

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

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POSTAL RATE AND FEE CHANGES, 2000

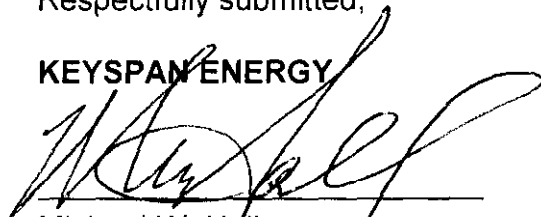
Docket No. R2000-1

**RESPONSES OF KEYSpan ENERGY
WITNESS BENTLEY TO INTERROGATORIES OF
THE UNITED STATES POSTAL SERVICE**

KeySpan Energy hereby provides the responses of witness Bentley to the following interrogatories of the United States Postal Service: USPS/KE-T1-1-15, filed on June 5, 2000. Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

KEYSPAN ENERGY



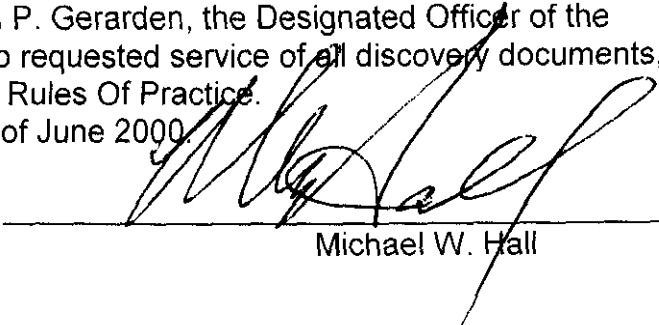
Michael W. Hall
34696 Bloomfield Road
Round Hill, VA 20141
(540) 554-8880

Dated: Round Hill, Virginia
June 19, 2000

CERTIFICATE OF SERVICE

I hereby certify that I have served the following interrogatory responses upon the United States Postal Service, Ted P. Gerarden, the Designated Officer of the Commission, and participants who requested service of all discovery documents, in accordance with Rule 12 of the Rules Of Practice.

Dated this 19th day of June 2000.



Michael W. Hall

USPS/KE-T1-1

On page 5, footnote 3 of your testimony you state that the 5-cent QBRM fee recommended by the Commission in Docket No. R97-1 "was based on a cost analysis that immediately became outdated as soon as PRM was rejected." Furthermore, you state that "the underlying 4.5-cent cost upon which the 5-cent fee was based excluded the low-cost 287 million pieces that the Commission assumed would shift to the PRM category."

In Docket No. R97-1, PRC LR-10, Chapter IV, page 1, the Commission accepted witness Glick's contention "that the volume migrating to PRM will be minimal, therefore the coverage factor for BRMAS ... should not be altered." The Commission's cost analysis subsequently replaced witness Schenk's 5.9% coverage factor with the 14.2% coverage factor for BRMAS shown in Docket No. R97-1, LR-H-179, resulting in a 4.5-cent cost upon which the 5-cent fee was based.

Please provide the basis for your assertion that the 4.5-cent cost excluded the 287 million low-cost pieces. In your discussion, please provide specific cites to the record in Docket No. R97-1, the Commission's Opinion, and PRC Library Reference 10 to support your assertion.

RESPONSE:

The quote you refer to from PRC LR-10 is taken out of context. The "volume" referred to in that statement concerns only the 14.2% of all QBRM pieces that were counted using BRMAS software. The Commission clearly did not imply that BRM volume migrating to PRM would be minimal. To the contrary, it found that such volumes would be quite substantial.

For further proof, I have tabulated the Docket No. R97-1 USPS proposed and the Commission recommended QBRM and PRM volumes, as shown in the attachment to this interrogatory response. The Commission accepted the Postal Service's volume estimates with some minor modifications that I have not been able to find an explanation for. As shown in the Attachment, USPS witness Fronk estimated that of the 527.7 million QBRM test year pieces, 2/3 or 347.8

million would migrate to PRM, leaving only 179.9 million to pay the 5-cent fee. He estimated an additional 500 million pieces would come from CRM, for a total of 847.8 million PRM pieces.

The Commission found that 194.0 million pieces would be paying the QBRM 5-cent fee and that 835.5 million would pay no per piece fee under the new PRM category. The implication is therefore that of the 835.5 million PRM pieces expected in the test year, 333.7 million would migrate from QBRM. The remaining 501.8 million would come from CRM.

Thus, my conclusion that "the underlying 4.5-cent cost upon which the 5-cent fee was based excluded the low-cost 287 million pieces that the Commission assumed would shift to the PRM category" was not exactly correct. The 287 million pieces referred to Mr. Fronk's prediction for letters only. The correct number as recommended by the Commission should be 333.7 million pieces. The Commission's derivation of the 4.5-cent unit cost for the 194.0 million pieces that it projected would pay the 5-cent fee did not include the 333.7 million pieces that it projected would pay no per piece fee under the PRM category.

The Commission accepted witness Glick's contention that the remaining QBRM pieces (after the migration of 333.7 million pieces to the new PRM category) should experience the same BRMAS coverage factor as the 333.7 million pieces that were expected to migrate.

Mr. Fronk's testimony (TR 12/4837-38) that the Commission did not accept his volume estimate for BRM pieces migrating to PRM is simply incorrect.

The Commission had no way of knowing that the Board of Governors would reject the Postal Service's own proposal when the Commission had accepted it ***without modification***. Therefore, the Commission would have had no basis for disallowing Mr. Fronk's original PRM volume estimate.

Comparison of USPS Proposed And PRC Recommended BRM Volumes In Docket No. R97-1
(Volumes in Millions)

USPS Proposal

	(1)	(2)	(3)	(4)	(5)	(6)
	<u>BRM to QBRM</u>	<u>BRM to PRM</u>	Total From <u>BRM</u>	<u>CRM to PRM</u>	<u>PRM Total</u>	<u>QBRM + PRM</u>
			(1) + (2)		(2) + (4)	(1) + (5)
Letters	132.8	286.6	419.4	500	786.6	919.4
Cards	47.1	61.2	108.3	0	61.2	108.3
Total	179.9	347.8	527.7	500	847.8	1027.7

(1), (2) USPS-T-32, Workpaper III

(4) Docket No. R97-1, USPS-T-32 at 43-44

PRC Opinion

	(7)	(8)	(9)	(10)	(11)	(12)
	<u>BRM to QBRM</u>	Implied BRM <u>to PRM</u>	Total <u>From BRM</u>	Implied <u>CRM to PRM</u>	<u>PRM Total</u>	<u>QBRM + PRM</u>
		(9) - (7)	(1) + (2)	(11) - (8)		(7) + (11)
Letters	144.5	274.9	419.4	501.4	776.4	920.8
Cards	49.6	58.7	108.3	0.4	59.1	108.7
Total	194.0	333.7	527.7	501.8	835.5	1029.5

(7), (11) Docket No. R97-1, Appendix G, Schedule 2 at 2 for letters, at 3 for cards

USPS/KE-T1-2

Please list all postal facilities where you studied BRM processing. For each site, include the date of the visit, the approximate time of day of the visit, the specific operations observed, the volumes of customer accounts observed. Provide and all notes taken during or in connection with each visit.

RESPONSE:

Since I began as an employee at the Postal Rate Commission I have toured at least the following Postal sectional center facilities: Prince Georges, Merrifield, Baltimore, Washington, DC, and Philadelphia. In addition I have also visited the Largo BMC, the downtown Manhattan, NY post office and the 21st street station in Washington, DC. Most of these trips took place during the 1970's so I do not recall all of the trips or the dates when they took place. However, OCA witness Collins was probably with me on at least a few of these trips. I no longer have any notes taken in connection with those visits.

My most recent trip was to the downtown Manhattan, NY post office in the early morning hours specifically to view a BRMAS and the postage due operations. This trip took place in the mid 1990's and lasted several hours. I no longer have any notes that I may have made at the time of that visit.

As part of an informal resolution of a discovery dispute involving KeySpan Energy Interrogatory KE/USPS-T29-23(j), KeySpan counsel and I had a trip planned for the specific purpose of viewing QBRM operations at Carol Stream, IL, Palatine, IL and Grand Rapids, MI late in March. However, due to Postal Service counsel's heavy workload schedule and a miscommunication about the timing of that trip, the trip has not yet taken place.

USPS/KE-T1-3

On page 20 of your testimony, you estimate that 300 QBRM customer accounts receive more than 300,000 pieces per year, your "breakeven" volume between high and low-volume QBRM recipients. On page 16, you state that you rely on the provided CBCIS data consisting of the top 77 customer accounts to estimate the percentages by counting method for all high-volume QBRM accounts (the remaining 223 accounts). Please explain how the counting method percentages for the top 77 customer accounts (less #1 and #2) are representative of all "high-volume" QBRM accounts.

RESPONSE:

The derivation of the volume by counting method for all high volume QBRM recipients is a four-step process. First, I received data for 74 of the top 77 accounts from the Postal Service that provided the volume breakdown for each of the five methods for counting QBRM. As shown in Exhibit KE-1D, these 74 accounts received 241.4 million pieces.

The second step involves estimating how many pieces will be received by all large volume accounts. This is estimated to be 345 million pieces, received by 300 accounts, as developed in KeySpan Library Reference LR-KE-1. Therefore, the objective is to find the volume breakdown by counting method for the remaining 103.6 million pieces, that are received by 226 (300 less 74) accounts.

It is important to note that I am using annual volume as a proxy for daily volume. At a general matter, it is the daily volume that determines the method of counting, particularly between manual counts and one of the other methods.

The third step is to make some assumptions regarding the sample for which I have data, and the universe for which I am trying to project. Of the 241.4

million pieces included in my sample, the annual volume received per account ranged from 874,000 to 56.6 million pieces. A total of 95 million originated from just two accounts. Because these two accounts received so much more volume than the others, the operations at those two offices might not be representative of offices that processed smaller amounts of QBRM. Therefore, I decided to exclude the information from these two accounts from my sample. The new range of annual volumes received for my reduced sample became 874,000 to 9.4 million. I note, parenthetically that this assumption is consistent with my criticism of USPS witness Campbell's decision not to remove one, very large and unrepresentative office from his 1989 sample data relied upon to derive the 951 PPH for manually counting and sorting BRM. See Exhibit KE-1E at 7.

Finally, I assumed that the breakdown of the volumes by counting method for the reduced sample would be representative for all accounts that received at least 300,000 pieces per year. Alternatively, the volume breakdown by counting method for the 146.4 million pieces in my sample was assumed to approximate the remaining 103.6 million pieces for which I had no specific information. All of these accounts are similar in that they receive very large volumes of automation-compatible QBRM of similar weight. Moreover, I have determined from the CBCIS data that accounts that receive 300,000 to 875,000 pieces are often processed in the same offices where the 74 accounts comprising my sample are processed. Accordingly, 57% of the pieces that were received by accounts in quantities of over 300,000 pieces, but were not included in the top 74 account sample, were processed in those very same offices for which I know the method

used for counting. Consequently, I feel that the extrapolation of my sample to the universe is very reasonable.

It is important to add that the Postal Service is in possession of all of this data but made no attempt to use it. Instead, USPS witness Campbell simply assumed that the results of the 1997 BRM Practices study would accurately reflect all QBRM processing in the test year. The CBCIS data and Mr. Campbell's endeavor to obtain specific information on the counting methods employed for the largest accounts indicate that the BRM Practices Study results are not representative of the entire QBRM universe.

For example, the BRM Business Practices Study purported to show that only 14.2% of the 527.7 QBRM total, or 74.9 million pieces were processed on BRMAS equipment. In contrast, the CBCIS data that Mr. Campbell was able to gather indicates that, **for just the 74 highest volume recipients alone**, almost twice as many pieces, 141.7 million, were processed on BRMAS equipment.

Similarly, Mr. Campbell assumed that 66.5% of all QBRM, or 350.9 million pieces, would be counted manually. $(.665 \times 527.7)$ Again, the CBCIS data Mr. Campbell provided for **just 74 accounts** indicate that only 24.4 million of 241.4 million were counted manually. Even if all of the remaining QBRM letters not received by the 74 accounts included in Mr. Campbell's sample were counted by hand, a highly unlikely scenario, the number of hand counted QBRM could only be 310.7 million pieces. $(527.7 - 241.4 + 24.4)$ Therefore, Mr. Campbell's use of the BRM Practices Study results is simply unreasonable given the CBCIS data that he provided in response to KeySpan Energy's interrogatories.

USPS/KE-T1-4

Please refer to Exhibit KE-1C entitled "Study to Derive the Productivity to Count QBRM Letters."

- (a) Please confirm that the above-reference study does not capture any of the following work elements associated with counting QBRM pieces manually:
- (1) a clerk traveling across a postage due unit to retrieve a QBRM-filled tray from a container;
 - (2) a clerk returning to a designated counting area with a QBRM-filled tray;
 - (3) a clerk returning the QBRM-filled tray to its designated area after all pieces have been counted.
- (b) Please confirm that the above-referenced study assumes that all QBRM pieces in a tray correspond to a single customer account.

RESPONSE:

- (a) Confirmed. The objective of my study is simply to provide an estimate of the productivity (PPH) to count QBRM manually. Such a study is necessary since the Postal Service could not provide a productivity factor for counting QBRM manually.

It should be pointed out that the work elements you describe, carrying perhaps hundreds or thousands of letters at once, concern bulk operations that are very efficient in terms of the cost per piece. For example, in Docket No. R87-1 the Postal Service proposed that it cost 3.92 cents per piece for "calls by carriers and Box Section clerks to the postage due unit to pick up BRM for delivery to patrons." See Docket No. R87-1, TR 10/6947. At that time, I testified that such a cost, for moving combined pieces, was "not supported by the record" and "totally

unreasonable". See Docket No. R87-1, CPUM/ARF-T-1 at 27. I noted that "the Postal Service's own cost estimates showed that the Postal Service can carrier sequence and/or physically deliver to an address regular first-class mail for an average unit cost of 3.53 cents. *Id.* at 28. Fortunately, the Postal Service has not proposed a similar cost since.

Moreover, I have adjusted the counting productivity obtained from my study to reflect unproductive time, which can include obtaining QBRM pieces from a separate location. My productivity factor of 2,746 PPH assumes that a clerk is productive for only 36 minutes during each hour worked. This adjustment is shown in footnote 6 on page 3 of Exhibit-1C.

- (b) Not confirmed. I make no assumptions regarding the make-up of a tray prior to the pieces being hand counted. For accounts that receive high volumes on any given day, the trays will usually consist of letters addressed to the same recipient. For accounts that receive small volumes on any given day, the trays could consist of letters addressed to more than one account. In the latter case, some sorting might be necessary. If sorting is necessary, the associated cost is covered by the First-Class QBRM rate and is not relevant to the separate functions of counting, rating, and billing QBRM.

USPS/KE-T1-5

Please refer to Exhibit KE-1C, page 3, Data Collection Results for the QBRM Counting Productivity Study and the April 1987 study entitled "Business Reply Mail Revised Cost Analysis," prepared by the Rate Studies Division of the United States Postal Service (hereinafter "1987 Reply Mail Study").

- (a) Please confirm that your productivity estimate for the weight conversion method (68,091 PPH) is based on less than 3 minutes of data collection for one person who is not an employee of the Postal Service.
- (b) Please confirm that your productivity estimate for the weight conversion method (68,091 PPH) is more than 10 times the productivity resulting from the 1987 Reply Mail Study (6390 pieces per hour).

RESPONSE:

- (a) As is clearly shown in LR-KE-2, a non-postal employee with some limited experience in counting QBRM was able to count 5,359 letters in less than three minutes.
- (b) Confirmed. I also note that this productivity is 9.3 times the productivity that the Postal Service has derived for bulky, irregular small parcels. Given that letters take up so much less space than nonletters, I believe that such a relationship is reasonable. Please refer to my testimony at page 10 where I note that 10,000 letters takes up about 20 small trays, whereas 10,000 small parcels take up about 90 sacks.

I think there is another point here worth mentioning. Mr. Campbell has been able to point out several Postal facilities that manually hand count high volumes of QBRM, day in and day out. For purposes of my study, I have accepted such inefficiencies. See Exhibit KE-1D at 4 where

post office numbers 10, 14, 19, 25, 35, 46, 48 all manually count QBRM volumes received by high volume accounts. Some of these offices even have multiple high volume accounts. In any event, as I discuss in responses to USPS/KE-T1-7 and 10, I conservatively estimate that counting QBRM becomes more efficient by using weight averaging when the volume to be counted is above 400 pieces per account. Certainly, these large accounts, the smallest of which receives 875,000 pieces per year, receive much more than 400 pieces per day. Furthermore, special counting machines that count 10 letters per second offer efficiencies as well. Accordingly, the Commission should not accept manual productivities for hand counting such pieces, whether or not they are actually counted as such.

USPS/KE-T1-6

Please refer to Exhibit KE-1B, page 5, line 4 of your testimony where you estimate QBRM volumes by counting method for those accounts considered "low volume" (less than 300,000 pieces per account per year as defined by you).

- (a) Confirm that you estimate 27,202,932 QBRM pieces will be counted using an end-of-run (EOR) report for "low-volume" accounts receiving "100,000+" but less than 300,000 pieces per year.
- (b) Confirm that the average daily QBRM volume for the "100,000+ but less than 300,000" accounts (assuming 13 APs and 25 days per AP) is between 307 and 924 pieces per day.
- (c) Confirm that witness Kingsley stated in her response to KE/USPS-T10-3 that the minimum volume to justify a bin on an incoming secondary "could be as little as 1,000 per day on average."
- (d) Please provide your understanding of how, when, and why an EOR report is used in QBRM processing.

RESPONSE:

- (a) Confirmed. I estimate there are about 70.2 million QBRM pieces received by accounts in quantities of between 100,000 and 300,000 per year. As discussed in my testimony (Exhibit KE-1G at 3-4), such accounts are not large enough to qualify for my proposed .5-cent fee, but are still large enough to provide efficiencies to the Postal Service. Accordingly, I have used the same breakout by counting method for these pieces as I have for even larger accounts. The primary reason why these accounts will not qualify for my proposed .5-cent fee is that the likelihood of such accounts receiving very low volumes on any given day is certainly greater than for accounts that receive 300,000+ pieces per year. In an effort to be

conservative, I have limited my proposal to larger accounts to be sure that counting efficiencies will result.

The 27.2 million pieces represents 39% of the 70.2 million pieces received by these large accounts that will not qualify for the lower per piece fee. The 39% was derived from my sample of 74 of the largest accounts. I should also point out that accounts receiving from 100,000 to 300,000 pieces are often processed in the same offices as the 74 highest volume accounts that comprise my sample. Accordingly, 66% of the pieces that, according to the CBCIS data, were received in quantities of between 100,000 and 300,000 pieces during FY 99 were processed in those very same offices for which I have information on the method used for counting the highest volume accounts. Consequently, I feel that the extrapolation of my sample to the universe is very reasonable.

- (b) Based on a five-day week, I compute the average number of letters per day as between 400 and 1200 pieces. Many recipients receive their QBRM on a seasonal basis, as shown in LR-KE-1. Note the significant volume changes from FY 99 compared to the volumes from FY 99 AP6 through FY 00 AP5. Therefore, on any given day or for short periods of time, the volume swings can be significant.

Base on your assumption of a QBRM received on 325 days per year, I can confirm your computations.

- (c) Confirmed.

(d) I do not recall having actually seen an EOR report. I have been told that a quantity can be obtained from a particular bin on barcode sorters. I presume that EOR reports are used to determine piece counts in order to determine the amount of postage to charge a QBRM recipient. Such reports would not be available until after the mail is sorted to the end user in either the incoming secondary or sort to recipient after the incoming secondary sort, such as a DPS sort.

My understanding of EOR counts is consistent with the definition provided by USPS witness Campbell. At TR 14/5917 he states, "[T]he term 'end-of-run (EOR) report count,' as used in my testimony, is broadly defined as an EOR piece-count for each bin on a BCS and generated by BCS software.

USPS/KE-T1-7.

Your testimony at page 11 states that for QBRM received in low volumes you "assumed the same productivities for counting by hand and by weighing techniques that were obtained from the special study" you conducted for high volume QBRM.

- (a) Please confirm that you did not attempt to study manual counting for QBRM received in low volumes.
- (b) If you did not attempt to study manual counting for QBRM received in low volumes, please explain why not.
- (c) Please confirm that you did not attempt to study weight averaging for QBRM received in low volumes.
- (d) If you did not attempt to study weight averaging for QBRM received in low volumes, please explain why not.

RESPONSE:

- (a) Not confirmed. Manual counting is a piece-by-piece handling so that productivity does not change based on the volume. Therefore, it generally takes 10 times longer to hand count 500 pieces as it does to count 50 pieces. The manual counting productivity of 2,746 PPH I developed for hand counting applies to all volumes received on a given day.
- (b) Not applicable.
- (c),(d) Not Confirmed. Weight averaging is not a piece-by-piece handling, which is why cost efficiencies accrue when this method can be used for counting. To the extent that small volume QBRM, defined as less than 300,000 pieces per year, is received in quantities of 400 or more pieces per day, counting by weight averaging techniques is cost effective. As discussed in my response to USPS/KE-T1-6(a), I suspect that large

amounts of "low" volume QBRM (defined as less than 300,000 pieces per year) will still be received in volumes of greater than 400 pieces per day. I believe that 400 pieces per day is about the break point above which it becomes more efficient to count by weight averaging rather than hand counting pieces (assuming that BRMAS and EOR counts are not used). Volumes received in quantities below about 400 would probably be more efficiently counted by hand.

USPS/KE-T1-9.

Please refer Exhibit KE-1C, page 1. Please confirm that the "sample design" or "study design" referred to in this exhibit simply involved five KeySpan clerks.

RESPONSE:

Confirmed. The counting of mail by hand or by weight averaging is not a difficult task. Since the Postal Service apparently has not studied counting productivities, I developed my own.

I further note that at TR 14/5973, USPS witness Campbell testifies that given the 1989 data he decided to use, "which inextricably integrates the manual sorting and counting activities...it is not possible to provide the unit cost that reflects only counting BRM pieces." If the Commission accepts the proposal for a reduced per piece fee for high volume QBRM, as it did for high volume nonletter-size BRM, I recommend that the Postal Service try to study the productivity for hand counting QBRM letters in the future.

USPS/KE-T1-10.

Please refer to Exhibit KE-1G, pages 3-4.

- (a) Please explain the basis for your statement that hand counting is no longer efficient above 400 pieces received per day.
- (b) Please explain the basis for your assumption that the percentages by counting method derived for the higher volumes would be applicable so long as the volume received was 100,000 pieces or more.

RESPONSE:

- (a) I developed the estimate of 400 pieces as the break point above which hand counting is no long cost effective by experimenting with QBRM letters. I counted QBRM sample letters several times by hand and by weight averaging, using the same QBRM letters that were shown to USPS witness Campbell during his oral cross examination. At low volume levels, of 100 or less, hand counting was more effective. As the quantity began to fill a tray, however, counting by weighing clearly was more efficient. If anything, the 400 pieces per day figure is probably high. However, I felt it was better to be conservative by assuming 400 as the breakpoint rather than utilizing a lower number.

My experiments convinced me that either USPS witness Campbell's assumption that 66.5% of QBRM letters were counted by hand was simply incorrect or the Postal Service QBRM processing was terribly inefficient.

- (b) Please see Exhibit KE-1G at 3-4, response to part (a) of this interrogatory, and my responses to Interrogatories USPS/KE-T1-3, 6(a)

and (b), and 7. I believe accounts that receive approximately 100,000 or more pieces per year would exhibit daily volumes that would make it cost efficient for the Postal Service to count letters by means other than manual counts. Using a five-day week, such accounts would average 400 pieces per day even though I suspect some days would be much higher.

I note that the current breakeven volume for nonletter-size BRM is 103,000 pieces per year, which is expected to decrease to 80,000 pieces per year if the Service's proposed fees are accepted. Also, the breakeven volume under the Service's high volume QBRM proposal is 113,000 pieces per year.

USPS/KE-T1-11.

Please refer to your testimony at page 4, lines 10-11. Under your proposed monthly fee for high volume QBRM recipients, would the recipients be eligible to opt in and out of the program on a monthly basis?

RESPONSE:

No. The \$12,000 fee is an annual fee that is paid in monthly installments, for a period of one year. The \$12,000 fee is also charged per QBRM address, not necessarily per QBRM advance deposit account. For example, KeySpan Energy, which maintains one advance deposit account in Brooklyn, has four separate post office box addresses at which it receives QBRM. Only two of the four addresses receive QBRM in high volumes. Therefore, under my proposal KeySpan Energy would pay \$24,000 (not \$12,000), because it has two addresses that receive QBRM in high volumes. In addition, unless KeySpan Energy consolidates the reply mail pieces from its low volume addresses with its high volume addresses, it would pay the low volume QBRM fee on all reply pieces returned to those two addresses.

USPS/KE-T1-12.

- (a) Please refer to your testimony at page 3, lines 23-25. Is it your understanding that witness Mayo (USPS-T-39), not witness Fronk (USPS-T-33), is proposing the QBRM postage discount? If so, please provide citations in USPS-T-39 at which witness Mayo makes such a proposal.
- (b) Please refer to your testimony at page 6, lines 9-18. Is it your understanding that witness Campbell (USPS-T-29), not witness Mayo (USPS-T-39), is proposing the QBRM accounting and per-piece fees and the high-volume per-piece fee category? If so, please provide citations in USPS-T-29 at which witness Campbell makes such proposals.

RESPONSE:

- (a) No. It is my understanding that USPS witness Fronk proposed the QBRM rate of 31 cents and that USPS witness Mayo proposed the QBRM per piece fees for 3 cents and 6 cents for high and low volume recipients, respectively. An appropriate errata sheet will be filed shortly.
- (b) It is my understanding that USPS witness Mayo proposes the QBRM monthly and per piece fees, based on the costs derived, and the categories defined by, USPS witness Campbell.

USPS/KE-T1-13.

Please refer to Exhibit KE-1G, page 2 of your testimony. In Section 2, "Compute Volumes From Percentages", you state that you "received separate [QBRM volume] data for one very large account and for Brooklyn Union Gas, neither of which are part of the CBCIS data system."

- (a) Please confirm that the QBRM volume data that you received for Brooklyn Union Gas is shown in Exhibit KE-1D, page 3.
- (b) Please confirm that the QBRM volume received for Brooklyn Union Gas during the time period FY99 (AP6) through FY2000 (AP5) is 5.5 million pieces.
- (c) Please confirm that you assume that 100 percent of the Brooklyn Union Gas QBRM volume is counted using the Weight Averaging method as shown in Exhibit KE-1D, page 3. If confirmed, please explain how you arrived at this assumption. If not confirmed, please explain.

RESPONSE:

- (a) Confirmed.
- (b) Confirmed.
- (c) Confirmed. This information was provided to me by USPS witness Campbell. See TR 14/5955. I have also been informed that the Brooklyn post office might use some other estimating procedure whereby they assume a certain number of pieces per tray and count the letters accordingly.

USPS/KE-T1-14.

Please refer to Exhibit KE-1A, page 1 of your testimony. Please confirm that footnote 11 contains an error. If confirmed, please provide the correct footnote. If not confirmed, please explain why not.

RESPONSE:

Confirmed. The footnote should read "[6] + [7] + [10]". Making this correction increases the total QBRM savings, from 5.199 to 5.203 cents. An errata sheet will be filed in the near future.

USPS/KE-T1-15.

Please refer to your testimony at page 19, line 11 where you estimate a window service cost avoidance of 1.6 cents per originating First-Class letter. Also, refer to Exhibit KE-1A, page 1 of your testimony, where you provide a worksharing related unit cost savings for window service of 1.162 cents. Please explain this discrepancy.

RESPONSE:

On page 19, line 11 of my testimony the window service cost avoidance is 1.6 cents, as you state. In Exhibit KE-1A, page 1 the window service unit cost savings is 1.619 cents. I don't see any discrepancy, other than a difference due to rounding.

DECLARATION

I, Richard E. Bentley, declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information, and belief.


Richard E. Bentley

Dated: June 19, 2000
Vienna, Virginia