

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

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS SCHENK
TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
AND MOTION FOR LATE ACCEPTANCE
(OCA/USPS-T27-1 - 6)

The United States Postal Service hereby files the responses of Leslie Schenk to the following interrogatories of the Office of the Consumer Advocate, filed September 12, 1997: OCA/USPS-T27-1 through 6.

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

These responses of witness Schenk and the redirected responses were due to have been filed on September 26, 1997. The need to consult with representatives of various departments here at Headquarters and witness Schenk's workload and travel schedule on matters unrelated to this proceeding have contributed to the lateness of these filings. The Postal Service regrets this delay, but believes that it was unavoidable.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Michael T. Tidwell

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
October 1, 1997

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS SCHENK
TO THE INTERROGATORIES OF THE OCA

OCA/USPS-T27-1. Please refer to your direct testimony on page 3 where you state that non-advance deposit BRM recipients do not pay the postage due and per-piece fees through an advance deposit account, but may have postage "deducted from a Postage Due account." Please also note the postage due account explanation at DMM S922.3.7.

- a. Please explain all other differences between advance deposit accounts and postage due accounts.
- b. Include in your discussion any differences in administration of the accounts (as administration is explained at page 7 of your direct testimony).
- c. For all differences discussed in response to (a) and (b) herein, explain whether Postal Service costs differ (e.g., different administration costs).

RESPONSE:

- a. Advance deposit accounts are also known as trust accounts. They are accounts that are maintained by the Postal Service for mailers who regularly receive volumes of mail for which postage is due upon receipt. Postage due accounts are a subset of all trust accounts. Postage due accounts can be used for Business Reply Mail for which no accounting fee is paid, as well as for short paid mail (e.g., a utility receives bill payments from a customer which does not have sufficient postage, but the utility agrees to accept the piece and pay the postage due on it). Postage due accounts are established by mail recipients who receive pieces on a non-periodic basis for which postage is due. These accounts receive very low volumes of mail, and on an infrequent basis. Therefore, these accounts are unlikely to be debited on a daily basis.
- b. see my response to part a.
- c. Postal Service costs will differ between advance deposit accounts and postage due accounts, as the workhours per account will differ (because of the differences in the incidence of account administration).

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS SCHENK
TO THE INTERROGATORIES OF THE OCA

OCA/USPS-T27-2. Table 9 in LR H-179 lists "Reject Rate of BRM" on two type of automation sortation operations. Does this comprise the entire reject rate for BRM mail? Please explain. If it does not, please set forth the entire reject rate for BRM mail.

RESPONSE:

Confirmed. To my knowledge, the only two types of automation sortation operation in which BRM are sorted to account or mailer are BRMAS operations and other (non-BRMAS) sortation operations on barcode sorters. Therefore, the reject rates reported in Table 9 in LR H-179 comprise the entire reject rate for BRM.

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS SCHENK
TO THE INTERROGATORIES OF THE OCA

OCA/USPS-T27-3. Please refer to Appendix A: BRMAS Cost Survey – Data Collection and Processing. You state that a survey of the five sites was conducted in April-May, 1997. When were the tabulation of results and analysis thereof completed?

RESPONSE:

Results were tabulated and analysis done for individual test sites on an ongoing basis as results were received from the sites (they were instructed to fax or mail results in daily). On May 21, 1997 the final survey forms from the last site to complete the survey were sent to us. In the week after those results were received, the final results were tabulated and analysis of the survey results were completed.

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS SCHENK
TO THE INTERROGATORIES OF THE OCA

OCA/USPS-T27-4. When did you discover that the Postal Service no longer expected to have a new version of the BRMAS program in place during the test year?

RESPONSE:

I do not recall the exact date on which I was informed by the Postal Service that they no longer expected to have a new version of the BRMAS program in place during the test year, but it was either May 22, 23 or 24, 1997.

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS SCHENK
TO THE INTERROGATORIES OF THE OCA

OCA/USPS-T27-5. Is the Postal Service currently surveying and analyzing BRMAS-qualified BRM productivity at a cross-section of postal facilities (or a selection of such facilities have "average" efficiency)?

- a. If not, why not?
- b. How long would such a survey and analysis thereof be expected to take?
- c. Confirm that using average productivity at relatively efficient sites overstates BRMAS productivity. If not confirmed, please explain.
- d. If (c.) is confirmed, please provide an estimate of the magnitude of the overstated productivity, showing derivations for the estimate.

RESPONSE:

No, to my knowledge the Postal Service is not currently conducting a survey or analysis of BRMAS-qualified BRM productivity at a cross-section of postal facilities.

- a. By the time that it was realized that the new BRMAS program would not be available in the test year, there was not enough time to design and conduct a survey at a cross-section of postal facilities so that the data could be available for presentation in my testimony.
- b. The time it takes to conduct a survey and analyze the results depends on the design of the survey, and what questions it is supposed to address. Without more information, I cannot say how long such a survey would take.
- c. Confirmed.
- d. It is not possible to estimate the magnitude of the difference in productivities between the most efficient sites and the "average" efficient site, without data on what the average productivity is. The "average" productivity for BRMAS operation at a cross-section of facilities is not available, so this comparison cannot be done.

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS SCHENK
TO THE INTERROGATORIES OF THE OCA

OCA/USPS-T27-6. Please refer to page 8 of your direct testimony where you state: "The cost of BRMAS-qualified BRM was developed in part using the results of another survey done at selected postal facilities." At page 10 you state: "The BRMAS Cost Survey is discussed in more detail in Appendix A." Does the "BRMAS Cost Survey" exist as a separate document? If so, please supply it.

RESPONSE:

The BRMAS Cost Survey does not exist as a separate document. All background information on the survey design and how the survey was conducted are provided in my testimony, in either the main text, Appendix A, or in the accompanying spreadsheets.

DECLARATION


I, Leslie M. Schenk, hereby declare, under penalty of perjury, that the foregoing Docket No. R97-1 interrogatory responses are true to the best of my knowledge, information, and belief.

1-1-97
Date

Leslie M. Schenk
Leslie M. Schenk

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.

A handwritten signature in dark ink, appearing to read "M. Tidwell", is written over a horizontal line.

Michael T. Tidwell

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October 1, 1997