

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 MILLER
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
AND MOTION FOR LATE ACCEPTANCE
(OCA/USPS-T23-3 - 7)**

The United States Postal Service hereby files the responses of witness Miller to the following interrogatories of the Office of the Consumer Advocate, dated September 3, 1997: OCA/USPS-T23-3 through 7.

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

These responses were due to have been filed on September 17, 1997. Final drafts were reviewed and prepared in order to accommodate a timely filing; however, the Postal Service has no record of having ever filed them. Although the Postal Service can offer no precise explanation, undersigned counsel believes it appropriate to assume personal responsibility for this failure.

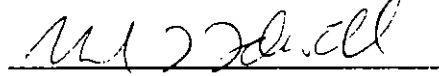
Counsel regrets this apparent oversight and apologizes for any inconvenience it may have caused. To mitigate, in some small way, any harm caused, counsel sent facsimile copies to OCA counsel yesterday.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

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

Michael T. Tidwell

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October 2, 1997

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MILLER TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-T23-3. What is the reject rate for prebarcoded mail? If the rate is unknown, please explain why it is unknown.

RESPONSE:

In my testimony, I used the MPBCS/DBCS accept rate of 95% for prebarcoded mail.

This figure was taken from the accept and upgrade rates study (USPS LR-H-130).

Therefore, the reject rate would have been 5%.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MILLER TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-T23-4. What is the reject rate for prebarcoded *reply* mail? If the rate is unknown, please explain why it is unknown.

RESPONSE:

The accept and upgrade rates study (USPS LR-H-130) did not analyze MPBCS/DBCS rates based on specific mail types (e.g., prebarcoded reply, prebarcoded presort, etc.).

The rate used was an average for all barcoded mail. In my testimony, I used the MPBCS/DBCS accept rate of 95% in the prebarcoded reply mail model. Therefore, the reject rate was 5%.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MILLER TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-T23-5. When prebarcoded mail is rejected, does the rejection take place at the Advanced Facer Canceler? Please explain.

- a. Please describe what additional handling and processing steps are required when prebarcoded mail is rejected.
- b. Do rejections of such mail occur at any other point in the mail processing system? Please discuss, and include in your discussion any additional handling and processing steps that take place.
- c. Are any of the answers to this interrogatory different for prebarcoded reply mail? Please discuss.

RESPONSE:

AFCS rejects usually consist of misfaced mail or mail that does not contain sufficient postage. These rejects will include a mixture of prebarcoded mail, handwritten mail, and machine-printed mail. My testimony assumed that all mail pieces were successfully processed by the AFCS and did not include specific cancelation costs, as these costs would have been identical for both a preapproved, prebarcoded reply mail piece and a handwritten reply mail piece.

- a. If prebarcoded mail were rejected by the AFCS, it would either be refaced and canceled or diverted to the postage due section.
- b. Yes. Rejects that occur on either the MPBCS or DBCS would be routed to manual operations for processing.
- c. The answers in this response are for prebarcoded reply mail only, as the question was directed toward AFCS operations. AFCS barcode separations are made based on the Facer Identification Marks (FIM) for CRM and BRM. Therefore, by definition, we are only referring to reply mail.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MILLER TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-T23-6. You explain on page 5 of your direct testimony how "leakage" occurs with mail processed through the REC. Does leakage ever occur with prebarcoded mail or prebarcoded reply mail? Please discuss.

RESPONSE

The term "leakage" does not refer to specific mail types; it refers to mail that is processed through the RBCS network. To the extent that some prebarcoded mail pieces occasionally end up getting processed through RBCS, it is possible that the "leaked" mail could contain some prebarcoded pieces. The percentage of leakage mail that contains prebarcoded mail pieces, however, would be quite small when compared to a corresponding percentage for handwritten mail pieces.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MILLER TO
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OCA/USPS-T23-7. Please refer to your direct testimony at page 2 where you state that the cost avoidance for both QBRM and PRM is calculated as the difference in mail processing costs between a prebarcoded First-Class reply mail piece and a handwritten First-Class reply mail piece. Please explain whether your QBRM/PRM cost avoidance analysis (and the underlying mail flow analysis) would be the same for Courtesy Envelope Mail ("CEM") as defined in Docket No. MC95-1. In your analysis, assume that the CEM mail would have the proper postage affixed.

RESPONSE

Assuming that the proper postage was affixed to each mail piece, this cost avoidance could be applied to other mail pieces with the same characteristics as QBRM and PRM.

In instances where proper postage is not affixed to each mail piece, the mail processing costs could increase dramatically, especially in a full-up Delivery Point Sequencing (DPS) environment where a short paid situation would not be identified until the mail piece reaches a clerk or mail carrier at the destinating facility.

DECLARATION

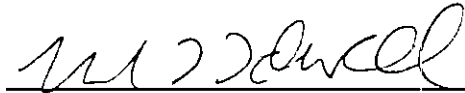
I, Michael W. Miller, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

A handwritten signature in cursive script, appearing to read "Michael W. Miller", is written over a horizontal line.

Dated: 10/1/97

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 black ink, appearing to read "M. Tidwell", written over a horizontal line.

Michael T. Tidwell

475 L'Enfant Plaza West, S.W.
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October 2, 1997