

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

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS KINGSLEY TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING
SYSTEMS, INC. AND VAL-PAK DEALERS' ASSOCIATION, INC.
(VP/USPS-T39-1-3, 15, and 18-22)

The United States Postal Service hereby provides the responses of witness Kingsley to the following interrogatories of Val-Pak Direct Marketing Systems, Inc. and Val-Pak Dealers' Association, Inc.: VP/USPS-T39-1-3, 15, 18-22, filed on October 3, 2001.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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VP/USPS-T39-1 Although Detached Address Labels (“DALs”) are not required to be pre-barcoded, it seems conceivable that some mailers nevertheless might barcode their DALs voluntarily.

- a. Is this ever known to occur?
- b. If so, what is the best estimate of the percentage of DALs that are pre-barcoded?
- c. Would having barcodes on DALs facilitate processing? Please explain.

Response:

- a. I have not personally seen or heard of pre-barcoded DALs.
- b. N/A
- c. No. Running DALs into DPS is inconsistent with keeping DALs matched up with the matching host piece. If DALs were put into DPS, then the carriers would have to check through the DPS volumes to see what DALs were run that day by the plant to see what host pieces were to go out that day. This is inconsistent with the DPS process of carriers taking DPS volumes right to their route/vehicle as well as providing an opportunity for curtailing the mail if it is a heavy volume day.

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VP/USPS-T39-2

- a. Are the specifications for DALs such that they could be processed on Delivery Bar Code Sorters (“DBCSs”), Carrier Sequence Bar Code Sorters (“CSBCSs”), or other automation equipment if the Postal Service so desired? That is, do the thickness, height, length, etc. of DALs conform with the specifications for processing on the Postal Service’s automation equipment described in your testimony?
- b. Can the Postal Service apply barcodes to DALs by running them through the various pieces of automation equipment described in your testimony that are equipped with Optical Character Readers (“OCRs”)?
- c. If Standard ECR flats with DALs are entered at a destinating P&DC, or upstream of a destinating P&DC, to what extent is automation equipment likely to be used to sort the DALs into delivery point sequence?
- d. Unless the answers to preceding parts of this interrogatory are to the effect that DALs are never sorted on automation equipment, of those DALs that are sorted on automation equipment, please provide your best estimate of the percentage of DALs that are pre-barcoded and the percentage of DALs that the Postal Service must first barcode before sorting on automation equipment.

Response:

- (a) It depends on the size of the DAL. Automation standards (DMM C810.2.1) require that pieces over 4 ½ inches high or 6 inches long, or both, must be at least 0.009 inches thick, while standards allow DALs (DMM A060.2.1) to be as high 5 inches and as long as 9 inches with a minimum thickness requirement of only 0.007 inches thick.
- (b) In theory, this could be done for DALs that fall within the automation standards, but this is not what occurs. Processing the DALs through automation would necessitate separating the DALs from the host mailing, making it extremely difficult to guarantee that both are delivered together. Assuming they could be matched back together, sorting the DALs in with the automation letters would also remove the delivery unit’s

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ability to determine the appropriate delivery day, which is important for these saturation-type mailings. See response to VP/USPS-T39-1.

- (c) Highly unlikely, if ever. The requirements for DALs state that pallets of items must be palletized with the DALs, specifically to ensure that for mailings entered upstream from a delivery office, the DALs will remain with the host pieces all the way through to the delivery office, bypassing mail processing operations.
- (d) As stated above, DALs are highly unlikely, if ever, sorted on automation equipment.

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VP/USPS-T39-3

- a. When Standard ECR flats with DALs are entered at Destination Delivery Units (“DDUs”), are the DALs sometimes returned to the P&DC to be Delivery Point Sequenced (“DPS’d”) on automation equipment?
- b. If so, please describe the circumstances under which this is likely to occur, and indicate whether pre-barcoding of DALs is a significant consideration in whether they are processed on automation equipment?

Response:

- (a) Not to my knowledge. Putting DALs into DPS is inconsistent with standard procedures. See response to VP/USPS-T39-1c.
- (b) N/A

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VP/USPS-T39-15

a. With respect to the Automated Flats Sorting Machine 100 (“AFSM 100”) and the Multi-Position Flats Sorting Machine 1000 (“FSM 1000”) described in your testimony, could either of these sort pieces of the type that typically accompany DALs (i.e., untabbed “wraps”), assuming that those pieces were to have an address printed on them?

b. With respect to any type of sequencer (discussed at page 20, line 6 of your testimony) which the Postal Service has evaluated, could any models of those machines sort pieces of the type that typically accompany DALs (i.e., untabbed “wraps”), assuming that those pieces were to have an address printed on them?

Response:

(a) With the AFSM 100 and the FSM 1000, flat-shaped mail with DALs could not be processed on equipment since no address exists on the piece. Regardless, these operations would provide no added benefit since this is carrier-route presorted mail. Currently, the finest sort performed in these FSM operations is to the carrier-route level.

(b) It is my understanding that evaluation of the sequencer is in the early stages and actual units have not yet been tested. Therefore, the sort capabilities of the sequencers are not known at this time. If the sequencer is deemed justified, it is expected that the equipment will at least have the capability to sort a mail base similar to the AFSM 100. The ability to sort pieces beyond the AFSM 100 specifications will be determined based on an analysis of the benefits offset by the added cost and the expected negative impacts to the performance (e.g. jams, rejects) and throughput.

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VP/USPS-T39-18

Please refer to your testimony at page 12, lines 17-18, and explain more fully why “Automation ECR continues to have value for zones processed manually,” with special attention to the value of the barcode for mail that carriers case manually.

Response:

The entire sentence is “Automation ECR continues to have value for zones processed either manually or on CSBCSs to DPS.” The barcode provides no added value for manual zones. However, automation ECR provides value to manual zones through the carrier route presort requirements and to CSBCS zones through both the carrier route sort requirements and the barcodes.

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VP/USPS-T39-19

Your testimony at page 4, footnote 7, explains the difference between throughput and productivity. When a DBCS is used to DPS barcoded ECR letters that are presorted to carrier route:

- a. How many sorts are required?
- b. What is the average productivity for one sortation?
- c. What is the average productivity for the entire DPS operation, including sweeping and any time required to change sort plan, scheme changes, etc. (as described in your testimony at page 31).

Response:

(a) Two.

(b) and (c) A non-class specific DBCS two-pass marginal productivity of 10,145 is in

USPS-LR-J-60, page 81. This productivity is for each pass and includes time

required to sweep the machine, change the sort scheme from the first to the second

pass, etc.

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VP/USPS-T39-20

Please refer to your testimony at page 25, lines 20-21, and (i) explain more fully how letter trays are sorted on sack sorting machines (“SSMs”), and (ii) indicate whether SSMs can be used as an alternative to a tray management system.

Response:

(i) Standard Mail letter trays entered at BMCs, typically on BMC pallets, are often loaded onto belts that transport the trays to the SSM keying stations. The trays are keyed, then inducted onto the tilt trays, and finally sorted to the various run outs. Letter trays are typically sorted to the 3-digits ZIP Code level at the BMCs and then transported to the appropriate plants. Lines 21 to 23 also state that “(c)ertain BMCs sort all or a portion of the trays on other mechanized equipment that in certain cases is also used to sort NMOs.” Therefore, not all BMCs use the SSM for sorting letter trays.

(ii) No. As referenced on pages 24 and 25 of my testimony, SSMs are at BMCs and TMS is at non-BMC processing plants.

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VP/USPS-T39-21

Please refer to your testimony at page 25, lines 17-18.

- a. Please explain why the Postal Service has no further plans for additional tray management systems ("TMSs") at this time.
- b. Please discuss the effectiveness and shortcomings of the TMSs that were fully deployed in 28 plants at the end of FY 2001.
- c. Of the 28 TMSs described in your testimony, how many different models, or systems, or vendors did they include? That is, were they basically the same, or did they represent different approaches to tray management systems?
- d. Does the Postal Service have any estimate of when it will have developed an effective tray management system that it can deploy widely to its P&DCs? Please state what it is.

Response:

- (a) It is my understanding that the equipment was cost prohibitive based on the actualized savings.
- (b) It is my understanding the equipment effectively transported, sorted, and stored letters trays to, from, and between operations; however, the equipment was quite expensive and proved difficult to justify based on the workhours saved within operations. In addition, TMS was intended to be the backbone for a more elaborate integrated system, where the full savings potential would not be realized until all systems were deployed. However, in order to obtain approved capital funding through the Board of Governors, each individual project must meet the criteria for economic justification, rendering TMS difficult to justify.
- (c) It is my understanding that they included three vendors. Functionally the systems from the three vendors were similar.

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(d) It is my understanding that we are no longer exploring Tray Management Systems.

However, there are R&D efforts underway to evaluate low-cost material handling alternatives.

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VP/USPS-T39-22

Please refer to your testimony at page 36, lines 17-18.

- a. Does the Postal Service also staff to workload week-to-week? Please explain why or why not.
- b. Please explain the extent to which the Postal Service adjusts mail processing staff for weeks that have predictably lower or higher average mail volume (Christmas excepted).
- c. Does the Postal Service also staff to workload month-to-month? Please explain why or why not.
- d. Please explain the extent to which the Postal Service adjusts mail processing staff for months that have predictably lower mail volume, such as the summer months.

Response:

a. – d. As I explained in R2000-1, (USPS-T10, page 29), “Staffing plans are usually developed to support the operating plan’s ‘average week’” Christmas excepted, expected deviations from the average for any week or month are accommodated by adjusting schedules of casual and Part Time Flexible (PTF) employees. In addition, vacation schedules are arranged to accommodate seasonal staffing needs, especially in the summer.

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.

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