

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

EXPERIMENTAL RATE AND SERVICE CHANGES  
TO IMPLEMENT NEGOTIATED SERVICE AGREEMENT  
WITH CAPITAL ONE SERVICES, INC.

Docket No. MC2002-2

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILSON TO  
INTERROGATORIES OF AMERICAN POSTAL WORKERS UNION, AFL-CIO  
(APWU/USPS-T4-1-12)

The United States Postal Service hereby provides the response of  
Witness Wilson to the following interrogatories of American Postal Workers  
Union, AFL-CIO: APWU/USPS-T4-1-12, filed on October 31, 2002.

Each interrogatory is stated verbatim, although for clarity's sake, question  
part designations have been added to a few interrogatories. Each interrogatory  
is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILSON  
TO INTERROGATORY OF AMERICAN POSTAL WORKERS UNION, AFL-CIO

**APWU/USPS-T4-1:** Please provide a detailed explanation of any changes the Postal Service has made to its processes for handling Undeliverable-As-Addressed mail since the time period studied in the September 1999 report entitled "Volumes, Characteristics, and Costs of Processing Undeliverable-As-Addressed Mail" and indicate when each change was implemented.

**RESPONSE:**

I am unaware of any operational process changes in the handling of UAA mail the Postal Service has already made. The Postal Service is in the process of implementing the Postal Automated Redirection System (PARS) program, which is intended to automate many of the manual functions performed in the handling and processing of UAA mail. Phase I implementation of the PARS program is scheduled to commence in July 2003.

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**APWU/USPS-T4-2:** On page 7 of your testimony you mention recent enhancements to the Address Change Service (ACS) program that will impact the percent of mail that will receive electronic notification through the ACS system. Please describe each of those enhancements, when it was or will be implemented, and how each factored into the estimates of the percent of mail that will receive electronic notification that you presented on page 7 of your testimony.

**RESPONSE:**

There are two enhancements that will impact the percentage of mail that receive electronic notices through the ACS system. The first enhancement was a modification made to the Computerized Forwarding System software related to change of address records that were older than 18-months. The system is designed to expunge those records once a month. Prior to the modification, a hardcopy notification was generated for a mail piece with an ACS endorsement sent to an address where the record was greater than 18-months but had not yet been expunged from the CFS database. In the summer of 2002, the software was changed to permit an electronic notice for such records. The effect of this change is a projected increase in the total volume of ACS notifications of 5 percent.

In FY 2002 and FY 2003, the Postal Service issued a series of communications, including training videos, intended to focus attention by field personnel on the need for proper handling of undeliverable-as-address mail, and specifically UAA mail that also participates in the ACS program. The result of this enhanced focus on accurate fulfillment of ACS notifications is another projected increase of ACS notifications of about 5 percent.

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**APWU/USPS-T4-3:** Will PARS affect handling and costs associated with Undeliverable-As-Addressed mail pieces? If so, please describe process changes associated with PARS, when these process changes will be implemented and their effect on costs.

**RESPONSE:**

My understanding is that PARS will lower costs associated with the handling and processing of undeliverable-as-address mailpieces. PARS will automate the process of handling UAA mail where deployed, utilizing computer-based solutions to automate a significant portion of the current manual handling. Phase I of the PARS deployment is scheduled to begin in July 2003.

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**APWU/USPS-T4-4:** What other enhancements to the handling of Undeliverable-As-Addressed mail pieces is the Postal Service currently testing/planning that could impact any of the costs associated with handling Undeliverable-As-Addressed mail or the percent of Undeliverable-As-Addressed mail that will receive electronic notification through the Address Change Service (ACS) system? What is the time frame anticipated for deploying each of these enhancements?

**RESPONSE:**

I am not aware of any enhancements, other than PARS.

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**APWU/USPS-T4-5:** (a) Was the introduction of Change Service Requested option 2 a direct result of the Postal Service's negotiations for this proposed Negotiated Service Agreement? (b) Was Change Service Requested option 2 being considered prior to the commencement of negotiations leading to the proposed Negotiated Service Agreement between Capital One Services, Inc. and the United States Postal Service?

**RESPONSE:**

a) No.

b) Yes, the idea of Change Service Requested Option 2 originated during  
2001.

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**APWU/USPS-T4-6:** Will the fees charged for Change Service Requested option 2 (for users other than Capital One) differ from the fees charged for the current Change Service Requested option? If not, what will be charged and will the institutional cost coverage for this service change based on the fact that the mail will be forwarded instead of destroyed?

**RESPONSE:**

No, the address correction fee for pieces seeking the service associated with Change Service Requested Option 2 will be \$.20, the same as the current electronic address correction service fee.

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**APWU/USPS-T4-7:** (a) How many and what proportion of current users of Change Service Requested (CSR) are expected to change to CSR option 2 once the Postal Service begins to offer it? What proportion of the volume of the current users of CSR does this represent? (b) Does the Postal Service anticipate that First Class users of other endorsements will change to CSR option 2? If so, what other endorsements are they now using and how many and what proportion of users of each endorsement are anticipated to change? What proportion of the volume of current First Class users of other endorsements does this represent? (c) Does the Postal Service anticipate that other First Class mailers who, like Capital One, are not currently using any endorsements, will start using CSR option 2? (d) What is the expected volume of CSR option 2?

**RESPONSE:**

- (a) No currently reported data contain the number or proportion of current users of the Change Service Requested endorsement. It is expected that a majority, if not all, of the existing Change Service Requested users will opt for use of Change Service Requested Option 2, as it restores the forwarding service not available with the current Change Service Requested endorsement.
- (b) Users of other First-Class Mail endorsements are expected to change to Change Service Requested Option 2. The endorsements these users are currently using are Address Service Requested and Change Service Requested. I am unable to project how many users or the proportion of users who will convert to Change Service Requested Option 2 because there is no current reporting that provides data on how many existing users there are of the Change Service Requested endorsement.
- (c) Yes, we anticipate that other First Class mailers not currently using any endorsement will start using Change Service Requested Option 2 and pay the \$ 0.20 fee associated with the ACS notification.



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- (d) The expected volume of ACS notifications fulfilled under the Change  
Service Requested Option 2 scenario has not been calculated.

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**APWU/USPS-T4-8:** In what ways does the information provided by Address Change Service (ACS) differ from information available through the National Change-of-Address (NCOA) system? What are the sources of information that are used for each of these systems? Are these systems updated at different times? Is updated information in these two systems available at different times?

**RESPONSE:**

ACS notifications are provided based upon information in the CFS unit database. The information in the NCOA database differs from the information in CFS database in a number of ways.

--NCOA has a 4-year historical compilation of customer move information while the CFS database only covers an 18-month period.

--NCOA only contains move-related information. ACS notifications may be provided to participating mailers whenever a mailpiece cannot be delivered regardless of whether the reason is due to a customer's move or not.

-- NCOA is based on the customer provided change-of-address information. NCOA only provides a new address update when a strict match exists between name and address data contained in a mailer's electronic address file and a moving customer's old address residing in the source NCOA data. If the mailer's file has a variation of the name in the NCOA file, it will not be updated.

--By comparison, the CFS unit database is used to forward mail after the carrier has determined that the addressee has moved. Thus the CFS database is not as sensitive to variations in the name. Even if the name on the mail piece varies from the customer provided change-of address information, the CFS unit

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will still forward it to the new address and, for pieces with an ACS endorsement, send the appropriate address change notice.

--The ability to provide an ACS notification is available immediately following the entry of a customer change-of-address data. NCOA data is compiled and distributed on a weekly basis and is available for use upon installation into the host computer system.

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**APWU/USPS-T4-9:** (a) In your response to OCA/USPS-T4-6, you state that volume data for First Class mail physically returned and forwarded through the Computerized Forwarding System (CFS) unit are not available for FY2000. Please explain why such data are not available. (b) In the same answer you imply that total First Class mail returned volumes and forwarded volumes are larger than the volumes worked through the Computerized Forwarding System (CFS). Please describe the circumstances in which First Class returned or forwarded mail is not worked through CFS and estimate the non-CFS volume for each. (c) You indicate presort volumes cannot be identified separately through the CFS. Is there any other method by which the volume of physically returned presort mail can be identified?

**RESPONSE:**

(a) In February 2001, a change was implemented within the hardware and software products used in the Computerized Forwarding System. I am advised that as a result of this migration, data from CFS of forwarded and returned volumes for FY 2000 are incomplete.

(b) First Class Mail may be forwarded locally by carriers within the same delivery units without being processed through the CFS unit. An estimated 4—5 percent of mail is handled through local forwarding. Mail pieces requiring return to sender handling that are not related to a move or are not participating in the ACS program, are not worked at the CFS unit. Return to sender volume worked directly by the mail processing facility and not by the CFS unit accounts for approximately two-thirds of the total volume of return to sender mail.

(c) I am unaware of any method by which the volume of physically returned presort mail can be identified.

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**APWU/USPS-T4-10:** Please reconcile the First Class physically returned volumes you report in your response to OCA/USPS-T4-6 with USPS witness Crum's 1.23% average presort letter return percentage shown in Attachment A, page 2 of USPS-T-3.

**RESPONSE:**

The 1.23 percent average presort letter return percentage shown in Attachment A, Page 2 of USPS-T-3 was derived using the "Combined Disposition at Delivery and CFS Units" of First-Class Mail that is returned to sender. The volume I reference in my response to OCA/USPS-T4-6 is *only* the volume of First-Class Mail that is returned to sender through the CFS units. Accordingly, the volume of mail physically returned through the CFS units that I reported in my response to OCA/USPS-T4-6 is a subset of the 1.23 percent figure.

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**APWU/USPS-T4-11:** The volumes for both First Class physically returned mail and First Class forwarded mail in FY 2002 declined from their levels in FY 2001. Can this decline be attributed solely to the decline in First Class mail volume in FY 2002 or were there improvements in the system or processes used that also impacted these numbers? If there were improvements in the system or processes used that also impacted these numbers, please detail each improvement and indicate when it was implemented.

**RESPONSE:**

No, the drop in volumes of First-Class Mail physically returned and forwarded between FY 2002 and FY 2001 cannot be attributed solely to the decline in First-Class Mail volumes overall. In FY 1996, the Postal Service adopted the "Move Update Requirement" for all First-Class mailers seeking automation or presort discounts which requires that these mailers perform an update to their address files for customer change-of-address within 180 days of the mail entry date. The ongoing address hygiene improvements resulting from the Move Update Requirement is another contributing factor to the overall decline of both returned and forwarded volumes for First-Class Mail from FY2001 to FY2002.

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**APWU/USPS-T4-12:** (a) Please confirm that in your response to OCA/USPS-T4-5, your answer to (b) is only for First Class mail. If you cannot confirm this, please identify all classes of mail that are included. (b) Are the FY 2002 numbers for (b) and (c) available? If they are, please provide them. If they are not, please provide them when they are available.

**RESPONSE:**

(a) Confirmed, the answer to (b) only refers to First-Class Mail.

(b) The FY 2002 ACS program numbers for First-Class Mail alone are:

First-Class ACS Notifications:	32,211,995
First-Class ACS Participants:	1,502

## 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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November 12, 2002