

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, 2000

Docket No. R2000-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF ABA&NAPM
REDIRECTED FROM WITNESS MILLER

The United States Postal Service hereby provides its responses to the following interrogatories of American Bankers Association and National Association of Presort Mailers, which were filed on February 18, 2000:

ABA&NAPM/USPS-T24-7(b), 9, 15 and 22(a).

These interrogatories have been redirected from witness Miller to the Postal Service for response.

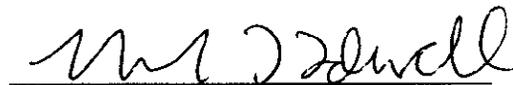
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Michael T. Tidwell

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March 3, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF
AMERICAN BANKERS ASSOCIATION & NATIONAL ASSOCIATION OF PRESORT
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ABA&NAPM/USPS-T24-7

b. Referencing line 23 of page 4 in your testimony, has the USPS ever tried to upgrade the CRA to rate category level? Please list all information as to why the USPS has not made such an effort, or if it has, why the work was not completed.

RESPONSE:

b. No. The Postal Service has not attempted to develop a CRA by rate category. There are many rate categories for each class and subclass, so it would be a very large undertaking for both the Postal Service and mailers. Obtaining cost information by rate category from the In-Office Cost System (IOCS) and other data systems supporting the CRA would require mail pieces to be marked with the appropriate rate category. This might be difficult for many mailers. Even if mailers could provide this information, a significant modification of the data collection procedures would be required to obtain this additional information. In addition, a significant expansion of the data systems' sample size might be needed to provide statistically significant results at the rate category level.

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ABA&NAPM/USPS-T24-9 Assume the 25 billion pieces of First-Class letter mail now processed annually by the private sector were to be processed by the Postal Service. Assume for the analysis that all this mail is now submitted to the Postal Service with a barcode, presorted to 3 digits. Please state the total costs to the Postal Service if it, rather than the private sector, were to process this mail to a bar coded 3 digit sorted state, including specifically the following costs:

- a. Extra cost of additional MLOCRs, BCSs, RBCSs and other automation machinery
- b. Extra cost of facilities to house additional automation equipment
- c. Extra man-hours to process the mail and cost of those man-hours
- d. Other costs

RESPONSE:

a.b.c.d. In order to determine the cost (if any) required for additional processing equipment, it would first be necessary to forecast the equipment requirements. The deployment of additional letter equipment would be based on the nationwide results from an application of the Barcode Automation Model (BAM). This model would require numerous site-specific inputs pertaining to mail type, mail volume, population growth, processing windows, ZIP Codes, carrier routes, etc. The results from this exercise would take months to complete.

The facilities planning process would use the results of this exercise as an input. Each site would evaluate their space needs based on their equipment requirements. Were additional space deemed necessary, various alternatives would be evaluated (e.g., expanding the existing building, constructing a new building, etc.) The first step would be the creation of a Facility Planning Concept (FPC), followed by the completion of a Facility Planning Form (PS Form 929). Ultimately, it might be necessary to write a Decision Analysis Request (DAR) to justify the facilities expense.

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RESPONSE to ABA&NAPM/USPS-T24-9 (Continued)

In order to determine whether additional workhours were needed, it would be necessary to understand how the additional mail volume enters each plant (mail type, entry time, etc.). In addition, the equipment requirements described above would have to be determined.

Other costs, such as indirect "piggyback" costs are typically quantified as a percentage of the mail processing direct labor costs. These costs would be based on the additional workhour forecast described above.

In addition to 269 Processing and Distribution Facilities (P&DF) and Processing and Distribution Centers (P&DC), there are many Customer Service Facilities that would have to be analyzed. The completion of individual site-by-site analyses which would develop all of these inputs could not be completed before the conclusion of this docket.

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ABA&NAPM/USPS-T24-15 Referencing page 17, lines 18-27.

- a. What percentage of BMM is directly processed and barcoded by MLOCRs, versus being processed with RCRs at remote sites?
- b. What percentage of BMM mail is clean, that is typewritten addresses readable directly by MLOCRs?
- c. What percentage of BMM can be directly processed and barcoded by MLOCRs?
- d. What changes in MLOCR acceptance rates for BMM have occurred annually between FY96 and FY98, or FY99 if the data is available?

RESPONSE:

a.b.c.d. The Postal Service does not collect and maintain this data.

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ABA&NAPM/USPS-T24-22

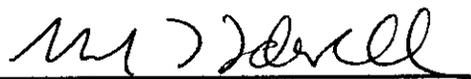
- a. Cite any data or other quantitative measurements you have of the amount and percentage of BMM entered in full trays.

RESPONSE:

- a. The Postal Service does not collect and maintain this data.

CERTIFICATE OF SERVICE

I hereby certify that I have this day 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", is written over a horizontal line.

Michael T. Tidwell

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