

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

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSES OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF AMERICAN BANKERS ASSOCIATION AND NATIONAL  
ASSOCIATION OF PRESORT MAILERS REDIRECTED FROM WITNESS KINGSLEY  
(ABA&NAPM/USPS-T39-3, 5, and 6)

The United States Postal Service hereby provides the responses to the following interrogatories of American Bankers Association and National Association of Presort Mailers redirected from witness Kingsley: ABA&NAPM/USPS-T39-3, 5, and 6, filed on November 15, 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.  
Chief Counsel, Ratemaking

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Joseph K. Moore

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November 29, 2001

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**ABA&NAPM/USPS-T-39-3** Please quantify the impact on your testimony, and on the costs developed in this case as the basis for the rates requested by the USPS, of any assumption or assumptions regarding USPS “plans” for the time period beyond TY03 used by you or by any person or persons whose data you relied upon. In your response, please deal specifically with how the current freeze or restrictions on capital expenditures is likely to affect the USPS “plans” you describe.

**Response:**

As a general rule, the costs developed in this request that are used as a basis for the proposed rates are based on TY03. Any allusions to the time period beyond the test year would be solely for the purpose of illustrating potential changes that may affect cost trends. While the current financial uncertainty will undoubtedly affect those “plans,” it is impossible to project those affects at this time. In any event, those post-Test Year implications do not affect the proposed costs or rates.

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**ABA&NAPM/USPS-T-39-5**

Where in the USPS mail processing costs for the TY03 are the labor costs associated with working mail on USPS MLOCs (including low-cost MLOCs), DBCSs, DIOSSs, CSBCSs, MPBCSs, and LMLMs, reflected? Please include information indicating the MODS cost pool(s) in which these costs are recorded, and the percentage of costs in such pools attributable to these labor costs.

**Response:**

The table below indicates where the costs for these operations are included in the MODS cost pools for the base year (for further reference, see Table I-2B in USPS-LR-J-55, and Table 1 in USPS-T13):

| Operations        | Cost Pools                        | Cost Pool<br>Volume-<br>Variable Costs | Operation<br>Percent of Cost<br>Pool Volume-<br>Variable. Costs |
|-------------------|-----------------------------------|--|---|
| MLOCs             | OCR                               | 185,215                                | 98.62%  |
| Low-cost<br>MLOCs | CBCS/DBCS                         | 789,844                                | 00.66%  |
| DBCSs             | CBCS/DBCS                         | 789,844                                | 99.30%  |
| DIOSSs            | CBCS/DBCS                         | 789,844                                | 00.02%  |
| CSBCSs            | CBCS/DBCS                         | 789,844                                | 00.02%  |
| MPBCSs            | BCS – other than CBCS/DBCS        | 255,509                                | 98.18%  |
| LMLMs             | LD15 – RBCS                       | 292,071                                | 06.85%  |
| DBCS/MLOC         | LDC41 – Unit Distribution – Autom | 30,535                                 | 01.36%  |
| DBCS/MPBCS        | LDC41 – Unit Distribution – Autom | 30,535                                 | 63.35%  |

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|        |                                   |        |        |
|--------|-----------------------------------|--------|--------|
| DIOSSs | LDC41 – Unit Distribution – Autom | 30,535 | 00.00% |
| CSBCSs | LDC41 – Unit Distribution – Autom | 30,535 | 35.10% |

Note that the costs for these operations are also included in the Non-MODS cost pool “Automated/Mechanized”.

Costs are not forecast by cost pool for the test year; instead total mail processing labor costs are forecast for the test year. Please refer to Appendix A in the testimony of Witness Patelunas (USPS-T-12) for information on the impact associated with equipment programs on the overall mail processing costs in TY03. Also refer to USPS-LR-J-52, pages III-20 and III-21 for additional information on the impact of the equipment programs on mail processing labor costs.

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**ABA&NAPM/USPS-T-39-6**

Please explain how mail is staged for and delivered to USPS MLOCRs (including “low cost” MLOCRs), DBCSs, DIOSSs, CSBCSs, MPBCSs, and LMLMs and how mail that has been processed on these machines is taken away from them to others areas of the facilities. Please include the number of employees engaged in each such activity for each type of machine, and whether they were in addition to those employees staffing the machine itself--i.e., the person feeding the machine and the person sweeping the machine. Please identify the locations facilities at which you personally observed the operation of these machines and the staging and removal of mail that form the basis for your testimony or response to this interrogatory. Were these staging and removal activities included in the USPS mail processing costs for TY03 and if so in which MODS cost pool?

**Response:**

Letter trays are staged for, delivered to, and taken away from these operations either by using rolling stock (APCs or nutting trucks) or fixed mechanization conveyors (e.g., TMS). Trays inducted into TMS will be either staged in TMS storage towers or directly distributed to the various pieces of equipment (see USPS-T-39, pages 3 – 7, for information on the various pieces of equipment and the candidate mail for each type). Letters are removed from the equipment sort stackers and placed into letter trays. When trays are full, a processing run ends, or it is time for a dispatch, the trays are then swept from the operation and either placed into rolling stock or on TMS or similar takeaway conveyors. Trays in both the rolling stock and in TMS are transported to either a subsequent downstream piece distribution operation or a dispatch operation for sleeving, banding, and assignment to transportation. Mailhandlers, in addition to the clerks feeding and sweeping the equipment, typically perform the functions of staging, delivering,

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and removing mail. The allied work to stage and take away mail from these letter operations is, for the most part, not included in the MODS automated letter operations but in various allied operations (e.g., 110-129, 180, and 189).

To the extent that these employees are clocked into a mail processing operation, or performing a mail processing function, these staging and removal activities are included in the USPS mail processing costs for TY 03. As indicated in the response to ABA&NAPM/USPS-T-39-5, costs for the test year are not forecasted by cost pool. For the base year, these activities could be included in the MODS allied cost pools, the MODS LDC43 cost pool, or the MODS automated distribution cost pools. For Non-MODS offices, they could be included in the Allied cost pool, the Automated/Mechanized cost pool, or the manual cost pools.

## **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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