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

POSTAL RATE AND FEE CHANGES

Docket No. R2001-1

KeySpan Energy's First Set Of Interrogatories And Document Production Requests To USPS Michael W. Miller

Pursuant to Rules 25 and 26 of the Commission's Rules of Practice, KeySpan Energy submits the following interrogatories and document production requests to USPS witness Michael W. Miller: **KE/USPS-T22-1-19.** If the designated witness is unable to answer any of these questions, please direct them to the appropriate witness who can provide a complete response.

Respectfully submitted,

KeySpan Energy

By: _____

Michael W. Hall
34693 Bloomfield Road
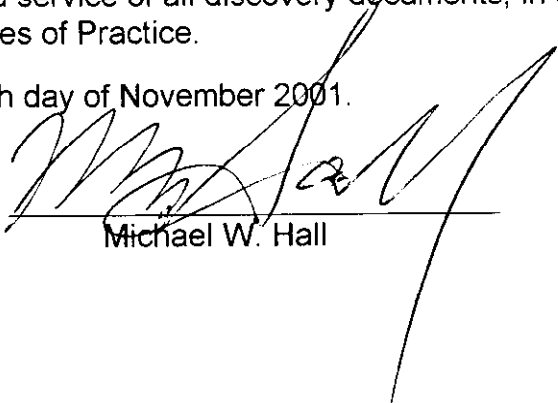Round Hill, Virginia 20141
540-554-8880

Counsel for
KeySpan Energy

Dated: Round Hill, VA
November 5, 2001

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing discovery request upon the United States Postal Service, the Designated Officer of the Commission, and participants who requested service of all discovery documents, in compliance with the Commission's Rules of Practice.

Dated this 5th day of November 2001.

_____
Michael W. Hall

KeySpan Energy's First Set Of Interrogatories And Document Production Requests For USPS Witness Michael W. Miller

KE/USPS-T22-1   On page 46 of Library Reference USPS-LR-J-60 you list marginal (volume variable) productivities that you employ in your analyses.

A. Please describe the Outgoing ISS operation, including the number of separations that result when that operation is completed.

B. Please describe the Outgoing OSS operation, including the number of separations that result when that operation is completed.

C. Please describe the Outgoing BCS Primary operation, including the number of separations that result when that operation is completed.

D. Please fully explain why the MODS productivity for the Outgoing OSS (9,177) is 46 % greater than the MODS productivity for the Outgoing ISS (6,269).

E. Please fully explain why the MODS productivity for the Outgoing OSS (9,177) is 60 % greater than the MODS productivity for the Outgoing BCS Primary (5,724).

F. Please fully explain why the MODS productivity for the Outgoing ISS (6,269) is 10 % greater than the MODS productivity for the Outgoing BCS Primary (5,724).

G. Please confirm that the Outgoing ISS operation entails reading an I.D. tag, pairing the address from the REC with the I.D. tag, applying the barcode, and sorting the letters. If you cannot confirm, please explain and provide appropriate references to the record in this proceeding, and copies of any other documents you reviewed to arrive at your conclusion that the Outgoing ISS operation does not entail the listed operations.

H. Please fully explain how the Outgoing ISS, which must read an I.D. tag, find the address, apply the barcode and sort the letters, has a 60% greater productivity than the outgoing BCS primary, which merely has to sort letters that already have a barcode applied.

KE/USPS-T22-2 On page 27 of your Direct Testimony you indicate that in the test year, 92.3 percent of handwritten letters will be finalized within the MLOCR-ISS/RCR operation. On page 51 of Library Reference USPS-LR-J-60 you show that the acceptance rate for MLOCCR/ISS/RCR handwritten letters is 82.77%. Please explain what accounts for this apparent inconsistency.

KE/USPS-T22-3 On page 12 of Library Reference USPS-LR-J-60 you show that only 110 of 10,000 pieces, or 1.1 % of all handwritten addressed letters cannot

be provided with a barcode or are non-machinable. Such letters, as you show, are processed manually in the outgoing primary operation.

A. Please confirm that out of 10,000 handwritten pieces that enter the RBCS, you show that 8,277 letters (cell H24) successfully receive a barcode in the ISS and are sent to automation barcode sorting equipment, 1,613 letters (cells E40 + G41) successfully receive a barcode in the OSS and are sent to automation barcode sorting equipment and the remaining 110 letters (cells H30 + H37) are sent as either leakage or rejects to the outgoing manual primary operation. If you cannot confirm, please explain and provide corrected numbers, with source references.

B. Please justify your assumption that 98.9% of handwritten addressed envelopes will be provided with a barcode and are sent to an automated sortation and provide copies of all studies or other documents that discuss the percentage of handwritten addressed envelopes that can be provided with a barcode and sent to automated sortation.

C. Did you take into account the problems associated with handwritten addressed letters that were studied in the USPS Address Deficiency Study that was provided by the Postal Service in Docket No. R2000-1 as Library Reference USPS-LR-I-192? If not, why not? If yes, please list all the problems identified in the referenced Library Reference and, for each problem listed, please provide a detailed explanation of how you took that problem into account.

D. Please confirm that the outgoing RBCS, which reads an address, obtains the correct barcode, barcodes the letter and sorts the letter, has a 1.1% reject rate for handwritten letters, whereas a barcode sorter that sorts pre-approved, prebarcoded QBRM letters has a 4.9% reject rate. If no, please explain.

KE/USPS-T22-4 Within First-Class single piece, is the percentage of handwritten addressed envelopes that are processed manually more likely to be higher, lower, or about the same as:

A. typewritten or computer addressed envelopes, such as a metered letters;

B. prebarcoded envelopes not originally sent out as inserts in Automation letters;

C. prebarcoded envelopes that are originally sent out as inserts in Automation letters; and

D. QBRM letters.

Please explain your answers.

KE/USPS-T22-5 Please refer to page 12 of Library Reference USPS-LR-J-60 where you diagram the mail flow for QBRM letters but with a handwritten address, and page 14 where you diagram the mail flow for QBRM letters.

A. Please explain why none if the 10,000 handwritten letters sent through the outgoing ISS/RCR operation are rejected because they are not machinable?

B. Please explain why 5% of QBRM letters, which are pre-approved, prebarcoded machinable letters with very reliable addresses, are rejected in the outgoing BCS primary operation.

C. Please confirm that in your models for both handwritten and QBRM letters, you assume that once a letter is rejected for any reason, it will be processed manually from then on until delivery. If you cannot confirm, please explain.

D. Please confirm that in your two models, a total of 761 of 10,000 handwritten letters were rejected during automation processes, and a total of 1,052 of QBRM letters were rejected during automation processes. If you cannot confirm, please explain.

E. Please explain why 38% more QBRM letters will be rejected by automation equipment and processed manually than handwritten letters. Please provide appropriate record citations or copies of all studies and other documents you reviewed in responding to this question.

F. Please confirm that in your model for metered letters (Library Reference USPS-LR-J-60, page 16) 451 of 10,000 metered letters were rejected by automation processes. If you cannot confirm, please explain.

G. Please explain why QBRM letters will be rejected by automation equipment more than twice as often as metered letters. Please provide appropriate record citations or copies of all studies and other documents you reviewed in responding to this question.

H. Is it your testimony that handwritten addressed QBRM letters will be just as accurate, readable and complete as machine printed addresses for those same letters? Please explain your answer.

I.   Is it your testimony that Postal Service automation equipment can read, barcode and sort handwritten letters more reliably than machinable QBRM letters with pre-approved printed addresses and prebarcodes? Please explain your answer.

KE/USPS-T22-6 Please refer to page 26 of your Direct Testimony where you discuss your decision to eliminate incoming secondary costs from your analysis of QBRM cost savings. You state that "[t]he incoming primary operation is

normally where QBRM would be isolated so that it could be routed to the operation(s) where those mail pieces would be sorted, counted, rated and billed."

    A. Please explain how QBRM letters are separated in the incoming primary operation.

    B. Please explain how, under what circumstances, and where QBRM letters are "sorted" prior to being counted, rated, and billed.

    C. What percent of QBRM letters are "isolated in one or more bins on an incoming primary BCS operation and routed to a downstream operation where they are further sorted to permit number"? Please provide appropriate record citations or the source documents that you believe support your answer.

    D. Please confirm that USPS witness Mayo projects that in the test year, 2/3 of all QBRM volumes will be received in volumes that will be too low to justify election of the Qualified BRM (with quarterly fee) and lower per piece fee option by those recipients. If you cannot confirm, please explain.

    E. Is it your position that, after handwritten and QBRM letters are processed in the incoming primary operation, they would be equal in the sense that they would be sorted to the exact same degree and exhibit the exact same machinability characteristics? Please support your answer.

    F. If after the incoming primary operation it could be demonstrated that more QBRM letters were able to be processed on automation than handwritten letters, would you agree that eliminating the incoming secondary operation from the analysis, as you did, understates QBRM cost savings and would be inappropriate? Please explain your answer.

KE/USPS-T22-7 Please refer to page 27 of your Direct Testimony where you discuss your decision to eliminate incoming secondary costs from your analysis of QBRM cost savings. You state that handwritten and QBRM letters would undergo a similar incoming secondary sort and that handwritten letters would not be processed using the BRMAS software.

    A. If your QBRM benchmark letters had a handwritten address but were barcoded, why couldn't such letters be processed using BRMAS software?

    B. Wouldn't the incoming secondary costs for handwritten and regular QBRM be different if the number of pieces that could be barcoded, and thus processed by automation, was different? If no, please explain.

    C. What percent of QBRM letters cannot be processed by automation in the incoming secondary? If your answer is not zero or very close to zero,

please explain the reasons why pre-approved, machine printed, pre-barcoded letters could not be processed by automation in the incoming secondary.

D. What percent of handwritten QBRM letters cannot be processed by automation in the incoming secondary? If your answer is not zero or very close to zero, please explain the reasons why handwritten non-prebarcoded letters could not be processed by automation in the incoming secondary.

E. Please confirm that your models show that 761 handwritten letters and 1,052 QBRM letters are processed in the incoming manual primary. If you cannot confirm, please explain.

F. Is it likely that letters processed manually in the incoming primary would be processed manually in the incoming secondary as well? If no, please explain your answer.

G. Please explain how "these mail pieces would incur the same 'incoming secondary' sortation costs", as you state on page 27 of your Direct Testimony, when, as you find, 38% more QBRM letters than handwritten letters cannot be processed on automation equipment?

H. Please explain why the Commission should reasonably conclude that there is a greater likelihood of handwritten addressed letters being processed on automation equipment than QBRM letters being processed on automation equipment.

I. Please confirm that your mail flow models show the following percentages of letters are successfully barcoded:

1. 100% of QBRM letters (prebarcoded by mailer);
2. 98.9% of handwritten letters; and
3. 99.7% of metered letters.
If you cannot confirm, please provide the correct percentages and the source citations.

J. Please refer to page 11 of USPS witness Kingsley's Direct Testimony (USPS-T-39). Please reconcile the percentages shown in Part I with USPS witness Kingsley's testimony that 91.1 percent of all letters in AP 12, FY 01 were barcoded. .

K. Please confirm that your mail flow models show the following percentages of letters are successfully sorted by automation through and including the outgoing primary:

1. 95.1% of QBRM letters;
2. 98.7% of handwritten letters;

3. 99.6% of metered letters; and
4. 99.6 % of machinable, mixed AADC letters.
If you cannot confirm, please provide the correct percentages and the
source citations.

L. Please confirm that your mail flow models show the following percentages
of letters are successfully sorted by automation through and including the
outgoing secondary:

1. 94.8% of QBRM letters;
2. 97.3% of handwritten letters;
3. 98.5% of metered letters; and
4. 98.5% of machinable, mixed AADC letters.
If you cannot confirm, please provide the correct percentages and the
source citations.

M. Please confirm that your mail flow models show the following percentages
of letters are successfully sorted by automation through and including the
incoming primary:

1. 89.5% of QBRM letters;
2. 92.4% of handwritten letters;
3. 95.5% of metered letters; and
4. 95.5% of machinable, mixed AADC letters.

If you cannot confirm, please provide the correct percentages and
appropriate source citations.

KE/USPS-T22-8 Please refer to page 10 of Library Reference USPS-LR-J-60
where you apply your CRA adjustment factor to both the handwritten and QBRM
letter processing costs.

A. Please confirm that your CRA adjustment factor of 1.538 was derived by
computing the ratio of the metered letter CRA mail processing cost to the
model-derived mail processing cost as follows: 6.447 / 4.193 = 1.538. If
you cannot confirm, please provide the correct computation and source
citations.

B. Is the difference between the CRA unit cost and the model-derived unit
cost of 2.254 cents supposed to represent costs incurred to process
metered letters not reflected in the models, such as missorts, platform
operations, mail preparation, forwarding and returns, pouching, package
sorting, tray sorting and sack sorting? If no, please explain.

C. What is the rationale for assuming that the relationship between the CRA
derived unit cost and your model-derived unit cost for metered letters
would be applicable to that for

1. handwritten letters; and
2. QBRM letters?

D. Do QBRM letters take on the characteristics of (1) AADC machinable automation letters, (2) 3-Digit automation letters, (3) 5-Digit Automation letters, or (4) some combination thereof, once they are sorted in the outgoing primary operation? Please explain your answer.

E. Do handwritten letters take on the characteristics of (1) AADC machinable automation letters, (2) 3-Digit automation letters, (3) 5-Digit Automation letters, or (4) some combination thereof, once they are sorted in the outgoing primary operation? Please explain your answer.

F. Please confirm that the purpose of the CRA adjustment factor is to tie the derived mail flow model costs to the CRA-derived unit costs, if the latter are known. If no, please explain.

G. Please confirm that you do not know the CRA-derived unit costs for either handwritten letters or QBRM letters. If no, please explain.

H. Please confirm that your CRA adjustment factor for metered letters signifies that your model-derived unit processing cost must be *raised* by 53.8% in order for it to be reconciled to the CRA. If no, please explain.

I. Please confirm that your CRA adjustment factor for automated letters signifies that your model-derived unit processing cost must be *lowered* by 26.7% in order for it to be reconciled to the CRA. If no, please explain.

J. Please explain why the processing of QBRM letters is not more like the processing of automation letters, particularly after they are sorted in the outgoing primary, rather than like metered letters, which must go through the RBCS for barcoding and whose addresses are not pre-approved or even necessarily printed.

KE/USPS-T22-9 Please refer to pages 13, 14, 17 and 18 of Library Reference USPS-LR-J-60 where you derive unit mail processing costs for QBRM and non-automation machinable mixed AADC-AADC letters.

A. Please confirm that both QBRM and non-automation machinable mixed AADC-AADC letters are machinable by definition. If no, please explain.

B. Please confirm that QBRM letters are prebarcoded and machinable while mixed AADC-AADC letters are just machinable. If no, please explain.

C. Please confirm that machinable mixed AADC-AADC letters are sent through the RBCS where they are barcoded (if possible) and receive their first outgoing primary sort. If no, please explain

D. Please confirm that machinable mixed AADC-AADC letters do not have to conform to the Postal Service's move update or address readability requirements. If no, please explain.

E. Please confirm that QBRM letters bypass the RBCS and go to a barcode sorter to receive their first outgoing primary sort. If no, please explain.

F. Excluding mail preparation costs, should QBRM letters cost more or less than machinable mixed AADC-AADC letters for operations up through and including the incoming primary sort. Please explain your answer.

G. Please explain why your model-derived mail processing unit cost for operations up through and including the incoming primary for QBRM letters (3.206 cents) are a full penny higher than for machinable mixed AADC-AADC letters (2.205 cents).

KE/USPS-T22-10 Please refer to pages 12 and 14 of Library Reference USPS-LR-J-60 where you model the mail flow for QBRM and handwritten (HAND) letters.

A, Please confirm that 100% of QBRM letters are pre-barcoded and that the design and printing of each envelope has been pre-approved by the Postal Service to conform to postal guidelines and requirements to ensure machinability. If no, please explain.

B. Please confirm that none of the HAND letters is pre-barcoded and none have been specifically designed to conform to postal guidelines or requirements to ensure machinability. If no, please explain.

C. Please confirm that for QBRM, you assume that 4.9% of the letters will be rejected in the outgoing BCS primary operation, requiring manual processing throughout the mailstream from that point forward. If no, please explain.

D. Please confirm that for HAND letters you assume that .89% of the letters will be rejected in the outgoing ISS/RCR primary, .20% of the letters will be rejected in the outgoing OSS primary, and .20% will be rejected in the outgoing BCS primary, for a total of 1.29%. If no, please explain.

E. Please explain why you show that the percentage of QBRM letters that are rejected by automation equipment in the outgoing primary is almost 4 times the percentage of HAND letters that are rejected by automation equipment in the outgoing primary.

F. Does your model indicate that 9,871 of 10,000 letters, or 98.71% of all HAND letters will be successfully barcoded in the RBCS and directly sent to an automation operation? If no, please explain.

G. Does the Postal Service expect to barcode 98.71% of all HAND letters in the test year? Please explain your answer and provide appropriate record citations or copies of studies or other documents that indicate the Postal Service will barcode 98.71% of such letters in the test year.

KE/USPS-T22-11 Please refer to USPS witness Campbell's response to Interrogatory KE-USPS-T29-31 (C) in Docket No. R2000-1 where he discussed his observations of QBRM processing.

A, Please confirm that at the Carol Stream (Illinois) Processing and Distribution Center on April 6, 1999, Mr. Campbell saw BRM letters sorted into ZIP+4 order on the second pass of the incoming secondary operation before being sent to the Postage Due unit. If you cannot confirm, please explain.

B. Please confirm that at the Carol Stream (Illinois) Processing and Distribution Center on April 7, 1999, Mr. Campbell saw BRM letters sorted to P.O. Box in the first pass on a DBCS. If you cannot confirm, please explain.

C. Please confirm that at the Chicago Processing and Distribution Center on April 8, 1999, Mr. Campbell saw nearly all BRM letters on a DBCS in the incoming secondary operation, where large-volume BRM accounts had dedicated bins in the first pass and small-volume accounts were required to receive a second pass for finalization.

D. Will the processing of QBRM change significantly in the test year from what Mr. Campbell reportedly saw? If yes, please explain and provide appropriate record citations or studies or other documents you reviewed in reaching your conclusion.

KE/USPS-T22-12 Please refer to USPS witness Campbell's response to Interrogatory KE-USPS-T29-35 (b) in Docket No. R2000-1 where he discussed his view concerning the processing of QBRM in the incoming secondary operations. Please confirm that Mr. Campbell stated that "it is possible, but unlikely" that QBRM pieces even if received in high volumes would be sorted to the end user in the incoming primary operation, bypassing the incoming secondary. If no, please explain.

KE/USPS-T22-13 What percent of QBRM letters are currently addressed to a post office box? Please provide the source for you answer.

KE/USPS-T22-14 Please refer to USPS witness Campbell's response to Interrogatory OCA/USPS-T29-4 in Docket No. R2000-1. Do you agree with Mr. Campbell that, in order to derive QBRM cost savings, "[a] handwritten mail piece is the more appropriate benchmark because households must generate

handwritten mail pieces when no preapproved, prebarcoded reply mail pieces are provided"? If no, please explain.

KE/USPS-T22-15 Please refer to page 37 of your Direct Testimony where you indicate that, in Docket No. R2000-1, KeySpan Energy witness Bentley modified the cost study developed by USPS witness Campbell by removing from the analysis costs related to BRMAS processing. Please also refer to Library Reference USPS-LR-I-160, Section B, pages 2 and 3, where USPS witness Campbell derives the unit cost for QBRM letters.

    A. Please confirm that USPS witness Campbell removed from his derivation of high volume QBRM costs the costs associated with BRMAS processing. If you cannot confirm, please explain.

    B. Please confirm that USPS witness Campbell removed from his derivation of low volume QBRM costs the costs associated with BRMAS processing. If you cannot confirm, please explain.

    C. Please confirm that by adding the BRMAS operation to the derivation of QBRM counting costs, you are proposing a modification not only to the methodology used by KeySpan Energy witness Bentley but also the method used by USPS witness Campbell. If no, please explain.

    D. Please confirm that the Commission accepted KE witness Bentley's derivation of QBRM costs in Docket No. R2000-1. If no, please explain.

KE/USPS-T22-16 Please refer to pages 98 and 99 of Library Reference USPS-LR-J-60 where you derive the unit costs for QBRM letters.

A. Please confirm that you did not include costs from "Other Software" and "End-of-Run" for counting the letters because the cost of using such methods is zero. If no, please explain.

B. Please confirm that BRMAS performs sorting, counting and rating of QBRM letters. If no, please explain.

C. Please provide the basis and source for the productivity of 7,936 PPH that you use for letters that are counted by BRMAS.

D. Does the BRMAS operation, for which you have used a productivity of 7,936 PPH, entail sorting the QBRM letters? If not, please explain.

E. If the 7,936 PPH productivity factor you used for BRMAS does include sorting, please explain why QBRM letters should pay twice for sorting, once in the First-Class rate and again in the QBRM per piece fee?

KE/USPS-T22-17 Please refer to page 38 of your Direct Testimony where you discuss the downtime of BRMAS equipment when bills are printed out.

A. Are the costs of printing the bills volume variable costs? If yes, please explain your answer and provide appropriate record citations or copies of the documents you relied upon in formulating your answer.

B. How many postal clerks are required to operate a BCS sorter that does not have a BRMAS counting computer attached to it?

C. How many postal clerks are required to operate the same capacity BCS sorter that has a BRMAS counting computer attached to it?

D. How many postal clerks does it take to print out the bills? If your answer is more than one, please explain.

E. Do the other postal clerks sit around and watch the bills being printed out, or do they have other tasks that they can be doing at the same time? Please explain your answer.

F. How much time does it take to print out each QBRM bill? Please support your answer and provide any studies or other document you review in responding to this interrogatory.

G. Does the time required to print out a QBRM bill vary depending upon the number of pieces counted by the BRMAS software? Please explain your answer and provide any studies or other document you review in responding to this interrogatory.

H. During the time that the bills are printed out, what is the average cost per piece during this process? Please support your answer.

I. Is the .76 "Total Cents Per Piece" that you derive for QBRM pieces under the BRMAS "Counting Method", as shown on pages 98 and 99 of Library Reference USPS-LR-J-60, supposed to be the unit cost for counting QBRM by BRMAS? If yes, please explain how this unit cost, as you have derived it, specifically reflects the cost of counting QBRM letters and nothing else. If no, please explain what the .76 unit cost represents?

J. Please provide copies of all technical manuals, training manuals and written policies and procedures that describe or prescribe the proper operation of BRMAS software and computer systems, the methods of connecting such systems to BCS equipment and any technical or other restrictions on the type of BCS equipment that BRMAS can be used with.

KE/USPS-T22-18 Please refer to page 103 of Library Reference USPS-LR-J-60 where you derive marginal productivities from MODS productivities.

A. Please confirm that for manually counting QBRM in the postage due unit, you assume that 94% of the labor cost varies with volume. If no, please explain.

B. Please explain the bases for your assumption of a 94% volume variability factor for manually counting QBRM letters in the postage due unit and provide record citations or copies of all studies or other documents you believe support your assumption.

C. Please refer to USPS witness Campbell's response to Interrogatory KE/USPS-T29-26(B) in Docket No. R2000-1. Please confirm that Mr. Campbell made a change from the methodology used in Docket No. R97-1 for determining the cost of manually counting and distributing QBRM letters in the postage due, more particularly by assuming that such costs were 100% volume variable. If you cannot confirm, please explain.

D. Please confirm that, USPS witness Campbell's response to Interrogatory KE/USPS-T29-26(B) in Docket No. R2000-1 states, in part, "[t]he use of 100 percent volume variability in the postage due unit is an institutional decision made by the Postal Service and is not within the scope of my testimony." If you cannot confirm, please explain.

E. Is the decision to assume in this case a volume variability factor of 94% for manual counting of QBRM letters in the postage due unit an institutional decision? Please explain your answer.

KE/USPS-T22-19 Please refer to pages 9466-67 of the transcript of hearings in Docket No. R2001-1 where USPS witness Campbell described plans to have a joint Postal Service/MTAC Working Group to study QBRM issues, "identify best practices throughout the field," and report their findings by October 2001.

A. Please provide a copy of the MTAC QBRM Working Group report if it exists. Please note that this a continuing request if the report has not yet been submitted.

B. If the MTAC QBRM Working Group report has not been submitted yet or if it has been submitted but does not provide the following information, please indicate all dates on which the MTAC QBRM Working Group met, identify all persons who attended such meetings, identify which postal facilities the Working Group visited to observe QBRM processing and counting methods, and provide copies of the minutes of all such meetings and/or notes made by USPS attendees.