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

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97–1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MODEN TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA (NAA/USPS–T4—1–5, 7–17)

The United States Postal Service hereby provides responses of witness Moden to the following interrogatories of the Newspaper Association of America: NAA/USPS–T4—1–5, 7–16, filed on August 20, and NAA/USPS–T4—17, filed on August 21, 1997. Interrogatory NAA/USPS–T4—6 was redirected to witness Daniel.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS MODEN
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NAA/USPS-T4-1. Please refer to your direct testimony at page 5, lines 6-13.

a. What percent of the 88 percent of FY98 barcoded letters are estimated to be barcoded by mailers?

b. What percent of the 88 percent of FY98 barcoded letters are estimated to be barcoded by MLOCRs?

c. What percent of the 88 percent of FY98 barcoded letters are estimated to be barcoded by RBCs?

Response:

a. 50.6%

b. 24.5%

c. 24.9%

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NAA/USPS-T4-2. Please refer to your direct testimony at page 5, lines 22-25 and page 6, lines 1-3.

By how much are the planned enhancements to the MLOCRs expected to improve the overall encode rate of the equipment.

Response:

At the time of the last printing of the Corporate Automation Plan, it was anticipated that enhancements to the OCRs, including the ones mentioned in my testimony, would yield an additional 966 million barcodes annually.

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NAA/USPS-T4-3. Please refer to your direct testimony at page 6, lines 7-9.

a. How many Single Line OCRs (SLOCRs) will remain in service during FY98?

b. When are these SLOCRs scheduled for replacement?

Response:

a Plans are to phase out nearly all single line OCRs sometime during FY 98. However, as I mentioned in my response to DFC/USPS-T4-3, it is possible that some SLOCRs will remain in service to be used in small facilities for limited applications.

b. See 3(a).

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NAA/USPS-T4-4. Please refer to your direct testimony at pate 8, lines 7-9.

a. What percentage of routes currently receive DPS mail?

b. At the end of FY98, what percentage of routes are expected to received DPS mail?

c. By the end of FY98, what is the expected volume of DPS mail?

Response:

a. As of AP 11, FY 1997, 61.5% were receiving DPS mail.

b. At the end of FY 1998, approximately 69 percent of all routes are expected to receive DPS.

c. The expected volume of DPS mail at the end of FY 1998 is approximately 98 billion letters.

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NAA/USPS-T4-5. Please refer to your direct testimony at page 8, lines 16-19.

a. Are non-barcoded ECR high density letters ever identified and barcoded at the plant to eliminate the need for manual casing? If no, why not?

b. Are non-barcoded ECR saturation letters ever identified and barcoded at the plant to eliminate the need for manual casing? If no, why not?

c. Do any mailers barcode ECR high density letters? If yes, why?

d. Do any mailers barcode ECR saturation letters? If yes, why?

e. Are there any advantages to the Postal Service (e.g., flexibility in processing, reduced costs, improved level of service) in having mailers barcode ECR high density letters? Please explain.

f. Are there any advantages to the Postal Service in having mailers barcode ECR saturation letters? Please explain.

Response:

a. Yes.

b. Yes.

c. Yes. I do not know the reasons why mailers choose to apply barcodes to ECR mail.

d. See 5(c).

e. Yes. ECR high density letters are cased by the carrier, so a barcode would be advantageous because we would avoid having to run the ECR high density pieces through an OCR at the plant in order to apply a barcode. Barcoding this mail could allow us to avoid casing in automated zones.

f. Yes, but only when certain zones determine it is cost effective to merge their ECR saturation mail with their DPS mail. Even within the zones that may merge their ECR saturation mail with their DPS mail, there is limited value to having the barcode and the saturation presort. For CSBCS zones, the barcode would be advantageous because we would avoid having to run the ECR saturation pieces through an OCR at the plant in order to apply a barcode. In these instances, the barcode would be of value, but there would no longer be any value to the saturation sortation since the mail would receive sequencing during processing on the CSBCS. Similar, the barcode would have value to DBCS zones, but there would no longer be any value to the saturation sortation or even the carrier route sortation for that matter. This lack of value of the carrier route sortation for DBCS zones is already reflected today in that these zones are not eligible for the automated Carrier Route rate. The barcode would not be of value to manual zones, because these zones do not receive automated processing.

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NAA/USPS-T4-7. Please refer to your direct testimony at page 9, lines 22-26.

a. What percentage of total zones have 10 or more city routes and/or *rural routes with city style addressing*?

b. What percentage of total zones have 5 to 9 routes?

c. How many zones with fewer than 10 routes are expected to receive DPS as a result of local decisions?

Response:

a. 19.1%

b. 20.5%

c. Since these decisions are made on a local basis, I do not have a projection of how many zones with fewer than 10 routes are expected to receive DPS. However, I can tell you that as of Accounting Period 11, 1997, there were 1,183 zones, with fewer than 10 routes, receiving DPS.

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NAA/USPS-T4-8. Setting aside the desirability of doing so, can all Standard A letter mail be entered as Standard A non-letter mail? If no, please explain which letters cannot be entered as non-letters and why.

Response:

No. Pieces meeting the letter-size dimensions in DMM C050.2.0 must always be mailed as letters with two exceptions. The first exception is that a piece meeting both the letter-size dimensions in C050.2.0 and the dimensions for an automation flat in DMM C820, may be mailed as an automation flat (non-letter). The second related exception is in DMM M820.1.6, which states that pieces that meet both the letter dimensions and the automation flat dimensions may be prepared as a palletized mailing according to the rules for placing flats on pallets under the following conditions: 1) a portion of the mailing job qualifies for and is mailed at the automation flats rates, 2) the number of non-carrier route nonautomation rate pieces in the mailing job does not exceed 10% of the total number of pieces in the entire mailing job, and 3) the nonletter rates are paid for palletized mail that qualifies for Enhanced Carrier Route rates and for nonautomation rates.

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NAA/USPS-T4-9. Please refer to your direct testimony at page 11, lines 12-14. Please explain all the reasons why, in your opinion, mailer participation in flats barcoding lags expectations.

Response:

Mailer participation in flats barcoding was below expectations up until the implementation of Classification Reform. However, as I mentioned at page 14, lines 6 through 7 of my testimony, we have realized a significant increase in barcoded flats since the implementation of Classification Reform. Accordingly, mailer participation in flats barcoding is now back on track to achieving levels that were originally anticipated.

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NAA/USPS-T4-10. Please refer to your direct testimony at page 13, line 10. Please explain why the OCR on the FSM 881 is not equipped to spray a barcode on the piece.

Response:

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.

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NAA/USPS-T4-11. Please refer to your direct testimony at page 19, lines 21-28. Assume for a given amount of expected volume that 17 letter sorting machine (LSM) employees are required Now assume that the expected mail volume doubles with no change in the type or mix of mail to be sorted.

a. How many LSM employees will be needed to handle the new expected volume of mail?

b. Please explain how this staffing level is determined.

Response:

a. Between 17 and 34.

b. If there is sufficient time before dispatch, a single machine with a 17-person crew would be needed for somewhat less than twice as long. If not, a second machine would be added, but perhaps with less than a 17-person crew if fewer than 12 consoles are required to process the mail. Although the LSM is machine paced, I expect that less than twice the workhours would be required because, with twice the volume, there would be labor economies in obtaining mail for the operation, there will be a steadier inventory of mail to be processed at the machine(s), and there should be fewer instances when a console might momentarily run out of mail. Of course, if the mail volume doubled suddenly, there would be an initial period of high workhour requirements, perhaps even double, but if the increase is sustained the workhour requirement will decline as the system adjusts to these economies of scale.

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NAA/USPS-T4-12. Please refer to your direct testimony at page 20, lines 23-30 and page 21, lines 1-5. If you were measuring how workhours vary over the long-term with volume, would you recommend excluding data during these "adjustment periods" which do not reflect "optimal productivity" at a facility?

If yes, please explain why. If no, why not?

Response:

Yes, if you are referring to measuring productivity in a specific operation that is directly impacted by an unusual event. For example, OCR operations might be new to a facility or, perhaps, rearranged and moved to a different floor. A new or substantially modified operation may have unusually high productivity because only the highest quality mail is fed, or unusually low productivity as personnel gain experience in operating and managing the new equipment. The net effect is hard to predict and may well vary from facility to facility, but these temporary effects will disappear in time and the long range impact on productivity can be observed.

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NAA/USPS-T4-13. Please refer to your direct testimony at page 21, lines 7-14.

a. Are manual cases staffed before the "late surges" in volume or do staff arrive at the same time as these volume surges? Please explain your response.

b. If volume doubles, will the number of employees staffing manual cases during these volume surges also double? Please explain why or why not.

c. If less than double the employees are needed in the event of a doubling in volume, please provide an estimate of the number of employees needed to staff manual cases. Please explain how this staffing level is determined.

Response:

a. Supervisors plan for staff to ramp-up coincident with a ramp-up in volume, or slightly later than the ramp-up to avoid instances when employees momentarily run out of mail to process. As indicated in my testimony, it is necessary to staff these operations in order to meet service commitments.

b. The minimum staffing required is constrained by the time available to process the mail. The maximum staffing that can be applied is limited by the number of cases available. If the volume doubled suddenly, then the immediate effect might be a doubling of workhours as employees are moved into the operation to get the mail out by dispatch However, if the doubling is sustained, I would expect less than a doubling of workhours since people generally work faster when there is a steady inventory of mail waiting to be processed and, in any case, the time required to obtain mail and sweep cases would not double.

c. A common practice in local workhour budgeting is to review the MODS records of fluctuations in volume and workload in a group of operations to

observe the demonstrated performance in a work unit. If experience warrants, the budget will disallow a proportion of the workhours that would otherwise be planned to accommodate an increase in manual volume. On a day-to-day basis, supervisors depend on their experience and knowledge of an operation to move personnel in response to workload requirements. I do not have any data on this matter and cannot provide a quantitative estimate.

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NAA/USPS-T4-14. Please refer to your direct testimony at page 21, lines 15-17.

a. What do manual parcel employees do while waiting for parcels to process? Are they simply idle or are they employed in other operations while waiting for the parcels?

b. If parcel volumes were expected to double, would the number of employees assigned to manual parcel operations double? Please explain why or why not.

c. If less than double the employees are needed in the event of a doubling in volume, please provide an estimate of the number of employees needed to staff manual parcel operations. Please explain how this staffing level is determined.

Response:

a. They may be assigned to other operations temporarily if work with appropriate skill requirements is available. Alternately, they may be busy with various "overhead" activities as described in the next few sentences of my testimony (page 21, lines 17 to 22).

b. I would not expect the number of employees to double either because, dispatch time permitting, the operation is active for longer, or, failing that, because the overhead activities described above that are partially independent of volume.

c. It is a common practice in local workhour budgeting to review the MODS records of fluctuations in volume and workload in a group of operations to observe the demonstrated performance in a work unit. If experience warrants, the budget will disallow a proportion of the workhours that would otherwise be planned to accommodate an increase in manual volume. On a day-to-day basis, supervisors depend on their experience and knowledge of

an operation to move personnel in response to workload requirements. I do not have any data on this matter and cannot provide a quantitative estimate.

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NAA/USPS-T4-15. Please refer to your direct testimony at page 22, lines 3-15.

a. Are these "gateway activities" staffed to meet the expected volume of mail or is excess capacity planned to ensure that higher than expected volumes can be processed "as expeditiously as possible"? Please explain your response.

b. Are any mail processing operations staffed to handle higher than expected mail volumes? If not, please note which mail operations are staffed in this manner and why.

Response:

a. Activities are generally staffed to meet the expected volume. Employees can be shifted to meet unexpected volumes. However, because "gateway" activities are the first activities to process mail, they have an increased risk of momentary periods of idleness caused by insufficient mail due to inaccurate volume forecasts or transportation problems.

b. No. However, the minimum staffing required to handle the expected volume of mail may, in fact, be able to handle additional mail with little impact on workhours. The classic example of this is Registry operations which are conducted in a closed area where, for security reasons, continuous staffing with minimum personnel movement is required.

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NAA/USPS-T4-16. Please refer to your direct testimony at page 22, lines 17-23.

a. If smaller facilities have a steady flow of mail to manual letters and flats operations, is productivity higher for these operation in these facilities? Please explain your response.

b. Please provide all studies and analyses of the productivity of manual sorting operations by size of facility.

Response:

a. Yes. If smaller facilities have a steady flow of mail to manual letters and flats they will have fewer periods of momentary idleness than if the flow is less steady.

b. I am not aware of any studies of manual productivity by size of facility. However, I am told that we have developed different productivities for manual operations given the degree of automation/mechanization for purposes of letter and flat mail processing cost models as used by witnesses Daniel (USPS-T-29), Hatfield (USPS-T-25), and Seckar (USPS-T-26). For letters see Docket No. MC95-1, USPS LR-MCR-2, page D-2 and the testimony of witness Smith (USPS-T-10) at pages 21-23. For flats see USPS LR-H-113, page 102. This is discussed in Docket No. MC96-2 by witness Seckar (USPS-T-4) at pages 8-9.

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NAA/USPS-T4-17.

a. What percentage of Standard ECR basic letters cannot qualify for Standard Other 5-digit Automation rates because the mailing lacks sufficient density to meet the required 150 pieces per 5-digit area? Please explain how you derived this percentage and provide the source of the data.

RESPONSE:

a. I am told that the percentages of Standard (A) ECR basic letters that cannot meet the Standard (A) 5-digit Automation rates are contained in Table 16 of LR-H195 and Table 16 of LR-H-105. I am also told that their derivation is explained in the Survey Summary section of each library reference.

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: 9/3/97

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

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September 3, 1997