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

POSTAL RATE AND FEE CHANGES, 2001	Docket No. R2001–1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MILLER TO INTERROGATORIES OF KEYSPAN ENERGY (KE/USPS-T22-23 THROUGH 33)

The United States Postal Service hereby provides the responses of witness Miller to the following interrogatories of KeySpan Energy: KE/USPS-T22-23 through 33, filed on December 3, 2001.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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December 17, 2001

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MILLER
TO INTERROGATORIES OF KEYSPAN ENERGY

KE/USPS-T22-23 Please refer to your response to Part C of Interrogatory KE/USPS-T14-8 that was originally directed to USPS witness Thomas A. Bozzo. There you indicate that the issue of more QBRM letters being rejected in the outgoing BCS primary than HAND letters in the RBCS has been resolved. Please also refer to revised pages 12, 14, 16 and 40B of USPS-LR-J-60 where you provide the mail flows for HAND, QBRM, BMM and Single Piece machinable letters, respectively.

A. For HAND letters, please explain why 8,601 of 10,000 letters will flow from the outgoing ISS, after being resolved by the RCR, to the outgoing OSS, rather than to another automated sort as you show BMM letters do.

B. Please confirm that for HAND letters, you show that 97.88% of the letters will be successfully barcoded (91.02% being barcoded to 9- or 11-digits and 6.86% being barcoded to 5-digits) and sorted in the RBCS, and then sent to an automated operation for additional processing. If no, please provide the correct percentage and explain.

C. Please confirm that for BMM letters, you show that 99.62% of the letters will be successfully barcoded (98.58% being barcoded to 9- or 11-digits and 1.04% being barcoded to 5-digits) and sorted in the RBCS, and then sent to an automated operation for additional processing. . If no, please provide the correct percentage and explain.

D. Please confirm that for Single Piece machinable letters, you show that 99.56% of the letters will be successfully barcoded (98.68% being barcoded to 9- or 11-digits and 0.88% being barcoded to 5-digits) and sorted in the RBCS, and then sent to an automated operation for additional processing. If no, please provide the correct percentage and explain.

E. Please confirm that 100% of QBRM letters are prebarcoded and able to bypass the RBCS. If no, please provide the correct percentage and explain.

F. Please confirm you show that 95.10% of QBRM letters will be successfully sorted in the outgoing BCS primary, and then sent to an automated operation for additional processing. If no, please provide the correct percentage and explain.

G. Assuming your answer to Part F is yes, please explain why you did not confirm the original question posed to USPS witness Bozzo in Part B of Interrogatory KE/USPS-T14-8, which asked the same thing.

H. Is it reasonable to expect that 2.12 % of handwritten addressed letters would be rejected by postal automation equipment in the RBCS, requiring manually processing, but that, if those same letters have prebarcodes and printed addresses that are pre-approved pursuant to USPS requirements, 4.9% of

RESPONSE TO KE/USPS-T22-23 (CONTINUED)

such letters would be rejected in the outgoing BCS primary, requiring manual processing? Please explain your answer

I. Is it reasonable to expect that 0.38 % of BMM letters would be rejected by postal automation equipment in the RBCS, requiring manual processing, but that, if those same letters have prebarcodes and printed addresses that are pre-approved pursuant to USPS requirements, 4.9% of such letters would be rejected in the outgoing BCS primary, requiring manual processing? Please explain your answer.

J. Is it reasonable to expect that 0.44% of Single Piece machinable letters would be rejected by postal automation equipment in the RBCS, requiring manual processing, but that, if those same letters have prebarcodes and printed addresses that are pre-approved pursuant to USPS requirements, 4.9% of such letters would be rejected in the outgoing BCS primary, requiring manual processing? Please explain your answer.

K. Please explain how your revisions using the new methodology filed on November 5, 2001, as further updated on November 15, 2001, resolved the issue.

L. Please confirm that after HAND letters are barcoded by the Postal Service in the RBCS, processing of HAND and QBRM letters will be virtually identical, with little change in the mail processing costs until the letters are delivered. If you cannot confirm, please explain.

RESPONSE:

(A) Please see the response to KE/USPS-T39-1 for a description regarding how handwritten mail pieces are processed, including the fact that the images are lifted on the Advanced Facer Canceller System Input Sub System (AFCS-ISS). In addition, please see Attachment 1 of that same interrogatory response to view a simplified mail flow diagram.

Bulk Metered Mail (BMM) letters are first processed on the Multi Line Optical Character Reader Input Sub System (MLOCR-ISS). Unlike the AFCS-ISS, the MLOCR-ISS has the ability to read machine printed addresses and apply barcodes to those mail pieces without having to forward an image to the Remote Computer Read (RCR) system.

RESPONSE TO KE/USPS-T22-23 (CONTINUED)

Consequently, the BMM letters cost model showed that 8,747 mail pieces were barcoded directly by the MLOCR-ISS and routed to automation operations. Please note that 969 mail pieces were not barcoded by the MLOCR-ISS and had to subsequently be processed on an Output Sub System (OSS). Like the MLOCR-ISS, the OSS has the ability to apply barcodes directly to the mail piece based on the results achieved using the Remote Bar Coding System (RBCS).

In contrast, the AFCS-ISS cannot apply barcodes directly to mail pieces. The AFCS-ISS lifts handwritten images and routes them to the RCR system. Even if the RCR system can finalize that mail piece, those mail pieces must be processed on a OSS so that the RBCS result can be retrieved from the Decision Storage Unit (DSU) and a barcode corresponding to that result can be applied to the mail piece.

(B) It can be confirmed that 91.02% of these mail pieces were "successfully" barcoded. The "5-Digit" sort in the cost model refers to the fact that the mail pieces are sorted to the ZIP Code level before being forwarded to manual incoming secondary processing. This operation processes mail pieces that contain both 5-digit and 9-digit barcodes. A "successful" barcode are those in which a "Finest Depth Of Sort" result was possible. Such a result would typically require an 11-digit barcode.

(C) It can be confirmed that 98.58% of these mail pieces were "successfully" barcoded for the reasons specified in the response to KE/USPS-T22-23(B).

(D) Not confirmed. This model represents the costs for a single-piece machinable letter with a machine printed address. Please see the response to Presiding Officer's Information Request No. 4, Question 9(b). It can be confirmed that 98.68% of these mail pieces were "successfully" barcoded for the reasons specified in the response to KE/USPS-T22-23(B).

RESPONSE TO KE/USPS-T22-23 (CONTINUED)

(E) In general, this can be confirmed unless the AFCS-ISS is unable to read and interpret the Facer Identification Mark (FIM). Please see the response to KE/USPS-T39-1 for a description regarding how Qualified Business Reply Mail (QBRM) mail pieces are processed. In addition, please see Attachment 1 of that same interrogatory response to view a simplified mail flow diagram.

(F) Not confirmed. The QBRM cost study no longer includes subsequent processing steps.

(G) The responses to KE/USPS-T22-23(F) and KE/USPS-T14-8(b) have not been confirmed because they concern subsequent processing steps. As stated in the response to MMA/USPS-T22-25(K), the methodology was revised to exclude the costs for mail processing tasks in subsequent steps, including those related to the processing of rejects.

(H)(I)(J) The actions described in parts (H) through (J) seek to use the cost model for a purpose other than that intended. Most cost studies involve narrowly defined benchmark - rate category comparisons. For example, automation presort letter cost models by rate category are used to de-average a CRA mail processing unit cost estimate. Those results are then compared to a Bulk Metered Mail (BMM) letter benchmark.

There are limitations when it comes to the data that can be used for cost models. Many data inputs represent "average" figures. In addition some of the data inputs would likely change if large volumes of mail migrated from one mail type (e.g., single-piece) to another. The cost models in USPS LR-J-60 were not constructed to evaluate such migration.

RESPONSE TO KE/USPS-T22-23 (CONTINUED)

(K) On 11/05/01, a revised QBRM cost methodology was adopted which was similar to that used in Docket No. R97-1. This methodology was changed to address concerns expressed by the MMA. The QBRM cost study was subsequently revised on 11/15/01 to correct an error in the handwritten reply mail cost model. In my opinion, these changes addressed the original concerns.

(L) Not confirmed. Please see the response to KE/USPS-T22-33(B).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MILLER
TO INTERROGATORIES OF KEYSPAN ENERGY

KE/USPS-T22-24 Please refer to your responses to Part C of Interrogatory KE/USPS-T14-6 and Part C of Interrogatory KE/USPS-T14-7 that was originally directed to USPS witness Thomas A. Bozzo. There you indicate that the issue of more QBRM letters being rejected by postal automation equipment than HAND and BMM letters has been resolved.

A. Is it your position that removing all postal operations after the RBCS in your HAND model and all postal operations after the outgoing BCS primary in your QBRM model resolved the problem where initially you showed that more QBRM letters would be rejected than HAND letters? If no, please explain.

B. Assuming your answer to Part A is yes, please provide the mail flows and resulting model rejection totals for HAND and QBRM letters if the letters were processed through the incoming secondary sort to demonstrate that your revisions have resolved the problem.

RESPONSE:

(A) Yes. A more limited analysis similar to that found in the initial Docket No. R97-1 was adopted on 11/5/01. In Docket No. R97-1, it should be noted that witness Bentley (BUG-T-1) voiced no disagreement with the cost methodology that was used to support the original QBRM worksharing related savings estimate (USPS-T-23). A more limited analysis focuses on the cost differences associated with applying a barcode to a handwritten reply mail piece. I feel that this revised cost study more closely estimates the QBRM worksharing related savings.

(B) Mail flows can be found in the response to KE/USPS-T39-1, Attachment 1. It is not possible to set up detailed cost models that contain data specific to handwritten reply mail letters and QBRM letters as those data are not available.

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KE/USPS-T22-25 Please refer to you response to Part C of Interrogatory KE/USPS-T22-3 where you rely on the Commission's Docket No. R2000-1 Opinion to disregard problems with handwritten letters reported by the USPS Address Deficiency Study.

A. Please explain exactly where in paragraph 5092 the Commission indicates that when deriving QBRM cost savings it is "not appropriate" to consider address deficiencies that are inherent in letters that have a handwritten address.

B. Please list all the problems identified in the referenced USPS Address Deficiency Study and, for each problem listed, provide a detailed explanation of whether and how your QBRM cost savings analysis took that problem into account.

C. Please confirm that for every 10,000 QBRM letters that are replaced with handwritten addresses, not one will exhibit the problems studied by the USPS Address Deficiency Study. If no, please explain.

RESPONSE:

(A) It was assumed that interrogatory KE/USPS-T22-3(C) referred to instances where deficiencies would exist such that handwritten reply mail pieces might be returned or forwarded. In that instance, the citation would apply.

(B) I was not involved in the address deficiency study and did not specifically isolate costs related to address deficiencies in completing my analysis. However, it seems that many of the deficiencies listed on page 7 of that study would not apply, assuming a handwritten reply mail letter would be addressed to the same post office box as a QBRM letter. For example, deficiencies related to tenant moves, apartment numbers, directional suffixes, rural routes, street names and street numbers would not apply. In addition, handwritten letters are processed through the Remote Bar Code System (RBCS), which contains mechanisms to rectify various address deficiencies. These RBCS costs would be imbedded in the QBRM cost study.

RESPONSE TO KE/USPS-T22-25 (CONTINUED)

Attachments 1 through 5 to this response will be used to illustrate this point. I have a post office box at the L'Enfant Plaza station. The correct address is:

P.O. Box 44623

Washington, DC 20026-4623

Attachment 1 is an envelope that contained a holiday greeting card that was sent to me by a local acquaintance. This mail piece contains the incorrect ZIP Code. Despite this fact, the RBCS system applied the correct barcode to this mail piece. The character "+" located between the ZIP Code and 4-digit add-on code that was applied by the Output Sub System (OSS) indicates that the mail piece was finalized by the Remote Computer Read (RCR) system.

Attachment 2 is an envelope that contained a holiday greeting card that was sent to me by a former coworker. This mail piece contains the incorrect 4-digit add-on code. Despite this fact, the RBCS system applied the correct barcode to this mail piece. The character "/" located between the ZIP Code and the 4-digit add-on code that was applied by the OSS indicates that the mail piece was finalized by Data Conversion Operators (DCO) at the Remote Encoding Center (REC).

Attachment 3 is an envelope that I mailed to myself. This mail piece contains an incorrect 5-digit ZIP Code. Despite this fact, the RBCS system applied the correct barcode to this mail piece. The character "/" located between the ZIP Code and the 4-digit add-on code that was applied by the OSS indicates that the mail piece was finalized by DCO's at the REC.

RESPONSE TO KE/USPS-T22-25 (CONTINUED)

Attachment 4 is an envelope that I mailed to myself. This mail piece contains the incorrect two-character state abbreviation. Despite this fact, the RBCS system applied the correct barcode to this mail piece. The character "/" located between the ZIP Code and the 4-digit add-on code that was applied by the OSS indicates that the mail piece was finalized by DCO's at the REC.

Attachment 5 is an envelope that I mailed to myself. This mail piece contains the incorrect city and 5-digit ZIP Code. Despite this fact, the RBCS system applied the correct barcode to this mail piece. The character "/" located between the ZIP Code and the 4-digit add-on code that was applied by the OSS indicates that the mail piece was finalized by DCO's at the REC.

These five examples illustrate how RBCS can rectify various address deficiencies.

(C) As this question is worded, it is unclear to me whether this question refers to QBRM letters or handwritten letters. Regardless, QBRM letters and handwritten reply mail letters could both contain address deficiencies. As stated in the response to KE/USPS-T22-25(B), handwritten letters are processed through systems that have the ability to correct those problems. QBRM letters, on the other hand, are typically processed on bar code sorters only. Neither the Mail Processing Bar Code Sorter (MPBCS) nor the Delivery Bar Code Sorter (DBCS) have the ability to correct a barcode that does not match the address or that matches an incorrect address. However, it is assumed that QBRM recipients would do everything in their power to ensure that their customers use the correct address, given that these mail pieces typically contain remittances or responses to solicitations.

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KE/USPS-T22-26 Please refer to your response to Part D of Interrogatory KE/USPS-T22-5 where, in the outgoing RBCS for HAND letters, you combine the 686 pieces given a 5-digit barcode with the 212 rejected pieces and compare the total of 898 to the 490 QBRM letters rejected in the outgoing BCS primary.

A. Do the 686 5-digit barcode pieces receive any kind of automated outgoing primary sort in the RBCS? Please explain.

B. Please confirm that the 686 5-digit pieces are sent to an automated incoming primary 5-digit barcode sort, bypassing the outgoing secondary, before being sorted manually in the incoming secondary. If you cannot confirm, please describe the processing these letters receive and explain.

C. Please confirm that the 686 5-digit pieces are processed by automation until they reach the incoming manual secondary operation. If you cannot confirm, please describe the processing these letters receive and explain.

D. Please confirm that all other rejected pieces, including those QBRM letters rejected from the outgoing BCS primary, are processed manually throughout the mailstream from the time they are rejected to the time they are delivered. If you cannot confirm, please describe the processing these letters receive and explain.

RESPONSE:

(A) No. The only Remote Bar Coding System (RBCS) processing these mail pieces would undergo would be those operations related to the application of barcodes to those mail pieces.

(B) Confirmed.

(C) Confirmed.

(D) It can be confirmed that the cost models are structured in this manner.

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KE/USPS-T22-27 Please refer to you response to Part H of Interrogatory KE/USPS-T22-5 where you conclude that a QBRM recipient, if it did not provide a reply envelope, would "do everything in its power" to make sure its customers used the correct address.

A. Please describe and explain what the QBRM recipient will do, under your analysis of QBRM cost savings, to ensure that its customers use the correct address.

B. Please explain precisely how the address deficiencies from the USPS Address Deficiency Study will be avoided for all 10,000 HAND letters in your QBRM cost savings analysis.

C. Why would the address quality of a HAND letter addressed by an individual QBRM mailer, such as "Aunt Minnie," to a QBRM recipient that is a business be any different than the address quality of a handwritten letter addressed by Aunt Minnie to her niece? Please explain your answer.

RESPONSE:

(A) Address quality data are not isolated as specific components to my QBRM analysis. It is assumed that mailers that use QBRM as a mechanism to receive remittance payments and/or solicitation responses from their customers would do everything in their power to ensure that those customers address the mail piece properly. In addition, it is assumed that these customers would take the time necessary to ensure that those remittance payments and/or responses to solicitations would reach the intended address. Unlike QBRM mail pieces, handwritten reply mail pieces are processed through the Remote Bar Coding System (RBCS) which can correct problem addresses, such as an address that contains an incorrect ZIP Code. Please see the response to KE/USPS-T22-25(B). If addressing issues proved to be a problem, the QBRM recipient could opt to provide an address label, a reply envelope, or a courtesy reply envelope to its customers in order to minimize the possibility that the mail piece would be mis-delivered. Were such alternatives imbedded in a QBRM benchmark, the worksharing related savings estimate would decrease.

RESPONSE TO KE/USPS-T22-27 (CONTINUED)

(B) Please see the responses to KE/USPS-T22-21(D) and KE/USPS-T22-25.

(C) Aunt Minnie's letters to her niece are more likely to be addressed to a delivery point where address deficiencies are likely to occur as outlined on page 7 of Docket No. R2000-1, USPS LR-I-192. A handwritten reply mail piece would likely be addressed to a post office box. Please also see the response to KE/USPS-T22-25.

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KE/USPS-T22-28 Please refer to you response to Part F of Interrogatory KE/USPS-T22-6. There you answered "No" to the hypothetical question posed by KeySpan Energy, but your explanation does not seem to relate to your answer.

A. If it could be demonstrated that, after the *outgoing* primary operation, more QBRM letters than handwritten letters can be processed successfully on automation, would you agree that eliminating all other operations from the cost savings analysis, as you did, is inappropriate because it understates QBRM cost savings? Please explain your answer.
B. Please confirm that, if it could be demonstrated that after the *incoming* primary operation more QBRM letters than handwritten letters can be processed successfully on automation, then eliminating the incoming secondary operation from the analysis of QBRM cost savings would be inappropriate because it would understate QBRM cost savings. Please explain your answer.

RESPONSE:

(A) No. All things considered, I think the appropriate basis for this analysis is to estimate the costs required to apply a barcode to a handwritten reply mail piece. Such an analysis is appropriate because the only cost difference between a QBRM mail piece and a handwritten reply mail piece that can be estimated using the data available are the costs associated with barcoding the handwritten mail piece. In addition, cost model inputs specific to QBRM mail pieces and handwritten reply mail pieces are not available. In the case of the handwritten reply mail piece, that data will never be available because it represents a hypothetical situation where QBRM customers would use a mailing alternative, were the QBRM mail piece not available.

(B) Please see the response to KE/USPS-T22-28(A).

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KE/USPS-T22-29 Please refer to your response to Part I of Interrogatory KE/USPS-T22-7, which asked you to confirm certain information regarding the percentage of letters that were successfully ***barcoded*** by automation. Because you revised your testimony after receiving that interrogatory, you did not confirm the figures provided to you in the interrogatory. In addition, your response seems to address the percentage of letters successfully ***sorted*** by automation, not the percentage successfully ***barcoded*** by automation, as the interrogatory requested. Therefore, please provide the percentage of the 10,000 originating letters in your models that are successfully ***barcoded*** (either 5-, 9-, or 11-digits) for the following categories of mail:

A. HAND letters;
B. BMM letters; and
C. Single Piece machinable letters.

RESPONSE:

The term "successfully barcoded" would only apply to mail pieces that have 11-digit barcodes. The purpose of my testimony as outlined in Section I does not include estimating the percentage of mail that is barcoded. The figures shown below are based on data that, in some cases, were collected in 1997. In addition, the cost models are simplified representations of mail processing operations. Consequently, these figures may not be an accurate representation of the actual percentages of mail that will be barcoded for each mail type.

(A) 91.02 percent. This figure actually represents the percentage of barcoded First-Class single-piece handwritten reply mail letters.

(B) 98.58%.

(C) 98.68%. This figure actually represents the percentage of barcoded First-Class single-piece machinable letters that contain machine printed addresses.

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KE/USPS-T22-30 Please refer to your response to Parts C and D of Interrogatory KE/USPS-T22-8. That interrogatory asked you about the relationship between QBRM and AADC automation letters, which you apparently denied.

A. Please confirm that when originally constructing your mail simulation models, the flows for QBRM and mixed AADC automation letters were identical, except for the following two differences:
   1. QBRM letters were entered in the outgoing BCS primary operation whereas mixed AADC automation letters were entered in the outgoing auto secondary operation, and
   2. QBRM was constrained so that 100% of the pieces flowed from the incoming MMP primary to the incoming/SCF primary auto operation whereas mixed AADC automation letters were not.

B. Please also confirm that you subsequently eliminated the incoming secondary operation for QBRM. If you cannot confirm, please explain.

C. Finally, please confirm that you revised your analysis a third time by eliminating all other operations after the outgoing primary for QBRM. If you cannot confirm, please explain.

RESPONSE:

Interrogatory KE/USPS-T22-8(D) actually asked if QBRM "takes on the characteristics of" various automation presort letters rate categories once having been sorted in an outgoing primary operation. The response stated, "No. QBRM mail pieces have their own unique mail piece characteristics."

This response to that question, as worded, is true. QBRM mail pieces have a unique standardized design. Most facilities have specific ZIP Codes that BRM mail pieces must use. Most QBRM mail pieces are destined for post office box addresses. These mail pieces cannot exceed two ounces in weight and are not presorted.

In contrast, automation presort letters do not have standardized designs. Automation presort letters do not have specific ZIP Codes that must be used and are not necessarily destined for post office box addresses. These mail pieces can weigh up to 3.3 ounces and are presorted to various levels.

RESPONSE TO KE/USPS-T22-30 (CONTINUED)

(A1) Not confirmed. The QBRM cost study and the automation presort letters cost study are not related. The fact that these separate and distinct mail streams are processed in different operations, by definition, shows that the mail flows are not identical. In addition, the QBRM model did not include the cancellation operation. Unlike QBRM, automation presort letters would never require canceling.

(A2) Not confirmed. The mail flows were adjusted to exclude incoming secondary operations.

(B) Incoming secondary operations have never been included in my QBRM cost study for the reasons stated in USPS-T-22, page 26 and 27.

(C) Not confirmed. The second revision, not the third revision, involved the adoption of an approach similar to that used in the original Docket No. R97-1 QBRM cost study.

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KE/USPS-T22-31 Please refer to your response to Part G of Interrogatory KE/USPS-T22-10 where you were asked about what percentage of HAND letters the Postal Service expects to successfully barcode in the test year. Your response refers generally to revisions you filed on November 5 and 15, 2001 and your response to Part D of Interrogatory KE/USPS-T22-3, where you indicate that 2.12% of the letters are rejected in the RBCS, another 6.86% of the letters are provided with only a 5-digit barcode.

A. Does the Postal Service expect to provide a 5-digit barcode on 6.86% of all machinable, handwritten addressed letters in the test year? Please support your answer and provide source references.
B. Does the Postal Service expect to be unable to barcode 2.12% of all machinable, handwritten addressed letters in the test year? Please support your answer and provide source references.
C. Does the Postal Service expect to be able to successfully barcode 91.02% of all machinable, handwritten addressed letters in the test year? Please support your answer and provide source references.

With respect to all of these questions, if any of the percentages supplied above is incorrect, please provide the correct percentage and source references.

RESPONSE:

(A) The figure cited in the handwritten cost model includes the volume of mail pieces for which a finest-depth-of-sort barcode (i.e., 5-digit or 9-digit barcode) was not achieved after these mail pieces were processed on the Output Sub System (OSS). Data from the Docket No. R97-1 Accept and Upgrade Rates Study (USPS LR-H-130) were used to develop this estimate. To the best of my knowledge, there is no basis for projecting another figure in the test year.

(B) The figure cited in the handwritten cost model includes the volume of mail pieces that were routed to manual operations after being processed on the OSS. Various input data were used to develop this estimate. To the best of my knowledge, there is no basis for projecting another figure in the test year.

RESPONSE TO KE/USPS-T22-31 (CONTINUED)

(C) The figure cited in the handwritten cost model includes the volume of mail pieces that were routed to manual operations after being processed on the OSS. Various input data were used to develop this estimate. To the best of my knowledge, there is no basis for projecting another figure in the test year.

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KE/USPS-T22-32 Please refer to your response to Part C of Interrogatory KE/USPS-T22-16, which asked for the source of your BRMAS Additional Workload Productivity of 7936 pieces per hour. Your response referred generally to page 103 of Library Reference USPS LR-J-60 in this case, which in turn refers to USPS-T-27 in Docket No. R97-1. Please provide a specific page reference and a copy of that the page(s) of the referenced testimony, together with copies of all revisions thereto, if any, and exhibits related thereto. Please also indicate the source that supports your claim that the BRMAS Additional Workload Productivity excludes sorting, as you claim in response to Part D of Interrogatory KE/USPS-T22-16.

RESPONSE:

Please see Attachment 1. This spreadsheet was taken from Docket No. R97-1, USPS LR-H-213.

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KE/USPS-T22-33 Please refer to your responses to Parts D and E of Interrogatory KE/USPS-T22-8 where you claimed that QBRM and HAND letters do not take on the characteristics of (1) AADC machinable, automation letters, (2) 3-Digit automation letters, (3) 5-Digit Automation letters, or (4) some combination thereof, once they are sorted in the outgoing primary operation but rather QBRM and HAND letters each "have their own unique mail piece characteristics." Please refer also to your response to Part E of Interrogatory KE/USPS-T22-6, in which you agree in general that after handwritten and QBRM letters are processed in the incoming primary operation, they would be equal in the sense that they would be sorted to the exact same degree and exhibit the exact same machinability characteristics.

A. Does the description above accurately describe your testimony? If no, please explain.

B. In your response to Part G of Interrogatory KE/USPS-T22-20, you would not confirm that after the outgoing primary operation, the processing of HAND and QBRM letters incur similar costs until final delivery. Please explain why it would be appropriate to limit the analysis to processing that occurs only up to and through the outgoing primary operation, as you did, if HAND and QBRM letters will not incur similar costs thereafter until final delivery.

C. In your response to interrogatory Part K of Interrogatory KE/USPS-T22-20 you did not agree that cost distinctions that exist between a QBRM mail piece and a handwritten reply mail piece disappear once the handwritten letter has been barcoded and sorted in the RBCS operation. Please explain why it would be appropriate to limit the analysis to processing that occurs only through the outgoing primary operation, as you did, if HAND and QBRM letters will not incur similar costs until final delivery.

D. Please confirm, if you can, that after the QBRM and HAND letters complete their outgoing primary sortation, they will be barcoded to the same degree, i.e. equal percentages will have a 9-digit barcode sprayed and will be able to be processed by automation from that point on until delivery. If you cannot confirm, please explain why not and support your answer.

E. Please confirm, if you can, that after the QBRM and HAND letters complete the outgoing primary sortation, the processing costs with the exclusion of BRM-related costs of counting, rating and postage collection, will be nearly identical from that point on until delivery. If you can confirm, please explain why not and support your answer.

RESPONSE TO KE/USPS-T22-33 (CONTINUED)

F. Please explain why it is reasonable to measure workshare cost savings from mail processing that includes all mail processing and delivery costs, but it is inappropriate to measure prebarcoding savings exhibited by QBRM on the same basis.

G. Please see your responses to Part E of Interrogatory KE/USPS-T22-6. There you agreed, generally, that QBRM and HAND letters, after the *incoming* primary operation, will be equal in the sense that they would be sorted to the exact same degree and exhibit the exact same machinability characteristics. You were asked to support that conclusion but provided none. Notwithstanding your decision to change your analysis, please provide support for that answer

H. In light of your assertion that QBRM and HAND letters each exhibit their own unique mail piece characteristics after they are sorted in the outgoing primary, please explain why, in general, you have concluded that after the incoming primary operation, QBRM and HAND letters will be equal in the sense that they would be sorted to the exact same degree and exhibit the exact same machinability characteristics.

RESPONSE:

(A) No. My testimony (USPS-T-22) does not discuss these issues. The responses to KE/USPS-T22-8 (D) and (E) discuss these issues. Those interrogatories asked if QBRM and handwritten reply mail letters, respectively, "take on the characteristics of" various automation presort letters rate categories at a certain point in the mail processing network. My responses indicated that both QBRM and handwritten reply mail letters had their own unique mail piece characteristics.

(B) Please see the response to KE/USPS-T22-28(A). In addition, the costs would not be the same up to the point of delivery, even if all the cost model input data were identical for both mail pieces as the QBRM mail piece must be counted, rated, and billed. These tasks are covered by various fees and would not be performed if those mail pieces were handwritten reply mail pieces.

(C) Please see the response to KE/USPS-T22-33(B).

RESPONSE TO KE/USPS-T22-33 (CONTINUED)

(D) Not confirmed. A more limited QBRM analysis was adopted on 11/15/01. The revised analysis does not flow any handwritten reply mail pieces to the automation outgoing primary operation. Had some handwritten reply mail pieces been flowed to that operation, they would have been processed in the same manner as QBRM in the cost model up until the point they would have been isolated as QBRM or handwritten reply mail pieces for incoming secondary processing.

(E) Please see the response to KE/USPS-T22-33(D).

(F) The cost methodologies used to measure the worksharing related savings for the QBRM rate category and the First-Class presort letters rate categories are not identical. The QBRM cost study involves an "exact piece comparison" between a QBRM mail piece and a handwritten reply mail piece. If a handwritten reply mail piece were used as an alternative to QBRM, the mail piece would still be addressed to the same destination. Consequently, there should be no delivery cost differences.

(G) In regard to the level of sortation, please see the response to KE/USPS-T39-1. In regard to machinability, please see the response to KE/USPS-T22-33(H).

(H) The handwritten reply mail cost model does not include costs for processing those mail pieces in the outgoing primary operation. Machinability is one of many mail piece characteristics. In addition, please see the response to KE/USPS-T22-33(G).

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.

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Michael T. Tidwell

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December 17, 2001