and down flow densities for pieces that enter automation or mechanization. If you cannot provide a complete response to this request, please provide all input data you can and state whether the estimate of nonstandard First Class unit cost would increase or decrease if full data were available.

**RESPONSE:**

(a)(b)(c) The nonstandard letter single-piece mail volumes shown in Attachment USPS-T-24B are RPW volumes that have been disaggregated by shape (letters, flats,

**RESPONSE to OCA/USPS-T24-6 (Continued)**

and parcels). The total volume tracks to the number found in the First-Class Billing Determinants (USPS LR-I-125). My understanding is that it is possible to disaggregate this data because the RPW data collectors are asked to record both: (1) mail piece shape (USPS LR-I-37, page 3-71), and (2) whether that mail piece is a "nonstandard" mail piece (USPS LR-I-37, page 3-74). On this latter point, the Data Collector's User's Guide (USPS LR-I-37, page 3-74) instructs data collectors as to what constitutes a nonstandard mail piece. I would assume that a nonstandard mail piece with an aspect ratio that is less than 1.3 is as likely to be sampled as any other nonstandard letter given the fact that the RPW system is a sampling system.

(d) I am not aware of any special studies that have been conducted in AFCS operations in an attempt to validate the RPW estimates.

(e) Redirected to the Postal Service.

(f) Density information has not been collected and compiled which is specific to nonstandard single-piece letters (or subsets thereof). It is doubtful that such an undertaking would be feasible given the relatively small volume of nonstandard letters and the fact that nonstandard letters are mixed with other single-piece letters when they are processed through the postal network. Since I have not collected this information, I have no basis for hypothesizing how the cost estimates would be affected.

(g) As stated in my testimony (page 22, lines 15-17), "it may be difficult to precisely estimate CRA mail processing unit costs by both ounce increment and shape for low volume categories such as nonstandard First-Class Mail pieces." As a result, I use the mail processing cost difference between an average single-piece flat and an average single-piece letter as a proxy for the cost difference between an average single-piece parcel and an average single-piece letter. I use this approach in order to be conservative. As requested, however, I have revised USPS-T-24B to include the cost difference between an average single-piece parcel and an average single-piece letter (see Attachment).

(h) Given my response to (f), I assume that the attachment associated with my response to (g) sufficiently answers this request.

# ATTACHMENT USPS-T-24B (REVISED 2/22/2000)
## FIRST-CLASS NONSTANDARD SURCHARGE COSTS



### A. INPUTS

#### 1. AVERAGE TEST YEAR MAIL PROCESSING UNIT COSTS (CRA)

| Shape | First-Class Single Piece (Cents) | First-Class Presort (Cents) |
|---|---|---|
| Letters | 12.296 | 4.717 |
| Flats | 38.105 | |
| Parcels | 76.324 | |

#### 2. VOLUMES BY SHAPE

| Shape | First-Class Single Piece FY 98 Volume | First-Class Single Piece FY 98 Percent | First-Class Presort FY 98 Volume | First-Class Presort FY 98 Percent |
|---|---|---|---|---|
| Letters | 64,552,853 | 17.41% | 10,559,356 | 14.27% |
| Flats | 287,299,988 | 77.47% | 61,873,570 | 83.59% |
| Parcels | 18,994,784 | 5.12% | 1,583,073 | 2.14% |
| | 370,847,625 | 100.00% | 74,016,000 | 100.00% |

#### 3. MANUAL LETTER MAIL PROCESSING UNIT COSTS (MODELS)

| Shape | First-Class Single Piece (Cents) | First-Class Presort (Cents) |
|---|---|---|
| Letters | 23.941 | 9.675 |

### B. RESULTS

| Formula: | First-Class Single Piece (Cents) | % Total Cost |
|---|---|---|
| (Manual Model SP Letters - CRA SP Letters) * (% SP Letters) | 2.027 | 8.01% |
| + (CRA SP Flats - CRA SP Letters) * (% SP Flats) | 19.995 | 79.03% |
| + (CRA SP Parcels - CRA SP Letters) * (% SP Parcels) | 3.280 | 12.96% |
| **Additional Nonstandard Single Piece Letter Costs** | **25.301** | 100.00% |

| Formula: | First-Class Presort (Cents) | % Total Cost |
|---|---|---|
| (Manual Model Prst Letters - CRA Prst Letters) * (% Prst Letters) | 0.707 | 7.44% |
| + (CRA SP Flats - CRA SP Letters) * (CRA Prst Letters / CRA SP Letters) * (% Prst Flats) | 8.277 | 87.04% |
| + (CRA SP Parcels - CRA SP Letters) * (CRA Prst Letters / CRA SP Letters) * (% Prst Parcels | 0.525 | 5.52% |
| **Additional Nonstandard Presort Letter Costs** | **9.509** | 100.00% |

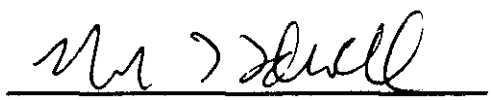
## DECLARATION

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.

Dated: 4/16/2008

## 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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