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

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POSTAL RATE COMMISSION OFFICE OF THE SECRETARY
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POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS MODEN TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T4-18, 20(A), 24)

The United States Postal Service hereby provides responses of witness Moden to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T4-18, 20(a), 24, filed on September 5, 1997. Interrogatory OCA/USPS-T4-19 was redirected to witness Degen and interrogatories 20(b)-(d), 21, 22 and 23 were redirected to the Postal Service.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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September 19, 1997

**RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS MODEN TO
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OCA/USPS-T4-18. There is a Business Wire story, dated September 2, 1997, from Menlo Park, California, reporting a program to enhance the Postal Service's multi-line optical character recognition (MLOCR) system at 250 sites by September of this year with a co-processor program developed at SRI International.

- a. Is this the same program listed in Library Reference H-10, Exhibits B and C as MLOCR Co-Directory/Co-Processor with costs for FY 1998 above the prior year of \$2.458 million (LR-H-10, Exhibit B, page 3) and cost reductions for the test year after rates of \$27.945 million? (LR-H-10, Exhibit C, p.2). If you do not confirm, please explain.
- b. Please explain if this is the same program discussed in your testimony (T-4, pages 5-6) regarding the enhancement of the MLOCRs to improve the overall encode rate of the OCR and which you stated in response to an interrogatory (DMA/USPS-T4-2d) costs \$23,000 for a Co-Processor and \$18,000 for a Co-Directory to retrofit each MLOCR.

Response:

- a. I have not seen the Business Wire story dated September 2, 1997, so I cannot absolutely confirm that the story is about the same programs listed in Library Reference H-10. However, the Co-Directory and Co-Processor programs listed in Library Reference H-10 are the same programs that were mentioned in my testimony and in the response to DMA/USPS-T4-2(d).
- b. See 18(a).

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OCA/USPS-T4-20. According to page 20-2 of library reference H-1, depreciation is determined for each of the 21 mail processing equipment categories listed in Appendix F of H-1.

- a. For each of the types of equipment listed in your response to OCA/USPS-T4-1, please indicate the mail processing equipment category to which it belongs. If an equipment type does not fit precisely into one of the Appendix F categories, please indicate all categories it might be associated with or explain why it does not fit in any of the categories.
- b. For each Appendix F equipment category, please provide the number of pieces of each equipment type in that category currently installed by CAG of office.
- c. For each Appendix F equipment category, please provide the number of pieces of each equipment type in that category currently installed by type (MODS, Non-MODS, or BMC) of office.
- d. For each Appendix F equipment category, please provide the number of pieces of each equipment type in that category currently installed by CAG by type of office.

Response:

- a. I am told that the mail processing equipment category for the majority of the types of equipment that I listed in response to OCA/USPS-T4-1 can be found in Library Reference H-127, pages IV9 to IV-12. Also, as indicated in that response, some of the items included in that list were modifications to the equipment and therefore should not be considered as types of equipment. Integrated Materials Handling System (IMHS) components are categorized as indicated in LR-H-127 on the cited pages. In addition, the Linear Integrated Package Sorter (LIPS) has been constructed locally, rather than procured, from available parts and supplies in recent years. As a result, this equipment may not be capitalized. Depreciation and maintenance expense records do not separately track the costs for this equipment

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so it is not known what category the cost for this equipment is contained. Most likely it is in the General and Logistics categories. In any event, the costs for this equipment are likely to be relatively small.

- b. Redirected to the Postal Service.
- c. Redirected to the Postal Service.
- d. Redirected to the Postal Service.

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OCA/USPS-T4-24. Please refer to your response to OCA/USPS-T4-6 and library reference H-244.

- a. Please confirm that the deployment sites listed at pages 1-5 of H-244 are all CAG A MODS offices. If you do not confirm, please explain.
- b. Please confirm that the deployment schedules in H-244 are only for CAG A MODS offices. If you do not confirm, please explain and show where the schedules indicate Non-MODS or lower CAG offices.
- c. Please refer to your response to OCA/USPS-T4-2. Please explain how these deployment schedules of H-244 can be developed without the availability of current mail processing equipment levels at individual offices.
- d. Please confirm that new automated mail processing equipment is only scheduled for deployment to MODS offices, BMCs, and RECs. If you do not confirm, please provide a citation to pages of H-244 that show deployment schedules for Non-MODS offices.

Response:

- a. Not confirmed. The deployment sites listed at pages 1-5 of H-244 are CAG A offices. However, the list also included BMCs which are non-MODS locations (designated on the report as MODS code 3).
- b. Not confirmed. There are some offices listed in the deployment schedules contained in H-244 that were not listed in pages 1 through 5. Although the deployment schedules do not explicitly indicate non-MODS or lower CAG offices, cross referencing the deployments with the list of offices on pages 1 through 5 reveals that there are deployments to offices in small to medium size locales that are not contained on the list of facilities at pages 1 through 5. For instance, the CSBCS schedule (page 8) reflects a deployment to the Falls Church, Virginia Post Office. As mentioned in 20 (b) the list of locations on pages 1 through 5 of H-244 are where the majority of our equipment is located and are all CAG A offices. Also,

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a list of current MODS facilities was provided in response to TW/USPS-T4-1(c). If an office is not included on that list, then it is a non-MODS office.

- c. *Deployment schedules are determined through requirements calls with the Area offices and field offices. The requirements call is a process to validate the need for a given type of equipment. As a part of the requirements calls, field sites provide the number of existing units that they have for a given piece of equipment along with the number of additional units that are needed as well as any other pertinent information.*
- d. *Not confirmed. See 24 (b).*

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: 9/19/97

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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