

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS UNGER
TO INTERROGATORY OF ASSOCIATION FOR POSTAL COMMERCE
(POSTCOM/USPS-ST43-7)

The United States Postal Service hereby provides the responses of witness Unger to the following interrogatory of Association for Postal Commerce:

POSTCOM/USPS-ST43-7, filed on April 24, 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



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May 8, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS UNGER
TO INTERROGATORIES OF ASSOCIATION OF POSTAL COMMERCE**

POSTCOM/USPS-ST43-7 Page 2 of your testimony says: "My testimony addresses three specific issues: (1) the trend in Periodicals since 1993; (2) the trend in flats mail costs in FY 1998; and (3) the trend in flats productivity from 1995 to 1999." Please refer to Page 21 of the Strategic Improvement Guide for Flats Processing (USPS-LR-I-193), where it states, "The ideal scenario for each facility is to maximize automated flat processing and reduce keying operations to a minimum. The bottom line, however, is that each facility will need to evaluate FMOCR versus MPFSM processing for each processing operation, taking into consideration site-specific productivities, machine availability, and mailbase readability."

- (a) Do you think that "mailbase readability" should be taken into consideration when determining which flats should be processed on the AFSM 100s? Please explain your answer fully.
- (b) Do you think that "mailbase readability" will be taken into consideration when determining which flats to process on the AFSM 100s? Please explain your answer fully.
- (c) If your answer to sub-part (b) above is affirmative, do you expect that a larger percentage of barcoded, machineable, non-carrier route flats than of non-barcoded, machineable, non-carrier route flats will be sorted on AFSM 100s in the Test Year? If so, how much larger? If you cannot provide an exact figure, please provide your best approximation.
- (d) Would increasing the volume of barcoded, non-carrier route flats (as a percentage of all flats) improve the chance that the AFSM 100 deployment will succeed in reducing unit flats processing costs? Please explain your answer fully.
- (e) In your experience, is keying productivity for an FSM 1000 similar to keying productivity for an FSM 881? If your answer is no, please explain your answer fully.

RESPONSE:

- a). Yes, based on my understanding of the AFSM 100 capabilities, I expect these machines to be a more efficient than were previous flat sorting machines. As the AFSM 100's are deployed, I believe we should process mail pieces on

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them that optimize our overall capabilities. The following two examples illustrate this concept.

First, I believe we should focus on large mailings entered at the destination plant, typically on pallets. These mailings are generally in good physical condition, thereby reducing the incidence of jams. In addition, the mail pieces will have been prepared with similar, if not identical, physical characteristics.

This would include attributes such as size and address placement. One of the features of the AFSM 100 is its ability to focus on a mailing's address area once it determines that the mail pieces all have their addresses located in the same area. This is a software feature unique to the AFSM 100 that will benefit us when processing large mailings.

Second, I expect we will also consider mail readability to take advantage of the image lift capabilities of this new equipment. The image-generation capability of the AFSM 100 provides keyers with the ability to enlarge the image to better be able to read it.

b). Yes, we have done this on other equipment, and I believe that we will continue to use mail readability as a factor.

c). Yes, during the initial deployment of the AFSM 100's, the potential volume of suitable mail will be greater than the capacity of the machines to be deployed. We expect to prioritize mail for processing on available AFSM 100's to achieve the best overall results. We have found that bar coded mail generally meets our overall preparation guidelines and processes more efficiently than non bar-coded.

The AFSM 100 has a throughput that is several times greater than either the

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FSM 881 or the FSM 1000. By placing the best mail available on the AFSM 100, we will maximize throughput and minimize downtime, including downtime that might result from jams that occur when inferior quality mail is presented. The consequence of a jam on a 5,000 piece per hour machine is obviously not as great as that of a jam on a 15,000 piece per hour machine.

I have no idea the relative percentages of each type of mail we will process on AFSM 100's.

- d). Yes, assuming that the increased percentage does not come from carrier route mail. Increasing the volume of bar coded mail is a major part of our strategy for flats, as it was with letters. Flat mailers receive discounts to encourage them to provide bar coded mail.
- e). For mail with similar physical characteristics, the key productivity for an FSM 1000 is not similar to that of an FSM 881. There are design differences between the two machines to accommodate mail with differing characteristics, such as those characteristics addressed in my direct testimony on page 3, at lines 1 - 24.

The FSM 1000 is designed to handle mail pieces that are bigger and bulkier than those handled by the FSM 881. Accommodating such mail pieces requires the machine to run slower, thereby reducing keying productivity.

DECLARATION

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

Dennis R. Unger

Date: 5-8-00

CERTIFICATE OF SERVICE

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

A handwritten signature in black ink, appearing to read "Susan M. Duchek", is written over a horizontal line.

Susan M. Duchek

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