

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

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POSTAL RATE AND FEE CHANGES

Docket No. R2001-1

INTERROGATORIES OF AOL TIME WARNER INC.
TO THE UNITED STATES POSTAL SERVICE (AOL-TW/USPS-25-29))
(November 5, 2001)

Pursuant to sections 25 and 26 of the Rules of Practice, AOL Time Warner Inc. (AOL Time Warner) directs the following interrogatories to the United States Postal Service.

Respectfully submitted,


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FIFTH SET OF INTERROGATORIES TO UNITED STATES POSTAL SERVICE

AOL-TW/USPS-25 The Postal Service's response to AOL-TW/USPS-11 suggests that putting Periodicals flats on airplanes may sometimes be desirable. The example given is that when Periodicals flats are sorted on an FSM immediately before the sortation of First Class flats, it may not be cost efficient to "sweep" the Periodicals in order to keep them separate from First Class mail. The response indicates that such sweeping might increase Periodicals processing costs more than the extra costs of air transportation.

- a. Please confirm that during an FSM operation the "flat trays" (tubs) into which flats are sorted are removed when full and replaced with empty tubs.
- b. Can it be presumed that the example given in AOL-TW/USPS-11 refers to tubs that have received some Periodicals flats but are not yet full by the time the change to First Class flats processing occurs? If no, please explain further.
- c. Why would the Postal Service sort Periodicals flats immediately before sorting First Class flats? Please indicate the sorting schemes and the times of day when this is likely to occur.
- d. Has the Postal Service conducted any cost analysis to verify the assertion that it is cheaper to put Periodicals flats on airplanes instead of sweeping them before a switch is made to First Class flats? If yes, please provide all reports, conclusions and supporting documentation generated by such studies.
- e. If analysis of the cost trade-off were to show that sweeping Periodicals in half-empty trays costs more than letting them travel by air with First Class, would not the same conclusion apply to Standard A mail? If no, please explain why the cost trade-offs are different for Periodicals and Standard A.
- f. Does the Postal Service have any written instructions for FSM operators and/or supervisors with respect to when it is and is not appropriate to sweep Periodicals or Standard A flats before starting First Class sortation? If yes, please provide a copy of those instructions.

AOL-TW/USPS-26 Please indicate what types of FSM sorting schemes generate output that receives air transportation (when the flats are First Class) to the next facility in which the flats will be processed. In particular:

- a. Please confirm that, regardless of class, flats that are sorted in an incoming secondary scheme will not be transported by air to their next facility. If not confirmed, please state what the exceptions are and whether any such exceptions occur in the contiguous 48 states.

- b. Please confirm that, regardless of class, flats that are sorted in an incoming primary scheme will not be transported by air to their next facility. If not confirmed, please state what the exceptions are and whether any such exceptions occur in the contiguous 48 states.
- c. Please confirm that, regardless of class, flats that are sorted in an SCF primary scheme will not be transported by air to their next facility. If not confirmed, please state what the exceptions are and whether any such exceptions occur in the contiguous 48 states.
- d. Please confirm that, regardless of class, flats that are sorted in an ADC primary scheme will not be transported by air to their next facility. If not confirmed, please state what the exceptions are and whether any such exceptions occur in the contiguous 48 states.
- e. Is it reasonable to assume that a flat sorting scheme that generates output whose destination is far enough away to require air transport (if the flats are First Class) must be either an outgoing primary or an outgoing secondary scheme? If no, please state what the exceptions are and whether any such exceptions occur in the contiguous 48 states.
- f. Please explain the Postal Service's current policy regarding the distances over which First Class flats will be transported by air instead of by surface. Please also explain any changes that may have occurred in this policy during the last three years, and any changes being contemplated before FY2004.
- g. Roughly what percentage of the flats sorted at an outgoing flats primary operation is to destinations far enough away to require air transportation when the flats are First Class?

AOL-TW/USPS-27 Please assume that a flats tray (tub), containing some Periodicals flats on the bottom and First Class flats on top, is removed from an FSM. Assume further that the tray is closed and labeled before being dispatched.

- a. Would the person who closes and labels this tray normally take time to determine whether or not there are Periodicals flats at the bottom?
- b. Assuming correct labeling, is it possible to determine that this flats tray contains First Class flats by looking at the label without opening the tray? If yes, please explain how.
- c. Assuming correct labeling, is it possible to determine that this flats tray also contains some Periodicals by looking at the label without opening the tray? If yes, please explain how.

AOL-TW/USPS-28 Please refer to your answers to AOL-TW/USPS-10 and AOL-TW/USPS-16, where you state: "certain time-sensitive Periodicals are sometimes flown from Seattle to Anchorage." Please clarify as follows.

- a. Does "certain time-sensitive Periodicals" refer to a specific list of Periodicals with whom an agreement or understanding exists that they will be flown to Anchorage from Seattle?
- b. Does the statement mean that sometimes there is insufficient First Class, Priority and Express mail to fill the dedicated space on a Seattle-to-Anchorage air taxi and that in those cases the excess space is filled with time-sensitive Periodicals that happen to be available in Seattle and ready to be transported to Alaska?
- c. If you answered no to both a and b above, please explain exactly what "certain time-sensitive Periodicals" refers to.
- d. Does it sometimes happen that monthly Periodicals are flown from Seattle to Anchorage?
- e. Does it sometimes happen that Standard A mail is flown from Seattle to Anchorage?
- f. Please explain why this particular route is mentioned in two interrogatory responses when evidently Periodicals are flown on other routes as well. Are the policies for use of this route different from the policies governing the use of all other dedicated airlift routes? If yes, why? If no, on which other routes do similar policies apply?


AOL-TW/USPS-29 Please refer to your answers to AOL-TW/USPS-14. You first describe the purchase of airlift by the pound and pound-mile from commercial airlines. You then describe a number of ways in which the Postal Service in FY2000 purchased "dedicated airlift". Please clarify the term "dedicated airlift." In particular:

- a. Does "dedicated airlift" refer to airplanes that carry USPS mail only? If no, what else do they carry?
- b. Does "dedicated airlift" mean that the Postal Service buys a fixed amount of airlift capacity for which it will pay the same amount whether the capacity is fully utilized or not?
- c. Does "dedicated airlift" include any other type of contract where the costs vary less than proportionately with volume? If yes, please explain.
- d. What are the average per-pound and per-pound-mile costs to the Postal Service for domestic dedicated airlift routes?

- e. What are the average per-pound and per-pound-mile costs to the Postal Service for transportation of mail on commercial airlines?
- f. Assume that an airplane that is part of a "dedicated airlift" route is only half full. What are the Postal Service's marginal per-pound and per-pound-mile costs of adding one extra pound to the cargo on that airplane?

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with sections 12, 25(a), and 26(a) of the Rules of Practice.



Timothy L. Keegan

November 5, 2001