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BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON DC 20268-0001

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

REBUTTAL TESTIMONY OF
JEFFERY W. LEWIS
ON BEHALF OF
UNITED STATES POSTAL SERVICE

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1 **AUTOBIOGRAPHICAL SKETCH**

2 My name is Jeffery W. Lewis. I provided testimony before the Postal Rate
3 Commission previously in conjunction with the Classification Reform I case,
4 Docket No. MC95-1.

5 I began working for the Postal Service as a part-time flexible letter carrier in
6 1974. Presently I serve as an Operations Specialist at Postal Service
7 Headquarters in Delivery Policies and Programs (DPP). I have held this position
8 since 1992. I am currently responsible for providing program leadership in
9 enhancing on-street performance and functional program support for the Delivery
10 Confirmation program.

11 I was assigned the functional lead on both DPP's street management efforts and
12 the Delivery Confirmation program because the programs will share common
13 infrastructure and are the front end of many technology-based changes in
14 delivery unit processes and tools. I began serving on the Delivery Confirmation
15 program development team in April of 1996. I participated in the development of
16 functional requirements of the Mobile Data Collection Device (MDCD) system,
17 which is the formal name for the information system that uses the hand-held
18 scanners addressed in Postal Service witness Treworgy's direct testimony,
19 USPS-T-22. I represented Operations on the MDCD technical review team that
20 pre-qualified proposed MDCD vendors, analyzed vendor proposals, and made
21 the recommendation for contract award. I am currently a co-chair of the Delivery

1 Confirmation Advisory Group and heavily involved in field implementation
2 activities.

3 Previously, I helped coordinate the national implementation and management of
4 the Delivery Point Sequencing (DPS) program. Before coming to DPP, I was a
5 program manager for delivery automation in the Automation Implementation
6 Management Department from 1990 to 1992. In that assignment, I provided
7 planning support for the field implementation of the letter mail automation
8 program.

9 Before working in Operations, I served in the Special Projects Department from
10 1988 to 1990. There, among other assignments, I participated in the Joint
11 Industry-Postal Service Worksharing Project. From 1982 to 1988 I held positions
12 in the Finance Department at Postal Service headquarters.

13 I received a Master of Business Administration degree from the George
14 Washington University. I also have a Bachelor of Science degree in Public
15 Administration from George Mason University.

1 **1. PURPOSE OF TESTIMONY**

2 My testimony describes Postal Service Operations' objectives regarding the use
3 of the Mobile Data Collection Device (MDCD) system. I am providing this
4 information to rebut United Parcel Service witness Luciani's proposal to attribute
5 the costs of the MDCD system solely to Priority Mail and Standard B Mail. My
6 testimony will show that the Postal Service does not intend to use the MDCD
7 system solely for Priority Mail and Standard B Mail. Operations, in addition to
8 other functional organizations, intends to use the MDCD system to enhance both
9 our services and our management processes.

10 **2. BROAD PERSPECTIVE**

11 The Postal Service designed the MDCD system with architecture, memory
12 capacity, and communications capabilities that significantly exceed today's
13 identified requirements. . Operations intends to use the MDCD system as a
14 platform for a number of applications. Some of those applications are nearing
15 implementation already. Others are in the development process or are still being
16 defined. Engineering has initiated the Delivery Improvement Program to begin
17 exploring still other potential uses for the MDCD system within the realm of
18 Delivery Operations.

19 The system also presents many other opportunities to replace or enhance
20 procedures for inventory management and warehousing activities in Customer
21 Service functions and retail clerk operations (stamps and postal products) that I

1 will not address in my testimony. The Customer Service organization is no
2 longer within Operations Support in the current organizational structure, so I am
3 not aware of their specific plans to exploit the MDCD system.

4 **3. OPERATIONS MANAGEMENT APPLICATIONS**

5 **3A. Vehicle Management Accounting System (VMAS)**

6 Upon deployment, the MDCD system will encompass some aspects of the
7 existing Vehicle Management Accounting System (VMAS). The MDCD system
8 will capture the daily assignment of vehicles to particular routes, and thus the
9 linkage of employees and workloads to particular vehicles, and electronically
10 transfer those data to the VMAS. The VMAS currently captures data regarding
11 the assignment of vehicles to routes and the use of particular vehicles by specific
12 employees via time clock rings or manually keyed data from carrier-completed
13 Forms 4570. The VMAS captures vehicle mileage manually via the Form 4570
14 and data entry. After the deployment of the MDCD system, carriers will have
15 one standardized way to key VMAS data into the system. This enhancement will
16 also relieve carrier supervisors of a substantial amount of manual data entry.

17 **3B. Collection Box Management System (CBMS)**

18 By this summer, the Postal Service will have completed upgrades to the existing
19 Collection Box Management System (CBMS) to allow use of the MDCD
20 technology. The 1997 Annual Report of the Postal Service has a picture
21 showing this use of the MDCD on page 42. (The type of scanner shown in that

1 picture will support Delivery Confirmation as well as all the other applications I
2 describe in my testimony.)

3 Since 1994, when the Postal Service introduced the CBMS, service scores have
4 increased to record levels: from 83% pre-CBMS to the current 93%. Field
5 managers attribute a significant amount of the increase to CBMS. The system
6 allows managers to ensure all collection boxes are "tapped," or collected by the
7 carrier, according to the schedule we present to customers. The original CBMS
8 system relies upon touch memory technology. Managers place touchbutton
9 devices inside mail collection boxes. Carriers use touch memory wands to "read"
10 the devices and record when they opened the collection boxes to retrieve the
11 mail. The system has suffered from problems with the mechanical probe in the
12 touch wand, and electrostatic discharge. By placing barcodes, rather than touch
13 memory buttons, inside collection boxes, and reading those barcodes with the
14 MDCD, the Postal Service will eliminate the technology-based problems
15 experienced with the CBMS. Additionally, using a barcode-based system via the
16 MDCD simplifies the system data structure and makes its ongoing maintenance
17 easier than it is today.

18 The MDCD system will permit a more universal deployment of CBMS. Senior
19 management deemed full coverage using a one-application system too
20 expensive and the CBMS touch memory technology can not support a range of
21 applications. However, using the more flexible MDCD system technology, the
22 Postal Service is now able to implement the CBMS nationally.

1 **3C. Enhanced Street Performance (ESP) system**

2 The MDCD will be an integral part of the planned Enhanced Street Performance
3 (ESP) system. Carriers will use the MDCD to scan barcodes that managers
4 place at strategic locations throughout a delivery route. The ESP system will to
5 allow delivery unit managers to monitor delivery performance by integrating
6 Global Positioning Satellite (GPS) system data with data captured using the
7 MDCD. The Postal Service expects to realize both service and street operation
8 productivity improvements through the use of this system. Operations expects to
9 deploy the ESP system later this year.

10 **3D. Carrier Emergency Alert**

11 The data collection devices used at many of the ESP test sites during 1996 and
12 1997 also supported a Carrier Emergency Alert feature that is part of the ESP
13 system. Carrier Emergency Alert is an important safety initiative intended to
14 permit prompt assistance to carriers confronted with situations such as vehicle
15 breakdowns, injury, health or public safety emergencies, or threatening behavior.

16 **3E. Distribution and Transportation Networks**

17 Across the country managers use a variety of applications to map local mail
18 distribution and transportation networks, then match them with operating plans to
19 integrate processing and logistical operations better. Plant and delivery unit
20 managers are using various hardware configurations and software applications
21 to capture vehicles' departure and arrival times at facilities in order to measure

1 and manage performance against schedules. Once deployed, the MDCD
2 system will serve as an infrastructure platform with a consistent hardware and
3 software configuration available to address that need. Such consistency will
4 enable national support, and thereby facilitate broader, Service-wide
5 implementation of this type of application.

6 **4. SERVICE MANAGEMENT APPLICATIONS**

7 **4A. Accountable Mail**

8 The Postal Service will use the MDCD system for mail services other than
9 Delivery Confirmation of Priority Mail and Standard B Mail. The MDCD
10 technology will enable us to upgrade and enhance our signature-capture
11 capabilities for accountable mails and the operational procedures that support
12 them. This conversion will enhance the reliability of these services, make data
13 storage and retrieval quicker and more efficient, and reduce the workload
14 associated with those services in delivery units. The Postal Service expects to
15 implement this changeover in early 1999, after completing the deployment of the
16 MDCD system.

17 **4B. Advance Notification and Monitoring System (ADVANCE)**

18 The current ADVANCE system provides information to mailers regarding the
19 delivery of bulk mailings. The Postal Service uses ADVANCE as one of the key
20 indicators for assessing service provided to Standard A Mail. Plans are
21 underway to expand the system to include Periodicals and to incorporate the use

1 of the MDCD system for data capture to eliminate manual data entry
2 requirements. ADVANCE will also benefit from converting to the MDCD
3 system's automated communication and electronic data access. The Postal
4 Service expects to make these revisions to the ADVANCE system during FY
5 1999.

6 **4C. Service Indicators**

7 For a long time the Postal Service has endeavored to provide scheduled carrier
8 route deliveries to businesses prior to 12 noon. The Postal Service is developing
9 indicators to measure "before noon" deliveries to business and the consistency
10 of delivery time to both business and residential customers. Based upon early
11 discussions, the Postal Service is likely to use the MDCD system to capture and
12 communicate the data necessary to support those indicators. In the likely
13 scenario, managers will provide businesses with barcode labels that carriers will
14 scan when they deliver mail to the business. The application will be functionally
15 similar to the CBMS or ESP programs. Operations intends to begin collecting
16 data regarding before noon deliveries to business customers during calendar
17 1998.

18 **4D. On-Demand Pickup and Redelivery Services**

19 During 1996 and 1997, as part of the ESP system testing, the Postal Service
20 tested the use of data collection devices for two-way communications to support
21 on-demand pick-ups and re-deliveries. While there are no plans, as yet, to

1 initiate feasibility testing of these types of services, the Postal Service designed
2 both the MDCD system and the ESP system with the capacity to support this
3 type of enhanced functionality.

4 **5. CONCLUSION**

5 For a long time, Operations has recognized a need to develop or enhance
6 systems to better support the applications described above. However, we were
7 unable to justify the costs of broad implementation of single application systems.
8 In 1995, the Postal Service stood back, took a broad view of operating system
9 requirements, and developed a platform — the MDCD system — that would
10 support a number of identified applications with room for expansion to satisfy
11 new requirements.

12 With the deployment of the MDCD system, the Postal Service is placing a
13 powerful data collection and communication infrastructure into delivery units. Its
14 application will go significantly beyond support of any specific product offering.
15 The introduction of this system into what has been a technologically barren part
16 of the Postal Service is a significant and welcome opportunity. Since 1995,
17 Operations has been exploring and developing applications that will use this
18 infrastructure to enhance our ability to manage our delivery operations and
19 expand or improve the services we offer to our customers. The applications I
20 have described above are a start. I have no doubt that after deployment in the
21 field, our field managers will discover many additional ways to use the MDCD
22 system to better manage various postal operations and improve service to all

- 1 customers. These benefits of the MDCD system are independent of any related
- 2 to customer use of Delivery Confirmation service.