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, 1997

Docket No. R97–1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MODEN TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC. (DMA/USPS–T4—1–11, 12(C)-(H) AND 13)

The United States Postal Service hereby provides responses of witness Moden to the following interrogatories of the Direct Marketing Association, Inc.: DMA/USPS–T4—1–11, 12(c)-(h) and 13, filed on July 25, 1997. Interrogatories DMA/USPS–T4—12(a) & (b) were redirected to witness Moeller.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260–1137
(202) 268–2999; Fax –5402
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RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MODEN
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DMA/USPS-T4-1. Please refer to page 4, lines 21-26, of your testimony.

a. Does the Postal Service have projections of how much letter mail will be barcoded in FY1997, FY1998 and FY1999, or for any portion of this period?

b. Does the Postal Service have projections of barcoded flat mail for this period?

c. Does the Postal Service have projections of the distribution of barcoded letters and flats by mail class during this period?

d. Does the Postal Service have projections for this period of the percentages of barcodes that will be applied by mailers, but USPS OCRs and by USPS RBCSs?

e. If so, please provide this information, divided by subclass to the extent available, together with an explanation of the method by which these projections were developed.

Response:

a. Yes. The projections of total letter mail volume that will be barcoded are 117.9 billion for FY 1997 and 126.0 billion for FY 1998. Projections for FY 1999 are not available.

b. Yes. See Testimony of witness Tolley (USPS-T-6), Exhibit USPS-6A.

c. No. I am unable to provide a breakdown of all barcoded letters and flats by class. However, I am told that a volume forecast of customer prebarcoded mail by class and mail type is provided in the testimony of witness Tolley, Exhibit USPS-6A.

d. Yes. As mentioned in 1a, FY 1999 projections of barcoded letter mail volumes are not available. Projections for FY 1997 and FY 1998 barcoded letter percentages

applied by mailers and the Postal Service are listed below. Flat mail barcodes will be 100% applied by mailers.

Percentage Share of Barcoded Letters

	FY 1997	FY 1998
Mailer Applied	51.9%	50.6%
USPS - OCR	24.9%	24.5%
USPS - RBCS	23.2%	24.9%

e. Where available, I have provided specific information in my responses to the previous four questions. The Postal Service does not have information that allows the dividing of the percentage shares of mailer applied barcodes versus USPS barcodes by class. In the instances of where I do not refer you to witness Tolley (USPS-T-6), volume projections for FY 1997 and FY 1998 were derived by applying FY 1996, AP 8 year-to-date volume trends to FY 1995 year end volumes. Postal applied barcodes also considered additional processing capacity that would be gained as a result of scheduled equipment deployments in FY 1997 and FY 1998.

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DMA/USPS-T4-2. On page 5, lines 1-6, of your testimony you say that two employees on an OCR can do the work of 17 employees on an LSM.

a. Have you adjusted for the depth of the sort of the OCR?

b. What is the cost savings (including, but not limited to, reduced labor costs) in substituting an OCR for an LSM for a particular volume of mail?

c. How much does an MLOCR cost? What are the costs (including, but not limited to, labor costs) of operating an MLOCR? Why are there no new MLOCRs planned to be deployed?

d. How much does it cost to retrofit an MLOCR with a Greyscale Carnera [sic], a co-directory lookup, and a co-processor?

e. What is the cost of modifying a Delivery Barcode Sorter so that it can function as an MLOCR?

f. How much does an RBCS cost? What are the processing rate and staffing requirements for a RBCS? What are the costs (including, but not limited to, labor costs) of operating an RBCS?

g. How much does a DBCS cost? What are the processing rate and staffing requirements for a DBCS? What are the costs (including, but not limited to, labor costs) of operating a DBCS?

h. How much does a CSBCS cost? What are the processing rate and staffing requirements for a CSBCS? What are the costs (including, but not limited to, labor costs) of operating a CSBCS?

i. How much does a MPBCS cost? What are the processing rate and staffing requirements for a MPBCS? What the costs (including, but not limited to, labor costs) of operating an MPBCS?

Response:

a. Yes. While the OCR's depth of sort is lower than that of an LSM, the overall handlings, for mail that is initially processed on an OCR and subsequently

processed on automation equipment, are still more efficient than processing the mail on the LSM.

b. I don't know. The Postal Service has not conducted any studies to determine specifically the cost savings that result from substituting an LSM with an OCR.

c. The cost of an MLOCR is approximately $554,605. I am told that the processing cost per piece for all OCRs, which are predominately MLOCRs, is shown in the model cost summary pages of the testimonies of witnesses Hatfield and Daniel, USPS-T-25 and USPS-T-29 respectively. See for example USPS-T-25 at Appendix I, page 20, the rows for "MLOCR." The costs for OCRs are detailed in LR-H-77, page 192. There are no new MLOCRs planned for deployment because none are required. As I mentioned in lines 13 and 14 on page 5 of my testimony, the mailer share of total barcoded letters exceeds our original projections.

d. Greyscale Camera - $31,869

Co-processor - $23,000

Co-Directory - $18,000

e. The cost to modify a DBCS, so that it can function as an MLOCR, is approximately $190,000.

f. The Remote Bar Coding System (RBCS) includes the equipment as described in my testimony on page 6, line 12 through page 7, line 3. As I mentioned, RBCS will have been deployed to 250 sites when deployment is completed. Each RBCS site is different in that it is made up of different numbers of components, depending on

the mail processing requirements at the site. The number of components and their average cost are shown below.

ITEM	TOTAL COST	QUANTITY	AVG COST
IPSS	$341,780,328	250	$1,367,121
AFCS/ISS	$103,728,037	908	$114,238
MLOCR/ISS	$166,745,751	879	$189,699
MPBCS/OSS	102,076,060	1,124	$90,815
RCR	$47,571,533	250	$190,286
HANDWRITING UPGRADE	$54,000,000	250	$216,000
LMLM	$64,850,000	250	$180,139
TOTAL	$880,751,709	250	$3,523,007

I am told the labor productivities associated with MLOCR, MPBCS-OSS and REC sites are shown in LR-H-113, pages 10, and 100. The costs for MLOCRs (including the ISS) are discussed in part c above. The processing costs per piece for the MPBCS-OSS are shown in the model cost summary pages of the testimonies of witnesses Hatfield and Daniel, USPS-T-25 and USPS-T-29 respectively. See for example USPS-T-25 at Appendix I, page 20, the rows for "BCS-OSS." The cost related to MPBCS is detailed in LR-H-77, page 192. The processing costs per piece for the remaining portion of RBCS, which includes IPSS, OSS and the RCR are shown in the model cost summary pages of the testimonies of witnesses Hatfield and Daniel, USPS-T-25 and USPS-T-29 respectively. See for example USPS-T-25 at Appendix I, page 20, the rows for

"RBCS." The costs related to this RBCS equipment is detailed in LR-H-77, page 192 in the row labeled "RBCS."

g. The cost of a DBCS is approximately $217,566. I am told the combined labor productivity for DBCS and MPBCS for different types of operations is shown in LR-H-113, page 100. The processing costs per piece for DBCS is shown in the model cost summary pages of the testimonies of witnesses Hatfield and Daniel, USPS-T-25 and USPS-T-29 respectively. See for example USPS-T-25 at Appendix I, page 21, the rows for "DBCS." The costs related to DBCS is detailed in LR-H-77, page 192.

h. The cost of a CSBCS is approximately $73,000. I am told the labor productivity for CSBCS is shown in the testimony of witness Hatfield, USPS-T-25 at Appendix I, page 32. The processing costs per piece for CSBCS is shown in the model cost summary pages of the testimonies of witnesses Hatfield and Daniel, USPS-T-25 and USPS-T-29 respectively. See for example USPS-T-25 at Appendix I, page 21, the rows for "CSBCS." The costs related to CSBCS is detailed in LR-H-77, page 192.

i. Since we have not purchased any of these machines for seven years and do not intend to purchase additional units, there is no current estimated procurement cost for this equipment. I am told the combined labor productivity for DBCS and MPBCS for different types of operations as well as the labor productivity for the MPBCS-OSS is shown in LR-H-113, page 100. The processing costs per piece for

MPBCS are shown in the model cost summary pages of the testimonies of witnesses Hatfield and Daniel, USPS-T-25 and USPS-T-29 respectively. See for example, USPS-T-25 at Appendix I, page 21, the rows for "MPBCS." The cost for the MPBCS-OSS is discussed above in part f. The costs related to MPBCS is detailed in LR-H-77, page 192.

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DMA/USPS-T4-3. Please refer to Page 8, Lines 11-19 of your testimony.

a. When all equipment is fully deployed, how many fewer city carriers does the Postal Service expect to have employed? Please explain fully.

b. Please quantify the cost savings due to the increased use of DPS mail (including, but not limited to, cost savings from the elimination of the need for manual casing of letters in office) by mail class? Please quantify the estimated increase in, and savings from, DPS use for FY1997, FY1998 and FY1999? What is the estimated decrease in city carrier workhours due to DPS for FY1997, FY1998 and FY 1999? Please provide a full explanation of the computation of these estimates.

Response:

a. As I mentioned on page 9, lines 5 through 8, of my testimony, through Accounting Period 9, 1997, the number of city carriers is 5,280 below SPLY. It is expected that the number of city carriers will continue to decrease as additional zones are put on DPS, but I am unable to give you a projection on how many fewer city carriers will be employed. It is important to recognize that our equipment programs are intended to enable us to work more efficiently and provide workhour savings in the specific work functions affected by the equipment.

That being said, workhour savings from letter mail automation do not necessarily translate directly into equivalent complement reductions. Complement is driven by the total workload, not just workload associated with preparing letters for delivery. The total workload is affected by the mail volume and mail mix for a route, the number of possible deliveries on a route, and/or the services that are provided. The actual complement required to deliver the mail is a function of the overall

workload including, but not limited to, the functions previously mentioned. Therefore, while letter mail automation equipment is reducing the amount of time needed to prepare mail for delivery, the number of possible deliveries and other workload components contributing to overall workload could be increasing.

b. The distribution of the increase in DPS savings in city carrier costs for FY97 and FY98 by class is shown at the following portions of the workpapers of witness Patelunas, USPS-T-15. The FY97 cost reduction due to DPS is shown at Patelunas workpaper WP-A, Part 1 of 2, Table A, Table 6, pages 295-296. The TY98 before rates cost reduction is shown at Patelunas workpaper WP-D, Part 1 of 2, Table A, Table 6, pages 247-248. The TY98 after rates cost reduction is shown at Patelunas workpaper WP-F, Part 1 of 2, Table A, Table 6, pages 247-248. The basis for the distribution by class is from the LR-H-129 at page I-1.

The additional savings for DPS for FY97 and FY98 in dollars and hours (in 1000s) are listed below. Additional savings projected for DPS in FY99 is not available.

	Cost Reduction	Hours
FY97	$201,542	7,900
FY98	$342,341	13,093

(See USPS LR-H-10, Exhibit C, pages 1 and 2).

The calculation of these savings and hours are done as described by Mr. Shipe, USPS-T-3, in Docket MC95-1 on pages 15-17. See also in LR-H-10, pages 5-8, and 12 for a description of the programs including city carrier savings and the calculation of the savings.

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DMA/USPS-T4-4. Please refer to Page 9, Lines 22-25 of your testimony. Why won't all zones eventually receive DPS for letters? Please explain fully.

Response:

Generally, it is not cost efficient to DPS zones with fewer than ten carrier routes. The primary reason is that the volume of letters destinating to those zones is not sufficient enough to produce capturable savings in carrier office time.

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DMA/USPS-T4-5. Please refer to Page 10, Lines 8 and 9 of your testimony.

a. Please confirm that the Postal Service is not planning to process flats to delivery point sequence on automation machinery. If confirmed, please explain fully why the Postal Service has no plans to process flats to delivery point sequence on automation machinery.

b. Please describe any reports or tests conducted by USPS concerning the potential cost savings from applying DPS to flats.

Response:

a. Confirmed. As I mentioned on page 10, lines 14 through 26, of my testimony, the FSM 881 and the FSM 1000 are the pieces of equipment that are used to process flats in today's environment and will continue to be used over the next several years. This equipment is not conducive for sorting flats to DPS primarily due to the throughput rate and transport speed of these machines. As exhibited in Witness Shipe's testimony in Docket No. MC95-1, USPS-T-3, Exhibit B, letter mail must receive two passes across Delivery Bar Code Sorters in order to place the mail in delivery point sequence. Processing flats to DPS would be no different and would also require multiple passes across the FSM. Consequently, the substantially lower throughput rate and transport speed of an FSM, as compared to a Delivery Bar Code Sorter, does not make DPS processing of flats cost efficient in the foreseeable future. However, there is always the possibility that technological advances could produce a next generation FSM that could make DPS processing of flats cost effective.

b. I am not aware of any reports or tests conducted concerning the potential costs savings from applying DPS to flats.

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DMA/USPS-T4-6. Please refer to Page 11, Line 11 of your testimony.

a. Why can barcodes on flats only be applied by mailers? Please explain fully.

b. Does the USPS have any plans to install at any point in the future flat barcoding and processing equipment to a degree comparable to the installation of letter processing machines? If yes, please describe fully.

Does the Postal Service have any plans to apply barcodes to flats to any extent at any point in the future? If yes, please describe fully. If the answer to either question is "no," please describe in detail the current state of the thinking within the Postal Service concerning the relative costs and benefits of the installation of such equipment.

Response:

a. Today, neither the FSM 881 or FSM 1000 has OCR capabilities. As I mentioned on page 13, lines 7 through 10, of my testimony, all of the FSM 881s will be retrofitted with OCR capabilities and will only read and sort flats. Given the numerous layouts and designs of flat sized mailpieces and the lack of a barcode clear zone, it is not practical for us to try and spray barcodes on flats. Also, many of the presorted flats are sorted to a 5-digit level and only one handling is necessary to sort the mail to carrier route, so spraying a barcode has no advantage over the OCR since there are no subsequent sortations.

b. No to both questions. The future flats sorting equipment is covered in my testimony on pages 13 and 14, and as I mentioned in 6a, there are several reasons as to why our applying barcodes to flats is not practical and would not yield benefits above the costs of installing the equipment.

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DMA/USPS-T4-7. Refer to Pages II and 12 of your testimony. On page 12, you advance a hypothesis of why cost models do not "adequately reflect the inherent differences in processing efficiencies between barcoded and non-barcoded mail" for periodicals. Do you have any explanation for Standard (A) mail? Please explain fully.

Response

No. The hypothesis you reference for Periodicals was provided only as an example, and I do not have a similar type of hypothesis to offer for Standard (A) at this point.

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DMA/USPS-T4-8. Please refer to Page I1, Line II and Page 13 of your testimony.

a. You describe plans to retrofit FSM 881s with OCRs. Why will the OCRs not spray barcodes?

b. Are there any plans by the USPS to apply a barcode reader to FSM 881s?

c. For an MPFSM 881, how many pieces per hour can the machine sort and what size crew is required to perform the sorting? How much does such a machine cost? What are the costs of operating such a machine?

d. What is the maximum sorting speed of an FSM 1000 with a barcode reader? What is the sorting speed of an FSM 1000 with an OCR, but no barcode reader? What is the sorting speed of an FSM 1000 without an OCR or barcode reader?

e. What is the crew size of an FSM 1000 with a barcode reader? What is the crew size of an FSM 1000 with an OCR but no barcode reader? What is the crew size of an FSM 1000 without an OCR or barcode reader?

f. How much does an FSM 1000 cost? What is the cost of adding a barcode reader to an FSM 1000? What are the costs of operating such a modified machine?

Response:

a. See responses to questions 6a and 6b.

b. All 812 FSM 881s are already equipped with a wide area barcode reader.

c. A crew of six employees is used to operate the flat sorter. I am told the labor productivity for FSM 881 for different types of keying operations is shown in LR-H-113, page 98. The labor productivity for the FSM 881 with the barcode reader/OCR is as discussed in the testimony of witness Seckar, USPS-T-26 at page 30. The cost of an FSM 881 is approximately $285,000. The processing costs per piece for the FSM 881 operations are shown in the model cost summary

pages of witness Seckar's testimony, USPS-T-26. These are contained in LR-H-134. See for example LR-H-134 at Section 2, page 16, the rows for "FSM-BCR/FSM-OCR" and Section 2, page 22, the rows for "FSM-881." The costs related to FSM 881 are detailed in LR-H-77, page 193.

d. As mentioned on page ten, lines 23 through 24, of my testimony, the FSM 1000 is not presently equipped with barcode readers. It is also not equipped with an OCR. As a result, I am unable to provide you with approximate estimates of the maximum throughput for the scenarios that you outlined. However, I can tell you that the maximum throughput of today's existing FSM 1000 without an OCR or barcode reader is approximately 6000 pieces an hour.

e. A crew of six is needed for each of the scenarios you described. There are no future plans to place an FMOCR on the FSM 1000 and the barcode reader is not yet deployed.

f. The cost of an FSM 1000 is approximately $455,000. The barcode reader for the FSM 1000 is in the planning stage and authorization to purchase such readers has not yet been requested of the Board of Governors. Since it has yet to be deployed, we are unable to provide operating costs for the FSM 1000 with a barcode reader.

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DMA/USPS-T4-9. Refer to Pages 13 and 14 of your testimony.

a. How much would you expect efficiency for flats to increase as a result of the deployments and modifications you discuss in your direct testimony? Please explain fully.

b. How many flats with barcodes were keyed by mistake on the flat sorter in FY1996? How many barcoded flats does the USPS estimate will be mistakingly keyed after the implementation of the FMOCR?

Response:

a. I do not have a precise estimate of how much efficiency will increase as a result of the deployments and modifications mentioned in my testimony. The deployment of additional FSM 1000s will allow us to shift more mail from manual operations into mechanized operations so this will yield better efficiency. Adding OCR capability to the FSM 881 will also improve efficiency. The OCR will eliminate keying errors and will also increase barcode utilization as I mentioned in my testimony on page 14, lines 11 through 19.

b. The Flat Sorter is not able to provide how many barcode flats were keyed during processing, so I am unable to provide you with an estimate for the total number of barcoded flats keyed in FY 1996. Once the implementation of the FMOCR is complete, virtually all instances of barcoded flats being keyed on an FSM 881 will be eliminated. Any barcoded flats that may still be keyed are likely to be rejects that could not be read by the barcode reader and would, therefore, not be keyed by mistake.

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DMA/USPS-T4-10. Please refer to Page 16, Lines 13-16 of your testimony.

a. In the MODS system, for which operations are first piece handlings counted and for which operations are they derived from conversion factors?

b. When were the conversion factors last revised?

c. Please describe how the conversion factors were calculated and how they operate. Provide the underlying data and sampling plan.

d. Please confirm that subsequent piece handlings are always "flowed" from initial piece handlings.

Response:

a. In general, all MODS operations that receive First Handling Pieces (FHP) receive both counted FHP and FHP derived from conversion factors.

b. I am told they were last revised in 1986.

c. Documentation describing the conversion factor underlying data, sampling plan, and computational procedures is no longer available. A description of the use of conversion factors can be found in Library Reference H-147. See especially section 221.

d. Confirmed for manual operations. Not confirmed for automated and mechanized operations. See Library Reference H-147 for details.

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DMA/USPS-T4-11. Please refer to Page 21, Lines 11-14 of your testimony where you state: "Manual cases become the method-of-last-resort, especially late in the evening as rejects from automated operations appear in quantity To meet service commitments, manual cases must be staffed to handle these late surges.

a. At what time during the evening do these "late surges" occur?

b. What shapes and classes of mail make up the majority of manually sorted mail during the late surge period?

c. What shapes and classes of mail make up the majority of manually sorted mail before the late surge period?

d Please list the "service commitments" which require the late surge manual case staffing.

Response:

a In general, activity increases in manual cases as outgoing mail is prepared for dispatch near the end of Tour 3, and again as local mail is prepared for dispatch near the end of Tour 1.

b. First Class letters and flats on Tour 3; First Class letters and flats, Standard letters,and Periodicals on Tour 1.

c. Same as b above.

d. See the 1997 National Five-Digit Zip Code and Post Office Directory, Volume 2, page 10-3.

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DMA/USPS-T4-12. At page 28 of his testimony, USPS witness Moeller (USPS-T-36) refers to the "Postal Service's concern regarding its letter automation program" (lines 1-2) and cites your testimony as support for the proposition that a zero percent pass-through of the letter/nonletter differential is appropriate in light of this concern. See also the testimony of USPS witness O'Hara (USPS-T-30) at page 36

a. Please confirm that, under the USPS proposal, a mailer of Standard (A) letters with density adequate to meet Basic ECR requirements would have four choices: (1) apply barcodes and sort the mail to five digits, in which case he would pay 16.0 cents per piece; (2) sort the mail to ECR specifications and apply a barcode, in which case he would pay 15.7 cents per piece for pieces destined for delivery offices where either a CSBCS was available or where letters were sequenced manually and pay 16.0 cents per piece for the remaining pieces; (3) sort his mail to ECR specifications (without adding a barcode) and pay 16.4 cents per piece; or (4) neither sort to ECR specifications nor add a barcode, in which case his mail would travel at the "Presort-3/5-Digit" level, and he would be charged 20.9 cents per piece.

b. Would it be fair to conclude from the Postal Service's proposals in this case that, for letters, mailer-applied barcodes yield cost savings to the Postal Service at least 0.4 cents per piece greater than carrier route presortation? Please explain fully any "no" answer.

c. Please describe generally the ways in which delivery point sequencing (DPS) saves city carrier costs in ways that carrier route presortation does not. Please include in your answer responses to the following:

   i. Is it generally the case that city carriers would never handle DPS letters piece-by-piece?

   ii. Would DPS letters and non-DPS letters be combined by the carrier into one bundle per addressee?

   iii. Would the DPS process require the carrier to carry an additional bundle to each address?

d. Please confirm that delivery office supervisors can minimize overtime costs by deferring certain portions of the mail stream (especially Standard (A) letters) and that overtime is not paid to carriers unless they work more than an additional half hour on a given day.

e. Does the Postal Service have any estimates of the extent to which DPS letters save actual costs? Please provide any such estimates and explain their derivation in detail.

f. Does the increased volume of DPS letters increase the ability of postal supervisors to plan city carrier workloads and/or to implement deferral strategies so that all mail is delivered in accordance with applicable service standards at the lowest possible cost? Please explain fully.

g. Does the Postal Service have any studies on the extent to which DPS permits a reduction in the number of carrier routes needed to service a particular geographic area, for example, by permitting carriers to spend less time in-office, and more time out-of-office? Please describe the results of any such studies and make such studies available as library references.

h. Please describe in detail any other ways in which DPS letters result in actual USPS cost savings.

Response:

a. Redirected to witness Moeller (USPS-T-36).

b. Redirected to witness Moeller (USPS-T-36).

c. DPS letters require no in-office preparation, thus they do not require piece handlings by carriers. City carriers take DPS letters directly to the street where they carry them as a separate bundle. In contrast, carrier route letters require in-office preparation. Carrier route letters are cased with other letters in delivery sequence.

d. Part 1 of your question is confirmed. When carriers cannot prepare all of the mail that requires in-office preparation within their scheduled office time, supervisors

may authorize assistance, overtime, or permit the curtailment of non-preferentail mail.

Part 2 of your question is not confirmed. City carriers are paid overtime for any time worked in excess of 8 hours per day and 40 hours per week.

e. The objective of the DPS program is to reduce the carrier's in-office time. With that said, the total reduction in office time for the combined years of FY 1995 and FY 1996 was 19.3 million work hours. The savings are derived from an improvement in the Office Efficiency Indicator (OEI) during FY 1995 and FY 1996. OEI is an indicator of the in-office cost of providing delivery, and it is determined by dividing the number of possible deliveries by the amount of in-office workhours.

f. Somewhat. As I mentioned in 12d, when carriers cannot prepare all of the mail that requires in-office preparation within their scheduled office time, supervisors may authorize assistance, overtime, or permit the curtailment of non-preferential mail. Since DPS mail does not require in-office preparation, the volume of DPS mail does not factor into this process except that with more letter mail in DPS, there is less mail subject to volume fluctuations which can cause a carrier to exceed the scheduled office time.

g. No.

h. DPS letters do not require clerks to manually sort the mail to the carrier. In contrast, non-automated letters must be manually sorted to the carrier by clerks in a plant or a delivery office. Also, the quality of addresses on DPS letters is

typically better than non-automated letters since the majority of barcoded letters are from mailers. Mailers are required to match their address lists against CASS certified address coding software. As a result, we get accurate addresses and do not have to re-handle pieces because of incorrect addressing.

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DMA/USPS-T4-13. Are there any plans by the USPS to automate the processing of nonletters/nonflats (parcels) in any mail class? If yes, please describe the plans and estimated cost savings. If not, please explain why the USPS has not planned for such automation.

Response:

We have already initiated efforts to barcode and automate the handling of parcels. Barcodes are applied by parcel sorting machines at BMCs and by postage validation imprinters (PVIs) when parcels are accepted at retail windows. Some customers have also voluntarily applied parcel barcodes as well. The Postal Service has also proposed a parcel barcoding discount in Standard (B) to incent even more prebarcoded parcels from mailers. Witness Daniel (USPS-T-29) has estimated the cost savings and these costs are summarized in exhibit T29-E

DECLARATION

I, Ralph J. Moden, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information and belief.

Ralph J Moden

Dated: 8/8/97

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.

Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260–1137
August 8, 1997