

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

INTERROGATORIES OF TIME WARNER INC.
TO WITNESS YACOBUCCI (TW/USPS-T25-1-6)
(February 28, 2000)

Pursuant to sections 25 and 26 of the Rules of Practice, Time Warner Inc. (Time Warner) directs the following interrogatories to United States Postal Service witness Yacobucci (USPS-T-25). If witness Yacobucci is unable to respond to any interrogatory, we request that a response be provided by an appropriate person capable of providing an answer.

Respectfully submitted,



John M. Burzio
Timothy L. Keegan

Counsel for
Time Warner Inc.

Burzio & McLaughlin
Canal Square, Suite 540
1054 31st Street, N. W.
Washington, D. C. 20007-4403
tel/(202) 965-4555
fax/(202) 965-4432

FIRST SET OF INTERROGATORIES TO WITNESS YACOBUCCI (USPS-T-25)

TW/USPS-T25-1 Please refer to the "Productivities" spreadsheet page in LR-I-90, at line 17, which shows a productivity of 99.4 for manual opening of carrier route (CR) containers, and an adjusted productivity of 111 assuming a volume variability factor of 0.896. Refer also to footnote 1 which states that this is the "manually dump sacks" productivity used by witness Eggleston, USPS-T-26.

- a. Please confirm that you use this productivity only for your scenario 47 which represents carrier route sacks, containing mail to a single carrier route. If not confirmed, where else do you use this productivity?
- b. Please confirm that for regular rate Periodicals this productivity leads to a modeled per piece cost of 3.205 cents for mail in carrier route sacks.
- c. Please confirm that you use the productivity rate referred to above as if it were a per bundle productivity rate. If not confirmed, please explain.
- d. Please confirm that the 99.4 productivity used by witness Eggleston refers to sacks per hour, not bundles per hour.
- e. Please confirm that according to the mail characteristics data in LR-I-87, there are 5,127,572 regular rate Periodicals CR sacks per year, containing 7,226,008 bundles, or 1.409 bundles per sack.
- f. Would it be more appropriate, in your calculation of the cost of CR sacks for regular rate Periodicals, to replace the 99.4 sacks per hour productivity that you use with a $99.4 * 1.409 = 140.05$ bundles per hour productivity, giving a carrier route sack cost of 2.275 cents per piece, rather than 3.205 cents per piece? If you disagree, please explain.
- g. Please confirm that, with the test year wage rate, piggyback cost factor and premium pay adjustment that you use for CR sacks, the 99.4 sacks per manhour implies a cost of about 46 cents per sack for manually dumping sacks, not including costs of handling and transportation to get the sack to where it needs to be dumped, or of recycling the sack so it can be used again by a postal customer, or of handling and eventually delivering the contents that were in the sack. If you cannot confirm, please explain and indicate what you believe the costs are of dumping a sack.
- h. Please confirm that regardless of the mechanized or manual method used for bundle sorting and the automated, mechanized or manual method used

for piece sorting, all sacks containing Periodicals bundles must be manually dumped. If not confirmed, please describe any other methods used to extract Periodicals mail from sacks.

TW/USPS-T25-2 Please confirm each of the following, or explain if you cannot confirm.

- a. Your model assumes that the bundle sorting productivity rate for a given container presort level is the same whether the container is a sack or a pallet.
- b. Your model assumes that a sack and a pallet with the same presort level, both containing flats bundles of the same class, have the same probability of being sent to a mechanized rather than a manual bundle sorting operation.
- c. Your model assumes that bundle sorting productivity rates are the same for containers with mixed ADC, ADC and 3-digit presort.
- d. Your model assumes that Periodicals and First Class sacks and pallets with mixed ADC, ADC and 3-digit presort all have the same probability (64.1%) of being sent to a mechanized bundle sorting operation with an appropriate sort scheme.
- e. In particular, your model assumes that a mixed ADC Periodicals sack has a 64.1% chance of being entered on a mechanized bundle sorting machine (e.g., SPBS [Small Parcel and Bundle Sorter]) that runs a mixed ADC sort scheme, and that a mixed ADC Standard A sack has a 74.2% chance of being entered on a mechanized bundle sorter running a mixed ADC sort scheme.
- f. Your model does not account for the possibility that managers in some facilities equipped with SPBS's may choose not to enter sacked bundles on the SPBS's, even if they use the SPBS's for bundles on pallets.
- g. Your model assumes that in every type of bundle sorting operation ten percent of bundles break, regardless of whether the bundles come from sacks or from pallets or from a previous bundle sorting operation, and regardless of whether the given operation is mechanized or manual.
- h. Your model assumes that for each bundle that breaks, the pieces in that bundle are entered at a piece sorting operation corresponding to the sort level of the container that the bundle was in.

- i. Your model does not account for the possibility that broken bundles may be recovered, for examples by an SPBS employee putting a rubber band around the pieces from the breaking or already broken bundle.
- j. Your model assumes that, once a flat has been through its first piece sorting operation, then even if it may need several additional sorts (e.g., a piece sorted at an ADC scheme that placed it in a 3-digit tray or bundle) there are no further opening unit costs incurred for that piece. For example, in the case of a piece sorted into a 3-digit tray, your model assumes no costs are incurred in getting that tray to the next flat sorting operation.

TW/USPS-T25-3 Footnote 1 on the "Productivities" spreadsheet page in LR-I-90 gives Manprod.xls and Mechprod.xls in LR-I-88 as your sources for manual and mechanized bundle sorting productivity rates.

- a. Please confirm that your model assumes a manual bundle sorting productivity rate of 178 bundles per manhour for both mixed ADC, ADC and 3-digit containers. If not confirmed, please explain.
- b. Please confirm that the manual bundle sorting productivity rates shown in Manprod.xls are as follows:
 - (1) Outgoing Primary: 75.66 bundles per hour;
 - (2) ADC: 170.73 bundles per hour,
 - (3) Incoming Primary: 210.63 bundles per hour.
- c. Please confirm, or explain if not confirmed, that a mixed ADC container generally would go to an outgoing primary sort, an ADC container to an ADC sort and a 3-digit container to an incoming primary sort.
- d. Please confirm that the standard error estimated in Manprod.xls for the 75.66 outgoing primary productivity is 11.89.
- e. Given that the purpose of your model was to determine the cost differential between presort levels, are you not defeating that purpose by ignoring the large differences in manual bundle sorting productivity between different presort levels that is shown in LR-I-88?
- f. Please confirm that according to LR-I-90 and LR-I-87 there are no mixed ADC Periodicals pallets, or at least not any detectable number of such pallets, and that mixed ADC bundle sorting of Periodicals therefore must refer to sacked mail only. If not confirmed, please explain.
- g. Is it possible that the fact that mixed ADC bundle sort operates on sacked mail only, requiring the frequent dumping of sacks and encountering more

bundle breakage, is the reason why the outgoing primary bundle sort productivity appears to be so much lower than for the other presort levels?

TW/USPS-T25-4 Are you the witness to whom questions about the survey of managers in selected facilities, described in LR-I-88, should be directed? If yes, please answer the questions below. If no, identify the most knowledgeable witness and direct these questions to that witness.

- a. Were managers asked to state separately the degree to which mechanized sorting was used for palletized flat mail and for sacked flat mail? Particularly, if the policy in a given facility were to sort palletized Periodicals bundles on an SPBS machine while taking sacked Periodicals to a manual opening belt, did the survey provide an easy way for the manager to so indicate?
- b. Did the survey ask managers to identify the particular SPBS or LIPS (Linear Integrated Parcel Sorter) sorting schemes they apply to Periodicals and/or Standard A flats bundles?
- c. If your answer to any part of a or b above is positive, please identify the relevant survey questions and provide a tabulation of the relevant responses.
- d. Did this survey, or any other recent USPS survey, provide information regarding the time it typically takes to set up (1) an SPBS or (2) a LIPS machine for a new sorting scheme, e.g., in order to switch from an ADC scheme to an incoming primary (3-digit) scheme? If yes, please identify all relevant questions asked and provide a tabulation of results.
- e. How many facilities, and which percent of total responding facilities with SPBS or LIPS processing systems, specifically stated that they use these systems for outgoing primary distribution of flats bundles?
- f. Given the very small percent of Periodicals and Standard A flats bundles that come in mixed ADC containers, the much greater depth of sort achieved with an ADC or 3-digit sort scheme, and the substantial delays involved in switching a mechanized bundle sorting system from one scheme to another, would it not be more efficient to take the small amount of mixed ADC Periodicals and Standard A sacks to a manual sorting belt?

TW/USPS-T25-5 Please confirm that your mail flow model in LR-I-90 assumes that bundles of regular rate Periodicals contain an average of 12.66 pieces, and that you use the same number for all 47 of your scenarios and for both sacked and palletized mail. Please also confirm that for nonprofit

Periodicals you assume 19.47 pieces per bundle for all scenarios and container types. Additionally, please answer the following.

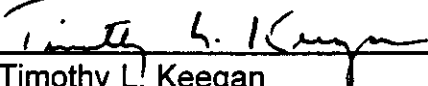
- a. According to the mail characteristics study in LR-I-87, what is the average number of pieces per bundle for palletized bundles of regular rate Periodicals?
- b. According to the mail characteristics study in LR-I-87, what is the average number of pieces per bundle for sacked bundles of regular rate Periodicals?
- c. According to the mail characteristics study in LR-I-87, what is the average number of pieces per bundle for palletized bundles of nonprofit Periodicals?
- d. According to the mail characteristics study in LR-I-87, what is the average number of pieces per bundle for sacked bundles of nonprofit Periodicals?

TW/USPS-T25-6 Please explain in as much detail as possible what your model assumes happens and the cost consequences when bundles break. Particularly:

- a. Besides pieces in the broken bundle eventually being taken to a piece sorting operation corresponding to the presort level of the bundle sorting operation, does the bundle that breaks incur less, more or the same amount of handling in the bundle sorting operation as bundles that do not break? If it incurs more handling, what precisely are the extra handling steps in (1) a mechanized operation and (2) a manual operation?
- b. Do you assume that the individual pieces from a broken bundle will sometimes end up being keyed individually on a SPBS or LIPS machine? If yes, how often do you assume this occurs and how does it affect the SPBS or LIPS productivity rate?
- c. In a manual bundle sorting operation, what extra handlings do you assume occur when a bundle breaks?
- d. Did you or anyone else at the Postal Service analyze the typical standard operating procedures regarding bundles that break at the time when the survey was taken? If yes, please describe the findings. Please also provide all information you have regarding changes in operating procedures that may affect costs in the test year.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with sections 12, 25(a), and 26(a) of the Rules of Practice.



Timothy L. Keegan

February 28, 2000