

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

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE  
(OCA/USPS-44 - 53, 64- 68, 70)**

The United States Postal Service hereby files its response to the following interrogatories of the Office of the Consumer Advocate, filed September 8, 1997: OCA/USPS-44 through 53.

The Postal Service also hereby files its response to the following interrogatories of the Office of the Consumer Advocate, filed September 12, 1997: OCA/USPS-64 through 68 and 70.

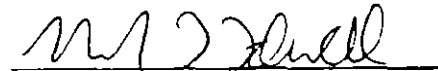
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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October 24, 1997

**RESPONSE OF UNITED STATES POSTAL SERVICE TO THE  
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**OCA/USPS-44.** In Docket MC95-1, the Postal Service filed USPS Library Reference MCR-82, a Reply Mail Study, prepared December 4, 1992.

- a. Has the Postal Service updated this study? If so, please provide an updated copy. If not, please explain why not.
- b. This report indicated:

**A small percentage of reply mailers contribute the majority of processing problems.** This means that most of these problems could be eliminated by working with the few mailers with the worst problems at each destinating GMF or nationally. However, this would require development of a formal mechanism to identify these mailers and their problems, and then to forward this information to the appropriate people for action. (Emphasis in the original.)

Docket MC95-1, USPS Library Reference MCR-82 at 1.

Has a formal mechanism to identify these mailers and their problems been established? If so, please explain how the formal mechanism operates. If not, please explain why one has not been developed.

- c. USPS Library Reference MCR-82 at 1 also notes that

**20% of analyzed reject mailpieces had problems to which the Postal Service contributed. For example:**

- ◆ 13% of rejected mailpiece had FIM interference caused by the postage, mainly meter strips or wide stamps.
- ◆ 23% of rejected postcards, most of which met DMM thickness specifications, were too flimsy.
- ◆ 16% of legitimately-placed address-block barcodes had interference caused by the cancelation mark.

Do these problems still cause mailpieces to be rejected? If so, what steps is the Postal Service taking to resolve the problems? If these reject problems no longer occur, please explain how the problems were resolved.

**RESPONSE:**

- a. No. This report was generated by the Quality Improvement group which was disbanded during the 1992 USPS restructuring.

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- b. The following process is used to identify problems with mailpieces generated by *reply mailers*:

Mail processing employees or Bulk Mail Entry Unit (BMEU) employees would first identify the problem. The problem would then be reported to the Mailpiece Design Analyst (MDA) and Account Representative. These individuals would then work with the reply mailer to resolve the problem.

- c. The Reply Mail Study was written at a time when the USPS was just beginning to implement the Corporate Automation Plan (CAP) goals. The processing methods and equipment used to sort mail have changed a great deal since that time. Therefore, the extent to which the problems outlined in that study still exist in the 1997 operating environment is not known at this time.

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**OCA/USPS-45.** In Docket No. MC95-1, USPS Library Reference MCR-82 at 18-19 says in reference to USPS Official Mail, "Relax the requirement that all outgoing mail be prebarcoded. The addressee will still see a barcoded mailpiece because it will be processed on a postal MLOCR. Headquarters staff are postal labor also. Prebarcoded is generally not cost-effective for, and was never intended for, single piece mail."

- a. Did the Postal Service have a requirement that all its outgoing mail be prebarcoded? If so, please explain why. If not, please explain the quote.
- b. Does the Postal Service currently have a requirement that all its outgoing mail be prebarcoded? If not, please explain why not.
- c. In the Reply Mail Study, why was prebarcoded mail not cost-effective for single piece mail?
- d. If prebarcoded mail is not cost-effective for single piece mail, please explain why the single piece PRM and QBRM proposals offer a 3-cent discount in Docket No. R97-1.

**RESPONSE:**

The term "Official Mail" refers to mail generated by the Postal Service. It does not refer to all single piece mail.

a. b. Generally, Postal Service employees try to barcode outgoing mail whenever possible. However, the use of barcoding is not always possible for reasons outlined in the study. As stated on page 18, "Many headquarters employees are not familiar with the prebarcode implications of the FIM, and many do not know, by appearance, which FIM is which. Also, many do not have ready access to a means for prebarcoding envelopes..."

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c. The term "cost effective" referred to the costs involved in having Postal Service employees prebarcode a small number of ("single piece") mailpieces. It did not refer to all mailpieces that carry postage at the single piece rate. For example, as discussed on page 18, "...many do not have ready access to a means for prebarcoding envelopes (at least not without expending approximately 1000 times the labor needed to eventually process the piece once on an MLOCR)." The prebarcoding of courtesy reply envelopes by large mail recipients is obviously a cost effective situation, despite the fact that these mailpieces enter a facility as collection mail mixed with other "single piece" rate mail.

d. The "Official Mail" section of the 1992 Reply Mail Study refers to small volumes of mailpieces that are prebarcoded by individuals using personal computers, printers, and barcoding software. The PRM and QBRM proposal concerns large volumes of preapproved, prebarcoded mailpieces that are generated by professional printers for mail recipients.

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**OCA/USPS-46.** In Docket No. MC95-1, USPS witness Pajunas was asked, "Companies know that barcoded mail is sorted by high-speed machines with a very high rate of accuracy. You would agree with him, wouldn't you...?" TR 5/1572. In response to Chairman Gleinman's question, witness Pajunas responded, "Yes." Is barcoded mail sorted by high-speed machines with a very high rate of accuracy? If not, please explain what conditions have to be altered to improve accuracy rate.

**RESPONSE:**

It is assumed that "sortation accuracy" refers to the acceptance rates for Postal equipment.

The acceptance rates for Mail Processing Bar Code Sorter/Delivery Bar Code Sorter (MPBCS/DBCS) operations are shown on USPS LR-H-113, page 100, Column J. For non-incoming secondary operations, the acceptance rate is 95%. If an acceptance rate of 95% is considered a "very high rate," then the answer to this question would be yes.

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OCA/USPS-47. Has the Postal Service updated the 1980 Nonhousehold Mailstream Study? If so, please provide a copy. If not, please explain why one has not been conducted.

RESPONSE: No. *The collection of representative data poses significant statistical and methodological challenges which may have affected the determination of whether to update that study. The Postal Service does publish some data on nonhousehold mail in the Household Diary Study.*

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**OCA/USPS-48.** For FY 95 and FY 96, please provide the volume of single-piece First-Class Mail that was FIM tagged. If you are unable to provide the volume, please explain.

**RESPONSE:**

As per Attachment I, the ODIS Reply Mail report shows that the total letters and cards FIM volumes for FY 95 and FY 96 were 8,578,044,000 and 8,317,426,000 respectively.



## ATTACHMENT 1

## FY 95 AND FY 96 TOTAL FIM VOLUMES

Source: Origin Destination Information System (ODIS)  
Reply Mail Destinating Letters and Cards Report

FY	AP	Letters	Cards	Total
		Vol (in 000's)	Vol (in 000's)	Vol (in 000's)
95	1	586,083	28,422	614,505
	2	471,423	33,536	504,959
	3	706,268	29,371	735,639
	4	591,721	61,661	653,382
	5	691,180	38,760	729,940
	6	853,205	69,880	923,085
	7	727,485	40,154	767,639
	8	656,475	46,175	702,650
	9	641,657	39,442	681,099
	10	581,437	37,412	618,849
	11	505,861	33,627	539,488
	12	569,632	51,265	620,897
	13	<u>458,933</u>	<u>26,979</u>	<u>485,912</u>
	<b>TOTAL</b>	<b>8,041,360</b>	<b>536,684</b>	<b>8,578,044</b>
96	1	614,453	48,703	663,156
	2	616,715	36,437	653,152
	3	516,152	43,515	559,667
	4	552,929	38,674	591,603
	5	523,176	47,213	570,389
	6	635,979	34,014	669,993
	7	772,304	52,779	825,083
	8	684,070	41,164	725,234
	9	620,567	53,320	673,887
	10	612,193	29,077	641,270
	11	549,143	47,181	596,324
	12	555,382	53,070	608,452
	13	<u>516,224</u>	<u>22,992</u>	<u>539,216</u>
	<b>TOTAL</b>	<b>7,769,287</b>	<b>548,139</b>	<b>8,317,426</b>

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**OCA/USPS-49.** Please break down the volumes provided in OCA/USPS-48 by FIM type (A, B, C, D). If you are unable to provide a break down of the volumes, please explain.

**RESPONSE:**

The ODIS system does not breakdown FIM data by category. Therefore, it was not possible to provide this data.

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**OCA/USPS-50.** What proportion of courtesy reply envelopes processed by the Postal Service in FY 95 and FY 96 had a FIM C? What proportion of courtesy reply envelopes processed by the Postal Service in FY 95 and FY 96 had a FIM D? If you are unable to provide the information, please explain.

**RESPONSE**

The ODIS system does not breakdown FIM data by category. Therefore, it was not possible to calculate these percentages.

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OCA/USPS-51. In preparing the PRM and QBRM proposal, what estimates were developed by Postal Service personnel on the cost impact to participants who must reprint their reply envelopes to meet Postal Service PRM and QBRM specifications? If no estimates were developed please explain. If estimates were prepared, please submit all related documents.

RESPONSE: No such estimates were prepared. Since QBRM envelope requirements are expected to be the same as current BRMAS requirements, no QBRM cost is anticipated. In terms of PRM, the Postal Service anticipates that potential PRM participants may choose to deplete, or largely deplete, their existing envelope stocks before converting to PRM, thereby reducing the potential cost impact.

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**OCA/USPS-52.** For First-, Second-, and Third-Class (or Standard A) mail, please provide separately for presort, nonpresort CEM and nonpresort non-CEM the FY 95 and FY 96 delivery point sequence (DPS) processing reject rates caused by each of the following:

- a. shifts in the window envelope's address insert,
- b. mail pieces are too flimsy,
- c. pieces have open edges,
- d. pieces have "other physical problems" (please specify each problem), and
- e. pieces have a non-delivery point sequence address.

**RESPONSE**

The acceptance (and therefore reject) rate for Delivery Point Sequencing operations (numbers 914-919) is shown on USPS LR-H-113, page 100, Column J. The acceptance rate was 95%. This rate, however, was an average for both DPS and sector segment (numbers 878-899) operations.

An analysis has not been conducted to determine multiple acceptance rates given specific DPS mailpiece characteristics, either in total or by class.

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**OCA/USPS-53.** If you are unable to provide some of the individual reject rates requested in OCA/USPS-52, please provide the FY 95 and FY 96 DPS reject rates for the following:

- a. *shifts in window envelope's address inserts,*
- b. flimsy mail pieces,
- c. piece has open edges,
- d. piece has "other physical problems" (please specify each problem), and
- e. piece has a non-delivery point sequence address.

**RESPONSE:**

See response to OCA/USPS-52.

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OCA/USPS-64. Please refer to the Postal Service response to OCA/USPS-T32-32, redirected from Witness Fronk. The response states, in part: "The Postal Service has not elected to offer other functions via our website such as envelope design, Facing Identification Mark (FIM) printing, address printing, and POSTNET barcode printing. Our reason for not performing these functions is related to the technical issues involved with supporting these activities for the many different computer systems and printers that exist."

a. Many users of personal computers employ Windows 95 to run their systems. Please specify technical issues involved with supporting the above functions and activities in a Windows 95 environment.

b. Please explain in detail what technical issues exist with regard to printing from Windows 95. We note that it would appear that Windows 95 accommodates numerous makes and models of printers.

RESPONSE:

Although Windows 95 accommodates numerous printers, the quality of the print and the accuracy of the printed address, bar code, etc. are not precise enough nor is the continuity of the print such that readability and coding accuracy are reliable. It is true that printers have greatly improved in quality and reliability, but the quality of the actual print and the accuracy of the data driving the printer, along with the database provided within the program have not been certified by the USPS.

Currently, the USPS requires software manufacturers to submit their product to detailed comprehensive tests that prove or disprove the accuracy and performance of their software in the areas of addressing and bar coding.

Windows 95 is not a Coding Accuracy Support System (CASS) certified product.

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Additionally, many computers are networked and are operating via various operating systems. UNIX, Windows, DOS, and OS2 are the most popular operating systems, but there are some very unique variables within these operating systems and among networks that cause inconsistencies in performance of peripheral equipment.

Accessing the Internet for information and downloading is also an issue of concern. The increasing usage of the Internet and the World Wide Web has allowed much more information to be available, but at a cost. The cost is support of Web sites and time needed for Web site design and testing. Although the USPS now maintains several WEB pages, the majority of the content is reference material and other text which moves quite easily across the network. Downloading of printing programs or executable programs of any type is subject to transmission error.

Other variables that exist that are not technically related, but directly affect this type of application are paper quality size, and type; and equipment maintenance.



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OCA/USPS-65. Please refer to the Postal Service response to OCA/USPS-T32-46(c), wherein the Postal Service states that it has not measured the incremental cost of selling a new issue of the (current) 32-cent First-Class stamp.

- a. To what extent does the Postal Service introduce new versions of the First-Class stamp to encourage philatelic purchases? Please discuss. If documents exist summarizing policies behind encouraging such purchases, please supply them.
- b. Please describe what cost and profit considerations are evaluated when the decision is made to introduce new versions of the First-Class stamp, whether primarily for philatelic purposes or for general mailing purposes. If documents exist summarizing policies behind such decisions, please supply them.

RESPONSE:

- a. Approximately 30 - 35 commemorative stamps are issued each year. These stamps are reviewed by the Citizen Stamp Advisory Committee, a special committee appointed by the Postmaster General. This committee considers approximately 40,000 stamp subject proposals that are recommended by the general public. They then make a recommendation to the Postmaster General who ultimately makes the final decision. When making their recommendations, the committee keeps the concerns of all customers in mind, not just stamp collectors.
- b. The amount of each stamp produced is based on standard distribution, vending, and retail requirements. Certain stamp subjects, such as the Lunar New year, Statehood stamps, etc., do not warrant the same quantities as those stamps with mass appeal. As such smaller quantities and limited distribution are made for such stamps.

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OCA/USPS-66. Please refer to the Postal Service response to OCA/USPS-T32-46(e). Please provide a response to the same question, but instead assuming that the CEM recommendation in PRC Op. MC95-1 has been adopted.

RESPONSE: Please see response to OCA/USPS-T32-46(d). The Postal Service is unable to comment specifically on CEM because it has not studied its potential effect on consignment outlets.

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OCA/USPS-67. Please refer to the response to OCA/USPS-T32-47(e). Please supply a response to the "If not, why not" portion of the interrogatory.

RESPONSE: The Postal Service has not had a need to analyze the incremental window costs of releasing a new version of a 32-cent First-Class stamp.

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OCA/USPS-68. Confirm that the Postal Service has a Consumer Advocate's office. If not confirmed, please explain.

RESPONSE: Confirmed.

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OCA/USPS-70. Please refer to Docket No. MC83-1. Specifically refer to the following portions of the docket:

(1) The Notice of the proceeding states, at page 2:

The second change proposed by the Postal Service is to increase from 100 to 108 inches the length and girth combined for all of the Postal Service's parcel services; that is, parcel post, special-rate fourth-class, library rate, priority mail and Express Mail. The Postal Service says that the 108-inch limitation is used by some of its largest competitors, and the enlargements would bring more standardization to parcel delivery service, reducing confusion and inefficiency.

(2) The Request states, at page 2:

At the same time, the Postal Service seeks to improve service to the public by enlarging all of its parcel size limitations to equal those used by other providers of small parcel service, thus bringing more standardization to the small parcel market.

(3) The direct testimony of Postal Service witness Wargo states, at page 7:

At the same time, the proposal will enlarge the Postal Service's current maximum size limitation for all parcel service.

(4) The direct testimony of Postal Service witness Wargo, at pages 10-11, Section C, which is entitled "Enlarged Parcel Size Limitations Will Help Standardize Available Parcel Delivery Service."

- a. Confirm that the Postal Service Request in Docket No. MC83-1 had two purposes, one relating to "establishing uniform parcel post size and weight limitations" (see Request, page 2) among all postal facilities, and the second "to improve service to the public by enlarging all of its parcel size limitations to equal those used by other providers . . . ." *Id.*
- b. If not confirmed, please explain.

RESPONSE:

- a. & b. It is not confirmed that the two quotations contained in the question were the only two bases for the Postal Service's Request. Although the entire record of that

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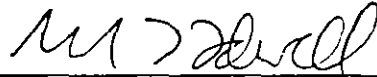
proceeding, which speaks for itself, should be consulted, please note the following statements in the Postal Service's Request in that Docket:

*The Postal Service requests that the Commission recommend these proposed changes to eliminate discrimination against certain mail users, to reduce confusion over applicable size and weight limits for parcel shippers, to bring more standardization to the small parcel market, and to enable the Postal Service to provide better service to the public. These changes will make the Postal Service's classification structure fairer and simpler and make its parcel service more convenient for the small number of mailers who send large size and weight parcels.*

Request at 1.

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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October 24, 1997