

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, 2001

Docket No. R2001-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES  
OF MAJOR MAILERS ASSOCIATION  
REDIRECTED FROM WITNESS MILLER  
(MMA/USPS-T22-42, 48(A-C,E), 52(A,B,D) and 56(F-H))

The United States Postal Service hereby provides its responses to the following interrogatories of Major Mailers Association: MMA/USPS-T22-42, 44(C3,D), 48(A-C,E), 52(A,B,D) and 56(F-H), filed on November 16, 2001.

MMA/USPS-T22-52(A,B) are responded to by both witness Miler and the Postal Service separately. Otherwise, the interrogatories listed above have been completely redirected from witness Miller to the Postal Service for response. Each interrogatory is stated verbatim and is followed by the response.

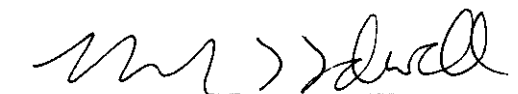
Responses of the Postal Service to MMA/USPS-T22-44(C3,D) are forthcoming.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
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RESPONSES OF THE UNITED STATES POSTAL SERVICE  
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**MMA/USPS-T22-42** Please refer to your response to Interrogatory MMA/USPS-T22-2 where you indicate your understanding that workshare mailers must meet the mail preparation requirements of the DMM.

- A. Please explain your understanding of the CASS certification process that automation mailers' address lists are subjected to. In your explanation, please discuss the differences, in terms of availability of automation discounts, between addresses that are:
  - 1. Codeable;
  - 2. Confirmed;
  - 3. Non-confirmed; and
  - 4. Invalid.
- B. Please confirm that mailers of BMM letters do not have to undergo CASS certification prior to mailing.
- C. Please explain the additional costs incurred by the Postal Service if an address on a BMM letter is:
  - 1. Confirmed;
  - 2. Non-confirmed; and
  - 3. Invalid.
- D. Please explain your understanding of Delivery Point Validation ("DPV") and whether the Postal Service plans to make DPV a mandatory requirement in order for letters to be eligible for Automation discounts. As part of your answer, please provide copies of all USPS documents discussing whether the Postal Service plans to make DPV a mandatory requirement in order for letters to be eligible for Automation discounts and the resulting benefits for the USPS.
- E. Please confirm that, in order qualify for Automation rates, the addresses must be printed such that:
  - 1. The spacing between each letter is 1 to 3 points wide;
  - 2. The height of each letter must be between 8 and 18 points;
  - 3. The height of an uppercase letter must be at least 8 point;

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**RESPONSE TO MMA/USPS-T22-42 (CONTINUED)**

4. The thickness of each letter must be uniform, between  $\frac{3}{4}$  and 2 points wide;
5. The font must be simple, without serifs;
6. The space between two words must be at least 1 point;
7. The space between two lines must be at least 2 points;
8. The skew or slant of an address can be no more than +/- 5 degrees;
9. No dark colored or intricate backgrounds are allowed;
10. There must be  $\frac{1}{8}$  of clear space around the address;
11. The address must be placed no less than  $\frac{1}{2}$  " from the left side;
12. The address must be placed no more than  $\frac{1}{2}$  " from the right side;
13. The address must be placed no more  $2\frac{3}{4}$  " from the bottom;
14. The address must be placed no less than  $\frac{5}{8}$  " from the bottom;
15. The envelope may not be less than  $3\frac{1}{2}$  " high;
16. The envelope may not be more than  $6\frac{1}{8}$  " high;
17. The envelope may not be less than 5 " wide;
18. The envelope may not be more than  $11\frac{1}{2}$  " wide;
19. The aspect ratio must be between 1.3 and 2.5;
20. The first bar of the barcode must start between  $3\frac{1}{2}$  " and  $4\frac{1}{4}$  " inches from the right side;
21. The barcode clear zone must have no printing or background;
22. The barcode clear zone runs  $4\frac{3}{4}$  " long and  $\frac{5}{8}$  " high from the right side.
23. The barcode must fit between  $\frac{3}{16}$  " and  $\frac{7}{16}$  " from the bottom, preferably starting from  $\frac{1}{4}$  " from the bottom; and

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**RESPONSE TO MMA/USPS-T22-42 (CONTINUED)**

24. The barcode must end no closer than 3/10 " from the right side;

**RESPONSE:**

- (A) Any mailing claimed at an automation rate must be produced from address lists properly matched and coded with Coding Accuracy Support System (CASS)-certified address matching software. Please see DMM Sections A800 and A950.
- (A1) The Postal Service typically uses the term "codeable" to refer to an address that obtains a successful ZIP+4 match using CASS-certified methods.
- (A2) The Postal Service typically uses the term "confirmed" to refer to an address that has been determined to be a valid delivery point. The CASS certification process does not currently validate addresses for specific delivery points.
- (A3) The Postal Service typically uses the term "non-confirmed" to refer to an address that has not been determined to be a valid delivery point.
- (A4) In address matching terms, the Postal Service does not typically use the term "invalid."
- (B) Confirmed. However, BMM letters are typically processed on systems like the Optical Character Reader (OCR) and Remote Computer Read (RCR) that can correct address deficiencies (e.g., an incorrect ZIP Code).
- (C) Given that BMM letters do not undergo CASS certification, these terms do not apply to BMM letters.

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**RESPONSE TO MMA/USPS-T22-42 (CONTINUED)**

(D) Delivery Point Validation (DPV) is a finer level address checking mechanism in which the delivery point for each address would be confirmed as valid. The current CASS certification process checks address ranges only. At this time, the Postal Service has no plans to make this a requirement for automation discount eligibility. However, the Postal Service has made DPV an option that software vendors can include in their products.

(E1) Please see DMM Section C830.2.5.

(E2) Please see DMM Section C830.2.3.

(E3) Please see DMM Section C830.2.3.

(E4) Please see DMM Section C830.2.2.b.

(E5) Please See DMM Section C830.2.1.

(E6) Please see DMM Section C830.2.6.

(E7) Please see DMM Section C830.2.7.

(E8) Please see DMM Section C830.2.8.

(E9) Please see DMM Section C830.3.5.

(E10) Please see DMM Section C830.4.1.

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**RESPONSE TO MMA/USPS-T22-42 (CONTINUED)**

(E11) Please see DMM Section A010, Exhibit 4.5.

(E12) Please see DMM Section A010, Exhibit 4.5.

(E13) Please see DMM Section A010, Exhibit 4.5.

(E14) Please see DMM Section A010, Exhibit 4.5.

(E15) Please see DMM Section C810.2.1.a.

(E16) Please see DMM Section C810.2.1.a.

(E17) Please see DMM Section C810.2.1.b.

(E18) Please see DMM Section C810.2.1.b.

(E19) Please see DMM Section C810.2.2.

(E20) Please see DMM Sections C840.2.3, C840.2.4, and C840.2.5.

(E21) Not confirmed. This interrogatory pertains to automation rate mailings. If a barcode is located on the lower right hand corner of a mail piece, the bar code clear zone would contain printing (i.e., the barcode).

(E22) Please see DMM Section C830.5.2.

(E23) Please see DMM Sections C840.2.3, C840.2.4, and C840.2.5.

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**RESPONSE TO MMA/USPS-T22-42 (CONTINUED)**

(E24) Please see DMM Sections C840.2.3, C840.2.4, and C840.2.5.

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**MMA/USPS-T22-48** Please refer to your response to Interrogatory MMA/USPS-T22-18. There you state that you have no way to determine whether workshare mailers have need for window service.

- A. Please provide copies of USPS written guidelines, instructions, or rules that indicate where mailers must present their eligible First-Class automation letters. Is a window of a post office an option?
- B. Please state the average test year after rates window service cost for
  - 1. A First-Class single piece letter, and
  - 2. A First-Class presorted letter.
- C. For the two unit costs that you provide in response to Part B, please state the reasons, if you know, why the unit costs are different.

\* \* \*

- E. Why are collection cost data not available?

**RESPONSE:**

- (A) Please see DMM Section D100.2.2.
- (B1) The window service cost estimate for a "single-piece letter" is calculated below. This estimate represents the costs for a "letter" as defined by the CRA and does not represent the costs for letter-shaped mail only.

$$\$478,346,000 * (100 \text{ cents}/\$) / 46,865,402,000 \text{ pieces} = 1.021 \text{ cents/pc}$$

- (B2) The window service cost estimate for a "presort letter" is calculated below. This estimate represents the costs for a "letter" as defined by the CRA and does not represent the costs for letter-shaped mail only.

$$\$33,963,000 * (100 \text{ cents}/\$) / 51,322,082,000 \text{ pieces} = 0.066 \text{ cents/pc}$$



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**RESPONSE TO MMA/USPS-T22-48 (CONTINUED)**

- (C) Please see USPS LR-J-1, page 3-13 for a description regarding the cost methodology used to develop cost segment 3.2.

\* \* \*

- (E) Please see the response to MMA/USPS-T42-18(c).

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**MMA/USPS-T22-52** Please refer to your response to Part A of Interrogatory MMA/USPS-T22-22. There seems to be some confusion with your original response as the CRA cost pools from the original question have been modified. For example, the cost pools for using the USPS cost methodology should not be identical to those of the PRC cost methodology. Yet your response indicates that they are identical.

- A. Please review the attachments to this interrogatory and answer the question again, using the cost pools as shown separately for the USPS and PRC cost methodologies.
- B. Is your original answer correct where you indicate that incoming secondary costs for "auto CR", "3-Pass DPS" and "2-Pass DPS" are reported in the MODS 19 INTL cost pool? If yes, please explain why such costs are treated in your analysis as not related to worksharing.

\* \* \*

- D. Please confirm that the CRA cost pools using the PRC cost methodology that are reflected by the models are, in every case, cost pools that you have deemed to be workshare-related and proportional. If no, please provide a listing of cost pools that (1) are either workshare-related (fixed) or non-workshare related (fixed) but are included in the mail flow models or (2) are workshare-related proportional but are not included in the mail flow models.

**RESPONSE:**

- (A) Please see Attachment 1.
- (B) Please see Attachment 1.

\* \* \*

- (D) Confirmed.

**RESPONSE TO MMA/USPS-T22-52(A)(B)  
PRC COST METHODOLOGY**

[illegible]

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**MMA/USPS-T22-53** Please refer to your response to Interrogatory MMA/USPS-T22-23. There seems to be some confusion with your original response as the question asked for information about First-Class mailers and your library reference referred to QBRM recipients. Could you please answer the original question with regard to First-Class mailers, particularly First-Class workshare mailers?

**RESPONSE:**

Library reference USPS LR-J-158 will be revised when the data become available.

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**MMA/USPS-T22-56** Please refer to page 18 of your Direct Testimony where you state that the benchmark in your worksharing cost savings analysis is Bulk Metered Mail (BMM) letters. Please also refer to page 16 of USPS-LR-J-60 (Revised) where you show the mail flow for BMM letters.

\* \* \*

F. Are BMM letters prebarcoded to the same degree as single piece metered letters? Please fully explain your answer.

G. What percent of BMM letters is prebarcoded?

H. What percent of metered mail letters is prebarcoded?

**RESPONSE:**

(F) The Postal Service does not have data which would permit a response to this request.

(G) The Postal Service does not have data which would permit a response to this request.

(H) The Postal Service does not have data which would permit a response to this request.

# **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 black ink, appearing to read "Michael T. Tidwell", written over a horizontal line.

Michael T. Tidwell

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December 7, 2001