

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 OFFICE OF THE CONSUMER ADVOCATE
REDIRECTED FROM WITNESS FRONK
(OCA/USPS-T32-38-40, 51)

The United States Postal Service hereby provides responses of witness Moden to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T32-38-40, 51, filed on August 15, 1997, and redirected from witness Fronk.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
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August 28, 1997

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REDIRECTED FROM WITNESS DAVID R. FRONK

OCA/USPS-T32-38. Please describe fully how, under the current state of automation in letter processing, processing equipment detects that First-Class mail does not bear sufficient postage.

- a. Are stamps encoded to signify their postage to automation equipment used by the Postal Service? Explain.
- b. Will the Postal Service implement any new procedures in mail processing if their PRM and QBRM proposals are adopted? Explain.
- c. Witness Potter in Docket No. MC95-1 stated in his rebuttal testimony that "the automated facer/canceler equipment is designed to identify mail that has little or no postage, but cannot necessarily identify the precise level of postage applied." Rebuttal Testimony at 13, n.8, Tr.16220. Is this statement still true? Please discuss.

RESPONSE:

- a. No. Stamps, with the exception of low denominations, only contain an invisible phosphorescence coating. The coating is used by canceling equipment to detect if postage has been applied to the mailpiece.
- b. No. There are no new procedures anticipated in mail processing if the PRM and QBRM proposals are adopted.
- c. Yes. The Automated Facer Canceler System (AFCS) looks for the phosphorescence coating on a stamp to determine if there is postage on a mailpiece, but the AFCS is unable to identify if the precise level of postage is applied. The AFCS is able to identify that the mail has little or no postage applied because low denomination stamps do not have the phosphorescence coating.

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OCA/USPS-T32-39. Please discuss how, under the current state of automation in letter processing, the Postal Service delivers mail with underpayment of postage, and how it collects postage due. Please compare how the Postal Service handles short-paid First-Class mail versus non-paid First-Class Mail.

RESPONSE:

Procedures and guidelines for handling mail that does not bear the proper amount of postage are covered in section P011 of DMM 52. In brief, short-paid First-Class mail is marked to show the total deficiency of postage and is delivered to the addressee on payment of the charges marked on the mail. In contrast, non-paid First-Class mail is endorsed "Returned for Postage" and is returned to the sender without an attempt at delivery.

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OCA/USPS-T32-40. Referring to the previous interrogatory, does the Postal Service maintain any policies whereby it decides to forego collection of underpayment or nonpayment of postage? If so, please describe.

RESPONSE:

I am not aware of any policies that instruct offices to forego collection of underpayment or nonpayment of postage.

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OCA/USPS-T32-51. Has the Postal Service surveyed or analyzed the automation compatibility of courtesy reply envelopes of the type frequently sent by business concerns to households (e.g., utility companies that send prebarcoded envelopes to customers)? Please describe any results or analysis. If such results or analysis are contained in a report, submit that report. If there exists more than one report, submit the most recent version. If no survey or analysis has been conducted, please explain why.

RESPONSE:

No. Generally, courtesy reply envelopes meet the automation compatibility requirements, so there has not been a need for formal survey or analysis. Moreover, many courtesy reply envelopes bear a facing identification mark (FIM) and barcode as a result of proactive steps taken with mailers prior to the printing of the envelopes. For instance, Mailpiece Design Analysts (MDAs) work with these businesses to help them design their courtesy reply pieces to be automation compatible. Part of this work includes providing the mailer with a camera-ready positives that can be given to the envelope printer, so a FIM and barcode can be printed on the envelope. Likewise, should quantities of reply mail begin to reject on our barcode sorting equipment, that information is forwarded to the MDAs so that follow-up corrective action can be taken with the envelope provider.

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: 8/28/97

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.

A handwritten signature in cursive script, appearing to read "Scott L. Reiter", written in black ink.

Scott L. Reiter

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