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BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

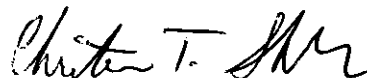
Docket No. R2000-1

Postal Rate and Fee Changes, 2000

**FIRST INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS
TO USPS WITNESS O'TORMEY (ANM/USPS-ST42-1-10)**

The Alliance of Nonprofit Mailers ("ANM") respectfully submits the attached interrogatories and document requests to USPS witness Walter F. O'Tormey (USPS-ST-42). *ANM incorporates by reference the instructions in OCA interrogatories OCA/USPS-1-14 (filed Jan. 24, 2000).*

Respectfully submitted,



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QUESTIONS

ANM/USPS-ST42-1. At page 15, lines 20-21, you state that "By 1998, we were processing about forty percent of the barcoded flat volume in automated operations."

- a. Please define the term "automated operations" as you use it here.
- b. Under what conditions does the Postal Service consider an FSM that is fed manually be considered an "automated operation"?
- c. What functionalities distinguish a "mechanized operation" on flat sorting from an "automated operation"? That is, what step(s) (e.g., added BCR capability, OCR capability, etc.) transform a mechanized operation into an automated operation?

ANM/USPS-ST42-2. At page 12 of your testimony, you note that periodicals and Standard A flats can have addresses "in various locations and in multiple orientations" and, consequently, such mail must be rotated for address readability in both keying and manual operation.

- a. Please confirm that this observation about the address location, and the need for possible rotation to read the address, have always been true for periodicals and flats. If you fail to confirm without qualification, please explain fully and produce all Postal Service data on which you rely.
- b. Has the address location on periodicals and flats become less standardized since 1989? If so, please explain fully, and produce all Postal Service data on the extent of any such trend.
- c. If the locations and multiple orientations of addresses on flats were

essentially as diverse in 1989 as in 1999, please explain how the diversity of locations and orientations of addresses has contributed in any way to the increased inflation-adjusted unit cost for processing periodicals. Please explain fully, and produce all data, studies and other information that would enable third parties to test and verify your explanation.

ANM/USPS-ST42-3. At page 11, you discuss the problem of bundle breakage.

a. Have bundles of periodicals been breaking with increasing frequency since 1993? If so, please explain fully why more bundles are breaking, and produce all data, studies and other information that would enable third parties to verify the extent and cause(s) of any trends in the frequency of bundle breakage since 1993.

b. Are bundles of periodicals submitted to the Postal Service on pallets more likely to break than bundles submitted in sacks? Please explain fully any affirmative answer, and produce all data, studies and other information that would enable third parties to test and verify your response.

c. If the frequency of bundle breakage has been relatively constant between 1993-1999, please explain how this consideration has contributed to the increased inflation-adjusted unit cost for periodicals. Please produce all data, studies, and other information that would enable third parties to test and verify your response.

ANM/USPS-ST42-4. At page 17 of your testimony, you state that a contributing factor to the downward trend in FSM operational productivity was the reduction in the number of experienced supervisors who chose to retire during an internal reorganization.

a. In which years did the retirements of experienced supervisors from this

internal reorganization occur?

- b. How many experienced supervisors retired in each year in this period?
- c. Approximately what percentage of experienced supervisors retired during each year in this period?
- d. By FY 1998, to what extent had the Postal Service recovered from the loss of experienced supervisors that occurred as a result of the internal reorganization?
- e. Please explain how the loss of experienced supervisors on account of reorganization contributed to the increase in the unit cost of periodicals in FY 1997-98 time frame.
- f. Please produce all data, studies, and other information that would enable third parties to verify your response.

ANM/USPS-ST42-5. At pages 12-13 of your testimony, you discuss problems with processing periodicals on FSMs that are equipped with OCRs (in addition to BCRs).

- a. Has the deployment and utilization of OCRs on FSMs contributed to the observed decline in productivity of FSMs and the increased unit cost of periodicals?
- b. Please explain fully any affirmative answer to the previous part of this question, and produce all data, studies, and other information that would enable third parties to verify your response.

ANM/USPS-ST42-6. At several places in your testimony you allude to an existing shortage of flat sorting capacity; e.g., "given capacity limitations" (page 11, line 21); "our

constrained FSM 881s" (page 16, line 3); "the AFSM 100 will provide much needed additional capacity" (page 21, line 14).

a. Approximately when did the Postal Service first experience a shortage of processing capacity with respect to its flat sorting machines?

b. Did managers of the plant and distribution centers request more flat sorting capacity from headquarters? If so, when? If not, why not?

c. Did headquarters request top management and/or the Governors to authorize purchase of more flat sorting capacity? If so, when? If not, why not?

d. Were prior requests for acquisition of FSMs (either the FSM 881 or the FSM 1000) reduced or curtailed by top management or the Governors? If so, when to what extent, and for what reason(s)?

e. In terms of the capacity of FSM 881s (or FSM 1000s), approximately how many additional machines would have been required in FY 1998 to have eliminated the capacity shortage to which you allude?

f. What prevented the Postal Service from acquiring more flat sorting capacity before, say, 1993-94, so as to have materially alleviated (or even eliminated) the shortage of capacity in 1998? Please discuss fully all reasons why the Postal Service finds itself operating with such a pronounced shortage of capacity for mechanized sorting of flats, and produce all data, studies, and other information that would enable third parties to test and verify each such reason.

ANM/USPS-ST42-7. Please produce all requests from headquarters to top

management or the Postal Service's Governors since FY 1993 for authority to purchase more flat sorting capacity.

ANM/USPS-ST42-8. Please produce all communications from top management or the Postal Service's Governors to Postal Service headquarters employees since FY 1993 concerning any requests for authority to purchase more flat sorting capacity.

ANM/USPS-ST42-9. Please produce all data, studies, and analyses quantifying the "negative effect on reported FSM productivity" resulting from the development described on lines 13-20 of page 17 of your testimony.

ANM/USPS-ST42-10. Please produce all data, studies, and analyses quantifying the effect on reported FSM productivity resulting from the developments described in your testimony at page 17, line 21, through page 18, line 15.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document on all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

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April 24, 2000