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Postal Rate and Fee Changes, 1997)

Docket No. R97-1

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORY TO UNITED STATES POSTAL SERVICE
WITNESS DAVID E. TREWORGY
(OCA/USPS-T22-9-17)
September 2, 1997

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests production of documents. Instructions included with OCA interrogatories 1-7 to the United States Postal Service dated July 16, 1997, are hereby incorporated by reference.

Respectfully submitted,

Gail Willette

GAIL WILLETTE
Director
Office of the Consumer Advocate

Shelley S. Dreifuss

SHELLEY S. DREIFUSS
Attorney

OCA/USPS-T22-9. Please refer to your testimony at page 1, lines 10 and 11, concerning the estimate of certain costs related to scanning equipment.

- a. Please confirm that the Postal Service has awarded a firm-fixed price contract to Lockheed Martin Federal Systems (herein Lockheed Martin) for scanners. If you do not confirm, please explain.
- b. Please confirm that the contract to Lockheed Martin was valued at \$218 million. If you do not confirm, please explain and provide the correct figure.
- c. Please confirm that the contract to Lockheed Martin was for the purchase of 300,000 scanners. If you do not confirm, please explain and provide the correct figure.
- d. Please confirm that the contract to Lockheed Martin will involve the integration and deployment, and in-office computer systems infrastructure, of scanners at 32,000 postal facilities. If you do not confirm, please explain and provide the correct figure.

OCA/USPS-T22-10. Please refer to your Worksheet C-1, concerning the scanning infrastructure capital and program costs.

- a. Please confirm that the capital and program costs listed in Worksheet C-1 can be characterized as the purchase, deployment and integration of scanners, and development of in-office computer systems infrastructure. If you do not confirm, please explain.
- b. Please confirm that figure, \$185,543,800, represents the estimated total capital and program costs. If you do not confirm, please explain.

OCA/USPS-T22-11. Please refer to your Worksheet C-1, concerning the scanning infrastructure capital and program costs. Please confirm that the estimated "Total capital and program costs" of \$185,543,800, and the \$218 million contract awarded to Lockheed Martin are comparable figures. If you do not confirm, please explain the relationship of these two figures, and reconcile any differences.

OCA/USPS-T22-12. Please refer to your Worksheet C-1 and C-2, concerning the scanning infrastructure capital and program costs and the distribution key for volume variable costs. Please update your Worksheet C-1 and C-2 to reflect the \$218 million contract awarded to Lockheed Martin.

OCA/USPS-T22-13. Please refer to Input Sheet B-3, and the 5 percent of delivery confirmation mail items undeliverable by carrier.

- a. Please confirm that the 5 percent of delivery confirmation items undeliverable by the carrier refers to both city and rural carriers. If you do not confirm, please explain.
- b. Please identify the "several sources" indicated in note 2 to Input Sheet B-3 that were reviewed in developing this estimate. If those sources are documents not provided with the Postal Service's request in this proceeding, please provide a copy of each such document. If those sources are Postal Service employees, or contractors of the Postal Service, please identify those employees or contractors.

- c. Please identify and explain those considerations that lead you to believe the 5 percent figure represents a reasonable estimate.
- d. Is it your testimony that 95 percent (1 - .05) of Standard B and Priority Mail items are delivered by city and rural carriers? If you answer in the negative, please explain.

OCA/USPS-T22-14. Please refer to Worksheet B-3, and the figures, 12,346,993 and 4,478,707, in the column entitled "Transactions," and Worksheet B-2.

- a. Please confirm that the figure, 12,346,993, is obtained from the box section "Delivered" volume of 4,112,282 plus the firm holdouts "Delivered" volume of 6,861,985 plus the firm holdouts "Attempted" volume of 1,372,726 from Worksheet B-2. If you do not confirm, please explain.
- b. Please confirm that the figure, 4,478,707, is obtained from box section "Attempted" volume of 3,105,980, and the firm holdouts "Attempted" volume of 1,372,726 from Worksheet B-2. If you do not confirm, please explain.
- c. Please explain the rationale for including the firm holdouts "Attempted" volume of 1,372,726 in the "Transactions" figure of 12,346,993.
- d. Please explain the rationale for having the box section clerk scan the firm holdouts "Attempted" volume twice.

OCA/USPS-T22-15. Please refer to Input Sheet B-7, and the "Scans per delivery confirmation parcel." Please confirm that the ratio of 1.1003 reflects the fact that 1) for parcels where delivery is effected by the carrier, the delivery confirmation barcode will

be scanned once by the carrier, and 2) for parcels where delivery is attempted by the carrier, the delivery confirmation barcode will be scanned twice, once by the carrier when delivery is attempted and a second time when the parcel is "delivered" to the recipient by the window clerk. If you do not confirm, please explain.

OCA/USPS-T22-16. Please refer to Input Sheet B-7, and the "Mailer manifest toll-free line charge" of \$0.0008. Please show the derivation of this figure. Please show all calculations and provide citations to any figures used.

OCA/USPS-T22-17. Please refer to your response to OCA/USPS-T22-1, at page 11, and Exhibit C-2 in your testimony from Docket No. MC97-2.

- a. In your response to OCA/USPS-T22-1, you state that "only one label is used . . ." Please confirm that the label identified in your response is the label shown in Exhibit C-2. If you do not confirm, please explain and provide a copy of the label identified.
- b. With respect to Standard B parcels, please confirm that the delivery confirmation label must be affixed to the parcel on the same side as the address block and postage. If you do not confirm, please explain.
- c. For a Standard B parcel that is too small to accommodate on the same side of that parcel the address block, postage and delivery confirmation label, please explain where on the parcel the Postal Service proposes to place the delivery confirmation label.

d. Please provide an estimate of the number of delivery confirmation Standard B parcels for which the side of the parcel containing the address block and postage will also be too small to accommodate the delivery confirmation label.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.

Shelley S. Dreifuss

SHELLEY S. DREIFUSS
Attorney

Washington, D.C. 20268-0001
September 2, 1997