DOCKET SECTION

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

POSTAL RATE AND FEE CHANGES, 1997 Docket No. R97-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF NASHUA, DISTRICT, MYSTIC & SEATTLE (NDMS/USPS-T27-2b&c, 3, 4b&c)

The United States Postal Service hereby files its responses to the following interrogatories of Nashua, District, Mystic & Seattle, dated August 29, 1997, 1997: NDMS/USPS-T27-2b&c, 3, 4b&c and 5a-d.

The interrogatories are stated verbatim and are followed by the responses.

A motion for late acceptance of these responses has been filed in connection with the filing of witness Schenk's responses to NDMS/USPS-T27-1, 2a, 4a and 5.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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RESPONSE OF THE UNITED STATES POSTAL SERVICE TO NDMS
INTERROGATORY REDIRECTED FROM WITNESS SCHENK

NDMS/USPS-T27-2.

b. In Base Year 1996, how many facilities used automated BRMAS equipment to process BRM paying the BRMAS rate?
c. In Test Year After Rates, how many facilities were expected to process BRM on automated BRMAS equipment?

RESPONSE:

b. and c. Although no comprehensive empirical survey has been conducted, it is believed that the overwhelming majority of facilities expected to use BRMAS software when the program was implemented did not do so in the base year. This would appear to be confirmed by the BRMAS coverage factor developed by witness Schenk in USPS-T27. The Postal Service has not developed any plans which could be expected to improve the coverage factor in the test year above what it may currently be.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO NDMS
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NDMS/USPS-T27-3.

For a P&DC that has the capability to run BRMAS on its automated equipment, what is the estimated minimum daily volume of automatable BRM below which it is more practical to send all BRM to the postage due unit rather than use BRMAS? To the extent that the minimum daily volume may vary by location, please explain all important factors that would enter into the decision to prefer use of the postage due unit rather than BRMAS.

RESPONSE:

It is not possible to provide an estimate that would be applicable for all Postal facilities of a minimum daily volume of automatable BRM below which it is more practical to send all BRM to the postage due unit rather than use BRMAS. The determination of whether to sort and rate automatable BRM in a BRMAS operation or in a manual sortation operation is going to depend on many factors, including the makeup of the BRM recipients at a site (e.g., the number of different BRM recipients and the number of separations each recipient has), the availability of equipment during the time frame when BRM has to be processed to ensure timely delivery to the mail recipient, the availability of Information Systems support, as well as other institutional and site-specific factors.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO NDMS INTERROGATORY REDIRECTED FROM WITNESS SCHENK

NDMS/USPS-T27-4.

b. What are the major reasons why the BRMAS coverage factor has never reached the levels anticipated by the Postal Service in Docket No. R90-1?
c. What sense does it make to have a "BRMAS Program" when the coverage factor is less than 6 percent, and declining?

RESPONSE:

b. In Docket No. R94-1, the Postal Service offered, but was not permitted, to enter into evidence its analysis of major reasons why the BRMAS coverage factor fell short of expectations. Many of the reasons why BRMAS did not perform up to expectations by 1994 still apply today. A copy of the pertinent portion of the aforementioned analysis is attached.

c. The current state of the BRMAS program presents a challenge for management. It is hoped that the outcome of the Postal Service's QBRM proposal will help set the course for the future.

II. Current Operational Status of BRMAS - Changes Since Docket No. R90-1

A. Integration of BRMAS With Bar Code Sorters.

The BRMAS software has been placed on the MPBCS and Delivery Bar Code Sorter (DBCS) operating system computers. This enables Processing to use any bar code sorter to count and rate BRMAS mail pieces.

Integrating the BRMAS software into the bar code sorter operating systems may also result in combining BRMAS sortation, counting and rating with other automated operations, such as Incoming Primary or Incoming Secondary distribution. Consequently, the unique MODS operations number allocated solely to BRMAS was eliminated. The result has been shared volume recording for automated distribution and BRMAS. The lack of the ability to easily monitor the volume of Business Reply Mail (BRM) processed using the BRMAS programs and provide feedback to processing plants, may have contributed to the slower than expected expansion of the program.

While the availability of BRMAS software on all bar code sorters was expected to encourage the use of the BRMAS software program, it now appears that the opposite outcome has resulted. Most sites that utilize BRMAS continue to process BRMAS mailpieces on a separate, unique sort program. This is because they have already assigned a variety of BRMAS customers to the same 5-Digit BRMAS ZIP

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Code, and additional support workhours are required to maintain the BRMAS software when it is placed on more than one bar code sorter.

B. Database/Software Maintenance

Inaccurate BRM billing occurs when BRMAS customer information is not maintained and kept current. Modifications to customer account characteristics, such as assigning new BRMAS bar codes to reflect the use of postcards as well as letters, removing customers that drop out of the program, and modifying bar code sorter sort programs to reflect seasonal changes in volume are examples of data that may affect the counting and rating process.

In-Plant Support personnel are required to develop new sort plans, mail flows and processing procedures, as well as continually update the office and processing versions of the BRMAS software. With the recent changes in organization and the operational environment, including re-prioritization of potential cost reduction opportunities, there are fewer resources available for database and software maintenance.[3/]

[3/] As indicated above, updating BRMAS software is not simply loading a new software version. Rather, it requires obtaining BRM customer information on a regular basis from sources separate from the In-Plant Support function, such as Finance and Marketing.

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C. Manual Counting

Many BRMAS customers are in fact agents for clients selling a product. This indirect communication (through the BRMAS agent) between the Postal Service and the client may at times cause the client to believe their new BRMAS bar code is also a new ZIP Code for all of their correspondence. This situation causes non-BRMAS mailpieces to be sorted and counted with BRMAS mailpieces if BRMAS software is used to count and rate mailpieces. Consequently, many sites have chosen to manually re-count these "problem" BRMAS separations to assure that the appropriate postage is charged.

Initially, as is frequently the situation when any new software is developed, BRMAS had several software "bugs" which sometimes affected the accuracy of mailpiece counts. As a result, some sites and customers lost confidence in automated counts provided by BRMAS, and chose to manually verify the accuracy of the mailpiece count. While these software bugs were fixed in a relatively short time, manual re-counts are still performed by BRMAS sites to assure the accuracy of the customers' bills. In addition, BRMAS customers frequently request that BRMAS pieces to which a stamp or meter imprint have been affixed be counted so that they can be reimbursed for the postage applied to those pieces. While there is a procedure through which the customer presents postage paid mailpieces for reimbursement, the Postal Service sometimes performs these manual counts as a customer service.

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D. Incompatibility of Equipment with BRMAS

The Postal Service contracted for two different types of Delivery Bar Code Sorters (DBCSs). Electrocom Automation Ltd. (ECA) and Martin Marietta Corporation (MMC) were each awarded contracts for 614 DBCSs.[4/] However, the MMC machine did not live up to performance standards, especially in the area of sortation accuracy. Postal resources were diverted from other projects in order to assist MMC in modifying their software to accommodate Delivery Point Sequencing (DPS). These basic operating software problems combined with constant changes in sort plan formats made it difficult to integrate the Postal Service's BRMAS software with the MMC DBCS software. While BRMAS software is now resident on all Postal Service bar code sorters, it does not currently interface effectively with the MMC DBCS software and therefore cannot be used to count and rate BRMAS mailpieces.

E. *Insufficient Volumes*

FY 1993 billing determinants indicate that the average number of BRMAS pieces per customer per day is relatively low.[5/] Seasonal fluctuations in BRM volumes produce a further reduction in volume for some days.[6/] Sites may not choose to

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[4/] This 1,228 DBCS procurement was designated Phase I. ECA was awarded the entire Phase II DBCS contract based on their superior performance in Phase I.

[5/] 665,010,200 divided by 64,244 BRMAS accounts (assuming half of the BRM advance deposit accounts are for BRMAS) divided by 312 days per year (6 days a week) = 33.18 pieces per account/day. See W/P I of witness Foster, section D, page L-2.

[6/] Many BRMAS customers' volumes change significantly based upon seasonal renewals for publication subscriptions or special promotions. Therefore, average daily volumes are not (continued...)

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repeatedly change their distribution, counting and rating procedures as individual BRMAS customer volume fluctuates. Instead these sites would use manual counting of BRMAS mailpieces.

As plants developed BRMAS sort programs they discovered that many bar code sorter stackers received minimal volumes. Consequently, the BRMAS report generation process[7/], combined with the time used to process BRMAS mail pieces, actually took longer and used more resources than did the manual sorting, counting, and billing system used prior to BRMAS implementation.

In some cases, BRMAS volumes are so low that separate bar code sorter "hold outs" cannot be justified[8/]. In addition, manually sorted BRMAS[9/] pieces must still be counted, rated and billed, so that both manual and automated bills must be combined.

[6/] (...continued)
representative of the seasonal low volume periods. These low volume periods may not warrant a bar code sorter separation. This situation would result in manual counting and rating part of the year and BRMAS counting and rating another part of the year.

[7/] BRMAS produces a one page "bill" for each customer. This process takes considerable time (30 seconds to one minute). Therefore, a sort program with fifty customers receiving 20 pieces per customer may take over one-half an hour for report generation.

[8/] Volume analysis is performed by local In-Plant Support operations to determine the most efficient manner in which to develop sort plans. This analysis is performed due to the limited number of stackers on bar code sorters and efforts to reduce unnecessary rehandlings.

[9/] Even though BRMAS pieces are barcoded, rejected, jammed, and damaged mailpieces must be sorted, counted and rated manually.

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F. Administrative Issues

As is the case with any nationwide postal project, BRMAS used a Headquarters-based oversight approach combined with field (Regional) implementation to support the program. Initially, considerable resources were expended. However, as the program matured these resources decreased, as expected. Typically in similar programs, national program management is eventually transferred to local management.

However, the management transition process for BRMAS may have been affected by recent organizational changes and the evolution of priorities along with the changing operational environment. The process used to allocate limited resources centered around the potential "pay back" and efficiencies to be gained in processing and delivering the mail. One result was less focus on BRMAS at the national level. Moreover, as with other programs, management of BRMAS was moved to the plant level. In theory, this approach gave field managers (who have better knowledge of their operations than those managers far removed from the mail) greater flexibility to modify certain aspects of the BRMAS program to accommodate specific local operating conditions. It also gave field managers more discretion in whether and how to use BRMAS. The results appears to have been reduced implementation of BRMAS.

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G. Relation to Other Automation Programs

At the inception of the BRMAS program BRMAS BRM processing generally took place after incoming secondary operations for other mail had been completed on a dedicated bar code sorter.[10/] Now, depending upon local conditions, BRMAS BRM separations may occur on incoming primary, incoming secondary, Box, or special firm/BRM sort programs. BRMAS BRM sorted to a large Box section may require sector/segment sequencing using a "two pass" sort program in order to be sorted first to a part of the Box section, and then to a particular Box. Some BRMAS BRM is "street" delivered, and would need to be Delivery Point Sequenced with the rest of the carrier's mail. BRMAS BRM may be separated at the incoming secondary level; if the secondary zone is receiving "two pass" processing, BRMAS BRM may be pulled out on the second pass.

The implementation of Delivery Point Sequencing (DPS) has had a major impact on the volume that requires automated incoming processing as well as the time of day that this processing is performed. Instead of one bar code sorter "pass" to distribute mail to the carrier route level, two "passes" are needed to sort mailpieces in delivery sequence for the carrier. This additional pass expanded the incoming secondary processing window and encroached into the same operational window in which BRMAS was being processed.

[10/] Most automated incoming secondary operations were completed between 6:30 a.m. and 7:00 a.m. Most BRMAS processing immediately followed this secondary processing and was completed in order to meet BOX or caller service clearance times (8:00 a.m. to 9:00 a.m.).

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Later mail arrival times at the delivery unit were made possible by the reduction or elimination of carrier casing time resulting from the sequencing of this mail. The reduction of carrier casing time will enable delivery offices to significantly reduce carrier in-office workhours and assert greater control over labor-related costs.

Accordingly, many sites have chosen to eliminate automated BRMAS processing in favor of Delivery Point Sequencing and its potential for cost reductions.

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RESPONSE OF THE UNITED STATES POSTAL SERVICE TO NDMS
INTERROGATORY REDIRECTED FROM WITNESS SCHENK

NDMS/USPS-T27-5.

Your testimony at p. 13 states that "a new BRMAS program is expected to be in place during the test year."

a. What is the new BRMAS program? Please provide a brief explanation and submit a copy of the program as a library reference.
b. When is implementation of the new BRMAS program expected to begin, and when is full implementation expected to be accomplished?
c. How does the new BRMAS program differ from the old BRMAS program?
d. What is the expected effect of the new BRMAS program on the BRMAS coverage factor?

RESPONSE:

(a-d) There is no new BRMAS program. No timetable is available for the development of a new program.

CERTIFICATE OF SERVICE

I hereby certify that I have this date 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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