

Before the
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

RECEIVED
JUL 5 4 50 PM '00
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

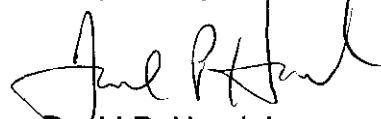
Postal Rate and Fee Changes, 2000

Docket No. R2000-1

**STAMPS.COM'S ANSWERS TO THE INTERROGATORIES OF
DOUGLAS F. CARLSON (DFC/STAMPS.COM-T1-9- 13)**

Stamps.com hereby submits the answers of Frank R. Heselton to the interrogatories submitted by Douglas F. Carlson, DFC/Stamps.com - T1 - 9 - 13, dated June 20, 2000. Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,



David P. Hendel
Wickwire Gavin, PC
8100 Boone Blvd., Suite 700
Vienna, VA 22182-2642
Tel.: (703) 790-8750

Dated: July 5, 2000

DFC/STAMPS.COM-T1-9

Please refer to your response to DFC/STAMPS.COM-T1-1(d), (e), (g), (h), and (i).

- (a) Please identify the "offices" that sort all FIM mail to a FIM mail stacker and process this mail on a BCS. In your answer, please explain fully the basis for your knowledge of these offices' processing procedures.
- (b) Do these "offices" sort FIM "B" mail to a "FIM mail stacker," too, even though FIM "B" mail is not pre-bar-coded? Please explain.
- (c) At the time that you prepared your testimony and responded to DFC/STAMPS.COM-T1-9, were you aware of the Postal Service's response to DFC/USPS-66, which indicates that FIM "D" mail is sorted to the stacker for typewritten mail, *not* the stacker for pre-bar-coded mail?
- (d) Please explain why the AFCS machine should sort FIM "D" mail to a stacker for pre-bar-coded mail if, as the Postal Service indicates in its response to DFC/USPS-66, not all FIM "D" mail is pre-bar-coded.

RESPONSE:

- (a) I cannot identify such offices, other than to state that at least some of these offices are in California. My answer is based on examination of envelopes prepared through use of Stamps.com's IBIP client program that I have received in the mail. Such letters showed no indication of having their address read and processed.
- (b) I do not know.
- (c) At the times I prepared my testimony and responded to DFC/STAMPS.COM-T1-9, I was unaware of the Postal Service's response to DFC/USPS-66. Had I been aware, however, my answer would be the same. See my response to USPS/STAMPS.COM-T1-15 for more detail. Additionally, I note that the Postal Service's responses to

DFC/USPS-66 (b), (c), and (e), which concern aspects of FIM mail processing, are qualified by the word “currently”, suggesting that the Service will change such processing in the future. The Postal Service has used the very same qualifier in instances where it anticipates change. See, for example, the Service’s response to DFC/USPS-T10-2.

- (d) The Postal Service was incorrect in its response to DFC/USPS-66 that FIM D mailpieces are not necessarily pre-barcoded. See DFC/E-STAMP-T1-5.

DFC/STAMPS.COM-T1-10

Please refer to your response to DFC/STAMPS.COM-T1-1(f). Please confirm that IBIP mail incurs processing costs from ISS, RCR, and OSS if the AFCS machine is set in "lift everything" mode. If you do not confirm, please explain which of these costs IBIP mail does not incur, and please reconcile your response with the response to DFC/USPS-66.

RESPONSE:

Not confirmed. The Postal Service's policy is to operate the AFCS in the script only mode. See the response to DFC/USPS-T10-2 (b) and (c). As indicated in my response to DFC/STAMPS.COM-T1-9 (c), I anticipate that IBIP prepared and addressed letters will be handled the same as QBRM letters in the test year and beyond. QBRM does not incur any RBCS cost from ISS, RCR, or OSS. See my response to DCF/STAMPS.COM-T1-1 (f).

DFC/STAMPS.COM-T1-11

Please refer to your response to DFC/STAMPS.COM-T1-6(d).

- (a) Please confirm that current operating instructions direct employees to handle IBIP mail as metered mail. If you do not confirm, please explain.
- (b) Please identify the number of facilities in which you have observed the operation in which postal employees unbundle bundles of metered letters and tray the letters for processing or feed them into an MLOCR. Please provide dates and locations.
- (c) Please confirm that the operation described in (a) presently does not, in most facilities, make a separation for pre-bar-coded mail.
- (d) Please confirm that the process that you have proposed would require the operation described in (a) to add a separation for pre-bar-coded mail.
- (e) Please identify all studies or analyses that you have conducted to confirm that creating this additional separation would be more expeditious than the current process of directing bundled metered letters to MLOCR's.

RESPONSE:

- (a) I do not know what you mean by "operating instructions." A PC postage information package, including instructional talks for employees on PC postage, indicates "mail bearing the Information Based Indicia is handled the same as metered mail" (Postal Bulletin 22004, 8-12-99, at 10). This information package does not distinguish between processing for mail with indicium produced under PCIBI-O criteria, which would be prepared essentially like QBRM, and processing for mail with indicium produced under PCIBI-C criteria, which does not require such preparation. I anticipate the development of appropriate operating instructions that will address the differences between letters prepared under the two criteria,

and enable the Postal Service to capture the full cost avoidance implicit in letters prepared and addressed through PCIBI-O criteria.

(b) I have not observed such operations within the last ten years.

(c) Confirmed.

(d) I anticipate that the FIM required for IBIP prepared and addressed letters will permit it to be processed like other mail that contains a FIM to identify it as QBRM or containing barcodes. I do not propose specific operations.

(e) I have not performed any such studies.

DFC/STAMPS.COM-T1-12

Please refer to your response to DFC/STAMPS.COM-T1-7 (a). Please reconcile your response with the response to DFC/USPS-T10-9, which describes extra processing steps for incorrectly dated metered mail.

RESPONSE:

DCF/STAMPS.COM-T1-7 asked me to "confirm that improperly dated IBIP and metered mail generally (emphasis added) incurs additional processing costs..." My response was "not confirmed." Improperly dated IBIP and metered mail does not generally incur additional processing cost. If such mail is received, the policy is for the mailer to take back the mailing and apply the correct date. If such mail is found in the mailstream, the policy is to warn the mailer. Additional processing cost would occur only if the Postal Service accepted the mailing and overcancelled it with the correct date. This would not occur generally.

DFC/USPS-T10-9 asked Postal Service witness Kingsley to "explain current Postal Service procedures for processing bundled or trayed machinable single-piece First-Class metered letters that have a stale or incorrect meter date", assuming that the Service accepted the metered mail rather than returning it to the mailer to correct the date. Since the question explicitly is limited to a situation that that does not occur generally, the response that such mail would be overcancelled by the Service does not indicate that improperly dated IBIP and metered mail generally incurs additional processing costs, and is entirely consistent with my response.

DFC/STAMPS.COM-T1-13

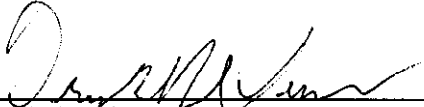
Please state the maximum number of letter-size sheets of paper, folded together, not individually, that the Commission should assume will fit in a #10 envelope that will not measure more than 0.25 inches thick. Please identify the weight of an envelope that contains this number of sheets.

RESPONSE:

The Commission should not make any assumption concerning the number of letter-sized sheets of paper that will fit in a #10 envelope. Letter-sized paper is available in different weights and thickness, which would influence the number of sheets that will fit in a #10 envelope.

DECLARATION

I, Frank R. Heselton, declare under penalty of perjury that the answers to interrogatories DFC/Stamps.com – T1 – 9 – 13 of Douglas F. Carlson are true and correct, to the best of my knowledge, information, and belief.

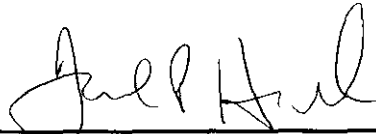


Frank R. Heselton

Dated: July 5, 2000

CERTIFICATE OF SERVICE

I hereby certify that I have this 5 day of July 2000, served
the foregoing document in accordance with the Commission's Rules of Practice.



David P. Hendel