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

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-T29-27(d,e) AND 49(a,b) (ERRATUM) AND RESPONSE TO KE/USPS-T29-51(i)

The United States Postal Service hereby provides revised responses of witness Campbell to the following interrogatories of KeySpan Energy: KE/USPS-T29-27(d,e) and T29-49(a,b). The Postal Service also hereby provides the response of witness Campbell to KE/USPS-T29-51(i).

The revisions to the responses to T29-27(d,e) are being made to provide supplemental references which, without changing the substance of the original response, clear up any ambiguity in the original responses. These revised responses supersede the responses filed on March 31, 2000. No other subparts of T29-27 are affected. The response to T29-49 is revised to provide supplemental information compiled by witness Campbell in response to subparts (a,b). No other subparts of T29-49 are affected. This revised responses to T29-49(a,b) supersede the responses filed on April 17, 2000. The response to KE/USPS-T29-51(i) being filed today is a late response. Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Michael T. Tidwell

April 24, 2000

REVISED RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CAMPBELL TO INTERROGATORY OF KEYSPAN ENERGY (April 24, 2000)

KE/USPS-T29-27.

Please refer to your responses to KE/USPS-T29-6, parts (b) and (c). In your response to part (b) you state that 41.6 percent of QBRM pieces receive a manual sortation to the final customer. Yet, if these pieces were mailed postage pre-paid, you "assume" these same pieces "would reflect mail processing characteristics of a First-Class Automation Basic mail piece".

(a) Please confirm that, as shown in USPS-T-24, Appendix I, page 24, for an average First-Class Automation Basic mail piece about 90% of the piece handlings are processed on automated equipment in the incoming secondary, at an average unit cost of 2.11 cents per piece.

(b) Please confirm that you assume that, if these pieces are sent postage prepaid, the average incoming secondary sort costs 2.11 cents per piece, but if they are sent BRM, you assume that the incoming secondary sort costs 4.32 cents per piece. If you cannot confirm, please explain why not and provide the correct unit costs and citations to appropriate portions of the record where the correct unit cost figures are derived.

(c) Assuming that you confirm part (b), can you explain why you assume that the Postal Service would not process QBRM reply letters received by individual recipients in high volumes in the most efficient manner possible -by processing these letters along with other regular First-Class automation- compatible barcoded letters in order to sort down to the customer level, thereby saving more than 2 cents per piece? In your response, please be sure to refer only to QBRM received by individual customers in high volumes.

(d) Why would the Postal Service adopt strict procedures for requiring QBRM to be prebarcoded, but then choose to sort 41.6% of those pieces using manual methods that are more than twice as costly as available automated, methods?

(e) Why would the Postal Service adopt strict procedures for requiring QBRM to be prebarcoded, but then choose to count 66.5% of those pieces using manual methods that are more than twice the cost of available automated methods?

(f) What is the productivity in pieces per hour (PPH) and unit cost to count (not sort) QBRM reply pieces manually for letters received by individual recipients in high volumes?

REVISED RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CAMPBELL TO INTERROGATORY OF KEYSPAN ENERGY (April 24, 2000)

KE/USPS-T29-27 (continued)

(g) What is the productivity in pieces per hour (PPH) and unit cost to count (not sort) QBRM pieces manually for letters received by individual customers in low volumes?

RESPONSE:

(a) Confirmed.

(b) Confirmed. For purposes of this response, I assume that "postage prepaid" as used throughout KE/USPS-T29-27 is the same as "postage prepaid with stamps applied."

(c) My observations have confirmed that BRM processing sites do not necessarily use the least costly method to process QBRM pieces received in high volumes.

(d) The barcoding requirement permits the Postal Service to maximize the use of automation to process QBRM. Without the barcode and other required features of QBRM, such mail would not qualify for the QBRM postage rate. In some cases, however, it makes more operational sense to sort BRM to the **customer account** using manual methods. Many of the 41.6% of BRM pieces that you refer to are sorted on automation to a large degree, but then receive the **finest depth of sortation** manually in the postage due unit.

The response to KE/USPS-T29-2 (redirected to USPS) provides a description of many factors considered when making the decision to

Response to KE/USPS-T29-27 (continued)

process BRM on automation or to manually sort and count BRM pieces. The response states the following:

> The following factors are among those which affect whether BRMAS (or a variation thereof) is employed at a given facility: availability of bar code sorters and whether other mail processing operations have priority during critical processing windows; local commitment to upkeep of BRMAS (or similar) sort programs; whether bar code sorters necessary for BRMAS and postage due unit are located in same facility; whether there are accounts with sufficiently high volumes to motivate a facility to seek more efficient counting methods than manual counting; early customer pick-up times which encourage selection of accounting methods most likely to help postage due unit meet customer's needs; local discipline in capture of end-of-run bin counts; degree to which postage due unit finds EOR bin counts reliable; availability of counting machines.

While the method of counting at a particular site may not be the efficient method, the method chosen makes the most operational sense for that site. This may help to explain why 41.6% of QBRM pieces are sorted to the **customer account** using manual methods. For those sites where processing BRM to the **customer account** on automation makes the most sense operationally, the "strict procedures for requiring QBRM to be prebarcoded" allow the site to take full advantage of QBRM's automation-compatible features.

(e) My response to part (d) is equally appropriate for counting QBRM pieces. Please note that QBRM features also permit the Postal Service to use automation, where feasible, to **count** QBRM pieces. The Postal Service has not come close to realizing the potential for automated counting which was projected a decade ago.

Response to KE/USPS-T29-27 (continued)

Please note that the 66.5% that you refer to corresponds to manual or other methods (counting machine, weight averaging) used to generate a **final** QBRM piece count. These pieces may have already been counted on automation, but for various reasons, some pieces receive a final piece count in the postage due unit using manual/other methods.

(f) No study has been performed which would reveal such data.

(g) No study has been performed which would reveal such data.

REVISED RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS CAMPBELL TO
INTERROGATORY OF KEYSPAN ENERGY
(4/24/00)

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 RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS CAMPBELL TO
INTERROGATORY OF KEYSPAN ENERGY
(4/24/00)

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 was not readily available and is not included as a result. For those sites that participated in the 1996 BRM Practices Study, I have indicated which counting methods were used at each site in 1996, based on a percent of total QBRM volume. Locations and customer names have been masked due to the sensitive nature of these data.

Attachment 2 provides the same data as those described above for the period FY99, AP6 through FY00, AP6. Please note that I have updated the counting methods for many sites, based on recent discussions with Postal personnel at those sites. For those sites not contacted in FY 2000, I have provided data from the 1996 BRM Practices Study. 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

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

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 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

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

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.

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

ATTACHMENT 1 OF RESPONSE TO KE/USPS-T29-49
QBRM ACCOUNT VOLUMES
FY98, AP 1 THROUGH AP 9

REVISED 4/24/00

			COUNTING METHODS*					
Customer	Post Office	Volume	Manual	EOR	BRMAS	Special Counting Machine	Weight Averaging	Weighing of Identical Pieces
2	17	30,017,609						
86	41	7,251,231	3.2%	1.0%	93.8%	2.0%		
82	6	6,674,895	23.5%	76.5%				
81	16	4,305,637						
44	33	2,994,183	36.5%		63.5%			
39	8	2,580,042						
84	47	2,470,227						
41	34	2,413,831						
40	6	2,157,394	23.5%	76.5%				
69	52	1,945,275						
20	5	1,941,532	10.0%	90.0%				
25	29	1,834,995						
70	56	1,810,222						
56	48	1,783,235	98.4%		1.6%			
10	3	1,694,727	52.4%	44.3%				3.3%
32	48	1,610,662	98.4%		1.6%			
89	39	1,558,081	19.6%	76.5%				3.9%
56	48	1,536,347	98.4%		1.6%			
61	29	1,513,569						
36	30	1,497,632	35.9%	5.1%		59.0%		
11	52	1,469,422	4.2%		95.8%			
19	38	1,455,281	10.0%	90.0%				
64	41	1,452,746	3.2%	1.0%	93.8%	2.0%		
NA	54	1,331,355						100.0%
8	39	1,310,102	19.6%	76.5%				3.9%
65	59	1,198,777						
67	12	1,059,147	26.4%	1.5%	60.7%	7.6%		3.8%
21	50	1,030,128	22.0%	78.0%				
75	34	992,383						
37	48	984,078	98.4%		1.6%			
85	50	964,186	22.0%	78.0%				
12	29	954,771						
NA	NA	911,785						
67	12	897,522	26.4%	1.5%	60.7%	7.6%		3.8%
55	53	874,193						
32	48	869,668	98.4%		1.6%			
68	41	863,713	3.2%	1.0%	93.8%	2.0%		
31	48	862,434	98.4%		1.6%			
59	51	862,047						
29	14	852,210	100.0%					
51	22	851,699	20.0%				80.0%	
79	20	817,946						
4	28	806,195						
88	26	789,740	10.0%	80.0%				10.0%
88	26	778,945	10.0%	80.0%				10.0%
NA	NA	777,128						
80	45	769,122	1.0%		99.0%			
24	11	751,937						
47	60	724,759	50.0%			50.0%		
43	12	711,030	26.4%	1.5%	60.7%	7.6%		3.8%
44	33	705,870	36.5%		63.5%			
42	30	705,572	35.9%	5.1%		59.0%		
NA	NA	686,405						
58	14	683,991	100.0%					
84	47	677,667						
80	45	646,818	1.0%		99.0%			
5	36	642,118						
3	55	631,235	100.0%					
73	14	623,882	100.0%					
60	40	617,668	45.0%	55.0%				
23	46	615,110						
33	38	604,402	10.0%	90.0%				
18	47	588,636						
72	1	585,158	10.0%	4.7%	80.5%	4.7%		
26	49	584,138						
62	34	576,915						
34	58	575,649	20.0%	80.0%				
34	58	572,850	20.0%	80.0%				
87	57	571,951	17.3%	17.4%	65.3%			
51	22	567,681	20.0%				80.0%	
16	33	558,315	36.5%		63.5%			
22	50	540,274	22.0%	78.0%				
17	48	528,557	98.4%		1.6%			
45	45	519,214	1.0%		99.0%			
15	3	514,848	52.4%	44.3%				3.3%

*Counting methods taken from 1996 BRM Practices Study (USPS LR-H-179)

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ATTACHMENT 2 OF RESPONSE TO KE/USPS-T29-49
QBRM ACCOUNT VOLUMES
FY99 (AP6) THROUGH FY2000 (AP6)

					COUNTING METHOD (customer method shaded)					
Customer	Post Office	Acct volume	1996 Practices Study data	FY2000 Data	Manual	EOR	BRMAS	Special Counting Machine	Weight Averaging	Weighing of Identical Pieces
2	17	38,382,839		X			100.0%			
82	6	9,433,164	X		23.5%	76.5%				
86	41	8,310,062		X	2.0%	1.0%	97.0%			
49	21	6,936,441		X	6.0%	88.0%			6.0%	
9	23	4,226,212		X			100.0%			
66	42	4,138,339	X		1.2%		98.8%			
39	8	3,718,409		X			100.0%			
81	16	3,644,859		X	40.0%	54.0%			6.0%	
78	35	3,527,732		X	100.0%					
57	15	3,507,447		X	30.0%	70.0%				
86	41	3,204,907		X	2.0%	1.0%	97.0%			
84	47	2,953,486		X	20.0%				80.0%	
64	41	2,812,312		X	2.0%	1.0%	97.0%			
7	17	2,712,699		X		100.0%				
41	34	2,710,945		X	10.0%	90.0%				
40	6	2,634,921	X		23.5%	76.5%				
10	3	2,468,908	X		52.4%	44.3%				3.3%
77	35	2,400,709		X	100.0%					
14	7	2,136,743	X		10.0%	90.0%				
72	1	2,109,074	X		10.0%	4.7%	80.5%	4.7%		
37	48	2,074,582	X		98.4%		1.6%			
54	27	2,061,932		X			100.0%			
37	48	2,041,846	X		98.4%		1.6%			
44	33	2,031,984	X		36.5%		63.5%			
9	23	1,948,174		X			100.0%			
67	12	1,944,311	X		26.4%	1.5%	60.7%	7.6%		3.8%
89	39	1,868,356	X		19.6%	76.5%				3.9%
19	38	1,860,129	X		10.0%	90.0%				
63	24	1,818,455	X		50.0%	50.0%				
44	33	1,808,286	X		36.5%		63.5%			
38	13	1,774,401	X		80.0%					20.0%
45	45	1,672,203		X	1.0%		99.0%			
50	18	1,509,851								
32	48	1,503,213	X		98.4%		1.6%			
4	28	1,497,313		X	100.0%					
41	34	1,487,567		X	10.0%	90.0%				
79	20	1,484,742		X	15.0%	80.0%			5.0%	
24	11	1,467,578		X	25.0%	75.0%				
60	40	1,327,965	X		45.0%	55.0%				
6	48	1,297,976	X		98.4%		1.6%			
46	17	1,268,330		X		100.0%				
33	38	1,231,997	X		10.0%	90.0%				
67	12	1,223,703	X		26.4%	1.5%	60.7%	7.6%		3.8%
13	2	1,216,770	X		50.0%					50.0%
28	23	1,200,441		X			100.0%			
15	3	1,199,208	X		52.4%	44.3%				3.3%
12	28	1,184,575		X			100.0%			
80	45	1,178,905		X	1.0%		99.0%			
5	36	1,163,613								
25	29	1,161,241		X			100.0%			
27	15	1,147,115		X	30.0%	70.0%				
20	5	1,127,114	X		10.0%	90.0%				
1	45	1,107,286	X		1.0%		99.0%			
74	44	1,100,260		X	15.0%				85.0%	
87	41	1,093,074		X	2.0%	1.0%	97.0%			
8	39	1,087,593	X		19.6%	76.5%				3.9%
76	35	1,046,671		X	100.0%					
51	22	1,003,337	X		20.0%				80.0%	
88	41	1,002,077		X	2.0%	1.0%	97.0%			
35	25	986,135	X		100.0%					
83	32	969,750		X	10.0%				90.0%	
53	31	964,959		X	10.0%	90.0%				
36	30	948,133	X		35.9%	5.1%		59.0%		
30	4	940,355								
23	46	930,710		X	100.0%					
48	19	921,137		X	100.0%					
71	10	920,323	X		100.0%					
52	42	912,083	X		1.2%		98.8%			
90	9	906,877		X	5.0%	95.0%				
61	29	905,657		X			100.0%			
91	37	901,387		X	70.0%				30.0%	
42	30	888,185	X		35.9%	5.1%		59.0%		
88	26	881,182	X		10.0%	80.0%				10.0%
73	14	875,224	X		100.0%					
39	8	874,379		X			100.0%			

REVISED RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CAMPBELL TO INTERROGATORY OF KEYSPAN ENERGY (April 24, 2000)

KE/USPS-T29-51.

Please refer to you response to KeySpan Energy's Interrogatory KE/USPS-T29-20 where you confirmed that one office, which had almost 10,000 individual advance deposit BRM accounts, accounted for 28.6% of the workhours used in deriving the 951 PPH productivity for counting and distributing BRM from data collected in 1989.

(a) Please confirm that you have adopted this 951 PPH productivity in your cost study to derive the unit cost of counting and distributing QBRM received in high volumes, as shown in LR-I-162, Schedule B, page 2. If you cannot confirm, please explain.

(b) Please confirm that you have adopted this productivity in your cost study to derive the unit cost of counting and distributing QBRM received in low volumes, as shown in LR-I-162, Schedule B, page 3. If you cannot confirm, please explain.

(c) Please confirm that the study conducted in 1989 included only those offices in which BRMAS software was up and running, and that "[a] substantial proportion of the BRMAS qualified pieces which are currently processed through the mechanized/manual process is composed of rejects from BRMAS." See Docket No. R90-1, USPS-T-23, p. 6.

(d) Please confirm that Site 10, the office that contributed 2,217.g or 28.6% of the study's workhours distributing 1,301,712 letters to 9,960 accounts, was Denver, CO. If you cannot confirm, please explain and identify the postal facility in question.

(e) Please describe specifically the sorting and counting operations at Site 10 during the 1989 study period as they related to the processing of BRM reply mail pieces, and contrast those operations with the sorting and counting operations in effect today at Site 10. In your answer, please include a description of the number and type(s) of equipment available to sort and count BRM letters, then and now, as well as the portion of BRM now received that consists of QBRM.

(f) Please confirm that if Site 10 were removed from the analysis, the derived productivity would have been 1,097 PPH, 15% higher than the productivity of 951 PPH. If you cannot confirm, please provide the derived PPH if Site 10 had been removed from the analysis.

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WITNESS CAMPBELL TO INTERROGATORY OF KEYSPAN ENERGY
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KE/USPS-T29-51 (continued)

(g) Please confirm that if you had used a PPH of 1,097 in your cost analysis (instead of the 951 PPH you did use), the unit cost for processing QBRM received in high volumes would be reduced from 2.0 cents to 1.61 cents. If you cannot confirm, how would substitution of a 1,097 PPH productivity factor change your derived 2.0-cent unit cost to sort and count QBRM received in high volumes?

(h) Does Site 10 currently sort QBRM letters by automation to almost 10,000 accounts?

(i) Are there any other sites in the country that are set up similarly to Site 10, with so many separate accounts in one office? If your answer is yes, please identify such postal facilities and, for each site, provide a list showing the number of accounts, the average annual volume per account, the method(s) used to sort QBRM to the final recipient, the method(s) used to count QBRM volumes, and a statement concerning whether the methods used for sorting and counting QBRM are different for high volume and low volume recipients and whether such methods have changed since 1989.

(j) If your answer to part (i) is no, please explain how (1) the operations of Site 10 can be representative of manual operations in other offices as you inherently assume, and (2) how your field observations confirmed that those manual operations have not changed since 1989.

RESPONSE:

Please note that the Library Reference that you refer to throughout this question should read "LR-I-160" and not "LR-I-162."

(a) Not confirmed. I have adopted the 951 PPH productivity in my cost study to derive the unit cost of *counting* and *sorting* QBRM received in high volumes. To my knowledge, 951 PPH captures the productivity for those pieces counted manually regardless of the volume received.

(b) Not confirmed. I have adopted the 951 PPH productivity in my cost study to derive the unit cost of *counting* and *sorting* QBRM received in

Response to KE/USPS-T29-51 (continued)

low volumes. To my knowledge, 951 PPH captures the productivity for those pieces counted manually regardless of the volume received.

(c) Confirmed.

(d) I cannot confirm the identity of Site 10 because I do not have a listing of the actual site locations.

(e) I cannot answer this question because I do not know the identity of Site 10.

(f) Confirmed.

(g) Confirmed.

(h) I cannot answer this question because I do not know the identity of Site 10.

(i) Although I do not know the identity of Site 10, I have identified two sites in PERMIT with the highest number of separate BRM accounts in one office. Please see Attachment 1 for a table containing the following data for each site: (1) BRM type; (2) total number of BRM accounts; and (3) average annual volume per account. The two identified sites correspond to the sites identified in Attachments 1 and 2 of my response to KE/USPS-T29-49. You can look up the current counting method in Attachment 2 in that response. I do not know the method used to sort QBRM to the final recipient at either site. Lastly, I do not know whether the methods used for counting QBRM are

Response to KE/USPS-T29-51 (continued)

different for high-volume and low-volume recipients or whether such methods have changed since 1989.

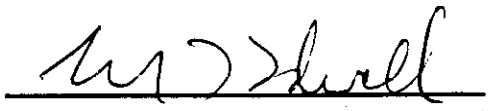
(j) Not applicable.

ATTACHMENT 1
BRM DATA FOR RESPONSE TO KE/USPS-T29-51 (i)
FY99 (AP6) THROUGH FY2000 (AP6)

Site	BRM type	# of accounts	average annual volume / account
12	1 oz ltrs	257	26,156
12	2 oz ltrs	83	4,115
12	cards	126	8,664
14	1 oz ltrs	300	21,013
14	2 oz ltrs	58	322
14	cards	236	8,061

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

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April 24, 2000