

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
THE NATIONAL ASSOCIATION OF PRESORT MAILERS WITNESS MACHARG
(USPS/NAPM-T1-1-11)
(June 16, 2000)

Pursuant to rules 25 and 26 of the Rules of Practice and procedure, the United States Postal Service directs the following interrogatories and requests for production of documents to the National Association of Presort Mailers witness Macharg:

USPS/NAPM-T1-1-11.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

K N Hollis
Kenneth N. Hollies

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.

K N Hollis
Kenneth N. Hollies

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INTERROGATORIES OF UNITED STATES POSTAL SERVICE TO NATIONAL
ASSOCIATION OF PRESORT MAILERS WITNESS MACHARG, USPS/NAPM-
T1-1-6

USPS/NAPM-T1-1. On page 8 of your testimony, you present First-Class Mail cost savings between: (i) single-piece flats and basic automation flats, and (ii) single-piece flats and 3/5-digit flats.

- (a) Please confirm that the single-piece number that you use in your calculations includes parcels as well as flats. If not confirmed, please explain.
- (b) Is it your contention that single-piece costs are the appropriate benchmark to use in measuring cost differentials in setting worksharing discounts? Please explain.
- (c) Please confirm that single-piece mail includes everything from "clean" mail (uniform pieces featuring typewritten or pre-printed addresses and often mailed in bulk) to "dirty" mail (pieces featuring handwritten and incorrect or incomplete addresses). If not confirmed, please explain.

USPS/NAPM-T1-2. The bulk of your testimony (pages 2-8 generally) is devoted to describing unrecognized cost savings that you state are not reflected in the Postal Service's measurement of workshare cost savings. Is it your contention that no costs associated with the areas of cost you describe (for example, savings from reduced UAA Mail) are reflected in the Postal Service's measurement of workshare cost savings? Please explain.

USPS/NAPM-T1-3. At the bottom of page 3 of your testimony, you state that, "Without the incentives provided for workshared mail, there would be no reason for mailers to submit mail in a form that would permit it to be automated." Is it your contention that mailers derive no benefit from activities that enhance the deliverability of their mail, whether or not they receive a discount? Please explain.

USPS/NAPM-T1-4.

- (a) Please confirm that your proposal to extend the heavyweight discount to 1-2 ounce pieces applies only to flats, and not to letters or parcels. If you cannot confirm, please explain.
- (b) Please confirm that your proposal to extend the heavyweight discount to 1-2 ounce pieces does not apply to nonautomation presort mail. If you cannot confirm, please explain.
- (c) Please confirm that your proposal to extend the heavyweight discount to 1-2 ounce pieces is based solely on rate relationships, per page 9 of your testimony. If you cannot confirm, please explain.

USPS/NAPM-T1-5. On page 9 of your testimony, you state that the Postal Service's proposed discounts of 4.5 cents for a 3-digit automation flat and of 6.5 cents for a 5-digit automation flat are "almost certainly inadequate." Please

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explain the basis for your assertion that these discounts are "almost certainly inadequate" and provide copies of all supporting documentation.

USPS/NAPM-T1-6. On page 7 of your testimony, you state:

Based upon my conversations with other presort bureaus and equipment manufacturers, it is my conservative estimate that at least 50% of worksharing FCLM is processed with Fast Forward and will, therefore, avoid most all forwarding costs.

- (a) How many presort bureaus and how many equipment manufacturers did you talk to in formulating your estimate?
- (b) Does this estimate apply only to presort bureaus, or does it also apply to such customers as utilities or credit card companies, who prepare their own mailings for entry into the postal system? Please explain.
- (c) Please provide the underlying numbers that result in your calculation of "at least 50 percent" of workshared FCLM is processed with Fast Forward.

USPS/NAPM-T1-7. On page 4 lines 22-25 you state, "Without automation workshare mailers to explain the requirements and ensure they are complied with, USPS would have to have its own Customer Service Representatives and Mail Design Analysts out begging mailers to provide, out of the goodness of their hearts, mail pieces the USPS must automate."

(a) Please confirm that it is in any mailer's best interest to ensure that each mail piece is addressed to the appropriate party at the appropriate address in order for that mail piece to reach its intended destination in the proper amount of time. If not confirmed, please explain.

(b) Please confirm that it is in any mailer's best interest to ensure that each mail piece exhibits the best possible address quality in order for that mail piece to reach its intended destination in the proper amount of time. If not confirmed, please explain.

USPS/NAPM-T1-8. On page 4 lines 3-5 of your testimony you discuss the amount of time that presort mailers spend educating their customers. Have you attempted to quantify this time on a per-piece basis? If so, please provide and document how you arrived at a cost estimate.

USPS/NAPM-T1-9. On page 10 lines 11-12 of your testimony you state that worksharing programs "have the only real track record for reducing mail processing costs." Please confirm that the RBCS system and other types of

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automation equipment have reduced mail processing costs for specific mail types. If not confirmed, please explain.

USPS/NAPM-T1-10. In your testimony, you claim that the USPS has not recognized any cost savings related to workshared First-Class letter mail related to capital costs, maintenance costs, supply costs, and mail tray costs. Have you conducted any studies that sought to determine these costs on a per-piece basis? If so, please provide the results of those cost studies and document them completely.

USPS/NAPM-T1-11. On page 2 of your testimony you discuss the concept of "reversion." Have you conducted any market research studies in order to quantify the amount of First-Class worksharing mail that would revert to other rate categories were the Commission to approve the Postal Service proposals as recommended in this docket? If so, please provide the results of those studies and document them completely.