

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

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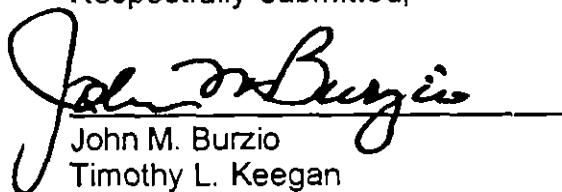
Docket No: R97-1

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

INTERROGATORIES OF TIME WARNER INC.
TO UNITED STATES POSTAL SERVICE WITNESS DEGEN (TW/USPS-T12-9-17)
(August 20, 1997)

Pursuant to sections 25 and 26 of the Rules of Practice, Time Warner Inc. (Time Warner) directs the following interrogatories to United States Postal Service witness Degen (USPS-T-12). If witness Degen is unable to respond to any interrogatory, we request that a response be provided by an appropriate person capable of providing an answer.

Respectfully submitted,


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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the instant document on all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.


Timothy L. Keegan

August 20, 1997

SECOND SET OF INTERROGATORIES TO WITNESS DEGEN (USPS-T-12)

TW/USPS-T12-9 Please refer to your answer to TW/USPS-T12-6b.

a. Please explain what you mean by the term "identified containers" and describe the IOCS information that identifies these containers.

b. Are there also tallies for "unidentified" containers? If yes, describe the IOCS activity codes used for "unidentified" containers. Also, please provide the costs associated with "unidentified" containers by activity code and cost pool.

c. LR-H-219 shows \$358.811 million, \$56.720 million and \$23.356 million in mixed container costs for MODS, BMC and Non-MODS facilities respectively. Do these include any costs of handling empty containers? If yes, please identify the portion of these costs, for each type of container and facility, that represents empty container handling.

d. LR-H-219 shows \$235.213 million, \$37.939 million and \$20.647million in uncounted mixed mail item costs for MODS, BMC and Non-MODS facilities respectively. You state that these include empty items. Please identify the portion of these costs, for each type of item and facility, that represents empty items.

e. Spreadsheet TW-3E in LR-H-219 shows \$689.331 million, \$52.811 million and \$132.182 million in activity code 6523 (empty equipment) costs for MODS, BMC and Non-MODS facilities respectively. Are any of these costs distributed as either mixed item or mixed container costs? If yes, please identify the portion of 6523 costs that are distributed as mixed item or container costs respectively, by cost pool. If no, please describe the activity codes that in the TW-3E and TW-7 spreadsheets represent empty item and container costs that are distributed with uncounted mixed items and containers.

TW/USPS-T12-10 Please refer to your answer to TW/USPS-T12-6d. You state that "Uncounted item and mixed mail container tallies have mixed mail activity codes and are thus included in the mixed mail line of Table 6."

a. According to Table B-2 in LR-H-1, activity codes 5740 and 5745 represent "Mixed Mail (Handling Single Item)" and "Mixed Mail (Handling Container of Multiple items)". Yet, in the TW-3E and TW-7 spreadsheets there are no entries for either of these activity codes. Please explain why these activity codes are not used and identify the activity codes that are used for uncounted mixed mail items and mixed mail containers respectively.

b. Please provide, in spreadsheet form consistent with the format used in spreadsheet TW-7, a breakdown of the uncounted mixed mail item costs by activity code, cost pool and basic function.

c. Please provide, in spreadsheet form consistent with the format used in spreadsheet TW-7, a breakdown of the mixed mail container costs by activity code, cost pool and basic function.

TW/USPS-T12-11

a. Please confirm that under the current instructions governing use of the "top piece rule" by IOCS clerks, a direct tally should always result when an employee is observed handling a bundle. If you do not confirm, please describe the conditions under which the top piece rule does not apply and the conditions under which a direct tally should not result when an employee is observed handling a mixed mail bundle.

b. The part of LR-H-219 that responds to TW/USPS-T12-6b indicates that some bundles were recorded as mixed mail items, but no bundles were recorded as counted items. Please explain how some bundles were recorded as mixed mail items despite the top piece rule, and why none of these bundles were counted.

c. What are the current instructions to IOCS clerks regarding the selection of which mixed mail items to count and which not to count?

d. Are any safeguards in place to assure that IOCS clerks, when encountering employees handling mixed mail items, will not choose to count the items with few pieces and not count items with many pieces, thereby introducing a bias in the IOCS results? If yes, please describe these procedures, including written and oral instructions given to IOCS clerks, and explain why these safeguards are believed to be sufficient to prevent biased results.

e. Please confirm that under the current instructions governing use of the "top piece rule" by IOCS clerks, a direct tally should always result when an employee is observed handling a tray of letters or flats. If you do not confirm, please describe the conditions under which the top piece rule does not apply and the conditions under which a direct tally should not result when an employee is observed handling a mixed mail tray.

f. The part of LR-H-219 that responds to TW/USPS-T12-6b indicates that some letter and flats trays were recorded as mixed mail items, but no trays were recorded as counted items. Please explain how some trays were recorded as mixed mail items despite the top piece rule, and why none of these trays were

counted.

g. Is it possible, based on IOCS records, to identify the costs associated with "direct items" in LR-H-219 that result from application of the top piece rule, separately from the costs of items that contained only one subclass? If yes, please provide, for each item and facility type, the direct item costs that resulted from application of the top piece rule.

TW/USPS-T12-12

a. Please describe, in as much detail as possible, the activities engaged in by an employee at a manual flats case that lead to a mixed mail item tally if the employee is observed by an IOCS clerk.

b. Please describe, in as much detail as possible, the activities engaged in by an employee at a manual flats case that lead to a mixed mail container tally if the employee is observed by an IOCS clerk.

c. Please describe, in as much detail as possible, the activities engaged in by an employee at a manual flats case, excluding breaks for personal needs, that lead to a "not handling" tally if the employee is observed by an IOCS clerk.

d. Please confirm that a direct tally should always result if an employee at a manual flats case is observed sorting flats into the case. If there are any exceptions, please describe them.

e. Please confirm that, with the current instructions for use of the top piece rule, a direct tally should always result if an employee at a manual flats case is observed sweeping sorted flats from the case. If there are any exceptions, please describe them.

f. Please confirm that, with the current instructions for use of the top piece rule, a direct tally should always result if an employee at a manual flats case is observed fetching or breaking bundles of flats to be sorted. If there are any exceptions, please describe them.

g. Please confirm that, with the current instructions for use of the top piece rule, a direct tally should always result if an employee at a manual flats case is observed fetching or opening a tray of flats to be sorted. If there are any exceptions, please describe them.

h. Please confirm that a direct tally should always result if an employee at a manual flats case is observed fetching or opening a mailer prepared sack of periodicals flats to be sorted. If there are any exceptions, please describe them.

TW/USPS-T12-13

- a. Please describe, in as much detail as possible, the activities engaged in by an employee at a flat sorting machine (FSM) that lead to a mixed mail item tally if the employee is observed by an IOCS clerk.
- b. Please describe, in as much detail as possible, the activities engaged in by an employee at an FSM that lead to a mixed mail container tally if the employee is observed by an IOCS clerk.
- c. Please describe, in as much detail as possible, the activities engaged in by an employee at an FSM, excluding breaks for personal needs, that lead to a "not handling" tally if the employee is observed by an IOCS clerk.
- d. Please confirm that a direct tally should always result if an employee at an FSM is observed feeding or keying flats to be sorted on the machine. If there are any exceptions, please describe them.
- e. Please confirm that, with the current instructions for use of the top piece rule, a direct tally should always result if an employee at an FSM is observed sweeping sorted flats or closing and banding trays into which flats have been sorted. If there are any exceptions, please describe them.
- f. Please confirm that, with the current instructions for use of the top piece rule, a direct tally should always result if an employee at an FSM is observed fetching or breaking bundles or trays of flats to be sorted, or placing these flats on the ledge from which they will be sorted. If there are any exceptions, please describe them.
- g. Please confirm that a direct tally should always result if an employee at an FSM is observed fetching or opening a mailer prepared sack of periodicals flats to be sorted, or placing these flats on the ledge from which they will be sorted. If there are any exceptions, please describe them.

TW/USPS-T12-14

- a. Please describe, in as much detail as possible, the activities engaged in by an employee at an opening unit that lead to a mixed mail item tally if the employee is observed by an IOCS clerk.
- b. Please describe, in as much detail as possible, the activities engaged in by an employee at an opening unit that lead to a mixed mail container tally if the employee is observed by an IOCS clerk.
- c. Please describe, in as much detail as possible, the activities engaged in by

an employee at an opening unit, excluding breaks for personal needs, that lead to a "not handling" tally if the employee is observed by an IOCS clerk.

d. Please confirm that, with the current instructions for use of the top piece rule, a direct tally should always result if an employee at an opening unit is observed sorting bundles or individual mail pieces into containers, even if the bundles contain mail from more than one subclass. If you do not confirm, please explain and describe all exceptions.

e. Please confirm that, with the current instructions for use of the top piece rule, a direct tally should always result if an employee at an opening unit is observed handling trays of letters or flats. If there are any exceptions, please describe them.

f. Please confirm that a direct tally should always result if an employee at an opening unit is observed bringing a mailer prepared pallet of periodicals mail to the opening unit or opening the pallet prior to sorting of its contents. If there are any exceptions, please describe them.

g. Please confirm that a direct tally should always result if an employee at an opening unit is observed bringing a mailer prepared sack of periodicals mail to the opening unit, opening the sack or dumping its contents on the opening belt. If there are any exceptions, please describe them.

h. Please describe the activity code(s) that will result if an employee at an opening unit is observed handling or storing a sack that has just been dumped on the opening belt and that contained periodicals mail.

i. Please describe the activity code(s) that will result if an employee at an opening unit is observed handling or storing a pallet that has just been emptied of its contents and that contained periodicals mail.

TW/USPS-T12-15 In your response to TW/USPS-T7 you state that the disaggregation by basic function is an "artificial construct" in the context of your new costing methodology. Do you by this simply mean that separate variability measures have not been developed per basic function within the cost pools? If no, please explain what you mean.

TW/USPS-T12-16 In your response to TW/USPS-T8 you describe LDC codes 41-44 as representing distributions done at stations, branches and associate offices.

a. Please confirm that most stations, branches and associate offices are Non-MODS facilities. If not confirmed, please explain.

b. How many stations, branches and associate offices are MODS facilities?

c. Are you referring to work done at the main offices, for stations, branches and associate offices, or to work performed at stations, branches and associate offices that is captured in the MODS system? Please explain fully.

TW/USPS-T12-17 Please refer to Attachment 1 to your response to OCA/USPS-T12-1 and to witness Moden's response to TW/USPS-T4-1.

a. Your response to OCA indicates a total of 883 MODS offices. Moden's response referred to above states that "there are currently 419 MODS sites of which 257 are Processing and Distribution Facilities or Centers." Please explain this apparent discrepancy between your answer and that of witness Moden.

b. Please define what you mean by NORPES Offices.

c. How many of the 883 MODS offices indicated in your response are: (1) SCF's; (2) stations; (3) branches; (4) associate offices; (5) AMF's; or (6) other types of facilities (please identify)? Please provide a list of these offices, identified by type of office and by CAG.

d. How many MODS offices are represented in the cost analysis described in your testimony? How many Non-MODS offices?

e. Your response to OCA/USPS-T12-1 indicates 376 Non-MODS offices in CAG A/B. How many of these offices are SCF's? How many are Processing and Distribution Facilities or Centers?