

Before the
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

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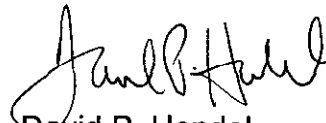
Postal Rate and Fee Changes, 2000

Docket No. R2000-1

**STAMPS.COM'S ANSWERS TO THE INTERROGATORIES OF
DOUGLAS F. CARLSON (DFC/STAMPS.COM-T1-14- 17)**

Stamps.com hereby submits the answers of Frank R. Heselton to the interrogatories submitted by Douglas F. Carlson, DFC/Stamps.com - T1 - 14 - 17. Each interrogatory is stated verbatim and is followed by the response. Pursuant to Commission Rule 26(b), a signature page will be filed with the Commission within 10 days.

Respectfully submitted,



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Tel.: (703) 790-8750

Dated: August 9, 2000

DFC/STAMPS.COM-T1-14

Please refer to your response to DFC/STAMPS.COM-T1-9.

- (a) Please explain why you can state that some "offices" are in California, yet you cannot identify the specific processing facilities.
- (b) Please explain in detail how you determined that the letters "showed no indication of having their address read and processed."
- (c) Please confirm that MLOCR's can read bar codes in the address block. If you do not confirm, please explain.
- (d) Please confirm that an MLOCR will not spray a bar code at the bottom of the envelope if the MLOCR successfully reads a delivery-point bar code in the address block.
- (e) Please confirm that, under normal circumstances, the following two envelopes will have the same processing marks: (1) an envelope processed on an AFCS and displaying a delivery-point bar code in the address block that is routed to a bar-code sorter; (2) an envelope processed on an AFCS and displaying a delivery-point bar code in the address block that is routed to an MLOCR. If you do not confirm, please explain in detail the differences in processing marks.
- (f) In your response to DFC/STAMPS.COM-T1-9(c), you stated that the Postal Service's use of the word "currently" suggests that the Postal Service will change processing of FIM "D" mail on AFCS machines in the future. Please provide all other facts and information supporting your contention that the Postal Service will change processing of FIM "D" mail in the future.

RESPONSE:

- (a) The envelopes I examined were from correspondents located in California. I did not examine any cancellation marks, which would have indicated the specific facilities performing initial sortation.
- (b) Had their addresses been read and processed, a barcode would have been sprayed on each letter under the address block. None had such a barcode.
- (c) Confirmed.
- (d) Confirmed.
- (e) Confirmed. In responding to DFC/STAMPS.COM-T1-9, I interpreted the presence of a delivery point barcode in the address block and the absence of such a code below the address block as indicating that the

letters had been processed on a BCS. It is possible, however, that the letters were processed on an MLOCR instead, which would detect the presence of the barcode in the address block and sort the letter by reading it, as would a BCS. In either case, the addresses would not be read or processed, and the letters would avoid image lifts and RBCS processing, the same as avoided by QBRM letters.

- (f) My response to DFC/STAMPS.COM-T1-9(c) contains all the facts and information supporting my suggestion that the Postal Service will change such processing in the future.

DFC/STAMPS.COM-T1-15

Please refer to your response to DFC/STAMPS.COM-T1-10. Do you contend that the Postal Service never operates AFCS machines in "lift everything" mode? If yes, please provide all facts and information supporting your contention. If not, please confirm that IBIP mail processed on an AFCS machine in "lift everything" mode may incur costs from ISS, RCR, and OSS. (Consistent with the response to DFC/USPS-103, please assume that the AFCS machine sorts FIM "D" mail to the stacker for typewritten mail, not the stacker for pre-bar-coded mail.)

RESPONSE:

As my response indicates, it is my understanding that Postal Service policy is to operate the AFCS in the script only mode. I do not know whether or not the Postal Service ever operates AFCS machines in the lift everything mode. In the lift everything mode, all the letters processed through such AFCS machines – regardless of category – would incur costs from ISS, RCR and OSS, depending on processing equipment selected after AFCS processing. Since the Postal Service's policy is to operate the AFCS in the script only mode, however, such costs would be unusual and would not be significant in determining the proposed discount for IBIP prepared and addressed letters.

DFC/STAMPS.COM-T1-16

Please refer to your response to DFC/STAMPS.COM-T1-12.

- (a) Please provide all facts and information supporting your contention that "the policy is for the mailer to take back the mailing and apply the correct date" and "[i]f such mail is found in the mailstream, the policy is to warn the mailer."
- (b) Please provide all facts and information supporting your contention that the Postal Service generally does not overcancel incorrectly dated metered mail.

RESPONSE:

- (a) My response was based on information in the PC Postage Information Package for use by postmasters, managers, and supervisors in retail, distribution, and delivery operations to inform employees about PC postage and the Information Based Indicia. This package was distributed internally by the Postal Service and also was published in Postal Bulletin 22004 (8-12-99), which indicates on page 10 that: "PC Postage with the wrong entry date is handled the same as metered mail. The customer will have to put a correction on the back of the letter by printing a zero-value Information Based Indicia with the correct date of mailing, just as metered mail customers do. If PC Postage is found in the mailstream bearing the wrong date without the correction, the customer will be issued a warning."
- (b) See my response to (a), above. While the Postal Service has the option of accepting incorrectly dated mail and overcancelling it, its policy is to return the mail for correction or to issue a warning to the customer. I conclude, based on its policy, that it does not generally overcancel incorrectly dated metered mail.

DFC/STAMPS.COM-T1-17

Please refer to your response to DFC/STAMPS.COM-T1-13.

- (a) Please confirm that an unknown portion of letter-sized IBIP mail that would receive the four-cent discount that Stamps.com proposes would be rejected from the culling system as too thick and would need to be faced manually. If you do not confirm, please explain and provide the specific portion and quantity.
- (b) Please confirm that the Commission should assume that letter-sized IBIP mail paying either the two-ounce rate or the three-ounce rate likely is rejected from the culling system as too thick and must be faced manually. If you do not confirm, please identify the number of sheets of various sizes and weights of paper that, you believe, will consistently fit in letter-size envelopes paying either the two-ounce rate or the three-ounce rate but not be too thick to pass through the culling system and AFCS.
- (c) For the most-recent period for which statistics are available, please provide the quantity of letter-sized mail for which Stamps.com customers printed postage on envelopes to pay the two-ounce rate and the three-ounce rate. Please also express these quantities as a percentage of total volume of Stamps.com postage printed on letter-size envelopes.

RESPONSE:

- (a) Confirmed. However, since only a small percentage of letters weigh more than one ounce, and automation equipment usually can handle letters weighing a little over three ounces, I anticipate little rejection of IBIP letters in automated mail processing.
- (b) Not confirmed. The likely incidence of rejection is too small to merit consideration in developing a discount for IBIP prepared and addressed letters, and should be ignored by the Commission. I do not know the number of sheets of various sizes and weights of paper that will fit in letter-sized envelopes at either the two-ounce or the three-ounce rate that would not be too thick to receive automated processing.
- (c) I do not know or have this information.

DECLARATION

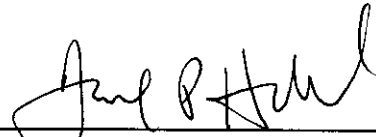
I, Frank R. Heselton, declare under penalty of perjury that the answers to interrogatories DFC/Stamps.com – T1 – 14 – 17 of Douglas F. Carlson are true and correct, to the best of my knowledge, information, and belief.

Frank R. Heselton

Dated: _____

CERTIFICATE OF SERVICE

I hereby certify that I have this 9 day of August 2000, served the foregoing document in accordance with the Commission's Rules of Practice.



David P. Hendel