

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

RECEIVED

APR 17 5 05 PM '00

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

REVISED RESPONSES OF UNITED STATES POSTAL SERVICE
WITNESS CAMPBELL
TO INTERROGATORIES OF KEYSpan ENERGY
(KE/USPS-T29-16(f) AND 49(a&b)) (ERRATUM)

The United States Postal Service hereby provides the revised responses of witness Campbell to the following interrogatories of KeySpan Energy: KE/USPS-T29-16(f) and T29-49(a&b).

The response to T29-16(f) is revised to conform to the April 3, 2000, response to KE/USPS-T29-40 and the errata to USPS LR I-160, Section L, page 12, filed today.

The response to T29-49 is revised to correct the inadvertent omission of the two attachments to the answer to subparts (a&b), when the original answer was filed on April 14, 2000.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Michael T. Tidwell

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2998 Fax -5402
April 17, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CAMPBELL
TO INTERROGATORY OF KEYSpan ENERGY**

KE/USPS-T29-16.

Please refer to LR-I-160, Section L, p. 2 and Docket No. R97-1, Exhibit USPS-T-23D, where you estimate unit costs for processing handwritten-addressed letters through the outgoing RBCS operation.

- (a) Please confirm that your cost models indicate that it costs an average of 3.626 cents to process a handwritten letter in the outgoing RBCS operation in Docket No. R97-1, but will cost only 2.567 cents in the test year in the current proceeding? If you cannot confirm, please provide the correct cost figures and explain the derivation of those unit costs.
- (b) Please explain why, in spite of an 11% increase in the wage rate (from \$25.45 to \$28.24), the unit labor cost through the RBCS operation for handwritten letters decreased by 29% (from 3.626 to 2.567 cents). If you cannot confirm the unit costs in part (a), please answer this question using the new figures you provide in response to part (a).
- (c) Why did the number of handwritten letters processed through the REC decrease from 9,606 in Docket No. R97-1 to 3,213 in this case. Please support your answer.
- (d) When handwritten letters are sent through the outgoing RBCS operations, will they always be given an 11-digit barcode? Please explain your answer.
- (e) Why are there no handwritten letters sent to the incoming RBCS operations, as shown in USPS LR-I-160, Section L, p. 2?
- (f) Please provide the derivation of the RCR unit cost of .486 cents.

RESPONSE:

- (a) Confirmed.
- (b) The answer to this question is two-fold. First, as stated on page 40 of my testimony, "[i]mprovements in RBCS character recognition have lowered the cost associated with handwritten single-piece processing."

RCR software finalization rates have improved from an average 31.6

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CAMPBELL
TO INTERROGATORY OF KEYSpan ENERGY**

Response to KE/USPS-T29-16 (continued)

percent in 1998 to an estimated 69 percent in test year 2001 (see Docket No. R2000-1, USPS LR-I-164). With more mail pieces being resolved by RCR software, fewer mail piece images are forwarded to labor-intensive (i.e., costly) RECs for finalization.

Second, in Docket No. R97-1, only 92.59 percent of handwritten mail pieces had access to RBCS in the test year (i.e., FY98). This means that a significant amount of handwritten mail pieces were processed in a labor-intensive (i.e., costly) manual operation. In the current test year (i.e., FY2001), 100 percent of handwritten mail pieces have access to RBCS processing.

Through a combination of RCR finalization rate improvements and increased access to RBCS processing, both RBCS and outgoing primary unit costs have declined for handwritten mail pieces.

- (c) See my response to KE/USPS-T29-16 (b).
- (d) As stated in Docket No. R97-1, USPS-T-23, page 9, "some handwritten mail may not obtain a complete 11-digit barcode through RBCS." The primary reason for not obtaining an 11-digit barcode is an incomplete or incorrect address that cannot be resolved at the REC.
- (e) In general, mail pieces that go through the outgoing RBCS operation do not go through an incoming RBCS operation.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CAMPBELL
TO INTERROGATORY OF KEYSpan ENERGY

Response to KE/USPS-T29-16 (continued)

(f) TY 2001 RCR Cost from USPS LR-I-77 * 100

FY 98 RCR Volume from Corporate Information System

= (\$109,317,075) / (22,500,709,679 pieces) * 100 = 0.486 cents / piece

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS CAMPBELL TO
INTERROGATORY OF KEYSpan ENERGY**

KE/USPS-T29-49.

Using the database and search capabilities available through the PERMIT system, please provide for the base year and the most recent twelve month period for which data are available, a list of the 75 QBRM recipients who received the highest total volumes during such periods. For each high volume QBRM recipient identified as such from the PERMIT system, please provide, in tabular form, the following information from PERMIT data if available or other sources if PERMIT data does not include the requested information:

- (a) the location of the postal facility where such QBRM recipient receives its reply mail;
- (b) the total volumes of QBRM received during the relevant twelve month period;
- (c) how many different addresses the QBRM recipient maintains for QBRM at such postal facility;
- (d) if a listed QBRM recipient maintains more than one QBRM address at that facility, the volumes of QBRM delivered to each of the other addresses during the relevant periods;
- (e) whether the address printed on each of the QBRM recipient's reply piece is a post office box or a physical street address;
- (f) for recipients whose reply mail pieces are addressed to post office boxes, whether the QBRM recipient's reply mail pieces are picked up by the recipient or its designated representatives from the post office box or through firm holdout procedures, or whether postal service personnel routinely deliver the recipient's QBRM volumes to the recipients place of business;
- (g) the method customarily used to sort such recipient's QBRM to the recipient and the processing step (e.g. incoming primary, incoming secondary) and the location where the final sort to that recipient occurs (e.g. at another postal facility, outside the postage due unit in the destination facility, or within the postage due unit in the destination facility; and
- (h) if the QBRM recipient received BRM at such facility in 1989, please furnish the information requested in part (g) for 1989.

Revised 4-17-00

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS CAMPBELL TO
INTERROGATORY OF KEYSpan ENERGY**

KE/USPS-T29-49 (continued)

Please note that you are not being requested to identify individual QBRM recipients. If the annual volume received by any of the high volume QBRM recipients you identify is less than 113,333 pieces, please so indicate and do not furnish the information requested in parts (a), (c)-(h).

RESPONSE:

(a), (b) Attachment 1 to this response provides a list of the 75 QBRM accounts identified by PERMIT that received the highest QBRM volumes during the first three quarters of FY98. The fourth quarter of data could not be located. Locations and customer names have been masked due to the sensitive nature of these data.

Attachment 2 provides the same listing described above for the period FY99, AP6 through FY00, AP6. Again, the locations and customer names have been masked.

(c) I am unable to provide the number of different addresses that each QBRM recipient maintains at each postal facility. While many QBRM recipients have multiple addresses at one postal facility, the account names entered into the PERMIT system do not necessarily reflect the same account holder name. For example, Company ABC may have three addresses, or PO box numbers, at Post Office A. The three records entered into the PERMIT system may have completely different names, somewhat similar names, or exactly the same name. This situation makes

Revised 4-17-00

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS CAMPBELL TO
INTERROGATORY OF KEYSpan ENERGY**

Response to KE/USPS-T29-49 (continued)

the request in KE/USPS-T29-49 (c) virtually impossible to achieve without calling each QBRM site for this information.

(d) I am unable to provide the requested volumes for the reason described above in part (c).

(e)-(g) None of the data requested in these subparts is available within the PERMIT system or any other Postal data base. In an effort to collect these data, individual postal facilities were telephoned over a four-day period. It was soon determined that telephoning individual sites was inefficient and produced little usable data. The only efficient data collection method, given the complexity and scope of the data request, is a multi-faceted survey, which is not feasible at this time. Such a survey would require instruction and completion by personnel at Post Offices and supporting mail processing facilities for each customer identified in Attachments 1 and 2. Among those who would need to be surveyed are mail processing supervisors and clerks, postage due clerks at mail processing facilities and post offices, and delivery personnel. In addition, USPS Labor Relations specialists would have to review the survey prior to its release to field personnel for completion. The time period required for such an undertaking would be four weeks at a minimum.

Revised 4-17-00

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS CAMPBELL TO
INTERROGATORY OF KEYSpan ENERGY**

Response to KE/USPS-T29-49 (continued)

(h) Mail processing data from 1989 do not exist for the QBRM recipients identified in Attachments 1 and 2.

Revised 4-17-00

ATTACHMENT 1
 RESPONSE TO KE/USPS-T29-49

**QBRM ACCOUNT VOLUMES
 FY98, AP 1 THROUGH AP 9**

<u>Customer</u>	<u>Post Office</u>	<u>Volume</u>	<u>Customer</u>	<u>Post Office</u>	<u>Volume</u>
2	17	30,017,809	59	51	862,047
86	41	7,251,231	29	14	852,210
82	6	6,674,895	51	22	851,699
81	16	4,305,637	79	20	817,946
44	33	2,994,183	4	28	806,195
39	8	2,580,042	95	26	789,740
84	47	2,470,227	88	26	778,945
41	34	2,413,831	96	61	777,128
40	6	2,157,394	80	45	769,122
69	52	1,945,275	24	11	751,937
20	5	1,941,532	47	60	724,759
25	29	1,834,995	43	12	711,030
70	56	1,810,222	44	33	705,870
56	48	1,783,235	42	30	705,572
10	3	1,694,727	97	61	686,405
32	48	1,610,662	58	14	683,991
89	39	1,558,081	84	47	677,667
56	48	1,536,347	80	45	646,818
61	29	1,513,569	5	36	642,118
36	30	1,497,632	3	55	631,235
11	52	1,469,422	73	14	623,882
19	38	1,455,281	60	40	617,668
64	41	1,452,746	23	46	615,110
92	54	1,331,355	33	38	604,402
8	39	1,310,102	18	47	588,636
65	59	1,198,777	72	1	585,158
67	12	1,059,147	26	49	584,138
21	50	1,030,128	62	34	576,915
75	34	992,383	34	58	575,649
37	48	984,078	34	58	572,850
85	50	964,186	87	57	571,951
12	29	954,771	51	22	567,681
93	61	911,785	16	33	558,315
67	12	897,522	22	50	540,274
55	53	874,193	17	48	528,557
94	48	869,668	45	45	519,214
68	41	863,713	15	3	514,848
31	48	862,434			

Revised 4-17-00

ATTACHMENT 2
 RESPONSE TO KE/USPS-T29-49

**QBRM ACCOUNT VOLUMES
 FY99 (AP6) THROUGH FY2000 (AP6)**

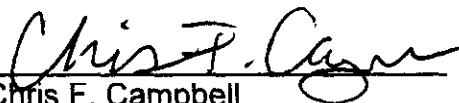
<u>Customer</u>	<u>Post Office</u>	<u>Acct volume</u>
2	17	38,382,839
82	6	9,433,164
86	41	8,310,062
49	21	6,936,441
9	23	4,226,212
66	42	4,138,339
39	8	3,718,409
81	16	3,644,859
78	35	3,527,732
57	15	3,507,447
86	41	3,204,907
84	47	2,953,486
64	41	2,812,312
7	17	2,712,699
41	34	2,710,945
40	6	2,634,921
10	3	2,468,908
77	35	2,400,709
14	7	2,136,743
72	1	2,109,074
37	48	2,074,582
54	27	2,061,932
37	48	2,041,846
44	33	2,031,984
9	23	1,948,174
67	12	1,944,311
89	39	1,868,356
19	38	1,860,129
63	24	1,818,455
44	33	1,808,286
38	13	1,774,401
45	45	1,672,203
50	18	1,509,851
32	48	1,503,213
4	28	1,497,313
41	34	1,487,567
79	20	1,484,742
24	11	1,467,578

<u>Customer</u>	<u>Post Office</u>	<u>Acct volume</u>
60	40	1,327,965
6	48	1,297,976
46	17	1,268,330
33	38	1,231,997
67	12	1,223,703
13	2	1,216,770
28	23	1,200,441
15	3	1,199,208
12	29	1,184,575
80	45	1,178,905
5	36	1,163,613
25	29	1,161,241
27	15	1,147,115
20	5	1,127,114
1	45	1,107,286
74	44	1,100,260
67	41	1,093,074
8	39	1,067,593
76	35	1,046,671
51	22	1,003,337
68	41	1,002,077
35	25	986,135
83	32	969,750
53	31	964,959
36	30	948,133
30	4	940,355
23	46	930,710
48	19	921,137
71	10	920,323
52	42	912,083
90	9	908,877
61	29	905,657
91	37	901,387
42	30	888,185
88	26	881,182
73	14	875,224
39	8	874,379

Revised 4-17-00

DECLARATION

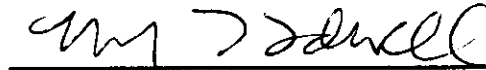
I, Chris F. Campbell, declare under penalty of perjury that the foregoing answers are true to the best of my knowledge, information and belief.


Chris F. Campbell

Dated: 4-17-00

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.



Michael T. Tidwell

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2998 Fax -5402
April 17, 2000