

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

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) Docket No. R2000-1
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**FOLLOW-UP INTERROGATORIES OF
THE MCGRAW-HILL COMPANIES, INC. TO
USPS WITNESS KINGSLEY (MH/USPS-T10-12-21)
(April 13, 2000)**

Pursuant to the Commission's rules of practice, sections 26-28, The McGraw-Hill Companies, Inc. directs the following interrogatories and other discovery requests to United States Postal Service witness Linda A. Kingsley (USPS-T-10). To the extent, if any, that witness Kingsley is unable to respond fully, please redirect these interrogatories to the person(s) best able to do so.



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MH/USPS-T10-12: With reference to your statement, in response to MH/USPS-T10-1(d), that your response to ANM/USPS-T10-16 “does NOT indicate a 20% underutilization of FSM 881s”:

(a) Please confirm that the attachment to your response to ANM/USPS-T10-16 reflects a target 2 million TPH utilization rate per FSM 881 in AP5 of FY 2000. If you do not confirm, please explain fully.

(b) Please confirm that the “average utilization for AP5 FY 2000 of over 1.6 million pieces sorted per FSM 881 (TPH/per machine/AP),” as reflected in that attachment and acknowledged in response to MH/USPS-T10-1(d), is nearly 20 percent below the target for AP5 FY 2000. If you do not confirm, please explain fully.

(c) Please produce all other “FSM utilization indicators” for all other accounting periods and years, in the same format as the attachment to ANM/USPS-T10-16.

(d) Please confirm that in setting a target utilization rate per FSM 881, the Postal Service undertakes to set a realistic target that should be obtainable notwithstanding the constraints referred to in your response to MH/USPS-T10-1(d) (e.g., BCR/OCR accept rates, preventive maintenance windows, etc.). If you do not confirm, please explain fully.

(e) Please state the average nationwide percentage of target utilization rates per FSM 881 that was met in BY 1998 and FY 1999, respectively, and explain fully any shortfall of 10% or more (on an average basis) in meeting those targets in BY 1998 and FY 1999, respectively.

(f) Please state as precisely as possible when “increased FSM utilization” began to be “tracked and discussed on teleconferences on a regular basis (once or twice per month) between Headquarters and Area operations” (as you state in response to ANM/USPS-T10-16), and explain fully all of the reasons, including concerns with FSM underutilization, that led the Postal Service to focus on increased FSM utilization.

MH/USPS-T10-13: With reference to your response to MH/USPS-T10-2 that the reduced productivity in mechanized and automated flats processing operations “is due to the OCR on the FSM 881 has [sic] a higher reject rate than the BCR”:

(a) Please confirm that the deployment of OCRs on the FSM 881s was not initiated until July 1998, and was not completed until late April 1999, as indicated by your response to PostCom/USPS-T10-4(a). If you do not confirm, please explain fully.

(b) Please confirm that the deployment of OCRs on FSM 881s could not account for the decline in productivity in automation flats processing from 1520 PPH in FY 1994 to 845 PPH in AP1 of FY 1998, or the decline in productivity in mechanized flats processing from 730 PPH in FY 1993 to 600 PPH in AP1 of FY 1998 (516 PPH in FY 1997), as indicated in USPS-LR-1-193 (USPS Strategic Improvement Guide for Flats Processing), pp. 3-4. If you do not confirm, please explain fully.

(c) Please explain all of the reasons why “[d]espite the technological advances made over the past 5 years and a more favorable mail base for automation processing” (USPS-LR-1-193, USPS Strategic Improvement Guide for Flats Processing, p. 3), productivity in both mechanized and automation flats processing operations generally declined from FY 1993 through AP1 of FY 1998.

(d) Please provide the productivity (PPH) both for mechanized flats processing operations and (separately) for automation flats processing operations, on the same basis as reflected in Exhibit 1 of the USPS Strategic Improvement Guide for Flats Processing (USPS-LR-1-193), for each accounting period from AP1 of FY 1998 to the present.

(e) Please reconcile your response to MH/USPS-T10-2 with the statement of USPS witness Smith, in response to DMA/USPS-T21-2(f), that “I am told that the Postal Service is addressing these concerns [with decreasing flat sorting productivity] beyond the base year through the deployment of the OCRs to the FSM 881 . . .”

MH/USPS-T10-14: With reference to your response to MH/USPS-T10-3(a)-(b):

(a) Please state whether the example you give in the third and fourth sentences of your response is equally applicable to First-Class Mail. If you respond in the negative, please explain fully.

(b) Do you believe that the decline in FSM 881 productivity may reflect an increased focus on service for Standard A mail, as indicated in the response of witness Smith to DMA/USPS-T21-2(e)? Please explain your answer fully.

(c) Please assume that an average-volume Periodicals mailing (dropship entered at an SCF) arrives at delivery units at 6 am, and has been sorted only to bundles by zone. Please estimate the degree of likelihood that the mail could be sorted to carrier route level at the delivery units in time to deliver the mail to addressees that same day, and explain the factors affecting such degree of likelihood.

MH/USPS-T10-15: In response to MH/USPS-T10-3(c) (“Please state the portion (or your best estimate of the portion) of flat mail volume in BY 1998 that is comprised of machinable, prebarcoded, non-carrier route Periodicals mail”), you simply referred to USPS-LR-1-87. Please state the percentage requested (for FY 1999 and/or BY 1998) or your best estimate (explaining your reasoning), and state the precise pages of USPS-LR-1-87 that you believe support your answer.

MH/USPS-T10-16: With respect to your response to MH/USPS-T10-3(d) (“Please state the portion (or your best estimate of the portion) of machinable, prebarcoded, non-carrier route Periodicals mail that was processed in manual operations rather than on FSMs in FY 1998”), you referred to “mail processing volume variability costs by cost pool” presented by USPS witness Van-Ty-Smith (T17). Please state whether the answer to MH/USPS-T10-3(d) can be found in witness Van-Ty-Smith’s testimony and/or supporting materials, and if so, please explain fully,

and provide precise page references. If necessary, please redirect this interrogatory subpart to witness Van-Ty-Smith.

MH/USPS-T10-17: With respect to your response to MH/USPS-T10-7:

(a) Please describe all sources and/or bases for your statement in response to MH/USPS-T10-7(a)-(c) that Periodicals are processed in 34 of the P&DC or P&DF annexes.

(b) Please specify what other classes and subclasses of mail are processed in those annexes, and explain the sources and/or bases of your answer.

(c) Please explain whether you maintain that Periodicals are not processed in any annexes other than the 34 annexes referred to in your response to MH/USPS-T10-7(a)-(c), and explain the sources and/or bases of your answer.

(d) Please explain whether mail other than Periodicals is processed in any annexes other than the 34 annexes referred to in your response to MH/USPS-T10-7(a)-(c), and explain the sources and/or bases of your answer. Please specify any such mail by class and subclass.

(e) Please state the total number of annexes, associated with P&DCs and/or P&DFs, in which mail is processed, and explain the sources and/or bases of your answer.

(f) Please state the total number of annexes, associated with facilities other than P&DCs and/or P&DFs, in which mail is processed, and explain the sources and/or bases of your answer. Please specify the type(s) of facility with which such annexes are associated.

(g) Please explain the extent to which annexes are dedicated to the processing of mail of particular classes or shapes (specifying the classes and shapes involved), and explain the sources and/or bases of your answer.

(h) With reference to your response to MH/USPS-T10-7(g), please confirm that due to the additional handling and transportation costs incurred with the use of annexes, processing of Periodicals is more costly in annexes than in plants, assuming all other factors are equal, e.g., comparing plant-processing with FSMs to annex-processing with the same FSMs. If you do not confirm, please explain fully.

(i) With reference to your response to MH/USPS-T10-7(h), please confirm that only 22 of the annexes at which mail is processed have FSMs. If you do not confirm, please explain fully. Please set forth the sources and/or bases of your answer.

MH/USPS-T10-18: With reference to your response to MH/USPS-T10-8(a):

(a) Please explain fully why MODS data, while sufficient to provide the number and percentage of non-carrier route, prebarcoded flats processed in non-automation operations in FY 1997, is supposedly insufficient to likewise provide the number and percentage of non-carrier route, prebarcoded flats processed in non-automation operations in FY 1998 and/or FY 1999;

(b) Please explain whether you have any basis for determining whether the number and/or percentage of non-carrier route, prebarcoded flat processed in non-automation operations increased or decreased in FY 1998 and/or FY 1999 over FY 1997. If so, please specify the change as precisely as possible, provide your best understanding of the reasons for the change, and specify the sources and/or bases for your answer.

MH/USPS-T10-19: With reference to your statement in response to MH/USPS-T10-8(c)-(d) that the "main reason" for processing non-carrier route, prebarcoded flats in non-automation operations was "not enough flat sorting capacity, which required the flats to be sorted in a manual operation":

(a) Please confirm that the USPS Strategic Improvement Guide for Flats Processing (USPS-LR-1-193) was issued in September 1999 to address declining productivity in mechanized and automation flats processing as well as the "alarming statistic" that more than 50 percent of all non-carrier route, prebarcoded flats were not processed in automation operations in FY 1997, but rather were "keyed on an FSM mechanized operation" or cased manually (*id.* p.3). If you do not confirm, please explain fully.

(b) Please confirm that the USPS Strategic Improvement Guide for Flats Processing does not point to a shortage in FSM capacity as a reason for these problems, but rather points to the need to "maximize the utilization of flat sorting equipment" (*id.* p.12) and other factors. If you do not confirm, please explain fully.

(c) Please reconcile your response to MH/USPS-T10-8(c)-(d) with the USPS Strategic Improvement Guide for Flats Processing.

(d) Please confirm that if a shortage in FSM capacity were the main reason why 50 percent of non-carrier route, prebarcoded flats was processed in non-automation operations in FY 1997, this would imply a nearly 50 percent shortage in FSM capacity in FY 1997. If you do not confirm, please explain fully.

(e) Please quantify, in percentage terms, the degree of the shortage in FSM capacity in FY 1997, and explain fully how you arrived at that figure.

(f) Apart from your response to MH/USPS-T10-8(c)-(d), please state and explain all other reasons why machineable, non-carrier route, prebarcoded flats were processed in non-automation operations in FY 1998 and/or FY 1999, and explain the relative importance of each reason.

MH/USPS-T10-20: With reference to your response to MH/USPS-T10-8(e), which refers generally to the testimony of witness Yacobucci (USPS-T-25), please redirect that interrogatory (in accordance with the preamble to MH/USPS-T10-1-11) to witness Yacobucci for a meaningful response.

MH/USPS-T10-21: With reference to your response to MH/USPS-T10-9:

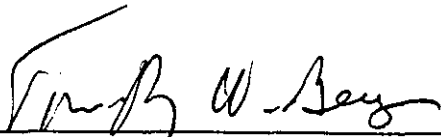
(a) In measuring the percentage of non-carrier route presort flats prebarcoded by mailers (regardless of class or rate category), to what extent does the Postal Service rely on machine counts of such mail?

(b) .To the extent that the Postal Service relies on machine counts, please confirm that the current shortfall in FSM capacity may have resulted in a significant undercount of the percentage of non-carrier route presort flats barcoded by mailers in FY 1998 and FY 1999. If you do not confirm, please explain fully.

(c) Please provide any and all USPS projections in the growth of prebarcoded flats for FY 1998 and/or FY 1999, as requested in MH/USPS-T10-9(b). (Such projections are not apparently incorporated in the testimony of USPS witnesses Tolley or Musgrave).

CERTIFICATE OF SERVICE

I hereby certify that I have on this 13th day of April 2000 served the foregoing document in accordance with section 12 of the rules of practice.



Timothy W. Bergin