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UNITED STATES POSTAL RATE COMMISSION

In the Matter of: POSTAL RATE AND FEE CHANGE

Docket No. R2000-1

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BEFORE THE
POSTAL RATE COMMISSION

- -X
In the Matter of: :
POSTAL RATE AND FEE CHANGE : Docket No. R2000-1
- -X

Third Floor Hearing Room
Postal Rate Commission
1333 H Street, N.W.
Washington, D.C 20268

Volume V
Thursday, April 13, 2000

The above-entitled matter came on for hearing conference, pursuant to notice, at 9:35 a.m.

BEFORE:
HON. EDWARD J.GEILMAN, CHAIRMAN
HON. GEORGE A. OMAS, VICE CHAIRMAN
HON. W.H. "TREY" LeBLANC, COMMISSIONER
HON. DANA B. "DANNY" COVINGTON, COMMISSIONER
HON. RUTH GOLDWAY, COMMISSIONER

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C O N T E N T S

E X H I B I T S

P R O C E E D I N G S

[9:35 a.m.]

CHAIRMAN GLEIMAN: Good morning. Today we continue our hearings to receive testimony of the Postal Service witnesses in support of Docket R2001.

I have a procedural matter concerning written cross examination to discuss before we take testimony today.

As you know, the Postal Service has continued the practice of redirecting certain discovery questions from witnesses, from a witness who was initially asked a question, to a different witness who might be more able or appropriate to provide a response.

When such discovery answers are offered as written cross examination, they must be directed to the witness who provided the written response.

The Commission has removed from today's packet of written cross examination, several designated answers that were actually answered by witnesses who are not appearing today.

I will provide an opportunity for parties to designate discovery responses provided by the Postal Service as an institution, and discovery responses provided after the answering witness has been excused following oral cross examination.

Those participants that fail to properly designate

discovery because it was referred by the Postal Service to a different witness, may add those answers to the evidentiary record at the appropriate time.

Does any participant have a procedural matter that they'd like to discuss this morning?

[No response.]

CHAIRMAN GLEIMAN: If not, we'll move on to oral cross examination. We have two witnesses scheduled to appear today, Witness Yacobucci, and witness Kingsley.

Mr. Alverno, if you would please introduce your witness?

MR. ALVERNO: Thank you, Mr. Chairman. The Postal Service calls David Yacobucci.

CHAIRMAN GLEIMAN: Counsel, proceed when you're ready.

MR. ALVERNO: Thank you.

Whereupon,

DAVID G. YACOBUCCI,

a witness, having been called for examination, and, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. ALVERNO:

Q Please introduce yourself.

A My name is David Yacobucci.

Q And where are you employed?

A I'm an economist with the Postal Service in the Department of Special Studies.

Q Now, earlier, I handed you two copies of a document entitled Direct Testimony of David Yacobucci on Behalf of the United States Postal Service.

I've now given those copies to the Reporter. Did you have a chance to examine them?

A I have.

Q And was this testimony prepared by you or under your direction?

A Yes, it was.

MR. ALVERNO: Mr. Presiding Officer, I ask that the Direct Testimony of David Yacobucci on Behalf of the United States Postal Service be received as evidence at this time.

CHAIRMAN GLEIMAN: Is there any objection?

[No response.]

MR. HOLLIES: Hearing none, I will direct counsel to provide the Reporter with two copies of the Direct Testimony of Witness Yacobucci. That testimony is received into evidence and, as is our practice with Postal Service direct testimony, it will not be transcribed into the record.

[Direct Testimony of David G.

Yacobucci, USPS T-25 was received into evidence.]

MR. ALVERNO: Mr. Chairman, we also have some Library References that Witness Yacobucci would like to sponsor.

CHAIRMAN GLEIMAN: Please proceed.

BY MR. ALVERNO:

Q Mr. Yacobucci, are you familiar with Library References USPS-LRI-87, 88, 89, and 90?

A Yes, I am.

Q And do you sponsor these Library References?

A Yes, I do.

MR. ALVERNO: Mr. Chairman, I ask that Library References, USPS-LRI-87, 88, 89, and 90 be received as evidence at this time.

CHAIRMAN GLEIMAN: I'll direct that those Library References be received into evidence, and not transcribed into the record.

[Library References USPS-LRI-87, 88, 89, and 90 were received into evidence.]

CHAIRMAN GLEIMAN: Mr. Yacobucci, have you had an opportunity to examine the packet of Designated Written Cross Examination that was made available earlier today?

THE WITNESS: Yes, I have.

CHAIRMAN GLEIMAN: If those questions were asked of you today, would your answers be the same as those you previously provided?

THE WITNESS: Yes, they would.

CHAIRMAN GLEIMAN: There are no corrections or additions?

THE WITNESS: No.

CHAIRMAN GLEIMAN: Counsel, if you would please provide two copies of the Designated Written Cross Examination of the witness to the Reporter, I will direct that the material be received into evidence and be transcribed into the record.

MR. ALVERNO: We have given it to the Reporter, yes, thank you.

CHAIRMAN GLEIMAN: Thank you, I appreciate that.

[Designated Written Cross Examination of David G. Yacobucci was received into evidence and transcribed into the record.]

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes, 2000 Docket No. R2000-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION
OF UNITED STATES POSTAL SERVICE
WITNESS DAVID G. YACOBUCCI
(USPS-T-25)

Party	Interrogatories
Association for Postal Commerce	MPA/USPS-T25-1-3, 5, 7 MPA/USPS-T21-1d-i redirected to T25 PostCom/USPS-T25-1, 4, 6-8 TW/USPS-T25-2-3, 6
Office of the Consumer Advocate	MPA/USPS-T25-3 PostCom/USPS-T25-1, 3-8 TW/USPS-T25-1-3, 6
Time Warner Inc.	TW/USPS-T25-1-6

Respectfully submitted,

Margaret P. Crenshaw

Margaret P. Crenshaw
Secretary

INTERROGATORY RESPONSES OF
UNITED STATES POSTAL SERVICE
WITNESS DAVID G. YACOBUCCI (T-25)
DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory:	Designating Parties:
MPA/USPS-T25-1	PostCom
MPA/USPS-T25-2	PostCom
MPA/USPS-T25-3	OCA, PostCom
MPA/USPS-T25-5	PostCom
MPA/USPS-T25-7	PostCom
MPA/USPS-T21-1d redirected to T25	PostCom
MPA/USPS-T21-1e redirected to T25	PostCom
MPA/USPS-T21-1f redirected to T25	PostCom
MPA/USPS-T21-1g redirected to T25	PostCom
MPA/USPS-T21-1h redirected to T25	PostCom
MPA/USPS-T21-1i redirected to T25	PostCom
PostCom/USPS-T25-1	OCA, PostCom
PostCom/USPS-T25-3	OCA
PostCom/USPS-T25-4	OCA, PostCom
PostCom/USPS-T25-5	OCA
PostCom/USPS-T25-6	OCA, PostCom
PostCom/USPS-T25-7	OCA, PostCom
PostCom/USPS-T25-8	OCA, PostCom
TW/USPS-T25-1	OCA, TW
TW/USPS-T25-2	OCA, PostCom, TW
TW/USPS-T25-3	OCA, PostCom, TW
TW/USPS-T25-4	TW
TW/USPS-T25-5	TW
TW/USPS-T25-6	OCA, PostCom, TW

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T25-1. Please refer to Table II-2 of your testimony and LR-I-90, R2000_1_Flats Cost Model_Final USPS.xls.

a. Please confirm that the unit cost figures in Table II-2 can be obtained by running the cost model in R2000_1_Flats Cost Model_Final USPS.xls for all scenarios for the Periodicals Regular subclass and that when you run the model these figures appear on worksheet "Cost Averaging" under the heading "Periodicals Regular Cost Averages - Normalized Auto-Related Savings." If not confirmed, please explain how you developed the unit cost figures in Table 11-2.

b. Please confirm that the unit costs in Table II-2 are based on a ten percent bundle breakage assumption. If not confirmed, what bundle breakage assumption did you use to develop the unit costs in Table II-2?

c. Please confirm that setting Cell G56 of worksheet "Data" to 0% changes the bundle breakage assumption to 0%. If not confirmed, please explain how to change the bundle breakage assumption.

RESPONSE:

a. Confirmed with the following clarification: the unit cost figures in Table II-2 appear on worksheet *'Cost Averaging'* under the headings "Periodicals Regular Cost Averages – Actual" *and* "Periodicals Regular Cost Averages – Normalized Auto-Related Savings."

b. Confirmed.

c. Confirmed.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T25-2. Please refer to LR-I-90, R2000_1_Flats Cost Model_Final USPS.xls. Please confirm that changing the bundle breakage assumption from 10% to 0% and running the model for the Periodicals Regular subclass reduces the WEIGHTED AVERAGE MODELED UNIT VOL VAR COST on worksheet "Scenario Costs" from 6.198 cents to 5.534 cents. If not confirmed, please explain.

RESPONSE:

Confirmed.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T25-3. Please refer to Note (6) on Worksheet "Productivities" of LR-I-90, R2000_1_Flats Cost Model_Final USPS.xls, where it states: "USPS Operations. Assumed to equal FSM 881 BCR/OCR."

a. Please confirm that this note indicates that USPS Operations told you to assume that the productivity of an FSM 881 OCR machine is exactly the same as that of an FSM 881 BCR/OCR machine. If not, please explain.

b. Please explain USPS Operations' basis for this assumption.

RESPONSE:

a. Confirmed that USPS Operations advised that the productivity of an FSM 881 in BCR/OCR mode processing barcoded flats should be assumed to be the same as that of an FSM 881 in BCR/OCR mode processing nonbarcoded flats.

b. It is my understanding that USPS Operations considers the throughput of an FSM 881 in BCR/OCR mode processing barcoded flats to be the same as an FSM 881 in BRC/OCR mode processing nonbarcoded flats. The pace of feeding the FSM 881 in BCR/OCR mode does not change if the piece is barcoded or not and requiring an OCR read does not slow down machine throughput. Hence, the respective productivities would be equivalent.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T25-5. Please refer to LR-I-90, R2000_1_Flats Cost Model_Final USPS.xls, Worksheets "Vols-Per Reg" and "Vols-Per Non."

a. Please confirm that all "non-sacked" Periodicals Regular Rate flats are palletized. If not confirmed, what percentage of non-sacked Periodicals Regular Rate flats are palletized?

b. Please confirm that all "non-sacked" Periodicals Nonprofit flats are palletized. If not, what percentage of non-sacked Periodicals Nonprofit flats are palletized?

RESPONSE:

a. Confirmed.

b. Confirmed.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T25-7. Please refer to Table 9 of LR-I-87 and LR-I-90, R2000_1_Flats Cost Model_Final USPS.xls

a. Please confirm that approximately eighty percent of Periodicals Regular Rate carrier-route bundles are presented on pallets. If not confirmed, what percentage of Periodicals Regular Rate carrier-route bundles are on pallets.

b. Please confirm that less than ten percent of ADC Nonautomation bundles are on pallets.

c. Please confirm that the per-piece cost difference between basic, nonautomation pieces and Carrier Route pieces would be larger if you applied a more-than-ten-percent bundle breakage assumption to bundles in sacks and a less-than-ten-percent bundle breakage assumption to bundle on pallets. If not confirmed, please explain.

d. If you applied a 15 percent bundle breakage assumption to bundles in sacks and a 5 percent bundle breakage assumption to bundles on pallets, what would the cost difference between basic, nonautomation pieces and carrier route pieces be?

RESPONSE:

a. Confirmed.

b. For Periodicals Regular Rate, confirmed.

c. The modeled unit cost difference between basic, nonautomation pieces and carrier route pieces would tend to be larger if the assumed bundle breakage rates are applied at each bundle handling activity, all other factors remaining constant. This method of differentiating sacks and pallets considers containerization effects that introduce new non-presortation-related bias into cost differences between rate categories.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

d. Applying the 15 percent and 5 percent bundle breakage rates across all bundle handling activities for Periodicals Regular, all other factors remaining constant, results in a Periodicals Regular Cost Average – Actual basic, nonautomation cost average of 23.797 cents and Periodicals Regular Cost Average – Actual carrier route cost average of 8.154 cents. The resulting cost difference is 15.643 cents. These numbers were derived using an approach functionally equivalent to the approach outlined in the response to MPA/USPS-T25-6 (c).

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO INTERROGATORY OF MAGAZINE PUBLISHERS OF AMERICA REDIRECTED FROM WITNESS SMITH

MPA/USPS-T21-1. Please refer to Table 4 from witness Degen's testimony in R97-1 (USPS-T-12) and to Table 1 from witness Van-Ty-Smith's testimony in R2000-1 (USPS-T-17). These two sources give total mailing processing costs by cost pool for 1996 and 1998, respectively. A comparison of these figures shows that the FSM cost pool increased by 41 percent over this two-year period, from $737 million to $1.04 billion. Over the same period, the MANF cost pool decreased by 11 percent, from $515 million to $460 million. Combining the figures for these two cost pools shows that the total costs for both mechanized and manual flats processing increased by 20 percent, from $1.25 billion to $1.50 billion.

* * * * *

(d) State what percentage of machinable flats is processed by manual methods and what percentage is processed by machine methods. Please provide figures for 1996, for 1998, and those projected for 2001.

(e) State what percentage of machinable periodicals flats is processed by manual methods and what percentage is processed by machine methods. Please provide figures for 1996, for 1998, and those projected for 2001.

(f) State what percentage of machinable First Class flats is processed by manual methods and what percentage is processed by machine methods. Please provide figures for 1996, for 1998, and those projected for 2001.

(g) State what percentage of machinable Standard A flats is processed by manual methods and what percentage is processed by machine methods. Please provide figures for 1996, for 1998, and those projected for 2001.

(h) State what percentage of machinable flats is projected to be processed on ASFM [sic] 100s in 2001.

(i) State what percentage of machinable periodicals flats is projected to be processed on ASFM [sic] 100s in 2001.

RESPONSE:

d. - g. It is my understanding that data do not exist in order to develop the percentages of machinable flats processed by manual and machine

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO INTERROGATORY OF MAGAZINE PUBLISHERS OF AMERICA REDIRECTED FROM WITNESS SMITH

methods for 1996 and 1998. For test year 2001 projections, please refer to USPS LR-I-90, Flats Mail Processing Cost Model. This library reference develops costs by modeling mailflows across prospective bundle and piece distribution activities for First-Class presort, Periodicals Regular, Periodicals Nonprofit, Standard Mail (A) Regular, and Standard Mail (A) Nonprofit flats. As such, data exist in the cost model that can be utilized to project the degree of test year processing activities. For all other flats such as First-Class single piece, Standard Mail (A) Regular ECR, and Standard Mail (A) Nonprofit ECR flats, data do not exist in order to develop prospective percentages of machinable flats processed by manual and machine methods for 2001.

In USPS LR-I-90, the worksheet entitled *'Mailflow Model Costs'* provides the number of pieces per modeled mail processing activity for a distinct mailflow and the worksheet entitled *'Scenario Costs'* provides the volume percentages for each distinct mailflow (please refer to USPS-T-25, pages 8-10, for a discussion on the modeling methodology). Further, the worksheets entitled *'Vols-First,' 'Vols-Per Reg,' 'Vols-Per Non,' 'Vols-Std (A) Reg,'* and *'Vols-Std (A) Non'* provide total volumes.

The number of pieces and volume percentages can be combined to compute weighted pieces *per mail processing activity.* Total volumes can be used to compute weighted pieces per mail processing activity across subclasses. The weighted pieces per mail processing activity can be combined in numerous ways to compute various percentages of machinable flats processed by manual and machine methods.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO INTERROGATORY OF MAGAZINE PUBLISHERS OF AMERICA REDIRECTED FROM WITNESS SMITH

The resultant percentages vary and answer different questions based on (1) how the percentages' numerators treat flats that are handled multiple times possibly by both manual and machine methods through the course of outgoing and incoming distribution and (2) if the percentages' denominators are either (a) all flats, (b) all non-carrier route flats, or (c) all piece handlings.

h. - l. It is my understanding that data do not exist in order to compute the percentage of all machinable flats that is projected to be processed on the AFSM 100s in 2001. However, USPS LR-I-90, Flats Mail Processing Cost Model, provides data as discussed in the response to (d) - (g) of this interrogatory that can be combined to compute the percentage of machinable Periodicals flats that is projected to be processed by AFSM 100s in 2001.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

PostCom/USPS-T25-1. Please refer to Worksheet "Productivities" in LR-1-90 [sic].

(a) Please confirm that the volume variability factors in this worksheet are the ones that witness Bozzo developed using MODS data. If not confirmed, please explain.

(b) Please confirm that the Adjusted Productivities in this worksheet are equal to the Productivities divided by the Volume Variability Factors. If not confirmed, please explain.

(c) Please confirm that your model uses these adjusted productivities for flats and bundles sorted at BMCs and non-MODS facilities as well as flats and bundles sorted at MODS facilities. If not confirmed, please explain.

(d) Please confirm that the Postal Service's Cost Segment 3 costing method only applies these factors to MODS facilities. If not confirmed, please explain.

RESPONSE:

a. Not confirmed. The econometric volume variability factors are developed by witness Bozzo (USPS-T-15). The non-econometric volume variability factors are developed by witness Van-Ty-Smith (USPS-T-17).

USPS-T-17, Table 1, pp. 24-25 presents the specific econometric and non-econometric volume variability factors. USPS LR-I-90 uses the SPBS OTH, 1POUCHNG, 1PLATFRM, FSM/, MANF, and LD43 volume variability factors.

b. Confirmed.

c. Confirmed. The model does not differentiate piece and package handling activities amongst BMCs, MODS facilities, and non-MODS facilities.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

d. Confirmed. It is my understanding that the Postal Service's Cost Segment 3 costing method, specifically witness Van-Ty-Smith's (USPS-T-17) costing method for Cost Segment 3.1, mail processing direct labor, applies the same volume variability factors as found in the worksheet entitled *'Productivities'* in USPS LR-I-90 to MODS facilities which include MODS plants and their associated stations and branches.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORY OF ASSOCIATION FOR POSTAL COMMERCE

PostCom/USPS-T25-3. Please refer to LR-I-90. In particular, refer to Worksheet "Scenario Costs" and the tables titled "Standard (A) Regular Cost Averages - Actual" and "Standard (A) Regular Cost Averages - Normalized Auto-Related Cost Savings" on Worksheet "Cost Averaging."

(a) Please confirm that the figures in the referenced tables are unit costs by rate category and that these unit costs are developed by (1) weighting the modeled unit volume variable costs from the "Scenario Costs" worksheet (by volume) within rate category; and (2) applying CRA adjustment factors to the modeled unit costs. If not confirmed, please explain.

(b) Please confirm that the unit costs for 3/5 digit nonautomation flats are, in principle, weighted averages of the unit costs of 3-digit nonautomation flats and 5 digit nonautomation flats and that the unit costs for 3/5 digit automation are, in principle, weighted averages of the costs of 3 digit automation flats and 5 digit automation flats. If not confirmed, please explain

(c) Please explain in detail how to modify LR-I-90 to deaverage the unit costs for 3/5 digit flats into individual unit costs for 3 digit flats and 5 digit flats so that it provides actual cost averages and normalized cost averages for six types of Standard (A) Regular flats: (1) basic nonautomation; (2) basic automation; (3) 3 digit nonautomation; (4) 3 digit automation; (5) 5 digit nonautomation; and (6) 5 digit automation.

(d) Using this method, what are the actual cost averages and normalized cost averages for the six types of Standard (A) Regular flats mentioned in part (c)?

(e) Please disaggregate Standard (A) Regular flat volume from the mail characteristics study into the six types of flats mentioned in part (c).

RESPONSE:

a. Not confirmed. The "Standard (A) Regular Cost Averages – Actual" and "Standard (A) Regular Cost Averages – Normalized Auto-Related Savings" figures on the worksheet entitled *'Cost Averaging'* are weighted-average mail processing costs by rate category. These unit costs are

developed by (1) applying the proportional CRA adjustment factor and not worksharing-related CRA cost to the modeled unit volume variable costs on the worksheet entitled *'Scenario Costs'* and (2) weighting the CRA-adjusted unit volume variable costs within rate categories using volumes.

b. Confirmed. The unit costs for 3/5-digit, nonautomation flats are the weighted averages of the unit costs of eligible 3-digit, nonautomation flats and eligible 5-digit, nonautomation flats. The unit costs for 3/5-digit, automation flats are the weighted averages of the unit costs of 3-digit, automation flats and 5-digit, automation flats.

c. This response extends package-based and container-based rate eligibility rules akin to those in Periodicals to this hypothetical rate design. For example, a 5-digit, nonautomation package in a 3-digit sack is eligible for the 3-digit, nonautomation rate whereas a 5-digit, nonautomation package on a 3-digit pallet is eligible for the 5-digit, nonautomation rate.

All modifications to USPS LR-I-90 occur in the worksheet entitled *'Cost Averaging.'* For the first and second steps, please refer to Attachment 1 to this subpart which depicts part of the worksheet with row and column headings after modifications are made.

For the first step, enter "*3= 3-Digit, Nonautomation*," "*4= 3-Digit, Automation*," "*5= 5-Digit, Nonautomation*," and "*6= 5-Digit, Automation*" into the following cells: AF4:AF7, AI4:AI7, AL4:AL7, and AO4:AO7.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO INTERROGATORY OF ASSOCIATION FOR POSTAL COMMERCE

For the second step, enter either a blank or one of the numbers from one through six into cells: AF9:AG52, AI9:AJ52, AL9:AM52, and AO9:AP52 as depicted in Attachment 1.

For the third step, modify the formulae in cells: A63:A64 and K63:K64 as follows.

Cell A63:

```
=IF(AND($A$1="PERIODICALS",$A$2="REGULAR"),T6,IF(AND($A$1="PERIODICALS"
,$A$2="NONPROFIT"),Z6,IF(AND($A$1="STANDARD
(A)",$A$2="REGULAR"),AF6,IF(AND($A$1="STANDARD
(A)",$A$2="NONPROFIT"),AL6,"")))))
```

Cell A64:

```
=IF(AND($A$1="PERIODICALS",$A$2="REGULAR"),T7,IF(AND($A$1="PERIODICALS"
,$A$2="NONPROFIT"),Z7,IF(AND($A$1="STANDARD
(A)",$A$2="REGULAR"),AF7,IF(AND($A$1="STANDARD
(A)",$A$2="NONPROFIT"),AL7,"")))))
```

Cell K63:

```
=IF(A63="","",IF(AND($A$1="PERIODICALS",$A$2="REGULAR"),SUMIF($W$9:$X$55,5
,$K$9:$L$55)/SUMIF($W$9:$X$55,5,$I$9:$J$55),IF(AND($A$1="PERIODICALS",$A$2=
"NONPROFIT"),SUMIF($AC$9:$AD$55,5,$K$9:$L$55)/SUMIF($AC$9:$AD$55,5,$I$9:$J
$55),IF(AND($A$1="STANDARD
(A)",$A$2="REGULAR"),SUMIF($AI$9:$AJ$55,5,$K$9:$L$55)/SUMIF($AI$9:$AJ$55,5,$I
$9:$J$55),IF(AND($A$1="STANDARD
(A)",$A$2="NONPROFIT"),SUMIF($AO$9:$AP$55,5,$K$9:$L$55)/SUMIF($AO$9:$AP$5
5,5,$I$9:$J$55),"")))))
```

Cell K64:

```
=IF(A64="","",IF(AND($A$1="PERIODICALS",$A$2="REGULAR"),SUMIF($W$9:$X$55,6
,$K$9:$L$55)/SUMIF($W$9:$X$55,6,$I$9:$J$55),IF(AND($A$1="PERIODICALS",$A$2=
"NONPROFIT"),SUMIF($AC$9:$AD$55,6,$K$9:$L$55)/SUMIF($AC$9:$AD$55,6,$I$9:$J
$55),IF(AND($A$1="STANDARD
(A)",$A$2="REGULAR"),SUMIF($AI$9:$AJ$55,6,$K$9:$L$55)/SUMIF($AI$9:$AJ$55,6,$I
$9:$J$55),IF(AND($A$1="STANDARD
(A)",$A$2="NONPROFIT"),SUMIF($AO$9:$AP$55,6,$K$9:$L$55)/SUMIF($AO$9:$AP$5
5,6,$I$9:$J$55),"")))))
```

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORY OF ASSOCIATION FOR POSTAL COMMERCE

d. The following table presents Standard Mail (A) Regular cost averages. These numbers were derived using the approach outlined in my response to part (c) of this interrogatory.

	Standard Mail (A) Regular Cost Averages – Actual	Standard Mail (A) Regular Cost Averages – Normalized Auto-Related Savings
Basic, Nonautomation	17.765 (cents)	19.825 (cents)
Basic, Automation	17.459	17.915
3-Digit, Nonautomation	14.022	15.439
3-Digit, Automation	14.308	14.210
5-Digit, Nonautomation	10.489	10.779
5-Digit, Automation	10.508	10.474

e. The following table presents Standard Mail (A) Regular flat volume share by rate category using volume data in USPS LR-I-90.

	Standard Mail (A) Regular Volume Share
Basic, Nonautomation	6.61%
Basic, Automation	2.22%
3-Digit, Nonautomation	5.97%
3-Digit, Automation	23.89%
5-Digit, Nonautomation	6.71%
5-Digit, Automation	54.61%
Total	100.00%

PostCom/USPS-T25-3 part (c)
Attachment 1

From USPS-LR-I-90
Cost Averaging Extract
Page 1 of 1

	AF	AG	AH	AI	AJ	AK	AL	AM	AN	AO	AP
1	STANDARD MAIL (A) REGULAR			STANDARD MAIL (A) REGULAR - NORMALIZED AUTO-RELATED SAVINGS			STANDARD MAIL (A) NONPROFIT			STANDARD MAIL (A) NONPROFIT - NORMALIZED AUTO-RELATED SAVINGS	
2	1= Basic, Nonautomation			1= Basic, Nonautomation			1= Basic, Nonautomation			1= Basic, Nonautomation	
3	2= Basic, Automation			2= Basic, Automation			2= Basic, Automation			2= Basic, Automation	
4	3= 3-Digit, Nonautomation			3= 3-Digit, Nonautomation			3= 3-Digit, Nonautomation			3= 3-Digit, Nonautomation	
5	4= 3-Digit, Automation			4= 3-Digit, Automation			4= 3-Digit, Automation			4= 3-Digit, Automation	
6	5= 5-Digit, Nonautomation			5= 5-Digit, Nonautomation			5= 5-Digit, Nonautomation			5= 5-Digit, Nonautomation	
7	6= 5-Digit, Automation			6= 5-Digit, Automation			6= 5-Digit, Automation			6= 5-Digit, Automation	
8	Sacked: Rate Eligibility	Non-Sacked: Rate Eligibility		Sacked: Rate Eligibility	Non-Sacked: Rate Eligibility		Sacked: Rate Eligibility	Non-Sacked: Rate Eligibility		Sacked: Rate Eligibility	Non-Sacked: Rate Eligibility
9	1	1		1	1		1	1		1	1
10	1	1		1	1		1	1		1	1
11	2	2		2	2		2	2		2	2
12	2	2		2	2		2	2		2	2
13	1	1		1	1		1	1		1	1
14	1	1		1	1		1	1		1	1
15	2	2		2	2		2	2		2	2
16	2	2		2	2		2	2		2	2
17	1	3			3		1	3			3
18	1	3			3		1	3			3
19	4	4			4		4	4			4
20	4	4			4		4	4			4
21	1	5			5		1	5			5
22	1	5			5		1	5			5
23	6	6			6		6	6			6
24	6	6			6		6	6			6
25	1	1		1	1		1	1		1	1
26	1	1		1	1		1	1		1	1
27	2	2		2	2		2	2		2	2
28	2	2		2	2		2	2		2	2
29	1	3			3		1	3			3
30	1	3			3		1	3			3
31	4	4			4		4	4			4
32	4	4			4		4	4			4
33	1	5			5		1	5			5
34	1	5			5		1	5			5
35	6	6			6		6	6			6
36	6	6			6		6	6			6
37											
38											
39	3	3		3	3		3	3		3	3
40	3	3		3	3		3	3		3	3
41	4	4		4	4		4	4		4	4
42	4	4		4	4		4	4		4	4
43	3	5			5		3	5			5
44	3	5			5		3	5			5
45	6	6			6		6	6			6
46	6	6			6		6	6			6
47											
48											
49	5	5		5	5		5	5		5	5
50	5	5		5	5		5	5		5	5
51	6	6		6	6		6	6		6	6
52	6	6		6	6		6	6		6	6
53											
54											
55											

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

PostCom/USPS-T25-4. Please refer to LR-I-90 and your response to MPA/USPS-T25-3(b), where you state: "It is my understanding that USPS Operations considers the throughput of an FSM 881 in BCR/OCR mode processing barcoded flats to be the same as an FSM 881 in BCR/OCR (sic) mode processing barcoded flats." Please refer to LR-I-90. In particular, refer to Worksheet "Scenario Costs" and the tables titled "Standard (A) Regular Cost Averages - Actual" and "Standard (A) Regular Cost Averages - Normalized Auto-Related Cost Savings" on Worksheet "Cost Averaging."

(a) How many addresses can a BCR read per hour? If different BCRs have different maximum read rates, please provide the maximum read rate for each and provide a description of each BCR.

(b) How many addresses can an OCR read per hour? If different OCRs have different maximum read rates, please provide the maximum read rate for each and provide a description of each BCR.

(c) Please describe the mail flow for a piece that is rejected from an FSM. In doing this, please describe the mail flow in terms of both mail sorting activities and allied activities.

(d) Please explain which of these activities must be performed for flats that are not rejected.

(e) For each activity that must be performed for rejected mail, but need not be performed for mail that is not rejected, please indicate whether LR-I-90 models it.

(f) For each activity identified in part (e), please provide productivity and per-piece cost figures for performing the activity.

(g) What is the maximum throughput for an AFSM 100

(h) What is the maximum throughput for an FSM 881 with automatic feeders?

(i) What is the maximum throughput for an FSM 1000 with automatic feeders?

RESPONSE:

a. - d. Redirected to witness Kingsley.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

e. Though USPS LR-I-90 does not explicitly decompose every imaginable mail processing activity, it does adjust modeled unit costs using CRA costs that comprise *all* flats mail processing costs. Hence, the model takes into account any mail processing costs caused by both accepted and rejected flats.

Further, USPS LR-I-90 explicitly models the mailflow of rejected flats. Please refer to USPS-T-25, pages 18-19 and 23-24, for discussions on accept rates and reject flows and to USPS LR-I-90 for modeled mailflows and accept rates.

f. Please refer to the worksheets entitled *'Mailflow Model Costs'* and *'Productivities'* in USPS LR-I-90 for unit cost figures and productivities for specific activities.

g. - i. Redirected to witness Kingsley.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

PostCom/USPS-T25-5. Please refer to page 18-19 of Lr-I-126, where it states, "**IMPROVE FLAT SORTER MACHINE (FSM) UTILIZATION** — This program is a local management initiative to maximize the use of the flat sorting machines through management focus and best practices" and LR-I-90.

(a) Does your flats cost model reflect the increased utilization of FSMs described in LR-I-126?

(b) If not, please quantify how the increased utilization of FSMs would affect the value of automation.

RESPONSE:

a. It is my understanding that it does.

b. Not applicable.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

PostCom/USPS-T25-6. Please refer to witness Kingsley's response to Postcom/USPS-T10-2, which states, "Barcoded sack labels, which allow more efficient sack handling, are required for flat automation mailings in sacks."

(a) Please provide the productivity for handling sacks that have barcoded sack labels.

(b) Please provide the productivity for handling sacks that do not have barcoded sack labels.

(c) Please quantify the impact of the more efficient handling of sacks with barcoded sack labels on the automation cost differential for Standard (A) Regular 3/5-digit flats. Please provide all underlying calculations in an electronic spreadsheet.

(d) Please quantify the impact of the more efficient handling of sacks with barcoded sack labels on the automation cost differential for Standard (A) Regular Basic flats. Please provide all underlying calculations in an electronic spreadsheet.

RESPONSE:

a. - b. It is my understanding that the Postal Service does not measure separate productivities for sacks with barcoded sack labels and for sacks without barcoded sack labels. Please refer to USPS-T-26, Attachment A, page 3 for an average sack sorter productivity of 428.2 sacks per workhour.

c. - d. It is my understanding that any potential impact on isolated barcode-related savings due to the handling of sacks with barcoded sack labels and of sacks without barcoded sack labels cannot be quantified due to the lack of necessary and sufficient data. Such data include, but are not limited to, the percentage of sacks with barcoded sack labels for flat nonautomation mailings, the sack sorting machine productivity for sacks with barcoded sack labels, the sack sorting machine productivity for sacks without barcoded sack labels, and the pertinent mailflow of sacks.

Any potential impact from deaveraging sack sorting machine costs between barcoded and nonbarcoded flats may be lessened by the amount

of sacks with barcoded sack labels for flat nonautomation mailings, by any averaging of isolated barcode-related cost savings for sacked mail with isolated barcode-related cost savings for palletized mail, and by the relative magnitude of sack sorting machine costs.

Sack sorting machine costs account for the following percentages of the total mail processing CRA unit costs. These percentages are derived using data from the worksheet entitled *'CRA Cost Pools'* in USPS LR-I-90, Flats Mail Processing Cost Model. The percentages' numerators are the sum of the costs of the BMCS SSM and MODS 13 1SACKS_M cost pools and the percentages' denominators are the total costs.

First-Class	0.80%
Periodicals Regular	1.94%
Periodicals Nonprofit	2.09%
Standard Mail (A) Regular	1.16%
Standard Mail (A) Nonprofit	1.34%

These percentages suggest that any potential impact from deaveraging sack sorting machine costs between barcoded and nonbarcoded flats may be of relatively less consequence than, say, the impact of deaveraging flat sorting machine costs.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

PostCom/USPS-T25-7. Please refer to witness Kingsley's response to Postcom/USPS-T10-2(a), which states: "Yes, I am told that any differences in address quality, to the extent that they have an effect on costs, would be among the factors that cause automation and non-automation mail to have different accept rates with subsequent processing of rejects in operations with lower productivity." Further, please refer to witness Kingsley's response to Postcom/USPS-T10-3(f), which states: "Assuming the Zip Code is correct, we may be unable to sort to the correct carrier, post office box, or to the correct recipient. If the mailpiece is then undeliverable as addressed, then, depending upon class, the disposition of the mailpiece incurs more costs if it must be returned to the sender."

(a) Please confirm that while the flats cost model (LR-I-90) does model some of the costs of poor address quality, it doesn't model all costs of poor address quality. If not confirmed, please explain.

(b) Please confirm that the flats cost model does not model the added cost of handling undeliverable as addressed mail. If not confirmed, please explain.

(c) Please describe all other costs of poor address quality that are not modeled in the flats cost model.

(d) Please quantify the impact of differences in address quality between non-automation flats and automation flats on the automation cost differential for Standard (A) Regular 3/5-digit flats. Please provide all underlying calculations in an electronic spreadsheet.

(e) Please quantify the impact of differences in address quality between non-automation flats and automation flats on the automation differential for Standard (A) Regular Basic flats. Please provide all underlying calculations in an electronic spreadsheet.

RESPONSE:

a. - b. Not confirmed. Though USPS LR-I-90 does not explicitly decompose every imaginable mail processing activity, it does adjust modeled unit costs using CRA costs that comprise *all* flats mail processing costs. Hence, the analysis takes into account any mail processing costs caused by poor address quality, including any mail processing cost of handling undeliverable as addressed mail. To the extent that poor address quality is not explicitly modeled and to the extent that it increases costs within the

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

worksharing-related CRA cost pools, it will increase the proportional CRA adjustment factor, which ultimately increases any cost differences.

c. As discussed in my response to subparts (a - b) of this interrogatory, the cost model considers all flats mail processing costs. Hence, there are no costs of poor address quality that are not accounted for.

d. - e. USPS LR-I-90 does not quantify the isolated impact of individual factors on the isolated barcode-related savings.

Further, it is not certain what the degree of differences is in address quality between barcoded and nonbarcoded flats. Please refer to witness Kingsley's response to interrogatory PostCom/USPS-T10-3 (e).

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

PostCom/USPS-T25-8. Please refer to LR-I-90, worksheet "Productivities."

(a) Please confirm that the flats cost model assumes that the productivity of an AFSM 100 processing barcoded flats is approximately 80 percent higher than the productivity of an AFSM 100 processing nonbarcoded flats. If not confirmed, how much higher is the AFSM 100 productivity for processing barcoded flats?

(b) Please confirm that your model assumes that the productivity of an FSM 881 processing barcoded flats is the same as its productivity for sorting nonbarcoded flats. If not confirmed, please explain.

(c) Please confirm that the source of these assumptions is USPS operations. If not confirmed, please explain.

(d) All else being equal, please confirm that if the productivity difference between processing barcoded flats and nonbarcoded flats increases, the automation cost differential should increase as well. If not confirmed, please explain.

RESPONSE:

a. Confirmed. The model assumes that the average barcoded flat would be processed on an AFSM 100 effectively staffed by 5 people whereas the average nonbarcoded flat would be processed on an AFSM 100 effectively staffed by 9 people. These differences are due to the presumed staffing of and the relative use of the video coding system.

b. Confirmed. Please see my response to interrogatory MPA/USPS-T25-3.

c. Confirmed. Any comparison of these productivity assumptions is not necessarily on an "apples to apples" basis. The video coding system on the AFSM 100 is a feature that does not exist on the FSM 881.

d. Confirmed. Further, all else being equal, if the productivity difference between processing barcoded flats and nonbarcoded flats *decreases*, then the automation cost differential should decrease as well.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORIES OF TIME WARNER INC.

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

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORIES OF TIME WARNER INC.

dumped. If not confirmed, please describe any other methods used to extract Periodicals mail from sacks.

RESPONSE:

a. Confirmed.

b. This productivity leads to a modeled unit volume variable cost of 3.205 cents and a CRA-adjusted unit volume variable cost of 8.815 cents for Periodicals Regular Rate flats in carrier route containers.

c. Confirmed.

d. Confirmed.

e. Confirmed.

f. Technically, the 99.4 *sacks per hour* productivity should be converted to a *packages per hour* productivity. However, this adjustment is not absolutely necessary as it, by itself, does not materially affect the calculated costs by rate category. The following table presents Periodicals Regular Cost Averages – Actual using the existing productivity and the modified productivity.

	Periodicals Regular Cost Averages – Actual		
Rate Category	Proposed Using Existing Productivity	Modified Using Adjusted Productivity	Percentage Changed
1=Basic, Nonautomation	22.781 cents	22.818 cents	0.16%
2=Basic, Automation	21.493	21.527	0.16%
3=3-Digit, Nonautomation	18.332	18.360	0.15%
4=3-Digit, Automation	17.898	17.924	0.15%
5=5-Digit, Nonautomation	13.133	13.150	0.13%
6=5-Digit, Automation	13.572	13.590	0.13%
7=Carrier Route	8.640	8.611	(0.33%)

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO INTERROGATORIES OF TIME WARNER INC.

The "modified using adjusted productivity" cost averages were calculated using a conversion factor of 1.409 packages per Periodicals Regular Rate sack which results in a productivity of 140 packages per hour. Please note that the model uses the productivity for both Periodicals Regular Rate and Periodicals Nonprofit mail. Thus, if a packages per hour productivity figure is used in the analysis, either a weighted-average packages per hour productivity or two distinct packages per hour productivities should be used for cost modeling purposes.

g. Not confirmed. The 99.4 sacks per hour productivity implies costs for manually dumping sacks of 40.6 cents per Periodicals Regular Rate carrier route sack and of 40.5 cents per Periodicals Nonprofit carrier route sack.

h. It is my understanding that *the contents* in all sacks containing Periodicals packages must be manually dumped out.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORIES OF TIME WARNER INC.

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 [sic] by an SPBS employee putting a rubber band around the pieces from the breaking or already broken bundle.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO INTERROGATORIES OF TIME WARNER INC.

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.

RESPONSE:

a. Confirmed.

b. Confirmed. USPS LR-I-90, Flats Mail Processing Cost Model, does not differentiate mailflows of sacked packages from mailflows of palletized packages.

c. Confirmed. The model assumes that mechanized package handling productivities are the same for MADC, ADC, and 3-digit containers. The model also assumes that manual package handling productivities are the same for MADC, ADC, and 3-digit containers.

d. Not confirmed. The model uses data from USPS LR-I-88, Flats Bundle Study, that indicate that Periodicals *packages* in MADC, ADC, and 3-digit containers have a 64.1% probability of being handled in a mechanized package handling activity with an appropriate sort scheme. As separate data do not exist for First-Class packages, the model uses the Periodicals data as proxies for First-Class data.

e. Not confirmed. The model uses data from USPS LR-I-88 that indicate that a MADC Periodicals *package* has a 64.1% chance and that a MADC Standard Mail (A) *package* has a 74.2% chance of being handled in a mechanized package handling activity.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORIES OF TIME WARNER INC.

f. Not confirmed. The model uses average data that represent the average test year facility and that should account for varied local management decisions across and within facilities.

g. Confirmed.

h. Confirmed.

i. Not confirmed. Though the model does not explicitly develop costs for specific package recovery activities, it does take into account the possibility that broken packages may be recovered and may continue to be handled as packages.

The model uses manual package handling productivities from USPS LR-I-88. These productivities were derived by measuring the time it took to handle observed packages, even if that handling involved some form of package recovery. Hence, these productivities account for any package recovery.

In addition, the model uses mechanized package handling productivities from USPS LR-I-88. These productivities were derived using MODS data. Some unknown portion of the time spent recovering broken packages should be accounted for in the MODS data as employees recovering broken packages may be clocked into the mechanized package handling operation.

In addition, it is my understanding that any costs caused by the recovery of broken packages should be accounted for in the aggregate mail processing CRA costs.

In addition, the model uses a 10% bundle breakage rate that represents that 90% of packages within a given package handling activity continue to be

handled as packages, regardless if some fraction of the 90% inadvertently broke and were subsequently recovered.

For further illustration, consider a hypothetical situation where, within a given package handling activity, 30% of packages break and the packages are not recovered, 20% of packages break and the packages are recovered, and 50% of packages do not break. For this illustration, it is reasonable to use a bundle breakage rate of 30%. Hence, 70%, the sum of the 20% and 50%, is the percentage of packages that continues to flow as packages.

j. Not confirmed. As the model considers the opening unit CRA cost pools' (1OPBULK and 1OPPREF) costs to be worksharing-related, both package and piece handling activities proportionally incur opening unit costs.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORIES OF TIME WARNER INC.

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?

RESPONSE:

a. Confirmed.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORIES OF TIME WARNER INC.

b. Confirmed. The Outgoing Primary manual package handling productivity is developed based on one observation. Please refer to the worksheet entitled *'Observations'* in the workbook entitled *'MANPROD.XLS'* in the executable file entitled *'Manual Productivity.exe'* in USPS LR-I-88 to determine the number of observations by scheme.

c. Confirmed.

d. Confirmed. Please refer to my response to part (b) of this interrogatory. Please refer to USPS LR-I-88, pages 8-11 for a discussion on developing national estimates and standard errors for manual package handling productivities.

e. Not using different manual package handling productivities does not, as the question suggests, "defeat" the purpose of determining presortation-related savings. The model captures presortation-related savings due to many effects. These effects include the number of package handling activities, the number of piece handling activities, the degree of bundle breakage, the costs of specific package handling activities, and the costs of specific piece handling activities.

Manual package handling productivities are one set of data among many that may influence these effects. Different manual package handling productivities can result in different presortation-related savings, but may explain only part of the presortation-related savings.

Further, the differences in the reported manual package handlings productivities were considered when designing the model. An average was used for the following reasons:

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORIES OF TIME WARNER INC.

- There is one Outgoing Primary and three ADC observations. Hence, an average in this case may provide a more reliable estimate.

- Underlying activities within Outgoing Primary, ADC, and Incoming Primary manual package handling operations are assumed to be reasonably similar.

f. Confirmed. When USPS LR-I-87 data were collected, the Postal Service did not allow preparation of Periodicals packages on MADC pallets. Further, the Postal Service does not currently allow preparation of Periodicals packages on MADC pallets.

g. It is possible that the theory presented in the question explains part of the differences between manual package handling productivities. However, ADC and Incoming Primary manual package handling activities also operate on sacked mail. As such, the theory may not sufficiently explain the entire differences between the Outgoing Primary, ADC, and Incoming Primary manual package handling productivities. Moreover, the fact that there is only one observation for the Outgoing Primary manual package handling productivity may explain more of the difference.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORIES OF TIME WARNER INC.

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 [sic] 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?

RESPONSE:

Yes, questions about the survey of flat package handling activities described in USPS LR-I-88, Flats Bundle Study, should be directed to me.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORIES OF TIME WARNER INC.

a. The survey did not explicitly ask for the degrees of mechanized handling for palletized flats and for sacked flats. It is conceivable that assumptions could be made and combined with survey data to quantify the degrees. As the entire effort studied complex issues, the survey provided a reasonable means for the survey respondent to indicate local sack and pallet handling policies.

b. Yes.

c. For part (a) of this interrogatory, the relevant study questions and forms in USPS LR-I-88 are question 6 of the Operations Questionnaire (Blue Form) located on page 20, the Identifying Container Flows (Yellow Form) forms located on pages 27-29, and Identifying Bundle Flows (Green Form) forms located on pages 30-34. Please refer to my response to part (a) of this interrogatory. Developing the tabulation would require making new and currently undeveloped assumptions.

   For part (b) of this interrogatory, the study's cover letter (USPS LR-I-88, page 16) requested End-of-Run reports. These reports are tabulated in the Microsoft Excel file entitled *'Final_Density.xls'* which is in the executable file entitled *'Densities and Breakage.exe'* on the diskette accompanying USPS LR-I-88.

d. I am not aware of any surveys that provide such information.

e. It is my understanding that Outgoing Primary distribution of Periodicals and Standard Mail (A) flats packages should be performed at concentration centers, which are usually ADCs. Hence, 16 out of 27, or 59%, of responding ADCs reported that they use mechanized processing systems for Outgoing Primary distribution of Periodicals and/or Standard Mail (A) flats packages.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORIES OF TIME WARNER INC.

Please refer to the worksheets entitled *'Prop Mech'* in the workbooks entitled *'Periodicals.xls'* and *'STDA.xls'* in the executable file entitled *'Number of Handlings.exe'* in USPS LR-I-88 to determine the number of responding facilities that reported mechanized Outgoing Primary distribution.

f. Not necessarily. Though there is a very small percentage of Periodicals and Standard Mail (A) flats packages that come in mixed ADC containers, these packages may not be uniformly distributed amongst facilities. It is my understanding that these varied package volumes may or may not justify package handlings in mechanized operations. Factors such as volumes, productivities, depth of sortation, space, and operating windows may affect whether mechanized package handling operations are more efficient than manual package handling operations.

Further, it is my understanding that large facilities may find it efficient to process First-Class, Priority, Periodicals, and Standard Mail (A) volumes on the same mechanized Outgoing Primary scheme. Hence, this avoids any potential "substantial delays involved in switching a mechanized bundle sorting system from one scheme to another." It would be necessary, however, to sweep the containers.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO INTERROGATORIES OF TIME WARNER INC.

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?

RESPONSE:

Confirmed. USPS LR-I-90, Flats Mail Processing Cost Model, uses averages of 12.66 pieces per package and 19.47 pieces per package for Periodicals Regular Rate and Nonprofit, respectively.

a. According to USPS LR-I-87 data, the average number of pieces per package for palletized packages of Periodicals Regular Rate mail is 13.82.

b. According to USPS LR-I-87 data, the average number of pieces per package for sacked packages of Periodicals Regular Rate mail is 11.00.

c. According to USPS LR-I-87 data, the average number of pieces per package for palletized packages of Periodicals Nonprofit mail is 20.36.

d. According to USPS LR-I-87 data, the average number of pieces per package for sacked packages of Periodicals Nonprofit mail is 17.17.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO INTERROGATORIES OF TIME WARNER INC.

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.

RESPONSE:

My testimony incorporates inadvertent bundle breakage into the modeled mail flow as an enhancement to witness Seckar's model methodology and construct in Docket No. R97-1, USPS-T-26. This recognizes that packages do inadvertently break, thereby causing incremental mail processing costs that vary with respect to the degree of barcoding, piece machinability, package presortation, and container presortation.

Please refer to my testimony (USPS-T-25) at page 12, at 19-23 and at page 16, at 5-10, to my responses to TW/USPS-T25-2 (g), (h), and (i), and to my responses to MPA/USPS-T25-6 (a) and (e) for additional insights/explanations.

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO INTERROGATORIES OF TIME WARNER INC.

USPS LR-I-90, Flats Mail Processing Cost Model, uses an estimated, average bundle breakage rate of 10% found on the worksheet entitled *'Data.'* The model applies the bundle breakage rate every time a package is handled. The model also adjusts downward the mechanized package handling productivity to account for individual pieces being keyed on the SPBS or LIPS machines. This is a linear adjustment using the average bundle breakage rate (USPS LR-I-90, worksheet entitled *'Productivities'*).

a. The cost model applies the equivalent amount of handling cost in the package handling operation to packages that do break as packages that do not break. This is meant as a proxy of the incremental cost within the package handling operation due to broken packages. The model does not explicitly differentiate handling activities within package sorting operations for broken from intact packages.

b. Yes, I assume that individual pieces from broken packages will sometimes be keyed individually on mechanized package handling equipment. This is incorporated into the model by adjusting the mechanized productivities. Please see my introductory response to this interrogatory. This adjustment is a simplified approach that estimates an *effective* packages per hour productivity. This simplified approach does not make any explicit assumptions regarding the frequency of individual pieces from broken packages being keyed on SPBS or LIPS equipment.

c. The manual package handling data were collected by measuring the time it took to effectively sort observed packages within a given package handling activity, even if that sortation involved various or extra underlying movements caused by broken packages. As such, the aggregate data account for any various or extra underlying movements caused by broken packages. This

approach does not enumerate the type of various or extra underlying movements.

d. I am not aware that anyone has performed analyses of the typical operating procedures regarding packages that break at the time when the survey in USPS LR-I-88 was taken.

Please refer to USPS-T-10 for a discussion on changes in operating procedures that may affect test year costs. Further, I am aware of some mail make-up changes (either pending or recently promulgated) published in the *Federal Register* that may affect test year costs. These mail make-up changes include offshore pallets and combining automation and nonautomation mail. For specific directions provided to the field as to the procedure to follow for recovering packages that inadvertently break, please refer to witness Kingsley's response to interrogatory MPA/USPS-T10-6.

CHAIRMAN GLEIMAN: Is there any additional Designated Cross Examination. Mr. Wiggins?

CROSS EXAMINATION

BY MR. WIGGINS:

Q Mr. Yacobucci, I have put in your hands, two copies of PostCom Interrogatory 9 to you. Can you take a look at that, please?

If I ask you that question today, would your answer be the same as that written answer?

A Yes, it would.

MR. WIGGINS: Mr. Chairman, I'm handing two copies of this to the Reporter, and I ask that they be included in the record as well.

CHAIRMAN GLEIMAN: All right, it is so directed, that Additional Designated Written Cross Examination is received into evidence and transcribed into the record.

[Additional Designated Written Cross Examination of David G. Yacobucci, PostCom/USPS T-25-9 was received into evidence and transcribed into the record.]

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

POSTAL RATE AND FEE CHANGES, 2000	Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YACOBUCCI TO INTERROGATORY OF ASSOCIATION FOR POSTAL COMMERCE (PostCom/USPS-T25—9)

The United States Postal Service hereby provides the response of witness Yacobucci to the following interrogatory of the Association for Postal Commerce: PostCom/USPS-T25—9, filed on April 5, 2000.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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_____
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April 10, 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.

_____
Anthony Alverno

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April 10, 2000

RESPONSE OF U.S. POSTAL SERVICE WITNESS YACOBUCCI TO
INTERROGATORY OF ASSOCIATION FOR POSTAL COMMERCE

PostCom/USPS-T25-9. Please refer to witness Kingsley's response to Postcom/USPS-T10-9 (f)-(i). In this response, witness Kingsley describes mail flows for letters with several types of address problems and indicates that the mail flow for flats with similar address problems would be similar although not exactly the same.

(a) For each mail flow described in witness Kingsley's response to Postcom/USPS-T10-9(f)-(g), please indicate whether the flats cost model contained in LR-I-90 explicitly models the mail flow or whether the model simply takes the cost resulting from the address problem into account through the use of a CRA adjustment factor.

RESPONSE:

a. To the unknown extent that particular address problems affect the accept rates, then USPS LR-I-90 explicitly models that portion of address problems. Otherwise, USPS LR-I-90 accounts for any mail processing costs caused by address problems via the CRA cost adjustments. Please refer to my response to interrogatory PostCom/USPS-T25-7 for additional explanations concerning address quality.

CHAIRMAN GLEIMAN: Anyone else with Designated Written Cross Examination?

[No response.]

CHAIRMAN GLEIMAN: If there is no Additional Designated Written Cross, then that moves us to oral cross examination. Two participants have requested oral cross examination, the Association for Postal Commerce, and the Office of the Consumer Advocate.

Is there anyone else who wishes to cross?

MR. COSTICH: Mr. Chairman? Ran Costich, OCA. We will not have oral cross for this witness.

CHAIRMAN GLEIMAN: Thank you, Mr. Costich. I want to note that Time-Warner filed a notice reserving the right to conduct followup cross examination. There are no additional parties that wish to cross?

[No response.]

CHAIRMAN GLEIMAN: Mr. Wiggins?

MR. WIGGINS: Thank you, Mr. Chairman.

BY MR. WIGGINS:

Q Mr. Yacobucci, I rudely declined to identify myself when we exchanged papers there. My name is Frank Wiggins, and I'm here for the Association for Postal Commerce.

In your answer to MPA/USPS-T21-1 -- do you have that handy?

[Pause.]

A Yes.

Q You were asked in Subpart D of that interrogatory, what percentage of machinable flats is processed by manual methods.

And in your response, you refer to Library Reference I-90, and make some suggestions about calculations that can be made.

From the work sheet that I'm interested in, volume Standard-A Regular, see that in the second paragraph on the second page of that answer?

A Yes.

Q Do you have hard copy of I-90 with you?

A Yes, I do.

Q Do you have it handy? I've got copies of the couple of pages I want to refer to, if that would be quicker.

A I do have it.

Q Okay. I'm looking at the page 1 of 2 of the work sheet, Volume Standard Mail-A Regular.

[Pause.]

MR. ALVERNO: Mr. Wiggins, could you give us a page number for that?

MR. WIGGINS: My copy is not paginated. I took it off electronically, and the electronic version isn't

paginated. It's page one of two.

MR. ALVERNO: Perhaps Mr. Yacobucci could let us know which page number you're on.

THE WITNESS: Within USPS-LRI-90, it is page 43 of 46 for Volume Standard Mail-A Regular.

MR. WIGGINS: The electronic age has both virtues and vices, I guess. I apologize for that.

CHAIRMAN GLEIMAN: All ages have virtues and vices, not just the electronic one.

MR. WIGGINS: We happen to be living in this one.

CHAIRMAN GLEIMAN: I think we're kind of straddled on the fence.

[Laughter.]

MR. WIGGINS: Does everybody who needs to get to that page, have it?

BY MR. WIGGINS:

Q Mr. Yacobucci, could you describe for me, with reference to the entries on these two pages, the calculation that you would make to answer the question that was put to you, what volume of -- what percentage of machineable flats is processed by manual methods?

I didn't quite understand your explanation.

A Referring to my response to MPA-USPS-T21-1, Subpart D, it's my understanding that data do not exist in order to develop those percentages for 1996 and for 1998.

But projections for 2001, I refer to USPS-LRI-90, the Flats Mail Processing Cost Model.

This Library Reference develops costs by modeling mail flows across ~~respective~~ prospective activities for Standard Mail-A, Regular.

One cannot determine the percentage of handlings from these referenced volume pages which were pages 43 and 44, in USPS-LRI-90.

It does answer the question of how much of the mail within the Library Reference is machineable.

To calculate that, I would look at page 43 of 46, look under the fifth column, which is the header of machinability, and sum the sacked volumes and non-sacked volumes which are, respectively, the ~~eight~~ eighth and ninth columns to total the volume that is considered machineable.

So that can answer the amount of mail that's machineable. In terms of --

Q Let me ask you to pause there just for a moment, if you don't mind.

If I sum actually down at the bottom of the sacked volume total, there's a total. And down at the bottom of the non-sacked volume column, there's a total.

A Correct.

Q And you're telling me that if I add those two numbers together, I will have the number of machineable mail

pieces; is that right?

A No. If you add the two numbers on page 34 of 46 in the sacked volume and non-sacked volume, that is the estimated population volume of flat shaped mail for Standard Mail-A Regular.

Q Okay. And then what do I do?

A Okay, within the fifth column of machinability, we determine which volumes are non-machineable and which ones are machineable.

And if you sum the first row, which is Scenario 1, it's non-machineable with a sacked volume of approximately 43 million; sum that with all the other rows, where the machinability column has machineable in it.

That portion of the total is considered machineable.

Q The 43 million 671 is nonmachineable, is it not?

A Correct. That is not machineable, correct.

Q Okay. So you want to combine that with all of the other nonmachineable rows?

A Correct.

Q Okay. And having summed those numbers, I subtract -- I compare that with the total that I have gotten from summing the two numbers at the bottom of the sacked, nonsacked columns, and that gives me the proportion of nonmachineable?

A Correct.

Q Thank you. In your answer to PostCom/USPS-T25-4, you were asked, in subpart (e) of that question, -- do you have that?

A Yes.

Q You were asked in subpart (e) of that question, for each activity that must be performed for rejected mail, but need not be performed for mail that is not rejected, please indicate whether LRI 90 models it. And you tell me that LRI 90 does not explicitly decompose every imaginable mail processing activity. It does adjust modeled unit cost using CRA costs that comprise all flats, mail processing costs, hence, the model takes into account any mail processing costs caused by both accepted and rejected flats.

Do I understand that correctly that I can't tell the difference between the costs of rejected and nonrejected flats, is that right, from LRI 90?

A Though LRI 90 does not explicitly calculate the cost of a rejected flat versus an accepted flat, it is possible to look at the different activities of rejected flats that are modeled using some of the assumed reject flows in the model to perhaps estimate the cost of rejected flats versus accepted flats.

But, once again, the purpose of the model was not to calculate those costs specifically, it was to calculate

work sharing related savings, mail processing costs, for certain types of flats, but within that, there may be some tools there, some input data which one could use to get perhaps a reasonable approximation of those costs.

Q Could you tell me what I would need to do computationally to get that estimation?

A If you could repeat, please, what estimation you are specifically looking for.

Q The activities, the cost of the activities that must be performed for rejected mail, but need not be performed for mail that is not rejected.

A Though not designed to calculate these specific costs, once again, I would like to emphasize that there may be some flows or some input data which can help us do that. Some of that would be, please refer to USPS-T-25, page 24, Table 4-2, reject flow.

Q Okay, I have that.

A What I would recommend at this point is to try to identify the flow of rejected mail, identify the activities that that mail goes across and use the cost data to assign cost of activities from which you can then estimate the cost of a rejected piece.

For instance, in you start with a machineable bar coded flat, and you assume it is a mixed ADC, from a mixed ADC package, from a mixed ADC container, it would enter at

the outgoing primary bundle handling activity, which is the mixed ADC in USPS LRI 90, incur that cost, which would be the same whether or not the piece was rejected on the piece distribution side, flow to an outgoing primary piece handling. In this case, some portion of those would be processed on the 100. Some other portion will be processed on other activities, based on coverage factors in the model and capacity SOP factors in the model.

Assuming that it gets on the AFSM 100, due to coverage factors and capacity, I think it would make sense then if you are to put a cost to a reject, is to say, yes, it rejected off the 100.

On page 8 of 46 in USPS LRI 90, the mail flow model costs, there are some data which assigns cost to each activity. Once you assign the cost to the 100, then, based on this Table 4, which was in USPS-T-25, 50 percent of those flats that are rejected would flow to the FSM 1000 activity for keying, and 50 percent would flow to manual sortation, which have costs as well in USPS LRI 90. And then they would have subsequent downflow densities which are within USPS LRI 90 and flow to other activities at that point, and it is not clear if it rejects off the FSM 1000 as well, but that would have to be an assumption that one could make and put costs to those activities.

Q So I would have to do the calculations that you

have just described for each of the seven reject flows that are described on Table 4-2 at page 24 of T-25, and then I would have to make some additional assumptions about rejection at the second level of machining where the piece was machined? And that is just the first step in the process, right?

A Well, to begin, you would need to frame the question, or just understand what question we are really trying to answer, because there are different types of flats and they have different flows, even reject flows, as mentioned in Table 4-2, page 24 of my testimony.

What I would recommend is to start with one specific type of flat. What I mean by that is by the precise scenario of work sharing attributes, at least what I call work sharing attributes, within LRI 90, for example, page 6 of 46 has every reasonable permutation of container presort, bundle presort, bar coded and machinability characteristics, and a rejected flat, whether or not it is rejected more than once in processing, will have a different cost if it came from a five digit package versus a mixed ADC package, for instance.

So, I would start with identifying the benchmark, if you will, the flat of interest, and flow it across activities using data within LRI 90, assign cost to those activities, and I believe that is a reasonable estimate of

the mail processing cost of a rejected flat.

Q My problem is that I am interested in all flats, because PostCom has within its membership, people who have all different kinds of flats, so that they are concerned with the broader universe. And your data do not very comfortably respond to an interest of that breadth, is that fair?

A It is not a matter of comfortability. It is a very large question, and to best answer that, I think we would need to frame some specifics first about what specific kinds of flats we would like to cost using LRI 90. And there is a whole range of possibilities, that it is not easy to give one rule of thumb for all possibilities. For instance, once again, the cost of a rejected mixed ADC flat, through the life of its mail processing, will be different than the cost of a rejected flat from a five digit package, over the life of its processing.

Q Take a look at your answer to Time Warner/USPS-T25-6, please, which in subpart (a) is asking you a question about bundle breakage. And your answer says, I am looking at your answer to subpart (a) in the first sentence, "The cost model applies the equivalent amount of handling costs in the package handling operation to packages that do break as packages that do not break." That is to say, you have measured the cost of bundle breakage, and you

have applied it, I take, equally, across those pieces that are in bundles that do break and those that are in bundles that do not, is that right? Do I read this correctly?

A I am sorry, could you repeat the last part of your question, please?

Q Sure. Assume a bundle breakage cost of $100 for two different bundles. One of them broke and one of them didn't. How much cost is going to be added to each? That is not precisely the same question, but that is what I meant.

A When I was developing the cost analysis, I could not determine the specific costs of bundle breakage within specific activities. In my response to Time Warner-6, subpart (a), that is really getting at package handling activity, for instance, a small parcel and bundle sorter activity. I could not disaggregate that into its components of how much of that activity's cost was caused by bundle breakage or caused by just sorting a bundle.

However, using a MOD's productivity and other input data, I can determine the activity cost for that small parcel and bundle sorter, which is inclusive of loading, keying, sweeping, et cetera. As such, in my mail processing model, LRI 90, when bundles are entered in, for example, just say a mixed ADC sack, a mixed ADC container, and they incur a package handling cost, which they would if they were

five digit packages or three digit packages, for example, I would assign a cost to that package handling activity to those bundles, or pieces in those bundles.

In developing this model, I was also aware that bundles break, or prematurely break. As such, I thought it was reasonable to assign that same activity cost of package handling to, once again, for example, a five digit package in the mixed ADC sack that happened to prematurely break.

So, as stated in my response to the interrogatory Time Warner-6-(a), I applied the equivalent amount of handling cost, which my example was the small parcel and bundle sorting activity cost, to the mail that continues to flow as bundles which would incur additional package handling costs, as well as to the pieces from broken bundles that, in the model, flow to the piece distribution, or flow to piece distribution at that point.

Q Let me try and understand this. I understand that there is a great complexity in your model and I am not trying to oversimplify it, but let's start out with those two bundles that have come in mixed ADC sack, I think you told me, and are going to have some processing before they reach the destination delivery unit.

One of those two bundles suffers breakage at the very first sortation, okay? That breakage, if I understood you right, is part of the handling cost that you are going

to assign to, on the one side, a bundle, and on the other side, a bunch of pieces that used to constitute a bundle, is that correct?

A Yes.

Q And the cost -- there is a cost associated with that bundle breakage, is that correct?

A Yes.

Q And we take that cost and we divide it into two parts, one of which is assigned to the bundle that remained intact -- two equal parts -- one of which is assigned to the bundle which remained intact and one of which is distributed among the pieces that used to constitute the bundle that broke. Is that right, too?

A It is not disaggregating the package handling costs into two different costs, one which is applied to intact bundles and the other one that is to broken packages.

Both packages incur a package-handling and USPS LRI 90 assigns the same cost, which is a package handling cost based on specific productivities and wage rates and other input data, applies that same package handling cost to both, even though the path those pieces take are different.

Q Okay. The --

A Or subsequent path that they take are different.

Q Precisely because of the breakage event, correct?

A Absolutely.

Q Yes. So though the two bundles really have two different actual costs if you were able to follow along behind them and measure costs at every point of handling that they occasion, you take the aggregate of those two different costs, put it together, and then break it back apart and assign it to the two different bunches of mail, is that right?

A I think my approach is very reasonable, even though technically every single bundle may arguably incur distinct costs, whether they are broken or not.

Q Mr. Yacobucci, I am not arguing --

A Right.

Q -- with the reasonableness of your approach. I am trying to understand your approach. Did I describe it correctly?

A Could you repeat that description, please?

Q Sure. What you have got, you have got these two bundles that enter the mailstream. One of them breaks, okay? -- the other one remains intact.

The fact of that breakage you just testified to me, I believe, means that the broken bundle or the pieces that used to constitute broken bundle, are going to have a different mail processing path than the bundle intact, is that correct?

A That is correct.

Q And because of the difference in the path that is occasioned by that bundle breakage, broken bundle pieces are going to have different handling costs as they proceed through the mailstream than the intact bundle, is that correct?

A Yes, and that is modeled in USPS LRI-90 as well.

Q Is it modeled in a fashion that assigns a different handling cost to broken bundle pieces than to intact bundle pieces?

A Within the original package handling activity in which the example package broke, they would incur the same cost in LRI-90, but subsequent costs as we are discussing would certainly be different for those pieces.

Q I'm sorry, I was imprecise. I meant just at that initial handling stage. Their costs will be different in the real world but in the model they will be assigned the same cost?

A Correct.

Q Okay. Take a look at your answer to PostCom Number 9 to you, PostCom/USPS-T25-9, the one that I just handed you earlier today. Do you have that?

A Yes.

Q I think your answer here is sort of a particular application of the process that we just talked through, but let me be sure I understand it.

To the unknown extent that particular addressed problems affect the accept rates, then LRI-90 models that portion of addressed problems, and what kind of threw me on that one, you are earlier talking about what I conceive to be sort of an averaging process, the process that you and I just talked through with the two bundles.

Here you are saying to the unknown extent that problems affect something they are modeled, and I am saying to myself, golly, self, how can you model something that is unknown? Can you help me with that?

A Absolutely. LRI-90 explicitly takes into account rejected flats and at that level it is not an unknown. It uses accept rates quantitatively derived from MODS data. The accept rates are in USPS LRI-90, page 33 of 46, accept rates.

What is not known are the particular characteristics of mail that account for or explain why one accept rate is, for example, 93 percent and why another is 99.7 percent.

At that level of data, it is known and modeled that there would be subsequent handlings due to those rejected mail. It is not clear how much of those reject rates or accept rates can be explained by particular, as in PostCom T25-9 address problems.

Q So that the piece of mail that is not accepted

because of address problems is in the cost modeling that you do treated the same as a piece of mail that is not accepted for some other reason, is that correct? You have got two not accepted pieces of mail and all not accepted pieces of mail are equal?

A I think that is a fair representation. I use one accept rate or one set of accept rates and it does not -- I do not decompose that into specific types of mail.

Q Such as mail that has address quality problems?

A Correct.

Q Look at MPA/USPS-T25-5, would you please?

A Yes.

Q It is asking you to divide all periodicals into two groups, palletized -- well, nonsacked equals palletized is what I read your answer here to say, is that right, for periodicals?

A Yes.

Q In LRI 90, there are the columns that you talked to us about a little bit earlier, one of which is nonsacked. You could have used the term "palletized" there instead of "nonsacked," is that right?

A Correct.

Q The same thing true of Standard A regular?

A Correct.

MR. WIGGINS: Thank you, Mr. Yacobucci. I have no

further questions.

CHAIRMAN GLEIMAN: Did I understand you to say you were done just now?

MR. WIGGINS: Yes.

CHAIRMAN GLEIMAN: You said it so quietly, I wasn't sure.

MR. WIGGINS: I slink softly into the night, Mr. Chairman.

CHAIRMAN GLEIMAN: That was Monday. Hopefully, we won't be here slinking tonight.

Are there any follow-up questions?

[No response.]

CHAIRMAN GLEIMAN: If there none, then are there questions from the bench? Commissioner LeBlanc.

COMMISSIONER LeBLANC: Mr. Yacobucci, just one clarification. In your colloquy with Mr. Wiggins, you did say that you figured those reject rates actually as a percentage of the bundled break apart as well as just normally being -- in other words, bundled versus breakage, you figured a certain percentage, a locked-in percentage for the rejected amount. I couldn't find it in LRI 90.

THE WITNESS: I think there may be two issues there, one is a package breakage rate, and the other is a reject rate, and it is not clear to me how they relate to each other in your question.

COMMISSIONER LeBLANC: It is not clear to me either. That is what I am trying to understand.

THE WITNESS: Okay. USPS LRI 90 makes an enhancement to the R97 model by trying to incorporate bundle breakage. In USPS-T-25, page 12, lines 19 to 23, the model incorporates inadvertent bundle breakage into the modeled mail flow. The model assigns a bundle handling cost to the broken bundle and subsequently flows the pieces to the piece distribution scheme comparable to the bundle handling scheme in which the bundle broke.

Within USPS LRI 90, in page 27 of 46, the data worksheet, --

COMMISSIONER LeBLANC: That was 27 through?

THE WITNESS: Page 27 of 46, in USPS LRI 90.

COMMISSIONER LeBLANC: Thank you.

THE WITNESS: There is a bundle breakage cell of 10 percent which is the model's estimate of the percentage of packages that break, lose presort and go to the comparable piece processing scheme at which the bundle broke. For instance, if it was a five digit package in, an example, mixed ADC sack, ideally, it would maintain the integrity of the five digit package and be handled as bundles until the incoming secondary piece distribution.

One out of 10 of those bundles are going to break from the mixed ADC package handling, and those pieces, in

the model, flow to an outgoing primary piece scheme as they lost package integrity, and then incur those costs of the downflow piece handlings.

In terms of reject rates, in the piece distribution side of the model, those pieces, as well as all pieces, incur these average accept rates or reject rates, and which may entail a subsequent handling in another operation. Those accept rates are in USPS LRI 90, page 33 of 46.

So, for example, if that five digit package prematurely lost integrity from a mixed ADC sack, went to an outgoing primary piece distribution handing, and it was processed on a 100, ~~AFS~~ AFSM 100, and it was non-bar coded, based on the accept rates in LRI 90, 97 out of 100 of those flats would stay -- would be accepted in the outgoing primary piece distribution handling. Whereas, three out of those 100 would flow in the model according to Table 4-2, reject flow in USPS-T-25, page 24, according to the ~~AFS~~ AFSM 100, non-bar coded rejects. Half would go to 1,000 keying at the scheme and half would go to manual at the same scheme.

COMMISSIONER LeBLANC: Thank you very much for that. It breaks it down good. Thank you.

CHAIRMAN GLEIMAN: Is there any follow-up to the response to Commissioner LeBlanc's question?

MR. WIGGINS: I do have --

CHAIRMAN GLEIMAN: I am sorry, I apologize. One of my colleagues -- I didn't know anyone else had questions from the bench. Commissioner Covington.

COMMISSIONER COVINGTON: Thank you, Mr. Chairman.

Mr. Yacobucci, I had a couple of concerns and/or questions I would like to direct to you this morning. In your testimony, USPS-T25, with regard to bundles, and I think we all are quite aware of the fact that some of the time the bundles may or may not be adequately prepared when they, you know, get to the Postal system itself, but I think you arrived at a 10 percent assumption that that can or could be expected. In the event that that 10 percent number is higher, what effect would that have on the overall, I guess, the overall numbers that you came up with in your study as far as the bundle composition itself?

THE WITNESS: As mentioned, LRI-90 uses a ten-percent assumption which is based on qualitative responses from in-plant support personnel to LRI-88, the Flats Bundle Study.

If that number was to change, holding all things else constant, LRI-90, the Flats Mail Processing Cost Model would show that if bundled breakage went to zero, for example, it would -- the modeled costs would decrease from the ten percent assumption cost.

Once again, LRI-90, in terms of modeling bundle

breakage, assigns the package handling costs to those bundles, and of those bundles that break, those pieces lose presort and incur the piece-handling costs.

As it turns out, within the model, holding all things else constant, those piece-handling costs, according to the model, are higher than if that bundle maintained integrity.

I would assume as well, that if the ten-percent increased, that the opposite would be true.

COMMISSIONER COVINGTON: Okay. This morning, I was looking over other aspects of your testimony. Can you describe for me or tell me what a true container is?

We know that depending on how you optimize containerization, that can have a lot to do with cost reduction; am I correct?

THE WITNESS: Absolutely. Within mail processing, because containerization does have an effect on transportation, of which I'm not an expert on, regarding mail processing costs and within the scope of this model, a container is either a sack or a pallet, effectively.

COMMISSIONER COVINGTON: And not a tray? What impact would -- what's sack, pallet, and not a tray?

THE WITNESS: Within the model, LRI-90, it really looks at presortation level of the container. And that is one of many factors that can determine mail processing

costs.

For instance, a five-digit pallet would be expected to have a lower mail processing cost, mail on a five-digit pallet, than mail in an ADC pallet -- I should say, that same mail, if it had to be sorted as bundles from an ADC pallet, because it incurs incremental bundling handlings that it would not have incurred due to the pallet movement.

Within periodicals and Standard A, the model does differentiate sacked and pallet volumes because they have different eligibility rules in determining the rate category average costs.

However, once flats are taken off these sacks and pallets and processed as pieces, they do go into to tubs and those costs of handling those tubs are reflected, at a minimum, in the CRA mail processing cost benchmark in LRI-90.

COMMISSIONER COVINGTON: Okay. When the bundles break, I feel quite sure that you all have to rehandle them, correct?

THE WITNESS: We have to handle the pieces or bundles at some point, yes.

COMMISSIONER COVINGTON: Okay, did you or has anybody forthcoming, looked at the costs involved in that, or was that not your area of expertise as for the

preparation of your testimony here?

THE WITNESS: I can try.

COMMISSIONER COVINGTON: All right, give it a shot.

THE WITNESS: At the time of developing and preparing my testimony, the main focus was to look at package handling costs, piece handling costs, and put them together to isolate bar code-related savings, and look at presortation-related savings.

As that has taken most of my time and attention over the past several months, I ~~have~~ did not have as much time looking at this other issue you mention.

However, dealing with this in terms of my testimony, those issue do come up or have come up.

And I know there are some current groups within the Postal Service that are interested in identifying raising and resolving some issues regarding bundle breakage.

COMMISSIONER COVINGTON: Okay, speaking of that, not so much as it relates to bundle breakage, but when was the most recent study or when was the last study you can recall that was done on interclass impact as far as your processing costs of flat-shaped mail is concerned?

I'm saying that the testimony that you provided, is that the most recent data that I should be led to believe has been done? Is this an ongoing process?

THE WITNESS: In terms of computing unit volume variable costs, mail processing costs for flat-shaped mail, this is the most current analysis that I'm aware of by specific characteristics of the flats, specifically by presortation level, by automation, by machinability.

COMMISSIONER COVINGTON: Okay, you mentioned transportation, and I would imagine that when it comes down to once the mail pieces, mind you, have gone through the process, particular the automation process.

And you also, I guess, maybe alluded to the fact that you wasn't the person that could talk about transportation costs.

But I would imagine, as far as cubic capacity is concerned, and if the bundles either adequately prepared, or you have to go back and rehandle them, how does the utilization of this figure off into the compilation of your testimony here today, or how would that figure into your testimony here today?

THE WITNESS: Transportation issues and costs are outside the purpose and scope of my testimony. The purpose of my testimony is mail processing costs for flat-shaped mail.

So I am not comfortable nor prepared to talk about transportation issues or costs at this time.

COMMISSIONER COVINGTON: Okay, then, let me ask

you this, then, Mr. Yacobucci: Would it be fair or what would you say to a contention that may have probably may continuously be made that as it relates to the compilation and the examining of mail profits and costs, that there may be equipment onhand or equipment that you all have within the system that sometime is not fully utilized?

THE WITNESS: Specifically, LRI-90 models mail processing costs with the expected operations and utilization in the test year, 2001.

So within that cost model, there are coverage factors which have assumptions about equipment deployments, about access to the machines, as well as some capacity SOP factors which help determine whether or not flats are actually processed on the machines within the model.

And it is my understanding that that's the snapshot of flats processing in the test year.

Also, any costs or savings in the test year regarding mail processing are accounted for in the CRA benchmark costs for flats in the LRI-90.

COMMISSIONER COVINGTON: Okay, well, what I would like to do is commend you, sir, for your responses. I have to note that I'm quite pleased to see you off and running, by virtue of the fact that this is your first time testifying before this Commission or any Commission.

I'd like to thank you for your cooperation.

That's all, Mr. Chairman.

CHAIRMAN GLEIMAN: It appears that other of my colleagues now have questions.

COMMISSIONER GOLDWAY: Thank you.

CHAIRMAN GLEIMAN: Commissioner Goldway?

COMMISSIONER GOLDWAY: I just wanted to clarify. So in the test year, your numbers also include the ten percent bundle breakage factor?

THE WITNESS: Yes. The flats mail ~~process~~ processing cost model, LRI-90, only calculates test year mail processing costs, and that incorporates the ten-percent bundle breakage assumption.

COMMISSIONER GOLDWAY: Do you know if the current bundle breakage is the same rate, or is that forecast to be an improvement?

THE WITNESS: When I was developing the model, I used the best available information at the time, and that was qualitative responses from in-plant support personnel.

And based on their responses, I estimated ten percent at the time. Since then, I am aware of some results from an MTAC package integrity group that has different bundle breakage percentages for sacks, for pallets, and that is different than just my average ten percent, I believe.

And I think that's a fair snapshot of where we are today. In terms of the future, I know this is a very

important issue to the Postal Service and to all stakeholders, and it's getting attention and we're looking into it, or least I have participated in looking at it as well, trying to raise or identify, raise, and hopefully resolve some of these issues.

COMMISSIONER GOLDWAY: So the 10 percent was your best guess as to the current operational pattern given the information you had received from your qualitative study. It was not adjusted for some future cost savings in the test year?

THE WITNESS: It was my understanding of today, based on qualitative responses, yes, from in-plant support personnel, that I projected to the test year.

COMMISSIONER GOLDWAY: At the same rate as current breakage levels, or did you say we're going to have fewer breakages in the year 2001?

THE WITNESS: At the time, I used the same rate as current, at the time of developing this testimony, yes.

COMMISSIONER GOLDWAY: Thank you.

CHAIRMAN GLEIMAN: You said a moment ago that something was a fair snapshot, and I'm wondering whether you meant that your ten percent figure is a fair snapshot or the MTAC figure which you alluded to but did not assign any digits to, any integers to, is a fair snapshot? What's the fair snapshot?

THE WITNESS: As used in LRI 90, it uses only one bundle breakage rate for sacks and pallets, and I think the assumed ten percent is reasonable and would be close to averaging the MTAC data for one bundle breakage rate; however, the MTAC bundle breakage rate was based on field visits and observing packages as they enter small parcel and bundle sorters, collected data, and they differentiated it between sacks and pallets, as well as collected some -- a rate of the packages that were broken as well as the rate of those packages that were, quote, "suspect."

So if one were to do an analysis -- if I were to do the analysis using one bundle breakage rate, I think on average, the numbers are similar. If one were to change the bundle breakage assumptions, then I would believe, because it's newer data, that the MTAC bundle breakage data has some merit.

CHAIRMAN GLEIMAN: You responded to a question just a moment ago from my colleague, Commissioner Goldway, and I thought I understood something, but after your response, perhaps I don't understand.

You've got -- you've developed some test year costs?

THE WITNESS: Yes.

CHAIRMAN GLEIMAN: Okay. And you had some base year costs. Now, you just developed test year costs.

THE WITNESS: Correct. I have some data from the base year or historical data.

CHAIRMAN GLEIMAN: Now, we sort of kind of know what the base year cost is, we think. I thought you said that the ten percent bundle breakage was assumed in the base year, or something to that effect, when you responded to my colleague?

THE WITNESS: Correct. That was based on I believe 49 responses from -- qualitative responses from in-plant support personnel.

CHAIRMAN GLEIMAN: And the assumed level of breakage in the test year is?

THE WITNESS: At the time of my analysis, I assumed it was going to be the same.

CHAIRMAN GLEIMAN: So you don't think the Postal Service is going to have less bundle breakage between the test year and, therefore, perhaps less of those piece costs to distribute from broken bundles in the test year than they had in the base year?

THE WITNESS: Since the development of the testimony, I know it has become an important issue to the Postal Service. As such, there are groups looking at it, and I would expect now that we will raise and identify some issues and hopefully resolve them and decrease bundle breakage in the test year.

CHAIRMAN GLEIMAN: So here we sit on the 13th of April, we've got seven months less a day until we have to issue a decision, and you say that there is some new information that indicates that perhaps there's going to be some improvement, and not to be cute about this, but one of the things we heard from the joint task force was that pallets were being dumped from a high level in the bins and that, you know, bundles were breaking perhaps unnecessarily, and that maybe you'll put some cushions in the bins or drop them from a lower height. And again, I really don't mean to be cute; I'm just trying to simplify, you know, a particular fact situation that was laid out for us. There are going to be some improvements and there's going to be less breakage than you had previously assumed in both the base year and the test year.

Do you know, since you're the witness that deals with this, whether we're going to receive some supplemental testimony from the Postal Service that portends some cost avoidances associated with less bundle breakage in the test year and, if so, when we might see that?

THE WITNESS: I am not certain. I am aware that it is currently being looked at, but I'm not aware of any final results at this point or when they're expected to be finalized. I know there's an MTAC package integrity group that is looking at this, and I believe they were planning on

having some results in June, but I am not certain about that.

CHAIRMAN GLEIMAN: If it's an MTAC group, as I understand the make up of MTAC groups, they generally have participation not only from industry, but also direct participation of Postal officials, employees, what have you. is it reasonable to assume that whatever the conclusion is of the group will have the imprimatur of the Postal Service on it?

THE WITNESS: I believe that's reasonable, yes.

CHAIRMAN GLEIMAN: Okay. Thank you.

Are there any further questions from the bench?

Mr. Wiggins, you had some follow-up questions. I hope you can still remember them.

MR. WIGGINS: I took a note.

FURTHER CROSS EXAMINATION

BY MR. WIGGINS:

Q The MTAC number, Mr. Yacobucci, was 17 percent for mailing sacks, was it not?

A I believe --

Q Bundle breakage.

A I believe that number for bundle breakage was first handlings. What I mean by that is the first time the mails entered into the system.

Q Right. I think the record reflects it. I know I

designated the interrogatory that had that letter attached to it.

At the end of your discussion with Commissioner LeBlanc, you had traced the flow through the Postal Service systems of a piece of mail or pieces of mail, and I believe that you had got it down to its final sortation before getting to the destination delivery unit. I don't know -- do you recall that? You may not have made a note, but I think that's what the record will reflect.

Assuming for purposes of my discussion with you, if you would, at the last sortation before you hit the destination delivery unit, now, in most instances, that would be an incoming secondary sortation, would it not?

A It is my understanding that in all instances, it would be an incoming secondary piece sort for non-carrier route packaged mail, and some of that may occur at the destinating delivery unit.

Q But generally not; isn't that right? If it's machineable, generally not?

A I don't know the answer to that.

Q Okay. What you said was that at that final sortation, 50 percent would be run over machines and 50 percent would be handled manually. Did I note that correctly?

A In USPS LRI 90, page 27 of 46, the data worksheet,

footnotes -- or notes 12 through 14 are attached to incoming secondary machine/manual factors by class for first class, periodicals and standard mail A. Of the mail that has access to and is eligible for, for example, the FSM 881, and this was standard mail A flat, 50 percent of that pool would be handled on the machine at incoming secondary and 50 percent would be sent to manual operations, some of which may be in the plant, some of which may be in the delivery unit.

Q Okay. And that's in the test year?

A Correct.

Q And that's just about what you have today, isn't it? Do you know?

A I do not know, but these data, combined with other data -- once again, coverage factors and capacity factors -- are used to project the degree of handlings by activity, and I don't know how that compares to today specifically.

Q Accept with me, subject to what I hope and trust will be Ms. Kingsley's confirmation a little bit later on in the day, that it is about what you have today, it's about 50 percent machine, about 50 percent manual, and explain to me, if you know, why that should be true when there's one really important thing going to happen between today and the test year, and that's called the deployment of the AFSM 100. Does your model purport to take into account the deployment

of the AFSM 100?

A It does.

Q 273 machines out there in the field for the entirety of the test year, is that what your model assumes?

A Though I do not have the specific number in the test year for mail processing cost modeling, I assume that they are fully deployed and that these costs, based on the assumptions in the model, are representative and reliable of flats mail processing in the test year and beyond.

Q All of the phase 1 purchase AFSMs are going to be out there for all of the test year, right?

A That's what my model assumes, yes.

Q And yet, subject again to confirmation from Ms. Kingsley of the situation today -- let me put it a different way. We don't need to worry yet about Ms. Kingsley.

Are you able to explain why it is that with all of these fancy new machines out there in the field, you've got 50 percent of the flats at the incoming secondary level being handled manually? Do you have an explanation for that? Does your model have an explanation for that?

A I understand there are a variety of factors that lead to that practice, but I am not comfortable talking about the operations.

MR. WIGGINS: I appreciate that and understand it, and I have nothing further.

Thank you, Mr. Chairman.

CHAIRMAN GLEIMAN: Is there any additional follow-up?

[No response.]

CHAIRMAN GLEIMAN: If there is none, that brings us to redirect. Mr. Alverno, would you like some time with your witness?

MR. ALVERNO: Please, Mr. Chairman.

CHAIRMAN GLEIMAN: Why don't we go for 15 minutes and we'll make it our mid-morning break, for at five after the hour, we'll reconvene.

[Recess.]

CHAIRMAN GLEIMAN: Mr. Alverno, redirect?

MR. ALVERNO: Thank you, Mr. Chairman. We would decline the opportunity for redirect.

CHAIRMAN GLEIMAN: There is no redirect. That being the case, Mr. Yacobucci, that completes your testimony here today.

We appreciate your appearance and your contributions to the record. We want to thank you. You know, you have earned your badge, having been here the first time, and I expect we will see you in the future. Thank you again, and you are excused.

THE WITNESS: Thanks.

[Witness excused.]

CHAIRMAN GLEIMAN: Ms. Duchek, whenever you are ready.

MS. DUCHEK: The Postal Service calls Linda Kingsley.

CHAIRMAN GLEIMAN: We'll give everybody a moment to shuffle papers around at the witness table.

Whereupon,

LINDA A. KINGSLEY,

a witness, was called for examination by counsel for the U.S. Postal Service and, having been first duly sworn, was examined and testified as follows:

CHAIRMAN GLEIMAN: Please be seated. Ms. Duchek, whenever you are ready.

DIRECT EXAMINATION

BY MS. DUCHEK:

Q Would you please state your name for the record?

A Linda Kingsley.

Q Ms. Kingsley, I am about to hand you two copies of a document entitled Direct Testimony of Linda A. Kingsley on behalf of the United States Postal Service, designated as USPS-T-10.

Are you familiar with that document?

A Yes, I am.

Q Was it prepared by you or under your supervision?

A Yes, it was.

Q If you were to testify orally today, would that still be your testimony?

A Yes, it would be.

MS. DUCHEK: Mr. Chairman, I am going to hand the reporter two copies of the direct testimony of Linda A. Kingsley on behalf of United States Postal Service, USPS-T-10, and I ask that they be entered into evidence.

CHAIRMAN GLEIMAN: Is there any objection?

[No response.]

CHAIRMAN GLEIMAN: Hearing none, counsel will provide two copies of the testimony of Witness Kingsley to the Court Reporter. The testimony is received into evidence and will not be transcribed into the record.

[Direct Testimony and Exhibits of Linda A. Kingsley, USPS-T-10, was received into evidence.]

CHAIRMAN GLEIMAN: Ms. Kingsley, have you had an opportunity to examine that rather large package of designated written cross examination that was made available to you earlier today?

THE WITNESS: Yes, I have.

CHAIRMAN GLEIMAN: If those questions were asked of you today, would your answers be the same as those you previously provided in writing?

THE WITNESS: Yes, with the exception of we

included some revisions that we had already filed that were not showing up in the package, Time Warner-1(d)(2) -- we had changed that response; Time Warner-6 -- there was an attachment substituted that was more readable, there was no change in the substance; and then ANM-10, revised attachment that we had also filed; and then we made one change to PostCom-8(c) and (d) -- it just changed a clerk level.

MS. DUCHEK: Mr. Chairman, the PostCom change is written into the packets.

CHAIRMAN GLEIMAN: Am I correct in assuming that the parties are aware of the changes that have been made?

MS. DUCHEK: The parties should be aware of all of the changes with the exception of the PostCom one that she just described.

CHAIRMAN GLEIMAN: All righty. Well, we will leave it to the PostCom people to make sure that they familiarize themselves with that one.

Counsel, if you would please provide two copies of the corrected designated written cross examination of Witness Kingsley to the reporter, the material will be received into evidence and transcribed into the record.

[Designation of Written Cross-Examination of Linda A. Kingsley was received into evidence and transcribed into the record.]

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes, 2000 Docket No. R2000-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION
OF UNITED STATES POSTAL SERVICE
WITNESS LINDA A. KINGSLEY
(USPS-T-10)

Party	Interrogatories
Advo, Inc.	ADVO/USPS-T10-1-3 MPA/USPS-T10-8, 11-20 NAA/USPS-T10-1, 3-7, 12, 14-17, 22a-c VP-CW/USPS-T10-1, 5-6, 8
Alliance of Nonprofit Mailers	ANM/USPS-T10-1-3, 5-6, 9-10, 12-16, 18, 20-27, 29-30, 32a-c, 33-47 DMA/USPS-T10-12, 16, 53 NNA/USPS-T10-8, 10-11 PostCom/USPS-T10-4
Association for Postal Commerce	AAP/USPS-T10-8 ANM/USPS-T10-1-3, 5, 10, 14, 16, 20-22, 24, 29-30, 41-45 DMA/USPS-T10-53-54, 59 MH/USPS-T10-1-2, 5, 8 MPA/USPS-T10-3-6 NAA/USPS-T10-1, 4, 8, 10-11, 13, 15, 18 PostCom/USPS-T10-2-10 PostCom/USPS-T25-4a-d, g-i redirected to T10 TW/USPS-T10-1 UPS/USPS-T10-10, 12
Association of American Publishers	AAP/USPS-T10-1-3, 5-7, 9-12, 14-15
Association of Priority Mail Users, Inc.	APMU/USPS-T10-1

KeySpan Energy	KE/USPS-T10-2-4, 6
Magazine Publishers of America	ADVO/USPS-T10-1-3 ANM/USPS-T10-1-3, 5-6, 9-10, 12-16, 18, 20-27, 29-30, 32a-c, 33-37, 39-45 DMA/USPS-T10-2-5, 7-15, 17-20, 22-43, 45-48, 50-51, 53-60 MH/USPS-T10-7 MPA/USPS-T10-1-8, 11-20 NAA/USPS-T10-1, 3-6, 13 NNA/USPS-T10-1-4, 9-11, 14-15, 17-18, 21-22 TW/USPS-T10-1-5 UPS/USPS-T10-12
Major Mailers Association	DMA/USPS-T10-7, 9-10 KE/USPS-T10-1, 5 MMA/USPS-T10-1-3
McGraw-Hill Companies, Inc., The	MH/USPS-T10-1d, 2-8
Newspaper Association of America	ADVO/USPS-T10-3 DMA/USPS-T10-8, 29, 51 MMA/USPS-T10-1 MPA/USPS-T10-8, 11-18 NAA/USPS-T10-1-20, 22a-c OCA/USPS-T10-1-2 PostCom/USPS-T10-9 UPS/USPS-T10-4, 10-11, 15
Office of the Consumer Advocate	KE/USPS-T10-1-5 MMA/USPS-T10-1, 3 MPA/USPS-T10-6 OCA/USPS-T10-1-2
Time Warner Inc.	ANM/USPS-T10-1-2, 5-6, 10, 12-13, 16, 20-21, 25-26, 29-30, 32a-c, 33-45 MPA/USPS-T10-1-7, 11, 15 PostCom/USPS-T10-1-3, 10 TW/USPS-T10-1-11

Time Warner Inc.	TW/USPS-T17-16b redirected to T10
United Parcel Service	AAP/USPS-T10-3, 5-7, 12-13 ANM/USPS-T10-10, 33-35, 39-40, 42-44, 46 APMU/USPS-T10-1 DFC/USPS-T10-10 DMA/USPS-T10-51 MH/USPS-T10-1 MMA/USPS-T10-1 NNA/USPS-T10-7-8, 14-15, 18 PostCom/USPS-T10-4, 8 TW/USPS-T10-1 UPS/USPS-T10-1-3, 5-17, 20-22, 25-28, 30, 33
Val-Pak Direct Marketing, Val-Pak Dealers, & Carol Wright	VP-CW/USPS-T10-1-12

Respectfully submitted,

Margaret P. Crenshaw

Margaret P. Crenshaw
Secretary

INTERROGATORY RESPONSES OF
UNITED STATES POSTAL SERVICE
WITNESS LINDA A. KINGSLEY (T-10)
DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory:	Designating Parties:
AAP/USPS-T10-1	AAP
AAP/USPS-T10-2	AAP
AAP/USPS-T10-3	AAP, UPS
AAP/USPS-T10-5	AAP, UPS
AAP/USPS-T10-6	AAP, UPS
AAP/USPS-T10-7	AAP, UPS
AAP/USPS-T10-8	PostCom
AAP/USPS-T10-9	AAP
AAP/USPS-T10-10	AAP
AAP/USPS-T10-11	AAP
AAP/USPS-T10-12	AAP, UPS
AAP/USPS-T10-13	UPS
AAP/USPS-T10-14	AAP
AAP/USPS-T10-15	AAP
ADVO/USPS-T10-1	Advo, MPA
ADVO/USPS-T10-2	Advo, MPA
ADVO/USPS-T10-3	Advo, MPA, NAA
ANM/USPS-T10-1	ANM, MPA, PostCom, TW
ANM/USPS-T10-2	ANM, MPA, PostCom, TW
ANM/USPS-T10-3	ANM, MPA, PostCom
ANM/USPS-T10-5	ANM, MPA, PostCom, TW
ANM/USPS-T10-6	ANM, MPA, TW
ANM/USPS-T10-9	ANM, MPA
ANM/USPS-T10-10	ANM, MPA, PostCom, TW, UPS
ANM/USPS-T10-12	ANM, MPA, TW
ANM/USPS-T10-13	ANM, MPA, TW
ANM/USPS-T10-14	ANM, MPA, PostCom
ANM/USPS-T10-15	ANM, MPA
ANM/USPS-T10-16	ANM, MPA, PostCom, TW
ANM/USPS-T10-18	ANM, MPA
ANM/USPS-T10-20	ANM, MPA, PostCom, TW
ANM/USPS-T10-21	ANM, MPA, PostCom, TW
ANM/USPS-T10-22	ANM, MPA, PostCom

ANM/USPS-T10-23	ANM, MPA
ANM/USPS-T10-24	ANM, MPA, PostCom
ANM/USPS-T10-25	ANM, MPA, TW
ANM/USPS-T10-26	ANM, MPA, TW
ANM/USPS-T10-27	ANM, MPA
ANM/USPS-T10-29	ANM, MPA, PostCom, TW
ANM/USPS-T10-30	ANM, MPA, PostCom, TW
ANM/USPS-T10-32a	ANM, MPA, TW
ANM/USPS-T10-32b	ANM, MPA, TW
ANM/USPS-T10-32c	ANM, MPA, TW
ANM/USPS-T10-33	ANM, MPA, TW, UPS
ANM/USPS-T10-34	ANM, MPA, TW, UPS
ANM/USPS-T10-35	ANM, MPA, TW, UPS
ANM/USPS-T10-36	ANM, MPA, TW
ANM/USPS-T10-37	ANM, MPA, TW
ANM/USPS-T10-38	ANM, TW
ANM/USPS-T10-39	ANM, MPA, TW, UPS
ANM/USPS-T10-40	ANM, MPA, TW, UPS
ANM/USPS-T10-41	ANM, MPA, PostCom, TW
ANM/USPS-T10-42	ANM, MPA, PostCom, TW, UPS
ANM/USPS-T10-43	ANM, MPA, PostCom, TW, UPS
ANM/USPS-T10-44	ANM, MPA, PostCom, TW, UPS
ANM/USPS-T10-45	ANM, MPA, PostCom, TW
ANM/USPS-T10-46	ANM, UPS
ANM/USPS-T10-47	ANM
APMU/USPS-T10-1	APMU, UPS
DFC/USPS-T10-10	UPS
DMA/USPS-T10-2	MPA
DMA/USPS-T10-3	MPA
DMA/USPS-T10-4	MPA
DMA/USPS-T10-5	MPA
DMA/USPS-T10-7	MMA, MPA
DMA/USPS-T10-8	MPA, NAA
DMA/USPS-T10-9	MMA, MPA
DMA/USPS-T10-10	MMA, MPA
DMA/USPS-T10-11	MPA
DMA/USPS-T10-12	ANM, MPA
DMA/USPS-T10-13	MPA
DMA/USPS-T10-14	MPA

DMA/USPS-T10-15	MPA
DMA/USPS-T10-16	ANM
DMA/USPS-T10-17	MPA
DMA/USPS-T10-18	MPA
DMA/USPS-T10-19	MPA
DMA/USPS-T10-20	MPA
DMA/USPS-T10-22	MPA
DMA/USPS-T10-23	MPA
DMA/USPS-T10-24	MPA
DMA/USPS-T10-25	MPA
DMA/USPS-T10-26	MPA
DMA/USPS-T10-27	MPA
DMA/USPS-T10-28	MPA
DMA/USPS-T10-29	MPA, NAA
DMA/USPS-T10-30	MPA
DMA/USPS-T10-31	MPA
DMA/USPS-T10-32	MPA
DMA/USPS-T10-33	MPA
DMA/USPS-T10-34	MPA
DMA/USPS-T10-35	MPA
DMA/USPS-T10-36	MPA
DMA/USPS-T10-37	MPA
DMA/USPS-T10-38	MPA
DMA/USPS-T10-39	MPA
DMA/USPS-T10-40	MPA
DMA/USPS-T10-41	MPA
DMA/USPS-T10-42	MPA
DMA/USPS-T10-43	MPA
DMA/USPS-T10-45	MPA
DMA/USPS-T10-46	MPA
DMA/USPS-T10-47	MPA
DMA/USPS-T10-48	MPA
DMA/USPS-T10-50	MPA
DMA/USPS-T10-51	MPA, NAA, UPS
DMA/USPS-T10-53	ANM, MPA, PostCom
DMA/USPS-T10-54	MPA, PostCom
DMA/USPS-T10-55	MPA
DMA/USPS-T10-56	MPA
DMA/USPS-T10-57	MPA

DMA/USPS-T10-58	MPA
DMA/USPS-T10-59	MPA, PostCom
DMA/USPS-T10-60	MPA
KE/USPS-T10-1	MMA, OCA
KE/USPS-T10-2	KeySpan, OCA
KE/USPS-T10-3	KeySpan, OCA
KE/USPS-T10-4	KeySpan, OCA
KE/USPS-T10-5	MMA, OCA
KE/USPS-T10-6	KeySpan
MH/USPS-T10-1	PostCom, UPS
MH/USPS-T10-1d	McGraw-Hill
MH/USPS-T10-2	McGraw-Hill, PostCom
MH/USPS-T10-3	McGraw-Hill
MH/USPS-T10-4	McGraw-Hill
MH/USPS-T10-5	McGraw-Hill, PostCom
MH/USPS-T10-6	McGraw-Hill
MH/USPS-T10-7	McGraw-Hill, MPA
MH/USPS-T10-8	McGraw-Hill, PostCom
MMA/USPS-T10-1	MMA, NAA, OCA, UPS
MMA/USPS-T10-2	MMA
MMA/USPS-T10-3	MMA, OCA
MPA/USPS-T10-1	MPA, TW
MPA/USPS-T10-2	MPA, TW
MPA/USPS-T10-3	MPA, PostCom, TW
MPA/USPS-T10-4	MPA, PostCom, TW
MPA/USPS-T10-5	MPA, PostCom, TW
MPA/USPS-T10-6	MPA, OCA, PostCom, TW
MPA/USPS-T10-7	MPA, TW
MPA/USPS-T10-8	Advo, MPA, NAA
MPA/USPS-T10-11	Advo, MPA, NAA, TW
MPA/USPS-T10-12	Advo, MPA, NAA
MPA/USPS-T10-13	Advo, MPA, NAA
MPA/USPS-T10-14	Advo, MPA, NAA
MPA/USPS-T10-15	Advo, MPA, NAA, TW
MPA/USPS-T10-16	Advo, MPA, NAA
MPA/USPS-T10-17	Advo, MPA, NAA
MPA/USPS-T10-18	Advo, MPA, NAA
MPA/USPS-T10-19	Advo, MPA
MPA/USPS-T10-20	Advo, MPA

NAA/USPS-T10-1	Advo, MPA, NAA, PostCom
NAA/USPS-T10-2	NAA
NAA/USPS-T10-3	Advo, MPA, NAA
NAA/USPS-T10-4	Advo, MPA, NAA, PostCom
NAA/USPS-T10-5	Advo, MPA, NAA
NAA/USPS-T10-6	Advo, MPA, NAA
NAA/USPS-T10-7	Advo, NAA
NAA/USPS-T10-8	NAA, PostCom
NAA/USPS-T10-9	NAA
NAA/USPS-T10-10	NAA, PostCom
NAA/USPS-T10-11	NAA, PostCom
NAA/USPS-T10-12	Advo, NAA
NAA/USPS-T10-13	MPA, NAA, PostCom
NAA/USPS-T10-14	Advo, NAA
NAA/USPS-T10-15	Advo, NAA, PostCom
NAA/USPS-T10-16	Advo, NAA
NAA/USPS-T10-17	Advo, NAA
NAA/USPS-T10-18	NAA, PostCom
NAA/USPS-T10-19	NAA
NAA/USPS-T10-20	NAA
NAA/USPS-T10-22a	Advo, NAA
NAA/USPS-T10-22b	Advo, NAA
NAA/USPS-T10-22c	Advo, NAA
NNA/USPS-T10-1	MPA
NNA/USPS-T10-2	MPA
NNA/USPS-T10-3	MPA
NNA/USPS-T10-4	MPA
NNA/USPS-T10-7	UPS
NNA/USPS-T10-8	ANM, UPS
NNA/USPS-T10-9	MPA
NNA/USPS-T10-10	ANM, MPA
NNA/USPS-T10-11	ANM, MPA
NNA/USPS-T10-14	MPA, UPS
NNA/USPS-T10-15	MPA, UPS
NNA/USPS-T10-17	MPA
NNA/USPS-T10-18	MPA, UPS
NNA/USPS-T10-21	MPA
NNA/USPS-T10-22	MPA
OCA/USPS-T10-1	NAA, OCA

OCA/USPS-T10-2	NAA, OCA
PostCom/USPS-T10-1	TW
PostCom/USPS-T10-2	PostCom, TW
PostCom/USPS-T10-3	PostCom, TW
PostCom/USPS-T10-4	ANM, PostCom, UPS
PostCom/USPS-T10-5	PostCom
PostCom/USPS-T10-6	PostCom
PostCom/USPS-T10-7	PostCom
PostCom/USPS-T10-8	PostCom, UPS
PostCom/USPS-T10-9	NAA, PostCom
PostCom/USPS-T10-10	PostCom, TW
PostCom/USPS-T25-4a redirected to T10	PostCom
PostCom/USPS-T25-4b redirected to T10	PostCom
PostCom/USPS-T25-4c redirected to T10	PostCom
PostCom/USPS-T25-4d redirected to T10	PostCom
PostCom/USPS-T25-4g redirected to T10	PostCom
PostCom/USPS-T25-4h redirected to T10	PostCom
PostCom/USPS-T25-4i redirected to T10	PostCom
TW/USPS-T10-1	MPA, PostCom, TW, UPS
TW/USPS-T10-2	MPA, TW
TW/USPS-T10-3	MPA, TW
TW/USPS-T10-4	MPA, TW
TW/USPS-T10-5	MPA, TW
TW/USPS-T10-6	TW
TW/USPS-T10-7	TW
TW/USPS-T10-8	TW
TW/USPS-T10-9	TW
TW/USPS-T10-10	TW
TW/USPS-T10-11	TW
TW/USPS-T17-16b redirected to T10	TW
UPS/USPS-T10-1	UPS
UPS/USPS-T10-2	UPS
UPS/USPS-T10-3	UPS
UPS/USPS-T10-4	NAA
UPS/USPS-T10-5	UPS
UPS/USPS-T10-6	UPS
UPS/USPS-T10-7	UPS
UPS/USPS-T10-8	UPS
UPS/USPS-T10-9	UPS

UPS/USPS-T10-10	NAA, PostCom, UPS
UPS/USPS-T10-11	NAA, UPS
UPS/USPS-T10-12	MPA, PostCom, UPS
UPS/USPS-T10-13	UPS
UPS/USPS-T10-14	UPS
UPS/USPS-T10-15	NAA, UPS
UPS/USPS-T10-16	UPS
UPS/USPS-T10-17	UPS
UPS/USPS-T10-20	UPS
UPS/USPS-T10-21	UPS
UPS/USPS-T10-22	UPS
UPS/USPS-T10-25	UPS
UPS/USPS-T10-26	UPS
UPS/USPS-T10-27	UPS
UPS/USPS-T10-28	UPS
UPS/USPS-T10-30	UPS
UPS/USPS-T10-33	UPS
VP-CW/USPS-T10-1	Advo, VP-CW
VP-CW/USPS-T10-2	VP-CW
VP-CW/USPS-T10-3	VP-CW
VP-CW/USPS-T10-4	VP-CW
VP-CW/USPS-T10-5	Advo, VP-CW
VP-CW/USPS-T10-6	Advo, VP-CW
VP-CW/USPS-T10-7	VP-CW
VP-CW/USPS-T10-8	Advo, VP-CW
VP-CW/USPS-T10-9	VP-CW
VP-CW/USPS-T10-10	VP-CW
VP-CW/USPS-T10-11	VP-CW
VP-CW/USPS-T10-12	VP-CW

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

AAP/USPS-T10-1 On page 25 of your testimony, you describe as an "inefficiency" the following example: "Bound Printed Matter (BPM) at the local rate might be dropped at a Main Post Office (MPO) for local delivery, but it would not be distributed from the MPO directly to stations and branches. Instead, the BPM for the stations and branches is trucked to the plant for distribution. The inefficiency caused by the drop at the MPO is compounded if the drop at the MPO includes mail that its outside of the plant's service area, so that the plant must ship it on to the appropriate destinating plant." With respect to this statement:

(a) Please provide all studies, reports, data or other evidence that you relied upon that demonstrates that this example actually does, in fact, occur for BPM and that the example occurs with any frequency.

(b) Please provide any internal reports or analyses of any kind prepared that address the cost consequences of this alleged "inefficiency" for BPM mail.

(c) Please provide any studies, reports, data or other evidence that you relied on showing the frequency of drops of BPM mail outside of the plant's service area.

(d) Please state the number and location of each MPO where this alleged inefficiency actually did occur and the number and location of all plants to which the BPM mail in question then had to be trucked for distribution. Explain how these counts were derived.

(e) Please state the volume of BPM mail for which this alleged inefficiency actually did occur. Explain how this volume count was derived.

Response:

a. The evidence is inherent in the current requirements. For example, to obtain the local rate for all mail destined for the 3-digit city of Arlington, VA, the minimum

requirement states that the Bound Printed Matter for *all* the ZIP Codes in Arlington need only be deposited at any one of the multiple stations within the city. Transportation that links each of Arlington's stations does not exist, requiring mail for other stations to be transported back to the local plant which happens to be located outside of Arlington. The mail is then sorted and placed on transportation to the correct stations. Attachment H to witness Crum's (USPS-T-27) testimony supports the occurrence of this and similar examples. Ideally, in the example of Arlington, the preferred deposit location for this level of presort would be the plant, yet the mail is ineligible for the local rate at this location because the plant is located outside of the 3-digit city of Arlington.

b. Please refer to Attachment K, Table 2.1 of the testimony of witness Crum (USPS-T-27). The Postal Service estimates that the trip from the MPO back to the plant would cost $.024 per pound on average in the test year. Note that "Local costs/piece" should read "Local costs/pound". Also, local cost per pound has nothing to do with the Local rate, but is meant to estimate the average cost of a leg of transportation between a plant and delivery unit or similar facility below the plant level.

   Data necessary to estimate the mail processing costs of unloading, sorting, crossdocking, and loading at the plant can be found in Attachment J, Table 1 of witness Crum's testimony. Specifically refer to the section labeled Destination SCF. An arrival and dispatch profile (i.e. what containers the pieces arrive and leave in) would be necessary to get an accurate estimate of costs.

c. Refer to Attachment H of the testimony of witness Crum (USPS-T-27).

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

d. Refer to Attachment H of the testimony of witness Crum (USPS-T-27) which shows the frequency at which BPM shipments entered at the local rate require transportation to another facility. The counts were derived by combining sampling data from BPM shipments at 44 offices (stratified by size) along with actual mailer supplied profiles for their BPM mailings. A list of multi-ZIP Code and unique 3-digit ZIP Code cities, where the BPM local rate is eligible when all mail for the city is dropped at any *one* of the multiple offices, will be provided as USPS-LR-I-226.

e. Refer to Attachment H of the testimony of witness Crum (USPS-T-27). The volume counts were derived by combining sampling data from BPM shipments at 44 offices (stratified by size) along with actual mailer supplied profiles for their BPM mailings. The data were then inflated, combined, and extrapolated to the total FY 98 volume.

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

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-T10-5 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 TO INTERROGATORIES OF ASSOCIATION OF AMERICAN PUBLISHERS

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.

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

AAP/USPS-T10-14 Please refer to your response to AAP/USPS-T-10-1(a). Please confirm that, other than Attachment H to the testimony of Postal Service witness Crum (USPS-T-27) and the data supporting that attachment, the Postal Service has no other "studies, reports, data or other evidence" that proves the existence of the inefficiency claimed for BPM. In addition, please confirm that, other than Attachment H of witness Crum's testimony and the data supporting that attachment, the Postal Service has no other "studies, reports, data or other evidence" that quantifies the frequency that this alleged inefficiency claimed for BPM actually occurs.

Response:

This is not the only evidence that proves this inefficiency of the outdated local entry. In most situations, customers must notify the Postal Service in advance about where and what they are depositing at destination facilities. Consequently, we have been provided on numerous occasions information from customers that clearly shows that they are depositing mail at facilities addressed to locations outside of that facility's service area. This information is often provided directly from the customer to the delivery units. Even though it was obvious that these situations were regularly occurring based on this evidence, as well as the existing requirements, the extent to which this was occurring was not available because specific facility entry data is not collected nationally, only rate and volume information. This was the primary reason for the study in witness Crum's testimony – to develop statistically significant data showing the extent of this inefficiency. Generally speaking, the results signaled that these situations were occurring more frequently than anticipated. This is the only study of which I am aware that quantifies this obvious inefficiency.

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

AAP/USPS-T10-15 Please refer to your response to AAP/USPS-T-10-1(e). In your response you state that data from Attachment H to the testimony of witness Crum was " inflated, combined, and extrapolated to the total FY 98 volume." With respect to this statement, please explain in detail how data collected during FY 99 was " extrapolated to FY 98 volume." Please provide overall BPM volume figures for FY 98 and for FY 99 and explain how differences between these volume levels were assigned to the destination entry categories that appear in Attachment H of witness Crum's testimony.

Response:

Please refer to pages 7-8 of USPS LR-I-109.

Overall BPM volume for 1998 can be found in the testimony of witness Hunter (USPS-T-5, page 8). It is my understanding that Fiscal Year 1999 volumes have been supplied to the PRC under the Commission's periodic reporting requirements. Total BPM volumes (000) are supplied below for your convenience.

FY 1998 = 488,413

FY 1999 = 495,662

I am informed that differences between these volume levels are not assigned to the destination entry categories as you suggest.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ADVO, INC.

ADVO/USPS-T10-1 Does the level of mail volume received by a delivery unit in any way influence USPS decisions with respect to any aspect of DPS implementation? If so, explain how. If not, explain why not.

Response:

In marginal cases, considering whether to implement DPS in a small delivery unit with 5 to 10 routes, analysts consider a number of factors such as distance to the plant, schemes, and processing capacity. Volume may be a consideration in such cases.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ADVO, INC.

ADVO/USPS-T10-2 Does the average daily volume of DPS mail received by a delivery unit or carrier route tend to correlate in any way with the average daily total volumes of mail received (DPS and non-DPS) e.g., do delivery units or routes with high DPS volumes also tend, on average, to have high total mail volumes, compared to units or routes that receive low volumes of DPS mail? Please explain, and provide any available data or analyses.

Response:

Generally, yes. However, there are exceptions such as routes with a high proportion of flats. I am not aware of any available data or analysis on this topic.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ADVO, INC.

ADVO/USPS-T10-3 Do delivery units or carrier routes with high DPS volumes tend, on average, to have higher pieces per stop and pieces per delivery than units or routes that receive low volumes of DPS mail? Please explain, and provide any available data or analyses.

Response:

Not necessarily. The number of stops on a route, largely determined by the travel time between stops, certainly affects the total DPS volume, but I am not aware of any direct effect on the DPS volume per delivery. I am not aware of any analyses on this topic.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-1. Please refer to your testimony at pages 10-11, concerning the FSM 881.

a. In what year did the Postal Service install the first of the 812 FSM 881s now in operation?

b. How many FSM 881s were installed in that year, and each subsequent year (through total deployment of all 812 FSM 881s)?

Response:

a. The FSM 775 was deployed 1982-1988. The FSM 775 is the existing machine with all four consoles at one end of the machine. The FSM 775 was converted to the FSM 881 in 1990-1992, which moved two consoles to the other end of the machine for improved throughput.

b. The information as to how many 775s/881s were deployed each year is no longer available.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-2. At p. 11, lines 28-29 of your testimony, you state that "A second phase of approximately 400 additional AFSM 100s is also planned to start at the end of 2001."

a. Does the Postal Service anticipate procuring and deploying any additional AFSM 100s beyond the 575 discussed in your testimony? If so, when?

b. By the time all 400 or so additional AFSM 100s have been fully deployed and are operational, how many FSM 881s (if any) will be retired?

c. How many FSM 881s will be retired one year after deployment of the additional 400 or so AFSM 100s is complete?

Response:

a. Not at this time.

b. The number of FSM 881s to be retired is currently being evaluated.

c. The majority of the FSM 881s are expected to be retired.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-3. Please produce all studies, analyses and similar documents *created since January 1, 1998, concerning* the costs, benefits, productivity, deployment, updating, replacement or retirement of the FSM 881.

Response:

I am told that the costs, benefits, productivity, deployment, updating, replacement, or retirement of the FSM 881 are currently being evaluated.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-5 Please produce all studies, analyses and similar documents created since January 1, 1998, concerning the cost, productivity, deployment, updating, replacement or retirement of the FSM 1000.

Response:

There are no plans at this time to replace or retire the FSM 1000 machine.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-6 Please produce all studies, analyses and similar documents created since January 1, 1998, concerning the cost, benefits, productivity, deployment, updating, or financing of potential successors or alternatives to the FSM 1000.

Response:

I am informed that there are none at this time.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-9 Please produce all documents submitted to or generated by the Board of Governors or senior Postal Service management relating to any further deployment of AFSM 100 flat sorting machines after the second phase.

Response:

There are no further plans at this time.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-10 Please produce all studies, analyses, reports or similar documents generated by or for the Postal Service concerning the costs, benefits, productivity, performance limitations, financing, or appropriate deployment rate of the AFSM 100.

Response:

Partial objection filed February 17, 2000. Deployment schedule determined by manufacturer's capabilities. See attached deployment schedule.

ANM/USPS -T10-

AFSM 100 revised 3/10/00 ATTACHMENT

					DELIVERY / ACCEPTANCE				
AFSM SEQ. #	AREA	PLANT	ST	TOTAL UNITS	SITE SURVEY DATE RANGE		VCS DELIVERY	AFSM 100 DELIVERY	START ACCEPT TEST
				175	earliest	latest	Mon.; 40 days	Sat.; 0 day	Monday
2	HQ	Baltimore (NG Training Ctr: Eng.)	MD					06-Jul-99	
3	HQ	Baltimore (NG Training Ctr: ILS)	MD					27-Jul-99	
1	CM	Baltimore P&DC (Pre-Prod)	MD	2	30-Apr-99	20-May-99	19-Jul-99	28-Aug-99	13-Sep-99
4	HQ	Baltimore (NG Training Ctr: T1)	MD					30-Oct-99	
5	HQ	Baltimore (NG Training Ctr: T2)	MD					30-Oct-99	
10	HQ	Baltimore (NG Training Ctr: T3)	MD					25-Feb-00	
13	HQ	Baltimore (NG Training Ctr: T4)	MD					25-Feb-00	
6	MW	St Paul P&DC (First Article)	MN	1	21-Oct-99	10-Nov-99	10-Jan-00	18-Feb-00	21-Mar-00
7	AL	Harrisburg P&DC	PA	1	19-Nov-99	09-Dec-99	07-Feb-00	18-Mar-00	10-Apr-00
8	PA	Industry P&DC	CA	1	26-Nov-99	16-Dec-99	14-Feb-00	25-Mar-00	17-Apr-00
9	NE	Buffalo P&DC	NY	1	03-Dec-99	23-Dec-99	21-Feb-00	01-Apr-00	24-Apr-00
11	SE	Atlanta P&DC	GA	1	10-Dec-99	30-Dec-99	28-Feb-00	08-Apr-00	01-May-00
12	CM	No Virginia P&DC	VA	1	10-Dec-99	30-Dec-99	28-Feb-00	08-Apr-00	01-May-00
14	MA	Columbia P&DC	SC	1	17-Dec-99	06-Jan-00	06-Mar-00	15-Apr-00	08-May-00
15	MA	Fayetteville P&DC	NC	1	17-Dec-99	06-Jan-00	06-Mar-00	15-Apr-00	08-May-00
16	GL	Indianapolis MPA #1	IN	2	24-Dec-99	13-Jan-00	13-Mar-00	22-Apr-00	15-May-00
17	NY	Mid-Island P&DC #1	NY	2	24-Dec-99	13-Jan-00	13-Mar-00	22-Apr-00	15-May-00
18	GL	Chicago Central P&DC #1	IL	2	31-Dec-99	20-Jan-00	20-Mar-00	29-Apr-00	22-May-00
19	WE	Spokane P&DC	WA	1	31-Dec-99	20-Jan-00	20-Mar-00	29-Apr-00	22-May-00
20	AL	Cleveland P&DC #1	OH	2	30-Jan-00	19-Feb-00	19-Apr-00	29-May-00	21-Jun-00
21	NE	Hartford P&DC #1	CT	3	07-Jan-00	27-Jan-00	27-Mar-00	06-May-00	29-May-00
22	SW	Tulsa P&DC #1	OK	2	07-Jan-00	27-Jan-00	27-Mar-00	06-May-00	29-May-00
23	CM	Dulles P&DC	VA	1	07-Jan-00	27-Jan-00	27-Mar-00	06-May-00	03-Jul-00
24	PA	San Francisco P&DC #1	CA	2	14-Jan-00	03-Feb-00	03-Apr-00	13-May-00	05-Jun-00
25	SE	Jacksonville P&DC (TAnnex)	FL	1	14-Jan-00	03-Feb-00	03-Apr-00	13-May-00	05-Jun-00
26	WE	Las Vegas P&DC #1	NV	2	14-Jan-00	03-Feb-00	03-Apr-00	13-May-00	03-Jul-00
27	GL	Indianapolis MPA #2	IN					20-May-00	12-Jun-00
28	NY	Mid-Island P&DC #2	NY					20-May-00	03-Jul-00
29	MW	Milwaukee P&DC #1	WI	4	21-Jan-00	10-Feb-00	10-Apr-00	20-May-00	12-Jun-00
30	MW	Milwaukee P&DC #2	WI					20-May-00	03-Jul-00
31	CM	Washington DC P&DC	DC	1	28-Jan-00	17-Feb-00	17-Apr-00	20-May-00	03-Jul-00
32	GL	Chicago Central P&DC #2	IL		28-Jan-00	17-Feb-00	17-Apr-00	27-May-00	19-Jun-00
33	AL	Cleveland P&DC #2	OH					27-May-00	19-Jun-00
34	MA	Greenville P&DC	SC	1	28-Jan-00	17-Feb-00	17-Apr-00	27-May-00	19-Jun-00
35	NE	Boston P&DC #1	MA	4	28-Jan-00	17-Feb-00	17-Apr-00	27-May-00	19-Jun-00
36	NY	DVDaniels P&DC #1	NY	2	28-Jan-00	17-Feb-00	17-Apr-00	27-May-00	03-Jul-00
37	NE	Hartford P&DC #2	CT					03-Jun-00	03-Jul-00
38	SW	Tulsa P&DC #2	OK					03-Jun-00	26-Jun-00
39	SE	Nashville P&DC	TN	1	04-Feb-00	24-Feb-00	24-Apr-00	03-Jun-00	26-Jun-00
40	MA	Raleigh P&DC	NC	1	04-Feb-00	24-Feb-00	24-Apr-00	03-Jun-00	03-Jul-00
41	MW	St Louis P&DC #1	MO	2	04-Feb-00	24-Feb-00	24-Apr-00	03-Jun-00	03-Jul-00
42	CM	Baltimore #1	MD	2			17-Jun-00	10-Jun-00	10-Jul-00
43	PA	San Francisco P&DC #2	CA					10-Jun-00	10-Jul-00
44	WE	Las Vegas P&DC #2	NV					~~03-Jun-00~~	~~10-Jul-00~~
45	AL	Philadelphia P&DC #1	PA	2	11-Feb-00	02-Mar-00	01-May-00	10-Jun-00	10-Jul-00
46	NY	Kilmer P&DC	NJ	1	11-Feb-00	02-Mar-00	01-May-00	10-Jun-00	10-Jul-00
47	SW	Houston P&DC#1	TX	2	11-Feb-00	02-Mar-00	01-May-00	10-Jun-00	10-Jul-00
48	GL	South Suburban P&DC	IL	1	19-Mar-00	08-Apr-00	07-Jun-00	17-Jul-00	09-Aug-00
49	PA	Santa Ana P&DC	CA	1	18-Feb-00	09-Mar-00	08-May-00	17-Jun-00	09-Aug-00
50	SE	Birmingham P&DC	AL	1	18-Feb-00	09-Mar-00	08-May-00	17-Jun-00	10-Jul-00
51	SW	Ft Worth P&DC	TX	1	18-Feb-00	09-Mar-00	08-May-00	17-Jun-00	09-Aug-00
52	WE	Phoenix P&DC #1	AZ	3	18-Feb-00	09-Mar-00	08-May-00	17-Jun-00	10-Jul-00
53	CM	Southern MD P&DC	MD	1	18-Feb-00	09-Mar-00	08-May-00	17-Jun-00	10-Jul-00
54	NE	Boston P&DC #2	MA					24-Jun-00	17-Jul-00
55	NY	DVDaniels P&DC #2	NY					24-Jun-00	17-Jul-00
56	MA	Greensboro P&DC	NC	1	25-Feb-00	16-Mar-00	15-May-00	24-Jun-00	17-Jul-00
57	SE	Ft Lauderdale P&DC	FL	1	25-Feb-00	16-Mar-00	15-May-00	24-Jun-00	17-Jul-00
58	GL	Detroit P&DC #1	MI	2	25-Feb-00	16-Mar-00	15-May-00	24-Jun-00	17-Jul-00
59	MA	Louisville P&DC	KY	1	25-Feb-00	16-Mar-00	15-May-00	24-Jun-00	17-Jul-00
60	NE	Hartford P&DC #3	CT					01-Jul-00	24-Jul-00
61	MW	St Louis P&DC #2	MO					01-Jul-00	24-Jul-00
62	PA	Anaheim P&DF	CA	1	03-Mar-00	23-Mar-00	22-May-00	01-Jul-00	24-Jul-00
63	AL	Cincinnati P&DC #1	OH	2	03-Mar-00	23-Mar-00	22-May-00	01-Jul-00	24-Jul-00
64	NE	Albany P&DC	NY	1	03-Mar-00	23-Mar-00	22-May-00	01-Jul-00	24-Jul-00

					DELIVERY / ACCEPTANCE				
AFSM SEQ. #	AREA	PLANT	ST	TOTAL UNITS	SITE SURVEY DATE RANGE		VCS DELIVERY	AFSM 100 DELIVERY	START ACCEPT TEST
				175	earliest	latest	Mon.; 40 days	Sat.; 0 day	Monday
65	NY	Queens P&DC	NY	1	03-Mar-00	23-Mar-00	22-May-00	01-Jul-00	24-Jul-00
66	AL	Philadelphia P&DC #2	PA					08-Jul-00	31-Jul-00
67	SW	Houston P&DC #2	TX					08-Jul-00	31-Jul-00
68	SE	Ft Myers P&DC	FL	1	10-Mar-00	30-Mar-00	29-May-00	08-Jul-00	09-Aug-00
69	MA	North Park Annex	NC	1	10-Mar-00	30-Mar-00	29-May-00	08-Jul-00	09-Aug-00
70	MW	Milwaukee P&DC #3	WI					08-Jul-00	31-Jul-00
71	MW	Milwaukee P&DC #4	WI					08-Jul-00	09-Aug-00
72	WE	Phoenix P&DC #2	AZ					15-Jul-00	07-Aug-00
73	PA	San Jose P&DC #1	CA	2	17-Mar-00	06-Apr-00	05-Jun-00	15-Jul-00	07-Aug-00
74	SW	Dallas P&DC #1	TX	2	17-Mar-00	06-Apr-00	05-Jun-00	15-Jul-00	07-Aug-00
75	NY	Westchester P&DC	NY	1	17-Mar-00	06-Apr-00	05-Jun-00	15-Jul-00	07-Aug-00
76	SE	Memphis P&DC	TN	1	17-Mar-00	06-Apr-00	05-Jun-00	15-Jul-00	07-Aug-00
77	SW	Baton Rouge P&DC	LA	1	17-Mar-00	06-Apr-00	05-Jun-00	15-Jul-00	07-Aug-00
78	CM	Baltimore #2	MD					22-Jul-00	14-Aug-00
79	NE	Boston P&DC #3	MA					22-Jul-00	14-Aug-00
80	GL	Detroit P&DC #2	MI					22-Jul-00	14-Aug-00
81	WE	Salt Lake City P&DC	UT	1	24-Mar-00	13-Apr-00	12-Jun-00	22-Jul-00	14-Aug-00
82	AL	Pittsburgh P&DC #1	PA	2	24-Mar-00	13-Apr-00	12-Jun-00	22-Jul-00	14-Aug-00
83	GL	Palatine P&DC #1	IL	2	24-Mar-00	13-Apr-00	12-Jun-00	22-Jul-00	14-Aug-00
84	AL	Cincinnati P&DC #2	OH					29-Jul-00	21-Aug-00
85	MA	Norfolk P&DC	VA	1	31-Mar-00	20-Apr-00	19-Jun-00	29-Jul-00	21-Aug-00
86	MW	Minneapolis P&DC	MN	1	31-Mar-00	20-Apr-00	19-Jun-00	29-Jul-00	21-Aug-00
87	SE	Tampa P&DC	FL	1	31-Mar-00	20-Apr-00	19-Jun-00	29-Jul-00	21-Aug-00
88	NY	Brooklyn P&DC	NY	1	31-Mar-00	20-Apr-00	19-Jun-00	29-Jul-00	21-Aug-00
89	PA	Santa Clarita P&DC #1	CA	3	31-Mar-00	20-Apr-00	19-Jun-00	29-Jul-00	21-Aug-00
90	WE	Tucson P&DC	AZ	1	07-Apr-00	27-Apr-00	26-Jun-00	05-Aug-00	28-Aug-00
91	MA	Richmond P&DC	VA	1	07-Apr-00	27-Apr-00	26-Jun-00	05-Aug-00	09-Aug-00
92	NE	Rochester	NY	1	07-Apr-00	27-Apr-00	26-Jun-00	05-Aug-00	09-Aug-00
93	NY	Morgan P&DC #1	NY	4	07-Apr-00	27-Apr-00	26-Jun-00	05-Aug-00	28-Aug-00
94	SE	Mid-Florida P&DC	FL	1	07-Apr-00	27-Apr-00	26-Jun-00	05-Aug-00	09-Aug-00
95	WE	Denver P&DC #1	CO	3	07-Apr-00	27-Apr-00	26-Jun-00	05-Aug-00	28-Aug-00
96	WE	Phoenix P&DC #3	AZ					12-Aug-00	04-Sep-00
97	PA	San Jose P&DC #2	CA					12-Aug-00	04-Sep-00
98	SW	Dallas P&DC #2	TX					12-Aug-00	04-Sep-00
99	AL	Columbus P&DC #1	OH	2	14-Apr-00	04-May-00	03-Jul-00	12-Aug-00	04-Sep-00
100	GL	Carol Stream P&DC #1	IL	2	14-Apr-00	04-May-00	03-Jul-00	12-Aug-00	04-Sep-00
101	MW	Kansas City P&DC #1	MO	2	14-Apr-00	04-May-00	03-Jul-00	12-Aug-00	04-Sep-00
102	NE	Boston P&DC #4	MA					19-Aug-00	11-Sep-00
103	AL	Pittsburgh P&DC #2	PA					19-Aug-00	11-Sep-00
104	GL	Palatine P&DC #2	IL					19-Aug-00	11-Sep-00
105	NE	Southern Connecticut P&DC	CT	1	21-Apr-00	11-May-00	10-Jul-00	19-Aug-00	11-Sep-00
106	NY	Western Nassau P&DC	NY	1	21-Apr-00	11-May-00	10-Jul-00	19-Aug-00	11-Sep-00
107	AL	Toledo P&DC	OH	1	21-Apr-00	11-May-00	10-Jul-00	19-Aug-00	11-Sep-00
108	MW	St. Paul P&DC #2	MN		28-Apr-00	18-May-00	17-Jul-00	26-Aug-00	18-Sep-00
109	PA	Santa Clarita P&DC #2	CA		28-Apr-00	18-May-00	17-Jul-00	26-Aug-00	18-Sep-00
110	SE	North Metro P&DC	GA	1	28-Apr-00	18-May-00	17-Jul-00	26-Aug-00	18-Sep-00
111	SW	Austin P&DC #1	TX	2	28-Apr-00	18-May-00	17-Jul-00	26-Aug-00	18-Sep-00
112	MW	Des Moines P&DC	IA	1	28-Apr-00	18-May-00	17-Jul-00	26-Aug-00	18-Sep-00
113	SW	No Houston P&DC	TX	1	28-Apr-00	18-May-00	17-Jul-00	26-Aug-00	18-Sep-00
114	WE	Denver P&DC #2	CO					02-Sep-00	25-Sep-00
115	GL	Fox Valley P&DC	IL	1	05-May-00	25-May-00	24-Jul-00	02-Sep-00	25-Sep-00
116	NY	Morgan P&DC #2	NY					02-Sep-00	25-Sep-00
117	PA	M L Sellers P&DC #1	CA	2	05-May-00	25-May-00	24-Jul-00	02-Sep-00	25-Sep-00
118	SE	Orlando P&DC	FL	1	05-May-00	25-May-00	24-Jul-00	02-Sep-00	25-Sep-00
119	SW	El Paso P&DC	TX	1	05-May-00	25-May-00	24-Jul-00	02-Sep-00	25-Sep-00
120	AL	Columbus P&DC #2	OH					09-Sep-00	02-Oct-00
121	GL	Carol Stream P&DC #2	IL					09-Sep-00	02-Oct-00
122	MW	Kansas City P&DC #2	MO					09-Sep-00	02-Oct-00
123	AL	South Jersey P&DC	NJ	1	12-May-00	01-Jun-00	31-Jul-00	09-Sep-00	02-Oct-00
124	MW	Omaha P&DC	NE	1	12-May-00	01-Jun-00	31-Jul-00	09-Sep-00	02-Oct-00
125	NE	Providence P&DC	RI	1	12-May-00	01-Jun-00	31-Jul-00	09-Sep-00	02-Oct-00
126	SE	Knoxville P&DC	TN	1	19-May-00	08-Jun-00	07-Aug-00	16-Sep-00	09-Oct-00
127	WE	Seattle P&DC #1	WA	2	19-May-00	08-Jun-00	07-Aug-00	16-Sep-00	09-Oct-00

					DELIVERY / ACCEPTANCE				
AFSM SEQ. #	AREA	PLANT	ST	TOTAL UNITS	SITE SURVEY DATE RANGE		VCS DELIVERY	AFSM 100 DELIVERY	START ACCEPT TEST
				175	earliest	latest	Mon.; 40 days	Sat.; 0 day	Monday
128	GL	Irving Park Rd P&DC	IL	1	19-May-00	08-Jun-00	07-Aug-00	16-Sep-00	09-Oct-00
129	NE	Manchester P&DC	NH	1	19-May-00	08-Jun-00	07-Aug-00	16-Sep-00	09-Oct-00
130	NY	West Jersey P&DC	NJ	1	19-May-00	08-Jun-00	07-Aug-00	16-Sep-00	09-Oct-00
131	SE	Miami P&DC	FL	1	19-May-00	08-Jun-00	07-Aug-00	16-Sep-00	09-Oct-00
132	PA	Santa Clarita P&DC #3	CA					23-Sep-00	16-Oct-00
133	SW	Austin P&DC#2	TX					23-Sep-00	16-Oct-00
134	WE	Tacoma P&DC	WA	1	26-May-00	15-Jun-00	14-Aug-00	23-Sep-00	16-Oct-00
135	AL	Delaware P&DC	DE	1	26-May-00	15-Jun-00	14-Aug-00	23-Sep-00	16-Oct-00
136	GL	Lansing P&DC	MI	1	26-May-00	15-Jun-00	14-Aug-00	23-Sep-00	16-Oct-00
137	MW	Wichita P&DC	KS	1	26-May-00	15-Jun-00	14-Aug-00	23-Sep-00	16-Oct-00
138	WE	Denver P&DC #3	CO					30-Sep-00	23-Oct-00
139	PA	M L Sellers P&DC #2	CA					30-Sep-00	23-Oct-00
140	PA	Oakland P&DC #1	CA	2	02-Jun-00	22-Jun-00	21-Aug-00	30-Sep-00	23-Oct-00
141	SW	North Texas P&DC #1	TX	2	02-Jun-00	22-Jun-00	21-Aug-00	30-Sep-00	23-Oct-00
142	GL	Grand Rapids P&DC	MI	1	02-Jun-00	22-Jun-00	21-Aug-00	30-Sep-00	23-Oct-00
143	MW	Madison P&DC	WI	1	02-Jun-00	22-Jun-00	21-Aug-00	30-Sep-00	23-Oct-00
144	WE	Seattle P&DC #2	WA					07-Oct-00	30-Oct-00
145	NE	Springfield P&DC	MA	1	09-Jun-00	29-Jun-00	28-Aug-00	07-Oct-00	30-Oct-00
146	NY	Morgan P&DC #3	NY					07-Oct-00	30-Oct-00
147	SE	West Palm Beach P&DC	FL	1	09-Jun-00	29-Jun-00	28-Aug-00	07-Oct-00	30-Oct-00
148	SW	Lafayette P&DF	LA	1	09-Jun-00	29-Jun-00	28-Aug-00	07-Oct-00	30-Oct-00
149	AL	Dayton P&DC	OH	1	09-Jun-00	29-Jun-00	28-Aug-00	07-Oct-00	30-Oct-00
150	WE	Portland P&DC #1	OR	2	16-Jun-00	06-Jul-00	04-Sep-00	14-Oct-00	06-Nov-00
151	GL	Royal Oak P&DC #1	MI	2	16-Jun-00	06-Jul-00	04-Sep-00	14-Oct-00	06-Nov-00
152	NY	Monmouth P&DC	NJ	1	16-Jun-00	06-Jul-00	04-Sep-00	14-Oct-00	06-Nov-00
153	NE	Syracuse P&DC	NY	1	16-Jun-00	06-Jul-00	04-Sep-00	14-Oct-00	06-Nov-00
154	SE	Montgomery P&DC	AL	1	16-Jun-00	06-Jul-00	04-Sep-00	14-Oct-00	06-Nov-00
155	AL	Southeastern P&DC	PA	1	16-Jun-00	06-Jul-00	04-Sep-00	14-Oct-00	06-Nov-00
156	MW	Kansas City (KS) P&DC	KS	1	23-Jun-00	13-Jul-00	11-Sep-00	21-Oct-00	13-Nov-00
157	PA	Bakersfield P&DC	CA	1	23-Jun-00	13-Jul-00	11-Sep-00	21-Oct-00	13-Nov-00
158	NY	Patterson P&DC	NJ	1	23-Jun-00	13-Jul-00	11-Sep-00	21-Oct-00	13-Nov-00
159	MW	Fargo P&DC	ND	1	23-Jun-00	13-Jul-00	11-Sep-00	21-Oct-00	13-Nov-00
160	PA	Long Beach P&DC #1	CA	2	23-Jun-00	13-Jul-00	11-Sep-00	21-Oct-00	13-Nov-00
161	NE	Brockton P&DC	MA	1	23-Jun-00	13-Jul-00	11-Sep-00	21-Oct-00	13-Nov-00
162	PA	Oakland P&DC #2	CA					28-Oct-00	20-Nov-00
163	SW	North Texas P&DC #2	TX					28-Oct-00	20-Nov-00
164	SE	Manasota P&DC	FL	1	30-Jun-00	20-Jul-00	18-Sep-00	28-Oct-00	20-Nov-00
165	WE	Reno P&DC	NV	1	30-Jun-00	20-Jul-00	18-Sep-00	28-Oct-00	20-Nov-00
166	AL	Akron P&DC	OH	1	30-Jun-00	20-Jul-00	18-Sep-00	28-Oct-00	20-Nov-00
167	AL	Lehigh Valley P&DC	PA	1	30-Jun-00	20-Jul-00	18-Sep-00	28-Oct-00	20-Nov-00
168	NY	Morgan P&DC #4	NY					04-Nov-00	27-Nov-00
169	PA	Los Angeles P&DC	CA	1	07-Jul-00	27-Jul-00	25-Sep-00	04-Nov-00	27-Nov-00
170	PA	San Bernardino P&DC	CA	1	07-Jul-00	27-Jul-00	25-Sep-00	04-Nov-00	27-Nov-00
171	SE	South Florida P&DC	FL	1	07-Jul-00	27-Jul-00	25-Sep-00	04-Nov-00	27-Nov-00
172	MW	Sioux Falls P&DF	SD		07-Jul-00	27-Jul-00	25-Sep-00	04-Nov-00	27-Nov-00
13a	PA	Sacramento P&DC	CA	1	07-Jul-00	27-Jul-00	25-Sep-00	04-Nov-00	27-Nov-00
173	WE	Portland P&DC #2	OR					11-Nov-00	04-Dec-00
174	GL	Royal Oak P&DC #2	MI					11-Nov-00	04-Dec-00
175	PA	Long Beach P&DC #2	CA					11-Nov-00	04-Dec-00
10a	MW	Springfield P&DC	MO	1	14-Jul-00	03-Aug-00	02-Oct-00	11-Nov-00	04-Dec-00
3a	SE	Chattanooga P&DC	TN	1	14-Jul-00	03-Aug-00	02-Oct-00	11-Nov-00	04-Dec-00
2a	WE	Everett P&DF	WA	1	14-Jul-00	03-Aug-00	02-Oct-00	11-Nov-00	04-Dec-00
1a	CM	Suburban MD P&DC	MD	1	21-Jul-00	10-Aug-00	09-Oct-00	18-Nov-00	11-Dec-00
S	HQ	Engineering - Simulator	VA					25-Nov-00	18-Dec-00
5a	HQ	Norman (NCED)	OK	2	28-Jul-00	17-Aug-00	16-Oct-00	25-Nov-00	18-Dec-00
4a	HQ	Norman (NCED)#2	OK					25-Nov-00	18-Dec-00
175				175					

AIR COMPRESSOR
1 UNIT ONLY 5HP 15 SCFMs
2 - 4 UNITS 20HP 75 SCFMs
5 - 10 UNITS 30HP 140 SCFMs

RED NUMBERING/LETTERING = TEMPORARY DEPLOYMENT LOCATION

					DELIVERY / ACCEPTANCE				
AFSM SEQ.#	AREA	PLANT	ST	TOTAL UNITS	SITE SURVEY DATE RANGE earliest	SITE SURVEY DATE RANGE latest	VCS DELIVERY	AFSM 100 DELIVERY	START ACCEPT TEST
				175			Mon.; 40 days	Sat.; 0 day	Monday

BLUE NUMBERING/LETTERING = SPECIAL TEST SITES
PURPLE DATES NEED TO BE FINALIZED DUE TO REFURBISHMENT ACTIVITIES

dates Holiday fell on a Monday, so burn-in and/or acceptance testing will begin on Tuesday.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-12 At page 11, lines 12-14 of your testimony, you state that "It is possible that an OCR modification will be added to the FSM 1000 in the future, but deployment currently is not scheduled before FY 2002 at the earliest."

a. Please provide a full explanation of why the Postal Service is delaying an OCR modification for the FSM 1000 until at least FY 2002.

b. Produce all studies, analyses or similar documents performed by or for the Postal Service concerning the appropriate rate of deploying an OCR modification to the FSM 1000.

Response:

a. Engineering has not resolved all the technical and procurement issues at this time. Plans are evolving but further work needs to be done.

b. There are none available at this time. The rate of deployment depends primarily on the manufacturer's production capabilities.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-13 If the Postal Service has equipped 240 of its 341 SPBSs with the SPBS Feed System, and has 101 SPBSs not so equipped, please explain why the Service is procuring only 50 additional Feed Systems, instead on an additional 101.

Response

There are two major reasons for not deploying feed systems to all SPBSs:

1) Not economical – if a site has too many sacks to dump, the savings are not there,

2) Not enough space – the feed systems have a large footprint.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-14 Please produce all studies, analyses, reports or similar documents generated by or for the Postal Service since January 1, 1998, concerning the costs and effectiveness of the Postal Service's existing efforts to automate the processing of flat-shaped mail.

Response:

Please refer to Library Reference USPS-LR-I-193.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-15 Please produce all studies, analyses, reports or similar documents generated by or for the Postal Service since January 1, 1998, concerning the costs and benefits of any proposals to expand or improve the Postal Service's automated processing of flat-shaped mail.

Response:

Please refer to Library Reference USPS-LR-I-193.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-16 Please produce all studies, analyses, reports or similar documents generated by or for the Postal Service since January 1, 1998, concerning any potential means of increasing the Postal Service's productivity of processing flat-shaped mail.

Response:

There are two indicators, increased FSM utilization and decreased manual flats, that are being tracked and discussed on teleconferences on a regular basis (once or twice per month) between Headquarters and Area operations.

Attached is a list of the latest FSM utilization indicators.

FSM UTILIZATION

Attachment
ANM/USPS-T10-16
page 1 of 1

AP 5 FY 00

FSM 881

AP Target: 2.0 Million Utilization Rate per Machine

Area	TPH(000)	Workhrs	Inventory	Utilization Rate	Prod
	100,653.7	169,450	51	1,973.6	594.0
	149,270.7	285,480	86	1,735.7	522.9
	87,254.7	134,359	52	1,678.0	649.4
	150,682.7	213,872	91	1,655.9	704.5
	112,556.3	212,399	68	1,655.2	529.9
	127,332.1	217,654	77	1,653.7	585.0
	122,184.2	199,538	75	1,629.1	612.3
	136,841.0	260,851	87	1,572.9	524.6
	110,173.8	195,432	74	1,488.8	563.7
	75,689.0	138,367	51	1,484.1	547.0
	66,715.3	126,387	51	1,308.1	527.9
	1,239,353.5	**2,153,789**	**763**	**1,624.3**	**575.4**

FSM 1000

AP Target: 1.4 Million Utilization Rate per Machine

Area	TPH(000)	Workhrs	Inventory	Utilization Rate	Prod
	47,968.7	80,874	28	1,713.2	593.1
	40,412.4	67,067	24	1,683.9	602.6
	70,182.3	122,637	42	1,671.0	572.3
	51,554.6	79,071	32	1,611.1	652.0
	60,322.4	97,177	38	1,587.4	620.7
	51,806.9	74,628	33	1,569.9	694.2
	36,845.7	66,185	24	1,535.2	556.7
	34,941.9	62,821	23	1,519.2	556.2
	55,853.3	95,679	37	1,509.5	583.8
	43,574.9	78,936	29	1,502.6	552.0
	12,601.2	29,128	11	1,145.6	432.6
	506,064.3	**854,203.0**	**321**	**1,576.5**	**592.4**

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-18 Please identify each financial, budgetary, supply or operational constraint that prevents greater investment by the Postal Service in automated equipment for processing flat-shaped mail in the test year. Produce all studies, analyses, communications and other documents that support your response.

Response:

Engineering is always looking to improve the processing of flat shaped mail. However, I am told that there are no constraints that prevent greater investment in automated equipment to process flat shaped mail in the test year since there are no new innovations or plans, beyond what is envisioned today, to be evaluated at this time.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-20 When an FSM 881 is operated in a manual-keying mode, what is the maximum throughput per hour using the full complement of six employees? Please produce documents sufficient to verify your response.

Response:

I am told that the maximum, sustainable, throughput of the FSM 881 in manual keying mode is approximately 10,000 pieces per hour. A throughput of 14,000 may be possible in an ideal environment with very "clean" flats that would not cause jams and that have very readable, clear addresses that are easy to locate and decipher by the keyers.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-21 On pages 10-11 of your testimony, you state that the throughput of the FSM 881 is approximately 6,500 pieces per hour for BCR/OCR operations, and the throughput of the AFSM 100 is approximately 17,000 pieces per hour. Please confirm that the throughput capacity of the AFSM 100 is about 2.6 times the capacity of the FSM 881. If you do not confirm fully, please provide your best estimate of the ratio of the throughput capacities of the two machines, explain the basis for your answer, and provide documents sufficient to verify your response.

Response:

Confirmed. We have been using a 2-3 ratio depending on mail arrival profiles, operating windows, accept rates (on-line encoding will reduce the amount of OCR rejects requiring rehandling), and any mail piece machinability characteristic changes that have yet to be determined or tested.

Revised 3/21/2000

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-22 When the FSM 1000s are modified to include OCR capability, is the throughput expected to exceed the current rate of 5,000 pieces per hour? If an increase in throughput is anticipated, please state the expected rate. Produce all studies, analyses and similar documents that support your response.

Response:

Based on our experience with the FSM 881 OCR modification, we expect the FSM 1000 throughput to be consistent with the current BCR rate. Please see responses DMA/USPS-T10-12, NNA/USPS-T10-10(c), and PostCom/USPS-T10-4. The OCR and automatic feeder are tied together and are in the development stage, so the expected rate with both modifications is not known at this time.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-23 When flats are sorted into vertical flat cases, what is the average rate of sortation for: (a) primary outgoing; (b) secondary outgoing; (c) primary incoming; and (d) secondary incoming? Produce all studies, analyses and similar documents that support your response.

Response:

a – d. Vertical flats casing is not used for any of these operations. The vertical flat case is used by the majority of city carriers to case flats into delivery sequence. The various productivities requested in a-d, however, are contained in LR-I-90, Flats Mail Processing Cost Model.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-24 Your testimony at pp. 10-12 states that the FSM 881 sorts to 100 bins, has a throughput of approximately 6,500 pieces per hour for BCR/OCR operations (when fully staffed with six employees), and sorts mail directly into flats *trays, or tubs.*

a. How much more productive is the FSM 881 than manual sortation of flats?

b. How many clerk/mailhandler work hours are required to give flats the same sortation as can be achieved in one hour on the FSM 881?

c. Produce all studies, analyses and similar documents that support your response.

Response:

a – c. The requested information, by operation, is contained in or can be derived from LR-I-90, Flats Mail Processing Cost Model. The depth of sort is not included in these productivities but should be reflected in the cost mailflow models in witness Yacobucci's testimony (T25).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-25 Your testimony at p. 19, lines 11-14, discusses the secondary parcel sorting operation at BMCs.

a. On average, how many 5-digit locations does a typical BMC serve?

b. How many separations can the BMCs secondary parcel sorter achieve on a single pass? If the number of separations of the secondary parcel sorters varies between different BMCs, please provide the minimum, maximum and average number of separations achievable by the machines expected to be in operation during Test Year.

c. If a BMC must prepare parcels to more 5-digit locations than can be achieved with a single pass on the secondary parcel sorter, please describe how the required number of separations is achieved.

d. Please produce documents sufficient to verify your answers to the previous parts of this question.

Response:

a. A typical BMC serves approximately 2,000 5-digit locations.

b. When fed from the Primary Parcel Sorter, the Secondary Parcel Sorters combined will make from approximately 500 up to 1,500 separations in the Test Year. The average in the Test Year will be approximately 1,000 separations. This information refers to the number of separations made at the BMCs, not the number of run-outs on the sorters. There are many run-outs in the BMCs that dump parcels onto slides, and then the parcels are manually sorted into multiple separations.

c. This would not happen in the BMCs. Parcels that are not finalized to the 5-digit level in the BMCs are sent in a 3-digit container to an ASF or SCF for further processing.

d. I have been told this information and am not aware of any documents.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-26 At p. 20, line 9 of your testimony, you state that "The SPBSs are deployed with four, five or six induction stations." You subsequently state (at lines 20-22), "When the SPBS Feed System is incorporated, staffing is reduced by one-half to three people per crew, depending on the number of induction stations."

a. For those SPBSs with 4 induction stations, what reduction in staffing results from installation of a SPBS Feed System?

b. For those SPBSs with 5 induction stations, what reduction in staffing results from installation of a SPBS Feed System?

c. For those SPBSs with 6 induction stations, what reduction in staffing results from installation of a SPBS Feed System?

d. Please produce documents sufficient to verify your answers to the previous parts of this question.

Response:

a. The staffing reduction varies between .5 and 2 positions.

b. The staffing reduction varies between 1 and 3 positions.

c. The staffing reduction varies between 1 and 3 positions.

d. Please see attached.

ANM/USPS-T10-26 d.
Pg 1 of 2

operational goals through reduced manual loading and staffing workhours.

III. SYSTEM DESCRIPTION

These feed systems consolidate all Small Parcel and Bundle Sorter induction lines into a centralized network capable of transferring mail from all types of postal service mail containers and transporting it on mechanized conveyors to the Small Parcel and Bundle Sorter induction and keying consoles. The mechanized container unloading equipment utilized in the system reduces manual handling tasks and should reduce unloading workhours, as well as industrial accidents. Additionally, the container unloading equipment design incorporates a mail backlog, or surge, capacity, which supplies keyers with staged mail on demand and without delays. Feed system configuration designs also provide effective space for culling non-machinable mail and for bundle breakage repair. These features expand the potential for Small Parcel Bundle Sorter productivity improvements.

The Small Parcel and Bundle Sorter Feed System production contract contains a "modular" design requirement to ensure that the feed system can be adapted to all existing Small Parcel and Bundle Sorter machine configurations.

IV. SYSTEM BENEFITS

Staff reduction and machine throughput benefits are anticipated from the new Small Parcel and Bundle Sorter Feed System. Mailhandler/loader staffing reductions are anticipated which should eliminate between 0.5-2 positions on a four-station Small Parcel and Bundle Sorter and between 1-3 positions on the five-station and six-station Small Parcel and Bundle Sorters. Exact reductions depend on the quantities of sacked mail a plant handles. Sacked mail dumping was not mechanized with the Small Parcel and Bundle Sorter Feed System. However, we still realize nominal savings for sacked mail dumping as a result of the efficiencies offered by only only having one induction point. The exact crew sizes would then range between 10-12 and 15-17, depending on machine configuration. It is also anticipated that the

ANM/USPS-T/O-26 d.
Pg 2 of 2

mechanized container unloading equipment may generate further staffing reductions due to its capacity to increase mailhandler productivity.

Reductions in industrial accidents, and their associated medical, compensation, and lost work day costs, are also anticipated due to the enhanced ergonomic and safety conditions of Small Parcel and Bundle Sorter Feed Systems unloading equipment. Productivity gains will be further augmented through the reduction of keying clerk fatigue. Additionally, minimized mail starvation will improve operational throughput. Today's feed system will also minimize bundle breakage, and its resultant work. Where bundles do break, the design improvements will better accommodate rebundling and efforts to cull non-machinable and damaged mail. The design improvements, which support culling non-machinable mail and rebundling broken mail activities, will increase operational efficiency and productivity.

V. ECONOMIC ANALYSIS AND FUNDING SUMMARY

A. Basis of Savings

Savings projections are based solely on anticipated reductions in loader staffing, as was the case in the savings projections for the first buy of 230 Small Parcel and Bundle Sorter Feed Systems.

Annual workhour savings for the 53 Small Parcel Bundle Sorter Feed Systems currently requested was based on machine configuration (four-station, five-station, and six-station), Small Parcel and Bundle Sorter runtime, and the containerization of mail received for Small Parcel and Bundle Sorter processing (sacked or non-sacked mail). A combination of these factors was used to determine the staffing impact and resultant savings.

The full annual workhour savings for the 53 feed systems equates to 288,000 workhours, which equates to $8 million.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-27 Please produce all studies, analyses or similar documents produced by or for the Postal Service since January 1, 1998, evaluating the Service's automation of flat processing in light of the automation achieved by the Service's counterparts in other advanced industrial nations.

Response:

I am informed that there are no such documents. However, I understand that Engineering is continually involved with international symposiums, which include counterparts and manufacturers from other nations.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-29 For the last batch of FSM 881s purchased and deployed by the Postal Service, what was the average cost per machine?

Response:

I am told that the approximate cost per machine was $230,000.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-30 What is the average cost of an FSM 881, including barcode readers (BCRs) and optical character readers (OCRs)?

Response:

I am told that the approximate cost per machine was $290,000.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-32 In your testimony at page 24, lines 20-22, you state that "The TMS system has been deployed to 17 facilities, with 15 more plants to come on-line by FY 2001. Plans are to extend the system to most large and medium facilities."

a. Aside from the 32 facilities that will have a TMS system by FY 2001, how many large facilities will NOT have a TMS system

b. Aside from the 32 facilities that will have a TMS system by FY 2001, how many medium facilities will NOT have a TMS system?

c. How many years will the Postal Service require to extend the TMS system to most large and medium facilities under the plans that you mention in your testimony?

d. Please produce all studies, analyses and similar documents produced by or for the Postal Service concerning the costs, benefits, and appropriate deployment rate of the TMS system.

Response:

a. It was not my intention to indicate that there is a strict designation of plants based on small, medium, and large. Consequently, numbers can not be provided specifically for large or medium facilities. There are 357 total plants in the Postal Service leaving 325 without TMS by FY 2001.

b. See response for a.

c. It is not known at this time. It is now my understanding that though it is still the goal of the Postal Service to automate more of the material handling functions related to tray staging, sorting, and movement in a majority of the existing medium to large facilities, the exact technology that will perform the TMS functions is currently being reevaluated and may or may not ultimately vary from the current configurations. Any deployment schedules will be subsequent to this evaluation.

d. Objection filed February 22, 2000.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-33. Please refer to your response to ANM/USPS-T10-16 and the attachment thereto.

(a) Please define the "utilization rate" as you use that term in your response and the attachment.

(b) What are the units shown under the "utilization rate" column in the attachment?

(c) For the period FY 1996 to present, please provide data on the manual flats indicator that, according to your response, is being tracked between Headquarters and Area operations. If you have not been tracking manual flats since FY 1996, then provide data from the time you started tracking manual flats.

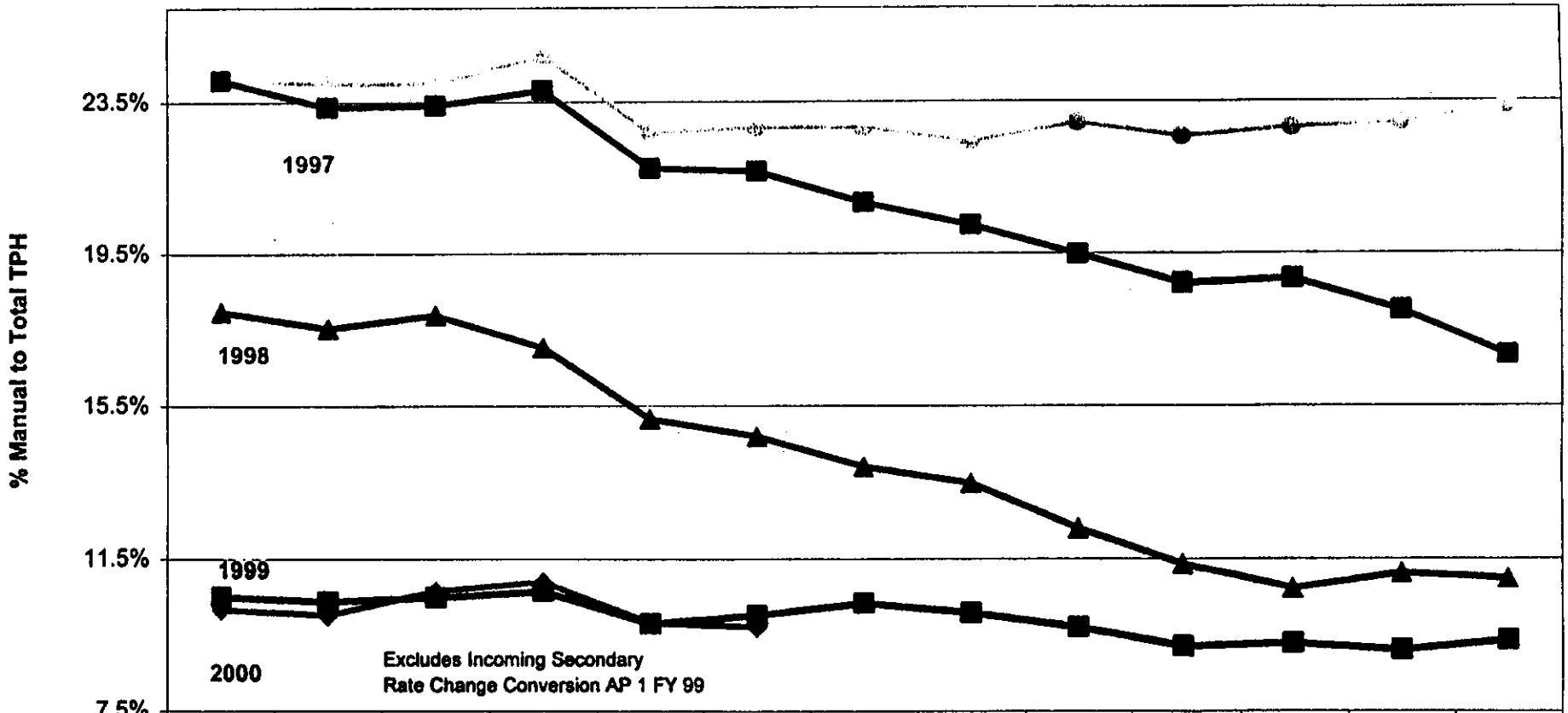
Response:

(a) The utilization rate is the number of pieces finalized across a piece of equipment, generally viewed on an AP basis. For example, in the ANM/USPS-T10-16 response attachment, the national utilization rate for the FSM 881 of 1,624.3 is the equivalent of 1,624,300 pieces sorted per FSM 881 on average for the AP.

(b) Total Pieces Handled per FSM on average for the AP (pieces finalized/sorted, not pieces fed).

(c) Please see attached for percent of manual flat volume to total pieces handled in the plants, excluding incoming secondary manual flat volumes. Incoming secondary volumes are excluded in order not to "penalize" a plant for having the manual scheme clerk processing at the plant (centralized) instead of at the delivery unit(s) (decentralized).

Flat Mail Volume Trend



	1	2	3	4	5	6	7	8	9	10	11	12	13
96	24.1%	24.0%	24.0%	24.8%	22.7%	22.9%	22.8%	22.5%	23.0%	22.6%	22.8%	23.0%	23.4%
97	24.1%	23.4%	23.4%	23.8%	21.8%	21.7%	20.9%	20.3%	19.5%	18.7%	18.9%	18.0%	16.8%
98	18.0%	17.6%	17.9%	17.1%	15.2%	14.7%	13.9%	13.5%	12.3%	11.4%	10.7%	11.2%	11.0%
99	10.5%	10.4%	10.5%	10.7%	9.8%	10.0%	10.3%	10.1%	9.7%	9.2%	9.3%	9.1%	9.4%
2000	10.2%	10.0%	10.7%	10.9%	9.8%	9.7%							

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-34. This question concerns your testimony concerning the FSM 881 OCR modification.

(a) When did the Postal Service first deploy the FSM 881 OCR modification?

(b) How many of the 812 FSM 881s were equipped with the OCR modification at the end of Base Year 1998?

(c) How many of the 812 FSM 881s will be equipped with the OCR modification at the end of FY 2001?

Response:

(a) July, 1998. Please see POSTCOM/USPS-T10-4 for deployment schedule.

(b) As per the deployment schedule, approximately 105 FSM 881s were equipped with the OCR modification as of September 14,1998.

(c) All of the FSM 881s are equipped with the OCR modification.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-35. Please refer to your testimony at page 11, concerning the FSM 1000.

(a) In what year did the Postal Service install the first of the 340 FSM 1000s referred to in your testimony?

(b) How many FSM 1000s were installed in that year and each subsequent year through total deployment of all 340 FSM 1000s?

(c) For the most recent batch of FSM 1000s purchased and deployed by the Postal Service, what was the average cost per machine?

(d) Did those machines come equipped with BCR capability? If not, what was the cost to modify and include BCR capability?

Response:

(a) CY96

(b) CY96 – 25; CY97 – 170; CY98 – 145

(c) $425,000 each.

(d) No. $32,000,000 for all FSM 1000s.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-36. Please refer to your responses to ANM/USPS-T10-12 and 22.

(a) When did the Postal Service start developing OCR capability for the FSM 1000?

(b) You have stated that you expect an increase in throughput when FSM 1000s are finally modified to include OCR capability. Please explain why it takes so long for the Postal Service to develop and procure OCR capability for the FSM 1000, given that the technology already has been developed and deployed successfully for the FSM 881.

(c) Is the project underfunded?

(d) Is the Engineering Department understaffed or short of Research and Development funds?

Response:

It is my understanding that:

(a) The OCR for the FSM 1000 is a Siemens development based on the same technology used on the FSM 881. The development was not funded by the USPS and we do not know when Siemens started the development.

(b) The deployment of OCR capability on the FSM 1000 is dependent on having an automated feeder for the FSM 1000. See DMA/USPS-T10-16. The earliest that a competitive test for feeders could be arranged is summer of 2000. It was expected that the competitive testing could start as early as April, 2000, but because of the complexity of development of feeders that can handle the wide variety of mail that is processed on the FSM 1000, the testing will be later than originally anticipated.

(c) No.

(d) No.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-37. Please refer to your response to ANM/USPS-T10-25.

(a) At BMCs, how many run-outs does the typical parcel sorter have?

(b) In what years were the parcel sorters now in operation at BMCs deployed?

Response:

a. I am told that each BMC averages between 250 – 350 run-outs combined on their secondary parcel sorters depending on the size of the facility and service area.

b. The parcel sorters were deployed at the BMCs during the original construction of the network back in the early to mid 1970s. Since the original construction, I am told that a few of the sorters have been expanded, modified, or refurbished.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-38. Please refer to your response to ANM/USPS-T10-13. How many plants lack enough space to modify their SPBSs with an SPBS Feed System?

Response:

The requested information has not been tracked.

I am told that USPS Headquarters interest has been largely focused on plants submitting requests for SPBS Feed System installation. However, USPS Headquarters has acted to maximize the number of SPBS Feed System installations by surveying the plants and by decreasing feed system floor space requirements.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-39. Please refer to your response to ANM/USPS-T10-21, in which you confirm that the throughput capacity of one AFSM 100 is between 2-3 times the capacity of the FSM 881s and is expected to be approximately equivalent to 2.6 FSM 881s.

(a) Since the first 175 AFSM 100s will be used to supplement and expand existing flat sorting capacity, please confirm that the Postal Service's current shortfall in flat sorting capacity is at least equal to the equivalent of 450 FSM 881s.

(b) Please explain fully any failure to confirm without qualification.

Response:

(a) and (b) Not confirmed. FSMs and AFSMs were purchased using two different processing assumptions. Existing FSM 775/881s were purchased specifically to support expected volume growth through FY1992, turnkey facility equipment needs, and very limited sortation to carrier route. The Phase I AFSM purchase *is* expected to support volume growth and sortation to carrier route for zones with approximately 10 or more carrier routes. Over half of the savings for the 173 AFSM 100s is from moving incoming secondary processing from manual operations. Please see response to DMA/USPS-T10-53. An indicator of flat volume growth from FY92 to FY98, is a 50 percent increase in Standard Mail (A), non-ECR, non-letter volume. Therefore, I believe the 450 equivalent FSMs is overstated and is not a true "apples to apples" comparison.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-40. Your testimony contains numerous references to a current shortfall in flat processing equipment. For example, at page 11 (lines 26-28) you state that "the first phase of deployment [of the AFSM 100] is primarily intended to supplement our existing flat sorter equipment by providing needed flat sorting capacity" (emphasis added). At page 12 (lines 20-21) you state that "The FSM 1000 has helped reduce the volume of mail that is processed in manual operations" (emphasis added). At page 13, you state that "FSM 881s will be relocated to smaller sites that do not have flats sorting equipment or lack sufficient flats sorting capacity today" (emphasis added)

(a) Considering that the FSM 775/881 and the FSM 1000 have been available for purchase for so many years, please provide a detailed explanation of why the Postal Service allowed such a shortage of mechanized flat sorting capacity to occur in Base Year 1998.

(b) Please produce documents sufficient to verify your response to part (a).

Response:

It is my understanding that we were pursuing the next generation of FSM and the existing FSM 775/881 technology was outdated. The thought was why invest capital in old technology when there was much better equipment technologies available. The FSM 775/881 is not a machine that can be bought off the shelf; a production line did not exist after FSM 775 deployment was completed in 1992 and considerable costs are incurred to re-start a production line. In addition, deployment of the AFSM has been delayed as long as seven months from the original plan due to production difficulties. A limited number of suppliers are able to manufacture the required quantity at a reasonable price. The limited long-term value of the FSM 775/881 is supported by the expected replacement of FSM 775/881s starting in FY2001 with the AFSM Phase 2 deployment.

The FSM 1000 is intended for flats with different machinability characteristics than the AFSM 100 (thicker, flimsier, heavier). The amount of FSM 1000s purchased was based on this more limited flat mail base. Again, why purchase more FSM 1000s for FSM 881/AFSM 100-compatible flats when a much better machine is on the near horizon. Please see response to NNA/USPS-T10-8.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

To clarify, not all facilities have FSM capacity shortages. Some identified shortages have been in the fastest growing metropolitan areas in the West and Southwest. However, improved service pressures in some other metropolitan areas without capacity constraints prevented FSMs from being relocated.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-41 Please refer to your testimony about the FSM 881 at pages 10-11.

a. In what year were the first barcode readers ("BCRs") deployed to the FSM 881s?

b. In what year did the Postal Service complete equipping the FSM 881s with BCRs?

c. In what year were the first optical character readers (OCRs) deployed on the FSM 881s?

Response:

a. 1992

b. 1993

c. 1998. See PostCom/USPS-T10-4.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-42 Please refer to your response to ANM/USPS-T10-1.

a. What was the average productivity of the FSM 775s (in terms of pieces per hour) during each year before 1990, when they began converting to FSM 881 s?

b. What was the average productivity (in terms of pieces per hour) of the FSM 881s during each year before deployment and installation of the barcode readers ("BCRs")?

c. What was the average productivity (in terms of pieces per hour) of the FSM 881s each year after deployment and installation of BCRs?

d. What is the average productivity (in terms of pieces per hour) of FSMs during each year that they have been equipped with optical character readers (OCRs) and BCRs?

Response:

a) The average productivity of the FSM 775s, before being converted to FSM 881s was approximately 750 Total Pieces Handled (TPH).

b) The average productivity of the FSM 881s before installation of the BCRs was approximately 750 TPH.

c) FY 1993-94 Separate data not available for keying and BCR.

FY 1995	(keying)	680 TPH	
FY 1995	(BCR)	1047 TPH	
FY 1996	(keying)	670 TPH	
FY 1996	(BCR)	995 TPH	
FY 1997	(keying)	630 TPH	
FY 1997	(BCR)	900 TPH	
FY 1998	(keying)	565 TPH	
FY 1998	(BCR)	800 TPH	
FY 1998	(OCR)	856 TPH	(only 2 months of data in FY 1998)

d) FY 1999 (keying) 465 TPH

FY 1999 (BCR) 720 TPH

FY 1999 (OCR/BCR) 710 TPH

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-43 What was the average productivity, in terms of pieces per hour, of the FSM 1000 (a) during each year before deployment and installation of barcode readers ("BCRs"), and (b) during each year following deployment and installation of BCRs?

Response:

a) FY 1997 (keying) 534 TPH
FY 1998 (keying) 590 TPH

b) FY 1999 (keying) 580 TPH
FY 1999 (BCR) 1036 TPH

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-44 Please refer to your response to ANM/USPS-T10-20, which indicates that (i) the maximum, sustainable throughput of the FSM 881 in manual keying mode, using a full complement of six employees, is approximately 10,000 per hour, our (sic) about 1,667 pieces per workhour; and (ii) a throughput of 14,000, or about 2,333 pieces per workhour may be possible in an ideal environment. Also refer to your response to ANM/USPS-T10-16, which indicates that average productivity in AP 5 of FY 2000 was only 575.4 pieces per workhour.

a. What was the average productivity of FSM 881s when used in manual keying mode during AP 5 of FY 2000?

b. What was the average productivity of FSM 881s when used in BCR mode during AP 5 of FY 2000?

c. What was the average productivity of FSM 881s when used in OCR mode during AP 5 of FY 2000?

d. Please provide a detailed explanation why the actual productivity of FSM 881s in all modes combined was less than 35 percent (= 1,667/575.4) of the maximum throughput in manual keying mode.

Response:

As information, I provided only the machine throughputs per hour in your question, not the pieces per workhour.

a) The average productivity of FSM 881s for all keying operations during AP 5 of FY 2000 was 480 Total Pieces Handled (TPH).

b) The FSM 881 no longer processes flat mail in BCR mode only.

c) The average productivity of FSM 881s for all BCR/OCR operations during AP 5 of FY 2000 was 640 TPH.

d) Throughput does not take into account the pieces not finalized, such as BCR and OCR rejects, jams, time required to make sort plan changes, mail preparation time at the machines, breaks, set up and pull down, etc. TPH productivity, pieces per workhour, takes these factors into account. The maximum throughput is also in an ideal environment which includes processing

the "cleanest", most machinable volumes, not the mixture/variation of flats we actually must handle.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-45 Please refer to your response to ANM/USPS-T10-16, which indicates that in AP 5 of FY 2000 the average productivity of FSM 881s was only 575.4 pieces per workhour, while the average productivity of FSM 1000s was 592.4 pieces per workhour.

a. Confirm that in AP 5 of FY 2000 all FSM 881s were equipped with OCRs and no FSM 1000s were equipped with OCRs. If you do not confirm, please provide the number of each FSM that were equipped with OCRs.

b. Confirm that the FSM 1000s are supposed to be used for pieces that cannot be processed on the FSM 881 (e.g., flimsies, oversized or thicker pieces, certain polybagged items) and are generally considered more difficult to handle. If you do not confirm, please explain the types of mail that are being processed on the FSM 1000.

c. Please explain in detail why the productivity on the FSM 881 is lower than the productivity on the FSM 1000.

Response:

a. Confirmed.

b. Confirmed with the qualification that some FSM 881 compatible volume also is processed on the FSM 1000s as mentioned on page 12 of my testimony.

c. Unlike the FSM 1000, a portion of the volume on the FSM 881 has to make a turn at the ends of the machine. This can cause more jams and is more restrictive on the type of piece the FSM 881 can run compared to the FSM 1000. I believe the primary reason for the higher FSM 1000 productivity is due to the FSM 881 with OCR has a higher reject percentage than the FSM 1000 without the OCR. The productivity accounts for pieces finalized or sorted, not pieces fed. The OCR rejects must be rehandled and subsequently are reflected in reduced FSM 881 productivity.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10- 46 Please refer to USPS-LR-I-193, Publication 128, Strategic Improvement Guide for Flats Processing (September 1999) at page 4.

a. Please confirm that the productivities shown above the bars in the bar chart on that page represent pieces per hour. If you do not confirm, please explain what they mean.

b. What are the meanings of "140c" and "960c" that appear in the small box?

c. For each pair of bars shown for each fiscal year, what do the bars on the left and the right represent?

d. The right-hand bars show the following productivities:

FY 94 - 1520
FY 95 - 1450
FY 96 - 1332
FY 97 - 1165
A/P01-FY 98 – 845

Most alarmingly, not only has year-to-year productivity been declining, but also at an accelerating rate, as follows:

FY 94-95 - 70 pcs/hr
FY 95-96 - 118 pcs/hr
FY 96-97 - 167 pcs/hr
FY 97-98 - 320 pcs/hr

In light of these data, has the declining trend in flat sorting productivity been projected in the roll-forward model to TY 2001? If not, for TY 2001 what underlying assumptions were used for flat sorting productivity and cost, and what was the basis for extrapolating or not extrapolating the downward trend in productivity?

Response:

a) Confirmed.

b) The "140c" includes the combination of MODS operation codes 141-148 which represent the keying processing of flat sorting machine outgoing primary through incoming secondary operations. The "960c" includes the combination of MODS

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

operation codes 961-968 which represent the flat sorting machine BCR outgoing primary through incoming secondary operations.

c) The left side represents the 140c and the right side represents the 960c MODS operations, which are described in (b) above.

d) It is my understanding that a decline in FSM productivity is NOT in the roll-forward. LR-I-126 page 18, includes *increasing* manual flat productivity and *improving* flat sorting machine utilization/productivity. The productivities you cite above are for BCR Total Pieces Handled (sorted) per hour, not total FSM productivity. See, LR-I-193, page 56 (Appendix D) for FSM productivity goals.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS

ANM/USPS-T10-47 Now that all FSM 881s are equipped with BCRs and OCRs, why is flat sorting productivity on FSMs lower than in earlier years when all or most flats were keyed manually? Please produce (or cite, if already produced) documents sufficient to verify your response.

Response:

With OCR and BCR operations, there are more rejects and subsequent second handlings to finalize a piece. The pieces then left to key include BCR/OCR rejects, which can be more difficult to read.

In addition, before FSM 1000 deployment provided some FSM capacity relief, the volume competing for the FSM 881 allowed the most efficient mail for the longest runs to be put on the machines. Similar to letters, as the cleanest volumes are automated, the less machinable pieces and shorter sort plans are added, thereby effecting productivity.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE ASSOCIATION OF PRIORITY MAIL USERS, INC.

APMU/USPS-T10-1. In June 1998, the Postal Service completed activation of the last of its 10 PMPCs. Within the two areas served by the PMPC network (i.e., the Northeast and Florida), processing of Priority Mail was transferred from Postal Service plants to the PMPCs.

a. Please specify the extent to which the transfer of Priority Mail processing to the PMPC network has helped generally to free up space and mail processing equipment (e.g., flat sorting machines or SPBSs) within Postal Service plants in the Northeast and Florida, especially during critical dispatch periods.

b. Please specify the extent to which the transfer of Priority Mail processing to the PMPC network has helped to reduce or eliminate congestion and critical bottlenecks as regards space and mail processing equipment (e.g., flat sorting machines or SPBSs) within Postal Service plants in the Northeast and Florida, especially during critical times such as Christmas.

c. Please specify the extent to which the transfer of Priority Mail processing to the PMPC network has helped to increase efficiency and reduce costs of the other (non-Priority) mail that is processed in Postal Service plants within the network area.

d. Please specify the extent to which the transfer of Priority Mail processing to the PMPC network has helped to increase on-time delivery performance of mail processed in the Northeast and Florida.

Response:

a. There is no data available to quantify the amount of space freed up by moving Priority Mail to the PMPCs. However, no mechanization was moved out of the Postal facilities supported by PMPCs. The space needs for rack and tub set-ups may have been reduced, however, most facilities still must maintain Priority Mail operations for late arriving mail. The first attachment compares the SPBS and FSM 1000 utilization by volume for plants affected by the

PMPCs before and after implementation of the network versus plants unaffected by the PMPCs.

b. See response to part a.

c. The transfer of Priority Mail processing to the PMPC network has freed up capacity on mechanized systems to move other classes of mail. However, a quantitative analysis detailing the impact of this transfer on efficiency and cost reductions is not available. However, increased efficiencies and cost reductions for mail remaining in the Postal Service plants would be reflected, to some extent, in the base year costs of the various classes of mail presented in the case.

d. The PMPC contract was awarded as a pilot test of an approach for improving the service delivery for Priority Mail. Though there has been measurable improvements in Priority service with the PMPCs compared to the rest of the network, any theoretical benefit to other classes of mail delivery arising from the creation of a dedicated mail stream for Priority Mail would be incidental. USPS does not have measures that would isolate this one factor from all other factors that affect service delivery performance among other mail classes. Even if this could be accomplished, the EXFC service scores in the second attachment for First-Class Mail, specifically, do not indicate an appreciable improvement in scores in the PMPC affected Clusters compared to the non-affected Clusters.

FSM 1000 and SPBS VOLUME
PMPC AFFECTED VS. NON-AFFECTED PLANTS

	FY/AP		MIX	PREF	PRI	STND	TOTAL							FY/AP		MIX	PREF	PRI	STND	TOTAL						
PMPC Total	1997	1	1826 9	0	0	0	1826 9	1998	1	60651 2	0	13 6	0	60664 8	1999	1	118475 1	0	0	0	118475 1	2000	1	133517	0	0	0	133517
		2	3759 3	0	0	0	3759 3		2	65850	0	0	0	65850		2	120553 2	0	0 1	0	120553 3		2	135073 2	0	0	0	135073 2
		3	7241 1	0	0	0	7241 1		3	70051 5	0	55 6	0	70107 1		3	122839	0	0	0	122839		3	132402 3	0	0	0	132402 3
		4	9113 6	0	0	0	9113 6		4	65124 7	0	51 4	0	65176 1		4	105813 7	0	0	0	105813 7		4	113213 9	0	0	0	113213 9
		5	15355	0	0	0	15355		5	79294 5	0	15 2	0	79309 7		5	127133 4	0	0	0	127133 4		5	134893 1	0	0	0	134893 1
		6	23641 9	0	0	0	23641 9		6	84781 3	0	1 7	0	84783		6	129125 6	0	0	0	129125 6		6	133172 9	0	0	0	133172 9
FSM 1000		7	29838 7	0	0	0	29838 7		7	95083 9	0	0 3	0	95084 2		7	131750	0	0	0	131750		7	55757 1	0	0	0	55757 1
		8	34563 4	0	0	0	34563 4		8	104530 1	0	0	0	104530 1		8	130813 6	0	0	0	130813 6							
		9	39541 7	0	0	0	39541 7		9	104811 7	0	6 3	0	104818		9	132762 5	0	0	0	132762 5							
		10	42353 3	0	0	0	42353 3		10	100515 8	0	4 3	0	100520 1		10	122054	0	0	0	122054							
		11	44016 7	0	2 8	0	44019 5		11	103036 5	0	0	0	103036 5		11	121514 6	0	0	0	121514 6							
		12	46900 6	0	82 2	0	46982 8		12	109826 7	0	20 1	0	109846 8		12	124310	0	0	0	124310							
		13	52233 6	0	6 2	0	52239 8		13	111804 8	0	0	0	111804 8		13	126681 8	0	0	0	126681 8							
	TOTAL		350187 8	0	91 2	0	350279	TOTAL		1155383	0	168 5	0	1155551	TOTAL		1613827	0	0 1	0	1613827	TOTAL		838029 5	0	0	0	838029 5
[redacted]	1997	1	0	25387 3	10175 4	30887 8	66430 5	1998	1	0	28404 4	8606 2	38998 5	76009 1	1999	1	0	34412 6	1784 5	44614 3	80811 4	2000	1	0	41850	1734 3	39519 8	83103 9
		2	0	24565 1	10300 9	32767 1	67633 1		2	0	30180	6547	38527 2	75254 2		2	0	35444 1	1538 6	39876 6	76859 3		2	0	44406 7	1798 9	41840 8	88046 4
		3	0	23570 6	13145 7	28790 2	65506 5		3	0	31727 5	4260 3	37034 7	73022 5		3	0	39900 5	1819 5	38608	80328		3	0	45311 4	1726 1	39690 7	86728 2
		4	0	22650 4	19489 8	23821	65961 2		4	0	31820 6	6364 3	26941 5	65126 4		4	0	35491 5	2489 2	28239 4	66220 1		4	0	47920 3	2610 4	28637 9	79168 6
		5	0	24337 1	14594	30387 8	69318 9		5	0	33208 4	4708 2	34849 6	72764 2		5	0	39556 9	1958 1	37681 1	79196 1		5	0	42325 8	1712 4	38280 9	82319 1
		6	0	26760 8	11394	29915 8	68070 6		6	0	34865 8	4666 6	37089	76621 4		6	0	42328 5	2160 3	32996 9	77485 7		6	0	45662 2	1910 2	35606 7	83179 1
		7	0	26995 2	11556 1	31566 3	70117 6		7	0	36228 8	4480 9	34842 8	75552 5		7	0	43889 9	2087 8	36830 8	82788 5		7	0	16403 1	954 7	16143 3	33501 1
		8	0	26811 5	11493	31170 8	69475 4		8	0	36338 5	3547 3	34186 5	74052 3		8	0	42375 3	2060 4	36464 7	80900 4							
		9	0	25828	11579 7	29573	66980 7		9	0	35892 5	3403 6	30657 3	69953 4		9	0	41023 7	1797 9	33690 9	76512 5							
		10	0	24522 8	11654 7	27884 3	64061 8		10	0	32755 7	2916 1	28394 7	64066 5		10	0	38932 8	1727	30753 4	71413 2							
		11	0	23110 8	12335	27615 7	63061 5		11	0	32793 3	1954 4	27478 3	62226		11	0	39417 7	1816 8	30841 1	72095							
		12	0	24554 5	14844 1	29375	68773 6		12	0	33884 4	1800 1	29433 2	64819 7		12	0	43504	1854 8	34967 4	80342 1							
		13	0	27242 2	13795 4	33416 2	74953 8		13	0	34,92 8	1570 1	14716 9	70549 8		13	0	41251 4	1764 9	38373 2	81389 5							
	TOTAL		0	326316 3	165857 8	387171 1	879345 2	TOTAL		0	431662 7	54825 1	433130 2	919618	TOTAL		0	517528 9	24839 8	463937 8	1006342	TOTAL		0	283879 5	12447	239719 9	536046 4
Non-PMPC Total	1997	1	0	0	0	0	0	1998	1	107556 9	0	475 7	0	107556 9	1999	1	348081 7	0	4166 8	0	352248 5	2000	1	409958 3	0	2965 7	0	412924
		2	294 5	0	0	0	294 5		2	128754 6	0	492 5	0	128754 6		2	359200 7	0	5004 3	0	364205		2	414185 7	0	2846 1	0	417031 8
		3	1783 9	0	0	0	1783 9		3	146248 2	0	482 6	0	146728 8		3	354148 3	0	4698 9	0	358847 2		3	404921 8	0	2826 9	0	407754 7
		4	5152 9	0	0	0	5152 9		4	144748 3	0	392 4	0	145140 7		4	308743 8	0	4083 6	0	312827 4		4	345858 2	0	2486 2	0	348344 4
		5	10564	0	0	0	10564		5	177729 9	0	470 9	0	178200 8		5	363784	0	4928 3	0	368712 3		5	404043 5	0	2584 7	0	406628 2
		6	18930 1	0	0	0	18930 1		6	202329 4	0	1153 6	0	203483		6	363612 3	0	5676 2	0	369288 5		6	401679 8	0	2515 2	0	404195
FSM 1000		7	31352 3	0	0	0	31352 3		7	231458 8	0	1953	0	233409 6		7	373395 3	0	5733 4	0	379128 7		7	115752 4	0	946 9	0	116699 3
		8	44276 7	0	0	0	44276 7		8	265635 4	0	2664 7	0	268300 1		8	376228	0	4183 5	0	380411 5							
		9	58134 8	0	0	0	58134 8		9	284935 5	0	3382 7	0	288318 2		9	376407 1	0	2631 4	0	379038 5							
		10	64494 7	0	61 7	0	64556 4		10	285629 1	0	3107 2	0	288736 3		10	354645 8	0	2415 8	0	357061 6							
		11	67267 9	0	142	0	67409 9		11	297152 3	0	3664 5	0	300816 8		11	355875 7	0	2580 4	0	358456 1							
		12	73090 9	0	492 8	0	73583 7		12	314758 3	0	3713 5	0	318471 8		12	370190 1	0	2730 2	0	372920 3							
		13	81283 3	0	636 6	0	81899 9		13	313489 9	0	3616 9	0	317106 8		13	381999 4	0	2659 1	0	384658 5							
	TOTAL		456806	0	1333 1	0	458139 1	TOTAL		2899454	0	25570 2	0	2925024	TOTAL		4686312	0	51491 9	0	4737804	TOTAL		2496406	0	17171 7	0	2513577
[redacted]	1997	1	0	47981 6	41006 3	65625 8	158915	1998	1	0	58524 3	51150 7	72853 8	187000 1	1999	1	0	60190 4	43632 2	70167 6	179432 7	2000	1	0	79179 9	59399 1	85954 4	230374
		2	0	50114 6	42817 8	66159 4	163147 8		2	0	56671 2	64873 7	75353 4	201872 3		2	0	60826 9	45064 3	72809 4	183564		2	0	82542 2	60274 2	89196 8	237658 6
		3	0	49134 5	41305 2	59055 4	153949 7		3	0	55259 9	47125 9	67455 3	174711 9		3	0	58357 2	42777 2	70327 7	176964 6		3	0	80345 7	61339 1	84254 3	231703 3
		4	0	46331	41127 9	46497	140877		4	0	54666 9	49813 2	107650 4	217393		4	0	58364 2	50081 6	51454 9	166203		4	0	81342 8	78319 1	56271 5	225321
		5	0	51741 3	44343 9	59822 2	180113 1		5	0	57052 5	50270 1	66006 8	178535 9		5	0	62062	48118	67211 7	181454 4		5	0	79149 5	64660 5	89373 4	232353 8
		6	0	58080	44300 6	58909	163834		6	0	60238 8	50995 6	66017 3	182574 3		6	0	68447 8	47442 6	63905 8	185427 5		6	0	87888 1	69367 8	76849 4	239528 1
		7	0	68574 7	44988 7	58915	176847 5		7	0	61129 2	49468 4	70880	186737 9		7	0	67706	50206 8	68511 3	192500 6		7	0	28815 1	19672 9	25603 7	78264 6
		8	0	57354 5	45618 7	60218 2	167144 9		8	0	61088 9	51482	68221 7	185870 4		8	0	72281 4	51097 5	70496 7	199716 3							
		9	0	57100 5	45422	53399 7	160185 1		9	0	60388 9	50158 9	62014 7	177484 5		9	0	73476 2	50597 2	65165 7	194535 5							
		10	0	51938 1	50983 4	50530 5	157484 4		10	0	110184 3	43647	57806 6	216485		10	0	70787 3	53188 4	61754 7	191010 8							
		11	0	50396 5	41804 7	52820 9	148930 9		11	0	55094 5	41901 2	56485 7	158077 9		11	0	71480 8	51014 3	61909 4	189541							
		12	0	47945 7	49448	55421 1	156861 4		12	0	54904 5	38241 4	58230	156062 6		12	0	71789 2	53285	69134 4	199493 8							
		13	0	53392 5	49297 2	61841	164531		13	0	56080 8	39548 4	66352 3	166816 7		13	0	73689 9	52940 2	78635 9	210259							
	TOTAL		0	690085 5	582444 4	749015 2	2077415	TOTAL		0	801284 7	628676 7	895128	2389823	TOTAL		0	869459 3	637445 3	871485 2	2450103	TOTAL		0	519203 3	413032 7	503503 3	1473201

EXTERNAL FIRST-CLASS MEASUREMENT SYSTEM
OVERNIGHT, TWO DAY, THREE DAY SERVICE STANDARD
FY 1997 THROUGH FY 1999 AND YTD PQ 2, FY 2000

	OVERNIGHT				TWO DAY				THREE DAY			
FY PMPC SUPPORTED PERFORMANCE CLUSTER	1997 PCT ONTIME	1998 PCT ONTIME	1999 PCT ONTIME	2000 PCT ONTIME	1997 PCT ONTIME	1998 PCT ONTIME	1999 PCT ONTIME	2000 PCT ONTIME	1997 PCT ONTIME	1998 PCT ONTIME	1999 PCT ONTIME	2000 PCT ONTIME
BOSTON MA	89.41	92.24	92.45	93.15	65.94	70.04	86.66	90.74	75.75	76.93	84.43	82.06
CENTRAL FLORIDA	90.95	92.23	93.36	92.38	91.53				76.64	82.57	89.7	83.26
CENTRAL NEW JERSEY	92.97	93.8	94.29	93.22	70.3	78.39	81.85	83.38	82.84	85.68	89.28	84.94
CONNECTICUT	91.75	94.09	94.22	93.58	72.71	75.9	79.82	83.66	71.27	78.95	83.48	80.02
HARRISBURG PA	94.42	95.84	95.18	95.29	65.52	69.86	80.89	75.37	70.38	73.45	77.99	75.64
LANCASTER PA	91.6	92.4	93.19	92.81	78.23	81.79	84.22	79.24	78	76.11	82.08	73.49
MAINE	92.98	92.66	94.25	94.58	75.2	81.74	90.23	89.68	66.11	71.61	83.58	79.68
MIDDLESEX-CENTRAL	91.03	92.7	93.18	93.37	81.91	87.97	90.9	89.59	76.81	80.4	87.68	83.29
NEW HAMPSHIRE	92.67	93.17	93.46	94.09	83.1	87.74	89.52	90.82	76.5	78.3	84.65	82.62
NEW YORK CITY	91.27	93.01	93.1	93.25	81.68	90.08	91.06	89.73	80.96	87.01	88.97	86.85
NORTH FLORIDA	93.79	94.25	94.39	93.81	81.24	87.96	87.51	86.09	79.11	83.12	83.6	78.7
NORTHERN NEW JERSEY	90.98	93.26	92.64	92.84	79.57	86.58	91.17	90.07	79.26	83.82	89.08	86.98
PHILADELPHIA PA	90.63	92.76	93.63	92.75	81.54	87.01	90.05	87.04	81.54	82.83	85.11	81.76
PITTSBURGH PA	92.46	93.11	94.35	94.8	80.38	86.74	90.61	90.18	81.43	85.75	88.61	85.97
SE NEW ENGLAND	91.77	94.09	93.71	94.39	84.62	88.63	92.09	91.87	74.63	79.18	86.52	82.67
SOUTH FLORIDA	92.4	94.04	93.79	92.78	74.3	84.66	87.66	81.85	76.75	83.28	86.9	77.25
SOUTH GEORGIA	92.33	93.88	94.89	94.46	81.76	87.84	89.19	84.96	77.45	82.37	85.82	80.97
SOUTH JERSEY NJ	91.91	92.15	92.73	92.64	81.15	86.53	89.07	88.53	77.33	83.26	84.42	81.97
SPRINGFIELD MA	92.23	94.2	95.63	95.37	82.47	87.65	91.88	90.14	74.08	80.49	86.51	81.06
SUNCOAST	91.15	93.2	94.28	94.18	83.88	89.61	91.93	90.07	80.96	85.47	88.32	85.57
TRIBORO	90.52	92.57	93.22	92.41	85.04	89.64	90.8	88.76	80.51	85.61	89.18	86.68
WESTCHESTER NY	91.57	94.1	93.13	92.5	85.87	91.2	90.47	88.4	78.28	85.74	86.68	80.09
WESTERN NEW YORK	93.16	94.93	94.77	95.21	80.84	86.41	90.19	91.54	78.11	82.14	84.8	83.19
SUBTOTAL	91.91	93.42	93.82	93.65	79.51	84.73	88.54	87.35	77.06	81.48	85.97	81.94

	OVERNIGHT				TWO DAY				THREE DAY			
FY NON SUPPORTED PERFORMANCE CLUSTER	1997 PCT ONTIME	1998 PCT ONTIME	1999 PCT ONTIME	2000 PCT ONTIME	1997 PCT ONTIME	1998 PCT ONTIME	1999 PCT ONTIME	2000 PCT ONTIME	1997 PCT ONTIME	1998 PCT ONTIME	1999 PCT ONTIME	2000 PCT ONTIME
AKRON OH	92.28	94.45	93.79	94.39	80.92	84.05	89.27	86.71	80.92	86.07	87.97	84.82
ALABAMA	92.83	93.81	94.37	94.22	78.21	84.35	88.79	84.95	77.52	85.08	88.27	83.25
ALBANY NY	92.96	94.93	95.12	95.55	83.41	91.57	93.37	93.05	68.28	73.56	84.07	81.7
ALBUQUERQUE NM	92.2	92.75	93.87	94.26	85.14	89.72	92.37	91.95	79.02	77.54	80.72	76.5
APPALACHIAN	92.82	93.54	93.65	94.37	77.1	74.12	75.54	73.01	69.83	79.2	83.46	76.96
ARIZONA	90.6	92.25	92.66	93.84	66.65	76.74	86.64	82.23	78.62	84.04	86.63	83.81
ARKANSAS	91.87	92.81	93	92.17	66.55	78.43	79	75.65	75.32	80.2	84.35	75.63
ATLANTA GA	90.86	91.01	91.46	91.23	75.95	82.67	84.22	78.57	75.76	79.54	85.06	82.3
BALTIMORE MD	89.48	93.21	94.32	93.8	61.74	69.48	77.66	75.93	82.92	85.96	91.89	90.33
BIG SKY	92.34	93.93	95.2	94.59	80.92	86.76	91.82	90.1	67.45	64.59	77.49	72.11
CAPITAL	92.38	93.28	93.04	91.87	75.83	80.62	85.83	85.54	83.7	87.56	89.91	86.49
CARIBBEAN	85	87.17	89.14	88.22	81.99	87.03	90.07	87.24	54.06	55.93	66.31	50.8

CENTRAL ILLINOIS	89.61	91.82	93.42	94.01	70.59	83.44	89.29	86.38	74.53	79.31	83.47	81.78
CENTRAL PLAINS	94.39	95.37	96.14	96.17	83.15	87.82	90.8	89.15	81.66	82.61	86.99	85.35
CHICAGO IL	88.97	92.95	92.79	94.28	85.97	87.59	90.47	89.84	76.68	85.57	88.8	87.24
CINCINNATI OH	90.81	91.67	92.66	93.91	68.96	83.04	85.71	84.28	85.59	86.96	91.22	88.61
CLEVELAND OH	91.52	93.61	93.64	94.07	77.08	83.47	86.97	89.1	81.47	85.86	88.34	86.71
COLORADO/WYOMING	89.97	90.56	92.27	90.26	81.77	84.97	89.54	89.35	80.2	80.14	86.07	79.88
COLUMBUS OH	92	92.18	91.94	93.56	62.99	61.09	77.59	66.35	79.91	80.41	85.47	87.27
DAKOTAS	92.62	94.4	94.5	95.72	73.25	84.22	87.94	87.66	69.87	74.46	80.01	76.46
DALLAS TX	90.84	91.73	91.89	91.82	77.36	87.71	89.31	89.16	82.95	84.09	87.35	85.08
DETROIT MI	89.1	92.49	91.95	94.46	71.89	76.08	80.9	81.52	79.7	83.54	85.2	83.2
ERIE PA	93.7	95.7	95.02	95.24	66.33	81.72	81.48	78.55	77.5	77.92	85.17	80.57
FORT WORTH TX	91.27	92.37	92.52	93.18	81.56	83.01	89.12	87.19	76.06	79.84	80.01	81.79
GATEWAY	91.66	92.25	92.62	92.78	70.83	80.08	80.79	83.98	84.27	86.15	88.67	86.48
GREATER INDIANA	90.79	93.01	93.08	93.4	75.89	80.51	85.81	87.12	75.72	83.93	87.13	85.45
GREATER MICHIGAN	91.61	94.58	94.15	93.72	65.32	79.07	82.96	83.46	60.77	75.43	83.74	79.66
GREATER SO CAROLINA	93.21	93.97	93.45	93.08	60.56	74.92	85.72	84.51	66.63	74.62	83.13	78.92
GREENSBORO NC	90.44	90.92	92.23	91.61	71.05	78.96	84.69	81.9	73.57	77.23	82.94	77.32
HAWKEYE	90.85	93.87	93.76	95.03	78.68	81.84	86.53	83.09	75.04	77.61	83.32	81.64
HONOLULU HI	93.39	93.46	95.18	94.6	81.83	84.66	87.14	90.24	63.2	63.54	75.85	63.42
HOUSTON TX	90.68	92.31	92.21	93.32	80.13	85.16	87.34	88.09	84.87	88.34	88.92	89.41
KENTUCKIANA	92.04	93.83	94.33	94.75	74.31	81.84	88.17	87.27	80.49	83.23	85.76	85.47
LAKELAND	91.41	90.74	92.56	92.83	71.33	83.26	84.84	86.13	80.67	84.48	86.93	84.57
LAS VEGAS NV	91.65	93.01	92 64	91 8	84 54	85.34	88.69	82.62	82.71	83.59	86.94	82.99
LONG BEACH CA	92 32	93.38	93 49	94 06	77 9	81 21	84.65	82 08	82.07	87.59	89.45	84.03
LONG ISLAND,NY	92 8	94 55	93 31	94 36	86 22	91 01	91 66	88.86	81.54	86.42	88.56	87.12
LOS ANGELES CA	90.75	92 77	93 12	93 37	76 65	81 15	87.89	83 98	79.35	87.99	92.47	88.23
LOUISIANA	91 12	92 96	92 93	93 53	71 99	77 73	82 03	77 49	78.22	80.25	82.82	76.3
MID-AMERICA	90 55	92 55	92 16	92 35	80 53	83 47	85 1	83 96	82.52	86 17	87 9	83 88
MID-CAROLINAS	88 48	91 64	92 47	92 23	69 86	79 65	85 43	79 38	72 16	82 32	86 88	80 28
MISSISSIPPI	91 59	93 02	93 51	94 34	78 27	81 27	87 33	87 03	73 93	77 74	83 55	82 53
NORTHERN ILLINOIS	88 45	91 81	92 33	94 21	72 66	79 44	81 27	81 53	80 74	83 42	85 3	84 28
NORTHERN VIRGINIA	91 66	93 23	93 03	93 56	81 88	87 66	90 73	89 05	84 06	87 56	90 38	89 79
NORTHLAND	92 12	94 1	93 45	92 76	81 64	87 03	88 72	89 01	83 36	87 78	89 06	85 89
OAKLAND CA	90 32	90 69	92 56	92 69	84 56	85 66	88 63	85 89	82 13	84 72	88 08	82 17
OKLAHOMA	91 89	93 73	92 87	93 57	77 75	84 3	85 83	82 16	65 64	72 35	78 94	79 25
PORTLAND OR	92 07	92 68	93	94 32	80 77	78 85	86 52	88 72	75 56	74 49	78 55	77 26
RICHMOND VA	89 76	91 93	91 62	90 96	70 03	77 77	82 36	73 85	72 04	77 23	79 95	76 29
RIO GRANDE	91 95	92 61	93 48	93 9	79 69	86 93	88 81	86 75	68 76	75 42	81 49	79 14
ROYAL OAK MI	88 56	91 65	92 12	91 98	73 84	81 56	84 19	79 98	82 64	85 64	85 26	81 93
SACRAMENTO CA	92 33	93 64	93 85	93 35	88 1	89 08	90 9	89 13	79 92	82 54	86 2	76 88
SALT LAKE CITY UT	92 53	92 88	92 51	94 39	68 1	73 5	81 95	82 04	80 68	83 68	86 86	86 42
SAN DIEGO CA	94 32	94 19	94 3	94 62	87 49	89 02	90 45	90 52	86 8	87 18	87 86	86 03
SAN FRANCISCO CA	91 18	92 06	92 85	93 66	77 8	79 69	86 8	83 62	77 85	79 87	86 59	79 44
SAN JOSE CA	91 89	92 76	93 59	94 37	85 89	87 2	87 89	86 05	81 39	84 03	84	76 2
SANTA ANA CA	93	93 96	93 35	94 49	82 44	83 86	86 67	85 76	80 23	86 03	88 69	84 4
SEATTLE WA	93 95	93 47	93 57	93 76	67 02	68 51	76 24	78 85	71 54	71 86	78 08	78 76
SPOKANE WA	91 98	93 6	93 48	94 31	75 66	79 29	83 48	85 15	58 13	56 5	68 14	69 53
TENNESSEE	92 3	92 97	93 08	92 98	77 13	81 74	86 35	82 95	81 74	82 94	86 91	83 08
VAN NUYS CA	93 75	94 57	94 72	94 4	82 42	84 61	88 92	86 9	83 83	88 99	91 47	84 83
TOTAL	[illegible]	[illegible]	[illegible]	93 53	76 8	82 07	[illegible]	[illegible]	[illegible]	[illegible]	84 93	81 44

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-T10-10

a. Please provide the BCR/OCR acceptance rate for the FSM 881 when it is operating in BCR/OCR mode.

b. Please refer to your testimony at page 11, lines 3-5. Does the throughput of 6,500 refer to total pieces, whether accepted or not?

c. What is the normal throughput of an FSM 881 that is not operating in BCR/OCR mode?

d. Please confirm that an operator must manually feed each flat into the FSM 881 when it is operating in BCR/OCR mode. If you do not confirm, please explain.

e. Please explain why the BCR/OCR mode leads to greater efficiency compared to a manual-keying mode.

f. Please explain the extent to which plants use the BCR/OCR mode for outgoing primary operations throughout the evening, given that a certain percentage of flats will reject and will have to be processed a second time, potentially causing mail to miss dispatches. For example, do plants typically stop using the BCR/OCR mode after a particular hour in the evening?

g. Are single-piece First-Class flats that are processed successfully in BCR/OCR mode placed in containers that are labelled to indicate that the flats were processed successfully on the BCR/OCR?

h. Will single-piece First-Class flats that are processed successfully in BCR/OCR mode in the outgoing primary operation typically be labelled so that these flats can, if necessary, be processed in BCR/OCR mode on the outgoing secondary operation in that plant as well?

i. Which percentage of single-piece First-Class flats that are processed on the FSM 881 are processed on the FSM 881 in BCR/OCR mode?

j. If machine capacity is limited, is the Postal Service more likely, on an FSM 881 that is running in BCR/OCR mode, to run metered single-piece First-Class flats rather than stamped single-piece First-Class flats?

k. To which extent do prepping operations make separations between FSM 881-compatible flats and non-FSM-881-compatible flats? Or are the FSM 881 crews typically responsible for removing a substantial portion of the flats that are not compatible with the FSM 881?

l. Which percentage of single-piece First-Class flats that could be processed on the FSM 881 are processed manually due to capacity constraints on the FSM 881's and FSM 1000's?

m. Can the FSM 1000 run simultaneously in BCR and manual-keying modes, thus allowing operators to bypass manual keying if a particular flat has a bar code on it?

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DOUGLAS F. CARLSON

n. Does the FSM 1000 have an automatic feeder for bar-coded flats?

o. Which is the finest level — carrier route or sector-segment — to which bar-coded flats currently are processed on either the FSM 881 or FSM 1000?

p. Please reconcile the following two statements in your testimony: "The net result was that 60 percent of the total incoming secondary volume in plants was processed on flat sorters" (page 14, line 30 to page 15, line 1) and "The majority of incoming secondary distribution of flats is performed manually in delivery units in the current environment largely because of the shortfall in mechanized flats sorting capacity" (page 15 lines 12-14). Which percentage of machinable flats receives incoming secondary sortation on FSM's?

q. Please describe the methods used for sorting Priority Mail Flat Rate Envelopes (e.g., envelope EP-14F).

Response:

a. The acceptance rate is from 80-96% depending upon mail type.

b. Yes – it refers to total number of pieces fed to the machine.

c. The throughput of an FSM 881 in keying mode is influenced by whether scheme knowledge is required. The throughput ranges from 4500 to 5500.

d. Confirm.

e. The flat does not have to be faced for the keyer since the BCR/OCR can read an address upside down, horizontally or vertically. It also does not require time for a keyer to find the address among the other graphics on the mail piece. A lower level clerk without keying skills can be used to feed the flats into the FSM in BCR/OCR mode.

f. The BCR/OCR is used approximately 50 percent for outgoing primary opertations and keying mode the other 50 percent. Yes, depending on the volume and accept rates specific to the mail.

g. Yes.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DOUGLAS F. CARLSON

h. Yes.

i. Percentages are not tracked by class of mail or by single-piece or presorted mail.

j. Yes.

k. Separations between FSM 881 compatible and non-compatible flats are done to the greatest extent possible in prepping operations. The FSM 881 crews are not typically responsible for removing a substantial portion of FSM 881 non-compatible flats but will do so whenever necessary.

l. I believe very little First-Class Mail is diverted to the manual operation due to capacity constraints since First-Class Mail is a small portion of flat volume, has priority on the FSMs, and is not the driver for equipment requirements.

m. No. The feed stations must be either in BCR or keying mode. Hence, if a keyer sees a barcode while in keying mode, the flat still needs to be keyed.

n. No.

o. Carrier route.

p. The first statement refers specifically to incoming secondary flat distribution occurring in the plants. The second statement is referring to all incoming secondary flat distribution at plants and delivery units. I am told the breakdown of total incoming secondary flats distribution is approximately 60% occurring at delivery units and 40% occurring at plants. Of the plant incoming secondary distribution, approximately 60% is processed on flats sorters and 40% is manual. I am told that the percentage of *machinable* flats receiving incoming secondary distribution on FSMs is unknown since we do not track machinable verses non-machinable volumes.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DOUGLAS F. CARLSON

q. The Priority Mail Flat Rate Envelopes are processed in manual operations, mechanized operations (FSM 1000), and on the SPBS.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-2. You go on to say "it is however, currently more efficient to first send the pieces to the OCR for attempted resolution." Please reconcile this statement with your previous one.

Response:

This statement refers to the OCR readable pieces, not script mail. The combination of OCR and RCR read rates are superior to just the RCR read rate for this mail, thereby reducing the amount of images requiring keying at the REC.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-3 On page 4, line 24 of your testimony you use the phrase "staffing index". Please describe fully the meaning of this term.

Response:

The staffing index for a mail processing operation is the ratio of work hours to operating time (e.g. machine run time for a mechanized or automated operation). In common usage, it means either the actual ratio observed or the normal, expected ratio. In my testimony, this phrase – which appears several times, but not at page 4, line 24 – generally means the normal or expected ratio, i.e. the amount of staffing necessary for a machine fully up and running.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-4. On page 4, in describing the MLOCR, you say "These enhancements have improved the overall encode rate of the MLOCR." What is that rate following the improvements? What was it before the improvements? Are there currently plans to further improve the encode rate?

Response:

The MLOCRs coded approximately 35-40% of the mail to 9-digit. The latest MLOCR software codes 62% of the mail to 11-digit. New software will be tested in March with contract award expected sometime after that. We are requiring a minimum improvement of 3% but a slightly higher percentage is anticipated.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-5. What is the acquisition cost of an MLOCR?

Response:

The most recent purchase of MLOCRs was in 1995, deployment in Nov., 1995 through April, 1996. The unit price of these systems was $550,000. This does not include the ISS kits, nor the co-directory/co-processor modifications.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-7 As the RBCS is currently configured does it currently sort mail in addition to applying barcodes? Please provide the through put for the RBCS.

Response:

No. RBCS is a system to assist current sortation equipment (OCR and BCS) in applying more barcodes. There is no throughput related to RBCS alone.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-8 On page 8 of your testimony you say "manual cases are staffed to sort the somewhat uncertain volumes of automation rejects in order to meet the transportation dispatch schedules and, ultimately, the service commitments." Does this imply that if service standards for first class mail were less stringent, staffing could be reduced? Are transportation dispatch schedules more critical for preferred mail than for Standard A mail? What percentage of the mail sorted in these manual cases is Standard A mail?

Response:

In response to your first question, I am not sure what you mean by hypothetical service standards for First-Class Mail that were "less stringent." If you are asking about a hypothetical in which service standards for all mail, including First-Class Mail and Standard Mail, were the same, it seems most likely that the hours used to handle First-Class Mail would be scheduled for a different time of day. Yes. We do not track volumes within operations by class but see USPS-T-17, Table 3, for Standard A distribution key shares in manual operations.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-9 On page 8 you say "Processing and Distribution plants processed 93 percent of their total incoming letter volumes in automated operations..." Please provide an estimate of this measure for the Test Year.

Response:

94.1 percent for FY 2001.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-10 You say that "improved read rates will further reduce the number of RECs" (p 9, line 26) Please describe other operational changes that the improved read rates will induce.

Response:

Improved read rates on the OCRs will increase the amount of mail that can receive a barcode immediately without the use of an RCR or REC keying. These pieces can be moved directly to the downstream barcode sorters which could result in a small portion of mail being finalized earlier in the tour. Improvements in the RCR technology will serve primarily to reduce the amount of images that need to be keyed at the REC.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-11 Please explain how the addition of the Mail Cartridge System to the DBCSs will eliminate sweeping and second pass edge loading for DPS processing.

Response:

The specifications for Mail Cartridge System call for the existing sweep-side stackers to be modified so the mail will now be sorted into mail cartridges. For second pass mail, the cartridges will be automatically swept and transported to the feeder end of the DBCS in the correct sequence. The mail from each cartridge will be automatically fed back into the machine.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-13 You say the maximum staffing on the FSM 881 is six employees. Under what circumstances and how often is an FSM 881 staffed with fewer than six employees? When it is staffed with fewer than six, is there a proportional effect on throughput?

Response:

An FSM 881 would be staffed with fewer than six employees when in lower volume situations when the operation window allows. For example, an incoming secondary program may only require half the machine or is run on Tours 2 and/or 3. Since the throughput is feeder paced, it would be proportional based on the number of feeders staffed.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-14 What is the throughput of the FSM 881 when staff is keying the mail?

Response:

The throughput of an FSM 881 in keying mode is influenced by whether scheme knowledge is required. The throughput ranges from 4500 to 5500.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-15 What is the throughput of the FSM 1000 when staff is keying the mail?

Response:

The throughput of the FSM 1000 in keying mode is influenced by whether scheme knowledge is required. The throughput ranges from 4000 to 5000.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-16 Have there been any tests or experiments showing what the throughput of the FSM 1000 will be with the OCR modification cited on page 11? If so, what is the predicted throughput with a staff of six? Do you expect that staffing reduction will result in proportionate throughput reductions? If throughput on the FSM 1000 is better in an OCR mode than in a manual mode, why is deployment not scheduled before 2002 at the earliest?

Response:

No – Engineering has not resolved all the technical and procurement issues at this time. Plans are evolving but further work needs to be done, therefore, the OCR modification on the FSM 1000 is not expected until later than originally anticipated.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-17 Please provide the deployment schedule for the AFSM 100.

Response:

Please see attached.

AFSM SEQ. #	AREA	PLANT	ST	TOTAL UNITS	START ACCEPT TEST
				175	
2	HQ	Baltimore (NG Training Ctr; Eng.)	MD		
3	HQ	Baltimore (NG Training Ctr; ILS)	MD		
1	CM	Baltimore P&DC (Pre-Prod)	MD	2	13-Sep-99
4	HQ	Baltimore (NG Training Ctr; T1)	MD		
5	HQ	Baltimore (NG Training Ctr; T2)	MD		
10	HQ	Baltimore (NG Training Ctr; T3)	MD		
13	HQ	Baltimore (NG Training Ctr; T4)	MD		
6	MW	St Paul P&DC (First Article)	MN	1	21-Mar-00
7	AL	Harrisburg P&DC	PA	1	23-Jan-00
8	PA	Industry P&DC	CA	1	23-Jan-00
9	NE	Buffalo P&DC	NY	1	23-Jan-00
11	SE	Atlanta P&DC	GA	1	23-Jan-00
12	CM	No Virginia P&DC	VA	1	01-May-00
14	MA	Columbia P&DC	SC	1	23-Jan-00
15	MA	Fayetteville P&DC	NC	1	23-Jan-00
16	GL	Indianapolis MPA #1	IN	2	23-Jan-00
17	NY	Mid-Island P&DC #1	NY	2	23-Jan-00
18	GL	Chicago Central P&DC #1	IL	2	23-Jan-00
19	WE	Spokane P&DC	WA	1	23-Jan-00
20	AL	Cleveland P&DC #1	OH	2	23-Jan-00
21	NE	Hartford P&DC #1	CT	3	23-Jan-00
22	SW	Tulsa P&DC #1	OK	2	23-Jan-00
23	CM	Dulles P&DC	VA	1	23-Jan-00
24	PA	San Francisco P&DC #1	CA	2	23-Jan-00
25	SE	Jacksonville P&DC (TAnnex)	FL	1	23-Jan-00
26	WE	Las Vegas P&DC #1	NV	2	23-Jan-00
27	GL	Indianapolis MPA #2	IN		23-Jan-00
28	NY	Mid-Island P&DC #2	NY		23-Jan-00
29	MW	Milwaukee P&DC #1	WI	4	23-Jan-00
30	MW	Milwaukee P&DC #2	WI		23-Jan-00
31	CM	Washington DC P&DC	DC	1	23-Jan-00
32	GL	Chicago Central P&DC #2	IL		23-Jan-00
33	AL	Cleveland P&DC #2	OH		23-Jan-00
34	MA	Greenville P&DC	SC	1	23-Jan-00
35	NE	Boston P&DC #1	MA	4	23-Jan-00
36	NY	DVDaniels P&DC #1	NY	2	23-Jan-00
37	NE	Hartford P&DC #2	CT		23-Jan-00
38	SW	Tulsa P&DC #2	OK		23-Jan-00
39	SE	Nashville P&DC	TN	1	23-Jan-00
40	MA	Raleigh P&DC	NC	1	23-Jan-00
41	MW	St Louis P&DC #1	MO	2	23-Jan-00
42	CM	Baltimore #1	MD	2	30-Jan-00
43	PA	San Francisco P&DC #2	CA		30-Jan-00
44	WE	Las Vegas P&DC #2	NV		30-Jan-00
45	AL	Philadelphia P&DC #1	PA	2	30-Jan-00
46	NY	Kilmer P&DC	NJ	1	30-Jan-00
47	SW	Houston P&DC#1	TX	2	30-Jan-00

AFSM SEQ. #	AREA	PLANT	ST	TOTAL UNITS	START ACCEPT TEST
				175	
48	GL	South Suburban P&DC	IL	1	23-Jan-00
49	PA	Santa Ana P&DC	CA	1	23-Jan-00
50	SE	Birmingham P&DC	AL	1	23-Jan-00
51	SW	Ft Worth P&DC	TX	1	23-Jan-00
52	WE	Phoenix P&DC #1	AZ	3	23-Jan-00
53	CM	Southern MD P&DC	MD	1	23-Jan-00
54	NE	Boston P&DC #2	MA		23-Jan-00
55	NY	DVDaniels P&DC #2	NY		23-Jan-00
56	MA	Greensboro P&DC	NC	1	23-Jan-00
57	SE	Ft Lauderdale P&DC	FL	1	23-Jan-00
58	GL	Detroit P&DC #1	MI	2	23-Jan-00
59	MA	Louisville P&DC	KY	1	23-Jan-00
60	NE	Hartford P&DC #3	CT		23-Jan-00
61	MW	St Louis P&DC #2	MO		23-Jan-00
62	PA	Anaheim P&DF	CA	1	23-Jan-00
63	AL	Cincinnati P&DC #1	OH	2	23-Jan-00
64	NE	Albany P&DC	NY	1	23-Jan-00
65	NY	Queens P&DC	NY	1	23-Jan-00
66	AL	Philadelphia P&DC #2	PA		23-Jan-00
67	SW	Houston P&DC #2	TX		23-Jan-00
68	SE	Ft Myers P&DC	FL	1	23-Jan-00
69	MA	North Park Annex	NC	1	23-Jan-00
70	MW	Milwaukee P&DC #3	WI		23-Jan-00
71	MW	Milwaukee P&DC #4	WI		09-Aug-00
72	WE	Phoenix P&DC #2	AZ		23-Jan-00
73	PA	San Jose P&DC #1	CA	2	23-Jan-00
74	SW	Dallas P&DC #1	TX	2	23-Jan-00
75	NY	Westchester P&DC	NY	1	23-Jan-00
76	SE	Memphis P&DC	TN	1	23-Jan-00
77	SW	Baton Rouge P&DC	LA	1	23-Jan-00
78	CM	Baltimore #2	MD		30-Jan-00
79	NE	Boston P&DC #3	MA		30-Jan-00
80	GL	Detroit P&DC #2	MI		30-Jan-00
81	WE	Salt Lake City P&DC	UT	1	30-Jan-00
82	AL	Pittsburgh P&DC #1	PA	2	30-Jan-00
83	GL	Palatine P&DC #1	IL	2	23-Jan-00
84	AL	Cincinnati P&DC #2	OH		23-Jan-00
85	MA	Norfolk P&DC	VA	1	23-Jan-00
86	MW	Minneapolis P&DC	MN	1	23-Jan-00
87	SE	Tampa P&DC	FL	1	23-Jan-00
88	NY	Brooklyn P&DC	NY	1	23-Jan-00
89	PA	Santa Clarita P&DC #1	CA	3	23-Jan-00
90	WE	Tucson P&DC	AZ	1	23-Jan-00
91	MA	Richmond P&DC	VA	1	23-Jan-00
92	NE	Rochester	NY	1	23-Jan-00
93	NY	Morgan P&DC #1	NY	4	23-Jan-00
94	SE	Mid-Florida P&DC	FL	1	23-Jan-00

AFSM SEQ. #	AREA	PLANT	ST	TOTAL UNITS	START ACCEPT TEST
				175	
95	WE	Denver P&DC #1	CO	3	23-Jan-00
96	WE	Phoenix P&DC #3	AZ		23-Jan-00
97	PA	San Jose P&DC #2	CA		23-Jan-00
98	SW	Dallas P&DC #2	TX		23-Jan-00
99	AL	Columbus P&DC #1	OH	2	23-Jan-00
100	GL	Carol Stream P&DC #1	IL	2	23-Jan-00
101	MW	Kansas City P&DC #1	MO	2	23-Jan-00
102	NE	Boston P&DC #4	MA		23-Jan-00
103	AL	Pittsburgh P&DC #2	PA		23-Jan-00
104	GL	Palatine P&DC #2	IL		11-Sep-00
105	NE	Southern Connecticut P&DC	CT	1	11-Sep-00
106	NY	Western Nassau P&DC	NY	1	11-Sep-00
107	AL	Toledo P&DC	OH	1	23-Jan-00
108	MW	St. Paul P&DC #2	MN		30-Jan-00
109	PA	Santa Clarita P&DC #2	CA		23-Jan-00
110	SE	North Metro P&DC	GA	1	23-Jan-00
111	SW	Austin P&DC #1	TX	2	23-Jan-00
112	MW	Des Moines P&DC	IA	1	23-Jan-00
113	SW	No Houston P&DC	TX	1	18-Sep-00
114	WE	Denver P&DC #2	CO		25-Sep-00
115	GL	Fox Valley P&DC	IL	1	23-Jan-00
116	NY	Morgan P&DC #2	NY		23-Jan-00
117	PA	M L Sellers P&DC #1	CA	2	23-Jan-00
118	SE	Orlando P&DC	FL	1	23-Jan-00
119	SW	El Paso P&DC	TX	1	23-Jan-00
120	AL	Columbus P&DC #2	OH		30-Jan-00
121	GL	Carol Stream P&DC #2	IL		30-Jan-00
122	MW	Kansas City P&DC #2	MO		30-Jan-00
123	AL	South Jersey P&DC	NJ	1	30-Jan-00
124	MW	Omaha P&DC	NE	1	30-Jan-00
125	NE	Providence P&DC	RI	1	23-Jan-00
126	SE	Knoxville P&DC	TN	1	30-Jan-00
127	WE	Seattle P&DC #1	WA	2	30-Jan-00
128	GL	Irving Park Rd P&DC	IL	1	30-Jan-00
129	NE	Manchester P&DC	NH	1	30-Jan-00
130	NY	West Jersey P&DC	NJ	1	30-Jan-00
131	SE	Miami P&DC	FL	1	23-Jan-00
132	PA	Santa Clarita P&DC #3	CA		30-Jan-00
133	SW	Austin P&DC#2	TX		30-Jan-00
134	WE	Tacoma P&DC	WA	1	30-Jan-00
135	AL	Delaware P&DC	DE	1	30-Jan-00
136	GL	Lansing P&DC	MI	1	30-Jan-00
137	MW	Wichita P&DC	KS	1	23-Jan-00
138	WE	Denver P&DC #3	CO		30-Jan-00
139	PA	M L Sellers P&DC #2	CA		30-Jan-00
140	PA	Oakland P&DC #1	CA	2	30-Jan-00
141	SW	North Texas P&DC #1	TX	2	30-Jan-00

AFSM SEQ. #	AREA	PLANT	ST	TOTAL UNITS	START ACCEPT TEST
				175	
95	WE	Denver P&DC #1	CO	3	23-Jan-00
96	WE	Phoenix P&DC #3	AZ		23-Jan-00
97	PA	San Jose P&DC #2	CA		23-Jan-00
98	SW	Dallas P&DC #2	TX		23-Jan-00
99	AL	Columbus P&DC #1	OH	2	23-Jan-00
100	GL	Carol Stream P&DC #1	IL	2	23-Jan-00
101	MW	Kansas City P&DC #1	MO	2	23-Jan-00
102	NE	Boston P&DC #4	MA		23-Jan-00
103	AL	Pittsburgh P&DC #2	PA		23-Jan-00
104	GL	Palatine P&DC #2	IL		11-Sep-00
105	NE	Southern Connecticut P&DC	CT	1	11-Sep-00
106	NY	Western Nassau P&DC	NY	1	11-Sep-00
107	AL	Toledo P&DC	OH	1	23-Jan-00
108	MW	St. Paul P&DC #2	MN		30-Jan-00
109	PA	Santa Clarita P&DC #2	CA		23-Jan-00
110	SE	North Metro P&DC	GA	1	23-Jan-00
111	SW	Austin P&DC #1	TX	2	23-Jan-00
112	MW	Des Moines P&DC	IA	1	23-Jan-00
113	SW	No Houston P&DC	TX	1	18-Sep-00
114	WE	Denver P&DC #2	CO		25-Sep-00
115	GL	Fox Valley P&DC	IL	1	23-Jan-00
116	NY	Morgan P&DC #2	NY		23-Jan-00
117	PA	M L Sellers P&DC #1	CA	2	23-Jan-00
118	SE	Orlando P&DC	FL	1	23-Jan-00
119	SW	El Paso P&DC	TX	1	23-Jan-00
120	AL	Columbus P&DC #2	OH		30-Jan-00
121	GL	Carol Stream P&DC #2	IL		30-Jan-00
122	MW	Kansas City P&DC #2	MO		30-Jan-00
123	AL	South Jersey P&DC	NJ	1	30-Jan-00
124	MW	Omaha P&DC	NE	1	30-Jan-00
125	NE	Providence P&DC	RI	1	23-Jan-00
126	SE	Knoxville P&DC	TN	1	30-Jan-00
127	WE	Seattle P&DC #1	WA	2	30-Jan-00
128	GL	Irving Park Rd P&DC	IL	1	30-Jan-00
129	NE	Manchester P&DC	NH	1	30-Jan-00
130	NY	West Jersey P&DC	NJ	1	30-Jan-00
131	SE	Miami P&DC	FL	1	23-Jan-00
132	PA	Santa Clarita P&DC #3	CA		30-Jan-00
133	SW	Austin P&DC#2	TX		30-Jan-00
134	WE	Tacoma P&DC	WA	1	30-Jan-00
135	AL	Delaware P&DC	DE	1	30-Jan-00
136	GL	Lansing P&DC	MI	1	30-Jan-00
137	MW	Wichita P&DC	KS	1	23-Jan-00
138	WE	Denver P&DC #3	CO		30-Jan-00
139	PA	M L Sellers P&DC #2	CA		30-Jan-00
140	PA	Oakland P&DC #1	CA	2	30-Jan-00
141	SW	North Texas P&DC #1	TX	2	30-Jan-00

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-18 Will the AFSM 100 be able to process mail with the same set of characteristics as is currently processed on the 881 and the 1000? Will it be able to handle thicker mail? Longer mail? Wider mail? Flimsier mail?

Response:

The machinability requirements of the AFSM 100 were based on the FSM 881 requirements. We have not yet evaluated the AFSM 100 for any deviations from these requirements. Testing is expected to be conducted on the first production machine.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-19 Please provide the throughput of the AFSM 100 in the OCR mode. Please provide the throughput of the AFSM 100 in the BCR mode.

Response:

The OCR mode is not a separate mode from the BCR mode. The process occurs simultaneously.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-20 Why is the Postal Service not planning a more rapid deployment of the AFSM 100? At the end of the first phase of deployment of the AFSM 100, will there still be a shortfall in mechanized flat sorting capacity? At the end of the second phase of deployment of the AFSM 100, will there still be a shortfall in mechanized flat sorting capacity?

Response:

Due to problems with the manufacturer of the AFSM 100, a more rapid deployment was not possible. A shortfall in mechanized flat sorting capacity is not expected at the end of the first phase of deployment. No - the expectation is, at this time, that phase 2 will be to replace the FSM 881.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-22 You say that the FSM 1000 is also "utilized as an "extra FSM 881" to process machinable flats because of a lack of FSM 881 capacity" (page 12). Given that the through put of the 881 is higher than that of the 1000, does this lack of capacity increase sorting costs? If so, why are there no plans to purchase additional FSM 881s?

Response:

Assuming only that the throughput is higher, then the answer is yes. This does not take into consideration read rates, jam rates, processing mode, etc. which all have an effect on sorting costs. As mentioned in my testimony, the AFSM 100s, which are more technologically advanced, are to supplement the FSM 881 capacity.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-23 In the Test Year, what percentage of all flats processed on machines will be processed on the AFSM 100?

Response:

We do not know at this time. As mentioned in my testimony, the AFSM 100 will have processing priority based on machine availability. The percentage will depend upon sortation level (outgoing, incoming secondary), machinability characteristics, volume growth, and other similar factors.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-24 Will the shift from manual incoming secondary to automated processing discussed on page 13 reduce costs?

Response:

Yes.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-25 On pages 13 and 14 you say "There are also heavy volume periods where our existing shortfall in flats sorting capacity results in some flats, that could otherwise be processed on the FSM 881 or FSM 1000, being processed in manual operations." What is the mix of mail by class that is typically processed in manual operations during these periods? During what time of day do these periods typically occur? Does this imply that if service standards for first class mail were less stringent, staffing could be reduced?

Response:

We do not track the volume in operations by class. Generally speaking, the heavy volume period is tour 1 (approximately 11:00 pm through 7:00 am) for incoming secondary. The low volume of First Class flats, as a proportion of all flats, does not drive the FSM requirements. Therefore, if service standards for First Class Mail were less stringent, there would not be an expected reduction in staffing of flat operations.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-26 Please provide an estimate of the percentage of non-carrier route flats bearing a barcode in FY 2000 and 2001.

Response:

Based on trends and where we ended at FY 99, it is estimated that 70% of non-carrier route flats will bear a barcode in FY 2000 and 75% will bear a barcode in FY 2001.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-27 Why is scheme training more difficult to maintain at the plant than at the delivery unit?

Response:

When a clerk performs a manual scheme sort in a delivery unit, this operation, in all likelihood, occurs in the same facility as the carriers that deliver the sorted mail. The carriers are often the first to obtain address information related to their route (e.g. new housing development). This information is continually communicated from the carriers to the clerks, particularly when mail is incorrectly sorted to a particular carrier and requires a re-sort. In the plant, this information is typically passed on through periodic scheme training.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-28 Do you expect that sorting flats to DPS will reduce costs to the Postal Service? Please provide an estimate of the cost savings from a DPS program for flats.

Response:

Yes, we believe that sorting flats to DPS will reduce costs to the Postal Service given what we have learned from DPS letters. Because the method required to DPS flats has not yet been finalized, an estimate of the cost savings from a DPS program for flats has not yet been developed.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-29 Will DPS of flats increase the value of the barcode?

Response:

The method to DPS flats has not been finalized, so the value of a barcode in a DPS flats environment can not yet be determined. However, as mentioned in my testimony, given the current technological options, an 11-digit, readable barcode will have value and continue to be the most cost efficient mail.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-30 When does the Postal Service expect to begin DPS of flats?

Response:

We expect to begin DPS of flats in approximately five to six years given current available technology.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-31 Are there any studies or other information bearing on economic justifiability of bundle collators? Is so, please provide them.

Response:

No, not at this time.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-32 How many Priority Mail Processing Centers are there? Where are they located? Is the equipment for sorting parcels in these centers the same as the equipment in the BMCs for sorting parcels? If not, please describe it.

Response:

The number and specific locations of the PMPCs has been addressed in the response to DFC/USPS-T34-1. The parcel sorting equipment in the PMPCs is not the same as the equipment in the BMCs. It is my understanding that the Postal Service does not specify the sorting equipment to be used in the PMPCs. From what I have been told, configurations of the Rapistan sortation equipment installed at some, but not all, sites vary with the number of induction stations ranging from 8 to 10 and the separations ranging from 147 to 455. The machines typically sort into rolling stock, pallet boxes, or sacks.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-33 You say that the throughput of the SPBS is between 678 and 945 bundles or small parcels per induction station per hour. What accounts for the wide variation in throughput? Does the variation depend upon how mailers have prepared the mail? If so, how? Does it depend on circumstances which are under the control of the USPS? If so, please describe them.

Response:

The SPBS machines are located in a variety of different facilities processing a variety of different products. Processing can range from outgoing single-piece Priority that requires only 3-digit keying to incoming bundle distribution that requires 3- or 5-digit keying based a combination of the ZIP Code and the Optional Endorsement Line. In addition, bundles are often more difficult to induct than parcels with bundle breakage negatively impacting the process. Finally, the SPBS Feed Systems improve productivity as a result of more consistent and singulated mail flow to the keyer workstations. Not all of the machines have the Feed Systems due to space constraints, which contributes to the variation.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-34 When bundles are manually sorted, what is the throughput? How many separations are bundles typically sorted to in a manual sort?

Response:

Based on a study cited in Witness Yacobucci's testimony (USPS-T-25) with data collected between September and December of 1998, the average productivity of bundles sorted manually is 178 per hour. Bundles sorted in a primary breakdown typically have separations that range between 5 and 30. Bundles from 3-Digit, SCF, ADC, or mixed containers are typically sorted into 50 to 100 separations.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-35 When will the additional SPBS feed systems that are under contract be deployed?

Response:

Deployment is now taking place. The projected end date is the end of the Fiscal Year 2000.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-36 You say there are 341 SPBS machines and that 240 have feed systems and that another 50 are under contract. Please describe all plans to procure feed systems for the 51 machines that will be without feed systems following the deployment of the 50 under contracts. Include any schedule for deployment in your description.

Response:

The remaining machines without feed systems will probably not receive them. Two major reasons for not deploying feed systems to all SPBSs are: 1) Not economic – if a site has too many sacks to dump, the savings are not there; and 2) Not enough space – the feed systems have a large footprint.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-37 Given that "SPBS is the equipment of choice for these bundle-sorting operations" (p 21) please describe any plans for deploying additional SPBS machines. If there are no plans, does this imply that there is no capacity shortage?

Response:

There are currently no plans to deploy additional SPBS machines. We are looking to improve existing equipment and to the next generation machines. Given input from the field, I understand that there is no SPBS capacity shortfall.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-38 On page 21 of your testimony in reference to unloading sacks you say "Bedloads are labor intensive and time consuming to unload" What percentage of vehicles are bedloaded and what percentage are loaded with containers? Does the USPS bedload vehicles. If so, please explain why in light of your statement.

Response:

According to the Drop Shipment Appointment System (DSAS) and input from the BMCs, the percentage of scheduled appointments with bedloaded contents is approximately 25 percent. With the exception of a few isolated instances, the Postal Service has moved away from bedloading vehicles to other postal facilities. For example, inter- and intra-BMC transportation is now containerized as a result of modifications to mechanization systems that included the installation of container loaders.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-39 On page 20 of your testimony, you describe new technology for parcel sorters which "will eliminate, to a large degree, manual labor currently used for facing and keying." (Line s 12-13). Please estimate the amount of labor currently used in these tasks. How much will be saved in the new system?

Response:

In FY 99, the time spent facing and inducting parcels on the BMC secondary parcels sorters was 814,899 hours. For the Singulate, Scan, Induction, Units (SSIUs), a full-up savings of approximately 622,044 hours for the induction function is estimated.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-40 On page 22, lines 22-28 of your testimony you describe robotic systems for processing letter trays. Please describe the deployment plans for these systems.

Response:

The current deployment of 100 RCS units for loading letter and flat trays into containers will begin in May and end in November of this year. The systems will be deployed primarily in medium to large plants, but also in the BMC and AMC and network.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-41 On page 23 of your testimony you describe the "next generation of sorters" which will "further reduce labor hours" for sorting bundles and parcels. Please describe the deployment plans for these systems.

Response:

There are no deployment plans at this time.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-42 Please describe the deployment plans and schedules for Universal Transport Systems described on page 23.

Response:

A prototype Universal Transport System will be installed at the Ft. Myers P&DC starting this June with the operational phase-in scheduled to begin this October. There are no deployment plans or schedules beyond the prototype at this time.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-43 Please describe the deployment plans and schedules for robotic systems for loading and unloading parcels, bundles, pallets, and sacks into and out of containers described on page 23.

Response:

At this time, there are no deployment plans or schedules for robotic systems for loading and unloading parcels, bundles, pallets, and sacks into and out of containers. Advanced robotics systems for these purposes are in the research and development stage.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-45 On page 24 of your testimony, you describe Robotic Containerization Systems and say that in FY 2000 there will be 100 robots loading trays and tubs into containers. Please describe plans for additional deployments.

Response:

We have two options of 175 units each. The earliest we would exercise the option(s) would be the fall of 2000. One of the key factors in the decision is the performance of these 100 and the resulting cost savings to the field.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-46 On page 24 of your testimony, you describe Tray Management systems and say "Plans are to extend the system to most large and medium facilities." Please describe these plans.

Response:

Currently, our plans are to install TMS in newly constructed facilities when economically justified. It is still the goal of the Postal Service to automate more of the material handling functions related to tray staging, sorting, and movement in a majority of the existing medium to large facilities. The exact technology that will perform the TMS functions is currently being reevaluated and may or may not ultimately vary from the current configurations.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-47 On page 27 of your testimony you say motorization has increased "the proportion of carriers with vehicles from 85 percent in FY 88 to 91 percent in FY 98." Please provide an estimate of this proportion for FY 99,00, and 01.

Response:

I am informed that the proportions for FY 99 and FY 2000 year-to-date are both 91%. This proportion is not normally estimated for future years. However, I am informed that there is little reason to anticipate any significant change in the proportion by FY 2001.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-48. In your response to DMA/USPS-T10-4, you say "New software will be tested in March with contract award expected sometime after that." When do you anticipate contract award? When do you anticipate the start of implementing this new software? When will the implementation be complete?

Response:

I am told that the new MLOCR contract award is expected in June, 2000. I am also told that implementation of the new software will begin sometime after contract award. No specific dates are available. In this particular case, however, we don't know whether the new software will suffice or additional hardware or hardware modifications will be necessary. Software deployment generally takes approximately one month, however, in the case where additional hardware or modifications are necessary, a longer deployment time could be expected.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-50. Please refer to your response to DMA/USPS-T10-6. What are the employees of the RECs who are not TEs? Please confirm that the ratio of non-TEs to TEs is estimated to increase according to your response. Please explain why.

Response:

The other Postal Service employees in the RECs are career keying positions, the installation heads, supervisors, industrial engineers, maintenance employees, and secretaries. It is my understanding that the ratio of non-TEs to TEs will increase slightly based on the 2001 estimates. This slight increase would be expected because the TEs are, by name, temporary employees and terminated as the amount of images to key decreases.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-51. Please refer to your response to DMA/USPS-T10-8. If service standards for First-Class Mail were less stringent than they are now, but more stringent than those for Standard A Mail, could staffing be reduced?

Response:

Assuming a sufficient relaxation in FCM service standards to allow some FCM processing to be deferred, I would expect the primary effect of the hypothetical change to be modification of FCM processing schedules to reduce premium pay for night work and overtime, as per my response to DMA/USPS-T10-8.

Manual cases are staffed to:

1. Sort the mail pieces.
2. Provide the ancillary setup, takedown, and mail movement activities associated with scheme changes and dispatches.
3. Accommodate the uncertain volume and timing of mail arrival, much of it non-machinable or rejected from automated operations, that must be sorted and dispatched in a relatively short processing window.

Factors 1 and 2 are driven by mail volume and network requirements, respectively. A relaxation in service standards would have little, if any, effect on staffing related to factors 1 and 2. As I explained in my testimony (page 31), to satisfy the third factor, "Postal Service supervisors can move personnel from operation to operation as needed, but there is an unavoidable loss in productivity due to lost time in the move, using people with less skill, and difficulty in getting the timing just right given the less than predictable workload." A relaxation in service standards could potentially allow some reduction of staffing due to this factor.

However, since FCM would not be indefinitely deferrable in the hypothetical situation, staffing due to factor 3 could not be eliminated altogether. The extent to which a staffing reduction would be possible, net of any labor required to stage the deferred mail, is a matter of conjecture.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-53. Please refer to your response to DMA/USPS-T10-24. Please provide an estimate of the work year and the cost savings from this shift.

Response:

For the Phase I buy of AFSM 100s, it was assumed that at least half of the savings would come from moving Incoming Secondary flats sorted manually to the AFSM 100. We are still assessing the savings associated with the second buy of AFSM 100s; they will be site-specific.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-54. Please refer to your response to DMA/USPS-T10-26. Please provide an estimate of the work year and the cost savings from this increase in the percentage of barcoding on non-carrier route flats.

Response:

I am not aware of any analysis that has isolated the cost savings from the increase in the percentage of barcoding of non-carrier route flats, holding all other things constant, including new machine deployment and local management initiatives (e.g. increasing FSM utilization). For isolated cost savings due to barcoding in the Test Year, please refer to USPS-T25 Witness Yacobucci's testimony. The savings would vary depending on the presort level and whether the mail was FSM 881 or FSM 1000 compatible. AFSM equipment savings presented in LR-I-126 include savings for barcoded and non-barcoded (with OCR and video encoding results) volumes.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-55. Please refer to your response to DMA/USPS-T10-36. In your response, you say, "If a site has too many sacks to dump, the savings are not there" as one of two explanations as to why not all "SPBS machines will have feed systems.
Please explain why "too many sacks" changes the economics of feed systems. How many sacks are "too many"? Please provide studies or analysis in support of this number.
Please provide an electronic spreadsheet showing how many sacks are dumped at the sites with feed systems and at those sites with feed systems under contract.
Please provide another spreadsheet showing the number of sacks to be dumped at those sites where you have concluded feed systems would not be economic.

Response:

After gaining experience from the initial deployment of feed systems, it was discovered that the benefits of the feed system are reduced when manually dumping sacks compared to dumping other containers via mechanized unloaders. Consequently, sacks result in smaller savings for the feed system compared to other containers (e.g. pallets). There is not a specific number of sacks that results in a feed system becoming non-economical for any and all locations. Sites were required to generate approximately 5,000 hours of annual savings for an economic justification. For every hour spent manually dumping sacks into the SPBS, it was estimated that the feed system would generate approximately 143 hours of annual savings. For every hour spent dumping non-sacks into the SPBS, it was estimated that the feed system would generate approximately 572 hours of annual savings. Sites with the appropriate combination of existing daily machine run time were able to justify a feed system based on the full economic requirements. Again, requirements were based on run time which is a byproduct of the site's SPBS

productivity, so sack quantities by site were not collected and are not maintained in our site specific data systems.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-56. Please refer to your response to DMA/USPS-T10-37. Please describe the status of USPS plans to improve existing equipment.

Response:

The SPBS hardware and software upgrade project is still under review by senior management. It is scheduled for presentation to and possible approval of the Board of Governor's in June of this year. Pending approval, modifications will occur between July 2000 and December 2001. The modifications will involve hardware and software upgrades that will accommodate potential barcode and optical character reader technology in the future, install on-demand label printers, add bin displays, improve scheme maintenance to a level comparable to our other equipment, and increase the management tools available to Postal supervisors. These modifications are not expected to impact SPBS throughput or productivity.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-57. *Please refer to your response to* DMA/USPS-T10-37. When do you anticipate piloting the next generation of SPBS machines? Are these engineering designs, conceptual, or preconceptual designs for these machines?

Response:

Based on progress from the multiple vendors, it is possible that one or more prototypes could be in the field by the end of this calendar year. The designs are still conceptual in nature. The earliest projections estimate that deployments will take place sometime between 2003 and 2005 at the earliest.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-58. Please refer to your response to DMA/USPS-T10-33. Is the rate-limiting factor in SPBS throughput the keying rate? If not, what is the rate-limiting factor? Please fully explain your answer and provide any studies, which support it.

Response:

Assuming enough mail is available for continuous SPBS processing, the machine throughput is typically limited by the keying operation. It should be understood, however, that this function requires tasks in addition to simply keying. Grabbing, orienting, and deciphering which sort code to key are also required. These tasks, along with keying, impact throughput in addition to other factors such as the number of keying consoles, the mix of mail (e.g. shape, presort, bundle machinability, piece machinability), and the ability to keep mail available for the keyers.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-59. On page 14 of your testimony you say "In AP 13, FY 99, Processing and Distribution plants processed 48 percent of their incoming flat secondary volume using the BCR/OCR on flat sorters..." Please provide an estimate of this percentage for the Test Year.

Response:

The estimates for FY 2001 are not available at this time. We are currently assessing the addition of AFSM 100s to our plants and the subsequent relocation or disposal of existing FSM 881 equipment. These changes will impact the amount of incoming secondary volume that will be processed on the AFSM 100s and remaining FSM 881s.

We are also considering the addition of an OCR (and automatic feeder) to the FSM 1000. Deployment of this enhancement, assuming it is feasible and economically justified, has not yet been determined. (See MPA/USPS-T10-4) However, there is a chance that it could also impact the amount of incoming secondary flat volume processed using the BCR/OCR in FY 2001.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T10-60. You go on to say "Keying operations on the flat sorter accounted for another 12 percent of their total incoming secondary flat volume." Please provide an estimate of this percentage for the Test Year.

Response:

See DMA/USPS-T10-59. Given we do not know the amount of incoming secondary volume sorted using BCR/OCR on the FSMs in the Test Year, we do not know the amount that needs to be keyed.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSPAN ENERGY

KE/USPS-T10-1 On page 2 of your prepared testimony you note that the Advanced Facer Canceller System culls out nonletter-sized pieces over 6 1/8 inches tall, over ¼ inch thick or over 11 ½ inches long. Is there a weight limitation above which a standard size letter will be culled out? If so, what is that weight limitation and how was it determined?

Response:

No. The AFCS does not have a mechanism to weigh pieces.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSPAN ENERGY

KE/USPS-T10-2 In your description of the Remote Bar Coding System on page 5 of your prepared testimony, you mention that the address is resolved to the depth of sort required, either 5, 9 or 11 digits.

(a) What are the circumstances under which the 5, 9 and 11 digit depths of sort are *required*?

(b) If only a 5 or 9 digit zip code is required and the letter is barcoded as such, how are the letters eventually sorted to carrier sequence in the delivery office?

Response:

(a) Eleven digits are required to sort into walk sequence for most residential addresses (the ZIP+4 and the last two digits of the address). Nine digit unique codes are usually assigned to firms or buildings, business reply mail, and PO Boxes. In these cases, a sort to the 9-digit level is the finest depth of sort necessary for delivery since it is delivery point specific. In other cases, firms which receive large volumes of mail, are assigned unique 5-digit ZIP Codes. In these situations, a 5-digit sort is the finest depth of sort required for delivery.

(b) If 5-digits is the finest depth of code required, mail can be sorted on automation to 5-digits, and no carrier sequencing is required. A unique 9-digit code, which is specific to a single delivery point, can be sequenced on automation in with the 11-digit encoded letters. If the mail requires an 11-digit code and receives only a 5 or 9-digit code, the sort plan can sort out the 5-digit volume into one hold out and the 9-digit volume into carrier route. These letters subsequently will be sorted manually by the carrier in the office into walk sequence.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSPAN ENERGY

KE/USPS-T10-3 On pages 5 and 6 of your prepared testimony you describe a Delivery Bar Code Sorter (DBCS) and a Carrier Sequence Bar Code Sorter (CSBCS).

(a) What is the current cost for the Postal Service to employ such a machine at a facility which has no such equipment deployed?

(b) If a recipient with its own unique 11-digit zip code consistently receives 5,000 or more letters per day, how likely is it that such mail would be separated to the final addressee in the incoming secondary sortation?

(c) What volume to a specific addressee is generally necessary in order to have a bin specified for that addressee in the incoming secondary sortation?

Response:

(a) I assume you are requesting the cost of a DBCS and a CSBCS. The last purchase of DBCSs was in 1999 at a cost of $250,000 per machine and CSBCSs was in 1997 at a cost of $64,000 per machine.

(b) Very likely.

(c) The minimum volume necessary can vary depending on the volume characteristics of the destinating facility. For example, the minimum volume to justify a bin on incoming secondary in Everett WA is likely to be less than in New York City. The minimum could be as little as 1,000 pieces per day on average.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSPAN ENERGY

KE/USPS-T10-4 On page 6 of your testimony you describe the Mail Processing Bar Code Sorter (MPBCS), which has 96 bins and is used primarily for the outgoing primary and incoming primary operations.

(d) If a recipient with its own unique 11-digit zip consistently receives 5,000 or more letters per day, how likely is it that such mail would be separated to the final addressee in the incoming primary sortation?

(e) What volume to a specific addressee is generally necessary in order to have a bin specified for that addressee in the incoming primary sortation?

Response:

(no a.-c.)

(d) Not likely. Depends on densities and destination similar to KE/USPS-T10-3(c).

(e) Generally, 20,000 pieces per day on average. Incoming primary is sorted on multiple machines within a plant, unlike incoming secondary for a zone, which is sorted on a single machine. Therefore, a higher volume is necessary to justify the holdout since the volume is spread across multiple machines, especially in larger metropolitan areas.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF KEYSPAN ENERGY

KE/USPS-T10-5 Please refer to your response to Interrogatory KE/USPS-T10-1, where you indicate that the Advanced Facer Canceler System (AFCS) does not cull out heavy letter-sized mail.

(a) Please explain whether or not the Postal Service culls out any letter-sized mail pieces, based on weight, prior to processing that occurs in the Mail Preparation operation. If the Service does so, at what weight level are letter- sized pieces culled out and how is this task accomplished?

(b) Please explain whether or not the Postal Service culls out any letter-sized pieces, based on weight, prior to processing that occurs in the Outgoing RBCS operation. If the Service does so, at what weight level are letter-sized pieces culled out and how is this task accomplished?

(c) Please explain whether or not the Postal Service culls out any letter-sized pieces, based on weight, prior to processing that occurs in the Outgoing Primary Automation operation. If the Service does so, at what weight level are letter-sized pieces culled out and how is this task accomplished?

(d) Please explain whether or not the Postal Service culls out any letter-sized pieces, based on weight, prior to processing that occurs in the Outgoing Primary Manual operation. If the Service does so, at what weight level are letter-sized pieces culled out and how is this task accomplished?

Response:

(a) – (c) Like the AFCS, our letter automation equipment does not have a mechanism to weigh individual pieces. However, letter dimensions are used for various purposes including as a proxy for weight in mail processing. Pieces over 6 1/8 inches tall or over ¼ inch are culled out by the AFCS as part of the mail preparation operation. For other automated operations, operators are looking for pieces outside of the machinability requirements (dimensions, flexibility, open edges) as well as if the mail properly faced. Automation compatibility dimensions, including additional machinability criteria for automation letters over 3 ounces, are located in DMM C810. If the letter does not meet the automation –compatible

criteria, the equipment may jam, causing the machine to stop and possibly damaging the piece.

(d) The Postal Service does not cull out letter-sized pieces, based on weight, in manual operations. Similar to above, the letter dimensions, not weight, are the driver of what volume is processed in the letter operations. The letter dimensions can be found in DMM C050.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF KEYSPAN ENERGY

KE/USPS-T10-6 On page 5 of your prepared testimony, you state that there are currently over 4,850 Delivery Bar Code Sorters (DBCS) in place and that, with addition of 270 more, deployment of this type of processing machine will be completed by September 2000. On page 6 of your prepared testimony you state that there are currently 1,369 Mail Processing Bar Code Sorters (MPBCS) in operation with no plans to deploy additional processing machines of this type.

(a) Please provide a schedule showing, by year, the number of DBCSs deployed from the beginning of the DBCS program through September 2000.

(b) Please provide a schedule that shows, by year, the number of MPBCSs deployed from the beginning of the MPBCS program through the date the final MPBCS was deployed.

(c) Please provide an estimate of the percentage of First-Class letters that were sorted in the incoming secondary for each year included in your responses to parts (a) and (b) and the test year in this case.

Response:

a) Please see USPS-LR-I-271 for deployment schedules for DBCS machines Phase 1 – 5, and the DBCS/OSS II schedule. Phase 1 consisted of 714 Siemens DBCS machines as well as 614 Martin Marietta DBCS machines. These Marietta systems were, however, replaced by the DBCS Phase 5 deployment last year and are no longer in service.

b) I am told that the original deployment schedule of the MPBCS was over 10 years ago and those records not available.

c) Generally, we do not track operations by class. Of the barcoded letter volumes, the following are the percentages of letters finalized on automation for incoming secondary operations for which actual figures were available:

FY 95 – 78%

FY 99 – 93% (See testimony page 8)

The projected figure for the percentage of letters finalized on automation for FY 2001 is 94.1%. (See DMA/USPS-T10-9)

REVISED 4/7/00

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF McGRAW-HILL COMPANIES INC.

MH/USPS-T10-1 With reference to your testimony at p, 15, lines 12-14. that "[t]he majority of incoming secondary distribution of flats is performed manually in delivery units in the current environment largely because of the shortfall in mechanized flats sorting capacity":

a. Please explain fully why the Postal Service did not timely order sufficient flat sorting machines in order to avoid the shortfall in mechanized flats sorting capacity.

b. Please explain fully the reasons why the shortfall in mechanized flat sorting capacity at processing and distribution plants would lead the Postal Service to perform the majority of incoming secondary distribution of flats at delivery units, very few of which have any mechanized flat sorting capacity.

c. Please reconcile your answer to part b above with your testimony at p. 35, lines 10- 12, that delivery units "are the least desirable alternative because they introduce an additional stop in the path between mailer and addressee," and explain the advantages of processing the mail at the processing and distribution plant."

d. Please reconcile your answer to part b above with your answer to ANM/USPS-T10-16 indicating a nearly 20% underutilization of FSM 881s. Isn't fuller utilization of the FSMs a preferred and practical alternative to manual processing at delivery units?

e. Please reconcile your answer to part b above with your answer to DFC/USPS-T10-10(p) that "[o]f the plant incoming secondary distribution, approximately 40% is manual." Is the shortfall in mechanized flats sorting capacity so severe as to strain capacity for manual processing at the processing and distribution plant?

f. Please explain the extent to which, and the reasons why, "the FSM 881 is not able to efficiently process BCR sort plans," as stated in the USPS Strategic Improvement Guide for Flats Processing, September 1999, p. 14 (USPS-LR-I-193), and explain the impact of that fact on FMBCR operations and on the costs of processing Periodicals mail.

Response:

a. Please see ANM/USPS-T10-40.

b. Please see NNA/USPS-T10-18 and DMA/USPS-T10-27.

REVISED 4/7/00

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF McGRAW-HILL COMPANIES INC.

c. The complete paragraph -- from which you extracted the sentence fragment in your interrogatory -- is quoted below.

"Build or lease a new customer service facility specifically to delivery point sequence or manually case letters, and carrier route sort flats and parcels for nearby offices. These facilities, commonly called Delivery and Distribution Centers (DDC) and Delivery and Distribution Units (DDU – DDUs are smaller), are the least desirable alternative because they introduce an additional stop in the path between mailer and addressee."

Clearly, I did not refer to delivery units that perform incoming secondary for the carriers at the same location (which does not introduce an additional stop).

d. ANM/USPS-T10-16 does NOT indicate a 20% underutilization of FSM 881s as you state. This response provides the average utilization for AP5 FY2000 of over 1.6 million pieces sorted per FSM 881 (TPH/per machine/AP). Yes, fuller utilization of FSMs is preferred but in many circumstances is constrained by the arrival profile of the mail compared to the service commitment, BCR/OCR accept rates (portion of rejects to be rehandled), preventive maintenance windows (the machines can not run 24 hours per day), time required to switch schemes, and operating windows (to meet transportation schedules to meet delivery).
Centralized distribution benefits from economies of scale as demonstrated in the testimonies of USPS witnesses Degen and Bozzo on volume variability. In addition to the multitude of specific advantages in various groups of operations that they discuss, centralization provides the mail volumes that permit economical mechanization and automation, improves management control, and facilitates equipment maintenance.

e. I am not sure I understand your question. I do not believe manual incoming secondary processing at plants is "strained". The portion of volume on manual incoming secondary operations at plants is due to many factors such as

machinability characteristics, arrival profiles, operating windows, equipment type and quantity, and service required for the mail. As mentioned in page 14 of my testimony, manual incoming secondary processing occurs predominantly at delivery units due to space constraints at plants, the ease of maintaining scheme knowledge, etc.

f. When the FSM 881 only had a BCR, it required the barcoded volumes to be separated from non-barcoded volumes for several reasons. Each console can either be set to key or to sort on barcodes and so lower level clerks could feed the barcoded volumes. So separate mail streams for each sort program (i.e., each incoming secondary zone and each 3-digit sort plan) were required to estimate volumes, and staff and schedule the "best-suited" personnel to sort and to key BCR rejects. When using a BCR sort plan, you also lose three sortation bins on each side of the FSM 881 sort plan which results in three potential holdouts that now will require sortation further downstream. (The three bins right after the BCR on each side can not be used by the pieces fed on that same side due to the time required for the BCR to determine the result. Therefore, the three bins on side one can only be filled by volume originating from side two and vice versa. So these three bins are duplicated on both sides, thereby eliminating three other sort options). Prior to implementation of Classification Reform in July, 1996, barcoded flats were allowed to be commingled with up to 15 percent non-barcoded flats, which resulted in a higher portion of BCR rejects. After Classification Reform, the bundles were required to be "pure" barcoded and "pure" non-barcoded. This allowed better scheduling and reduced the amount of BCR rejects and subsequent rehandlings.

REVISED 4/7/00

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF McGRAW-HILL COMPANIES INC.

MH/USPS-T10-2 With reference to the productivity of the FSM 881:

a. Please explain the reasons why the volume of pieces processed on FSM 881s in FY 1998 declined by more than 500 million pieces from FY 1997, as set forth in DMA/USPS-T21-2, Attachment 1.

b. Please explain the reasons why the work hours associated with FSM 881 processing in FY 1998 nevertheless increased by approximately 1.43 million over FY 1997, as set forth in DMA/USPS-T21-2, Attachment 1.

c. Please explain all of the reasons why "[despite the technological advances made over the past 5 years and a more favorable mail base for automation processing, productivity in both mechanized and automation flats processing operations continues to decline each year," as set forth in USPS Strategic Improvement Guide for Flats Processing, September 1999, p. 3 (USPS- LR-I-193).

Response:

a - c. The volume is the pieces processed, or finalized on an FSM, not pieces fed. I believe the reduction is due to the OCR on the FSM 881 which has a higher reject rate than the BCR, therefore, there is less finalization per pieces fed. OCR rejects need to be subsequently keyed, which requires an additional FSM 881 handling and, obviously, additional machine time.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF McGRAW-HILL COMPANIES INC.

MH/USPS-T10-3 With reference to your response to DCF/USPS-T10-10(I) that "very little First-Class Mail is diverted to the manual operation due to [flat sorting] capacity constraints since First Class Mail is a small portion of flat volume [and] has priority on the FSMs":

a. Please explain the extent to which Periodicals mail has priority on the FSMs,

b. Please explain the reasons why "FSMs are primarily used to sort First-Class Mail and Standard Mail (A)" (USPS-T-16, p. 43, line 1), and reconcile that statement with your answer to part a. above.

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, and provide the source or basis of your answer.

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, and provide the basis or source of your answer.

e. Please explain fully all of the reasons (in descending order of importance) why machinable, prebarcoded, non-carrier route Periodicals mail was processed in manual operations rather than on FSMs in BY 1998, and reconcile your answer to this part with answer to part a above;

f. Please explain fully how, and by whom, the decision is typically made to process machinable, prebarcoded, non-carrier route Periodicals mail in manual operations rather than on FSMs.

Response:

a. - b. Processing priorities are listed in the Postal Operations Manual (POM) Section 453 and apply to all operations. Other factors come into play on what volumes are processed on equipment including machinability characteristics (weight, polywrap, flimsy, rolls), presort level (ADC, 3D, or 5D bundle), arrival time (see below), service commitment (class, daily, weekly, monthly), operating window (critical entry time and clearance times to meet transportation and service), and volume (3,000 vs. 30,000 pieces). For

example, if a Periodicals mailing is dropship entered at the SCF at 4 am and the DOVs to the delivery units for flat volumes is at 5 am, which provides time to separate bundles by zone but not enough time to process the zones to carrier route. Plants would not hold this volume an additional processing day in order to sort to carrier route on FSMs, subsequently delaying delivery one day. The majority of customer complaints that plants hear about from delivery units are Periodical service-related. So when in doubt, send it out.

b. See above.

c. Please see USPS-LR-I-87. This periodicals mail characteristics study is for FY 1999. We do not have similar information for BY 1998.

d. We do not track volume by class or rate category in operations. For mail processing volume variability costs by cost pool, see witness Van-Ty-Smith's testimony (T17).

e. I believe witness Van-Ty-Smith's testimony shows a considerable amount of Periodicals tallies in FSM operations. See a. above for reasons.

f. The decision to process volumes in manual operations is determined by many factors including volume arrival profiles, presort levels, operating windows, scheduling, and unplanned for daily events (e.g., a FSM goes down, inclement weather). These decisions are made with the assistance of In-Plant Support (arrival profiles, staffing, equipment utilization windows, operating plans) with input from processing operations such as Plant Manger, MDOs, and SDOs. While the daily decisions are usually made by the MDOs and SDOs. If manual operations in Delivery units are affected, then the

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF McGRAW-HILL COMPANIES INC.

District Operations Programs Support function or Manager, Post Office Operations and the affected post office are also involved in the planning process.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF McGRAW-HILL COMPANIES INC.

MH/USPS-T10-4 With reference to the response of the Postal Service to Presiding Officer's Information Request No. 4, and the Attachment thereto:

a. What is your best understanding of the reasons why the unit mail processing costs for Periodicals Regular Rate mail in 1998 would increase by 9.5 percent over 1997, while the unit mail processing costs for Standard A Nonprofit flats in 1998 would decline by 15.2 percent from 1997? To what extent is the increase in Periodicals costs attributable to non-automation processing of machinable, prebarcoded, non-carrier route Periodicals mail? To what extent is the cost decrease for Standard A Nonprofit flats attributable to the automation processing of such mail?

b. What is your best understanding of the reasons why the unit mail processing costs for Periodical Regular Rate mail in 1999 would increase by 2.3 percent over 1998, while the unit mail processing costs for Standard A Regular flats in 1999 would decrease by 2.6 percent from 1998? To what extent is the increase in Periodicals costs attributable to the non-automation processing of machinable, prebarcoded, non-carrier route Periodicals mail? To what extent is the cost decrease for Standard A Regular flats attributable to the automation processing of such mail?

Response:

a. I am told that for both Periodicals Regular and Standard A Nonprofit, FSM costs went up and manual flats costs went down. However, unit FSM costs went up more for periodicals and unit manual flats costs went down less for periodicals. In addition, allied and non-MODS unit costs decreased for Standard A Nonprofit, but increased for Periodicals Regular. Even with these changes, overall, the total mail processing costs for Periodical Regular and Standard A flats converged and were virtually identical in FY98.

There are several differences between Periodicals and Standard Mail such as mail make-up requirements and options, level of presort, service commitment, amount of dropship entry, amount of versiqning, and physical piece characteristics (e.g., weight). Without knowing the extent of the cost

implications of these differences, it is my understanding that the increased attention to service and apparent increase in bundle breakage would impact mail processing costs.

b. I am told that the POIR 4 costs used the pre R97-1 cost methodology and that the preliminary FY99 CRA shows no increase in the wage adjusted unit cost for Periodical Regular.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF McGRAW-HILL COMPANIES INC.

MH/USPS-T10-5 With reference to your testimony at p. 11, lines 6-8. that the FSM 1000 "is intended to process a vast majority of the 25-33 percent of non-carrier route flats that are not machinable on the FSM 881":

a. Please explain fully all of the distinguishing characteristics of such flat mail (u, by reference to specific weight and/or dimensions, polywrap, etc.) that make it machinable on the FSM 1000 but not on the FSM 881.

b. *Please confirm that the machinability limitations of the AFSM 100s are* expected to be similar to the machinability limitations of the FSM 881.

c. For both BY 1998 and TY 2001, please state the extent (or your best estimate *of the extent) of the shortfall, if any, in the number of* FSM 1000s necessary to handle the full volume of non-carrier route flats that are machinable only on the FSM 1000, and provide the source or basis of your answer.

d. Does the Postal Service currently have, or is it considering, any plans to purchase additional FSM l000s? If so, please describe those plans. If not, please explain fully why no such plans exist or are under consideration.

Response:

a) See DMM C820.2 for FSM 881 criteria and C820.3 for FSM 1000 criteria. A summary of mail that is machinable on the FSM 1000 that is not machinable on the FSM 881 is pieces which are flimsier, heavier, rigid, thicker, and with fewer polywrap properties.

b) Confirmed.

c) The Postal Service expects sufficient FSM 1000 capacity in TY2001 given phase I AFSM deployments. For BY1998 there was an adequate number of FSM 1000s deployed, however, not necessarily to the right locations due to insufficient capacity for FSM 881-compatible volumes.

d) No. See ANM/USPS-T10-40.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF McGRAW-HILL COMPANIES INC.

MH/USPS-T10-6 With respect to the respective throughputs of the FSM 881 and the FSM 1000:

a. Please reconcile your answer to DMA/USPS-T10-14 (throughput of FSM 881 in keying mode "ranges from 4500-5500") with your answer to ANM/USPS-T10-20 ("maximum sustainable throughput of the FSM 881 in a manual keying mode is approximately 10,000 pieces per hour").

b. Please reconcile your testimony (p.11) and interrogatory answers (ANM/USPS-T10-20, DMA/USPS-T10-14, 15) regarding the respective throughputs of the FSM 881 and FSM 1000 with the information regarding those throughputs that was provided over the past three years to the USPS/Industry Cost Task Force on Periodicals, and produce all written conclusions of that Task Force in this regard.

c. Is your testimony (p. 11, 11.3-4) that "[the throughput of the FSM 881 is approximately 6,500 pieces per hour for BCR/OCR operations" consistent with the statement in the USPS Strategic Improvement Guide for Flats Processing, September 1999, p. 5 (USPS-LR-I-193) that "[t]he FSM 881 has a maximum sort rate of approximately 14,000 pieces per machine hour when using a 100 bin sort program and approximately 20,609 when using two 50-bin sort programs"? If so, please explain how the statements are consistent. If not, please explain the actual capability of the FSM 881 in this regard.

d. Please reconcile your testimony @. 11, ll. 14-15) that "[t]he throughput of the FSM 1000 is approximately 5000 pieces per hour in BCR operations" with the statement in the USPS Strategic Improvement Guide for Flats Processing, September 1999, p. 5 (USPS-LR-I-193) that "[t]he FSM 1000 can process approximately 10,000 pieces per hour with four keyers."

e. Please explain all reasons why the USPS obtains less than the manufacturer-specified maximum throughput for the FSM 881 and/or the FSM 1000, and produce all documents that discuss such reasons.

f. Please explain fully the extent to which, and all of the reasons why, Periodicals mail which meets the specifications of the FSM 881 is processed on the FSM 1000 instead and explain who typically makes that decision.

Response:

a) The maximum sustainable throughput was from the Guide you cite in part d below. See ANM/USPS-T10-44d.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF McGRAW-HILL COMPANIES INC.

b) Written conclusions of the task force are included in USPS-LR-I-193. I am not clear what throughputs the team was provided since they are not included in the report, therefore, I can not reconcile any possible differences.

c) – e) The guide was written to provide the field with the machine's capabilities in an ideal environment. In my discussions with various Engineering personnel, they agree that the maximum throughputs are not sustainable nor are they realistic in our operating environment. See ANM/USPS-T10-44d.

f) See MH/USPS-T10-3.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF McGRAW-HILL COMPANIES INC.

MH/USPS-T10-7 With reference to your testimony on p. 34, ll. 23-26, that the processing of bundles of flats is often an attractive candidate for relocation" to annexes to plants:

a. Please provide your best estimate of the volume of Periodicals mail processed in annexes, and explain the source or basis of your answer.

b. Please provide your best estimate of the percentage of mail processed in annexes that is comprised of Periodicals mail, and explain the source or basis of your answer.

c. Please provide your best estimates of the volumes of mail, by subclass and shape, that are processed in annexes, and explain the source or basis of your answer.

d. Please confirm that in BY 1998, Periodicals mail was more likely than other mail to be processed in an annex. Please explain the source or basis of your answer, and provide all relevant documentation.

e. Please explain the reasons (in descending order of importance) why Periodicals mail was processed in annexes in FY 1998.

f. Please confirm that a principal reason why Periodicals mail was processed in annexes in FY 1998 was to accommodate increased volumes of other mail. Please explain the source or basis of your answer.

g. Please confirm that the use of annexes for mail processing involves additional handling and transportation costs, and provide any and all information and documentation that verifies or quantifies such costs. If you do not confirm, please explain your answer.

h. Please state the number of FSM 881s and FSM 1000s that are deployed in annexes.

Response:

a. – c. We do not separately track volumes of mail processed in annexes, much less by class. However, to give some feel for the magnitude of Periodicals processing in Processing and Distribution Centers (P&DC) and Processing and Distribution Facilities (P&DF) annexes, there appears to be some form of Periodicals processing in 34 of these annexes. Furthermore, all 34 of the

annexes process other mail in addition to periodicals. There also are many other annexes that do not process periodicals. For comparison, there are 251 P&DCs and P&DFs.

d. Not confirmed. See a. – c. above.

e. As described in my testimony starting on page 32, when space is inadequate and all other less-disruptive, less-costly alternatives have been exhausted, we will resort to an annex. As also discussed in my testimony, many different considerations go into deciding exactly what operations to relocate to an annex, often unique to the particular facility. Periodicals are processed in an annex when a review of the factors for that annex indicates it would be cost-effective to include some periodicals operations in annex processing. I am not able to order the factors or considerations any further than already listed in my testimony.

f. Mail, sometimes including periodicals, is processed in annexes when space is inadequate and better options have been exhausted. Space may become inadequate due to some combination of the space requirements of new equipment, employee safety and welfare, changes in mail makeup, and volume increases. I do not have information to classify any one of these as the "principle" reason.

g. I would expect that in most cases, additional handling and transportation costs could be incurred with the use of annexes. However, there are situations were the processing costs might be less in an annex than if processed in the plant. For example, if the annex contains FSMs and the

plant does not, I would expect annex processing costs to be less. I am not aware of any information that quantifies any additional handling and transportation costs associated with annexes.

h. I do not have information to reliably distinguish FSMs by type and number in the main plant from FSMs in a plant annex. However, I am told that 22 of the P&DC and P&DF annexes have FSMs.

REVISED 4/7/00

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF McGRAW-HILL COMPANIES INC.

MH/USPS-T10-8 With reference to the statement in the USPS Strategic Improvement Guide for Flats Processing, September 1999, p. 3 (USPS-LR-I-193) that "Another alarming statistic provided through MODS indicates that in FY 97 more than 50% of all non-carrier-routed barcoded flats (approximately 12.9 billion in FY 97) presented by mailers at automation discount rates was processed and distributed in operations other than automation:"

a. Please provide the number and percentage of non-carrier route prebarcoded flats that were processed in non-automation operations in FY 98 and FY 99, respectively.

b. Please provide the number and percentage of non-carrier route flats that were barcoded by Periodicals mailers but processed in non-automation operations in PY 98 and FY 99, respectively.

c. Please provide all of the reasons (in descending order of importance) why so many prebarcoded flats were not processed in automation operations during this period.

d. Please provide all of the reasons (in descending order of importance) why so much prebarcoded Periodicals mail, in particular, was not processed in automation operations during this period.

e. Please explain fully the extent to which the non-automated processing of prebarcoded flats has impacted USPS estimates of workshare savings in this proceeding, and/or the level of proposed automation discounts for Periodicals mail in this proceeding. Please quantify your answer and provide sources.

Response:

a. No such data are available.

b. In operations, we track barcoded volume but we do not track volumes by class.

c. - d. As mentioned in my testimony, the primary reason was due to not enough flat sorting machine capacity, which required the flats to be sorted in a manual operation. See MH/USPS-T10-3 for other factors.

REVISED 4/7/00

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF McGRAW-HILL COMPANIES INC.

e. For estimates of periodical workshare savings and proposed discounts, please refer to the testimonies of Witness Yacobucci (USPS-T-25) and Witness Taufique (USPS-T-38).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF MAJOR MAILERS ASSOCIATION

MMA/USPS-T10-1. On page 8 of your prepared testimony, you indicate that almost 71% of the total letter mail barcodes were provided by mailers in AP13 of FY99.

(a) Please provide the breakdown of that 71% among Standard Mail (A), First-Class Presorted, and First-Class Single Piece.

(b) Do you know what percent of the First-Class Single Piece prebarcoded letters were prebarcoded, automation compatible reply pieces that were sent to nonpresort mailers inside First-Class presorted envelopes?

(c) Are the Postal Service's barcoding capabilities at or near their peak operating capacity? If not, what additional percentage of total barcodes could the Postal Service provide before its existing systems and equipment reached capacity?

(d) By the beginning of the Test Year, how much money will the Postal Service have spent on the equipment that makes up the Remote Bar Coding System?

(e) During the Test Year, how much money will the Postal Service spend on implementing the Remote Bar Coding System?

Response:

a. There were 5.90 billion customer letter barcodes in AP 13 of FY 99. Out of the total, 2.51 billion were Standard Mail (A), 2.86 billion were First-Class Presorted (includes basic automation rate), and 532 million were First-Class Single Piece.

b. Almost all prebarcoded First-Class Single Piece letters fall in the automation compatible reply category. We do not collect data pertaining to how these reply pieces were originally provided (by class, shape, or other means).

c. Yes.

d. I am told the capital expenditures for the first three phases of RBCS program that included some DBCS equipment to provide needed capacity totaled

approximately $1.09 billion. Additional capital expenditures for the RCR technology totaled to approximately $420 million. The total cost of all capital expenditures related to RBCS (w/ RCR) is expected to be approximately $1.5 billion by FY 2001.

e. I am told that there are no major capital expenditures planned for the implementation of RBCS during the Test Year.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF MAJOR MAILERS ASSOCIATION

MMA/USPS-T10-2. Please refer to page 8 of your prepared testimony, where you state "customer incentives have produced substantial growth in prebarcoded letters."

(a) Please identify all the "customer incentives" that you are referring to, state when the incentive was first implemented, and provide all documents that quantify or discuss the extent to which such incentives have contributed to the growth in prebarcoded letters.

(b) Please identify any additional customer incentives that the Postal Service is considering implementing in order to generate additional growth in prebarcoded letters, state when you expect such customer incentives to be implemented, and provide all documents that quantify or discuss the extent to which the Postal Service expects such additional incentives will contribute to the growth in prebarcoded letters.

(c) Does the term "customer incentive," as you have used it in the referenced portion of your prepared testimony, include the Postal Service's requirement that First Class mailers who want to include reply envelopes in their outgoing automation letters must apply prebarcodes to such reply envelopes?

Response:

The customer incentives referred to in my testimony are the following:

a. 1) On April 3, 1988, the first discount for barcoding letter size mail became effective. 2) The concept of allowing requests for value added refunds was intended to facilitate the efforts of business entities, such as presort service bureaus, who receive mail from multiple sources and then upgrade the mail by adding ZIP + 4 barcodes. By allowing the presenter of the mail to request a refund of the difference between the Presort First-Class Mail postage paid on the mail and any applicable barcoded mail rate, the Postal Service hoped to encourage these entities to make additional investment in barcoding equipment and software required to document the value added to the pieces in each mailing. Implementation of this procedure became effective August 6,1990.
3) Implementation of discounts for basic and 3-digit optional rate for First-Class Mail and required Standard Mail (A) and Periodical letters rate became effective

on February 3, 1991. 4) Reclassification, which eliminated the need to make small bundles, became effective in July,1996. 5) Also, effective January 1, 1997, any courtesy enclosure must contain a barcode if automation rate is claimed on the mailing. Please reference OCA/USPS-35. I am unaware of any such documents, but I am informed that witnesses Thress (USPS-T-7) and Bernstein (USPS-T-41) include discussion in their testimony that may be relevant.

b. I am not aware of any additional customer incentives.

c. Yes.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF MAJOR MAILERS ASSOCIATION

MMA/USPS-T10-3. Please refer to your answer to MMA/USPS-T10-1. In that response you provide the volume of prebarcoded letters that were mailed in AP13 of FY 99.

(a) What are the corresponding outgoing letter volumes separately for First-Class nonpresorted, presorted and Standard Mail (A) for that same time period?

(b) Please identify the source(s) of your data and provide all copies of, or references to, such source documents.

(c) In your opinion, is AP 13 of FY 99 representative of a full year? Please explain your answer and provide any studies or other documents you reviewed in formulating your answer to this question.

(d) What is the volume of outgoing prebarcoded letters sent at First-Class nonpresorted rates (excluding QBRM) for the base year in this case?

(e) What is the volume of prebarcoded reply envelopes mailed out at (1) nonpresorted rates, (2) presorted rates, and (3) nonpresorted and presorted rates combined?

Response:

(a) For AP 13, FY 1999, the First-Class presort volume was 2,857,913,000. Standard (A) volume for this period was 2,510,592,000. Automation rate mail requires presort so I assume that when you refer to pre-barcoded non-presorted First-Class letters, you're referring to reply mail and the volume for that period was 532,225,000.

(b) The reference for Reply Mail Pre-barcode is the ODIS (Origin Destination Information System) report. The Rate Pre-barcode (First-Class letter presort and Standard (A)) is CBCIS (Corporate Business Customer Information System) report.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF MAJOR MAILERS ASSOCIATION

(c) The average volume of pre-barcoded letters for the year is lower, as would be expected since trends are slightly increasing. The AP13 letter volume represented our current volumes and provides an actual starting place for looking to the FY 2001 environment.

(d) In FY 1998, the outgoing pre-barcoded letters, sent at First-Class non-presorted rates (excluding QBRM) for the base year, was 7,332,781,000.

(e) We do not track the amount of reply envelopes that would be mailed out presorted (perhaps by a presort bureau). The vast majority of reply envelopes are mailed at the FCM non-presort rate.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T10-1. Individually for each size of canvas sack used by the Postal Service:
(a) Identify the cost of each size of sack. Please explain the source of these figures.
(b) State, on average, the number of times each size sack can go through a sack sorting machine before it breaks or is *rendered unusable*. Please explain the source of these figures.

Response:

(a) See attached document for costs of all sacks. The sources are the current contracts for sacks.

(b) On the average a canvas sack will last approximately 10 years. The number of times each sack goes through a sack sorting machine is not tracked.

Attachment
MPA/USPS-T10-1

Last Revision:
02/09/00

MTE Codes 2000

EIRS NO.	MAILBAG/SACK ITEM DESCRIPTIONS	MTE ITEM COST
	SACKS/POUCHES	
01	#1 Sack Canvas Nylon	$ 10.80
01N	#1 Sack White Plastic NEW	$ 0.52
01P	#1 Sack Plastic	$ 0.52
02	#2 Sack Canvas/Cotton/Nylon	$ 5.75
02N	#2 Sack White Plastic NEW	$ 0.47
02P	#2 Sack Plastic	$ 0.47
03	#2 Sack Brown Canvas/Cotton	$ 7.56
03P	#2 Sack Brown Plastic	$ 0.49
04	#3 Sack Canvas/Cotton	$ 4.45
04N	#3 Sack White Plastic NEW	$ 0.39
04P	#3 Sack Plastic	$ 0.39
05	#3 Sack Brown Nylon	$ 4.42
05N	#3 Sack Brown Plastic NEW	$ 0.41
05P	#3 Brown Sack Plastic	$ 0.41
07	#3 Sack FCM BSKT Weave	$ 5.10
08	Air Lift Parcel Post Pouch	$ 5.11
09	#2 Pouch Canvas	$ 10.75
10	#1 Pouch US Priority Nylon	$ 4.50
11	#2 Pouch US Priority Nylon	$ 4.20
12	Pouch US Priority Nylon	$ 6.41
12N	Pouch US Priority Plastic NEW	$ 0.64
12P	Pouch US Priority Plastic	$ 0.64
13	FCM #1 Pouch Nylon	$ 6.49
14	SAM #1 Pouch Nylon	$ 4.50
14P	SAM #1 Pouch Plastic	$ 0.75
15	SAM PP Pouch Nylon	$ 5.11
15P	SAM PP Pouch Plastic	$ 0.75
16	MOM PP Pouch Nylon	$ 5.11
17	MOM #1 Pouch Nylon	$ 4.50
18	Pouch Liner Security Red	$ 23.50
18G	Pouch Liner Security Green	$ 23.50
20	Pouch Large Express Nylon	$ 6.85
20N	Pouch Large Express Plastic N	$ 0.64
20P	Pouch Large Express Plastic	$ 0.64
21P	Large EMS Intl. Plastic	$ 1.21
22P	Small EMS Intl. Plastic	$ 1.43
23	#1 Fastnet Sack Large Nylon	$ 9.00
24	#3 Fastnet Sack Small Nylon	$ 4.88
33	Pouch Foreign Air #1 Nylon	$ 4.50
34	Pouch Foreign Air #2 Nylon	$ 4.20
35	Pouch Foreign Air PP Nylon	$ 6.88
35N	Pouch Foreign APP Plastic NE	$ 0.75
35P	Pouch Foreign Air PP Plastic	$ 0.75
35W	Pouch Foreign APP Plastic w/o	$ -
36N	Sack US Mail Foreign Plastic N	$ 0.75
36P	Sack US Mail Foreign Plastic	$ 0.75

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T10-2. Individually for each size of plastic sack used by the Postal Service:
(a) Identify the cost of each size of sack. Please explain the source of these figures.
(b) State, on average, the number of times each size sack can go through a sack sorting machine before it breaks or is rendered unusable. Please explain the source of these figures.

Response:

(a) See response to MPA/USPS-T10-1. The sources are the current contracts for sacks.

(b) On the average a plastic sack will last approximately 6-8 uses. The number of times each sack goes through a sack sorting machine is not tracked.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T10-3. The Postal Service hosted a Flats Day at the Baltimore P&DC on February 8, 2000. During the day, the Service described the current processing environment for flats and the future environment. Your testimony also describes the current and future environment for processing flats. Please provide a copy of the briefing the Postal Service provided on Flats Day.

Response:

Please see USPS LR –I-195.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T10- 4 Please confirm that under Planning Issues, the briefing cites "Automatic feeders to FSM 881" and "Plan to incorporate automatic feeders and OCR capability to FSM 1000."

(a) What is the status of these plans? Specifically, will either be implemented in the Test Year?

(b) Are either of these plans described in your testimony? If so, where?

Response:

Confirmed.

a) The Great Lakes Area has purchased and plans to deploy automatic feeders on the FSM 881 and the Northeast Area has deployed its version of the FSM 881 flats feeder. The Great Lakes Area automatic feeder is currently being evaluated, and if it is deemed cost effective, the optimum number of automatic feeders per machine will also need to be determined. Ultimately, each Area will identify the number of machines to be modified, if any. Depending on the results of the evaluation, expected some time in late-March, any additional deployments should occur in or before the Test Year.

Three vendors of automatic feeders for the FSM 1000 are expected to participate in upcoming competitive testing conducted by Engineering with results anticipated in April, 2000. Automatic feeders may be implemented as soon as July of the Test Year, but that is dependent on the results of the test, the chosen manufacturer's production capabilities, required changes to the existing FSM 1000, and the Board of Governors approval of the DAR in August, 2000.

The OCR capability to FSM 1000 deployment is tied to the automatic feeder and is discussed further in ANM/USPS-T10-12. Deployment of the FSM 1000 OCR may or may not occur in or before the Test Year.

b) The FSM 1000 OCR is mentioned in my testimony on page 11. Since OCRs are currently on the FSM 881, I thought it was appropriate to add to my testimony. The automatic feeders, however, are not discussed in my testimony. Given that

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

FSM automatic feeders have been researched and pending since the early 1990's without any proven results, I did not think it was appropriate to include them in my testimony.

PROCESSING OPERATIONS

UNITED STATES
POSTAL SERVICE

December 30, 1999

MANAGERS, IN-PLANT SUPPORT (AREA)

SUBJECT: Periodical Package Breakage Recovery Methods

A recent survey has found that approximately 17 percent of mailer-prepared periodical flat packages in sacks are breaking either before or during induction into USPS processing operations. Periodical flat packages on pallets are breaking at the rate of approximately 0.5 percent. System-wide this equates to approximately 50 million broken periodical packages per year. These broken packages have proved costly to recover and process.

The attached report has tried to identify some of the methods of package recovery and the added costs associated with the different methods. Although this letter is mainly addressing periodical flat packages, these methods are also applicable to Standard A flat packages.

Clearly, the most economical method of package breakage recovery is to recover the broken packages as originally secured by the mailers at induction and re-band them using rubber bands and/or strapping machines and re-induct them into the system. This is the preferred method and should be utilized whenever the package integrity is sufficient to identify the contents because it retains the correct presort level.

If the packages have broken and lost their integrity, they should be recovered and, whenever possible, faced and put directly into the proper container, i.e., flat tub, u-cart etc., for further processing on the appropriate Flat Sorter Machine (FSM) sort program.

The least economical method is incurred when the broken package is keyed as individual pieces on the Small Parcel Bundle Sorters (SPBS). Productivities are considerably lower on the SPBS as compared to the FSM. Not only is this process a great deal more expensive, it also inflates SPBS volumes. At no time should this method be used as a processing option.

When you receive large volumes of broken packages from the same mailing, it is imperative that mail preparation irregularity reports (PS Form 3749) are filled out and the mail preparer and publisher/advertiser are notified.

Please disseminate this information to all Plant Managers for their action. If you have any questions as it relates to this request, please contact Patrick Killeen at (202) 268-2473.

Walter O'Tormey
Manager

Attachment

475 L'ENFANT PLAZA SW
WASHINGTON DC 20260-2604
202-268-4305
FAX: 202-268-5388

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T10- 5 Please describe how implementing these plans will enhance flat sorting productivity. Please include descriptions of staffing changes and throughput. Once automatic feeders have been incorporated, how will the productivity of the FSM 881 and the FSM 1000 compare to the productivity of the AFSM100?

Response:

Please see response to MPA/USPS-T10-4. Evaluation of the Great Lakes automatic feeders on the FSM 881s has just begun and, as yet, there are no specifics on expected changes to staffing or throughput. The feeder/OCR for the FSM 1000 is currently being evaluated so throughput and staffing cannot be substantiated by test data. The productivity of the FSM 881 and FSM 1000 with automatic feeders compared to the productivity of the AFSM 100 cannot be determined at this time.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T10-6 Please confirm that the USPS has issued a new SOP on broken bundles at SPBS machines. Please provide the date of release of the SOP and a copy of it. Please describe the treatment of broken bundles at SPBS prior to the issuance of this SOP.

Response:

I cannot confirm. The attached letter was sent in December to the field providing direction as to the procedure to follow for periodical package breakage recovery methods. The letter was not a new SOP, but rather, it identified some of the means of package recovery and the most economical methods of handling broken packages.

The treatment of broken bundles at the SPBS in the past varied from one plant to another. Some handled broken packages as described above. In other cases, broken packages, which had lost their integrity, were gathered and put into containers to be processed on the appropriate flat sorting machine and still others were keyed as individual pieces on the SPBS.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T10-7 Please refer to your response to MPA/USPS-T10-1-2.

a) Please define the term "use."

b) Based on this definition of use, on average how many uses per year does the Postal Service get from a canvas sack?

c) Is there a cost per use for maintaining a canvas sack? If so, what is it?

d) Is there a cost per use for maintaining a plastic sack? If so, what is it?

e) Please explain the source of your estimate that "On the average a canvas sack will last approximately 10 years."

f) Please explain the source of your estimate that "On the average a plastic sack will last approximately 6-8 uses."

Response:

a) The "use " of MTE is the period during which it carries mail, or product which will become mail. It is measured from the time it is loaded until it is unloaded.

b) It is assumed that the term "canvas" is used generically and is intended to include nylon or other manufactured material woven into a fabric. There is no empirical data available to provide a statistically valid response to this question. Moreover, depending on the class of mail being transported and the facility "using" the sack, the number of uses per year for a canvas sack can vary dramatically. For example, a #3 sack provided to a catalog mailer may get only 3 "uses" per year. On the other hand, sacks which are used primarily between Postal Service Processing and Distribution centers may get 50 "uses" per year.

c) This depends on the definition of "maintaining". If "maintaining" means preparing a sack for reuse, e.g. sorting, inspecting, and palletizing, the cost is about $.25 per sack, with the assumption that a sack must be "maintained" before every use. If the term "maintaining" means "repairing" the question is unanswerable since the number of "uses" cannot be empirically developed. The approximate cost to repair a canvas sack is approximately $.90 plus transportation and handling cost of about $.75 per bag. Repair includes patching holes and replacing grommets. The cost to "re-manufactured" sacks, e.g. replace lacing cords, and stitch seams, is $1.30 per bag plus transportation and handling of $.75 per bag.

d) A "plastic" sack is taken to mean a polypropylene sack. As above, if "maintaining" means preparing a bag for reuse, the cost is about $.20 per bag. If "maintaining" means repair, we do not repair plastic bags.

e) There is no empirical data available to calculate the actual mean life expectancy of a canvas sack. A ten year mean life expectancy has been experientially estimated by informed observers.

f) Again there is no empirical data available to calculate the actual mean life expectancy of a plastic sack. The 6 to 8 uses has been experientially estimated by informed observers.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T10-8 For each of the years in the period 1987-1999, please provide the following, for each route type (e.g., *business curbline, residential* park & loop):

(a) The year-end total number of city routes.

(b) The number of city carrier hours that were spent as in-office and out-of-office time.

(c) The year-end total number of city carriers.

Response:

a. Data on the number of city routes by type is fragmentary prior to 1995. Among these earlier years, data is available for FY 90 and FY 92 only, and the classification of routes is different for FY 90. In FY 90 the counts were: Foot – 22,386; Park & Loop – 102,330; Business Motorized – 2,479; Curbline – 30,470. The counts for FY92 and FY 95 – FY 99 are shown in the table below. A breakdown on the basis of residential or business is not available.

Year	Foot	Park&Loop	Curbline	Dismount	Other
FY 92	38,730	71,889	34,750	12,848	3,296
FY 95	21,272	90,829	36,002	18,068	2,555
FY 96	20,352	90,041	36,693	18,818	1,868
FY 97	17,495	88,349	37,126	20,892	1,753
FY 98	15,434	87,767	38,679	22,623	1,438
FY 99	14,398	89,258	38,838	23,359	1,070

b. – c. I am told that this data is not available by type of route.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T10-11 On pages 26-27, you state that "DPS reduces office time by saving each carrier up to 1 1/2 hours a day for casing letters. This time was captured by reducing overtime or assistance that had been provided the carrier."

(a) Please provide all documentation for the 1 1/2 hour estimate,

(b) For what time period has this savings been estimated?

(c) For the time period in (b), please quantify the savings in terms of system-wide office time savings caused by DPS.

(d) For the time period in (b), please quantify the increase in system-wide out-of-office time caused by DPS.

(e) Please explain how this relates to the additional 25 minutes on the street that has been incurred since FY88.

Response:

a. – b. See NAA/USPS-T10-1

c. As reported by the General Accounting Office in April 1998, the Postal Service projected that DPS would cumulatively save 27.2 million city and rural carrier workhours during the period FY 94 to FY 97. Actual reductions of carrier office workhours for this period were 22.5 million. I am told that, using the GAO methodology, Postal Service savings from the DPS program were 6.5 million city and rural workhours in FY 98.

d. Street time has increased since 1992 for a variety of reasons. I am told that the portion of the increase that might be due to DPS is undetermined.

e. See NAA/USPS-T10-5 for an explanation of the 25 minutes. The relation between time saved in the office and time incurred on the street is undetermined.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T10-12 Was "auxiliary assistance," as the term is used on page 27 of your testimony, included in city carrier out-of-office time during the period 1994-1999? If not, please identify the cost component in which it was included.

Response:

Yes, in my testimony the term refers to assistance outside the office, and I am told that workhours incurred by that assistance are included in street time. However, to be complete, note that the carrier providing auxiliary assistance may, on occasion, assist the carrier in casing a portion of the route. When that occurs, the time is charged to office time.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T10-13 Was "router time," as the term is used on page 27 of your testimony, included in city carrier in-office time during the period 1994-1999? If not, please identify the cost component in which it was included.

Response:

Yes, I am told that they were included.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T10-14 On page 27, you state that DPS and the resultant route restructuring has 'eliminated 3,200 routes outright nationwide, and avoided approximately 3,000 to 4,000 new routes that would have otherwise been created due to the growing number of delivery points."

(a) Over what time period has this route restructuring taken place?

(b) For what time period has this savings in number of routes occurred?

(c) Please provide all documentation available to demonstrate that 3,200 routes have been eliminated and 3,000-4,000 new routes have been avoided.

Response:

a. Route restructuring began with the implementation of DPS in March, 1993, and continues to the current time.

b. The savings were calculated over the period FY 94 to FY 98.

c. According to the GAO audit of DPS, page 21, "city carrier routes increased 267 in fiscal year 1995 and decreased in fiscal years 1996 and 1997 by 858 and 2,561, respectively". They decreased by another 24 routes in FY 98, yielding a net decrease of 3,176 routes for FY 94 to FY 98. I am told that, during the period FY 95 to FY 98, about 1.5 million delivery points were added to the postal network. Evaluated at the FY 95 average of 478 delivery points per city street route, this equates to 3,138 routes that would have otherwise been required.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T10-15 Please provide any estimates you may have as to the volumes of DPS and non-DPS letters that are delivered by city delivery carriers.

Response:

I am told that the following estimates are based on all city carriers:

	Cased Letters	DPS Letters
1997	64 Billion	37.3 Billion
1998	57.9 Billion	44 Billion
1999	54.3 Billion	50 Billion

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T10-16 On page 27, you state that 'some older developments" have been converted to cluster boxes.

(a) Please provide all documentation as to how that has been achieved and the time period over which it was achieved.

(b) Please quantify the number of conversions (in terms of delivery points, if possible) for the time period in (a).

(c) If the same is true for other types of delivery (e.g., curbline), please identify that and provide all documentation as to how that was also achieved and the time period over which it was achieved.

(d) If the same is true for other types of delivery, please quantify the number of conversions for the time period in (c).

Response:

a. Any delivery can be converted to a more efficient and economical delivery as long as the customer approves the change. See the attached two pages from the Postal Operations Manual, section 631.6 which defines the criteria for conversions.

b. No data is kept on the number of conversions made.

c. See (a) above

d. See (b) above

Attachment to MPA/USPS-T10-16, page 1 of 2

[redacted]

double rooms with connecting bath) and separate centrally located facilities for dining and receiving visitors. Whether located on or off campus and regardless of private ownership, such buildings are nevertheless dormitories and either the school or building owner is responsible for final delivery of student mail. Post office personnel are not to distribute mail into apartment-type mailboxes.

631.53 Married Student Housing

Apartments and housing units for married students ordinarily are complete quarters consisting of a living room, kitchen-dinette, bedroom, and bath. Whether located on or off campus and regardless of ownership, the apartment mail receptacle requirements in 631.45 apply.

631.54 Fraternity and Sorority Buildings

Deliver mail in bulk to a common mailbox or to a representative of the organization if addressed to a specific building.

631.55 Parcel Post

Deliver parcel post in the same manner as other ordinary mail matter.

631.56 Special Delivery

Provide special delivery service to buildings in the same general manner and to a like degree as other delivery service. Include buildings that are authorized to receive regular bulk mailings on special delivery runs. Once the messenger arrives at the delivery address, however, handle the article in the same fashion as other mail.

631.57 Forwarding of Mail

Forwarding mail for former students and for current students during the summer and vacation periods is the responsibility of the institution or building owner, except where delivery to individual apartment receptacles for married student housing is being provided. Encourage school officials to include mail forwarding, proper mail addressing, and other related postal features in general instructions to students.

631.58 Noncity Delivery Offices

Where city delivery service is not established, students may rent post office boxes or use general delivery, or the institution may arrange to pick up the mail in bulk and make its own distribution and delivery.

631.6 [redacted] of Mode of Delivery

In this section, *conversion* refers to changing existing mail delivery to a more economical and efficient mode. The key to converting existing deliveries is identifying those deliveries that are most costly to the Postal Service. Delivery managers can go into any delivery territory where delivery has been established for over 1 year and solicit to convert the mode of delivery if it would be cost beneficial to the Postal Service.

Attachment to MPA/USPS-T10-16, page 2 of 2

[redacted]

Postmasters should not establish a mixed delivery area where the carrier must zigzag from the door to the curb when previously the carrier took obvious shortcuts to effect delivery. Postmasters must weigh the advantages and disadvantages of converting less than 100 percent of the deliveries.

Customer signatures must be obtained prior to any conversion. In single-family housing areas (including manufactured housing and mobile homes) where the residences and lots are owned, each owner must agree to the conversion in writing. Owners who do not agree must be allowed to retain their current mode of delivery.

When a residence is sold, the mode of delivery cannot be arbitrarily changed prior to the new resident moving in. The existing mode of delivery must be retained. If an owners' association represents the community, it can direct the mode of delivery for the community. In rental areas, such as apartment complexes and mobile home parks, the owner or manager can approve the conversion.

631.7 Correction of Improper Mode of Delivery

In the event an improper mode of delivery is extended by a postal carrier or manager, the service will be withdrawn provided that the error is detected within 90 days. If the error is not detected within 90 days, the service will remain in place.

631.8 Military Installations

631.81 Family Housing

Delivery to family housing on military installations is effected in accordance with 611, 64, 65, or 66, whichever is appropriate.

631.82 Other Services — Agreement With the Military

Other services are provided to military installations in accordance with Publication 38, *Postal Agreement with the Department of Defense*, signed on February 22, 1980, reprinted in pertinent part:

III. POLICY

A. The Military Postal Service is operated as an extension of the United States Postal Service as authorized by 39 U.S.C. 406.

B. The Department of Defense and the Postal Service agree to attempt to furnish mail service to the military equal to that provided the civilian population in the United States.

C. The Department of Defense and the Postal Service affirm the importance of the national goal of energy conservation, and both parties resolve to minimize energy expenditure while conducting military postal operations.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T10-17 On page 27, you state that 'DPS implementation allowed for additional handling costs on DPS letters, calculated as one hour per 5000 pieces of DPS."

(a) Please provide all documentation for that productivity figure.

(b) Please provide the Decision Analysis Report mentioned in footnote 10 on page 27 and please explain why you believe it is "conservative".

(c) Please provide all documentation quantifying or discussing the effect of DPS volume on out-of-office time.

(d) Please explain fully what you mean by "residual handling" as used in Footnote 10 on page 27.

(e) Is the following considered out-of-office time: when carriers go to a rack to pick up their trays of DPS, verify that it is their mail and that it is in accurate walk sequence? Please explain.

Response:

a. I am told that the productivity figure was an assumption in the Decision Analysis Report.

b. The DAR mentioned in footnote 10 is being provided under protective conditions in response to ANM/USPS-T9-23(a). Footnote 10 annotates the additional handling assumption, "one hour per 5000 pieces of DPS". This assumption, covering potential tasks that might be largely nonexistent, illustrates what I consider a "conservative" approach common to engineering DARs.

c. There is no data that would specifically quantify the effect of DPS volume on street time.

d. Prior to DPS implementation, the amount of additional handling required to prepare DPS mail (as an addition to the time required for cased mail) was uncertain. However, there was a realization that some incidental handling of this mail would

occur, and the potential savings that delivery units were expected to capture were reduced accordingly. Some examples of residual handling include riffling through trays as a quality check ensuring that DPS mail in the tray does belong to the carrier route number, and pulling out mail to honor a hold request or change of address notice.

e. It could be either, warranted by local conditions. If the DPS mail is stored at the back dock and the carrier does not verify this mail until performing the loading function, it would be street time. If the DPS mail is stored more centrally, the carrier will normally verify the DPS trays, place the trays with other mail and then proceed to perform the loading function. In this case, the activity would be considered an office function. Foot carriers need to prepare relays, and consequently, verify and separate their DPS mail in the office.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T10-18 On page 27, you state that: "there were 5.6 pieces per delivery in FY98 compared to only 5.1 in FY88."

(a) Please provide all documentation and calculations to support those figures.

(b) Please identify the type of delivery(ies) described in this statement (e.g., SDR, MDR, B&M).

(c) For both averages (5.6 and 5.1). please provide the breakdown in terms of non-DPS letters, DPS letters, flats, parcels, and accountables.

Response:

a. See NAA/USPS-T10-4.

b. I do not understand your question. If you mean the distribution of route types, see MPA/USPS-T10-8 for FY 98. I am told that the corresponding data for FY 88 is not available.

c. I am told that this data is not available. However, I did find a limited study of 202 routes performed in 1997. Using data from route inspections, the study calculated that the average route on an average day had 1,069 cased letters, 798 flats, and 995 DPS letters.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T10-19 With respect to your statement on page 28 that: comparing FY88 to FY98 , , , today's city carriers average an additional 25 minutes on the street delivery 8 percent more mail to 2 percent fewer delivery points, most of which are centralized or on curbline routes, ," please provide the following:

(a) All documentation, assumptions, and calculations supporting your statement.

(b) A clear explanation and quantification of how much of the additional 25 minutes is caused by DPS rather than additional volume.

(c) A clear explanation and quantification of how much of the additional 25 minutes is caused by increases in deliveries that require direct interaction with the recipient, such as those for large parcels, multiple parcels, and accountables.

(d) A clear explanation and quantification of how much of the additional 25 minutes is caused by increases in the fixed time to access centralized delivery locations (e.g., contained in locked/gated communities, large high-rises, industrial parks, etc.) and open locked central delivery boxes.

Response:

a. See NAA/USPS-T10-5 and MPA/USPS-T10-8.

b. - d. I am told that information necessary for the requested computations is unknown.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T10-20 Over the past twelve years, what has been the USPS policy with respect to:

(a) The size, shape, or placement of new delivery receptacles?

(b) The replacement or relocation of older receptacles?

(c) The adequacy of streets and roads over which a city carrier must travel to deliver his route?

Response:

a. The size, shape and placement of mail receptacles are determined by the method of delivery being extended. See the attached excerpts from the Postal Operations Manual that defines the criteria for establishment and extension of delivery, and mailbox design and placement requirements.

b. Customers are required to provide appropriate and adequately sized mailboxes to ensure the safety of the carrier and to accommodate the customer's average daily volume. If the customer fails to meet these criteria, delivery can be withdrawn until the appropriate mail receptacle is provided. Local postmasters have the authority to withdraw delivery under these circumstances. (POM 623.1,623.21,632.14, 632.53, 632.63)

c. POM 641.2 defines the requirements for establishment and extension of delivery. The criterion is that the streets are paved or otherwise improved to permit the travel of Postal Service vehicles at all times, without damage or delay.

attachment to ITM/USPS-110-20, page 1 of 21

[redacted]

63 Modes of Delivery, Mail Receptacles, and Keys

631 Modes of Delivery

631.1 General

For all establishments and extensions, the options for delivery service are to the door, curbline boxes, or central delivery points or receptacles, supplemented as given below.

631.2 Business Areas

The type and design of buildings govern the mode of delivery to be implemented. The options are as follows:

a. *Central Delivery.* Central delivery service is for business office buildings, which may include call windows, horizontal locked mail receptacles, cluster box units (CBUs), neighborhood delivery and collection box units (NDCBUs), or mechanical conveyors (only for high-rise, multiple-tenant buildings, and only if certain conditions are met; consult postmaster for details).

b. *Single Point Delivery.* Single point delivery is for single points, receptacles, or door slots provided by business management. If there is an elevator and if the offices are open to receive mail, or if door slots are provided, delivery is authorized to all floors of office buildings. If there is no elevator, delivery is provided to the first floor, and to the second floor if it is occupied primarily by business offices and if the service is requested.

631.3 Residential Housing (Except Apartment Houses and Transient Mobile or Trailer Homes)

631.31 General

For all residential areas, except apartment houses, transient mobile or trailer homes, colleges and universities, and other sites covered under 615, the delivery options, under the regulations given below, are curbside, sidewalk, or central delivery.

631.32 Curbside Delivery

Delivery may be provided to boxes at the curb so they can be safely and conveniently served by the carrier from the carrier's vehicle, and so that customers have reasonable and safe access. Mail receptacles may be grouped, two to a property line where possible.

631.33 Sidewalk Delivery

Options and requirements for sidewalk delivery are as follows:

a. If the sidewalk abuts the curb or if other unusual conditions exist (e.g., excessive street parking) that make it difficult or impractical to install or serve boxes at the curbline, those customers may be permitted to

Attachment to MPA/USPS-T10-20, page 2 of 27

[redacted]

install all their boxes at the edge of the sidewalk nearest the residence, where they can all be served by the carrier from the sidewalk.

b. If the average lot frontage is 75 feet or less, the boxes are not required to be grouped together; if the average lot frontage exceeds 75 feet, the boxes must be installed in groups of at least two.

c. If the average lot frontage is 50 feet or less, customers may locate their mailboxes at the edge of the sidewalk nearest the residence rather than at the curb, regardless of whether the sidewalk abuts the curb or other unusual conditions exist. All the boxes must be located so that the carrier can serve them from the sidewalk.

631.4 Exceptions

631.41 Extension of Service Within an Existing Block

New homes or businesses built within a block of existing homes or businesses receive the same type of service as the older homes or businesses. When new development replaces more than one block, delivery methods must comply with mode of delivery options for establishment and extension of delivery service.

631.42 Hardship Cases

Procedures and guidelines for changes in delivery in hardship cases are as follows:

a. Changes in the mode of delivery authorized for a delivery point are considered where service by existing methods would impose an extreme physical hardship on an individual customer. Any request for a change in delivery mode must be submitted in writing.

b. Approval of these requests should be based on humanitarian and not economic criteria; however, rural delivery customers requesting a hardship extension must also meet current criteria for extension of rural delivery service (see 653). Each request for a change in delivery service should be evaluated based on the customer's needs; a request should not be denied solely because of increased operational costs or because a family member or other party may be available to receive mail for the customer.

c. If the local postmaster denies a request, the request must be sent to the district for review. The final decision is made by the district manager.

d. If a customer no longer requires a variation in the type of delivery service, mail service must be restored to the mode of delivery in effect in the area.

attachment to MPA/USPS-110-20, page 5 of 27 [redacted]

631.43 Local Ordinances

If a customer chooses not to erect a curbside box because of a local, city, county, or state ordinance prohibiting the installation of mailboxes at the curb, the delivery options in establishments and extensions are as follows:

a. *Central Delivery Service.* See 631.44.

b. *Post Office Box or General Delivery Service.* Post office box or general delivery service may be provided at the nearest postal facility where carrier delivery emanates.

631.44 Central Delivery

631.441 Delivery Requirements

NDCBUs or CBUs may be approved for use at one or more central delivery points in a residential housing community. The local postal manager must approve the mailbox sites and type of equipment. Boxes must be safely located so that customers are not required to travel an unreasonable distance to obtain their mail. Normally, within one block of the residence is appropriate.

631.442 Central Delivery Addresses

Central delivery mail receptacles (including NDCBUs and CBUs, delivery centers, and postal centers) must be identified by the same addresses as the dwellings for which they serve as mail receptacles. These identical individual addresses should be placed inside the boxes to be visible only to the carrier as he or she serves the receptacle or the customer. For security or privacy, mailer associations or customer groups may use another alphanumeric identification system on the outside of the receptacle that is not part of, or used in, the mailing address.

631.45 Apartment Houses

631.451 General

Delivery of mail to individual boxes in a residential building containing apartments or units occupied by different addressees (regardless of whether the building is an apartment house, a family hotel, residential units, or business units in a residential area and regardless of whether the apartments or units are owned or rented) is contingent on the following:

a. The building contains three or more units (above, below, or behind; not side by side) with:

(1) A common building entrance such as a door, a passageway, or stairs;

(2) A common street address (some part of the address is shared) approved by local or municipal authorities.

b. The installation and maintenance of mail receptacles is approved by the USPS.

c. Each apartment is provided one box, including that of any resident manager or janitor, unless the management has arranged for mail to be delivered at the office or desk for distribution by its employees.

attachment to MPA/USPS-T10-20, page 4 of 27

[redacted]

d. The grouping of the boxes for the building is at a single point readily accessible to the carrier.

Note: The tenant's correct mailing address is the address of the entrance at which the mail receptacles are located, and should include the apartment number or designated mailbox number.

631.452 **Exceptions**

Exceptions to the above requirements are as follows:

a. If more than one such building in an apartment house complex has the same approved common street number, delivery of mail to individual boxes is contingent on the grouping of all the boxes for the common street number at a single point readily accessible to the carrier, even though the boxes serve residents in more than one building.

b. If such a building has more than one entrance, delivery of mail to receptacles grouped at more than one entrance is contingent on each entrance to which delivery is made serving three or more apartments or flats and the assignment, by local or municipal authorities, of a different street number to each such entrance.

c. When new apartments are being erected or existing ones remodeled, postmasters will inform builders and owners of the requirements of these regulations and will provide a suitable inspection to ensure that safe and durable receptacles are installed in conformance with these regulations. Postal Service-approved parcel lockers may be used with approved mail receptacles.

631.46 Mobile or Trailer Homes

631.461 **Options**

The delivery options for mobile or trailer home developments depend on whether the development is permanent or transient.

631.462 **Permanent Developments**

Permanent developments consist of managed mobile home parks or residential mobile home subdivisions where the lots are permanently assigned, the streets are maintained for public use, and the conditions are similar to those of a residential subdivision. For permanent developments, the delivery options are either curbside, sidewalk, or central delivery, under the regulations below.

a. *Curbside Delivery.* Delivery service may be provided to boxes at the curb so that they can be safely and conveniently served by the carrier from the vehicle.

b. *Sidewalk Delivery*

(1) If the sidewalk abuts the curb or other unusual conditions exist (e.g., excessive street parking) that make it difficult or impractical to install or serve boxes at the curbline, those customers may install all their boxes at the edge of the sidewalk nearest the residence where they can all be served by the carrier from the sidewalk.

(2) In such conditions, if the average lot frontage is 75 feet or less, the sidewalk boxes are not required to be grouped together; if the average lot frontage exceeds 75 feet, the sidewalk boxes must be installed in groups of at least two.

(3) If the average lot frontage is 50 feet or less, customers may be permitted to locate all their mailboxes at the edge of the sidewalk nearest the residence rather than at the curb, regardless of whether the sidewalk abuts the curb or other unusual conditions exist. All the boxes must be located so the carrier can serve them from the sidewalk.

c. *Central Delivery*

(1) Delivery service may be provided to a single point or receptacle designated by the management of the development for the receipt of mail for distribution by its employees.

(2) Delivery service may be provided to one or more central points for the direct receipt of mail by postal customers within the area. The requirements for such central delivery are as follows:

(a) The local USPS managers must approve the mailbox sites and equipment.

(b) Customers must not be required to travel an unreasonable distance to obtain their mail.

631.463 Transient Developments

Transient developments are mobile home, trailer, and recreational vehicle parks where the lots are temporarily occupied or rented and considered transient or seasonal, even though some families may live in them for an extended period. For these developments, the only option is delivery to a single point or receptacle designated by park management and approved by local USPS managers for the receipt of mail for distribution and mail forwarding by employees of the park. This method is one of the service options for permanent developments.

631.5 Colleges and Universities

631.51 Administration Buildings

Mail is delivered to principal administration buildings. Mail undeliverable as addressed or not addressed to a specific building is delivered to the main administration building office for further handling. At larger universities, deliver to the different departments, colleges, faculty buildings, and principal campus structures, such as the Chemistry Building, Engineering Building, and so forth, provided that mail is thus addressed and the volume warrants. Delivery is not to be made to individual administration offices.

631.52 Dormitories or Residence Halls

Mail is delivered to dormitory buildings and residence halls when addressed to a specific building. Deliver mail in bulk to a designated representative of the school, who then is responsible for further distribution to students. A dormitory building or residence hall ordinarily consists of single-room units (or

Attachment to MPA/USPS-T10-20, page 6 of 27

[redacted]

double rooms with connecting bath) and separate centrally located facilities for dining and receiving visitors. Whether located on or off campus and regardless of private ownership, such buildings are nevertheless dormitories and either the school or building owner is responsible for final delivery of student mail. Post office personnel are not to distribute mail into apartment-type mailboxes.

631.53 Married Student Housing

Apartments and housing units for married students ordinarily are complete quarters consisting of a living room, kitchen-dinette, bedroom, and bath. Whether located on or off campus and regardless of ownership, the apartment mail receptacle requirements in 631.45 apply.

631.54 Fraternity and Sorority Buildings

Deliver mail in bulk to a common mailbox or to a representative of the organization if addressed to a specific building.

631.55 Parcel Post

Deliver parcel post in the same manner as other ordinary mail matter.

631.56 Special Delivery

Provide special delivery service to buildings in the same general manner and to a like degree as other delivery service. Include buildings that are authorized to receive regular bulk mailings on special delivery runs. Once the messenger arrives at the delivery address, however, handle the article in the same fashion as other mail.

631.57 Forwarding of Mail

Forwarding mail for former students and for current students during the summer and vacation periods is the responsibility of the institution or building owner, except where delivery to individual apartment receptacles for married student housing is being provided. Encourage school officials to include mail forwarding, proper mail addressing, and other related postal features in general instructions to students.

631.58 Noncity Delivery Offices

Where city delivery service is not established, students may rent post office boxes or use general delivery, or the institution may arrange to pick up the mail in bulk and make its own distribution and delivery.

631.6 Conversion of Mode of Delivery

In this section, *conversion* refers to changing existing mail delivery to a more economical and efficient mode. The key to converting existing deliveries is identifying those deliveries that are most costly to the Postal Service. Delivery managers can go into any delivery territory where delivery has been established for over 1 year and solicit to convert the mode of delivery if it would be cost beneficial to the Postal Service.

exclusively under the SAM/PAL law without prior consultation with the other party. Committee meetings may be held upon written request of either party. Following such consultation, a joint committee report may be prepared for transmission to the respective managements.

C. Nothing herein is intended to provide for the joint administration of any activity whose administration is not provided for by 39 U.S.C. 3401 (f)(1976).

D. This section supersedes the supplementary agreement dated September 30, 1976, concerning "Joint Administration of Title 39, United States Code, Section 3401 (the SAM/PAL Law) by the United States Postal Service and the Department of Defense."

631.83 Reference

See Publication 38-A, *Guidelines for Providing Postal Services on a Military Installation*, for details on providing delivery, collection, and retail services.

632 Mail Receptacles

632.1 Customer Obligation

632.11 Responsibilities

Appropriate mail receptacles must be provided for the receipt of mail. The type of mail receptacle depends on the mode of delivery in place. Purchase, installation, and maintenance of mail receptacles is the responsibility of the customer. Appropriate locations for installation should be verified with local government officials. Customer obligations are as follows:

a. If door delivery is authorized, customers must provide either house-mounted boxes that provide adequate protection and security for the mail and that are approved by the local postmaster, or they must provide door slots (see 632.3).

b. If curbline delivery is authorized, customers must erect curb-mounted receptacles that comply with USPS STD-7 (see 632.5).

c. If centralized delivery is authorized, customers must install mail receptacles that comply with USPS STD-4B (RDD), *Apartment House Mail Receptacles*, or USPS STD-1118, *Cluster Box Units or Neighborhood Delivery and Collection Box Units* (see 632.6).

632.12 Exception

The Postal Service may elect, under certain conditions, to purchase, install, or maintain curb or cluster box units.

632.13 Receptacles Not Required

Business houses are not required to provide mail receptacles or door slots if they are open and someone is on hand to receive the mail when the carrier arrives. If the offices are not open when the carrier arrives, mail receptacles or door slots must be provided.

Attachment to MPA/USPS-T10-20, page 8 of 27

[redacted]

632.14 Approach to Mailbox

The customer is responsible for keeping the approach to his or her mailbox clear to facilitate delivery. Where the approach to the mail receptacle located at the curb is temporarily blocked by a parked vehicle during normal delivery hours for the area, or snow or ice hampers the approach to the mailbox, the carrier normally dismounts to make delivery. If the carrier continually experiences a problem in serving curbline boxes and where the customer is able to control on-street parking in front of his or her mailbox but does not take prompt corrective action after being properly notified, the postmaster may, with the approval of the district manager, withdraw delivery service.

632.2 Keys to Customer's Private Mail Receptacle

Carriers are prohibited from accepting keys for locks on private mail receptacles, buildings, or offices, except where an electromechanical door lock system or a key returning box located within convenient reach of the door is used. Both devices must incorporate an Arrow lock to access the key or device needed to gain entry to the building. If customers place locks on their receptacles, the receptacles must have slots large enough to accommodate their normal daily mail volume so that delivery may be made by the carrier without using a key.

632.3 Door Slot Specifications

The clear rectangular opening in the outside slot plate must be at least $1^{1}/_{2}$ inches wide and 7 inches long. The slot must have a flap, hinged at the top if placed horizontally or hinged on the side away from the hinge side of the door if placed vertically. When an inside hood is used to provide greater privacy, the hooded part must not be below the bottom line of the slot in the outside plate if placed horizontally or beyond the side line of the slot in the outside plate nearest the hinge edge of the door if placed vertically. The hood at its greatest projection must not be less than $2^{1}/_{16}$ inches beyond the inside face of the door. Door slots must be placed no less than 30 inches above the finished floor line.

632.4 Receptacles Purchased by USPS

Neighborhood delivery and collection box units and parcel lockers may be purchased by the USPS from approved manufacturers. Specifications for construction and approval procedures for manufacturers are covered in USPS-1118D. *USPS Specification, Cluster Box Units.* Individuals or firms interested in the manufacture of cluster units should write to:

OFFICE OF TECHNICAL SUPPORT
US POSTAL SERVICE
475 L'ENFANT PLAZA SW
WASHINGTON DC 20260-6203

attachment to MPA/USPS-T10-20, page 4 of 27 [redacted]

632.5 Curbside Mailboxes

632.51 Specifications for Manufacturers

632.511 Policy

Manufacturers of all mailboxes designed and manufactured to be erected at the edge of a roadway or curbside of a street and to be served by a carrier from a vehicle on any city, rural, or highway contract route must obtain approval of their products according to USPS STD-7, *Mailboxes, City and Rural Curbside*. Construction standards and drawings (USPS STD-7) for guidance in the manufacture of curbside mailboxes may be obtained by writing to:

DELIVERY & CUSTOMER SVCS EQUIPMENT
US POSTAL SERVICE
8403 LEE HWY
MERRIFIELD VA 22082-8101

632.512 Dimensions and Styles

The permitted sizes and styles for mailboxes are as follows:

a. *Sizes and Styles.* Three standard sizes and two styles of mailboxes are approved for use on city, rural, and highway contract routes:

Style/Size	Length[1]	Width[1]	Height[1]
T1 and C1[2]	18"	5	6
T2 and C2	19"	6	7
T3 and C3	22"	8	11½

[1] *Dimensions in approximate inches.*
[2] *T=traditional style; C=contemporary style.*

b. *Variances.* Curbside mailboxes may be constructed in any size between the maximum and minimum outside dimensions specified on approved drawings if the general shape and the proportions of height, width, and length are maintained.

632.513 Application for Approval

Manufacturers must notify USPS Delivery and Customer Services Equipment by letter that mailboxes are being submitted for approval. To secure approval of a curbside mailbox, manufacturers must submit the following to Delivery and Customer Services Equipment at this address:

DELIVERY & CUSTOMER SVCS EQUIPMENT
US POSTAL SERVICE
8403 LEE HWY
MERRIFIELD VA 22082-8101

a. *Sample Mailboxes.* No fewer than two complete mailboxes with markings required in paragraph 3.7 of USPS STD-7 of each style made of exact materials, construction, coating, paint, and so forth, including the panels required by paragraph 3.14.8 of USPS STD-7, and otherwise identical in every way with the boxes intended to be marketed.

attachment to MPA/USPS-T10-20, page 10 of 27

[redacted]

b. *Instructions.* A copy of the instructions required by paragraph 3.11 of USPS STD-7.

c. *Color Samples.* Color samples showing all color schemes to be used.

d. *Proposed Packaging.* Boxes or packaging of the type proposed for shipping production units.

e. *Documentation.* Two complete sets of manufacturing drawings and installation instructions showing that the units submitted meet the requirements of USPS STD-7. The drawings must be dated, signed, and certified to represent the production units exactly as submitted. The drawings must include enough details to allow the USPS to document and inspect all materials, construction methods, processes, coatings, treatments, finishes, control specifications, parts, and assemblies used in the construction of the units. The USPS may request individual piece parts to verify drawings.

632.514 Modifications During Application Process

The manufacturer may not make changes to its products or drawings without written notification of and approval from the USPS. Any changes must be submitted with reasons in writing and documented in the revision block of the affected drawings. Two units of each type with the changes incorporated must be submitted for testing and approval. All changes are subject to written approval by the USPS.

632.515 Application Approval

The following pertain to the approval process:

a. *Authorizing Organization.* The decision to approve or disapprove mailboxes is issued by Engineering. All correspondence and inquiries must be directed to that office.

b. *Retention of Drawings and Sample Mailboxes.* The USPS returns one set of manufacturing drawings to the manufacturer, with written notification of approval or disapproval and, if applicable, reasons for disapproval. The drawings are stamped and identified as representing the production unit type if the mailbox is approved. After testing, the USPS keeps approved boxes and disposes of disapproved boxes unless the manufacturer requests their return and pays the shipping costs.

632.516 Production Units

The following guidelines apply to production units:

a. *Construction.* Manufacturers must construct production units in accordance with identified (stamped) drawings and USPS STD-7. These units must be of the exact materials, construction, coating, workmanship, finish, etc., as the approved units. The USPS reserved the right at any time to examine and retest production units obtained either in the general marketplace or from the manufacturer, and may require the manufacturer to provide units for examination and testing. Failure of these production units to be manufactured in strict accordance with the approved units, the identified drawings, and the provisions of USPS STD-7 may result in the rejection of units and the

suspension or revocation of the manufacturer's authorization as an approved manufacturer through a decision issued by Engineering.

b. *Packaging.* Mailboxes and accessories must be packaged in a manner to ensure arrival at destination in satisfactory condition. Boxes must be shipped fully assembled except that protruding parts, such as door latching hardware, mounting adapters, and mounting posts or stands, may be removed if necessary to protect them from damage. Containers and packaging must comply with the National Motor Freight Classification Rule 222, sections 2 and 3. Boxes must be suitably wrapped or protected and packaged in separate containers to prevent damage to painted surfaces by rubbing against other parts or the internal surfaces of the container.

c. *Changes.* Manufacturers must receive written approval from the USPS before making any change to the production unit or the identified design drawings. Approval for changes requires resubmission of units for testing and updated drawings for review.

632.517 **Marking**

All curbside mailboxes must have the following legible inscriptions on the carrier service door: "U.S. MAIL" and "APPROVED BY THE POSTMASTER GENERAL." Manufacturers must mark these inscriptions by embossing on sheet metal, or they must use raised lettering on plastic or engraving on wood or other materials that would not be suitable for embossing. The name and address of the manufacturer and the month and year of manufacture must also be marked on the box. Manufacturers must either emboss this marking on the rear wall or affix a permanent decal on the inside near the front opening of the box.

632.518 **List of Approved Manufacturers**

Following is a list of manufacturers of traditional and contemporary-style curbside receptacles whose mailboxes are approved by the USPS.

Approved Curbside Mailbox Manufacturers and Models

Sizes for contemporary-style mailboxes are approximate.

AMERICAN MAILBOX CORPORATION
35 CENTURY TRL
HARRISON NY 10528-1717
Model: Large Domed Roof [C2]

ARMOR PLATE MAILBOX INC
PO BOX 1060
STERLING HEIGHTS MI 48311-1060
Model: MB-001-COLOR [C2]

BACOVA GUILD LTD
1 MAIN ST GENERAL DELIVERY
BACOVA VA 24122-9999
Model: #122 [T1]
#128 [T2]
#121 [T3]

attachment to MPA/USPS-T10-20, page 12 of 27

[redacted]

BERARDI AND COMPANY
15745 CRABBS BRANCH WAY
ROCKVILLE MD 20855-2634
Model: Designer 474 [C1]

BERKELY PRODUCTS INC
14680 ALONDRA BLVD
LA MIRADA CA 90638-5603
Model: M1000 (aluminum) [n/a]

BRANDON INDUSTRIES INC
1601 W WILMETH RD
MCKINNEY TX 75069-8250
Model: M1 [C2]
M1 [C2]

CLAPPER SUPPLY
8 TERRACE AVE
BINGHAMTON NY 13901-5736
Model: Secured Mailbox [n/a]

CUTLER MANUFACTURING CORPORATION
PO BOX M
EATON PARK FL 33840-1903
Model: Mailmaster [n/a]

FLAMBEAU AIRMOLD CORPORATION
PO BOX 610
ROANOKE RAPIDS NC 27870-0610
Model: Post Max [C1]

FLAMBEAU PRODUCTS CORPORATION
15981 VALPLAST RD
MIDDLEFIELD OH 44062-0097
Model: 6529 [C1]
6530 [C1]
6531 [C1]

FULTON CORPORATION
303 EIGHTH AVE
FULTON IL 61252-1632
Model: T1 [T1]
T2 [T2]

GDM COMPANY
1316-1/2 CLEVELAND RD
SANDUSKY OH 44870-4213
Model: HB1 [C1]
HB2 [C2]
HT2 [C2]
HB3 [C3]

GER-IVA BERRY COMPANY
1400 INDUSTRIAL AVE
HIAWATHA IA 52233-1159
Model: Secure Mailbox [n/a]

Attachment to MPA/USPS-T10-20, page 13 of 27 [redacted]

HECHT HOME PRODUCTS
7804 HAYMARKET LN
RALEIGH NC 27615-5441
Model: Double Door Rural Delivery [C1]

HOME IMPRESSIONS
1923 TATE BLVD SW
HICKORY NC 28602-1430
Model: PostMaster [C1]

IMPERIAL MAIL BOX SYSTEMS INC
3901 NORRIS DR
MILLBROOK AL 36054-2433
Model: Style 001 [C2]

JANZER CORPORATION
6 LINCOLN CTR
HULMEVILLE PA 19047-5876
Model: Stony Brae [C2]

J & J MAILBOX
20594 OTTAWA RD
APPLE VALLEY CA 92308-6253
Model: Letter Locker [n a]

JAMESTOWN ADVANCED PRODUCTS INC
2855 GIRTS RD
JAMESTOWN NY 14701-9666
Model: 23 [C1]
27 [C1]
29 [C2]
44 [C1]
49 [C1]
54 [C2]
56 [C2]
86 [C2]

LEIGH A HARROW COMPANY
411 64TH AVE
COOPERSVILLE MI 49404-1234
Model: Parkway 4064 & 4066 [C1]
Hilltop 4053, 4054 & 4055 [C1]
Lamplighter 4150 & 4156 [C1]

MB CLASSICS
909 CENTENNIAL RD
NARBETH PA 19072-1407
Model: Contemporary Style [C1]

MR TWO-DOOR MAILBOX INC
9750 PAGE RD
STREETSBORO OH 44241-5014
Model: Two Door [C2]
Boxglow [C2]

attachment to MPA/USPS-T10-29, page 14 of 27

[redacted]

NORTHWEST METAL PRODUCTS
PO BOX 10
KENT WA 98035-0010
Model: Traditional #1 [T1]

RUBBERMAID
1147 AKRON RD
WOOSTER OH 44691-6000
Model: 7271 Econo Mailbox [C1]
7272 Small [C1]
7273 Large [C2]

SHELLTER INC
PO BOX 30011
INDIANAPOLIS IN 46230-0011
Model: Rural Mailbox Size 1 [C1]

THE SOLAR GROUP
PO BOX 525
TAYLORSVILLE MS 39168-0525
Model: CC-1R (uses ST-10) [C1]
CC-2R (uses ST-10) [C1]
LP-12 [C1]
PL-10 [C1]
RB-15 [C2]
ST-10 Aluminum [T1]
ST-10 [T1]
ST-15 [T2]
ST-20 [T3]
BB2D [C2]

STEEL CITY CORPORATION
190 N MERIDIAN RD
YOUNGSTOWN OH 44501-1227
Model: CA-1B Carlyle [C1]
LE-1B Brute [C1]
PX-1 Polybox [C1]
1-1 [T1]
1-1 1/2 [T2]
2-2 [T3]
315B Streamliner [C1]
2D-1 Two-Door Brute [C1]

STEP 2 CORPORATION
10010 AURORA-HUDSON RD
STREETSBORO OH 44241-1621
Model: 5401 [C1]
5402 [C1]
5403 [C2]

THREE 60 CORPORATION
10823 PLAZA DR
WHITMORE LAKE MI 48189-9737
Model: Classic Combo

TRAIL SIDE MAILBOX INC
2100 E 32ND PKY
AURORA CO 80011-8148
Model: 1012M [n:a]
1013M [n a]

VEEDERS MAILBOX INCORPORATED
PO BOX 42048
CINCINNATI OH 45242-0048
Model: SmVMB-W & SmVMB-B [C1]
LgVMB-W & LgVMB-B [C2]
SmVMB-G & SmVMB-T [C1]
LgVMB-G & LgVMB-T [C2]
SmVMB-SS [C1]
LgVMB-SS [C2]

ZUBIEL RF SYSTEMS INCORPORATED
PO BOX 1184
MONUMENT CO 80132-1184
Model: 201. MailCall [C1]

1 — Curbside Box Size No 1
2 — Curbside Box Size No 2
3 — Curbside Box Size No 3
T — Traditional Curbside Box Style
C — Contemporary Curbside Box Style

632.52 Installation and Use

632.521 Custom-Built Curbside Mailboxes

Postmasters are authorized to approve curbside mailboxes constructed by individuals who, for aesthetic or other reasons, do not want to use an approved manufactured box. The custom-built box must conform generally to the same requirements as approved manufactured boxes relative to the flag, size, strength, and quality of construction.

632.522 Painting and Identification

The USPS prefers that curbside mailboxes and posts or supports be painted white, although other colors may be used. Where box numbers are used, the numbers must be inscribed in contrasting color in neat letters and numerals not less than 1 inch high on the side of the box visible to the carrier's regular approach, or on the door if boxes are grouped. Where street names and house numbers are assigned by local authorities and the postmaster has authorized use of a street name and house number as a postal address, the house number must be shown on the box. If the box is on a different street from the customer's residence, the street name and house number must be inscribed on the box. Placement of the owner's name on the box is optional. Advertising on boxes or supports is prohibited.

632.523 *Posts and Supports*

Posts or other supports for curbside mailboxes must be neat and of adequate strength and size. They may not be designed to represent effigies or caricatures that tend to disparage or ridicule any person. The box may be attached to a fixed or movable arm.

Attachment To MPH/USPS-T10-29, Page 16 of 27

632.524 **Location**

Curbside mailboxes must be placed so that they may be safely and conveniently served by carriers without leaving their conveyances. They must be reasonably and safely accessed by customers. Boxes must also be on the right-hand side of the road and in the carrier's direction of travel in all cases where driving on the left-hand side of the road to reach the boxes would pose a traffic hazard or violate traffic laws and regulations. On new rural or highway contract routes, all boxes must be on the right side of the road in the carrier's direction of travel. Boxes must be placed to conform to state laws and highway regulations. Carriers are subject to the same traffic laws and regulations as are other motorists. Customers must remove obstructions, including vehicles, trash cans, and snow, that make delivery difficult. Generally, customers should install boxes with the bottom of the box at a vertical height of between 3½ and 4 feet from the road surface. Because of varying road and curb conditions and other factors, the USPS recommends that customers contact the postmaster or carrier before erecting or replacing their mailboxes and supports.

632.525 **Grouping**

Boxes should be grouped wherever possible, especially at or near crossroads, service turnouts, or other places where a considerable number of boxes are presently located.

632.526 ***More Than One Family***

If more than one family wishes to share a mail receptacle, the following standards apply:

a. *Route and Box Number Addressing.* On rural and highway contract routes authorized to use a route and box numbering system (e.g., RR 1 BOX 155), up to five families may share a single mail receptacle and use a common route and box designation. A written notice of agreement, signed by the heads of the families or the individuals who want to join in the use of such box, must be filed with the postmaster at the distributing office.

b. *Conversion to Street Name and Number Addressing.* When street name and numbering systems are adopted, those addresses reflect distinct customer locations and sequences. Rural and highway contract route customers who are assigned *different primary addresses* (e.g., 123 APPLE WAY vs. 136 APPLE WAY) should erect individual mail receptacles in locations recommended by their postmasters and begin using their new addresses. Customers having *different primary addresses*, who wish to continue sharing a common receptacle, must use the address of the receptacle's owner and the "care of" address format:

JOHN DOE
C/O ROBERT SMITH
123 APPLE WAY

Customers having a common primary address (e.g., 800 MAIN ST, but different secondary addresses (e.g., APT 101, APT 102, etc.) may continue to share a common receptacle if single-point delivery is

authorized for the primary address. Secondary addresses should still be included in all correspondence.

632.527 Locks

The use of locks on mailboxes on rural and highway contract routes is not required. If, however, a box is equipped with a lock, the box must have a slot large enough to accommodate the customer's normal daily mail volume. The USPS does not open locked boxes and does not accept keys for this purpose.

632.528 Unstamped Newspapers

Curbside mailboxes are to be used for mail only, except for newspapers regularly mailed at Periodicals rates. Publishers of these newspapers may, on Sundays and national holidays only, place copies of the Sunday or holiday issues in the rural and highway contract route boxes of subscribers, with the understanding that these copies must be removed from the boxes before the next day on which mail deliveries are scheduled.

632.529 Newspaper Receptacles

A receptacle for the delivery of newspapers may be attached to the post of a curbside mailbox used by the USPS under the following conditions: no part of the receptacle touches or is attached to or is supported by any part of the mailbox, interferes with the delivery of mail, obstructs the view of the flag, or presents a hazard to the carrier or the carrier's vehicle. The receptacle must not extend beyond the front of the box when the box door is closed. No advertising may be displayed on the outside of the receptacle, except the name of the publication.

632.53 Nonconforming Mailboxes

Carriers must report to the postmaster any mailboxes not conforming to postal regulations. The postmaster sends Form 4056, *Your Mailbox Needs Attention*, to the owners of these boxes, requesting that they remedy the irregularities or defects.

632.6 Apartment House Receptacles

632.61 General

Specifications for construction and approval procedures for manufacturers are covered in USPS STD-4 (RDD), *USPS Standard Receptacles, Apartment House Mail*. Individuals or firms interested in the manufacture of apartment house mailboxes should write to:

PROCUREMENT QUALITY ASSURANCE
US POSTAL SERVICE
475 L'ENFANT PLAZA SW
WASHINGTON DC 20260-6203

632.62 Installation

632.621 General

Owners and managers of apartment houses, family hotels, flats, or complexes with obsolete apartment house mail receptacles should install

Attachment to MPA/USPS-T10-20, page 18 of 27 [redacted]

up-to-date receptacles approved by the USPS to ensure more adequate protection. When such buildings are substantially renovated or remodeled to provide additional apartments, or when location of the boxes changes, obsolete receptacles should be replaced with currently approved receptacles.

632.622 Location and Arrangement

Regulations for the location and arrangement of receptacles are as follows:

a. Receptacles and parcel lockers in apartment houses should be located reasonably close to the entrance in vestibules, halls, or lobbies. The carriers must be able to serve the boxes without interference from swinging or open doors. The area must be adequately lighted to afford the best protection to the mail and to let carriers read addresses on mail and names on boxes without undue eye strain.

b. Installation of standard, approved apartment receptacles in exterior walls of buildings may be authorized, provided that they are not installed directly on the street or a public sidewalk. Wherever possible, keep at least 15 feet between the boxes and the street or sidewalk; the location should be clearly visible from one or more apartment windows. A canopy must be provided, and it must be designed and located to afford maximum protection from the weather, including driving rains. In addition, adequate night lighting must be installed.

c. Vertical-type installations must meet the following requirements:

(1) Receptacles must be installed so that the center of the barrel of the master lock of the upper tier is no more than 58 inches from the floor. The center of the barrel of the master lock of the lower tier of letter boxes must be at least 30 inches from the floor.

(2) Do not install more than two tiers; boxes must be arranged in groups. No more than seven boxes in each group may be installed under one Arrow lock. When there are fewer than seven apartments or if telephone units are installed with the boxes, fewer than seven may be grouped but never fewer than three.

d. In horizontal-type installations, the distance from the finished floor to the tenant locks on the top tier of letterboxes should be no more than 67 inches; the distance to the bottom of the lowest tier of letter boxes should be no less than 28 inches.

632.623 Access to Rear-Loading of Horizontal-Type Receptacles

Provide access to rear-loading installations by a door fitted with an inside Arrow lock that opens into a room with at least 3 feet of unobstructed work space from the rear of the units to the wall. The room must be adequately ventilated and lighted. The rear of the unit must have a door or cover of suitable material to prevent the removal of mail from adjacent boxes and to prevent mail from coming out through the back. The cover or door must be either easily opened and closed or removed and replaced by the letter carrier.

632.624 Installation With Telephone Units

The guidelines for installing receptacles with telephone units are as follows:

a. When it is necessary or desirable to install mail receptacles with a standard-size telephone unit, vertical-type receptacles may be placed in

Attachment to MPA/USPS-T10-20, page 19 of 27 [redacted]

two tiers. They may also be installed in groups of fewer than seven if necessary to properly arrange the groups in two tiers. This does not apply if the telephone unit is installed independently of the mail receptacles. Although there is no objection to combining these two services, the mail receptacles must be separated from the telephone or electrical unit. Electric pushbuttons, connected to wires outside the mail receptacles, may be placed in the frame of the installation if the pushbuttons can be removed from the outside and if the wire connections can be repaired without removing the receptacles.

b. Telephone units combined with mail receptacle units must allow access to the telephone unit without having to enter the mail receptacle; the mail receptacle must not be accessible when the telephone unit is opened.

632.625 **Key and Record Controls**

The following key and record controls apply for apartment houses:

a. Apartment house managers must maintain a record of the number of keys supplied by manufacturers so that new keys may be ordered when necessary. The record should match the key number to the receptacle number. Do not place key numbers on the outside barrels of the locks because this would allow unauthorized persons access to keys and boxes. Clearly number each individual receptacle lock on the back; replace lost keys according to lock numbers. Master-keying is not permitted.

b. Apartment house managers must also maintain a record of key numbers and combinations of keyless locks so that new tenants may be given the combination. These records must be kept in the custody of the manager or a trusted employee. The record of key numbers must be kept until the lock is changed, when it may then be destroyed.

c. Combination locks are not approved under current Postal Service receptacles standards.

632.626 **Directories**

The guidelines for apartment house directories for USPS use are as follows:

a. For all apartment houses with 15 or more receptacles, maintain a complete directory of all persons receiving mail. If an apartment house is divided into units, each with separate entrances and 15 or more receptacles, each unit should have a separate directory. In addition, if mail is not generally addressed to specific units, a directory must be kept at the main unit of the building listing all persons receiving mail in the various units.

b. Directories must be alphabetical by surname and must be maintained and kept up-to-date. The receptacle number and apartment number should always be the same and the apartment number should appear to the right of the name in the directory. If the apartment number is different from the receptacle number, the receptacle number should appear to the left of the name in the directory. Follow the same arrangement for apartments that are either lettered or lettered and numbered.

Attachment to MPA/USPS-T10-29, page 20 of 27 [redacted]

c. The directory must be legible, enclosed in a suitable protective frame, and attached to the wall immediately above or to the side of the mail receptacles where it can be easily read. If mailrooms are used, the directory should be placed for the carrier's convenience. If an attendant, such as a telephone operator, doorman, or elevator conductor, is on duty between the hours of 7:00 a.m. and 11:00 p.m., and the mail is delivered either to apartment house receptacles or in bulk for distribution by employees of the building, the employee on duty in the building may keep the directory to make it available to the carrier or special delivery messenger on request.

632.627 **Maintenance and Repair**

The guidelines for receptacle maintenance and repair are as follows:

a. Owners or managers of buildings must keep receptacles in good repair. When an inside-letterbox Arrow lock is no longer needed, the building management must immediately notify the postmaster, who will then send a postal employee to supervise removal of the lock from the master door and return it to the post office.

b. Carriers will report on Form 3521, *House Numbers and Mail Receptacles Report*, all apartment houses that are being remodeled and all unlocked or out-of-repair mailboxes. Delivering employees and postmasters must ensure that all inside-letterbox Arrow locks are recovered when buildings are torn down or remodeled.

c. Upon receipt of a report of lack of repair or irregularity in the operation of apartment house mail receptacles, postmasters will promptly initiate an investigation and direct what repairs must be made by, and at the expense of, the owners or managers. To avoid any questions about disposition or treatment of mail, repairs must be made only when a postal representative is present. It is unlawful for anyone other than postal employees to open receptacles and expose mail.

d. Failure to keep boxes locked or in proper repair as directed by postmasters is sufficient justification for withholding mail delivery and requiring occupants to call for their mail at the post office or carrier delivery unit serving the area. A reasonable notice of approximately 30 days will be given in writing to the customers and the owner or manager of the apartment building.

e. If mail deposited by a carrier in an apartment house mail receptacle is reported lost or stolen, or if there is an indication that the mail has been willfully or maliciously damaged, defaced, or destroyed, the postmaster must immediately report the circumstances to the Postal Inspection Service.

f. The U.S. Code prescribes criminal penalties for the wrongful possession of mail locks and the willful or malicious injury or destruction of letterboxes and the theft of mail therefrom.

Attachment to MPA/USPS-T10-20, page 21 of 21 [redacted]

632.628 Manufacturers

The following is a list of approved manufacturers of apartment house mail receptacles:

Approved Manufacturers of Apartment House Mail Receptacles	
AMERICAN DEVICE MFG PO BOX 8 STEELEVILLE IL 62288-0008 (800) 637-3763 Models: H, V	CUTLER MFG CORP PO BOX M EATON PARK FL 33840-1903 (800) 237-2312 Models: C, N, H, V, P, U
AMERICAN LOCKER GROUP PO BOX 1000 JAMESTOWN NY 14702-1000 (716) 664 9600 (800) 828-9118 Outside New York Models: C, P	FLORENCE CORP 2101 N ELSTON AVE CHICAGO IL 60614-3993 (800) 275-1747 Models: N, H, V
BOMMER INDUSTRIES PO BOX 187 LANDRUM SC 29356-0187 (800) 334-1654 Models: N, H, V	JENSEN INDUSTRIES 1946 E 46TH ST LOS ANGELES CA 90058-2097 (800) 826-7001 (California ONLY) (800) 325-8531 Models: H, V
LESLIE-LOCKE INC 4501 CIRCLE 75 PKY STE F-6300 ATLANTA GA 30339-3025 (800) 775-9392 Model: N	SECURITY MFG CO 815 S MAIN ST GRAPEVINE TX 76051-5535 (800) 762-6937 Models: H, V, U
PAGE SPECIALTY CO 5877 SO FULTON WAY ENGLEWOOD CO 80111-3719 (800) 770-2842 (Colorado only) (800) 327-7439 Model: U	

632.63 New or Remodeled Apartment Buildings

When new apartments are being erected or existing ones remodeled, postmasters will inform builders and owners of the requirements of these regulations and will provide a suitable inspection to ensure that safe and durable receptacles are installed in conformance to these regulations. Postal Service-approved parcel lockers may be used voluntarily with approved mail receptacles.

attachment to MPA/USPS-T10-29, page 22 of 27

[redacted]

the carrier draws. The sets of keys may be issued to regular carriers upon surrender of key checks issued to them.

633.53 Keys Assigned to Other Employees

Keys assigned to other employees for collection purposes must be accounted for as prescribed above.

633.6 Keys Lost, Stolen, Missing, or Found

Report the recovery or finding of keys in the same manner as described in ASM 273, except that a duplicate copy of the memorandum shall be sent direct to the Mail Equipment Shops with the key. Retain serviceable LA keys for local use if needed.

633.7 Keys From Discontinued Offices

Handle keys from discontinued offices under instructions received from the district manager.

633.8 Unserviceable Keys

Forward unserviceable mail keys by registered mail to:

MAIL EQUIPMENT SHOPS
US POSTAL SERVICE
2135 5TH ST NE
WASHINGTON DC 20260-6224

A letter of transmittal or a list of the keys by number is not necessary, but the package of keys must be properly identified. Do not send any other item or requisition in the same package with unserviceable keys.

633.9 Receipt and Control

Receipt and control all mail keys and locks according to the instructions in subchapter 250 of Handbook AS-701, *Material Management*.

64 City Delivery Service

641 Establishment of City Delivery Service

See 63 for authorized modes of delivery.

641.1 Definition

In this section, *establishment* refers to the initiation of city delivery service in a community through a post office that does not currently provide it.

641.2 Requirements

In establishing city delivery service, a combination of delivery methods is considered to provide adequate service to all residential and business sections of a community. All establishments of delivery service must have

attachment to MPA/USPS-T10-20, page 23 of 27 [redacted]

final approval of the district manager, Customer Service and Sales, or designee. Establishment of city delivery service is considered when the following essential requirements are met:

a. Within the area to be served there is a population of 2,500 or more or 750 possible deliveries. (The postal customer population may vary greatly from the general census population because of different boundary interpretations and designations.)

b. At least 50 percent of the building lots in the area to be served are improved with houses or business places. Where a house or building and its yard or ground cover more than one lot, all lots so covered are considered improved.

c. The streets are paved or otherwise improved to permit the travel of Postal Service vehicles at all times, without damage or delay.

d. Streets are named and house numbers are assigned by the municipal authorities in accordance with Management Instruction DM-940-89-3, *Addressing Conventions*.

e. The street signs are in place and the house numbers are displayed.

f. The rights-of-way, turnouts, and areas next to the roads and streets are sufficiently improved so that the installation and servicing of boxes is not hazardous to the public or USPS employees.

g. Satisfactory walks exist for the carrier where required.

h. Approved mail receptacles or door slots are installed at designated locations.

642 Extensions

642.1 Definition

In this section, *extension* refers to the expansion of city delivery service to any areas not currently receiving delivery service but that are within the delivery limits of a post office from which city delivery service is already provided.

642.2 Requirements

The delivery service requirements for extensions are the same as those listed in 641.2 for establishments, with the following exceptions:

a. Section 641.2a does not apply to extensions.

b. The applicability of b may be waived if:

(1) There is a reasonable expectation that the requirements of 641.2b can be met within 12 months, and

(2) CBUs or NDCBUs are to be used for delivery.

642.3 Out-of-Bounds Customers

Customers outside the limits of city delivery service may be given delivery service if they erect boxes on the delivery carrier's line of travel. Special delivery, parcel post, insured, certified, COD, and registered mail are

Attachment to MPA/USPS-T10-20, page 24 of 41 [redacted]

652.3 Requirements

652.31 Customer Density

A newly established route should serve an average of at least one residential or business delivery per mile. On routes of less than 10 miles, an average of at least six deliveries per mile should be eligible for service before a route is established. Unusual conditions such as the volume and type of mail should be considered.

652.32 Minimum Workloads

In post offices with no existing rural delivery service, the proposed route evaluation should reflect sufficient workload to meet minimum rural carrier scheduling requirements efficiently, unless the intermediate office concept can be used in conjunction with an existing rural route (see Handbook M-38, *Management of Rural Delivery Services*, 225).

652.33 Roads

652.331 General

Roads should generally be public and must be well maintained and passable for delivery vehicles year round.

652.332 Road Maintenance

Rural delivery service is not established over roads that are not kept in good condition, that are obstructed by gates, or that cross unbridged streams that are not fordable throughout the year. If travel over private roads is proposed, the person responsible for road maintenance must provide a written agreement to keep the road passable at all times. The agreement must include the statement: "It is understood that if the road is not properly maintained, rural delivery service will be withdrawn."

652.4 Submission and Approval

652.41 Postmasters

Forward requests for establishment of delivery to the district, along with the proposed route statistics, a completed Form 4003, *Official Rural Route Description*, a map clearly identifying the potential line of travel, road maintenance agreements, and any other relevant documentation. Include a recommendation.

652.42 District Responsibilities

652.421 Review and Approval

The district manager or designee must review and approve any requests for establishment of rural delivery.

652.422 Delivery Boundaries

Districts should avoid duplication of existing delivery and the commingling of delivery boundaries with another post office. Postmasters' recommendations, customer preferences, and community or municipal identity should be considered in establishing delivery boundaries.

Attachment to MPA/USPS-T10-20, page 25 of 27 [redacted]

652.423 **Support**

If the request is approved, ensure that necessary equipment, staffing, rural delivery management procedures, and so forth, are in place prior to initiating service.

652.424 **Customer Notification**

Ensure that customers are notified of changes in service promptly.

653 Extensions

653.1 Definition

In this section, *extension* refers to the expansion of rural delivery service into any areas not presently receiving delivery service, but within the delivery limits of a post office for which rural delivery has already been established. See 631 for authorized modes of delivery.

Note: Provide carrier service to persons who erect approved boxes on the line of travel of the rural carrier, and to persons for whom approved neighborhood delivery and collection boxes and parcel lockers are erected and maintained by the USPS on the carrier's line of travel, but no rural carrier service may be extended to persons residing within the boundary formed by existing city delivery service.

653.2 Eligibility

At noncity delivery post offices of the first-, second-, and third-class, rural delivery may be extended to families who reside outside a 1/4-mile radius (1/2-mile radius for fourth-class post offices) of the post office if such service is requested and the other requirements in this section are met. Customers residing within the 1/4-mile radius may erect a box along the carrier's established line of travel.

653.3 Requests

Customers may request extension of rural delivery service using Form 4027.

653.4 Customer Density

Extensions must serve a minimum of one customer per mile of additional travel, including retrace.

653.5 Roads

The requirements of 652.33 must be met.

653.6 Multiple Routes

Where routes from two or more post offices travel one road, the district will determine which office will provide delivery and contact the appropriate postmaster for the resulting route assignment.

619.4 Overprinting

Information such as post office, station, or branch; address; business hours; and telephone number on Form 3849 can be overprinted more economically at the same time the basic form is printed. This must be limited, however, to large quantities (20,000 or more) and in increments of 20,000 thereafter (for example, 80,000, 100,000, and so forth). The area office coordinates the overprinting.

62 Delivery Schedules and Trip Frequencies

621 Schedules

621.1 Express Mail, First-Class Mail, and Priority Mail

Deliver on the first trip all Express Mail, First-Class Mail, and Priority Mail received at the central distribution facility prior to the established cut-off time.

621.2 Periodicals

Deliver Periodicals on the first scheduled delivery trip following receipt at the delivery unit, provided that such delivery does not delay First-Class Mail.

621.3 Standard Mail (A)

Deliver Standard Mail (A) not later than second delivery day after day of receipt. (Day of receipt begins at midnight unless the area manager approves a different time.) Deliver mail received on Saturday no later than Tuesday. Deliver circulars received on a day preceding a holiday no later than the second delivery day following the holiday.

621.4 Standard Mail Parcels

Where possible, schedule delivery of Standard Mail parcels so as to maintain published service standards for these classes of mail.

622 Trip Frequencies

Frequency changes must be approved by the area manager.

623 Withdrawal of Delivery Service

623.1 Suitable Receptacles

Consider withdrawing service if a customer does not provide a suitable mail receptacle after being so notified by Form 1507, *Request to Provide Proper Mail Receptacle* (city delivery routes); by Form 4056, *Your Mailbox Needs Attention* (rural and highway contract routes); by letter or verbally.

623.2 Blocked Mail Receptacles

623.21 General

The customer is responsible for keeping the approach to the mailbox clear to facilitate delivery (see 632.13). If the carrier continually experiences a problem in serving curbline boxes and where the customer is able to control access or on-street parking in front of his or her mailbox but does not take prompt corrective action after being properly notified, the postmaster may, with the approval of the district manager, withdraw delivery service.

623.22 Delivery to Mailbox Inside of a Screen or Storm Door

These mailboxes must meet the following requirements:

a. When the box is inside a screen or storm door, the door must be left unlocked; otherwise, the box should be located outside the door or a slot should be provided in the outer door.

b. When porches are screened in or enclosed by other material, and are used as living or sleeping quarters, the screen or storm door is considered the entrance door to the house. In these cases, request that customers place their mail receptacle outside the door or provide a slot in the door.

623.3 Safety or Security

Delivery service may be suspended when there is an immediate threat (including, but not limited to, threats due to loose animals) to the delivery employee, mail security, or postal property. Suspension of service should be limited to an area necessary to avoid the immediate threat. Postmasters should request corrective action from responsible parties and restore normal service as soon as appropriate.

623.4 Travel Obstructions

Persons responsible for road maintenance must be notified of road conditions obstructing the delivery of mail. If repairs are not made promptly, service may be withdrawn with the approval of the district manager. Resume service as soon as the road conditions are improved.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T10-1. Please refer to your testimony at page 26, lines 27-28, where you state that "DPS reduces office time by saving each carrier up to 1 1/2 hours a day for casing letters."

a. Please provide the basis for this statement, including all underlying data, and indicate for which geographical area and time period this saving applies.

b. To the extent not answered in part (a), please estimate this saving by each of FY99, FY00, and FY01. If you are unable to provide estimates for these figures, please defer the request to the Postal Service.

Response:

a. I am told that the national average DPS letter volume per DPS city route was about 1350 pieces in 1998. This equates to about 94 minutes a route in cost avoidance calculated at the current letter mail casing standard, 18 per minute, and pull down standard, 70 per minute. Savings for individual routes will vary depending on local circumstances, such as DPS volume, address hygiene and carrier efficiency.

b. I am told that the DPS work hour savings budgeted for carrier in-office time from FY 99 to FY 01 are:

FY 99: 4.6 million workhours

FY 00: 9.6 million workhours

FY 01: 4.2 million workhours

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T10-2. Please refer to your testimony at page 27, lines 12-14, where you state: "Motorization has gradually eliminated many walking routes and increased the proportion of carriers with vehicles from 85 percent in FY 88 to 91 percent in FY 98."

a. Please provide the basis for this statement, including all underlying data, and indicate for which geographical area this increase applies.

b. Please estimate this factor for each of FY99, FY00, and FY01. If you are unable to provide estimates for these figures, please defer the request to the Postal Service.

Response:

a. This statement was based on Operations testimony in the 1998 Interest Arbitration with the NALC. I am told that the testimony was in turn based on information in the Address Management System database and that, currently, the database shows that foot routes are 8.6% of total routes compared to 24% of routes in FY 92. As further substantiation, I am told that from FY 88 to FY 98, an additional 28,900 vehicles were provided on city routes while the number of city routes only increased by 13,900.

b. See my response to DMA/USPS-T10-47.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T10-3. Please refer to your testimony at page 27, lines 16-18 at which you state: "Finally, coverage, the proportion of delivery points receiving mail on any one day, has increased to 85 percent, so there is less travel time without useful activity at a delivery point."

a. Please provide the basis for this statement, including all underlying data, and indicate for which geographical area and time period this saving applies.

b. To the extent not answered in part (a), please estimate this factor for each of FY99, FY00, and FY01. If you are unable to provide estimates for these figures, please defer the request to the Postal Service.

Response:

a. The basis for this statement was Operations testimony in the 1998 Interest Arbitration with the NALC. I am told that coverage factor data are not available at the national level because it is measured locally on a route by route basis during a formal count and inspection. However, a survey of 202 routes in 1997 using route inspection data revealed the following coverage percentages by Type of route:

Residential Other	.90
Curbline	.92
NDCBU	.85
Centralized Res.	.82
Business Other	.83
Business Curb	.89
Business NDCBU	.80
Business Centralized	.79

I am told that the 85% figure was estimated from this data and that the fact of an increase is widely recognized.

b. I am told that the requested information is not available. The coverage factor is determined by the mailing practices of businesses and households.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

b. I am told that estimates of volume changes are available in the testimony of witness Tolley (USPS-T-6) and that the number of city delivery points is expected to increase at the rate of 0.6% per year. See NNA/USPS-T10-25.

c. Confirmed. It refers to an increase in the mail with a parcel shape.

d. NA

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T10-4. Please refer to your testimony at page 27 lines 20-21 at which you state: "First, there were 5.6 pieces per delivery in FY 98 compared to only 5.1 in FY 88. Flats volume has grown during this time;" lines 25-26 at which you state that "Increases in parcel deliveries per route would also account for carriers spending a little more time per delivery;" and page 28, lines 8-9 at which you state that "Parcel and flat volumes are expected to increase."

a. Please provide the basis for these statements, including all underlying data, and indicate for which geographical area and time periods these increases apply.

b. Please estimate these factors, in total and separately for flats and parcels, for each of FY99. FY00. and FY01. If you are unable to provide estimates for these figures, please defer the request to the Postal Service.

c. Please confirm that the second statement that "increases in parcel deliveries per route would also account" refers to increases that "did" occur.

d. If(c) is not confirmed, please provide the intent of the statement.

Response:

a. This statement was part of Management's testimony in the 1998 Interest Arbitration with the NALC. I am told that the information was based on an analysis of the national FLASH data system used to monitor Postal Service operations.

	FY '88	FY '98	FY '99
City Possible Deliveries	77.2 Million	82 Million	82.7 Million
Daily City Volume	394.7 Million	459.6 Million	482.1 Million
Pieces per delivery	5.1	5.6	5.8

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T10-5. Please refer to your testimony at page 28, lines 4-6 at which you state that "In summary, comparing FY 88 to FY 98, today's city carriers average an additional 25 minutes on the street delivering 8 percent more mail to 2 percent fewer delivery points."

a. Please provide the basis for this statement, including all underlying data, and indicate for which geographical area these figures apply.

b. Please estimate these factors for each of FY99, FY00, and FY01 If you are unable to provide estimates for these figures, please defer the request to the Postal Service.

Response:

(a) + (b) This information was part of Management's testimony in the 1998 Interest Arbitration with the NALC. The information is based on an analysis of the FLASH and NWRS data systems used to monitor Postal Service Operations. The data shown below is national data from these sources. FY 99 data was available and is provided. I am told that estimates for FY 00 and FY 01 are not available.

	FY '88	FY '98	FY '99
City Possible Deliveries	77,185,371	82,005,021	82,738,083
City Routes	153,155	166,047	168,052
PDs/Route (city)	504	494	492
		-2.0% Delivery Points	
City Volume (Pieces)	119,147,544,486	138,781,570,743	145,583,625,445
Pieces Per Route	2,576	2,768	2,869
		7.6% Mail Volume	
LDC21/28/29 Total Office	188,260,260	174,631,987	174,607,505
LDC 22 Street	223,633,548	256,335,479	259,567,481
LDC21/28/29 Total Office	46%	41%	40%
LDC 22 Street	54%	59%	60%
		5% of 480 Minutes = 25 Minutes	

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T10-6. Please provide the best available estimate of the number of delivery points for each type of city carrier route.

Response:

This data is not available in the form requested. The average number of city deliveries per route was 496.3 in FY 99. Of the approximately 83 million city deliveries, the percentage breakdown by delivery type is; Door – 47.6%, Curbline – 22.2%, Centralized – 30.2%.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T10-7 How many carrier routes are served by a typical delivery unit? If this information is difficult to obtain, please provide your best estimate and the likely range.

Response:

I am not sure exactly what you mean by "typical", but there are approximately 26, 600 offices with delivery. Of these, 6,122 offices have 10 or more routes, 3,201 offices have between 5 and 9 routes, and 16,310 offices have 1 to 4 routes. Also, there are approximately 232,000 routes so there is an average of about 8.7 routes per unit.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T10-8 Please refer to the discussion of Delivery Bar Code Sorters at page 5 of your testimony.

a. When did the deployment of DBCS equipment begin?

b. In what types of facilities will the "additional 270" sorters be deployed?

Response:

a. The deployment of DBCS equipment began in October 1991.

b. The additional sorters will be deployed in the same types of facilities as the previous deployments (i.e., primarily P&DCs and P&DFs, with a few in delivery units).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T10-9 Please refer to page 6, lines 6-13 of your testimony. Are Carrier Sequence Bar Code Sorters used to sort:

a. First Class letters with Standard (A) Regular letters?

b. First Class letters with Standard (A) Enhanced Carrier Route letters?

Response:

a. Yes, to Delivery Point Sequence.

b. Sometimes, if prebarcoded, or if machinable and barcoded on an OCR to Delivery Point Sequence.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T10-10 Please refer to page 25, lines 21-23 of your testimony, where you state that in "many cases, ECR letters are transported from the delivery unit to the processing plant to be barcoded on an OCR and sorted in with DPS letters on a DBCS."

a. What proportion of ECR letters are expected to be transported back to the processing plant for this purpose in the Test Year?

b. Are ECR letters sorted in with First Class letters in this process?

Response:

a. It would depend on the portion of ECR letters that are machinable and entered at a delivery unit that need to be transported back to the plant. I have no data for this on which to base an estimate.

b. ECR letters are sorted in with First-Class letters when delivery point sequencing on the DBCS, but are not normally mixed together on the OCR. However, if there are small volumes of ECR on Tour 1 and they are due for dispatch by the end of Tour 1, it is possible that personnel would not clear the OCR of First-Class letters in order to run ECR letters separately.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T10-11 After ECR letters are sorted in with DPS letters on a DBCS, are the ECR letters handled or delivered any differently from that point on than First Class letters that they are sorted in with?

Response:

No. They are handled the same.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T10-12 Are detached address labels associated with saturation mailings ever run on barcode sorters? If your answer is yes, please explain the circumstances in which this would occur.

Response:

No, not that I am aware of.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T10-13 Please refer to page 25, lines 28-29 of your testimony, where you state that flats in line-of-travel sequence allow for "very efficient casing." Please identify the most recent Postal Service analysis of the relative casing efficiency of mailings prepared in line-of-travel compared to other methods of sequencing, including walk-sequencing, and provide a copy if it is not already part of the record in a Commission proceeding.

Response:

The statement that flats in line-of-travel sequence allow for "very efficient casing" was based on the self evident knowledge that mail can be cased more efficiently if the carrier does not have to search all over the case for the proper separation to sort each mail piece. If reviewed on a methods, time and motion (MTM) basis, line-of-travel reduces the total amount of reach required to sort the mail. When casing detached address cards, for example, carriers are instructed to pick up a handful of these cards in one hand, raise the mail to be cased to eye level and hold the mail close to the shelf that the cards will be cased into. This allows the carriers to more efficiently case these cards since they are generally in line-of-travel order. It is also recommended that these cards be cased into an empty case for even more efficient casing. Line-of-travel is particularly helpful for new and relief carriers that do not know the route sequence as well as the regular carrier.

I am told that the most recent study of this matter was reported by USPS witness Shipe in R90-1-USPS-T10.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T10-14 Please (sic) how a city carrier handles a Standard (A) Enhanced Carrier Route saturation mailing with detached addressed cards *while in-office.*

Response:

A city carrier on a park and loop or foot route will case the detached address cards. The manner in which the associated saturation mail piece is handled depends on whether the carrier receives DPS, and, if so, which DPS work method was selected for that route.

If the carrier on a park and loop or foot route is in a non-DPS environment or volunteers to carry a fourth bundle in a DPS environment, the appropriate number of associated saturation mail pieces will be placed at the back of the addressed flat bundle during tie down. There is no prohibition as to the number of bundles that may be carried on a mounted route (curbline or dismount deliveries). These carriers may case the detached address cards in the office at the discretion of local management. Regardless of whether the address cards are cased, they put the appropriate number of associated saturation mail pieces in a separate tray in preparation for delivery from their vehicle.

In a DPS environment, when carriers select the DPS work method where residual letter mail is sorted in with vertically cased flats, the associated saturation mail piece is handled as above. If the carrier uses the Composite DPS work method (three bundles), when detached address label mailings are received, one bundle must be eliminated unless the carrier voluntarily carries a

fourth bundle. This could include casing or collating the associated saturation mail piece in the office.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T10-15 Please describe how casing of flats differs depending upon whether vertical flats cases or horizontal flats cases are used.

Response:

Flats are cased into a vertical flat case in the same manner as letters are cased into a letter case, i.e., vertically and in the sequence that will be used for delivery. There are generally 1 or 2 addresses per case separation. After all the flats are cased, the carrier simply pulls them out of the case in walk sequence and prepares the mail for delivery.

Horizontal flat cases generally contain multiple street addresses per case separation, consequently, these flats require another handling after all mail is cased. During the carrier's tie down activity, flats from each separation are fanned out on the case ledge and further sorted into walk sequence for each street contained in that separation.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T10-16 Please describe how a city carrier handles a Standard (A) Enhanced Carrier Route saturation mailing during street delivery. Please include in your explanation a discussion of:

a. How the delivery of detached address label saturation mailings differs by type of route?

b. In what instances in detached address label saturation mailing is carried as a third bundle?

c. In what instances in detached address label saturation mailing is carried as a fourth bundle?

d. In what situations a carrier will handle the detached address label and the associated flats separately?

e. Please indicate, where appropriate, how delivery of such mailings in the Test Year is expected to differ from current practice.

Response:

In a non-DPS environment, a park and loop or foot carrier will place the appropriate number of saturation mail pieces at the back of the flat bundle. At the delivery point, when the carrier sees a detached address card she simply pulls the associated mail piece from the back of the flat bundle. If there is more than one WSS bundle, they must be collated together, or one of them must be sorted with the flats, or curtailed, depending on the service required. There is, however, no prohibition as to the number of bundles that may be carried on a mounted route. In a non-DPS environment, a mounted carrier will simply take a detached address card for the delivery point and an associated saturation mail piece from a separate tray. She will combine them with other letters and flats contained in separate trays in the vehicle and, in one motion, make the delivery.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

In a DPS environment, WSS bundles are considered a fourth bundle if a carrier is on a foot or park and loop route utilizing the third bundle method of handling DPS. This fourth bundle can be cased or collated, or taken directly to the street only if another bundle is eliminated through casing or collating. The carrier may voluntarily carry a fourth bundle and would deliver the associated saturation mail piece in the same manner as before DPS was initiated. The carrier may also case residual letter mail in with the vertically cased flat mail and would handle detached address mailing in the same manner as prior to DPS implementation.

a. Mounted routes (curbline and dismount deliveries) have no bundle restrictions whether they are in a DPS environment or not, and may take both the detached address label and the associated mail piece directly to the street.

b. Any route in a non-DPS environment, on a mounted route whether in DPS or not, and on a park and loop or foot route in a DPS environment when the DPS work method selected is casing residual letter mail in with vertically cased flats.

c. On a park and loop or foot route in a DPS environment where the Composite (third bundle) work method has been selected and the carrier volunteers to carry four bundles, or on mounted routes.

d. On a mounted route.

e. It is not expected to differ in the Test year.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T10-17 Please refer to page 26, lines 4-5 of your testimony.

a. Please explain what you mean by "depending on the service required."

b. In situations where a carrier receives more than one customer supplied saturation walk sequenced mailing bundles to be delivered on the same day, how is it decided which mailing is cased and which is carried as a third bundle?

Response:

a. "Depending on the service required" refers to the in home delivery date, or if there is no in home delivery date on the mail, it depends on the color code (approximately first-in-first-out based on when the mail was received).

b. If two WSS mailings require delivery that day with the same in home delivery date, the address cards for both mailings are cased, the associated flats for each mailing are collated together, and the appropriate number of flats is placed at the back of the regular flat bundle. Alternately, one WSS mailing is sorted with the regular flat bundle and the other mailing is placed at the back of the bundle. If two WSS mailings are received on the same day and one has a later in home delivery date, then, everything else being equal, the earlier in home delivery date mailing will be delivered that day, and the WSS mailing with a later date will be curtailed until the following day.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T10-18 Please refer to page 27, line 1 of your testimony. What do you mean by "assistance" that is provided to the carrier?

Response:

As I say in the immediately following line of my testimony "The assistance might have been on the street delivering part of the route, called 'auxiliary assistance' or in the office casing mail, called 'router time.'"

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T10-19. Has the deployment and use of vertical flats cases had any discernible effect on city carrier street time? If so, please describe how city carrier street time activities have been affected by vertical flats casing.

Response:

I am not aware of and would not expect any such effect.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T10-20 What percentage of delivery points do cluster boxes serve? If you do not have specific data, please provide your best estimate of the penetration of cluster boxes compared with 1985.

Response:

I am told that as of March 11, 2000, data from the Address Management System indicates that 8.7% of delivery points are served by cluster boxes.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T10-22 Please confirm the following that it is possible that Delivery Point Sequencing equipment can sort barcoded mail incorrectly.

a. Does the Postal Service have data regarding the frequency of missortations by DPS equipment (that is, mail is sorted into the incorrect bin so that it is placed out of sequence)? If so, please provide the missort error rate.

b. Please confirm that a city carrier will in-office typically will not verify the sequence accuracy of DPS-sequenced mail. If you cannot confirm, please explain why not.

c. Please confirm that when mail is incorrectly sequenced, carriers (city and rural) will spend more time at the delivery point due to the need to verify the address or to identify and pull an incorrectly-sequenced piece.

d. Would time devoted by a city carrier to handling a mis-sequenced piece at the delivery point be categorized as elemental load time, coverage-related load time, or some other category.

Response:

a. I am told that this data is not available at the national level.

b. Confirmed. City carriers are required to take DPS mail directly to the street once the DPS sort accuracy exceeds 98% for three consecutive days.

c. Not confirmed. City carriers "finger" the mail as they approach the delivery point. This method would not differ between pieces incorrectly sequenced due to DPS or due to a manual sort error. Rural carriers have the option to case DPS mail and, I am told, generally exercise that option.

d. Redirected to USPS witness Baron.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NATIONAL NEWSPAPER ASSOCIATION

NNA/USPS-T10-1. Please respond to the following questions with respect to broken bundles:

a. At which point in operations are bundles most likely to break? (e.g.,opening units, bundle sorters, dock transfers, etc.)

b. Please explain the procedure required in FY 99 for handling of broken bundles, including any steps workers are required to take to preserve the sorting scheme within bundles after breakage.

c. Please explain any changes in the procedure described in b. that have been prescribed for FY 2000 or beyond.

d. Are there circumstances where a worker might reassemble a collection of broken bundles without regard to the presort or destination levels within the original bundles?

Response:

a. The Postal Service does not have data that responds to this question. It is thought that more broken bundles are observed at the locations where mailer or postal containers are dumped, such as at the SPBS, because the volume of bundles is very concentrated at these locations.

b. The treatment of broken bundles varies from one plant to another as do instructions for preserving the sort if broken bundles are recovered.

c. As discussed further in MPA/USPS-T10-6, a letter was sent to the field in December 1999, providing direction as to the procedure to follow for Periodicals package recovery methods. The letter identified some of the means of package recovery and the most economical methods of handling broken packages.

d. Yes, this might occur.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NATIONAL NEWSPAPER ASSOCIATION

NNA/USPS-T10-2. Please confirm that no FSM 1000 presently in operation is equipped with Optical Character (OCR) readers.

Response:

Confirmed.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NATIONAL NEWSPAPER ASSOCIATION

NNA/USPS-T10-3. If your response to NNA/USPS T10-2 is yes,

a. Please state whether it would have been technologically feasible to install OCRs in the initial deployment of FSM 1000s.

b. Please state why FSM 1000s were not equipped with OCRs prior to original deployment.

Response:

(a) + (b) I am told it would not have been technically feasible to install OCRs in the initial deployment of FSM 1000s. There were read issues with flimsier pieces (the piece "bends" at the edge often where the barcode and address are located) as well as a problem on where to mount the OCR on the FSM 1000. Deployment of the FSM 1000s occurred in 1996-1998, before the FSM 881 OCR deployments in 1998-1999 (see Postcom/USPS-T10-4, a). Unlike the FSM 1000, deployment of the OCR on the FSM 881 was not hindered by difficulties of mounting the hardware and reading flimsier pieces. There are different automation readability issues with flats compared to letters, such as, more graphics to look through to locate an address, no standard location for an address, and barcodes can be vertical or horizontal, upside down, or right side up.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NATIONAL NEWSPAPER ASSOCIATION

NNA/USPS-T10-4. Please refer to the statement in your testimony on p. 11, lines 12-14.

a. Please explain why USPS has decided, if it has decided, that OCR's should be added to the FSM 1000s;

b. What degree of certainty causes you to state that it is "probable" that OCRs will be added to FSM 1000s;

c. What throughput will you expect from FSM 1000s after OCRs are installed?

Response:

(a) The addition of OCRs (and automatic feeders) to the FSM 1000s are expected to increase productivity and decrease handling costs.

(b) Success of FSM 881 OCRs and the pending competitive testing of the FSM 1000 OCR and automatic feeder combination planned for April, 2000, both support that the OCR addition to the FSM 1000 is "probable". Also see MPA/USPS-T10-4 and 5.

(c) I am told that it is not possible to adequately project expected throughputs on the FSM 1000 with OCR and automatic feeder until the upcoming competitive test is completed. The OCR alone will not increase throughput on the FSM 1000 over the existing BCR throughput. See Postcom/USPS-T10-4fv.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NATIONAL NEWSPAPER ASSOCIATION

NNA/USPS-T10-7 Please assume that following full deployment of the AFSM 100s, a given Processing and Distribution Plant has no FSM 881s on site and the FSM 1000 has either been taken down for a given tour or is no longer in operation at that plant. If an AFSM 100 was unable to handle the newspaper piece described in NNA/USPS T10-5, how would you expect the piece to be handled:

a. In outgoing primary sort?

b. In outgoing secondary sort?

c. In incoming primary sort?

d. In incoming secondary sort?

Response:

(a-d) If the site has no FSM 1000 (57 of 244 FSM sites were FSM 881 only sites as of October 1998 after full FSM 1000 deployment), or the FSM 1000 is down due to mechanical problems, and it is the only FSM 1000 on site, then the piece would be handled in a manual operation.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NATIONAL NEWSPAPER ASSOCIATION

NNA/USPS-T10-8 Please explain why the USPS plans no further purchase of FSM 1000s.

Response:

Currently there is enough FSM 1000 capacity to meet the processing needs of our flat mail base that falls outside the FSM 881/AFSM 100 specifications. In today's environment, some of the FSM 1000s are being used to process FSM 881 mail where we have 881 capacity shortfalls. However, as the AFSM 100s are deployed, we expect to handle all of the 881 compatible mail on the AFSM 100 and bring FSM 1000 compatible mail that is currently being sorted manually onto the FSM 1000.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NATIONAL NEWSPAPER ASSOCIATION

NNA/USPS-T10-9 Please refer to your statement on p. 18, lines 3 through 10.

a. Would a mailer of carrier route bundles be required to prepare mail in walk sequenced sorts if the bundle was entered at the delivery unit?

b. Does the Postal Service plan at the point when the DPS capability is fully developed, as you state in your testimony, to alter eligibility for or in any way diminish the ability of mailers to prepare carrier route bundles for entry at the delivery unit?

c. Will the machinery that you envision in this section of your testimony handle the newsprint piece described in NNA/USPS T10-5?

d. If your answer to c. is no, please state whether the mailers of a carrier route bundle be required in the environment you envision in this section to prepare mail in Delivery Point Sequencing and explain the rationale for such a requirement.

Response:

a. If the future of DPS for flats requires a collator or similar equipment, the answer is yes. The final method(s) have not yet been determined.

b. Once a method is determined, current requirements will need to be reevaluated, just the same as occurred previously for letters.

c. I am told that is not likely.

d. It is envisioned that if walk sequence becomes a requirement for carrier route presort, when and if we DPS flats, then a flat that does not meet the DPS machinability requirements would also be required to be walk sequenced. The requirement has two rationales. One, we would not want to incent flats to become non-DPS machine compatible by lessening the requirements. Two, walk sequence still has value to the carrier casing mail.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NATIONAL NEWSPAPER ASSOCIATION

NNA/USPS-T10-10 Please confirm that the intended effect of the deployment of AFSM 100s is to move some mail from downstream delivery units for outgoing secondary sort to a point further upstream where flat processing machinery will perform the sort.

Response:

I do not confirm. The first deployment of 173 AFSM 100s will be primarily used to add additional capacity to our flat mail processing network. They will handle *incoming* secondary (not outgoing secondary) flats that are currently sorted manually to carrier route at our plants and associated offices.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NATIONAL NEWSPAPER ASSOCIATION

NNA/USPS-T10-11 If you confirmed NNA/USPS T10-10, please provide an estimate of the percentage of the following types of mail that is likely to be moved upstream for processing:

a. Letter mail

b. Flat mail that can be processed on an AFSM 100

c. Flat mail that cannot be processed on an AFSM 100.

Response:

(a) 0%. The AFSM 100 impacts flat mail processing operations, not letter mail processing.

(b) + (c) As mentioned on page 13 of my testimony, we expect to process flats for zones with 10 or more carrier routes to incoming secondary on the FSMs once the AFSM 100s are deployed. The percent of flats that will actually be sorted to carrier on the FSMs is not currently available. We are in the process of assessing the impact of the AFSM 100 to our existing mail flows and still have not determined the exact number of AFSM 100s that will be ultimately deployed or the exact AFSM 100 machinability requirements.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NATIONAL NEWSPAPER ASSOCIATION

NNA/USPS-T10-14 Please explain the operational steps required to "set up and pull down" an FSM 1000, as you mean those terms on page 12 of your testimony and provide an estimate of the amount of time required to carry out the totality of those steps.

Response:

The set up includes loading the sort program, placing flat tubs into each run out and loading mail on the ledges. Labeling the flat tubs can be done once the machine has started. The pull down includes pulling flat tubs, ensuring they are labeled and put on a conveyor or sorted into rolling containers for dispatch or a subsequent operation.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NATIONAL NEWSPAPER ASSOCIATION

NNA/USPS-T10-15 Please explain whether the following circumstances cause a flat mail piece eligible for sorting on the FSM 1000 to be sorted manually and why such a decision would be made by a plant manager:

a. the volume of that type of mail to be sorted on that tour is low;

b. another type of mail is occupying the machine during the service window;

c. plant personnel deem the "set up and pull down" time to be longer than the time that would be required for a manual sort;

d. workers are on hand during that tour who are otherwise unoccupied.

Response:

a. Yes. Operating plans are based on arrival profiles and service commitments for each type of mail. For example, if volume is low on a tour, equipment maintenance might be scheduled for that time. That does not mean that the mail ends up being sorted manually on that tour, it may be held until the next tour for FSM processing depending on mail arrival and service commitment.

b. Yes. Assuming that FSM 1000 capacity is constrained and that another mail type with a similar service window is more advantageous for that operating window. For example, the other mail type may have greater volume, more barcodes, and fewer machine rejects, thus providing a long and highly productive run on the machine.

c. Yes. Certainly if it is more economical to sort the mail in manual cases, plant management would be expected to choose that option. For example, if there are only 1000 pieces for a particular sort plan with the same service requirement, that would only be approximately 12 minutes of run time and on

average 10 pieces per flat tub, plus set up and pull down. This would not be the most efficient use of the FSM if more volume of another type of mail was available.

d. No. We staff to workload and personnel would either be moved to where they are needed or the workforce would be reduced to match the workload. Casual and Part Time Flexible employees would be sent home first. Next, Full Time Regulars would be encouraged to take leave. As an alternative, non-preferential volumes might be worked immediately even though they were scheduled for later (e.g. during non-premium hours). It would not be advantageous to us cost wise since any clerk can feed an FSM 1000 in the BCR mode and manual operations are a level 5 which is more expensive than the level 4 clerks that can operate automation.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NATIONAL NEWSPAPER ASSOCIATION

NNA/USPS-T10-17 Please state whether the Postal Service will no longer encourage mailer application of barcodes to flat pieces after it has reached a point where maximum deployment of OCR's and other reading equipment has been installed on flat sorting machines. If your answer is no, please explain why the Postal Service would continue to find mailer applied barcodes of value.

Response:

No. As with letters, there is a higher barcode accept rate than OCR accept rate, and the barcode may be used more than once. Currently flats are not being barcoded with any OCR or encoding results as are with letters.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NATIONAL NEWSPAPER ASSOCIATION

NNA/USPS-T10-18 You stated on p. 14 in your testimony that lack of machine capacity has caused a "decentralization" of processing.

a. Does this statement mean that you believe outgoing secondary sorts were once more "centralized" than in days before automation

b. If your answer to be is yes, please explain what year the trend to "decentralization" began.

Response:

I assume that you meant "incoming secondary sorts" and are referring to the sentence "Decentralization of manual flat incoming secondary operations from the plant to the delivery units has occurred due to FSM capacity, service, scheme training and/or space considerations."

a. Not necessarily. It is my impression that the trend to decentralization of manual flat incoming secondary sortation reversed an earlier trend toward centralization.

b. The decentralization trend became noticeable in the mid 1990s. It was driven by local considerations on a plant by plant basis. Commonly, there was more demand on space in the plant, DPS freed space in the delivery units, and the declining volume of manual incoming secondary processing, both letters and flats, made it difficult to maintain scheme proficiency within the plant.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NATIONAL NEWSPAPER ASSOCIATION

NNA/USPS-T10-21 Please confirm that the Postal Service has increased the usage of plastic sacks in the past three years and explain the rationale for doing so.

Response:

The Postal Service has purchased plastic sacks predominately for approximately the past 5 years. The rationale was based on the ability to acquire significantly more plastic sacks than cloth sacks for the same net expenditure.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE NATIONAL NEWSPAPER ASSOCIATION

NNA/USPS-T10-22 Please respond to the following questions regarding use of plastic sacks for periodicals mail.

a. Do all plastic sacks employ plastic closers or grippers instead of metal closers or grippers?

b. Has the Postal Service observed a higher incidence of periodicals spilling from sacks with plastic grippers than from sacks with older style metal grippers?

c. If the Postal Service has collected any data or conducted any studies with regard to the phenomenon of periodicals mail spilling from sacks, please provide that data or those studies.

Response:

a) Yes, except for a very limited number of international sacks which use a cable tie as a closure devise.

b) + c) I am told that there are no studies to provide data regarding spilling of mail from plastic or cloth sacks, therefore I cannot answer these questions.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T10-1 Please refer to your testimony at page 8, lines 9-10.

(a) What portion of the 88.3 percent of all letters that were barcoded are First-Class
   (i) Automation Presort Letters and Parcels, and
   (ii) Automation Carrier Route Letters.
   (iii) Please provide the volumes for the mail identified in subparts (i) and (ii) of this interrogatory.

(b) What portion of the 88.3 percent of all letters that were barcoded are Standard (A) Regular
   (i) Automation Category Letters, and
   (ii) ECR Subclass Letters.
   (iii) Please provide the volumes for the mail identified in subparts (i) and (ii) of this interrogatory.

(c) Show all calculations used to derive the "88.3 percent," and provide citations for all figures used in the calculations.

(d) Please confirm that data exists to calculate the percent of all letters that were barcoded in AP 1 through AP 12 of FY 99. If you do not confirm, please explain.

(e) Please confirm that data exists to calculate the percent of all letters that were barcoded in AP 1 through AP 13 of Fiscal Years 1996, 1997 and 1998. If you do not confirm, please explain.

(f) Please calculate the percent of all letters that were barcoded for the Accounting Periods (AP) identified in parts (d) and (e) of this interrogatory. Show all calculations and provide citations for all figures used in the calculations. Also please provide the data identified in parts (d) and (e) of this interrogatory in hardcopy and electronic formats.

Response:

a) and b) The break down of the 88.3 percent of barcoded letters in AP13, FY99:

Total Letters:	9,463,365,000
Total 9&11 digit barcoded letters:	8,352,241,000
First Class barcoded rate:	2,857,913,000
Basic/3/5 digit auto	2,771,566,000
Crte auto letters:	86,346,000
Reply	532,225,000
Standard (A) barcoded rate:	2,510,592,000
Basic/3/5 digit auto:	2,305,673,000
ECR auto letters:	204,918,000
MLOCR and RBCS barcodes:	2,451,511,000
FCM:	2,397,824,000
Standard (A) :	53,687,000

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

Excluding the postal barcoded volumes since they are not tracked by class, the portion of:

(a) (i) First-Class automation presort rate letters to all barcodes is: 33.2% (2771566 / 8352241)

(ii) First-Class automation carrier route to all barcodes is: 1.0% (86346 / 8352241)

(iii) See above.

(b) (i) Standard Mail A automation presort rate letters to all barcodes is: 27.6% (2305673 / 8352241)

(ii) Standard Mail A automation carrier route to all barcodes is: 2.5% (204918 / 8352241)

(iii) See above.

(c) The numbers of total letters and 9 & 11-digit barcoded letters come from various reports contained in our Corporate Data Base. See attached Barcode Letter Mail Report.

(d) Confirmed.

(e) Confirmed.

(f) See attached hardcopy Barcode Letter Mail Report. Data is available for each Accounting Period listed for FY 1999, FY 1998, FY 1997 and FY1996. These data are provided on diskette in USPS-LR-I-253.

BARCODE LETTER MAIL REPORT - FY 2000 FIRST & STANDARD (A) CLASS MAIL (000)

	9-Digit BC	%Ltr	Letters
FY91	40,471,457	36.2%	111,789,055
FY92	51,277,087	45.5%	112,681,666
FY93	59,697,565	51.7%	115,439,043
FY94	64,256,413	53.8%	119,509,392
FY95	76,077,031	60.4%	126,013,575
FY96			
AP	9&11-Digit BC	%Ltr	Letters
01	6,228,333	65.1%	9,572,088
02	6,591,630	65.0%	10,142,992
03	5,945,673	64.6%	9,200,810
04	5,970,467	61.5%	9,704,661
05	6,727,491	67.9%	9,910,812
06	6,472,412	68.2%	9,483,793
07	7,187,314	70.6%	10,175,493
08	6,988,735	72.2%	9,683,970
09	6,881,304	72.1%	9,539,753
10	6,585,451	73.3%	8,987,082
11	6,706,050	75.8%	8,846,840
12	6,908,112	77.8%	8,876,586
13	7,026,597	78.0%	9,009,873
FY96	90,532,827	70.1%	129,074,836
FY97			
AP	9&11-Digit BC	%Ltr	Total Letters
01	7,945,420	78.6%	10,104,091
02	8,154,193	78.1%	10,438,894
03	7,758,039	80.3%	9,664,716
04	7,501,220	75.9%	9,878,690
05	8,214,600	82.4%	9,968,063
06	7,932,015	81.4%	9,741,449
07	7,912,080	81.3%	9,737,032
08	7,863,106	82.3%	9,559,613
09	7,972,029	82.8%	9,623,968
10	7,441,705	82.7%	9,003,414
11	7,603,188	83.9%	9,063,268
12	7,790,998	84.2%	9,257,561
13	7,588,285	83.7%	9,069,079
FY97	106,808,005	81.5%	131,106,447
FY98			
AP	9&11-Digit BC	%Ltr	Total Letters
01	8,602,047	84.6%	10,169,745
02	8,771,975	84.9%	10,328,587
03	8,593,971	84.7%	10,145,792
04	8,398,449	82.5%	10,179,508
05	9,007,873	86.0%	10,476,234
06	8,595,456	86.4%	9,947,573
07	8,794,334	85.5%	10,283,715
08	8,699,367	86.2%	10,096,912
09	8,717,907	86.3%	10,099,541
10	8,207,053	86.4%	9,502,691
11	8,085,164	87.1%	9,287,128
12	8,263,324	86.3%	9,575,060
13	8,183,622	86.3%	9,482,408
FY98	115,636,894	85.6%	135,032,417
FY99			
AP	9&11-Digit BC	%Ltr	Total Letters
01	9,003,046	86.7%	10,387,510
02	9,042,330	85.9%	10,529,020
03	8,677,418	86.5%	10,032,147
04	8,801,909	86.4%	10,187,937
05	9,400,588	88.3%	10,644,352
06	8,947,545	87.8%	10,188,146
07	8,951,196	88.1%	10,162,574
08	8,772,270	87.2%	10,065,495
09	9,041,826	88.2%	10,250,369
10	8,342,351	88.2%	9,463,554
11	8,332,872	88.2%	9,450,325
12	8,597,678	88.4%	9,726,436
13	8,352,241	88.3%	9,463,365
FY99	120,163,491	87.5%	137,766,328
%SPLY	3.9%		[illegible]%
FY00			
AP	9&11-Digit BC	%Ltr	Letters
01	9,437,692	88.5%	10,656,196
02	9,570,536	88.5%	10,811,149
03	9,478,568	88.3%	10,731,378
04	9,812,509	88.4%	11,093,946
05	9,139,813	89.2%	10,243,527
06	9,562,923	89.0%	10,738,878
07			
08			
09			
10			
11			
12			
13			
YTD00	59,576,572	88.6%	67,221,406
%SPLY	5.8%		3.7%

Reply Mail Prebarcode - ODIS Report HSB710P1 (AP)
Rate Prebarcode - Prior to AP8/96 EMRS Report CED861P8 (AP), number may be understated. AP8/96 forward CBCIS (AP/YTD), number may be understated.
MLOCR Codes - Prior to AP6/95 Encode Report NQCIS (AP), number may be understated (especially FY93-95). From AP6 forward MODS.
RBCS Codes - No data available prior to AP6/95; AP6/95 forward MODS.(AP). Annual FY93-95 is estimated (SIS).
Total 9&11D and Letters - ODIS Report HSA955P1 (AP/PQ)
Other = Total - Customer - MLOCR - RBCS, number may be overstated prior to AP5/95 due to Encode (MLOCR) data. Assumed to be CFS and SLOCR barcodes.
%BC 11-Digit - ODIS Report HSA955P1 (AP/PQ): % of total 9&11digit BCs with 11 digit BC.
YTD - Rate Prebarcodes from CBCIS report, all others are the sum of the AP's or PQ's.
AP6 Notes - MLOCR and RBCS barcodes have been adjusted for AP 10 FY 98 through AP 7 FY 99 to account for software changes implemented on automated equipment

ew sampling methods may make FY95 ODIS numbers slightly higher when compared to prior years. RBCS codes may be overstated due to 5-D No Improvement Codes.
Rate %SPLY (for FY96&YTD97) is based on CBCIS SPLY data (not FY95&96 EMRS data above).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T10-2 Please refer to Chapter III, entitled "Staffing and Complement," of your testimony.

(a) Please confirm that the single-piece First-Class mail volume fluctuates by the
   (i) day of the week,
   (ii) week of the month, and
   (iii) month of the year.
   If you do not confirm, please explain.

(b) Please describe in percentage terms the range of fluctuation above and below the average for subparts (i), (ii) and (iii) in part (a) of this interrogatory for several representative Processing and Distribution Centers.

(c) Please confirm that workshared First-Class mail volume fluctuates by the
   (i) day of the week,
   (ii) week of the month, and
   (iii) month of the year.
   If you do not confirm, please explain.

(d) Please describe in percentage terms the range of fluctuation above and below the average for subparts (i), (ii) and (iii) in part (c) of this interrogatory for several representative Processing and Distribution Centers.

(e) To the extent that fluctuations in volume result in shifts in the proportion of First-Class single-piece and workshared volume, please explain, for each time period identified in parts (a) and (c) of this interrogatory, how plant managers of Processing and Distribution Centers plan for and accommodate such shifts in the proportion of single-piece and workshared volume.

(f) Please confirm that there are operating manuals, handbooks, instructions and other written guidance to plant managers on how to plan for and accommodate shifts in the proportion of First-Class single-piece and workshared volume. If you do confirm, please identify such operating manuals, handbooks, instructions and other written guidance to plant managers and provide copies. If you do not confirm, please explain and provide copies of any documents advising plant managers on how to plan for and accommodate any periodic fluctuations in mail volumes.

Response:

(a) (i) Confirmed.

(ii) - (iii) Operational records are kept in four week blocks called accounting periods (AP), 13 APs per year. Accordingly, I do not have data to confirm fluctuations by week of the month or month of the year. However, it is well known that single piece FCM volume surges with bill payments near the first of each month,

and that there are surges near holidays when greeting cards are traditionally exchanged.

b. Using volumes processed on the Advanced Facer Canceler System (AFCS) in FY 99 as a proxy for single piece FCM volumes, a table depicting fluctuations from the average by day of the week at six facilities is shown below. I am told that data to construct similar tables by week of the month and month of the year are not available.

	Sat	Sun	Mon	Tue	Wed	Thu	Fri
Pittsburgh	-20.5%	-97.4%	43.3%	32.3%	16.2%	10.7%	15.4%
Philadelphia	-32.7%	-96.7%	47.2%	34.3%	18.0%	14.4%	15.6%
Denver	-40.6%	-98.1%	45.7%	39.1%	17.6%	22.5%	13.7%
Los Angeles	-42.2%	-93.9%	46.5%	36.0%	17.3%	23.2%	13.1%
Lexington	-9.2%	-99.3%	40.6%	32.6%	14.9%	9.8%	10.5%
Springfield	-29.2%	-98.3%	47.7%	31.5%	16.2%	14.2%	17.9%
Total	**-32.4%**	**-97.1%**	**45.5%**	**35.3%**	**17.1%**	**17.2%**	**14.4%**

c. - d. Workshared FCM is largely destinating mail and, there are no destinating operations that process or track just workshared FCM. Accordingly, I do not have any data to confirm such fluctuations. However, in my personal experience, I have noticed that entries are heavier towards the end of each week.

e. As I discussed in my testimony, operating and staffing plans are developed for the various processing operations in a plant based on hourly volume arrival profiles by operation, with given operating windows by day of the week. They are based on the total flow through the operation without regard to the rate category of the mail (except in as much as the sources relate to service commitments). The staffing plans reflect the daily and monthly volume fluctuations and even take into account employee unavailability rates (annual leave, sick leave) and are generally not specific to a class or subclass. In addition to years of operational experience, historical data is used by plant management particularly for holiday peakload planning.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

f. Not confirmed specific to FCM. Planning guidance is provided through the Site META Users Manual filed under protective conditions in R97-1 as LR-H-221, and by the annual guidelines for the fall and Christmas mailing seasons. A copy of the 1999 fall guidelines is attached. The FY 99 Christmas Plan is provided as USPS-LR-I-253.

Staffing for volume fluctuations was discussed extensively in R97-1. See, for example, MPA/USPS-T4-1, DMA/USPS-T4-63 through 83, and TW/USPS-T4-18 through 20.

Attachment To OCA/USPS-T10-2, page 1 of 5

NICHOLAS F. BARRANCA
VICE PRESIDENT, OPERATIONS PLANNING

UNITED STATES
POSTAL SERVICE

June 24, 1999

VICE PRESIDENTS, AREA OPERATIONS

SUBJECT: 1999 Fall Mailing Season Planning

As stated in my memo dated April 12, last year we had a very successful fall mailing season, but there is always opportunity for improvement. With your help, we are anticipating success again this year. For planning purposes, a national increase of 3 percent to 5 percent is projected for Standard (A) volume. Initial estimates from our major customers reflect an increase of up to 7 percent for Standard (A) volume compared to last year. These customers have an expectation that the USPS will put plans in place to maintain or improve the performance that was achieved last year. Likewise, we must maintain service on periodical and Standard (B) volume.

In order to meet customer expectations, all performance clusters will need to process and deliver this mail volume in a timely manner. All processing facilities must comply with operating plans to ensure that the mail is processed and delivered to meet customer demands. To ensure that mail is processed timely, we must plan for the fall mailing period with the same emphasis that we put into Christmas planning.

Each processing facility must develop a plan for processing, dispatching, and delivering the fall mail volume. The attached check-off sheet should be provided to each processing facility, along with the entry guidelines to in-home delivery (also attached), to assist in developing this plan. The check-off sheet includes some of the items that need to be addressed when planning for the fall mailing period. All items on the list should be addressed. This list is only a starting point, so planning should not be limited to these items. As with Christmas planning, facilities must try to anticipate all concerns ahead of time and have plans in place to overcome any problems.

Each processing facility within your Area must perform an analysis of their mail conditions from last year and complete the check-off sheet. Facility plans must be in place within the next few weeks in order to be properly prepared for the increased volume, which is predicted to begin by the end of July. These plans must be completed by each processing facility and reviewed by your Manager, Operations Support (Area) by July 16.

I greatly appreciate your dedicated attention to this planning process to ensure that we are positioned properly to achieve a successful 1999 fall mailing season. If you have any questions or would like to discuss this further, please feel free to call me.

Nicholas F. Barranca

Attachments

cc: Mr. Lewis, Mr. Potter, Mr. Black, Mr. Rapp, Ms. Brennan
Managers, Operations Support (Area)
Manager, Capital Metro Operations

attachment to OCA/USPS-T10-2, page 2 of 5

1999 FALL MAILING SEASON CHECK-OFF SHEET

Standard A and Periodicals Operations

Customer Communications

- ☐ Ensure Business Service Network (BSN) is involved in fall planning process, the drop ship appointment process and problem resolution.
- ☐ BSN update customer/manager contact list.
- ☐ Ensure appropriate postal personnel are aware of customer support team and BSN process.
- ☐ Fully utilize ADVANCE.
- ☐ Check for accuracy of facility information in the Drop Ship Appointment System (DSAS). Pay special attention to open/close information, location and mail type accepted.
- ☐ Review new Drop Ship Guidelines available in mid-July.

Mail Volume & Capacity

- ☐ Calculate volume per day using previous year's volumes for Standard A and Periodical mail throughout fall season. Expect more appointments on Friday and Saturday and before holidays.
- ☐ Determine capacities of current operations based on local productivity rates, complement, and schedules, paying close attention to opening flat, manual, and dock operations.
- ☐ Using volume figures and capacities, determine where potential problems exist.
- ☐ Identify the steps needed to overcome potential problem days.
- ☐ Plan to segregate Standard A from Periodicals for processing.
- ☐ Review drop shipment appointment capabilities and identify opportunities to expand capacity.
  - Input close-out information in a timely manner.
  - Update MCRS thresholds.
- ☐ Instruct dock personnel on acceptance of PS Form 8125 for Standard A and Periodicals, and the Drop Ship Management System.
- ☐ Open communications to "servicing" BMC and/or transfer hub for Standard A and Periodicals.

Complement

- ☐ Review availability of employees and operational hours to identify opportunities to expand throughput capacity.
- ☐ Identify the number and type of employees needed to expand capacity.
- ☐ Coordinate with Area Office on identified sources of needed employees, in compliance with COO Lewis' letter dated 06/11/99.
- ☐ If additional employees are authorized, begin hiring process in time to assure employees are available and trained to meet projected volume increases.

Attachment to OCA/USPS-T10-2, page 3 of 5

Equipment/Sort Plans

- Review equipment utilization reports (run time, idle time, throughput) by sort plan to identify areas of opportunity to increase utilization and throughput.
  - Set equipment performance benchmarks (e.g. FSMs operation 20 hrs per day etc.)
  - Identify available SPBS time for pure processing of Periodicals volume
- Ensure proper identification/tagging of Standard A and Periodical to define urgency of processing.
- Ensure appropriate employees are trained on color code policy and procedures.
- By mid August, fine tune all equipment to ensure it is operating at peak performance, especially Flat Sorters, Sack Sorters, SPBSs, and other bundle Sorters.
- Conduct density counts for primary operations to ensure Standard A and Periodical operations finalize highest volumes in a single handling whenever possible.
- Consider expansion of SPBS capacities by installing slide extensions (rollers or chutes) to fully utilize all slides to finalize and containerize volumes.
- Evaluate forklift, pallet jack, dumper, and conveyor requirements and ensure that all available equipment capacity matches fall and R-97 volume levels.
- Ensure that a sufficient number of cardboard boxes are purchased to be utilized when rolling stock is at a premium.
- Ensure all necessary purchases are made well enough in advance to arrive in time for fall mailing.

Transportation/MTE

- Develop a MTE backflow plan.
  - Identify Cluster/Plant MTE coordinators
- Identify requirements for dedicated MTE runs
- Review local transportation to keep mail moving between BMCs, annexes, AMC/Fs, and AOs.
- Evaluate need for additional trailers (MTE storage, preloaded in yard, etc.)
- Ensure trailers are loaded/unloaded in a safe manner and within OSHA guidelines.
- Review HCRs:
  - Capacity
  - Additional service responsive trips
  - Drivers

Space

- Determine if added space will be needed for processing large mail volumes. Look at utilizing large Station/Associate Offices or, if necessary, leasing added space for the fall period.
- Analyze the potential for expanding cross dock operations for Standard A and Periodicals volumes.

attachment to OCA/USPS-T10-3 page 4 of 5

Contingency

- Develop a contingency plan to determine where mail can be worked if a plant becomes overcome by mail volume, with no chance of recovery (within 2 days) on its own.
- Evaluate capacities at non-ADC Plants to determine if they have available windows to process mail for larger ADC Plants:
  - If significant capacity exists at "downstream" plants evaluate the need for seasonal hold-outs (National, Area, Local).
  - Smaller offices may be used to process barcoded flat volumes during a period when their machines are not currently utilized.
- Develop contingency plan for large mailers.
  - Holdouts for local/SCF volumes and other large volume destinations.
- Develop contingency plan for Acceptance personnel.
  - For special contingency make up requirements.
  - To segregate mails that do not pass ABE bar-coding requirements.

Attachment to OCA/USPS-T10-2, page 5 of 5

STANDARD (A)
DESTINATING MAIL
ENTRY GUIDELINES TO IN-HOME DELIVERY
(FOR PLANNING PURPOSES)

This information is provided to assist our customers in planning their drop shipment mailings. These are meant to be general guidelines and do not imply any type of promise or guarantee. In most categories, an additional day is included to cover mail entered after the Critical Entry Time. In determining the days to delivery, the entry day is considered day zero.

All postal processing plants and delivery units must continue to process and deliver standard (A) mail according to Facility Operating Plans and the National Color-Code Policy for Standard (A) Mail. These entry guidelines are not to be used in lieu of current processing and delivery policies.

MAIL SORT	ENTRY POINT		
	DBMC	DSCF	DDU
TRAYS			
CRRT	3-4 DAYS	2-3 DAYS	2 DAYS
CRRTS	3-4 DAYS	2-3 DAYS	2 DAYS
5-DIGIT	3-5 DAYS	3-4 DAYS	2 DAYS
3-DIGIT	4-5 DAYS	3-4 DAYS	
ADC/AADC	4-5 DAYS	3-5 DAYS	
PALLETS			
5-DIGIT	3-5 DAYS	3-4 DAYS	2 DAYS
3-DIGIT	4-5 DAYS	3-4 DAYS	
SCF	4-5 DAYS	3-4 DAYS	
ASF/BMC	4-6 DAYS		
SACKS			
CRRT	3-4 DAYS	2-3 DAYS	2 DAYS
CRRTS	3-4 DAYS	2-3 DAYS	2 DAYS
5-DIGIT	3-5 DAYS	3-4 DAYS	2 DAYS
3-DIGIT	4-5 DAYS	3-4 DAYS	
ADC	4-5 DAYS	3-5 DAYS	

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

POSTCOM/USPS-T10-1. Please provide a source (or sources) for the figures set out at lines 13-16 of Page 32 of your testimony and provide copies of any source documents that are not published or available in this docket.

Response:

As stated in my testimony, the figures noted came from the NWRS (National Workhour Reporting System) cost per hour by LDC (Labor Distribution Code), multiplied by the MODS (Management Operating Data System) hours and divided by TPH (Total Pieces Handled). This calculation came from numbers in the above mentioned sytems which are part of the Corporate Data Base. The National Workhour Reporting System includes the workhours of all clerks nationally. The Labor Distribution Code distinguishes the automation workhours from manual workhours. The Management Operating Data System includes plant processing data. Total Pieces Handled is the number of pieces handled and finalized from a particular operation in the plant.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

POSTCOM/USPS-T10-2 Please list and describe all of the factors that cause an automation flat to be less expensive for the Postal Service to handle than a similarly presorted non-automation flat.

(a) Individually for each factor, indicate whether the resulting savings are modeled in the flats mail processing cost model contained in LR-1-90.

(b) For each factor not modeled in LF-1-90, please describe in detail why it reduces Postal Service costs.

(c) For each factor not modeled in LR-1-90, please provide a copy of all studies and reports that discuss the benefits to the Postal Service of the factor.

Response:

Holding presortation constant, the automation related factors are:

1. The accept rate on the FSM 881 BCR/OCR is higher for an automation flat than a nonautomation flat.
2. Barcoded flats allow use of a lower-paid clerk in comparison with the clerk required for keying nonbarcoded flats on the FSM 1000 and nonbarcoded OCR rejects on the FSM 881.
3. Barcoded sack labels, which allow more efficient sack handling, are required for flat automation mailings in sacks.
4. Productivity is higher for barcoded flats than for nonbarcoded flats on the AFSM-100 since there are fewer read rejects that require encoding. Keying productivity on the FSM 881 and FSM 1000 is lower compared to OCR and BCR modes on these machines, and nonbarcoded flats are proportionately more likely to require keying than barcoded flats.
5. Address quality. See my answer to POSTCOM/USPS-T10-3 below.
6. Machinability.

a. Factors used in LR-I-90:

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

1. Yes, I am told that different accept rates are used.
2. No, I am told that the average rate is used.
3. No, I am told that container handling is not deaveraged in the CRA benchmark that LR-I-90 ties to.
4. Yes, I am told that different productivities are used.
5. Yes, I am told that any differences in address quality, to the extent that they have an effect on costs, would be among the factors that cause automation and non-automation mail to have different accept rates with subsequent processing of rejects in operations with lower productivity.
6. Yes, I am told that differences in machinability would be reflected in differing flow percentages within the flats model.

b.

2. The reduction in wages paid per workhour is self evident.
3. Reading barcoded sack labels with a BCR on a sack sorter should be more productive than keying.

c. I am not aware of any such studies.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

POSTCOM/USPS-T10-3 Please confirm that there is a difference in address quality between automation flats and non-automation flats. If not confirmed, please provide your rationale.

(a) Please describe why there is a difference in address quality between automation flats and non-automation flats.

(b) Please confirm that better address quality stems directly from requirements imposed on automation mail.

(c) Please confirm that ignoring the difference in address quality between automation flats and non-automation flats understates the cost difference between automation flats and non-automation flats.

(e) Please provide copies of all postal Service studies and reports that quantify the difference in address quality between automation flats and non-automation flats.

(f) Please describe why poor address quality increases Postal Service costs.

(g) Please describe the mail flow of a flat mailed to the wrong address.

(h) Please provide all Postal Service estimates of the cost of poor address quality.

RESPONSE:
I would assume yes, but have no data to support.

(a) Automation rate flats must bear addresses that are sufficiently complete to allow matching to the current USPS ZIP+4 File and must be matched using current CASS-certified address matching software to obtain the correct numeric ZIP+4 code. These are not requirements for non-automation non-carrier route presort flats and this could result in some differences in address quality.

(b) I would assume so, but I have no data to support this. Non-automation rate mailers may also use in-house or purchased mailing lists that have good address quality.

(c) I am not aware of any studies on this subject, therefore, I cannot confirm. However, I have also seen automated flats, all with the wrong +4, causing any incoming secondary processing to require keying instead of using the barcode. In any case, the impact of address quality differences, if any, is reflected in the flats model as discussed in my response to POSTCOM/USPS-T10-2 above.

(d) The question omits subpart (d).

(e) The Address Management System group, that would be most likely to have such information, does not have any such reports or studies.

(f) Assuming the ZIP Code is correct, we may be unable to sort to the correct carrier, post office box, or to the correct recipient. If the mailpiece is then undeliverable as addressed, then, depending upon class, the disposition of the mailpiece incurs more costs if it must be returned to sender.

(g) It depends on the nature of the addressing problem (i.e. incorrect name, incorrect street number, missing or incorrect directionals, incorrect apartment number, no apartment number, etc.). Often clerk or carrier knowledge of the address or addressee can correct missing or incorrect elements. For example, 100 Pine, without a suffix, could be St., Rd., or Ct., but all belong in the same development. The carrier(s) would then look at the addressee to determine which address the piece should be delivered to.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

(h) I am not aware of any studies or estimates of the cost of poor address quality.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

POSTCOM/USPS-T10-4 Please refer to witness Smith's response to DMA/USPS-T21-2(f), which states: "I am told that the Postal Service is addressing these concerns beyond the base year, through the deployment of the OCRs to the FSM 881 and the deployment of the AFSM 100. The AFSM 100s will initially reduce manual work hours and, as deployment proceeds, start replacing FSM 881s. In the interim, the OCRs on the FSM 881s will eliminate the need to maintain separate barcoded and nonbarcoded mailstreams, a requirement that proved operationally cumbersome. The OCRs on the FSM 881s will also reduce costs by reductions in operator keying time."

(a) Please provide a schedule for deploying OCRs on FSM 881s. If a deployment schedule is currently unavailable, please explain when a deployment schedule will be available.

(b) On what percentage of FSM 881s do you plan to deploy OCRs?

(c) What is the annual workhour reduction that would result from deploying OCRs on one FSM 881? Please provide all underlying calculations and disaggregate the workhour savings into the two categories referenced above: elimination of the need to maintain separation mailstreams and reduction in operator keying time.

(d) What is the annual workhour reduction that would result from deploying OCRs on all FSM 881s? Please provide all underlying calculations and disaggregate the workhour savings into the two categories referenced above: elimination of the need to maintain separation mailstreams and reduction in operator keying time.

(e) Please confirm that these savings are not reflected in LR-I-126 or LR-I-127. If not confirmed, please provide a citation to where these savings are incorporated in the roll forward.

(f) Is the Postal Service also planning on deploying OCRs on FSM 1000s? If not, is the Postal Service considering deploying OCRs on FSM 1000s? If the Postal Service is considering deploying OCRs on FSM 1000s, when will the Postal Service be making a decision on whether to deploy OCRs on FSM 1000s?

(i) If the Postal Service is planning to deploy OCRs on FSM 1000s, please provide a schedule for deploying OCRs on FSM 1000s and the percentage of FSM 1000s upon which you plan to deploy

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

OCRs. If a deployment schedule is currently unavailable, please explain when a deployment schedule will be available.

(ii) What is the annual workhour reduction that would result from deploying OCRs on one FSM 1000? Please provide all underlying calculations and disaggregate the workhour savings into the two categories referenced above: elimination of the need to maintain separation mailstreams and reduction in operator keying time.

(iii) What is the annual workhour reduction that would result from deploying OCRs on all FSM 1000s? Please provide all underlying calculations and disaggregate the workhour savings into the two categories referenced above: elimination of the need to maintain separation mailstreams and reduction in operator keying time.

(iv) Please confirm that these savings are not reflected in LR-I-126 or LR-I-127. If not confirmed, please provide a citation to where these savings are incorporated in the roll forward.

(v) Please provide throughput per hour and crew size for an FSM 1000 with an OCR.

Response:

a) The deployment of an OCR on the FSM 881 was completed as of April, 1999. Please see attached deployment schedule.

b) The percentage of FSM 881s deployed with an OCR is 100 percent.

c) Please see page 5 of Library Reference -I-126, revised February 18, 2000. The calculated savings in this Library Reference, includes reduced costs by reductions on operator keying time; it does not include any potential benefits of eliminating the need for separate mail streams. There has been no attempt to quantify the value, if any, of eliminating the need for separate mail streams.

d) Please see response to c.

e) Not confirmed. Please see page 5 of Library Reference -I-126, revised February 18, 2000.

f) Yes, as mentioned on page 11 of my testimony. See response to MPA/USPS-T10-4.

(i) There is no deployment schedule available at this time. The plan is for 100 percent of FSM 1000s to receive an OCR. See response to MPA/USPS-T10-4.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

(ii)+(iii) It is premature to project the savings from *one* and *all* OCR equipped FSM 1000s. The OCR is incorporated with a feeder. The two cannot be separated. The savings from the Feeder/OCR will be a function of a number of determining factors which have not yet been finalized.

(iv) Confirmed

(v) The OCR throughput would be the same as the FSM 1000 in BCR mode – approximately 5000 pieces per hour. The crew size is still being determined since OCR rejects will still need to be keyed and the performance of the feeders being evaluated has not been completed. See response to MPA/USPS-T10-4.

Attachment Postcom/USPS-T10
13 pages 1 3/7/00 4

FMOCR KIT INSTALLATION Revision N ~me1a10
(Revised Schedule)

DEPL WEEK	INSTALL DAY	INSTALL DATE	AREA	SITE LOCATION
NA	NA	12/01/97	HQ	TRAINING CENTER (SIMULATOR)
NA	NA	12/01/97	HQ	TRAINING CENTER (SIMULATOR)
NA	NA	12/01/97	HQ	TRAINING CENTER (SIMULATOR)
NA	NA	12/01/97	HQ	TRAINING CENTER (SIMULATOR)
NA	NA	12/01/97	HQ	TRAINING CENTER (SIMULATOR)
NA	NA	12/01/97	HQ	TRAINING CENTER (SIMULATOR)
NA	NA	12/08/97	HQ	TRAINING CENTER (SIMULATOR)
NA	NA	12/08/97	HQ	TRAINING CENTER (SIMULATOR)
NA	NA	12/10/97	HQ	TRAINING CENTER (SIMULATOR)
NA	NA	12/11/97	HQ	TRAINING CENTER (SIMULATOR)
NA	NA	12/12/97	HQ	TRAINING CENTER (SIMULATOR)
NA	NA	12/13/97	HQ	TRAINING CENTER (SIMULATOR)
NA	NA	12/15/97	HQ	TRAINING CENTER
NA	NA	12/15/97	HQ	TRAINING CENTER
NA	NA	12/15/97	HQ	TRAINING CENTER
NA	NA	12/15/97	HQ	TRAINING CENTER
NA	NA	01/05/98		JACE LAYTON, ESC
NA	NA	01/05/98	GL	PALATINE, IL (1ST ARTICLE)
NA	NA	06/26/98	HQ	ERD SIMULATOR
NA	NA	06/29/98		MDC, TOPEKA, KS
1	MON	07/06/98	AL	LANCASTER, PA
2	MON	07/13/98	AL	LANCASTER, PA
2	MON	07/13/98	PA	LOS ANGELES, CA
3	MON	07/20/98	DC	MERRIFIELD (NO. VIRGINIA), VA
3	MON	07/20/98	GL	PALATINE, IL
3	MON	07/20/98	PA	LOS ANGELES, CA
3	MON	07/20/98	SE	NASHVILLE, TN (ANNEX)
4	MON	07/27/98	AL	CINCINNATI, OH
4	MON	07/27/98	DC	MERRIFIELD (NO. VIRGINIA), VA
4	MON	07/27/98	GL	PALATINE, IL
4	MON	07/27/98	NE	BOSTON, MA
4	MON	07/27/98	NY	MELVILLE (MID-ISLAND), NY
4	MON	07/27/98	PA	LOS ANGELES, CA
4	MON	07/27/98	SE	NASHVILLE, TN (ANNEX)
4	MON	07/27/98	SE	ORLANDO, FL
5	MON	08/03/98	AL	CINCINNATI, OH
5	MON	08/03/98	DC	MERRIFIELD (NO. VIRGINIA), VA
5	MON	08/03/98	GL	PALATINE, IL
5	MON	08/03/98	NE	BOSTON, MA
5	MON	08/03/98	NY	MELVILLE (MID-ISLAND), NY
5	MON	08/03/98	PA	LOS ANGELES, CA
5	MON	08/03/98	SE	NASHVILLE, TN (ANNEX)
5	MON	08/03/98	SE	ORLANDO, FL
5	MON	08/03/98	SW	DALLAS, TX
5	MON	08/03/98	WE	LAS VEGAS, NV
6	MON	08/10/98	AL	CINCINNATI, OH
6	MON	08/10/98	DC	MERRIFIELD (NO. VIRGINIA), VA
6	MON	08/10/98	GL	PALATINE, IL
6	MON	08/10/98	NE	BOSTON, MA
6	MON	08/10/98	NY	MELVILLE (MID-ISLAND), NY
6	MON	08/10/98	PA	LOS ANGELES, CA
6	MON	08/10/98	SE	NASHVILLE, TN (ANNEX)
6	MON	08/10/98	SE	ORLANDO, FL
6	MON	08/10/98	SW	DALLAS, TX
6	MON	08/10/98	WE	LAS VEGAS, NV
6	THU	08/13/98	DC	MERRIFIELD (NO. VIRGINIA), VA
6	THU	08/13/98	PA	LOS ANGELES, CA
7	MON	08/17/98	AL	CINCINNATI, OH
7	MON	08/17/98	DC	MERRIFIELD (NO. VIRGINIA), VA
7	MON	08/17/98	GL	FT WAYNE, IN
7	MON	08/17/98	MW	MILWAUKEE, WI
7	MON	08/17/98	NE	BOSTON, MA
7	MON	08/17/98	NY	MELVILLE (MID-ISLAND), NY
7	MON	08/17/98	PA	LOS ANGELES, CA
7	MON	08/17/98	SE	ORLANDO, FL
7	MON	08/17/98	SW	DALLAS, TX

Shipping Instructions:
1. Equipment must be delivered on date shown in "FMOCR INST DATE" column
2. Inside delivery is required
3. Delivery must be made 7 to 8 AM per further instructions to be supplied on Form 7342

FMOCR KIT INSTALLATION Revision N ~me1a10 2
(Revised Schedule) 3/7/00

DEPL WEEK	INSTALL DAY	INSTALL DATE	AREA	SITE LOCATION
7	MON	08/17/98	WE	LAS VEGAS, NV
7	THU	08/20/98	DC	MERRIFIELD (NO. VIRGINIA), VA
7	THU	08/20/98	GL	FT WAYNE, IN
7	THU	08/20/98	MW	MILWAUKEE, WI
7	THU	08/20/98	PA	LOS ANGELES, CA
8	MON	08/24/98	AL	CINCINNATI, OH
8	MON	08/24/98	DC	MERRIFIELD (NO. VIRGINIA), VA
8	MON	08/24/98	GL	LANSING, MI
8	MON	08/24/98	MW	MILWAUKEE, WI
8	MON	08/24/98	NE	BOSTON, MA
8	MON	08/24/98	NY	MELVILLE (MID-ISLAND), NY
8	MON	08/24/98	PA	LOS ANGELES, CA
8	MON	08/24/98	SE	GAINESVILLE, FL
8	MON	08/24/98	SW	DALLAS, TX
8	MON	08/24/98	WE	LAS VEGAS, NV
8	THU	08/27/98	AL	CINCINNATI, OH
8	THU	08/27/98	GL	LANSING, MI
8	THU	08/27/98	MW	MILWAUKEE, WI
8	THU	08/27/98	NE	BOSTON, MA
8	THU	08/27/98	NY	KEARNEY (DOMINICK V. DANIELS), NJ
8	THU	08/27/98	PA	LOS ANGELES, CA
9	MON	08/31/98	AL	CINCINNATI, OH
9	MON	08/31/98	GL	LANSING, MI
9	MON	08/31/98	MW	MILWAUKEE, WI
9	MON	08/31/98	NE	BOSTON, MA
9	MON	08/31/98	NY	KEARNEY (DOMINICK V. DANIELS), NJ
9	MON	08/31/98	NY	MELVILLE (MID-ISLAND), NY
9	MON	08/31/98	PA	LOS ANGELES, CA
9	MON	08/31/98	SE	LAKELAND, FL
9	MON	08/31/98	SW	DALLAS, TX
9	MON	08/31/98	WE	DENVER, CO
9	THU	09/03/98	AL	COLUMBUS, OH
9	THU	09/03/98	GL	TROY (ROYAL OAK), MI
9	THU	09/03/98	MW	MILWAUKEE, WI
9	THU	09/03/98	NE	WALTHAM (NORTHWEST BOSTON), MA
9	THU	09/03/98	NY	KEARNEY (DOMINICK V. DANIELS), NJ
9	THU	09/03/98	NY	NEW YORK (MORGAN STA.), NY
9	THU	09/03/98	PA	INGLEWOOD, CA (MARINA P&DC)
9	THU	09/03/98	SE	ATLANTA, GA
10	THU	09/10/98	AL	COLUMBUS, OH
10	THU	09/10/98	GL	TROY (ROYAL OAK), MI
10	THU	09/10/98	MW	MILWAUKEE, WI
10	THU	09/10/98	NE	WALTHAM (NORTHWEST BOSTON), MA
10	THU	09/10/98	NY	KEARNEY (DOMINICK V. DANIELS), NJ
10	THU	09/10/98	NY	NEW YORK (MORGAN STA.), NY
10	THU	09/10/98	PA	INGLEWOOD, CA (MARINA P&DC)
10	THU	09/10/98	SE	ATLANTA, GA
10	THU	09/10/98	SW	DALLAS, TX
10	THU	09/10/98	WE	DENVER, CO
11	MON	09/14/98	AL	COLUMBUS, OH
11	MON	09/14/98	GL	TROY (ROYAL OAK), MI
11	MON	09/14/98	MW	MADISON, WI
11	MON	09/14/98	NE	WALTHAM (NORTHWEST BOSTON), MA
11	MON	09/14/98	NY	KEARNEY (DOMINICK V. DANIELS), NJ
11	MON	09/14/98	NY	NEW YORK (MORGAN STA.), NY
11	MON	09/14/98	PA	INGLEWOOD, CA (MARINA P&DC)
11	MON	09/14/98	SE	ATLANTA, GA
11	MON	09/14/98	SW	DALLAS, TX
11	MON	09/14/98	WE	DENVER, CO
11	THU	09/17/98	AL	COLUMBUS, OH
11	THU	09/17/98	GL	TROY (ROYAL OAK), MI
11	THU	09/17/98	MA	GREENSBORO, NC
11	THU	09/17/98	MW	MADISON, WI
11	THU	09/17/98	NE	HARTFORD, CT
11	THU	09/17/98	NY	NEW YORK (MORGAN STA.), NY
11	THU	09/17/98	PA	OAKLAND, CA

Shipping Instructions:
1. Equipment must be delivered on date shown in "FMOCR INST DATE" column
2. Inside delivery is required
3. Delivery must be made 7 to 8 AM per further instructions to be supplied on Form 7342

FMOCR KIT INSTALLATION Revision N ~me1s10 3
(Revised Schedule) 3/7/00

DEPL WEEK	INSTALL DAY	INSTALL DATE	AREA	SITE LOCATION
11	THU	09/17/98	SE	ATLANTA, GA
11	THU	09/17/98	SW	DALLAS, TX
11	THU	09/17/98	WE	DENVER, CO
12	MON	09/21/98	AL	COLUMBUS, OH
12	MON	09/21/98	GL	CAROL STREAM, IL
12	MON	09/21/98	GL	BEDFORD PARK (SO SUBURBAN), IL
12	MON	09/21/98	MA	GREENSBORO, NC
12	MON	09/21/98	NE	HARTFORD, CT
12	MON	09/21/98	NY	NEW YORK (MORGAN STA.), NY
12	MON	09/21/98	PA	OAKLAND, CA
12	MON	09/21/98	SE	DULUTH (NORTH METRO), GA
12	MON	09/21/98	SW	FT. WORTH, TX
12	MON	09/21/98	WE	DENVER, CO
12	THU	09/24/98	AL	COLUMBUS, OH
12	THU	09/24/98	GL	CAROL STREAM, IL
12	THU	09/24/98	GL	BEDFORD PARK (SO SUBURBAN), IL
12	THU	09/24/98	MA	GREENSBORO, NC
12	THU	09/24/98	NE	HARTFORD, CT
12	THU	09/24/98	NY	NEW YORK (MORGAN STA.), NY
12	THU	09/24/98	PA	OAKLAND, CA
12	THU	09/24/98	SE	DULUTH (NORTH METRO), GA
12	THU	09/24/98	SW	FT. WORTH, TX
12	THU	09/24/98	WE	DENVER, CO
13	MON	09/28/98	AL	COLUMBUS, OH
13	MON	09/28/98	GL	CAROL STREAM, IL
13	MON	09/28/98	GL	BEDFORD PARK (SO SUBURBAN), IL
13	MON	09/28/98	MA	GREENSBORO, NC (ANNEX
13	MON	09/28/98	NE	HARTFORD, CT
13	MON	09/28/98	NY	NEW YORK (MORGAN STA.), NY
13	MON	09/28/98	PA	OAKLAND, CA
13	MON	09/28/98	SE	DULUTH (NORTH METRO), GA
13	MON	09/28/98	SW	FT. WORTH, TX
13	MON	09/28/98	WE	DENVER, CO
13	THU	10/01/98	AL	COLUMBUS, OH
13	THU	10/01/98	GL	CAROL STREAM, IL
13	THU	10/01/98	MA	COLUMBIA, SC
13	THU	10/01/98	MW	ST. LOUIS, MO
13	THU	10/01/98	NE	HARTFORD, CT
13	THU	10/01/98	NY	NEWARK, NJ
13	THU	10/01/98	PA	OAKLAND, CA
13	THU	10/01/98	SE	DULUTH (NORTH METRO), GA
13	THU	10/01/98	SW	FT. WORTH, TX
13	THU	10/01/98	WE	PHOENIX, AZ
14	MON	10/05/98	AL	DEVON (SOUTHEASTERN), PA
14	MON	10/05/98	AL	COLUMBUS, OH
14	MON	10/05/98	MA	COLUMBIA, SC
14	MON	10/05/98	MW	ST. LOUIS, MO
14	MON	10/05/98	NE	HARTFORD, CT
14	MON	10/05/98	NY	NEWARK, NJ
14	MON	10/05/98	PA	SAN FRANCISCO, CA
14	MON	10/05/98	SE	SAVANNAH, GA
14	MON	10/05/98	SW	FT. WORTH, TX
14	MON	10/05/98	WE	PHOENIX, AZ
14	THU	10/08/98	AL	DEVON (SOUTHEASTERN), PA
14	THU	10/08/98	MA	COLUMBIA, SC
14	THU	10/08/98	MA	LOUISVILLE, KY
14	THU	10/08/98	MW	ST. LOUIS, MO
14	THU	10/08/98	NE	BUFFALO, NY
14	THU	10/08/98	NY	NEWARK, NJ
14	THU	10/08/98	PA	SAN FRANCISCO, CA
14	THU	10/08/98	SE	MACON, GA (ANNEX)
14	THU	10/08/98	SW	COPPEL (NO. TEXAS), TX
14	THU	10/08/98	WE	PHOENIX, AZ
15	MON	10/12/98	AL	DEVON (SOUTHEASTERN), PA
15	MON	10/12/98	MA	CHARLESTON, SC
15	MON	10/12/98	MA	LOUISVILLE, KY

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FMOCR KIT INSTALLATION Revision N ~me1a10 4
(Revised Schedule) 3/7/00

DEPL WEEK	INSTALL DAY	INSTALL DATE	AREA	SITE LOCATION
15	MON	10/12/98	MW	ST. LOUIS, MO
15	MON	10/12/98	NE	BUFFALO, NY
15	MON	10/12/98	NY	NEW YORK (MORGAN STA.), NY
15	MON	10/12/98	PA	SAN FRANCISCO, CA
15	MON	10/12/98	SE	LAKE MARY (MID-FLORIDA), FL
15	MON	10/12/98	SW	COPPEL (NO. TEXAS), TX
15	MON	10/12/98	WE	PHOENIX, AZ
15	THU	10/15/98	AL	DEVON (SOUTHEASTERN), PA
15	THU	10/15/98	DC	GAITHERSBURG (SUBURBAN), MD
15	THU	10/15/98	MA	LOUISVILLE, KY
15	THU	10/15/98	MW	ST. LOUIS, MO
15	THU	10/15/98	NE	BUFFALO, NY
15	THU	10/15/98	NY	NEW YORK (MORGAN STA.), NY
15	THU	10/15/98	PA	SAN FRANCISCO, CA
15	THU	10/15/98	SE	LAKE MARY (MID-FLORIDA), FL
15	THU	10/15/98	SW	COPPEL (NO. TEXAS), TX
15	THU	10/15/98	WE	PHOENIX, AZ
16	MON	10/19/98	AL	DEVON (SOUTHEASTERN), PA
16	MON	10/19/98	DC	GAITHERSBURG (SUBURBAN), MD
16	MON	10/19/98	MA	LOUISVILLE, KY
16	MON	10/19/98	MW	ST. LOUIS, MO
16	MON	10/19/98	NE	BUFFALO, NY
16	MON	10/19/98	NY	NEW YORK (MORGAN STA.), NY
16	MON	10/19/98	PA	SAN FRANCISCO, CA
16	MON	10/19/98	SE	GULFPORT, MS
16	MON	10/19/98	SW	COPPEL (NO. TEXAS), TX
16	MON	10/19/98	WE	PHOENIX, AZ
16	THU	10/22/98	AL	LEHIGH VALLEY, PA
16	THU	10/22/98	DC	GAITHERSBURG (SUBURBAN), MD
16	THU	10/22/98	MA	LOUISVILLE, KY
16	THU	10/22/98	MW	ST. LOUIS, MO
16	THU	10/22/98	NE	BUFFALO, NY
16	THU	10/22/98	NY	NEW YORK (MORGAN STA.), NY
16	THU	10/22/98	PA	SAN FRANCISCO, CA
16	THU	10/22/98	SE	MOBILE, AL
16	THU	10/22/98	SW	COPPEL (NO. TEXAS), TX
16	THU	10/22/98	WE	PHOENIX, AZ
17	MON	10/26/98	AL	LEHIGH VALLEY, PA
17	MON	10/26/98	DC	GAITHERSBURG (SUBURBAN), MD
17	MON	10/26/98	MA	LOUISVILLE, KY AMF
17	MON	10/26/98	MW	MINNEAPOLIS, MN
17	MON	10/26/98	NE	BUFFALO, NY
17	MON	10/26/98	NY	NEW YORK (MORGAN STA.), NY
17	MON	10/26/98	PA	SAN FRANCISCO, CA
17	MON	10/26/98	PA	SAN DIEGO, CA (M.L. SELLERS)
17	MON	10/26/98	SE	ST.PETERSBURG, FL
17	MON	10/26/98	SW	COPPEL (NO. TEXAS), TX
17	THU	10/29/98	AL	LEHIGH VALLEY, PA
17	THU	10/29/98	DC	GAITHERSBURG ANNEX(SUBURBAN), MD
17	THU	10/29/98	GL	CHICAGO, IL
17	THU	10/29/98	MW	MINNEAPOLIS, MN
17	THU	10/29/98	NE	ROCHESTER, NY
17	THU	10/29/98	NY	NEW YORK (MORGAN STA.), NY
17	THU	10/29/98	PA	SAN FRANCISCO, CA
17	THU	10/29/98	PA	SAN DIEGO, CA (M.L. SELLERS)
17	THU	10/29/98	SE	ST.PETERSBURG, FL
17	THU	10/29/98	SW	COPPEL (NO. TEXAS), TX
18	MON	11/02/98	AL	HARRISBURG, PA
18	MON	11/02/98	DC	GAITHERSBURG ANNEX(SUBURBAN), MD
18	MON	11/02/98	GL	CHICAGO, IL
18	MON	11/02/98	MW	MINNEAPOLIS, MN
18	MON	11/02/98	NE	ROCHESTER, NY
18	MON	11/02/98	NY	NEW YORK (MORGAN STA.), NY
18	MON	11/02/98	PA	SAN FRANCISCO, CA
18	MON	11/02/98	PA	SAN DIEGO, CA (M.L. SELLERS)
18	MON	11/02/98	SE	MIAMI FL

Shipping Instructions:
1. Equipment must be delivered on date shown in "FMOCR INST DATE" column
2. Inside delivery is required
3. Delivery must be made 7 to 8 AM per further instructions to be supplied on Form 7342

FMOCR KIT INSTALLATION Revision N ~me1a10 5
(Revised Schedule) 3/7/00

DEPL WEEK	INSTALL DAY	INSTALL DATE	AREA	SITE LOCATION
18	MON	11/02/98	SW	HOUSTON (SOUTH ANNEX), TX
18	THU	11/05/98	AL	HARRISBURG, PA
18	THU	11/05/98	DC	GAITHERSBURG ANNEX(SUBURBAN), MD
18	THU	11/05/98	GL	CHICAGO, IL
18	THU	11/05/98	MW	MINNEAPOLIS, MN
18	THU	11/05/98	NE	ROCHESTER, NY
18	THU	11/05/98	NY	NEW YORK (MORGAN STA.), NY
18	THU	11/05/98	PA	SAN FRANCISCO, CA
18	THU	11/05/98	PA	SAN DIEGO, CA (M.L. SELLERS)
18	THU	11/05/98	SE	MIAMI FL
18	THU	11/05/98	SW	HOUSTON (SOUTH ANNEX), TX
19	MON	11/09/98	AL	HARRISBURG, PA
19	MON	11/09/98	GL	CHICAGO, IL
19	MON	11/09/98	MA	RICHMOND, VA
19	MON	11/09/98	MW	MINNEAPOLIS, MN
19	MON	11/09/98	NE	ROCHESTER, NY
19	MON	11/09/98	NY	NEW YORK (MORGAN STA.), NY
19	MON	11/09/98	PA	SAN DIEGO, CA (M.L. SELLERS)
19	MON	11/09/98	SE	MIAMI FL
19	MON	11/09/98	SW	HOUSTON (SOUTH ANNEX), TX
19	MON	11/09/98	WE	OLYMPIA, WA
19	THU	11/12/98	AL	HARRISBURG, PA
19	THU	11/12/98	GL	CHICAGO, IL
19	THU	11/12/98	MA	RICHMOND, VA
19	THU	11/12/98	MW	MINNEAPOLIS, MN
19	THU	11/12/98	NE	ROCHESTER, NY
19	THU	11/12/98	NY	EDISON (KILMER), NJ
19	THU	11/12/98	PA	SAN DIEGO, CA (M.L. SELLERS)
19	THU	11/12/98	SE	MIAMI FL
19	THU	11/12/98	SW	HOUSTON (SOUTH ANNEX), TX
19	THU	11/12/98	WE	SEATTLE,WA (DDC EAST)
20	MON	11/16/98	AL	HARRISBURG, PA
20	MON	11/16/98	AL	CLEVELAND, OH P&DC
20	MON	11/16/98	GL	CHICAGO, IL
20	MON	11/16/98	MA	RICHMOND, VA
20	MON	11/16/98	MW	MINNEAPOLIS, MN
20	MON	11/16/98	NY	EDISON (KILMER), NJ
20	MON	11/16/98	PA	SAN DIEGO, CA (M.L. SELLERS)
20	MON	11/16/98	SE	MIAMI FL
20	MON	11/16/98	SW	HOUSTON (SOUTH ANNEX), TX
20	MON	11/16/98	WE	SEATTLE, WA (DDC SOUTH)
20	THU	11/19/98	AL	CLEVELAND, OH P&DC
20	THU	11/19/98	DC	DULLES, VA
20	THU	11/19/98	GL	CHICAGO, IL
20	THU	11/19/98	MA	RICHMOND, VA
20	THU	11/19/98	MW	ST. PAUL, MN
20	THU	11/19/98	NY	EDISON (KILMER), NJ
20	THU	11/19/98	PA	SAN DIEGO, CA (M.L. SELLERS)
20	THU	11/19/98	SE	MIAMI FL
20	THU	11/19/98	SW	HOUSTON (SOUTH ANNEX), TX
20	THU	11/19/98	WE	SEATTLE, WA
21	MON	11/23/98	AL	CLEVELAND, OH P&DC
21	MON	11/23/98	DC	DULLES, VA
21	MON	11/23/98	GL	CHICAGO, IL
21	MON	11/23/98	MA	RICHMOND, VA
21	MON	11/23/98	MW	ST. PAUL, MN
21	MON	11/23/98	NY	EDISON (KILMER), NJ
21	MON	11/23/98	PA	SANTA ANA, CA
21	MON	11/23/98	SE	DAYTONA BEACH, FL
21	MON	11/23/98	SW	HOUSTON (SOUTH ANNEX), TX
21	MON	11/23/98	WE	SEATTLE, WA
22	MON	11/30/98	AL	CLEVELAND, OH P&DC
22	MON	11/30/98	DC	DULLES, VA
22	MON	11/30/98	GL	INDIANAPOLIS, IN
22	MON	11/30/98	MA	RICHMOND, VA
22	MON	11/30/98	MW	ST. PAUL, MN

Shipping Instructions:
1. Equipment must be delivered on date shown in "FMOCR INST DATE" column
2. Inside delivery is required
3. Delivery must be made 7 to 8 AM per further instructions to be supplied on Form 7342

DEFL WEEK	INSTALL DAY	INSTALL DATE	AREA	SITE LOCATION
22	MON	11/30/98	NE	ALBANY, NY
22	MON	11/30/98	PA	SANTA ANA, CA
22	MON	11/30/98	SE	TAMPA, FL
22	MON	11/30/98	SW	NO.HOUSTON, TX (IMPC)
22	MON	11/30/98	WE	SEATTLE, WA
22	THU	12/03/98	AL	CLEVELAND, OH P&DC
22	THU	12/03/98	DC	DULLES, VA
22	THU	12/03/98	GL	INDIANAPOLIS, IN
22	THU	12/03/98	MA	LYNCHBURG, VA
22	THU	12/03/98	MW	ST. PAUL, MN
22	THU	12/03/98	NE	ALBANY, NY
22	THU	12/03/98	PA	SANTA ANA, CA
22	THU	12/03/98	SE	TAMPA, FL
22	THU	12/03/98	SW	NO.HOUSTON, TX (IMPC)
22	THU	12/03/98	WE	SEATTLE, WA
23	MON	12/07/98	AL	CLEVELAND, OH P&DC
23	MON	12/07/98	DC	DULLES, VA
23	MON	12/07/98	GL	INDIANAPOLIS, IN
23	MON	12/07/98	MA	CHARLOTTE, NC, P&DC
23	MON	12/07/98	MW	ST. PAUL, MN
23	MON	12/07/98	NE	ALBANY, NY
23	MON	12/07/98	PA	SANTA ANA, CA
23	MON	12/07/98	SE	TAMPA, FL
23	MON	12/07/98	SW	NO.HOUSTON, TX (IMPC)
23	MON	12/07/98	WE	SEATTLE, WA
23	THU	12/10/98	AL	CLEVELAND, OH P&DC
23	THU	12/10/98	GL	INDIANAPOLIS, IN
23	THU	12/10/98	MA	CHARLOTTE, NC, P&DC
23	THU	12/10/98	MW	CEDAR RAPIDS, IA
23	THU	12/10/98	NE	PROVIDENCE, RI
23	THU	12/10/98	NE	ALBANY, NY
23	THU	12/10/98	PA	SANTA ANA, CA
23	THU	12/10/98	SE	TAMPA, FL
23	THU	12/10/98	SW	NO.HOUSTON, TX (IMPC)
23	THU	12/10/98	WE	SEATTLE, WA
27	MON	01/04/99	GL	INDIANAPOLIS, IN
27	MON	01/04/99	MA	CHARLOTTE, NC, P&DC
27	MON	01/04/99	MW	DES MOINES, IA
27	MON	01/04/99	MW	KANSAS CITY, MO
27	MON	01/04/99	NE	PROVIDENCE, RI
27	MON	01/04/99	NE	WALLINGFORD (SOUTHERN CT), CT
27	MON	01/04/99	PA	SANTA ANA, CA
27	MON	01/04/99	SE	TAMPA, FL
27	MON	01/04/99	SW	NO.HOUSTON, TX (IMPC)
27	MON	01/04/99	WE	PORTLAND, OR
27	THU	01/07/99	GL	INDIANAPOLIS, IN
27	THU	01/07/99	MA	CHARLOTTE, NC, P&DC
27	THU	01/07/99	MW	DES MOINES, IA
27	THU	01/07/99	MW	KANSAS CITY, MO
27	THU	01/07/99	NE	PROVIDENCE, RI
27	THU	01/07/99	NE	WALLINGFORD (SOUTHERN CT), CT
27	THU	01/07/99	PA	SANTA CLARITA, CA
27	THU	01/07/99	SE	BIRMINGHAM, AL P&DC
27	THU	01/07/99	SW	NO.HOUSTON, TX (IMPC)
27	THU	01/07/99	WE	PORTLAND, OR
28	MON	01/11/99	GL	INDIANAPOLIS, IN
28	MON	01/11/99	MA	CHARLOTTE, NC (AMC)
28	MON	01/11/99	MW	DES MOINES, IA
28	MON	01/11/99	MW	KANSAS CITY, MO
28	MON	01/11/99	NE	PROVIDENCE, RI
28	MON	01/11/99	NE	WALLINGFORD (SOUTHERN CT), CT
28	MON	01/11/99	PA	SANTA CLARITA, CA
28	MON	01/11/99	SE	BIRMINGHAM, AL P&DC
28	MON	01/11/99	SW	NO.HOUSTON, TX (IMPC)
28	MON	01/11/99	WE	PORTLAND, OR
28	THU	01/14/99	AL	TOLEDO, OH

Shipping Instructions:
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3. Delivery must be made 7 to 8 AM per further instructions to be supplied on Form 7342

FMOCR KIT INSTALLATION Revision N
(Revised Schedule)

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DEPL WEEK	INSTALL DAY	INSTALL DATE	AREA	SITE LOCATION
28	THU	01/14/99	MA	CHARLOTTE, NC (ANNX)
28	THU	01/14/99	MW	DES MOINES, IA
28	THU	01/14/99	MW	KANSAS CITY, MO
28	THU	01/14/99	NE	SHREWSBURY (CENTRAL MASS), MA
28	THU	01/14/99	NE	WALLINGFORD (SOUTHERN CT), CT
28	THU	01/14/99	PA	SANTA CLARITA, CA
28	THU	01/14/99	SE	BIRMINGHAM, AL (ANNEX)
28	THU	01/14/99	SW	NEW ORLEANS, LA
28	THU	01/14/99	WE	PORTLAND, OR
29	MON	01/18/99	AL	TOLEDO, OH
29	MON	01/18/99	AL	PHILADELPHIA, PA
29	MON	01/18/99	DC	WASHINGTON, DC
29	MON	01/18/99	MA	ASHVILLE, NC
29	MON	01/18/99	MW	OMAHA, NE
29	MON	01/18/99	MW	KANSAS CITY, MO
29	MON	01/18/99	NE	SHREWSBURY (CENTRAL MASS), MA
29	MON	01/18/99	NY	WESTCHESTER, NY
29	MON	01/18/99	NY	BROOKLYN, NY
29	MON	01/18/99	NY	TRENTON, NJ
29	MON	01/18/99	PA	SANTA CLARITA, CA
29	MON	01/18/99	PA	SACRAMENTO, CA
29	MON	01/18/99	SE	BIRMINGHAM, AL (ANNEX)
29	MON	01/18/99	SW	NEW ORLEANS, LA
29	MON	01/18/99	WE	PORTLAND, OR
29	THU	01/21/99	GL	DETROIT, MI
29	THU	01/21/99	MA	HICKORY, NC
29	THU	01/21/99	MW	OMAHA, NE
29	THU	01/21/99	MW	KANSAS CITY, KS
29	THU	01/21/99	NE	SHREWSBURY (CENTRAL MASS), MA
29	THU	01/21/99	NY	WESTCHESTER, NY
29	THU	01/21/99	PA	SANTA CLARITA, CA
29	THU	01/21/99	SE	HUNTSVILLE, AL
29	THU	01/21/99	SW	NEW ORLEANS, LA
29	THU	01/21/99	WE	EUGENE, OR
30	MON	01/25/99	AL	PHILADELPHIA, PA
30	MON	01/25/99	DC	WASHINGTON, DC
30	MON	01/25/99	GL	DETROIT, MI
30	MON	01/25/99	MA	FAYETTEVILLE, NC (SYCAMORE ANNEX)
30	MON	01/25/99	MW	OMAHA, NE
30	MON	01/25/99	MW	KANSAS CITY, KS
30	MON	01/25/99	NE	SHREWSBURY (CENTRAL MASS), MA
30	MON	01/25/99	NY	WESTCHESTER, NY
30	MON	01/25/99	NY	BROOKLYN, NY
30	MON	01/25/99	NY	TRENTON, NJ
30	MON	01/25/99	PA	SAN BERNARDINO,CA
30	MON	01/25/99	PA	SACRAMENTO, CA
30	MON	01/25/99	SE	KNOXVILLE, TN
30	MON	01/25/99	SW	NEW ORLEANS, LA
30	MON	01/25/99	WE	SALEM, OR
30	THU	01/28/99	AL	PHILADELPHIA, PA
30	THU	01/28/99	DC	WASHINGTON, DC
30	THU	01/28/99	GL	DETROIT, MI
30	THU	01/28/99	MA	FAYETTEVILLE, NC (SYCAMORE ANNEX)
30	THU	01/28/99	MW	SIOUX FALLS, SD
30	THU	01/28/99	MW	WICHITA, KS
30	THU	01/28/99	NE	SPRINGFIELD, MA P&DC
30	THU	01/28/99	NY	WESTCHESTER, NY
30	THU	01/28/99	NY	BROOKLYN, NY
30	THU	01/28/99	NY	TRENTON, NJ
30	THU	01/28/99	PA	SAN BERNARDINO,CA
30	THU	01/28/99	PA	SACRAMENTO, CA
30	THU	01/28/99	SE	KNOXVILLE, TN
30	THU	01/28/99	SW	NEW ORLEANS, LA
30	THU	01/28/99	WE	SEATTLE, WA (AMC)
31	MON	02/01/99	AL	BELLMAWR (SO. JERSEY), NJ
31	MON	02/01/99	AL	PHILADELPHIA, PA

Shipping Instructions:
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FMOCR KIT INSTALLATION Revision N ~me1s10 6
(Revised Schedule) 3/7/00

DEPL WEEK	INSTALL DAY	INSTALL DATE	AREA	SITE LOCATION
31	MON	02/01/99	DC	WASHINGTON, DC
31	MON	02/01/99	GL	DETROIT, MI
31	MON	02/01/99	GL	AURORA (FOX VALLEY), IL
31	MON	02/01/99	MA	ROCKY MOUNT, NC
31	MON	02/01/99	MW	FARGO, ND
31	MON	02/01/99	MW	WICHITA, KS
31	MON	02/01/99	NE	SPRINGFIELD, MA P&DC
31	MON	02/01/99	NY	WESTCHESTER, NY
31	MON	02/01/99	NY	BROOKLYN, NY
31	MON	02/01/99	PA	SAN BERNARDINO,CA
31	MON	02/01/99	PA	SACRAMENTO, CA
31	MON	02/01/99	SW	NEW ORLEANS, LA
31	MON	02/01/99	WE	TACOMA, WA
31	THU	02/04/99	AL	BELLMAWR (SO. JERSEY), NJ
31	THU	02/04/99	AL	PHILADELPHIA, PA
31	THU	02/04/99	DC	WASHINGTON, DC
31	THU	02/04/99	GL	DETROIT, MI
31	THU	02/04/99	GL	AURORA (FOX VALLEY), IL
31	THU	02/04/99	MW	FARGO, ND
31	THU	02/04/99	NE	SPRINGFIELD, MA P&DC
31	THU	02/04/99	NY	WESTERN NASSAU, NY
31	THU	02/04/99	NY	FLUSHING, NY (QUEENS)
31	THU	02/04/99	PA	SAN BERNARDINO,CA
31	THU	02/04/99	PA	SACRAMENTO, CA
31	THU	02/04/99	SE	ALBANY, GA
31	THU	02/04/99	SW	OKLAHOMA CITY, OK
31	THU	02/04/99	SW	BATON ROUGE, LA
31	THU	02/04/99	WE	TACOMA, WA
32	MON	02/08/99	AL	DAYTON, OH
32	MON	02/08/99	AL	BELLMAWR (SO. JERSEY), NJ
32	MON	02/08/99	AL	PHILADELPHIA, PA
32	MON	02/08/99	DC	WASHINGTON, DC
32	MON	02/08/99	GL	DETROIT, MI
32	MON	02/08/99	GL	AURORA (FOX VALLEY), IL
32	MON	02/08/99	NE	SPRINGFIELD, MA P&DC
32	MON	02/08/99	NY	WESTERN NASSAU, NY
32	MON	02/08/99	NY	FLUSHING, NY (QUEENS)
32	MON	02/08/99	PA	INDUSTRY, CA (ALHAMBRA)
32	MON	02/08/99	SE	AUGUSTA, GA
32	MON	02/08/99	SW	OKLAHOMA CITY, OK
32	MON	02/08/99	SW	BATON ROUGE, LA
32	MON	02/08/99	WE	EVERETT, WA
32	MON	02/08/99	WE	BILLINGS, MT
32	THU	02/11/99	AL	DAYTON, OH
32	THU	02/11/99	AL	BELLMAWR (SO. JERSEY), NJ
32	THU	02/11/99	AL	PHILADELPHIA, PA
32	THU	02/11/99	DC	WASHINGTON, DC
32	THU	02/11/99	GL	DETROIT, MI
32	THU	02/11/99	GL	CHICAGO (IRVING PARK RD P&DC), IL
32	THU	02/11/99	NE	PORTLAND, ME
32	THU	02/11/99	NY	WESTERN NASSAU, NY
32	THU	02/11/99	NY	FLUSHING, NY (QUEENS)
32	THU	02/11/99	PA	INDUSTRY, CA (ALHAMBRA)
32	THU	02/11/99	SE	DULUTH (NORTH METRO), GA
32	THU	02/11/99	SW	OKLAHOMA CITY, OK
32	THU	02/11/99	SW	SHREVEPORT, LA
32	THU	02/11/99	WE	EVERETT, WA
32	THU	02/11/99	WE	CHEYENNE, WY
33	MON	02/15/99	AL	DAYTON, OH
33	MON	02/15/99	AL	BELLMAWR (SO. JERSEY), NJ
33	MON	02/15/99	AL	PHILADELPHIA, PA
33	MON	02/15/99	DC	WASHINGTON, DC
33	MON	02/15/99	GL	DETROIT, MI
33	MON	02/15/99	GL	CHICAGO (IRVING PARK RD P&DC), IL
33	MON	02/15/99	NE	PORTLAND, ME
33	MON	02/15/99	NY	NEW YORK (CHURCH ST. STA.), NY

Shipping Instructions:
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FMOCR KIT INSTALLATION Revision N —me1a10 9
(Revised Schedule) 3/7/00

DEPL WEEK	INSTALL DAY	INSTALL DATE	AREA	SITE LOCATION
33	MON	02/15/99	NY	FLUSHING, NY (QUEENS)
33	MON	02/15/99	PA	INDUSTRY, CA (ALHAMBRA)
33	MON	02/15/99	SE	DULUTH (NORTH METRO), GA
33	MON	02/15/99	SW	SAN ANTONIO, TX
33	MON	02/15/99	SW	SHREVEPORT, LA
33	MON	02/15/99	WE	SPOKANE, WA
33	MON	02/15/99	WE	RENO, NV
33	THU	02/18/99	AL	MANSFIELD, OH
33	THU	02/18/99	AL	WILMINGTON (DELAWARE), DE
33	THU	02/18/99	AL	PHILADELPHIA, PA
33	THU	02/18/99	DC	WASHINGTON, DC
33	THU	02/18/99	GL	GRAND RAPIDS, MI
33	THU	02/18/99	GL	CHICAGO (IRVING PARK RD P&DC), IL
33	THU	02/18/99	NE	PORTLAND (NW PORTLAND ANNEX), ME
33	THU	02/18/99	NE	SYRACUSE, NY
33	THU	02/18/99	NY	NEW YORK (CHURCH ST. STA.), NY
33	THU	02/18/99	PA	INDUSTRY, CA (ALHAMBRA)
33	THU	02/18/99	SE	DULUTH (NORTH METRO), GA
33	THU	02/18/99	SW	SAN ANTONIO, TX
33	THU	02/18/99	SW	LITTLE ROCK, AR
33	THU	02/18/99	WE	SPOKANE, WA
33	THU	02/18/99	WE	RENO, NV
34	MON	02/22/99	AL	CLEVELAND, OH AMC
34	MON	02/22/99	AL	WILMINGTON (DELAWARE), DE
34	MON	02/22/99	AL	PHILADELPHIA, PA
34	MON	02/22/99	DC	WASHINGTON, DC
34	MON	02/22/99	GL	GRAND RAPIDS, MI
34	THU	02/22/99	MW	GREEN BAY, WI
34	MON	02/22/99	NE	MANCHESTER, NH
34	MON	02/22/99	NE	SYRACUSE, NY
34	MON	02/22/99	NY	NEW YORK (CHURCH ST. STA.), NY
34	MON	02/22/99	PA	HONOLULU, HI
34	MON	02/22/99	SE	DULUTH (NORTH METRO), GA
34	MON	02/22/99	SW	SAN ANTONIO, TX
34	MON	02/22/99	SW	LITTLE ROCK, AR
34	MON	02/22/99	WE	BOISE, ID
34	MON	02/22/99	WE	ANCHORAGE, AK
34	THU	02/25/99	AL	CLEVELAND, OH AMC
34	THU	02/25/99	AL	WILMINGTON (DELAWARE), DE
34	THU	02/25/99	AL	PHILADELPHIA, PA
34	THU	02/25/99	DC	WASHINGTON, DC
34	THU	02/25/99	GL	GRAND RAPIDS, MI
34	THU	02/25/99	MW	LINCOLN, NE
34	THU	02/25/99	MW	WAUSAU, WI
34	THU	02/25/99	NE	MANCHESTER, NH
34	THU	02/25/99	NE	SYRACUSE, NY
34	THU	02/25/99	NY	NEW YORK (CHURCH ST. STA.), NY
34	THU	02/25/99	PA	HONOLULU, HI
34	THU	02/25/99	SE	ATLANTA, GA
34	THU	02/25/99	SW	SAN ANTONIO, TX
34	THU	02/25/99	SW	TULSA, OK (MAIL PROCESSING ANNEX)
34	THU	02/25/99	WE	ANCHORAGE, AK
35	MON	03/01/99	AL	PHILADELPHIA, PA
35	MON	03/01/99	DC	BALTIMORE, MD P&DC
35	MON	03/01/99	GL	GRAND RAPIDS, MI
35	MON	03/01/99	MA	CHARLESTON, WV
35	MON	03/01/99	MW	SPRINGFIELD, MO
35	MON	03/01/99	MW	OSHKOSH, WI
35	MON	03/01/99	NE	MANCHESTER, NH
35	MON	03/01/99	NE	STAMFORD, CT
35	MON	03/01/99	NY	JFK AMC, NY
35	MON	03/01/99	PA	HONOLULU, HI
35	MON	03/01/99	SE	ATLANTA, GA
35	MON	03/01/99	SE	MANASOTA (SARASOTA), FL
35	MON	03/01/99	SW	AUSTIN, TX
35	MON	03/01/99	SW	TULSA, OK (MAIL PROCESSING ANNEX)

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FMOCR KIT INSTALLATION Revision N ~me1a10 10
(Revised Schedule) 3/7/00

DEPL WEEK	INSTALL DAY	INSTALL DATE	AREA	SITE LOCATION
35	MON	03/01/99	WE	SALT LAKE CITY, UT
35	THU	03/04/99	AL	PHILADELPHIA, PA
35	THU	03/04/99	DC	BALTIMORE, MD P&DC
35	THU	03/04/99	GL	FLINT, MI
35	THU	03/04/99	MA	ROANOKE, VA
35	THU	03/04/99	MW	COLUMBIA, MO
35	THU	03/04/99	NE	WOBURN (MIDDLESEX-ESSEX), MA
35	THU	03/04/99	NE	STAMFORD, CT
35	THU	03/04/99	NY	TOTOWA (ANNEX)
35	THU	03/04/99	PA	HONOLULU, HI
35	THU	03/04/99	SE	ATLANTA, GA
35	THU	03/04/99	SE	PANAMA CITY, FL
35	THU	03/04/99	SE	MANASOTA (SARASOTA), FL
35	THU	03/04/99	SW	AUSTIN, TX
35	THU	03/04/99	SW	TULSA, OK (MAIL PROCESSING ANNEX)
35	THU	03/04/99	WE	SALT LAKE CITY, UT
36	MON	03/08/99	AL	PHILADELPHIA, PA
36	MON	03/08/99	DC	BALTIMORE, MD P&DC
36	MON	03/08/99	GL	FLINT, MI
36	MON	03/08/99	MA	ROANOKE, VA
36	MON	03/08/99	MW	TOPEKA, KS
36	MON	03/08/99	NE	WOBURN (MIDDLESEX-ESSEX), MA
36	MON	03/08/99	NE	STAMFORD, CT
36	MON	03/08/99	NY	WHIPPANY (WEST JERSEY), NJ
36	MON	03/08/99	PA	SAN JOSE, CA
36	MON	03/08/99	SE	ATLANTA, GA
36	MON	03/08/99	SE	MEMPHIS, TN
36	THU	03/08/99	SE	PENSACOLA, FL
36	MON	03/08/99	SE	JACKSONVILLE, FL (ANNEX)
36	MON	03/08/99	SW	AUSTIN, TX
36	MON	03/08/99	WE	SALT LAKE CITY, UT
36	THU	03/11/99	AL	PHILADELPHIA, PA
36	THU	03/11/99	DC	BALTIMORE, MD P&DC
36	THU	03/11/99	GL	SAGINAW, MI
36	THU	03/11/99	MA	CHARLOTTESVILLE, VA
36	THU	03/11/99	MA	NORFOLK, VA
36	THU	03/11/99	NE	BROCKTON, MA
36	THU	03/11/99	NY	WHIPPANY (WEST JERSEY), NJ
36	THU	03/11/99	PA	SAN JOSE, CA
36	THU	03/11/99	SE	W. PALM BEACH, FL
36	THU	03/11/99	SE	MEMPHIS, TN
37	THU	03/11/99	SE	FT. MYERS, FL
36	THU	03/11/99	SE	JACKSONVILLE, FL (ANNEX)
36	THU	03/11/99	SW	AUSTIN, TX
36	THU	03/11/99	SW	EL PASO
36	THU	03/11/99	WE	COLORADO SPRINGS, CO
37	MON	03/15/99	AL	PITTSBURGH, PA
37	MON	03/15/99	DC	CAPITAL HEIGHTS (SOUTHERN), MD
37	MON	03/15/99	DC	BALTIMORE, MD P&DC
37	MON	03/15/99	GL	SAGINAW, MI
37	MON	03/15/99	MA	NORFOLK, VA
37	MON	03/15/99	NE	BROCKTON, MA
37	MON	03/15/99	NY	WHIPPANY (WEST JERSEY), NJ
37	MON	03/15/99	PA	SAN JOSE, CA
37	MON	03/15/99	SE	W. PALM BEACH, FL
37	MON	03/15/99	SE	MEMPHIS, TN
37	MON	03/15/99	SE	FT. MYERS, FL
37	MON	03/15/99	SE	JACKSONVILLE, FL (ANNEX)
37	MON	03/15/99	SW	MCALLEN, TX
37	MON	03/15/99	SW	MIDLAND, TX
37	MON	03/15/99	WE	ALBUQUERQUE, NM
37	THU	03/18/99	AL	PITTSBURGH, PA
37	THU	03/18/99	DC	CAPITAL HEIGHTS (SOUTHERN), MD
37	THU	03/18/99	DC	BALTIMORE, MD P&DC
37	THU	03/18/99	GL	KALAMAZOO, MI
37	THU	03/18/99	MA	NORFOLK, VA

Shipping Instructions:
1. Equipment must be delivered on date shown in "FMOCR INST DATE" column
2. Inside delivery is required
3. Delivery must be made 7 to 8 AM per further instructions to be supplied on Form 7342

FMOCR KIT INSTALLATION Revision N -me1a10 11
(Revised Schedule) 3/7/00

DEPL WEEK	INSTALL DAY	INSTALL DATE	AREA	SITE LOCATION
37	THU	03/18/99	NE	WHITE RIVER JCT., VT
37	THU	03/18/99	NY	JERSEY CITY (NJI & BMC) NJ
37	THU	03/18/99	PA	SAN JOSE, CA
37	THU	03/18/99	SE	W. PALM BEACH, FL
37	THU	03/18/99	SE	MEMPHIS, TN
37	THU	03/18/99	SE	FT. MYERS, FL
37	THU	03/18/99	SE	JACKSONVILLE, FL (ANNEX)
37	THU	03/18/99	SW	CORPUS CHRISTI,TX
37	THU	03/18/99	SW	LUBBOCK, TX
37	THU	03/18/99	WE	ALBUQUERQUE, NM
38	MON	03/22/99	AL	PITTSBURGH, PA
38	MON	03/22/99	DC	CAPITAL HEIGHTS (SOUTHERN), MD
38	MON	03/22/99	DC	BALTIMORE, MD P&DC
38	MON	03/22/99	GL	KALAMAZOO, MI
38	MON	03/22/99	MA	NORFOLK, VA
38	MON	03/22/99	NE	WHITE RIVER JCT., VT
38	MON	03/22/99	NY	NEW YORK (MORGAN STA.), NY
38	MON	03/22/99	PA	SAN JOSE, CA
38	MON	03/22/99	SE	W. PALM BEACH, FL
38	MON	03/22/99	SE	JACKSON, MS
38	MON	03/22/99	SE	TALLAHASSEE, FL
38	MON	03/22/99	SW	BEAUMONT, TX
38	MON	03/22/99	SW	AMARILLO, TX
38	MON	03/22/99	WE	TUCSON, AZ
38	THU	03/25/99	AL	READING, PA
38	THU	03/25/99	AL	PITTSBURGH, PA
38	THU	03/25/99	DC	CAPITAL HEIGHTS (SOUTHERN), MD
38	THU	03/25/99	DC	BALTIMORE, MD P&DC
38	THU	03/25/99	GL	KALAMAZOO, MI
38	THU	03/25/99	MA	NORFOLK, VA
38	THU	03/25/99	MW	ROCK ISLAND, IL
38	THU	03/25/99	NE	BURLINGTON, VT
38	MON	03/25/99	NY	JERSEY CITY (NJI & BMC) NJ
38	THU	03/25/99	NY	NEWBURGH (MID-HUDSON), NY
38	THU	03/25/99	NY	NEW YORK (MORGAN STA.), NY
38	THU	03/25/99	PA	PETALUMA (NORTH BAY), CA
38	THU	03/25/99	SE	FT. LAUDERDALE, FL
38	THU	03/25/99	SE	JACKSON, MS
38	THU	03/25/99	SW	BRYAN, TX
38	THU	03/25/99	WE	TUCSON, AZ
39	MON	03/29/99	AL	READING, PA
39	MON	03/29/99	AL	PITTSBURGH, PA
39	MON	03/29/99	DC	CAPITAL HEIGHTS (SOUTHERN), MD
39	MON	03/29/99	DC	BALTIMORE, MD IMF
39	MON	03/29/99	GL	SOUTH BEND IN
39	MON	03/29/99	GL	PEORIA, IL
39	MON	03/29/99	MA	RALEIGH, NC
39	MON	03/29/99	NE	BURLINGTON, VT
39	MON	03/29/99	NY	NEWBURGH (MID-HUDSON), NY
39	MON	03/29/99	NY	NEW YORK (MORGAN STA.), NY
39	MON	03/29/99	PA	PETALUMA (NORTH BAY), CA
39	MON	03/29/99	PA	ANAHEIM, CA
39	MON	03/29/99	SE	FT. LAUDERDALE, FL
39	MON	03/29/99	SE	MONTGOMERY, AL
39	MON	03/29/99	SW	WACO, TX (ANNEX)
39	THU	04/01/99	AL	NEW CASTLE, PA
39	THU	04/01/99	AL	WILKESBARRE, PA
39	THU	04/01/99	AL	PITTSBURGH, PA
39	THU	04/01/99	DC	BALTIMORE, MD IMF
39	THU	04/01/99	GL	SOUTH BEND IN
39	THU	04/01/99	GL	PEORIA, IL
39	THU	04/01/99	MA	RALEIGH, NC
39	THU	04/01/99	NE	HAMPDEN (EASTERN MAINE), ME
39	THU	04/01/99	NY	NEWBURGH (MID-HUDSON), NY
39	THU	04/01/99	NY	NEW YORK (FDR STATION), NY
39	THU	04/01/99	PA	FRESNO, CA

Shipping Instructions:
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FMOCR KIT INSTALLATION Revision N ~rne1a10 12
(Revised Schedule) 3/7/00

DEPL WEEK	INSTALL DAY	INSTALL DATE	AREA	SITE LOCATION
39	THU	04/01/99	PA	PETALUMA (NORTH BAY), CA
39	THU	04/01/99	PA	LOS ANGELES, CA
39	THU	04/01/99	SE	FT. LAUDERDALE, FL
39	THU	04/01/99	SE	MONTGOMERY, AL
40	MON	04/05/99	AL	JOHNSTOWN, PA
40	MON	04/05/99	AL	WILKESBARRE, PA
40	MON	04/05/99	AL	PITTSBURGH, PA
40	MON	04/05/99	DC	BALTIMORE, MD IMF
40	MON	04/05/99	GL	GARY, IN
40	MON	04/05/99	GL	SPRINGFIELD, IL
40	MON	04/05/99	MA	RALEIGH, NC
40	MON	04/05/99	NE	PORTSMOUTH, NH
40	MON	04/05/99	NY	SAN JUAN, PR
40	MON	04/05/99	NY	HACKENSACK, NJ
40	MON	04/05/99	NY	NEW YORK (GRAND CENTRAL STA), NY
40	MON	04/05/99	PA	FRESNO, CA
40	MON	04/05/99	PA	STOCKTON, CA
40	MON	04/05/99	PA	LOS ANGELES, CA
40	MON	04/05/99	SE	CHATTANOOGA, TN
40	THU	04/08/99	AL	ALTOONA, PA
40	THU	04/08/99	AL	SCRANTON, PA
40	THU	04/08/99	AL	PITTSBURGH, PA
40	THU	04/08/99	DC	BALTIMORE, MD IMF
40	THU	04/08/99	GL	GARY, IN
40	THU	04/08/99	GL	SPRINGFIELD, IL
40	THU	04/08/99	MA	RALEIGH, NC
40	THU	04/08/99	NE	WATERBURY, CT
40	THU	04/08/99	NY	SAN JUAN, PR
40	THU	04/08/99	NY	HACKENSACK, NJ
40	THU	04/08/99	NY	NEW YORK (JAMES A FARLEY), NY
40	THU	04/08/99	PA	BAKERSFIELD, CA
40	THU	04/08/99	PA	STOCKTON, CA
40	THU	04/08/99	PA	LOS ANGELES, CA
40	THU	04/08/99	SE	CHATTANOOGA, TN
41	MON	04/12/99	AL	WILLIAMSPORT, PA
41	MON	04/12/99	AL	SCRANTON, PA
41	MON	04/12/99	DC	BALTIMORE, MD IMF
41	MON	04/12/99	GL	ROCKFORD, IL
41	MON	04/12/99	GL	BLOOMINGTON, IL
41	MON	04/12/99	MA	DURHAM, NC
41	MON	04/12/99	MA	CLARKSBURG, WV
41	MON	04/12/99	NE	WATERBURY, CT
41	MON	04/12/99	NY	PATERSON, NJ
41	MON	04/12/99	NY	BRONX, NY
41	MON	04/12/99	PA	SANTA BARBARA, CA
41	MON	04/12/99	PA	STOCKTON, CA
41	MON	04/12/99	PA	LONG BEACH, CA
41	MON	04/12/99	SE	PEMBROKE PINES (SO. FLORIDA), FL
41	MON	04/12/99	SW	FAYETTEVILLE, AR
41	THU	04/15/99	AL	AKRON, OH
41	THU	04/15/99	AL	YOUNGSTOWN, OH
41	THU	04/15/99	DC	EASTON, MD
41	THU	04/15/99	GL	TRAVERSE CITY, MI
41	THU	04/15/99	GL	CHAMPAIGN, IL
41	THU	04/15/99	MA	WINSTON SALEM, NC
41	THU	04/15/99	NE	BRIDGEPORT, CT
41	THU	04/15/99	NE	ELMIRA, NY
41	THU	04/15/99	NE	UTICA, NY
41	THU	04/15/99	NY	EATONTOWN (MONMOUTH), NJ
41	THU	04/15/99	NY	BRONX, NY
41	THU	04/15/99	PA	SANTA BARBARA, CA
41	THU	04/15/99	PA	CONCORD, CA
41	THU	04/15/99	PA	LONG BEACH, CA
41	THU	04/15/99	SE	PEMBROKE PINES (SO. FLORIDA), FL
42	MON	04/19/99	AL	AKRON, OH
42	MON	04/19/99	AL	ERIE, PA

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3. Delivery must be made 7 to 9 AM per further instructions to be supplied on Form 7342

FMOCR KIT INSTALLATION Revision N -me1a10 13
(Revised Schedule) 3/7/00

DEPL WEEK	INSTALL DAY	INSTALL DATE	AREA	SITE LOCATION
42	MON	04/19/99	AL	YOUNGSTOWN, OH
42	MON	04/19/99	DC	FREDERICK, MD
42	MON	04/19/99	DC	ANNAPOLIS, MD DDU
42	MON	04/19/99	GL	LAFAYETTE, IN
42	MON	04/19/99	MA	GREENVILLE, SC (ANNEX)
42	MON	04/19/99	NE	BINGHAMTON, NY
42	MON	04/19/99	NE	UTICA, NY
42	MON	04/19/99	NY	STATEN ISLAND, NY
42	MON	04/19/99	NY	EATONTOWN (MONMOUTH), NJ
42	MON	04/19/99	PA	PASADENA, CA
42	MON	04/19/99	PA	SAN RAMON, CA
42	MON	04/19/99	PA	LONG BEACH, CA
42	MON	04/19/99	SE	PEMBROKE PINES (SO. FLORIDA), FL
42	THU	04/22/99	AL	AKRON, OH
42	THU	04/22/99	AL	YORK, PA
42	THU	04/22/99	AL	CANTON, OH
42	THU	04/22/99	DC	FREDERICK, MD
42	THU	04/22/99	DC	TBD
42	THU	04/22/99	DC	CALVERT, MD DDC
42	THU	04/22/99	GL	KOKOMO, IN
42	THU	04/22/99	MA	FLORENCE, SC
42	THU	04/22/99	MA	EVANSVILLE, IN (ANNEX)
42	THU	04/22/99	MA	LEXINGTON, KY
42	THU	04/22/99	MA	GREENVILLE, SC (ANNEX)
43	THU	04/22/99	NY	TBD (WAS PATERSON)
42	THU	04/22/99	PA	PASADENA, CA
42	THU	04/22/99	PA	LOS ANGELES (WORLDWAY), CA
42	THU	04/22/99	SE	ATLANTA AMC
43	MON	04/26/99	AL	CANTON, OH
43	MON	04/26/99	DC	ATLANTA AMC
43	MON	04/26/99	GL	MUNCIE, IN
43	MON	04/26/99	MA	KINSTON, NC
43	MON	04/26/99	MA	LEXINGTON, KY
43	MON	04/26/99	PA	OXNARD, CA
43	MON	04/26/99	TBD	TBD (KANSAS CITY P&DC (NEW)) ?????
43	MON	04/26/99	TBD	TBD (BOISE OR CM AREA)?????????
43	MON	04/26/99	TBD	TBD (WAS ERD FSM FAT)

Shipping Instructio
1. Equipment must be delivered on date shown in [illegible]
2. Inside delivery is required
3. Delivery must be made 7 to 8 AM per further instructions to be supplied on Form 7342

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

POSTCOM/USPS-T10-5 . Is the Postal Service planning to deploy automatic feeders on FSM 881s and FSM 1000s?

(a) If not, why not?

(b) If not, is the Postal Service considering deploying automatic feeders on FSM 881s and FSM 1000s? If so, when will the Postal Service be making a decision on whether to deploy automatic feeders on FSM 881s and FSM 1000s?

(c) If the Postal Service is planning to deploy automatic feeders, please provide a schedule for the deployment. If a deployment schedule is currently unavailable, please explain when a deployment schedule will be available. Also, please indicate the percentage of FSM 881s and 1000s upon which you plan deploying automatic feeders.

(d) Please provide throughput per hour and crew size for FSM 881s and FSM 1000s with OCRs and automatic feeders.

(e) What is the annual workhour reduction that would result from deploying automatic feeders on one FSM 881? Please provide all underlying calculations.

(f) What is the annual workhour reduction that would result from deploying automatic feeders on all FSM 881s? Please provide all underlying calculations.

(g) What is the annual workhour reduction that would result from deploying automatic feeders on one FSM 1000? Please provide all underlying calculations.

(h) What is the annual workhour reduction that would result from deploying automatic feeders on all FSM 1000s? Please provide all underlying calculations.

(i) If so, please confirm that these savings are not reflected in LR-I-126 or LR-I-127. If not confirmed, please provide a citation to where these savings are incorporated in the roll forward.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

Response:

a) The plan to deploy automatic feeders on FSMs is being currently evaluated. Please see MPA/USPS-T10-4.

b) Please see MPA/USPS-T10-4.

c) After testing and evaluation are completed, the plan is to deploy automatic feeders on 100 percent of the FSM 1000s. Please see MPA/USPS-T10-4.

d) Not currently available. Please see MPA/USPS-T10-5.

e) Not currently available. Please see MPA/USPS-T10-4.

f) Not currently available. Please see MPA/USPS-T10-4.

g) Not currently available. Please see MPA/USPS-T10-4.

h) Not currently available. Please see MPA/USPS-T10-4.

i) Confirmed.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

POSTCOM/USPS-T10-6 . Please refer to the Advanced Flat Sorting Machine (AFSM) paragraph on page 6 of LR-I-126. In particular, note the final sentence, which states "Savings for FY 2001 were estimated to decrease 2,715,000 hours for clerks (1,086 machines x 2,500 hours per machine) and cost was estimated to increase by 410,000 hours for maintenance (1,086 machines x 377.5 hours)."

(a) Is the number of AFSM machines mentioned in this paragraph consistent with the first deployment of AFSM 100s that you discuss in your testimony?

(b) Is the "2,500 hours per machine" savings estimate consistent with the savings that you think should result from deploying one AFSM 100

(c) Is the "377.5 hours per machine" increase in maintenance workhours consistent with the increase that you think should result from deploying one AFSM 100?

(d) If your response to any of the above was no, please provide revised estimates of the reduction in clerks workhours and increase in maintenance workhours that would result from the first deployment of AFSM 100s.

Response:

(a) – (d) LR-I-126 errata was filed on February 18, 2000 and is now reconciled with my testimony and includes revised estimates.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

POSTCOM/USPS-T10-7 Please refer to your response to PostCom/USPS-T-10-1. Display each of the calculations to which your answer to that interrogatory refers with exact citation to each of the factors in each of those calculations.

RESPONSE:

(a) cost/hour by LDC
(b) cost/TPH (000)
(c) total pieces handled (000) (TPH (000))
(d) MODS workhours
(e) cost of hours

Manual Flats - $69.00/1000

$$\frac{(a)\ 27.06 \times (d)\ 967,472}{(c)\ 379,412} = (b)\ 69.00$$

note: (a) x (d) = (e) = 26,179,792

Manual Letters - $58.80/1000

$$\frac{(a)\ 27.06 \times (d)\ 3,545,522}{(c)\ 1,631,566} = (b)\ 58.80$$

note: (a) x (d) = (e) = 95,941,825

Automation Letters - $5.41/1000

$$\frac{(a)\ 26.57 \times (d)\ 4,402,938}{(c)\ 21,624,045} = (b)\ 5.41$$

note: (a) x (d) = (e) = 116,986,063

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

Mechanized/Automation Flats - $51.68/1000

$$\frac{(a)\ 26.57 \times (d)\ 3,156,744}{(c)\ 1,623,014} = (b)\ 51.68$$

note: (a) x (d) = (e) = 83,874,708

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

POSTCOM/USPS-T10-8

a) Please list and describe all of the factors that cause an automation letter to be less expensive for the Postal Service to handle than a similarly presorted non-automation letter.

(b) Individually for each factor listed in part (a), indicate whether the resulting savings are modeled in the mail processing cost model presented by witness Miller. If only a portion of the savings resulting from a particular factor are modeled by witness Miller, please explain which portion is modeled by witness Miller and which portion is not modeled by witness Miller.

(c) For each factor not modeled by witness Miller, please describe in detail why it reduces Postal Service costs. Please also quantify the savings that result from the factor.

(d) For each factor not modeled by witness Miller, please provide a copy of all studies and reports that discuss the benefits to the Postal Service of the factor.

(e) If the average wage rate for clerks that primarily handle automation letters is different than the average wage rate for clerks that primarily handle non-automation letters, please quantify the difference in average wage rate for handling automation letters and handling non-automation letters.

(f) If the container handling productivity is different for containers with automation letters and containers with non-automation letters, please provide productivities for handling containers with automation letters and containers with non-automation letters.

RESPONSE:

(a) Factors vary slightly between automation (barcoded) and non-automation letters as well as between letters and flats. We DPS letters, which requires a finer depth of sort, and we barcode letters for subsequent operations, which is currently not the case for flats. Similar to my response to PostCom/USPS-T10-2 related to flats, holding presortation constant, the automation related factors are:

1. The accept rate for barcoded letters on a BCS is higher than the OCR accept rate for non-barcoded letters.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

2. Barcoded letters, whether barcoded by the customer, OCR, RCR or REC keyers, allow use of a lower-paid clerk in comparison with a manual clerk.
3. Barcoded tray labels are required for automation and automation –compatible rate mail, which allows for more efficient tray handlings at sites, particularly with TMS.
4. Productivities for BCS operations are higher than for manual operations and in some instances higher than for OCR operations.
5. Depth of sort for a handling is higher on a BCS than for an OCR (except the low cost OCR since it is essentially a DBCS with an OCR) or manual operations.
6. Address Quality. Please see response to PostCom/USPS-T10-3.
7. Machinability requirements of prebarcoded (automation rate) *and* automation-compatible letters are more stringent than for other letters.

(b)

1. Yes, equipment accept rates are taken into account in witness Miller's models.
2. No. It is my understanding that average mail processing wage rates are used with CRA proportional adjustment factors.
3. No. I am told the container handling is not part of the mailflow models. However, given the benchmark for automation letters is automation – compatible letters, which has the same labeling requirement, there would be no expected cost difference.
4. Yes, productivity differences are included.
5. Yes, depth of sort is reflected in the downflow densities.

 Revised 4-13-2000

6. Yes, I am told that any differences in address quality, to the extent they have an effect on cost, would be among the factors that cause automation and non-automation rate mail to have different accept rates and lower productivities. For example, a non-automation piece without all of the necessary information to barcode to delivery point is rejected by an OCR, unable to be resolved by RCR, is keyed by the REC and may end up with only a 5-digit result, and is then sorted to carrier manually would be reflected within witness Miller's models.
7. Yes, machinability is a characteristic of the benchmark mail as well.

(c) and (d) 2. Automation allows for Casual and PS-04 level clerks which have lower hourly wage rates than PS-05 ~~and PS-06~~ for manual and manual scheme clerks. Please see TW/USPS-T10-1 for FY 99 average wage rates by level.

3. Barcoded tray labels should be more human–readable as well as eliminating the need for us to re-label non-barcoded trays inducted at TMS facilities. I know of no studies that discuss or quantify this value.

(e) Please see TW/USPS-T10-1 for FY 99 average wage rates by level. However, barcoded letters refers both to automation AND non-automation rate letters barcoded by customers, the OCR, RCR or the REC. The wage difference would come into play for only the portion of volume that is sorted manually. These volumes are estimated by witness Miller's models.

(f) I have no basis to consider that container handling productivity would vary between automation and non-automation letters since letters are required to all be presented in trays for presorted rates.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

POSTCOM/USPS-T10-9

(a) Please confirm that there is a difference in address quality between automation letters and non-automation letters. If not confirmed, please provide your rationale.

(b) Please describe why there is a difference in address quality between automation letters and non-automation letters.

(c) Please confirm that better address quality stems directly from requirements imposed on automation mail.

(d) Please confirm that ignoring the difference in address quality between automation letters and non-automation letters understates the cost difference between automation letters and non-automation letters.

(e) Please provide copies of all Postal Service studies and reports that quantify the difference in address quality between automation letters and non-automation letters.

(f) Please describe all potential mail flows for a letter that is mailed to the wrong address. In particular, please describe the mail flows individually for the following types of address problems.

(i) Incorrect name
(ii) Incorrect street number
(iii) Missing or incorrect directionals
(iv) Incorrect apartment number
(v) No apartment number
(vi) Incorrect zip code (sic)

(g) For each mail flow described in part (f), please describe all incremental Postal Service handling required because the letter was addressed incorrectly.

(h) For each mail flow described in part (f), please quantify the unit cost to the Postal Service of the letter being addressed incorrectly.

(i) If the mail flows and unit costs for flats that are addressed incorrectly are different than the mail flows and unit costs for letters that are addressed incorrectly, please provide the same information for flats as you provided in parts (f)-(h) of this interrogatory for letters.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

RESPONSE:

(a) Please see response to PostCom/USPS-T10-3(a).

(b) Please see response to PostCom/USPS-T10-3(b).

(c) Please see response to PostCom/USPS-T10-3(c).

(d) Not confirmed. Please see PostCom/USPS-T10-8(b) and MMA/USPS-T24-14(b). Address quality is reflected in the accept rate and productivites.

(e) Please see PostCom/USPS-T10-3(e).

(f) and (g)

(i) Incorrect name – if it is labeled as "or current resident" or there is no current forwarding order on file, the piece would be delivered by the carrier, who may be able to make a correction based on her knowledge of customers on the route. If there is a forwarding order specifying all occupants, the mail piece will be handled in accordance with the Ancillary Service Endorsement. See the Domestic Mail Manual, sections 015 and F010, for details.

(ii) Incorrect street number – If it is valid but incorrect for the intended recipient, the piece will generally be delivered to the incorrect address. However, the carrier may be able to determine the correct address using information related to customers on the route. If for example it looked like an 8 and should have been a 6 and it matches with the name, the carrier will make the correction either in the office or on the street. If no such address exists, the piece will be handled in accordance with the Ancillary Service Endorsement.

(iii) Missing or incorrect directionals - If the directional is missing, RBCS can correct the situation in some instances. For example, if the address is 4310 Quebec Rd, the system is able to check with our national directory to see if the only viable option is N. Quebec within that ZIP Code if a S. Quebec also exists but not for that address range within the ZIP Code. Most of the time the East/West or North/South directionals occur within different ZIP Codes. Otherwise, If a manual clerk and carrier is familiar with the situation, and they generally are, they will forward the piece to the correct address.

(iv) Incorrect apartment number – If it is a valid apartment number for the address (just not for the intended recipient), it will be coded to the wrong ZIP+4 or delivery point and the carrier may correct it at destination based on his knowledge of

customers on the route. If it is not a valid apartment number for the address according to our national directory, the OCR, RCR, and REC results will usually code to a building default and again will have to be corrected by the carrier at the destination. Suite numbers for an address with multiple firms, will have an opportunity to be correctly barcoded if the firm is in our national database.

(v) No apartment number - The piece will be coded to the building default and the carrier will have to correct. For addresses without a suite number, just as mentioned in (iv) above, if the firm is in our national directory we have an opportunity to code it to delivery point. Again, the carrier will have to sort at destination based on the name or knowledge of the route.

(vi) Incorrect ZIP Code – If the ZIP Code on the piece is not valid, the OCR, RCR and REC will next look to the city and state and address information to make a determination of the accurate ZIP Code. If the ZIP Code applied is valid (and is not a unique ZIP Code) yet does not match the city, state, and address, again, the system will provide a correction if a match is found. If the piece does not get corrected and gets to the wrong ZIP Code, the delivery unit will cross out the incorrect ZIP Code and return it to the plant.

(h) I do not know of any unit cost estimates for the examples in (f). In some instances there are no cost differences if a correction can be made based on information in our national directory.

(i) The mailflows are slightly different for flats when they are either not read by the OCR on the FSM 881 or AFSM since these are the only opportunities for flats to access the correction abilities afforded by information in the national database. The other difference, is that we do not barcode flats like we do for letters, nor do we currently DPS flats, so the absence of, or an incorrect apartment number would totally fall to the carrier at the destination. All of the other mailflows would essentially be the same.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

POSTCOM/USPS-T10-10 In your response to AAP/USPS-T-10-2 you say:

> "Bound Printed Matter bundles on BMC pallets will likely contain 3-digit and higher presort bundles that are incompatible with the Parcel Sorters."

Please explain why "3-digit and higher presort bundles . . . are incompatible with . . . Parcel Sorters."

Response:

There are three basic reasons: 1) Popular industry packaging and/or bundling methods of BPM do not meet machinability requirements, (2) BPM bundles often exceed the maximum allowable weight for the parcel sorting machines which is 25 pounds for books or other printed matter, and (3) BMC parcel sorting machines (PSM) primarily finalize parcel sortation to 5-digit ZIP Code destinations. The PSMs do not assign run-outs for 3-digit or ADC working bundles. In addition, employees key mail on the PSM based on the full 5-digit ZIP Code. If a parcel is not prebarcoded, then a 5-digit barcode will be applied to the piece on the primary parcel sorter. This 5-digit barcode application is not appropriate for working bundles and would result in mail going to a delivery unit that must come back to the plant for piece distribution, in addition to delaying the mail. Finally, working bundles would require keying based on the ZIP Code of the top piece in addition to the presort level of the entire bundle as indicated by the optional endorsement line or sticker.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF POSTCOM REDIRECTED FROM WITNESS YACOBUCCI

PostCom/USPS-T25-4. Please refer to LR-I-90 and your response to MPA/USPS-T25-3(b), where you state: "It is my understanding that the USPS Operations considers the throughput of an FSM 881 in BCR/OCR mode processing barcoded flats to be the same as an FSM 881 in BCR/OCR (sic) mode processing flats." Please refer to LR-I-90. In particular, refer to Worksheet "Scenario Costs" and the tables titled "Standard (A) Regular Cost Averages – Actual" and Standard (A) Regular Cost Averages – Normalized Auto-Related Savings" on Worksheet "Cost Averaging."

(a) How many addresses can a BCR read per hour? If different BCRs have different maximum read rates, please provide the maximum read rate for each and provide a description of each BCR.
(b) How many addresses can an OCR read per hour? If different OCRs have different maximum read rates, please provide the maximum read rate for each and provide a description of each BCR (sic).
(c) Please describe the mail flow for a piece that is rejected from an FSM. In doing this, please describe the mail flow in terms of both mail sorting activities and allied activities.
(d) Please explain which of these activites must be performed for flats that are not rejected.
(e) – (f) NA
(g) What is the maximum throughput for an AFSM 100.
(h) What is the maximum throughput for an FSM 881 with automatic feeders?
(i) What is the maximum throughput for an FSM 1000 with automatic feeders?

Response:

(a) It is my understanding that a BCR on an MLOCR or BCS has actually been observed reading over 50,000 barcodes (not addresses) per hour. WABCR camera scan limitation is 180 inches per second. Given the minimum piece length (5½ inches) and minimum gap of 90mm (approximately 3½ inches) between letters, that is at most, 72,000 pieces scanned per hour. The limiting factor on the equipment is the physical limitation of transporting the pieces through the machine at that speed, not the ability of the Wide Area BCR to look in a limited area of the letter for a barcode that is "right-side up".

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF POSTCOM REDIRECTED FROM WITNESS YACOBUCCI

The BCR on a FSM has two other constraints, finding the barcode in an image that is larger than for letters through many more graphics, which requires additional computing time, and reading barcodes upside down and vertically. Therefore, a BCR on an FSM can read up to 35,000 barcoded images per hour. Again, the physical speed of transporting the flat through the FSM, that has more mass than a letter, and not the BCR is the primary constraint on throughput.

(b) It is my understanding that an OCR on an MLOCR or low cost OCR can scan letters (not addresses) at approximately 118 inches per second. Given the minimum piece length (5½ inches) and minimum gap of 90mm (approximately 3½ inches) between pieces, that is at most, 47,200 pieces scanned per hour. Any reduction in the gap causes physical jams. The gap also varies depending on the weight, length, and/or address look-up requirements of the piece. Again, transport of the mail is the limiting factor in equipment throughput. The OCR requires a look-up for results in the national database. If the physical throughput rises, the accept rate will decline since the amount of time provided to look up the result is diminished.

The OCR on the FSMs is similar the BCR above in that the physical speed of transporting flats is the limiting factor. Again, the OCR on the FSMs must look through a larger scan, through more graphics, which requires additional computing time, and decipher addresses upside down and vertically as well as right-side up. Therefore, each OCR on the FSM can scan up to 3 images per second or approximately 10,800 images per hour. The FSM 881 has two

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF POSTCOM REDIRECTED FROM WITNESS YACOBUCCI

BCR/OCRs (one for each feed end) and the AFSM has three per machine (one for each feeder). The FSM 1000 is expected to have one OCR per machine.

(c) and (d) The mailflows for flats on an FSM are shown in USPS-T25, page 24 and discussed to some extent in my testimony (T10), pages 12-14. Mailflows of rejects vary depending on which FSM they came from, what processing mode (e.g., BCR on the FSM 1000, BCR/OCR on the FSM 881, or keying), the sort plan, the operating windows, and the amount of FSMs by type at a facility. FSM 881 BCR and OCR rejects may be keyed on another FSM 881, flowed to the FSM 1000, or sent to manual. FSM 1000 BCR rejects may be keyed on the FSM 1000 or sent to manual. The AFSM 100 BCR/OCR rejects are keyed on-line and stay on the AFSM. For all FSMs, this does not include "physical" rejects due to jams etc. that may be re-fed into an FSM or sent to manual.

(e) and (f) answered by witness Yacobucci.

(g) It is my understanding that the maximum throughput of the AFSM 100 theoretically is approximately 21,600 pieces per hour given the three feed systems can feed approximately 7,200 pieces per hour each. However, the last feeder to supply mail has to "wait", to a limited extent, for an available slot given the previous two feeders have already filled the majority of slots. The pieces waiting for encoding results are also in the slots re-circulating through the machine until a result has been determined. Therefore, the actual throughput is closer to the 17,000 pieces per hour as stated in my testimony.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF POSTCOM REDIRECTED FROM WITNESS YACOBUCCI

(h) Since the automatic feeders for the FSM 881 have not been fully evaluated, I do not know the maximum throughput. Please see response MPA/USPS-T10-4. It is my understanding that the existing theoretical, unsustainable, maximum throughput of pieces fed on the FSM 881 without the feeders is 20,600 per hour (LR-I-193, page 5).

(i) The automatic feeder for the FSM 1000 is currently planned for vendor testing. Therefore, we do not have a maximum throughput at this time. Please see MPA/USPS-T10-5. It is my understanding that the theoretical, unsustainable, maximum throughput of pieces fed without the feeder is 10,000 per hour (LR-I-193, page 5).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF TIME WARNER INC.

TW/USPS-T10-1 In your answer to PostCom/USPS-10-2a you state: "Barcoded flats allow use of a lower paid clerk in comparison with the clerk required for keying non-barcoded flats on the FSM-1000 and non-barcoded OCR rejects on the FSM-881. "

Please elaborate on how this works in practice. In particular:

a. What are the two pay-levels to which your statement refers, and what is the hourly differential between them?

b. Can the feeding of barcoded flats on an FSM-1000 also be done by the lower paid clerks?

c. Will a given clerk be paid at a different scale depending on whether he/she is keying flats at an FSM or simply feeding flats in BCR/OCR mode? Or will a given clerk be paid at the same level regardless?

d. How do the two FSM clerk pay levels to which you refer compare with the pay levels for: (1) manual flat sorting, without required scheme knowledge; (2) manual flat sorting, with scheme knowledge; (3) OCR clerks; and (4) BCR clerks?

e. Can an FSM-881 clerk being paid at the lower level, who normally is used only for sortation in BCR/OCR mode, be asked to work on keying non-barcoded flats without violating any work rules? If yes, will he be paid extra?

f. Assume that a facility has an FSM crew of lower paid workers on Tour 1 who on a given night sorts barcoded flats until 4 am, at which point all the flats available for sorting are flats that must be keyed. Assume this is the only FSM crew available. What do instructions require be done to those flats, if they are time sensitive and if they are not? And what will be done with the workers who have become idle because they are not supposed to be keying flats?

Response:

a. The lower paid clerk would be PS-04, or possibly a casual clerk, and the other clerk would be either a PS-05 or PS-06. If the clerk qualified to key non-scheme mail (i.e. by ZIP Code) they would be PS-05. If they qualified to key

REVISED 4/10/00

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF TIME WARNER INC.

incoming secondary mail to carrier routes due to scheme knowledge requirements, they would be PS-06. I am told that the FY 99 labor rates, fully loaded with service wide costs, are $10.77, $25.47, $29.47, and $30.97 for Casual, PS-04, PS-05, and PS-06, respectively.

b. Yes, the answer applied to barcoded flats on both the FSM 881 and the FSM 1000.

c. Pay depends on the pay level (e.g. Casual, PS-04, PS-05, or PS-06) of the clerk assigned. A higher level clerk can perform lower level work.

d. (1) Manual flat clerk without scheme knowledge is a PS-05.

(2) Manual flat clerk with scheme knowledge is a PS-05.

(3) OCR (FSM or MLOCR) clerk is a PS-04.

(4) BCR (FSM or BCS) clerk is a PS-04.

e. No. The Casual or PS-04 clerk would not have the skills necessary to key non-barcoded flats. If the clerk was trained and had passed the qualification test, they would be paid as a PS-05 or PS-6, depending on the training as described in "a" above.

f. In your hypothetical situation, a couple different scenarios could occur. The PS-04 FSM crew may be scheduled to leave at 4 am if the barcoded volume available to work is to be completed by this time on a regular basis. A PS-04 clerk can also work on any automation equipment and might be assigned to a DPS operation, since DPS generally runs later into the morning than incoming secondary. If the flats are already sorted to 5-digits, are time sensitive, and this is the only FSM crew, the mail could either be worked by manual scheme

clerks at the plant, if there are any (and if the operating window and transportation allow), or sent to the delivery unit for their manual scheme clerks to distribute. If the volume is not time sensitive, and if there are FSM scheme clerks that will be coming in on another tour, then the volume will be set aside for them to work. If there are no scheme clerks in the plant, the volume will be sent out to the delivery unit where the scheme clerks are located.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF TIME WARNER INC.

TW/USPS-T10-2

a. In FY98, what percentages of FSM-881 clerk hours were paid at respectively the higher and lower pay scale? Please provide similar information for FY97 and FY99, and the projected percentage for FY2001.

b. What was the average wage rate for FSM-881 clerks in FY98? Please provide similar information for FY97, FY99, and the projected rate for TY2001.

c. In FY98, what percentages of FSM-1000 clerk hours were paid at respectively the higher and lower pay scale? Please provide similar information for FY99, and the projected percentage for TY2001.

d. What was the average wage rate for FSM-1000 clerks in FY98? Please provide similar information for FY99 and the projected rate for TY2001.

e. What does the Postal Service expect will be the typical pay-level for workers on AFSM-100 machines?

f. What is the projected AFSM-100 wage rate in TY2001?

Response:

a. - d. I am told that this information is not available.

e. The typical pay-level will be PS-04.

f. The projected pay rate for a PS-04 in FY 01 is $27.41.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF TIME WARNER INC.

TW/USPS-T10-3 Please describe as fully as possible the Postal Service's general strategy and current plans for managing the transition from flats being mostly sorted manually or by FSM keying, to them being mostly just fed into machines in BCR/OCR sorting modes, by clerks who are paid less. In particular:

a. Has there been or will there be a program or programs to reduce the pay for existing FSM workers to reflect the reduced use of keying in FSM sortation? If yes, please elaborate.

b. Has there been or will there be a program or programs to replace existing FSM workers with lower paid workers to reflect the reduced use of keying in FSM sortation? If yes, please elaborate. Particularly: what is being done and will be done with the higher paid workers who no longer are needed to sustain FSM productivity?

c. What is the Postal Service doing, and what does it plan to do, to counter the obvious incentives at this time for FSM workers and their unions to sort more mail manually, or to use keying on FSM's, in order to protect jobs?

Response:

(a) The Agreement between the Postal Service and the American Postal Workers' Union (APWU) outlines actions agreed upon during contract negotiations by the parties related to salary changes due to technological changes. The Postal Service is committed to placing impacted employees in other available and necessary jobs at the same salary level, if possible. Under the contract, employees whose jobs are eliminated by technology and who cannot be placed in other jobs of equal salary, receive "saved" salary. Saved salary retention status continues until such time as an employee fails to bid or apply for newly available positions in the former wage level. Impacted employees also may voluntarily accept a lower salary at any time by bidding or applying for available assignments at lower wage levels; an option often exercised by employees to attain preferred assignments or schedules.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF TIME WARNER INC.

(b) Yes. The Postal Service has identified a lower graded position appropriate for use in automated, non-manual keying operations. Field sites are pursuing use of the lower graded position. Further, the labor contract with the APWU recognizes the need to minimize impacts to career employees as the result of operational changes. The labor agreement provides for withholding the filling of impacted positions in anticipation of technological changes and reduction or changes in staffing needs. The Postal Service, at the field level, has been withholding the permanent filling of career flat sorting positions to reduce the number of impacted career employees, in anticipation of the use of new automated equipment. Employees still on the rolls in positions that are no longer needed are being placed in other available positions at their current salary level, if possible. Impacted employees who can not be placed at their own level are being placed in other available lower level jobs for which they are qualified.

(c) Postal Service employees and the union recognize the need for improvement of mail service and do not oppose automation of work tasks. The Postal Service has and will continue to invest in technology to eliminate manual and manual keying operations. Equipment modifications have continued to shrink the amount of mail that can not be worked on automation. On-going management awareness efforts stress full utilization of automated processing at field sites and moving mail "up the ladder". The remaining residual non-machineable mail volumes will continue to be worked by higher level clerks. Supervision of processing operations monitors work completion

for efficient use of resources. The Postal Service and its unions have been able to reduce the volume of letters in manual operations and anticipates the same trends for flats.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF TIME WARNER INC.

TW/USPS-T10-4 Please confirm that on a current FSM-1000 machine barcodes can be read on pieces fed at the first three keying stations but not at the fourth one, because of its location relative to the barcode reader. Additionally:

a. Are there any plans to modify the FSM-1000 layout so as to enable barcoded mail to be fed at all four stations? If yes, please describe those plans and when they are expected to be realized.

b. Are the current plans for FSM-1000 machines to use only the higher paid workers who are expected to also be able to key flats, or to use at least some lower paid workers on the FSM-1000s as well?

Response:

Confirmed.

(a) Currently there are no plans to modify the FSM 1000 layout to enable barcoded mail to be fed at all four stations.

(b) When in automation mode (BCR), management is expected to utilize lower paid mail processor or casual clerks. The clerk levels used are further discussed in TW/USPS-T10-1.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF TIME WARNER INC.

TW/USPS-T10-5 In your answer to DMA/USPS-10-55 you state, in reference to the economics of SPBS feed systems:

"For every hour spent manually dumping sacks into the SPBS, it was estimated that the feed system would generate approximately 143 hours of annual savings. For every hour spent dumping non-sacks into the SPBS, it was estimated that the feed system would generate approximately 572 hours of annual savings."
Please explain what this means. In particular:

a. Does the one hour of sack dumping required to produce 143 hours of annual savings refer to one manhour per day? If yes, how many workdays does that assume? If no, precisely what does the one hour used to produce 143 hours of savings mean?

b. Are these savings estimates relative to SPBS sorting of sacked and other bundles with manual induction? If not, what are the savings relative to?

c. Confirm that sacked bundles must be dumped manually from the sacks in order to be sorted on an SPBS whether or not the SPBS has a "feed system." If not confirmed, what other method(s) is (are) used to induct sacked bundles to SPBS machines?

d. Given that sacked bundles are dumped from the sacks manually whether or not an SPBS has a "feed system," how can the feed system produce any savings for sacked mail? Please describe all features of the "feed systems" that make the manual dumping of sacks more efficient so as to produce 143 annual hours of savings for every hour spent manually dumping sacks.

e. Do the 572 annual hours savings refer to mail on pallets as well as in hampers, postal paks and other containers? If not, what do they refer to?

f. Are the 572 hours of annual savings estimated relative to a completely manual induction of palletized and containerized bundles to the SPBS keying stations? If not, what are the annual savings relative to?

Response:

a. Yes. It assumes 286 processing days for the year and a four-station machine.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF TIME WARNER INC.

b. The estimated savings are relative to SPBS sorting using the prior induction belts which had limited surge capacity and used locally installed container/pallet dumpers on some of the machines.

c. Confirmed.

d. The savings projections were based solely on the anticipated reductions in loader staffing. Savings for sacks were anticipated as a result of the efficiencies offered by only having one induction point. Additional savings, predicted but not quantified, were as a result of the feed systems having greater surge capacity creating a more consistent flow of mail to the keying operators. In addition, the systems contain a built-in culling station creating a more efficient culling operation.

e. Confirmed.

f. See response to part b.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF TIME WARNER INC.

TW/USPS-T10-6 Please refer again to your answer to DMA/USPS-10-55 and explain how the savings estimates for "feed systems" with sacked and other bundles were determined. In particular:

a. Do the estimates you give represent averages of estimates obtained from different sites? Or do they reflect a single set of calculations? Please explain.

b. Please provide and explain all productivity rates, conversion factors, mail flow data and other assumptions used in deriving the estimates that one hour of respectively sacked and non-sacked dumping would produce 123 and 572 hours of annual savings.

c. Was the possibility of increased bundle breakage caused by "feed systems" included in the analysis that led to these savings estimates? If yes, how was it included?

d. What instructions were given to the different SPBS sites in order for them to calculate whether or not they had economic justification for installation of a "feed system?" If written instructions were issued, please provide a copy.

e. Please provide one or more typical examples of calculations leading to the conclusion that a given facility could economically justify installation of an SPBS feed system. The identities of the specific facilities may be redacted.

f. Please provide one or more typical examples of calculations leading to the conclusion that a given facility could not economically justify installation of an SPBS feed system. The identities of the specific facilities may be redacted.

Response:

a. The feed system was designed to require fewer loaders compared to the previous operation where four to six individual induction stations had to be supplied with mail. This allowed the staffing matrix to be adjusted for the SPBS, and the savings were calculated based on the new staffing numbers. The savings were demonstrated during limited operational field testing and

were validated prior to the second buy of feed systems using the realized savings from the first buy.

b. I assume you mean 143 hours of annual savings for sacked mail as stated in DMA/USPS-T1-55. The savings were calculated based on the adjusted staffing matrix for the SPBS and the machine run time used to process sacked and non-sacked mail at a particular site. When processing sacks on a four-station machine, the staffing is reduced by .5 positions. When processing non-sacks on a four-station machine, the staffing is reduced by two positions. On a six-station machine, the corresponding staffing reductions are one position for sacks and three positions for non-sacks.

c. Savings for bundle breakage were predicted but not included in the calculations.

d. The field sites did not calculate whether or not they had economic justification for installation. They were simply asked to provide their run times for the SPBS, and the savings based on the staffing reductions were calculated and used for the economic justification.

e. See attached spreadsheet.

f. Refer to the attached spreadsheet from part e. Sites that could not justify an SPBS would have run times that fall below the "marginal" justification.

APPENDIX F : SPBSFS 37 BUY SITE SPECIFIC SAVINGS

"FIRST" COLUMN SHOWS WHETHER FINAL AREA RESPONSES ARE REFLECTED.
COLUMNS B-G ARE FROM SPBS-48 & SPBS-54 BUY DARS. FIELD UPDATES ARE NOTED IN COL. D & RELATED FOOTNOTES.
COLUMNS H,M & N SHOW FIELD RESPONSES TO EREA 9/22/98 SAVINGS OFFER, REVISED 10/1/98
COLUMNS I & J REFLECT FIELD INPUT TO 9/2/98 SAVINGS SURVEY
COLUMN O REPORTS WHETHER COLUMN L FIGURES PROVIDE AN ECONOMICAL MACHINE.
COLUMNS P-S SHOW EREA PROCESSING OF FIELD RESPONSES. HIGHEST SAVINGS WILL BACKFILL THE THE 230-SPBS BUY. SEE NOTE 7.
COLUMN T SHOWS SAVINGS FOR UNASSIGNED MACHINES

FINAL	B	C	D	E	F	G	H	I	J	K	L=I+K	M	N	O	P	Q	R	S	T
	SPBS BUY #	SPBS BUY	SPBSFS DEPLOY SITE/MACH#	AREA	# INDUCT STA.	daily total SPBS RUN.HRS	Daily sack SPBS RUN.HRS	SACK RUN ANNUAL SAVINGS	Daily NON-SACK SPBS RUN.HRS	NON-SACK RUN ANNUAL SAVINGS	TOTAL ANNUAL SAVINGS	YES AND AREA/SITE ACCEPTS SAVINGS ?	YES AND NOTED SPACE AVAILABLE ?	ECONOMIC MACHINE ? (S)	PROJECT BUDGETED SAVINGS	#	CONTRIBUTES TO 230-DAR (?)	CONTRIBUTES TO 37-DAR (?) BUDGETED	CONTRIBUTES TO 37-DAR (?) NOT BUDGETED
X	5	46			6	20	2	572	16.0	15,444	16,016	YES	YES	YES, 20%+	16016	1	16016		
X	72	54			6	20	5	1,430	15.0	12,870	14,300	YES	NU P&D	YES, 20%+	14300	2	14300		
X	6	46			6	20	5	1,430	15.0	12,870	14,300	YES	NU P&D	YES, 20%+	14300	3	14300		
X	59	54			6	20.0	6.0	1,716	14.0	12,012	13,728	YES	YES	YES, 20%+	13728	4	13728		
X	1	46			6	18.0	4.0	1,144	14.0	12,012	13,156	YES	YES	YES, 20%+	13156	5	13156		
X	25	46			6	18.0	4.0	1,144	14.0	12,012	13,156	YES	YES	YES, 20%+	13156	6	13156		
X	4	46			6	20	8	2,288	12.0	10,296	12,584	YES	YES	YES, 20%+	12584	7	12584		
X	21	46			6	14	1	286	13.0	11,154	11,440	YES	TBD	YES, 20%+	11440	8	11440		
X	7	46			6	16.0	5.0	1,430	11.0	9,438	10,868	YES	YES	YES, 20%+	10868	9	10868		
X	51	54			6	14.0	2.1	601	11.9	10,201	10,801	YES	YES	YES, 20%+	10801	10	10801		
X	48	54			6	13.9	2.0	572	11.9	10,211	10,783	YES	YES	YES, 20%+	10783	11	10783		
X	13	46			4	20	2	286	16.0	10,296	10,582	YES	YES	YES, 20%+	10582	12	10582		
X	2	46			6	13.0	1.0	286	12.0	10,296	10,582	YES	YES	YES, 20%+	10582	13	10582		
X	60	54			4	20.0	2.0	286	16.0	10,296	10,582	YES	YES	YES, 20%+	10582	14	10582		
X	75	54			6	13.7	4.0	1,144	9.7	8,350	9,494	YES	YES	YES, 20%+	9494	15	9494		
X	93	54			6	13.7	4.0	1,144	9.7	8,330	9,474	YES	YES	YES, 20%+	9474	16	9474		
X	34	46			6	15.0	6.0	1,716	9.0	7,722	9,438	YES	YES	YES, 20%+	9438	17	9438		
X	60	54			6	12.8	3.0	858	9.8	8,420	9,278	YES	YES	YES, 20%+	9278	18	9278		
X	61	54			6	12.8	3.0	858	9.8	8,420	9,278	YES	YES	YES, 20%+	9278	19	9278		
X	76	54			4	20.0	6.0	858	14.0	8,008	8,866	YES	YES	YES, 20%+	8866	20	8866		
X	29	46			6	13.0	4.0	1,144	9.0	7,722	8,866	YES	YES	YES, 20%+	8866	21	8866		
X	#	46			6	12.91	4.0	1,144	8.9	7,648	8,792	YES	YES	YES, 20%+	8792	22	8792		
X	62	54			4	17	2	286	14.7	8,381	8,667	YES	TBD	YES, 20%+	8667	23	8667		
X	41	46			6	11.0	1.5	429	9.5	8,151	8,580	YES	YES	YES, 20%+	8580	24	8580		
X	92	54			6	12	3	858	9.0	7,705	8,563	YES	YES	YES, 20%+	8563	25	8563		
X	78	54			4	18.4	5.0	715	13.4	7,641	8,356	YES	YES	YES, 20%+	8356	26	8356		
X	66	54			4	16.8	3.0	429	13.8	7,886	8,315	YES	YES	YES, 20%+	8315	27	8315		
X	50	54			5	11	2	572	8.91	7,637	8,209	YES	YES	YES, 20%+	8209	28	8209		
X	63	54			4	18.0	5.0	715	13.0	7,436	8,151	YES	YES	YES, 20%+	8151	29	8151		
X	3	46			6	12	4	1,144	8.0	6,864	8,008	YES	YES	YES, 20%+	8008	30	8008		
X	10	46			6	10.0	1.0	286	9.0	7,722	8,008	YES	YES	YES, 20%+	8008	31	8008		
X	17	46			6	20	16	4,576	4.0	3,432	8,008	YES	YES	YES, 20%+	8008	32	8008		
X	79	54			4	20.0	9.0	1,287	11.0	6,292	7,579	YES	YES	YES, 20%+	7579	33	7579		
X	71	54			6	14	7.9	2,250	8.1	5,261	7,512	YES	YES	YES, 20%+	7512	34	7512		
X	74	54			4	16.8	5.0	715	11.8	6,746	7,461	YES	YES	YES, 20%+	7461	35	7461		
X	35	46			6	12	5	1,430	7.0	6,006	7,436	YES	YES	YES, 20%+	7436	36	7436		
X	91	54			4	12.9	0.5	72	12.4	7,086	7,158	YES	YES	YES, 20%+	7158	37	7158		
X	73	54			6	9.0	1.0	286	8.0	6,864	7,150	YES	YES	YES, 20%+	7150	38	7150		
X	14	46			4	13.0	1.0	143	12.0	6,864	7,007	YES	YES	YES, 20%+	7007	39	7007		
X	30	46			4	13.0	1.0	143	12.0	6,864	7,007	YES	YES	YES, 20%+	7007	40	7007		
X	68	54			6	10.7	4.0	1,144	6.7	5,762	6,906	YES	YES	YES, 20%+	6906	41	6906		
X	8	46			6	10.0	3.0	858	7.0	6,006	6,864	YES	YES	YES, 20%+	6864	42	6864		
X	90	54			4	12.4	1.0	143	11.4	6,545	6,688	YES	YES	YES, 20%+	6688	43	6688		
X	37	46			4	12.0	0.5	72	11.5	6,578	6,650	YES	YES	YES, 20%+	6650	44	6650		
X	11	46			5	11.0	5.0	1,430	6.0	5,148	6,578	YES	YES	YES, 20%+	6578	45		6578	
X	12	46			6	9.0	2.0	572	7.0	6,006	6,578	YES	YES	YES, 20%+	6578	46		6578	
X	69	54			6	12.1	6.7	1,916	5.4	4,654	6,570	YES	YES	YES, 20%+	6570	47		6570	
X	49	54			6	11.4	5.8	1,659	5.6	4,798	6,457	YES	YES	YES, 20%+	6457	48		6457	
X	87	54			6	10.8	5.0	1,430	5.8	4,937	6,367	YES	YES	YES, 20%+	6367	49		6367	
X	56	54			4	20	12	1,716	8.0	4,576	6,292	YES	TBD	YES, 20%+	6292	50		6292	

X	28	46		6	10.0	4.0	1,144	6.0	5,148	6,292	YES	YES	YES, 20%+	6292	51		6292	
X	28	46		6	8	1	286	7.0	6,006	6,292	YES	YES	YES, 20%+	6292	52		6292	
X	53	54		6	13.2	9.0	2,574	4.2	3,633	6,207	YES	YES	YES, 20%+	6207	53		6207	
X	61	54		4	13.2	3.3	472	9.9	5,689	6,161	YES	YES	YES, 20%+	6161	54		6161	
X	15	46		4	11.0	0.5	72	10.5	6,006	6,078	YES	YES	YES, 20%+	6078	55		6078	
X	16	46		6	8.0	1.5	429	6.5	5,577	6,006	YES	YES	YES, 20%+	6006	56		6006	
X	42	46		4	12.0	2.0	286	10.0	5,720	6,006	YES	YES	YES, 20%+	6006	57		6006	
X	52	54		6	13.6	10.0	2,860	3.6	3,126	5,986	YES	YES	YES, 20%+	5986	58		5986	
X	88	54		8	7.9	1.5	429	6.4	5,527	5,956	YES	YES	YES, 20%+	5956	59		5956	
X	96	54		4	11	1	143	9.6	5,497	5,640	YES	YES	YES, 20%+	5640	60		5640	
X	23	46		4	12.0	3.0	429	9.0	5,148	5,577	YES	YES	YES, 20%+	5577	61		5577	
X	55	54		4	20.0	14.0	2,002	6.0	3,432	5,434	YES	YES	YES, 20%+	5434	62		5434	
X	47	54		6	18.9	18.9	5,405	0.0	0	5,405	YES	YES	YES, 20%+	5405	63		5405	
X	24	46		4	12	4	515	8.4	4,806	5,320	YES	YES	YES, 20%+	5320	64		6320	
X	18	46		4	12.0	4.0	572	6.0	4,576	5,148	YES	YES	YES, 20%+	5148	65		5148	
X	32	46		4	9.0	0.5	72	8.5	4,862	4,934	YES	YES	MARGINAL 10-20%	4934	66		4934	
X	64	54		6	17.2	17.2	4,919	0.0	0	4,919	YES	YES	MARGINAL 10-20%	4919	67		4919	
X	84	54		4	11.8	4.8	686	7.0	4,019	4,705	YES	YES	MARGINAL 10-20%	4705	68		4705	
X	27	46		5	8.0	4.0	1,144	4.0	3,432	4,576	YES	YES	MARGINAL 10-20%	4576	69		4576	
X	36	46		4	9.0	2.0	286	7.0	4,004	4,290	YES	YES	MARGINAL 10-20%	4290	70		4290	
X	67	54		4	16.1	12.0	1,716	4.1	2,331	4,047	YES	TBD	MARGINAL 10-20%	4047	71		4047	
X	38	46		4	10.0	4.0	572	6.0	3,432	4,004	YES	YES	MARGINAL 10-20%	4004	72		4004	
	58	54		6	12.9	9.3	2,660	3.6	3,089	5,749			YES, 20%+	5749	74			5749
	63	54		6	12.9	9.3	2,660	3.6	3,089	5,749			YES, 20%+	5749	75			5749
	77	54		6	12.9	9.3	2,660	3.6	3,089	5,749			YES, 20%+	5749	76			5749
	86	54		6	12.9	9.3	2,660	3.6	3,089	5,749			YES, 20%+	5749	77			5749
	57	54		6	12.9	9.3	2,660	3.6	3,089	5,749			YES, 20%+	5749	78			5749
	62	54		6	12.9	9.3	2,660	3.6	3,089	5,749			YES, 20%+	5749	79			5749
	65	54		6	12.9	9.3	2,660	3.6	3,089	5,749			YES, 20%+	5749	80			5749
	40	46		6	12.9	9.3	2,660	3.6	3,089	5,749			YES, 20%+	5749	81			5749
	89	54		6	12.9	9.3	2,660	3.6	3,089	5,749			YES, 20%+	5749	82			5749

TOTAL	157,825	51,737	209,562
COUNT	28	9	
AVG	5637	5749	

NOTES :

2 - RUNTIME CHANGED FROM 8.9 HR FIGURE (APPARENTLY) RECEIVED FROM SPBS-46 BUY DAR.

3 - RUNTIME CHANGED FROM 7.6 HR FIGURE (APPARENTLY) RECEIVED FROM SPBS-46 BUY DAR.

4 - ALREADY INSTALLED AS OF 9/99.

5 - SPBS WAS/ UPGRADED FROM DAR QUANTITIES.

6 - RUNTIME CHANGED FROM 3 HR FIGURE (APPARENTLY) RECEIVED FROM SPBS-46 BUY DAR.

7 - 44 MACHINES WILL BACKFILL THE 230-DAR SCHEDULE. PER JOEL LUCHUK'S 9/14/99 SCHEDULE :

230 230-DAR & ISC-AUTHORIZED MACHINES

-146 ISC/OTHER COMPLETED INSTALLS

-40 ISC/OTHER PENDING INSTALLS

44

8 - RUNTIME CHANGED FROM 9.6 HR FIGURE (APPARENTLY) RECEIVED FROM SPBS-46 BUY DAR.

9,10 - 8K HRS WERE ADJUSTED FROM ZERO (0) TO FUND SPBSFS1 SAVINGS FOR 3RD SPBS WITH INTERIM SPBSFS.

11 - DEFAULT VALUE: TO SITES WITH SPBS SITES REPLACING INTERIM SPBSFS OR MANAGEMENT ACCEPTS SPBSFS

12 - RUNTIME CHANGED FROM SPBS-DAR COMMITMENT TO CORRESPONDING FACILITY-DAR COMMITMENT.

1 - DAR SAVINGS FOR FS for unassigned SPBS from the SPBS-46 & 54 buys will be offered at 12.9 run-hr/day (302 op days/yr. * 3800 hrs/yr, all plats. From SPFSF81 DAR). 8K HRS WERE CALC'D FROM AVG SAVINGS ASSIGNED SITES THIS DAR.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF TIME WARNER INC.

TW/USPS-T10-7 Please answer the questions below in two ways: assuming an SPBS with (1) four keying stations, and (2) six keying stations. Please include references to productivity rates, conversion factors, etc. that a facility would consider in analyzing questions of this type.

a. If the SPBS uses manual feed and is being loaded with Periodicals or Standard A bundles from pallets, how many employees would be needed to load the machine fast enough to keep the keyers fully occupied?

b. If the SPBS uses manual feed and is being loaded with Periodicals or Standard A bundles from sacks, how many employees are needed to load the machine fast enough to keep the keyers fully occupied?

c. If the SPBS uses a fully mechanized feed system and is being loaded with Periodicals or Standard A bundles from pallets, how many employees are needed to load the machine fast enough to keep the keyers fully occupied?

d. If the SPBS uses a fully mechanized feed system and is being loaded with Periodicals or Standard A bundles from sacks, how many employees are needed to load the machine fast enough to keep the keyers fully occupied?

e. How many employees are needed on the sweep side of the SPBS, assuming all keying stations are used continuously?

f. What are typically the crafts and pay levels for employees at an SPBS performing respectively (1) dumping and feeding the belts, (2) manning the keying stations, and (3) sweeping?

Response:

a – b. The staffing for an SPBS with manual induction is one loader per induction station for both four- and six-station machines.

c. Based on the anticipated savings in the loading function, the staffing for pallets (non-sacks) is two loaders on a four-station machine and three loaders on a six-station machine.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF TIME WARNER INC.

d. Based on the anticipated savings in the loading function, the staffing for sacks is 3.5 loaders on a four-station machine and five loaders on a six-station machine.

e. The staffing guidelines dictate that an SPBS should be staffed with four sweepers/cullers on a four-station machine and six sweepers/cullers on a six-station machine.

f. PS-4 Mail Handlers are typically responsible for dumping and feeding the belts. PS-5 Distribution Clerks are typically responsible for staffing the keying stations. I am told that both PS-4 Mail Handlers and PS-5 Distribution Clerks can perform the sweeping function depending on the facility and keyer rotation schedules.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF TIME WARNER INC.

TW/USPS-T10-8 Please explain what happens when a bundle weighing more than 20 pounds is entered at an SPBS.

Response:

If a bundle weighing more than 20 pounds gets past both the dumper and the keyer, the induction lines on the SPBS contain a weigh unit section. Each weigh unit section contains a computer-controlled weighing mechanism. The weigh unit conveyor receives mail from the coding conveyor. If the mailpiece is too heavy, the weigh conveyor stops and the system generates a clear line reset message to the PC and displays a size throw off command on the operators display. The mail must be removed by the operator who must then reset the induction line via the operator controlled reset pushbutton switch.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF TIME WARNER INC.

TW/USPS-T10-9 Please describe all activities that are needed to set up an SPBS for a given sort scheme, using all 100 separations, if the SPBS just prior to that has been used for a different scheme. If possible, please indicate the approximate time normally taken by such scheme changes. Describe and provide copies of any studies that address SPBS setup times.

Response:

Prior to the start of a given sort scheme, the supervisor must ensure that:

- All data and output bins have been cleared from the previous run.
- Sufficient mail volume is available and properly prepared for processing on the SPBS.
- All support equipment, such as sacks, trays, and wiretainers, is in place under the runouts and ready for safe use.
- Placards are in place on the output bins for the new scheme.
- Incline conveyors and mail transport belts have been checked for any mail remaining from previous runs.
- Mail has been loaded onto the inclined conveyor belts or the SPBS Feed System.
- The machine is powered up, if necessary.
- The correct sort plan is loaded.
- The start enable and chain run key switches are turned on.
- Each keyer turns the induction line start enable key switch on each of their operator control boxes to the on position.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF TIME WARNER INC.

Depending on the configuration of the machine (sack vs. container runouts on the sweep-side), these procedures should take between 15 – 30 minutes. I am not aware of any studies that address SPBS setup time.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF TIME WARNER INC.

TW/USPS-T10-10 Roughly what is the daily volume of sacked or palletized bundles, requiring a given sort scheme, e.g., outgoing primary, that a given facility would need before it becomes economical to set up a separate SPBS sort scheme for such mail, rather than sorting the volume at a manual opening unit?

Response:

This volume has not been quantified. However, it depends on a number of factors specific to the local site. Things to be considered when determining if a specific volume of mail justifies SPBS processing are the length of time it takes to prepare the machine, the SPBS versus manual productivities, the number of separations required, the staffing available, and the clearance time of the mail.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF TIME WARNER INC.

TW/USPS-T10-11 Please define the terms "postal pak" and "gaylord" as used in the Postal Service today, including differences between the types of containers each term describes. Please also describe the current uses of each container type, by the Postal Service and by different types of mailers. In particular, please answer the following:

a. When a mailer prepared gaylord/postal pak containing for example presorted parcels has been emptied of its contents at the destinating facility, what is the further disposition of the gaylordl postal pak? Will it be: (1) returned to the mailer or another mailer with the surrounding cardboard still on it; (2) returned as an empty pallet to the mailer or another mailer; (3) reused in postal operations to transport mail; (4) destroyed; or (5) other disposition? If more than one answer applies, please indicate roughly how often each would apply.

b. In which types of facilities and between which types of facilities are the Postal Service's own postal paks used to transport mail?

c. What is the minimum and maximum height of the surrounding cardboard on a USPS postal pak/gaylord?

d. What is the minimum and maximum thickness of the surrounding cardboard on a USPS postal pak/gaylord?

e. What is the replacement cost of the surrounding cardboard on a USPS postal pak/gaylord?

f. On the average, how many times is a USPS postal pak/gaylord reused before the cardboard is replaced?

g. Assume that a USPS prepared postal pak/gaylord arrives at a delivery unit and that there is no mail to put in it for the return trip. What would be the disposition of the postal pak/gaylord in that case?

h. Assume that a postal pak/gaylord arrives at a destinating facility which has no equipment for dumping of such large containers. Is it reasonable to assume that the surrounding cardboard in that case would be removed or destroyed in order to gain access to the mail inside? If not, please explain.

Response:

A "postal pak" is a triple-wall corrugated fiberboard container 44 inches wide by 48 inches long by 69 inches high used by and procured nationally for the Postal Service and is used primarily to ship bulk mail in the BMC network. A "gaylord" is

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF TIME WARNER INC.

a corrugated fiberboard box that ranges in height from 36, 48, 60, to 72 inches. Gaylords can be constructed of single-wall, double-wall, or triple-wall corrugated fiberboard. The terms, gaylord and postal pak, are often used interchangeably for any type of pallet box. These boxes have a common footprint of 40 inches wide by 48 inches long.

a) The mailer prepared gaylord/postal pak is placed on a USPS furnished pallet that is the base of the container. (1) The corrugated fiberboard box normally will not be returned to the mailer. (2) The pallets will not be returned to the original mailer but will be sent to the Mail Transport Equipment Service Center (MTESC) to be reused by the Postal Service or another mailer. (3) The box may be used by the Postal Service. (4) The box will not be destroyed; it will be recycled. (5) The box may be sent to one of our MTESCs where it will be recycled or reused.

b) Postal paks are used in the BMC network and to transport mail between a BMC and P&DC down to smaller offices and delivery units.

c) The minimum height is 36 inches and the maximum height is 72 inches.

d) The minimum wall thickness of the postal pak/gaylord is .125 inches and the maximum wall thickness is .70 inches.

e) The current cost of a postal pak is $18.00 and the current cost of a gaylord ranges in price from approximately $5.00 to $8.00.

f) Because the postal paks are triple-walled, they are used appoximately 40 times before replacement. The gaylords, which are often single–walled, are intended for a one time use and the cardboard is not usually replaced.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF TIME WARNER INC.

g) Sometimes the postal pak or gaylord (if serviceable) will be used to store empty sacks which will be returned to the MTESC for the sacks and postal paks (if warranted) to be processed and for the gaylords to be recycled.

h) Yes.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF TIME WARNER INC REDIRECTED FROM WITNESS VAN-TY-SMITH

TW/USPS-T17-16

(b) Please identify all uses the Postal Service itself makes of pallets in today's environment, to transport mail as well as other items (e.g., sacks and trays). Indicate whether each type of usage is part of normal operating procedures or whether it occurs only in unusual circumstances. Please also indicate the types of facilities in which each type of usage occurs, any estimates of how frequently it occurs, and provide copies of any relevant operating instructions.

RESPONSE:

The USPS provides large quantities of pallets to mailers for palletized mailings and uses pallets to transport mail and mail transport equipment. In Bulk Mail Centers, pallets are used to make up mail to be transported to other facilities such as Bulk Mail Centers, Processing and Distribution Centers, and Delivery Units. Empty sacks and trays are also sometimes transported on pallets. Pallets are used at the Mail Transport Equipment Service Centers to stack processed mail transport equipment which is then transported to postal facilities and mailer's plants. I am told there are no studies of frequency by type of use.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-1. Refer to the attached notice dated November 18, 1999, from "Expedited/Package Services," published on page 8 of the *Postal Bulletin* for November 18, 1999, a copy of which is attached as Exhibit A to this interrogatory, regarding "'Return to Sender' Priority Mail," which refers to "The Priority Mail Mailstream." Please describe in detail the Priority Mail Mailstream and all alternative mail flows for Priority Mail, including a description of the types of facilities at each point in the mail flow which process Priority Mail.

Response:

Priority Mail flows through a distribution network consisting primarily of in-house processing facilities and, to a lesser extent, temporarily contracted-out Priority Mail Processing Centers (PMPCs). These facilities perform distribution to varying levels to process originating and/or destinating mail, including "Return to Sender" (RTS) Priority Mail mailpieces. Priority Mail is generally not commingled with other classes of mail in distribution. The contract provides a test operation in a limited geographic service area.

The Priority Mail mailstream starts with the mailer depositing Priority Mail either at a Postal facility, in a collection box, or with a Postal carrier. The mail is transported to a local post office, delivery unit, or retail unit, as necessary, and is then moved to a local processing facility via surface transportation. In the non-PMPC (in-house) network the processing facility may be a Processing & Distribution Center or Facility (P&DC or P&DF), or an Air Mail Center or Facility (AMC or AMF). In the temporarily contracted-out PMPC network, the contractor

picks up Priority Mail from the USPS plants and Air Mail Centers, transports it to its own Priority Mail Processing Centers (PMPC), sorts it there, transports it if necessary to another PMPC, sorts it there again, and transports it to the appropriate, contractually designated, plant or Air Mail Center. For destinating Priority Mail at a PMPC, the PMPC will sort to the five-digit level before transporting mail to the local plants which, in turn, will use available transportation to move the mail on to the appropriate delivery units.

The national in-house network of processing facilities designated as Priority Mail Area Distribution Centers (ADCs) typically process "destinating" mail to the three-digit ZIP Code level for downstream processing facilities designated as Sectional Center Facilities (SCFs), and to the five-digit ZIP Code level for the ADC's local SCF service area. Downstream SCFs, in turn, typically perform five-digit ZIP Code distribution for their SCF service area. Priority Mail (including RTS mail) is then transported to post offices and delivery units for distribution to the carrier route level.

E611 All Standard Mail

1.0 BASIC INFORMATION

* * * * *

1.2 Postal Inspection

[Revise 1.2 by removing reference to documents created in electronic form by means of Mailing Online to read as follows:]

Standard Mail is not sealed against postal inspection except for electronic documents retained by the Postal Service, which are sealed against postal inspection. Regardless of physical closure, the mailing of articles at Standard Mail rates constitutes consent by the mailer to postal inspection of the contents.

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E612 Additional Standards for Standard Mail (A)

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4.0 BULK RATES

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4.7 Annual Fees

[Revise 4.7 by removing reference to fees in G093 to read as follows:]

Standard Mail (A) is subject to an annual mailing fee once each 12-month period. The fee may be paid in advance only for the next year and only during the last 30 days of the current service period. The fee charged is that in effect on the date of payment. Each mailer who enters mail at Standard Mail (A) rates paid with a meter or precanceled stamps must pay an annual mailing fee at each post office of mailing; a mailer paying this fee may enter clients' mail as well as the mailer's own. The mailer whose permit imprint appears on pieces in a mailing paid with a permit imprint must show that permit number on the postage statement and must pay the annual mailing fee for that permit; this fee is in addition to the fee for an application to use permit imprints.

* * * * *

4.8 Preparation

[Revise 4.8b by removing reference to Mailing Online in G093 to read as follows:]

Each Standard Mail (A) mailing is subject to these general standards: * * *

b. Each mailing must contain at least 200 pieces or 50 pounds. See E620 for volume requirement eligibility unique to Presorted Standard rate mailings. Other volume standards can also apply, based on the rate claimed.

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G General Information

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G090 Experimental Classifications and Rates

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[Remove G093, Mailing Online.]

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P040 Permit Imprints

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5.0 MAILINGS

5.1 Minimum Quantity

[Remove 5.1d, which provided for Mailing Online permit imprint mailings.]

* * * * *

— Mail Preparation and Standards, Pricing and Product Design, 11-18-99

"Return to Sender" Priority Mail

Some BMCs are receiving significant volumes of "return to sender" Priority Mail in the Standard Mail (B) mailstream.

Historically, "return to sender" First-Class Mail and Express Mail have been handled and processed in their own respective mailstream. Priority Mail "return to sender" (undeliverable as addressed, refused, unclaimed, etc.) must be returned in the Priority Mail mailstream.

— Expedited/Package Services, 11-18-99

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-2. Refer to the attached notice dated November 18, 1999, from "Operational Requirements, Operational Planning," published on page 11 of the *Postal Bulletin* for November 18, 1999, a copy of which is attached as Exhibit B to this interrogatory, concerning "Plant Verified Drop Shipment (PVDS) Procedures."

(a) Provide a copy of the "recently conducted audit by the Office of Inspector General" referred to in that notice.

(b) Provide copies of all other audits, whether conducted by the Office of Inspector General or by some other office, division, unit, or department of the Postal Service, concerning drop shipments at destination BMCs, SCFs, DDUs, or other facilities/plants of the Postal Service.

(c) Provide all estimates and all studies, reports, memoranda, or other documents concerning the time spent by employees involved in the acceptance of drop shipments at destination BMCs, SCFs, DDUs, or other facilities/plants of the Postal Service.

(d) Provide all estimates and all reports, studies, memoranda, or other documents relating to the costs of the acceptance of drop shipments at destination BMCs, SCFs, DDUs, or other facilities/plants of the Postal Service.

(e) Provide all instructions, directives, manuals, or other documents relating to the procedures to be followed by employees involved in the acceptance of drop shipments at BMCs, SCFs, DDUs, or other facilities/plants of the Postal Service.

Response:

(a) The requested audit has been included in Library Reference USPS-LR-I-176.

(b) An additional audit on this subject was conducted by the Inspection Service in 1993. We have requested a copy of this audit from the Inspection Service and have been informed that it has been archived. As soon as it can be located, it will be included in Library Reference USPS-LR-I-176.

(c) There are no estimates, reports, studies, memoranda or other documents relating specifically to the time spent by employees involved in the acceptance of dropship shipments of which I am aware.

(d) There are no estimates, reports, studies, memoranda or other documents relating specifically to the costs of acceptance of dropship shipments of which I am aware.

(e) Several directives, manuals, and other documents relating to the procedures to be followed by employees involved in the acceptance of drop shipments at BMCs, SCFs, DDUs,

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

or other facilities/plants of the Postal Service have been located and included in Library Reference USPS-LR-I-176.

- Send an F3Fill-completed PS Form 7380 by cc:Mail to MDC Customer Service @ TOKS001L.
- Mail a completed PS Form 7380 to the following address:

  SUPPLY REQUISITIONS
  800 SW MONTARA PKWY
  TOPEKA KS 66624-9702

The relevant ordering information for Publication 52 is as follows:

PSN:	7610-03-000-9109
PSIN:	PUB52
Unit of Issue:	Each (EA)
Quick Pick #:	436
Bulk Pack Quantity:	N/A
Price:	$0.54
Edition Date:	7/99

Additionally, this new edition of Publication 52 is available electronically via the corporate Intranet at *http://blue.usps.gov/opim/fp/pubs/pub52.pdf.*

— Business Mail Acceptance, Marketing, 11-18-99

REMINDER

Plant Verified Drop Shipment (PVDS) Procedures

As a result of a recently conducted audit by the Office of Inspector General, it is important that the following instructions are reinforced with all employees involved in the acceptance of Plant Verified Drop Shipments (PVDS) at all *destination* BMCs, plants, and delivery units:

1. When a driver arrives with a drop shipment, the acceptance employee must request PS Form 8125, *Plant Verified Drop Shipment (PVDS) Verification and Clearance*, Form 8125-C, *Plant-Verified Drop Shipment (PVDS) Consolidated Verification and Clearance*, Form 8125-C, *Plant-Verified Drop Shipment (PVDS) Consolidated Verification and Clearance/DSMS*, or a Form 8125 facsimile. If the document cannot be located, the driver is responsible for resolving this issue and producing the required PS 8125.
2. Before accepting the mail for processing, the acceptance employee must match the shipment with the information on Form 8125. First determine if the driver is dropping the shipment at the correct facility. The destination facility must be consistent with the discount claimed (DBMC, DSCF, or DDU). For example, if the DBMC discount is claimed, the driver can drop this mail only at the destination BMC, and all mail claimed at this rate must destinate within that BMC service area.
3. The acceptance employee must conduct an inspection to determine if the volume of mail is consistent with what is listed on Form 8125. Each form must list the total number of pieces, the total weight, and the number of containers (pallets, sacks, etc.). For palletized mailings, ensure that the number of pallets matches the number listed on the form. For bedloaded shipments of sacks, parcels, or bundles, estimate the total number in the shipment or determine the total weight of the shipment, and then match with the corresponding number listed on the form.
4. If everything appears to be consistent, the acceptance employee must accept the shipment and sign Form 8125. The signed copy at the destination facility must be maintained for a minimum of one year. An additional copy may be returned to the driver.
5. If the number of pallets, number of pieces, or weight is not consistent with Form 8125, then the acceptance employee must resolve the discrepancy by telephoning the origin office before the shipment can be accepted. The name and telephone number of the origin office that verified the shipment must be listed on Form 8125. If the discrepancy cannot be resolved, the acceptance employee must refuse the shipment.

— Operational Requirements, Operations Planning, 11-18-99

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-3. Describe all steps undertaken by "the origin office that verifie[s] the shipment" (the attached *Postal Bulletin* at page 11, ¶ 5, attached hereto as Exhibit B).

Response:

Exhibit B refers to Plant Verified Drop Shipment procedures when the information on the PS Form 8125 is inconsistent with the mailing at the destination entry point. The destinating office contacts the origin office in an attempt to resolve the discrepancy by verifying the mailing against the documentation on file. This may include volume, entry discount, entry location, class/sub-class, and/or shape information depending on the nature of the discrepancy.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-4. . Identify all instances in which you have relied on or used in your testimony in any way any FY 1999 cost, revenue, volume, or other data, and state in each such instance why you used FY 1999 data instead of data for FY 1998.

Response:

The instances are the following pages and lines:

Page 4 Lines 19-20

Page 5 Line 10

Page 8 Lines 10-14

Page 8 Lines 21-25

Page 9 Line 1

Page 14 Lines 18-19

Page 14 Lines 26-30

Page 32 Lines 11-16

I used FY 1999 data when it was available since it was the latest data that we had.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-5. Refer to page 20 of Postal Bulletin 22002, dated July 15, 1999, Attachment A hereto, which contains a notice from "Operational Requirements, Operations Planning." The notice indicates that "delivery units will receive a field instructions document that describes the responsibilities of the Postal Service, including the acceptance and sampling procedures" in connection with certain dropshipments of parcels. Provide a copy of the field instructions referred to in that notice.

Response:

Please see attached document.

UPS/USPS-T10-5

U.S. Postal Service / AIRBORNE EXPRESS

Airborne@Home

Destination Delivery Unit (DDU) Field Instructions

July 16, 1999

ESTABLISHMENT / BACKGROUND

Beginning in July 1999, Airborne Express, with the assistance of the US Postal Service, will launch a new delivery service called *Airborne@Home*, which will take advantage of recently approved USPS workshare discounts for large postal mailers. With the new service, Airborne Express will utilize Postal drop-ship delivery unit rates to offer their customers business to residential package delivery; thus leveraging the Postal Service's vast residential delivery infrastructure. By utilizing drop-ship methods, processing and transportation costs will be minimized and generate additional revenue for our organization. It is essential that we provide timely and accurate delivery once the products are in our control. Since many potential customers will be watching this new service, we must ensure *Airborne@Home* is a success.

APPOINTMENT PROCEDURES

The agreement with Airborne Express allows for the establishment of standing drop-ship appointments at destination delivery units (*DDUs*) where volumes dictate. Initially, these authorized standing appointments will consist of three to five drops per week on varying days Monday through Friday. When volumes become more predictable, regular schedules will be adhered to. In areas with erratic volumes, Airborne Express will notify the applicable delivery units twenty-four hours (24) in advance of a drop-shipment. Airborne Express will attempt to deliver all shipments between the hours of 10:00 a.m. – 16:00 p.m. in accordance with their standing appointments. It is the expectation of the USPS and Airborne Express that *Airborne@Home* shipments will be delivered the next business day after receipt.

MAILER'S RESPONSIBILITIES

Airborne Express will deliver shipments to delivery units according to the USPS established DDU guidelines. Each shipment will be accompanied with a PS Form 8125 facsimile (***Attachment A***), which will contain the following information:

A. Total Pieces in the drop-shipment to be delivered
B. Total weight in the drop-shipment
C. Date of the drop-shipment
D. Total postage paid for the drop-shipment
E. Time of drop-shipment arrival at the local delivery unit

The *Airborne@Home* package will display both a customer and Airborne Express label (***Attachment B***). Airborne Express will ensure that each label contains the following:

A. Airborne Express label contains the package weight, USPS company permit imprint number, and DDU address
B. Customer delivery address label contains the sender name / address and recipient name /address

As can be seen in ***Attachment B***, the label positioning will be slightly different on the *Airborne@Home* packages. The customer address label will be located to the left of the Airborne Express label. Care must be taken to ensure that all employees understand the package labeling.

USPS RESPONSIBILITIES

When the Airborne Express driver delivers the drop-shipment to the local delivery unit, the driver will submit the PS Form 8125 facsimile to the local manager or their designee. The postal representative will verify the volume information on the form and note any discrepancies that may be identified. Packages that do not appear on the PS Form 8125 should be returned to the Airborne Express driver. The postal representative will then accept the remaining shipment and ensure the packages are processed for delivery the next business day. Again, it is imperative that we process and deliver this mail timely and accurately. A macro-level operational flowchart is included in ***Attachment E***.

Local delivery units must perform periodic weight samplings when required from the Rates and Classification Service Center and the Seattle Postal Business Center. A memo detailing the sampling process is shown in ***Attachment C.*** Postal management must ensure that all packages in the shipment are processed in a manner that is consistent with DDU guidelines.

SAMPLING

Sampling is a crucial step in this process and DDUs are responsible for revenue protection measures concerning drop-shipments. When necessary, a PS Form 8159-AE Sampling Worksheet (***Attachment D***) will be forwarded to designated delivery units for the postal representative to complete. Postal management must ensure that all forms are completed in a timely manner and returned to the USPS Airborne Coordinator as mentioned in ***Attachment C.*** If any questions concerning the sampling process should arise, the Airborne Coordinator can be contacted at (206) 652-2200.

PROBLEM RESOLUTION

The Postal Service and Airborne Express are proactively planning for any unforeseen problems that may be encountered. It was agreed that when the package is tendered and accepted at the destination delivery unit, all rules governing the processing and delivery of Standard B mail would be adhered to. The following are potential issues that may arise and guidelines to be utilized:

A. When Airborne Express misdelivers a package(s) to the DDU, the postal representative will round stamp the package(s) and return to the Airborne Express driver. If the package(s) is discovered after the driver has departed, the package(s) will be given to the driver during the next drop shipment or the next business day, whichever occurs first. If Airborne Express is not scheduled back within the next 48 hours, they should be contacted using the toll-free number listed on the PS Form 8125. Airborne will send a driver to pick-up the package(s). The postal representative should not attempt to redirect the misdelivered package(s) to another DDU via postal transportation.
B. Packages containing an undeliverable address will be returned to the sender using standard postal regulations for Standard B Mail.
C. Packages addressed to recipients with a current forwarding order on file will be forwarded in accordance with DMM regulations via regular postal channels (unless otherwise endorsed).
D. Packages that are refused by the recipient will be returned to the sender using standard postal regulations for Standard B Mail.
E. Packages that are received at the DDU in a damaged condition should be brought to the attention of postmaster/station manager for proper handling. If a parcel is presented in an unsuitable condition for delivery, it should be returned to the Airborne Express driver.

If problems develop that affect the overall objectives of this initiative, a system for resolution will be developed with input from representatives of Airborne Express and the Postal Service. Postal representatives from HQ Field Operations and Expedited/Package Services will drive problem resolution and organizational change to ensure program success.

Attachment A

PLANT VERIFIED DROP SHIPMENT (PVDS)
CONSOLIDATED VERIFICATION AND CLEARANCE - DSMS

Entry Date: 06/12/99 13:35 Drop Ship Appointment Number:_____

Mailer Name: Airborne Express
3101 Western Ave
SEATTLE, WA 98111
CNP/CCC/DFG

Mailer Contact: Postal Operations Dept.
888-838-3119

Class of Mail: Standard B/Parcel Post DDU

ORG	AIRBILL NBR	WT	POSTAGE	PAID	ORG	AIRBILL NBR	WT	POSTAGE	PAID
CNP	2100018-040	1	$ 1.21	06/10	CNP	2100018-095	2	$ 1.21	06/10
CNP	2100018-051	3	$ 1.26	06/10	CNP	2100018-106	4	$ 1.32	06/10
CNP	2100018-062	5	$ 1.37	06/10	CNP	2100018-117	6	$ 1.41	06/10
CNP	2100018-073	7	$ 1.45	06/10	CNP	2100018-128	8	$ 1.50	06/10
CNP	2100018-084	9	$ 1.55	06/10	CNP	2100018-139	10	$ 1.59	06/10

TOTAL PIECES: 10 TOTAL WEIGHT: 55 TOTAL POSTAGE: $13.87

USPS CONTACT: Seattle Business Acceptance Office 206-652-2200
Ask for Airborne Coordinator

ENTRY OFFICE: USPS-BREMERTON
602 PACIFIC AVE
BREMERTON, WA 98337

LOAD CONDITION/COMMENTS

USPS RECEIVING EMPLOYEE SIGNATURE

USPS RECEIVING EMPLOYEE PRINTED NAME

APPOINTMENT:
___ ARRIVED EARLY
___ ARRIVED LATE
___ NO APPOINTMENT

DATE:_____

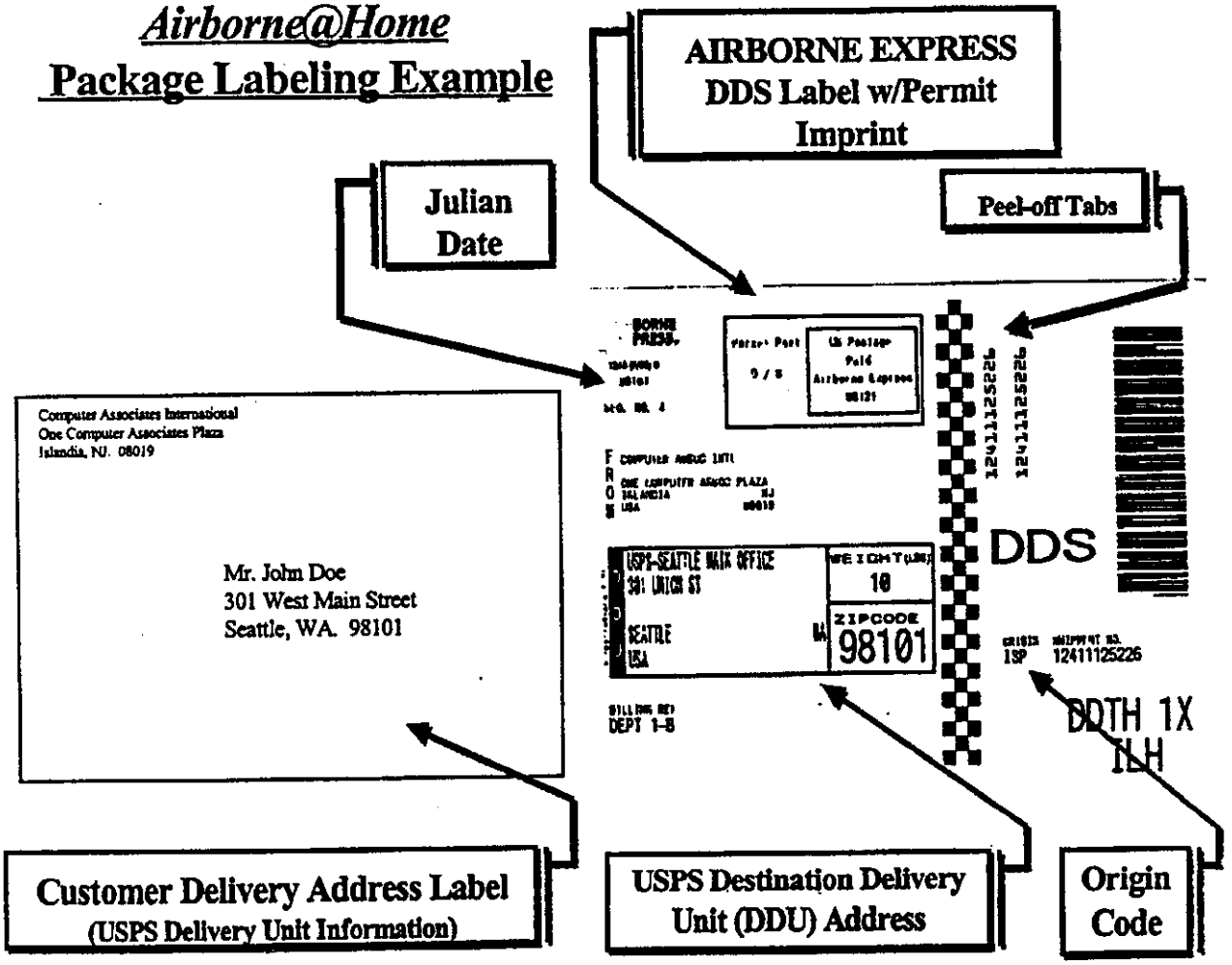
TIME OF ARRIVAL:_____

THIS 8125 WAS VERIFIED UNDER ALTERNATE PROCEDURES AUTHORIZED BY THE MANAGER, BUSINESS MAIL ACCEPTANCE, USPS HEADQUARTERS. NO POSTAL SIGNATURE OR ROUND STAMP REQUIRED. CONTACT SEATTLE POST OFFICE LISTED ABOVE IF THERE ARE QUESTIONS.

PS FORM 8125 (FACSIMILE) Page 1 of 1

Attachment B

Airborne@Home
Package Labeling Example



Attachment C

Sampling *Airborne@Home* Parcel Mailings
DDU Procedures

ZIP Code of DDU _____

Julian Date Selected _____

Number of Parcels to be Sampled _____

Dear Postmaster/Station Manager –

This memo details instructions on sampling drop shipments that will be deposited at your office by Airborne Express. Parcels bearing the Julian date selected for sampling may arrive at your facility over the next few days and will be accompanied by a facsimile Form 8125, *Plant-Verified Drop Shipment Sampling and Clearance.* The sampling must be done daily until the number of parcels to be sampled bearing the Julian date selected (see number above) are received. The sampling should not take more than a few minutes per day.

- Complete the heading information on the Form 8159AE *Sampling Worksheet* received from Seattle.

- Identify the Airborne parcels for the Julian date selected. The date will be found in the upper left corner of the Airborne "DDS" label (see the attached example).

- For each selected parcel, write the origin code in block 9b of Form 8159. The origin code consists of three alpha characters (ex. ISP) and appears under the letters "DDS." Peel off one of the tabs showing the parcel's Shipment Number and affix the label on Form 8159 in the "Shipment Number" block, 9c, (or write in the Shipment Number).

- Weigh the parcel and record the weight (to two decimal places if possible) in the "Weight Actual" block, 9d. *The parcel must actually be weighed - do not use the weight listed on the parcel!*

- Put a check mark in block 9e, (Show ✓ if Julian date on parcel matches the date in D) if the Julian date on the parcel matches the Julian date selected for sampling. *Do not select parcels for sampling that bear a different Julian date than the date selected.*

- Put a check mark in block 9f, (Show ✓ if parcel at correct DDU; if not, show addressee's 5-digit ZIP Code) if the parcel is for delivery at your office. *If the parcel is not for your DDU, write the 5-digit ZIP Code of the addressee's delivery address in this block.* Contact Airborne and request that an Airborne driver pick up the parcel. The Airborne phone number is on the Form 8125. Record the disposition of the parcel in the **"Disposition of Parcels in 9f/Comments" section at the bottom of the form.**

- *DO NOT* compete block 9g, "Postage Actual" or block 9h, "Postage Manifest."

- Fax the completed Form 8159AE and the Form(s) 8125 that accompanied each day's drop shipments to (206) 852-2229 (preferred) or mail the Form 8159 and the Forms 8125 that accompanied each day's drop shipments to:

Seattle Postal Business Center
Airborne Coordinator
PO Box 81419
Seattle WA 98108-1319

Questions concerning the sampling should be directed to (206) 852-2200. Ask for the Airborne coordinator. Your assistance in performing this sampling is appreciated.

Attachment D

PS Form 8159AE
Sampling Worksheet

A. Name and 5-digit ZIP Code of Post Office/Station Conducting Sampling	B. Dates on Which Samplings Were Performed
C. Name and Phone Number of Person Completing Form	D. Julian Date Selected for Verification

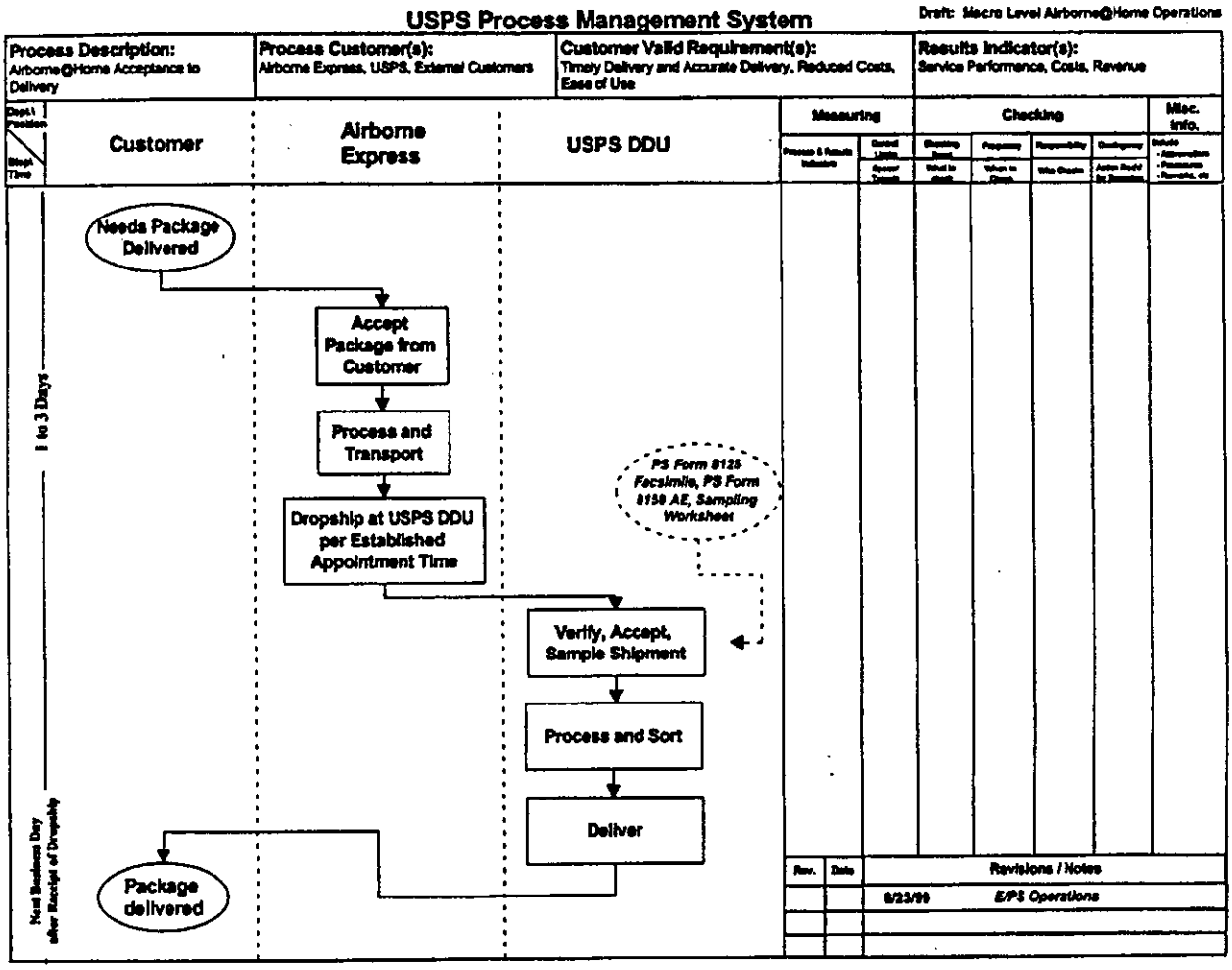
Complete heading and block 9b – 9e in accordance the "DDU Procedures for Sampling Airborne Express Parcel Mailings"

9a.	9b. Origin Code	9c. Shipment Number or Peel off Label	9d. Weight Actual (lbs.)	9e. Show ✓ if Julian date on parcel matches the date in D	9f. Show ✓ if parcel at correct DDU; if not, show addressee's 5-digit ZIP Code	9g. Postage Actual (completed by Seattle BMEU)	9h. Postage Manifest (completed by Seattle BMEU)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
					TOTAL		

Disposition of Parcels in 9f/Comments:

Form 8159AE

Attachment E



RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-6. Refer to page 8 of Attachment B hereto, which refers to the addition of Parcel Post routes to deliver packages and Priority Mail in order to reduce the load for letter carriers.
(a) Has the Postal Service in recent years added delivery routes dedicated to delivering parcels? If so, state by fiscal year the number of such routes that have been added since October 1, 1998, to the present, what classes of mail are delivered on such routes, the volume of each class of mail delivered on such routes, and the cost by fiscal year of such routes.
(b) Has the Postal Service added delivery routes dedicated to delivering parcels and Priority Mail in the recent past? If so, state by fiscal year the number of such routes that have been added since October 1, 1998, to the present, what classes of mail are delivered on such routes, the volume of each class of mail delivered on such routes, and the cost by fiscal year of such routes.

Response:

a. – b. I am told that individual Post Offices around the country may have added dedicated parcel and/or Priority routes in the last several years; however, this is a local decision based on a variety of circumstances. Further, the number of such routes, the classes of mail, and the volumes of each class delivered on these routes are not tracked at the national level. It is my understanding that witness Meehan will be addressing the cost of these routes in response to UPS/USPS-T11-4. Headquarters, Delivery does not have a plan or a strategy to create dedicated parcel or Priority routes at this time.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-7. (a) Describe what postal personnel are instructed to do when a mailer presents a Parcel Post DBMC, DSCF, or DDU mailing at a postal facility, including a description of all acceptance activities performed by the Postal Service, and provide copies of any and all procedures, manuals, guidelines, instructions, directives, or other documents concerning the acceptance of Parcel Post DBMC, DSCF, or DDU mailings.

(b) Describe what steps postal personnel take to verify the accuracy of a mailing statement prepared by the mailer when a mailer presents a Parcel Post DBMC, DSCF, or DDU mailing at a postal facility, and provide copies of any and all procedures, manuals, guidelines, instructions, directives, or other documents concerning the verification of the accuracy of the mailing statement, including the verification of the volume information (pieces and weight) indicated on the mailing

(c) Describe what quality control measures, including any periodic audits or inspections, the Postal Service takes to ensure that postal employees are properly accepting Parcel Post DBMC, DSCF, and DDU mailings and properly verifying the information on the mailing statement, and provide copies of any and all procedures, manuals, guidelines, instructions, directives, or other documents concerning such quality control measures.

Response:

a. Refer to USPS-LR-I-176.

b. Refer to USPS-LR-I-213 and USPS-LR-I-176.

c. Refer to Chapter 3 of DM – 109 contained in USPS-LR-I-213.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-8. Please refer to the answer to interrogatory DFC/USPS-3. Attached to that answer is a copy of a 1998 memorandum which contains "Sunday Collection and Outgoing Mail Processing Guidelines."

(a) Are the policies and practices established in those Guidelines still in effect?

(b) List all operations that are conducted on Sundays and indicate in the case of each operation the class or classes of mail for which those operations are conducted.

(c) Are postal personnel paid more for working on Sundays than for working on other days? If so, indicate the premium or premiums the Postal Service pays its personnel who work on Sundays.

(d) Are the costs of Sunday operations accounted for separately from the costs incurred on other days of the week? If so, identify all accounts in which such costs are recorded and the BY 1998 costs in each such account.

Response:

a. Please note that the memorandum to which this question refers was issued in 1988, not 1998. I am told that these guidelines are still in effect with the following modifications:

- Domestic Special Delivery service was terminated.
- State Distribution Centers were eliminated and replaced with Area Distribution Centers and labeling lists changed accordingly.
- The reference to drop shipped newspapers should be changed to drop shipped periodicals.
- The reference to AMF should be changed to AMF/AMC.
- The reference to parcel post should be changed to Standard (B).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

- The reference to Bulk Mail Acceptance Unit should be changed to Bulk Mail Entry Unit.
- The reference to Regional Director, Operations Support should be changed to Area Manager, Operations Support

b. I am told that the requested information can be found in LR-I-106, Part V, Tables V-3C and V-3D.

c. Yes, the premium is 25%.

d. No, I am told that the costs of Sunday operations are not accounted for separately. However, the Sunday premium, by itself, is accounted for separately. See Worksheet 3.0.13, Premium Cost Calculation, in the B work papers of witness Meehan (T11), or LR-I-80 for an electronic version.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-9. Refer to Library Reference USPS-LR-176.

(a) For FY 1998 data, what proportion (and number) of mailing postage statements were submitted without PS Form 8125 for DBMC Parcel Post?

(b) For FY 1998 data, what proportion (and number) of mailing postage statements were submitted without PS Form 8125 for all other DBMC mail categories? Provide this information by mail category and subclass.

(c) Explain in detail why PS Form 8125 would not be submitted with mailing postage statements for a given DBMC transaction.

(d) If mailing postage statements are submitted by the mailer without PS Form 8125, what is done to correct this error? If nothing, explain in detail why.

(e) Explain in detail the process by which information listed on PS Form 8125 is matched with mailing postage statement data.

(f) Explain in detail the process by which information listed on PS Form 8125 and mailing postage statements is verified against the characteristics of the mail pieces provided in the transaction (i.e., that mailer claimed discounts match discounts allowed for each transaction).

(g) If errors are discovered in verifying the data provided by the mailer in the mailing postage statements and PS Form 8125 and the actual characteristics of the mail in the transaction, what is done to correct them? Are the mailing postage statements and/or PS Form 8125 changed to reflect actual mail characteristics? If not, please explain in detail.

(h) In regard to FY 1998 data, what proportion (and number) of all Parcel Post mail was sampled for errors, either on PS Form 8125 or mailing postage statements? If sampling contained errors, what proportion (and number) of all Parcel Post mail sampled contained errors?

(i) In regard to FY 1998 data, what proportion (and number) of all mail categories were sampled for errors, either on PS Form 8125 or mailing postage statements? Provide this information by mail class and subclass. What proportion (and number) of all mail categories sampled contained errors? Provide this information by mail class and subclass.

(j) In regard to FY 1998 data, for all sampled transactions, what proportion (and number) of transactions were discovered to have discounts claimed on PS Form 8125 or the mailing postage statement that should not have been taken by the mailer? Provide this information by mail class and subclass.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

(k) Are PS Forms 8125 used in any way in the BRPW systems? If so, explain how they are used and for what purpose.

(l) Are PS Forms 8125 ever used in place of mailing postage statement data for entry into the Permit System and ultimately in the BRPW system? If so, what proportion of all FY 1998 records used in the Permit system and BRPW system were from PS Form 8125 versus mailing postage statements? Provide this information by mail class and subclass.

(m) Is PS Form 8125 information maintained on any Postal Service information system? If so, which one? Are the data from this system used in the BRPW system? If so, explain in detail how it is used.

Response:

a. The PS Forms 8125 are created in conjunction with the mailer after Postal Service employees perform the initial verification against the mailing postage statement. After verification, the shipment and the PS Forms 8125 are tendered back to the mailer or mailer's agent. The proportion of drop shipments that arrive at the destination Postal facility without a PS Form 8125 is not tracked. However, it is unlikely that DBMC Parcel Post mailings would arrive at a BMC without a PS Form 8125 since is has been a well established entry point with many long-term customers participating.

b. Refer to the response to part (a).

c. Mailings can qualify for destination rates without plant verification and the creation of PS Forms 8125 for each destination. If a mailer has authorization to enter mail through a Bulk Mail Entry Unit at a particular BMC, SCF, or delivery unit, and the mail entered meets the requirements for destination entry, destination rates can be claimed.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

d. Refer to the response to part (a) for the procedures for the creation of PS Forms 8125 and how they are related to the mailing postage statements. If a plant verified drop shipment arrives at a destination facility without the required PS Form 8125, the driver is required to contact their dispatcher in order to locate the document. Once located, a faxed document can be accepted as long as the original is mailed to replace the fax. If one can not be obtained, the shipment is refused.

e. Refer to USPS-LR-I-213.

f. Refer to pages 20 – 26 of USPS-LR-I-176.

g. Refer to pages 21, 22, 25, and 26 of USPS-LR-I-176 for information concerning the steps taken to resolve discrepancies on the PS Form 8125. For information concerning the steps taken to resolve discrepancies on the mailing postage statement, refer to page 27 of Handbook DM-109 contained within USPS-LR-I-213.

h. Refer to Chapter 9 within USPS Publication 401 for the postage verification sampling frequency (available on http://www.usps.gov/cpim/buspubs.htm). The proportion that contained errors is not tracked.

i. These data are not collected. When errors are found, the mailer is given an opportunity to correct the problem, or the mailing statement is modified to reflect the actual mailing (refer to page 27 of Handbook DM-109 contained within USPS-LR-I-213).

j. These data are not collected. If a mailing is submitted for verification with destination discounts claimed, but the physical mail does not meet the

necessary requirements for the discount; the mailer is given an opportunity to correct the problem. If a shipment arrives at the incorrect facility based on the destination discount reflected on the PS Form 8125, the shipment is refused and the driver is directed to the correct facility. The number of occurrences of these two situations is not tracked.

k. No.

l. No.

m. No. No.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-10. At various points in your testimony, you use the terms "primary" processing and "secondary" processing. See, e.g., Direct Testimony, at 5, 15, 33. Provide precise operational definitions of these terms. If the definitions vary from one relevant context to another, provide definitions for each relevant context.

Response:

Primary refers to the first distribution process for that level of sort, outgoing (outgoing to the rest of the world) or incoming (incoming for destination within the facilities service area). Secondary refers to the second distribution process for a given level of sort, again, outgoing or incoming. For example, mail which destinates at a facility may be sorted to 3-digits, SCF, or AADC (sectional center facility and automated area distribution center – see DMM section L for details). The facility will perform an incoming primary sort to sort these volumes to 5-digits. Incoming secondary would then sort the 5-digit (or 5-digit scheme if zones are combined) to the carrier route, firm, or P.O. Box level.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-11. Refer to pages 3 through 7 of your testimony, where you describe the following mail processing equipment: (i) Advanced Facer Canceller System (AFCS); (ii) Letter Sorting Machine (LSM); (iii) Multiline Optical Character Reader (MLOCR); (iv) Low Cost MLOCR; (v) Remote Barcoding System (RBCS); (vi) Delivery Barcode Sorter (DBCS); (vii) Carrier Sequence Barcode Sorter (CSBCS); (viii) Mail Processing Barcode Sorter (MPBCS); (ix) Letter Mail Labeling Machine (LMLM); (x) ID Code Sortation (ICS); and (xi) Tabbing Equipment.

(a) Indicate whether each piece of equipment is used in MODS facilities or only in other types of facilities.

(b) If it is used in MODS facilities, indicate whether it is used in all MODS facilities, most MODS facilities, or only a few MODS facilities.

(c) If it is used in MODS facilities, indicate whether a facility would contain a maximum of one unit, or possibly multiple units.

(d) If multiple units of the same model are present, describe in operational terms how these units are used.

Response:

(a) (i.) AFCS – Vast majority are in MODS facilities (P&DCs and P&DFs).

(ii) LSM – The five LSMs left are primarily in non-MODS facilities.

(iii) MLOCR – Located in MODS facilites (P&DCs and P&DFs).

(iv) Low cost OCRs – Located in MODS facilities, and small "customer service" plants and post offices, which are non-MODS offices (see DFC/USPS-T10-4 for LCOCR locations).

(v) RBCS – The vast majority are in MODS offices (P&DCs and P&DFs). There are a few non-MODS facilities supported by RBCS.

(vi) DBCS – The majority are in MODS offices, however, DBCSs are also located in small "customer service" plants and post offices which are non-MODS facilities.

(vii) CSBCS - The vast majority are in non-MODS offices.

(viii) MPBCS – The vast majority are in MODS facilities.

(ix) LMLM - The vast majority are in MODS facilities.

(x) ID Code sort will be on all BCSs, so MODS and non-MODS facilities based on previous responses above by BCS type.

(xi) Tabbing equipment – The vast majority, if not all, would be in MODS facilities.

(b) (i.) AFCS – In all MODS facilities.

(ii) LSM – In very few MODS facilities.

(iii) MLOCR – Located in all MODS facilites.

(iv) Low cost OCRs – Located in a few MODS facilities.

(v) RBCS – Located in all MODS facilities.

(vi) DBCS – Located in all MODS facilities.

(vii) CSBCS – Located in very few MODS facilities.

(viii) MPBCS – Located in all MODS facilities.

(ix) LMLM – Located in all MODS facilities.

(x) ID Code sort - Located in all MODS facilities.

(xi) Tabbing equipment – Located in a few MODS facilities.

(c) (i.) AFCS – multiple units.

(ii) LSM – one unit, if any.

(iii) MLOCR – vast majority have multiple units.

(iv) Low cost OCRs – usually one unit, maybe two.

(v) RBCS – One system per site.

(vi) DBCS – multiple units.

(vii) CSBCS – multiple units, at least two.

(viii) MPBCS – vast majority have multiple units.

(ix) LMLM – vast majority have one unit, a few sites may have two units.

(x) ID Code sort - multiple units.

(xi) Tabbing equipment – one unit; a few sites have two or three.

(d) (i.) AFCS – multiple units required to face and cancel all of the collection mail within the operating window. Feed systems feed all machines to level workload based on availability.

(iii) MLOCR – multiple units required to barcode letters within the operating window. During outgoing processing, all OCRs are in the same sort plan and volume is distributed to the OCRs to level workload based on availability to complete as early as possible.

(vi) DBCS – Each DBCS is usually assigned specific zones (ZIP Codes) for DPS and as a back up for another zone if its DBCS is down for some reason. Some DBCSs are programmed to sort FIM and barcoded outgoing primary volumes and others sort AADC/SCF/Incoming primary programs to 5-digits. Decisions for equipment assignments are based on arrival profiles, number of stackers, location on the workroom floor, maintenance windows, etc.

(vii) CSBCS – Multiple machines required to sort carrier route presorted volume to DPS to the site's zones. Again, machines are usually programmed to run the same routes on a daily basis and as a back-up for another CSBCS.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

(viii) MPBCS – Similar to OCR. Required as a BCS/OSS to barcode RBCS results primarily for outgoing primary to meet operating window requirements.

(x) ID Code sort - On every BCS, not related to sort plan/mailflow decisions.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-12. Refer to pages 10 through 12 of your testimony, where you describe the following mail processing equipment: (i) Multi-Position Flats Sorting Machine (FSM 881); (ii) Multi-Position Flats Sorting Machine (FSM 1000); and (iii) Automated Flats Sorting Machine 100 (AFSM 100).

(a) Indicate whether each piece of equipment is used in MODS facilities or only in other types of facilities.

(b) If it is used in MODS facilities, indicate whether it is used in all MODS facilities, most MODS facilities, or only a few MODS facilities.

(c) If it is used in MODS facilities, indicate whether a facility would contain a maximum of one unit, or possibly multiple units.

(d) If multiple units of the same model are present, describe in operational terms how these units are used.

Response:

(a)(i) FSM 881 – The vast majority are in MODS facilities.

(ii) FSM 1000 - The vast majority are in MODS facilities.

(iii) AFSM 100 – Phase I will be located in MODS facilities. Phase II locations have yet to be determined but are expected to be located primarily in MODS offices. See response to DMA/USPS-T10-17 for phase I locations.

(b)(i) FSM 881 – In all MODS facilities.

(ii) FSM 1000 – In the majority of MODS facilities.

(iii) AFSM 100 – Phase I to be located in most MODS facilities. Phase II will reach all MODS facilities.

(c)(i) FSM 881 – Usually multiple units.

(ii) FSM 1000 – Usually one or two units.

(iii) AFSM 100 – Possibly multiple units.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-13. Refer to pages 18 and 19 of your testimony, where you describe Primary and Secondary Parcel Sorters,

(a) Indicate whether this equipment is used in MODS facilities or only in other types of facilities.

(b) If it is used in MODS facilities, indicate whether it is used in all MODS facilities, most MODS facilities, or only a few MODS facilities.

(c) If it is used in MODS facilities, indicate whether a facility would contain a maximum of one unit, or possibly multiple units.

(d) If multiple units of the same model are present, describe in operational terms how these units are used.

Response:

(a) Parcel Sorters are located in BMCs, which are non-MODS facilities.

(b) – (d) NA

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-14. Refer to page 20 of your testimony, where you described the following bundle processing equipment: (i) Small Parcel and Bundle Sorter (SPBS); (ii) Small Parcel and Bundle Sorter Feed System; and (iii) Linear Integrated Parcel Sorters (LIPS).

(a) Indicate whether each piece of equipment is used in MODS facilities or only in other types of facilities.

(b) If it is used in MODS facilities, indicate whether it is used in all MODS facilities, most MODS facilities or only a few MODS facilities.

(c) If it is used in MODS facilities, indicate whether a facility would contain a maximum of one unit, or possibly multiple units.

(d) If multiple units of the same model are present, describe in operational terms how these units are used.

Response:

(a) (i) – (iii) SPBS, the SPBS feed system, and – The vast majority are located in MODS facilities and some are in BMCs, which are non-MODS.

(b) (i) – (ii) SPBS and the SPBS feed system – used in almost all MODS facilities.

(iii) LIPs – Used in a few MODS facilities.

(c) (i) – (iii) SPBS, the SPBS feed system, and LIPs – Usually one or two units per facility.

(d) (i) – (iii) SPBS, the SPBS feed system, and LIPs – If more than one SPBS is present, depending on the facility, operating windows, volume, and service commitments, etc., one SPBS may be set up to sort one shape or class while the other sorts another shape or class.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-15. Refer to page 3 of the document attached to the response to UPS/USPS-T10-5. Describe in detail all sampling activities undertaken with respect to each of these categories:

(a) Airborne@Home DDU shipments.

(b) Plant-verified DDU shipments.

(c) All other DDU shipments.

Include in your answer all available information related to how often shipments are sampled, what portion of each shipment is sampled, and the type of information gathered in the sampling process.

Response:

a. Please refer to Attachments C and D within the Airborne@Home DDU Field Instructions attached to UPS/USPS-T10-5.

b – c. All verification procedures for mailings, which include plant-verified and other DDU shipments, tendered by customers through business mail entry units, detached mail units, and other designated postal facilities are detailed in Chapter 4 of Handbook DM-109 included in USPS-LR-I-213. Additional verification reference cards, referred to in Chapter 4 and used by the acceptance clerks, are attached. They are similar to what was included in USPS-LR-I-213 and detail verification procedures for other types of mail eligible for DDU discounts. A significant portion of Standard Mail, however, is verified using a manifest mail system. Acceptance and sampling activities for these mailings must follow the procedures outlined in Chapter 9 and Exhibits 34 and 45 of Publication 401 (available on www.usps.gov/cpim/buspubs.htm). Procedures may vary between mailers based on each set of unique

circumstances as well as their past performance. All manifest mailing systems, however, must be approved by the Postal Service.

Attachment to UPS/USPS-T10-13 Pg. 1 of 10

Standard Mail (A)
Nonautomation Enhanced Carrier Route Letters/Flats/Irregular Parcels

Follow these steps before accepting a Presorted Standard Mail (A) mailing at the Enhanced Carrier Route nonautomation rate.

Check Qualification for Enhanced Carrier Route Rates

- Are all fees paid and authorizations current?
- Are there at least 200 pieces or 50 pounds of mail correctly sorted to carrier routes?
- Is postage paid by permit imprint, postage meter or precanceled stamps?
  - If permit imprint, is money on account? Also, are all pieces identical weight, unless otherwise authorized by the RCSC?
  - If precanceled stamps, is there a local return address on the mail? If not local, does the piece bear a cancellation endorsement showing the mailing office or has a sample piece and a copy of the postage statement been sent to the post office serving the return address?
  - If metered, is the meter impression legible and complete?
  - If a date is shown in the meter, is it correct?
- Select a sample piece. Are the contents eligible for Standard Mail (A) rates, or -- nonprofit if claimed? If nonprofit, is it properly identified?
- Is each piece correctly marked "Presorted Standard," "PRSRT STD" ("Bulk Rate" or "Blk Rt" is acceptable until January 10, 2001) or "Nonprofit," "Nonprofit Organization," or "Nonprofit Org."?
- Is each piece also marked to show the type of enhanced carrier route rate claimed?
  - Basic - "ECRLOT" • High Density - "ECRWSH" • Saturation - "ECRWSS"
- If basic carrier route rate is claimed, are pieces in either walk sequence or in line-of-travel (LOT) sequence?
- If high density rate is claimed, does the documentation provided show that at least 125 pieces are prepared for each carrier route (or for every possible delivery on the route if less than 125) for which the rate is claimed?
- If walk sequence saturation rate is claimed, does the documentation provided show that pieces are addressed to either 90% or more of active residential addresses or to 75% or more of total number of active possible delivery addresses, which ever is less, on each carrier route receiving this mail?
- If addressed in the simplified address format, are standards in DMM A040 met?
- If ancillary endorsements are used, are they correct and in the proper location?

Check Basic Preparation

- Are all pieces in same processing category?
- Is correct rate affixed to each piece or are pieces separated by rate category?

(Continued Side 2)

Side 1

BUSINESS MAIL ENTRY

3 Regular Standard Mail (A)—Nonautomation Enhanced Carrier Route Letters/Flats/Irregular Parcels

Check Basic Preparation-continued

- If not, is documentation generated by PAVE-certified software (or printed in standardized format) provided showing quantity per rate category?
- Has Form 3553 been submitted showing that a CASS-certified process was used within 90 days before mailing to update carrier route information?
- Is a list available showing the number of qualifying pieces to each 5-digit ZIP Code by carrier route (DMM M620)? (Mailers who are allowed to keep the list instead of submitting it, must keep it for 90 days.)
- Is a presort verification required under One Pass/Two Pass? If so, do Form 2866.

Check Packaging

- Are packages securely banded? (4" or less in thickness for letter-sized ECRWSS and 6" or less in thickness for letter-sized ECRWSH & ECRLOT?)
- Are pieces in the packages properly faced?
- Randomly check a few packages. Is package correctly labeled if not in a tray labeled for one carrier route?
- When there are ten or more pieces to a carrier route, rural route, PO box section, HCR, or general delivery unit, are pieces packaged separately?

Check Sacking/Traying

- Are sack/tray labels white or manila?
- Are sack/tray labels legible with correct and consistent content lines?
- Do sacks weigh 70 pounds or less?
- Randomly check a few sacks/trays: Is mail in the correct sack/tray?
- When there are 125 or more nonletter-size pieces or 15 pounds or more of mail for the same carrier route, is a separate sack prepared?
- When there is a full tray for the same CR, is a separate tray prepared?
- Are pieces properly faced?
- After all carrier route sacks/trays are prepared, are packages placed in 5 digit carrier routes sacks/trays?
- For letter size mail, after all 5-digit carrier routes trays are prepared, are remaining packages placed in 3-digit carrier routes trays? *Note: The 3-digit tray is optional.*
- If other containers are used for local mail, has their use been authorized at your post office?

Check for Correct Postage Payment

- Is the correct postage statement used & properly completed? (Form 3602 PR, 3602-R, 3602-PN or 3602-N, as appropriate, or Form 3602-PRV, 3602-RV, 3602-PNV or 3602-NV for Plant-Verified Drop Shipment Mail.)
- Perform total piece count and weight verification for permit imprint mailings. Is mailer's piece count correct?
- Is mailpiece subject to the Residual Shape Surcharge? (DMM E620.1.6)
- Are destination entry discounts claimed only for pieces addressed for delivery within the service area of the destination BMC, ASF, SCF, or DDU? Is a Form 8125 required?

Side 2

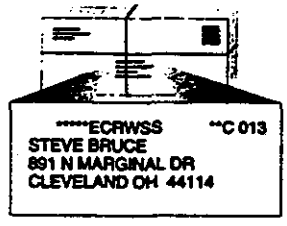
Standard Mail (A)
Nonautomation Enhanced Carrier Route Letters

Packaging and Traying Sequence

Package Preparation

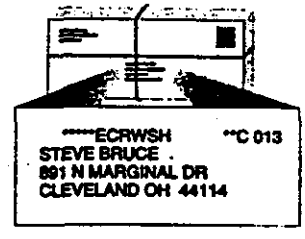
Saturation

Packages: 10 or more pieces addressed to same carrier route[1] must be prepared in packages (unless placed in full carrier routes trays or placed in full 5-digit carrier routes trays with separator cards); fewer than 10 pieces allowed only if route has fewer than 10 delivery stops. Mail must be presented in walk-sequence order (M050) and meet saturation standards.



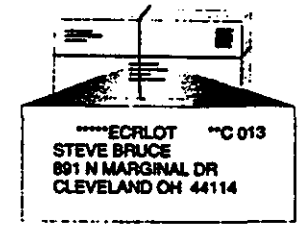
High Density

Packages: 10 or more pieces addressed to same carrier route[1] must be prepared in packages (unless placed in full carrier routes trays or placed in full 5-digit carrier routes trays with separator cards). Mail must be presented in walk-sequence order (M050) and meet density standards.



Basic

Packages: 10 or more pieces addressed to same carrier route[1] must be prepared in packages (unless placed in full carrier routes trays or placed in full 5-digit carrier routes trays with separator cards). Mail must be presented in line-of-travel or walk-sequence order (M050).



Tray Preparation

Carrier Route

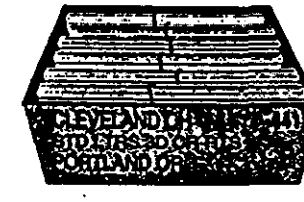
Trays: Full trays only for pieces to same carrier route; smaller quantities not permitted; packaging not required.

5-Digit Carrier Routes

Trays: 5-digit trays are required if there is enough mail for a full tray, optional otherwise, but preparation of content must be as described. No minimum number of carrier route packages for same 5-digit area.

3-Digit Carrier Routes

Trays: Carrier route packages only; optional with minimum one 10-piece carrier route package for each of two or more 5-digit areas.



[1]City route, rural route, highway contract route, post office box section, or general delivery unit.
Reference: Quick Service Guide 642

Side 1

BUSINESS MAIL ACCEPTANCE

Standard Mail (A)—Nonautomation Enhanced Carrier Route Flats/Irregular Parcels

3A

Packaging and Sacking Sequence

Package Preparation

Saturation

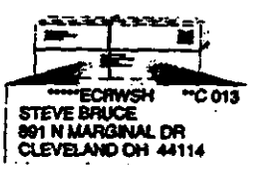
Packages: 10 or more pieces addressed to same carrier route[1] must be prepared in packages; fewer than 10 pieces allowed only if route has fewer than 10 delivery stops. Mail must be presented in walk-sequence order (M050) and meet saturation standards.

High Density

Packages: 10 or more pieces addressed to same carrier route[1] must be prepared in packages. Mail must be presented in walk-sequence order (M050) and meet density standards.

Basic

Packages: 10 or more pieces addressed to same carrier route[1] must be prepared in packages. Mail must be presented in line-of-travel or walk-sequence order (M050).



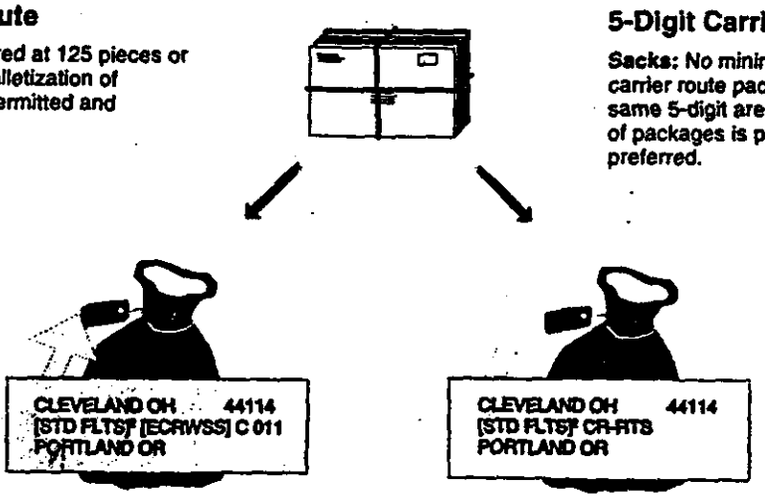
Sack Preparation

Carrier Route

Sacks: Required at 125 pieces or 15 pounds. Palletization of packages is permitted and preferred.

5-Digit Carrier Routes

Sacks: No minimum number of carrier route packages for same 5-digit area. Palletization of packages is permitted and preferred.



[1]City route, rural route, highway contract route, post office box section, or general delivery unit.
[2]Use "STD FLTS" for flats or "STD A IRREG" for irregular parcels.

This guide is an overview only. For the specific DMM standards applicable to this category of mail, consult the DMM sections referenced above and the general sections within each DMM module.

Reference: Quick Service Guide 643

Side 2

Standard Mail (A)
Automation Enhanced Carrier Route Letters

Follow these steps before accepting a Presorted Standard Mail (A) mailing at the Enhanced Carrier Route basic automation rates.

Check Qualification for Enhanced Carrier Route Automation Letter Rate

- Are all fees paid and authorizations current?
- Are at least 200 pieces or 50 pounds of mail in the mailing?
  - Is postage paid by permit imprint, postage meter or precanceled stamps?
  - If permit imprint, is money on account? Also, are all pieces identical weight, unless otherwise authorized by the RCSC?
  - If precanceled stamps, is there a local return address on the mail? If not local, does the piece bear a cancellation endorsement showing the mailing office or has a sample piece and a copy of the postage statement been sent to the post office serving the return address?
  - If metered, is the meter impression legible and complete?
  - If a date is shown in the meter, is it correct?
- Select a sample piece. Are the contents eligible for Standard Mail (A) rates, or nonprofit if claimed? If nonprofit, is it properly identified?
- Is each piece correctly marked "Presorted Standard," "PRSRT STD" ("Bulk Rate" or "Blk Rt" is acceptable until January 10, 2001) or "Nonprofit," "Nonprofit Organization," "Nonprofit Org." and "AUTOCR".
- If ancillary endorsements are used, are they correct and in the proper location?

Check Basic Preparation

- Are all pieces automation-compatible? (DMM C810)
- Is correct rate affixed to each piece?
- If not, is documentation generated by PAVE-certified software (or printed in standardized format) provided showing total number of pieces for each rate category?
- Has Form 3553 been submitted showing that a CASS-certified process was used within 90 days before mailing to update carrier route information?
- Is a presort verification required under One Pass/Two Pass? If so, do Form 2866.

Check Traying

- Are tray labels white or manila?
- Are tray labels barcoded and legible with consistent and correct content line?
- Randomly check a few trays: Is mail in the correct tray? Are pieces properly faced?
- When there is a full tray of mail for same carrier route, is separate tray prepared?
- Are only full carrier route trays prepared?
- Are pieces grouped and separated by carrier route in 5-digit and 3-digit carrier route trays?

(Continued Side 2)

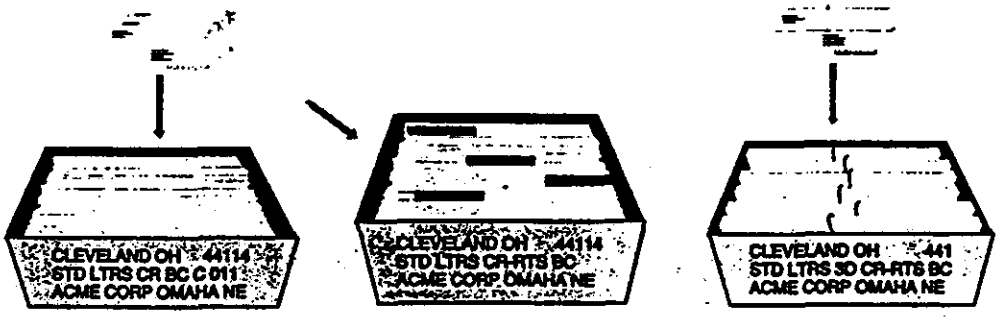
- Are trays sleeved and strapped, as appropriate? *Note: For exceptions to strapping requirements see DMM M033.1.*
- Are separator cards used to group pieces by carrier route in full 5-digit carrier routes trays?

Check for Correct Postage Payment

- Is the correct postage statement used & properly completed? (Form 3602 PR, 3602-R, 3602-PN or 3602-N, as appropriate, or Form 3602-PRV, 3602-RV, 3602-PNV or 3602-NV for Plant-Verified Drop Shipment Mail.)
- Perform total piece count and weight verification for permit imprint mailings. Is mailer's piece count correct?
- Are destination entry discounts claimed only for pieces addressed for delivery within the same area of destination BMC, ASF, SCF, or DDU? Is a Form 8125 required?

Traying Sequence

At least 10 or more pieces to same carrier route (city route, rural route, highway contract route, post office box section, or general delivery unit); fewer than 10 pieces per route not permitted. Use an optional endorsement line or carrier route information line.



Carrier Route Tray

Trays: Full trays only for pieces to same carrier route; packaging not permitted. Postcard-size pieces must be banded. Less-than-full or overflow trays not permitted.

5-Digit Carrier Routes Tray

Trays: 5-digit trays are required if there is enough mail for a full tray, optional otherwise. After all full carrier route trays are prepared, remaining carrier route pieces (10 or more per route) must be grouped (using separator cards in full trays and banding material in less-than-full trays) and placed in 5-digit carrier routes trays (no minimum number of pieces per tray).

3-Digit Carrier Routes Tray

Trays: Carrier route packages only; optional with minimum one 10-piece carrier route package for each of two or more 5-digit areas.

Carrier Route rates limited to 5-digit ZIP Codes identified in the City State File.

Packaging required in mailings consisting entirely of postcard-size pieces and for pieces in overflow, less-than-full, and 3-digit carrier routes trays.

Reference: Quick Service Guide 644

Side 2

Periodicals
Regular—Nonautomation Letters/Flats Carrier Route Rates

Follow these steps before accepting a mailing at Periodicals Regular Carrier Routes rates.

Check Basic Preparation
- Are all pieces in mailing sorted to the finest extent possible?
- Is a presort verification required under One Pass/Two Pass? If so, complete Form 2866, *Presort Verification Record.*
- Are pieces that do not qualify for carrier route rates correctly sorted and claimed at the appropriate rate: 5-digit, 3-digit or basic?
- Do all pieces claimed at either High Density Walk Sequence or Saturation Walk Sequence rates meet applicable density standards?
  - High Density (WSH): At least 125 walk sequenced addressed pieces for each carrier route receiving mail at the high density, w/s rates. If the carrier route has fewer than 125 possible deliveries, there must be a piece addressed to every possible delivery on the route to qualify for the rate.
  - High Density In County: At least 125 walk sequenced pieces to each carrier route or addressed pieces for at least 25% of the total active deliveries per carrier route.
  - Saturation (WSS): Pieces claimed at the saturation walk-sequence rates must be addressed to either 90% or more of active residential addresses or 75% or more of total number of active possible delivery addresses, whichever is less, on each carrier route receiving saturation walk sequence mail.

Check Packaging
- Are only optional firm packages and required carrier route packages claimed at carrier route rates?
- When there are 6 or more addressed pieces to a carrier route, are the pieces packaged separately? *Note: Smaller packages are not permitted.*
- Do optional firm packages contain at least 2 addressed pieces?
- Randomly check a few packages. Are the packages properly labeled?
  - Packages in a 5-digit carrier routes sack/tray must have a facing slip showing the route type and number unless the pieces in the package show a carrier route information line or an optional endorsement line.
  - In addition, if applicable, each package must be labeled to show that mail is "walk-sequenced," on a facing slip, an address label, or on a carrier route information line.
  - No label is required for packages/pieces in carrier route sacks/trays.

Note: A firm package may be prepared before required carrier route packages and included in the carrier route rate portion of a mailing if it contains at least 6 addressed pieces each claimed as a piece on the postage statement, or is claimed as a single addressed piece but placed with at least 5 other addressed pieces in a carrier route sack/tray. A firm package may be placed separately in the same appropriate destination sack/tray (or pallet) as the other pieces that are packaged together.

Side 1

Check Sacking/Traying

- Are brown sacks used with flat-size mail? Are sack/tray labels pink?
- Are 1- and 2-foot trays used, as appropriate, with letter-size pieces (DMM C050.2)?
- Are trays sleeved and strapped, as appropriate? *Note: For exceptions to strapping requirement see DMM M033.1.*
- Are sack/tray labels legible with correct and consistent contents lines?
  - Is "NEWS" or "PER," as applicable, shown on contents line of labels?
  - Is the correct processing category shown on the contents line?
  - Is route type and number shown on Line 2 of carrier route sack/tray labels?
  - Is "CR-RTS" shown on Line 2 of 5-digit carrier route sacks/tray labels?
  - Is "WSS" or "WSH" or "WS" or "W/S" as appropriate, also shown with the route type and route number on Line 2 of carrier route sacks/tray labels?
- Are only pieces in carrier route sacks/trays, 5-digit carrier routes sack/trays, and optional 3-digit carrier routes trays claimed at carrier route rates?
- Do all sacks weigh 70 pounds or less?
- Randomly check a few sacks/trays: Is the mail in the correct sack/tray?

Check Documentation

- Has Form 3553 been submitted showing that a CASS certified process was used within 90 days before mailing date?
- For publications authorized under CPP, is each mailing accompanied by a Form 8125?
- Is postage statement checked to show that a certified process has been used at least once per year to ensure accuracy of 5-digit ZIP Codes?
- Are pieces qualifying for 5-digit and 3-digit, separated from basic rate pieces?
- If not, is documentation generated by PAVE-certified software (or printed in standardized format) provided showing total number of pieces for each rate category?
- Was the sequencing based on one of the following methods of obtaining sequencing or delivery stop information, (updated within 90 days Regular Periodicals), or 6 months (Preferred Periodicals) before the date of mailing?
  - Computerized Delivery Sequence (CDS) invoice.
  - Delivery Sequence File (DSF) documentation or copy of DSF invoice.
  - Copies of delivery unit summaries that served as the mailer's bills for address sequencing charges.
  - Evidence of receipt of information from postmaster for simplified address mailings.
- Is postage statement annotated to show the date of the method used to obtain sequencing or delivery stop information?

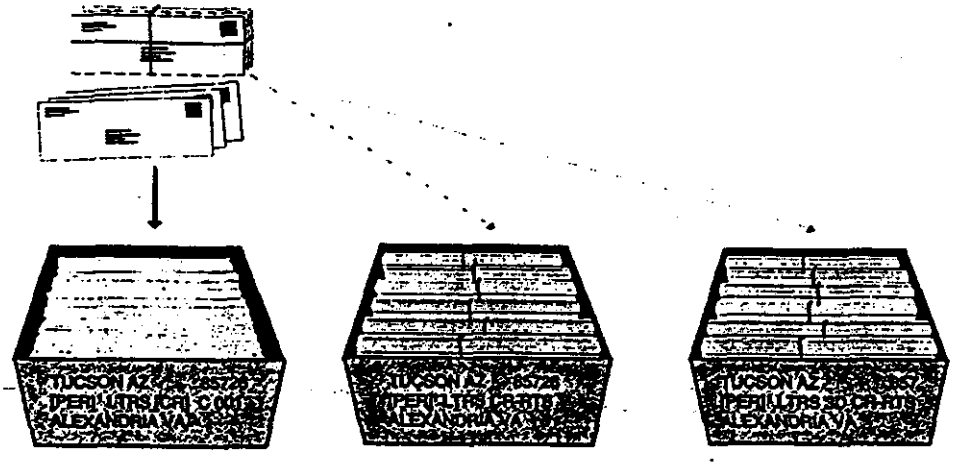
Attachment to UPS/USPS-T10-15 pg. 90

Periodicals
Regular—Nonautomation Letters

Optional Carrier Route Preparation

Packages: Six or more pieces addressed to same carrier route (city route, rural route, highway contract route, post office box section, or general delivery unit) must be prepared in packages. Fewer than 6 pieces in a package not permitted. See M200 for optional firm packages.

Labels: Facing slip, OEL, or carrier route information line.



Carrier Route

Trays: Required at 24 pieces; optional with one 6-piece package.

Labels: For Line 1, use city, state, and 5-digit ZIP Code on mail; for Line 2, "PER" (or "NEWS"), "LTRS," and route marking as appropriate: for saturation, "WSS" and route type and number; for high density, "WSH" and route type and number; or for basic, "CR" and route type and number.

5-Digit Carrier Routes

Trays: Required for rate eligibility, any remaining carrier route packages; only one less-than-full tray permitted.

Labels: For Line 1, use city, state, and 5-digit ZIP Code on mail; for Line 2, "PER" (or "NEWS") and "LTRS CR-RTS."

3-Digit Carrier Routes

Trays: Carrier route packages only; optional with one 6-piece carrier route package for each of two or more 5-digit areas.

Labels: For Line 1, use city, state, and 3-digit ZIP Code prefix shown in L002, Column A; for Line 2, "PER" (or "NEWS") and "LTRS 3D CR-RTS."

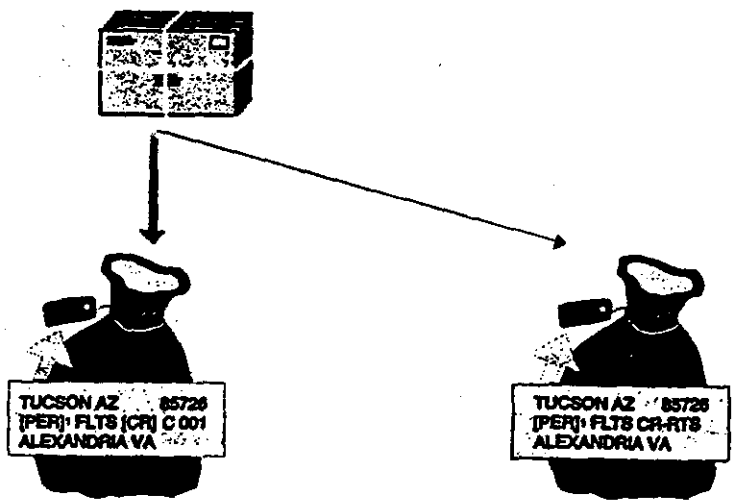
[1]Use "NEWS" if issued weekly or more frequently.

BUSINESS MAIL ACCEPTANCE
Periodicals
Regular—Nonautomation Flats

23A

Optional Carrier Route Preparation

Packages: Six or more pieces addressed to same carrier route (city route, rural route, highway contract route, post office box section, or general delivery unit) must be prepared in packages. Fewer than 6 pieces in a package permitted but only qualify for the basic rate. See M200 for optional firm packages.



Carrier Route

Sacks: Required at 24 pieces; optional with one package.

Labels: For Line 1, use city, state, and 5-digit ZIP Code on mail; for Line 2, "PER" (or "NEWS"), "FLTS," and route marking as appropriate: for saturation, "WSS" and route type and number; for high density, "WSH" and route type and number; or for basic, "CR" and route type and number.

5-Digit Carrier Routes

Sacks: Required for rate eligibility, any remaining carrier route packages; no minimum number of carrier route packages for same 5-digit area.

Labels: For Line 1, use city, state, and 5-digit ZIP Code on mail; for Line 2, "PER" (or "NEWS") and "FLTS CR-RTS."

[1]Use "NEWS" if issued weekly or more frequently.

Reference: Quick Service Guide 231

Side 2

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-16. What specific cost segment includes the costs involved in sampling DDU shipments?

Response:

Cost segment 3.1; cost pools MODS LD79 and non-MODS Allied Labor. A small portion may also be in MODS platform for those DDU shipments where the carriers are located in the same facility with the MODS processing plant.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-17. Provide all available information related to the volume of plant-verified destination entry Parcel Post in comparison to non-plant verified destination entry Parcel Post in the Base Year.

Response:

This information is not available. The data systems that contain volume-related information related to Parcel Post do collect information about entry discounts but not about how the mail was verified.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-20 Provide all available information with respect to the average time that Parcel Post pieces take to be delivered subsequent to their entry or arrival at the DDU.

Response:

The Postal Service does not track service for Parcel Post. See response to

UPS/USPS-T10-21 below.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-21 Provide all available information with respect to how often Parcel Post pieces are delivered by the next business day after entry or arrival at the DDU.

Response:

The stated delivery expectation is next day delivery for parcels entered at a DDU (as included in the attachment to UPS/USPS-T10-5, page 2). The actual service these DDU entered parcels receive is not tracked by the Postal Service.

Anecdotal customer feedback has been in the 97 percent range.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-22 Refer to USPS-LR-I-176, page 4, which states: "We also found that customers did not use the proper form. Of the 2486 forms reviewed, 578 were outdated." Provide, separately, the total number of PS Forms 8125 processed by the Postal Service for:

(i) FY1998, and

(ii) FY 1999.

Response:

The Postal Service does not consolidate information about PS Forms 8125. They are created at origin and given to the mailer so they can provide the document at the destination, showing the facility that the mail was verified and paid for at origin. PS Forms 8125 or facsimiles list volume-related information so the destination can be assured that what was verified at origin is what is being accepted at destination. The form is filed at destination for one year, then discarded. Even thought the PS Form 8125 changed its format in July 1998, the essential information remained unchanged.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-25 Refer to USPS-LR-I-176, page 9, which states, "These standards will be contained in Publication 804, Dropship Guidelines for Destination Entry, which will be printed and distributed in January 2000." Provide a copy of these guidelines.

Response:

The Publication 804 is currently being printed and will be provided as a Library Reference once completed.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-26 *In the case of a plant-verified dropshipment,* does the Postal Service weigh the entire mailing, either at the mailer's plant or at the post office where the mail is accepted, prior to accepting the mail? If so, is that done in all cases, or only in some cases? If it is done only in some cases, provide or describe any guidelines concerning how often or when the entire mailing should be weighed.

Response:

It is my understanding that for parcel post plant-verified drop shipments with permit imprints, total piece counts and weight verifications are performed for identical weight mailings (see page 4-8 of Handbook DM-109 contained in LR-I-213). Non-identical weight permit imprint mail must be presented under a manifest mailing system or other agreement authorized by the RCSC. These procedures involve sampling for piece and weight verification at the mailer's plant (see Pub 401 available at www.usps.gov/cpim/buspubs.htm).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-27 In the case of a dropshipment other than a plant-verified dropshipment, does the Postal Service weigh the entire mailing prior to accepting the mail? If so, is that done in all cases, or only in some cases? If it is done only in some cases, provide or describe any guidelines concerning how often or when the entire mailing should be weighed.

Response:

A dropshipment other than a plant-verified dropshipment is handled in a similar fashion as other bulk mailings deposited at a bulk mail entry unit. The procedures for the verification of bulk mailings are described in Chapter 4 of DM-109 contained in LR-I-213.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-28 Refer to the letter dated September 28, 1999, from Mr. Richard F. Chambers to Ms. Anita J. Bizzotto and Mr. John A. Rapp which appears after the cover page of Library Reference USPS-LR-I-176. That letter indicates that the report on the plant-verified dropshipment system "responds to a request from the Chief Operating Officer and Executive Vice President to review the drop shipment system." Indicate what led to the "request from the Chief Operating Officer and Executive Vice President to review the drop shipment system."

Response:

I have been told that the Chief Operating Officer and Executive Vice President solicited ideas for audit topics from the Vice Presidents, Area Operations. I understand that this topic was surfaced through that effort.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-30 Refer to page 2 of USPS-LR-I-176, which indicates that "three processing and distribution centers that were located in cities that also contained a bulk mail center" were judgmentally selected for the study (footnotes omitted).

(a) At the time the study was done, how many "processing and distribution centers ... were located in cities that also contained a bulk mail center"?

(b) Why was the selection limited to processing and distribution centers "that were located in cities that also contained a bulk mail center"?

(c) At the time the study was conducted, how many processing and distribution centers were there, regardless of whether those centers "were located in cities that also contained a bulk mail center"?

(d) Describe the difference between "bulk mail entry personnel" and "USPS verification and acceptance personnel" referred to on that same page, and describe the duties of each.

Response:

a. All 21 BMCs are located in metropolitan areas with one or more P&DCs. Refer to DMM L601 for a list of the BMC locations.

b. Objection filed on March 31, 2000.

c. Refer to the response to DFC/USPS-47b that provides a list containing all of the P&DCs developed shortly after the completion of the audit.

d. I assume that the audit was referring to similar personnel with these two references. Refer to LR-I-213 for the duties of business mail acceptance personnel.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T10-33 Provide a copy of all versions of PS Form 8125 that were in use or used during any portion of FY1998.

Response:

See attached. The new forms as of July 1998 as well as the old PS Form 8125 would have been presented with mail during a portion of FY 1998. Customer facsimiles of these forms are also accepted.

ATTACHMENT UPS/USPS-T0-33 PAGE OF 5

United States Postal Service

Plant-Verified Drop Shipment (PVDS) Verification and Clearance

Requested In-home Delivery Date *(Three-day window)*

Drop Ship Appointment Number

See Instructions on Reverse

Mailer Information

1. Mailer's Name

7a. Mailer's Contact Name

7b. Mailer's Contact Telephone

2. Origin Plant Location *(City, State, ZIP+4)*

8. Check One
☐ Identical-Weight Pieces. Weight of a Single Piece _____
☐ Nonidentical-Weight Pieces

3. Class of Mail
☐ Periodicals
☐ Standard (A)
☐ Standard (B)
☐ International *(Specify class)*

4. Product or Publication Titles or Names

9. Total Gross Weight of Shipment

10. Type of Mail Processing Category *(Check all that apply)*
☐ Letters ☐ Automation Compatible ☐ Irregular Parcels
☐ Flats ☐ Machinable Parcels ☐ Nonmachinable Parcels

5. Number of Containers by Type

Pallets and Pallet Boxes:
_____ with pkgs. or bundles
_____ with trays
_____ with sacks
_____ with parcels

Non-Palletized Containers:
_____ bundles
_____ trays
_____ sacks
_____ parcels
_____ other (describe): _____

11. Entry Discounts Claimed *(Check all that apply)*
☐ DDU ☐ DSCF ☐ DBMC ☐ OBMC
☐ Zone Rates ☐ Local Zone Rates
☐ Mailing includes pieces for delivery outside service area or entry office
☐ (International) Service Center (ISC) ☐ Other (International)

6. Comments

12a. Contact at Company Making Drop Ship Appointment *(If other than mailer and if known when completing this form)*

12b. Telephone

Origin Post Office *(Where verified)*

13. Origin Post Office *(City, State, and ZIP+4)*

22a. Name of USPS Employee Verifying Mail

22b. Employee's Telephone

14. Verified at
☐ DMU *(Mailer's plant)* ☐ BMEU or Post Office

22c. Signature of Verifying Employee

23. Date *(Round)* Stamp

15. Permit Number

16. Postage Payment Method *(Except for Periodicals)*
☐ Permit ☐ Stamped ☐ Meter

22d. Contact's Name *(If other than verifying employee)*

17. Total Pieces

18. Total Weight of Mailing

19. Vehicle PVDS Seal Number

20. Vehicle ID Number

22e. Contact's Telephone

21. Comments

Destination Entry Post Office or Delivery Unit

24. Entry Office *(City, state, ZIP+4. If mail will be entered at a BMC facility, write "BMC" as well)*

30. Load Condition Irregularities *(Check all that apply)*
☐ Pallets Too Tall (T) ☐ Load Unsafe (U)
☐ Broken Pallets (B) ☐ Overweight Pallets (O)
☐ Packages on BMC Pallets Not Machinable (M)
☐ Separations Do Not Match 8125s (P) ☐ Courtesy Pallets (I)
☐ Container Counts Do Not Match 8125s (P)
☐ Other *(Describe in "Comments" section 32)*

31. Appointment
☐ Arrived Early (E) ☐ Arrived Late (L) ☐ No Appointment (N)

32. Comments

25a. USPS Receiving Employee's Signature

25b. USPS Receiving Employee's Name

26. Date of Arrival

27. Time of Arrival

28. Date of Departure

29. Time of Departure

ATTACHMENT UPS/USPS-T10-2-
PAGE 2 OF 5

Definitions and Features

Form 8125 proves to the entry facility that the mail being presented by the mailer or mailer's agent was verified and paid for at origin.

Plant-verified drop shipment (PVDS) enables origin verification and postage payment for shipments that a mailer transports from the mailer's plant to destinatio post offices, where the prepaid and pre-verified shipments are accepted by the Postal Service as mail.

Postal Service employees verify PVDS mailings for classification, rate eligibility, preparation, and presort either at the mailer's plant or at the origin post office serving the mailer's plant.

Standards for PVDS shipments are in *Domestic Mail Manual* (DMM) P750. Information about destination entry discounts for each class of mail are in DMM Module E, *Eligibility*. DMM E651 contains volume limits for PVDS Standard Mail that is for delivery outside the entry office service area. There are no limits for Periodicals.

Appointments to deposit PVDS mailings at entry offices are required for Standard Mail. Appointments are required for Periodicals only if they will be presented vehicles that also contain PVDS Standard Mail.

Instructions for Mailer

With each PVDS mailing presented for verification and postage payment to the origin post office (or detached mail unit), the mailer must submit a PS Form 812 (or approved facsimile) completed as described below. The original Form 8125, after being signed and round dated by the origin verifying post office, must be submitted to the entry post office with the PVDS mailing it represents. But for PVDS mailings sent via Express Mail or Priority Mail drop shipment, Form 8125 is not required.

Completing Form 8125

"Requested In-Home Delivery Date": If completed, the mailing should be deposited by the mailer or mailer's agent at the entry office in time to meet the delivery window. Delivery within this window is not guaranteed.

"Drop Shipment Appointment Number": The appointment number may be added by the mailer or mailer's agent after the 8125 is signed and dated by the origin post office but before the PVDS mailing is presented to the destination post office.

The "Mailer Information" section (1 through 12) identifies the mail preparer and provides a description of the mail to be deposited at the destination entry post office listed in item 24. The mailer must complete all items in the "Mailer Information" section except for optional items 6 and 12.

- In item 5, report the mail as configured for verification and as it will be presented to the entry office (for example, if trays are presorted on pallets, show the number of pallets with trays). If a mailing consists of a combination of palletized and non-palletized mail, report each segment correctly in this item.
- In item 6, you may show other mailer information (for example, sequence number for a postage statement, manifest, or 8125).
- In item 7 (and 12 if possible), report the name and telephone number of a mailer contact familiar with the subject mailing who can resolve problems that may arise at the entry office.
- In item 11, show all entry discounts claimed for pieces in the mailing. A single mailing may contain pieces subject to different entry discounts (no more than one entry discount may be claimed for any individual piece).

In the "Destination" section, fill out only the first item (24), "Entry Office." Show the city, state, and ZIP+4 of the post office or postal facility where the PVDS mailing will be deposited. For mail entered at an SCF or a BMC, show the city and state names as they appear in the applicable labeling list from DMM Module L to facilitate verification of any entry discounts claimed. The physical address of the facility may also be shown. All entry discounts must be based on entry at this facility. If the mailing will be deposited at a bulk mail center (BMC), show the designation "BMC" with the city and state as they appear in the applicable labeling list from DMM Module L (the physical address may also be shown with the ZIP+4).

Submitting Mailing and Form 8125 to Entry Post Office

The mailer or mailer's agent must submit copy 1 of this Form 8125 (with the original signature and round date of the origin post office) with the PVDS mailing presented for acceptance to the entry postal facility shown in the first item of the "Destination" section. Submit a second copy if you want one signed by the entry office and returned for your records.

The mailing presented to the entry office must be configured as reported under "Type and Number of Containers" and must match the other information on Form 8125 as validated by the origin post office (verifying office).

- Mail must not be reconfigured in containers after verification at origin. This ensures that the entry office is able to reconcile the information on the 8125 with the mail being presented for acceptance. For example, mail verified and reported as non-palletized sacks or trays (rather than as sacks or trays prepared on pallets) must be presented to the entry post office in the same configuration.
- Consolidators must not take mail received from mailers as non-palletized sacked or trayed mailings (reported on Forms 8125 as non-palletized mailings) and place the mail on pallets or in other containers after verification (for reasons like facilitating transportation) because the entry office will be unable to reconcil the mail with 8125s representing the mail. For example, if an agent places on pallets 10 sacks from one mailing and 15 sacks from another mailing reported on Forms 8125 as non-palletized sacks, there would be no 8125 representing one pallet of 25 sacks and the destination entry office may refuse or delay acceptanc of the mail.

Instructions for Post Office of Origin (Office Where PVDS Mailing Is Verified)

Be sure mailer has completed all required items in the "Mailer Information" section and item 24.

Complete the "Origin Post Office" section after verifying that all information is correct. Optional items are "Vehicle PVDS Seal number," "Vehicle ID Number," an "Comments."

Sign and round date this form. Return copies 1 and 2 to the mailer. Retain copy 3 in your files for one year.

Instructions for Destination Entry Post Office or Delivery Unit

Either remove the 8125s for your office from the vehicle or receive them from the mailer or mailer's agent and check that your office is shown as the entry facility under "Entry Office" (item 24).

Check that the form is completed, signed, and round dated by the origin post office.

Check the integrity of the mail load to be sure that it is safe to unload. Note any load condition irregularities under "Load Condition Irregularities" (item 30).

Compare the shipment with the form(s) for class, volume (such as number of containers), processing category, entry rates claimed, and so on.

If the 8125 is properly completed and the information on it matches the mail, accept the shipment. Complete the "Destination" section (items 25 through 32) legibly. Retain the completed 8125 in your files for one year. If the mailer or mailer's agent has presented two copies, complete the "Destination" section on the second copy and return it to the mailer or mailer's agent who presented it to you.

If the mail is visibly damaged, the shipment does not match the information on the 8125, or the entry facility on the 8125 is not your facility, do not accept the ma until the discrepancy is resolved.

- You may need to notify your supervisor of the problem(s).
- Either you or your supervisor may need to contact the origin post office (entered as "USPS Employee Verifying Mail") to resolve the discrepancy.

ATTACHMENT UPS/USPS 110-2 PAGE 3 OF 5

United States Postal Service

Plant-Verified Drop Shipment (PVDS) Consolidated Verification and Clearance

Requested In-home Delivery Date *(Three-day window)*

Drop Ship Appointment Number

MAILER: This form is for the use of an individual mailer only, for multiple PVDS mailings cleared at origin on the same day for entry at a single destination on the same vehicle.

1. Mailer's Name

3a. Mailer's Contact Name

3b. Mailer's Contact Telephone

2. Origin Plant Location *(City, State, ZIP+4)*

4. Contact and Telephone at Company Making Drop Ship Appointment *(If other than mailer and if known when completing this form)*

6. Individual Mailings

KEY *(Used below to describe individual mailings)*

Payment Type:	P Permit	M Metered	S Precanceled Stamped
Number of Pallets & Type:	PK Pallets with packages PP Pallets with parcels	PS Pallets with sacks	PT Pallets with trays
Number of Non-Palletized Containers & Type:	S Sacks B Bedloaded bundles	T Trays O Other	P Parcels
Type (Mail category):	L Letters I Irregular parcels	F Flats M Machinable parcels	A Automation compatible N Nonmachinable parcels

5. Destination Entry Discounts Claimed *(Check all that apply)*

☐ DDU ☐ DSCF ☐ DBMC ☐ OBMC

☐ Zone Rates ☐ Local Zone Rates

☐ Mailing includes pieces for delivery outside service area or entry office

Mailer Information

Permit Holder	Product Name/ID	Postage Stmt. Sequence No.	Permit No. & Payment Type (Except PER)	Number of Pallets & Type	Number of Non-Palletized Containers & Type	Number of Pieces	Piece Weight	Total Gross Weight	Class	Type
Totals										

7. Comments

Origin P.O. *(Where verified)*

8. Origin Post Office *(City, State, and ZIP+4)*

9. Verified at

☐ DMU *(Mailer's plant)* ☐ BMEU or Post Office

10. Total Pieces

11. Total Weight of Mailing

12. Vehicle PVDS Seal Number

13. Vehicle ID Number

14. Comments

15a. Name of USPS Employee Verifying Mail *(Printed)*

15b. Employee's Telephone

15c. Signature of Verifying Employee

15d: Contact Name *(If other than verifying employee)*

15e. Contact's Telephone

16. Date *(Round)* Stamp

Dest. Entry P.O. or Delivery Unit

17. Entry Office *(City, state, ZIP+4. If mail will be entered at a BMC facility, write "BMC" as well)*

18a. USPS Receiving Employee's Signature

18b. USPS Receiving Employee's Name

19. Date of Arrival

20. Time of Arrival

21. Date of Departure

22. Time of Departure

23. Load Condition Irregularities *(Check all that apply)*

☐ Pallets Too Tall (T) ☐ Load Unsafe (U)

☐ Broken Pallets (B) ☐ Overweight Pallets (O)

☐ Packages on BMC Pallets Not Machinable (M)

☐ Separations Do Not Match 8125s (P) ☐ Courtesy Pallets (I)

☐ Container Counts Do Not Match 8125s (P)

☐ Other *(Describe in "Comments" section 25)*

24. Appointment

☐ Arrived Early (E) ☐ Arrived Late (L) ☐ No Appointment (N)

25. Comments

ATTACHMENT UPS/USPS-T10-33

United States Postal Service

Plant-Verified Drop Shipment (PVDS) Consolidated Verification and Clearance — DSMS

Requested In-home Delivery Date *(Three-day window)* PAGE 4 OF

Drop Ship Appointment Number

CONSOLIDATOR: This form is for the use of an authorized drop shipment management system (DSMS) consolidator only, for multiple PVDS mailings cleared at origin on the same day for entry at a single destination on the same vehicle.

1. Consolidator's Name

3a. Consolidator's Contact Name

3b. Consolidator's Contact Telepho

2. Origin Plant Location *(City, State, ZIP+4)*

4. Contact and Telephone at Company Making Drop Ship Appointment *(If other than consolidator and if known when completing this form)*

6. Individual Mailings

KEY *(Used below to describe individual mailings)*

Payment Type:	P Permit	M Metered	S Precanceled Stamped
Number of Pallets & Type:	PK Pallets with packages PP Pallets with parcels	PS Pallets with sacks	PT Pallets with trays
Number of Non-Palletized Containers & Type:	S Sacks B Bedloaded bundles	T Trays O Other	P Parcels
Type (Mail category):	L Letters I Irregular parcels	F Flats M Machinable parcels	A Automation compatible N Nonmachinable parcels

5. Destination Entry Discounts Claimed *(Check all that apply)*

☐ DDU ☐ DSCF ☐ DBMC ☐ OBMC

☐ Zone Rates ☐ Local Zone Rates

☐ Mailing includes pieces for delivery outside service area or entry office

Product/ Job Name	Product/ Job ID Number	Permit No. and Payment Type (Except PER)	Pallet/ Pallet Group ID	Number of Pallets and Type	Mailer ID	Total Gross Weight	Class	Type	DMU Release Date
Totals									

7. Comments

8. Date This Form 8125-CD Created

This Form 8125-CD was verified and accepted under the Drop Shipment Management System (DMS). No postal signature or round stamp date is required. Contact the consolidator listed above is there are questions, or refer to the most recent *Postal Bulletin* article on DSMS for postal contacts.

Destination Entry Post Office or Delivery Unit

9. Entry Office *(City, state, ZIP+4. If mail will be entered at a BMC facility, write "BMC" as well)*

15. Load Condition Irregularities *(Check all that apply)*

☐ Pallets Too Tall (T) ☐ Load Unsafe (U)

☐ Broken Pallets (B) ☐ Overweight Pallets (O)

☐ Packages on BMC Pallets Not Machinable (M)

☐ Separations Do Not Match 8125s (P) ☐ Courtesy Pallets (I)

☐ Container Counts Do Not Match 8125s (P)

☐ Other *(Describe in "Comments" section 25)*

10a. USPS Receiving Employee's Signature	10b. USPS Receiving Employee's Name
11. Date of Arrival	12. Time of Arrival
13. Date of Departure	14. Time of Departure

16. Appointment

☐ Arrived Early (E) ☐ Arrived Late (L) ☐ No Appointment (N)

17. Comments

ATTACHMENT UPS/USPS-T10-3
PAGE 5 OF

United States Postal Service

Plant-Verified Drop Shipment (PVDS) Verification/Clearance

Requested In-home Delivery Date *(Three-day window)*

Plant-Verified Drop Shipment (PVDS) Verified and Paid for at:

☐ Origin Mailing Plant *(DMU Verification)* ☐ Origin Post Office *(BMEU Verification)*

Part I - Mailer

A. Complete Part I, items 1-8 and Part III, item 1. Part I, items 9-11 are optional *(If an appointment is required, item 9 may be required at time of entry.)*

B. Submit this completed form with the related shipment(s) and postage statements(s) to the Detached Mail Unit (DMU) or Business Mail Entry Unit (BMEU) when the shipment is submitted for verification and clearance for dispatch.

C. After the verifying employee has completed, signed, and dated this form, attach copies 2 and 3 to the left inside rear wall of the vehicle, just inside the rear doors. If the vehicle is to stop at multiple destination facilities to deposit mail, place the clearance documents for each stop in separate envelopes bearing the name of each entry office.

1. *Mailer's Name*

2. Origin Plant Location *(City, State, ZIP + 4)*

3. Class of Mail
☐ Periodicals ☐ Standard (A) ☐ Standard (B)

4. Product Name

5. Type of Mail/Payment Method *(Check all that apply)*
☐ Letters ☐ Machinable
☐ Flats ☐ Automation Compatible
☐ Irregular ☐ Metered
☐ Permit ☐ Stamped

6. Destination Entry Discounts Claimed *(Check all that apply)*
☐ DDU ☐ DBMC
☐ DSCF ☐ Zone Rates
☐ Shipment includes pieces for delivery outside of entry office service area

7. Total Gross Weight of Shipment

8. Type and Number of Containers
☐ Pallets (with: ☐ pkgs. ☐ sacks ☐ trays) _____
☐ Trays (bedloaded) _____
☐ Sacks (bedloaded) _____
☐ Other *(Describe)*: _____

9. Drop Shipment Appointment No. *(May be added after verification)*

10. USPS Authorized Mailing ID Code *(Optional)*

11. Additional documentation attached describing mail to be off-loaded at entry office *(e.g., bill of lading, sack/tray/pallet listing, vehicle load diagram, etc.)* ☐ Yes ☐ No

Part II - Post Office of Origin *(Where Shipment is Verified)*

A. Be sure the mailer has completed Part I, items 1-8 and Part III, item 1. *(Part I items 10 and 11 are optional. Item 9 may be completed after dispatch at time of entry.)*

B. Complete Part II, items 1-10. Show seal number that will be used to seal mailer's vehicle *(at mailer's request)* and vehicle ID number in item 8.

C. Retain copy 2 for your records.

D. Give copies 1 and 3 of this completed form to the mailer for placement in the vehicle in which shipments are dispatched.

E. After vehicle is loaded, seal vehicle with PVDS seal at mailer's request.

1. Origin Post Office *(City, State, and ZIP + 4)*

2. Permit Number

3. ☐ Permit Imprint ☐ Stamped ☐ Meter

4. Single Piece Weight

5. Total Pieces

6. Total Weight

7. Vehicle Seal Number *(except 2nd class)*

8. Vehicle ID No.

9. **USPS Employee Verifying Mail**
a. Printed Name
b. Signature
c. Telephone Number

10. Date

(Round Stamp)

Part III - Destination Entry Post Office or Delivery Unit

A. Reconcile information on this form against total volume in the shipment(s) deposited *(e.g., count containers, weigh shipment, etc.)*

B. Verify that the seal number in Part II, item 3 matched that on the seal removed from the vehicle, if the vehicle was sealed.

C. If the seal number and shipment volume match the shipment deposited, complete Part III, items 2-6, and accept the mail. Give copy 3 to driver, if requested.

D. Retain copy 1 in your files for 1 year *(along with the seal removed from the vehicle, if applicable.)*

E. If the shipment volume and/or seal number do not match: (1) hold the shipment and vehicle, and (2) call the office of origin or the district office that made the appointment immediately to resolve the discrepancy. Describe any irregularities in item 7.

1. **Entry Office *(City, State, ZIP + 4)***

2. USPS Receiving Employee's Signature

3. Date of Arrival

4. Time of Arrival

5. Date of Departure

6. Time of Departure

7. Comments

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC., VAL-PAK DEALERS' ASSOC., AND CAROL WRIGHT PROMOTIONS, INC.

VP-CW/USPS-T10-1 This question pertains to ECR Saturation mailings with detached address labels ("DALs").

a. Must DALs have a postnet barcode?

b. If not, does the Postal Service ever run DALs through Optical Character Reader ("OCR") equipment to add a postnet barcode? If so, under what circumstances?

c. When the mailing is to a rural route area where letter mail routinely is prepared on Delivery Point Sequencing ("DPS") equipment,
(i) Are there any areas or circumstances where the DALs would be sorted on DPS equipment?
(ii) Would the DALs be sorted on DPS equipment if the mail were entered at the DBMC or the DSCF?
(iii) If the mail were entered at the DDU, are there any areas or circumstances where the DALs would be transported back to the plant and sorted on DPS equipment?

d. When the mailing is to a city delivery route area where letter mail routinely is prepared on Delivery Point Sequencing ("DPS") equipment,
(i) Are there any areas or circumstances where the DALs would be sorted on DPS equipment?
(ii) Would the DALs be sorted on DPS equipment if the mail were entered at the DBMC or the DSCF?
(iii) If the mail were entered at the DDU, are there any areas or circumstances where the DALs would be transported back to the plant and sorted on DPS equipment?

e. At all DDUs where DALs are not presorted on DPS equipment, do carriers always case the DALs, or do circumstances exist where a carrier would take the both DALs (uncased) and the mail which goes with the DALs directly to the carrier's vehicle?

f. Please describe all in-office procedures used for DALs that are not presorted with letter mail, compare the procedures for handling DALs versus those for handling saturation enveloped letter mail (e.g., to the same addresses as the DALs), and indicate which is easier and less costly for the Postal Service to process and deliver.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC., VAL-PAK DEALERS' ASSOC., AND CAROL WRIGHT PROMOTIONS, INC.

Response:

a. No.

b. I am not aware of any instances when DALs are run through an OCR to add a PostNET barcode nor would it be advantageous to do so. If the DALs are mixed in the DPS letters, the carrier will not know how many DALs he has in DPS to know how many matching pieces to take. The carrier may also not know to take any matching pieces at all that day before going out on the street since he may not see any DALs until on the street.

c. + d. (i)-(iii) I am not aware of any circumstances when DALs would be sorted on DPS equipment regardless of where the mail is entered. As above, it would *not* be operationally advantageous to put the DALs in with the DPS letters.

e. Yes, with the exception of on a mounted route. See my response to NAA/USPS-T10-16.

f. See NAA/USPS-T10-14 and NAA/USPS-T10-17b for the handling of DALs in the office. The handling of ECR letters is described in my testimony on page 25. I have not studied the relative costs of these mail streams, given the many variables involved, and am unable to indicate which is easier and less costly for the Postal Service to process and deliver.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC., VAL-PAK DEALERS' ASSOC., AND CAROL WRIGHT PROMOTIONS, INC.

VP-CW/USPS-T10-2 When carriers deliver a DAL mailing, do they put both the detached address label and the mailpiece in the addressee's mail receptacle, or do they put only the mailpiece in the receptacle? If the Postal Service has no standard operating procedure, please indicate what you believe to be the prevailing practice.

Response:

Both the detached address label and the mailpiece are delivered to the addressee's mail receptacle.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC., VAL-PAK DEALERS' ASSOC., AND CAROL WRIGHT PROMOTIONS, INC.

VP-CW/USPS-T10-3 Assume that a carrier receives two ECR saturation mailings for delivery, for example, on Tuesday.

(a) Would the carrier case one mailing and take the other as a third bundle, or would the carrier take one as a third bundle and defer the other until the next delivery day? Which would be most likely to occur?

(b) If one of the two saturation mailings were DAL, and the other were an enveloped addressed mailpiece, would the carrier be most likely to case the addressed envelope mailpieces or the DALs?

Response:

(a) See my responses to NAA/USPS-T10-14 and NAA/USPS-T10-17.

(b) See my response to NAA/USPS-T10-17. Note that on a mounted route, both could be taken to the street without casing. In a DPS environment, ECR letters, if they are automation compatible, most likely would be sent to the plant for DPS processing and the DALs would be cased by the carrier in the office. If the ECR saturation letters are not run on DPS, then both the letters and the DALs will be cased by the carrier in office.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC., VAL-PAK DEALERS' ASSOC., AND CAROL WRIGHT PROMOTIONS, INC.

VP-CW/USPS-T10-4 Is it operationally easier for the Postal Service to process and deliver (i) ECR saturation mail that is enveloped and has a preprinted postnet barcode, or (ii) ECR saturation mail that has a DAL and is "loose," or folded and not enveloped?

Response:

It depends on the shape and characteristics of the piece. I am told that it is operationally easier to process and deliver an ECR saturation letter mailing that is enveloped and has a preprinted PostNET barcode. That is why DALs are not allowed for ECR saturation letters. However, in the case of flats, it is generally easier to case the DAL than the flat.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC., VAL-PAK DEALERS' ASSOC., AND CAROL WRIGHT PROMOTIONS, INC.

VP-CW/USPS-T10-5 Please describe and compare the processing of (i) ECR saturation letter mail with a postnet barcode with (ii) ECR saturation flat mail (no barcode) both (a) in the current mail processing environment and (b) in the future "automated" flats environment when the Postal Service has the ability to DPS flat mail.

Response:

(i) If the letter is machinable and the zone is a DPS zone, then an ECR saturation letter mailing with a PostNET barcode may be sorted to DPS with other barcoded letters which often requires being sent back to the plant. The letter may also be sorted manually by the carrier into delivery sequence in the carrier case depending on the machinability of the piece and if it is destined for a DPS route.

(ii) a) See my responses to NAA/USPS-T10-14 and NAA/USPS-T10-16.

b) See page 18 in my testimony.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC., VAL-PAK DEALERS' ASSOC., AND CAROL WRIGHT PROMOTIONS, INC.

VP-CW/USPS-T10-6

a. When a carrier receives an ECR saturation DAL mailing, does the carrier count the number of detached labels and then count the number of mailpieces needed to make complete delivery?

b. If not, how does the carrier make certain that the number of mailpieces equals or exceeds the number of detached labels?

c. What happens if the carrier has fewer mailpieces than DALs (i.e., the carrier runs out of mailpieces before completing the route)? For example, does the carrier return to the office with the remaining DALs and, assuming that the office still has sufficient mailpieces, complete delivery the following day?

d. What happens if the carrier takes on the route more mailpieces than DALs (i.e., upon completing the route, the carrier has some mailpieces left over)? Does the carrier return the extra mailpieces to the office, or are they discarded?

Response:

a. No. The carrier does not count the number of detached address labels nor the number of mailpieces needed to make delivery.

b. The carrier is required to take enough mailpieces to cover the mailing. He will determine what is enough from either:

   - the counts on the routing slips for each bundle
   - previous experience
   - will just take them all

c. If the carrier has fewer mailpieces than DALs, the DALs are brought back to the office for next day delivery with mailpieces.

d. If the carrier takes out more mailpieces than are needed for delivery with DALs, then the extra mailpieces are returned to the office. See the Domestic Mail Manual, section A060.4, for the disposition of any excess.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC., VAL-PAK DEALERS' ASSOC., AND CAROL WRIGHT PROMOTIONS, INC.

VP-CW/USPS-T10-7 When the Postal Service receives an ECR saturation DAL mailing where the mailpiece is folded and loose (i.e., un-tabbed), has dimensions of 5.75 inches by 10.5 inches, and weighs 3.0 ounces, does such mail pay the letter rate or the flat rate?

Response:

Letters cannot be mailed with DALs, so pieces must qualify as and pay the flat rate to be eligible. In this case, I would assume the thickness exceeds ¼ inches to qualify as a flat.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC., VAL-PAK DEALERS' ASSOC., AND CAROL WRIGHT PROMOTIONS, INC.

VP-CW/USPS-T10-8

a. Please explain the acceptance and verification procedures for ECR saturation DAL mailings.

b. Does the acceptance clerk count both the DALs and the mailpieces, or just the DALs?

c. If the number of mailpieces exceeds the DALs, is the rate based on the number of DALs or the number of mailpieces?

Response:

a. Please refer to the response for UPS/USPS-T10-15 *b – c*. The referenced verification procedures and certain reference cards attached to that response also apply to ECR saturation DAL mailings. Additional acceptance and verification procedures unique to DALs are listed in DMM A060.

b. The clerk verifies the counts of both the DALs and the accompanying items.

c. In accordance with DMM A060.5.2, if the number of DALs and items is not identical, the number of pieces used to determine the postage is the greater of the two.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC., VAL-PAK DEALERS' ASSOC., AND CAROL WRIGHT PROMOTIONS, INC.

VP-CW/USPS-T10-9 Please refer to your response to NAA/USPS-T10-13.

a. Are detached address labels ("DALs") handled as letters or flats in city delivery?

b. Are DALs handled as letters or flats in rural delivery?

Response:

They are handled as letters in both rural and city delivery.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC., VAL-PAK DEALERS' ASSOC., AND CAROL WRIGHT PROMOTIONS, INC.

VP-CW/USPS-T10-10 Please refer to your testimony at page 9 (ll. 5-8). where you speak of delivery units and plants working together "to identify and capture Enhanced Carrier Route (ECR) letter bundles and trays to incorporate these pieces into the carriers' DPS mail, thus elimiiting the need for manual casing.

a. Are DALs for saturation mailings included in this discussion of ECR letters?

b. Are there efforts to eliminate manual casing of DALs?

Response:

a. and b. Not to my knowledge. Please see response to VP-CW/USPS-T10-1.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC., VAL-PAK DEALERS' ASSOC., AND CAROL WRIGHT PROMOTIONS, INC.

VP-CW/USPS-T10-11

Please refer to your response to NAA/USPS-T10-14.

a. Under what circumstances would a carrier not case DALs?

b. In what percentage of DAL mailings are the DALs manually cased?

c. In what percentage of DAL mailings are the associated mailpieces manually cased?

d. Describe the different ways in which the associated saturation mailpiece could be handled, and how they vary by (i) whether the route is DPS, and (ii) DPS work method.

Response:

a. On a mounted route. See my response to NAA/USPS-T10-16a.

b. I am told that this information is not available.

c. I am told that this information is not available.

d. See my response to NAA/USPS-T10-16.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC., VAL-PAK DEALERS' ASSOC., AND CAROL WRIGHT PROMOTIONS, INC.

VP-CW/USPS-T10-12 Can ECR parcels in a DAL mailing qualify as automated flats, if between 0.75 and 1.25 inches thick?

Response:

No.

CHAIRMAN GLEIMAN: Witness Kingsley when we were off the record advised me that there were just a few interrogatories that had not been designated. Does anyone have any additional designated written cross-examination that will correct that situation?

Mr. Wiggins, you are going to help us out in that regard?

MR. WIGGINS: I will do what I can, Mr. Chairman.

CHAIRMAN GLEIMAN: Thank you.

MR. WIGGINS: Ms. Kingsley, I have handed you two copies of what I believe to be your response to PostCom/USPS-T10-11. If I were to put to you today the questions to which you respond in writing, would your answers be the same?

THE WITNESS: Yes, they would be.

MR. WIGGINS: Mr. Chairman, I am going to hand those two copies to the reporter and ask that they be entered into the record.

CHAIRMAN GLEIMAN: All right, it is so ordered. They will be received into evidence and transcribed into the record.

[Additional Designation of Written Cross-Examination and Response of Linda A. Kingsley, PostCom/USPS-T10-11, was received

into evidence and transcribed into the record.]

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268–0001

RECEIVED
APR 10 5 23 PM '00
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 INTERROGATORY OF* ASSOCIATION FOR POSTAL COMMERCE (POSTCOM/USPS–T10–11)

The United States Postal Service hereby provides the response of witness Kingsley to the following interrogatory of Association for Postal Commerce: POSTCOM/USPS–T10-11, filed on March 27, 2000.

The 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

Susan M. Duchek

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Washington, D.C. 20260–1137
(202) 268–2990 Fax –5402
April 10, 2000

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

POSTCOM/USPS-T10-11 . Please refer to your response to TW/USPS-T10-1(a) where you provide FY 99 labor rates individually for Casual, PS-04, PS-05, and PS-06 clerks.

(a) Please provide average Test Year fully-loaded labor rates individually for Casual, PS-04, PS-05, and PS-06 clerks.

(b) Please provide FY 1999 work hours individually for Casual, PS-04, PS-05, and PS-06 clerks.

(c) Please provide projected Test Year work hours individually for Casual, PS-04, PS-05, and PS-06 clerks.

(d) Are Casual clerks qualified to do all work that PS-04 clerks are qualified to do? If not, please describe all work that PS-04 clerks are qualified to do, but Casuals are not qualified to do.

RESPONSE:

a. I am told that the FY 2001 projected national average labor rates for clerks, fully loaded with service wide costs are:

Casual - $11.49

PS-04 - $27.41

PS-05 - $31.41

PS-06 - $32.93

b. I am told that FY 99 clerk casual hours were 14,500,267 and clerk hours were 538,170,739, but a breakout of clerk hours by level is not available.

c. I am told that FY 2001 projected clerk-casual and clerk hours may be found in LR-I-127, Chapter 10, but a breakout of projected clerk hours by level is not available.

d. Not necessarily. Although a clerk-casual can theoretically be assigned to any job that that a PS-04 clerk can do, the tenure limitations on a casual may make it

uneconomical to give a casual the training a clerk might receive. For example, it would be unusual to see a casual keying mail in a CFS unit or for the new AFSM-100.

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: 4-10-2000

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.

Susan M. Duchek

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260–1137
(202) 268–2990 Fax –5402
April 10, 2000

CHAIRMAN GLEIMAN: Is there any other additional written cross examination that anyone wants to designate or have we covered it all at this point?

[No response.]

CHAIRMAN GLEIMAN: Well, if that is the case, then it brings us to oral cross-examination, and it appears to me at least so far, Ms. Kingsley, that you have hit the jackpot. It's the equivalent of winning LOTTO or Powerball, the Postal Rate Commission equivalent. There are 10 parties who have requested oral cross examination: ADVO, the Association of Postal Commerce, the Association of Priority Mail Users, Keyspan, Major Mailers Association, McGraw Hill Companies, Newpaper Association of America, the Office of the Consumer Advocate, United Parcel Service, and ValPak Direct Marketing Systems/ValPak Dealers Association/Carol Wright. That last string is all one party.

I will note that -- I note that Time Warner has filed a notice, as they did with respect to our earlier witness, reserving the right to conduct follow-up cross examination.

Is there any other party that wishes to cross examine today?

MR. STRAUS: Yes. I am David Straus, from American Business Press. I failed to file notice and in an act of penance I advised both Ms. Kingsley and her counsel

two days ago that I would be requesting the right to conduct limited oral cross examination and I even told them what the subject matter would be.

CHAIRMAN GLEIMAN: And did you do an act of penance to your colleagues in the Postal bar because you get up near the top of the list?

MR. STRAUS: I'll go anywhere you put me.

[Laughter.]

COMMISSIONER LeBLANC: Watch out -- you'd better be careful.

CHAIRMAN GLEIMAN: The record will note that for the first time I am speechless.

[Laughter.]

CHAIRMAN GLEIMAN: And that accrues to Mr. Straus's benefit.

We will begin with ADVO.

MR. OLSON: Mr. Chairman, William Olson --

CHAIRMAN GLEIMAN: I'm sorry, Mr. Olson.

MR. OLSON: I just wanted to make it an even dozen. We just have some very brief questions from District, Mystic and Cox, which hopefully could follow our APMU questions.

CHAIRMAN GLEIMAN: Thank you, sir. Mr. McLaughlin, fire away.

CROSS EXAMINATION

BY MR. McLAUGHLIN:

Q Ms. Kingsley, I am Tom McLaughlin, representing ADVO and I will try to be brief since you have got perhaps a long day.

A Thank you.

Q At pages 27 and 28 of your testimony, you list various facts and figures about changes in postal delivery operations. I would first like to refer you to in your response to NAA Interrogatory Number 3, and this interrogatory dealt with your statement that coverage, the proportion of delivery points receiving mail on any one day, has increased to 85 percent.

A Yes.

Q Do you see that? Now I believe you indicate -- first of all, let's understand what coverage is.

Can you define coverage?

A It is my understanding that coverage is the number of delivery points that will actually receive mail for that day and the carrier actually has to stop.

Q Well, let me do it this way. There is a concept known as possible deliveries and a concept known as actual deliveries, is that correct?

A Yes.

Q And possible deliveries is essentially all of the addresses on the route, is that correct?

A That is my understanding, yes.

Q Okay, and it doesn't necessarily represent the addresses then on a given day actually received mail?

A Correct.

Q And actual deliveries represents those deliveries that actually receive mail?

A That is my understanding, yes.

Q And so coverage is the ratio, the percentage that actual deliveries represent of possible deliveries?

A Yes.

Q Okay. Now you indicate in your response to NAA-3 that the 85 percent coverage figure was estimated but that the fact that this has increased is widely-recognized, so that the deliveries coverage factor has increased over time, is that correct.

A That is my understanding, yes.

Q In other words, your testimony was referring to 1998?

A I believe that was 1998.

Q Okay.

A But I am not sure, I don't have that in my testimony or the interrogatory response.

Q Now, could you turn to your response to NAA Number 4? This again dealt with some facts and figures you gave at page 27 of your testimony where you state that there were

5.6 pieces per delivery in fiscal '98 compared to only 5.1 in fiscal '88.

A Yes, that is what is stated.

Q Now, you provide the calculations for those figures down below on that same page, and I notice that to calculate, you have taken total daily volume divided by possible deliveries, is that correct?

A For city carriers, yes.

Q Right. Now, the daily city volume, that is the volume that actually was mailed out and delivered to deliveries, is that correct?

A That is my understanding.

Q And the possible deliveries figure, on the other hand, as we just discussed a moment ago, is total addresses in the system, and not necessarily representative of those that actually receive mail?

A Correct. So it does not apply a coverage factor.

Q So, in other words, let's take a 1998, your figure there, where you show 82 million possible deliveries. If you were to apply an 85 percent coverage factor, wouldn't that result in about 69 or 70 million actual deliveries, as opposed to 82 possible deliveries?

A Without my calculator, I will accept that calculation.

Q Well, but if you wanted to do it on an actual

deliveries basis, and you were applying an 85 percent coverage factor, it would simply be a very simple -- would you accept, subject to check, that if you did that, it would be 69.7 million?

A Yes.

Q Now, if you look back at 1988 figures that you have there, those, likewise, are based on possible deliveries, and they would also, if you wanted to convert them to actual deliveries, would have to be converted based on the coverage in effect in 1988, correct?

A Correct.

Q And if the coverage in 1988 was lower than it was in 1998, which you testified to, that would affect that number, would it not?

A For actual pieces delivered on a day, correct.

Q And, for example, do you have any information about what the deliveries coverage was in 1988?

A I was not supplied the coverage factor for FY '88.

Q But it was less than 85 percent?

A That is my understanding from our delivery group.

Q Well, just as sort of a hypothetical exercise, if that figure had been 80 percent in 1988, would 80 percent strike you -- I am not asking you to confirm that that is the number, if it is 85 percent in 1998, would 80 percent in 1988 strike you as being wholly unreasonable?

A Again, I don't have the exact number, but I don't believe that that is unreasonable.

Q Okay. If we applied an 80 percent coverage factor for back then, and we did the mathematics on there, would you accept, subject to check, that that would result in pieces per actual delivery of about 6.4 instead of 5.1 that you show for possible deliveries?

A So you multiplied the 77.2 million --

Q Times .8.

A Times .8.

Q To get 61. -- the actual deliveries then become 61.7 million.

A All right. And then you are saying the pieces per delivery then average 6.4 for '88?

Q 6.4 instead of your 5.1 figure.

A What would the pieces per delivery be then under FY '98?

Q Under '98, the coverage factor is 85 percent, the actual deliveries would then become 69.7 million and the pieces per actual delivery would be 6.6.

A Thank you.

Q Would you accept those numbers subject to check?

A Yes.

Q Okay. So, in that circumstance, if we go back and compare pieces per actual delivery, the '98 figure is 6.6

and the '88 figure is 6.4, is that correct?

A Those would be the numbers, yes.

Q Okay. And that is, percentage-wise, a substantially smaller percentage change than when you use your figures based on possible deliveries?

A That is correct.

Q Okay. Could you now turn to your response to NAA Number 5? And this, likewise, dealt with some of those same statements on your pages 27 and 28, and one of those statements was that carriers were delivering 8 percent more mail to 2 percent fewer delivery points. Do you see that?

A Yes.

Q Again, you provide the calculations for that 2 percent fewer delivery points. And, again, don't you use possible deliveries to do those calculations, as opposed to actual deliveries?

A Yes, but when we structure the routes, we don't -- we are always dealing with possible deliveries. Okay.

Q Are you saying that the coverage factor doesn't have a bearing, that actual deliveries don't have a bearing on the structuring of routes?

A Oh, it does, coverage factors do have an impact. But, generally, when we are discussing what changes take place in operations, delivery generally talks about the possible number of deliveries and not the actual.

Q Well, let's look at the actual number of deliveries, though. In fiscal '98, would you accept that the way you would compute actual deliveries would again be -- in fact, actually, the numbers here for possible deliveries are the same that we discussed earlier, aren't they?

A Yes, they are.

Q And, so, the numbers for actual deliveries, after you apply the coverage factor, would be the same. In other words, actual deliveries would be 69.7 million?

A Yes.

Q Okay. And that would result in pieces per -- actual deliveries per route of 420 instead of 494, would that be correct?

A As far as the actual deliveries per day, on average, that would be correct.

Q Now then, if we looked at the 1988 figures that you have got, and, again, we don't know the actual coverage factor for that period, but if we used that 80 percent figure that we had used earlier, what you said was at least maybe ballpark, by my calculation, you would come out with actual deliveries per route of 403? Would you accept that subject to check?

A Yes, I would. So comparing the 403 in '88 to -- what was the number again in '98?

Q 420.

A Thank you.

Q Actually, it is 419.8, but we will round it to 420. So that would mean that there was actually, using those figures, there would have been an increase in the number of actual deliveries per route, is that correct?

A Yes.

Q I would like to refer you to now to your response to MPA Interrogatory 18.

A Yes.

Q Now this interrogatory related to your statement about the change in pieces per delivery in 1998 compared to 1988, and we just discussed that previously in connection with NAA Number 4, is that correct?

A I'm sorry, which figures are you referring to in MPA-18?

Q Okay. Well, MPA-18 dealt with your statement concerning the change in pieces per delivery, is that correct?

A Yes.

Q Okay. And that was the subject that we just discussed a few moments ago concerning the NAA Interrogatory 4, right?

A Yes.

Q Okay. Now, down there in part (c) of that

interrogatory, this is MPA-18, you said you found a limited study of 202 routes performed in 1997. Was that study part of a bigger study?

A I believe it was not.

Q What kind of a study was it?

A I am not familiar with who conducted the study or what the study was for. When asking the delivery group if they possibly had information, this was all that they were able to gather for me. And the package that they provided me just included the 202 routes.

Q Is that a lengthy study or is there like a report that comes along with that?

A It looked an informal type of data collection, it was just performed at a couple of locations.

Q Okay. This was not connected with, for example, the Engineered Standards study or delivery redesign studies?

A I do not believe so.

Q Is it possible to find out whether that is the case?

A Yes, we can check into that for you.

MR. McLAUGHLIN: Okay.

CHAIRMAN GLEIMAN: And how and when will you be prepared to let Mr. McLaughlin know?

MS. DUCHEK: I assume the seven days.

CHAIRMAN GLEIMAN: Is the seven day rule that we

established earlier this week okay with you? I am prepared to change it.

MR. McLAUGHLIN: Yes, I am not even sure at this point that we will necessarily go any further with that, and if Ms. Duchek could just give me a call and let me know, it may be something that we will want to ask for at some point, we may not.

CHAIRMAN GLEIMAN: Well, let's try it informally then.

MR. McLAUGHLIN: Yes, informal is fine with me.

MS. DUCHEK: That is fine, and if I can find out if there is a simple -- the answer is simply, no, it is not from the same study, I can endeavor to find that out quicker than the seven days.

BY MR. McLAUGHLIN:

Q Well, I now want to refer you to your response to -- actually, it was not your response to MPA-21. MPA Interrogatory 21 was directed to you and it concerned changes in -- whether there had been changes in access time for different kinds of deliveries. And that question was redirected to Witness Baron.

A Correct.

Q Who responded with showing numbers based on this new study that has been present by Witness Raymond, is that correct?

A I am not familiar Witness Baron or Witness Raymond's testimony.

Q Part of the reason for the question was to ask whether you are aware of the reasons why certain types of accesses would have changed. And let's just take, for example, a park and loop route. I live on a park and loop route, and it was a park and loop route back in 1988 and it is a park and loop route today. Would there be any reason that you could think of why the amount of time to access a stop, and the time traveling between stops on a route like that would have changed noticeably from 1988?

A I am not very comfortable with the official definition of access time, and it is not something I have personally studied or am familiar with.

Q Well, what about just the total time that it takes to go from address 1 to address 2 to address 3 on a street, would you expect that on a park and loop route, a particular park and loop route, that the amount of time that a carrier takes getting from one address to the next would have changed very much on a walking park and loop route between 1988 and 1998?

A Again, I am not familiar with how this would change by route types or anything else. I mean there could have been changes in the number of park points. I mean I am not comfortable with answering that question.

Q And the same would apply to other types of routes as well?

A Correct.

Q Is there a witness who is familiar with changes that have occurred in actual operations that would relate to a change in the access time required to go from one house to another? That is not you, I take it.

A It would not be me.

Q Do you know who it would be?

MS. DUCHEK: Mr. McLaughlin, I would suggest, since the interrogatory was redirected to Mr. Baron, that he might be the person you want to talk to on that subject.

MR. McLAUGHLIN: Okay. We will do that.

That is all I have, Mr. Chairman.

CHAIRMAN GLEIMAN: Thank you, Mr. McLaughlin. If we can just step back a moment. With respect to your request regarding the existence of that study, I think that the interest of others in the room may have been piqued by your inquiry, and perhaps we would all be better served if, indeed, we got a very short written response from the Postal Service indicating its existence, and then others, as well as you, could decide how to proceed. So, if you could let us know in writing.

It doesn't need to be anything long, we will even take a half a sheet of paper.

Mr. Straus, American Business Press. We will wait. You see, he wouldn't go exactly where I wanted to put him.

[Laughter.]

CHAIRMAN GLEIMAN: And you are all obligated to remind him of that later.

Mr. Wiggins.

MR. WIGGINS: Thank you, Mr. Chairman. I supposed I should say, thank you, Mr. Straus, too.

CROSS-EXAMINATION

BY MR. WIGGINS:

Q Ms. Kingsley, my name is Frank Wiggins, and I am here for the Association for Postal Commerce. When I was talking on Tuesday with Mr. Tayman, seeking to get behind some of the numbers that he employed in calculating test year cost savings associated with certain things, particularly flat sorting machines, he said, oh, I just got those from Library Reference 126, I don't know anything about them, you had better talk to some operations people. Would that be you?

A I did not prepare any of the write-ups for Library Reference 126. I am vaguely familiar with some of them, specifically, those related to the AFSM. But I did not prepare those documents.

Q With regard to the information concerning the

AFSM, are you my best target if I want to seek enlightenment?

A I would suggest I will do the best that I can to answer your questions.

Q You are not sponsoring any part of 126, however?

A I am not.

Q Have a look with me, if you would, please, at Time Warner/USPS-T-10-5.

A Yes.

Q You're talking with Time Warner there about SPBS machines and you say in your answer to Subpart A that you assume 286 processing days for the year. Do you have that?

A Yes. That was the assumption in the DAR, I believe.

Q Would that be a good assumption if one were to ask the question, how many processing days I want to assume for an AFSM?

A Off the top of my head, my personal experience, I would say that that would not be an adequate number for assuming AFSM utilization.

Q What, in your view, would be a good number?

A And again, this is just my opinion. I would assume six days a week, six-plus days a week.

Q Six days a week and 52 weeks a year?

A Yes.

Q At a minimum.

A At a minimum.

Q Okay. And if you had to make an assumption about the number of hours a day that the machine was normally in use in AFSM again, what would that number look like?

A Well, the goal for the AFSM that we provided in training to the field has been that it should run 20 hours a day.

Q And you think that's a reasonable goal?

A For the phase 1 machines, yes.

Q Do you differentiate between phase 1 and phase 2 machines in terms of number of hours a day of operation?

A I would, yes.

Q And what would it be for phase 2 machines?

A Well, that would vary on a facility by facility basis based on the volumes they have available, operating windows, travel distances, those types of things.

Q On average across the system, what do you think?

A I don't have that figure handy, but I would assume that it's, you know, over twelve hours a day.

Q And under 20?

A And probably under 20. It may be 20 in some locations.

Q Well, no, I'm looking for a system-wide average. Someplace between twelve and 20.

A That would be my estimate.

Q Okay. Do you -- and would the number of processing days, six-plus days a week, remain constant in phase 2?

A I would assume so.

Q Okay. So the number of processing days for phase 1 machines and phase 2 machines is about the same, and it's six-plus days a week?

A Would be fairly similar, yes.

Q Okay. And we just went through the number of hours a day.

Do you have a sense, Ms. Kingsley, in the test year, of the proportion or percentage of flats in the mail stream that will be machineable, that will be eligible to run over any one of the three flat sorting machines that will then be out in the field?

A I had some idea you might be asking this.

Q So you studied up on it?

A Since Mr. Yacobucci's testimony.

I do not have the exact portion that we would expect to be on a flat sorter during the test year, but given his models and the assumptions that he made in there, I feel that those would be a very accurate tool to determine those percentages.

Q So the 50 percent machine/50 percent manual number

remains a good one in the test year?

A Again, that would be dependent on the class of mail, whether it's barcoded and whether it's machineable.

Q Standard A regular is what I'm asking about, if that affects your response.

A I wouldn't know the exact value per class and subclass.

Q And if I understood correctly Mr. Yacobucci's testimony, what he was telling me was what would actually happen at the incoming secondary sort of a standard A, that 50 percent would be machined and 50 percent would be manual. Is that --

A If that's what his model said, that seems reasonable.

Q Okay. I was asking you a considerably different question. I was not asking you what you project will happen in the test year; I'm asking you whether you have a sense of what percentage of standard A regular flats in the test year will be machineable, could take advantage of a machine rather than will take advantage of a machine.

A So are you asking what portion of standard A flats in the test year would be machineable versus non-machineable?

Q Yes.

A I do not have that number handy, but I would have

no reason to assume that it's any different than the percent that we probably achieved or found in the last mail characteristic study for standard A.

Q Do you have that number in mind?

A I'm not that familiar with that study. I believe that was from R97.

Q You talk in various ways about the processing speed of the FSM 881 and the AFSM 100, and I want to make sure I understand the nuance in the different responses that you make.

Look with me first, please, at ANM/USPS-T10-20.

A Yes.

Q You tell me there that the FSM 881 has a maximum sustainable throughput of 10,000 pieces per hour, and then you go on --

A In the keying mode.

Q In the keying mode, correct. And then you -- you confused me a little bit by going on to say 14,000 may be possible. How is that different from maximum sustainable?

A The 14,000 was provided in Publication 128, which is part of our Library Reference I-193, and the throughput of the 14,000 basically came from engineering an ideal world -- all the flats are nice and clean, they're lightweight. But in reality, given the mail base that we are dealing with, 10,000 is the maximum sustainable throughput, and

again that would be for a longer run and very little scheme changeover and things like that.

Q Okay. In your answer to an interrogatory redirected to you from Mr. Yacobucci, PostCom/USPS-T25-4, subpart G --

A Yes.

Q -- you give me similar information for the AFSM 100, and you say theoretically, maximum throughput theoretically is approximately 21,600 pieces per hour. Is that theoretically the equivalent of the 14,000 that we just talked about?

A Theoretically, yes.

Q Okay. And when one gets a little more real-worldly about it, down toward the bottom of your response in G there, you say, therefore the actual throughput is closer to 17,000.

A Okay.

Q And that's the equivalent of 10,000 for the 881; is that right?

A Correct.

Q And you then go on in responding to ANM/USPS-T10-21 -- we talked about their number 20 to you last time; now we're over to their number 21.

A Sorry, I just have a few here to get through.

Q Sure. I appreciate the logistics of navigating

that considerable book.

A Yes.

Q Here, you confirm to ANM that the FSM 881 throughput is approximately 6,500 pieces. Can you explain to me the shift from 10,000 to 6,500?

A ANM Question 20 asked for, in the key mode, what is the maximum throughput per hour using the full complement, and on ANM 21, that was quoting my testimony, which covers more common actual operational throughput that we see is 6,500 pieces per hour.

So I understood Question 20 say even though your testimony says you can get 6500 through this machine, what is really the maximum sustainable throughput, if you, you know, you focused all your attention on this, could you possibly get. And then I provided the 10,000.

Q Okay, so we had a theoretical level, an actual level, and now a really actual level; is that sort of where we're going with the three FSM881 numbers that we've looked at?

A I would say the first one is engineering lab environment; the second one is with every resource and every moment, maximum attention, most beautiful mail, what would be realistically the maximum you could get on the workroom floor, versus what are you actually seeing on the workroom floor, based on your changeover of schemes, your actual

volumes and things of that nature.

Q Okay.

A Rotating keyers, and things.

Q Have a look at ANM/USPS-T-10-42.

A Yes.

Q How do the TPH numbers that you list in your answer to Subpart C, which is the average productivity of the FSM 881, how do those numbers relate to the numbers that we've just been talking about?

A All right, throughput is how many pieces can be fed through this machine per hour. The TPH is total pieces handled. That is a productivity figure.

So TPH is taking into account, how many pieces are actually sorted and finalized on the piece of equipment. So it's not pieces fed; it's how many were actually sorted.

So that would take into account, any OCR rejects, bar code sorter rejects that we did not finalize, but we had to feed through the machine.

And the productivity then would be divided by the amount of work hours. So the throughput is kind of telling you the machine's capacity and capabilities, versus the productivity of how many pieces are we actually finalizing per work hour for that operation.

Q So that, again, looking at your response to Subpart C of ANM-42 to you, in 1998, you're having a

throughput -- total pieces handled, rather, in the BCR mode for the 881 of 800 pieces an hour.

A Correct.

Q And that number is properly compared to the capacity number of 6500?

A No, the 800 is saying that for every work hour on that machine, on average, we finalized 800 mail pieces. So throughput does not take into account, how many work hours were used to achieve that throughput, but productivity includes the work hours, and the pieces finalized, versus just the pieces fed.

Q I certainly understand pieces finalized as opposed to pieces fed. That makes real good sense to me.

A Okay.

Q But the work hour piece of this is eluding me somehow. Can you say that in somewhat different words, and see if I can grab it?

COMMISSIONER GOLDWAY: Six employees?

THE WITNESS: Productivity would then be how many pieces were sorted on that machine in an hour, divided by how many work hours you used to sort that mail; that's your productivity, how many pieces did you finalize per work hour, not per machine hour.

COMMISSIONER GOLDWAY: So if there were like six employees, would you multiply by six?

CHAIRMAN GLEIMAN: Excuse me, you have to turn your mike on and speak up so we can hear.

COMMISSIONER GOLDWAY: I don't mean to interrupt, but I'm trying to clarify. That would mean that if you had six employees working on the machine, you could multiply your 800 by six to get something equivalent?

THE WITNESS: If you --

COMMISSIONER GOLDWAY: That would give you the final pieces?

THE WITNESS: Correct.

COMMISSIONER GOLDWAY: Relative to the pieces fed?

THE WITNESS: Correct.

COMMISSIONER GOLDWAY: In some way that was comparable?

THE WITNESS: Correct. And productivity --

COMMISSIONER GOLDWAY: Assuming you had six people on the machine?

THE WITNESS: Yes. And also the productivity takes into account, the amount of time to set up a machine, to pull down a machine, do scheme changes, and things of that nature, while the machine itself is not running.

MR. WIGGINS: Thank you, Commissioner Goldway. That was elegantly done.

BY MR. WIGGINS:

Q And there are on the FSM 881, conventionally six

employees running the machine; are there not?

A Yes.

Q So that instead of 800 as a comparison point with the 6500, you would compare 4800 or six times 800 and 6500; is that right?

A If that was, in fact, how many people were used, correct. We also sometimes cover for breaks, and that may incur more than exactly six people for that amount of run time. Do you see what I'm saying?

Q Well, doesn't it take six people at the machine when the machine is running, at all times?

A Yes, but some sites do some of their prep work at the machine and charge those hours to that operation. Some of the prep work being unbundling and things like that, so the staffing for that machine is six, but the productivity takes into account, what portion of work hours were charged to that operation, which may include some prep time.

Q I appreciate that, and I understand you. Have a look now at ANM/USPS-T-10-16, please.

A Yes?

Q Are the productivity numbers that I see in the column at the far right-hand side of Attachment -- page 1 of 1 of the attachment to that interrogatory answer, comparable to the productivity numbers that we've just been talking about?

A The productivities in the attachment are for all flat sorter operations, so it would average the productivities that were keying. It would average in all the productivities because of bar code read, OCR read, and it would also average in productivities for incoming secondary that has a different productivity than maybe an outgoing primary.

So it would be the average of all productivities across all those machines for each one of those areas.

Q Do you still have 42 handy, ANM/USPS-T-10-42?

A Yes.

Q Other than the fact that your answer separates out keying and BCR and once you get OCR separates that out, what differentiation is there here that is not in Attachment 1 of No. 16 to you from ANM?

A I'm not clear ~~of~~ on the question. Are you asking in 42, there are separate productivities by keying BCR and OCR in those instances?

Q Correct. And that you don't see in No. 16, correct?

A Correct.

Q Is there any other distinction, other than that averaging phenomenon?

A Again, that would be across all different schemes, which have different productivities.

For example, if I'm keying incoming secondaries, I'm keying and I need to have carrier knowledge. The productivity generally is lower than if I'm just keying outgoing and I have to key the zip code.

Q Well, but isn't the answer in 42(c) also averaging those different schemes together to come up with a number? That's what I was trying to get at.

A To some extent, but, for example, there are not a lot of First Class flats that are bar-coded. And so we require keying for those.

So on the Attachment, it would weight in all of those types of handlings. So it would weigh in, if the majority of First Class require keying, then it would weigh the lower productivity associated with keying.

Q Okay. Look now with me, if you would, please, at MH/USPS-T10-8.

COMMISSIONER GOLDWAY: Would you repeat the number?

MR. WIGGINS: Sure, sorry.

THE WITNESS: Repeat the number of the question.

BY MR. WIGGINS:

Q Sure, I'm sorry. It's McGraw Hill/USPS-T10-8.

A Yes.

Q You are asked the reason that -- you say up above, 50 percent of non-carrier routed bar-coded flats are

processed and distributed in operations other than automation. See that up above?

A Yes, that was from the Strategic Improvement Guide for Flat Processing, and it's part of Library Reference I-193.

Q And you're then asked by McGraw Hill, the reasons that more -- one does not see more stuff processed in automation operations.

And you rejoin, the main reason was due to not enough flat sorting machine capacity.

A That was the main reason as mentioned in my testimony.

Q And the timeframe for that observation, what period of time were you looking at when you observed not enough capacity?

A I would say FY 98 -- well, FY 97, 98, 99, would be a fairly fair time period.

Q And do you have hope that that state of events is going to get better?

A Yes, I do.

Q You say in response to McGraw Hill/USPS-T10-5 -- and I'm looking at Subpart C of that --

A Yes?

Q That in 1998, and you expect the same to be true in the test year, you are asked if the necessary number of

FSM 1000s will be onhand and you answer, the Postal Service expects sufficient FSM-1000 capacity in the test year, given Phase I AFSM deployments.

And let me just pause with you for a moment. I realize that's not all of your answer, but let me pause with you there.

Does that mean that when the AFSM starts being out there in the field, and it will be -- is it your understanding that the first buy, which I mis-hypothesized, and I apologize. I didn't mean to mislead anybody.

I said to Mr. Yacobucci, 273 machines in Phase I. It's 173; am I right, Ms. Kingsley?

A That is correct.

Q Okay. And they are all going to be out there fully deployed in the test year, is that your understanding as well?

A That is correct, by December of 2000.

Q End of November, right. Yeah. Does this first sentence of your reply in subpart (c) mean that some of the jobs that require an FSM 1000 today will be taken over by the AFSM 100?

A That is not what I am saying. What I am saying is the FSM 1000s today, even though they were intended for what we normally consider nonmachineable volumes, because we have insufficient 881 capacity, we are using them to fill that

gap. And, so, once we get the new deployment of the AFSM 100s, that 881 compatible mail will shift to the 100s, and then we will be able to use the 1000s, as it was intended.

Q I was a little -- I was confused by your answer, I guess, because the question is, state the extent, or your best estimate of the extent of the shortfall, if any, in the number of FSM 1000s necessary to handle the full volume of noncarrier route flats that are machineable only on the FSM 1000. And then you talk about the capacity being okay in the test year because of AFSM deployment.

A The question was, does the Postal Service currently have or is considering any plans to purchase additional 1000s. If not, explain why no such plans exist. So, I was saying that we feel we have sufficient FSM 1000 capacity for the volumes that it is intended to sort. All right. So, if the 100 -- AFSM 100s are there, then the 1000s can do what they were intended to do, and we have sufficient numbers of machines to do that, we believe.

Q Okay. There is not a sufficient number today because they are been dragooned off to do the work of 881s, is that --

A In some instances.

Q Okay. Good. I understand that. And you go on to say in your answer to subpart (c), in 1998 there was an adequate number of FSM 1000s deployed, however, not

necessarily to the right locations due to insufficient capacity for FSM 881 compatible volumes. Is that just another facet of the same phenomenon that you just talked to me about?

A Yes. Yes.

Q You then say, in your answer to NNA/USPS-T10-10 -- I am sorry to keep you paging around there, but --

A That was NNA-10?

Q NNA-10, that's right.

A Yes.

Q You are asked there what the use of the first phase 173 AFSM 100s will be. And you say they will handle incoming secondary, not outgoing secondary flats that are currently sorted manually to carrier route. Is that one of the ways in which they will be absorbing the 881 under-capacity and freeing up the 1000s, to do just the work that they were intended for?

A Yes.

Q Do you know, you say they will handle incoming secondary, referring to the AFSM 100s. Is that all that the Phase 1 machines will be doing?

A No. The Phase 1 machines will be doing outgoing primary processing, incoming processing, as well as incoming secondary. I had an interrogatory response that shared that approximately half the savings were for incoming secondary.

Q I have that one coming up.

A All right.

Q Let's talk about it as long as you have it in mind. It is DMA/USPS-T10-53, I believe.

A Yes.

Q And as you correctly recalled, what you say is that you assumed -- it is assumed that at least half the savings occasioned by the deployment of AFSM 100s would come from moving incoming secondary flats sorted manually to the AFSM 100. Do I have that correct?

A Correct.

Q Yeah. That means, I assume, that there will be less manual sortation of incoming secondary in the test year than there is today. Is that a fair read?

A Yes, it is.

Q And yet you project that in the test year there will be fully 50 percent of the incoming secondary sorted manually?

A Yes. If you also look, we have stated that the incoming secondary first is going to be targeted for zones with ten or more routes. And I believe, if you look at what portion of our volume does not destinate in zones with 10 or more routes, it is over 30 percent. So, for flats, if we already know that ~~they are~~ there are small zones, we aren't going to put them on a flat sorter, that automatically is 30 percent.

We also have some volume that is nonmachineable. So that is not going to be sorted to incoming secondary on an AFSM 100. That is going to be manual, whatever that percent is. Then we also have rejects, bar code read rejects, and OCR rejects, because, again, we are not planning on having scheme clerks -- and even though the AFSM has video encoding, there are still some times where we cannot get enough information on the address to sort to the carrier route level. So, you take all those into account, 50 percent seems very reasonable in the test year for volumes to be incoming secondary or flat sorters.

Q So you are projecting that between the things that cannot be handled by a machine, for one reason, and the pieces that are rejected by the machine, for some reason, those are going to make up 20 percent of the universe of flats in a test year. You add that to 30 and you get the 50, is that right?

A Approximately, yes.

Q Okay. So let's focus -- and I appreciate, and do you have a reason for thinking that that 20 percent number is a good number?

A Again, I believe the portion that are going to destinate in those smaller zones is over 30 percent. So I really am not quite sure, you know. I mean the 20 percent is not a precise number in any way, shape or form.

Q I am not trying to pin you down to decimal points and stuff.

A Right.

Q But, you know, 30-something, 50 minus 30-something yields a residue that is someplace int he zone of 20. And I am just asking whether you have any empirical evidentiary basis for thinking that that is a good number, or whether you have done what I just did, which is to subtract?

A Well, I think Mr. Yacobucci's models take into account most of those situations, where it is too small of a zone, we have reject rates, we have nonmachinability issues, and some of it, again, is coverage factors. We will not have AFSM 100s everywhere. There are only 173 machines, and there are 250 processing facilities. So we know that it is not going to be available to cover every zone with 10 or more carrier routes.

Q Let's talk a bit about the 30 percent. You said, I believe, that is 30 percent -- say again what the 30 percent represents for me, would you, please?

A All right. Again, we intended the machines looking at zones with 10 or more carrier routes. Well, the volume that destinates in zones with less than 10 carrier routes is over 30 percent of our flat volume. So we would not expect that to be on the flat sorter, those zones are too small. There is a bigger bang for our buck going to

some higher volume locations.

Q And I think you said the first time you described the 30 percent phenomenon for me, I think you said, initially, we don't plan to send into zones with 10 or fewer routes, is that right?

A Correct. Correct.

Q Does initially include all of the test year?

A Yes.

Q You are not going to send into zones with 10 or fewer routes in 2001, at all?

A It is possible in some locations, but, in general, I would say no. It is very similar to DPS, even though we intended to go in at certain sizes, we found it was economical in some situations if we had the machine, the delivery unit was nearby, the delivery unit had volume. So, there will be some instances in the test year, I am sure, where it might be less than 10, but, in general, I would say no.

Q And do you believe that you are going to have a volume of flat mail for the 50 percent that is going to be machined in the test year, that will fully utilize the capacity of the AFSM 100?

A I would assume -- the feedback from the machine in Baltimore has been very favorable, and given how that machine literally is eating up the volume, we will try and

get as much run time out of that machine as possible and put on as many zones as actually feasible, as soon as possible.

Does that answer your question?

Q Yes, that absolutely answers my question, and let me frame a subpiece of it in a slightly different way. If I wanted to know or have an estimation of how much volume that represents, how much mail is the AFSM-100 going to process for you in the test year, I could take six days a week, right? -- times 20 hours a day, and multiply it by 173, the number of AFSM machines that will be out there in the field for all of the test year, and that would be a good estimation of the flat volume process by AFSMs?

A Well, I am not sure how many pieces per hour you are assuming.

Q 17,000. Give me a good number?

A Again, that is throughput and some small portion will be rejected and --

Q I understand, but I would like your estimate of what a good number would be for that factor. You do need that in the equation.

A And again I would point to David Yacubucci's models as being a fairly accurate representation of what will happen in the test year.

Q His model doesn't give me processing capacity, does it?

A But his Capacity SOP factors take those items into account, I believe.

Q You think that you can back the number that I need to do my calculation out of his Capacity SOP factors? Probably should have asked him that.

A That would be my suggestion.

Q Well, shucks, he's gone. Do you have a view at all?

A When working through those Capacity SOP factors with the processing folks, again I believe they are the most accurate picture of the test year that we have currently.

Q Okay, but --

A Because we have not done any particular modeling that shows exactly how many pieces are we going to run by site by machine.

Q Right, but the general notion of the calculation that I just described to you is an accurate one if I could find myself a good number for the throughput? That would give me a view of how many pieces would be processed over an AFSM-100 in a test year?

A Then you would also have to consider things like switching over schemes, so the machine isn't running. There is no throughput, so if we are doing outgoing primary we have to stop the machine and sweep the machine for that, so that is a part of that 20 hours a day where the machine will

not be running, and then setting up for the next managed mail or incoming SCF sort plan, and then setting up for multiple incoming secondaries, so there would be some other indications that you would have to make some pretty vast assumptions to use that approach.

Q In addition to the ASFM-100s, the FSM-1000s are going to be deployed in the test year, correct?

A All the FSM-1000s are already deployed and will all be there in the test year, yes.

Q That was my point. They are going to remain there in the test year?

A Yes.

Q As far as you know?

A Yes.

Q And I am a little confused about the state of the 881s. In your testimony at page 13, lines 9 through 11, do you have that?

A Yes, I do.

Q You tell me that the FSMs are going to be relocated to smaller sites and I take it that means in the test year?

A Yes.

Q And then in your answer to ANM/USPS-T10-2, you say in subpart (c) --

A I'm sorry, just one moment.

Q Sure, I'm sorry.

A Yes?

Q That the majority of the FSM-881s are expected to be retired. That is at a time after the test year, is that right?

A That is correct. That would be with the Phase 2 AFSM deployments.

Q Okay, so during the test year all of the 881s are going to remain in --

A -- operation.

Q -- in force.

A That is our expectation, yes.

Q Okay, and your answer to ANM-T10-3, which says you are studying on what to do with the FSM-881s, do you have that?

A Correct.

Q That, too, is referring to a time further out --

A Yes.

Q -- past the test year?

A Yes, it is.

Q Okay. You were asked by us in PostCom/USPS-T10-4, do you have that?

A Yes.

Q Whether the cost savings reflected by the deployment of the AFSM-100 showed up in Library References

126 or 127. You say sure, they do. I am looking to your answer to subpart (e).

A The OCRs on the 881 are in fact in Library Reference-126.

Q No, I'm sorry, I am looking at subpart (e) --

A Yes, but that is referring to the OCRs on the 881, in the main paragraph.

Q I'm sorry, I misread my own question. Let me ask you the other question. What about the cost savings reflected by deployment of the AFSM-100? Are they reflected in 126 or 127?

A Yes, Phase 1 of the machines are located, are in 126 in more than one location, and there is reference also to some savings in the test year for Phase 2.

Q I'm sorry, there is reference with regard to Phase 2 --

A In Library Reference-126.

Q Okay, got it. If I wanted to find that in 126, I would look at page 6 of the last revision, wouldn't I?

A That is one of the locations.

Q If you could get there with me?

A Yes, I'm on page 6, revised April 5th version.

Q And I'm looking at the paragraph that's headed ~~Automatic~~ Automated Flat Sorting Machine (AFSM) 100. Is that the right place?

A Yes.

Q Can you tell me -- and down in the last bits of this, you tell me the --

A I just want to clarify this. I'm not telling you this; the Library Reference is stating it from the program manager.

Q But you know about this, don't you, or not?

A I know of it, but it's not like -- again, I did not prepare this and I did not support this entry in the Library Reference.

Q And nobody did? Nobody supports this? Mr. Tayman told me that he didn't, and you don't.

A I did not provide Mr. Tayman --

Q Okay. Well, let me ask you a question, and we'll see whether you can answer it.

A Yes.

Q That's a better use of time.

There is a calculation here of savings for FY 2000.

A Yes.

Q Do you know how -- and that 129,000 hours for clerks we are told by Library Reference 126 is the result of multiplying 173 machines by 745.7 hours per machine. Do you know where that last factor came from?

A I'm not familiar with where all the calculations

came from, but I do know that, again, these are averages, and if you look at -- in the -- in FY 2000, we know not all 173 machines are going to be deployed in FY 2000.

Q Okay.

A So --

Q Let's look at FY 2001. So we take that problem out of play, because --

A Correct.

Q -- they're all going to be there in 2001, correct?

A Correct.

Q And here, it's showing me a gain of two-million seven-one-five-thousand hours for clerks, which is 173 machines times -- and this number now gets much bigger -- 15,693.6 hours per machine.

A Yes.

Q That's what Library Reference 126 tells us.

A Yes.

Q Can you tell us where the number 15,693.6 hours per machine came from?

A Again, it's my understanding that the savings are based on the deployment schedule. Where that exact number came from, I do not know.

Q The deployment schedule has nothing to do with it, does it, Ms. Kingsley? Didn't you tell me before --

A Well, the amount of savings does depend on the

deployment schedule.

Q Won't you tell me again what you told me before, and that is all of the AFSM phase 1 100s or 100 phase 1s, those 173 first buys, --

A Yes.

Q -- they are all going to be in place for all of the test year, are they not?

A They are not all going to be in place for all of the test year, because day 1 of the test year, we aren't going to have all 173 machines, but by the end of the test year, we will have all 173 machines.

Q I mistook your testimony earlier. I thought you told me that by December, --

A Yes.

Q -- they were all going to be on.

A Yes. And that is not the beginning of FY 2001.

Q Oh, that's right. Certainly. I'm sorry. I keep forgetting.

A Yes. It's fiscal year, not calendar.

Q Okay. So there is a deployment effect for roughly three months.

A Roughly, yes.

Q Yes. Okay.

Deployment is one phenomenon. What else do you think -- and deployment you say has to do with the 15,693.6

number?

A I would assume so because we can't have savings for a machine we don't have in place.

Q Perfect. What else do you think informed that number? Where should I look if I want to chase that number to its hole?

A Well, I would say if you want to chase the number to the hole, my personal opinion would be to take the amount of total savings for 2000, the total savings for 2001, both listed on page 6 of the Library Reference, then there are also phase 1 savings on page 18 of that Library Reference, and again, there was a revision on the April 5th, --

Q Okay. Got that.

A -- and there, there is a work savings for phase 1 of 1.7 million work hours.

Q Right.

A And another item that is not in this Library Reference would be any particular savings in 2002, because if we're deploying machines in 2001, obviously we hadn't had a whole year to capture savings, so there will be some savings in 2002 that are not in the Library Reference.

Q Incremental savings, additional savings in 2002.

A Yes.

Q Yes. But -- I appreciate all that and I could sum all these things up and I would get the total number of

savings, but I'm really looking for a different thing. I'm looking to understand how you got the numbers by which those savings numbers are calculated.

I understand 173 machines, but those 173 machines are multiplied by different factors as one goes through 126 and totes up references to AFSM 100 efficiencies, and it's --

A Right, based on the amount of deployment, et cetera.

Q Okay. But it's the et cetera. Where else do I need to look to understand those numbers?

A It's my understanding these numbers were provided by the program managers under Mr. Tayman's direction. I am not familiar with all the background behind these numbers.

Q Well, that's what Mr. Tayman told me, too, and I appreciate that, but the numbers don't exist anyplace outside the summary form in which they're presented in Library Reference 126 unsponsored? To your knowledge.

A I'm looking to counsel.

Q I don't want counsel's testimony.

CHAIRMAN GLEIMAN: No, counsel can't testify.

BY MR. WIGGINS:

Q Just to your knowledge --

MS. DUCHEK: I can't, but I did want to correct a statement, if I could, Mr. Chairman. Mr. Wiggins said that

126 was -- I thought I heard him say it was unsponsored, and I believe that's not the case. I believe Mr. Tayman did adopt it.

MR. WIGGINS: Well, no one has knowledge of the contents or those things which went into 126 unless -- because Mr. Tayman said he did not.

BY MR. WIGGINS:

Q Unless you can tell me.

A Right. And I was not a sponsor of this item or --

Q I appreciate that.

A -- or any item in the Library Reference.

Q I apologize if I misspoke. I didn't realize Mr. Tayman had sponsored it. It certainly wasn't moved in in the fashion that Mr. Yacobucci's stuff was moved in earlier today.

But I'm just asking you, Ms. Kingsley, what you can tell me about those factors that are multiplied by 173 in order to determine the efficiency in terms of clerk hours that we're going to enjoy by reason of the deployment of the AFSM 100. That's what I'm looking for.

A Okay. And again, the only additional information that I had been provided was that more than half of those savings would be for automating incoming secondary processing. And assuming -- I am assuming that the savings are based on productivity improvements, depth of sort

improvements are possible. I mean, I'm not sure of the reasons.

Q Sure. No, analytically, I'm absolutely with you on that. I'm persuaded of that my own self. I'm trying to figure out how you quantify it. That's what I'm trying to chase after. If there was any ambiguity in my question, I'm looking for the quantification.

A And I did not conduct the quantification, so I cannot --

Q I understand.

A -- answer that.

Q I understand that.

Take a look at your answer to PostCom/USPS-T10-3, please.

A Yes.

Q We ask you in subpart C of that question about the difference in address quality between automation flats and non-automation flats, and you say in your answer that I would like you to focus on here, "However, I have also seen automated flats all with the wrong plus four." That's referring to zip plus four?

A Yes.

Q The last four digits in the zip, plus-four --

A Yes, it is.

Q -- zip code.

And do you have any notion why automated flats would -- when you say all with the wrong plus four, tell me what you mean by that.

A An example would be being called over to the flat sorter as a crew is seeing all of these pieces reject because they don't match the sort program. It's -- they are randomly generated numbers or they're all nines or -- it's just a few anecdotal situations where I have actually seen the barcodes themselves do not have the proper plus four.

Q This isn't a recurring or regularly recurring problem, it's an aberration; is that right?

A Yes.

Q And have you examined or sought to examine the cause for the aberration?

A No, I have not. In those types of situations, we generally would try and get back to the mailer and let them know.

Q And in subpart F of your answer, we're asking you why poor address quality increases Postal Service costs, and you say, "Assuming the zip code is correct, we may be unable to sort to the correct carrier." Why would that be?

A Well there are multiple carriers within a zip code, and if it doesn't have the right directional or suffix, it may be impossible to decide which carrier without some kind of specific knowledge to the route that that

should be sorted to.

Q Let me -- it would have the right zip code but the wrong address? Is that the sort of thing that you're talking about?

A No. I am saying that the zip code may be correct, but you are inferring if there was some type of address quality problem. So, for example, if there is a 200 North Main Street and a 200 South Main Street, and there are two different carriers, and the directional is missing, we don't know which carrier to sort it to.

Q Or if it's not missing, but it's simply wrong. I sent addressed to North Main Street something that I intended for South Main Street. That's the kind of problem you're talking about?

A That is possible as well, yes.

Q Okay. So that all of those infirmities of address, if I read you right here, are costing the Postal Service money.

A To some extent. It really depends on what the problem is with the quality of the mail piece. It's different if you don't have an apartment number versus having a directional that is in a totally different zip code.

Q Well, both of those things are going to cost you some money, are they not, --

A Yes.

Q -- but different amounts of money?

A Exactly.

Q Okay. And we asked you pretty much the same question -- no wonder it's pretty much the same question; it is the same question.

You noted or you and Ms. Duchek both noted that there had been an amendment to PostCom/USPS-T10-8.

A Yes.

Q Could you tell me what that is?

A Yes. Let me pull it up. On the third page of the response, part C and D, where it covers what are the wage levels for various clerks, --

Q Yes.

A -- the hourly wage rate is a PS5 for manual and manual scheme clerks, so we crossed out PS level 6. There are no level 6 ~~maual~~ manual scheme clerks. The level 6 is for scheme clerks that key on flat sorters or an LSM.

Q Good. I appreciate that.

MR. WIGGINS: I have no further questions.

CHAIRMAN GLEIMAN: Good timing because it's lunchtime. We're going to take an hour, and I would appreciate it if counsel who plan to cross examine after lunch could come to the front and give me a guesstimate of how much time they think they're going to need on cross so

that we can figure out how late we're going to be here tonight since we're two down and ten to go.

So with that, we'll come back at 1:30.

[Whereupon, at 12:32 p.m., the hearing recessed for lunch, to reconvene this same day at 1:30 p.m.]

A F T E R N O O N S E S S I O N

[1:34 p.m.]

CHAIRMAN GLEIMAN: American Business Press, I presume next up.

MR. STRAUS: Yes. Thank you.

Whereupon,

LINDA A. KINGSLEY,

the witness on the stand at the time of the recess, having been previously duly sworn, was further examined and testified as follows:

CROSS-EXAMINATION

BY MR. STRAUS:

Q Ms. Kingsley, as I said to you two days ago, we are going to just talk about one subject, which is annexes, the uses of annexes. You state in your testimony that you go through a significant process to decide what to do when a processing plant seems to become inadequate in size. And you say that you look at the cost and service impacts of the various options available to you. Focusing on a decision to go to an annex, to either build or buy or rent an annex associated with a processing plant, could you be a little more specific about what costs you would look at in terms of the need to add an annex?

A Let me get to that part of my testimony here.

Q Page 33.

A Thank you. Some of the things that we would consider when looking at an annex, one would be location. Is it near our existing facilities or an airport? The other, transportation access, because, again, that can affect our costs, you know, if we have -- we don't want to be driving halfway across town, for example.

Available power, and that gets to a cost for us. An example would be delivery bar code sorters have different power requirements, database requirements than some other equipment that we may have. So, if the power doesn't already exist, it would be very expensive for us to prepare that annex to accommodate a delivery bar code sorter, especially if we might only have that annex for a short period of time, like a three to five year lease.

Q And you would also look, I assume, at the added handling costs of mail of having to handle, basically processing mail in two facilities at one location, such as the need to transport mail back and forth, the need to load and unload mail maybe more times than you would like.

A Yes. Yes. So we would look at the different ways that we could handle the mail in the annex.

Q And if a decision is made to go ahead with an annex, I guess, either a related decision or an additional decision is, what do you move to the annex, and what do you keep in the main plant, is that right?

A Yes.

Q And, again, when you are looking at the economic effects of the decision that you have to make, are you looking on an overall system-wide basis at the economic effects?

A Yes, we are.

Q Let me give you an example. Let's say that you are basically down to two choices. You can either move all of the periodical processing to the annex, or you can move half of the Standard A processing to the annex.

A We generally don't move just a particular class of mail to an annex. It would be a particular shape or whatever might require a certain type of handling, or a certain type of equipment, the mail that would be associated with that equipment.

Q Well, aren't there annexes where, say, for example, all of the incoming primary periodical handling takes place?

A But it may be all flat processing that takes place. I do not know of any annex that is specifically for periodicals.

Q No, but do you know of annexes where there is some flat processing taking place in the main plant, and some processing taking place in the annex?

A Yes.

Q And somebody has to make a decision about which portion of the flats to move to the annex and which to leave in the plant, is that right?

A Correct.

Q Now, if you will bear with me on this hypothetical, let's say that that person determines -- well, let's start with the premise. The fact that you have to go to an annex is going to raise Postal Service costs some and your goal is to minimize that increase?

A Correct.

Q Okay. So, let's say that moving -- one option would be to move either most or all of the periodicals into the annex, get that amount of flats out of the main plant, and that would cost the Postal Service an additional $10 million. Another decision would be to move a mix of flats, maybe at random, or to move just Standard A, and that decision would cost the Postal Service not $12 million, but $10 million, and let's hold everything else like service equal. At that point, you would go with the least expensive option, I would assume, wouldn't you?

A Yes, but, again, in your examples, you are being class specific, and in many of these cases, for example, I am familiar with some annexes that do just incoming secondary. So that would be all incoming secondary sorts to the carrier regardless of class. It may be specific to

shape, like that is where we have DBCSs and it would be all incoming secondary letters for certain zones, or it may be flat sorter, so that is where we are doing incoming secondary for all flats.

Q I understand. But I assuming, we are assuming for these purposes that some incoming primary flat sorting is being done in the annex and some incoming primary flat sorting is being done in the plant. And I think you agree that that exists, that situation exists?

A I personally don't know of any of those types of situations where we would have incoming processing of the same shape going on in two different locations.

Q So you are saying that wherever there is incoming primary periodicals being sorted in an annex, all Standard A incoming flats are also being sorted in the annex?

A Not all, but given all the information I have on where we are processing periodicals in annexes, the responses back have been we are processing flats in that annex, or we are processing incoming secondary flats in that annex.

Q But the response hasn't been we are processing all flats in that annex?

A In some situations, yes.

Q In some.

A I happen to know, Phoenix, Arizona, they have a

separate building, and that has always been their flat processing facility.

Q Would the decision-maker ever look at the effect of the cost increases on a class-by-class basis, or would that examination be on a facility or Postal Service basis?

A It would be on a facility Postal Service basis.

Q Please look at your response to McGraw Hill Question Number 7, which would be MH/USPS-T10-7. That will be the only interrogatory response I ask you to look at, so you can use all of your fingers.

[Pause.]

A Yes?

Q In response to Parts A through C, you say that there appears to be some form of periodicals processing in 34 of the annexes.

A Yes.

Q Would it be true that incoming primary would be performed in all of those annexes, at least incoming primary?

A In some situations, yes, some situations, no. For example, an annex may be handling the bundle sorting in the SPBS operations.

Are you talking about bundled type situations or piece handling incoming secondary, or incoming?

Q Well, I was talking about both. So you're

suggesting that there may be situations where there's an SPBS at the annex, which sorts the bundles and those bundles are transported back the main plant for the piece processing?

A In some situations, yes.

Q You also state in that same answer that you compared the 34 annexes that have some periodical processing with 251 plants.

How many annexes are there?

A The information that I was able to get, I did not add up the number of annexes, but it would be safe to say that it was more than double the 34 provided in the response.

Q Is the Postal Service now undertaking any effort to determine the types or quantities of mail being processed in annexes? You testified that you don't have any data on that subject.

My question is, are the data being developed now?

A The data being developed to determine how we should proceed with annexes in the future?

Q No. You said in your response, we do not separately track the volumes of mail processed in annexes.

A Oh, correct.

Q And I'm just trying to find out -- sometimes the Postal Service says we don't do something when it hasn't

quite been finished yet. I'm just trying to find out whether that process is underway.

A As far as I know, there are no plans to track volumes specifically worked in annexes.

Q In response to Part F of that interrogatory -- well, the question asked you whether volume growth was a principal reason for the need for annexes, and your answer says that you wouldn't say that it is the principal reason.

Would you say that it is a principal reason?

A An example: The SPBS feed systems take a fair amount of space, so we didn't add the feed systems because of additional volume, but we added it for other efficiencies.

So that took up more floor space, so in that case, that would be additional equipment not necessarily related to volume.

Q I understand that there can be more than one reason for annexes, but in some cases, it can be traced to load growth; can't it?

A Yes.

Q You say in response to Part H of that question that 22 of the annexes have FSMs; do you see that?

A Yes.

Q Are all of those 22 among the 34 at which periodicals are processed?

A Yes -- well, let me -- I do not know if those 22 exactly equate to the 34, because there could be an FSM at an annex that doesn't process periodicals. I didn't do a --

Q But we do know -- I'm sorry.

COURT REPORTER: You didn't do a what?

THE WITNESS: We didn't do a cross-check. Sorry.

MR. STRAUS: I apologize.

BY MR. STRAUS:

Q We do know, though, that because there are 34 annexes at which periodicals are processed, and there are 22 annexes that have FSMs, there are at least 12 annexes at which periodicals are processed that have no FSMs?

A That is correct, but, again, the periodical processing could be on an SPBS, and the bundle processing.

Q But focusing on those at least 12, you don't know whether -- or do you know whether there are any of those at which incoming primary sortation is being done without an FSM?

A That, I do not know.

MR. STRAUS: That's all the questions I have. Thank you.

CHAIRMAN GLEIMAN: Unless there's been some agreement that I don't know about, we will hear from Association of Priority Mail Users -- ah, there is an agreement that I now know about.

MR. HALL: As usual you are the last to know.

CHAIRMAN GLEIMAN: It doesn't bother me too much when it is in the hearing room. Mr. Hall.

MR. HALL: Thank you.

CROSS EXAMINATION

BY MR. HALL:

Q Good afternoon, Ms. Kingsley. My name is Mike Hall, and I am going to be asking you questions on behalf of Keyspan Energy and Major Mailers Association.

I think we will try to begin and end on page 1 of your testimony and I only go to page 1 to note first that you have been with the Postal Service since 1985, originally in a field position and then in subsequent slots where you had more experience and more supervisory experience, is that correct?

A Yes.

Q I would like to kind of compare and contrast the mail processing system, especially for automation compatible prebarcoded letters in the period prior to 1990 and today, so I think that that would sort of coincide with your tenure at the Postal Service.

Today we have, reading from your testimony, increasing use of what are called delivery point bar code sorters or BCS, is that correct?

A Yes.

Q And you characterize those as the workhorse machines for mail processing?

A Yes, for letter operations.

Q Right, and they were originally intended for a very narrow task, but now have been -- their use has been expanded into the incoming and outgoing primary operations because they have so many more bins, is that correct?

A Yes, it is.

Q Okay. Now one of the responses, I believe it was a response to Keyspan Energy Number 6, Interrogatory Number 6, you provided Library Reference-271. Do you recall that?

A Yes.

Q Do you have a copy of that Library Reference?

A Yes, I do.

Q I am going to try to do this with you in just a simple, broad brush fashion here, but based on my quick review of the Library Reference, I see that your DBCS Phase 1 deployment schedule really began in late 1991, but I guess gathered strength in '92 and you have some further deployment during that phase in '93 and as late as early '94, is that correct?

A For Phase 1?

Q Yes.

A Yes.

Q Similarly, for Phase 2, it began in '93, but

occurred mainly in '94.

A Yes.

Q '95 was the year for Phase 3 deployment, is that correct.

A To start, yes.

Q And that was really one of the largest phases during which these machines was deployed, wasn't it?

A I would have to check on that. I really don't remember that.

Q Just by the weight of the paper, will that help you? That's all I did.

A It does appear that there were approximately 980 some machines in that deployment. Yes.

Q I think I misspoke before. It covers both 1995 and 1996.

A Yes, it does.

Q Then in 1997, during Phase 4, you had a relatively small number of machines deployed?

A Yes.

Q And again in 1999 -- well, I guess we skipped 1998. There were no machines deployed in 1998, is that correct?

A Given the date in the Library Reference it appears that is the case.

Q Okay, and then you cranked back up in 1999 and

installed a lot of machines?

A Yes. Some were to replace existing machines.

Q Okay, and to add some of the later refinements to existing machines as well?

A Yes.

Q Okay. So this DBCS deployment schedule, you didn't have DBCSs in the field in any meaningful numbers prior to 1990?

A That is correct.

Q And during that period you had what you call the generation earlier machine, the MPBCS, is that right?

A Yes, the Mail Processing Bar Code Sorter.

Q Which has fewer bins --

A Yes, it does.

Q -- and also a much fewer number of machines that were ever deployed, less than 1500, right?

A Correct.

Q Now we asked you in one interrogatory about the deployment schedule for the MPBCS and I believe you indicated it began more than 10 years ago and you didn't really have a deployment schedule.

Let me ask you, do you know when that deployment ended or would you have some feel for that?

A I am not quite sure of the timing but it would have probably been the early '90s that it was completed.

Q And basically when you started to deploy the DBCS you halted deployment of the MPBCS, is that correct?

A It would have been about that timeframe, yes. There may have been a little overlap, but I would not expect much.

Q Okay. Prior to 1990 the notion of bar coding was just beginning to gather force, wasn't it?

A Yes.

Q And obviously since 1990 we have had a --

A Well, I guess I should ask you what you mean by gather force. I mean at that point in time we were doing a fair amount of incoming secondary in 1990. We had started sector segmenting. We hadn't started DPS yet.

Q Right, but the proliferation of the machines to process bar coded mail really gathered force, to use a non-technical term, since 1990?

A Yes.

Q I have a couple of questions for you on the Library Reference itself, if you could just help me out with some of the -- if you turn, for example, to Deployment Schedule 1 and tell me what the column headings mean, for example. I think I can understand "site" -- those are city locations --

A Yes.

Q -- SN, is that the code for the particular

facility?

A I do not believe it is a facility code. To me it looks like it is related to the bar code sorter itself, because they run in sequence with the deployment dates.

Q Okay. Now when you get to the Schedule 4, you start to provide a little more information about the machines that are going in. Not only do you have delivery date and acceptance date, I guess, but you indicate the area. Is that the meaning of the fourth column over, area?

A Yes.

Q That means like HQ is Headquarters?

A Correct. AL would be Allegheny; GL, Great Lakes. We have 11 areas that we geographically divide the country and MA would be MidAtlantic.

Q Okay, and then are these all in what type of processing plant? Is that what they are, they are going into processing plants as opposed to delivery offices or --

A The majority of DBCSs are in plants. There are some in delivery units, in large delivery units. We have a few actually in some AMFs.

Q And I guess when we get to Phase 5, I have everything I need to know including the physical address that I want to visit; is that correct?

A Yes.

Q And I have a zip+4 code, which is important.

A If you're delivering the piece of equipment, it is.

Q Right. Is Library Reference 271, one of the ones that you have sponsored so far?

A It was provided to me by Engineering in response to one of the interrogatories, yes.

Q But you're familiar with everything in there?

A The basics.

Q Right.

MR. HALL: Mr. Chairman, I'd like to have that Library Reference entered into evidence, if we could, please?

CHAIRMAN GLEIMAN: Counsel?

MS. DUCHEK: Mr. Chairman, I think because it is referenced in an interrogatory response, you had stated yesterday and there was no disagreement, that those are sort of deemed automatically in evidence. Witness Kingsley did not have any initial Library References with her testimony that needed to be moved in.

MR. HALL: That's fine.

CHAIRMAN GLEIMAN: So it's in evidence, but it's not sponsored by this witness, unlike the others that we entered in earlier today.

MR. HALL: I understand. I think she's answered all the questions I needed to have answered, and I'll accept

those answers.

BY MR. HALL:

Q So, to continue, basically, the processing environment is a lot different today than it was ten years ago?

A Yes.

Q And as part of that, you've evidenced in response, I believe, to our Keystone Interrogatory Number 6, as well, in Part C, the percentage of letters that are finalized on automation for incoming secondary operations; that's one measure of change; isn't it?

A Yes.

Q Now, you've indicated there that you don't have information going back past earlier than 1995.

Did you look in the earlier cases, perhaps where you testified? Wouldn't some information be gleaned from there?

A We had a lot of different types of information, but it wasn't all in the same format, or giving us the same information for this series of time.

So we just provided the answers that specifically responded to the question.

But if the intent is, can we see the progression from that time of the amount of volume we've automated, I would say yes.

Q Good. And you could --

MR. HALL: Is counsel willing to provide that for the record, or should I perhaps address that to you, Mr. Chairman?

MS. DUCHEK: Oh.

CHAIRMAN GLEIMAN: It's on the record now.

MS. DUCHEK: I need to clarify exactly what you're requesting. I thought that Ms. Kingsley was just giving you a response that she only provided certain information in response to this interrogatory because the earlier information was different than what you had requested.

THE WITNESS: It was in a different format. It was not -- we could not have an apples-to-apples comparison.

MR. HALL: Could I have an apples-to-slightly different kind of apples comparison? What kind of --

THE WITNESS: I think we could provide some thing on these lines.

MS. DUCHEK: We'll attempt to do that. I just wanted to make the record clear as to exactly what it was that Mr. Hall was requesting.

CHAIRMAN GLEIMAN: Our seven-day rule will hold.

MR. HALL: Great, thank you.

BY MR. HALL:

Q And, for example, I see that between 1995 and 1999, the fiscal years, you saw an increase in the

percentage finalized, going from 78 percent to 93 percent. That was a rather substantial increase in terms of your world, the processing of letter-shaped mail, right?

A Yes.

Q And so would we have expected maybe 20, 25 percent increase, would we have expected something like that if we went back another four years?

A I'm not sure, but that is feasible.

Q Okay, now, when you come to the test year in this case, you have a figure of 94.1 percent, and you provided that also in response to a DMA interrogatory.

Can I ask you, is the 94.1 percent figure that you provided there, is that 94 percent of all letter-shaped First Class pieces, or is it something else?

A I'm not sure if you had mentioned class in there, but that would be what portion of all of our letters are we actually finalizing on automation.

Q Actually, I did use the class there, First Class, and I'm dealing with letter-shaped.

A So it would be all letters. It would not be 91 percent of First Class, it would be 94.1 percent of all letters, we are planning to finalize on automation to incoming secondary by the test year.

Q Okay, but would it -- if we were looking at just First Class, would it probably be the same percentage?

A Since the vast majority of letters are First Class, I would think that's consistent.

Q Right. And what percentage of that 94 percent of First Class letter-shaped pieces are automation-compatible?

I'm sorry, what percent -- what is the total percent of all First Class pieces that are automation-compatible?

A I don't have the answer to that question. I haven't done a study to know.

Q Does it exist in there, in the world of the Postal Service in the great headquarters somewhere?

A Not that I know of.

Q Okay.

A And I'm not quite sure of your definition of automation compatibility, because there are times that we receive a piece that it does not look automation compatible. And as I have mentioned in my testimony, we have some tabbing machines in some locations for us to increase the amount of volume that's automation-compatible.

So there would have to be some sort of distinction as well as to the --

Q I'm not really talking about pieces that you then make automation-compatible through the various systems that you discussed in your testimony. I'm talking about the ones that start out.

A I do not know what that percentage is, and I don't know if that exists.

Q Okay. Now, if you will look at your responses to Keyspan Energy's questions 1 and 5.

A Yes.

Q There we have asked you certain questions about culling out certain letter shaped mail by weight, and your answer is basically that we don't do it, correct?

A Correct.

Q And, so, you do have machines that cull out, we will call it, for purposes of this question, nonconforming pieces based on shape, for example.

A That is correct.

Q And you are very concerned about that problem in terms of processing, is that right?

A That is correct.

Q But weight is not such a problem for you?

A For letters, that generally is not the issue.

Q Right. And part of the reason is that there are so few heavy letters, isn't that right?

A The reason of what? I mean the reason our equipment can't handle it is the throughput that these pieces go through in AFCS or in OCR, there is no way we could physically measure the weight of each individual piece, unlike you are feeding one piece onto a parcel

sorter, it is much easier to weigh each individual piece.

Q But in the overall scheme of things, the weight of the pieces doesn't cause you that much concern when you are running your machines, is that correct? For this, we have been talking about First Class letter shaped mail.

A Correct. It is hard to get a very heavy letter into letter dimensions.

Q Right. As a matter of fact, we have checked, based on one of Witness Daniel's Library References, and I believe it is Library Reference 91, and determined that 99 -- we will just call it 99.7 percent of First Class single piece letters and First Class presort letters weigh not more than 3 ounces.

A Okay.

Q So that is sort of getting onto Ivory soap standards, or exceeding them, isn't it?

A Yes.

Q Thank you. Now, if you could turn to your response to Keyspan Interrogatory 3. There you are discussing the likelihood, and I am referring specifically to part (b), the likelihood of a recipient with a unique 11 digit zip code that consistently receives 5,000 or more letters a day, getting a final separation to his address in the incoming secondary sortation, and your answer is that it would be very likely. That would also be true of a unique

nine digit Business Reply Mail customer, wouldn't it?

A Correct.

Q And in terms of a Business Reply Mail customer that is a high volume user, high enough to have a unique five digit zip code, it is possible that they would get their final sortation to the addressee in the incoming primary, isn't it?

A Not at the 5,000 pieces. I believe Keyspan Number 4 talks about what volume level justifies an incoming primary sort. Even though --

Q For an eleven digit, I think we are discussing there.

A Yes. And that would be the same, though, for a unique nine.

Q And a unique five?

A And possibly a unique five.

Q But, for example, you don't have to have large, exceptionally large volumes to get a unique five digit zip code, do you?

A Yes, you do.

Q Doesn't this Commission have a unique five digit zip code?

A Yes, it does.

Q And although I know we are keeping them very busy today, I don't think we could put them on the 20,000 piece

per day level, although I have been trying.

A For a customer to justify a five digit unique, I have been at a plant when we have requested that for a customer, and it was denied because they did not have enough volume. So, generally, to justify a five digit for a customer, it has to be volume warranted, as well as what kind of zip codes are available in that zip range.

Q Now, whether it gets done in the incoming primary or the incoming secondary, but we have a relatively large volume, say, 5,000 pieces a day, --

COMMISSIONER LeBLANC: Pull the mike closer to you.

MR. HALL: Oh, sure.

BY MR. HALL:

Q I am so lost in my own question here. Let me -- now let me just start again. If we have a relatively large volume of Business Reply Mail, and it gets sorted to the addressee in either the incoming primary, because he has got sufficient volume to get himself a unique five digit zip code, which I guess is part of the nine digit zip code he gets as a BRM customer, is that right? Is that how that works?

A Are you asking that for every BRM piece, is there a unique five?

Q No. Every BRM piece has a unique nine, is that

correct?

A It should, yes.

Q That's right. And, in addition, if the customer is large enough, he will have a unique five digit zip code. He may have other digits that end up totalling up to nine, but he has got five. And, so, for example, if he has got enough volume, he will end up getting the mail sorted to him in the incoming primary?

A And, again, as Question 4 says, on the incoming primary, that generally is 20,000 pieces per day on average, to justify a holdout there.

Q Right. And I am sort of going beyond that and saying, whatever volume it is, and if it is relatively large, say, 5,000 or 20,000, and it comes out -- comes addressed to the final addressee in either the incoming primary or the incoming secondary, it is then put in trays, is it not?

A Yes.

Q To go to the PDU or the Postage Due Unit?

A Yes, unless the ~~BRAMIS~~ BRAMAS - I am familiar with the old -- the old software version where we would run the BRM on ~~BRAMIS,~~ BRAMAS, on the bar code sorters, to do the mail counts.

Q You are almost getting me back to page 1. But let me just wait. So, and where ~~BRAMIS~~ BRAMAS is done, you would have the final piece count as a result of the BRAMIS program,

right?

A Yes.

Q And ~~BRAMIS~~ BRAMAS still operates?

A I am sure some form of it does somewhere.

Q Okay. And another means of providing a count that will be used by the PDU is the end of run report, is that correct?

A Yes, but, again, depending on where it is pulled off, that would mean an end of run report from each machine that that was run on.

Q Right. And then those are physically put with the trays that then go to the PDU, is that correct?

A Are you talking specifically ~~BRAMIS~~ BRAMAS or any sort plan?

Q I am talking about EOR, or End of Run reports at the moment. Those are simply counts.

A For example, an incoming primary End of Run report would not be provided to a delivery unit in the case of a unique five digit.

Q Would an incoming secondary End of Run?

A We generally only provide End of Run reports for DPS runs to the delivery units.

Q But where is the -- okay. And the DPS is in the incoming secondary?

A Correct.

Q It is a sub -- sub-version?

A Right. It is a sub set of incoming secondary.

Q Right. Okay. And now let's actually get back to page 1, if we could, of your testimony. At some point you cut your teeth out in Denver, is that right?

A Yes, I worked in the Western Area Office in Denver.

Q And that was in about 1993, is that right?

A Yes, that is when I started at the Western Area.

Q And you are familiar with the processing operations that went on there at that time?

A A little bit, I didn't ~~spent~~ spend all my time in the plant in '93.

Q Are you generally familiar with the fact that they processed a large volume of ~~BRAMIS~~ BRAMAS BRM through that facility?

A I am familiar that they have a customer, a very large ~~BRAMIS~~ BRAMAS customer, BRM customer in that area.

Q And that is a large customer with many accounts?

A Yes.

Q Okay. And, so, the mail would have been processed in Denver on ~~BRAMIS~~ BRAMAS equipment down to the addressee level?

A I believe so, but I am not quite sure. At some point I think a bar code sorter was provided to a facility closer to that customer and it was done specifically at the

Denver plant.

Q And that was Boulder, right?

A [Nods yes.]

Q Right.

THE REPORTER: That's a yes?

THE WITNESS: Yes. Sorry.

BY MR. HALL:

Q But when it was processed in Denver, in the timeframe that you were there, it would have been processed down to the addressee level and then simply delivered out to Boulder for pickup?

A I am not that familiar with the exact procedures that they followed for that customer.

MR. HALL: Okay. Those are all the questions I have. Thank you very much.

CHAIRMAN GLEIMAN: Thank you, Mr. Hall.

Next we have -- unless there is yet another agreement, the Association of Priority Mail Users and perhaps others. We are five down and seven to go. Do you want to change the box score significantly, Mr. Olson?

MR. OLSON: Within 30 minutes we hope to knock down three more.

CHAIRMAN GLEIMAN: And they are?

MR. OLSON: APMU, District-Mystic-Cox and ValPak. And I want to thank Messrs. Bergin and Baker and Costich and

McKeever for their indulgence so I can make the game.

CHAIRMAN GLEIMAN: This is the game.

[Laughter.]

CHAIRMAN GLEIMAN: But not your son's game.

CROSS EXAMINATION

BY MR. OLSON:

Q Ms. Kingsley, I would like to begin with some questions for the Association of Priority Mail Users and ask you to take a look at your response to APMU-1.

A Yes.

Q And I just have some questions to clarify some of your responses beginning with question A. You had indicated that -- we were asking about the situation that has eventuated since June of '98 when the last of the ten PMPCs came on line in the PMPC network, and we're asking, as you will recall, about the effect that might have on freeing up space and mail-processing equipment in the Northeast and Florida for other classes of mail.

Do you recall that?

A Yes.

Q Okay. And you answered that there was -- skipping over the part about space, you said the space needs for rack and tub setups may have been reduced; however, most facilities still must remain -- I'm sorry -- still must maintain priority mail operations for late-arriving mail.

Could you explain to me what happens in the PMPC network for late-arriving mail? In other words, is priority mail being handled both in the PMPC network and the duplicate, redundant system -- not redundant necessarily, but a backup system for late-arriving mail?

A An example that the Northeast area shared with me was, for example, in I believe it is Boston, they have a critical entry time for the PMPCs of like 2100. So any priority mail that arrives at the facility after that, the PMPCs are not required to sort and to make service on. So we internally are sorting that information -- those pieces and trying to get them home.

Q Do you know if that's being done within the entirety of the Northeast and Florida areas where the PMPCs operate?

A Yes, but they would each probably have different critical entry times, so there are some facilities I know that have later critical entry times, such as 2300.

Q Do you have any ideas on the volume of priority mail that goes through that normal Postal channels as opposed to the PMPC network?

A No, I do not have that information.

Q You then provided an attachment which is your designated first attachment. Did you create that attachment for us or did you have that?

A That was created for your interrogatory.

Q Thank you. What I want to do is ask you to help me understand it to be able to figure out what to compare, because you compare SBPS and FSM 1000 utilization by volume, and then you have plants affected before and after implementation versus plants unaffected, and I'm trying to figure out which columns to compare.

Could you first just read to me what the abbreviations mean at the top of the page for each of the columns?

A All right. The first column is PMPC, and it's basically separating out all the plants supported by a PMPC versus those not supported by a PMPC, and it separates FSM 1000 versus SPBS.

Then the next column talks about fiscal year and what accounting period, and then mixed would be volumes that weren't necessarily tracked by class. That would be a mix of volume on that piece of equipment, and then in some cases where we did have class separate, preferential, priority, standard, and then it goes for the fiscal years across the top, from '97 to 2000.

Q So mixed is a total of preferential, priority and standard?

A It could be anything. It could be standard B, it could be periodicals, it could the anything.

Q Oh. In other words, it's everything other than preferential, priority and standard?

A It's the volume that they could not or for some reason did not hold out separate. So for example on the SPBS, we have a separate priority mail sort plan, so it was easier to sort -- hold out what were the priority volumes run on the SPBS during that time.

Q But they're all zeros there pretty much under FSM 1000 until you get to a particular accounting period in '97, correct?

A Correct.

Q I take it something changed to begin to record priority at that point?

A One, we did not -- we just started deploying the FSM 1000s at the very end of calendar year '96, so for all I know, it may not have been available at that site. Plus we also started the PMPCs during FY '97, I believe.

Q What does preferential mean? Express?

A I would assume preferential is first class and express, but I'm just assuming there.

Q If that's not correct and you could let us know, I would be grateful. It's hard sometimes to read these charts that have abbreviations at column heads, and the one that we provided the reporter is the only one we had, but some of the gray scaling shows up as black.

A Okay.

Q So --

A I could get back to you on that, --

Q Thank you.

A -- the definition.

Q Is it true, then, that with respect to the plants that are affected or unaffected by the PMPC network, that in -- since they -- all ten were up and running in June of '98, that the '97 period might be a pre-PMPC network period, fiscal '97?

A Well, there was a phase-in of the PMPCs, so --

Q Right, the ramp-up period.

A Right.

Q But, I mean, you have only given us '97 through 2000, which is a partial year, and I'm just trying to figure out what to compare to see the effect of the utilization of the machines. Do you think the best thing would be to -- for full-year data, anyway, to compare '97 versus '99?

A I think the intent was to show you the difference between PMPC-supported plants and non-PMPC supported plants. So they would have similar growth trends possibly or whatever, and it might be a more apt comparison.

Q Well, I guess that's -- what do you think is the way to read this, then? I've just -- I appreciate the data and your developing it, and I'm just trying to figure out

how to compare the effect of utilization of the FSM 1000 and the SPBS's in affected and non-affected plants, and I'm not sure which numbers you think most useful to compare in the chart.

A The questions you had asked were whether we could specify the extent of transferring priority mail to the PMPC had to generate space on flat-sorting machines or SPBs, and, again, we had no data specific to that. The only data we could think of that might attempt to answer your question would be what was provided here in the attachment.

Q Well, these are volume data, and I'm not sure how to compare them since the volumes could fluctuate based on factors other than the fact that the PMPC network went into effect.

A Correct. But you can see some trends. You can see how on the FSM 1000 the PMPC plants do not have a lot of priority mail volume on the FSM 1000s while there is a very significant portion that shows up in the non-PMPC supported plants, just as the -- not only the FSM 1000, but even looking at the SPBS's SPBS volumes, there's a dramatic difference between the two.

Q Okay. And are you comparing '97 versus '99 or comparing each year, the affected versus unaffected?

A Each year affected versus unaffected.

Q Okay. In your response to Section D of that

question, you had a sentence I want to question, and we had asked you to specify the extent to which the transfer of priority mail processing to the PMPC network has helped to increase on-time delivery performance of mail processed in the Northeast and Florida, and your response in the first two sentences was, "The PMPC contract was awarded as a pilot test of an approach for improving the service delivery for priority mail. Though there has been measurable improvements in priority mail with the PMPCs compared to the rest of the network, any theoretical benefit to other classes . . . would be incidental."

First of all, with respect to that, when you say compared to the rest of the network, what do you mean by the rest of the network?

A The rest of the Postal processing network for priority mail.

Q So anything other than the PMPC network?

A That is what I meant by that statement.

Q Okay. It's just when we use the word network in the same sentence for two purposes, I just wanted to clarify that. But it makes sense that way.

And you talk about measurable improvements. Could you -- measurable improvements are things that can be quantified. What evidence do you have --

MS. DUCHEK: Excuse me, Mr. Chairman. I think

this is -- the follow-up right along these lines is the subject of an outstanding objection by the Postal Service. APMU filed number 2, which asked pretty much that same question, if I'm not mistaken, and we objected to it.

MR. OLSON: Well, I'm asking about 1, and if you want to object to the oral question, that's fine, but my question is to find out what you meant by measurable improvements.

CHAIRMAN GLEIMAN: Are you objecting to --

MS. DUCHEK: Yes, I am, Mr. Chairman.

CHAIRMAN GLEIMAN: You're objecting to a definition of the phrase -- term "measurable improvement" on the grounds that that language was contained in a previous interrogatory to which you filed an objection? Is that --

MS. DUCHEK: Yes. If she can give just her definition of what she meant by "measurable", that would be fine, but we don't want to go further than that because of the outstanding objection.

CHAIRMAN GLEIMAN: Well, let's see -- I mean, that's what you're after, a definition of "measurable", and then let's see what happens after that and we'll worry about whether we're treading on the objectionable interrogatory or not.

MR. OLSON: May I say just for the record that I have not yet received that objection, nor did I know it was

filed. I know that the response to question APMU 2 is not due until tomorrow and we hadn't noticed whether you had objected within the ten-day period. But --

MS. DUCHEK: It was filed on Tuesday and I believe that was within the ten-day period.

MR. OLSON: No, no question that it was; I just remarked that it -- I wasn't aware you had objected.

CHAIRMAN GLEIMAN: We're all having difficulty keeping up with the flow of paper and there have been a slew of objections and motions to compel and new Library References and all kinds of interesting things that are stacked up in my in-box, perhaps in yours, too.

MR. OLSON: Well, there will be one more motion. But let me go ahead and see if we can at least clarify the term "measurable improvements".

BY MR. OLSON:

Q What did you mean by measurable improvement?

A It was my understanding, working with some of our PMPC Postal coordinators, that the service within the PMPC network was at a higher level than the priority outside of the PMPC network.

Q Okay. And where did that information come from?

MS. DUCHEK: Mr. Chairman, this is where the interrogatory comes in and we start objecting.

CHAIRMAN GLEIMAN: Well, we'll leave it for some

motion practice, I guess. I have not brought the interrogatory up. If you have it in front of you and you want to try and dance around it a little bit, if you -- I don't know whether you agree that what you're asking now is part of an interrogatory that we now know an objection has been filed to.

MR. OLSON: Mr. Chairman, it's clear that this was redundant to interrogatory 2A that counsel advised me Postal Service has objected to. I would say that I don't know -- I'm trying to find out what the basis is and they don't want to disclose the numbers, and that's going to be the basis of the motion practice. I think if the order is granted allowing the discovery, there may be a need to recall the witness, but that always exists. I don't know any other questions to ask other than the source of the information. I assume counsel is advising she'll object to each one of them.

MS. DUCHEK: I believe that's correct, and I would point out that our objection, although you haven't received it, Mr. Olson, generally follows along the identical lines to the objection to very similar if not identical questions you asked of Witness Robinson.

MR. OLSON: I look forward to reading it.

BY MR. OLSON:

Q Let me ask you to take a look at some of the rest

of that. You provide what you call the second attachment. You have EXFC scores. I guess EXFC scores we can discuss even if we can't talk about priority mail processing center scores. But can you tell me, first of all, is this something you also generated just for us, this Attachment 2?

A Yes.

Q Okay. Thank you again.

I'm trying again here to -- this one, I think it's better to compare between the pre-PMPC era of Fiscal '97 and the post-PMPC era of Fiscal '99, and I wonder if you think that's a reasonable conclusion.

A Yes.

Q In terms of the dates you've given us, that's probably the most legitimate comparison, would it not be?

A I believe so.

Q Okay. Could you, just again because the last row is obliterated by the gray shading on page 2 of attachment 2, could you just read across the numbers that appear in the twelve columns very quickly for us? You don't need headings; I think if you just gave us the numbers in order --

A Okay, but on page 2 --

Q Yes.

A -- of 2?

Q Yes.

A So for '97, the cumulative was 91.47; for '98, it was 92.91; for '99, 93.21; and for 2000, 93.52. Those were all overnight. For the two-day, 76.49; 82.07; 86.18; 84.47. The three-day, 76.96; 80.64; 84.93; and 81.44.

Q Okay. Thank you.

Changing to District Mystic-Cox, I would like to ask you a couple of questions.

Are you aware of the Presiding Officer's Information Request Number 4 relating to unit mail processing and city carrier in-office cost for letters, flats and parcels?

A Yes.

Q Did you help prepare the response for that or are you familiar with the response?

A I did not help prepare the response for that, but I have read the response.

Q Okay. And are you -- have you ever had occasion to look at -- I know you're an operations witness, but to look at the unit costs of parcel handling over time?

A Let me pull out that response.

Q Well, actually, I'm referring to a motion that's pending before the Commission and some charts that we appended to the motion which have to do with mail processing and city carrier in-office unit costs from Fiscal '90 to '98, and I don't know if you have ever seen that, those

charts. Have you?

A I don't seem to have them here, but yes.

Q Okay. Let me just say in brief that they show for standard A regular commercial an increase in unit parcel handling costs from 15.3 to 22.9 cents, and those are wage level adjusted, so we're dealing with apples and apples, I think.

Do you have any thoughts as to underlying reasons for that increase that could be operational?

A So the 22.9 was the FY '99 mail processing and in-office costs or just the mail processing?

Q No, it's combined mail processing plus in-office, and actually what that is, to be more specific, is a three-year moving average which we did to round it out, and to show -- to avoid some annual variations, and I am really not asking you to speak to the validity of those numbers, but rather to just assume them for the moment and if that were demonstrated, that those costs were accurate, and they come right from the Postal Service's filing in response to POIR Number 4, but if they were accurate, would you have any operational spin you could put on this as to why parcel unit costs might be increasing in that fashion?

A I happened to bring a little sample here of what a typical Standard A parcel might be and again I am not an expert in delivery, but sometimes Standard A parcels are

difficult to fit into like apartment-size mailboxes, compact disks, for example.

You can bend and fold a flat, but something like this may have to be left notice.

Another delivery-related item might be the case holdouts for the carrier's case are usually about an inch thick and usually that section in vertical flats casing may be two different addresses, so a piece like this -- I mean that fills up the whole slot and that means there's nothing else we can put in there, so frequently the delivery side, this is kind of like an irregular parcel, and it is kind of set aside and then collated in later.

Q If I could hand you a ruler, if you don't have one, if you could give us the dimensions of the box you are referring to.

A If I could add here, perhaps to clarify the record, we should all state that it is a video box.

It is 7 and a quarter by an inch and an eighth by 4 and an eighth.

Q And what did you say was the width of a flats case?

A Usually the holdouts for a carrier case is one inch.

Q So you are saying that would not fit in at all?

A Correct.

Q Okay.

A In the average holdout.

Q My question originally was as to what processing costs might have been incurred now that were not being incurred before and if there were changes in processing that could account for that increase in unit cost, and you described a change in mail mix, is that what your theory is?

A No. For example, the carriers today sort flats into a vertical flats case with those holdouts.

In the early '90s they I believe just started implementing the vertical flats case, so going back to that time they had the wider horizontal slots so something like this they could put on top and then collate it in with the flats afterwards, so they may have handled it differently because of vertical flats casing.

Processing-wise, if this is presented to a BMC as a machinable parcel, there should not have been any change. We did not change our parcel sorting, processes, or depth of sorts or anything else during that timeframe.

Q If I were to tell you that in Fiscal '93, again on a three year moving average, that the cost was 16.1 cents and now is 22.9 cents, that '94 would be after the implementation of the vertical flats casing, correct?

A Correct.

Q So that wouldn't explain that away.

A No, it would not, unless there was more vertical flats casing as a result of more DPS volume or something.

Q Do you know when vertical flats casing was fully deployed as a technology?

A It was before we implemented DPS in the beginning of '93, so it should have been full up by then.

Q So I guess I am struggling with trying to find what could be driving the costs, and it seems to me that the choices are operations, change in mail mix, or change in costing. Can you think of any other options?

A There are things like the amount of drop ship entry. I don't know how much was DBMC than versus today, so obviously DBMC should be a lower cost. Don't know the average weight. The average weight of the piece would --

Q But that would drive the cost down, would it not, if it was destination entered?

A Correct. I am just saying I don't know the amount of destination entry in those two comparisons --

Q Right. Thank you.

A -- to decide. The other point is, if I recall, Standard A parcels would probably also include ECR or merchandise sample type parcels and those are a different type of impact sometimes on the delivery unit if every stop almost has this sample that is an awkward box, versus just getting a couple of these during the day, so I don't know

what portion might have been ECR during that time period.

Q Actually I didn't give you the ECR numbers. They go up from 6.8 cents to 64.1 cents so I haven't even dealt with that issue, but anything else for Standard A regular commercial that you can think of, any other changes?

A Unless some of the pieces that technically could qualify for an automation bar code flat rate and were prepared as flats and then, you know, lost bundle integrity or we were opening up those packages and sorting them individually -- because this is not something we generally process on the FSM-1000 even though it physically meets the machinability requirements.

Q And if the First Class parcel costs increase comparably, any thoughts as to what could be driving that different than what you have already described?

A I believe the First Class parcel volume is generally there is not a lot of First Class parcel volume, and so my guess is it does not justify an SPBS handling, for example, and -- it is very time-consuming to set up racks and things like that to sort basically what little of this we have today, whereas in the past sometimes we would throw all these little, teeny-tiny bundles that we would sort off of an LSM. Before we would put them into trays we used to sort those in with all these little spurs going to far-flung places that we didn't have enough volume to justify a tray

and it was before this timeframe though as well.

Q Well, I'd like to give you an A for anticipating questions, and providing questions, unless you have one for every possible question up there.

A I have several.

[Laughter.]

BY MR. OLSON:

Q Is there anything else you want to demonstrate for us?

A Not at this time, thank you.

[Laughter.]

BY MR. OLSON:

Q I do want to say that I thought -- not that you care, but you had spectacular testimony, and very clear, and lots of useful information, and I really appreciate the detail you went into to explain the changes in processing over time, a walk down memory lane for some of us.

But let me go on to ValPak, the few questions I have for them, and ask you to look at your response to Interrogatory Number 1. I think we're out of the area of objections.

A Yes, I'm there.

Q And I ask if you could look at Interrogatory E. I want to ask you to clarify what's there.

First of all, we said that at all DDUs, where DALs

are not presorted on DPS equipment, and I think one of your other responses said that it was not desirable to process DALs on DPS equipment, because they would get ignored by the carriers and they wouldn't bring out enough pieces of them to deliver, or they might even forget to bring pieces out at all; correct?

A Not forget to bring pieces; they wouldn't know they had to bring pieces, because the DALs were mixed in the DPS mail, yes.

Q A much better way to say, right. So, if we just take that phrase out of it -- I want to streamline my question to you -- so at all DDUs, do carriers always case the DALs, or do circumstances exist where a carrier would take both the DALs un-cased, and the mail which goes with the DALs directly to the carrier's vehicle?

And in response to the question, you said, yes, with the exception of a mounted route.

What does yes mean, always cased, manually?

A Yes, the DALs are cased manually with the exception on the mounted route, they can take out a tray of the DALs in walk sequence and just grab them when they're out on the street.

Q Okay. You're saying that on a mounted route, they can take out a fourth bundle or a fifth bundle --

A Fifth or sixth or, yes.

Q No restrictions in the carrier agreement on that?

A That is my understanding, yes.

Q So you are saying that with the exception of mounted routes, that the DALs would always be manually cased?

A Yes.

Q Okay. Your testimony also deals with future environments for flats and parcels and letters and such. Actually, in your testimony when you get to parcels on page 18, and you deal with equipment, you don't talk much about equipment, but under bundle processing, you bring in the section on small parcel and bundle sorters.

Is the section on equipment describing small bundle and parcel sorters, equally applicable to fall under parcels as under bundles?

A Oh, in some instances, yes, but the majority of our parcels are sorted at our BMCs on the parcel sorter machine.

Q When are parcels sorted on ~~and~~ an SPBS?

A Parcels might be sorted on an SPBS like First Class, for example, because they're not MBMCs for processing; Priority Mail may be on an SPBS.

Q Okay. And typically not Standard-A?

A Typically not Standard-A.

Q Okay, now, speaking to the future environment of

flat processing, I think you talk about the desire to DPS flats.

Is that one of the objectives of the Postal Service?

A The Postal Service realizes that we have come a long way DPS'ing letters and have realized a lot of savings opportunities there, and feel that we need to evaluate DPS for flats.

So we haven't come to any final conclusion to say, you know, yes, DPS for flats is a definite winner and we're going to go with it; it's being evaluated now to determine the extent, if any, that savings are available to us.

Q Do you know when such a decision would be made?

A No. There are a lot of things obviously pending on this, and in one of my interrogatory responses, I believe I said it would be about five years out before we'd expect to actually DPS flats.

Q Is one of the problems that not all flats are capable of being run over equipment, things that are not tabbed, for example, wraps that have loose pieces in it?

A Yes.

Q Speaking of these kinds of saturation pieces, I had asked a question of Witness Hunter, and I don't -- I know you're not here to talk about revenues, pieces, and weights, but I had asked him about whether the Postal

Service maintained volume data on detached address label mailings.

And he said the way that the numbers are kept, they don't have that. He didn't think -- he wasn't able to find them when he asked, and he didn't think they existed.

Do you know if volumes on detached address label mailings are available?

A I've never seen any type of report that's tracked that type of volume separately, no.

Q Even for, say, saturation mail? Any idea?

A No. I may have seen saturation volumes, but, again, not knowing if it was letters or flats or --

Q In a rural environment, again, I don't know if this is your area, and if it isn't, stop me, but it's my understanding that DALs have this abbreviated addressing of Postal Customer, do not need to contain actual delivery addresses; is that accurate?

A You're right, that is not my area of expertise.

Q Okay. Is there a move of which you're aware, to -- I think it's the 9-1-1 system that is trying to put rural street addresses -- or street addresses on all rural addresses?

A Yes.

Q What's the purpose of that; do you know?

A I would assume so that when someone makes a 9-1-1

call, they know where to go.

Q Is there any Postal reason for it? I'm not talking about the 9-1-1 system, but rather, is there any effect it's going to have on the future environment? Maybe that's a better way to ask the question.

A We would always prefer a number and a street over Route 126 at the intersection of Route T, you know?

Q Right. And do you see things moving in that direction?

A I would hope so, but I have no specifics to say that we're doing anything in particular to address that.

Q Right. Let me ask you to look at your response to Question Number 7, and this is all I have.

A May I assume, ValPak-7?

Q Yes. The question had to do with these kinds of wraps, and we said that when the Postal Service receives an ECR saturation DAL mailing where the mail piece is folded and loose, i.e., un-tabbed, has dimensions of 5.75 inches by 10.5 inches and weighs 3.0 ounces, so it's below the break point, does such mail pay the letter rate or flat rate?

And your answer was that letters cannot be mailed with DALs, so pieces must qualify as and pay the flat rate to be eligible.

Now, I understand that to be correct, that you can't pay the letter rate; you have to pay the non-letter

rate, correct, if you have a DAL?

A I would guess so, but, again, I'm not an expert in all the requirements in the DMM.

Q Well, I'm just dealing with this one thing that you said that letters cannot be mailed with DALs. I think what -- would it not be more correct to say that you can't pay at the letter rate with a DAL? It's not that you can't mail a letter?

You went on to say, in this case, I would assume the thickness exceeds 1/4 inch to qualify as a flat. But, in fact, are there not letter-shaped pieces which pay the non-letter rate such as this, which is a letter-shaped piece that pays the non-letter rate because it has a DAL, if you know?

A I do not know.

MR. OLSON: Mr. Chairman, that's it. Thank you so much.

CHAIRMAN GLEIMAN: Thank you, Mr. Olson. I think at this point we're going to take a ten-minute break and come back at five after the hour, and unless there is some other agreement that I'm not aware of, we'll be hearing from McGraw Hill next? Yes? That's correct?

MR. BERGIN: Yes, sir.

CHAIRMAN GLEIMAN: Thank you.

[Recess.]

CHAIRMAN GLEIMAN: Mr. Bergin.

MR. BERGIN: Thank you.

CROSS EXAMINATION

BY MR. BERGIN:

Q Good afternoon.

A Hello.

Q My name is Tim Bergin. I represent the McGraw-Hill Companies and I have a few questions focused on your answers to McGraw-Hill interrogatories.

If I could refer you to Library Reference-I-193, which I believe you supplied in response to an ANM interrogatory?

A Yes.

Q That contains two documents, the first of which is a Postal Service strategic improvement guide for flats processing, is that correct?

A Yes.

Q And you are familiar with that document?

A I have read it, yes.

Q On page 3 of that document, in paragraph 4, the statement appears that "Despite the technological advances made over the past five years and a more favorable mail base for automation processing, productivity in both mechanized and automation flats processing operations continues to decline each year."

Then there is a table on page 4 which shows generally declining productivities for flats processing from Fiscal Year '93 through the first accounting period of Fiscal Year '98, is that correct?

A Yes.

Q Now if you could refer to McGraw-Hill Interrogatory Number 13 to you -- excuse me, it is Number 2.

A Yes. Do you have the revised version there?

Q I believe I do. Now basically we asked you for reasons for the declining productivity in flats processing, both mechanized and automation, and you responded, "I believe the reduction is due to the OCR on the FSM-881, which has a higher reject rate than the BCR" -- and then your answer continues. Is that correct?

A Yes.

Q Now my question -- I understand from your response to a PostCom interrogatory the OCRs were not deployed until I believe July of '98 -- I am referring to PostCom-T10-4.

A Yes, the OCR-881 deployment was from July of '98 until April of '99.

Q So that couldn't really explain declining productivity beginning in Fiscal Year 1993, could it?

A Correct, but we had bar code readers on the machines, on the 881s at that time, but you are right, we didn't have OCRs at that time.

I was going to anticipate a question and I didn't mean to do that.

Q Well, perhaps the question you were anticipating is what is your understanding of the principal reasons for the declining productivity from Fiscal Year 1993 forward as indicated in the Library Reference-193?

A In Library Reference-193 on page 4, it has two different types of productivities there. It shows a keying productivity and a bar code automation productivity.

The bar code productivity actually peaks in '94 and drops after that, whereas the keying productivity drops and actually comes up a little bit in AP-1 of FY '98.

Several different things, I believe, impacted FSM productivity. One, more recently, was the OCR added to the 881s, and this relates to my responses earlier this morning where I talked about the productivity again is total pieces finalized on the machine, so when we started adding bar code readers, and put more mail through the bar code reading operation, that also had a similar effect. You tend to get more rejects on a bar code reader than if you key them.

So as we put more mail through the machines in bar code reader mode, you would expect more pieces to have to subsequently be rehandled because there were some more rejects.

In addition, we started deploying FSM-1000s, as I

mentioned earlier, at the end of Calendar Year '96 and just as any piece of equipment, when you start adding pieces of equipment you start off if you have capacity shortfalls you can have nice long runs, run the best-looking mail, because you can run anything you want, so you want to best utilize that piece of equipment and as you start to add pieces of equipment or add incoming secondary programs, it requires more turnovers because you are sometimes running some shorter runs or some less clean type mail pieces, so I think it is a combination of several different things -- bar code reader rejects -- we had more volumes going through in bar code reader code -- OCR rejects, as well as again adding more equipment and you have already gotten the cleanest stuff on the machines so it's --

[Laughter.]

THE WITNESS: -- a little distracting over here.

COMMISSIONER LeBLANC: It will be clean.

THE WITNESS: Yes. So those I believe are the primary reasons for the declines in productivity.

BY MR. BERGIN:

Q Are you familiar with Witness Smith's response to DMA/USPS-T21-2?

A I don't have a copy of that.

Q Well, if you'll accept my representation of what he said --

MS. DUCHEK: Mr. Bergin, Mr. Chairman, perhaps if he had an extra copy and could give it to the witness that would expedite matters.

THE WITNESS: I believe I know which one it is.

MR. BERGIN: I don't have an extra copy but I would be happy to show --

CHAIRMAN GLEIMAN: Why don't you show the witness so that we can make sure that you are all singing off the same song-sheet.

THE WITNESS: Thank you.

MR. BERGIN: I need it back.

THE WITNESS: Okay.

BY MR. BERGIN:

Q My question is in reference to the statement of Witness Smith in response to DMA/USPS-T21-2F, quote, "I am told that the Postal Service is addressing these concerns." And the concerns he is referring to relate to decreasing flat sorting productivity, addressing these concerns beyond the base year through the deployment of the OCRs to the FSM 881, as well as the deployment of AFSM 100. Is that consistent with your testimony that it is the OCRs, the deployment of the OCRs that is exacerbating the declining productivity?

A Again, the productivities are total pieces handled or finalized. So, for example, if we can take volumes away

from a manual clerk in incoming secondary processing and put them on a flat sorter, using an OCR, without any scheme knowledge, using a lower level clerk, that still is at a higher productivity than the manual. We still will make some savings.

But looking at just flat sorter productivity as a whole, your total pieces finalized is going to be reduced. So I don't think that they are necessarily conflicting with each other.

The OCR helps us reduce our costs overall in the scheme of the whole flat sorter, flat processing picture, but the productivity itself on the flat sorter, the more we rely on the OCR, the more we actually do have to rehandle those rejects, but it is still less volume going to a manual operation or a keying operation than would have been required before.

Q Thank you. Library Reference I-193, which is the Strategic Improvement Guide for Flats Processing, September 1999, on page --

COMMISSIONER LeBLANC: Mr. Bergin, can you talk up just a little bit, please?

MR. BERGIN: Yes, sir.

COMMISSIONER LeBLANC: Thank you.

BY MR. BERGIN:

Q On page 3, it refers to a separate concern of the

Postal Service, and this would be the sixth paragraph down, which reads, quote, "Another alarming statistic provided through MODS indicates that in fiscal year 1997, more than 50 percent of all noncarrier routed bar coded flats, per an approximately 12.9 billion in fiscal year 1997 presented by mailers at automation discount rates, was processed and distributed in operations other than automation. The significant bar coded volume was either keyed on an FSM mechanized operation or cased by a manual distribution clerk."

Now, first of all, in McGraw-Hill/USPS-T10-8A, --

A Yes. Yes.

Q We had asked you for similar statistics on the amount of prebar coded flats that were nevertheless not processed in automation processing for the years '97 --

A Ninety-eight.

Q Excuse me, '98 and '99. You responded no such data was available. Can you help me understand why such data would be available through MODS for 1997?

A We tried to recreate this 50 percent that is here in the Strategic Guide and could not figure out how that number was derived. So, given our best estimates, it was based on piece handlings and not necessarily pieces. So, for an example, a piece requiring a three digit sort could have a three digit sort and a five digit sort, and a sort to

carrier route -- actually, that is two sorts, from three digit to five and five to carrier route. And, so, we didn't think it was an apples to apples comparison. So we could not find where that information came from, where that number came from, because we could not figure out a way to calculate that data.

You still look confused. I'm sorry. We could not recreate the 50 percent. We had no method to figure out how to get that data and tried to go back to how was the 50 percent derived, and it was not clear. We believe it was not an accurate representation the way it was presented here in the guide.

Q Is there any existing documentation that underlies the guide in this regard?

A No, we went back to the source and were not able to get the background on that number.

Q Do you have any basis for determining whether the amount of prebar coded flats, machineable prebar coded flats that were not processed on automation -- in automation operations has increased or declined in the base year of '98, as opposed to fiscal year 1997?

A I would assume the volume on automation on flat sorters has gone up from '97 to '98.

Q Well, I am talking about the percentage of pre-bar-coded flats that are nevertheless, not processed in

automation processing.

A Well, looking at -- we don't have enough flats or capacity to do incoming secondary sortation, and there is a fair amount of this volume that is 5-digit presorted and bar-coded, that we do not use the bar codes for.

For example, one of the facilities that I worked at, we were only doing incoming secondary distribution on flat sorters for, I believe, it was six out ~~four~~ of 9 ~~hundred~~ zones that we supported.

So, obviously, those other 94 zones that had any five-digit bar-coded volumes, we never put those on a flat sorter, because those all went out to the delivery unit for distribution to the carriers.

So, again, I don't have a breakdown of all the bar-coded flats, what portion saw a bar code reader on a flat sorter, at least once, which is what I believe the question was asking.

Q If I could refer you to ANM/USPS-T10-16?

A Yes?

Q In response to this interrogatory, you produced something called an FSM utilization indicator?

A Yes.

Q An example of one such indicator, and this is a measure of utilization of the flat sorting machine, the FSM-881?

A And the 1000 is on that page as well, yes.

Q The 1000 as well. And at the top, referring to the chart for the FSM-881, there is reference to an accounting period target of two million utilization rate per machine?

A Yes.

Q And that would be two million total pieces handled?

A Finalized, per flat sorter, on average, per machine, for that AP.

Q Do you know who set that target?

A I have an idea, but I'm not sure.

Q Would you agree that it was a reasonable target?

A That's definitely a matter of debate with the facilities. That target initially had been 1.6 million for a long time, for years, and was recently changed to two million.

Q And do you understand the reasons why it was changed to two million?

A I believe because they were meeting the 1.6 million and wanted to raise a higher target, one, for cost savings purposes, as well as ~~no~~ for machine utilization, which is primarily cost reasons.

Q Now, I know this chart attached to this interrogatory only gives us a snapshot of one accounting

period.

But what's your sense of the extent to which that target has been met in other accounting periods?

A For the 881 or the 1000?

Q The 881.

A For the 881, I've seen that chart, and, again, it's total pieces handled, so it's pieces finalized per machine. And off the top of my head, I don't think I could recreate that chart to know the history behind this and how far back that may have gone.

MR. BERGIN: Mr. Chairman, I would request production of the FSM utilization indicators for other account periods, to the extent they exist.

CHAIRMAN GLEIMAN: Before we hear from the Postal Service counsel, would you like to give us a range of accounting periods that you're interested in?

MR. BERGIN: Well, I'm not certain how far back they go, but certainly, say, from 1997, Fiscal Year 1997 forward.

CHAIRMAN GLEIMAN: Okay, well, we know what you're seeking now. Ms. Duchek?

MS. DUCHEK: I think that we can attempt to provide that. That's doesn't appear to be unreasonable. I don't know if the data exists for every accounting period in that timeframe, but we'll provide what we can.

CHAIRMAN GLEIMAN: Seven-day rule?

MS. DUCHEK: Yes.

CHAIRMAN GLEIMAN: Thank you.

BY MR. BERGIN:

Q Ms. Kingsley, referring you to the text of your response to ANM-T-10-16, you state there are two indicators, including increased FSM utilization, that are being tracked and discussed via teleconferences on a regular basis, ~~paren~~ perhaps, once or twice per month, between Headquarters and area operations.

A Yes.

Q Can you tell me when the Postal Service began focusing on utilization to that extent of having the teleconferences on a regular basis and so forth?

A I don't know when it started, but I know it had to be at least by June of last year, because I remember first hearing about it at that point in time, so it had to have occurred no later than that.

Q And what was it that gave rise to this -- is it fair to call it increased focus on FSM utilization?

A Yes. There were several indicators that are discussed at these telecons, and that is one of them.

Q But this was an increased focus beginning in June of last year over the past attention and focus on FSM utilization; is that fair to say?

A I would say that there has been increased focus on flat sorter utilization, as well as some other items since June, yes.

Q And can you tell me why?

A One is, there was the Vice President for that operation who chose some indicators that he felt were important, and worked through the areas to come up with some agreements on where should they be focusing their efforts.

Also at the same time, about that time, we were getting indications of our flat sorting costs, and wanted to make sure that we were putting attention back on flat sorting.

Q So there was concern to increase the utilization of the flat sorting machines?

A Yes, but I don't want to indicate that that's a new concern. I mean, the concern on flat sorter utilization has gone back quite awhile.

I mean, when I was in the Western Area, for example, we were always short of flat sorters, so, I mean, there was always the push, and there were utilization goals provided at that time as well, and that was back in the ~~'91 - '92~~ '93 timeframe. So it wasn't a totally new concept.

Q One other question along these lines, back to the attachment, with respect to the FSM 881, I believe the figures show an average utilization rate of about roughly

1.6 million per machine, is that correct?

A That is correct.

Q Which is roughly 20 percent below the 2 million utilization rate target?

A Yes, but if you look at the utilization rates by area, you can see that they vary all over the place. And, as I have responded in one of my interrogatories, there are places that we have flat sorters there for service purposes, and have chosen to keep them there for service purposes, knowing that they may not reach these utilization targets.

Q Thank you. Now, with respect to the FSM -- actually, the AFSM 100, which is going to be deployed in two phases, --

A As it is currently envisioned, yes.

Q And the first phase includes, what was it, about 175?

A The buy was 175, with 173 to actually be deployed.

Q And they are going to be deployed in the test year 2001?

A Yes. Phase 1 should be completed by December of 2000.

Q And the early indications are that these machines are highly productive, I think you mentioned earlier in your testimony today?

A Yes.

Q Are there any plans to accelerate Phase 2 of the deployment into test year 2001?

A Yes, and that is already included in Library Reference 126, where, basically, when Phase 1 is done being manufactured, Phase 2, the manufacturing process will just be very smooth and it will just be a continuation, is the plan. So, we would, in fact, have some machines from Phase 2 deployed before the end of the test year.

Q Can you tell me about when that would be in the test year?

A Well, they pick up right after the Phase 1 completed in December of 2000, so we would envision, at that same time, then we would go right in to Phase 2.

Q So, pretty much as fast as they can be deployed?

A As fast as they can be manufactured, yes.

MR. BERGIN: Thank you. I have nothing further.

CHAIRMAN GLEIMAN: Thank you, Mr. Bergin.

Mr. Baker.

MR. BAKER: Thank you, Mr. Chairman.

CROSS-EXAMINATION

BY MR. BAKER:

Q Good afternoon, Ms. Kingsley. I am Bill Baker representing the Newspaper Association of America. I want to ask you first a few questions about your testimony regarding carrier in-office time, beginning around page 25

of your testimony. And beginning at line 21 there, you describe how ECR letters in many cases are transported from the delivery unit back to the processing plant to be bar coded and run on DPS. And you further state that the carrier route sort loses all value to operations in this situation. Do you remember that?

A Yes. And, again, it was for those zones that are DPSed on a DBCS, not for all carrier routes.

Q Right. With respect to those routes, is this state of affairs going to persist in the test year?

A Yes.

Q And do you recall what year the Postal Service began DPSing?

A Yes, I do, it was the beginning of 1993.

Q And I believe your testimony goes on to say that, as a result of DPS, carriers are spending less time in the office than before 1993?

A Correct.

Q Okay. And in your answer to NAA-1 to you, you provide an estimate of DPS work hour savings that are budgeted for carrier in-office time for fiscal years '99 to '01?

A Yes.

Q Could you explain how to read this? In particular, is each year cumulative or each year a separate

budget savings from the year before?

A There are separate budget savings from the year before.

Q So, by the end of FY '01, you hope to have saved closed to 18-19 million work hours?

A Yes.

Q Okay. At the end of FY '01, will carriers be spending even less time in-office than they do now, or has the Postal Service arrived at some sort of steady state?

A Well, all things being equal, I would hope that we could save more carrier hours, but that does not take into account any particular volume ~~gross~~ growth that may affect their in-office time unrelated to letters.

Q So if volume were constant, you are hoping that they would be spending less time in the office?

A Yes.

Q But volume could offset that?

A [Nods yes.]

THE REPORTER: That's a yes?

THE WITNESS: Yes.

BY MR. BAKER:

Q All right. I would like to direct your attention to page 28 of your testimony, where, in summarizing this discussion, you state that comparing FY '88 to '98, today's carrier -- city carriers average an additional 25 minutes on

the street, delivering 8 percent more mail to 2 percent fewer delivery points. That is good, right?

A I would -- yes. I would think so.

Q That means they are actually spending more of their day delivering, actually delivering mail rather than simply preparing to deliver mail, is that right?

A Yes.

Q Okay. And the 2 percent fewer delivery points is 2 fewer per carrier, not total?

A Per carrier, on average, correct. Yes. We have more delivery points today than we did in '88.

Q Okay. Let's see, your explanation for that statement is on the continuing pages -- prior to that, but I am particularly directing your attention to page 27, beginning around, oh, the paragraph beginning on line 16 or so.

A Yes.

Q I believe that was page -- line 19. And among the factors that account for the increased delivery time -- well, there you are pointing that delivering mail to delivery point is one area where carriers actually are spending more time than compared to 1988, is that correct?

A That is my understanding.

Q Okay. And you recite there several factors that contribute to that. One of them is more pieces per delivery

and we asked you, Interrogatory NAA-4, where you elaborated on that figure a little bit.

A Yes.

Q And I notice that in FY '99 this shows that the city possible deliveries is 82.7 million, is that correct?

A That is where there, yes.

Q Okay. Would you accept, subject to check, that the increase in possible city deliveries from FY '88 to '99 is about 7 percent, roughly?

A Yes.

Q And the increase in the daily city volume is about 22 percent, from '88 to '99?

A It doesn't look like 22 percent is possible. It went from 459 to 482.

Q Excuse me. I was referring you to the '88 entry.

A Oh, I apologize. Because the last comparison, though, was '98 to '99, was it not?

Q My 7 percent was the '88 to '99 figure.

A Oh, all right. I apologize.

Q Okay. With the understanding I am comparing the '88 to the '99 figures, will you still accept the 7 percent figure for the possible deliveries?

A Yes.

Q Okay. And the approximately 22 percent for city volume?

A Yes.

Q Which suggests that the city volume has actually increased at a pace about three times the increase in delivery points?

A Yes.

Q Okay. And that is fully consistent with the pieces per delivery, which is the bottom line of that answer, right? In fact, that is simply what results when you divide the top two lines?

A Yes.

Q Okay. I notice in NAA-4, that your source is the National Flash Data System.

A Yes.

Q Could you, in a sentence or two, explain what that is?

A Believe it or not, Flash is not a Postal acronym. Flash is getting the information in a flash. It is a weekly report that goes out that the areas, the delivery units, the clusters focus on, and they get an opportunity to see where they stand on volume delivery points, cost per delivery. It is a management tool.

Q And so what would the inputs to that be? What data systems would you --

A At the delivery units.

Q Okay.

A They would be inputing possible deliveries as well as the volumes that they receive.

Q In referring back to your testimony at page 27, you then proceed to identify several other factors that have contributed to the increase in delivery time. I notice that one is a larger flat volume, more parcels, those are two, correct?

A Yes.

Q You mentioned additional DPS handling costs. Is what you mean by that described in Footnote 10?

A Yes.

Q Will delivery confirmation add additional delivery time?

A I have no data to support that, but my instincts would be to say yes, would be yes.

Q Are you familiar with Mr. Raymond's engineering study?

A No, I am not.

Q Okay. Do you know whether the data you report here is independent of his study?

A I would assume so.

Q Okay. Also on page 27, beginning above that at line 16, when you are talking about coverage, you state that the coverage has increased to about 85 percent, so there is less travel time without useful activity at a delivery

point. Can I correctly infer that at least some of the 25 minutes that the carriers are not spending in the office are now being devoted to, to use your words, useful activity at a delivery point?

A Did I use that word? Useful activity at the --

Q I think the phrase "useful activity at a delivery point" I believe is in your testimony -- or if it is not --

A So I am basically saying that they are not walking by the house, example, for nothing. Yes.

Q Okay. With respect to this 85 percent figure, coverage of delivery points, is a cluster box one delivery point or more than one?

A That I do not know.

Q You don't know, based on this information, whether a delivery point is -- how many delivery points a cluster box constitutes?

A Correct, but we did, we did supply coverage factors in NAA Number 3 by route type, so you have specific NDCBU coverage factor is different from centralized residential, for example.

Q And what are you referring to?

A NAA Response 3, Part (a), and again this was all from the interest arbitration with ~~ANALC,~~ NALC the operations testimony provided there.

Q So would the cluster boxes appear in these

centralized categories there?

A Well, NDCBU is a cluster box.

Q Also -- so those are three different lines in which the cluster boxes would be present?

A I would think in theory you could have cluster boxes in any type of route.

CHAIRMAN GLEIMAN: Mr. Baker, could I ask you to speak up a bit, please?

MR. BAKER: All right.

BY MR. BAKER:

Q Finally, Ms. Kingsley, at page 27, lines 7 and 8, as you are wrapping up the summary of this discussion you state that, "The trend of increased carrier time spent at delivery points may well be even more pronounced in the future.

A Yes.

Q And what is the period of time is the future that you have in mind here?

A Well, given the items that I discussed there, being parcel and flat volume increases, so again it would depend on the rate of growth for those products as well as the amount of delivery confirmation and signature confirmation, depending on the demand of those that may impact that.

Q Would it include the test year?

A Yes. I would assume so.

MR. BAKER: No more questions, Mr. Chairman.

CHAIRMAN GLEIMAN: Thank you, Mr. Baker. Mr. Costich.

MR. COSTICH: Thank you, Mr. Chairman.

CROSS EXAMINATION

BY MR. COSTICH:

Q Good afternoon, Ms. Kingsley.

A Good afternoon. It has been 10 years since we have met last. Long time ago.

Q Gee, I hope it was pleasant for you.

[Laughter.]

THE WITNESS: More than I'll admit.

BY MR. COSTICH:

Q In the notice of intent to cross examine you that the OCA filed, I said that we wanted to discuss the processing of non-Standard First Class pieces. Are you aware of that?

A Yes, I am.

Q Do you know what a non-Standard piece is?

A Yes.

Q Can we agree on the definition -- it can't be longer than something, 11 and a half -- is that --

A Yes.

Q Can't be higher than 6 and an eighth?

A Yes.

Q Can't be thicker than a quarter inch?

A Yes.

Q And it has to have an aspect ratio between 1.3 and 2.5?

A Yes.

Q And that's it, right?

A Yes.

Q There is no restriction --

CHAIRMAN GLEIMAN: Excuse me, Mr. Costich, could I ask you also to speak up a little bit? Our witness seems to be getting stronger and stronger and the rest of us are getting weaker and weaker.

[Laughter.]

THE WITNESS: Am I too loud?

MR. COSTICH: Well, I have no excuse.

CHAIRMAN GLEIMAN: No.

BY MR. COSTICH:

Q There is no restriction on the smallness of a piece, is there?

A There is a minimum letter definition, yes.

Q Do you know what that is?

A I believe it is 3 and a half by 5 and a half inches and there is a thickness. I want to say it is .009 but I am not exactly sure about the thickness.

Q So we are talking about pieces that do meet that minimum and don't have any of those characteristics that we just went through?

A Yes.

Q Would you look at page 4?

A Yes?

Q Here you discuss optical character readers; is that correct?

A Yes.

Q Do you know who manufactures the OCRs that are currently in use?

A Currently, they're ECA Electro Comm of America, part of a much larger German conglomerate.

Q You joined the Postal Service in 1985?

A Correct.

Q Do you remember a Burroughs OCR being used at that time?

A Yes, I do.

Q How many of those are in use now?

A I hope, zero. I believe there are zero, because they were not going to be supported by the Y2K software upgrades.

Q And on page 5 you discuss bar code sorters; is that correct?

A Yes.

Q How many kinds of bar code sorters are there now?

A By kinds, do you mean brands?

Q Not yet. You have --

A Well, we have the delivery bar code sorter and the mail processing bar code sorter, and a carrier sequence bar code sorter.

Q Okay. And who manufactures those?

A The carrier sequence bar code sorter, I knew at one time, but I don't right now.

The DBCSs are all Electro Comm. They were at one time. We also had Martin Marietta's and we've replaced all of those.

And the mail processing bar code sorters, I believe, are also all ECA, but I'm not sure about that.

Q Do you remember in 1988, an Bell and Howell bar code sorter?

A Yes.

Q How many of those are currently in use?

A Again, I assume zero, since they were not supported with the Y2K software.

Q Now, the reason I'm asking you all these questions is because Witness Miller has provided a Library Reference 154 in support of his nonstandard surcharge testimony.

The Library Reference consists of operating manuals for certain types of automated equipment, a Bell and

Howell bar code sorter, a Burroughs OCR, and a 1992 handbook on AFCS's.

Now, is there a more recent version of the handbook for the AFCS?

A I am not -- I would assume so, but I'm not sure if there is a more recent one for the AFCS.

Q But information on a Burroughs bar code sorter really wouldn't be of any interest to us; would it?

A It depends on what information is provided in that handbook.

Q The entire handbook --

A I mean, does it talk about machinability characteristics, mail flows? I'm not familiar with Mr. Miller's Library Reference.

Q Let me ask you this: Are you familiar with the concept of a piece tumbling on the automated equipment?

A Yes.

Q Can you explain what that means?

A Yes, what that means is, if you have a piece, frequently something like this that is not square, the machine has very fast throughput. As you've seen in my testimony, you can have throughput on that OCR in the high 30,000 pieces per hour, so those things are zipping by at 8-12 a second, and by the speed of trying -- the physics of accelerating that mail piece, the piece can sometimes tumble

through the machine.

Q Now, can you describe the piece that you are holding and demonstrating with?

A I'm sorry. The piece I'm holding is a square piece about six by six inches.

Q So tumbling means that as the piece is drawn through the -- what's the word for the --

A Through the belt, through the feed system, through the equipment?

Q The fact that it's the same length on each side somehow causes it to roll; is that it?

A Yes, and then it would lose orientation.

Q On page 2 of your testimony, you discuss the advanced facer/canceller; is that correct?

A Yes. Part of the equipment is discussed there and on page 3.

Q You mention ~~calling~~ culling out non-letter-sized pieces; is that correct?

A Yes.

Q Can you describe how that culling process works?

A Yes. Culling for the height is actually fairly easy. There are feed belts that go into the AFCS, and there are chains that are basically pushing off pieces that would be over 6 1/8th inches tall, so they go into a reject hamper, usually, and that would go towards the flat sorter.

The pieces -- the length, the machine is actually checking for the gaps in the lengths in the piece, and, again, can reject that.

The thickness, there is the dual-pass rough cull before the machine, and it just -- the rollers keep getting closer and closer to the ~~convey~~ Conveyer belt, basically kicking off pieces that are too thick, and so would not be allowed to get to the machine.

Q Now, consider the piece that you were just demonstrating with. I believe you're still holding it.

A The square piece, yes.

Q Would it be culled out in any of those operations?

A No, because we have not quite figured out a way to cull out a piece with this type of aspect ratio, because it still meets the height, it still meets the length, it still meets the thickness, and it's a little bit harder to cull out, based on the other characteristic.

Q So it's going to move on down through the AFCS process, right?

A Yes.

Q Now, the piece you've got looks pretty stiff; is that true?

A Yes, this example happens to be very stiff.

Q So it's going to get rejected eventually at the stiffness detector, right?

A Yes. This would not be something we could put through an OCR or bar code reader.

Q But it wouldn't even make it to the end of the AFCS; would it?

A I'm not sure. It might actually make it to the AFCS, but you're right, it may not make it through the AFCS. Those belt turns are pretty tight.

Q There is a detector that's supposed to knock out the really stiff ones, or the pieces that have pencils in them or things like that; isn't there?

A There may be. I'm not that familiar with how the machine does that.

Q But if you had a piece shaped like the one you are demonstrating with, but it was flexible -- I see you have one -- it would make it all the way through, correct?

A It should, yes.

Q Now, that piece is going to have a stamp or some other indicia on it, right?

A It should yes.

Q Well, the AFCS looks for that, right?

A Yes, it does.

Q Now, how does it see the stamp or meter strip or FIM?

A The -- I think I cover that in my testimony, talking about how the stamps are -- I always get these two

mixed up, so I have to check. I believe the stamps are fluorescent and the meter strips are phosphorescent.

Either way, they're hot, and the equipment is looking for that indicia in the corners, or it's looking for the FIM mark for like BRM where you would not have a stamp or a meter.

So it goes through the machine and it's actually looking for that indicia on the bottom, either on the left -- both sides, because a mail piece could be faced either way.

And if it doesn't see it, then it flips that mail piece over, and then again is looking for it along the bottom. So it's always looking for the stamp or the meter or the FIM along the bottom, going through the machine.

COURT REPORTER: The film mark?

THE WITNESS: FIM, F-I-M, firm identification mark.

BY MR. COSTICH:

Q Facing identification mark?

A Thank you.

Q If the piece is square, in other word, has no long edge, what's the probability that the part of the AFCS that's looking for the stamp is going to find it?

A I don't think it's an issue of the AFCS finding the stamp or the meter mark on an aspect ratio piece.

Q Okay, let's back up a second in terms of how the AFCS works. There's a part of it that bangs the pieces and knocks them and tries to get them onto the long edge of the piece; is that correct?

A Yes.

Q A square piece doesn't have a long edge, correct?

A Correct.

Q So even after all that banging and running over the rollers and everything else that the machine does, the piece could land up on any one of its four sides with equal likelihood, correct?

A Yes.

Q And --

A It will still cancel that mail piece, though.

Q All right, a minute ago you were describing how the facer/canceller spots the stamp; do you recall that?

A Yes.

Q And you showed how the facer/canceller looks along the bottom edge of the piece as it's passing through the detector?

A Yes.

Q And it looks on both sides of the piece, correct?

A Yes.

Q If the piece is oriented 90 degrees from where the stamp would be on the bottom edge, what will the detector

find?

A The detector, when the mail piece goes through the machine and the stamp is on the bottom, on one side, the detector is looking for a stamp on the leading edge, so, in my case, it would be on my left-hand side of this piece of paper.

If it's going through the other way, it's looking for the stamp, meter, and indicia on the trailing side.

So if it didn't find it, and it flipped it over, and it ended up being in the wrong corner so it was at the trailing edge instead of the lead edge, or the lead edge instead of the trailing, the AFCS would not find something to cancel.

Q And that's going to happen half the time, right?

A Statistical probabilities, I would say, yes, half the time for just that one operation.

Q But -- and it will get cancelled if the stamp is in the right position, correct?

A Yes.

Q But if that piece, we are still talking about the square piece, is then fed either to an OCR or a BCS --

A So you are saying it was canceled improperly faced, okay.

Q It gets taken to an automated equipment?

A Yes.

Q Then you run into this tumbling or rolling problem?

A Yes. Every time that piece of mail would go through a piece of equipment, you have an opportunity for that piece to lose its orientation.

Q Does that happen to every square piece?

A I don't know, it may happen somewhere along the flow. It may happen more than once to that piece along the flow. It may happen during transportation if the mail pieces aren't tight in that tray, and that tray, we are putting it in the air, flying it. It is on a truck, the piece can also lose its orientation there as well.

Q But there is some probability that the piece will make it through any given operation, isn't there?

A There is always some probability, yes.

Q Now, let's think about a piece that is not quite square, say it has an aspect ratio of exactly 1.3. How likely is the AFCS to put that onto its long edge?

A That, I don't know. That sounds like an engineering question to me. I haven't looked at where the break point is.

Q Gee, do we have an engineering witness?

A No. I am saying I am not technically qualified to answer that question.

Q But none of the other witnesses is either, is that

correct?

A Not that I know of. There may be some surprises out there, but --

Q Well, as you might suspect, I am trying to nail down why 1.3 is the minimum aspect ratio. The expectation apparently is that if the aspect ratio is 1.3, it will make it all the way through with a pretty high probability, wouldn't you say?

A But we don't know. And if we know this is a problem, a square piece, and we --

Q When you say this?

A That is why I corrected myself. A square piece is a problem, and we know that a standard business envelope is not a problem, I don't know where the break point is to say when a problem becomes not a problem.

Q Okay. So you can't tell us why 1.3 is the minimum aspect ratio?

A No, I cannot.

Q Do you know why 2.5 is the maximum?

A Looking at the minimum height requirements, and maximum length requirements, that is about that ratio, 3-1/2 by 11-1/2. I don't know.

Q That's right. Does that mean it is a sort of redundant requirement?

A I don't know.

Q Well, a piece could be less than the maximum length and still have that aspect ratio, right?

A I am not sure how.

Q Because it would be too short in terms of height?

A So you are talking about mail pieces that would be more vertical instead of horizontal?

Q Well, no, let's just talk about pieces on their long edge. Okay.

A Yes.

Q A piece can be 11-1/2 inches long?

A Yes.

Q But it can't be less than 3-1/2 inches high?

A Correct.

Q So, even if you took -- anything with 2.5 is either going to be exceeding the maximum length or --

A You're right.

Q -- or failing to get to the minimum -- maximum length, minimum height. So, are there any pieces with an aspect ratio of 2.5?

A I don't know.

Q Or rather, I guess I should say, are there any of those pieces that would make it past the first cull on the AFCS?

A A piece that is over that 2.5 aspect ratio could make it through the AFCS because it had met the length

requirement as well as the height requirements. Again, we aren't pulling out on the AFCS based on aspect ratio, if that is your question.

Q You are pulling out on the basis of height?

A And length and width, yes.

Q Now, if it is over 11-1/2, it is going to get pulled out?

A Correct.

Q Now, is it possible for -- well, I guess it is physically possible for a piece to have a 10 inch length and a 2.5 aspect ratio. Somebody could create such a piece, correct?

A Yes.

Q But it wouldn't be mailable, would it?

A I believe it could be. If you look at the 3-1/2 inches tall, times two-and-a-half, right? We have got seven plus one-and-three-quarters, so you have a piece that if it was 3-1/2 inches tall, anything over 8-3/4 inches long could exceed the 2.5 aspect ratio, right?

Q Okay. So there are such pieces in the mailstream?

A Yes.

Q And those pieces will not be culled out at the AFCS?

A No.

Q And because they have got a real long, long edge

it is very likely they are going to be correctly oriented for the stamp detecting equipment, correct?

A Yes.

Q So they will go through the facer-canceller, be cancelled, be faced, sent to automation equipment. What kind of problems will those pieces cause on automation equipment?

A Again it may be affected by the weight of the mail piece, but if it is flimsier or the material that it is made, a real long piece can easily get jammed up into a piece of equipment.

Q When you say jammed up, do you mean wadded up?

A Accordion --

Q There you go.

A -- if you are familiar with that.

Q Do you have any idea how frequently that actually happens?

A No, I don't know. I don't see very many of those pieces.

Q And is this again a situation where there is some positive probability that piece with a high aspect ratio would make it all the way through --

A Without damaging itself or other mail pieces? Yes, that is possible.

Q And you don't or you are not aware of any data on

the frequency of this problem?

A No, I am not.

Q And you are not aware of any data on the frequency of the rolling and tumbling problem?

A No, I am not.

Q Pardon me for the blues song expression, but I couldn't resist. It's just too bad Mr. Tidwell isn't here.

Well, let's go back to the beginning. What information does the Postal Service have on why non-Standard pieces are more costly?

A I do not know. I haven't received any interrogatories related to this, so I have not done any particular search for data for this information.

Q When you say you didn't get any interrogatories, did Witness Miller consult with you about a couple of interrogatories that the OCA sent him?

A We discussed a couple interrogatories but I don't recall specifically if they were OCA interrogatories.

Q Do you recall whether they had to deal with non-Standard pieces?

A Believe me, I had a lot of phone calls about interrogatories from other people. I don't recall.

MR. COSTICH: Okay. No further questions.

CHAIRMAN GLEIMAN: We have got one more party who wishes to cross examine. I think we are going to take ten,

and we will be back here twenty minutes after the hour and hopefully we can go straight through and wrap up.

Ms. Duchek will try to continue the string of "No redirect," of course.

[Recess.]

CHAIRMAN GLEIMAN: Mr. McKeever?

MR. McKEEVER: Thank you, Mr. Chairman.

CROSS EXAMINATION

BY MR. McKEEVER:

Q Good afternoon, Ms. Kingsley. My name is John McKeever and I represent United Parcel Service.

Ms. Kingsley, could you turn to page 19 of your testimony, please.

I would like to direct your attention in particular to line 26, where you state, quote, "For the most part parcels are sorted to carrier route at the delivery unit," do you see that?

A Yes.

Q I do have a few questions, I would like to ask you a few questions about how parcels are sorted to carrier route at the delivery unit.

Does the way parcels are sorted to carrier route at the unit depend in any way on the size or the weight of the parcel?

A I would assume so, yes.

Q Small parcels, lighter parcels may be handled one way and larger, heavier parcels another way?

A Yes.

Q Okay. Does it make a difference who actually sorts them at the unit, a clerk as opposed to the carrier?

A Clerks do the work of sorting to carrier route, so there would be no carrier sorting to carrier route.

Q Okay. Is that always the case?

A Yes.

Q Now when they sort to carrier route, the clerk, after the clerk has finished the sort, what does the clerk do with the parcels that he has sorted to carrier route?

A They frequently sort the parcels into a hamper and then they would roll that hamper over to the carrier's case.

Q So the hamper would go to the carrier's case?

A In some instances, sometimes they have a staging area where they may actually take that to their vehicle and then basically sort it while they are loading into the vehicle.

Q Now when you say they would take it to a staging area and sort it while they are loading into the vehicle, are we still talking about a clerk?

A No, I apologize. The clerks take it over, either to the carrier case and sometimes the carriers will go through and determine their walk sequence order for those

parcels, or the clerk may take the hamper over to like a staging area where the carriers take that hamper as they go to load the truck, and when they load the parcels into the truck they sort it as they are loading into the truck.

Q Is there any way to establish any general rule as to what the practice is? Again I have in mind here smaller, lighter parcels as opposed to bigger, heavier parcels.

Are one treated predominantly one way and the other treated another way?

A I would say yes, like a Standard A, lightweight parcel the carrier most likely would try and either collate with their flats when they are pulling down something like a compact disk or a videotape. A heavier parcel obviously you can't do that and would not be merged in, so to speak, with your flats at any point in the process.

Q Okay. Just to make sure that I understand, so that a smaller parcel, like a Standard A, might be sorted by the -- it would be sorted by the clerk first, taken over in a hamper to the carrier route, and then the carrier might do some sorting in the sense of putting that parcel together with the mail for that address.

A Again it depends on the characteristics of the mail piece and the quantity of the parcels, yes.

Q Okay. The larger parcels like Standard B parcels are more likely to go to the carrier case, but then not have

any further activities performed there, but instead taken in the hamper to the staging area for the loading?

A Some carriers will go through their hampers at their case and kind of put them in some semblance of order, so they don't have to spend -- especially in wintertime -- they don't have to spend all this time in the cold loading the truck.

Q Okay. Is it common for carriers though to sort the -- take the parcels out of the hamper and arrange them in the truck at the staging area?

A The staging area I was indicating was where the clerks may leave the hamper so the carrier can then take the hamper to the truck.

Q Oh, I see.

A And then as they take the hamper up to the truck, as they are pulling the parcels out of the hamper they sort them as they put them into the truck.

Q Well, once again, I want to be clear I want to know who "they" is. The clerk takes it to the staging area?

A Yes.

Q And then the carrier would move it from the staging area to the loading area?

A Yes, or from there the carrier would take it from their case to the vehicle, yes.

Q Okay. Then it would be the carrier who at the

loading area would arrange the parcels in the truck in the way the carrier thinks is most efficient for him to deliver those parcels?

A Yes.

Q Do you know if the carriers typically put parcels in order of the delivery address when they put them in the truck?

A They are usually doing some sort of sort, whether it is by park and loop or in sequence, yes.

Q Okay, thank you. Ms. Kingsley, could you turn to page 31 of your testimony, please, and in particular take a look at lines 1 to 2.

There you state, quote, "To effectively plan staffing, it is important to understand the cause of a volume change by shape or work content, not just the magnitude. Do you see that?

A Yes.

Q By magnitude, do you mean increase in the number of pieces?

A Yes, the volume increase, yes.

Q By shape do you mean whether the volume that has increased consists of either more letters or more flats or more parcels?

A Yes, that is what I meant.

Q So those different shapes have different impact on

planning staffing needs?

A Absolutely.

Q And can you describe for me the different impact that each has?

A As you can see from the testimony that we have already provided in the case, our letter equipment has higher throughputs, higher productivities, so a portion of growth in that, just a flat volume percentage, has a different impact on us than if it were flats that we have machines that don't have as high a throughput and we have lower productivities, so the amount of work hours we would need to handle a thousand additional pieces varies depending on the shape.

Q Okay, and if it were a thousand different flats instead of a thousand different letters, there would be more work hours needed, is that correct?

A With everything else constant -- same presort levels and things like that, yes.

Q Right, and am I correct that again all other things equal, with the thousand additional parcels, that would require more work hours than a thousand additional letters or a thousand additional flats for that matter?

A Yes.

Q Okay. Could you turn to page 32 of your testimony, please?

A Yes.

Q There you provide some information on cost per thousand pieces for flats and letters, do you see that?

A Yes, I do.

Q Do you have similar information for parcels?

A No, I do not.

Q Okay. Do you know if that type of information is available, post per piece for parcels -- cost per thousand?

A No, I do not. These are the ones that we typically see, these are the ones that we typically use, so.

Q Okay. Thank you.

Could you turn to your response to interrogatory UPS/USPS-T10-1, please?

A Yes.

Q On page 2, you indicate, and I am looking at the paragraph that begins at about the middle of the page, that the national in-house network of processing facilities designated as Priority Mail Area Distribution Centers, typically process destinating mail to the three digit zip code level, et cetera, you go on.

A Yes.

Q Now, what are you referring to when you refer to Priority Mail Area Distribution Centers there?

A In our domestic mail manual we have a list of our Area Distribution Centers. An example would be Denver is an

Area Distribution Center that serves multiple SCF plants, so they serve Colorado Springs, Grand Junction, other office smaller plants within that geographic area.

Q And certain of those process Priority Mail and others don't?

A No. Basically, it is kind of massed onto Denver, and then Denver makes the sort down to the smaller facilities, and then they make the sort either to five digit or -- for their smaller geographic area.

Q Okay. What I am -- you used the term Priority Mail Area Distribution Centers, and I am just trying to indicate whether that was because you were just talking about Priority Mail, or whether there is something special in terms of the processing of Priority Mail and Area Distribution Centers.

A There is nothing special, but the zip codes that are supported by the ADC and the Priority Mail network may be slightly different than the mail that is supported by the Standard A ADC network and ~~do~~ so on.

Q Okay. Thank you. Ms. Kingsley, I would like to ask you some questions about bulk mailings of Standard B Parcel Post as it was handled in FY 1998. I don't know if it is any different the way it is handled today, but my focus is on the test -- the base year in this case. Now, as I understand it, in the case of a bulk mailing of Standard B

mail, --

A So is this after the rate implementation in January of '99?

Q Well, we are talking fiscal year 1998, which would have ended before the rate implementation in January '99, if I am correct.

A Yes, I am sorry.

Q That's okay. It is a long day. Now, a mailer would bring a bulk mailing of Parcel Post to a Postal facility and have the mail accepted there by the Postal Service, and in a number of instances it would be physically entered there into the mailstream, is that correct, that is one possibility?

A It sounded like you were mixing a couple of different things here. I'm sorry. Could you restate it?

Q Let me try it again. Sure, sure. I want to focus on a bulk mailing, if there is such a thing, where a bulk -- a mailer brings a bulk shipment of Standard B mail to a Postal facility where that mailing is physically accepted by the Postal Service for processing into the mailstream.

A All right.

Q That does happen?

A Yes.

Q Okay. Now, my understanding is that the mailer in that instance would give the Postal Service employee who

accepts the mail a postage statement, sometimes called a mailing statement, that describes the mailing, is that correct?

A I believe they would give that to the bulk mail acceptance or entry personnel clerk.

Q Okay. Do you know if that is Form 3605?

A I am not familiar with the form numbers.

Q Okay. In any event, that document would contain some basic information about the mailing, is that correct?

A Yes.

Q That information, do you know if that would include the total number of pieces presented?

A I don't know, but I would assume so.

Q Now, am I correct that the Postal Service employee who accepted the mailing, one of his duties or her duties would be to verify the information on the mailing statement against the actual mailing that is presented, is that correct?

A Yes.

Q Could a postage statement be used only for identical weight mailings?

A I do not know, I am not an acceptance expert.

Q Okay. Now, am I correct that the information on the mailing statement would be entered into the Postal Service's PERMIT System database in the case of a PERMIT

System or automated office, is that correct?

A Again, I am not familiar with that system at all, or the data sources for it.

Q Now, there are also instances where a mailer would want to enter a bulk mailing into the Postal system and the mailer would take that mailing to one facility, but the mailing would be physically entered into the mailstream at another facility, that happens, is that correct?

A In 1998, are you talking about like a DBMC situation?

Q Exactly. Yes, exactly.

A Yes.

Q Okay. Now, in the case of DBMC bulk mailing, am I correct that the mailer would first take that mailing, let's say it is a permit imprint mailer, would first take that mailing to the facility that issued the permit, even though the mail was going to be entered at a different facility, that is the destination BMC, is that correct?

A I am really not clear since most of the mail that is entered at the destination entry rates is Postal verified drop ship, so it is verified at the Postal customer's facility and not at one of our facilities.

Q Okay. Well, let's talk about -- that is plant verified drop shipments?

A Yes.

Q Okay. Let's talk about plant verified drop shipments then. In that case, in the case of a mailer, the Postal employee will go to the mailer's plant and get a postage statement, verify the information on the postage statement against the mailing, and the mailer would then take the mail and transport it to the Destination BMC, another facility, is that correct?

A That is my understanding, yes.

Q So the Postal employee who takes the postage statement and verifies the mailing is associated with another facility, we will call it -- I think the parlance is the origin facility, but the mail is actually physically entered into the mailstream at a separate facility, the Destination BMC, is that correct?

A Yes.

Q Okay. Am I correct, and I am not sure you will know this based on one of your prior answers, but am I correct that the information on that postage statement would be associated with the origin facility, not the Destination BMC? In other words, it was the origin facility that would get the credit for the revenue and the pieces that are actually accepted by the Postal Service?

A I believe so.

Q Okay, now, in that case, the Postal Service had to have a way of knowing that the mail that its employee looked

at, at the mailer's plant, would be the same mail that was later entered into the mail stream at the destination BMC; is that correct?

A Correct.

Q And there was a time, a long time ago, when the Postal Service would actually put a seal on the truck before the truck left the mailer's plant to go the destination BMC; is that correct?

A Yes.

Q And the purpose of the seal was to ensure that the mail that was in that truck wouldn't be changed; otherwise, the seal would be broken?

A Correct.

Q Okay, now, the sealing requirement was suspended a number of years ago; is that correct?

A Yes.

Q Do you know why that was suspended?

A No, I don't. I would have a few guesses, but that's all they would be.

Q Well, I'll take them.

[Laughter.]

THE WITNESS: One is, the customers doing the transport are going to be going sometimes to more than one location, so, by dropping at the first BMC and unloading, now your truck has lost its seal and you still have mail for

another facility.

And it would be very costly to have sent two separate trucks and not have full trucks, so it was to accommodate multiple stops for the contents of that vehicle.

Again, I think we've gotten better in our documentation and acceptance procedures, and there has been more destination entry volume and more employees are familiar with how to accept that mail and know what to do in the event of a discrepancy.

BY MR. McKEEVER:

Q Okay -- I'm sorry, were you finished?

A Yes.

Q Now, since there is no longer any seal on the vehicle, there has to be another way for the Postal Service to know that the mail presented at the DBMC is the same mail that its employee viewed at the origin facility; is that right?

A Yes.

Q And the Postal Service uses Form 8125 for that purpose?

A Yes, it does.

Q And that form is separate, a different form from the mailing statement?

A Yes, it is.

Q And I understand the way that works is that the mailer fills out the Form 8125, which also contains basic information about the mailing; is that correct?

A Yes, it does.

Q Such as number of pieces and weight?

A Yes, and if it's pallets, what class it is, things like that.

Q And that information on the Form 8125 should be the same information that's on the mailing statement; is that correct?

A I think they would be different, only for the amount that the mailing statement would have the entire mailing, whereas you require an 8125 for each destination entry.

So, in theory, the sum of the 8125s would match the total, yes.

Q Form 8125 that goes along to the DBMC, is that correct?

A Yes, as well as DSCF and DDU today.

Q Right. But in 1998, we only had DBMC, correct?

A For Standard-B, yes.

Q Right. And then when the mail arrives at the DBMC, the Postal employee there who is going to accept it and physically have it entered into the mail stream, is supposed to make sure that the information on the Form 8125,

matches the mailing that's being presented to him; is that correct?

A Correct.

Q So it's really important for two things to happen: The Postal employee at the origin facility must verify that the mail presented there matches the information on the postage statement and on Form 8125; that's number one.

And, number two, the Postal employee at the DBMC must verify that the mail entered there matches the information on Form 8125?

A Yes.

Q Ms. Kingsley, in response to Interrogatory UPS/USPS-T10-2, you supplied us as part of Library Reference 176, with an audit report on plant-verified drop shipments that was done by the Office of the Inspector General.

The report was dated September 28, 1999; is that correct?

A Yes.

Q Do you have that with you?

A Yes, I do.

Q Okay, could you take a look at the cover letter to that report?

A The one signed by Richard Chambers?

Q Yes. Now, am I correct that the objective of that audit was to, and I'm quoting here, "evaluate the adequacy

of verification and acceptance procedures for plant-verified drop shipment mail"?

A Yes.

Q And the cover letter indicates that the audit, and I'm quoting again from the cover letter, "identified problems with verification procedures not being followed, and with the preparation of PS Form 8125;" is that correct?

A Yes.

Q In particular, the cover letter indicated, and I'm quoting again, "in addition, USPS personnel accepted mail without a PS Form 8125, or with a form PS 8125 containing incorrect information;" do you see that?

A Yes.

Q And, finally, on page 3 of the audit report, if you could turn to that, the audit report indicated, and I'm quoting here in the second paragraph under the title, Verification Procedures, quote, "USPS employees did not always verify the quantities delivered to the amounts reflected on PS Form 8125, and sampling procedures were made difficult by the mailer's preparation of bed-loaded parcels." That's the end of the quote.

Is that correct?

A Yes. I do want to state that the previous paragraph started that USPS employees generally verified drop shipments correctly, and we found opportunities to

improve procedures.

MR. MCKEEVER: That's all I have, Mr. Chairman.

CHAIRMAN GLEIMAN: Is there any follow-up? I see a hand in the back of the room. I think it is Mr. McLaughlin -- ah, yes, it is.

MR. McLAUGHLIN: Thank you, Mr. Chairman.

FURTHER CROSS EXAMINATION

BY MR. McLAUGHLIN:

Q Ms. Kingsley, I have some follow-up on some questions asked by Mr. Baker for NAA.

He was asking you questions concerning your testimony on pages 27 and 28 and also concerning your response to NAA Interrogatory Number 4.

On page 27, I believe you there talk about --

A May I -- NAA-24?

Q Yes -- first on page 27, lines 19 through 21, you talk about the volume growth per delivery from '88 to '98. That is the subject of NAA Number 4. We did have this conversation earlier. I am not sure whether Mr. Baker was here when we had our conversation about NAA Number 4 concerning the fact that the figures you have in your testimony for pieces per delivery are pieces per possible delivery as opposed to pieces per actual delivery.

You do recall that conversation, don't you?

A Yes.

Q If we look at your page 27, and I think the transcript will reflect this, we went through a discussion about if you had an assumed 80 percent coverage in 1988 that the pieces per actual delivery would have gone from 6.4 pieces per actual delivery in 1988 to 6.6 pieces per actual delivery in 1998, is that correct? Do you recall that?

A Yes.

Q And that is about a 3 percent increase, is it not, roughly?

A Yes.

Q And that is as compared to the increase that you show going from 5.1 to 5.6 pieces per possible delivery, which would be about a 10 percent increase, is that right?

A Yes.

Q Mr. Baker then in his cross examination talked about some figures from 1988 to 1999, and this is based on your Interrogatory Number 4, he asked you to confirm that there's been a 7 percent increase in possible deliveries and a 22 percent increase in volume. Do you recall that?

A Yes.

Q And I believe you said that that was a 3 to 1 relationship.

A Yes.

Q In terms of actual deliveries, if we assume an 80 percent coverage in 1988, which you said was probably

reasonable but you don't have an actual figure, would you agree that the increase in actual deliveries would in that case be on the order of 16 to 17 percent as opposed to 7 percent? I can give you those figures if you would like.

If you used a 80 percent coverage --

A Yes, that got us to the 61.7 actual versus the 69.7 actual in '98.

Q And that was 1988 versus 1998.

A Right.

Q You went to 1999 --

A Eight million, so there is an 8 million difference there.

Q Yes. If you went to 1999, which I believe were Mr. Baker's figures, the 1999 figure for actual deliveries would be about 71.9 million --

A Okay.

Q Would you accept that subject to check?

A Yes.

Q And the 71.9 million --

A I wasn't clear what the 12 percent referred to, to '98 or '99.

Q Yes, I think that Mr. Baker I believe is referring to the '99 versus '88 figures, so you would agree then that if you based it on actual deliveries that instead of a 7 percent increase it is a 16 to 17 percent increase in actual

deliveries over that time?

A Yes.

Q Now there was also some discussion just in general about that paragraph on page 27, starting at line 19 where you are talking now about costs at the delivery point and you mentioned several factors, one of which is this pieces per delivery which we have just discussed.

You then also talked about DPS implementation causing additional costs. The discussion there --

A I didn't say DPS caused additional costs.

Q Well --

A I said we allowed in the DAR --

Q Okay --

A -- for some time to handle the DPS volumes.

Q You allowed -- right, but this discussion of DPS is in the context of a paragraph that discusses extra costs at delivery, is that correct, at the delivery point?

A Yes.

Q So were you citing DPS as being a factor that caused extra costs to be incurred at the delivery point?

A We were saying that there were some, there was some time put in the DAR for DPS to allow the carrier, either on the street or in the office, to check through the mail.

Q Well, the paragraph --

A In the footnote.

Q I thought the subject of the paragraph, the first sentence says "Delivering mail at a delivery point is one area where the carrier time has actually increased" and then you conclude by saying, on the next page, that "The carrier spends more time at each delivery point and the time can be expected to vary with volume" so I thought that all these reasons you cite here were reasons that caused an increase in delivery costs at the delivery point.

A Yes -- I wanted it to come across that all that time was given to the street time and that -- or that we were actually using all that time that they put in the DAR for savings. That was the point that I was trying to get to.

Q Are you saying here that DPS caused additional load time type costs to be incurred at the delivery point?

A Again, I am not an expert on the definition of load time versus access time versus --

Q Okay, well, to help you out on that, refer to your -- NAA asked you a question along those lines. It was NAA Number 22.

They asked you to confirm that when -- well, the entire question dealt with DPS mail, is that correct?

A Yes.

Q Okay. It asked to "Please confirm that when DPS

mail is incorrect sequenced carriers will spend more time at the delivery point due to the need to verify the address" and your answer is "Not confirmed. City carriers finger the mail as they approach the delivery point" so I take it it is your testimony that DPS mail does not have any significant impact at the delivery point?

A Correct. My testimony was to say they may actually be taking time on the street though to go through DPS when they are deciding where their park and loop break points may be, for example.

Q Okay. As distinct from delivery time?

A Correct.

Q At that delivery point.

A Correct.

Q After citing these various factors which we have discussed here, you then at the very bottom of page 27 and top of page 28 say, "This is all very different from the old environment of dropping a few letters in each mailbox."

Are you there talking about dropping 6.6 letters versus 6.4 letters in a mailbox? I understand it's letters and flats and parcels, but you are talking there -- I am just trying to get the context -- "It is all very different from the old environment of dropping a few letters in each mailbox" --

A Right. Again, the comparison was more '88 we

didn't have -- of all our volume we didn't have as much flat volume as a portion of letters back then as we do in '98 or '99.

Q Do you have those figures?

A Not handy, but I have just knowing for example that in the response to another interrogatory that there was a 50 percent increase in non-carrier route Standard A flats from FY '92 to FY '98 is pretty significant to me and knowing that letters also grew at that time, but not at those rates.

Q Do you recall at all what the growth experience was of Standard A ECR mail between 1988 and 1992?

A That I do not. That I did not track or look at.

Q Do you know whether there was actually a decline in volume between 1988 and 1992 following the 1987 rate case?

A No, I don't know about ECR flats.

Q So you don't know what the volume trend is from '88 to '98 then in terms of letters and flats?

A Just the one figure that I provided you for the Standard A non-carrier route flats.

Q That wasn't '88 to '98, that was '92 to '98.

A Correct, because that was in response to something that dealt with volumes that had to go across a flat sorter so that would have not considered carrier route volumes.

Q Can we get carrier delivered volumes for '88 versus '98?

A Carrier-delivered volumes?

Q Well, aren't we talking here about --

A Isn't this all carrier-delivered? I guess I am not clear.

Q Well, there may be some volumes for example that go to post office boxes that are not carrier-delivered.

Does the Postal Service have a breakout of volumes by shape for 1988 and 1998, carrier-delivered volumes?

A Not that I know of, but I do not know.

MR. McLAUGHLIN: Could the Postal Service check to see if that information is available?

MS. DUCHEK: I would prefer that Mr. McLaughlin file an interrogatory to the Postal Service on that. That could be a huge, voluminous amount of information. It might not be. I just don't know.

MR. McLAUGHLIN: Well, I am really -- you know, the witness --

MS. DUCHEK: I shouldn't say a voluminous amount of information, I'm sorry, but it may be difficult to by shape go back and determine if we even have that.

MR. McLAUGHLIN: Mr. Chairman, the witness has made statements here to the effect that a change in mix has contributed to what she states is going on here in her

testimony and I think that that is -- she doesn't have information herself, as far as I can tell that provides that information.

MS. DUCHEK: Mr. Chairman, Mr. McLaughlin has had her testimony since we filed the case in January. It is not like this -- what she said -- is a surprise and he could have asked an interrogatory then.

CHAIRMAN GLEIMAN: Time out. I have heard the arguments.

Mr. McLaughlin, so that we can have more volumes of paper than we might otherwise have, would you please reduce your request to writing and submit it to the Postal Service and I will expect that they will respond promptly and tell you whether they have the data and if they do to provide the data.

MR. McLAUGHLIN: I will do that.

CHAIRMAN GLEIMAN: And then --

MR. McLAUGHLIN: With that, that's all I have. Thank you very much.

CHAIRMAN GLEIMAN: And then they may not have to find volumes and volumes but we will have more volumes here, so thank you very much. I appreciate your cooperation.

Is there any additional follow-up?

There doesn't appear to be any. I know that there are a number of questions from the bench and we will go down

the line in order of time served.

Commissioner LeBlanc?

COMMISSIONER LeBLANC: Ms. Kingsley, I have just got basically one question, and I know my colleagues have got some, and I may have to follow up on what they have, but I will use this one. In response to United States Postal Service Robinson to interrogatories of David Popkin, he was talking about, and I know you are the operations witness, and that is why I want to bring this out, because Mr. McKeever touched on it, so it was something that I had in my mind, and this is a great time to do it, it is DBP/USPS-128, and the question is part (b), and he is asked, "Is there a financial advantage to process a Priority Mail article outside of the Emery system?" And his response, in effect, was "The term financial advantage is interpreted to mean lower cost. I am informed that on average it is more expensive to process Priority Mail within the PMPC network."

So, as an operations expert, are there any operational differences, if you will, that make it more expensive under the contract?

THE WITNESS: I am not familiar with how Emery processes the mail or their contract. It is also my understanding that it is more expensive to process it, but they also have dedicated air that I know we do not. So I don't know what portion of that ~~expensive~~ expense is transportation

versus processing, versus other.

COMMISSIONER LeBLANC: Do you know who helped Robinson draw up his response? Were you privy to that?

THE WITNESS: No, I was not involved.

COMMISSIONER LeBLANC: Ms. Duchek, would you have any earthly idea who that might be, who works on which -- who would have the been the person to have helped Robinson?

MS. DUCHEK: I have no idea, Commissioner LeBlanc.

COMMISSIONER LeBLANC: Okay. Then I will let that one lay there for a while then. Thank you, Mr. Chairman.

CHAIRMAN GLEIMAN: I think I am going to reserve my get out of jail free card and pass to Commissioner Omas.

COMMISSIONER OMAS: Ms. Kingsley, in response to interrogatory Time Warner/UPS-10-9, you describe activities needed to set up an SPBS for a given sort scheme and estimated the time required as between 15 and 30 minutes. You also state that you are ~~now~~ not aware of any studies that addressed the SPBS. What is the typical run time for an SPBS after the set up procedure that you described as completed.

THE WITNESS: I think the run time generally varies depending on what it is running. For example, if they are running Priority Mail, you may have a really tight window where you are running it from 7:00 at night until midnight or the outgoing. You may be running bundles much

longer than that during tour 2 into tour 3, so you might start at 9:00 in the morning and run those until Priority Mail comes in.

The last facility that I spent the most amount of time in, we pretty much just had two sort plans. You had your Priority and you had your bundles, and that was it.

COMMISSIONER OMAS: Are there any shutdown time activities required that do not overlap the set up activities? And, if so, how much time do you estimate is required?

THE WITNESS: I am sorry. Could you please repeat what might overlap?

COMMISSIONER OMAS: Are there any shutdown activities required that do not overlap the set up time activities?

THE WITNESS: Okay. To pull down, you have to pull all the containers away from the machine, so, obviously, you can't be putting new ones up for the next sort plan until the next one is done. You also have to finalize running your reports. You can't start your new sort plan or load that until you have downloaded like your End of Run type information from the sort plan you just finished up.

You have to make sure all the mail is swept from the machine. You can't still have mail in the feed section

for one that you are wrapping up with before you start the sort plan.

Some of the things that can overlap, I guess, is while some keyers are keying out what is finished, and you are starting to take away the containers that are full of mail, you can already be loading the feed system and loading the sort plan before all the new containers are actually set up. So, there is some overlap, but it is a task-by-task situation.

COMMISSIONER OMAS: So you have no time estimate then? I mean you don't know how much time that is required in that one estimate?

THE WITNESS: Well, that would be in the response that I provided.

COMMISSIONER OMAS: Okay. Are there any non-run run time activities that affect productivity, such as breaks, break time?

THE WITNESS: Yes. And, again, that depends on the facility and maybe how many people you have trained to actually key. You might have people that rotate breaks, so the machine is covered during break periods, and in other situations, you don't have someone to relieve all your keyers, you may only have them relieve some or not at all.

COMMISSIONER OMAS: While there are no studies you know of on set up times, do you believe that the ~~IOCA~~ IOCS

tallies contain that information, or estimation between the relationship of set-up time and run time?

THE WITNESS: I have no idea what IOCS detail exists?

COMMISSIONER OMAS: Okay, thank you.

CHAIRMAN GLEIMAN: Commissioner Goldway?

COMMISSIONER GOLDWAY: I am still not clear about the discussions that went on earlier today about the separation of manual sortation; that you are estimating the -- and this also refers to discussions with Mr. Yacobucci -- that in the test year, there will be 50 percent rate of manual sortation at the secondary level; that he was estimating that that would continue into the test year, or that would be the rate.

THE WITNESS: The portion in the test year, yes.

COMMISSIONER GOLDWAY: Are you saying now that it is less than 50 percent?

THE WITNESS: No, I was trying to get to the point that it wouldn't be likely to be any higher than 50 percent.

COMMISSIONER GOLDWAY: So it's currently about 50 percent?

THE WITNESS: No, it is not.

COMMISSIONER GOLDWAY: And it will be likely to stay at 50 percent? What is it now?

THE WITNESS: Currently, if you put together the

different pieces in my testimony, how it works out is, of the hundred percent of the volume, about 60 percent is going to delivery units to be handled manually.

About 40 percent is sorted in the plants. Of that 40 percent in the plants, about 60 percent is on flat sorters, and 40 percent in manual operations.

So if you add those all up, your percent on a flat sorter, and, again, that would be about 25 percent today.

COMMISSIONER GOLDWAY: So today, it's only 25 percent?

THE WITNESS: Correct.

COMMISSIONER GOLDWAY: Well, that makes it a lot clearer to me.

THE WITNESS: Good.

COMMISSIONER GOLDWAY: Because it sounded from the discussion as though, with all of the additional automation, we were going to maintain the same percentages.

THE WITNESS: No.

COMMISSIONER GOLDWAY: Okay, that makes it clearer.

Now, I have another general question: You were trying to describe the decline in work hour productivity of these machines over the last few years as they've been introduced, and I can understand that the initial automation captures the cleanest mail.

And then as you expand your automation, the amount of cost savings decline. But you still should be gaining efficiency overall as you automate?

THE WITNESS: Yes.

COMMISSIONER GOLDWAY: And yet it appears that the costs for handling flats have not gone down as we've increased this automation.

It seems to me the normal manufacturing model of automation that engineers would have, is the measurement for increasing your automation, even though the impact of automation may decrease, is that you're continuing to save money.

THE WITNESS: But that's assuming everything else stays the same; that presort levels don't change; drop ship entry doesn't change; the machinability of the pieces don't change; the volume of the pieces don't change.

The 881s, the last buy of the 881s were justified on volume projections into FY92, so there has been significant amount of change in the amount of volume since '92 for flats.

COMMISSIONER GOLDWAY: Do you think that this new generation of AFSM 100s is anticipating future changes in volume and characteristics of mail, so that there won't be the same pattern of additional costs with additional automation?

THE WITNESS: I believe so, yes.

COMMISSIONER GOLDWAY: And why is that?

THE WITNESS: Talking with the engineering group and seeing how they're looking towards Phase II and how many pieces of equipment -- I mean, again, we haven't finalized how many AFSMs we're going to buy yet in Phase II, and looking towards using volume growth, they're already looking towards maybe the next generation machine. Is there another machine that we're going to use to actually DPS?

I hope you had a chance to see the videotape that we added as a Library Reference to see how this machine is working. And in some respects, they were conservative in the DAR, and that's why we added some more savings into the roll forward, once we actually saw the machine in Baltimore.

So, I think things are -- have a pretty rosy outlook for flats in the fairly near future.

COMMISSIONER GOLDWAY: Well, assuming that's the case, you have indicated in this recent testimony that in addition to the full complement of AFSMs that we knew about that were going to be deployed during the test year, there may be additional AFSMs deployed during the test year.

THE WITNESS: Yes.

COMMISSIONER GOLDWAY: Over and above the 173?

THE WITNESS: Correct.

COMMISSIONER GOLDWAY: Are the potential savings

from that deployment included in the cost savings estimates that are presented?

THE WITNESS: There are savings for FY2001 in Library Reference 126.

COMMISSIONER GOLDWAY: I know there are, but do they include these additional --

THE WITNESS: The additional machines for Phase II.

COMMISSIONER GOLDWAY: Over and above the 173?

THE WITNESS: Yes.

COMMISSIONER GOLDWAY: Yes, in the Phase II, they do include that?

THE WITNESS: Yes. There is a separate item for Phase II machines and their impact in 2001, of which the Board has not approved the DAR yet, but that we anticipate their approval.

COMMISSIONER GOLDWAY: Okay. And then with regard to potential additional costs, you indicated that the 881s are going to be relocated?

THE WITNESS: Some. Once Phase II comes in, we will probably just totally get rid of the majority of the 881s, but we'll be looking for opportunities to relocate some 881s to smaller facilities that could not justify an AFSM 100, for example.

COMMISSIONER GOLDWAY: So the cost for relocation

are included in the test year?

THE WITNESS: No, because we don't know, one, how many machines we're going to hold onto yet, or how many we're going to move yet.

COMMISSIONER GOLDWAY: So, that --

THE WITNESS: That evaluation has not occurred yet.

COMMISSIONER GOLDWAY: That could be an additional cost.

THE WITNESS: But then there would also be subsequent savings that aren't in there, either because of the savings at the new facility. I mean, it's fairly reasonable to relocate a machine, compared to the savings you're going to get from it.

COMMISSIONER GOLDWAY: Okay. I think those are all of my questions. Thank you.

CHAIRMAN GLEIMAN: Commissioner LeBlanc?

COMMISSIONER LeBLANC: I apologize to my colleagues. I just want to pick up on one thing that Commissioner Goldway said.

You believe that the cost will be recaptured, but if you have to expand on a plant or if you have to build extra facilities or whatever, just to house it in an older facility, you still believe all of that kind of major -- what I call major construction work will be all recaptured

throughout the country here?

I mean, we're not talking about just moving it now.

THE WITNESS: The AFSMs are not a one -- are you talking about when the AFSMs come in?

COMMISSIONER LeBLANC: Yes, ma'am.

THE WITNESS: And replace the 881s. The AFSMs aren't a one-for-one replacement on the 881s. So, two to three 881s will be replaced by an AFSM 100, so you have space right now where you have two machines, where you're going to be basically putting in one machine that takes a little bit more space, but it's still less space than the two machines took before.

COMMISSIONER LeBLANC: I understood that, but you're going to replace all three at one time; is that the game plan? And that was -- I was unclear about that.

COMMISSIONER GOLDWAY: I see, so you may have two 881s running.

COMMISSIONER LeBLANC: You may have two 881s --

CHAIRMAN GLEIMAN: Please, you have to speak one at a time if the Reporter is going to be able to make a transcript.

COMMISSIONER LeBLANC: You may have two 881s, as an example, going, with one 100 in there?

THE WITNESS: Correct.

COMMISSIONER LeBLANC: Now, has that been taken into consideration?

THE WITNESS: So the space that we would need to put in the new machine and leave the other two there until the machine is up and running?

COMMISSIONER LeBLANC: Yes, ma'am.

THE WITNESS: I do not know how that was accounted for.

COMMISSIONER LeBLANC: Okay, thank you. I apologize to my colleagues, Mr. Chairman, thank you.

CHAIRMAN GLEIMAN: Actually, I think that the flats mailers would be happy if the savings were captured, not even getting into recapturing them.

In any event, Commissioner Covington, you have some questions, I know.

COMMISSIONER COVINGTON: Thank you, Mr. Chairman. Welcome, Ms. Kingsley. I know you're probably hoping that this is over with as fast as I am, so I'll see if I can't help both of us get out of here.

I noticed in reading your biographical sketch, that you've been basically across the world and back, Chicago to Washington, and in between. I notice you also got your feet wet in R90-1.

Then back out to Denver and back out to the East Coast. But the first question I wanted to pose to you, with the

enormous amount of parties who stated their intent to cross examine you and after the filing of some 320-plus interrogatories --

THE WITNESS: I didn't want to know that answer, but thank you.

[Laughter.]

COMMISSIONER COVINGTON: -- 320 interrogatories, 260 of which were delegated, I was just wondering out of curiosity, is there any particular reason why you were able to do all of this and generate so much attention, and thus far you have been the only witness who has come before us that has not had workpapers or library references presented with your testimony in the evidence? Is there a secret that I don't know something about?

[Laughter.]

THE WITNESS: I don't have to come up with any calculations or any data to support most of these things, so that's why I don't have a library -- I just am supposed to tell it like it is and tell it how it's going to be, so it's a little bit easier for me on the library reference aspect.

COMMISSIONER COVINGTON: Well, I understand. I commend you for that. Attorney Hall had kind of alluded to that earlier today when he was cross examining you.

Commissioner Goldway touched on one question that I had in my mind. With regard to all the experience that

you have had with the equipment and automation and processing costs, have you ever had the direct responsibility for any equipment deployment? In other words --

THE WITNESS: As far as where does it go?

COMMISSIONER COVINGTON: Well, no. Particularly like if you take an FSM or an OCR, have you -- has anyone ever -- have you very said, well, we need to send this piece of machinery to X location?

THE WITNESS: Yes.

COMMISSIONER COVINGTON: You have? Okay. When equipment is replaced and upgraded, I guess you -- you really never know exactly what the final disposition is going to be, but like Commissioner Goldway and Commissioner LeBlanc alluded to, I would like to think that you would try to place that equipment in some non-automated setting.

THE WITNESS: Or where we could capture the most savings from.

COMMISSIONER COVINGTON: Along the lines of processing costs --

THE WITNESS: Or service.

COMMISSIONER COVINGTON: Or service. Okay.

Attorney Olson asked you earlier today about volume arrival, okay? Now, when I think of an ~~inclimate~~ inclement environment, I think of like snow and icy weather, and when

I think of other things that could impact volume arrival, I think about a lack of what you would call an ideal infrastructure, you know, like no road, inadequate bridges, or maybe a footpath that's just wide enough, you know, for one person to go down.

What overall impact do these type factors have with your volume arrival and what allowances do you make for them?

THE WITNESS: So are you talking about maybe large metropolitan areas where --

COMMISSIONER COVINGTON: That's correct.

THE WITNESS: As you saw in my autobiographical sketch, my first plant work was really at the North Suburban facility, and it was at one corner of a very large geographical area.

COMMISSIONER COVINGTON: And near the Windy City.

THE WITNESS: Yes. And so we suffered from having to get collection mail in from fairly great distances in a very congested area, yes, and ideally, it would have been nice to be more centrally located. And then that facility was split into two facilities and are more geographically centered with the areas that they serve.

But trying to put a cost to any of this, I --

COMMISSIONER COVINGTON: There is no formula.

THE WITNESS: -- couldn't begin to.

COMMISSIONER COVINGTON: You couldn't begin to. Okay.

THE WITNESS: ~~Nowhere~~ Knowwhere to start.

COMMISSIONER COVINGTON: Okay. As far as -- I guess as far as barcoded letters, I think overall, that has allowed the Postal Service to remove almost all type of letter mechanization equipment.

THE WITNESS: Yes.

COMMISSIONER COVINGTON: You know, I'm saying -- I guess that's a fair statement to make. Now, how does this almost equate to percentage-wise, because I think in your testimony, you stated that only seven machines of this nature remain nationwide, so --

THE WITNESS: Now it's four.

COMMISSIONER COVINGTON: Four. Okay. Could you tell me how many it was, you know, in the genesis of all of this?

THE WITNESS: Oh, my gosh. I don't know. But a plant like Denver had like 13, to give you an example. So there were many of these monstrosities out there in plants.

COMMISSIONER COVINGTON: So down from seven to four. Okay.

You mentioned in your testimony also that by September of this year, September 2000, that you were going to have an additional 270 delivery barcode sorters deployed

to join about 48-, 4900 that you've already got operational nationwide. Is that figure still true?

THE WITNESS: Yes, those numbers have not changed.

COMMISSIONER COVINGTON: Okay. And then these additional DBCS's, what effect will they have on the mail processing flow and cost?

THE WITNESS: Again, I think they will only continue to enhance and reduce the cost for us to process letters. Some of the other changes that we're making are going to help us get more volume into DPS and more volume to automated incoming secondary operations, such as the ID code sort, if you recall that from my testimony, will have less rejects, so we will be able to keep more volume actually sorted on the machines.

COMMISSIONER COVINGTON: Funny you would mention rejects. Do you know roughly how many manual letters are rejected that you all have to reprocess yearly?

THE WITNESS: The only figure that I have is the portion of manual processing for letters in plants is about 7.4 percent of our letter volume.

COMMISSIONER COVINGTON: And if I were a mail handler, would it be safe for me to say that I would probably detest and totally dislike what you call the prepping process?

THE WITNESS: For letters, for parcels, for flats,

for what?

COMMISSIONER COVINGTON: Any of them. Anything coming through the system. If I were a mail handler -- I mean, would that be a fair statement to make?

THE WITNESS: No. I don't know what you mean.

COMMISSIONER COVINGTON: Because I think that any time you can reduce how much stuff you have to handle, you should realize cost, and the way you describe the prepping process in your testimony was almost like, you know, that's the grunt work, I mean, that's where you could really work up a sweat in lieu of all the automation that you've got in place to alleviate that type of activity.

THE WITNESS: What automation do we have to alleviate prepping bundles and all those things?

COMMISSIONER COVINGTON: Emptying out bags.

THE WITNESS: And emptying bags.

COMMISSIONER COVINGTON: Yes. That's what I think is all a part of it.

THE WITNESS: Some of them think it keeps them in shape, so they don't mind that.

COMMISSIONER COVINGTON: Oh. Okay.

[Laughter.]

COMMISSIONER COVINGTON: Well, I'm just thankful I'm not one of those people.

THE WITNESS: Me, too.

COMMISSIONER COVINGTON: I had just a couple more questions. Commissioner Omar briefly touched on this, and I would imagine in a processing environment, you've got a certain amount of run time, you know, you take that with the people that go out for the coffee breaks, the cigarette breaks and so forth, but with your equipment and with your machinery, less maintenance down-time, what percentage of the time is it going, is it running, processing?

THE WITNESS: That would depend on what machine you're talking about.

COMMISSIONER COVINGTON: Okay. Let me give you a --

THE WITNESS: Like for example, it depends on how much volume there is for that machine, it depends on the service windows. For example, if we have to get all the mail out by six in the morning, there's nothing to run until three in the afternoon --

COMMISSIONER COVINGTON: In the afternoon.

THE WITNESS: -- then --

COMMISSIONER COVINGTON: So it varies.

THE WITNESS: Right. An SPBS ~~may use~~ may be used more than a DBCS that's doing some incoming primary and incoming secondary for two zones.

COMMISSIONER COVINGTON: Okay.

THE WITNESS: So it really would depend on the

type of machine as well as the location.

COMMISSIONER COVINGTON: Okay. You also stated that the Postal Service had -- you know, you voiced some concerns about mailers as it related to OCR standards, you know, the -- and I would like to know which USPS component has been or will be charged with the lead in achieving better conformance and getting better performance from mailers in that effort.

THE WITNESS: So improving OCR --

COMMISSIONER COVINGTON: Standards. Yes.

THE WITNESS: -- read rates on the flat sorters --

COMMISSIONER COVINGTON: Uh-huh.

THE WITNESS: -- and barcode standards? I think as an organization we're kind of working hand in hand. I know that there is an MTAC work group that's trying to look towards what do we do towards this next generation FSM and we're all in this together, and that's headed by an engineering manager and someone from industry.

We have other functions -- pre-sort optimization work groups that I'm involved in, and again, with various mailers. So it's across multi-functions. We work with marketing and operations and engineering to head in the direction we all need to go.

COMMISSIONER COVINGTON: So is it safe to assume that we can expect this outreach effort to continue --

THE WITNESS: Absolutely.

COMMISSIONER COVINGTON: -- through MTAC and, you know, the presort optimization group?

One other thing. With respect to your small parcel and bundle sorting machines, some of your, you know, periodical people have stated that this particular machine brings about excessive stress and it really just makes handling -- I mean, it gives them fits. I think you addressed this in your testimony and you stated that from an engineering standpoint of view, this was something that either you all were focusing on or you were going to put greater emphasis on.

I mean, what's the current status of the SBPS situation?

THE WITNESS: A letter -- I think what you're referring to is a letter went out to the field telling them how to handle broken bundles to hopefully maintain the integrity of the bundle so we don't lose that, and to not sort individual pieces on the SPBS.

As Mr. Yacobucci mentioned, there is again another MTAC work group looking at bundle integrity and recommendations in mail make-up, so before it even gets to us, is it the right wrap for the right package, you know, the glossiness of the paper, the weight.

I believe engineering is also looking at ways to,

so to speak, soften the blow for these bundles as they go through the SPBS feed system.

COMMISSIONER COVINGTON: So that's also ongoing?

THE WITNESS: Yes.

COMMISSIONER COVINGTON: Okay. And then the last thing, explain to me allied labor, okay? I don't know anything even after --

THE WITNESS: If I could do that --

COMMISSIONER COVINGTON: -- even after reading what you had to say. Could you explain -- tell me what's allied labor. I want to know. I mean, that appeared to be a piece of the puzzle that you all can't fit in --

THE WITNESS: Allied labor is a much harder beast to get your hands around either when you're doing staffing and scheduling or --

COMMISSIONER COVINGTON: So it's not just me.

THE WITNESS: Correct.

COMMISSIONER COVINGTON: Oh.

THE WITNESS: Correct.

COMMISSIONER COVINGTON: All right. Well, when you come up with a little bit more on that, I would appreciate someone sharing that with me.

Thank you, Mr. Chairman. That's all I have for Ms. Kingsley.

CHAIRMAN GLEIMAN: I have a few questions, some of

which may seem repetitive, questions you've been asked by intervenors, counsel, and my colleagues, but I have difficulty if I don't go down my list and get all the answers, all the ducks lined up the right way.

But before I get to my questions that I wanted to ask before the questions from the bench started, if I use the terms clean and dirty as relates to mail, you and I would have a general understanding of what clean and dirty mail is? Clean mail has got a good address on it, barcoded; dirty mail is mail that --

THE WITNESS: Well, clean also is machinability issues, yes.

CHAIRMAN GLEIMAN: Yes. Good.

THE WITNESS: Okay.

CHAIRMAN GLEIMAN: All right.

In response to some questions earlier on, I believe from Commissioner Goldway, you talked about increased volumes since 1992 and the change in the mix of the mail and that, you know, there might be more rejects and all. Has, indeed, the proportion of clean to dirty mail changed as the volume has increased?

THE WITNESS: It may have. I don't really know.

CHAIRMAN GLEIMAN: Commissioner Covington just asked you about whose going to be in charge of trying to get mailers to produce more clean mail. Hasn't there been an

ongoing effort since, oh, my goodness gracious, I think the first time I saw a brochure addressing OCR readability was 1980.

THE WITNESS: I think '84 --

CHAIRMAN GLEIMAN: No, it was before that. It was in 1980, actually, and it was a nice little brochure that was put out right after the so-called nine-digit zip code was proposed. There has been an ongoing effort to get mailers, but you don't have a sense of whether the proportions have changed, whether mailers have been doing a better job as the volumes have increased?

THE WITNESS: I would say overall, things have definitely improved because mailers understand the implications of incomplete addresses and, you know, service is important to them, and understand that --

CHAIRMAN GLEIMAN: I was wondering about that, you know, in relationship to your response before and also to an article that I read early last fall from an organization that used to be called the Advertising Mail Marketing Association, and the fellow who's its president had a little article that said something about how mailers, flat mailers primarily, had been asked by the Postal Service to do certain things in the way of putting barcodes on and cleaning addresses up, and that the mailers had by and large done this, and then, lo and behold, he was concerned about

the size of the rate increase that was only being discussed at that time but now is more or less on the table.

I just was kind of curious as to whether, in fact, mailers had been falling down on the job.

In your testimony, you stated that the FSM 881 throughput rate is approximately 6500 pieces per hour for the OCR operation with a maximum staffing of six employees. It's at page 11, lines 3 and 4.

Does this calculation include set-up time and does it include break time, not breakdown, but break time?

THE WITNESS: No. The throughput is just telling you what is the machine capable of when it's fully up and running, so it doesn't -- productivity, however, takes that into account. Productivity would take into account break time and switchovers and things of that nature.

CHAIRMAN GLEIMAN: Okay. In response to ANM/USPS-T10-42, you provided productivity data for the ~~EFS~~ FSM 881s from 1995 to 1999, and we have also included that data in Presiding Officer's Ruling Number 31. It was a ruling supplementing Order 1289. I think you probably are somewhat familiar with it.

For operating in the barcode sort OCR mode, productivity started at a little more than a thousand pieces, 1,050, 1040, something in that range, per work hour in 1995 and declined to 720 pieces per work hour in 1999.

Now, assuming a staff of six -- or should I, since we're talking about productivity here, assume a staff of more than six?

THE WITNESS: It may be more than six if prepping is done at the machine, yes.

CHAIRMAN GLEIMAN: But assuming a staff of six, this translates into throughputs of about 6300 pieces per hour going down to 4300 pieces per hour. The 6300 piece figure comes close to the 6500 throughput that you had.

THE WITNESS: Uh-huh.

CHAIRMAN GLEIMAN: Now, can you discuss these two throughput figures, the 62 and the 43, and why they're less than what was claimed for the --

THE WITNESS: So let me understand. The 63 is from what time?

CHAIRMAN GLEIMAN: The 63 is from --

THE WITNESS: The 95 BCR?

CHAIRMAN GLEIMAN: '95, yes. And the 43 is from the 1999.

THE WITNESS: BCR, OCR?

CHAIRMAN GLEIMAN: Yes.

THE WITNESS: Okay. Thinking back to 1995 when we had the barcode readers on the machines, in '95, that was before reclass implementation. We still allowed non-barcoded pieces to be mixed with barcoded flats up to 15

percent. So some facilities were less than enthusiastic about putting barcoded volumes on a barcode reader knowing that 10 to 15 percent could reject because they really weren't barcoded, all right? So we had a hard time convincing the field that they should even use the barcode mode.

So when they did decide to use that, they tended to go for mailings that they know were great. It was beautiful mail, good, high read rates, you know. You generally know what kind of mail you've got, you know the mailers, you know certain things are going to run and when they don't. You have experience, and that leads you to some decisions on the workroom floor.

So all I can say is in the early years of the barcode reader rate, it was prime operating conditions because we didn't have a lot in the barcode reader mode during that time, all right, because the plants were hesitant to put it on because it was mixed with non-barcoded stuff in the same bundles.

In July of '96, reclass was implemented where pure barcoded flats had to be separate from non-barcoded flats, so when we were going through doing the separation of what to run in barcode mode and in keying mode, we at least knew that this package was pure, it was all barcoded, we could run it all, and what rejected was really barcode rejects and

not because it didn't have a barcode on it.

So that helped influence the field to put more in the machine in barcode read mode, incurred a separate mail stream, because now you have a different person that can feed that barcoded mail. You can have -- I can do it, okay? I can feed barcoded flats into a flat sorter. You needed a higher-level person to do keying for the flat sorter, so you had to keep those volumes separate because you had to staff those people separate and had to know the workload for those different people.

So -- yes? Are you sorry?

CHAIRMAN GLEIMAN: I hope I'm not the only one in the room that is thoroughly confused at this point in time.

THE WITNESS: I apologize.

CHAIRMAN GLEIMAN: If I understood what you just said, in pre-reclassification, you could have up to 15 percent that was not barcoded, that the folks out there in the field were resistant to putting mail that was not barcoded onto machines that would handle barcodes, and so they put good, clean mail on there, and that's why you got 1,000 pieces, 1,047 pieces per work hour.

And then the rules changed and you had to put clean mail on there and the mailers had to have clean mail. What did the people on the workroom floor do -- look for dirty mail to put on the machine so that the productivity

would go down? They resisted putting dirty mail on pre-reclass, so --

THE WITNESS: Right. So it was all -- the only thing they ran in barcode reader mode was the cream of the cream.

CHAIRMAN GLEIMAN: Okay.

THE WITNESS: Okay.

CHAIRMAN GLEIMAN: After reclass, they hunted up -- where there is now a requirement that you have to have it all --

COMMISSIONER GOLDWAY: They must have been using the machines less. Is that what you're saying?

CHAIRMAN GLEIMAN: I can't hear what you're saying, and you can --

COMMISSIONER GOLDWAY: All right. I'll ask later.

CHAIRMAN GLEIMAN: If you want to ask for a clarification, you can -- I'll defer to you to do that.

So now we've got a requirement that you can't have 15 percent, it's all got to be barcoded, and what happens that makes productivity lower?

THE WITNESS: All right. So now again we're dealing with two different mail streams for one sort plan, two different types of clerk, two different issues as far as your staffing, and you're putting more volumes on, so again, you're going down the food chain, you're going from your

cleanest volume to anything you can get on the machine in some instances.

So just as when we first put letter automation in place, the OCR read rates were higher because we put all the cleanest stuff on the machine. As we got more machines and more volumes, the accept rates went down.

CHAIRMAN GLEIMAN: Doesn't throughput of a machine include the rejects that come out the other end that go into, you know, that go into the separate bin that says, sorry?

THE WITNESS: The throughput does, but the productivity does not.

CHAIRMAN GLEIMAN: Well, the --

THE WITNESS: And these here are productivities in ANM-42. Total pieces handled means total pieces finalized or sorted. So it does not account for the pieces that we fed that were rejected.

CHAIRMAN GLEIMAN: So the 6282 pieces per hour and the 4320 pieces per hour are not throughput numbers?

THE WITNESS: Correct.

CHAIRMAN GLEIMAN: They are not total pieces handled numbers?

THE WITNESS: They are total pieces handled per work hour.

CHAIRMAN GLEIMAN: Per work hour.

THE WITNESS: And pieces handled means finalized or sorted.

CHAIRMAN GLEIMAN: Okay.

THE WITNESS: So it does not -- TPF, total pieces fed --

CHAIRMAN GLEIMAN: Okay. So what you're saying is that now the workers have been beaten down to the point where they just throw everything through the flat sorters, they don't worry about whether they -- the mailer, that mailer you talked about who they knew who has great, clean mail, they don't worry about putting his stuff on there; they just take everybody's stuff and throw it right on there?

THE WITNESS: No. They still start at the top, but as you go down, the quality and machinability levels start dropping off, and weight defects throughput, okay? So if you're getting heavier pieces, for example, less machineable pieces, you may have more downtime. Polywrap results in more jams on the 881s.

CHAIRMAN GLEIMAN: How much of the delta from 1995 to 1999 is caused by mailers who are putting the wrong kind of wrap on a flat or who don't have it properly addressed for OCR readability, and how much of it is caused by machine-related problems per se?

THE WITNESS: I wish I could quantify that, but I

don't know. I would say the vast majority is -- in this case, these machines are over 20 years old. They are not in peak operating condition, and there is some more opportunity --

CHAIRMAN GLEIMAN: I know the feeling. I'm over 20 and I don't feel I'm in peak operating condition right about now.

Are you staffing the machines with more people now? You said six was the staffing level before.

THE WITNESS: It's still six for keying, sweeping and ledge loading, but again, the productivities would take into account any other hours that were in that ~~mod's~~ MODS operation, and we as an organization have been trying to get a better handle on our allied hours, Commissioner Covington, and in order to do that have been trying to put allied work hours in with the operation when that is appropriate. So if they are actually doing some prep work right there at the machine -- they're not a keyer, they're not a sweeper, they're not a ledge loader -- that would factor into the productivity.

CHAIRMAN GLEIMAN: It would factor into the productivity?

THE WITNESS: Yes, sir.

CHAIRMAN GLEIMAN: So if you had people who were not operating the machine but who were involved in dividing

the mail stream out to get out the stuff which you now tell me is actually going through the machines, the manual stuff --

THE WITNESS: If they are, they are at the machine prepping the mail, yes, they would be included in this number.

CHAIRMAN GLEIMAN: I take it those people weren't doing a very good job given the productivity decline for the machines.

THE WITNESS: Who is not doing a very good job?

CHAIRMAN GLEIMAN: Well, aren't they culling out the flats which are -- which need manual treatment?

THE WITNESS: Yes, there's some prep work for before it gets to the machine as well as the ledge loader and the keyer is making the ultimate decision before it goes on the machine.

CHAIRMAN GLEIMAN: If one did the absolute maximum positive job that one could do in culling out, then the productivity on the 881s would not have dropped off the way it did? That's a question, not a statement.

THE WITNESS: Theoretically, I would think so, but I'm not sure.

CHAIRMAN GLEIMAN: Why -- I won't go back to your answer before, but I don't understand why you wouldn't be absolutely positively sure.

THE WITNESS: Because we may be spending more allied hours to make sure that we get that mail absolutely perfect, so that would impact productivity, too, and I don't know the level of trade-off.

CHAIRMAN GLEIMAN: When did the culling out, the dividing of the mail stream function start?

THE WITNESS: In July of 1996 with reclass implementation, they were required to separate barcoded from non-barcoded flats.

CHAIRMAN GLEIMAN: I was just looking at the '95 and '96 numbers to get a sense of what happened, but since it wasn't a full year, I can't calculate it right off the top of my head.

Better equipment -- that is, upgrading 881s -- is an improvement, right? By, you know, retrofitting them with OCRs and barcode sorters, that's an improvement.

THE WITNESS: Compared to sorting it manually, yes.

CHAIRMAN GLEIMAN: And it's an improvement that results in a decrease in productivity.

THE WITNESS: For total pieces finalized, yes. If you have --

CHAIRMAN GLEIMAN: Okay.

THE WITNESS: -- an OCR that reads at 83 percent, you have to rehandle the other 17 percent.

CHAIRMAN GLEIMAN: Thank you.

Did you have some clarification or questions?

COMMISSIONER GOLDWAY: Yes. It sounded to me in your explanation to the Chairman about the decline in work hour -- productivity per work hour --

THE WITNESS: Total pieces handled per work hour.

COMMISSIONER GOLDWAY: Total pieces. I'm getting awfully tired. Is that, in fact, the machines were not being run very often when they were first implemented, that the various --

THE WITNESS: What machines?

COMMISSIONER GOLDWAY: -- managers on the shop floor could choose when to use the machines and they would only run the machines at certain times when they had good mail that they liked to run on these machines?

THE WITNESS: No, that's not what I'm implying. I'm talking about running the machine in barcode read mode versus keying mode. We still had a lot of capacity issues on the flat sorters back in '92, so we did not have a lot of --

COMMISSIONER GOLDWAY: But there was a decline in productivity in all modes over time.

THE WITNESS: Yes. But it's still higher than sorting that manually.

COMMISSIONER GOLDWAY: It's a dilemma.

THE WITNESS: Yes.

COMMISSIONER GOLDWAY: I am trying to get some understanding, and it's difficult.

THE WITNESS: Yes, there are a lot of factors involved and it's really hard to pinpoint how much each one of those factors has impacted the operations.

COMMISSIONER GOLDWAY: Okay. I'll just ask one other question, if you don't mind.

Do you have any information or statistics to measure the change in the mail stream that you say has impacted the productivity, measuring how the flats have increased in weight or changed in their polywrap or changed in their barcoding or not barcoding over time, that might correlate in some way with this productivity pattern?

THE WITNESS: I don't have one nice little neat summary sheet, but, I mean, we could go back and look. Polywrap wasn't allowed at one point in time on flat sorters, and at some point, the mailers said they wanted to use polywrap, so we went and tested that, and so obviously we know now there's a lot more polywrap. Mail Characteristics study for periodicals -- there is not one place that I think summarizes what you're looking for.

COMMISSIONER GOLDWAY: Thank you.

CHAIRMAN GLEIMAN: I understand that the Postal Service tries to accommodate its customers, but if mailers

came to me and I was the Postal Service and asked me for polywrap and I decided after some testing that polywrap was going to be a problem for my equipment, I think I would go back to my customers and say let's find another solution rather than accepting the request that my customers made that would decrease productivity and ultimately perhaps drive up the cost to my customers of sending their flats through the system. But, hey, that's why I'm here --

THE WITNESS: I think we did by allowing -- the FMS 1000 has less stringent polywrap requirements.

CHAIRMAN GLEIMAN: I understand that and I understand, you know, there's going to be the next generation of machines which are better, but, you know, you have to deal with the here and now of things, and I don't want to get preachy, but I don't understand decisions that decrease productivity and result in higher costs for your customers in the intervening period. But, hey, you know, that's why I don't work at the Postal Service and probably never will. But I did at one time. Way back in the early '60s, I delivered mail.

Commissioner LeBlanc had another question.

COMMISSIONER LeBLANC: Ms. Kingsley, I'm sorry to bring this up here. Unfortunately, I've been around a while, and they used to have what they called non-productive time, which rolled into time away from job. Now it's some

kind of --

THE WITNESS: Standby time?

COMMISSIONER LeBLANC: Then it's gotten -- standby was another one people put on it. I guess it's some way worked into allied time. How has that affected your productivity figures, and do you look at that now from an operational standpoint as far as putting in new equipment, how you break your bundles, not break them?

THE WITNESS: It sounds like there are a lot of questions there.

COMMISSIONER LeBLANC: There's three, basically.

THE WITNESS: The standby time, I haven't seen any tracking of that, and that would show up in the bottom-line productivity of a facility.

COMMISSIONER LeBLANC: Correct.

THE WITNESS: But how it's tracked in our system as far as to allied or whatever, I have no idea how that would be tracked.

COMMISSIONER LeBLANC: So there's no correlation there, in your mind, then?

THE WITNESS: Standby time has nothing to do with these productivities, in my mind, no.

COMMISSIONER LeBLANC: Even to the allied time?

THE WITNESS: Well, I'm not quite sure how standby time would be treated and where it would be attributed.

COMMISSIONER LeBLANC: Okay. Thank you.

CHAIRMAN GLEIMAN: Is there any follow up to questions from the bench? I hope not, but I guess there are some.

MR. HALL: Thank you, Mr. Chairman. I have one question prompted by a question that was asked by Commissioner LeBlanc.

FURTHER CROSS EXAMINATION

BY MR. HALL:

Q He was asking you if you had contributed to a response that was a question redirected to another witness, and my question to you is, because we have had a lot of our interrogatories redirected to the Postal Service as an institution, on matters that involve operations, have you either authored or been involved in or been consulted about responses that would be given to various interrogatories of intervenors?

A You mean working with other witnesses in answering --

Q Yes.

A -- the interrogatories? Related particularly to priority mail?

Q No, not to priority mail, to -- let me give you a --

A Well, we've worked with quite a few different

witnesses in the case on preparing answers, yes.

Q And would they include Witnesses Miller and Campbell?

A We talked about a few interrogatory responses with Witness Miller, and there may have been one or two with Witness Campbell.

MR. HALL: Thank you. It's not my intention to hold the witness here today, but --

THE WITNESS: Are you sure?

MR. HALL: -- I do have in mind that it's been ten years since her last appearance, and I don't want it to be that long in the future.

CHAIRMAN GLEIMAN: If we'd let her go earlier, she might have come back sooner, but I'm not sure about that.

If there's no further follow up, that brings us to redirect. I take it you would like some time with your witness?

MS. DUCHEK: Yes, Mr. Chairman, but I'm happy to do either of two things. We can take a break if everyone wants one, but if everyone would prefer that matters be expedited, they could just stay in place and I could just approach my witness for about one minute and, I think, get everything resolved.

CHAIRMAN GLEIMAN: Well, I think we all appreciate your offer and we'll take you up on the latter course.

[Pause.]

CHAIRMAN GLEIMAN: You have 20 seconds left.

MS. DUCHEK: I beat a minute? Great.

CHAIRMAN GLEIMAN: You beat a minute.

MS. DUCHEK: No redirect, Mr. Chairman.

CHAIRMAN GLEIMAN: Not only that, but you get a gold star, both of you get a gold star.

If there's no redirect, then, Ms. Kingsley, that completes your testimony here today. We really do appreciate your appearance and your contributions to the record, the brevity and pointed nature of your answers. We thank you very much and you're excused. Thank you.

[Witness excused.]

CHAIRMAN GLEIMAN: I have to tell people, yes, that this concludes today's hearing, which you're all happy to hear. We'll reconvene on Monday next at 9:30 a.m., and we'll receive testimony from Postal Service Witnesses Burnstein, Bradley, Pickett and Mien.

Thank you all and have a pleasant evening and a nice weekend.

[Whereupon, at 5:55 p.m., the hearing recessed, to reconvene on Monday, April 17, 2000, at 9:30 a.m.]