

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 INTERROGATORY OF AOL TIME WARNER INC. REDIRECTED FROM WITNESS
VAN-TY-SMITH
AOL-TW/USPS-T13-4-(a,c,d,f,h,i)

The United States Postal Service hereby provides its response to the following interrogatory of AOL Time Warner Inc.: AOL-TW/USPS-T13-4-(a,c,d,f,h,i), filed on October 24, 2001. This interrogatory was redirected to the Postal Service from witness Van-Ty-Smith.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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November 7, 2001

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF AOL TIME WARNER, INC.
REDIRECTED FROM WITNESS VAN-TY-SMITH**

AOL-TW/USPS-TI3-4 Your testimony states:

"To reflect the emergence of the ISCs (International Service Centers) as separate entities related to international programs, costs for MODS finance numbers in FY 2000 are further disaggregated into costs for ISC and non-ISC finance numbers."

- a. What is an ISC? In particular, please explain what you mean by describing them as "separate entities related to international programs."

- c. Where are ISC's typically located? Specifically, how many are located: (1) inside mail processing plants (P&DC's); (2) at airports; or (3) in separate facilities?

- d. Do employees receive special training in order to work in an ISC? If yes, what kind of training do they receive, and how long does such training last?

- f. How many employees work at ISC's?

- h. Assume that a Periodical is being handled in an ISC. Which of the following is most likely, and which is least likely?
 - (1) the Periodical has domestic origin and international destination;
 - (2) the Periodical has international origin and domestic destination; or
 - (3) the Periodical has domestic origin and domestic destination?

- i. Please answer the questions in part h of this interrogatory assuming that the mail piece is a single piece letter, rather than a Periodical.

Response to AOL-TW/USPS-TI3-4

- a. ISC's were identified in the base year 2000 as centers which process predominantly international mail and ISC finance numbers identify labor costs predominantly associated with International Mail processing.

- c. All seven ISCs are separate facilities, with two on airport grounds and three near airports.

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- d. Employees do not receive special training so that they can work at an ISC but so that they can process international mail in certain international operations. Training may involve learning countries and procedures to process various types of international mail and paperwork. Training times are variable, depending on tasks being trained to perform.

- f. For the base year 2000, there are about 3300 clerks and mailhandlers assigned to the seven ISC finance numbers.

- h - i. Since in the base year 2000, ISC's handled primarily international mail, and since the IOCS-based distribution key for the INTL ISC cost pool shows that for the base year 2000, about 79% of the labor costs are distributed to international mail (see Table 3 of Witness Van-Ty-Smith's testimony), one could infer, that a piece of international mail is more likely to be handled at an ISC than a piece of domestic mail. This general inference may be more readily extended to a single piece letter than to a Periodical: international periodical mail is generally 'surface' mail, the majority of which is not handled at those ISC's.

Since outbound international volume is greater than inbound international volume, one could infer that a piece of domestic origin and international destination is at least as likely (if not more likely) to be handled at an ISC than a piece of international origin and domestic destination.

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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