DOCKET SECTION

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, 1997

Docket No. R97–1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MODEN TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC. (DMA/USPS–T4—43–46, 48-49, 51-54) AND REVISED RESPONSE TO DMA/USPS–T4—38

The United States Postal Service hereby provides responses of witness Moden to the following interrogatories of the Direct Marketing Association, Inc.: DMA/USPS–T4—43–46, 47-49, 51-54, filed on September 12, 1997. Interrogatories 47 and 50 were redirected to the Postal Service.

Also filed herewith is a revised response to DMA/USPS–T4—38, originally filed on September 9.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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September 26, 1997

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS MODEN TO THE INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION

DMA/USPS-T4-43. Please refer to your response to NDMS/USPS-T4-4(b). Please explain the reasoning underlying your response.

Response:

Processing Standard (A) parcels on the FSM 1000 would intermingle mail pieces that require different mail preparation procedures at the delivery unit and thus require an additional handling operation there.

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DMA/USPS-T4-44. Please refer to your response to NDMS/USPS-T4-8, where you state "I am told that processing data for the SPBS without a barcode reader is contained in Docket MC96-1." Please provide a more specific citation to where the requested information may be found in that docket.

Response:

It appears that parts (a) & (b) of NDMS/USPS-T4-8 seek a comparison of processing with an SPBS without a barcode reader and an SPBS with a barcode reader. The operational processing data that allows such a comparison is available in the testimony of witness Garvin (USPS-T3) and in Library Reference SPA-2 of Docket No. MC96-1. Although the reference does not specifically contain the average and maximum throughput of an SPBS with and/or without a barcode reader, it does reflect the differences in the two processes. However, it is important to recognize that the SPBS is operator paced and that the level of throughput and/or productivity achieved with or without a barcode reader can vary due to factors such as the configuration of the machine as well as the mix of the mail. Also, in Docket No. MC96-1, the Postal Service provided a figure of 2,760 pieces per hour for the induction capacity of the SPBS. See Tr. 2/218.

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DMA/USPS-T4-45. Please refer to your response to NDMS/USPS-T4-10.

a. Please provide the unit cost for retrofitting a small number of machines.

b. Please explain fully whether it is likely that unit cost for retrofitting a small number of machines is greater than the unit cost of a production buy.

c. Please explain fully whether the unit cost for retrofitting a small number of machines serves as the upper bound for the unit cost of a production buy.

Response:

a. I am told that the cost to add barcode readers to the SPBSs at the Southeastern PA facility and at the Philadelphia AMC is contained in Docket No. MC96-1 at Tr. 1/14-16.

b. I do not know what the cost was for the other machine that has SPBS readers nor do I know the unit cost of a production buy. Therefore, I am unable to say whether the unit cost for retrofitting a small number of machines is greater than the unit cost of a production buy.

c. See response to (b). Accordingly, I am unable to say whether the unit cost for retrofitting a small number of machines serves as the upper bound for the unit cost of a production buy.

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DMA/USPS-T4-46. Please refer to your response to DMA/USPS-T4-30(d). Please provide all situations in which nonpref mail is mixed with pref mail, thereby creating a condition where the nonpref mail must be processed during premium pay hour so that the intermingled pref mail can meet its service standards.

Response:

As mentioned in my response to NAPM/USPS-T25-28, nonpref mail "could" become mixed with pref mail as early as the facer/canceller operation. In that case, it is conceivable that the nonpref mail could remain commingled with pref mail throughout all processing operations until it is finally delivered. With that in mind, it cannot be assumed that premium pay is needed in all instances when nonpref mail becomes mixed with pref mail so that the intermingled pref mail can meet its service standards. Generally, nonpref mail is not mixed with pref mail until it gets to the delivery point sequencing operations, and the response to DMA/USPS-T4-30(d) was provided merely to illustrate that it is possible for nonpref mail to be processed with pref mail using premium pay. However, delivery point sequencing operations are not always conducted during premium pay hours.

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DMA/USPS-T4-48. Please refer to your response to OCA/USPS-T4-5. Please provide a description of all mechanized and automated mail processing equipment planned for deployment by the end of FY 1999 which are not described in your testimony.

Response:

Below is a list and description of each type of equipment included in the response to OCA/USPS-T4-5. In instances where previous descriptions have already been provided, I have cited the Library Reference or response.

Letter Distribution

1. Mail Cartridge Systems - This system is designed to automate the loading of letter mail trays on automated processing equipment as well as the sweeping of mail from those machines.
2. Postal ID Code Readers - The Postal Service is considering mounting ID code readers on all barcode sorters to assist in the sorting process.
3. RCR/HW Mod Kits - See page nine of Library Reference H-10. The Hand Written Address Interpretation (HWAI) modification improves the RCR's ability to process script letter mail.
4. DBCS/OCRs MOD Kits (Low Cost OCR) - See page six of Library Reference H-10.
5. DBCS/OSS MOD Kits - See response to ABA&EEI&NAPM/USPS-T25-10 (b).
6. MMC Stacker MOD Kits - The Postal Service is considering modifications to the stackers on some of the DBCSs.
7. AFCS/ISS - See response to ADVO/USPS-22.

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Flat Distribution

1. Flat Mail OCR (FMOCR) for FSM 881s - See page 11 of Library Reference H-10.
2. Flat Mail WABCR for FSM 1000 - As mentioned at page 13, lines 20 through 24, the Postal Service is evaluating the placement of barcode readers on the FSM 1000s. The barcode reader would read mailer applied barcodes on flats that are processed across the FSM 1000.
3. Additional FSM 1000s - See page 8 of Library Reference H-10.
4. New Design Flat Sorting Machines - See response to NDMS/USPS-T4-19.

Canceling Operations

Automatic Facer Cancellers - See response to ADVO/USPS-22.

Miscellaneous Processing Equipment

1. WABCR for CFS work stations - The Postal Service is considering adding a barcode reader to CFS work stations.
2. Upgraded computer systems for CFS sites - The Postal Service is considering upgrading the computer systems that are used in CFS sites.
3. Mechanized work stations for CFS sites - The Postal Service is considering deploying additional mechanized work stations in CFS sites..
4. Material Handling Robots - See page 11 of Library Reference H-10.
5. Tray Management Systems (TMS) - TMS consists of conveying equipment, staging devices, interfaces to operations, and controls for moving trays of mail within P&DCs.

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6. Small Parcel and Bundle Sorters (SPBS) - See page 7 of Library Reference H-10.

7. SPBS Feed Systems - See page 13 of Library Reference H-10.

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DMA/USPS-T4-49. Please refer to your response to OCA/USPS-T4-7 regarding management's "lack of confidence" in MODS data in LR-H-220, page 8. Please explain the bases of management's lack of confidence in daily MODS data including its data collection reliability and its deficiencies in assisting management as an operating tool.

Response:

See my response to OCA/USPS-T4-10, parts c, d, and e.

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DMA/USPS-T4-51. Please refer to your response to NDMS/USPS-T4-13(e) in which you state that "field sites generally refrain from processing Standard (A) parcels on the FSM 1000 because of capacity concerns and impact on the delivery units."

a. Please explain fully the types and extent of the "capacity concerns" to which you referred and explain why such "concerns" have discouraged facilities from processing Standard (A) parcels on the FSM 1000.

b. Please refer to witness Crum's response to UPS/USPS-T28-11(c) where he states that parcels may be cased with letters and flats. Please explain why casing or carrying parcels with flats would inhibit processing parcels on the FSM 1000.

Response:

a. As mentioned in my testimony, the Postal Service is in the process of deploying FSM 1000s in order to process the volume of non-carrier route flats that is non-machinable on the FSM 881. Accordingly, plants that have already received FSM 1000s target their usage for processing flats that meet the flat size dimensions specified in section C050 of the DMM but do not meet the FSM 881 machinability requirements as specified in section C820. As a result, capacity concerns with FSM 1000s are generally related to either (1) there is only enough machine capacity within a given operating window to process only the targeted mailbase (i.e., flats that are non-machinable on the FSM 881) and still make the service commitment for that mail or (2) FSM 1000 machine time is not available because the machine is being used to process other classes of mail. For instance, the FSM 1000 may be processing outgoing First Class flats (that cannot be processed on the FSM 881), so other classes of mail would be staged for later processing, in accordance with distribution priorities and subject to the conditions mentioned in part (1). These capacity concerns combined with the concerns mentioned in DMA/USPS-T4-43

discourage sites from processing Standard (A) parcels on the FSM 1000.

b. Witness Crum was only acknowledging that some Standard (A) parcels may be carried with flats, and his statement should not be interpreted as meaning that all Standard (A) parcels are carried in the flat mail bundle. The weight, size, and shape variations of pieces that qualify as Standard (A) parcels precludes many of them from being compatible with work methods used for flat shaped mail pieces.

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DMA/USPS-T4-52. Please refer to your response to DMA/USPS-T4-30(c) and DMA/USPS-T4-31(c) in which you state that the consequences that occur when nonpref mail and pref mail do not meet their service standards are that "customers are disappointed." Please explain whether there are operational consequences of delayed mail, such whether local managers or staff are reproved when nonpref or pref mail do not meet their service standards or whether management will give a higher priority to processing the backlog of nonpref or pref mail.

Response:

Local facility managers receive goals for service and budget at the beginning of each fiscal year. Accordingly, local manager's progress toward these goals and overall performance against these objectives are discussed with immediate managers at several points during the fiscal year and adjustments are made where necessary. In regard to your question about priority being given to processing a backlog of mail, management would place a higher priority on processing the backlogged mail before processing newly arrived mail in accordance with the distribution priorities outlined in section 453 of the Postal Operations Manual (POM 7) which was filed in Docket No. MC96-3 as USPS LR-SSR-161.

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DMA/USPS-T4-53. Please refer to your response to DMA/USPS-T4-30(f) and DMA/USPS-T4-31(f). Please provide any data that the Postal Service has, whether or not contained in a "report" or "study," concerning the processing of pref and nonpref mail by the requested time intervals.

Response:

I am not aware of any information, whether or not contained in a "report" or "study", concerning the processing of pref and nonpref mail by the requested time intervals.

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DMA/USPS-T4-54. Please refer to your response to DMA/USPS-T4-36. Please respond to this interrogatory by interpreting it to mean the scheduled deliveries of Standard (A) mail to a mail processing or distribution facility by private mailers in order to level mail flows.

Response:

In a sense, the Drop Ship Appointment System (DSAS) is used for leveling mail flows in the context that it is used for scheduling deliveries of Standard (A) mail to processing facilities. The system allows USPS processing facilities to communicate to mailers the times of day when they can best accommodate drop shipments. Similarly, the facilities can designate a set number of appointments within those times based on dock availability and local conditions.

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DMA/USPS-T4-38. Please provide the relative percentages of mail processed, by sub-class, on (i) automated machines, (ii) mechanized machines, and (iii) manually.

Response:

I am not aware of any operational data on automated, mechanized or manual volumes by sub-class.

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: 9/26/97

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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