

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 TO INTERROGATORIES
OF AMERICAN POSTAL WORKERS UNION, AFL-CIO,
REDIRECTED FROM WITNESS WILSON
(APWU/USPS-T4-13-15)

The United States Postal Service hereby provides its responses to the following interrogatories of American Postal Workers Union, AFL-CIO: APWU/USPS-T4-13-15, filed on November 14, 2002 and redirected from witness Wilson.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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November 27, 2002

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

APWU/USPS-T4-13. In your responses to APWU/USPS-T4-1 and APWU/USPS-T4-3, you state that PARS will reduce the Postal Service's costs of handling UAA mail.

- (a) Please describe which manual functions for the handling and processing of UAA mail will be automated by PARS or as a result of PARS implementation.
- (b) Please describe in detail how PARS will change the handling of mail pieces that will be sent back to the sender. In addition
 - (1) Will PARS automate the handling of pieces that will be returned to sender?
 - (2) Will PARS prevent a piece of mail that will ultimately be returned to sender from ever reaching the delivery unit of the address on the mail piece?
 - (3) Will PARS redirect a piece back to its sender without it going through a CFS unit?
- (c) Please describe in detail how PARS will change the handling of mail pieces that will be forwarded. In addition
 - (1) Will PARS automate the handling of pieces that will be forwarded?
 - (2) Will PARS prevent a piece of mail that will be forwarded from ever reaching the delivery unit of the address on the mail piece?
 - (3) Will PARS redirect a forwardable letter without it going through a CFS unit?
- (d) Please provide the complete implementation schedule for PARS as currently envisioned.
- (e) Please indicate when and where in the network PARS will be implemented.
- (f) Please indicate the approximate volume of mail that will be processed through PARS during each year of the proposed Negotiated Service Agreement.
- (g) Has the Postal Service produced any estimates of savings expected from the use of PARS in the handling of UAA mail, such as in its Decision Analysis Report for PARS? If so please provide any estimates of such savings for each year for which such estimates are available and show all calculations for deriving those savings estimates. If separate savings estimates have been made for forwarded mail and for return to sender mail please show those separately.
- (h) Will PARS result in any changes in how mail is handled by the CFS units? If so please describe.
- (i) Will PARS change how much mail is handled by the CFS units? If so please quantify the change in the amount of mail that is handled by the CFS units for each year covered by the proposed Negotiated Service Agreement.

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APWU/USPS-T4-13. (continued)

- (j) Will PARS have any impact on the generation of electronic Address Correction Service (ACS) notifications? If so, please describe and quantify the impact on the generation of ACS notifications for each year covered by the proposed Negotiated Service Agreement.

RESPONSE:

- (a) Manual handling functions associated with UAA letter mail that will be automated by PARS include:
- (1) Data entry functions typically performed in CFS units to retrieve a customer's new address for forwardable mail.
 - (2) Data entry functions performed in CFS units to capture ACS participant code and keyline information.
 - (3) Manual operations performed in CFS units involved with photocopying of UAA mailpieces in production of PS Form 3547 address correction notices.
 - (4) Manual markings applied to UAA mail pieces by Nixie clerks.
 - (5) Manual separations made by Nixie clerks of UAA mail pieces participating in the ACS program.
- (b) PARS will automate return to sender of letter mail processing by detecting mailpieces that require return to sender handling, reading either the front or back of mailpieces to determine the return address, labeling and

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barcoding the mailpiece for return handling, capturing ancillary service endorsements or ACS information from the mailpiece and providing the mailer-requested handling. For UAA mail that the DDU identifies as return to sender, PARS will also automate the handling of this mail.

- (1) Yes.
- (2) Yes, PARS will prevent pieces from reaching the DDUs, depending upon the mail class, presence of ancillary service endorsements, presence of ACS markings, and age of change-of-address order for the delivery address. For example, if PARS detects a First-Class Mail piece with an address where the forwarding order has expired, it will apply a barcoded label to the mailpiece to return it to sender.
- (3) Yes.

- (c) PARS will automate mail forwarding by detecting forwardable mail pieces in the mailstream when it compares name and address data on mailpieces to the PARS Change-of-Address (PCOA) database. Where matches between mailpiece name and address data and PCOA data occur, PARS will relabel the mailpiece and print the forwarding address and barcode required to direct the mailpiece to the new address. Where ancillary

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service endorsements or ACS markings are present upon the mailpiece,
PARS will provide the requested services.

(1) Yes.

(2) Yes.

(3) Yes.

(d) Phase I of PARS deployment is scheduled to begin in July 2003 and finish in May 2004. Only Phase I has been funded by the Board of Governors.

Phase II of PARS deployment is planned to closely follow completion of Phase I, assuming Board of Governor approval, and is scheduled to finish in May 2006.

(e) Phase I of PARS will be deployed in 53 Processing and Distribution Centers throughout the United States from July 2003 through May 2004.

(f) In FY2003, PARS is not expected to process any significant volume of UAA mail. For FY2004, when PARS is being actively deployed, volume is not available. In FY2005, once Phase I is fully implemented, PARS is expected to process about one-third of all UAA machinable letter mail volume. About one quarter of that mail will be intercepted at the plant before it reaches the DDUs. The remaining three-quarters will be

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identified as UAA mail by the carrier and sent back to the plant for processing on PARS.

- (g) Please see the attached chart.
- (h) Yes. All machinable letter mail currently worked in the Phase 1 CFS units on mechanized terminals will now be worked through PARS. The only remaining mail volume in the CFS units will be parcels, flats, and non-machinable letters.
- (i) Yes. See answer to APWU/USPS-T4-13(f) and (h).
- (j) Yes. PARS-affected CFS units will no longer process ACS machinable letter mail. PARS will process the mail and generate the electronic notices instead.

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APWU/USPS-T4-14. Do you anticipate that there will be a change in the institutional cost coverage of the address correction service as a result of the implementation of CSR-Option 2? If so, please explain your response and detail any anticipated change.

RESPONSE:

The decision to implement CSR-Option 2 was reached independently of this NSA. See response to APWU/USPS-T4-5. The decision was based on an expectation of overall benefits to the Postal Service and its customers, without a specific focus on the discrete costs and revenues of address correction service. The impact on the cost coverage of address correction service was not studied when considering the implementation of CSR-Option 2, and has not been studied since the decision was made.

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APWU/USPS-T4-15. Has the Postal Service done any estimates of the increased volume and/or increased costs of forwarding First Class mail due to a change to CSR-Option 2? Is so, please provide those estimates and all calculations used to generate them and please indicate where these additional costs will appear in the Postal Services' accounting system.

RESPONSE:

No. Please see the response to APWU/USPS-T4-14.

PARS Phase I
Net Workhour Impact with Labor Distribution Category (LDC) Detail

Activity/Functional Area	CFS Units	Delivery Units						P&DC	REC Sites	Net Total Savings
		Clerk			Carriers (In Office)					
		General UAA Wor	General Delivery	Box Section	City	Rural	HCR			
		LDC 49	LDC 48	LDC 48	LDC 44	LDC 21	LDC 25			
Processing Change of Address Cards	509,613	194,783	401	790	51,100	7,862	2,063	(161,666)	514,945	
Fulfilling Address Correction Requests	230,407		34	58	5,227	673	177	21,002	257,587	
Mail Pieces Forwarded	923,764	205,580	73	144	11,137	1,433	376		1,142,487	
Mail Pieces Returned	228,382	514,437	48	95	7,333	944	248	247,456	998,943	
Mail Pieces Treated as Waste	14,904		52	102	7,866	1,012	266		24,202	
Mail Processing									0	
Chain Forwards	74,807		21	41	3,206	413	108		78,596	
PARS Additional Costs								(167,245)	(128,937)	
Net Total Operating Savings	1,581,877	914,779	629	1,240	95,869	12,336	3,238	80,211	(269,601)	2,820,576
Field Maintenance (LDC 36)	60,025							(31,658)	(955)	27,412
Recurring Training (LDC 91)	(1,376)							(27,594)	(4,820)	(33,790)
Net Total Workhour Savings	2,040,526	914,779	629	1,240	95,869	12,336	3,238	20,959	(275,376)	2,814,200

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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