

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

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS KINGSLEY TO INTERROGATORIES OF
THE ASSOCIATION OF AMERICAN PUBLISHERS
(AAP/USPS-T10-2-13)

The United States Postal Service hereby provides the responses of witness Kingsley to the following interrogatories of the Association of American Publishers: AAP/USPS-T10-2-13, filed on March 7, 2000.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
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March 21, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION OF AMERICAN PUBLISHERS**

AAP/USPS-T10-2 On pages 18-19 of your testimony you describe Primary and Secondary Parcel Sorters used at Bulk Mail Centers (BMCs) and at Auxiliary Service Facilities (ASFs). On page 21 of your testimony you describe the manner in which bundles are sorted at BMCs and mail processing plants. With respect specifically to Bound Printed Matter (BPM) that arrives at a BMC on a pallet:

- (a) Please list and describe all considerations that would affect whether the BPM would be processed using Parcel Sorters instead of Bundle Sorters or vis versa.
- (b) Please list and describe all considerations that would affect whether the BPM would be processed using Parcel Sorters instead of Manual Sortation or vis versa.

Response:

- a. If the physical and presort characteristics of the bundles match the requirements for processing on the Parcel Sorters, the bundles may be sorted on this equipment. A portion of the Bound Printed Matter bundles often exceed the weight limit for (25 lbs. for printed material) or have a tendency to lose their integrity during Parcel Sorter processing. In addition, the Parcel Sorters primarily sort to 5-digit destinations. Bound Printed Matter bundles on BMC pallets will likely contain 3-digit and higher presort bundles that are incompatible with the Parcel Sorters. This issue is assuaged with processing on a bundle sorter (e.g. SPBS or LIPS), but the maximum weight limit is often still an issue. If the BPM is prepared as machinable parcels sorted to the BMC level; these pieces will, most certainly, be processed on the Parcel Sorters.
- b. The decision to process BPM on the Parcel Sorter is based on the criteria described in part (a). If the bundles are incompatible with the Parcel Sorters and

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION OF AMERICAN PUBLISHERS**

the bundle sorters, the BMC may attempt to use an NMO (non-machinable outside) sorter, if available and compatible, before resorting to manual processing.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION OF AMERICAN PUBLISHERS**

AAP/USPS-T10-3 On page 20-21 of your testimony, you describe the Small Parcel Bundle Sorter (SPBS). You state that for certain bundle sorting operations, "[t]he SPBS is the equipment of choice." Please state or estimate the frequency with which BPM bundles are sorted using SPBS verses other types of mechanical or manual sortation.

Response:

Volumes by class or subclass are not tracked for these operations. However, the various mail processing volume variable costs (MODS 1 and 2 Cost Pools) for Bound Printed Matter are listed in row 15 of Table 3 contained in Witness Van-Ty-Smith's (T-17) testimony.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION OF AMERICAN PUBLISHERS**

AAP/USPS-T10-4 Please indicate the current weight limits (maximum and minimum) for bundles sorted on the SPBS. Please describe whether and how these weights would be checked by employees operating the SPBS.

Response:

The SPBS system is expected to process mail from 3.5" x 5" x .25" and 4 ozs. up to 12" x 15" x 8" and 20 lbs in weight. The SPBS notifies the keyer prior to induction if the bundle or piece exceeds the maximum weight of the machine. This is accomplished through a scale on each induction platform. When this is the case, the keyer rejects the bundle. Also, experience gained by the feeders and the keyers is used to "cull out" the bundles or pieces that are obviously too heavy.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION OF AMERICAN PUBLISHERS**

AAP/USPS-T10-5 Please list and describe each of the most typical conditions under which bundles of Bound Printed Matter would be sorted by the Linear Integrated Parcel Sorters (LIPS) equipment instead of the SPBS.

Response:

It is my understanding that LIPS machines have various configurations, and certain machines may be able to process a wider variety of bundles compared to an SPBS. Consequently, certain BPM bundles may be processed on the LIPS due to the bundle characteristics. However, many BPM bundles exceed the weight limits of either machine. An additional reason for processing on a LIPS is the lack of available run time on the SPBS. Finally, I have been told that certain facilities choose to dedicate their bundle sorting machines (SPBSs and LIPSs) to a certain mail type(s) and/or sort scheme(s), so this could dictate BPM processing.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION OF AMERICAN PUBLISHERS**

AAP/USPS-T10-6 Please list and describe each of the most typical conditions under which bundles of Bound Printed Matter would be sorted manually and not by the SPBS.

Response:

Equipment availability is an issue because not all facilities, including BMCs, have an SPBS. In addition, if the bundles exceed the machinability requirements for SPBS processing, or, to a lesser extent, a processing window is not available on the machine, manual sortation may be required. Finally, it is possible that a local decision could be made that the necessary volume for a sort plan or a given service level does not exist to justify mechanized processing.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION OF AMERICAN PUBLISHERS**

AAP/USPS-T10-7 Please list and describe each of the most typical conditions under which bundles of Bound Printed Matter would be sorted manually and not by the LIPS.

Response:

The decision for LIPS processing is similar to the SPBS decision in response AAP/USPS-T10-6. The primary reason for sorting bundles of BPM manually is due to any non-machinability characteristics of the bundles. In addition, LIPSs are often dedicated to a particular mail type(s) and/or sort scheme(s), possibly leaving little or no window for BPM processing.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION OF AMERICAN PUBLISHERS**

AAP/USPS-T10-8 On page 22 (lines 18-19) of your testimony, you describe the new technology for reducing manual labor associated with mechanized parcel sortation in BMCs. Please provide a mathematical example that quantifies the degree to which the new equipment will reduce manual labor associated with mechanized parcel sortation at BMCs.

Response:

See LR -I-126. Page 3 of report -Summary of Test Year After Rates Cost Reduction Program Changes From Prior Year (last page of library reference). The total dollar amount is \$1,372,000.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION OF AMERICAN PUBLISHERS**

AAP/USPS-T10-9 On page 23 (lines 27-29) of your testimony, you describe allied operations and state "[e]xcept for the cancellation operation, volume is not consistently measured for these operations due to the difficulty of measuring the workload, so piece productivities cannot be calculated." Please confirm that although the IOCS system measures direct tallies associated with allied operations such as Pouching and Platform, the Postal Service does not consistently measure mail volume associated with these activities.

Response:

Confirmed.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION OF AMERICAN PUBLISHERS**

AAP/USPS-T10-10 On page 23 (lines 18-21) of your testimony, you state that "[p]latform consists of the activities required to load and unload mail from trucks, identifying container contents for movement to the appropriate operation, and moving containers to and from the docks and operations." With respect to the activities that constitute platform operations:

(a) Please provide any estimates of the BPM mail volume attributed to each of these activities during 1998.

(b) Please provide any estimates of the BPM mail volume projected for each of these activities for the test year after rates in this case.

(c) Please provide any trend information maintained by the Postal Service that shows or identifies trends in the number of employees, work hours and accrued costs associated with platform operations since 1995.

Response:

a.-b. I am told that estimates of BPM volume for these activities are not available.

The In-Office Cost System (IOCS) allocates activity costs, but not volumes.

c. I am told that FY 96 platform workhours may be found in R97-1, LR-H-146, page I-20. The comparable FY 98 data are in LR-I-107, page I-22. The following cost table is extracted from the sources indicated and was adjusted to real 1996 dollars using the clerk/mailhandler index found in R00-1, POIR #4.

"Real" Cost Pool Dollars (1996 dollars, \$000)		
	Platform	
Year	MODS 1&2	BMCs
1996 (Docket No. R97-1, USPS-T-12, Table 4)	891,539	176,353
1997 (FY 1997 CRA, USPS method)	960,885	192,331
1998 (USPS-T-17, Table 1)	1,001,428	197,841
1999 (FY 1999 CRA, USPS method)	1,037,171	197,164

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
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AAP/USPS-T10-11 On page 23 (lines 29-30) of your testimony, you state that "allied functions are still closely monitored because of their impact on service and cost." With respect to this statement please identify and provide all studies or reports maintained showing that the Postal Service "closely monitored" allied functions during 1998.

Response:

I am not aware of any such study or report. My statement was based on my experience in Postal operations, watching the bottom-line facility productivity, and knowledge of the approach of other Postal Operations managers. For example, Jon M. Steele, then Vice President, Area Operations for the Northeast Area of the USPS, testified eloquently in R97-1:

"Productivity in distribution operations is carefully monitored, but everyone is aware that excess workhours in allied operations such as Opening Units, where there are no effective workload productivity measures, would wipe out hard-won gains in distribution productivity. Witness Stralberg describes Opening Units as the "least monitored". This is the opposite of the truth. Opening Units are usually in a very visible location where they are easily monitored. The Plant Manager and supervisors pass by Opening Units frequently. Any experienced manager can evaluate the workload based on visual inspection and recognize whether it is operation efficiently."

(R97-1-USPS-RT-8, pages 9-10)

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION OF AMERICAN PUBLISHERS**

AAP/USPS-T10-12 On page 24 of your testimony, with respect to allied operation costs, you state that "costs have appeared more significant over time because our automation and mechanized efforts have reduced costs in distribution operations much more than in allied operations." Please identify and provide all studies, reports, data or other evidence that you relied upon to support this statement.

Response:

I relied on my knowledge of the large Postal Service investment in automating letter and flat piece distribution operations in the 1980s and 1990s. These investments resulted in substantial savings in our distribution costs. As I describe on page 24 in my testimony, advancing technology is now providing opportunities to invest in improving allied productivity. We expect to see substantial savings in our allied costs in the future, just as we have seen savings in distribution costs, especially for letters, in the past.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION OF AMERICAN PUBLISHERS**

AAP/USPS-T10-13 On page 34 of your testimony, you state that “[w]e retain Priority Mail, Periodicals and Standard Mail (A) within the main plant whenever possible.” With respect to this statement, please explain why the Postal Service has adopted this policy only for these particular subclasses. Please describe or identify particular service standards for any of these subclasses that support this policy.

Response:

As I stated in my testimony in the immediately preceding sentence on page 34: “Although these short-term expedients are important when we must resort to an annex, they should not be confused with the long term goal of centralized distribution.” The goal of centralized distribution is for all mail classes/subclasses. I mentioned these specific classes/subclasses only because of the significant dialogue recently with mailers of these classes/subclasses concerning annexes. My intent in my testimony was to clarify our policy and decision making process on annexes for these mailers. I did not mention Standard Mail (B) because it is primarily worked at plants. Our policy of centralized distribution is not related to specific service standards.

DECLARATION

I, Linda Kingsley, declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information, and belief.

Linda A. Kingsley
Date: 3-21-2000

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 cursive script, appearing to read "Susan M. Duchek", is written above a solid horizontal line.

Susan M. Duchek

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