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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

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 MILLER TO INTERROGATORIES OF AOL TIME-WARNER, INC.
(AOL-TW/USPS-T24—1-6(A)-(E))**

The United States Postal Service hereby provides the responses of witness Miller to the following interrogatories of AOL Time-Warner, Inc: AOL-TW/USPS-T24—1-6(a)-(e), filed on October 16, 2001. Interrogatory AOL-TW/USPS-T24—6(f) has been redirected to witness Schenk.


The interrogatories are stated verbatim and are followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


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October 30, 2001

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MILLER TO
INTERROGATORIES OF AOL TIME WARNER, INC.**

AOL-TW/USPS-T24-1 In the LR-J-61 mailflow models, which you sponsor, flats are characterized as machinable or non-machinable.

- (a) Please confirm that a machinable flat, as you use the term, is a flat that can be processed on either an AFSM-100 or an FSM-881 flat sorting machine.
- (b) Please confirm that your models assume that machinability on the FSM-881 and AFSM-100 is the same. If not, please explain.
- (c) Do your models assume that, apart from less than perfect accept rates, all "non-machinable" flats can be processed on FSM-1000 machines, provided machine availability? If no, what portion of "non-machinable" flats is non-machinable also on the FSM-1000?
- (d) Do your models assume that all "non-machinable" flats will be machinable on the automated feed system planned for installation on the FSM-1000? If no, please explain all exceptions.
- (e) Please confirm that for "machinable" flats requiring piece sorting, except incoming secondary sorting, your model assumes all such flats will be entered on either an AFSM-100 machine or an FSM-881 machine, with only rejected flats being sorted manually. If not confirmed, please explain.
- (f) Does your model assume that every SCF will have either AFSM-100's or FSM-881's or both, and that those machines in FY2003 will have enough capacity to perform all required sorting of machinable flats to the 5-digit level, without compromising service standards? If no, please explain.

RESPONSE:

- (a) Confirmed.
- (b) Confirmed. See response to AOL-TW/USPS-6(f).
- (c) Yes.
- (d) Yes.
- (e) Confirmed.
- (f) Yes, the models assume there will be enough capacity to process machinable flats in the test year. However, the models do not address service standards issues.

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AOL-TW/USPS-T24-2

- (a) Please confirm that the mailflow models in LR-J-61 assume that no incoming secondary sorting will be done with the FSM-1000 machines. If not confirmed, please explain.

- (b) Assume that a 5-digit package of "non-machinable" flats arrives in a 5-digit container (e.g., sack) at its destinating SCF. Please confirm that in your model such flats will always receive manual incoming secondary sort, regardless of whether or not they are pre-barcoded. If not confirmed, please explain.

RESPONSE:

- (a) Confirmed.

- (b) Confirmed.

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AOL-TW/USPS-T24-3 Please explain the criteria used by USPS clerks and/or mailhandlers to determine whether a flat is machinable or non-machinable. If written instructions exist, please provide a copy. Please also explain who has the responsibility for deciding whether flats in a given bundle are machinable or non-machinable and at what point in the flow of mail this decision is normally made.

RESPONSE:

Please see response to AOL-TW/USPS-6(f). In addition, please see Docket No. R2000-1, USPS LR-I-193 (Publication 128, "Strategic Improvement Guide for Flats Processing" - September 1999).

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AOL-TW/USPS-T24-4 Please refer to worksheet "BY00 VOLUME" in spreadsheet Period.xls in USPS LR-J-61. Please confirm that the following percentages of machinability for Periodicals flats can be inferred from the volume data given in that worksheet:

Carrier route presorted:	78.11%
Pre-barcoded, non-carrier route:	68.22%
Non-barcoded, non-carrier route:	45.92%
All Periodicals Flats:	69.08%

RESPONSE:

Confirmed.

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AOL-TW/USPS-T24-5 Please refer to worksheets "package sort" and "entry profile" in spreadsheet Period.xls in USPS LR-J-61. Refer to row 50 on both sheets.

- (a) Please confirm that row 50 represents carrier route packages in carrier route sacks.
- (b) Confirm that your model assumes carrier route sacks to represent 3.64% (364 out of 10,000 pieces) of the Periodicals carrier route presorted volume.
- (c) Please refer to cell AE50 on sheet "entry profile" and confirm that your model assumes that 64 out of every 364 carrier route presorted pieces in carrier route sacks will undergo incoming secondary piece sorting, even though a carrier route sack by definition contains mail only to one carrier route and therefore can be taken to the carrier station before it needs to be opened. If not confirmed, please explain.
- (d) Even if some bundles in a carrier route sack turn out to be broken when the sack is opened and its content extracted, do you believe it is necessary and/or desirable for the pieces from those broken bundles to be brought back to an incoming secondary sorting operation, where they are mixed together with pieces going to other carrier routes? Please explain if your answer is affirmative.
- (e) Do you believe a carrier route bundle extracted from a carrier route sack needs to undergo an incoming secondary bundle sort? Please explain your answer.

RESPONSE:

- (a) Confirmed.
- (b) Confirmed.
- (c) It can be confirmed that cell AE50 on page 63 in USPS LR-J-61 shows that 64 carrier route presort pieces in carrier route sacks would undergo an incoming secondary operation.
- (d) (e) It is my understanding that an incoming secondary package sorting operation would be performed in a given facility by one or more employees who open the containers. These employees would be sorting bundles from all opened containers, regardless of container presort level. Therefore, even if a carrier route sack contained bundles for one carrier route, that bundle is still sorted. In addition, carrier "routes" sacks can contain bundles for more than one

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carrier route such that a bundle sortation would be required. If any bundles were to break in the bundle sorting operation just described, it is reasonable to assume that those pieces would be forwarded to a piece distribution operation.

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AOL-TW/USPS-T24-6 Please refer to worksheets "package sort" and "entry profile in spreadsheet Period.xls in USPS LR-J-61. Refer to rows 39 and 40 on both sheets.

- (a) Please confirm that rows 39 and 40 refer to non-barcoded flats entered by mailers in 5-digit bundles in 5-digit containers.
- (b) Please confirm that 5-digit bundles in 5-digit sacks constitute 51.85% of all 5-digit non-automation Periodicals flats, including 40.66% non-machinable flats. If not confirmed, please provide the correct figures.
- (c) Please confirm that your model assumes no opening unit costs for this mail category, and that piece-sorting costs are the only costs modeled. If not confirmed, please explain how you have modeled opening unit costs for non-automation 5-digit flats entered in 5-digit containers, and state the per-piece opening unit costs your model calculates for this mail.
- (d) Please confirm that even though 5-digit bundles in a 5-digit sack obviously do not need bundle sorting, it is still necessary for the sack to be opened, its contents removed from the sack and for the sack to subsequently be stored and eventually returned to mailers in order to be used again. If not confirmed, please explain.
- (e) Please confirm that the sack handling functions described in part d of this interrogatory are also performed at mechanized as well as manual bundle sorting operations, and that they are included in the bundle sorting productivity rates used in your model.
- (f) Please confirm that, according to Table 1 in the spreadsheet in LR-J-100, the cost of the sack handling functions described in part d of this interrogatory is 2.85 cents per piece. If not confirmed, please provide an alternative estimate.

RESPONSE:

- (a) Confirmed.
- (b) Confirmed.
- (c) Confirmed.
- (d) Confirmed.
- (e) It can be confirmed that the referenced sack handling tasks are imbedded in the manual and mechanized productivities. However, productivity data are not available for these isolated sack handling tasks. Therefore, they are not included

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in the package sorting costs.

(f) Redirected to witness Schenk.

DECLARATION

I, Michael W. Miller, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

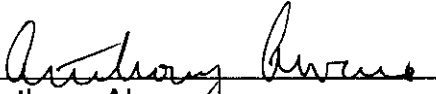


MICHAEL W. MILLER

Dated: 10.30.01

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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