

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, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF AOL TIME WARNER
(AOL-TW/USPS-22-24)

The United States Postal Service hereby provides the responses to the following
interrogatories of AOL Time Warner: AOL-TW/USPS-22-24, filed on October 23, 2001.

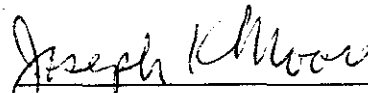
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
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November 6, 2001

**RESPONSE OF UNITED STATES POSTAL SERVICE
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AOL-TW/USPS-22 On August 28, 2001 the Postal Service published a notice in the Federal Register proposing a regulation change to allow "co-packaging", i.e., the combining of flat-sized automation rate pieces and flat-sized presorted rate pieces within the same package. There would be some restrictions. For example, the "co-packaged" presorted rate pieces would be required to contain 5-digit barcodes, and where more than one physical package is prepared for a "logical" presort destination, no more than one physical package would be allowed to contain both presorted rate pieces and automation rate pieces. The proposal also indicates a goal of making the new preparation option mandatory by January 2003.

- a. Does the Postal Service expect the regulation change referred to above to take effect prior to the start of FY2003? If no, please explain why not.
- b. Please confirm that, in the new flat sorting environment that will exist when the Postal Service completes the installation of OCR's on the FSM-1000 and the currently planned installation of AFSM-100 machines, the Postal Service's prior need to segregate barcoded and non-barcoded pieces will no longer exist. If not confirmed, please explain why such a need will still exist.
- c. Please confirm that, in the test year flat sorting environment, barcoded and non-barcoded pieces with similar weight and shape are likely to be "prepped" for and sorted on the same flat sorting machines. If not confirmed, please explain why not.
- d. Please confirm that, when non-carrier route presorted rate and automation rate pieces are included in the same mailing job, the presorted rate pieces normally result from unsuccessful attempts by mailers to match addresses with 9-digit or 11-digit barcodes using available software and data. If not confirmed, please explain what other factors cause the presence of both types of pieces within the same mailing job.
- e. Please confirm that the "co-packaging" of presorted rate and automation rate pieces can, other factors remaining equal, be expected to increase the number of pieces in an average package and produce packages with higher levels of presort.
- f. Please confirm that the presence of 5-digit barcodes on the presorted rate pieces in a co-packaged mailing will add value by facilitating any required primary sort down to the 5-digit level.
- g. Please confirm that even in an OCR environment the presence of a barcode, even a 5-digit barcode, will improve the chances of the OCR successfully locating the address block.
- h. Please confirm that the presence of 5-digit barcodes on presorted rate pieces for addresses that mailers unsuccessfully attempted to match with 9-digit or 11-digit barcodes will assist the Postal Service's quality control efforts.
- i. Please confirm that since the current requirement to separate presorted rate and

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automation rate pieces is an inconvenience for mailers, most mailers who produce both presorted rate and automation rate pieces in the same mailing jobs are likely to adopt the proposed new preparation method described above even if it is not made mandatory.

Response:

- a. Yes.
- b. Confirmed.
- c. Confirmed.
- d. Confirmed.
- e. Not confirmed. Packages with finer levels of presort are expected. However, there is no indication that the number of pieces per package will increase. The additional pieces at the presort level may require two packages to become three to meet maximum bundle weight or print production bundle height requirements.
- f. Confirmed. This means that it will be very unlikely to be able to sort the presort pieces with a 5-digit barcode to Carrier Route on an FSM since the "+4" is required. Therefore, the resulting pieces will have to be sorted to carrier route in the more expensive manual operation. Often the 9-digit barcode are not added by the mailer due to a lack of address information or accuracy, which keeps the Postal Service from being able to sort to carrier route even with VCS keying.
- g. Confirmed.
- h. Confirmed.
- i. Not confirmed. This cannot be determined based on it being an optional preparation method. Today there are optional requirements available (i.e., SCF pallet protection) that larger mailers, more sophisticated mailers, do not take advantage of. Most mailers are small volume mailers that do not use

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sophisticated software or follow changes to optional Postal Service preparation methods even though these mailers do not provide the majority of flats volume.

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AOL-TW/USPS-23 Please refer to the proposed regulation concerning "co-packaging" of flats referred to in the preceding interrogatory (AOL-TW/USPS-22).

a. Please provide the Postal Service's best estimate of the Periodicals and Standard A volume potentially affected by the proposal. That is, please provide the total non-carrier route flats volume, in each class, that is included in mailings that produce both presorted rate and automation rate flats.

b. Has the Postal Service collected any data on the average success rate of Periodicals mailers in matching addresses to 9-digit or 11-digit barcodes in order to qualify the maximum number of pieces for automation discounts? If yes, please indicate the average success rate and the main factors affecting this success rate, and please provide all relevant data.

c. Has the Postal Service conducted any analysis of the impact that the proposed regulation change would have on presort levels, productivity rates and/or costs of flats processing? If yes, please provide all results of such analyses and explain the methodology used as well as all underlying assumptions.

d. Is the potential impact of "co-packaging" considered in any way in the Postal Service's test year cost projections in this docket? If yes, please explain fully.

Response:

(a) Unknown. Not all Presorted rate volume is currently part of an Automation rate mailing with potential for future "co-packaging". Smaller mailings can be entirely Presorted rate without accompanied Automation rate pieces. Our data systems do not distinguish between Presorted rate pieces accompanied with and without Automation rate pieces.

(b) The Postal Service has not collected this data.

(c) No.

(d) Co-packaging is part of continuous, on-going efforts to improve mail preparation consistent with mailer and Postal Service operations and might be considered part of Bold Actions (previously known as BPI).

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AOL-TW/USPS-24

- a. What is the maximum number of flats that can fit on an AFSM-100 "main belt" at one time?
- b. How much time does the AFSM-100 "main belt" take to complete one pass around the machine?
- c. Can the maximum throughput on the AFSM-100 be calculated by dividing the number of flats that fit on the "main belt" at one time with the time the belt takes to complete one pass? If no, please explain how the maximum throughput can be determined and state what the maximum throughput is.
- d. Please confirm that, while a flat whose image has been "lifted" to the VCS system waits for the VCS coding to be completed, it continues to occupy one slot on the AFSM-100 "main belt," thereby preventing any newly fed flat from using that slot.
- e. Please explain all safe-guards in the AFSM-100 system, in cases of VCS operators' absence or inattention or in cases where a very high percentage of flats require VCS coding, that protect against the machine being filled up by flats waiting for VCS coding and thus unable to accept new flats.
- f. Can the AFSM-100 be operated with the VCS turned off? If yes, please estimate how often this has occurred so far in operational use, and indicate where the flats that would have received VCS coding are processed.
- g. Under what conditions will flats accumulated and awaiting VCS coding be released without coding?
- h. Please state or give your best estimate, in operational experience so far, of the percentage of flats "lifted" to the VCS that have failed to be coded on the VCS due to insufficient capacity of VCS operators to cope with the volume of flats before some had to be released to free up slots on the AFSM-100, or due to the VCS being shut off completely.
- i. Your response to AOL-TW/USPS-7 refers to an Excel spreadsheet that is used to plan the staffing of the VCS operation. Please provide a copy of that spreadsheet.

Response:

- a. There are 759 slots, each containing one flat, on the AFSM 100 "main belt" or "carousel".

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- b. The time for the "main belt " to complete one pass around the machine is approximately 2 minutes.
- c. No. The maximum throughput is determined by the speed of the three automated feeders. The maximum per feeder is approximately 7,000, therefore, the maximum throughput in the most ideal environment is approximately 21,000.
- d. Confirmed. The flat remains in the slot up to one rotation.
- e. Flats requiring VCS coding remain in the slots for one rotation. If flats are not resolved in the time it takes for one rotation, they are rejected.
- f. Yes. The VCS system is turned off only when the type of mail being fed is easily read and there is no need for images to be lifted and sent to the VCS. Rejected flats would be rerun on the AFSM 100 later when keying is available, rerun on another FSM, or sorted in manual operations.
- g. Flats would be released or "rejected" if not keyed within time it takes to complete one rotation.
- h. It is a very small percentage of the total number of flats since the amount of flats released from the carousel or not resolved is minimal.
- i. See attachment.

Attachment to AGL-TW/USPS 24
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RECOMMENDED		NON ADC (PM-03:30-6:30)		2nd AFSM		Standard A (Inc.Prim.,Inc.Sec.)	Read rates	Throughput	Images/hr	Keyer Rate
Time of Day	Standard	Outgoing		Incoming		OGP			0	800
		Primary	SCF	Secondary		SCF			0	1000
						INS (FCM)			0	1000
									0	650
6:30	0	0	0	0	0					
7:30	0	0	0	0	0					
8:30	0	0	0	0	0					
9:30	0	0	0	0	0					
10:30	0	0	0	0	0					
11:30	0	0	0	0	0					
12:30	0	0	0	0	0					
13:30	0	0	0	0	0					
14:30	0	0	0	0	0					
15:30	0	0	0	0	0					
16:30	0	0	0	0	0					
17:30	0	0	0	0	0					
18:30	0	0	0	0	0					
19:30	0	0	0	0	0					
20:30	0	0	0	0	0					
21:30	0	0	0	0	0					
22:30	0	0	0	0	0					
23:30	0	0	0	0	0					
0:30	0	0	0	0	0					
1:30	0	0	0	0	0					
2:30	0	0	0	0	0					

Allocated to HOL-TW/USPS 24
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RECOMMENDED		ADC (PM-03:30-06:30)		2nd AFSM 100		Read rates		Throughput		Images/hr		Keyer Rate	
Time of Day		Standard	MMP	Outgoing Primary	SCF	Incoming Secondary	Standard	OGP	SCF	INS	MMP	800	1000
	6:30	0	0	0	0	0	0	0	0	0	0	0	1000
	7:30	0	0	0	0	0	0	0	0	0	0	0	1000
	8:30	0	0	0	0	0	0	0	0	0	0	0	1000
	9:30	0	0	0	0	0	0	0	0	0	0	0	650
	10:30	0	0	0	0	0	0	0	0	0	0	0	1000
	11:30	0	0	0	0	0	0	0	0	0	0	0	1000
	12:30	0	0	0	0	0	0	0	0	0	0	0	1000
	13:30	0	0	0	0	0	0	0	0	0	0	0	1000
	14:30	0	0	0	0	0	0	0	0	0	0	0	1000
	15:30	0	0	0	0	0	0	0	0	0	0	0	1000
	16:30	0	0	0	0	0	0	0	0	0	0	0	1000
	17:30	0	0	0	0	0	0	0	0	0	0	0	1000
	18:30	0	0	0	0	0	0	0	0	0	0	0	1000
	19:30	0	0	0	0	0	0	0	0	0	0	0	1000
	20:30	0	0	0	0	0	0	0	0	0	0	0	1000
	21:30	0	0	0	0	0	0	0	0	0	0	0	1000
	22:30	0	0	0	0	0	0	0	0	0	0	0	1000
	23:30	0	0	0	0	0	0	0	0	0	0	0	1000
	0:30	0	0	0	0	0	0	0	0	0	0	0	1000
	1:30	0	0	0	0	0	0	0	0	0	0	0	1000
	2:30	0	0	0	0	0	0	0	0	0	0	0	1000

Attachment to HRL-TW/USPS-24
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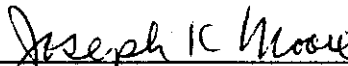
NOTE: If you have less than 1 hour runtime you should consider running the mail on a different piece of equipment or manual.

[illegible]

CODES	Definitions	Read rates	Throughput	Images/hr	Keyer Rate
OGP	Outgoing Primary - 1st Class			0	
MMP	MMP - 1st Class			0	
SCF	SCF - 1st Class			0	
INP	Incoming Primary - 1st Class			0	
INS	Incoming Secondary - 1st Class			0	
OGPA	Outgoing Primary - Standard A			0	
MMPA	MMP - Standard A			0	
SCFA	SCF - Standard A				
INPA	Incoming Primary - Standard A			0	
INSA	Incoming Secondary - Standard A				
OGPP	Outgoing Primary - Periodicals			0	
MMPP	MMP - Periodicals			0	
SCFP	SCF - Periodicals			0	
INPP	Incoming Primary - Periodicals			0	
INSP	Incoming Secondary - Periodicals				

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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