

## DOCKET SECTION

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

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POSTAL RATE AND FEE CHANGES, 1997

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Docket No. R97-1

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS SCHENK  
TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION  
AND MOTION FOR LATE ACCEPTANCE  
(DMA/USPS-T27-1 - 3)**

The United States Postal Service hereby files the responses of Leslie Schenk to the following interrogatories of Direct Marketing Association, filed September 15, 1997, 1997: DMA/USPS-T27-1 through 3.

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

These responses were due to have been filed on September 29, 1997. Witness Schenk's workload and travel schedule on matters unrelated to this proceeding have prevented a timely filing of these responses. The Postal Service regrets this delay and has sent facsimile copies to DMA counsel to mitigate any prejudice.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
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October 6, 1997

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

DMA/USPS-T27-1. Please refer to page 2, line 18 through page 3, line 3 of your direct testimony.

- a. Please confirm that all BRMAS-qualified BRM is prebarcoded.
- b. i) What percentage of Base Year non-BRMAS prebarcoded First-Class Mail is processed on automated operations?  
ii) What is the average cost for a First-Class Mail automated incoming secondary sort?
- c. i) What percentage of Base Year non-BRMAS prebarcoded First-Class Mail is manually sorted?  
ii) What is the average cost for a First-Class Mail manual incoming secondary sort?
- d. i) What percentage of Base Year non-BRMAS prebarcoded First-Class Mail is sorted mechanically?  
ii) What is the average cost for a First-Class Mail mechanical incoming secondary sort?

**RESPONSE:**

- a. Confirmed.
- b., c., and d. The mail flow percentages and incoming secondary sort percentages for First-Class Automation Presort are given in USPS-T-25, Appendix 1.

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

DMA/USPS-T27-2. Please refer to Exhibit USPS-27C.

- a. Please confirm that the marginal processing and Postage Due Unit cost per piece for BRMAS-qualified BRM that is counted and rated in the BRMAS operation is 1.04 cents.
- b. Please confirm that BRMAS-qualified BRM that is counted and rated in the BRMAS operation avoids the 2.31 cent cost for an incoming secondary sort for automation compatible First-Class Mail pieces.
- c. Please confirm that the marginal cost for BRMAS-qualified BRM that is counted and rated in the BRMAS operation is less than the cost for similar prebarcoded First-Class Mail that is not BRMAS-qualified.

**RESPONSE:**

- a. The marginal cost per piece for sorting, counting and rating of BRMAS-qualified BRM that is counted and rated in the BRMAS operation at five surveyed BRMAS operations is 1.04 cents.
- b. Confirmed.
- c. I cannot confirm that the marginal cost for all BRMAS-qualified BRM that is counted and rated in the BRMAS operation is less than the cost for similar prebarcoded First-Class Mail that is not BRMAS-qualified. As I stated in my testimony, the BRMAS costs I have estimated are based on the results of a survey on BRMAS productivity in five BRMAS operations which were selected because they processed high volumes of BRMAS-qualified mail. It is my understanding that the cost model for prebarcoded First-Class Mail that is not BRMAS-qualified is not developed in the same way. The two different methodologies employed, necessitated by the lack of information on BRMAS processing, make a comparison of the results difficult.

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

DMA/USPS-T27-3. Please refer to page 12, line 14 through page 13, line 1 of your direct testimony.

- a. Please confirm that, according to the BRM Practices Survey, 14.24 percent of all BRMAS-qualified BRM is counted and rated in the BRMAS operation. If not confirmed, please explain fully.
- b. Is the 14.24 percent of BRMAS-qualified BRM that is counted and rated in the BRMAS operation different (with respect to any cost-causing characteristics) than the 85.76 percent of BRMAS-qualified BRM that is not counted in the BRMAS operation?
- c. Are characteristics of the bulk mailers whose BRMAS-qualified BRM is counted and rated in the BRMAS operation different than the characteristics of mailers whose BRMAS-qualified BRM is not counted and rated in the BRMAS operation?

**RESPONSE:**

- a. Confirmed.
- b. The BRMAS-qualified BRM that is counted and rated in the BRMAS operation at a particular facility can be different than the BRMAS-qualified BRM that is not counted and rated in a BRMAS operation in that the volume counted and rated in the BRMAS operation would tend to be for the high volume accounts.  
  
Operationally, it is more efficient to include high volume accounts in the BRMAS program before lower volume accounts, to most efficiently use the sortation equipment. Volume per account could also be a difference between the BRMAS-qualified BRM counted and rated in a BRMAS operation at one facility and the BRMAS-qualified BRM counted and rated manually at another facility, but it is not necessarily so.
- c. Other than a volume related difference as discussed in my response to part b., I know of no other characteristics of the bulk mailers themselves that determine how their BRMAS-qualified BRM is counted and rated.

# 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.

10-5-97  
Date

  
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.

  
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Michael T. Tidwell

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October 6, 1997